



Present Scenario of Sports Industry in District Meerut- Policies and Weaknesses

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Abstract

Apart cricket, the Indian sports interest has now been shifted to different other sports like athletics, kabbadi, kho-kho, badminton, wrestling, hockey, shooting etc. India's growth in sports has seen versatile dimensions in the past decade. The new generation of sports person have faced and accepted new challenges in the sports. Also it has been seen that the manufacturers of Meerut district when compared from rest part of country, have also diversified their thought process and has dared enough to bring the change in the pre-occupied mindsets of the previous sports bigges. In this paper the new policies along with the weaknesses have been observed as well as analyzed and an effort to rectify them has been made.

Keywords: Sport Industry, Meerut District, Exports, Sport Hub of Sports Goods.

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1. INTRODUCTION

The sports industry in India is moving beyond cricket towards a wide variety of other sports, resulting in the growth of viewership, participation, and sports-related industries, said a June 2018 India Briefing report from business advisory firm Dezan Shira & Associates. This is opening up new sports business opportunities for investors looking at the Indian market – from brand building and infrastructure to niche entrepreneurial ventures, emerging technologies and services, the report said. Meerut’s brands and track record gives it a crucial advantage to gain the most from this shift.

Meerut, already famous as the world’s manufacturing hub for top quality cricket gear, had provided the shot puts and javelins that Swapna Barman (heptathlon), Tajinderpal Singh Toor (shot put) and Neeraj Chopra (javelin throw) used to win their gold medals. The medals were a victory for the sport goods makers in the city trying to diversify into athletics, fitness, gym and other high-end equipment.

“Meerut has already made a name as the world’s top manufacturing hub for cricket goods,” says Puneet Mohan Sharma, president of the All India Sports Goods Manufacturers Federation. “But new and niche sectors such as gym equipment and weights for athlete training are providing companies here an opportunity to diversify and reach out to new markets globally. Cricket, after all, is restricted to only 125 countries.”

The city in Uttar Pradesh is home to 15 top brands in sports equipment, including table tennis, weightlifting, sportswear, gymnastics, weight training and fitness. The value of sports goods exported in 2017-18 was Rs 1,079 cr, according to the commerce ministry. The All India Sports Goods Manufacturers Federation says 60% of the sports goods made in India are exported, which pegs the sector at approximately Rs 1,750 crore. Meerut alone has 45% share of the export market. There are roughly 3,000 units in the city, employing around 25,000 workers, according to industry estimates. The industry, comprising mainly small scale units, employs around 500,000 people around the country. The value of the country’s sports goods market could not be ascertained as industry experts said it was difficult to estimate the highly unorganised market.

2. SPORTS GOODS EXPORTS FROM INDIA

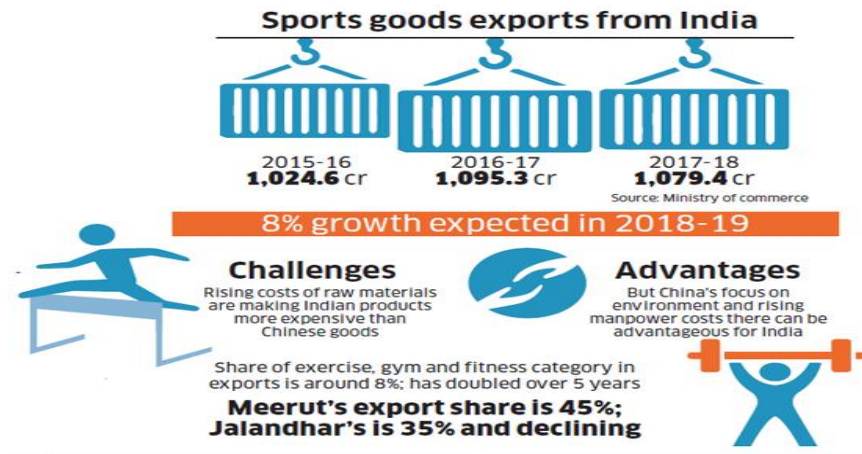


Fig. 1: Sports goods exports from India

Source: SGEPC



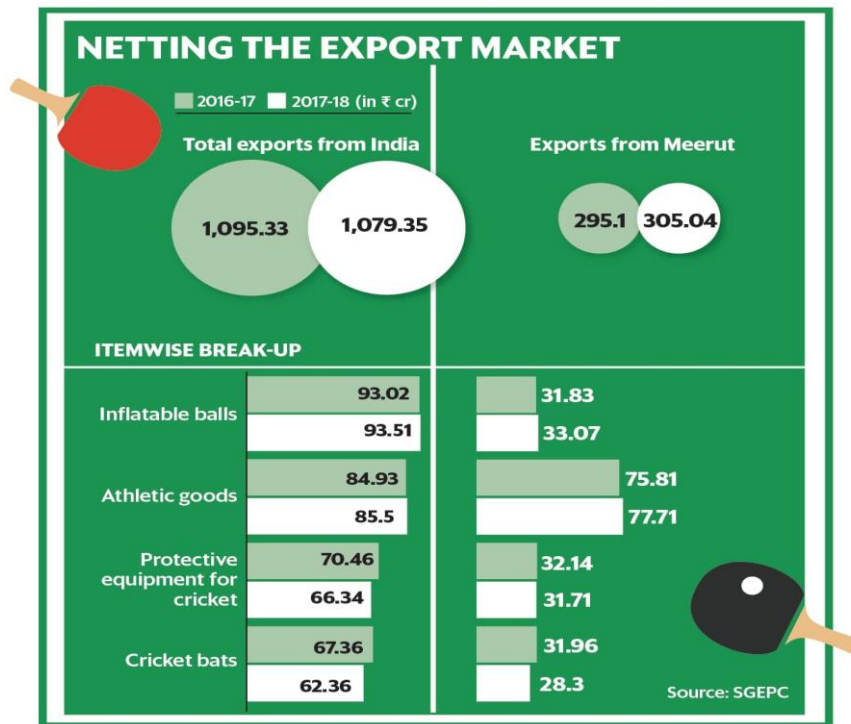


Fig. 2: Netting the export market.

But the commerce ministry projects the segment to grow 8% in 2018-19. This has made sports goods makers in Meerut gear up to corner a wider market. Availability of skilled and unskilled labour, proximity to Delhi and the presence of a large number of established manufacturers give this city added advantages over other sports hubs such as Jalandhar, which was a hub for inflatables such as footballs but has been losing its market share to other countries.

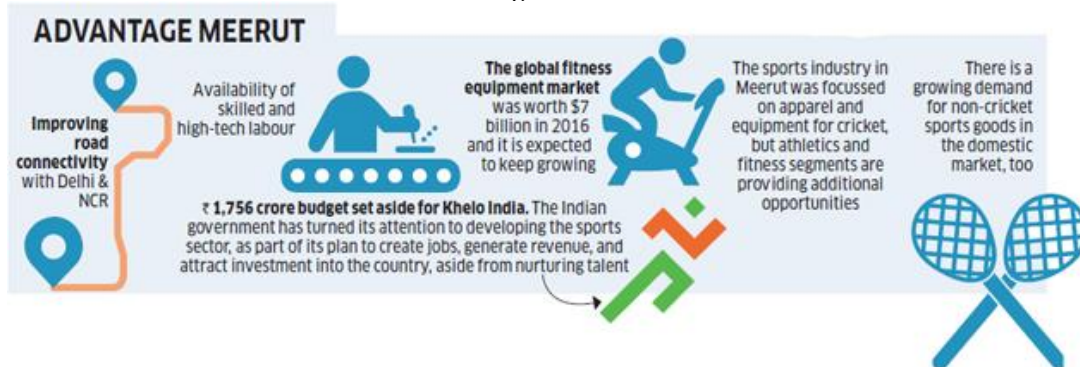


Fig. 3: Advantage Meerut

3. GEOGRAPHICAL SETUP OF DISTRICT MEERUT

The small town in western Uttar Pradesh, about 70km northeast of Delhi, is home to about 2,550 registered and 7,000 unregistered sports goods manufacturing units, providing direct and indirect employment to approximately 3,90,000 people. Meerut accounted for almost 45% of India's total sports goods exports of Rs 1,079 crore last year (FY 2017-18) and Rs 1,165.32 crore approx .in (FY 18-19) and estimated Rs 1,258.52 crore approx (FY-19-20).

Table 1: Meerut Urban Agglomeration (Meerut UA) Population Statistics & Literacy Rate Percentage

Meerut Urban Agglomeration (Meerut UA) Population Statistics ^[1]					
Year	Male	Female	Total	Growth rate	Sex ratio ^[2]
2001	621,481 (53.50%)	540,235 (46.50%)	1,161,716	NA	NA
2011 ^[3]	752,893 (52.99%)	668,009 (47.01%)	1,420,902	22.31%	887
1. ^ For Meerut Urban Agglomeration, includes municipality and cantonment populations and 4 census towns of Sindhawali, Amehra Adipur, Aminagar Urf Bhurbaral and Mohiuddinpur. 2. ^ In females per 1000 males 3. ^ Provisional Data was revised and finalized when govt. updated 2011 census data on 20 May 2013.					
Literacy Rate (Percentage)					
Year	Male	Female	Total		
2001	65.22	53.17	59.62		
2011	83.74 (+18.52)	72.19 (+19.02)	78.29 (+18.67)		

Source: Secondary Data

Meerut has over the past few years seen the emergence of top brands that are making a global impact in athletics and track and field gear, table tennis and niche fitness equipment, including gear used by athletes, says Amber Anand, director of Nelco Sport. "Meerut is already the world's top cricket bats manufacturing hub and companies here have been able to use the brand advantage to enter other niche products and make a mark." Jalandhar in Punjab, which is an older sports goods hub in India. In India, employs more people but the manufacturing sector has remained unorganised. "Jalandhar is the hub for manufacturing balls and inflatables, but it is losing ground to different countries, including Pakistan and China. Unfortunately, companies in that region have not taken enough efforts to diversify," says Anand.

Apart from Nelco, other Meerut-based companies that have been diversifying into niche athletic, track-and-field products and the super-specialised fitness products market in India and abroad include Sports Land Overseas, National Sports and Anand Track & Field.

Bhalla International is another such company. Barman used a javelin made by Bhalla to win a gold during her heptathlon event at Jakarta. "We have been among the top five exporters of javelins globally for more than a decade," says Shekhar Bhalla, vice-president at Bhalla

International. "Our own brand, Vinex, for athletics and fitness products is exported to 150 countries and recognised by the International Association of Athletics Federation as a quality product."

"Cricket is big, but the sports goods industry is moving towards a wide variety of other sports".

The emerging new business opportunities are already apparent. "Who is the second biggest sports celebrity in India today after Virat Kohli? It is P.V. Sindhu," sports historian and author Boria Majumdar had told Mint in an interview earlier.

"Cricket became cricket because of the wins. If India wins a gold medal at the 2020 Olympics in badminton, you'll see what that sport can become," he added.

The Sports Goods Export Promotion Council (SGEPC), a government-sponsored organization whose aim is to spur export of Indian sports goods, has already begun to sense overseas opportunities as Indian athletes begin to acquire global profile.

The Meerut district sports goods cluster is spread across a radius of approximate 10 km. The cluster produces a large range of sports goods and about 60 percent of the total production is being exported to Australia, South Africa, England, America, West-Indies, New Zealand, Zimbabwe and Bangladesh etc., and the remaining products are sold in the domestic market across India.

Apart from the Small Manufacturing Units (SMUs), there are approximately equal numbers of semi-finishing units in the cluster, which are serving the industry with their skills to produce good quality products to compete in the national and international markets. These semi-finishing units are producing sports goods only for SMEs and they are not getting the normal profit because they do not have proper way to use their skills and about 80 percent work is executed manually and only about 20 percent work is mechanically done.

4. GOVERNMENT INITIATIVE

The government has taken considerable initiatives to promote sports goods cluster of Meerut as under:

4.1 Institutional Setups

In order to assist the sports goods cluster of Meerut, government has established certain institutional setup as under:

a. Directorate of Industries, Uttar Pradesh

The Directorate of Industries is a state government department dealing with administration and policy related matters of small scale industries (SSI), having both technical and administrative officials. This government body supports the cluster in every respect by providing training and technical support etc.

b. Process cum Product Development Centre (PPDC)

PPDC is an autonomous organization under Ministry of Micro Small and Medium Enterprises (MSME), registered under Society's Registration Act 1860. It provides R&D (Research & Development) support to the sports goods industry and implements central schemes. It also conducts training program in coordination with the state government. New designs are being developed and supplied on nominal rates to the industry.

c. Uttar Pradesh State Industrial Development Corporation (UPSIDC)

UPSIDC is a statutory body under State Government of Uttar Pradesh. It works for the development of the industry by providing necessary infrastructure to the new units.

d. Other Financial Institutes

The government supports the small and micro level industries through institutions other than the mentioned as follow:

i. Government of Uttar Pradesh wholly owned Financial Institutes

- Uttar Pradesh Finance Corporation (UPFC)
- Uttar Pradesh Power Finance Corporation (UPPFC)
- State Financial Corporation (SFC)
- State Industrial Development Corporation (SIDC)

ii. Government of Uttar Pradesh and Government of India Collaborated Financial Institutes

- Export- Import Bank (EXIM Bank)
- Industrial Credit and Investment Cooperation of India (ICICI)
- Industrial Development Bank of India (IDBI)
- Industrial Finance Corporation of India (IFCI)
- Industrial Investment Bank of India (IIBI)
- Infrastructure Development Finance Cooperation (IDFC)
- National Small Industries Corporation (NSIC)
- Small Industries Development Bank of India (SIDBI)
- Investment by Insurance Companies (IIC)
- Unit Trust of India (UTI)

e. All India Sports Goods Manufacturers Federation (AISGMF)

AISGMF is an organization Registered under Society Registration Act 1860. It serves and represents the sports goods industry, since 1950, by supplying the information, technology and technical training to the industries. It also arranges the raw material for the industries. Apart from the supply of the raw material, training cum workshops on the technical and managerial issues related to the sports goods industry is organized for effective linkages.

f. Financial incentives

Some of the financial incentives provided by the government, for the promotion of small and micro level industries are as under:

- Exemption from stamp duty as 100 percent on purchase or lease of the land for the establishment of the projects;
- Interest free loan for pioneer units up to 15 years;
- Capital subsidy to small industrial units;
- Interest free loan to new large industrial undertakings;
- Unlimited power supply to 100 percent export oriented units.

4.2 Schemes and Policies

The schemes and policies designed by the state government for the up gradation of sports goods cluster of Meerut are as follows:

- a. Exemption in stamp duty:** Exemption in stamp duty up to 50 percent, while purchasing land to establish a manufacturing unit is declared by the government under new Industrial Development Strategy (2004) to promote the industrialization in the MSME sector.
- b. Transportation and Distribution Facility:** It facilitates the entrepreneurs while participating in the exhibition within or outside state as it bears 50 percent of the total expenditure or maximum Rs. 5000/- (once in a financial year) made by the enterprise in account of transportation and logistic charges.
- c. Financial Assistance for Technology Upgradation Scheme:** Micro and Small Enterprises (SMEs) are facilitated with financial assistance by the government as under:
 - SMEs can be funded under this scheme, for upgradation and improvement in existing technology, for the purchase of latest technological facilities from the government recognised agencies or the research centers at 50 percent of the total cost or Rs. 2.5 Lakh (whichever is maximum).
 - Subsidy on bank loan is granted if it is purchased for the improvement in existing technology and thereby increasing the productivity to compete in the international market with the global giants.
 - 50 percent of the total expenditure or maximum Rs. 2 Lakh is granted for ISI (Indian Standards Institute) or ISO (International Organisation for Standardization) accreditation of an enterprise.
 - SMEs can avail 90 percent of the total expenditure or maximum Rs. 50,000/- against the productivity skill and/or marketing skill refinement consultancies from the government recognised agencies.
- d. Honour to corporate houses encouraging sports:** 'Rashtriya Khel Protsahan Puruskar' was introduced from 2009, awarded by the President along with the National Sports Awards, with a view to encourage the contribution made for the sports development by entities other than sportspersons. The award is in the form of trophy (designed as a torch), which is a celebration of life and continuous human endeavor for high achievements in sports.

5. WEAKNESSES

The sports goods cluster of Meerut reflects the following weaknesses:

5.1 Scarcity of Raw Material

According to a report published by Hindi Daily 'Dainik Jagran' that it is expected to have a rise in demand up to 60 percent of Indian sports goods, in consecutive quarters of financial years 2011-12, specially for cricket bat, as Indian Cricket Team has won the Cricket World Cup- 2011 after 28 years but improper supply and low quality Kashmir Willow is the cause of anxiety for Meerut based cricket gear manufacturers. The valley is suffered from heavy rainfalls, almost daily, which cause moisture contents in the raw material (Willow wood). According to an estimate, 181

countries of the world are playing cricket, out of which 53 countries are affiliated with International Cricket Council (ICC). Meerut supplies approximately 25 percent of the total demand. The market is expanding to the countries like Hong Kong, USA, China, Thailand, Brazil and Afghanistan etc. at a pace but according to Mr. Anil Sareen, CEO of SF “The Meerut based manufacturers are facing lot of problems in procuring raw material required for bat manufacturing, as J&K Government has banned the export of willow as a raw material but it can be imported in semi- finished form, which unnecessary increase the cost of the product. The problem has risen to the Ministry of Commerce and Industries but nothing has been done in this issue except assurance”.

During field survey it has also been identified that cluster faces many hurdles in procuring some of the other essential raw materials such as rubber, cane, threads and steel etc., for manufacturing of various sports equipments. Though raw materials are available within the country, due to inter-state restrictions in goods movement, it can't be easily transported from one state to another. There has been a decrease in availability of many of the materials needed for craft manufacture and a decline in quality in many of the still available materials. The sports goods industry facing the most severe shortage today is wood, cane, scrap and virgin metal. The costs of some of these are rising at a pace.

Small enterprises usually face problems due to allocation system for scarce raw materials and imported components. In village industries, raw material accounts for more than 60 percent of the total cost of the products. New enterprises face problems in obtaining raw material in the absence of a proper and equitable policy of raw material distribution.

5.2 Shortcomings in Raw Material Availability

Factors Shortcomings (Percent)

1. Inadequacy in availability of raw material- 23.68
2. Untimely availability of raw material 7.90
3. To cover long distance 47.37
4. High prices of raw material 13.61
5. Fluctuation in quality 5.26
6. Others 2.63

5.3 Labour laws and regulations: According to the Department of Industrial Policy and Promotion Report (2011), the labour laws are also creating problems for small and medium enterprises. Since the manufacturing units require employment of casual workers for short periods, depending on orders/demand. The labour laws need to be made more flexible for undertaking such engagements.

5.4 Low Automation: Take the reference of International Trade Centre (ITC) Report regarding India's share in world market of sporting goods. It viewed that it is marginal up to 0.4 per cent, placing it at 33rd position globally. Only a handful of enterprises in the cluster are able to tape international brands while most enterprises cater to the less sophisticated domestic market or the

low-end export market. The major reason identified behind this weakness is technological stagnation, which is responsible for optimum performance of Indian exports in International market.

5.5 Lack of product development: With the evolution of many sporting events and their commercialization such as Indian Premier League, Big Bash League of Australia and English Premier League of England etc., the demand of sophisticated and user's friendly sporting goods have increased rapidly. Most of the old school sporting goods have now in the category of obsolete. Majority of the sportsmen are of the opinion that the sporting gazettes should have great strength but light weight.

Graphite shafts in golf sticks, fiber glass in skis, different types of polymers in basketball shoes, PU (Poly Urethane) in inflatable balls, Kevlar in sail boats and hockey sticks, etc. are some of the examples of latest material used in western countries. Research on some of the other alternate materials is under progress.

Small and Medium enterprises are the back bone of sports goods cluster of Meerut. These units can not invest in the development of alternate materials in such a fashion that the international giants can. Poor initiation of government in Research and Development of such a material and equipment designing are also one of the major drawbacks.

5.6 Lack of indigenous brands and marketing strategies: Different surveys reported that the sporting goods market is relatively small and split into several layers. The organized segment of the market is confined to the limited companies such as BDM, SG, SS, SF, Nelco and National Sports etc. These companies have been stepped up their investments in the equipment segment in the last years but most of the enterprise faces several problems including the market risk bearing capacity. That is why these small players focus their production either for international brands or for the low- end domestic market, rather than establishing their own brand.

5.7 Dependence on import of quality Raw Material: Raw materials like wood, cork, cane willow, fine grade plastic and leather form the basic inputs to production of sport goods. Sports goods cluster heavily depends on import either due to non-availability of the raw material or low quality of available materials. Changing consumer's requirements and demand for sophisticated equipments is catered only by the imported raw material. This raw material is imported in India through different channels as under:

5.8 Channels of raw material import	Categories Occurrence Percentage
Direct import from foreign sellers	29
Through buying house in India	3
Through agents in India	12
Others	56

5.9 Involvement of child labour: The exposure of child labour, engaged in sports industry of Meerut city and its surrounding regions, was highlighted by an Indian NGO, Bachpan Bachao Andolan- BBA (2009).

Kailash Satyarthi, Chairperson of BBA viewed that big branded companies outsource work to small contractors, who take unfair advantage of the poor in villages and small towns like those around Meerut, who then employ little children to churn out footballs and other sports gears at the cost of their health and education. Children as young as six years are employed in the football manufacturing industry right across Meerut city and adjacent villages.

According to Bachpan Bachao Andolan (2009), even after a full day's work the children can only produce a maximum of two footballs and earn at best Rs. 3-5 per football, which is 40 times less than its retail price. They are paid a pittance for their labour. If a stitch comes undone, the contractors deduct the repair cost from the laborers' wages.

6. CONCLUSIONS

Following conclusions may be drawn from the obtained results:

- It has been reported that the total number of workers across manufacturing units have constantly increased between year 2009-12 and in 2018-19. Almost similar growth trends have been observed in the case of both skilled and unskilled workers. Few well organized manufacturing units employ more than 450 workers but other small unorganized units operate with 18 to 20 workers. Broadly it has been found that nearly 50% of the workforces are skilled in sports goods sector.
- Import content has been found increasing over the years as it increased from 2012 to 2018. This shows that during the study period the firm's import content in the manufacturing has increased.
- More than 90% sports goods manufactures have reported that the availability and quality of basic infrastructure such as power, road, rail, etc in India is very poor.
- Skill development center need to be set up for imparting training to the work force on various products.
- A Common testing facility centre should be set up by the Government for the manufacturing units to provide necessary testing and certification to meet international standards.
- Sports Goods manufacturing units face many hurdles such as procurement of essential raw materials like rubber, cane, threads, steel, willow etc., for the manufacture of various sports equipments.
- Though these raw materials are available within the country due to interstate restrictions, raw materials can't be easily transported from one state to other.
- The labor laws are creating problems for small & medium enterprise. There is a need for the engagement of casual labor for short periods depending on orders/demand. Therefore, labor laws should be more flexible and liberal.

- International markets give higher weightage to international accreditation specifications certificate. This needs to be established in India in collaboration with accreditation certification agency.
- The status of labor has witnessed a dramatic change over the years.
- It is also observed that the sports goods industry also implement the career advancement guidelines for their workers, but still the effort needs to be emphasized for better results.
- Majority of the sports goods industry at Meerut has Incentive schemes for improving the productivity and loyalty among employees.
- It was also observed that the novice new technology has not been responsible for the replacement of the workers in the firm.
- Majority of the sports goods factories industries are not adopting the technologies for varying foreign exchange rates and market conditions.
- It may also be concluded that the factories have technical collaboration with other firms for the Up-gradation of their firm.
- A very few factories are found to be adopting the necessary methods for the calamities.
- Majority of the factories have relations with the associations and firms and get regular feedback from them.
- A significant percent of the sports goods factories of Meerut are facing difficulties that are restricting their performance.
- A number of units are still not getting the required funding from the banks to run their firms.

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