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Detailed Analysis of Opportunities and Challenges in Glass Bangle Industry of Firozabad in the Present Competitive Environment

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Abstract: *The bangle industry is growing a lot in India and it supplies extensively to whole country as well as exports to the whole world. There are various art exhibitions and Indian merchants have good market there from foreign shoppers. These bangles are also sold online nowadays with the boom in online shopping in India. This industry is on its way to further growth and has a bright future.*

As per data available in the economic survey report of 2009-10, it is clear that in India there are 2.7 million small scale units, their gross production is approx. 3, 37,000 crores, out of that total export is 86013 crores and approx. 2.7 million people are getting employment in these micro enterprises. Above facts clearly indicates that contribution of micro enterprises is greater than 40% of total GDP of India. Above facts clearly shows that micro enterprise play important role in smooth functioning of economy. Micro enterprises mainly include the Hosiery of Ludhiana, Scientific instruments of Ambala, Power Looms of Panipat and Handicrafts of Rajasthan are name a few which are contributing in the GDP of our country. From the very beginning these small scale units are suffering with lot of labour problems and in Firozabad bangle industry it is maximum and because of this we are taking sample Firozabad bangle industry for the purpose of our study.

Keywords: *Firozabad Bangle Industry/ SSI; GDP; Economic Development; Employment.*

I. INTRODUCTION

“In the city of Firozabad, people breathe glass and not air” Apart from few big manufacturers, it is estimated that there are more than 450 manufacturers in MSME segment. The glass industry in India is ancient but well established and has made steady progress since independence. The first glass plant was set up in August 1908 by Lokmanaya Balgangadhar Tilak in Talegaon, Maharashtra.

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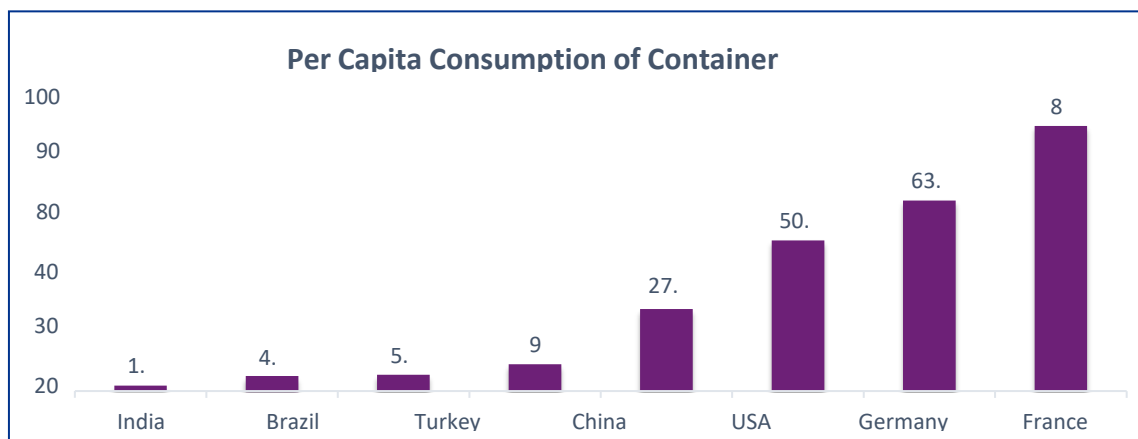


Figure 1.1: Per capita consumption of container glass (Kgs.)

India's glass market has been growing across all segments. The industry is highly energy-intensive and energy consumption is a major cost driver. As per ASSOCHAM report, glass industry was estimated at around USD 4.9 bn in 2015 with the share of organized market standing at 55%. In FY18, India was a net importer of glass with total glass imports exceeding glass exports, standing at USD 639 Mn, by USD 606 Mn¹. The per capita consumption of container glass in India is at 1.8 kg, much lower compared to other nations. This highlights the good upside potential in the overall industry. Above chart shows per capita consumption of container glass (Kgs.). 2

1.1: GEOGRAPHY AND HISTORY

The history of Firozabad traverses a long winding road, finding its roots in stories and myths, transforming into a city of antiquity. Firozabad has always been linked with bangles, and this connection has withstood the test of time. Even though the story of the city remains vague, incomplete, and in fragments, its formation can be traced back to the reign of the Emperor Abu'l-Fath Jalal-ud-din Muhammad Akbar. The city was known, in the annals of history, as Chander Nager, a densely forested area.

The tales recounting the transformation of Chander Nager to Firozabad mention Raja Todarmal, Akbar's revenue minister. In 1566, while passing through the area, he was besieged by robbers. At Akbar's behest, Firoz Shah, the former's *Mansab Dar*, a military official, came to Raja Todarmal's aid. In lieu of capturing the robbers, Firoz Shah settled in the area, creating a small settlement. The grateful ruler named Chander Nager, Rasoolpur, Mohmmadpur, Gajmalpur, Sukhmalpur, Datauji, and surrounding areas Firozabad after Shah (Imran, 2009; Khairoowala, 2010).

FIROZABAD GLASS INDUSTRY

Firozabad, a city in Uttar Pradesh, has been famous since Mughal era for its exquisite glasswork and production. It is popularly known as the Glass City or "Suhag Nagri" and is located about 240 km from Delhi, the capital of India, and about 40 km from Agra. The city has a history of glass manufacturing and is also involved in making utility and decorative glass items. It is also estimated that glass industry caters to over 50 % of Firozabad's population directly or indirectly.

Firozabad is the central hub for many glass manufacturing industries and is one of the leading manufacturers and exporters of glass products. 70% of the total glass production in the unorganized sector in India is contributed by Firozabad glass industry. Over the years Firozabad has turned into a premier center of glassware manufacturing in India. Some of the glass products manufactured are glass toys, candle stands, Christmas hangings, flower vase glass, chandeliers, bangles, automobile glassware, street ware, scientific lab products, etc. Nearly 35% of the total glass products produced in Firozabad are exported to other countries.

It is estimated that Firozabad has close to 4000-5000 manufacturing and household units that generate employment for more than 5, 00,000 people³. The glass industry in Firozabad is spread across the city and has a total production capacity of close

to 5000-6000 TPD. As per the report from AIGMF, Firozabad glass cluster generating an annual business of more than INR 2000.

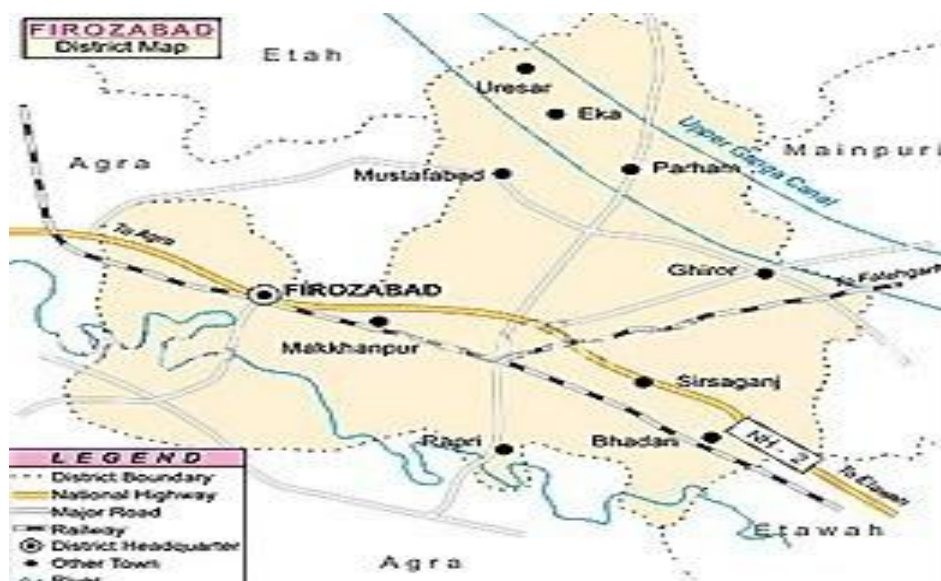


Figure 1.1: Firozabad District Map

The glass industrial units in the region are spread across different areas and can be broadly divided into 3 major categories:

A Bangle is a type of ornament worn mostly by South Asian women and men in different style. It is most famous in India, Pakistan and Sri Lanka, and is worn in Bangladesh too. The ornament is nothing new, it has a long history. A statue of a dancing girl wearing bangles on the left arm was found in Mohenjo-Daro civilization's site which belongs to around 2500 BC this was followed by several other statues from Indian cities which show the spread of bangles across India.

In India, Moradabad in Uttar Pradesh is said to be the world's largest producer of bangles. Different communities have come up to work together and present a beautiful example of communal harmony in diverse India.

On the other hand, Firozabad in Uttar Pradesh is the largest producer of glass bangles in the world. The Sadar Bazar of Firozabad is most famous for bangle shops. For production of bangles, the latest innovations are tried in the technology for production. Locally developed machinery is employed which is maintained locally as well. This machinery uses natural gas instead of coal which was conventionally used up till now. Use of natural gas is more eco-friendly and reduces pollution. It is also more effective in heating glass. Each machine costs around Rs. 20,000 to Rs. 70,000 which is affordable even by small industries.

II. OBJECTIVES OF THE STUDY

1. Problems of Bangle Industry
2. Solutions of problems
3. Barrier in solving the problems in connection with new machine, marketing research, change in taste of consumer
4. Importance of Bangle Industry in UP.
5. Reason of Ignorance of labors and its impact on the development of Bangle Industry.

As we know that small scale industries are having great importance in our economy. As per definition is concerned "the small scale industry includes all units of production, factories in which less than 1 crore are invested as fixed capital". In these factories, workers are producing the products with the help of machine or manually. Firozabad is a district head quarter of Uttar Pradesh. Before bangle industry this city was one of the backward city of U.P. because of low population there were less educational institute, medical facility and business. Since the development of bangle industry now people are concerned about

education and city is having good medical facility and there is increase in business too as a result slum areas are converted into ideal colony, small units are converted into big micro enterprise and around one lakh labours are getting employment in these micro enterprise. Needless to say that because of bangle industry development the economic life of Firozabad has been totally changed. India is a religious country and an ideal one because of its culture in which women's Shringar is having a great importance and this Shringar is a mix of golden ornaments and her bangle as a symbol of her good luck and long life of her husband. These bangles are broken by the relatives when the husband dies.

The whole study can be divided in the following parts. Above study clearly reveals that micro enterprises of Firozabad is contributing a lot in the GDP of our country hence we are considering these micro enterprises as a sample of our case study for analyzing the labour problems, hi a nutshell following are the objectives of our case study.

1. How bangle Industry started in Firozabad?
2. Contribution of Bangle Industry in economic development, in employment, in export and in production.

III. PROBLEMS OF BANGLE INDUSTRY

Firozabad is a historical city of U.P. having great importance in the development of Indian culture. Because of bangle industry Firozabad is having a name and fame in the world but unfortunately bangle industry is facing lot of problems.

Firozabad has not been able to establish a strong reputation in the international market due to a clear lack of the availability of most modern technology, promotion and a lack of product innovation/ variation. There is a continued use of primitive technology in glass melting, forming and shaping. So, clearly, there is a lack of investment in the industry. In order to be competitive in the world market it has to improve its infrastructure, undertake more rigorous marketing and brand building activities. The industry needs to be cost competitive as compared to other markets such as China and Thailand. In fact, the industry for chandeliers and fancy light is facing stiff competition from Chinese market. Before 2009, this market used to account for approximately 30% of the total market share (Rs 80 to 100 Crores), but presently the market has reduced to mere Rs 1 crore. The relative difference in prices and regulatory regime makes India uncompetitive with Chinese products. Both fuel and raw material constitute 35% each of the total cost of operations, the remaining being the labour cost. The fuel, though subsidized, costs Rs 6,500 per 1,000 cubic meters as compared to Rs 3,600 per cubic meter in Gujarat.

Further, a whopping Rs 23 per cubic meter is charged upon exceeding the fixed quota of gas (which comes through the pipeline). Raw material, soda ash is also priced high and has escalated from Rs 8,000 per tone a couple of years ago to INR 13,000 a ton presently. In China, soda ash costs Rs 4,500 a ton. Only a handful of companies such as Tata, Birla and Gujarat Heavy Chemicals make soda ash. There is a clear need for better quality raw material in order to increase the quality of glass production. Besides, Firozabad glass industry has great need for a change in the present practices in the area of batch making, mixing, pot making, preheating and transfer of pot in the furnace, batch charging and discharging the melts, shaping and annealing. Also, there is no specialized design development practice followed in the area of product development by the industry and the value addition is not tuned to market demand. Due to lack of innovative design, modification and variation in the handicraft products, it is also losing the charm in the international market. Therefore, there is great need for design development and quality improvement in the utility and decorative items.

A survey was conducted to find out the solution of their problems. Following are the outcome of that survey.

IV. FINDINGS

1. The unit has progressed at a good pace and keeping its commitment of providing quality product at competitive prices.
2. The unavailability of power supply, poor road infrastructure, transportation and port related problems hinder not only the growth of the firm but also affects competitiveness and efficiency of the firm.

3. Soda ash is one of the important raw materials for the industry and the cartel formed by the 3 major companies providing this raw material reduces the cost competitiveness of the industry as compared to the competing countries.
4. The unit faces several procedural delays in process of exporting its products, which can be detrimental for the growth of the industry especially in the times of global slowdown.

V. CONCLUSION

In the present globalized environment if we want to compete in both domestic and foreign market fronts then it has to play an important role to make its industry more efficient and competitive. The unit has progressed at a good pace in the past and keeps its commitment of providing quality product at competitive prices. But the high prices paid for important raw material like soda ash and natural gas reduce the competitiveness of the industry. Further, the procedural delays accompanied with high taxation for exports hinder not only the growth of the firm but also affecting competitiveness and efficiency of the firm. The production of chandeliers has been ceasing in Firozabad cluster due to availability of low cost Chinese products in the domestic as well as international markets. The unit perceives an over take by Chinese companies in other glassware products as well if appropriate actions are not taken by the government. In the present competitive world to protect the domestic industry, government has to look at all these problems and help the industry as much as possible, so that the domestic industry can grow and compete in the world market.

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