CHAPTER 2

Small and Medium Scale Industries
2.1 Introduction

The economic development refers to the transformation of an economy from the state of underdevelopment to a state of development, from agrarian to a highly industrialized society, from a low saving to a high saving and from predominantly rural to urbanised society. Economic development involves a steady decline in the share of agriculture in GNP and corresponding increase in the share of industries, trade, banking construction and services. Industrialisation implies raising capital intensity in the production process. Economic development of any country leads to better quality of life for its population. Several factors are involved in the measurement of quality of life like education, literacy, life expectancy and nutritious food, consumption of consumable durables per capita and the proportion of infant mortality per thousand live populations.

Economic development of a country broadly depends upon agriculture, industries and service sector. Industries play a major role in economic development of a country. Harry Johnson (1965) observes that industrialisation involves the organization of production in enterprises, characterized by specialization and division of labour which is based on the application of modern technology to reduce human effort and motivated by the objectives of minimizing cost per unit and maximizing returns to the enterprise which leads to the accumulation of more capital.

Before independence in 1947 India was mainly dependent on agricultural income. There were no major industries except a very few in textile, engineering, chemicals, food and drinks sector. The Indian industries were divided into two
classes\(^{(4)}\) i) industries carried on with hand-operated appliances in the home of the worker, called cottage industries. ii) organised industries with power-operated machinery, carried on in workshops or factories. The organized industries were divided into two categories: small scale and large scale industries. After India’s independence in 1947 the development of industries was set in motion with the Government of India adopting five year plan. During the first five year plan (1951-1956) period there were problems of influx of refugees, food shortage and increasing inflation. The importance was on agriculture development. The first plan attempted a process of all round development which could ensure rising national income and steady development in the living standards of the people.

The second plan (1956-61) focused on development of heavy and basic industries to give a push to the economy so that it entered the growth stage. The plan outlay for first five year plan and second five year plan were Rs 3870 crore and 7900 crore respectively\(^{(5)}\). As a result of this a number of large industries like Steel Authority of India Ltd., Bharath Heavy Electricals Ltd., Hindustan Organics and Chemicals etc. were established. In industrial policy resolution of 1948 and 1956, the small sector was given special role for creating additional employment with low capital investment. Subsequent five year plans have given thrust to different sectors of economy with an aim of creating employment, utilizing resources and achieve overall growth of economy.

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2.2 Small and Medium Enterprises (SMEs): An overview

In 1966 the small scale enterprises were defined as an undertaking with a fixed capital investment of less than Rs 7.5 lakhs \(^6\) and ancillaries with a fixed capital investment of Rs 10 lakh. Investment will imply investment in fixed asset in plant, machinery whether held in ownership term or by lease or by hire purchase. In 1975 the limit was revised to Rs 10 lakhs for small scale enterprises and Rs 20 lakh for ancillaries. In 1985 the Government again revised investment limit of small scale enterprises to Rs 35 lakhs. In 1997 on the Government increased the investment limit on plant and machinery for small scale units and ancillary units from Rs 60 lakhs to Rs 3 crore and that for tiny units Rs. 5 lakh so Rs. 25 lakhs.

In 2000 the Government reduced the limit from Rs. 3 crore to Rs. 1 crore for small scale enterprises \(^6\). The small scale enterprises include both traditional small scale enterprises and modern small scale enterprises. The traditional small scale enterprises include khadi and handloom, village industries, handicraft and sericulture. The modern small scale enterprises includes range of items servicing automobile, electronics, construction, chemical, textile machinery and many more sectors.

Bagchi (2000) observed that the SSI sector contributes significantly to industrial output, employment and earning of foreign exchange and it suffers from severe technological obsolescence and lack of economies of scale.

The small industrial development organisation under ministry of small and medium industries has been providing institutional support for the promotion of technology, but in a vast country like India these facilities are inadequate.

The National Commission on Enterprises in unorganised /informal sector set up in 2004 addressed some of the issues which recommended improvement in productivity, generation of large scale employment opportunities on a sustainable basis, skill development. Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries were merged in 2006 to form the Ministry of Micro, Small and Medium Enterprises (MSME). This Ministry now designs policies and promotes programmes, projects and schemes and monitors their implementation with a view to assisting MSMEs and help them to scale up their activities. The secretary, MSME Government of India and Chairman, Working Group on MSMEs Growth has submitted its report to the Government of India on January 13, 2012. The salient features are reproduced here below.

“Micro, Small and Medium Enterprises sector contributes significantly to manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector contributes for 45% of manufacturing output and 40% of total exports of the country. The sector is estimated to employ about 69 million persons in over 26 million units throughout the country. There are over 6000 products ranging from traditional to high tech items, which are being manufactured by MSMEs in the country.

It is well known that MSME sector provides maximum opportunities for both self employment and jobs, outside agricultural sector. The inclusiveness of
the sector is underlined by the fact that 50% of the MSME are owned by disadvantaged groups of society. To make the sector a significant player in the global market place, Government has taken a number of policy initiatives during the recent period. The definitions and coverage of MSME sector were broadened significantly under the Micro, Small and Medium Enterprises Development Act 2006 which recognized the concept of “enterprise“ to include both manufacturing and service sector besides, defining the medium enterprises, setting up a board for developing policy frameworks and indicating a procurement policy.

To identify the issues inhibiting growth of the sector, a Task Force was set up by the Prime Minister in 2009. In its report, the Task Force made 85 recommendations to unshackle the Indian MSMEs. While most of the recommendations have already been implemented, there are some specific issues related to policy and Government support which need immediate attention.

Planning Commission constituted the Working Group on Micro, Small and Medium Enterprises Growth for the 12th Five Year Plan (2012-17) under the chairmanship of Secretary (MSME) with 46 members in May 2011. The terms of reference of the Group includes suggestions to address problems of unorganized sector and formulate proposals/schemes to facilitate overall growth of the MSME sector. The Working Group decided to give the recommendations on following thematic verticals:

- Finance, including credit
- Infrastructure
- Technology
Marketing and Procurement

Skill Development and Training

While recommendations of the Working group are considered important to facilitate the growth of MSME sector during the 12\textsuperscript{th} FY plan, the Group intends to make some changes for ski-jumping of MSME sector. Facilitation from the Government is required to minimize transaction costs of technology upgradation, market penetration, modernization of infrastructure etc. The recommendations of the Working group for the 12\textsuperscript{th} FY plan will be vital enabler towards implementation of the initiatives of the Task Force through participative and scalable policies and schemes of the Government of India.”

2.3 Role of small scale industries in India

There have been arguments in support and opposition of SSIs. Industrial Policy Resolution of 1956 states “Small scale industries provide immediate employment. They offer a method of ensuring a more proper distribution of the national income and they facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilized. Some of the problems created or that may be created by unplanned urbanization will be avoided by the establishment of small centres of industrial production all over the country.”

Small enterprises need to be developed to support large scale enterprises. The benefits of small enterprises are as follows:

\textbf{a) The employment}: The small enterprises are labour intensive and thus create more employment per unit of capital employed. In all spheres of production in a developing economy, small scale industries help enlarge the volume of
employment with scarce capital. Small enterprises emulate output from scarce capital and entrepreneurship. The amount of capital size, fixed capital per employee from 1965 to 1978 are given in the table no 2.1

**Table no 2.1: Amount of capital size, fixed capital per employee (in Rs)**

<table>
<thead>
<tr>
<th></th>
<th>Capital size</th>
<th>Fixed capital per employee</th>
<th>value added per unit of employment</th>
<th>Value added per unit of fixed capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-66</td>
<td>Small</td>
<td>2018</td>
<td>2359</td>
<td>1.17</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>4044</td>
<td>3815</td>
<td>0.94</td>
</tr>
<tr>
<td>1974-75</td>
<td>Small</td>
<td>3706</td>
<td>4790</td>
<td>1.29</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>7935</td>
<td>8785</td>
<td>1.11</td>
</tr>
<tr>
<td>1978-79</td>
<td>Small</td>
<td>16582</td>
<td>7051</td>
<td>0.43</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>27610</td>
<td>12512</td>
<td>0.45</td>
</tr>
</tbody>
</table>

(Source: Survey of Indian industries 1966, 1976, 1989)

It is seen that in small scale sector the value added per unit of employment has risen from Rs 2359 in 1965 to Rs 7051 in 1978-79, so also fixed capital per employee has risen from Rs 2018 to Rs 16,582.

Bansal (2000) concludes that SSI sector made systematic contribution to employment generation and also to rural industrialisation by its less capital intensive and high labour absorption nature. This sector is ideally suited to build on strength of traditional skills and knowledge by infusion of technologies, capital and innovative marketing practices. SSI sector has a lot of potential to generate more employment opportunities and resource utilization.
In Australia there are approximately 19,00,000 businesses (7) currently operating of which 94-96 per cent are considered SME, which have generated more than half of Australia’s employment growth and are seedbed for innovation and the formation of large corporations.

b) **Equality:** It suggests that the income generated in a large number of small enterprises is dispersed more widely in the community than income generated in a few large enterprises. Small enterprises bring about greater equality of income distribution. As most of the Small enterprises are either proprietary or partnership concerns, the relations between the workers and the employees are more harmonious in small enterprises than in large enterprises.

c) **Decentralization:** It necessitates the regional dispersal of industries. Large scale enterprises mostly concentrated in metropolitan cities. The smaller towns in order to benefit from industrialization encourage small enterprises. Decentralization of industrial enterprises also helps to tap local resources such as raw material, idle savings, local talents and improve standard of living in backward regions. The SSI sector suffers from some of the problems like lack of working capital financing, availability of skilled labour, lack of modern management practice, reluctance to adopt technology.

Ramirez (2005) in his study of SMEs in Latin American countries notes that the lack of training and skills, limited training in development of human resources, lack of information systems are the main challenges faced by them.

Other challenges are lack of efforts to promote technological innovation, lack of access to appropriate financing and high costs of meeting regulatory requirements. Reji (2004) recommended that the interest rate on borrowing by SSIs should be reduced and industrial development financial institution like SIDBI should evolve a need based instead of security based financing policy for assisting SSIs.

Raveendran (2005) in his study on small sector in the post liberalization scenario has emphasised on the strategies of partnership between large and small industries, cluster approach for technology upgradation, creative marketing and improving credit flow to the SSI sector.

2.4 Growth of small scale industries in India

There has been phenomenal increase in number of SSI units in India. With the growth in large scale industries the SSI sector has witnessed development. SSI and ancillary industry acts as a supplementary for large and medium scale industries. The large scale and medium scale industry is dependent on SSI sector for meeting their production requirement.

The number of registered SSI firms in India\(^8\) has increased from 16,000 units in 1950 to 33.7 lakh units in 2000-01. Meanwhile employment level has also increased substantially. In 1973-74 employment level was 39.7 lakh and it increased to 260.2 lakh in 2002-03. In the year 2010-2011 the number of MSME units is 311.52 lakh and employment is 732.17 lakh.

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Exports from SSI sector also increased substantially. Six states Tamil Nadu, Maharashtra, Gujarat, West Bengal, U.P. and Punjab account for 59% total units in SSI sector and 62% of employment. The results of Census of 1987-88 reveal that 4% of total number of SSIs had fixed investment of upto Rs2 lakh. Similarly the annual production of 89% of units was less than Rs 10 lakh and nearly 88% of total units employed up to 9 persons.

MSME sector has been contributing considerably to the Gross Domestic Product of India (GDP) of India. The contribution is outlined in table no: 2.2.

**Table no: 2.2 Contributions of MSMEs**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total industrial production</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>38.62</td>
<td>5.84</td>
</tr>
<tr>
<td>2005-06</td>
<td>38.56</td>
<td>5.83</td>
</tr>
<tr>
<td>2006-07</td>
<td>45.62</td>
<td>7.2</td>
</tr>
<tr>
<td>2007-08</td>
<td>45.24</td>
<td>8</td>
</tr>
<tr>
<td>2008-09</td>
<td>44.86</td>
<td>8.72</td>
</tr>
</tbody>
</table>

(Source: Indian MSME report, Ministry of Micro, Small and Medium industries, Government of India, 2011-12)

The table no 2.2 depicts that the contribution of micro and small, medium industries to total industrial production of India and it was between 38% and 46% from 2004-05 to 2008-09 contributing between 6 and 9% of GDP. The Indian MSME sector has been performing well.
The MSME sector has been on a growth path. The year 2001-2002 is taken as a base year. Except for year 2008-2009 the sector has shown improvement. The data is represented in table no: 2.3

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>8.4</td>
</tr>
<tr>
<td>2005-06</td>
<td>8</td>
</tr>
<tr>
<td>2006-07</td>
<td>11.9</td>
</tr>
<tr>
<td>2007-08</td>
<td>8.7</td>
</tr>
<tr>
<td>2008-09</td>
<td>3.2</td>
</tr>
<tr>
<td>2009-10</td>
<td>10.5</td>
</tr>
<tr>
<td>2010-11</td>
<td>7.8</td>
</tr>
</tbody>
</table>

(Source: Indian MSME report, Ministry of Micro, Small and Medium industries, Government of India, 2011-12)

2.5 Growth of small scale industries in Karnataka

Karnataka state was earlier called Mysore state before November 1, 1973. Gulbarga district which was under Hyderabad Nizam’s rule was annexed in 1948 with Union of India and hence became part of Mysore state. After the reorganization of states in 1956 districts of Belgaum, Bijapur, and Uttar Kannada (which were part of Bombay Presidency) and Dakshin Kannada (whose headquarter is Mangalore and which was part of the then Madras state) were annexed to Mysore state. Mysore state was renamed as Karnataka on November 1,
1973. Before independence of India Mysore was the hub for industry, trade and commerce. Sir M. Visvesvarayya, the then Dewan of Mysore was responsible for establishing the Department of Industries and Commerce in 1913 in Karnataka. This has boosted industrial activities in the state.

Some of districts namely, Belgaum, Bijapur, Gulbarga and Uttar Kannada and Mangalore witnessed development after the reorganization in 1956. The major cottage and small industries of the old Mysore state were handloom weaving, oil pressing, pottery, tiles making, gold smithy, black smithy sandalwood carving, leather footwear and agarbathi industries. During this period some of major industries like Bhadravati Steel plant, Mysore Paper Mills, Mysore Oil Mill were established.

As per the report of Department of Industries, Government of Karnataka the total number of SSI units registered in Karnataka for 2010-11 is 4,14,676 and total investment in SSI units in Rs is 12,50156.69 lakh. Total employment in these SSI units is 24,04,754. Bangalore (both urban and rural districts) account for the highest number of units at 88,966 and employment of 7,64,552.

2.6 Profile of study areas: The study was conducted in five cities which house a number of manufacturing industries. They are Belgaum, Bangalore, Hubli, Hospet and Shimoga.

Belgaum

Belgaum is one of major cities in Karnataka and is the divisional revenue headquarters of north Karnataka. It has distinction of being second to Bangalore in terms of overall exports in the state, mainly automotive components.
It is home to many sugar industries like Ugar Sugar Works, Renuka Sugars and other large scale sugar factories. Belgaum is a strategic base for Indian Army and Indian Air Force. Belgaum houses Maratha Light Infantry Regimental Centre. There is a military engineering centre and commando training centre. An eminent school called Belgaum Military School established in 1945 spread over an area of 64 acres. Indian Air Force established training institute in Sambra near Airport, 10 km away from Belgaum. Indo-Tibetan Border Police, ITBP is building a training center in Belgaum.

Rich deposits of Bauxite are found in Belgaum district. Indian Aluminum Co Ltd. (INDAL) was set up in 1970s to manufacture Aluminum and Aluminum products. Now it is taken over by Hindalco, a part of Aditya Birla group. Belgaum is also a foundry hub of the Karnataka state having approximately 200 foundries producing more than 70,000 ton of automotive and industrial castings of ferrous Base. Many of these industries are located in Udyambag which is a very vibrant and developing industrial area. It also has a large number of supporting ancillaries like CNC and conventional machine shops which finish the castings that are produced in Belgaum.

From the early 1970s, Belgaum began developing as an important centre for the manufacture of heavy machine tools, including the manufacture of high pressure oil hydraulics. The first hydraulics industry was started by Mr. R S Pusalkar in 1939. It is now called Bemco Hydraulics Ltd. Other major industries are Ashok Iron Works, Standard Hydraulics, Orion Hydraulics and Polyhydron group of companies.
Belgaum is also a strong industrial hub for machine shops catering to automotive manufacturing, especially in crankshaft machining and castings. Belgaum is one of the major textile centres in the state with over 50,000 unregistered power loom units. Many of these are located in Vadagaon, Khasbagh and Shahapur regions of old Belgaum. These power looms produce sarees and are sold under different brand names. Over 30,000 people are directly dependent on the power looms.

A 300-acre Special Economic Zone is set up along the Pune-Bangalore highway at Hattargi to cater to the precision engineering requirements of the global aerospace, automotive and industrial verticals. It houses a major automotive design firm Quest. Belgaum is also famous for educational institutions. Rani Chennamma University and Visveswaraya Technological University are located in Belgaum. There are six engineering colleges and two medical colleges. Belgaum is connected by national highway with Mumbai and Bangalore. It has better railway connectivity to Mumbai, Bangalore and Delhi. There is also an airport at Sambra and Spicejet operates daily flight to Bangalore.

**Bangalore**

Bangalore is capital of Karnataka state. Bangalore is also famous for educational institutions. The prestigious Indian Institute of Science was started as Tata Institute of Science in 1911. University Visvesvaraya College of Engineering was started in 1921. Indian Institute of Management was founded in 1971. Bangalore University, Agricultural University, Jawaharlal Nehru Centre of Advanced Scientific Research (JNCASR) are located in Bangalore.
The old industrial estate Peenya houses over a thousand industries including medium and large scale industries. The famous industries like Kirloskar Electric Ltd, Triveni industries Ltd and Millipore India Ltd are located in Peenya. The Peenya Industrial Association is premier body which promotes and coordinates different activities.

Bommasandra industrial estate located on Hosur road is another industrial area which houses medium and large scale manufacturing industries. Mico, the manufacturer of automotive spark plugs which was set up in 1951 in Bangalore started second manufacturing plant in 1996 in Naganathpur which is close to Bommasandra.

New industries have come up in Jigani belt which is close to Bommasandra-Jigani Link road. Automobile major Toyota Kirloskar Motors Pvt. Ltd. started In 1998 is located in Bidadi town. Bidadi is located on Mysore road and is now becoming home to upcoming industries like Bosch group. Other famous industrial areas are Rajajinagar, Mahadevpur, Whitefield and Hoskote and Magadi road.

The headquarters of several public sector undertakings such as National Aerospace Laboratories (NAL), Hindustan Aeronautics Limited (HAL), Bharat Heavy Electricals Limited (BHEL), Bharat Earth Movers Limited (BEML) and HMT (formerly Hindustan Machine Tools) are located in Bangalore. HAL has highest number of factories in Bangalore, all located on HAL road. The different divisions like Engine division, Foundry division, Helicopter division etc are located in HAL complex. Defense Research and Development Organisation
Financial Implications of ERP Software Implementation in Small and Medium Industries in Karnataka

(DRDO) under Ministry of Defence established laboratories in 1980s in C. V. Raman Nagar. The notable among them are Electronic Radar Development Establishment (LRDE), Gas Turbine Research Establishment (GTRE) and Aeronautical Development Establishment (ADE).

Bharat Electronics Limited, a premier public sector undertaking, located in Jalahalli produces radars, surveillance systems and other critical components for Indian Defence. Rail Wheel Factory (RWF) was started in 1983. It is Asia's second largest manufacturer of Wheels for Railways wagons. In June 1972 the Indian Space Research Organisation (ISRO) was established under the Department of Space and is headquartered in the city.

Bangalore is famous also for many garment industries. The garment units are located in Peenya, Mysore road, Hosur road and Tumkur road. Silk weaving units are located in nearby Chikkaballapur and Ramnagar which were once taluks in Bangalore rural district before 2008.

Bangalore is known as Silicon Valley of India as it houses a large number of IT and ITES companies. Bangalore contributed 33% of India's Rs 1,44,214 crore (US$27 billion) IT exports for 2011-2012. Bangalore's IT industry is divided into three main clusters - Software Technology Parks of India (STPI); International Tech Park, Bangalore (ITPB); and Electronics City. Infosys and Wipro, India's second and fourth largest software companies are headquartered in Bangalore, as are many of the global SEI-CMM Level 5 Companies. Bangalore is a hub for biotechnology related industry in India and around 47% of 265 Biotechnology companies in India are located here including Biocon Ltd, the
largest biotechnology company in India. Bangalore is well connected by national highways and rail network with major cities in India. Bangalore has a major international airport connecting many destinations across India and world.

**Hubli**

Hubli is in Dharwad district of North Karnataka. Hubli is strategically located between Bangalore and Mumbai and is equidistant from both Bangalore and Mumbai that has resulted as a boon to the people and the trade and industries. Hubli and Dharwad city corporations were merged in early 1962 to form Hubli Dharwad Municipal Corporation (HDMC). It is one of major city corporations in Karnataka. The population of Hubli Dharwad twin cities is over 13,49,543 as per 2011 census. The twin cities are known for their agricultural products like cotton, manganese ore and granite.

There are more than a thousand allied small and medium industries in Hubli. Most of them are located in Gokul Road and Tarihal regions of Hubli. Other industrial areas are Rayapur area, Lakkamanahalli area, Sattur area and Gamanagatti area. There are machine tools industries, electrical, steel furniture, food products, rubber and leather industries and tanning industries. Kirloskar Electric Limited on Gokul road is the oldest firm. Other important industries are Telco Construction Equipment Company Ltd, Tata Marcopolo Motors Limited. To promote the overall economic development of varied industries, "Karnataka Chamber of Commerce & Industry" was formed.

Hubli is famous for Diesel Locoshed of Indian Railway which was established in 1895. Establishment of new generation Diesel loco shed in the city
by Indian railways was another major boost for development of Industries in this region. Hubli is the zonal head quarter of South Western Railway. Hubli Software IT Park is situated in the heart of the city and is promoted by the Government of Karnataka IT Department and KEONICS acts as the modal agency for maintaining and marketing of IT Park Hubli. Some niche semiconductor and image processing companies have started operations here.

Hubli is also famous for educational institutions. Hubli has better transport facility and is well connected by road and rail network with major cities in India. Hubli has an airport with daily flight service to Mumbai and Bangalore.

**Hospet**

Hospet is a town in Bellary district. There are many iron ore deposits in Hospet-Bellary belt. These iron ore deposits have led to the establishment of many industries in Hospet-Torangallu belt. The most important large industries are MSPL, Kirloskar Ferrous industries Ltd, TSPL apart from a number of mining industries.

Hospet-Bellary region was much in news, because of iron ore deposits as many corporate houses were eager to establish industries. But the Supreme court order on ban on mining in 2010 to 2012 had halted activities in mining sector. Tourism and Industries are booming in Hospet Belt.

Small scale industries have also come up in Bellay Hospet belt to support large scale industries. Hampi is an important tourist destination of India. Hampi was a famous business hub during Vijaynagar Krishnadevaraya period in 15th century. The famous temples of Hampi are attractions for foreigners.
Shimoga

It is the headquarters of the Shimoga district. Being the gateway for the hilly region of the Western Ghats, the city is popularly known as Capital of Malnad. Shimoga is agriculturally rich district and is famous for coconut, beetle nuts. Shimoga is also famous for educational institutions. Bhadravati is 20 km away from Shimoga. Both Shimoga and Bhadravati are developing as twin cities. Bhadravathi is called industrial town and many factories are established at Machnahalli, in between the twin cities.

The famous Visvesvaraya Iron and Steel Limited (VISL) started by Sir M Visvesvaraya in 1920s and Mysore Paper Mills are located in Bhadravathi which is a taluka place in Shimoga district. The major industries like Pearlite Industries, Malnad Alloys, Spherocast, Perfect Alloys, Shantala Spherocast Pvt Ltd. produce high quality castings. They supply to major original manufacturers in India and also export their products to many countries. APMC of Shimoga is main marketing point of areca nut. Other agricultural produces like rice, chili, coconut etc. are also marketed in APMC. Shimoga is also famous as tourism. Jog Falls is a world famous tourist spot located 105 km from Shimoga.