CHAPTER - III

CONCEPT OF INDUSTRIALIZATION – KARNATAKA SCENARIO

➢ Introduction

➢ New Industrial Policy 2009 – 14

➢ The Institutions for Infrastructure Development

➢ Investment and Trade Promotion Initiatives

➢ Institutions for Entrepreneurship Development Programs
CHAPTER - III

CONCEPT OF INDUSTRIALIZATION -
KARNATAKA SCENARIO

INTRODUCTION

Karnataka is considered as one of the most deserved industrial locations for setting industries in the country. State has been consistently pursuing progressive outlook to meet the changing needs of the State's economy and industry. Karnataka is also considered one of the countries comprising large public sector industrial undertakings, large privately owned industries like steel, sugar, textiles etc. In recent years, Karnataka has emerged as the leader in IT & BT and knowledge based industrial sector, making rapid strides in IT & computer related industries and biotechnology with a strong research and development base. The State has a number of traditional cottage, handicrafts, micro enterprises like handlooms, power looms, silk weavers, khadi and village industries etc.

With all these, the State also felt the urgency of providing stimulus measures for industries and service sector to combat the ill effects of the financial crisis prevailing globally. The State is committed to initiate certain measures to provide temporary relief to the industry and service sector to overcome the present situation. Karnataka has always been at the forefront of industrial growth in India. With its inherent capabilities coupled with its enterprising citizens, Karnataka provides the ideal choice for investment opportunities.
GDP CONTRIBUTION

While the national GDP grew at 8.7% between 2005 and 2010, the combined growth rate of the four southern states was merely 7.85%, with Karnataka leading at 8.7%, Kerala 8.1%, Andhra Pradesh and Tamil Nadu at 7.4% each (according to a McKinsey survey report, commissioned by the Confederation of Indian Industry in March 2011). North Indian states like Bihar and Uttarakhand, which had for long borne the tag of backward states, have also overtaken the southern states. The last three years have seen the two states grow at a furious pace of 16% and 14% respectively, albeit on a lower base. Other states ahead of the southern states are Gujarat at 11.3% and Haryana at 11%. Bihar’s GDP growth rate for the last five years at 9.6% is also higher.

Industry leaders attribute several factors to the recent slump in south India’s growth. These are the rising land prices, labour shortage, and infrastructure bottlenecks, including port and growing urban congestion in Bangalore, Chennai and Hyderabad and concerted efforts of other states in attracting investments in recent years. The fact that South India continues to be among the top 10 contributors to the GDP nationally would help.

The region’s current GDP at $300 billion, places it just outside of the top 30 economies of the world, but the report predicts South India could spearhead the country’s growth over the next few years with its GDP projected to hit $500 billion by 2016 and close to $650 billion by 2020. The region’s growth in skill-intensive industries like automotive manufacturing and information technology and information technology-enabled services (IT & ITES) has also outpaced the all-India average.
INFRASTRUCTURE

The State Government has created several organizations and institutions to provide infrastructural support to the private sector enterprises.

The Directorate of Industries and Commerce co-ordinates all activities required for industrial development. It allots to the entrepreneur, power, land and water besides sanction of fiscal incentives.

Karnataka Industrial Areas Development Board acquires tracts of land for development into industrial sites. The Technical Consultancy Services Organization of Karnataka offers expert consultancy services to small entrepreneurs at moderate rates.

The Karnataka State Finance Corporation, Industrial Investment Development Corporation, Small Scale Industries Development Corporation and Karnataka Electronics Corporation provide them finance, equity participation, factory sheds and raw material supplies.

ASSOCIATIONS

Karnataka has got 123 associations representing various trade, banking and industrial organizations. Prominent among the manufacturers association are Karnataka State Small Scale Industries Association, Confederation of Electronic Industries of Karnataka and Peenya Industries Association.

All the 123 associations are affiliated to Federation of Karnataka Chambers of Commerce and Industries (FKCCI), which is the parent body.
FOREIGN INVESTMENTS

Foreign investments approved in Karnataka during 1993-94 brought about 169 foreign investors from Germany, Japan, USA, UK, Switzerland and Sweden. They have invested in computer software, telecommunications equipments, electronics and electrical, machine tools and engineering products, medical and laboratory equipments, minerals, ceramics, chemicals, leather products, food processing and tourism.

NEW INDUSTRIAL POLICY 2009-14

The new industrial Policy 2009-14 aims at the following.

1) To create environment for robust industrial growth.

2) To ensure inclusive industrial development in the State.

3) To provide additional employment for about 10 lakh persons by 2014.

4) To enhance the contribution of manufacturing sector to the State's GDP from the current level of 17% to 20% by the end of policy period. In order to achieve the above mission, following strategies are being adopted.

a. Classification of the taluks of the State in to four zones depending on backwardness of the taluks and also based on broad guidelines of Dr. D.M.Nanjundappa Committee Report on Redressal of Regional imbalance.

b. Thrust on provision of world-class infrastructural facilities for industries with active participation of private sector/ industry.

c. Implementation of Suvarna Karnataka Development Corridor Programme (SKDCP) through length and breadth of the State and develop industries at the potential locations along the corridor.

d. Development of sector-wise industrial zones for optimal utilization of local natural and human resources so as to minimize migration of people to urban centres.
e. Simplification of land acquisition procedures with emphasis on inclusive development.
f. Safeguarding the socio-economic interest of both farmers and investors while acquisition of land.
g. Preferential treatment for MSME sector enabling to meet the global challenges
h. Attractive employment and performance linked package of incentives and concessions to attract investment to backward regions and also to provide leverage to MSME sector.

INVESTMENT APPROVALS
The following Projects were approved during 2008-09.

A. Mega Projects

The State High Level Clearance Committee (SHLCC) under the Chairmanship of Hon’ble Chief Minister clears projects with investment above ₹ 50 crores. SHLCC during 2008-09 has approved 44 mega projects with a total investment of ₹ 1,05,266.20 crores. These projects are likely to create employment to 4.10 lakh people.

B. Small, Medium and Large Projects

Karnataka Udyog Mitra also acts as a secretariat for State Level Single Window Clearance Committee (SLSWCC) under the Chairmanship of the Hon’ble Minister for Large & Medium Industries, Government of Karnataka which clears projects with investments between ₹ 3.00 crores to ₹ 50 crores. SLSWCC during 2008-09 has approved 310 projects with a total investment of ₹ 5181.62 crores. These projects are likely to create employment to 1.35 lakh people.
C. Large and Mega Projects

There are 779 large and mega projects in the State with investment of ₹ 64,762.54 crores and creating an employment to 3,61,051 persons.

INSTITUTIONS FOR INFRASTRUCTURAL DEVELOPMENT

The following institutions are serving for infrastructural development in the state.

A. Karnataka Industrial Areas Development Board

Karnataka Industrial Areas Development Board (KIADB) is a statutory body established under the provisions of the Karnataka Industrial Area Development Board Act 1966, with the objective of acquiring land for formation of industrial areas/estates and allied industrial infrastructure. Since inception and up to the end of 31.3.2009, KIADB has acquired land to the extent of 78,652 acres of land for various purposes.

KIADB has acquired an extent of 7,105.25 acres of land for formation of Industrial area and also in favour of single unit complex during the period from 1.4.2008 to 31.3.2009. The details are as under.

1) Industrial area: 3841.06 acres
2) Single Window unit complex 3264.19 acres

An amount of ₹ 1292.34 crores has been so far spent for payment of compensation and ₹ 242 crores have been spent for providing infrastructure facilities in the industrial areas during 2008-09.
During this year, 693 units have been allotted and 1713 acres of land in various industrial areas.

KIADB has also taken up implementation of "Suvarna Karnataka Development Corridor Project". The process of identification of land for the project and selection of project management consultant has started.

B. Karnataka State Small Industries Development Corporation (KSSIDC)

KSSIDC has been a catalyst in the development of small scale industries in the State. Establishment of industrial estates, construction of industrial sheds and formation of Industrial plots are the major functions of the corporation. 160 industrial estates have so far been established all over the State. In these estates 5,758 sheds have been constructed and 5,498 sheds have been already allotted.

C. Special Economic Zone in Karnataka

In order to support and encourage development of SEZ in the State, State Policy of SEZ, 2009 has been announced. The policy provides for a package of incentives, supportive measures besides clarity in procedural guidelines. Board of approval of SEZ constituted under SEZ Act, 2005 will give approvals to the SEZ developers. In principle, approval will be given to SEZ developer who has no land in his possession whereas formal approval will be granted where land is in the possession of the developer.

Board of approval has granted SEZ for sectors like IT/ITES, Hardware, BT, sector specific product and Airport based products,
fifty formal approvals and 8 in-principle approvals were granted to in Karnataka till now. During 2008-09 (up to 31.12.2008) the investment worth ₹ 4337.65 crores were made and total exports as on 31.12.2008 is worth of ₹ 6010.85 crores.

D. Assistance to State for Development of Export Infrastructure and Allied Activities (ASIDE)

Since 2002-03, Ministry of Commerce, Government of India introduced a scheme of Assistance to States for Developing Export Infrastructure and other Allied Activities (ASIDE), based on the export performance of each state and also its growth rate. The objective of the scheme is to involve the states in the export effort by providing assistance to the State Governments for creating appropriate infrastructure for the development and growth of exports. During the year 2008-09 18 projects are under implementation. GOI has released ₹ 41.62 crores as on March 2009. VITC is the Nodal Agency for implementation of ASIDE scheme. The project proposals received from implementing agencies for developing critical export infrastructure in the state will be approved by the State Level Export Promotion Committee (SLEPC) for ASIDE Chaired by the Chief Secretary to the Govt. of Karnataka as per the guidelines of the ASIDE scheme.

E. Agro Food Processing Industrial Park

In addition to 6 Agro Food Processing Park approved by Ministry of Food Processing Industries, GOI with Private Government Partnership in Malur, Hiriyur, Bagalkot, Maddur, Jewargi, Belgaum and a new Agro Food processing park at Shimoga is under implementation. The State Government has released ₹ 200 lakhs to M/s. FKL for establishment of the same during the year 2008-09.
SSI & VILLAGE INDUSTRIES SECTOR INITIATIVES

Government of Karnataka (GOK) in its Order No. CI 233 SPI 08 dated: 28.2.2009, has announced New Industrial Policy 2009-14. The salient features of the policy are as follows:

1) Envisions making Karnataka prosperous through development of human and natural resources in a systematic, scientific and sustainable manner.

2) Target to provide additional employment for about 10 lakh persons in the next five years.

3) Efforts to increase the share of industry to the state GDP to 20% by the year 2014.

4) Focus on providing quality infrastructure across the State for the development of Industries.

5) State will allocate ₹ 1000 crores for acquiring 1000 to 2000 acres of land in each district through KIADB. This will facilitate establishment of thousands of small and medium enterprises. It is also proposed to attract foreign capital to the State Industrial sector by establishing industrial colonies.

6) Implementation of Suvarna Karntaka Abhivrudhi Corridor Programme.

7) Development of Sector Specific Zones viz., Steel, Cement, Sugar, Automobile, Food processing, Readymade garments etc.

8) To motivate the prospective entrepreneurs, Guidance Cell in the DICs will be strengthened. This cell will help entrepreneurs both at entry and implementation level.

Constitution of Vision Group

For rapid Industrialization of Karnataka and to guide the State Government in formulating the policies for Industrial Development a
"Vision Group" has been formed under the Chairmanship of Sri. Gopalakrishnan, CEO, Infosys.

**Kaigarika Adalath**

To address the problems faced by entrepreneurs, a new initiative was taken to conduct "Kaigarika Adalath" involving various stakeholders to solve the problems of entrepreneurs. Such Kaigarika Adalath for Belgaum division was conducted at Dharwad on 10th February 2009 and the programme was of great success. In the Kaigarika Adalath, 207 applications were received pertaining to the different departments, Boards and Corporations and 90 applications were cleared on the spot. The remaining problems of Industrialists were 10 assured to be solved after detailed examination of the problems. Further, it is also decided to conduct Adalaths in remaining divisions to solve the problems faced by entrepreneurs.

**4th All India Census of MSME**

During the year 2008-09, 4th All India Census of Micro Small and Medium Enterprises has been undertaken under the guidance from CSO, New Delhi, with an objective of updating the data base of registered Micro, Small and Medium Enterprises pertaining to production, extent of closure/sickness and other relevant economic parameters. MSME units registered up to March 2007 were covered under 4th census. The data regarding the above pertaining to 1,96,027 micro, small and medium enterprises were collected and the filled in schedules for 1,82,064 units were sent to Government of India for further analysis of the data.
The industrial development initiatives in the state stated are below.

a) Kaigarika Vikasa

The scheme is being implemented for industrialization in 79 most backward and more backward Talukas identified by Dr. D.M. Nanjundappa Committee on Redressal of Regional imbalances. The scheme envisages creation of new economic opportunity by utilizing local resources, skill and demand by providing ready to use infrastructure, human resource development etc. The following developmental agencies have been identified for the implementation of the programmes.

i. KSSIDC and KIADB for development of New Industrial areas / Estates and up-gradation of existing Industrial areas / Estates

ii. KSPDC and KHDC: Construction of common facility centre, living cum worksheds, Powerloom/Handloom complex, modernization of machineries Training etc.

iii. KSCDC: Development of Coir Cluster and establishment of Training cum production Centre.

iv. CEDOK and TECSOK: Conducting of EDP/EAP, skill development programme, resource mapping etc.

During 2008-09, a sum of ₹ 370 lakhs has been released to the different boards and corporations for developmental activities. Table 3.1 presents the details.
Table 3.1
State Level Investment

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Institutions</th>
<th>Amount (₹ in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>KSCDC</td>
<td>25.00</td>
</tr>
<tr>
<td>2.</td>
<td>TECSOK</td>
<td>25.00</td>
</tr>
<tr>
<td>3</td>
<td>CEDOK</td>
<td>50.00</td>
</tr>
<tr>
<td>4</td>
<td>KSPDC</td>
<td>106.67</td>
</tr>
<tr>
<td>5</td>
<td>KSSIDC</td>
<td>100.00</td>
</tr>
<tr>
<td>6</td>
<td>KIADB</td>
<td>30.41</td>
</tr>
<tr>
<td>7</td>
<td>KHDC</td>
<td>32.92</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>370.00</strong></td>
</tr>
</tbody>
</table>

Source: Directorate of Economics and Statistics 2008-09

b) Prime Minister’s Rozgar Yojane (PMRY)

The scheme was discontinued during the present year. Instead a New programme called PMEGP has been introduced during the current year.

c) Prime Minister’s Employment Generation Programme (PMEGP)

GOI has announced a new Programme called Prime Minister's Employment Generation Programme in lieu of PMRY on 15.8.2008. The scheme contemplates to provide self employment to unemployed youths by extending financial assistance to start their own Industrial ventures/ business/ service etc.

The scheme also envisages for creation of employment to rural artisans and thereby avoids the rural artisans to migrate from villages to cities. During the year 2008-09, under this programme a target of 1,190 has been fixed to all the district industries centre and an amount of ₹ 14.28 crores have been kept as margin money.
Wide publicity has been given to this programme. 940 beneficiaries are assisted under the scheme with a marginal assistance of ₹ 864 lakhs during this year.

d) Vishwa

Vishwa programme aims at providing continuous productive employment in rural areas by promoting cottage and village industries by utilizing local resources for manufacture of goods and services for mass consumption. The scheme contemplates institutional support for training, establishment of production units, support services like supply of raw-materials and marketing through DSMS and State level Boards and Corporations. The training / skill development programmes are implemented both through the DICs (unorganized sector) and State level Boards and Corporations (organized sector).

e) Kayakanagara Programme

The programme contemplates a multi-craft township for traditional artisans like cobblers, bamboo workers, sheet metal and brass workers, pinjaras, tailors and such other craftsmen. Three Kayakanagara Centres are being establishment at ,Narendragrama in Dharwad district , Hoovinahadagali in Bellary and Ramdurga in Belgaum district and 557 living cum work-sheds are being taken up for construction with a assistance of Rajiv Gandhi Housing Corporation. Basic infrastructure facilities will be provided by KSSIDC with assistance of GOK.

The State Government provides grant towards land and development cost. The minimum basic facilities like roads, water, power, play ground, community hall etc., are also being provided
f) Special Component Plan

An amount of ₹ 821.852 lakhs has been released under establishment of New Industrial Cluster during 2008-09. Under this scheme training, construction of living cum work-sheds and distribution of improved Tool Kits to SC artisans were taken up through District Industries Centre, Boards and Corporations.

g) Tribal Sub Plan:

An amount of ₹ 314.08 lakhs has been released under establishment of New Industrial Cluster during 2008-09. Under this scheme training, construction of living cum work-sheds and distribution of improved Tool Kits to ST Artisans were taken up through District Industries Centre, Boards and Corporations.

HUMAN RESOURCES DEVELOPMENT INITIATIVES

The HRD initiatives taken at the state level are presented here.

1. Suvarna Kayaka Koushalya Abhivrudhi Yojane

Thrust has been given for human resource development in the industrial policies of the government. As such, Government would promote/ help/ facilitate establishment of specialized skill development institutions at key locations suitable for the manufacturing industries and emerging vocations in the service sector. The Government assistance in the form of providing land and financial assistance for creation of basic infrastructure facilities are as follows:

(i) Grants up to 5 acres of Government land will be considered along with capital contribution of 50% of the project cost subject to a ceiling of ₹ 2 crores per training establishment for sector specific trainings.
(ii) Recurring cost for running the training institute, an amount of ₹ 750 p.m per trainee will be provided subject to a ceiling of ₹ 15 lakhs per year for a period of 3 years. State Level Selection committee has selected 22 institutions in different places of Karnataka, out of that approval has been given for 16 institutions by Government. At present 5 below mentioned institutions are at different level of implementation.

a) Gem and Jewellery Training Institute at Bangalore and Karwar

During the year ₹ 1 lakh has been released to KSSIDC which is the Nodal Agency for implementation of the scheme.

b) Karnataka Institute for Leather Technology

The main objective of the institute is to offer 3 ½ years Diploma course in Leather Technology and short-term courses in leather garments, Foot-wear and Leather goods manufacturing. Institute also provides assistance in design development of Leather articles and R&D programmes.

Institute is imparting Training to students in Diploma in Leather Technology Courses in line with the norms of Central Leather Research Institute, Chennai and with their co-ordination. The various components of the schemes include cost towards raw material, consumables and accessories, stationeries, expert and guest lectures, administrative expenditure, industrial unit visits and maintenance expenditure. During the year 2008-09, an amount of ₹ 40 lakhs have been released to KILT towards training programmes under leather technology and to meet the administrative expenditure.
c) Government Tool Room and Training Centre (GTTC)

Government Tool Room and Training Centre was established in the year 1972 at Bangalore as a Joint venture between Government of Karnataka and DANIDA. GTTC is a leading Tool Room and Training Centre in India. It trains youths from Tool room mechanics to Tool Engineers. It organizes long term and short-term training courses. The Long terms courses are Diploma in Tool & Dye making, Diploma in Electronics and Communication Engineering, Diploma in Precision Manufacturing, Diploma in Mechatronics, Post Diploma in Tool Design and M.Tech in Tool Engineering. Short term courses includes Auto CAD, CNC, Master CAM, CNC, Machinist, Metrology, SPM, Laser Machinist etc., GTTC has developed Tools components for the prestigious customers viz., ISRO, ADA, HAL, NAL, ISTRAC, VSSC, TVS, TOYOTA group and BHEL etc.,

GTTC has main centers at Bangalore and Mysore with sophisticated precision tool room equipments. It has established 18 Centres in Karnataka. An amount of ₹ 57 lakhs has been released to GTTC for up-gradation of existing GTTC Sub-Centres.

d) Science and Technology Entrepreneurs Parks (STEPS)

The scheme of Science and Technology Entrepreneurs Park (STEP) mainly aims at targeting the young engineers and professionals coming out of engineering colleges, technical and management institutions with a view to motivate them and assist them in becoming "entrepreneurs" to take up industrial ventures. STEP provides facilities for up-gradation of skills and transfer of technology. 14 Science and Technology Entrepreneurs’ Parks (STEPs) have already been set up and functioning. An amount of ₹
1.67 lakhs has been released to NMAM Institute of Technology, Karkala and ₹ 3 lakhs to BEC Institute, Bagalkot during the current year.

e) Rural Development and Self Employment Training Institutions (RUDSETIs)

As per the Industrial policy 2001-06, it was proposed to establish a Model RUDSETI centre. The rural development and self employment Training institutes are being established in co-ordination with the Banks with an objective of preparing the rural youths to have their own industrial / service ventures by imparting training and guidance. So far, there are 29 RUDSETIs have been established and functioning in 24 districts. It is also proposed to establish RUDSETIs at Bangalore (U), Chikkaballapur, Hassan and Kodagu Districts. Under this programme the Government is extending, 50% cost of the project subject to a maximum of ₹ 20 lakhs for creation of infrastructure for a RUDSETI. From the year of establishment, from 2 to 3 years, 50% of the project cost subject to a ceiling of ₹ 5lakhs shall be borne by Gov, as recurring expenditure. During 2008-09 ₹ 10 lakhs has been released to RUDSETI at Raichur and ₹ 15 lakhs to VIBSETI (Vijaya Bank) at Haveri.

ARTISAN INITIATIVES

To promote the artisans the following initiatives are taken.

a) The Karnataka State Handicraft Development Corporation

The Corporation is a nodal agency for handicrafts promotion programmes in the State. KSHDC is implementing various programmes for the development, promotion and marketing of
handicrafts, procuring directly from the artisans. The corporation has 13 craft complexes and 1,222 living cum work sheds. The other functions are as below.

1. Subsidy on raw material (Silver & Zinc) to Bidri ware artisans
2. Rebate on sale of Handicrafts
3. Domestic Export Promotion and Exhibitions
4. Supply of sandal wood to Artisans at Concessional rate.
5. State Level exhibition
6. Infrastructure - Craft complexes

b) Urban Haat

GOI has evolved a scheme called “Urban Haat” to be established in Prime locations in the State to enable the artisans to sell their products directly to the consumers. It is planned to have 40 to 50 stalls in the artisan’s complex and exhibition halls to cater the requirement of artisans and to sell their products by organizing weekly exhibitions. Ministry of Textiles, GOI provides 70% of the cost of project subject to a maximum of ₹ 210 lakhs and the remaining 30% of the project cost up to ₹ 90 lakhs shall be borne by the State Government and implementing agencies. During the year 2008-09 an amount of ₹ 90 lakhs has been released under this scheme for the establishment of Urban Haat at Pilikula Nisarga Dhama, Mangalore in Dakshina Kannada District.

c) Khadi & Village Industries Board / Commission

The main objective of the KVIB/C is to give priority for Khadi and Village Industries in rural areas in developing and regulating Khadi sector and to provide assistance for the cottage industries to generate employment opportunities to improve upon the economic
status of the rural artisans. The main activities of the organization are as below.

i) Implementation of Prime Minister Employment Generation Programme

ii) Interest subsidy scheme

iii) Product development, design intervention and packaging

iv) Khadi development

vi) Kaigarika Vikasa.

vii) Rebate on retail sale of Khadi products

viii) Bee-keeping

d) Karnataka State Coir Development Corporation Ltd

The Corporation was established with the main objective of developing coir sector in the State. The main functions of the corporation are as below.

1) Carry on the business of developing, promoting and stabilizing the coir and coir based and coconut based industries in Karnataka

2) To support, protect, maintain, increase and promote the production and sale of coir, coir products and coconut products

3) To implement scheme of the Government of Karnataka or the Government of India for the development of coir and coconut based industries.

4) To generate rural employment to women (including SC/STs) by providing training and engaging in production of coir products in the coir complexes

5) To undertake and promote research and development of coconut, coir and its products.
e) Karnataka State Coir Co-operative Federation Ltd

The Federation was established in the year 1961 with the main objective of developing coir sector in the state through Co-operative movement. Its main objective is to assist and support primary coir co-operative societies, provide training, marketing coir products, technical guidance and implementation of ICDP and Government sponsored schemes in coir sector. The Federation is having 17 sales outlets and 20 production units in different parts of the State. The Federation has provided employment to about 1200 persons in rural area out of which 90% are women. There are 52 coir primary Co-operative societies affiliated to the Federation. The manufacturing products are coir fibre, coir yarn, curled rope, fibre mats, different types of mattings, geo textiles etc. During 2008-09, Federation has produced products worth ₹ 125.07 lakhs and made sales turn-over of ₹ 256.96 lakhs and provide employment to 1200 persons.

f) Karnataka Leather Industries Development Corporation Ltd., (LIDKAR)

Karnataka Leather Industries Development Corporation Ltd., (LIDKAR) was established by Government of Karnataka in the year 1976, keeping in view the objectives of overall development of Leather Industry in Karnataka and up-liftment of socio-economic conditions of SC Leather Artisans in the State. Since then, the Corporation has been implementing various programmes under developmental and commercial activities. The Corporation keeping in view the Development of socio-economic conditions of SC Leather Artisans has been implementing various programmes under developmental activities. The Corporation has assisted more than 25,000 Artisans
so far by providing construction of living cum work-sheds, construction of common facility centres, training programmes, distribution of wayside cabins etc. The Corporation under commercial activities has been extending marketing assistance for the products made by artisans and SSI units. So far the corporation assisted 1200 artisans and more than 100 SSI units under marketing assistance scheme.

INVESTMENT AND TRADE PROMOTION INITIATIVES

The investment and trade promotion initiatives are as follows.

a) Karnataka Udyog Mitra (KUM)

KUM was established with a main objective of providing escort services to entrepreneurs for establishment of industrial ventures in the State. It also acts as Secretariat for State Level Single Window Agency Meeting. KUM organizes various publicity propaganda programmes, Investors’ meet, road-shows to attract the investors not only within the State but also from abroad.

During 2008-09, a delegation led by Chief Minister and Minister for Large and Medium Industries visited United States of America and United Kingdom. Business meets were held at Manchester (UK), Washington, New York, Chicago, Atlanta and San Francisco.

Similarly, a delegation led by Minister for Large and Medium Industries visited China, Japan and Korea. Business meets were held at Seoul (Korea) and Shangai (China). Another delegation led by Chief Minister visited Bahrain and a business meet was also organized.
Pravasi Bharathiya Divas

Karnataka Udyoga Mitra also participated in Pravasi Bharathiya Divas held during January 2009 at Chennai. "Karnataka Diaspora Cell" – An exclusive cell to attracte the investment and provide information to the people of Karnataka origin (PKOs) and Non Resident Kannadigas (NRKs) has been setup.

b) Visveswaraya Industrial Trade Centre

VITC is a registered society set up in 1965 with the main function of trade and export promotion. It is engaged in conducting programmes in export management / export awareness / export documentation and allied assistance for the community of exporters. Also trade promotion activities are taken up in the form of participation in exhibitions and trade fairs both within the State and outside the State and abroad.

VITC Camp office at Hubli has been established on 10th February 2009 to inculcate export culture amongst all industries/traders at district level.

Trade promotion activities like participation in IITF Pragathi Maidan, New Delhi, from 14th to 27th November 2008, exhibitions for women & SC/ST Entrepreneurs / artisans within the state and outside the state, trade related information through NCTI, New Delhi, etc., were all arranged during the year. In addition as per the Karnataka Export Promotion Policy (2002-07) vide para 18 (a) provides for Market Development Assistance (MDA) scheme as a measure of trade promotion. The scheme would include financial support for visit of trade delegations to other countries, participation
in International Trade Fairs / Exhibitions, Market survey reports, publicity in foreign media etc., 4 delegations at China, USA and Santigo was given as per MDA. During the year, a sum of ₹ 190 lakhs has been released to VITC.

c) Export Awards

The Government of Karnataka had introduced the State Awards for best performance in exports from 1992-93 as one of the important steps towards recognizing the efforts of exporters.

d) Kala Vybhava Exhibitions

The Department is also arranging District Level Kala Vybhav Exhibitions in association with District Administration. For this purpose, every year ₹ 3.50 lakhs is earmarked to every district. During the year 2008-09 a sum of ₹ 29.50 lakhs has been released to 9 districts.

TECHNOLOGY UPGRADATION INTIATIVES

Technology up-gradation initiatives are implemented through the Karnataka Council for Technology Up-gradation. Karnataka Council for Technological up-gradation has functioning from 1996. KCTU is a Joint venture of Government of India, Government of Karnataka and Industries Associations. It functions as a Nodal Agency for Technology Transfer to M.S.E.s. The Council functions under the Chairmanship of the Commissioner Industrial Development and Director of Industries and Commerce, Government of Karnataka. The main objectives of the KCTU are to enhance competitive status of SME's, catalyse technology up-gradation through acquisition, adoption and modernization and to reduce cost
of productivity, quality improvement to make the SME’s products more competitive both nationally and internationally. It assists the SME’s to obtain ISO 9001/14000 or any other nationally and internationally recognized certification. The council is a nodal agency for creating awareness and provides assistance for registration of intellectual property rights, guidance in plant layout, diversification, modernization and expansion. 26 Programmes / activities were undertaken by KCTU during 2008-09 in association with different associations, such as CLIK, FKCCI, AWAKE, SJCE Step etc.

In total 1,178 beneficiaries are covered under different programmes.

In addition to above, KCTU is nodal agency to implement two projects under MSE-CDP. They are common facility centre for Auto Cluster at Hubli and common facility centre for Food Cluster, Gulbarga.

**INSTITUTIONS FOR ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES**

The prime institutions are as follows.

**a) Centre for Entrepreneurship Development of Karnataka, Dharwad (CEDOK)**

CEDOK was established by Government of Karnataka with an objective to contribute for the development and disbursal of entrepreneurship by conducting various EDP’s, skill development programmes to expand the social and economic base of entrepreneurial class. The main functions of CEDOK are as below.
1) To augment the supply of entrepreneurs through education, training and research
2) To produce multiplier effect on opportunities for self-employment
3) To improve the managerial capabilities of small entrepreneurs
4) To contribute to the dispersal of entrepreneurship and thus expand the social base of the entrepreneurial class in urban/rural areas
5) To be the centre of learning for trainer-motivation on entrepreneurship development.
6) To contribute in growth of entrepreneurship cultures, spirit and entrepreneurship developing countries.

b) Technical Consultancy Services Organization of Karnataka (TECSOK)

The objective of TECSOK is to provide reliable consultancy services at reasonable cost to entrepreneurs who wish to set up industries or services ventures in Karnataka. TECSOK provides basic information on potential products, suitable location, policy and procedures of the Government and other related organizations, incentives and facilities offered by the Government to the entrepreneurs. It focuses more on promotion of entrepreneurship amongst rural entrepreneurs belongs to SC/ST. During the year 76 project reports/appraisals/profiles have been prepared for entrepreneurs. TECSOK has also coordinated implementation of Kaigarika Vikasa scheme by conducting sectoral studies.
Karnataka State Financial Corporation

KSFC was established to meet mainly the long term financial needs of small and medium enterprises of the State. The corporation has extended sizable assistance to infrastructure projects; mining, service sectors like transport, hospitals, hotels etc. In addition to term lending activity, corporation also extends financial assistance under merchant banking activities, hire purchase and corporate loans etc.

MODERNISATION OF DEPARTMENT AND TRAINING OF PERSONNEL

This scheme envisages modernization of the department through computerization and providing modern office equipments. The funds under the scheme are utilized for procurement of infrastructure to modernize department like computers, printers, and photo copying machine etc., required for Directorate as well as District Industries Centres. It is also proposed to develop web based software for collection of data from districts. The funds are also utilized for AMC (Annual Maintenance Contract) of computers and other office equipments. An amount of ₹ 16.32 lakhs has been released for the above purpose. Out of this, ₹ 8.70 lakhs has been released to 29 districts for AMC/repair etc. This scheme envisages up-gradation of skills through trainings, seminars, study tours etc. Funds have been utilized for training of officers and staff of department to upgrade the skills/capabilities through the agencies like National Institute for Small Industries Extension Training, National Productivity Council, National Institute for Rural Development, CEDOK etc.

CONTRIBUTIONS

The number of projects, investments and employment generated in 2008-09 across districts is as below.
Table 3.2

District wise Scenario

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>District</th>
<th>No. of Projects</th>
<th>Investment (₹ In Crores)</th>
<th>Employment (in Nos.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Bagalkot</td>
<td>2</td>
<td>53.00</td>
<td>96</td>
</tr>
<tr>
<td>2</td>
<td>Bangalore Rural</td>
<td>33</td>
<td>866.48</td>
<td>13854</td>
</tr>
<tr>
<td>3</td>
<td>Bangalore Urban</td>
<td>48</td>
<td>1040.68</td>
<td>28107</td>
</tr>
<tr>
<td>4</td>
<td>Belgaum</td>
<td>3</td>
<td>90.50</td>
<td>11157</td>
</tr>
<tr>
<td>5</td>
<td>Bellary</td>
<td>8</td>
<td>241.02</td>
<td>1022</td>
</tr>
<tr>
<td>6</td>
<td>Bidar</td>
<td>18</td>
<td>79.99</td>
<td>851</td>
</tr>
<tr>
<td>7</td>
<td>Bijapur</td>
<td>2</td>
<td>53.25</td>
<td>144</td>
</tr>
<tr>
<td>8</td>
<td>Chamarajangar</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>Chickmagalur</td>
<td>5</td>
<td>160.16</td>
<td>6931</td>
</tr>
<tr>
<td>10</td>
<td>Chitradurga</td>
<td>3</td>
<td>50.53</td>
<td>265</td>
</tr>
<tr>
<td>11</td>
<td>Dakshina Kannada</td>
<td>3</td>
<td>42.17</td>
<td>286</td>
</tr>
<tr>
<td>12</td>
<td>Davanagere</td>
<td>1</td>
<td>5.45</td>
<td>110</td>
</tr>
<tr>
<td>13</td>
<td>Dharwad</td>
<td>20</td>
<td>223.80</td>
<td>3281</td>
</tr>
<tr>
<td>14</td>
<td>Gadag</td>
<td>1</td>
<td>10.00</td>
<td>31</td>
</tr>
<tr>
<td>15</td>
<td>Gulbarga</td>
<td>7</td>
<td>77367</td>
<td>5467</td>
</tr>
<tr>
<td>16</td>
<td>Hassan</td>
<td>15</td>
<td>206.46</td>
<td>6287</td>
</tr>
<tr>
<td>17</td>
<td>Haveri</td>
<td>1</td>
<td>48.00</td>
<td>350</td>
</tr>
<tr>
<td>18</td>
<td>Kodagu</td>
<td>1</td>
<td>47.81</td>
<td>1500</td>
</tr>
<tr>
<td>19</td>
<td>Kolar</td>
<td>4</td>
<td>86.89</td>
<td>628</td>
</tr>
<tr>
<td>20</td>
<td>Koppal</td>
<td>4</td>
<td>112.92</td>
<td>451</td>
</tr>
<tr>
<td>21</td>
<td>Mandya</td>
<td>4</td>
<td>152.90</td>
<td>7130</td>
</tr>
<tr>
<td>22</td>
<td>Mysore</td>
<td>89</td>
<td>888.97</td>
<td>38,149</td>
</tr>
<tr>
<td>23</td>
<td>Raichur</td>
<td>9</td>
<td>49.01</td>
<td>340</td>
</tr>
<tr>
<td>24</td>
<td>Shimoga</td>
<td>2</td>
<td>10.15</td>
<td>105</td>
</tr>
<tr>
<td>25</td>
<td>Tumkur</td>
<td>1</td>
<td>26.50</td>
<td>350</td>
</tr>
<tr>
<td>26</td>
<td>Udupi</td>
<td>1</td>
<td>14.90</td>
<td>40</td>
</tr>
<tr>
<td>27</td>
<td>Uttar Kannada</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>28</td>
<td>Chikkaballapur</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>29</td>
<td>Ramanagaram</td>
<td>25</td>
<td>542.40</td>
<td>8691</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>310</td>
<td>5181.62</td>
<td>1,35,623</td>
</tr>
</tbody>
</table>

**source**: Directorate of Economics and Statistics, 2008-09

The Table 3.2 shows that 310 projects were come out with an investment of ₹ 5,181.62 lakhs and generated 1,35,623 employment opportunities.
Table 3.3
No. of Mega and Large Industries in the State - District-wise (As on 31.3.2009)

<table>
<thead>
<tr>
<th>SL NO</th>
<th>DISTRICT</th>
<th>NO. OF UNITS</th>
<th>INVESTMENT in Crores</th>
<th>EMPLOYMENT (Nos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bang-Urban</td>
<td>375</td>
<td>11,326.15</td>
<td>20,2248</td>
</tr>
<tr>
<td>2</td>
<td>Bang - Rural</td>
<td>74</td>
<td>1,577.15</td>
<td>2,7941</td>
</tr>
<tr>
<td>3</td>
<td>Bagalkote</td>
<td>14</td>
<td>889.76</td>
<td>4.80</td>
</tr>
<tr>
<td>4</td>
<td>Bidar</td>
<td>7</td>
<td>229.69</td>
<td>2,554</td>
</tr>
<tr>
<td>5</td>
<td>Bellary</td>
<td>48</td>
<td>24,775.78</td>
<td>2,1941</td>
</tr>
<tr>
<td>6</td>
<td>Belgam</td>
<td>26</td>
<td>1,932.53</td>
<td>17,893</td>
</tr>
<tr>
<td>7</td>
<td>Bijapur</td>
<td>2</td>
<td>146.41</td>
<td>874</td>
</tr>
<tr>
<td>8</td>
<td>Chamarajnagar</td>
<td>4</td>
<td>182.92</td>
<td>353</td>
</tr>
<tr>
<td>9</td>
<td>Chikkamangalur</td>
<td>2</td>
<td>10.71</td>
<td>302</td>
</tr>
<tr>
<td>10</td>
<td>Chitradurga</td>
<td>4</td>
<td>111.68</td>
<td>557</td>
</tr>
<tr>
<td>11</td>
<td>Chikkaballapura</td>
<td>2</td>
<td>15.47</td>
<td>117</td>
</tr>
<tr>
<td>12</td>
<td>Dakshina Kannada</td>
<td>17</td>
<td>7,602.68</td>
<td>5,083</td>
</tr>
<tr>
<td>13</td>
<td>Davangere</td>
<td>7</td>
<td>294.97</td>
<td>1,506</td>
</tr>
<tr>
<td>14</td>
<td>Dharwad</td>
<td>19</td>
<td>754.38</td>
<td>3,791</td>
</tr>
<tr>
<td>15</td>
<td>Gadag</td>
<td>2</td>
<td>49.98</td>
<td>1,591</td>
</tr>
<tr>
<td>16</td>
<td>Gulbarga</td>
<td>7</td>
<td>1,683.95</td>
<td>4,960</td>
</tr>
<tr>
<td>17</td>
<td>Hassan</td>
<td>8</td>
<td>585.58</td>
<td>4,112</td>
</tr>
<tr>
<td>18</td>
<td>Haveri</td>
<td>8</td>
<td>369.41</td>
<td>3,793</td>
</tr>
<tr>
<td>19</td>
<td>Kodagu</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>20</td>
<td>Kolar</td>
<td>5</td>
<td>123.83</td>
<td>519</td>
</tr>
<tr>
<td>21</td>
<td>Karwar</td>
<td>3</td>
<td>795.2</td>
<td>4,006</td>
</tr>
<tr>
<td>22</td>
<td>Koppal</td>
<td>15</td>
<td>1,260.88</td>
<td>2,453</td>
</tr>
<tr>
<td>23</td>
<td>Mandya</td>
<td>9</td>
<td>535.22</td>
<td>3,324</td>
</tr>
<tr>
<td>24</td>
<td>Mysore</td>
<td>56</td>
<td>3,387.8</td>
<td>19,758</td>
</tr>
<tr>
<td>25</td>
<td>Raichur</td>
<td>9</td>
<td>3,110.27</td>
<td>6,967</td>
</tr>
<tr>
<td>26</td>
<td>Ramanagar</td>
<td>14</td>
<td>1,093.84</td>
<td>5,641</td>
</tr>
<tr>
<td>27</td>
<td>Shimoga</td>
<td>11</td>
<td>848.74</td>
<td>6,922</td>
</tr>
<tr>
<td>28</td>
<td>Tumkur</td>
<td>26</td>
<td>894.92</td>
<td>4,704</td>
</tr>
<tr>
<td>29</td>
<td>Udupi</td>
<td>5</td>
<td>168.64</td>
<td>2,756</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>779</td>
<td>64,762.54</td>
<td>3,61,051</td>
</tr>
</tbody>
</table>

Source: Directorate of Economic and Statistics, 2008-09

The Table 3.3 shows that 779 units were established with an investment of ₹ 64,762.54 lakhs and generated 3,61,051 employment opportunities.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Electronics &amp; Computer Software*</td>
<td>11,533 06</td>
<td>15,899 77</td>
<td>20,522 28</td>
<td>31,488 73</td>
<td>42,180 81</td>
<td>56,478 16</td>
<td>79,517 50</td>
<td>32,739 41</td>
</tr>
<tr>
<td>2</td>
<td>Readymade Garments*</td>
<td>2,820 00</td>
<td>4,000 00</td>
<td>4,038 00</td>
<td>4,500 00</td>
<td>4,980 00</td>
<td>6,773 00</td>
<td>4,125 00</td>
<td>3,918 75</td>
</tr>
<tr>
<td>3</td>
<td>Petroleum &amp; Petroleum products</td>
<td>NA</td>
<td>1,915 00</td>
<td>4,472 15</td>
<td>6,186 00</td>
<td>11,912 00</td>
<td>11,602 25</td>
<td>11,232 00</td>
<td>10,605 15</td>
</tr>
<tr>
<td>4</td>
<td>Engineering</td>
<td>1,048 07</td>
<td>1,650 11</td>
<td>1,899 49</td>
<td>3,021 35</td>
<td>3,052 00</td>
<td>5,461 00</td>
<td>8,301 00</td>
<td>3,996 44</td>
</tr>
<tr>
<td>5</td>
<td>Iron Ore and Minerals (incl granites)</td>
<td>691 56</td>
<td>1,524 10</td>
<td>2,093 43</td>
<td>4,480 00</td>
<td>5,920 10</td>
<td>8,791 32</td>
<td>10,197 00</td>
<td>4,001 12</td>
</tr>
<tr>
<td>6</td>
<td>Silk Products</td>
<td>672 24</td>
<td>746 09</td>
<td>967 99</td>
<td>898 80</td>
<td>1,050 68</td>
<td>1,273 94</td>
<td>912 12</td>
<td>678 15</td>
</tr>
<tr>
<td>7</td>
<td>Coffee Products</td>
<td>881 42</td>
<td>730 09</td>
<td>757 57</td>
<td>705 65</td>
<td>1,103 94</td>
<td>1,476 65</td>
<td>1,307 60</td>
<td>1,176 18</td>
</tr>
<tr>
<td>8</td>
<td>Basic Chemicals, Pharmaceuticals and Cosmetics</td>
<td>320 24</td>
<td>413 33</td>
<td>649 22</td>
<td>746 03</td>
<td>1,018 63</td>
<td>1,839 05</td>
<td>2,069 76</td>
<td>1,814 30</td>
</tr>
<tr>
<td>9</td>
<td>Agriculture and Processed Food Products</td>
<td>349 51</td>
<td>366 99</td>
<td>361 25</td>
<td>362 41</td>
<td>384 11</td>
<td>398 36</td>
<td>415 51</td>
<td>444 16</td>
</tr>
<tr>
<td>10</td>
<td>Gem and Jewellery</td>
<td>281 05</td>
<td>295 85</td>
<td>22,631 00</td>
<td>4,644 00</td>
<td>5,725 00</td>
<td>7,799 11</td>
<td>9,749 00</td>
<td>6,133 26</td>
</tr>
<tr>
<td>11</td>
<td>Cashew and Cashew Kernels</td>
<td>163 54</td>
<td>279 83</td>
<td>265 72</td>
<td>518 35</td>
<td>521 81</td>
<td>552 78</td>
<td>527 05</td>
<td>435 70</td>
</tr>
<tr>
<td>---</td>
<td>-------------</td>
<td>-----------------</td>
<td>-------------------------------</td>
<td>----------------</td>
<td>--------------</td>
<td>--------</td>
<td>------------------------</td>
<td>----------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>12</td>
<td>48.59</td>
<td>260.58</td>
<td>324.28</td>
<td>330.15</td>
<td>360.01</td>
<td>389.05</td>
<td>428.36</td>
<td>288.36</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>237.64</td>
<td>221.58</td>
<td>226.51</td>
<td>186.75</td>
<td>214.59</td>
<td>218.05</td>
<td>201.28</td>
<td>156.37</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>201.22</td>
<td>215.36</td>
<td>338.62</td>
<td>705.52</td>
<td>732.00</td>
<td>745.12</td>
<td>399.28</td>
<td>241.00</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>85.76</td>
<td>96.91</td>
<td>81.58</td>
<td>91.65</td>
<td>98.22</td>
<td>136.13</td>
<td>153.46</td>
<td>196.29</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>83.07</td>
<td>96.84</td>
<td>749.07</td>
<td>2,729.1</td>
<td>1,850.70</td>
<td>552.15</td>
<td>215.25</td>
<td>193.68</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>69.12</td>
<td>91.65</td>
<td>99.58</td>
<td>109.54</td>
<td>169.98</td>
<td>219.72</td>
<td>245.15</td>
<td>262.91</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>44.46</td>
<td>26.80</td>
<td>89.25</td>
<td>109.40</td>
<td>124.86</td>
<td>140.03</td>
<td>147.59</td>
<td>86.75</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>615.03</td>
<td>1,016.55</td>
<td>1,053.25</td>
<td>775.13</td>
<td>880.16</td>
<td>2,529.76</td>
<td>2,559.52</td>
<td>1,508.36</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>20,145.58</strong></td>
<td><strong>29,897.99</strong></td>
<td><strong>41,670.24</strong></td>
<td><strong>62,638.56</strong></td>
<td><strong>82,279.60</strong></td>
<td><strong>10,7375.59</strong></td>
<td><strong>1,32703.43</strong></td>
<td><strong>68,903.4</strong></td>
</tr>
</tbody>
</table>

**Source:** Directorate of Economic and Statistics, 2008-09

Table No. 3.4 shows that in the year 2007-08 total country’s export is 8,17,872.00 out of which Karnataka’s Share is 16.23%.
REFERENCES

Books
2. Directorate of Industries & Commerce, Govt. of Karnataka.

Journals and Magazines


Reports and Others

1. Directarate of Economics and Statistics, Govt. of Karnataka 2008-09

2. Directorate of Industries and Commerce, Govt. of Karnataka

3. March of Karnakata, November, 2005


9. Suryanath M. Kamath., 1996 “Govt. of India”, Govt. of Karnataka – Karnataka State Gazetter, Decennial Supplement.

Web Sources

1. www.karnatakaindustry.gov.in
2. www.bangalorebio.in
3. w.bangaloreit.in
4. www.kiadbkar,nic.in
5. www.capt.org
6. www.hrmbusiness.com
7. www.hrmtoday.com
8. www.wikpedia.com
9. www.workforce.com
10. www.des.kar.nic.in