CHAPTER - VI

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

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We are living in the industrialization era. This era is characterized by the replacement of human muscles by machines run with the help of inanimate power, giving rise to multi-product, multi-plant and multinational corporations. This increasing size of the firm is accompanied by division of labour and specialization which is giving birth to new complex organizations. There has emerged use of new sources of energy and metals and even increasing mass production of number of entirely new products as well as products based on improvements in the earlier products. All this has been possible due to the domination of science and technology.

The rise of the modern industrial economy is not a sudden dropping from the heavens. It is the culmination of a long drawn out process of evolution of human society. While many characteristics of the primitive man are still manifest, the evolutionary features of the industrial era are very closely connected with those of the immediately preceding stage, namely, agriculture. These two recent and interconnected stages in man's evolution have significantly altered his life, making him very distinct and sharply differentiating from other mammals.

Rapid industrialization of the country has been one of the main objectives of the Five Year Plans and the district of Kodagu can take its due share in this effort on the basis of its considerable
potential for industrial growth by utilizing its forest wealth, agricultural raw materials and by the generation of power. Though Kodagu is agriculturally prosperous, it must be admitted that it has been so far backward in industrial development. Out of the total area of 1,590 square miles 30% is under forests and Kodagu’s prosperity in the future will depend on the judicious exploitation of forest wealth for industrial development. It is clear that the district of Kodagu is rich in forest wealth. Besides, agricultural raw materials of considerable value like coffee and rice are raised every year. In the past, very little effort was made to utilize the abundant resources or even to systematically assess the extent of this wealth. However, since planned development was taken up in 1951, various attempts have been made to take stock of the District’s resources, thus carrying out one of the functions of the Planning Commission of making ‘an assessment of the material resources’ for formulating ‘a plan for the most effective and balanced utilization of the country’s resources’.

With the present study on research topic ‘Industrialization in Karnataka - A Study of Industrial Growth in Kodagu District’, the literature review has focused on the different aspects based on the industrialization at international level, national level and state level. In this background, the researcher has identified the conceptual aspects of industrialization in Karnataka as well as in Kodagu district. So there was a need of conducting an empirical study in Kodagu for understanding the industrial growth in Kodagu, Industrial units in Kodagu, and the problems and challenges relating to industries in Kodagu.
As the main commercial crops of this district happen to be coffee, cardamom, and pepper, there is possibility to develop agro-based industries related to these crops. The Cauvery and its tributaries, namely Hemavathi, Harangi, Lakshmanathirtha, Suvarnavathi and the Kakkabbe that form the excellent water resources are helpful for industries and irrigation. Since magnesite, molybdenum and quartz are available to some extent, they can be utilized for industrialization. Its rich forest is considered to be suitable for production of Tassar silk.

It appears that importance was not given in this district for industrialization either during pre-independence period or post-independence period. There were a few small-scale industries in the past. The capital invested in each industry was meager and was mostly indigenous. It was the local craftsmanship that accounted for the early industries rather than the organized technology for industrial growth. The industrial section of the population was mostly concerned with woodwork in its various forms. For such labour there was a natural demand. The textile industry was practically non-existent; it was probably cheaper to buy readymade cloth than to procure cotton and other raw-materials for weaving. An important old-time industry was pottery. The pottery consists of pots and urns of burnt clay of red or black colour.

The study has found so many factors relating to the industrialization in Kodagu district. Information was collected from various factors relating the individual entrepreneur profile, industrial profile and the challenges and problems faced by the industrial units to run and expand in Kodagu. To identify these things, the
researcher has used different ratings and also had interviews and interactions with the entrepreneurs and visited so many units personally to gather more information related to industrialization in Kodagu. Based on secondary data and field survey, the major findings of the study are listed, suggestions are offered, direction for further research is given and conclusion is drawn at the end.

MAJOR FINDINGS

The following are the major findings identified by the study.

1. In Kodagu men entrepreneurs are dominating industrial activities and women are less involved. Hence, there is a need to encourage women to come forward to take up entrepreneurial activities.

2. Youths are migrating to cities in search of jobs, so less number of youths is involved in entrepreneurial activities. This is so because the youths are not getting good facilities to involve themselves in entrepreneurial activities. As a solution to this government should introduce some schemes to encourage youths to become entrepreneurs.

3. Entrepreneurs are not technically well educated hence they should be given technical knowledge to improve themselves in entrepreneurial activities. This is also because the facilities for getting of technical education have not improved in Kodagu. Hence, government must give a serious thought in this direction.

4. In Kodagu only Hindus give prominence to industrial activities, whereas minorities like Christians and Muslims give less importance to it. Moreover, people who have family income of 5 to 10 lakhs have taken up entrepreneurial activities in Kodagu and these people have started only small industries. People
whose income is more than 10 lakhs have established large and medium scale industries in Kodagu.

5. In Kodagu entrepreneurial activities were started from last 30 years. However it is from last 10 to 20 years, they have improved.

6. Small scale industrial units' number is more in Kodagu and only a few medium and large scale industries are found.

7. Eighty per cent of industrial units are newly started and few are purchased from others, some are inherited and some others are leased industrial units.

8. Out of 175, 165 are male and 10 are female, thus majority of units are run by male members.

9. It was found that 80 respondents out of 175 are in the age group of 36-45 and 51 are in the age group of 46-55. Thus, majority are middle aged entrepreneurs in the study area.

10. A large majority to be precise 143 out of 175 constituting 82% to total are having general education.

11. Out of the total surveyed, 75% are Hindus, 12% Muslims and 10% Christians.

12. It was found that 71 respondents are having less than 10 years experience and 73 respondents are having 11-20 years experience.

13. In the study area agro based units (37.71%), engineering works (30.27%) and handlooms and cottage (10.29%) are the major units functioning. The share of electrical and electronics, food processing, leather works, printing works and wood works constitute 20.73 percent to total.
14. Out of the total, 75% are small, 18% medium and 7% are large units.

15. Out of the total, 81% are newly started, 7% inherited, 8% are leased units and 4% are newly purchased units.

16. Fifty four percent units are providing employment to less than 10 persons and 29% are providing employment in between 11 to 20 persons. Thus, 83% units in total have created employment at least in moderate scale.

17. It was found that the economic need prompted 123 entrepreneurs to start the units in the study area.

18. The study revealed that 31% entrepreneurs are running the units from the last 16 to 20 years, 28% units from the last 6 to 10 years and 23% units from the last 11 to 15 years. Large number of big sized units (66.7%) are running from last 6 to 20 years.

19. The length of stay with the present business across education revealed that majority of entrepreneurs running units from last 6 to 10 years is technically qualified. Almost equal number of entrepreneurs with a technical and general education background had 11 to 20 years experience.

20. The study revealed that 61.5% partnership firms and 50% private limited companies are running from the last 6 to 20 years, while, 57.1% HUFs are running from the last 11 to 15 years.

21. A look in to relationship between capital employed and nature of entrepreneurship revealed that there is dependence between capital employed and category of unit.

22. Majority of units, to be precise 123 out of 175 are managed by the unit owners themselves. And 80% units are formed under sole proprietary form of organization.
23. The source of seed capital was commercial banks (116 entrepreneurs), own investments (111 entrepreneurs), friends/relatives (52 entrepreneurs), and financial institutions (12 entrepreneurs).

24. The survey revealed that 53.99% entrepreneurs have directly approached the banks and financial institutions.

25. There exists dependence between awareness of the government schemes and category of unit. And also between sufficiency of income and category of unit.

26. From 2005 to 2009 majority of units (58% to 81%) are running their business under profit.

27. A large majority of entrepreneurs (71.2%) to total have made efforts to capture the business opportunity. This was more in case of big sized units.

28. Capital shortage (160 units), obtaining license (96 units), purchasing the machinery (90 units) and working capital are the major challenges faced by the units. Power supply and labour problems are very scorching (72% units) in the study area.

29. The degree of freedom and critical value significance calculations revealed that lack of infrastructure facilities is one of the reasons for existence for small scale units.

30. Majority of units fail to utilize the capacity in full on account of power problem (43%), labour problem (35%) and financial problem (15%).

31. It was found that direct marketing (144 entrepreneurs) is the preferred marketing method by the entrepreneurs.

32. The use of ANOVA test looking in to the problem of units revealed that there is no satisfactory significant difference between
difficulty in marketing and category of units and also with cost of labour.

33. Workers employed in industrial units are less because the labour cost is more in Kodagu. So the industrial units are facing labour problems and this has affected the establishment of large scale industries in Kodagu.

34. In Kodagu, entrepreneurs purchase raw materials for their business from local market and a few purchase raw materials from outside the district and the state.

35. Capital invested is the major aspect for industrial units, and 50% of industrial units in Kodagu are having below ₹5 lakhs capital, 13% of industrial units are having below ₹20 lakhs of capital and rest are having above ₹20 lakhs. The researcher has also identified that there is statistical significance between the capital employed and nature of business unit.

36. Shortage of capital is a major constraint in running the business as well as in expanding their industrial units in Kodagu. To bear the shortage of capital, entrepreneurs go for property share. They depend on personal earning; earnings of family members and friends’ support, Banks and other financial institutions are the major sources of capital.

37. Banks and financial institutions like Corporation bank, Canara bank, Syndicate bank, Vijaya bank, Karnataka bank, KSFC, SBI, SBM, Chiko bank, DCC bank etc., provide the financial support to the entrepreneurs in Kodagu.

38. Industrial units in Kodagu are facing challenges in expanding and diversifying their industrial units. They are capital investment, obtaining license, purchasing of machinery and managing working capital.
39. Sixty six per cent of entrepreneurs are satisfied with their entrepreneurial activity and they are running their business successfully in Kodagu with the effective utilization of available resources. The rest are not satisfied because of low profit margin. Entrepreneurs of Kodagu have not undergone any type of training. Hence there is a need of improving training institutions in Kodagu.

40. There are so many reasons for the existence of only a few small scale industries. They include lack of skilled labour, well organized industrial system, marketing place for products and also lesser importance for secondary sectors, (as the people in Kodagu focus on primary sector give importance for growing commercial crops like coffee, pepper etc.) are a few to mention.

41. Lack of infrastructural facilities is the main reason for the dearth of small scale industries, so there is a need for developing infrastructural facilities to improve the industrial units in Kodagu. Apart from this the incidence of increase in cost of labour, raw-material, water sources and other maintenance costs have made small industrial units in Kodagu to bear huge expenses.

42. Only 10% of respondents are satisfied with the government subsidy and rest are moderately and least satisfied with government schemes and 22% of respondents are not at all satisfied with the government subsidy.

43. Experienced employees are working in industrial units than freshers. It means that there is competition to get job in industrial units hence only the experienced persons get the job and freshers migrate to cities. The experienced employees are permanent for the industry and some of them are seasonally appointed for and some are casual workers for industrial units.
44. Sixty per cent of entrepreneurs are not satisfied with the government policy because the policies fail in reaching the entrepreneurs and there is non-co operation from the government and the high tax rate on the services of the entrepreneurs.

45. Only 50% of respondents receive subsidy from the government and rest did not get these facilities. Either they were not aware of the government schemes or they were not eligible to get the subsidy.

46. Eighty five per cent respondents got sufficient income from their business and only 15% of respondents have failed to get it. This reveals that almost all enterprises had a profit margin but a few were in need of the assistance of the government. All business establishments were not spread across the border of Kodagu. They are limiting their area of operation to Kodagu, hence there is a need to expand the sphere of business outside Kodagu.

47. One fourth entrepreneur’s rate of return is within 12%, 44% industries earned 13 – 15% and 11% of industrial units earned more than 19 % return.

48. All industrial units expected more encouragement and co-operation from the Government, KSSIDC and KIADB for the expansion and development of their entrepreneurial activity. The nature of assistance is in the form of labour assistance, technological assistance, marketing assistance and financial assistance.

49. Lack of industrial infrastructure has emerged as the biggest reason for slower pace of industrial growth in district closely followed by the absence of railway track. Lack of educational infrastructure was also quoted as a reason by some respondents.
50. The sample entrepreneurs have faced major difficulties while providing security in availing the capital apart from other difficulties like lack of proper knowledge about financial institutions (40%), redtapism (31%), non-cooperation attitude of the financial institutions (99% entrepreneurs) and unfavorable terms and conditions.

51. Entrepreneurs from different years of experience have made attempts to capture the opportunities. Among them those who are in the present line of activity from last 6 to 10 years have made attempts to capture the opportunity in greater number compared to entrepreneurs with long run experience. This shows the keenness among the recent generation entrepreneurs.

52. Many entrepreneurs with general education are running the units from last 20 years and entrepreneurs with technical education are running units from last 6 to 10 years. Thus entrepreneurs from general education are comparatively early entrants to the field of the industry.

53. Analysis of relationship between gender and level of satisfaction and awareness revealed that, there is a statistically significant difference between respondent’s satisfaction with government subsidy or support by gender.

54. Analysis of significance relating to the nature of units revealed that there is no statistically significant difference between respondent’s satisfaction with government subsidy or support by different nature of units.

55. There is no statistically significant difference between respondent’s satisfaction with government subsidy or support of respondents, across form of organization.
56. The analysis of capital employed for the above criteria is made by using ANOVA and F- test. The ANOVA shows that F- value is 8.49 and significant value is 0.00. Since it is less than 0.05, the mean difference existing between respondents of different levels of capital employed is significant at 5% level. Hence, there is a statistically significant difference between respondents’ satisfaction with government subsidy or support by respondents at different levels of capital employed.

SUGGESTIONS

The study has identified so many problems and threats which affect the development of industrial activities in Kodagu. To foster the industrial activities in Kodagu, the study has come out with some suggestions. They are as follows:

1. Kodagu district lacks institutions which give training for developing the entrepreneurial skills and talents. So there is a need for developing the technical institutions and educational institutions which aim to provide the entrepreneurial skills and talents among the prospective entrepreneurs.

2. In Kodagu, large scale industries are less established and small scale industries are struggling to be stable. The major reason for this is high cost of maintaining the entrepreneurial activity with minimum profit volume and there is also lack of financial support from financial institutions. So there is a need to strengthen the institutional finance.

3. Kodagu is a hilly terrain, hence it lacks better transport facilities and communication system. This has affected the industrial units to expand and diversify their business across the district. So there is a need to develop communication network and transport facilities in the district which are essential for the development of industries.
4. District training centers are to be extended to taluk level so that it will initiate the basic level of development of the entrepreneurial skills and also help in identifying the needs and requirements of industrial units for their development. It also helps in identifying and encouraging new talents in the district.

5. Creating opportunities for educated youths by providing useful government schemes available to involve them in entrepreneurial activities and to prevent the migration of educated youths to cities.

6. Lack of infrastructure facilities is the main reason for the dearth of industrial units in the district. So there is a need to improve the infrastructure facilities.

7. There is a general mindset of the people to follow the traditional occupations like coffee cultivation, coffee curing, wood industries and home stay. So it is suggested to have training and development schemes to change the attitude to start own business/industries of modern age.

8. Lack of supporting and technological institutions in the districts like Industrial Training Institute, Poly-technique and Engineering colleges, is one of the reasons for poor industrialization. So there is a need to develop such institutions.

9. Moreover, there is a need to establish rural development and self-employment institutions to support micro, small and medium enterprises and also large industrial units in Kodagu district.

10. The state government has neglected the district in investing on infrastructure development and other developmental schemes. It is suggested that both the government of Karnataka and government of India to consider the district for special incentive schemes, subsidies, tax holidays, single window assistance etc.
11. It is suggested to strengthen the banking and financial institutions to lend for self employment and for establishing industries in the district.

12. It is suggested to provide incentives to establish eco-friendly power generating units like solar, window energy etc., so that the natural resources of the district are effectively utilized.

13. There is a strong need for women empowerment activities which should promote women to take up small industrial activities.

14. The existence of large and medium scale industries is very rare in Kodagu. So there is a strong need for large investment to promote big industries. Kodagu has all the potentiality to be an industrialized district but no initiative has been taken either by government bodies or by the local small entrepreneurs. So attraction of investment from other states, foreign countries is must for the development of large scale industries.

15. There is a strong need for training the small entrepreneurs especially in the areas of product diversification, niche marketing, market segmentation, advertising etc., which will definitely increase the confidence of the entrepreneurs in expanding their business.

16. Kodagu is the only district in the state of Karnataka without a railway route. There is no geographical barrier to link the trains from Mysore to Kushalnagar. The hilly forest in Virajpet taluk is a constraint for erecting railway route. Even the environmentalist will protest it. In the interest of industrialization Virajpete and Somvarpete should be connected with railway routes. The railway connection to Kerala and Mangalore should be made to facilitate speedy trading with Mumbai and also northern part of country.

17. Efforts to promote apiculture should be made since the district is full of forests. Similarly wood and wooden based industries
should be promoted. The Government should offer special package for industrial units coming up in the study area.

18. There is limited scope for establishing large scale power projects due to environmental movement, for example, Barapole Project was stopped because of strong protest from the local people. To ensure continuous power supply to small scale industrial units many hydel projects and solar energy generation units have to be promoted in the study area.

DIRECTIONS FOR FUTURE RESEARCH

The present study considers the issue of “Industrialization in Karnataka: A Study of Industrial Growth in Kodagu District.” The discussions, results and research findings of this study cannot even be generalized due to cross cultural, socio-economic and geographical differences. The discussions and results of study cannot be replicated in other parts of the country. Therefore, fresh research study can be undertaken with different sample study and parameters in some other regions so as to obtain better results.

In view of the above, further research about the relationship between entrepreneurial success and the dissects such as locational orientations, business choice orientations, product choice orientations, research and development orientations, pace of growth, managerial planning orientations, speculative orientations, ethical orientations etc, can be pursued. The behavioral study of the entrepreneurs and the role of environment and entrepreneurship development can be another area for research. Thus, the desirability of extending the entrepreneurship research in these directions in our socio-economic contest may also be examined. In addition, as the Kodagu district is located in Western Ghats region, the
entrepreneurial activities contributing for sustainable growth without affecting the environment can be thought and a research in this direction can be carried out.

CONCLUSION

The study has considered in depth the factors contributing for the industrial growth in general and Kodagu district in particular and gathered the primary data through administering the structured questionnaire to the respondent entrepreneurs chosen for the study and were analyzed through descriptive and inferential statistics. Supportive secondary data were collected to trace the historical origin and to find out the research gaps through exhaustive literature review.

Based on both primary data analysis and the literature review, the findings were emerged. The suggestions evolved from the findings are related to state policy and specific district administration.

The industrialization growth emanates from the infrastructure facilities and the entrepreneurial activities resulting in the creation of small to medium and to large scale industries. Along with the infrastructure facilities, the geographic location and unique regional culture also influences the making of an entrepreneur. A region dominated by commercial crop background, naturally has more agro product based industries like coffee curing works, rice mill and supportive light engineering and fabricating units.

Empirically this fact is proved in this study. Therefore it can be concluded that industrial growth process is slow in Kodagu district and it has matured agro based industries specific to region like
coffee, pepper and cardamom and supportive industries like light engineering works, fabricating industries and also tourism support businesses like resorts and hotels. It can be further added that government policy support and the creation of facilitating financial and technical institutions will speed up the industrial growth in the district.