APPENDICES

Appendix-I
Interview Schedule
Questionnaire For Unit Owners

Personal Details

1. Name
2. Age:
3. Sex: A) Male B) Female
4. Educational Qualification A) General B) Technical
5. Religion and Caste A) Hindu B) Muslim C) Christian
6. Experience:

Unit Details

1. Name and address of the unit
2. Year of establishment
3. Category of unit
   a) Small b) Medium c) Large
4. Nature of establishment
   a) Newly Started b) Inherited
   c) Purchased d) Leased
   a) Sole Ownership b) Partnership
   c) Hindu Undivided Family d) Private Ltd Co.
6. Please give the details of capital employed
   a) Below ₹5,00,000.00 b) ₹5 Lakhs To 10 Lakhs
   c) ₹10 Lakhs To 20 Lakhs d) ₹20 Lakhs And Above.
7. Does shortage of capital put any constraints on running/expansion of the industry? Yes/No

8. If Yes, what type of general difficulties do you face while getting the capital (Please Tick)
   - Non-co operation attitude of The financing institutions/ agencies
   - Red tapism/ Corruption
   - Lack of proper knowledge of financial institutions / agencies
   - Un favorable terms and conditions

9. If you find shortage of capital what are the other sources of securing the additional capital?

10. How do you purchase the raw materials?
    a) With own efforts    b) Through KSSIDC    c) Any other

11. Name the banker?

12. Product of the unit

13. Performance of the unit for the past 5 years – Profit or Loss

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit</th>
<th>Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
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<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. What made you to start the industry in Kodagu?
    a. To have own industry?
    b. I don’t want to be an employee
    c. I have property in Kodagu, so I can’t leave Kodagu.

15. What made you to take up the present enterprise?
    a. Economic Need    b. Family Support
    c. Utilization of Free Time    d. Achieve Something in Life
16. Since how many years you are in business?
   a) 1-5 years b) 6 years—10 years
   c) 11 years - 15 Years d) 16 years-20 years.

17. Have you undergone any training before setting up this unit? If yes, give the details.
   a. Training agency
   b. Duration of the training
   c. Aspects in which you were helped
      • Technical
      • Psychological
      • Availing Government Subsidies.

18. Do you attribute starting of this unit to the training you got? If so, what extend?
   a) Totally b) Partially

19. Do you think this type of training is useful to anyone who wants to become an entrepreneur?

20. Are you satisfied with your enterprise?
   a) Highly satisfied b) Satisfied c) Not satisfied

21. If not satisfied, give reasons
   a) Low profit
   b) No encouragement from family members
   c) Less government subsidy
   d) Any other reason
Operational Details

1. Why did you select this product?

2. Did you face the following issues in the initial stages of setting up of business unit?
   a) Capital  b) Obtaining License
   c) Purchasing of Machinery  d) Working Capital

3. Initial investments and source of finance
   a) Self  b) Friends / relatives
   c) Commercial Banks  d) Financial Institution

4. What was the source of self finance?

5. How did you approach the Bank / Financial Institution?
   a) Directly  b) Through relatives
   c) Friends  d) Govt. Agency
   e) Any other

6. What was the response of bankers towards the new entrepreneur?

7. Were you able to provide the security desired by bank against the loans/advance granted to you?

8. What was the total expenditure incurred in availing Loan?

9. How did you select employees?

10. Whom do you think easy to manage?
    a) Men  b) Women

11. How do you manage?
    a) Manage Self  b) Take the help of family members

12. From where you purchase raw materials?
    a) Locally available  b) Outside district
    c) Outside the state

13. How do you market your products?
    a) Directly  b) Through other channels
14. What are the major problems that you confront in the district (area)?

15. Are you receiving subsidy from the Govt.? If Yes
   a) State Govt.              b) Central Govt.

16. Are you aware of the Govt. schemes for promoting industries?
   a) Completely Aware         b) Partially Aware
   c) Not Aware

17. How do you come to know about the Govt. schemes?
   a) Through media             b) Through officials
   c) Friends and relatives

18. Are you getting sufficient income from the business?
   a) Highly sufficient         b) Sufficient
   c) Not sufficient

19. Are you satisfied with the growth of your industry in terms of profit?
   a) Highly satisfied         b) Satisfied
   c) Not satisfied

20. Do you have plans for expansion / diversification? If yes kindly give details
   a) Yes                      b) No

21. Are you aware the opportunities of your business due to Globalization?
   a) Highly aware             b) To some extent
   c) Not aware

22. Have you made any efforts to capture the opportunity?
   a) Yes                      b) No

23. Do you get your account audited?
   a) Yes                      b) No
24. What is the rate of return on investment?

25. What are the reasons for slower pace of industrial growth in district?
   a) Lack of educational infrastructure
   b) Lack of industrial infrastructure
   c) Absence of Railway track

26. Do you think, the state Govt. has not given required attention on this
   a) Yes
   b) No

27. If yes, what are the reasons?
   a) Because this district is hilly area
   b) Oppose from the people
   c) Fear of damage to nature/environment
   d) Any other (specify)

28. Do you think the lack of capital investment must be one of the reasons for the existence of only a few small industries?
   a) Yes
   b) No

29. If no, what are the reasons
   a) Lack of skilled labour.
   b) There is no organized industrial system
   c) There is no ready market for products
   d) Agriculture is the main occupation

30. Do you face any difficulty in marketing your produce?
   a) Always
   b) Sometimes
   b) Very rarely

31. What kind of Labour do you depend upon?
   a) Permanent
   b) Seasonal
   b) Casual

32. Do you feel that cost of labour has gone up considerably since then?
   a) High increased
   b) Moderate increase
   c) Low increase
33. Which of the following is your major cost component?
   a) Labour  
   b) Raw Material  
   c) Water Source  
   d) Other Maintenance Cost

34. Are you satisfied with Govt. subsidy or support?
   a) Highly Satisfied  
   b) Moderately Satisfied  
   c) Least Satisfied  
   d) Not at all satisfied

35. In which way District Industrial centre is serving the interests of the entrepreneurs?
   a) Market information  
   b) Finance  
   c) Marketing  
   d) All the above

36. Do you utilize the full capacity? If no. what are the reasons? (Please tick)
   a) Raw Materials Problem  
   b) Finance Problem  
   c) Power Problem  
   d) Labour Problem

37. Are you satisfied with the govt. policy?
   a) Yes  
   b) No

38. If No. please give the reasons.

39. What are the future expectations, from govt. KSSIDC, KIADB or any other agencies?

40. Are you seeking the types of assistance (Rank according to your preferences?)

41. How much time you take to repay the loan? (Please tick)
   a) I pay after (KSFC) Bank Schedule  
   b) Delay upto one year  
   c) Delay from 1 to 5 years

42. Please give the details of suggestions to improve the facilities according to your knowledge or preference.
Appendix – II

Location of Karnataka State
Appendix – III

Industrial Map of Karnataka
Appendix - IV

Map of Kodagu
INTRODUCTION

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 utilising 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 utilise 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 utilisation of the country's resources'. As the main commercial crops of this district happen to be Coffee, Cardamom, and pepper, there is the possibility to develop agro-based industries related to these crops. The Cauvery and its tributaries, namely the Hemavathi, Lakshmanathirtha and Suvarnavathi 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 utilised, for industrialisation. Its rich forest is considered to be suitable for production of tassar silk.

It appears that importance was not given in this district for industrialisation either during ancient times or during recent centuries. There were a few small-scale industries in the past. The capital invested in each industry was meagre and was mostly indigenous. It was the local craftsmanship that accounted for the early industries rather than either the organisation of the technique among them. 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 ready made cloth than to import cotton and other raw-materials for weaving. An important old-times industry was pottery. The pottery consists of pots and urns of burnt clay and is of red or black colour.

It appears that importance was not given to this district for industrialization, either before independence or after independence. The fact that investment of capital in this district is not forthcoming must be the reason for the existence of only a few small scale industries. Since only local skills were prominent there was not much progress in other industries. Most of the finished goods used to come from outside. The village carpenters and the blacksmiths were not trained to do skilled or refined work. There was an unorganized industrial system in vogue. Though this district was progressive in agriculture it did not develop in industrial activities. During the days after the Second World War industries like pottery, mat-making, basket weaving,
cane work and blacksmith work were started. But all these were unorganized and were adopting time-consuming methods, and hence were not employment ensuring and remunerative. Perhaps due to the very reason that industrialization moved in slow pace, there are not large industries even today. Similarly medium industries were not in large number.

Thus it is clear from the above that, for the industrialization of the district, effective entrepreneurship is very much necessary. Hence, the present study carried out attempted to dig-out the hidden opportunities and potentialities to foster entrepreneurship in the study area after making a probe into the industrial growth in the district. It is this issue that the present paper study focused on.

OBJECTIVES OF THE STUDY

To address the above, the following objectives were set for the study:

1) To study the relationship between socio-economic factors and business performance.
2) To study the relationship between capital employed and category of business units.
3) To find the reason for slow growth of industries in the study area.
4) To analyse the performance and problems of industrial units.

RESEARCH METHODOLOGY

The paper is purely based on primary data collected by conducting a field survey in 3 Taluks of Kodagu district with the help of an interview schedule 175 industrial units were surveyed. The data collected is tabulated and to achieve the above objectives the statistical tests such as chi-square test and ANOVA Test was applied. The mean, standard deviation and F values are calculated to test the level of significance.

TRUTH AND MYTH - A TEST OF HYPOTHESES

To analyze the industrialization in Kodagu district, the following hypotheses were tested and the inference are drawn.

1-HYPOTHESES -ONE

To analyze the affect of social factors on the performance of the business units, the variables like age, educational qualification, and family income of the respondents and profit of the units for the last 4 years were collected and ANOVA TEST was applied at 5% significance level.

The stated hypothesis are:

H1 = There exists the relationship between socio-economic factors and business performance
H0 = the socio economic factors will not affect the performance of the business units in Kodagu.

ANOVA

<table>
<thead>
<tr>
<th>Variance</th>
<th>Sample Square</th>
<th>DOF</th>
<th>Mean Square</th>
<th>F-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>10740.56</td>
<td>8</td>
<td>1342.57</td>
<td>1.69</td>
</tr>
<tr>
<td>With in Groups</td>
<td>14282.64</td>
<td>18</td>
<td>793.28</td>
<td></td>
</tr>
</tbody>
</table>

At level of 5% significance the table value of F ratio (for 8, 18) is 2.51 and the actual or calculated F-ratio is 1.69 which falls within the table value and acceptance region. So the researcher accepts the null hypothesis and rejects the alternative hypothesis and concluded that there exists a relationship between socio-economic factors and business performance.

HYPOTHESES-TWO

The below hypotheses are framed in with regard to
the capital employed and the nature of entrepreneurship;

H0 = There is no dependency between capital employed and category of business unit

H1 = There is dependency between the capital employed and the category of business units

The results were drawn as follows by using the Chi Square Test.

Chi-Square Test (Details of capital employed)

<table>
<thead>
<tr>
<th>Category of Unit</th>
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<tbody>
<tr>
<td>Large</td>
</tr>
<tr>
<td>Medium</td>
</tr>
<tr>
<td>Small</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Details of Capital Employed</th>
</tr>
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<tbody>
<tr>
<td>Rs. 10 lakhs To 20 Lakhs</td>
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<tr>
<td>Rs. 20 Lakhs And Above</td>
</tr>
<tr>
<td>Rs. 5 lakhs To 10 Lakhs</td>
</tr>
<tr>
<td>Below Rs.5,00,000.00</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Degree of freedom &amp; significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi square</td>
</tr>
<tr>
<td>146.47</td>
</tr>
<tr>
<td>Df</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>Sig.</td>
</tr>
<tr>
<td>.000*</td>
</tr>
</tbody>
</table>

As per the above table, the chi square value for 'category of unit' variable (various categories of capital employed) is 146.47 and the significance value is 0.000. Since the significance value is <0.05, the same is significant at 5% level. Hence, the alternative hypothesis is accepted and concluded that there exists dependence between the capital employed and category of unit.

Observation suggests that few units started at small scale initially have grown into large enterprises, especially the engineering and coffee works. So their is existence of extended business units in Kodagu. The reason for this fact is that the entrepreneurs have good financial backup and family support. Entrepreneurs' involvement in enterprising activity is also noteworthy. So the study concludes that large, medium and small scale industries are categorized based on the capital employed and not in terms of their performance in market, but there are few industries which have extended their business and have become larger industries in the district.

HYPOTHESES-THREE

To test whether the lack of infrastructured facilities is the one of the reasons for the existence of only a few small industries. Chi Square test is used and the result is shown below.

H1: Lack infrastructure facility is one of the reasons for the existence of only few small scale industries.

H0: The lack of infrastructure facilities is not the reason for the existence of only few small scale industries.
As per the above table, the chi square value for lack of infrastructural facilities is one of the reasons for the existence of only a few small industries. Variable (various categories of unit) is 0.38 and the significance value is 0.830. Since the significance value is >0.05, the same is not significant at 5% level. Hence, the alternative hypothesis is rejected and concluded that the lack of infrastructure facilities is one of the reasons for the existence of only a few small scale industries.

The observation found that there are so many reasons which affect on the development of industrial units in Kodagu and the study found that the lack of infrastructure is the main reason for the existence of only few industries and this was supported by other problems like the impact of geographical location for all establishment factors and also the poor educational backup for industries like training and development, institutions and other aspects supporting the lack of infrastructure facilities existing in Kodagu.

HYPOTHESES-FOUR
To test the problems of business units in Kodagu district based on the category of business units the below hypotheses were set.

H0: statistically a significant difference lies in various problems faced by business units
H1: statistical significance difference does not lie in various problems faced by business units

ANOVA TEST (Problems faced by industrial units)

<table>
<thead>
<tr>
<th>Variance</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>F value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facing difficulty in marketing the produce</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td>93</td>
<td>1.83</td>
<td>0.65</td>
<td>0.55</td>
<td>0.580</td>
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<tr>
<td>Medium</td>
<td>29</td>
<td>1.97</td>
<td>0.63</td>
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<tr>
<td>Large</td>
<td>11</td>
<td>1.82</td>
<td>0.40</td>
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<tr>
<td>Total</td>
<td>133</td>
<td>1.86</td>
<td>0.63</td>
<td></td>
<td></td>
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<tr>
<td>Effect of high cost of labour</td>
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<td></td>
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<tr>
<td>Small</td>
<td>123</td>
<td>2.73</td>
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<td>0.96</td>
<td>0.384</td>
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<tr>
<td>Medium</td>
<td>31</td>
<td>2.84</td>
<td>0.37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>12</td>
<td>2.83</td>
<td>0.39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>166</td>
<td>2.76</td>
<td>0.43</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*: Significant at 5% level

The inference is drawn as below:

1. Facing difficulty in marketing the produce:
The respondents from small units who face difficulty in marketing their produce gave a mean score of 1.83 while the respondents from medium and large enterprises gave mean scores of 1.97 and 1.82 respectively. The ANOVA output shows that the F value is 0.55 and the significance value is 0.580. Since it is >0.05, the mean difference existing between respondents from different types of units for this criterion is not significant at 5% level. Hence, alternative
hypothesis is rejected and hence it can be concluded that there is no statistically significant difference in respondents facing any difficulty in marketing their produce by category of units.

2. **Effect of high cost of labour:**
The respondents from small units who feel that cost of labour has gone up considerably gave a mean score of 2.73 while the respondents from medium and large enterprises gave mean scores of 2.84 and 2.83 respectively. The ANOVA output shows that the F value is 0.96 and the significance value is 0.384. Since it is >0.05, the mean difference existing between different types of units of respondents for this criterion is not significant at 5% level. Hence alternative hypothesis is rejected and concluded that by category of units, there is no statistically significant difference between the views that the cost of labour has gone up considerably.

**HYPOTHESES -FIVE**
To test the challenges before the enterprises and the performance of these on the basis of the category of the business units. The below hypotheses were set and analysed.

**H1** = There is statistical significance between the performance of Industries and the category of industrial units.

**H0** = There is no statistical significance between the performance of industries and the category of industrial units.

### ANOVA TEST

<table>
<thead>
<tr>
<th>Variance</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>F Value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
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<td>Getting sufficient income from the business</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Small</td>
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<td>1.94</td>
<td>0.52</td>
<td>9.01</td>
<td>0.000*</td>
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<td>Medium</td>
<td>32</td>
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<td>0.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>12</td>
<td>2.58</td>
<td>0.51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
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<td>2.03</td>
<td>0.56</td>
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<tr>
<td>Satisfied with the growth of industry in terms of profit</td>
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<td></td>
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<tr>
<td>Small</td>
<td>123</td>
<td>1.91</td>
<td>0.51</td>
<td>7.57</td>
<td>0.001*</td>
</tr>
<tr>
<td>Medium</td>
<td>31</td>
<td>2.10</td>
<td>0.54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>12</td>
<td>2.50</td>
<td>0.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>166</td>
<td>1.99</td>
<td>0.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfied with Govt. subsidy or support</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td>99</td>
<td>2.10</td>
<td>0.79</td>
<td>8.26</td>
<td>0.000*</td>
</tr>
<tr>
<td>Medium</td>
<td>28</td>
<td>2.50</td>
<td>0.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>12</td>
<td>3.00</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>139</td>
<td>2.26</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*: Significant at 5% level

An analysis of the above table reveals the following

- **Getting sufficient income from the business:**
The respondents from small units who are getting sufficient income from the business gave a mean score of 1.94 while the respondents from medium and large enterprises gave mean scores of 2.16 and 2.58, respectively. The ANOVA output shows that the F value is 9.01 and the significance value is 0.000. Since it is <0.05, the mean difference existing between respondents from different types of units for
this criterion is significant at 5% level. Hence, alternative hypothesis is accepted and concluded that there is a statistically significant difference in getting sufficient income from the business by category of units of respondents.

Satisfied with the growth of industry in terms of profit?: The respondents from small units who are satisfied with the growth of their industry in terms of profit gave a mean score of 1.91 while the respondents from medium and large enterprises gave mean scores of 2.10 and 2.50, respectively. The ANOVA output shows that the F value is 7.57 and the significance value is 0.001. Since it is <0.05, the mean difference existing between respondents from different types of units for this criterion is significant at 5% level. Hence alternative hypothesis is accepted and concluded that there is a statistically significant difference in getting sufficient income from the business by category of units of respondents.

Satisfied with Govt. subsidy or support: The respondents from small units who are satisfied with Govt. subsidy or support gave a mean score of 2.10 while the respondents from medium and large enterprises gave mean scores of 2.50 and 3.00 respectively. The ANOVA output shows that the F value is 8.26 and the significance value is 0.000. Since it is <0.05, the mean difference existing between respondents from different types of units for this criterion is significant at 5% level. Hence alternative hypothesis is accepted and concluded that there is a statistically significant difference between respondents' satisfaction with government subsidy or support by different types of units.

The industrialization growth emanates from 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 business 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.

REFERENCES
2. Alan B. Mountjoy., 1978, "Industrialization and Developing Countries",
INTRODUCTION

A number of factors contribute to the lack of industrial progress in the district of Kodagu. Firstly, there has never been any pressing "economic necessity" which would result in the starting of industrial activities. With its rich coffee, pepper and cardamom plantations, with its ever smiling rice fields which get unfailing rainfall year after year, the district of Kodagu has produced a class of people comparatively affluent and normally above want. This has resulted in the people's attention being diverted more towards the development of their agricultural pursuits rather than to starting industries. Among the economic factors which also account for the absence of industries - large and small in the district, lack of power, transport difficulties and scarcity of labor may be mentioned. The people of Kodagu are more 'hand conscious' than 'machine minded'. The Jammu type of tenure and the family system (resembling the joint family system) which ensures bread to everyone including the lazy, the infirm and the unemployed have created a peculiar situation in this part of the country. An instance that will describe the extent of dearth of labour in Kodagu is that out of 40,000 labourers employed in Coffee plantations, only about a third are indigenous labourers and the rest have been migrated, mainly from Kerala. But this situation of scarcity of labour should not be taken to mean that everyone in Kodagu is fully employed. On the other hand, there is a lot of underemployment even among the agricultural classes and therefore the problem that has to be tackled in Kodagu is not one of unemployment but of underemployment. Added to this the economic security of the people is another factor which has been responsible for the lack of interest on the part of the people for certain industries. The people of Kodagu are strongly bound by conventions and social prejudices which have gone so deeply into the social structure that a blacksmith's son dare not become a mat-weaver or a cane worker. These conventions are, of course, fast fading out but personal prejudices against certain vocations still persist among the people of Kodagu. For instance, the people of Kodagu seem to have a dislike to carpentry. Carpenters' work is considered to be below dignity and thus we find a total absence of this industry despite the rich timber wealth of Kodagu. Likewise other industries akin to carpentry like rattan work and cane craft face a similar situation. The government is fully conscious of the industrial backwardness of the district and it is very much alive to the need to improve present situations. Serious attempts are being made to start and encourage new industries, mainly cottage and small scale, both in the public and private sectors and to reutilize the existing industries by extending all possible aid to them. Under the successive five year plans, the government, to mention only a few of its achievements in the industrial sector, has revived the languishing handloom industry, popularized and put on a healthy footing to the bee-keeping industry, started training courses in carpentry and blacksmith and formulated development schemes for half a dozen other industries like bee-keeping, pottery, sericulture, carpentry and hand pottending of rice.

OBJECTIVES

Following are the objectives of the paper

1. To identify the challenges for industrialization.
2. To list the problems faced by small entrepreneurs.
3. To know the reasons for slow growth of industries and limited units in the study area.
4. To look into the reasons for under utilization of capacity.

Hypotheses

Ho- lack of infrastructure facilities is one of the reasons for existence of only few small scale industries. H1- lack of infrastructure facilities is not the reason for existence.
of only few small scale industries

RESEARCH METHODOLOGY

The data for the present paper is collected by conducting a field survey in Kodagu district which is the study area. 175 entrepreneurs were surveyed with the help of a questionnaire. The secondary data is also used for the purpose of paper.

The data collected is analyzed by using percentage, chi-square and Anova test.

ANALYSIS OF FINDINGS

The analyses of major findings are presented below:

1. Challenges

Setting up of an industrial unit is not an easy task. The entrepreneur has to confront many problems during the initial stages of business. These problems may be capital, raw material, infrastructure etc. If the entrepreneur tackles these problems he can ensure smooth functioning of the unit. Table -1 present the challenges faced during the initial stages of setting up of industrial unit.

Table -1
Challenges

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Capital</th>
<th>Obtaining License</th>
<th>Purchasing of machinery</th>
<th>Working Capital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of respondents</td>
<td>116</td>
<td>96</td>
<td>90</td>
<td>49</td>
<td>351</td>
</tr>
<tr>
<td>% of respondents</td>
<td>33%</td>
<td>27%</td>
<td>26%</td>
<td>14%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: Total exceeds 175 due to multiple respondents

Most of the respondents faced the problem of capital during the initial stages of setting up of industrial unit. Obtaining license, purchase of machinery and working capital needs followed next.

2. Major Problems

Selecting the place for setting up of an enterprise is an important decision. While locating the enterprise the entrepreneur has to take note of all the problems. These major problems are generally related to infrastructural problems like transport, power, labour etc. These problems are common in rural areas. Since the majority of the industries situated in rural areas, many industrial units face these problems. Umesh C.Patnaik1 list out of the problems of small entrepreneurs in his study as non -availability and inadequate supply of raw materials, ineffective marketing, shortage of power, non -availability of adequate finance, lack of managerial expertise and failure to analyse SWOT. During the survey the entrepreneurs were asked to rank the problems in the order of severeness. Table-2 and Figure presents the major problems for industrialization in the district.

Table -2
Major Problems

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Labour</th>
<th>Power Supply</th>
<th>Transportation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents</td>
<td>55</td>
<td>71</td>
<td>49</td>
<td>175</td>
</tr>
<tr>
<td>Respondents (in %)</td>
<td>31%</td>
<td>41%</td>
<td>28%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey
The above table-2 shows the problems faced by the entrepreneurs in Kodagu. To be precise 41% of industrial units face the power supply crisis, 31% face the labour problem, 28% of respondents face the problem of transportation of raw materials as well as finished goods. Hence the major problem in Kodagu for industrial units is power supply, labour and transportation.

Table-3
General Difficulties in Procuring Capital

<table>
<thead>
<tr>
<th>Respondents</th>
<th>No</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-co-operation attitude of the financing</td>
<td>43</td>
<td>24.57%</td>
</tr>
<tr>
<td>institutions / agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redtapism/corruption</td>
<td>66</td>
<td>37.71%</td>
</tr>
<tr>
<td>Lack of knowledge about financing</td>
<td>74</td>
<td>42.28%</td>
</tr>
<tr>
<td>institutions/ agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfavourable terms and conditions</td>
<td>14</td>
<td>0.08%</td>
</tr>
<tr>
<td>Total</td>
<td>197</td>
<td>104.64</td>
</tr>
</tbody>
</table>

Source: Field Survey

Note: Total exceeds 175 and 100% due to multiple responses.

It is evident from above Table-3 that the unit owners are facing the following four types of major difficulties while getting the capital.
1. Lack of proper knowledge about financial institutions (42.28%)
2. Red tapism/corruption (37.7%)
3. Non-co-operation attitude of the financial institutions/agencies (24.57%) and
4. Unfavorable terms and conditions (0.08%)

Table-4
Reasons for Slow Growth

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Respondents No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of education infrastructure</td>
<td>29</td>
<td>16.57</td>
</tr>
<tr>
<td>Lack of industrial infrastructure</td>
<td>130</td>
<td>74.28</td>
</tr>
<tr>
<td>Absence of railway track</td>
<td>107</td>
<td>61.14</td>
</tr>
<tr>
<td>Total</td>
<td>266</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Survey

Note: Total exceeds 175 and 100% due to multiple responses.

Table-4 depicts that lack of industrial infrastructure emerged as the biggest reason for slower pace of industrial growth in the district, closely followed by...
the absence of railway track. Lack of educational infrastructure was also quoted as a reason by some respondents.

5. **Reasons for the Limited Units**
Small scale industries play a prominent role in economic development. But Kodagu district has lagged behind in the growth of small scale industries. The main reason for this may be lack of skilled labour, no organized market for products, majority of the people involved in agricultural activity etc. Table-4, presents the reasons for the limited number of small scale industries in the district.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Lack of skilled labour</th>
<th>No organized industrial Market</th>
<th>No ready market for products</th>
<th>More dependence on Agriculture</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of respondents</td>
<td>87</td>
<td>94</td>
<td>56</td>
<td>90</td>
<td>327</td>
</tr>
<tr>
<td>% of respondents</td>
<td>27%</td>
<td>29%</td>
<td>17%</td>
<td>27%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey

No organized industrial system emerged as the prominent reason for existence of only a few small industries. This was closely followed by main occupation being agriculture and lack of skilled labour.

6. **Infrastructure Facilities**
Infrastructure facilities play a significant role for the growth of industries in Kodagu. If the proper infrastructure is not found or not available then it may hinder the industrial development in the district. Table -6, presents the opinion on infrastructure facilities.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Respondents</td>
<td>63</td>
<td>112</td>
<td>175</td>
</tr>
<tr>
<td>% of Respondents</td>
<td>36%</td>
<td>64%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey

The above Table reveals that 36% of sample respondents agreed that the lack of infrastructure facilities is the main reason for existence of few small scale industries and rest i.e., 64% have not accepted this concept.

An hypothesis was framed to test whether the lack of infrastructure facilities is one of the reasons for the existence of only a few small industries. To examine this hypothesis, has analyzed by using Chi Square test and the result is as below.
**Ho:** Lack infrastructure facility is one of the reasons for existence of only few small scale industries.

**H1:** Lack of infrastructure facilities is not the reason for existence of only few small scale industries.

### Table No -7

**Chi Square Test Calculation**

<table>
<thead>
<tr>
<th>Category of Unit</th>
<th>Lack of Infrastructure Facilities</th>
<th>Large</th>
<th>Medium</th>
<th>Small</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>41.7%</td>
<td>32.3%</td>
<td>36.7%</td>
<td>36.2%</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>58.3%</td>
<td>67.7%</td>
<td>63.3%</td>
<td>63.8%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Degree of freedom and Significance level

| Chi square | 0.38 |
| Df         | 2.00 |
| Sig.       | 0.830 |

As per the above Table, the chi square value for lack of infrastructural facilities is one of the reasons for the existence of only a few small industries. Variable (various categories of unit) is 0.38 and the significance value is 0.830. Since the significance value is >0.05, the same is not significant at 5% level. Hence, the alternative hypothesis (fourth) is rejected and concluded that the lack of infrastructure facilities is one of the reasons for the existence of only a few small scale industries. The observation found that there are so many reasons which affect on the development of industrial units in Kodagu and the researcher has found that the lack of infrastructure is the main reason for the existence of only few industries and this was supported by other problems like the impact of geographical location for all establishment factors and also the poor educational backup for industries like training and development, institutions and other aspects supporting the lack of infrastructure facilities existing in Kodagu.

### 7. Reasons for Underutilization

The entrepreneurs in study area failed to utilize the capacity in full. There are different reasons for not utilizing the full capacity. They include problem of raw material, financial constrains, power constrains, and labour constrains etc. All these constrains hinder in utilization of full capacity. Table -8 presents the various reasons for underutilisation of capacity.

### Table-8

**Underutilisation of Capacity**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Raw materials problem</th>
<th>Finance problem</th>
<th>Power problem</th>
<th>Labour problem</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of respondents</td>
<td>17</td>
<td>34</td>
<td>99</td>
<td>79</td>
<td>229</td>
</tr>
<tr>
<td>% of respondents</td>
<td>7%</td>
<td>15%</td>
<td>43%</td>
<td>35%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source : Field Survey
A large number of respondents identified power problem as the main reason for not being able to use the full capacity. This was followed by other reasons including (a) labour problem; (b) finance problem and (c) raw material problem.

SUGGESTIONS
Thus, the industries in Kodagu are facing many a problem, which can be addressed properly by the following.
1. Creation of infrastructure facilities
2. Creating entrepreneurial awareness
3. Establishment of training institutions
4. Providing railway services to the district
5. Effort to strike balance between environment protection and development of industries
6. Providing finance, supplying raw materials in time, provision of electricity facility etc.

REFERENCES