CHAPTER IV
STUDY AREA - KARNATAKA

4.1 Location & Boundaries

State of Karnataka situated on a tableland where the Western and Eastern Ghat ranges converge into the Nilgiri hill complex, is confined roughly within 11.5 degree North and 18.5 degree North latitudes and 74 degree East and 78.5 degree East longitude.

The State is bounded by Maharashtra and Goa States in the North and North-West; by the Arabian sea in the West; by Kerala and Tamilnadu States in the South and by the State of Andhra Pradesh in the East. The State extends to about 750 km from North to South and about 400 km from East to West, and covers an area of about 1,91,791 sq.km.
CRM in Private Life Insurance in Karnataka

DISTRICTS

Karnataka has 29 districts

1. Bangalore Urban
2. Bangalore Rural includes Nelamangala, Devanahalli, Hoskote and Anekal
3. Bagalakot
4. Belgaum
5. Bellary
6. Bidar
7. Bijapur
8. Chamarajanagar
10. Chikkamaglur
11. Chitiradurga
12. Coorg
13. Davanagere
14. Dharwad
15. Gulbarga
16. Gadag
17. Hassan
18. Haveri
19. Kolar with 1792 villages will comprise Srinivasapura, Mulbagal, Malur, Bangarpet and Kolar taluks.
20. Koppal
21. Mandya
22. Mangalore (Dakshina Kannada)
23. Mysore
24. Raichur
25. Ramanagram carved out of Bangalore Rural district. Includes Ramanagaram, Chennapatna, Magadi and Kanakapura (including assembly segment of Sathnur).
26. Shimoga
27. Tumkur
28. Udupi
29. Uttara Kannada

During the year 2001-02 APMCs. in the State had handled the notified commodities valued at Rs.3,347.86 crores and of them agricultural produces alone were valued at Rs.3194.43 crores and the rest were livestock worth Rs.153.53 crores. The market fees collected for 1990-91 and 1991-92 were Rs.25.34 and Rs.32.57 crores respectively, while the licence fee collected accounted to Rs.77.27 and Rs.137.73 lakhs respectively.
Karnataka—Some Facts and Figures

- Area 1,92,000 sq. Km (eighth largest state in India)
- Length 760 Km. (north-south)
- Breadth 420 Km. (east-west)
- Population (1981 Census)
  - 52.73 million (eighth rank in India);
- Urban Population: 28.5%
- Literacy
  - 38.5% (National average: 36.2%);
- Female Literacy: 27.7%
- Climate Semi-tropical
- Seasons
  - Summer: March to May (18°C to 40°C);
  - Winter: Oct to Dec (14°C to 32°C);
- South-West Monsoon: June to August;
- North-East Monsoon: October to December
- Rainfall
  - 500 mm to over 4000 mm. Agumbe in the
- Sahyadris receives the second heaviest annual
• rainfall (7600 mm) in India

• Physiography
  o Karavali, the Coastal Plain; Sahyadris,
  o the Western Ghats; Malnad, the Transitional Belt;
  o the Southern Plateau; the Northern Plateau;
  o the Eastern Ghats.

• Traditional Products: Coffee, silk, sandalwood, agarbathis, ivory carvings, inlay work

• Rivers
  o The Krishna System- Krishna, Tungabhadra, Vedavati, Hagari Malaprabha, Ghataprabha, Doni, Bhima.
  o The Kaveri System- Kaveri, Hemavati, Harangi, Kapila, Shimsha.
  o West-flowing rivers - Kalinadi, Gagavali, Aghanashini, Sharavati, Varahi, Netravati.
  o Other rivers - Manjra and Karanja (tributaries of the Godavari); Palar, Pennar, Poonaiyar

• Prime Industries:
  o Electronics
  o Computer Engineering
  o Aeronautics
  o Machine Tools
Watch-making

Electrical

Engineering, Aluminium, Steel

Major Crops: Ragi, jowar, rice; sugarcane, coconut, groundnuts; coffee; cotton

Major Minerals: Gold (90% of India's production), iron ore, manganese, magnesite

Major Cities/Towns:

- Over 10 lakhs: Bangalore;
- Over 5 lakhs: Hubli-Dharwad;
- Over 2 lakhs: Belgaum, Bellary, Gulbarga, Mangalore, Mysore;
- Over 1 lakh: Bhadravati, Bijapur, Chitradurga, Gadag-Betagiri, Hospet, KGF, Mandya, Raichur, Shimoga, Tumkur.

Religion: Hindus, Jains, Muslims, Christians

Roads: Total length of roads: 1,22,489 kms
- National Highways: 2,357 kms
- State Highways: 28,311 kms
- Major District roads: 2,090 kms

Lingua Franca: Kannada, Telugu, Tamil, Urdu, Marathi, Tulu, Kodagu, Konkani, Hindi
4.2 Important Markets in Karnataka:

There are certain important markets for certain notified commodities, spread all over the state. Based on the quantity of arrivals of notified commodities during 1990-91, the following are the important regulated markets for some important produces:

*Cotton:  Davanagere, Dharwad, Chitradurga, Bellary, Nargund, Raichur,  
Ranibennur, Soundatti, Kundgol, Gadag, Hubli & Annigeri.

*Groundnut:  Gadag, Hubli, Talikoti, Badami, Gokak, Gulbarga, Ranebennur, Hubli,  
Bijapur, Ramdurg, Davanagere & Bangarpet.

*Coconut:  Kadur, Tarikere, Mangalore, Tiptur, Chamarajanagar, Mandya,  
Arsikere & Channarayapatna.

*Wheat:  Bijapur, Belgaum, Gadag & Hubli.

*Dry Chilies:  Haveri, Hubli, Ranebennur & Byadagi.

*Jowar:  Hubli, Gulbarga, Bidar, Haveri, Belgaum, Bijapur & Gadag.

*Onion:  Challakere, Davangere, Bangalore, Mysore & Chikballapur.

*Jaggery:  Bagalkot, Bijapur, Belgaum, Bhadravathi, Bangarpet, Jamkhandi,  
Mandya, Kollegal, Sankeshwar, Chamarajanagar & Mahalingapur.

*Silk:  Kollegal, Ramanagar, Channapatna, Kanakapura & Vijayapura.

*Ragi:  Hosadurga, Madhugiri, Davanagere, Tumkur, Chinttamani, Bangarpet.

*Areca:  Shimoga, Sagar, Mangalore, Sirsi & Kumta.

*Betel leaves:  Honnavar, Dharwad, Savanur, Ranebennur, Tumkur & Channapatna.

*Potato:  Mysore, Malur, Bangalore, Chikballapur & Hassan.

*Fruits, Flowers & Vegetable:  Mysore, Bangalore, Belgaum & Dharwad.
4.3 Economy of Karnataka

Karnataka has become one of the leading industrial states in the field of industrial development. It has established its roots both in the private and public sectors and in the area of computer software. As a result national and international firms are attracted to the city of Banglore. Karnataka is host to headquarters of several IT companies including Infosys, which was rated "Best Employer in India" by Business Today in 2001, and in 2002 as "India's Most Respected Company". The IT industry is spreading to other major centres in Karnataka, namely: Mysore, Mangalore and Hubli. There are the presence of a number of traditional cottage and small industries like handlooms, silk weaving etc. Karnataka is the leading state for silk rearing and production of Khadi and village industries. There are numerous factories in engineering, chemicals, electrical, and electronic goods. There are also industries for processing of plantation products like tea, coffee, rubber, cashew etc.

About 71% of the people are engaged in agriculture. The main crops are rice, ragi, jowar, maize, and pulses besides oilseeds and number of cash crops. The principal crop grown here is coffee. Cashew, coconut, areca nut, cardamom, chilies, cotton, sugarcane and tobacco are among the other crops.
4.4 Demography of Karnataka

As per the 2001 census, the total population of the state amounts to 52,850,562. Out of which the males constitute to about 26,898,918 and females to about 25,951,644. The literacy of the state is 55.98%. Population density is 275.6 per km sq. The sex ratio is 964 females to 1000 males. The literacy rate is 66.6% with 76% of literate males and 57% of literate females. Karnataka occupies Ninth place with regard to population and the density of population. There are people belonging to different religions as Hindus, Muslims, Christians, Jains and Buddhists. The majority of the populations are Hindus. About 83.8% of the population are Hindus, 12.23% are Muslim, 1.91% are Christians, 0.78% are Jains, 0.73% are Buddhist and the remaining belong to other religions. The official language of the people of Karnataka is Kannada. The other languages spoken here are Urdu, Telegu, Marathi, Tamil, Malayalam, Tulu, Konkani and Hindi. The majority of the people speak in Kannada.

4.5 Industry: An Overview

Karnataka has the distinction of being one of the five most industrialized states of the country owing to its various intrinsic strengths for industry developments and progressive & liberal industrial policies of the government. In recent times, Karnataka has emerged as the knowledge and technology hub of the country. Karnataka’s IT, Bio-Technology and electronic industries have given the state a respectable position on the global industrial map. The state has also witnessed large scale Foreign Direct Investment (FDI) in various industrial bases like Bangalore, Mangalore, Mysore, Hampi and Hubli.
Industry Policy

The Government of Karnataka has formulated a new Industrial Policy and termed as “Industrial Policy of Karnataka 2001” which aims to achieve an average industrial growth rate of 10% to 12% per year. Its Mission is to achieve an economic growth rate of 8% to 9% over the next decade by promoting the rapid growth of a market driven, knowledge based, efficient and competitive industrial sector.

The state’s mission can be achieved by providing industry access to high quality infrastructure, extending institutional support for technology up-gradation, deregulating the business environment for an efficient, proactive and transparent administrative framework and by catalyzing the capabilities of human resources.
### Census Statistics of Karnataka State

**Table 4.1**

<table>
<thead>
<tr>
<th>POPULATION (2001 census)</th>
<th>52850562</th>
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<tbody>
<tr>
<td>MALES</td>
<td>26898918</td>
</tr>
<tr>
<td>FEMALES</td>
<td>25951644</td>
</tr>
<tr>
<td>SEX RATIO (females/1000 males)</td>
<td>964</td>
</tr>
<tr>
<td>DENSITY OF POPULATION (Persons/ Square Km)</td>
<td>275</td>
</tr>
<tr>
<td>URBAN POPULATION %</td>
<td>33.98%</td>
</tr>
<tr>
<td>LITERACY RATE (census 2001) in %</td>
<td>66.6</td>
</tr>
<tr>
<td>MALE LITERACY in %</td>
<td>76.1</td>
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<td>MALE LITERATE in numbers</td>
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<tr>
<td>FEMALE LITERACY in %</td>
<td>56.9</td>
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<tr>
<td>FEMALE LITERATE in numbers</td>
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<tr>
<td>BIRTH RATE (PER 1000) (2002)</td>
<td>22</td>
</tr>
<tr>
<td>DEATH RATE (PER 1000)</td>
<td>7.2</td>
</tr>
<tr>
<td>NSDP at current prices (2002-2003)* Rs Crores</td>
<td>97253 Rs Crores</td>
</tr>
<tr>
<td>PER CAPITA NSDP (2002-03) at current prices Rs</td>
<td>18324 Rs *(2001-2002)</td>
</tr>
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</tr>
</tbody>
</table>

**Source:** www.kar.nic.in
Economic Activity: Manufacturing- 22%; Services- 39%; Agriculture - 39%

Investor Profile: Govt. 30.3%; Foreign 27%; Indian 42.7%

Investment Strengths: Conservative fiscal policies of the state administration; relatively healthy state finances, well developed and adequately maintained telecom infrastructure, easy availability of highly skilled workers; few industrial disputes.

State priority areas: InfoTech; electronics; auto-components; leather, textiles, pharmaceuticals
4.6 ECONOMIC INFRASTRUCTURE

Ports

Out of the total of 20 ports in the State, 14 are located in Uttara Kannada District. The remaining 6 are located in the Dakshina Kannada district. Important among both these are the Mangalore Port and Karwar Port. Importance of these two ports will assume greater significance, if the abundant deposits of iron-ore, and manganese in Bellary Hospet region are tapped. Besides the city of Bangalore, there are two other airports. (i) Mangalore, and (ii) Belgaum. There are indications that Bangalore will soon become an International Airport. Air India, Lufthansa, Kuwait Airways operate international cargo flights from Bangalore on regular basis.

Roads

Karnataka has a good network of roads. It has 6 National Highways passing through the State. State highways and Rural Roads Network make inter-city and town communication accessible. It is worth mentioning here that the rural Road network has brought remotest villages in touch with towns.

The National Highway covers 1968 kms, the State Highway cover 17,997 kms. The village and municipal roads cover about 95,000 kms. The road length per 100 km area is 65-70 kms in Karnataka, which compares well with the National average.
Railway

The Railway network covers a total length of 3090 kms. Major cities like Bangalore, Hubli-Dharwad, Belgaum, Gulbarga, Hassan and Mangalore are well connected to other parts of the country.

Airports

Karnataka has five functional airports at Hubli, Mysore, Belgaum, Mangalore and Bangalore. Bangalore is well connected with the rest of the country. International flights originate from Bangalore as well. A new international airport for Bangalore is scheduled to be commissioned shortly. In addition to the need for up-gradation of existing airports, the Government proposes to establish domestic airports in district towns, which have adequate economic potential. The State also recognizes the need to increase connectivity to areas where large projects are coming up. The State has identified Hubli, gurberga, Mysore, bellary and Hassan for the construction of minor airports to handle 50 seater aircraft initially.

Power

The State has the distinction of having established the first Hydro-Electric Power Generation Station in Asia. Today, the power generating potential through Hydel Projects is very promising here.
The total potential in the State is estimated at 7,700 MW, of which about 2,400 MW has been tapped. Installed capacity is expected to go up to 5,295 MW by the end of the 8th Five Year Plan.

**Future Projects**

Mini and Micro Hydro-Electric Projects and Non-Conventional Energy Sources are estimated to generate 2,910 MW, which thermal power projects of 1,500 MW are proposed to be implemented in the 9th and 10th Plan periods.

Besides the power generated by the stations located in Karnataka, the State gets its share from the Central Power Stations at Ramagundam and Neyveli.

Steady industrialization of the State has seen a steady rise in the energy demand. With the completion of the on-going projects and the implementation on future ones, the State will balance the demand and supply of power.

**Communications**

There are presently 3,75,000 telephone lines in the State. Subscriber Trunk Dialing and International Subscriber Dialing are now available in all major cities (70 cities) of the State. There are 9,650 Post Offices in the State and 1,130 Telephone Exchanges.

The communication sector in the State infrastructure has made rapid strides.
Banking & Finance

Karnataka offers strong financial support to entrepreneurs through several Government of Karnataka institutions like KSIIDC, KITVEN and KSFC as well as Government of India financial institutions like IDBI, IFCI, SIDBI, NABARD and TDICI.

The banking sector in Karnataka is one of the strongest in the country with an extensive network of banks, both nationalized and private, operating all over the state. Four of the country's major nationalized banks as well as one of India's largest private banks, Vysya Bank, have their headquarters here. And, this has been further reinforced in recent years with the world's leading banking corporations like CITIBANK, Bank of America, Standard Chartered Bank HSBC, Deutsche Bank, Bank Muscat, Nova Scotia and several others setting up their branches here.

Karnataka is one of the high economic growth states in India with GSDP (Gross State Domestic Product) growth of 9.2% in the year 2006-2007. The total GSDP of Karnataka in 2006-2007 is about Rs. 1940.09 billion ($ 46.19 billion). With an overall GDP growth of 56.2% and a per capita GDP growth of 43.9% in the last decade, Karnataka surpassed all other states in India, pushing Karnataka's per capita income in Indian Rupee terms to sixth place. Until September 2006 Karnataka received a Foreign Direct Investment of Rs. 7809.7 crores ($ 1725.5 million) for fiscal year 2006-07 placing it at third spot among states in India. At the end of 2004, the unemployment rate of Karnataka was 4.57% compared to a national rate of 5.99%.
the fiscal year 2006-07 the inflation rate of Karnataka was 4.4% which was less than the national average.

Graph 4.1

Karnataka GSDP Yearly Growth

Source: www.kar.nic.in

**Sectors in the economy**

A fiscal year in Karnataka begins on April 1 of the previous calendar year and ends on March 31 of the year with which it is numbered. The different entities that contribute to the economy are broadly classified into three sectors:

Primary: consisting of Agriculture, Animal husbandry, Forestry, Logging and Fishing.
Secondary: consisting of Mining, Quarrying, Manufacturing, Construction, Electricity, Gas and Water supply.
CRM in Private Life Insurance in Karnataka

Tertiary: consisting of Transport, Storage, Communication, Trade, Hotel, Restaurant, Banking, Insurance, Real Estate, Business Services, Public Administration and other services.

The contribution of primary, secondary and tertiary sectors to Karnataka's GSDP in the year 2006-2007 has been 19.2%, 26.2% and 54.6% respectively.

Agriculture

Haystack on stilts in paddy fields of Uttara Kannada district

For many rural residents of Karnataka, agriculture is the major occupation. A total of 123,100 km² of land is cultivated in Karnataka constituting 64.6% of the total geographical area of the state. According to the 2001 census, farmers and agricultural labourers formed 56% of the workforce of Karnataka. Agriculture in Karnataka is heavily dependent on the southwest monsoon since the extent of arid land in the state is second only to Rajasthan. Only 26.5% of sown area (30,900 km²) is subjected to irrigation. The state has three agricultural seasons – Kharif (April to September), Rabi (October to December) and Summer (January to March). The main crops grown here are rice, ragi, jowar, maize, and pulses (Tur and gram) besides oilseeds and number of cash crops. Cashews, coconut, areca nut, cardamom, chilies, cotton, sugarcane and tobacco are among the other crops produced in the state. Karnataka is the largest producer of coarse cereals, coffee and raw silk among the states in India. Horticultural
crops are grown in an area of 16,300 km² and the annual production is about 9.58 million tons. The income generated from horticulture constitutes over 40% of income generated from agriculture and its is about 17% of the state's GDP. In floriculture, Karnataka occupies the second position in India in terms of production and 700 tons of flowers (worth Rs. 500 million) were produced in 2004-05.

**Industry**

Karnataka evolved as the manufacturing hub for some of the largest public sector industries of India after independence. Hindustan Aeronautics Limited which is dedicated to research and development activities for indigenous fighter aircraft for the Indian Air Force employs over 9,500 employees making it one of the largest public sector employers in Karnataka.

Other heavy industries such as National Aerospace Laboratories, Bharat Heavy Electrical Limited, Indian Telephone Industries, Bharat Earth Movers Limited (BEML), Hindustan Machine Tools and Indian subsidiaries of Volvo and Toyota are also headquartered in Bangalore. India's national space agency Indian Space Research Organization (ISRO) is headquartered in Bangalore and employs approximately 20,000 people. TVS Motors has a motorcycle manufacturing plant at Mysore and Tata Motors at Dharwad. Karnataka state has many companies engaged in manufacturing of electrical equipment and machinery like Kirloskar, ABB, Kavika, Larsen and Toubro etc. This may be due to the location of the Central Power Research Institute (CPRI) at Bangalore.
Minerals

Gold, iron ore, quartz, limestone, manganese, kyanite and bauxite are some of the minerals that are found in Karnataka. After the closure of the Kolar Gold Fields mine in Karnataka, the only company in India that produces gold by mining and extracting it from the ore is Hutti Gold Mines Limited that has plants at Hutti and Chitradurga in Karnataka. Major mines of manganese and iron ore are located at Sandur in Bellary district. Visweswaraiah Iron and Steel Ltd. at Bhadravathi and Jindal Vijayanagar Steel Ltd. at Toranagal are engaged in the production of iron and steel. Indian Aluminum Company Ltd (Hindalco) has an aluminum plant near Belgaum. Mysore Minerals Limited is in the mining and production of chromite in Hassan district. Rajashree Cements at Adityanagar, Vasavadatta Cements at Sedam and The Associated Cement Company Ltd. at Wadi are engaged in the production of cement.

Banking in Karnataka

Karnataka, particularly the coastal districts of Dakshina Kannada and Udupi have a premier position in banking in India. This is because seven of the country's leading banks, Canara Bank, Syndicate Bank, Corporation Bank, Vijaya Bank, Karnataka Bank, Vysya Bank and the State Bank of Mysore originated from this state. The first five in the above list of banks were established in the districts of Udupi and Dakshina Kannada. These districts have among the best distributions of banks in India a branch for every 500 persons. Between 1880 and 1935, 22 banks were established in coastal Karnataka, nine of them in the city of Mangalore.
As of March 2002, Karnataka had 4767 branches of different banks servicing the people of the state. The number of people served by each branch was 11,000 which is lesser than the national average of 16,000, thereby indicating better penetration of banking in the state.

Graph 4.2

Source: www.kar.nic.in