CHAPTER 4

A PROFILE OF KARNATAKA STATE AND

CASE STUDY AREA

PART A – A PROFILE OF KARNATAKA STATE

- General Characteristics of the State.
- Industrial Structure of the State.
- Infrastructure for Entrepreneurship Development
- Resources for Entrepreneurship Development
- Institutions for Entrepreneurship Development

PART B - A PROFILE OF SHIMOGA DISTRICT

- General Characteristics of the District
- Resources for Entrepreneurship Development
- Present Industrial Scenario
- Infrastructure for Entrepreneurship Development
CHAPTER 4

A PROFILE OF KARNATAKA STATE AND
CASE STUDY AREA

Before trying to give a profile of entrepreneurs in Shimoga District and entrepreneurship development in the study area, it is imperative to know the geographical conditions and entrepreneurial scenario prevailing in the State of Karnataka in general and Shimoga District (i.e., case study area) in particular. Again to know Shimoga District better it will not be out of place to describe the socio-economic setting in the State of Karnataka. Hence, this chapter consists of two divisions viz., the first part describes the general characteristics of the state of Karnataka, present industrial structure, infrastructure for entrepreneurship development, resources for entrepreneurship development and the second part consists of a resume of these things in the district of Shimoga.

PART – A

A PROFILE OF KARNATAKA STATE

I. GENERAL CHARACTERISTICS OF THE STATE

Karnataka is one among the twenty eight of Indian Union. It is a region inhabited predominantly by Kannada speaking people. Karnataka with its variety in topography, rich cultural heritage, eventful history and scenic excellence occupies a
place of pride in the map of the country. Besides, Karnataka has contributed significantly to the promotion of science and technology in the country. Its achievement in the field of industrial development is by no means insignificant.

**Location**

Karnataka occupies central position in the South India. It is situated between 11 degree 31 and 18 degree 45 North latitude and 74 degree 12 and 78 degree 40 East longitude and lies in the west central part of peninsular India. Its length from north to south is about 700 kms and from east to west is 400 kms. It is bounded by Maharashtra, Goa, Tamil Nadu, Andrapradesh and Kerala.

**Physical Features**

The State is broadly classified into coastal region and Karnataka plateau. Coastal region is further sub-divided into coastal plains and western ghats. Similarly, Karnataka plateau is further sub-divided into Malnad and Maidan.

Greater part of Karnataka lies between 450 and 900 metres above sea level. In some places, however, the height reaches 1,800 metres, the highest peak being Mullaiyyyanagiri at 1,913 metres in Bababudan ranges followed by Kuduremukh at 1,882 metres.

**Area**

Karnataka State covers an area of 1,91,791 square kilo metres or it occupies 5.35% of the total geographical area of the country. Bijapur (before the creation of Bagalkot district in November 1997) is the biggest district in the State with an area of 17,069 Sq. kms covering 8.90 % of the area of the state. Kodagu is the smallest
district in the state with an area of 4,102 sq kms covering an area of 214% of the total area of the state

**Administrative Arrangement**

Before reorganisation of the States in 1956, there were only 9 districts in the state. After reorganisation of the state in 1956, 10 districts which earlier formed part of Madras, Bombay and Hyderabad States were included in the new state. Further, Bangalore district has been divided into two separate districts. During November 1997 seven more districts were created. Thus, there are at present 27 districts in the state.

The state has been further sub-divided into four revenue divisions with headquarters at Bangalore, Belgaum, Gulbarga and Mysore. There are 175 taluks, 745 hoblies, 5,706 Gram Panchayats, 27,066 inhabited villages, 254 towns/cities and urban agglomerations and 177 municipality corporations in the state.

**Climate and Rainfall**

Different parts of the state have different types of climate. Coastal areas, western ghats and malnad areas have received maximum rains. Interior central and northern districts have semi arid climate. Bellary, Bijapur region have arid and very warm climate.

The average annual rainfall is 1,181 mm in the state. However, the average rainfall is 4,307 mm in Dakshina Kannada, 2,485 mm in Kodagu, 2,717 mm in Uttara Kannada and 1,707 mm in Chikmagalur. Kolar, Gulbarga, Mandya, Bijapur and
Chitradurga districts receive the lowest average annual rainfall of 879 mm, 978 mm, 827 mm, 713 mm, and 439 mm respectively.

Rivers

Karnataka is blessed with abundant water wealth as there are many rivers and streams. Ground water is also available to some extent. Cauvery and Krishna are the principal rivers flowing in the state. A number of tributaries of these two major rivers also flow in the state. Ghataprabha, Malaprabha, Bhima, Tungabhadra, Vedavathi, Hemavathi, Kabini, Manjra, Kali, Sharavathi, Aghanashini, Bedti, Netravathi, Uttar Pinakini, Dakshina Pinakini and Palar are the other important rivers flowing in the state.

Forests

Karnataka has rich forest wealth. The state had an area of 38,723.56 sq. kilometers under forests in 1993-94. The percentage of forest area to geographic area was 20.29 as against the all India average of 23% and 33% prescribed in the national forest policy. Thus, the percentage of forest area in the state is less than all India average and far less than the standard prescribed in the National Forest policy. Of the total area, 28,610.53 sq. kms are under reserved forests, 3,932.17 sq. kms are under protected forests, 5,748.24 sq. kms are under unclassed forests, 124.42 sq. kms are under village forests and 308.42 sq kms are under private forests. Among the districts, Uttar Kannada has the largest area under forests (8291.51 sq. kms) followed by Dakshina Kannada (5,182.30 sq. kms.), Mysore (4,129.62 sq. kms) Shimoga (3,27016 sq. kms) and Belgaum (2245.67 sq. kms). Sandal wood, rose wood, teak, eucalyptus are the major forest products of the state.
Population

Karnataka State had in 1991 population of 44.8 millions. There were 22.8 million males and 22 million females. Karnataka accounts for 5.31 % of the total population of the country. The population of Karnataka is close to that of Iran (37 million) or Republic of Korea (39 million) and greater than that of Canada (23 million). Of the total population, 31 million are in rural areas and 13.8 million are in urban areas. Percentage of urban population to total population is 31.

The density of population per sq. km in the state is 234 persons in 1991 as against 194 in 1981. The density of population varies considerably from district to district. Bangalore district has the highest density of 2,210 persons while it has a density of 618 persons in 1981. The districts of Southern Maidan viz., Bangalore, Mandya, Dakshina Kannada, Kolar are generally the areas of comparatively higher density. The districts of Uttar Kannada, Kodagu, Chikmagalur have the lowest densities. The density of population is 119 per sq. kms in Uttar Kannada and Kodagu districts.

The population of the state according to 1981 census was 3,71,35,714 while that recorded in 1991 census is 4,48,17,398. There has been thus an increase of 76,81,684 persons during the decade under review representing an increase of 30.69% over 1981 population. The corresponding growth rate during the decade 1971-81 was 26.75%. The rate of growth of population in the country as a whole during the decade was 23.50 %.
The sex ratio in the state of Karnataka (as per the 1991 census) is 960 females per 1,000 males as against 963 at the time of 1981 census. The all India sex ratio according to 1991 census is 934 while that of 1981 was 929.

II. INDUSTRIAL STRUCTURE OF THE STATE

'Industrialise or Perish' was the popular slogan which was coined in Karnataka State (Mysore State as it was then called) by the outstanding Engineer-Administrator, Bharat Ratna Sir M. Visveswaraiah long before independence. This sums up the concern and efforts of the state for promoting industrial activities. And truly, industrial activities in the form of small and tiny ventures like making of agricultural implements, earthen pots, silk reeling and weaving, bullock cart making, brass and copper utensils making etc., were sustained in the state before independence. But organised efforts to promote and develop modern small scale industries can be said to have been started in the state after independence only. So far as registered small scale industries are concerned, the bench mark period started from 1961 only because it was only in 1960 the system of registration with the Directorate of Industries and Commerce started.

But statistical data relating to the amount of productive capital employed and the number of persons employed in the registered small scale industrial units have been systematically compiled by Directorate of Industries and Commerce only from 1969-70. It is estimated that 2,23,311 units were registered upto 31st March 1998 in the state and they have generated 13,47,974 employment with fixed investment of Rs.3,29,039.42 lakhs.
There are 746 medium and large scale industries in the state with an investment of Rs. 6,028 crores employing nearly 3 lakh workers.

III. INFRASTRUCTURE FOR ENTREPRENEURSHIP DEVELOPMENT

Availability of adequate infrastructure such as land, industrial estates, transport, credit facilities etc. is essential for the development of entrepreneurship. The Karnataka Government is making efforts to provide all these facilities with the help of Industrial Policy Resolutions and various institutions. The Industrial Policy Resolution has put a major emphasis on this sector. A brief picture of the infrastructural facilities in the state is given in the following paragraphs.

Land

Karnataka Industrial Areas Development Board (KIADB), since its inception has acquired 47,331 acres of land (up to 31-03-98) and it has formed 70 industrial areas covering all the districts. The board is taking initiative in developing the Hassan and Dharwad growth centres. The board has also developed and allotted land for single unit complexes (24,150 acres up to 31-3-1998) at various places in the state.

Industrial Estates

Karnataka State Small Industries Development Corporation (KSSIDC) has constructed 151 industrial estates and 5,511 industrial sheds in the state. It has developed 1,368 plots and allotted 828 plots to entrepreneurs in the state. To provide efficient services to entrepreneurs it has 20 Raw-material depots, 3 Raw-material stock yards, 37 branch offices throughout the state of Karnataka and one outside branch at Cochin in Kerala.
Transport

a) Railways

Karnataka is not well served by railway network. This has affected the industrial development of the state. There has been no significant addition of new railway lines in the state since independence. Kodagu district has no railway line at all. The state has a total railway line of 3,079 kms of which broad guage is 1,195 kms., meter guage 1,735 kms and narrow guage 149 kms. Length of railway line is highest in Bangalore and Bellary districts viz., 331 kms each followed by Dharwad district (321 kms).

b) Road and Road Transport

Roads are the arteries through which economic life of the state moves. As on 31st March 1997 total road length in the state is 1,37,520 kms. out of which 32.42 percent roads are unsurfaced. Therefore, there is urgent need for surfacing them to facilitate easy movement of traffic. An express highway from Bangalore to Mysore and Tumkur to Honnavar has been planned and work in this direction is going on.

The state is well served by road transport. Major cities of the state are having bus services. Autorickshaws ply in all district and taluk head quarters. However, bullock carts continue to be the main means of transport in rural areas of the state.

c) Air Transport

There are two major airports in the state one each at Bangalore and Mangalore. There is a proposal to develop an international airport in Devanahalli near Bangalore.
Banks and Financial Institutions

Metaphorically, finance is the lubricant of the process of economic growth, when finance becomes available, entrepreneurship development is initiated and new investment opportunities arise. The supply of finance has to be canalised through Banks and specialised financial and developmental institutions, which act as pump-primers rather than simply conduits for the factors of production and draw more and more people from different walks of life into the vortex of industry. These institutions have not only to make finance available but also perform an allocative function.

Before independence, India also had a fairly developed banking system. But it was organised on the basis of orthodox banking practices followed by the British banks which advanced assistance of self-liquidating nature.

History of modern commercial banking in Karnataka started with the establishment of a branch of Madras Presidency Bank in 1864 at Bangalore followed by State Bank of Mysore by Sir. M. Visveswaraiah in 1913. Development of banking has gained momentum since the nationalisation of 14 commercial banks in 1969. Bangalore, the capital of Karnataka, has emerged as a major banking centre in India. Industrial Development Bank of India, Export Import Bank, Small Industries Development Bank of India and Reserve Bank of India have their offices in Bangalore.

As on 31st March 1997, there were 3,431 branches of Commercial Banks, 1,078 branches of Grameena Banks, 544 branches of Urban Co-operative Banks, 177 branches of Primary Land Development Banks and 1,101 Employees Credit Societies in the state.
IV. RESOURCE FOR ENTREPRENEURSHIP DEVELOPMENT

The state is having abundant supply of resources for entrepreneurship development. The important material resources of the state are as below.

Agricultural Crops

Karnataka is rich in agricultural resources. There is, therefore, good scope for the establishment of agro-based industries. They include Paddy, Furfural, Ragi, Jowar, Bajra, Maize, Wheat, Gram, Tur, Ground nut, Sugar cane and Cotton.

Horticultural Resources

Karnataka is rich in horticultural resources. Climate of South Karnataka districts such as Mandya, Mysore, Bangalore, Hassan and Kolar is ideally suited for growing horticultural crops. Two lakh hectares of land are under fruit crops in the state and annual production is 3.7 million tonnes of fruit. The state produces 8.8 percent of the 34 million tonnes of fruit produced in the country annually. One lakh nine thousand hectares of land are under vegetable crops in the state. Of the 42 lakhs tonnes of vegetables grown in the country annually, Karnataka produces 3.6 per cent of vegetables. Fruits and vegetables grown in the state are at present mostly used for consumption and are not much put into industrial use.

Sericulture

Karnataka is very rich in sericulture resources. It was introduced into the state about two hundred years ago. Since then, sericulture has prospered in the state. Silk industry comprises of agriculture activities such as mulberry cultivation and silk
worm rearing and industrial activities which include silk reeling, twisting, weaving, dyeing and finishing.

India stands second in the world with 12,000 tonnes of silk production per annum and Karnataka with 7,147 tonnes of silk production accounts for 54 percent of the total silk production in the country.

There are 16593 sericulture villages in the state, where 15,9,304 hectares of land were under mulberry cultivation in 1994-95.

There is vast scope for small scale units to make silk scarves, dress materials, carpets and ready made garments. There is very good export market for various products made out of silk in western countries.

**Mineral Resources**

Karnataka is very rich in mineral resources. The major minerals available in the state are Bauxite, Chromite, Copper, Gold, Iron ore fines, Iron-ore and Manganese-ore. The minor minerals include China clay, Dolomite, Felsite, Fire clay, Quartz Green, Kaynite, Lime shell, Lime stone, Magnesite mouldingsand, Quartz, Red ochre, Silica sand, Sleatite yellow clay and Red oxide.

The availability of above mineral resources has created an ample opportunity for industrialisation in the state. The mineral based industries that could be set up in the state are building bricks, roofing tiles, mosaic tiles, stone crushing, stone polishing, LT Insulators, crockery, fire clay bricks, stone ware pipes, glass bottles, RCC pipes, chalk crayons etc. by using the mineral resources available in the state.
V. INSTITUTIONS FOR ENTREPRENEURSHIP DEVELOPMENT

The success of entrepreneurship depends solely on the well established institutional set-up. In order to meet the requirements of the rapidly expanding entrepreneurship, particularly in the SSI sector in the country, the Government gave adequate institutional support and it may well claim to have achieved some success in this sphere. The role of various institutions set up specially to promote the growth of entrepreneurship is quite unique. Key institutions serving in Karnataka for the cause of entrepreneurship development are as follows:

1. Small Industries Service Institute (SISI).
2. Field Testing Stations.
5. Karnataka Industrial Areas Development Board (KIADB).
7. Technical Consultancy Services Organisation of Karnataka (TECSOK).
8. Karnataka State Electronics Development Corporation Limited.
9. Karnataka State Khadi and Village Industries Board.
11. Karnataka Leather Industrial Development Corporation.
12. Karnataka State Handicrafts Development Corporation (KHDC).
15. Vishveshwaraih Industrial Trade Centre.
17. Centre for Entrepreneurship Development of Karnataka (CEDOK).
20. Financial Institutions such as IDBI, IFCI, ICICI.
21. Directorate of Industries and Commerce

The District Industries Centres (DICs) in the respective districts and Taluk Industries Centres are subordinate to the Directorate.

22. Karnataka State Financial Corporation (KSFC)

Karnataka State Financial Corporation is a premier money lending institution assisting the entrepreneurs in the state. The present study is to evaluate/assess the role of KSFC in the promotion and development of entrepreneurship with a particular reference to Shimoga District in Karnataka State. A detailed picture of the origin of KSFC, objectives, organisation structure, various schemes extended to entrepreneurs, promotional and developmental efforts of KSFC has been presented in chapter 3.

PART B

A PROFILE OF SHIMOGA DISTRICT

I. GENERAL CHARACTERISTICS OF THE DISTRICT

Origin of the name of the District

Shimoga District like most of other districts in the state has had its name from its administrative headquarters Shimoga. There are various traditional derivations of the origin of the name of "Shimoga". Three of them pertain to God Shiva...
viz., "Shiva Mukha" (the face of Shiva), "Shivana Mogu" (the nose of Shiva) and "Shivanamogge" (bunches of flowers meant for Shiva). According to a legend, the place had the ashram of the famous sage Durvasa noted for his sharp temper. He used to keep a pot with sweet herbs to be boiled. Once, some cowherds who chanced upon it tasted the beverage out of curiosity and called the place "Sihimoge" (Sweet pot) which was later called Shimoga. The name is written and pronounced in Kannada as Shivamogge. Its anglicised form is "Shimoga".

Location

Shimoga district is situated roughly in the mid-south western part of the state and southern transitional agro-climatic zone in Karnataka. The western part of the district has mountain us terrain and the eastern part consists of malnad, semi-maidan and maidan areas. Malnad area consists of Sagar, Hosanagar, Thirthahalli and Sorab Taluks. The Malnad taluks are characterised by thick forests and mountainous terrain and they receive heavy rainfall. Bhadravati, Shimoga and Shikaripur taluks have natural characteristics of both malnad and maidan areas. The district lies between the latitudinal parallels of $13^\circ \; 27' \; North$ and $14^\circ \; 39' \; North$ and lattitudinal parallels of $74^\circ \; 38' \; East$ and $76^\circ \; 4' \; East$. The district has got the enchanting mountain range of "Sahyadri" and Kodachadri happens to be the highest mountain range (about 4,441' above sea level). The district is bounded by Uttar Kannada, Davanagere, Chickmagalur, Udupi and Haveri districts.

The district has a total geographical area of 10,563 sq. kms and it occupies 9th place in area among the districts of the state. The map of the Shimoga District and its location in the Karnataka State is shown in Appendix III and Appendix IV respectively.
Administrative set up

The district had nine taluks before Channagiri and Honnali taluks were attached to Davangere when the latter became a district headquarter in 1997. Even then, the aforesaid taluks have been included in the study as any techno-economic survey aimed at performance evaluation remains incomplete if it does not undertake an indepth analysis of the past trends in various sectors involving time series analysis, interpretation etc.

For the sake of convenient administration, Shimoga has been divided into two sub-divisions viz., Shimoga and Sagar. Shimoga sub-division comprises of Shimoga, Bhadravathi, Thirthahalli, Channagiri and Honnali taluks; Sagar sub-division consisting of Sagar, Hosanagar, Soraba and Shikaripur taluks. The district has 15 towns, 52 Hoblies and 1,785 inhabited villages. Under the Zilla panchayath Act introduced in 1993, there are 364 Gram Panchayaths. The district development administration is under Zilla Parishad that came into effect with 1st April 1987 and at present it is called Zilla Panchayath. Shimoga the district headquarter is situated at a distance of 271 Kms from Bangalore on Bangalore - Honnavar state highway.

Climate and Rainfall

Shimoga district has a moderate climate with temperature ranging from 23.2°C to 37°C. The mean daily maximum temperature hovers around 15°C during winter season. After February, there is a steady increase in temperature and the summer season lasts up to May. Summer is followed by pre-monsoon and monsoon rains go up to September. The rainfall is very heavy in the region of the western ghats. Agumbe in the south western corner of the district on the western ghats gets an annual
rainfall of 8275.7MM. The average rainfall of the district is 1,569MM with an average number of 80 rainy days.

Soil

The district has three major types of soil viz., laterite soil in the west, sandy loam red soil in the east and in north-western region and red loam in the central region. The soil found in the district by and large is highly fertile which constitutes agricultural prosperity of the district.

Income Distribution

A study of the income distribution of the district vis-a-vis that of the state is the best indicator of economic growth in any district. The economy of Shimoga district is predominantly influenced by agriculture. Majority of the population depends upon agriculture (directly or indirectly) for its livelihood. Although the district is endowed with rich soil, favourable climate and infrastructural facilities, the industrial development in the district is somewhat lopsided with the concentration of industries mainly in Shimoga, Bhadravati and Sagar Taluks.

The sectoral composition of income of Shimoga District and Karnataka State during the year 1994-95 at constant prices is shown in the Table 4.1

An analysis of Table 4.1 shows that Agriculture is the major source of income in the district as well as in the state. But compared to the contribution of agriculture sector to the total income of the state (i.e. 34.72%), the sector's contribution to the total income of the district (i.e., 42.81%) is more. This figure reveals the dependence of the district on agriculture or agrarian nature of the district. The
<table>
<thead>
<tr>
<th>Sector</th>
<th>Shimoga District</th>
<th>Karnataka State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income (Rs. In lakhs)</td>
<td>Share of Total income (in %)</td>
</tr>
<tr>
<td>1. Agriculture and animal husbandry</td>
<td>23,390</td>
<td>42.81</td>
</tr>
<tr>
<td>2. Forestry and logging</td>
<td>1,008</td>
<td>1.85</td>
</tr>
<tr>
<td>3. Fishing</td>
<td>146</td>
<td>0.27</td>
</tr>
<tr>
<td>4. Mining and quarrying</td>
<td>20</td>
<td>0.04</td>
</tr>
<tr>
<td>5. Manufacturing</td>
<td>8,558</td>
<td>15.66</td>
</tr>
<tr>
<td>6. Construction</td>
<td>1,651</td>
<td>3.02</td>
</tr>
<tr>
<td>7. Electricity, gas &amp; water supply</td>
<td>722</td>
<td>1.32</td>
</tr>
<tr>
<td>8. Communication</td>
<td>217</td>
<td>0.40</td>
</tr>
<tr>
<td>9. Trade, hotels and restaurants</td>
<td>8,398</td>
<td>15.38</td>
</tr>
<tr>
<td>10. Railways</td>
<td>30</td>
<td>0.05</td>
</tr>
<tr>
<td>11. Transport by other means</td>
<td>1,176</td>
<td>2.15</td>
</tr>
<tr>
<td>12. Banking and insurance</td>
<td>2,212</td>
<td>4.05</td>
</tr>
<tr>
<td>13. Real estate, ownership of dwellings and business service</td>
<td>2,008</td>
<td>3.68</td>
</tr>
<tr>
<td>14. Storage</td>
<td>22</td>
<td>0.04</td>
</tr>
<tr>
<td>15. Public administration</td>
<td>2,681</td>
<td>4.90</td>
</tr>
<tr>
<td>16. Other services</td>
<td>2,394</td>
<td>4.38</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>54,633</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Karnataka State Profile, 1997-98, SISI, Bangalore and District Industrial Potential Survey Report, DIC, Shimoga.

The contribution of manufacturing, construction, electricity, gas and water supply, trade, hotels and restaurants, railways, transport by other means, banking and insurance, real
estate, ownership of dwellings and business services and other services to the total income of the district is less to that of their share in the total income of the state. The shortfall in the income in these sectors when compared to income distribution at the state level is mainly due to the continued dependence of the people in Shimoga district on agriculture even after 51 years of independence and large scale unemployment. This stresses the need for diverting the people depending on agriculture towards entrepreneurship.

The percapita income in the district is Rs. 2,704 which is higher than the state percapita income which is Rs.2,467 in 1994-95 at constant prices. In 1954 the district has contributed 4.66 percent of the state’s total income.

II. RESOURCES FOR ENTREPRENEURSHIP DEVELOPMENT

The development of entrepreneurship is greatly influenced by the resources available in any area and their effective utilisation. The resources available in Shimoga district can be classified into the following categories.

A. Human Resources

B. Material Resources

A. Human Resources

Development of entrepreneurship is largely attributed to the availability of human resource especially skilled manpower. It is the human resource that shapes and controls the material resources in the industrial development. Any amount of material resources do not guarantee industrial development unless it is backed up by a right
dose of man power for its effective exploitation. A brief picture of human resources base in the study area is as follows.

**Population**

As per 1991 census, the district had a population of 19,06,523 accounting for 4.25 percent of the state's population. The district ranks 11th in the state as regards to population. Out of which 73.47 percent were ruralites and 23.53 percent urbanites. The density of population in the district is 181 persons per sq. k.m. The district recorded a decennial growth rate of 15 percent during 1981 - 1991. The percentage of males and females was 51 and 49 respectively. Taluk wise population of the district as per 1991 census is given in the Table 4.2

The Table 4.2 shows that Shimoga taluk has the highest population (3,64,920) followed by that of Bhadravati, Channagiri, Honnali, Shikaripur, Sagar, Sorab, Thirthahalli and Hosanagar.

**Literacy**

Literacy is an important factor promoting entrepreneurship among any people. It is the literacy factor that enables the people of an area for starting entrepreneurial activities. As per 1991 census, the literate population of Shimoga district was 9,91,695 people accounting for 52.05 percent. Out of 9,77,206 males in the district, 5,85,479 males are literates accounting for 60.22 percent of total male population. The literate female population in the district is 4,06,216 constituting 43.48 percent of the total female population which is 9,34,317. The literacy ratio between man and woman in Shimoga district is 1000:694
TABLE 4.2

TALUK-WISE POPULATION OF SHIMOGA DISTRICT

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Taluk</th>
<th>Population as per 1991 census</th>
<th>% to total population of the district</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bhadravati</td>
<td>3,24,460</td>
<td>17.02</td>
</tr>
<tr>
<td>2</td>
<td>Channagiri</td>
<td>2,56,234</td>
<td>13.44</td>
</tr>
<tr>
<td>3</td>
<td>Honnali</td>
<td>1,99,903</td>
<td>10.48</td>
</tr>
<tr>
<td>4</td>
<td>Hosanagar</td>
<td>1,02,333</td>
<td>5.37</td>
</tr>
<tr>
<td>5</td>
<td>Sagar</td>
<td>1,77,092</td>
<td>9.29</td>
</tr>
<tr>
<td>6</td>
<td>Shikaripura</td>
<td>1,88,605</td>
<td>9.89</td>
</tr>
<tr>
<td>7</td>
<td>Shimoga</td>
<td>3,64,920</td>
<td>19.14</td>
</tr>
<tr>
<td>8</td>
<td>Soraba</td>
<td>1,62,208</td>
<td>8.51</td>
</tr>
<tr>
<td>9</td>
<td>Thirthahalli</td>
<td>1,30,768</td>
<td>6.86</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>19,06,523</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Census 1991, Karnataka

Occupational Pattern

As per 1991 census, 2,73,050 persons accounting for 37.86 per cent of the total population are cultivators, 2,53,254 persons accounting for 35.11 per cent of the total population are agricultural labourers followed by 17,314 persons constituting 2.40 per cent of the total population are engaged in household industry. These figures reveal that majority of the people in the district are engaged in agricultural related activities. It is also evident that industrial sector has not developed much, as it provides employment only to 2.40 percent of the total main workers.
B. Material Resources

Agriculture

The economy of Shimoga is predominantly dependent on agrarian sector. It (Shimoga) is even called Karnataka “Granary”. The three main regions (namely Malnad, Semi - Malnad and Maidan) enable the cultivation of different kinds of crops. Out of the total geographical area of 10,57,554 hectares, the net area cultivated is 3,33,420 hectares which works out to 31.52 percent of the total geographical area. The mainstay of the population is agriculture as 72.97 per cent of the labour community are engaged in agricultural pursuit. The lion share of 40.23 per cent of the total income of the district is from this sector.

Because of the variety in soils and climate in the district, the cropping pattern differs from area to area. Crops like Paddy, Ragi, Cereals and Pulses are grown in almost all taluks of the district, whereas commercial crop such as sugarcane, cotton, arecanut and groundnut are grown only in a few areas.

Agricultural Marketing

With a view of providing better marketing facilities to the farmers and ensuring attractive prices for their products, six main and eighteen sub-regulated markets are established in the district.

Forest

The total areas coming under forest in Shimoga district is 3,27,433 hectares which is 30.96 per cent of the total geographical areas of the district. This is slightly
short of 33 per cent laid down by the National Forest Policy of the Government of India. Teak, Sandalwood, Rosewood, Softwood, Pulp, Matchwood, Eucalyptus etc., are the important species of trees available in forests of the district. But man's greediness which has led to mad deforestation has come in the way of forest based small scale industries and their growth in the district.

**Horticulture Resources**

Shimoga district is fairly rich in horticulture resources. The important vegetables grown in the district are Tomato, Brinjal, Beans, Cabbage etc. The major portion of vegetables grown in the district are consumed in the local area itself.

Plantation crops like Arecanut, Cocounut and Cashew are commercial crops in the district. Coconut and Arecanut are grown in a few taluks of the district. Thirthahalli, Sagar and Channagiri are the leading producers of arecanut in the district. Besides these flower cultivation is also undertaken in the district. The opening up of economy and demand for natural oil has motivated the farmers to go in for cultivation of various flowers.

Apiculture is also seen in the district. As on 31st March 1998, 2,448 persons in 404 villages with 5,656 boxes and 2,556 bee were engaged in apiculture and they extracted 2,948 Kgs. But it has not taken the form of a big industry owing to lack of skill, marketing problems and unremunerative process.

**Rivers**

The important rivers flowing through the district are Tunga, Bhadra, TungaBhadra, Sharavathi, Varada and Kumadvathi. The other rivers are Malathi,
Varahi and Chakra. The Sharavthi valley project, AB site and Mahatma Gandhi Hydro Project across the river Sharavthi are the major hydro projects in the district. Sharavthi plunges from a height of 960 feet creating the famous Jog Falls, in turn and it is a famous international tourist attraction.

**Fisheries**

The district has no coastal lines or backwaters. There are about 629 major tanks and 4,408 minor tanks, 12 reservoirs and 8 rivers in the district where fishing is done. It is estimated that more than 2,000 families derive their income from fisheries. The total fish caught is 4,635 tonnes in 1993-94, 4,217 MT in 1995-96 and 3,732 MT in 1996-97. During 1997-98 the Department of Fisheries also introduced the cultivation of fresh water prawn. The fish caught in the district is consumed locally itself. But considering the availability of resources and infrastructure, it is inferred that there is scope for developing fishing industry in the district.

**Dairy**

Dairy industry is a recent addition to the economy of the district, after the establishment of Shimoga Co-operative Milk Union Limited affiliated to Karnataka Milk Federation (KMF) in 1991. The establishment of this society has reduced the partial and full unemployment problem in rural areas of the district to a considerable extent. This industry has lead to the proper utilisation of manpower, development of new breed of livestock and it has created a kind of time consciousness among the rural mass. There are 377 milk collection centres and 3 chilling plants collecting 12,000 liters of milk per day. Various milk products such as peda, ghee, toned milk and cheese are made out of milk.
Mineral Resources

The district is endowed with many materials. Iron-ore deposits are located in Hosanagar, Thirthahalli, Bhadravati and Channagiri taluks. Besides this, Manganese-ore is also found in the district. However, no commercial exploitation of these is done so far.

Sericulture

The development of sericulture is not significant in the district. Areas covered under mulbery cultivation is a paltry 466.30 hectares. There are 7 technical service centres and one silk reeling unit. Besides this, 7 filature basin and 10 charkas exist in the district. The production of cocoons during 1996-97 in the district was to the tune of 4,605 tonnes.

III. PRESENT INDUSTRIAL SCENARIO

A study of current industrial scenario will enable us in understanding the extent of industrial development, type of industries existing, the areas where they are concentrated in the district, the investment made, employment generated etc.

In the light of what has been said above an attempt is being made in the ensuing pages to give a fine picture of current industrial scenario in the district of Shimoga.

Medium and Large Scale Industries

There were 13 medium and large scale industries in the district as on 31.3.98. Among them 7 units are located in Shimoga taluk, 5 in Bhadravati taluk and 1 in
Sagar Taluk. These units are manufacturing steel items, pig iron, refractories, paper, news print, craft paper, milk products, sugar, cylinder liners, sandal wood oil, etc.

Small Scale Industries

Small scale sector forms the backbone of the industrial development in the district. As on 31-3-1998 there were 10,450 small scale units registered in the district. The Table 4.3 gives the year wise registration of units after 1992, the investment made and the employment generated.

It can be seen from the Table 4.3 that from 1992-93 to 1996-97 almost equal number of units (roughly 510 units every year) were registered every year. But in 1997-98 there is a sudden increase in the number of units registered (1,509 units) with DIC. The growth rate in 1997-98 over the previous year is 297.05 percent. However, there is mismatch between the number of units registered every year and fixed investment made. When compared to 1996-97, in 1997-98 there is 297.05 percent increase in the number of units registered but the rate of increase in investment is just 131.85 percent. This shows that large number of small sized units with low investment were established in 1997-98. The number of employment generated by these units is almost stable from 1992-93 to 1994-95. But there is a steady increase in 1995-96 and 1996-97 over the respective previous years. In 1997-98, however, there is a big jump in the employment generated by these units. During this year the growth rate is 209.50 percent over the previous year.
### TABLE 4.3

**TABLE SHOWING NUMBER OF SSI UNITS, INVESTMENT MADE AND EMPLOYMENT GENERATED**

<table>
<thead>
<tr>
<th>Year</th>
<th>April to March</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SSI Units</td>
<td>Fixed Investment (Rs. In Lakhs)</td>
</tr>
<tr>
<td>1992-93</td>
<td>512</td>
<td>452.35</td>
</tr>
<tr>
<td>1993-94</td>
<td>501</td>
<td>505.76</td>
</tr>
<tr>
<td>1994-95</td>
<td>503</td>
<td>706.15</td>
</tr>
<tr>
<td>1995-96</td>
<td>513</td>
<td>1,094.88</td>
</tr>
<tr>
<td>1996-97</td>
<td>508</td>
<td>1,292.24</td>
</tr>
<tr>
<td>1997-98</td>
<td>1,509</td>
<td>1,703.79</td>
</tr>
</tbody>
</table>

Source: DIC, Shimoga

An analysis of taluk-wise registration of small scale units gives a clear picture of the extent of industrialisation in different taluks of the district. The below shown Table 4.4 gives the taluk-wise registration of small units as on 31-3-1998, the total investment made by these units and the number of employment generated.

It can be seen from the Table 4.4 that Shimoga, Bhadravati and Sagar Taluk are leading in terms of industrialisation. As on 31-3-1998, these three taluks have...
### TABLE 4.4

**TALUK-WISE REGISTRATION OF SMALL SCALE INDUSTRIES**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Taluk</th>
<th>No. of SSI Units</th>
<th>Fixed Investment (Rs. In Lakhs)</th>
<th>Employment Generated (Nos.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Bhadravati</td>
<td>1,588</td>
<td>2,070.00</td>
<td>8,922</td>
</tr>
<tr>
<td>2.</td>
<td>Channagiri</td>
<td>845</td>
<td>718.00</td>
<td>2,697</td>
</tr>
<tr>
<td>3.</td>
<td>Honnali</td>
<td>828</td>
<td>720.00</td>
<td>2,552</td>
</tr>
<tr>
<td>4.</td>
<td>Hosanagar</td>
<td>572</td>
<td>560.00</td>
<td>2,280</td>
</tr>
<tr>
<td>5.</td>
<td>Sagar</td>
<td>1,548</td>
<td>1,436.00</td>
<td>5,927</td>
</tr>
<tr>
<td>6.</td>
<td>Shikaripur</td>
<td>991</td>
<td>1,072.00</td>
<td>2,913</td>
</tr>
<tr>
<td>7.</td>
<td>Shimoga</td>
<td>2,607</td>
<td>3,348.00</td>
<td>12,808</td>
</tr>
<tr>
<td>8.</td>
<td>Soraba</td>
<td>645</td>
<td>580.53</td>
<td>2,253</td>
</tr>
<tr>
<td>9.</td>
<td>Thirthahalli</td>
<td>826</td>
<td>725.00</td>
<td>2,839</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>10,450</strong></td>
<td><strong>11,229.53</strong></td>
<td><strong>43,191</strong></td>
</tr>
</tbody>
</table>

**Source:** DIC, Shimoga

5,743 small scale industries which constitutes 54.96% of total number of units registered in the district.

When the analysis is made in terms of fixed investment made, it is evident that the small entrepreneurs in Shimoga, Bhadravati, Sagar and Shikaripur taluks have made huge investments in their units when compared to small entrepreneurs of the other taluks. This will show the establishment of little big units with huge investment within the SSI sector in the above 4 taluks. The 10,450 units in the district have generated 43,191 number of employments in the district with an investment of Rs. 11,229.53 lakhs.
Tourism Industry

It is of paramount importance to develop tourism industry in the state as there is constant flow of foreign exchange and of late it is on the rise too. Hotel and tourism industry provide direct and indirect employment to a large number of people. Some of the important places of interest in the district are Jog falls, Agumbe, Ikkeri, Keladi, Varadhahalli, Belligavi, Gudavi and Honnemaradu. If proper facilities are extended there is considerable tourism development potential in the district.

IV. INFRASTRUCTURE FOR ENTREPRENEURSHIP DEVELOPMENT

Availability and accessibility of infrastructure facilities such as transport and communication, power, water, fuel, financial institutions, research and technical institutions are essential for speedy growth and development of industries. Areas with these facilities attract entrepreneurial skills and investments. It is a fact that all these facilities are not available in all the areas and this leads to unbalanced growth and concentration of industries in a few pockets. These facilities are considered inevitable to attract investment and exploit the locally available raw-materials and for ushering industrial growth.

This part focuses attention on the infrastructure facilities available in the district for entrepreneurship development. As such, the infrastructure facilities can be classified into two broad categories. They are as below.

A. Physical Infrastructure

B. Social Infrastructure
A. Physical Infrastructure

Land

Availability of sufficient and suitable land at reasonable price facilitates industrial growth and development of an area. There are 22,463 hectares of uncultivable land and 51,551 hectares of fallow land in Shimoga district which can be effectively used for starting industries.

Factory Accommodation

The availability of factory accommodation in the form of ready built sheds facilitates the establishment of SSI units. In the study area, there are 4 industrial estates owned by KSSIDC at Shimoga, Kallur-Mandli, Bhadravati and Sagar. These estates are developed in 59 hectares of land by KSSIDC. The estate has 175 sheds of different dimensions and 95 plots. There is a proposal to establish industrial estates at Hosanagar, Shikaripur, Honnali, Channagiri and Thirthahalli. Besides this Karanataka Industrial Areas Development Board (KIADB) has developed the industrial areas at Machenahalli on Banagalore Honnavar state highway. Of the 360 acres of land available in the industrial area, 200 plots are developed of which 160 plots are allotted and remaining 40 plots are yet to be allotted. Among the allotted, 39 units are working and 5 are sick. The KIADB has acquired an area of 381.59 acres of land for developing another industrial area at Kallur-Mandli near Shimoga. Recognising the importance of the district in the auto-components industry the Karanataka Government has acquired a total area of 19.35 acres in Shimoga on Sagar road for the proposed auto complex. In this complex 278 plots of different sizes have been developed and are ready for allotment.
Power

Electric power is a major input for the progress of industrial agricultural and general improvement in the standard of living of the people. There is power shortage in Karnataka State in general and Shimoga district is not an exception to this. All types of industrial consumers are facing the problem of insufficient power and low voltage. Tiny and small scale units are the worst hit because of inadequate and erratic supply of power.

There are 3 hydro-electric power projects in the district and 632 hamlets have been electrified as on 31st March 1997. All the 3 projects are connected to state electricity grid for distribution of the power generated. The power requirements in the district are met through the receiving stations/ sub-stations set up at different places in the district.

Transportation

A good transportation net work is essential for speedy economic development and a well laid railway network facilitates speedy transportation of men and material. There is only one railway line passing through the district viz., Banagalore - Talaguppa line. The railway line between Bangalore and Shimoga has been converted into board gauge. Conversion of Shimoga to Talguppa railway line into broad gauge is a long standing demand of the people in the district. The continuation of this line upto Honnavar or Bhatkal will link it into Konkan railway. This will provide direct access to Mumbai for marketing the products manufactured by entrepreneurs of the district. There is also need for direct rail connection between Shimoga and Harihar to pave way for quick development of trade and industries.
The district has road connections connecting all the towns. Out of the total road length of 8,442 kms, only 2,420 kms constituting 29% of the total road length are surfaced roads.

Transportation by road is the major mode of conveyance in the district. Out of the total number of vehicles as on 31-3-1997 (95,139 vehicles), 6,919 vehicles come under transportation entrepreneurs category.

Others

There are 474 post offices, 112 telephone exchanges, 29,621 telephone connections, 12 hospitals, 52 dispensaries and 57 primary health centres.

B. Social Infrastructure

Lending Institutions

Finance is the other basic requirement besides men and material. It is indispensable for any entrepreneurial activity. A good network of lending institutions help in mobilising saving and utilising savings in an effective manner. The Shimoga district is well served by lending institutions, comprising Commercial Banks, Co-operative Banks, Regional Rural Banks and financial institutions.

There are 153 Commercial Banks, 27 Regional Rural Banks, a branch office of NABARD, one Grade 'A' Branch office of KSFC at Shimoga and a field office at Sagar. Commercial banks include nationalised Commercial banks, State Bank of India and its subsidiaries and limited banks. Canara Bank is the LEAD BANK of the district with 39 branches.
Besides this, a large number of private financial institutions are also assisting the entrepreneurs in the district.

**Technical Skills and Training Facilities**

Availability of sufficient skilled labour is an added advantage and it facilitates speedy development of industries in any area. The traditional craftsmen like potters, carpenters, blacksmiths, weavers, rope makers and artisans constitute the major share of skilled labourers at the grassroots level in the district. There are about 7,400 artisans in the district. Pottery makers are concentrated in Honnali, Channagiri, Shimoga and Bhadravati taluks. Handloom weavers, sandal wood carvers popularly called "GUDIKARS" are concentrated in Sagar and Sorab taluks.

The skilled labour force is required for production of sophisticated and qualitative products. Hence, the need for technical training institutions cannot be overemphasized.

The following training institutions provide training facility to artisans in the district.

1. Model Carpentry and Smithy Centre, Shimoga.
2. Artisans Training Institute, Sagar.
3. Agriculture Machinery, Sagar.
4. Industrial Training Institute for Women, Shimoga,
5. Industrial Training Institute, Bhadravati and
There are one Engineering and 8 Polytechnic colleges in the district. These institutions impart training in the various fields such as mechanical engineering, electrical engineering, metallurgy, sugar technology, civil engineering, paper technology, computer science, architecture, costume design and dress making, commercial practice, telecommunication etc.

Besides these, there were 2,411 primary schools, 302 high schools, 89 pre-university colleges, 38 degree colleges, one dental college and 2 Indian systems of medical colleges during the year 1996-97.

District Industries Centre (DIC) is the nodal point for the industrial development of the district. Imparting training, monitoring credit facilities, providing raw-materials, marketing arrangement of products of small scale industries, conducting EDPs/EAPs etc., are some of the important activities of DIC. Besides this the scheme like PMRY, TRYSEM and VISWA are also being administered by DIC.
REFERENCES


2. Karnataka State Profile, 1997-98, SISI, Bangalore.


5. *Varshika Pragathi Varadi* (Annual Progress Report) From 1-4-1997 to 31-3-1998,
   Zilla Kaigarika Kendra, Shimoga and Zilla Panchayat, Kaigarika Vibhaga,
   Shimoga.