Chapter I

INTRODUCTION
CHAPTER - I

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"Transport the de facto barometer of economic, social and commercial progress, has transformed the entire world into one organised unit. The transport industries which undertake nothing more than the mere movement of persons and things from one place to another, have constituted one of the most important activities of men in every stage of advanced civilisation."¹

"Infact, the whole structure of industry and commerce rests on the well-laid foundation of transport."² Therefore, effective transport is indispensable for the economic progress of the world. It is a mirror which reflects the progress of a nation, and a link between industry, trade and agriculture. "The modern civilisation, which rests upon the large-scale factory production, specialisation and division of labour, international exchange of goods and services and, in which the life is fully interdependent, stands on a single stone of transport."³

According to Prof. Seligman "that country is most prosperous which aims at a three-fold improvement programme, in transportation of men, material, transmission of power and communication of ideas, efficient

² Fenclon K. G.,:"The Economics of Road Transport", (1925) p.10.
administration, military defence, famine relief, growth of agriculture, industries and trade, effective movement of food and other necessaries of life and equalisation of their prices, even distribution of population and the growth of towns and ports—all depend upon the efficiency and sufficiency of transport system.  

- Transport is key to economic progress of a country. There is closer inter-dependence between transportation and economic activity of a country, because, transport influences production, distribution, exchange and consumption. The impact of transport on production, distribution, exchange, consumption, urbanisation and utility is depicted in the following pages:

**Transport and Production:**

Production is the creation of utilities by transforming raw materials into useful commodities meant to satisfy human wants. Purpose of production would be defeated, if no steps are taken to deliver the goods manufactured, to those who need them. Transportation makes goods useful to the people by adding time and place utilities. It facilitates large-scale production by transporting raw-materials, spare parts, workforce in bulk quantities to the factory, and the finished goods to consuming centres far and wide. "Specialisation of production has become possible

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because of efficiency of transport. Specialisation leads to division of production into processes and sub-processes.\textsuperscript{5}

Development of industries and transport go hand in hand together. They are the cause and effect of development for each other. Transport plays crucial role in the location of a factory. Transportation facilitates regional development and the decentralisation of economic activities.

In Economics, transportation is considered as a part of production, because it creates place utility and helps in reducing the cost of production. It encourages large-scale production and facilitates specialisation in production. In India, heavy and large-scale industries like iron and steel, cotton textiles, jute, paper could be developed because of the availability of cheap means of transport. Medium and large sized industries procure raw materials from distant places, and their finished products enjoy national and international markets. These industries, therefore, depend upon efficient transport system. "For small industries, motor transport is generally sufficient, but for medium and large industries, railway transport is essential."\textsuperscript{6}

"Transport also helps in the production of perishable commodities by carrying them to the consumers in distant markets. Industries like fishing, meatpacking, poultry, dairy and fruit processing have flourished

on their present scale in many countries like Japan, Finland, Denmark, New Zealand and California, because quick and reliable means of transport are available to them."7

Transportation facilitates specialisation of production. Greater the efficiency of transport; greater is the possibility of specialisation. Location of industries is influenced by transport as one of the major factors.

Alfred Weber, a German Economist, highlighted the importance of transport factor in the location of industries in his theory popularly known as "Weber's theory of location". According to Weber, "industrial location whether, medium or large scale is influenced by certain factors, which are classified into two groups; (1) The primary factors, also called regional factors, that affect the distribution of industrial units over different regions; and (2) Secondary factors, also called agglomerative and degglomerative factors that are responsible for redistribution of industry. Weber enumerates the elements of cost as (a) the cost of ground, (b) the cost of building, machines and other fixed costs; (c) the cost of securing materials, power and fuel; (d) the cost of labour; (e) the cost of transportation; (f) the interest rates and (g) the rate of depreciation of fixed capital."8 Weber identifies two main factors which influence the regional distribution of industries viz. a) transportation cost and b) the labour cost.

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7 Flair and Williams.,: "Economics of Transportation", (1950), p.5.
According to him every industry or industrial unit has a locational figure of least transportation cost with regard to the source of raw materials and other centres of consumption. Thus, the cost of transportation of raw materials to the factory, and the finished goods to the centres of consumption plays significant role in determining the location of industries. The key factors that determine transportation costs are; (1) The weight to be transported and (2) the distance to be covered. "Weber lists some more factors which influence the transportation costs and they include; (a) the type of transportation system and extent of it's use, (b) the nature of the region and kinds of roads, (c) the nature of the goods themselves, i.e. the qualities which besides, weight, determine, the facility of transportation."9

Transport and Exchange:

By performing the major function of marketing, transport plays a dominant role in the exchange of wealth. Since different industries grow up in different part of the world, goods produced in one region have to be exchanged with the goods produced in other regions, and the transportation facilitates the exchange of goods. Large scale transport is pre requisite to international division of labour, by which some countries have become pre-dominantly agricultural, while, others remain mainly industrial. "The world market economy is not merely a territorial expansion of commodity exchange relations, but a whole transformation

9 Ibid, P-42
brought about in those exchange relations by the modern means of transport.™

"The most obvious effect of improved transportation is to make available to a community the goods which must, of necessity, be produced elsewhere. A community without cheap transportation must be largely self-sufficing—climatic conditions and available natural resources limit the goods which may be produced; and only those products from other lands can be brought in, which will stand high transportation costs. Cheap transportation permits other goods to be brought in, so that the products of other lands and climate may become a common place as the articles produced at home."™

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Transport and distribution:

Transport influences the pattern of distribution of factors of production such as land, labour, capital, organisation and enterprise. Reward for the factors of production is also dependent upon the transport. Capital and labour find wider markets for employment, as there is increase in their mobility to search for better employment. Land values also increase, because, transportation opens up new challenges to the under developed areas, by linking them with developed areas. Rent of urban sites and buildings depends mainly on locational advantages which are mostly determined by the transportation system serving the area.

The international flow of labour and capital is also due to improved means of transportation. The transportation tends to increase the rate of interest by opening up ample avenues for capital investment. Transportation by increasing the mobility of labour also increases the wage rates.

Transport and Urbanisation:

"Transport, by breaking down the barriers of distance, which formerly separated one region from another, has multiplied the social and cultural links, which are the characteristics of modern life. Not only the goods and commodities, but also ideas and fashions are conveyed from one place to another."12 Transport stimulates a higher standard of living in all the countries by ensuring a regular flow of cheap and better quality products. The development of big cities and concentration of economic,

cultural and social activities in them, is essentially a modern phenomena brought about by transport. Transport has made whole-world one unit.

**Transport and utility:**

Transportation enhances transformation, place and time utilities of the commodities. Production involves the creation of utilities i.e. transformation of raw-materials by labour, capital and organisation into goods which are capable of satisfying human wants. Transport substantially help in the process of transformation. Transport increases the place utility by carrying the goods from the place of abundance to the place of scarcity. It also helps in adding time utility to the goods, by transporting them when they are required.

**Transport and Consumption:**

Transport exercises it's profound influence on the needs and desires of the human beings. It has helped in bringing about localisation of industries and extension of markets. The efficiency of transport system ensures the steady flow of cheap commodities to the market. The steady and un-interrupted flow of cheap commodities ensures the general price stability in the markets. Different areas have different territorial advantages of production and, therefore, quality and the selling price of the products differ. Modern transport by rendering inexpensive, prompt and safe-services has made markets for goods and commodities world-wide. Market for perishable products like milk, fish, fruits and meat, that used to be local, has been widened through efficient transport system.
**Railways as an Important Component of Transport Structure:**

Railways occupy the most significant place in the transportation system of any country in the world. They are the sinews of a nation. Though railways started after the advent of industrial revolution in Europe, yet they occupy a premier place amongst all the means of transportation.

Railway, to-day, carry millions of passenger and goods traffic from one place to another, in a country everyday, by providing round the clock services. Railways represent life-line of a nation. They are extremely important in vast countries like China, USSR, India, USA and Canada.

Rail-transport plays a crucial role in shaping the economic destiny of a nation. Economic development of any country is measured in terms of course and volume of economic activity taking place in the country.

"Railway immensely facilitate large scale production by increasing the mobility of raw-materials, workers, heavy and bulky machinery and also perishable commodities by cheap and speed, transportation."

Inspite of increasing popularity of the road and water transportation, railway transportation has still maintained unique position. It has specific spheres in which it can provide efficient and economical services. The need for rail-transport is felt in view of it’s following distinct features:

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1. **Railway constitute suitable means of transport for heavy and bulky commodities:** Railway transportation is ideal for carrying heavy and bulky materials like machinery, engineering goods, raw materials, food-grains, minerals, petroleum, oil, salt etc, for longer distance at relatively lesser cost. Except water transport, no other means of transport is as cheap as that of rail-transport. But the water transport has geographical limitations. Therefore, railways contribute substantially to the development of trade, commerce and industries.

2. **Railways facilitate long distance travel:** Railways are ideal for long distance travels and transportation. They provide day and night unbroken services and make the journey pleasant and comfortable. Moreover longer the distance, lesser is the freight charge. Therefore, railways play an important role in the development of tourism. Growth of tourism is influenced by the ease and speed of travel. Road transportation proves unsuitable for the transportation of goods and passengers for longer distance.

3. **Railways serve as all weather transport:** Railways provide round the clock service, throughout the year. Railway transport is not affected by the inclement weather, storms, rains etc, whereas, air and sea transports are affected by such weather changes.

   Railways have, in fact, revolutionised the agricultural and industrial progress and thereby stimulated foreign trade. Development in the
agricultural and industrial sector determines the extent of economic
development of a country. Railways exert profound influence over
agricultural, industrial, social and commercial development.

A) **Effect on agricultural development:** Development of agricultural
sector depends upon the regular supply of manures, fertilizers,
pesticides, varieties of seeds agricultural implements and rapid
movement of agricultural produce to the distant markets. Agriculture
not only provides food grains, but also essential raw materials, like
cotton, jute, oil seeds in large quantities to sustain the processes of
industrialisation. Railways facilitate transportation of fertilisers, seeds,
manures and pesticides from industrial centres to the rural areas,
where agricultural operations are carried out, and also agricultural
produce from rural areas to urban areas, where organised markets are
located. Food processing industries largely depend upon rail
transportation, because perishable commodities need to be transported
quickly without damage, over a longer distance. Food grains being
heavy and bulky in nature, and an essential commodity of mass
consumption, cannot bear high cost of transportation particularly, if
carried over to long distance. Railways facilitate cheap, easy and quick
transportation of essential food grains from far off places.

B) **Effect on Industrial Development:** Industrial development is key to
the economic growth of any country, though the importance of
agriculture cannot be undermined.
“Industrialisation is held out to be crucial to the development strategy, because it will radiate stimuli throughout the economy and lift it out of stagnation and therefore: present high level of development in advanced countries is the result of changes set-in motion by the industrial revolution”.14

Therefore, the term industrialisation is often used synonymously with the economic development of a nation. The term “industry” is broader term that includes not only manufacturing activities, but also provision of services, but in common parlance, industry is taken to mean only manufacturing of goods by using raw materials.

According to Hutchinson Encyclopaedia (8th Ed.) the term industry means “the extraction and conversion of raw materials, the manufacture of goods and the provision of services”.

In the words of P. Sargant Florence in his “Economics and Sociology of industry” Industry, refers as in common usage, to manufacturing sector and excludes agriculture and mining and most services, but may include building and public utilities”.15

Similarly, according to Pei-Kang-Chang “the process of industrialisation involves apart from the building of a new industry, those

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basic changes that accompany the modernisation of an enterprise the opening of a new material and the exploitation of a new territory.\(^{16}\)

Railways provide pace to industrialisation. They score over other means of transport in carrying industrial raw materials and finished goods on account of their large carrying capacity, cheaper rates and wide spread network.

Whereas, agriculture is the major source of livelihood, the industrialisation paves a way for economic development of a nation. Therefore, the process of industrialisation follows the development in agricultural sector. The growth relationship between agriculture and industry is that "10% increase in the agricultural output would result in 5% increase in the industrial output."\(^{17}\) Industrialisation is a means of increasing the per capita income. There is hardly any country in the world that has attained the per capita income level of industrially advanced countries, probably except petrol producing countries.

Infrastructural developments are pre-requisite to the industrial development. Industrialisation depends upon the availability of adequate quantities of raw materials, land, power and fuel, transport and communication and manpower. Infrastructure has two fold relationship with economic growth. Infrastructure promotes economic growth and economic growth in turn, gradually influences the development of


infrastructure. The growth rate is closely associated with the investment in infrastructure. "Studies have shown that 1% growth in infrastructure results in 1% growth in GDP."\textsuperscript{18}

Railways constitutes one of the important transport infrastructures that facilitate the process of industrialisation. The rapid industrialisation in the world took place only after the development of rail-road transport.

"Rail transport is the only means of transport that carry heavy and bulky load for a longer distance at lowest possible cost, because railways operate under the law of increasing return or decreasing cost. Until the optimum traffic is reached cost per unit will tend to fall."\textsuperscript{19}

Growth of medium scale and large-scale industries is attributed to the development of railway facilities because the road transport proves uneconomical and unsuitable in view of low carrying capacity and delay in transportation.

C) \textbf{Influence on commercial development:} Poor transport and communication hinder the development of trade industry and commerce. Railways facilitate cheap and quick transportation of commodities from one place to another, and thereby help in stabilising the prices of various commodities maintaining balance between demand for goods and supply of the goods. During the pre-railway

period, Indian Trade suffered heavily due to lack of adequate transport facility. Railways in India revolutionised the internal as well as external trade of the country.

**Social Effects of Railways:**

Railways have profound influences on the social structure of the country. Railways, by breaking down the barriers of distance have increased the mobility of labour and brought about radical changes in the social life of the people. Railways play a vital role in linking the rural areas with fast developing urban areas. They are instrumental in raising the standard of living of the people, by ensuring regular flow of cheap commodity to the different parts of the country. Railways have unified the country. During emergencies like, earthquake, famines, and other natural calamities, railways help in shifting the people and their belonging from the affected areas. "Railways, by breaking down the barriers of distance, have multiplied the social and cultural links. All the regions have been brought in closer contact with each other."\(^{20}\)

**Significance of the Study:**

Despite being endowed with rich minerals, forest and marine resources backed by adequate infrastructural facilities, Uttar Kannada district is deemed to be industrially backward district. Uttar Kannada is one of districts of Karnataka state that has all weather roads, natural harbour and the railway passing along the coastal line. Ideal geographical

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location of the district, in fact, provides good potential for the development of trade and industry. When the road and water transport was already in existence, people of this area felt the need for railway line connecting coastal line with Mumbai, Goa and Mangalore and optimistically looked forward to the industrial development. Long cherished dream of the coastal people materialised with the introduction of Konkan railways.

One of the basic requirements for accelerating the pace of industrial development in any region is the provision of good infrastructure. Transportation is key to industrial progress. Railways constitute one of the important means of transportation, for transporting heavy and bulky goods for a long distance at lowest possible cost.

Therefore, industries tend to locate at the places, where railway facilities are being made available. Even where, industries are set up near the source of raw materials, efforts are being made to lay the railway line subsequently, for transporting finished goods and other required materials. Thus, railways exert profound influence over the location of medium scale and large-scale industries in particular.

The present study, investigates into the causes for slow industrial growth and attempts to assess the impact of Konkan railways over industrial development of the district. The impact is assessed in terms of number of industrial units set up after the introduction of Konkan railways.
and employment opportunities being generated. Besides manufacturing industries, the study also focuses on the development of tourism in the district as a result of Konkan railway project. Uttar Kannada district has outstanding tourist spots and, hence, it would not be an exaggeration, if the district is called a "Tourists Paradise". Rabindranath Tagore, described Karwar as "Kashmir of Karnataka State". The coastal region lying between the Western Ghats edge and Arabian Sea presents a seemingly endless mosaic of groves and curved snow, white beaches interspersed with lagoon and backwaters against a backdrop of majestic mountains clad in glorious green, endowed with a beautiful variety of fauna and flora and spectacular natural waterfalls attract people from different parts of the world.

The district has rich cultural heritage, historical monuments, wildlife sanctuaries, picturesque waterfalls and beautiful temples. Thus, Uttar Kannada district has immense potential for the tourism and Konkan railway can act as a catalyst for the growth of tourism industry, attracting both domestic as well as foreign tourists. Hitherto, neglected coastal region as tourist centre becomes opened up to the whole world with the introduction of Konkan railways.

The coastal region was, in fact, inaccessible to the people of different state, except those willing to suffer the discomfort and inconvenience of exhausting bus journey. Konkan railway line has narrowed the distance and brought the destinations closer. The study is intended to assess the role played by the Konkan railway in boosting the tourism industry in the
district and to bring to the light the factors that call for the attention of the concerned to promote tourism further. The study is meant to help the policy framers at the government level to initiate necessary steps to develop tourism industry of the district, keeping in view the significance of Konkan railway line.

Uttar Kannada district has rich mineral resources such as iron ore bauxite, silica and has tremendous potential for the growth of ferrous and non-ferrous metal industries.

Several surveys have been conducted and investors meets have been held to explore the possibilities of starting many major industries, keeping in mind effective, efficient and economical transport structure. Endowed with rich forest and marine resources, Uttar Kannada district also has tremendous potential for the growth of forest based and seafood industries. Further, opening up of railway line connecting Maharashtra, Goa and Karnataka State would facilitate the movement of sea products and forest products to the different parts of the country and widen the market. This would provide further impetus to the growth of food processing, marine and wood based industries in the district.

The study attempts to locate the factors that hinder the industrial development process in the district and to devise suitable measures to speed up industrialisation process.
The rail link between Roha and Mangalore provides shortest route connecting northern and western parts of India with southwest coastal destinations. This would facilitate movement of food grains, manufactured goods like cement, steel, fabrics, fertilizers from Gujarat, Haryana, Punjab, Rajasthan to the states of Goa, Karnataka and Kerala. Similarly timber products, paper and paper products and minerals from these areas to the northern part. Provision of rail link to Karwar and Belekeri port would gear up the exports and imports trade.

An attempt has been made to evolve suitable measures to magnify the favourable impact of Konkan railways over the promotion of tourism in the district apart from the manufacturing industries, by identifying the areas which require special attention of the state government and Konkan Railway Corporation.

Uttar Kannada district consists of a large number of villages, and, therefore, penetration of small-scale industries into rural and semi-urban areas would help in tapping latent resources and growing entrepreneurial skills.

By highlighting potentials for industrial development, the study attempts to motivate the entrepreneurs of the district in taking up the economic exploitation of mineral, marine and forest resources of the district. The study focuses on the optimum use of infrastructural facilities for the development of the industries.
STATEMENT OF PROBLEM

"According to World Development Indicator 2004, India has become the fourth largest economy in terms of purchasing power parity, after USA, China and Japan. India recorded one of the highest growth rates in the world during 2003-2004. Domestic development in the field of agriculture, manufacturing and service industries contributed to the rise in the real GDP growth at 8.2 percent during 2003-2004 which is said to be highest in 15 years."²¹

Karnataka State has been the pioneer in the industrial front of the economy of the country. "The share of Karnataka in the net value added in India works out to 20.22 percent and, the state occupies the sixth position in the country. About 14 percent of the states income is received from the industrial sector during 2003-2004. Manufacturing industry accounts for 62% of the secondary sector, Karnataka has always been on the list of highly developed industrial states."²² The state has been in the forefront of high technology industries electronics, telecommunications and information science.

Though Karnataka State has built-up sound industrial base over a period of time and achieved pre-eminent position on the industrial map of the country, there has been noticeable regional disparity in the industrial development. Uttar Kannada district has been identified as one of the industrially backward districts of Karnataka State as per the study

conducted under the guidance and chairmanship of Late Dr. D.M. Nanjundappa.

### Table 1.1

#### District-wise disparity in Industrial Development in Karnataka (2000-01)

<table>
<thead>
<tr>
<th>District</th>
<th>SSI Industries</th>
<th>Medium / large industries</th>
<th>KSFCC Disbursement %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Units</td>
<td>Investment</td>
<td>Employment</td>
</tr>
<tr>
<td>Bangalore (U)</td>
<td>49553</td>
<td>139455.55</td>
<td>419166</td>
</tr>
<tr>
<td>Bangalore (R)</td>
<td>11962</td>
<td>27132.25</td>
<td>65944</td>
</tr>
<tr>
<td>Chitradurga</td>
<td>11482</td>
<td>22640.87</td>
<td>54981</td>
</tr>
<tr>
<td>Kolar</td>
<td>10202</td>
<td>25911.35</td>
<td>67070</td>
</tr>
<tr>
<td>Shimoga</td>
<td>10201</td>
<td>14704.32</td>
<td>43970</td>
</tr>
<tr>
<td>Tumkur</td>
<td>15968</td>
<td>27932.95</td>
<td>86042</td>
</tr>
<tr>
<td>Chikmagalur</td>
<td>4576</td>
<td>6043.62</td>
<td>20771</td>
</tr>
<tr>
<td>Dakshin Kannada</td>
<td>17920</td>
<td>47104.86</td>
<td>109243</td>
</tr>
<tr>
<td>Hasan</td>
<td>7169</td>
<td>11442.83</td>
<td>33273</td>
</tr>
<tr>
<td>Kodagu</td>
<td>2774</td>
<td>4521.68</td>
<td>20379</td>
</tr>
<tr>
<td>Mandya</td>
<td>6304</td>
<td>9727.55</td>
<td>30162</td>
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<tr>
<td>Mysore</td>
<td>22825</td>
<td>30884.02</td>
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<tr>
<td>Belgaum</td>
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<td>Bijapur</td>
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<td>Uttara Kannada</td>
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<td>33984</td>
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<tr>
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<td>46657</td>
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<tr>
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<tr>
<td>Gulbarga</td>
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<td>46593</td>
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<tr>
<td>Raichur</td>
<td>9348</td>
<td>19182.53</td>
<td>54522</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>269225</strong></td>
<td><strong>504111.77</strong></td>
<td><strong>1591624</strong></td>
</tr>
</tbody>
</table>

* Excluding Udupi, Gadag, Haveri and Koppal districts.

**Source:** Final Report on Regional disparity 2000-01, P-335.
- Chitradurga includes Davangare,
- Mysore includes C, nagar
- Dakshina Kannada includes Udupi
- Bijapur includes Bagalkot
- Dharwad includes Gadag and Haveri
- Raichur includes Koppal

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Accordingly, the district is ranked 18th in the development of small-scale industrial units and 17th with respect to medium and large-scale industrial. As is evident from the table, out of 2,69,225 small-scale units in the state, Uttar Kannada district has only 5836 units, thus constitutes 2.17% succeeded by Chikamagalur and Kodagu districts constituting 1.67% and 1.03% respectively. With regard to the medium scale and large scale industries, the district has 12 industries out of 1084 total industries in the state, thereby constituting 1.10% succeeded by Hassan, Kodagu and Chikamagalur district amounted to 0.83%, 0.18% and 0.36% respectively.

**Investment:**

Even with regard to the share in the investment and employment, Uttar Kannada districts ranks 16th in the state. It has invested in S. S. I Sector Rs. 11,473.26 lakhs as against total investment of Rs. 50,411.77 lakhs in the state, thereby amounting to 2.27%.

**Employment:**

Small-Scale industries have absorbed 33,984 people in the employment as against state's total 15,91,624 thereby, contributing 2.13%.

Similarly, with regard to the investment and employment in medium and large-scale industrial sector, investment amounts to Rs.400.59 lakhs as against state’s total investment of Rs. 27,897.38 lakhs.
that works out to be 1.43%. Medium and large-scale units have given employment to 5614 persons as against 4,48,773 in the entire state, thereby giving a share of 1.25%. The report on regional imbalance relating to industrial development in Karnataka depicts the State of industrial growth before the segregations of the newly formed districts such as Bagalkot, Chamarajnagar, Haveri, Koppal, Udupi, Gadag and Davangere. The Uttara Kannada is elevated to 12th position after adding above seven new districts.

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>District</th>
<th>Units</th>
<th>Investments</th>
<th>Employment</th>
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<td>4.</td>
<td>Bellary</td>
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<td>56308</td>
</tr>
<tr>
<td>5.</td>
<td>Bidar</td>
<td>7269</td>
<td>12690</td>
<td>39684</td>
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<tr>
<td>6.</td>
<td>Bijapur</td>
<td>6063</td>
<td>10347</td>
<td>36327</td>
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<td>7.</td>
<td>Chikamagalur</td>
<td>5915</td>
<td>9139</td>
<td>26567</td>
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<td>8.</td>
<td>Chitradurga</td>
<td>7053</td>
<td>11561</td>
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<td>9.</td>
<td>Mangalore</td>
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<td>10.</td>
<td>Dharwad</td>
<td>12264</td>
<td>24403</td>
<td>74913</td>
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<td>11.</td>
<td>Gulbarga</td>
<td>11851</td>
<td>18856</td>
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<td>12.</td>
<td>Hassan</td>
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<td>Udupi</td>
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Source: Directorate of industries and Commerce, Bangalore
The district has 8994 small-scale industrial units providing employment to 42354 persons as against states total SSI units of 317,576 and 1813063 persons being employed in the Small Scale Sector. This works out to be 2.83% of state’s number of SSI units and 2.33% of total employment opportunities being created. The district has an investment of Rs. 17,686 Lakhs on SSI’s as against state’s total investment of Rs.6,78,400 Lakhs, thereby contributing 2.60%.

As regards the Medium and large scale industrial units, Uttar Kannada district has 12 industries as against state’s total of 1047, thereby contributes 1.14% and gives employment to 5205 persons, as against total of 396592 in the state, which is 1.31% of the state’s total. Uttar Kannada district is ranked 14th in the medium and large-scale industrial sector.
<table>
<thead>
<tr>
<th>District</th>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1047</strong></td>
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</table>

(Source: A handbook of Karnataka 2005 pp 156, Govt. of Karnataka Gazetteer Department.)
It is evident from the table I and II that the pace of industrial development has been slow. In spite of the fact that, the district is blessed with abundant valuable minerals, marine, forest and also agricultural resources, supplemented by basic infrastructural facilities, there has been slow progress in the industrial front. Several attempts were made in the past to connect the coastal region with other states through rail-network, but the projects remained in blue-print only in view of heavy cost of investment and impenetrable thick forest. It was believed that an addition of rail-transport to the existing road and sea transport, would accelerate the pace of industrial development in the district.

Introduction of Konkan railways over coastal region, symbolised the fulfilment of long cherished dream of the people of this area.

Railways constitute an important component of the transport infrastructure and an active participant in the planned economic growth. Infrastructure is the backbone of the economy and key driver of growth. Rail-transportation facilitate cheap, safe and quick movement of passengers as well as goods traffic for a longer distance. Therefore, railways as a means of transportation provide greater impetus to the growth of trade commerce and industry. Railways play a vital role in the location of industries, expansion of markets for the finished products and growth of tourism.
Uttar Kannada was one of the districts of Karnataka state which was deprived of rail facilities for long, and that was considered to be one of the lacunae in the economic development of the region. Introduction of Konkan railways, is believed to have ushered in a new era in the history of industrial, social and cultural development of the district. The present study focuses on the impact of Konkan railways over industrial development of Uttara Kannada district. How far the Konkan Railway has influenced the growth of small scale medium and large scale industries in the district. There is also a perception that, rail transport is indispensable for the growth of tourism industry of any region. Uttara Kannada district being one of the attractive tourist centres of the state, provides good potential for the growth of tourism. The study also investigates into the contribution of Konkan railways towards the development of tourism.

**Need for the study:**

Uttar Kannada district is one of the biggest coastal districts of Karnataka state blessed with rich mineral, forest and marine resources providing tremendous potential for sound industrial base. Geographical location of the district is so ideal that it has natural harbour, adjacent to the National Highway No. 17 and the Konkan railway line passing along the coastal region providing for inter-state transport linkage. Looking at the deposit of rich natural resources and availability of adequate infrastructure, the pace of industrial development in the district has been slow.
A review of literature and research work on transportation and industry reveals that, objective and meaningful studies in the field of railway transportation and industrialisation have rarely been carried out, especially at the district level. Uttara Kannada district has hardly received any attention of the researchers, academicians, to make purposeful study reflecting economic aspects of the district. Introduction of Konkan Railways symbolises triumph over centuries-old struggle and realisation of a long cherished dream of the coastal people. Konkan Railway as a novel mode of transportation is believed to exert greater influence over the socio-economic development of Uttar Kannada district. There are distinct areas of economic interest providing good scope for challenging research work. Therefore, need is felt to investigate into the causes for the slow industrial growth, and to assess the impact of Konkan railway over the industrialisation process of the district. The study is intending to help the potential entrepreneurs and the policy framers to make use of the infrastructure facilities to the optimum extent.
Objectives of the study:
The research study is conducted with a view to accomplishing the following objectives:

1. To review and assess the overall industrial development of Uttara Kannada district. Objective throws light on the genesis of the industrial development and present industrial scenario:

2. To assess the impact of Konkan Railway over the industrial development of Uttara Kannada district including tourism as a service industry.

3. To offer suggestions and recommendations for magnifying the impact of Konkan railways in the development of industrial and tourism in the district, on the basis of findings of investigation.
Hypotheses:
In order to make the investigations more meaningful and to guide the research process in the proper direction following hypothesis have been formulated:

1. Konkan Railway, as a novel mode of transportation has favourably impacted the development of industrial sector including the tourism of the district.

2. Small-scale industries generally depend more on road transportation rather than rail, because of their localised small scale operations.

3. Medium and large scale industries use rail transport as it is convenient, besides being economical.

4. Konkan Railway has resulted in the development of tourism industry in Uttar Kannada district. Rail network is indispensable for the growth and prosperity of tourism, since it provides proper linkage to different parts of the country.
Scope of the Study

For the purpose of research study, the area selected comprised the entire Uttara Kannada district consisting eleven taluks. Statistical data collected for the purpose of analysis and interpretations relate to the year ending 2003-04. Wherever detailed particulars of the data for the year 2003-04 are not available separately, efforts have been made to collect the information in aggregate upto 2005.

The study covers overall survey of existing small scale, medium scale and large-scale manufacturing industrial units, and also tourism industry of the district; which are presumed to have been influenced by Konkan railway passing through the district all along the costal line covering a distance of 128 Kms. The prominent taluks through which the railway line passes include Karwar, Ankola, Kumta, Honnavar and Bhatkal.

The study places special emphasis on taluks located in the coastal region as the Konkan railway passes through these taluks. The rich cultural heritage, historical monuments, temples of ancient time, Silvery waterfalls and sea beaches have made the district “Tourist Paradise”. The study also attempts to assess the impact of Konkan Railway over the growth of tourism industry.

Since, railway transport is widely accepted as the only means of transport that provides proper linkage to the different part of the country separated by longer physical distance at cheapest possible cost with
maximum comfort and convenience it is inferred that, railways contribute substantially to the development of tourism industry. The study covers not only the manufacturing industries but also tourism as a service industry. The industrial units proposed to be set up in future are also included in the study.

**Research methodology:**

The research study pertains to the relationship between transport and industry at the district level, and hence an attempt has been made to collect relevant information from both primary as well as secondary sources.

Uttar Kannada district is geographically divided into three main regions viz: 1) Coastal, 2) Malnad and 3) Semi-malnad. While collecting the information, more thrust is placed on the coastal region, since, the Konkan railway line passes through coastal region. All the medium-scale and large-scale industries have been personally visited and the required information has been gathered.

With regard to the small-scale and tiny industrial units, stratified sampling method has been followed since the number of units is very large. Basically, these units have been classified into different types such as electrical and electronics, automobile, food beverages, chemical, paper and printing, ferrous and non-ferrous, textile, mechanical engineering, wood and wood based, etc. For the purpose of analysis, only prominent
small-scale units having sound financial base and market coverage have been selected. Samples have been drawn particularly from amongst the industrial units registered with District Industry Centre (DIC), (except wood and mechanical engineering units, which include unregistered units also) falling in the categories of food and beverages, wood and wood based, mechanical engineering, glass and ceramic, chemical and rubber and plastic. Attempt has been made to take out more than 10% samples from each category of selected industrial units except food and beverages and glass and ceramic because of the temporary closure of most of these units.

All relevant published as well as unpublished data and departmental reports, journals and magazines have been referred to; since, the research study is based largely only on field work, frequent personal visits were paid to the industrial estates, entrepreneurs, concerned government offices, railway administrative offices, interacted with them, in order to collect relevant information relating to the study.

Printed literature, government as well as non-government has also been used, to present clear picture of the developmental aspects of the district in relation to the industries and the rail-transport.

A detailed questionnaire containing the questions pertaining to the contributions of Konkan railways to the development of manufacturing and tourism industries of Uttar Kannada district was prepared and
circulated amongst the industrialists, railway authorities, tour operators, hoteliers and social workers.

Sensing the reluctance on the part of the respondents to fill up the questionnaire set on their own, the researcher personally contacted them and collected pertinent information.

Therefore, the facts and figures, presented in the work can be taken as an index of the conditions prevailing in the district upto 31.03.2004.

Similarly, resorts and hotels recognised by State tourism department have been personally visited to collect necessary information. However, related work carried out by different research scholar in relation to different district/state have also been referred to; to understand the approach to the study.

Enquires were also made at different railway stations, with the tourists coming from different parts of the countries to the places like Murdershwar, Gokaran, Kumta about the utility of this novel route, and their opinions were gathered. Both domestic as well as foreign tourists were contacted for collecting the information.

**Research Design:**

The entire research work has been divided into seven chapters, the scheme of chapters is as follows:
i) Chapter I: Gives introduction to the research topic, with the conceptual frame-work of the study, significance of the study, statement of problem to be investigated, need for the study, objectives, hypotheses, scope of the study, research methodology, research design, and the limitations of the study.

ii) Chapter II: pertains to the survey of the available literature relating to the field of study to gain the background knowledge of the research topic.

iii) Chapter III: presents a brief profile of Uttar Kannada district; it's location, physical features, agricultural production, natural resources, infrastructural facilities and the key projects of the district.

iv) Chapter IV: depicts the industrial development of the district, it's historical background, present state of small-scale, medium-scale, and large-scale industries, various tourist spots, different types of industries proposed to be set-up, factors impeding the industrial growth in the district and potential for industrial growth.

v) Chapter V: gives an insight into the development of rail-transport in Uttar Kannada district, it's historical background, emergence of rail transport in different countries in the world including India and also Karnataka state in particular, origin of Konkan railway project, formation of Konkan Railway Corporation.
vi) **Chapter VI**: deals with the assessment of the impact of Konkan railways over the industrial development of Uttar Kannada district including tourism industry.

vii) **Chapter VII**: gives out the findings of the investigative study and attempts to offer the suggestions for overcoming the deficiencies identified in the study. The chapter ends with the final conclusion of the research work carried out.

**Limitations of the study:**

Despite, honest and sincere efforts being made to collect relevant data for the purpose of analysis and interpretations, reluctance on the part of the respondents to furnish information relating to the financial, marketing, technical and profitability aspects of the units happened to be a limiting factor. However, crosschecking was also done wherever possible to test the validity of the information supplied. Information relating to the number of tourists alighting or boarding the railways at each station was not available, coaching earnings, and parcel and luggage earnings of each stations have been taken as basis for the purpose of analysis. Moreover, there is also a limitation of carrying out research study of such a magnitude, single-handed without the assistance of any administrative government machinery, along with routine class teaching. Nevertheless, efforts have been made to overcome the inadequacies and deficiencies in compiling the information to make the research work more realistic. In addition to this, the researcher encountered following difficulties while collecting necessary data from the known sources:
1. The hoteliers and tour operators declined to give the required information about the inflow of tourists, for the fear that, such a disclosure may result in legal complications.

2. Since, most of the medium scale units remained closed, exhaustive information could not be obtained.