CHAPTER -3
THE SETTING
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HISTORICAL ORIGIN OF THE CITY:

The Gazetteer of Bombay presidency (1882) has provided the historical information of the commercial and industrial development of the city which is considered the study area. The study area covers Dharwad and Hubli city.

The historical antiquity of Dharwad city, and the commercial development of the area may be traced back to 12th century A.D. from the epigraph found at the old Durga Devi Temple and the fort area of Dharwad. The proof gathered through the epigraphic records (Gazetteer of the Bombay presidency, 1884 Vol – XXII, Dharwar), reveal that during the 12th Century, parts of Dharwad district was under the rule of Banavasi of North Canara District. For a very long period it was ruled by various kannada dynasties like the Kadambas (Sixth Century A.D.), Chalukyas until 760 A.D., the Rastrakutas until 973 to 1165 A.D., Kalchuri from 1165 to 1184 A.D., The Hoysalas from 1192 to 1203 A.D., the Hoysalas from 1192 to 1203 A.D., the Deogeri Yadav Emperors from 1210 to 1295 A. D., and Dharwad became a part of Vijayanagar Empire around the 14th century.

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The local residents of Dharwad have a belief that, the fort of Dharwad was built in the year 1403 A.D., by “Dharrav” an officer of the Vijayanagar Empire and the king was ‘Ram Raya’ the last ruler of Vijayanagar. So the city was named after the builder’s name (Gazetteer of Bombay state - Dharwad district 1959:78).

However, contrary to the above local belief, P.B.Desai in his Historical Review of Kannada (1957 : 6), opines that the name ‘Dharwad’ was very frequently used even before the name ‘Dharrarv’. He views, that the name of ‘Dharwada’ was derived from the two Sanskrit words, ‘Dhara’ or “Dwar” denoting door and ‘Wada’ or “waata” denoting locality. He opines that, Dharwada means ‘Gateway town’ as tax was collected in here for trade passing from one region to another. The trade eventually passed through the port cities of Karwar, Kumata and Bhatkal which passed through Dharwar towards the capital city of vijayanagar empire. Hence the town became an important place for collecting taxes on goods passing through this territory.

This town came under the sway of the Bijapur King, Ali Adil Shah (1557 – 1579) and for short period it was ruled over by Chatrapati Shivaji until 1685. Further, it came under the control of the Mugal rulers who ruled over Dharwad between 1685- 1753 A.D. Afterwards, it was rules by Peshwa Balaji Rao, the Mysore Kings, Hyder Ali and his son Tippu Sultan between 1753 & 1817. Then onwards there was a continuous struggle
between the Peshwas and the Mysore kings. This enabled the British to manage and take possession of Dharwad on 13th June 1817, according to “The treaty of Poona”. It was finally included in the British Presidency of Bombay. It became the British Collector’s Headquarters and District Headquarters of Dharwad District. This administrative position is still maintained even today.

The history of present Hubli can be traced back to the 11th century A.D. The old parts of the city was established by the Vijayanagar kings. The wealth of the city attracted invaders from the south, who attacked the city several times. They often left the city in critical ruins. At the end of 17th century A.D. the city was controlled by a Muslim family called ‘Tarins’. But the loyalty of this family went on fluctuating according to the circumstances. In 1818 A.D. the city was handed to General Munro by Phadke, a commandant of the Peshwas. With British rule, city begun to be peaceful and grew into a commercial centre. Similarly city went on existing as a centre of trade, commerce and industry. Afterwards in 1878 A.D. the Poona, Bangalore Railway line was constructed which passes through Hubli. In 1900 this line also was linked to Sholapur. During the same time period, the Marmgoa Bellary railway line was connected to Hubli. During the British period Railway and Locomotive shed was established in the city and it became an important centre of trade, commerce and industry.
Dhekney (1959:1-2) opines that during the colonial era, Hubli became famous for its weaving. Weaving appeared to be the largest industry providing employment to 1,425 families in the town in the year 1884. At the end of the 19th century, many of the Maratha spinning and weaving mills, cotton ginning and pressing factories came into existence. However there is a lack in various supporting factors such as the supply of capital, resources, entrepreneurial ability and technical skills. Even then, the industrial progress in Hubli underwent rapid progress. The British traders appointed their agents at Hubli to collect the cloth manufactured in Hubli and the surrounding village and this was exported to England. In the year 1673, The Surat Factory recorded and mentioned Hubli as “The Mart of our Karwar Factory”. The developments converted Hubli into a business centre and as an important junction in North Karnataka.

AREA OF THE PRESENT RESEARCH:

The twin city of Hubli – Dharwad is the area of the present research. According to the 1991 census it is the third largest city in Karnataka. It is an important cultural and educational centre of North Karnataka.

Hubli – Dharwad are twin cities in North Karnataka with a common Municipal Corporation for the civic administration. The two cities are on the National Highway No.4, situated within a distance of 16 km. The twin cities of Hubli – Dharwad lie on 15° 20’ N longitude, East 75° 130’ (The
Hubli city is situated at an altitude of about 2,200 feet above mean sea level and Dharwad is situated at an altitude of about 2,550 feet mean sea level.

Hubli – Dharwad cities are connected to some major cities like Pune-Bombay, Kolhapur and Solapur in Maharashtra states and even cities like Hyderabad, Secondarabed and the other district places of Andra Pradesh. It is also connected to Panaji the city of Goa by networks of roads and railway lines. Besides, it is also connected to port cities like Mangalore, Marmagao, Karwar and few other smaller ports of North Kanara and South Kanara districts of Karnataka State. The capital city of Karnataka State, Bangalore is 445 km to the South of Hubli – Dharwad city, and is connected with the National Highway No.4 and the South Central Railway line. Hubli city has a small Air port. It was used to link Bombay in the north and Bangalore in the south. However due to several reasons the Air port is no longer used for commercial flights.
Population :

Hubli- Dharwad is the second largest city in Karnataka after Bangalore in terms of population. The total population of Hubli – Dharwad was 6,48,298 of whom 3,36,230 were males and 3,12,068 were females as per 1991 census.

Climate :

The twin cities have a maximum temperature in the month of April and May in Hubli part of the City is 86° F and minimum temperature occurs in the month of December when the average temperature is 67.9° F. The rainy season spreads over a period of 5 months from June to October with occasional heavy showers in May or November. The city receives highest rainfall in the month of July. The average annual rainfall in Hubli city is 26” or 66mm. The maximum variation in humidity prevails during the month of March and April and the variation lies between 79.2% to 29.7% and 78.6% to 28% is respectively between morning and evening.

Dharwad city has a pleasant climate, moderately cool and health all round the year. The maximum temperature will is in the month of April, when it reaches 96.7° F and average rainfall is 32.5”. The maximum humidity is during the months of July, August and September. Further the minimum temperature can be found during the months of December and March. The maximum humidity is 96% and the minimum is around 61%.
Educational facilities:

These twin cities of Hubli – Dharwad is well known for its educational facilities for the northern part of Karnataka. Karnataka University at Dharwad is the second oldest next to Mysore University in Karnataka State with more than 250 affiliated and constituent colleges. Another university i.e., University of Agricultural sciences, is the oldest University for agricultural sciences in Karnataka State. The twin cities of Hubli and Dharwad have 2 Engineering colleges, one Dental college, 4 Law colleges, 3 colleges of education, 2 colleges of commerce, 6 colleges of arts, commerce and science and 3 colleges of Homeopathy, 1 college of Ayurvedic Medicine, 2 Polytechnics and few ITIS. Karnataka University has Post-graduate courses in Arts, Science, Engineering, Meicine, Commerce, Social Sciences, Law and Education, Management and Journalism and Mass Communication at University Campus and at some constituent and affiliated colleges at Hubli and Dharwad. All these various institutions provide skilled man power for engineering units and accountants, cast accounts, technicians, legal and management personnel for various industrial and commercial establishments for local units as well as for units outside the city area.
Transport:

The Hubli- Dharwad twin cities is well served by roads, rail and air transport. The National highway No.4 linking Pune and Bangalore cities passes through the city covering a total distance of about 25 km. The South Central Railway links cities and Commercial Centres of Maharastra and Karnataka and it passes through the city providing necessary facilities for the movement of passengers and goods to and from the various trading and industrial centres of Karnataka and Maharastra, Goa and Andara Pradesh. The entire meter guage railway line in the region was converted into a broad guage providing a stimuli to trade and industrial activities of the city and adjoining areas. The State Highways links important adjoining district and commercial centres in Karnataka in addition to provide a road link towards major parts of Mangalore, Goa and few other coastal areas on the Western Coast. Even the facility of private air lines has been provided at Hubli city airport. The city has a well- developed city bus service provided by the Karnataka State Road Transport Corporation and local trains run between the twin cities at regular intervals. Auto rikshws, tempos, taxies are the other mean of city transport for passengers and a good number of private lorry services, have been helping the industrial and commercial activities in addition to other goods carrying vehicles operated by a large number of private transport companies.
Communication:

Communication facilities of business and industry are adequately provided by telephone, telegraph, telex, fax, speed post, television and radio networks.

Water and power supply:

The fast growing industrial activities need sufficient and uninterrupted supply of electricity. It is provided with power supply from the major hydro-electric projects viz., Sharavati and Kali. Supply of water is from the nearby Malaprabha irrigation reservoir has solved the problem of water for drinking and industrial purposes. However the area faces frequent shortages of both electricity and water due to the phenomenal growth of the population in the last decade. The problem is compounded by scanty rainfall at times.

Industry:

Hubli – Dharwad cities is the nerve centres of industrial activities in the northern part of Karnataka. There are a few large scale industrial units a few medium scale industrial units spread over the entire area covered by these twin cities. The Gokul area in Hubli – Dharwad has been specially reserved for this purpose.

In the field of textiles there are a good number of power loom units manufacturing sarees and a large number of handlooms producing, traditional type of sarees and clothing materials. With the availability of
needed cotton and cotton yarn, with a hinterland of cotton growing land and traditionally skilled weavers, the handloom and power loom industry is still thriving in the twin cities with the necessary assistance from the government by way of subsidy and other assistance the small scale handloom and power loom industry is sustaining itself even in the face of highly competitive modern textiles.

In the engineering sector there are some major manufacturing units run by Kirloskar Ltd., Star Volkman, electrical textile machinery industries. In addition to this the government of Karnataka has set up a unit of its New Government Electrical Factory. South Central Railway has its own hundred year old Railway workshop at Hubli and a large servicing depot is set up by Karnataka State Road Transport Corporation.

In the wood Industry the Indian plywood has a large plywood manufacturing unit at Dharwad. There are numerous wood furniture units in the two cities of Hubli and Dharwad. A good number of saw mills are working in both the cities raw materials coming from the neighbouring North Kanara disirict.

In the fast growing dairy industries in the rural areas the, Karnataka Co-operative Milk Produces Federation Limited has its own units between Hubli – Dharwad for processing of milk and milk products.
There are a good number of agro-based industries in the twin cities. They include rice mills, cotton ginning and pressing oil extraction, cattle feed etc.,

The Food Industries include bakery units (Products) confectionery soft beverages and others.

The Chemical Units in the small scale sector include soaps and detergents, medicines, polythene etc.

Large number of small scale industries like a variety of engineering units, stones polishing, plastics, brick making, steel products, metal box, service units etc., are set up.

There are 4 industrial estates in Hubli – Dharwad in addition to one Industrial growth centre near Dharwad city on the National Highway as the Industrial belt with some necessary infrastructural facilites.

**Commerce :**

Hubli – Dharwad city is the largest trading centre for textile products in north karnataka region. It is also one of the major marketing centres for agricultural produce like cotton, groundnut, chilies, food grains. It is also a major centre for timber and brassware.
Table No 3.1 represents the census report of total workers (Main + Marginal) and their categories launched all over India, Karnataka and Dharwad.
Service:

A large number of services like garages for vehicles, hotels, petrol stations, hospitals are available in the city. Many specialised consultants in engineering, accountancy, law, banking, management, finance, travel and tourism etc are helping the commerce and industry of the city.

Banks and Finance:

The city has a wide network of banking financial and insurance institutions. Most of the nationalised banks have their branches in the two cities of Hubli and Dharwad in addition to the branches of some private schedule banks and co-operative bankers. A very large number of finance corporation and leasing companies are working in the twin cities. Life Insurance Corporation of India has its Divisional Office at Dharwad in addition to its networks of branches. There are also units of the General Insurance Companies. The Unit Trust of India and the Karnataka State Financial Corporation have their branches in Hubli.

Government of Industry:

The state and central governments have set up offices of some of their institutions for the benefits of small scale industries in the twin cities. The various central and state governments institutions have been providing assistance to small scale industrial units in technical, marketing, financial raw material supply, marketing information, etc, in addition to getting
clearance from government offices and getting other facilities like power supply, warehousing, subsidies licensing, tax consultations etc. The Karnataka Chamber of Commerce with its office at Hubli has been rendering useful services to trade and industrial units in the city.

There are also specific institutions working for the promotion of small scale industries which are been opened in twin cities of Hubli and Dharwad viz.,

1) The District Industries Centre (DIC)

2) The Karnataka State Small Industries Development Corporation (KSSIDC).

3) Karnataka State Industries Development Corporation (KSIDC).

4) Karnataka State Financial Corporation (KSFC).

5) Karnataka Small Industries Marketing Corporation (KSIMC).

6) Karnataka Leather Industries Development Corporation (LIDKAR).

7) Karnataka State Khadi and Village Industries Board.

8) Small Industries Services Institute.

However inspite of all these basic facilities this region has remained industrially backward. In order to rectify this the Government of Karnataka declared the region as industrially backward and gave many facilities and benefits to local entrepreneurs to set-up their units.
The growth of industrial area at the initial stage could be viewed in the form of sheds made for entrepreneurs which as stated earlier are at Gokul extension in Hubli. Similar facilities were also provided in Dharwad at Bellur extension areas. Today they have grown to a great extent as the industrial areas in North Karnataka. The District Industries Corporation and many other bodies have stood as the backbones for industrial growth, they have motivated entrepreneurship and have worked hard to bring Dharwad on the industrial map.

A variety of programmes are being undertaken, and multitude of institutions exists in private as well as public sectors for the cause of promoting women entrepreneurship.

1. **Mahila Udyam Nidhi Scheme from KSCFC Financial assistance to women entrepreneurs** :-

   For many years Indian women have displayed remarkable entrepreneurial skills, managing expenses and resources in a way a prudent business man would. KSFC encourages women to make full use of their abilities and stands on their own.

**Eligibility for the Scheme :**

I. New projects in tiny and small scale sectors for manufacture, processing or preservation.
II. Existing tiny and SSI units and services enterprises as mentioned above (including those which have availed of MUN assistance earlier) undertaking Expansion/Modernisation, technology upgradation and diversification.

III. Sick units in tiny and small scale section including sectors like including service enterprises as mentioned above which are considered as potentially viable.

IV. Tiny industrial activities and service activities in SSI sectors.

Tiny scheme also providing a concessional interest rates and this shall be applicable to the SC and ST entrepreneurs.

<table>
<thead>
<tr>
<th>Loan amount</th>
<th>Interest (%) P.a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs. 2,00,000/-</td>
<td>13.75</td>
</tr>
<tr>
<td>Above Rs.2,00,000/-</td>
<td>15.50</td>
</tr>
</tbody>
</table>

2. Financial Assistance to disabled Entrepreneurs from KSFC

KSFC recognises the abilities of the disabled which its scheme to finance small projects promoted by disabled people, for their economic rehabilitation and self-employment.

Eligibility :-

1. This Scheme is designed to provide financial assistance to disabled people to start village or cottage industries or tiny or small scale units.
2. The disabled, are eligible for assistance under the scheme and these are the people who are blind, deaf or orthopaedically handicapped according to the definition given in KSCFs policy.

The Scheme highlights the maximum amount of loan available is Rs, 50,000 which includes the cost of plant and machinery and working capital. Promoters are not required to contribute any amount under this scheme. Besides loan repayment and moratorium periods will be assessed depending on the cash generated by the applicant. The repayment period is normally between 5 and 8 years, with a moratorium period ranging from 1 to 2 years.

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Rate Interest(%) P.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs. 50,000</td>
<td>12.50</td>
</tr>
<tr>
<td>Above Rs. 50,000</td>
<td>14.00</td>
</tr>
</tbody>
</table>

This scheme facilitates the disabled men and women who have talents, to come forward and seeks the help of such scheme and stand as economic achieves.

3. **Loan for SC/ST Entrepreneurs**

A loan for SC and ST Entrepreneurs is designed to meet the complete financial of small units in terms of working capital and
equipment finance. The main objective is to eliminate institutions for finance for small industries.

Under this scheme, SC/ST entrepreneurs irrespective of location are eligible for loans and finance is sanctioned for acquiring shed, machinery and equipment and working capital.

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Interest (%) P.a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs. 25,000</td>
<td>11.50</td>
</tr>
<tr>
<td>Between No. 25,000 &amp; 50,000</td>
<td>13.00</td>
</tr>
</tbody>
</table>

The repayment period is normally between 6 and 8 years, with a moratorium period of one year. Loan repayment and moratorium period will be assessed depending on cash generation.

Loans sanctioned under this loan scheme are zero margin loans. Under this scheme the Bankers will be reduced accordingly.

4. **Financial Assistance for the acquisition of indigenous & imported second hand machinery**:

Realising the importance of indigenous and imported second hand machinery, KSFC, has introduced this scheme. Under this scheme, entrepreneurs can acquire reputed Indian and Imported second hand machinery.
**Eligibility:**

I. The unit seeking financial assistance should be at least 2 years old and should have made profit. It should also have a good track record of regular repayment to financial institution and commercial Banks.

II. Machinery manufactured by reputed public sector companies and private companies, which are in existence for more than 10 years will be eligible for finance.

III. The supplier should be registered with the corporation. The model of the machine should not have been discontinued by the manufacturer.

IV. In the case of imported second hand machinery, finance will be considered only if the seller had bought or imported a new machine to India.

V. Chartered Engineer certificate regarding the life, value and performance should be produced by the life of the machine should be more than 10 years (Twice the repayment period)

The period of repayment of 10 shall be upto to 6 to 8 years with moratorium up to 1 year.

<table>
<thead>
<tr>
<th>Loan amount</th>
<th>Debt Equity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above Rs. 10 lakhs</td>
<td>2:1</td>
</tr>
<tr>
<td>Upto Rs. 10 lakhs</td>
<td>3:1</td>
</tr>
</tbody>
</table>
The rate of interest for the borrowed capital shall be up to 18 percent per annum. This loan scheme has held most of entrepreneurs to establish their units and export and import their well-furnished products with the help of new technologies.

5. **Nation Equity Fund Scheme:**

This scheme provides financial assistance to Industrialists, Professionals like Doctors, charted Accountants, Architects, Engineers, Management and Finance professionals etc, for the new and existing industrial and service enterprise going for expansion, Modernisation and diversification regarded to the units. Service enterprises include Hotels, Restaurants, Boutiques, Beauty parlors, Software Development Units, Services stations etc.

**Types of Assistance:**

a) Term Loan : 65% of the project Cost
b) Soft Loan : 25% of the project Cost.

The loan amount can be sanctioned, and the promoter's contribution would be 10% of the project cost. The rate of interest varies in nature viz. For SSI the effective rate of interest shall be 11.50% and for Non-SSI effective rate of interest would be 11.68% the repayment period share extend maximum up to 8 years including monotorium period.
5. Schemes For Software Development:

The borrowers of this scheme should be Engineering male/Female graduates from a reputed College/University with specialisation in computer science. They should also have work experience in any foreign software Company or MNC or one of the top 20 software export companies as identified for a period of at least 5 years in the position of software project manager or higher. Experience should also include successful completion of a project for export in the case of EOVs. So also the units should be set up in important growth centres.

The rate of interest on the borrowed finance shall be up to 14.25%-170%, the repayment period will be upto 5 years. Loans up to 75% of cast of assets created- which include cost of land and building/ready built office space in multi storied complex/STP, Air-conditioning, partitions, Interior decoration, Cubicles, PC’s and peripherals, servers, Networking, UPS, Gensets, Vehicles, Minimal software tools etc.,

7. Composite Loans for artisan, village and Cottage industries and
   Units in the tiny Sector:

Karnataka enjoys a very rich artistic cultural tradition. Our artisans have their own image in local and international markets. It is the artisans, village and Cottage industries that keep our tradition alive.
This Composite loan is designed to meet the complete financial requirements of the artisans, village and Cottage industries, in terms of working capital and equipment finance.

<table>
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<td>Between Rs. 25,000/- &amp; Rs. 50,000</td>
<td>14.00</td>
</tr>
</tbody>
</table>

The maximum amount that can be sanctioned under the composite scheme is Rs. 50,000. Loan repayment and moratorium period will be assessed depending on cash generation. The repayment period is normally between 6 & 8 years, with a moratorium period of the year.

Loan sanctioned under this composite loan are zero margin loans. Under this scheme institutions.

With finance 100% of the requirement. If subsidy is received from any developmental agency, the loan amount will be reduced accordingly. The main objective is to eliminate the necessity to go to different institutions for finance for small, Cottage and tiny industries.

**8. Qualified professional Loan scheme:**

The qualified professionals in the fields of management accountancy, medicine, architecture and engineering etc., are provided financial assistance for setting up business enterprises/private/practice consultancy/SSI units
under this scheme. Both new and existing professional entrepreneurs are eligible for financial assistance. The ceiling on project cost is Rs. 20.00 lakhs.

Women Entrepreneurship lies at the centre of economic development, it is an integral part of the strategy of women’s economic growth. The relationship between entrepreneurship and economic development is similar to the relationship between cause and effect. It is the spirit of enterprise among people that leads to the development of a particular society. Women entrepreneurship is the leverage which activities the rate of economy the rate of economic progress.

Entrepreneurship being the sovereign of productive activity and key to economic development. It follows that a substantial part of the explantation of differences in the levels of investment between developed and developing countries and different stages in the progress of any single country, is to be found in size, energy and scope of operation of the entrepreneurial class. Good supply of entrepreneurs in any country can be an further development. In under developed countries the entrepreneurs have been in short supply. Fortunately, India is one of those countries which has accorded priority to the entrepreneurship development.

Government had formulated a Comprehensive Industrial Policy in 1996 vide government order as shown below :-
1. G.O. No C1 30 SPC 96 dated 15th March 1996
2. G.O. No C1 30 SPC 96 dated 31st May 1996
3. G.O. No C1 30 SPC 96 dated 14th May 1999
4. G.O. No C1 30 SPC 96 dated 15th May 1999

The above policy had extended a package of Incentive and concessions for new entrepreneurs. The policy had been modified from time to time vide orders read from 2 to 4 above. These policies came to an end on 31st March 2001.

Karnataka has been a pioneer in Industry. For several years now, the state has been constantly pursuing progressive policies to meet the changing needs of the entrepreneurs. The state has demonstrated its strength over a wide spectrum of sectors, units that are the outstanding examples of success in the old economy. In recent times, Karnataka has emerged as the knowledge and technology capital of the country making rapid strides in the new economy as well and women entrepreneurs have joined themselves into this rapid stride.

Karnataka is among the top five Industrialised states in the country. This achievement is promoted from the key sectors like Electronics, Telecommunication, Information, Technology, Engineering, Automobiles, Ready made garments, and Food processing are noteworthy.

The industrial policy of 1996, valid till 31st March 2001 was formulated keeping in mind the challenges of the liberalisation of the Indian
economy, globalisation of trade and the logic of privatisation of public sector enterprises. With the dawn of the New Millennium, Industry and Trade have witnessed for reaching and rapid changes in technology, innovation, new products and processes and business practices.

The “New Industrial Policy 2001” “MISSION” is to achieve an economic growth rate of 8% to 9% over the next decade by promoting the rapid growth of a market driven, knowledge based, efficient and competitive industrial sector. This will be done by providing industry access to high quality infrastructure, extending institutional support for technology upgradation, of the business environment for an efficient, proactive and transparent administrative frame work and catalysing the women entrepreneurs as well as creative capabilities of the human resources.

The proposed Industrial policy will therefore aim to achieve an average industrial growth rate of 10% to 12% per at least Rs.20,000 Crores per year and create, on an average, employment potential of at least 1.5 lakhs per year. In achieving this Mission, the focus will be on the objectives set out below:-

(a) Encourage women to seek entrepreneurship.

(b) Encourage rapid growth of sectors and markets in which Karnataka has strategic advantages.
(c) Enable industry to access new markets domestic and export through new products that meet global standards of quality and competitiveness.

(d) Gives impetus to knowledge based industries and the service sector.

(e) Create a market driven environment with the private sector being the primary engine for growth.

(f) Provide industry access to high quality infrastructure.

(g) Fully tap the potential of women entrepreneurs and encourage establishment of new tiny and SSI, particularly in the rural areas to achieve the twin objectives of employment generation and utilisation of local resources.

Above all this government undertaking a detailed study of the women entrepreneurs in the state to ascertain their present status, problems and prospects and overcome with separate policy on employment generation in the industrial sectors which among other things would also include a suitable incentive scheme linked to employment generation.

The policy is being implemented from the year 2001 and is still in process. There are certain principles that are followed under his project and they are :-
1. **Technology Upgradation**:

To catalyze the efforts Technology Upgradation Fund of Rs.50.00 Crores over a period of 5 years. This fund will focus on niche products and processes in the value chain of industries in which Karnataka has comparative, advantages and reinforce best practices in technology and business. The following specific schemes and proposals will be implemented under this scheme:

(a) Interest Subsidy of SMEs who avail loan from state financial corporation for technology upgradation and modernisation for which separate orders have been issued.

(b) Promoting Technology Business Incubators/Accelerators with the active involvement of private sectors in identified potential locations in the state. This Technology Business Incubator will aim to build on the strengths of small – decentralised Technology development groups and are expected to spawn high value SMEs.

To establish, over the next 5 years, ten more Science of Technology Entrepreneurs parts (STEPs) in potential districts of the state. Government assistance will be in the form of capital grants for creating basic infrastructure facilities to the extend of 25% of the cost each STEP subjects to a ceiling of Rs. 25.00 Lakhs.
2. **Infrastructure Support:**

The government of Karnataka recognises that a key parameter to make local industry globally competitive is to provide industry access to high quality industrial infrastructure at competitive prices. Towards this end the Government will establish an Infrastructure Development Fund with an initial corpus of Rs. 100 crores. This fund will seek to leverage the strengths technical and financial of major private infrastructure provides through a public-private partnership. The fund shall be used for infrastructure needs of sector specific and location specific industrial estates/industrial areas for the growth of this sector.

The Karnataka Industrial Areas Development Board will act as a key Government agency to develop sector over the next five years. Among others, the government through the KIADB will promote.

In order to ensure that cost of land to the entrepreneurs is not exorbitant, wherever Government land is available, the same is transferred to KIADB free of cost so that this could be used as a cushion to reduce the price of land allotment to women entrepreneurs specially.

3. **Human Resource Development:**

(a) Developing a large skill/knowledge based workforce is fundamental to a self-sustaining industrial sector. Recognising this imperative, Government will with the active participation of industry, revitalise
the network of Artisan Training Institutes, the district Training institutes and polytechnics to upgrade the quality and skill of manpower employed by SMEs. This effort will be driven by market needs dictated by private industry, the effort to retrain the existing entrepreneurs upgrade training system/methods, will receive impetus from industry. It is envisaged that the focus of this programme will allow industry to manage the training institutions such that skill upgradation is market driven on the supply side.

(b) As part of the initiative to promote a strong entrepreneurial base, the government will strengthen (CEDOK). The objective will be to utilise the creative capabilities of the local people particularly in less industrialised districts. CEDOK will be encouraged to collaborate with recognised National/ International organisations involved in Entrepreneurship Development. In partnership with the private sector, the Government of Karnataka will seek to develop CEDOK into a Centre of Excellence in Entrepreneurship Development, Business Management and Training.

4. Deregulation of Business Environment:

Introduction:- Deregulation of business environment is therefore imperative. With objective of providing an efficient, responsive and transparent administrative framework for women entrepreneurs and industry, the following is envisaged:
(a) To bring in comprehensive industries Promotion/Deregulation measure through amendment to the existing rules;

(b) Karnataka Udyog Mitra (KUM) shall be the Nodal Agency to guide and to provide assistance to the entrepreneurs as well as to obtain the required clearance/consents/approvals/registrations/license from the various departments as the implementation stage a project.

(c) Under ‘Fast Track Clearance’ entrepreneurs will be required to complete the CAF and submit it to KUM as a single window for obtaining necessary clearance from the various department concerned.

(d) The Multiplicity of Registers/Records to be maintained under various Acts/Rules will be simplified and rationalised by introducing Combined Registrar/Records. The Multiplicity of periodical returns to be filled will be simplified and rationalised by introducing Combined Returns.

(e) Inspections by various authorities of different departments shall be minimized and regulated a random annual inspection and on the basis of complaints. Providing for a scheme of self-certification by the entrepreneur confirming compliance of the extant laws and rules. Such self-certification be supported by a stringent penalty structure for default.

5. Marketing Assistance for the SSI Sector:

Government, both the state Central level, have been extending marketing assistance to small scale industries and especially to women
entrepreneur in government procurements through purchase and price preference. The state has also established the Karnataka Small Industries Marketing Corporation to provide marketing assistance to the small scale industries sector. These measures have helped the sectors to a great extent. However, with the coming into force of the Karnataka (Transparency in Public Procurement) Act, 2000, the special preference available to the sectors has been neglected. While the Act provides for exceptions to be the applicability of the Act to procurement from Government Departments, Public Sector Undertakings, Statutory Boards and such other institutions specified by the government, there is no such exceptions made in respect of Sectors.

It is also necessary that the purchase and price preference is adhered strictly by all Government Departments, Public sector Undertakings, Statutory Board and Corporations. It is therefore proposed to amend the Karnataka (Transparency in Public Procurement) Act 2000 to provide purchase-price preference to units of the state, which manufacture items reserved for SSI sector by Government of India from time to time.

Thus, in India the new industrial policy of Government of India has specially highlighted the need for special entrepreneurship programmes for women entrepreneurs in the nature of product process oriented courses to enable them to start their own units. The governmental and non-
governmental organisations have a bigger role in stimulating and nurturing the spirit of entrepreneurship amongst women.

The Government has initiated policies to develop and promote industrial self employment. The other major schemes are TRYSEM, SEEYU, Prime Minister's Rozgar Yojana (PMRY) etc. These programmes have proved to be most beneficial for our people. But they fall short of the demands. The government has also set up a number of national level institutions for this purpose. It may be noted that development oriented banks and commercial banks have also taken the initiative to sponsor entrepreneurship development programmes. The Industrial Development Bank of India and State Bank of India are perhaps the two major institutions which took a lead two decades ago to sponsor entrepreneurial training through their own or subsidiaries to propagate the programme. The erstwhile national centre – Indian Investment Centre also took initiative and a large number of programmes were conducted. The SIDO, under Ministry of Industry sponsors training throughout the country for entrepreneurs. The State Directorates of Industries along the state development/Finance Corporations have taken interest to develop women entrepreneurs. Hence, the various projects, schemes, loan facilities, training facilities have definitely built up Women Entrepreneur setting in various aspects.