

## POLICY INITIATIVES FOR EMPOWERING MSMEs IN KARNATAKA- AN OVERVIEW

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**ABSTRACT:** Karnataka is considered as one of the most desired industrial location for setting industries in the country. State has been consistently pursuing progressive outlook to meet the changing needs of the State's economy and industry. The state is also one of the countries Industrialist economy comprising large public sector industrial undertakings, large privately owned industries like steel sugar, textiles etc.. In recent times, Karnataka has emerged as the leader in IT & BT and knowledge based industrial sector, making rapid strides in IT & computer related industries and biotechnology with a strong research and development base. The State has a number of traditional cottage, Handicrafts, Micro Enterprises like Handlooms, Power looms, silk weavers, Khadi and village industries etc. Micro, Small & Medium Enterprises (MSMEs) form an important and growing segment of Karnataka's industrial sector. As per MSME Act 2006, MSMEs have been categorized broadly into those engaged in Manufacturing and providing /Rendering Services, based on their investment on plant and Machinery. MSMEs are defined as enterprises having investment in plant & Machinery up to Rs.10 crore for manufacturing enterprises, and investment on equipments up to Rs. 5 crore for Service enterprises. They represent largely the modern enterprises. MSMEs spread across both registered/organized industrial sectors.

Statistics on MSMEs are based on registration of enterprises made with the Directorate of Industries and Commerce through District Industries Centers. At current year more than, 21,021 MSME Units have been registered in the State with an investment of Rs. ,159,641 lakhs by providing employment to more than 1,28,387 persons. When compared to the same period of year 2010-11, there is 14.03% increase in No. of units registered, 32.34% increase in Investment and 15.42 increase in no. of persons employed. Under this, 19610 Micro units, 1370 Small and 41 Medium industries have been registered with an investment of Rs.43,650.46 lakhs, Rs 91,266.06 lakhs, and Rs.24,724.23 lakhs respectively by providing employment to 86,216, 34,400 and 7,771 persons respectively. With all these, the State also felt the urgency of providing stimulus measures for industries and service sector to combat the ill effects of the financial crisis prevailing globally. The State is committed to initiate certain measures to provide temporary relief to the industry and service sector to overcome the present situation. Karnataka Government with an objective of increasing GSDP, strengthening the manufacturing sector, generation of additional employment in different sectors, to promote diversified Industrial base and to reduce regional imbalances and also to increase the share of exports from Karnataka in the national export, the state has taken up initiatives like New Industrial Policy 2009-2014, State Special Economic Zone Policy 2009 and Suvarna Karnataka Textile Policy, and Karnataka Mineral Policy. With the above back ground, the present study made an effort to analyses the policy initiatives of the state to strengthen and empowering the MSMEs sector in Karnataka state. The study concluded by giving some suggestions for future prospects of MSMEs.

**KEYWORDS;** MSMEs, GSDP, Suvarna Karnataka Textile Policy, Karnataka Mineral Policy.

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### I. INTRODUCTION;

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy. MSMEs are generally more common in rural areas than larger businesses especially in developing countries like India, thus providing much-needed employment in rural areas. **In India Manufacturing MSMEs accounted for around 45% of industrial output, approximately 8% to India's GDP and 40% of all exports, Provides employment to over 59 million and produce More than 8000 products, One of the major growth driver of Indian Economy,** Model of Socio economic policies of the Government of India, Develops appropriate indigenous technology and Second largest sector after agriculture. In United States SMEs contribute nearly 79% to GDP. India is a growing service economy and thus provides an opportunity for MSMEs growth and achieves balanced growth. MSMEs can in fact become the engines that sustain growth for long-term development for India. When growth becomes stronger, MSMEs gradually assume a key role in industrial development and restructuring. They can satisfy the increasing local demand for services, which allows increasing specialization, and furthermore support larger enterprises with services and inputs.

Micro, Small & Medium Enterprises (MSMEs) form an important and growing segment of Karnataka's industrial sector. As per MSME Act 2006, MSMEs have been categorized broadly into those engaged in Manufacturing and providing /Rendering Services, based on their investment on plant and Machinery. MSMEs are defined as enterprises having investment in plant & Machinery up to Rs.10 crore for manufacturing enterprises, and investment on equipments up to Rs. 5 crore for Service enterprises. They represent largely the modern enterprises. MSMEs spread across both registered/organized industrial sectors. Statistics on MSMEs are based on registration of enterprises made with the Directorate of Industries and Commerce through District Industries Centers. At current year more than , 21021 MSME Units have been registered in the State with an investment of Rs. 159641 lakhs by providing employment to more than 128387 persons. When compared to the same period of previous year, there is 14.03% increase in No. of units registered, 32.34% increase in Investment and 15.42 increase in no. of persons employed. Under this, 19610 Micro units, 1370 Small and 41 Medium industries have been registered with an investment of Rs.43650.46 lakhs, Rs 91266.06 lakhs, and Rs.24724.23 lakhs respectively by providing employment to 86216, 34400 and 7771 persons respectively.

Karnataka is considered as one of the most desired industrial location for setting industries in the country. State has been consistently pursuing progressive outlook to meet the changing needs of the State's economy and industry. Karnataka is also considered one of the countries Industrialists State comprising large public sector industrial undertakings, large privately owned industries like steel sugar, textiles etc., In recent times, Karnataka has emerged as the leader in IT & BT and knowledge based industrial sector, making rapid strides in IT & computer related industries and biotechnology with a strong research and development base. The State has a number of traditional cottages, Handicrafts, Micro Enterprises like Handlooms, Power looms, silk weavers, Khadi and village industries etc., with all these, the State also felt the urgency of providing stimulus measures for industries and service sector to combat the ill effects of the financial crisis prevailing globally. The State is committed to initiate certain measures to provide temporary relief to the industry and service sector to overcome the present situation. Karnataka Government with an objective of increasing GSDP, strengthening the manufacturing sector, generation of additional employment in different sectors, to promote diversified Industrial base and to reduce regional imbalances and also to increase the share of exports from Karnataka in the national exports, has taken up number of initiatives like New Industrial Policy 2009-2014, State Special Economic Zone Policy 2009 and Suvarna Karnataka Textile Policy, and Karnataka Mineral Policy. The main mission of Industrial Policy 2009-14 is to:

- 1) To create environment for robust industrial growth
- 2) To ensure inclusive industrial development in the State.
- 3) To provide additional employment for about 10 lakhs persons by 2014.
- 4) To enhance the contribution of manufacturing sector to the State's GDP from the current level of 17% to 20% by the end of policy period.

The present study is exclusively based on secondary data which has been collected from the various issues of Annual Reports on MSMEs and Handbook of Statistics on the Indian Economy published by Ministry of MSMEs and Reserve Bank of India (RBI), Annual reports of Govt. of Karnataka, books and internet respectively; The present study will use the descriptive research methodology to better understanding the nature of problem .policies and prospects of MSMEs in Karnataka. In the following lines the present study focused on the various initiatives of the government of Karnataka to empower and strengthen the MSMEs in the state.

## **II. INVESTMENT SUBSIDY INITIATIVES**

Subsidy is being sanctioned to Micro, Small and Medium Industrial Units in the districts of the State. During 2011-12, as on March end Rs.73.3981 crore has been released towards pending subsidy of previous years that is 2nd installment of Subsidy amount sanctioned to the industrial units during 2007-08, 3rd installment of Subsidy amount sanctioned to SC, ST and Women Entrepreneurs, 2nd installment of Subsidy amount sanctioned during 2008-09 to SC, ST , Women Entrepreneurs and to Industrial units of the Entrepreneurs coming under general category and investment subsidy to Waste Product Processing units. Action is being taken to issue NDC to the concerned units. Proposal has been sent to Govt. for extension of the scheme. During 2011-12 Rs.35.00 crore of investment subsidies has been sanctioned to 677 industrial units. For the recovery of Development Loan, Govt. has introduced One Time Settlement scheme which has come into effect as per G.O. No. CI 99 SSI 2010 dt.30-9-2011. As on March 31-03-2012, 198 units have been benefited under this scheme. Total principal amount of Rs.5.72 crore has been recovered and paid to the Government exchequer. For recovery of the loans in respect of State Aid Loan Scheme, Proposal has been sent to Govt. to bring into effect One Time Settlement Scheme.

### **III. INDUSTRIAL INFRASTRUCTURE DEVELOPMENT INITIATIVES:**

For the development of industrial infrastructure in the state the following measures have been initiated by the Government of Karnataka.

#### **a) Karnataka Industrial Areas Development Board (KIADB):**

Karnataka Industrial Areas Development Board (KIADB) is a statutory body, playing an important role in development of industries in the state. Since inception, the KIADB has developed 136 Industrial Areas in 28 districts of the state covering an area of about 41983.95 acres. In all the industrial areas developed by KIADB, basic infrastructural facilities like internal roads, water supply, power supply, street lights, common facilities centers buildings, housing and offsite infrastructure like widening & improvement of approach roads and among others are provided. KIADB has acquired an extent of 6709.31 acres of land for formation of Industrial area and also in favour of Single unit complex during the period from 01/04/2011 to 31/3/2012. The

Industrial area was 4126.39 acres and Single Window unit complex was 2582.32 acres. During this year 510 units have been allotted 1695.56 acres of land in various Industrial areas. KIADB has also taken up implementation of "Suvarna Karnataka Development Corridor Project." The Board has identified 35,272 acres of land for the project/s. Feedback Ventures Private Limited has been appointed as Project Management Consultant. The State Government had released funds during the financial year 2011-12 to the following schemes.

1. Up gradation of Industrial Infrastructure in the existing industrial areas - Rs. 100.00 lakhs
  2. Kaigarika Vikasa Scheme - Rs. 150.00 lakhs
  3. Special Development Plan - Rs. 420.00 lakhs
  4. Land subsidy under SCP - Rs. 185.00 lakhs
  5. Land subsidy under TCP - Rs. 65.90 lakhs
- Total - Rs. 920.90 lakhs

#### **b) Special Economic Zones**

In order to support and encourage development of SEZ in the State, State Policy of SEZ 2009 has been announced. The policy provides for a package of incentives, supportive measures besides clarity in procedural guidelines. Special Economic Zones are being established to encourage exports and to attract Foreign Direct Investments. Special Economic Zone is specially delineated duty free enclave and shall be deemed to be foreign territory for the purpose of trade operations, duties and tariff.

Govt. of India has granted formal/In-principle approvals to the State as below:

- ✓ Out of 59 formal approvals, 48 are IT/ITES SEZs, 3 are BT SEZs & 8 are product specific SEZs
- ✓ KIADB is developing four product specific SEZs viz Textile, Food processing, Pharmaceutical at Hassan and Aerospace at Devanahalli and IT-SEZ at Mangalore & Hubli. Annual Report of Industries & Commerce Dept. for 2011-12 5 Implementation of SEZs:
- ✓ Out of 59 formal approval, 37 SEZs are notified in the Gazette of India.
- ✓ 20 SEZs have commenced their 1st phase of operation.
- ✓ Investment in SEZs as on date is Rs.16,140/- crores and employment created to 1,15,027 persons.
- ✓ Exports from the SEZ units is mentioned below:

#### **c) Karnataka Small Scale Industries Development Corporation (KSSIDC):**

KSSIDC has been a catalyst in the development of small scale industries in the State. Establishment of Industrial Estates, construction of Industrial sheds and formation of Industrial plots are the major functions of the Corporation. 160 Industrial Estates have so far been established all over the State. In these Estates 5,758 sheds have been constructed and 5,498 sheds have been allotted. During 2011-12 KSSIDC has allotted 25 sheds and 200 plots allotted. In the current year Industrial Estates are being developed at Shahabad – Gulbarga District, Sindagi- Bijapur district, Humnabad 2nd stage- Bidar district, Hospet- Bellary District and Bijapur (Old). Works have been completed in Bommasandra 1st and 2nd Stage Bangalore District and work is nearing completion in Bykampady- Mangalore district.

**d) Assistance to State for Development of Export Infrastructure and Allied Activities (ASIDE);** since 2002-03, Ministry of Commerce, Government of India introduced a scheme for Assistance to States for Developing Export Infrastructure and other Allied Activities (ASIDE), based on the export performance of each State and also its growth rate. The objective of the scheme is to involve the States in the export effort by providing assistance to the State Governments for creating appropriate infrastructure for the development and growth of exports. VITC is the Nodal Agency for implementation of ASIDE Scheme. The project proposals received from implementing agencies for developing critical export infrastructure in the State will be approved by the State Level Export Promotion Committee (SLEPC) for ASIDE,

#### **IV. SSI & VILLAGE INDUSTRIES SECTOR INITIATIVES**

a) **New Industrial Policy 2009-14:** GOK in its Order No. CI 233 SPI 08 dated: 28.2.2009 has announced New Industrial Policy 2009-14. The salient features of the policy are:

- Envisions making Karnataka prosperous through development of human and natural resources in a systematic, scientific and sustainable manner.\
- Target to provide additional employment for about 10 lakh persons in the next five years.
- Efforts to increase the Share of Industry to the State GDP to 20% by the year 2014.
- Focus on providing quality infrastructure across the State for the development of Industries.
- State will allocate Rs. 1000.00 crore for acquiring 1000 to 2000 acres of land in each district through KIADB. This will facilitate establishment of thousands of small and medium enterprises. It is also proposed to attract foreign capital to the State Industrial sector by establishing industrial townships.
- Implementation of Suvarna Karntaka Abhivrudhi corridor programme
- Development of Sector Specific Zones viz., Steel, Cement, Sugar, Automobile, Food processing, Readymade garments etc.,
- To motivate the prospective entrepreneurs, Guidance Cell in the DICs will be strengthened. This cell will help entrepreneurs from the initial stage to the implementation level.

#### **V. INDUSTRIAL DEVELOPMENT INITIATIVES**

a) **Kaigarika Vikasa:**

The scheme is being implemented for industrialization of 79 most backward and more backward Talukas identified by Dr. D.M. Nanjundappa Committee on Redressal of Regional imbalances. The scheme envisages creation of new economic opportunity by utilizing local resources. Skill and demand by providing ready to use infrastructure, human resource development etc. The following Developmental agencies have been identified for implementation of the programmes.

i) KSSIDC and KIADB for development of New Industrial areas / Estates and upgradation of existing Industrial areas / Estates

ii) KSPDC and KHDC: Construction of common facility centre, Living cum work sheds, Powerloom/ Handloom complex, modernization of machineries Training etc.,

iii) KSCDC and KSCCF Development of Coir Cluster and establishment of Training cum production Centre.

iv) CEDOK and TECSOK: Conducting of EDP/EAP, Skill development programme, Resource mapping etc., Under the Kaigarika Vikasa Scheme, KSSIDC has taken up works such as formation of roads, construction of drain, deck slab, water system and allied works at Pavagada Industrial Estate in Tumkur District and at Sindhanor in Raichur District. The Scheme is being implemented for Industrialisation of 79 more and most backward taluks identified by Dr. D.M. Nanjundappa Committee on redressal of regional imbalances. Others (059): Rs.300.00 lakhs has been released under this scheme.

**b).Prime Minister's Employment Generation Programme (PMEGP):**

Govt of India has launched the Prime Minister's Employment Generation Programme (PMEGP) on 24th September 2008 by merging erstwhile two schemes Prime Minister's Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP). The main objective of the Scheme is to generate the employment in Rural as well as in urban areas through establishing Micro enterprises under manufacturing and service sectors. KVIC is the nodal agency at National level. The scheme is to be implemented by the three agencies in State such as KVIC, KVIB and DICs in the ratio of 30:30:40. KVIC and KVIB are the nodal agencies to implement the scheme in rural areas. DIC is the nodal agency to implement the scheme in both Rural as well as in urban areas.

**c).Vishwa:**

The major objective of the scheme is to provide continuous and productive employment in rural areas. Under this scheme training is given under industries and artisan activities. 50% of capital grant for providing infrastructure facilities to training institutions which gives training to artisans. During 2011-12 a budgetary provision of Rs 30.00 lakhs was made.

**d) Establishment of New Industrial Clusters (SCP/TSP/SDP):** S.C.P: Rs.1586.00 lakhs has been released under this programme towards construction of living cum worksheds, Supply of Free Tool Kits, towards subsidy for industrial plots allotted by KIADB and Industrial sheds allotted by KSSIDC to the S.C. entrepreneurs. Working capital for purchase of raw materials, towards Soft Seed Capital Fund released to KSFC and towards state investment subsidy (3864 beneficiaries). T.S.P: Rs.779.00 lakhs has been released under this programme towards construction of living cum work sheds, Supply of Free Tool Kits, towards subsidy for industrial plots allotted by KIADB and Industrial sheds allotted by KSSIDC to the and S.T. entrepreneurs. Working capital for purchase of raw materials, towards Soft Seed Capital Fund released to KSFC and towards state investment subsidy (2795 beneficiaries).

**e) Special Development Programme (S.D.P):** During 2011-12, out of the budget allocation of Rs.1757.00 lakhs, Rs.1614.50 lakhs has been released under this programme. Funds have been released to KSSIDC, KIADB, GTTC, KSCDC and CEDOK for the following activities.

- For the Development of Industrial Estate at Humnabad taluk in Gulbarga District,
- Development of Industrial Areas at Badanakuppe in Chamarajanagar district, Kudumalakunte of Gowribidanur Taluk and Aliabad of Bijapur district.
- Humnabad Training Centre, Gundlupet Training Centre, 2 Ply spinning yarn machineries by KSCDC,
- Infrastructure Development for Gulbarga, Kudalasangam, Maddur, Kanakapura, Lingasugur, Gundlapet and Kadur
- Training Centres of GTTC. Skill Development Training for Mobile Repair, Service and Beautician.

## **VI. HUMAN RESOURCE DEVELOPMENT INITIATIVES:**

**a) Suvarna Kayaka Koushalya Abhivrudhi Yojane:** This scheme encourages institutions to set up Specialised Training Centres in the state through Public Private Partnership (PPP) Model. The scheme has twin objects of increasing the employability of educated unemployed youth by providing required vocational training and at the same time to provide ready to use manpower to the industrial and service sectors. Under this scheme financial grant up to 50% of the capital cost subject to a maximum of Rs.200 lakhs will be provided to training institutes, in addition to this an amount of Rs.36.00 lakhs will be provided towards recurring expenditure during the initial period of three years. During 2011-12 a sum of Rs.300.00 lakhs has been released to 10 numbers of institutions towards establishment of training centres.

**b) Karnataka Institute for Leather Technology:** Karnataka Institute for Leather Technology is an autonomous institute with the main objective of human resources development in leather technology. The institute main objectives are:

- To develop Manpower & Skills in Leather Technology.
- To provide quality education and specialized practical training in leather technology.
- To provide implant training and orientation courses.
- To motivate the incumbents for self employment ventures.
- To provide common facility and infrastructure for use by individuals and industries in the leather sector.
- To provide assistance in computer aided design (CAD) and data development.
- To co-ordinate with leather based industries in product development and modernization of machineries.
- To provide placement assistance to students and trainees.
- To provide quality control and material testing facility to manufactures.

The institute is imparting programmes such as 6 semesters Diploma course in Leather Technology, 10 months Diploma course in Leather Garment Manufacturing as per the norms of Central Leather Research Institute, Chennai, 6 months course in Footwear manufacturing and 6 months course in Leather Goods Manufacturing. The Institute has so far produced 384 students in Diploma in Leather technology. Most of the students passed are placed in leather based industries. The institute has trained 102 students in Footwear manufacturing. 98 students in Leather Goods Manufacturing and 125 students in Leather Garments manufacturing. Under SCP 40 Candidates have been trained in Leather goods/Garments and Rs.7.52 lakhs expenditure has been incurred on training Programmes. During 2011-12, a sum of Rs.70.00 lakhs has been released to KILT towards study, for conducting of high-tech training programmes and towards administrative expenses of the institute. ( Annual Report of Industries & Commerce Dept. for 2011-12 )

**c) Government Tool Room and Training Centre (GTTC):** Government Tool Room and Training Centre was established in the year 1972 at Bangalore with the participation of the Karnataka State Government, in collaboration with the Government of Denmark under the Bilateral Development Co-operation Agreement. Proliferation of technology for development of the industries with supply of skilled manpower was the thrust to meet the needs of the Small Scale Industries in the country. The objectives of GTTC are:

- To manufacture jigs, fixture cutting tools, gauges, press tools, plastic moulds, forging dies and other tooling for Small Scale industries advanced tool making process using CAD/CAM techniques are to be adopted.
- To provide training facility in tool manufacturing and tool design to generate a work force of skilled workers, supervisors, Engineers / designers etc.,
- To work as a Nucleus Centre for providing Consultancy, information service, documentation etc; for solving the problems related to tooling of industries in the region.
- Top act as a common facility centre for small industries and to assist them in product and prototype development.

## **VII. ARTISAN INITIATIVES:**

**(a) The Karnataka State Handicraft Development Corporation (KSHDC):**

The Corporation is a nodal agency for handicrafts promotion programmes in the State. KSHDC is implementing various programmes for the development, promotion and marketing of handicrafts, procuring directly from the artisans. The Corporation has 13 craft complexes and 1,222 living cum work sheds. During 2011-12 Rs.12.00 lakhs was released to the Corporation towards 50% rebate on raw materials distribution (Silver & Zinc) to 150 no. of Bidriware artisans. Rs.3.00 lakhs was released to the Corporation towards 20% rebate on sales of lesser known crafts

**b) Urban Haat:**

Govt. of India envisages setting up of Urban Haats at prime locations in the country to enable the artisans to sell Handicrafts/Handloom products directly to the customers by craft persons/weavers Ministry of Textiles, GOI provides 70% of the cost of project subject to maximum of Rs.210 .00 lakhs and the remaining 30% of the project cost up to Rs.90.00 lakhs shall be borne by the State Gov/S.P.V. State Government has proposed to establish Multipurpose Permanent Exhibition Centre at Hubli-Dharwad & Shimoga. Multipurpose Permanent Exhibition Centre are used to conduct exhibitions/sale of products of Micro, Small industries, to conduct one to one meetings, Buyers Sellers meetings etc.,

**c) Handicrafts Gurukula Training Institute – Construction;** Objectives of the institute are

- To act as centre of excellence to impart training in traditional crafts.
- To enhance interest on craft amongst youth. Capacity building and creation of Master Craft's persons.
- Developments of traditional wood and stone crafts.
- Facilitation for self employment through skill development.
- Rehabilitation of local sandalwood artisans and their wards.
- Effective utilization of existing facilities at Sandalwood complex.

**d) Khadi & Village Industries Board:**

The main objective of the KVIB is to give priority for Khadi and Village Industries in rural areas in developing and regulating Khadi sector and to provide assistance for the cottage Industries to generate employment opportunities to improve upon the economic status of the rural artisans. 160 Institutions are working under Khadi sector, providing employment for 29000 people, achieving production of 39.59 crores and sales worth of Rs.57.45 crores at the end of March 2010. The main activities of the organization are:

- i) Implementation of Prime Minister Employment generation programme
- ii) Product development, design intervention and packaging
- iii) Khadi development
- iv) Kaigarika Vikasa.
- v) Rebate on retail sale of Khadi Products

**e) Karnataka State Coir Development Corporation Ltd:** The Corporation was established with the main objective of developing Coir sector in the State. The main functions of the Corporation are to:

- ✓ Carry on the business of developing, promoting and stabilizing the coir and coir based and coconut based industries in Karnataka

- ✓ To support, protect maintain increase and promote the production and sale of coir, coir products and coconut products
- ✓ To implement scheme of the Government of Karnataka and the Government of India for the development of coir and coconut based industries.
- ✓ To generate rural employment to women (including SC/STs) by providing training and engaging in production of coir products in the coir complexes
- ✓ To undertake and promote research and development of coir and its products.

**f) Karnataka State Coir Co-operative Federation Ltd:**

The Federation was established in the year in 1961 with the main objective of developing coir sector in the State through co-operative movement. Its main objective is to assist and support primary coir co-operative societies, provide training, marketing coir products, technical guidance & implementation of ICDP & Govt. sponsored schemes in coir sector. The Federation is having 17 sales outlets and 20 production units in different parts of the State. The Federation has provided employment to about 1200 persons in rural area out of which 90% are women. There are 51 coir primary Co-operative societies affiliated to the Federation. The manufacturing products are coir fiber, coir yarn, curled rope, fiber mats; different types of matting, geo textiles etc.

**g) Dr.Babu Jagjeevan Ram Leather Industries Development Corporation (LIDKAR);**

Karnataka Leather Industries Development Corporation Ltd, (LIDKAR) was established by Government of Karnataka in the year 1976, keeping in view objectives of overall developmental Leather Industry in Karnataka and upliftment of Socio – Economic conditions of SC Leather Artisans in the State. The said Corporation has been renamed as Dr.Babu Jagjivan Ram Leather Industries Development Corporation Ltd. The Corporation has been implementing various programmes under developmental and commercial activities. The Corporation has so far assisted 25000 Leather artisans by providing living cum worksheds, common facility centres, wayside cabins, training programmes and Study Tours, Celebration of Leather Craft Week and Presentation of Awards, etc., The Corporation under Commercial activities has been extending Marketing Assistance for the products made by Artisans and SSI Units.

**VIII. INVESTMENT AND TRADE PROMOTION INITIATIVES:**

**(a) Karnataka Udyog Mitra:** KUM was established with a main objective of providing escort services to entrepreneurs for establishment of Industrial ventures in the State. It also acts as Secretariat for State Level Single Window Agency Meeting. KUM organizes various publicity Propaganda programmes, Investors Meet, Road-shows to attract the Investors not only within the State but also from abroad.

**Preparations for GIM-2012:** It is proposed to conduct Global Investors Meet on 7 th & 8th of June 2012 at Bangalore International Exhibition Centre (BIEC). The Mission of the meet is to attract Rs.5 lakh crores of investment which will create at least 10 lakh jobs and double the GSDP by 2020. The Curtain Raiser of the event was held on 14th July 2011 at Taj West End Hotel. The following committees constituted for implementation of GIM 2012 are as follows;

- High Power Committee
- Reception Committee
- Publicity Committee
- Marketing (investment Promotion) Committee
- Event Management Committee
- Co-ordination Committee

Following Sectoral/Department wise Committees have been constituted with focus on bringing investment in to those particular sectors; Micro and Small Enterprises Sector, Textiles, Automobiles and Aerospace, Mineral Sector, Pharmaceutical Projects, Petrochemical Industries, Infrastructure Development Department, DFEE, Energy Department, Higher Education, Tourism and Health. Ernst & Young have been appointed as knowledge partner for the event and M/s. M.M.Active has been appointed as the Event Agency. Road Show details: The following road shows have been conducted.

- ✓ Kolkata 25th February 2012 100 investors attended. One on one meetings were held.
- ✓ New Delhi 29th February 2012 Hon'ble Chief Minister participated and over300 investors attended. one on one meeting were held.
- ✓ Mumbai 7th March 2012 200 investors attended. 33 one on one meetings were held.

- ✓ Hubli 5th March 2012 More than 850 investors attended the event and 99 MOU's were entered (Investment- Rs.4511 crores.
- ✓ Mangalore 4th & 5th January 2012
- ✓ Coastal Region Industrial Investment Business Meet has been organized, 37 projects were approved with an investment of Rs.1506.30 crores with an employment of 4655 Nos.

**b) Visveswaraya Industrial Trade Centre:** VITC is a registered society set up in 1965 with the main function of trade and export promotion It is engaged in conducting programmes in export management/ export awareness/export documentation and allied assistance for the community of exporters. Also trade promotion activities are taken up in the form of participation in exhibitions and trade fairs both within the State and outside the State and abroad.VITC has organized the following programmes during the year 2011-12

- Export Awareness Programmes In association with the local DIC/Chamber of Commerce/ Industry Association, eight export awareness programmes have been conducted at Bangalore Byadagi, Bijapur and Davangere where in 541 beneficiaries participated.
- Export Training Programmes: In association with Awake and Klik, four export training programmes have been conducted at Bangalore (2), Raichur and Mysore where in 179 candidates participated.
- Export Management Training Programmes: VITC conducted four weeklong Export Management Training Programmes (EMTP), Three Programmes at Bangalore, One programme at Dharwad and Export Vision Programme has been conducted at Mangalore where in 191 candidates participated.
- Seminars/ Workshops /Interaction meets: In association with FKCCI, FIEO, Five workshops /Seminars have been conducted at Bangalore (4) and Mysore (1) where in 284 candidates participated.
- Interaction meetings of concerned govt. Dept. / organizations related to exports with exporters in districts.
- Exhibitions/ Trade Fairs:

#### **IX. TECHNOLOGY UPGRADATION INITIATIVES:**

Karnataka Council for Technology Up gradation: Technology up gradation initiatives are implemented through the Karnataka Council for Technology Up gradation. Karnataka Council for Technological up gradation has commenced functioning from 1996. KCTU is a joint venture of Government of India, Government of Karnataka and Industries Associations. It functions as a Nodal Agency for Technology Transfer to MSMEs. The Council functions under the Chairmanship of the Commissioner for Industrial Development and Director of Industries and Commerce, Government of Karnataka. The main objectives of the KCTU are to enhance competitive status of MSME's, catalyses technology up gradation through acquisition, adoption and modernization and to reduce cost of productivity, quality improvement to make the SMEs products more competitive both nationally and internationally. It assists the SMEs to obtain ISO 9001/14000 or any other nationally and internationally recognized Certification. The Council is a Nodal Agency for creating awareness and provides assistance for registration of Intellectual Property Rights, guidance in Plant Layout, diversification, modernization and expansion. Programmes conducted by KCTU during the year 2011-2012:

- ✓ KCTU had organized Cluster Development Awareness workshop on chilli in Badagi of Haveri district.
- ✓ KCTU had organized Cluster Development Awareness workshop on Coffee and Spices in Somavarpet of Kodagu district,
- ✓ workshop on Rice Mill in Karatgi, Gangavathi Taluk, Koppal District,
- ✓ Workshop on Readymade Garments in Bethamangala, Kolar District.
- ✓ Workshop on Bidriware, Bangles, Zardari and Wooden Articles in Bidar District.
- ✓ KCTU had organized Cluster Development Awareness workshop on Jewellery products in Karwar district, Cluster Development Awareness workshop on Leather Cluster in Mysore district, workshop on Silk product in Magadi,
- ✓ Workshop on Readymade Garments and Saw mill in Chikkamagalur and Dharmastala Mangalore District.
- ✓ KCTU had organized Management Programme on Cluster and Effective use of CFC in Gulbarga, Awareness Programme on Coir cluster in Kundapur, Udupi district.
- ✓ KCTU participated in TIA vendor Development Programme in Bangalore District.
- ✓ KCTU had conducted "Karnataka Clusters Meet 2012" at KASSIA, Bangalore District.
- ✓ Rs. 20.00 lakhs has been released towards incentives to 30 MSMEs for ISO/BIS certification.
- ✓ Rs.87500/- has been released to 2 beneficiaries towards incentives for Rain Water Harvesting. Annual Report of Industries & Commerce Dept. for 2011-12 .



## **X. ENTREPRENEURIAL DEVELOPMENT PROGRAMME INSTITUTIONS**

**a) Centre for Entrepreneurship Development of Karnataka, Dharwad (CEDOK)** CEDOK was established by Government of Karnataka with an objective to contribute for the development and disbursement of Entrepreneurship by conducting various EDPs, Skill Development programmes to expand the social and economic base of entrepreneurial class. Main functions of CEDOK:

- To augment the number of entrepreneurs through entrepreneurship, training and research
- To produce multiplier effect on opportunities for self-employment
- To improve the managerial capabilities of small entrepreneurs
- To contribute to the dispersal of entrepreneurship and thus expand the social base of the entrepreneurial class in urban/ rural areas
- To be centre of learning for trainer-motivation on entrepreneurship development.
- To contribute to growth of entrepreneurship cultures, spirit and entrepreneurship developing countries.

### **b) Technical Consultancy Services Organization of Karnataka (TECSOK)**

TECSOK is a multi disciplinary consultancy organization engaged in providing consultancy services for entrepreneurs who wish to set up industries or service ventures in Karnataka. TECSOK provides basic information on potential products, suitable location, policy and procedures of the Government and other related organizations, incentives and facilities offered by the Government to the entrepreneurs. TECSOK focuses more on promotion of Entrepreneurship amongst rural Entrepreneurs and Entrepreneurs belonging to SC/ST/Backward Community and other under privileged classes utilizing various special schemes available for such entrepreneurs. TECSOK also organizes Entrepreneurship Awareness Programmes, Entrepreneurship Development Programmes and Seminars/Workshops on current topics at various locations for the benefit local Entrepreneurs. Further, TECSOK participates in Various programmes organized by other agencies and counsel with Entrepreneurs. In addition to the services to Entrepreneurs, TECSOK is also providing professional services to various institutions and departments of State and Central Government. TECSOK offers technical assistance on various aspects to the Department of Commerce & Industries on regular basis, in addition to participating in the meetings of various committees of the Government.

### **c) Karnataka State Financial Corporation (KSFC):**

KSFC was established to meet mainly the long term financial needs of small and medium enterprises of the State. The Corporation has extended sizable assistance to infrastructure projects, mining, service sectors like transport, hospitals, hotels etc., In addition to, the term lending activity, Corporation also extends financial assistance under merchant banking activities, hire purchase and corporate loans etc., During 2011-12 out of the budget allocation of Rs.2848.00 lakhs, an amount of Rs.2847.64 lakhs has been released to KSFC towards Principal and interest payment for the final redemption of subsidy bonds raised by KSFC for clearing backlog subsidy and Rs.174.00 lakhs has been released to KSFC for providing Interest Subsidy for MSME units Under Technology Up gradation Scheme.

**d) Seminars, Training, and Tours of Officers:** Funds have been released to 30 DICs in state towards study and training programmes, to Officers and Staff of the Department. Funds were released to CEDOK Institute, Dharwad for conducting training programmes on transformation and self and family Management, Creative Problem Solving and Performance improvement through personality development to the officers & Staff of the Department. A sum of Rs.44.70 lakhs has been released under this sub-scheme.

### **e) Modernisation and Computerisation of Department.**

A sum of Rs.56.50 lakhs has been released under this programme.: Rs.10.00 lakhs released to 30 district Industries Centre towards annual maintenance/ repairs for existing computer systems, UPS, Printers and other officer equipments and computer consumables and sum of Rs.46.00 lakhs has been utilized for procurement of Desk Top computer systems, UPS, Printers, Xerox machines and other essential office equipments like franking machines for Directorate and District Offices for annual maintenance contracts/modernization of District level offices and Directorate office by providing computer systems, UPS, Printer wherever required and purchase of computer, Stationery, Software development for online registration system, Antivirus software and subscription towards newspaper, magazines and journals.

## **CONCLUSIONS**

Finally the study concluded that, Karnataka is considered as one of the most desired industrial location for setting industries in the country. State has been consistently pursuing progressive outlook to meet the changing needs of the State's economy and industry. Karnataka is also considered one of the countries Industrialists State comprising large public sector industrial undertakings, large privately owned industries like

steel sugar, textiles etc., in recent times, Karnataka has emerged as the leader in IT & BT and knowledge based industrial sector, making rapid strides in IT & computer related industries and biotechnology with a strong research and development base. The State has a number of traditional cottages, Handicrafts, Micro Enterprises like Handlooms, Power looms, silk weavers, Khadi and village industries etc., with all these, the State also felt the urgency of providing stimulus measures for industries and service sector to combat the ill effects of the financial crisis prevailing globally. The State is committed to initiate certain measures to provide temporary relief to the industry and service sector to overcome the present situation. Karnataka Government with an objective of increasing GSDP, strengthening the manufacturing sector, generation of additional employment in different sectors, to promote diversified Industrial base and to reduce regional imbalances and also to increase the share of exports from Karnataka in the national exports, has taken up number of initiatives like New Industrial Policy, State Special Economic Zone Policy and Suvarna Karnataka Textile Policy, and Karnataka Mineral Policy. In spite of all of these there is need to intensify the policies in both rural and urban areas to meet the global competitiveness.

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