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GROWTH AND OPERATIONAL DIMENSIONS OF SMALL SCALE INDUSTRIES IN KARNATAKA: AN ANALYSIS



Y. I. Tirakanagoudra

INTRODUCTION :

Indian small-scale industries play an important role in the economic expansion of the country and have vast approaching for employment generation. Increasing small-scale sector also results in decentralized industrial development. Better distribution of wealth, investment, and entrepreneurial talent. The government has initiated several policies for the growth and development of small-scale industries. Post liberalizations economic conditions have created immense growth prospect for the small-scale industries (Kalyan kumar and Gugloth, 2012)

Growth of small-scale industries in India is one of the most significant features of the planned economic development of the country. Karnataka is one of the five industrially advanced states in India. Over the last 100 years, the state has had the distinction of building a string vibrant industrial base, which consists of the intrinsic strengths of large industrial undertakings in the public sector, large and medium privately owned

ABSTRACT

This paper attempts to study the growth and operational dimensions of small-scale industrial units in Karnataka during the period from 2007-08 to 2014-15, and to identify the district wise share of small-scale industries in Karnataka State during 2013-14. This study is mainly based on the data collected from the reputed/unpublished secondary sources. The findings depicts that there has been a phenomenal growth of small-scale industries during the period from 2007-08 to 2014-15.

KEYWORDS : Small-scale industries, Growth, Capital investment, Employment generation.

SHORT PROFILE

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industries and widely dispersed small-scale sector. In recent years, Karnataka has emerged as knowledge and technology capital of the country making rapid strides in the new economy as well. IT and related industries, biotechnology and strong research and development institutions have given Karnataka a pride of place in the global market.

2. OBJECTIVES AND DATA SOURCE

The main objective of this paper is to study the growth and operational dimensions of small-scale industrial units in Karnataka during 2007-08 to 2014-15 and identify the district wise share of small-scale industries in Karnataka state during 2013-14. The present paper is based mainly on the data collected from the reputed published/unpublished secondary sources. Notable sources of data are annual survey of industries, economic survey of Karnataka, publications of industrial association and industrial directory. Further, the data published in the articles published in reputed journals.

Research Scholar, Department of Economics, Karnatak University, Dharwad.

3. RESULTS AND DISCUSSION

Small-scale industries play a pioneer role in industrial development of the state. In this section, an attempt has been made to analyze the growth, mobilization of capital, employment generation and regional dispersal of small-scale industries in Karnataka

3.1 Growth the SSI Units in Karnataka

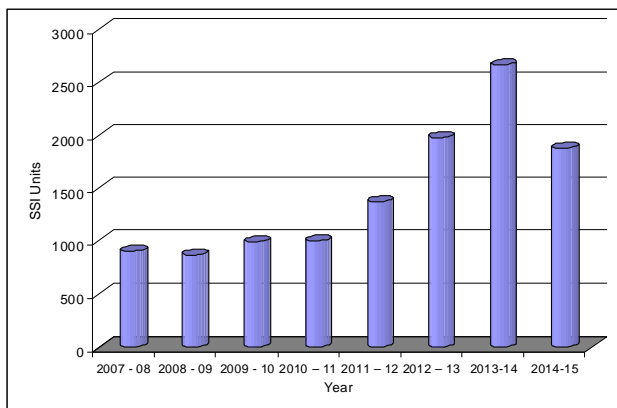
Table 1 presents the year wise growth of small-scale industries in Karnataka during 2007-08 to 2014-15. The data clearly shows that there is a positive growth rate in terms of number of units over the previous year for 5 years (from the year 2009-10 to 2013-14). However, there is a negative growth rate in SSI units over the previous year for 2 years (for the period 2008-09 and 2014-15). The Growth of SSI units in Karnataka has been depicted in figure 1.

Table 1
Growth of Small-Scale Industries in Karnataka,
2007-08 to 2014-15.

Year	Number of Units (Registered)	Percentage Increase/Decrease over the previous year
2007 - 08	902	-
2008 - 09	869	3.66
2009 - 10	992	14.15
2010 - 11	998	0.60
2011 - 12	1370	37.27
2012 - 13	1981	44.60
2013-14	2661	34.33
2014-15	1877	29.46

Source: Economic Survey of Karnataka, 2014-15.

Figure 1
Growth of Small-Scale Industries in Karnataka,
2007-08 to 2014-15.



Source: Table 1

3.2 Capital Investment in SSI Sector

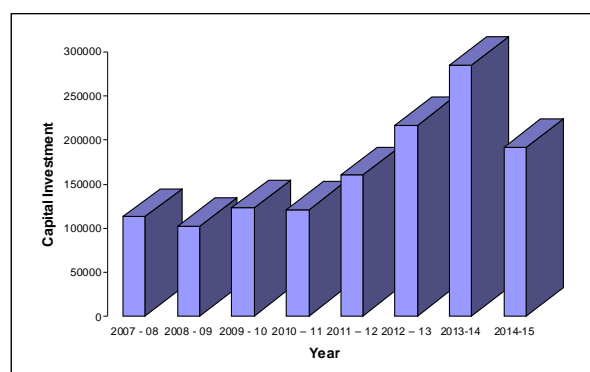
Capital is the lifeblood of business in any productive sphere and its vital need is more realized where it is lacking as in small-scale industry. Table 2 provides the data on capital investment in SSI units during the period from 2007-08 to 2014-15. It can be seen from the data in that the proportion of investment in SSI units has been increasing consistently from the year 2009-10 to 2013-14, except during the years 2008-09, 2010-11 and 2014-15 (Figure 2).

Table 2
Capital Investment in Small-Scale Industries in
Karnataka 2007-08 to 2014-15.

Year	Investment (' in Lakhs)	Percentage Increase/Decrease over the previous year
2007 - 08	112657	-
2008 - 09	101618	-9.80
2009 - 10	122816	20.86
2010 - 11	120623	-1.79
2011 - 12	159641	32.35
2012 - 13	216851	35.84
2013-14	285056	31.45
2014-15	191905	- 32.68

Source: Economic Survey of Karnataka, 2014-15.

Figure 2
Capital Investment in Small-Scale Industries in
Karnataka 2007-08 to 2013-14.



Source: Table 2.

3.3 Employment Generation in SSI Sector

Small-scale industries have been playing an important role in generation of employment and growth both in rural and urban areas. It is

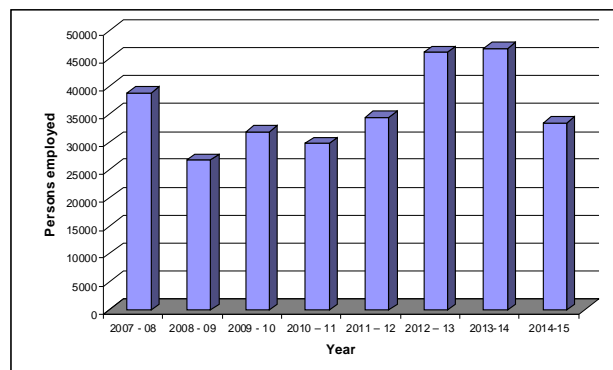
estimated that this sector has been contributing about the 40 per cent of the gross value of the output produced in the manufacturing sector and the generation of employment by the small-scale sector is more than five times to that of large-scale sector. Table 3 depicts the data on employment generation in small-scale industries in Karnataka during the period from 2007-08 to 2014-15. The data shows that the proportion of persons employed has been increased in SSI sector over the previous year for four years. During the period from 2011-12 to 2013-14 there is an average growth rate of 17.06 per cent in terms of employment. However, there was a significant decline in terms of number of persons employed in SSI units during 2008-09, 2010-11 and 2014-15 (Figure 3).

Table 3
Employment Generation in Small-Scale Industries in Karnataka, 2007-08 to 2014-15.

Year	Persons employed	Percentage Increase/Decrease over the previous year
2007 - 08	38870	-
2008 - 09	26815	-31.01
2009 - 10	31910	19.00
2010 - 11	29701	-6.92
2011 - 12	34400	15.82
2012 - 13	46029	33.81
2013-14	46741	1.55
2014-15	33421	-28.50

Source: Economic Survey of Karnataka, 2014-15.

Figure 3
Employment Generation in Small-Scale Industries in Karnataka, 2007-08 to 2014-15.



Source: Table 3.

3.4 District Wise Share of SSI Units

Table 4 presents the data on district wise share of SSI units in Karnataka during 2013-14. The data clearly reveals that the proportion of SSI units was found to be higher in Bangalore, Belgaum, Dakshina Kannada, Bellary, Dharwad, Shimoga, Tumkur and Mysore as compared to the rest of the districts of the state during 2013-14. All these advanced districts constitute a majority of 64.54 percent of the total SSI units in the state (Figure 4). However remaining percent of SSI units are situated in the rest of the 22 districts of the State.

Table 4
District Wise Share of SSI in Karnataka, 2013-14

Sl. No.	Name of the District	No. of SSI units	Percentage to total
1.	Bagalkote	733	2.85
2.	Bangalore	7526	29.29
3.	Bangalore (R)	383	1.49
4.	Belgaum	1879	7.31
5.	Bellary	1152	4.48
6.	Bidar	128	0.50
7.	Bijapur	442	1.72
8.	Chamrajnagar	77	0.30
9.	Chikkaballapura	245	0.95
10.	Chikmagalur	339	1.32
11.	Chitradurga	483	1.88
12.	Dakshina Kannada	1552	6.04
13.	Davanagere	585	2.28
14.	Dharwad	1230	4.79
15.	Gadag	319	1.24

16.	Gulbarga	615	2.39
17.	Hassan	732	2.85
18.	Haveri	605	2.36
19.	Kodagu	101	0.39
20.	Kolar	518	2.02
21.	Koppal	487	1.90
22.	Mandya	485	1.89
23.	Mysore	1012	3.94
24.	Raichur	148	0.58
25.	Ramanagara	549	2.13
26.	Shimoga	1084	4.22
27.	Tumkur	1149	4.47
28.	Udupi	597	2.32
29.	Uttara Kannada	266	1.04
30.	Yadagiri	266	1.03
	KARNATAKA	25687	100.00

Source : Director of Industries and Commerce, Govt. of Karnataka, Bangalore.

Thus, there is a greater need to reduce the regional disparities.

4. CONCLUSION

It is evident from the foregoing analysis that, in terms of number of units in small-scale sector the both positive and negative growth rates have been found over a period. The proportion of investment in SSI units has been increasing consistently from the year 2009-10 to 2013-14. The data relating to employment generation in small-scale industries in Karnataka shows that the proportion of persons employed has been increased in SSI sector over the previous year for four years. It has been also observed from the data on district wise share of SSI units in Karnataka that the proportion of SSI units was found to be higher in Bangalore, Belgaum, Dakshina Kannada, Bellary, Dharwad, Shimoga, Tumkur and Mysore as compared to the rest of the districts of the state.

5. POLICY IMPLICATIONS

- ▲ In order to promote the small-scale industries the Govt. should provide the cheap credit facilities to such industries, which enable them to adopt the new technology for the production of goods.
- ▲ It is evident from the data above that the proportion of SSI units was found to be significant in the advanced districts only.

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