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ENTREPRENEURSHIP POTENTIALITY IN TUMAKURU DISTRICT OF KARNATAKA

A REPORT



ENTREPRENEURSHIP POTENTIALITY IN TUMAKURU DISTRICT OF KARNATAKA

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Executive Summary

Educated unemployment has emerged as a critical issue in India, particularly impacting young individuals with qualifications ranging from matriculation to post-graduation degrees. Despite India's high GDP growth rates in recent decades, job creation has been insufficient, resulting in a high unemployment rate, especially among graduates. The challenges of Covid-19 and demonetization have further compounded the unemployment crisis. To tackle this issue, India has emphasized skilling programs but also needs to focus on creating and recognizing job creators. Self-employment and entrepreneurship offer viable paths for the educated but unemployed youth. The government has introduced schemes like Startup India Action Plan, Make in India, and Stand-up India to support entrepreneurship. India's entrepreneurship ecosystem has seen significant growth, ranking fourth globally for its quality. While access to venture capital and incubators has aided startup growth, there is a need to support Mass Entrepreneurship Development Programs (EDPs) are crucial for nurturing entrepreneurial abilities. With over half of India's population under 30, there is immense potential for young entrepreneurs to drive innovation and economic development in the country.

The study focuses on addressing educated unemployment in India, particularly among young individuals with qualifications from matriculation to post-graduation, among weak employment generation despite high GDP growth rates. The report aims to analyze entrepreneurial options for the youth of Tumakuru as sustainable solutions, considering India's entrepreneurship ecosystem, government initiatives, and the need to nurture entrepreneurial mindsets early on. The objective is to conduct a landscape study of entrepreneurship in Tumakuru district to support Navya Disha in developing a strategic plan, understanding entrepreneurship potential, analyzing industrial sectors, reasons for high growth, and industries seeking support, along with reviewing the District Industries and Commercial Establishment Perspective Plan and conducting interviews and surveys with stakeholders and college youth.

The survey methodology for quantitative data involved using stratified random sampling for the Enterprise or Entrepreneurs Survey, grouping population units based on firm size, business sector, and geographic region within the district, and selecting samples randomly within each group from a sample frame derived from eligible firms in secondary data sources. For the demand-side survey, the top 10 well-performing sectors were analyzed, and in-depth interviews were conducted with 1 or 2 industrial leaders in each sector. Qualitative data collection included 66 in-depth interviews with stakeholders at the district and block levels, including industries, lead bank managers, agriculture and horticulture department personnel, industry/entrepreneurship visionaries, major industries/associations, and successful entrepreneurs.

Based on interviews with entrepreneurs and industry associations in Tumakuru, NAVGRAAM identified numerous entrepreneurial opportunities. Tumakuru is the largest

coconut-producing district in Karnataka, and opportunities in the coconut industry include producing and marketing various coconut-based products. These products range from desiccated coconut powder to coconut water concentrates and dietary fibre products. Despite the industry's high demand, it faces competition from imported products and lower-priced alternatives like palm oil. However, support from the Coconut Development Board and other institutions is available for emerging entrepreneurs. Tumakuru is the district with 10th highest production for paddy cultivation in Karnataka, which presents opportunities for the rice milling industry. Opportunities in this industry include rice milling and processing units, rice bran oil production, and organic rice farming. The industry's primary customers are in Bangalore and Mysore, where there is a strong demand for rice and rice-based products. Challenges for both these industries (coconut and rice milling) include competition, market research, regulatory approvals, and high capital costs. Nevertheless, the continuous high demand for these products, both domestically and internationally, presents significant opportunities for micro-entrepreneurs in Tumakuru.

The textile and apparel sector in Karnataka, particularly in Tumakuru, has experienced substantial growth, fuelled by the state's focus on its development. Karnataka leads in the number of registered MSME units for apparel manufacturing, contributing significantly to India's exports. Despite facing intense competition both domestically and internationally, the sector offers opportunities for micro-enterprises, such as marketing handloom products and producing technical textiles. Strengths include quality inputs and labour, while weaknesses include over-dependence on cotton and lack of modernization in spinning. Opportunities exist for tapping new international markets and reducing production costs. Threats include competition from other regions with lower costs. Government incentives make the sector attractive for emerging entrepreneurs, offering a promising landscape for micro-enterprises to succeed with effective strategies and market adaptation.

In the manufacturing sector, particularly in ancillary industries like Printed Circuit Boards (PCBs), there are significant opportunities for micro-entrepreneurs. The demand for PCBs in India is growing rapidly, but indigenous manufacturing faces challenges such as long waiting time for environmental clearances and competition from cheaper imports. Tumakuru has developed an ecosystem for PCB manufacturing, offering opportunities for micro-entrepreneurs with the right technical skills. Despite moderate competition and challenges related to clearances, the demand for PCBs remains high and constant, providing a stable market. Government initiatives, such as the Production Linked Incentive (PLI) scheme, aim to boost domestic manufacturing in the electronics sector, further supporting emerging entrepreneurs in the PCB manufacturing industry.

The major recommendations for prospective entrepreneurial activities in the Tumakuru district are to focus on agriculture-based Micro Enterprises or SMEs, particularly value-added coconut-based produce, which has a larger demand, even in export markets, compared to areca nuts. Additionally, there is potential in the Food and Beverage restaurant and snacking industry, with high returns that often outpace initial investments, including opportunities in cloud kitchens. The IT sector, including computer peripherals, IT-enabled services, and

education/training centers, offers high-return opportunities due to Tumakuru's proximity to Bengaluru and the growing demand for IT products and services. The apparel sector also presents opportunities, with high demand, both domestic and in export markets. Finally, providing technical support to existing industries such as electrical products, aerospace engineering, and supply industries for steel and cement, while offering lower immediate returns, should be explored since existing units in Tumakuru for these industries require such support.

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List of Abbreviations

AEPCI	Apparel Export Promotion Council of India
APEDA	Agricultural and Processed Food Products Export Development Authority
АРМС	Agricultural Produce Market Committee
ATMP	Assembly, Testing, Marking and Packaging
AT&S	Advanced Technologies and Solutions
CBIC	Chennai Bengaluru Industrial Corridor
CBIC	Central Board of Indirect Taxes and Customs
CIBIL	Credit Information Bureau (India)
CCEA	Cabinet Committee on Economic Affairs
CFTRI	Central Food Technological Research Institute
CGD	City Gas Distribution
СМС	City Municipal Councils
CMIE	Centre for Monitoring Indian Economy
DISE	District Information System for Education
DAESI	Diploma in Agricultural Extension Services for Input Dealers
DGFT	Directorate General of Foreign Trade
DRPs	District Resource Persons
DIC	District Industrial Centre
EAPs	Entrepreneurship Awareness Programs
EDPs	Entrepreneurship Development Programs
E-SDP	Entrepreneurship-cum-Skill Development Program
ESI	Employees State Insurance
EPF	Employee Provident Fund
FLC	Financial Literacy Centres
FPOs	Farmer Producer Organizations
FSSAI	Food Safety and Standards Authority of India

GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GEM	Global Entrepreneurship Monitor
HAL	Hindustan Aeronautics Limited
HDFC	Housing Development Finance Corporation
IDIs	In-depth Interviews
IT	Information Technology
IDBI	Industrial Development Bank of India
IFHD	Indian Foundation of Humanistic Development
IFPPL	Integrated Food Park Private Limited
ILO	International Labour Organization
IMCs	Industrial Motivation Campaigns
IT	Information Technology
ITES	Information Technology Enabled Service
KIADB	Karnataka Industrial Area Development Board
KHDC	Karnataka Handloom Development Corporation
KPTCL	Karnataka Power Transmission Corporation Limited
LFPR	Labour Force Participation Rate
LED	Light Emitting Diode
MDPs	Management Development Programs
MEIL	Megha Engineering & Infrastructures Ltd
MICE	Meetings, Incentives, Conferences and Exhibitions
MNCs	Multinational Companies
MSME	Micro, Small and/or Medium Enterprise
M-SIP	Modified Special Incentive Package
NABARD	National Bank for Agriculture and Rural Development
NECI	National Entrepreneurship Context Index
NIMZ	National Investment and Manufacturing Zone

NPA	Non-Performing Assets
NRETP	National Rural Economic Transformation Project
NSSO	National Sample Survey Organization
ODOP	One District One Product
OSF	One-Stop Facility
PCBs	Printed Circuit Boards
PLI	Production Linked Incentive
PLFS	Periodic Labour Force Survey
PMFBY	Pradhan Mantri Fasal Bima Yojana
ррр	Public-Private Partnership
QCI	Quality Council of India
SBI	State Bank of India
SIAF	Softbank Asia Infrastructure Fund
SIDO	Small Industry Development Organization
SISI	Small Industry Services Institute
SMEs	Small and Medium-sized Enterprises
TCOs	Technical Consultancy Organizations
ТМС	Town Municipal Councils
TMEIC	Toshiba Mitsubishi-Electric Industrial Systems Corporation
ТР	Town Panchayats
YoY	Year over Year

1. Introduction

1.1 The state of Unemployment in the Indian Economy

Educated unemployment has become increasingly prevalent in India, with many young individuals holding qualifications ranging from matriculation to post-graduation degrees facing significant challenges in securing appropriate employment opportunities. In the most recent annual report published by the International Labour Organization, the unemployment rate in India was 8% in the year 2023.

In general, India has witnessed high Gross Domestic Product (GDP) growth rates, accompanied by weak employment generation over the past two decades. According to the annual data from the Periodic Labour Force Survey (PLFS), unemployment has fallen from almost 9% in 2017-18 to 5.1% in 2022-23. However, as per data from the National Sample Survey Organization (NSSO), between 2011 and 2017, the agricultural workforce declined by 10.5 million, and the manufacturing sector employment in rural areas also declined by around 170,000. Non-farm employment was generated mainly in construction (5.7 million additional workers) and services (16.7 million additional workers). Overall, the worker participation rate (number of workers per 100 people of working age) declined for men and women, and the rate of open unemployment shot up from under 3 percent to around 6 percent.

India's unemployment rate is estimated to have exceeded the global rate in five of the last six years preceding 2022, as per data from the Centre for Monitoring Indian Economy (CMIE) and the International Labour Organization (ILO), due to an economic slowdown that was exacerbated by the shock of demonetization and the Covid pandemic.

The post-Covid unemployment rate is lower than the pre-Covid rate, for all education levels. But it remains above 15% for graduates, and touches 42% for graduates under 25 years, as per the State of Working India 2023 report (Azim Premji University, 2023).

Between 2017 and 2021, there was a slowdown in overall regular wage job creation, but formal jobs (with a written contract and welfare benefits) as a share of all regular wage work rose from 25% to 35% (CMIE, 2021). Demonetization and the pandemic had a profound adverse impact on the creation of overall wage employment in India. There was an increase in formal employment by 3 million jobs and a loss of about 5.2 million jobs in semi and informal regular-wage employment during 2020–21.

India's economic growth is producing much fewer jobs than required, forcing a lot of educated people to take up platform economy jobs that are uncertain, low skilled and with inadequate pay. Additionally, there is the issue of only festive season employment, wherein there is no regular or sustained source of employment for the majority of the year. Accentuating the youth unemployment crisis further in India is the fact that nearly two-thirds of its 1.43 billion people are under 35 years of age. Moreover, 12 million additional people

reach employment age every year in India. Half of the lost employment is accounted for by women, leading to a deterioration in women's participation rate in the labour force.

Other significant factors to take into account, in addition to the previously mentioned ones, are increasing labour productivity and wages, as well as enhancing educational standards and preparation of youth for the labour market. The country has focused its attention on skilling as a way to address the jobs challenge, even though it is basically the paucity of sustainable jobs which is more of the core problem. Under these circumstances, there is an urgent need for the creation and recognition of job-creators, so that the youth are suitably employed.

1.2 Options for Productive Engagement for the Indian Youth

It is important to distinguish between the different sources of obtaining a steady source of income for the educated but unemployed Indian youth. Primarily, the two main options are to either go for self-employment or entrepreneurship.

Self-employment is working for oneself rather than for an employer. This may be as a freelancer or consultant, or even owning a business for working alone (like tailoring, carpentry, etc.). This is different from entrepreneurship, which involves setting up an organization that employs more people for the business. Entrepreneurship in the Indian context can take the form of a Micro, Small and/or Medium Enterprise (MSME) or a large corporate. In this context, there is also the concept of startups, which are typically digitally enabled micro or small enterprises that develop into larger organizations with more employees over a short span of time, using different sources of financing primarily through venture capital, or through the IPO route.

Micro manufacturing and services units are defined as those enterprises that have an investment of Rs. 1 Crore and a turnover of Rs. 5 Crore. The limit of small units was increased to Rs. 10 Crore of investment and Rs 50 Crore of turnover. Similarly, the limit of medium units was increased to Rs. 20 Crore of investment and Rs. 100 Crore of turnover. The Government of India on 01.06.2020 decided for further upward revision of the MSME definition. For medium Enterprises, now it will be Rs. 50 Crore of investment and Rs. 250 Crore of turnover.

1.3 Entrepreneurship and Business in the Context of Unemployment

At one end of the entrepreneurship, spectrum are the 75 million self-employed who work on their own account and are a third of India's non-farm labour force. They are predominantly forced into subsistence, necessity-driven entrepreneurship due to lack of (stable) employment. Historically such enterprises continue to remain small and are unlikely to grow and hire. In most cases though, they contribute to an uptick in loan disbursements (Eg: Mudra loans), startup registration, and an increased number of tax returns, which suggests a different picture of people choosing to be entrepreneurs and micro-entrepreneurs. The number of people engaged in self-employment, including unpaid household work or running a small business, increased to 57.3 percent in the 3^{rd} quarter of 2021 from 55.8 percent a year ago. (CMIE, 2022)

At the other end of the spectrum are large enterprises and the formal sector. In spite of revenue growth in the sector, there has been a 3 million loss in salaried jobs in urban India between 2011 and 2016. Fast growing, often technology-led, start-ups are not significant job growth engines: NASSCOM foundation estimates that India will have around 10,000 such startups by 2030 supporting just 200,000 workers. More attention needs to be paid also to the middle of the entrepreneurship spectrum, consisting of Mass Entrepreneurs who operate microenterprises and Small and Medium-sized Enterprises (SMEs) supporting local communities and typically employing between five and forty-nine workers. These are restaurant owners, healthcare providers, mechanics, and so on. Medium sized enterprises employing fifty to two forty-nine workers also need access to more capital for faster development. As of December 2022, approximately 1.28 crore MSME registered industries employed 9.31 crore people including 2.18 crore women employees, based on the most recent data from the portal of Udyam.

Aspiration for government jobs and lack of interest in growing businesses are big hurdles to overcome. There is also a large gap in nurturing entrepreneurial mindsets early in children, or even amongst college graduates and in embedding entrepreneurship within the education system. Not enough attention has been paid to the middle of the entrepreneurship spectrum, consisting of Mass Entrepreneurs who operate microenterprises supporting local communities and typically employ between five and twenty workers.

Given the above background and the general state of educated unemployment in the country, this report analyses the possible entrepreneurial options for the youth of Tumakuru, that may be considered sustainable in the long run and provide an alternative to getting employment. The report is based upon the collation of data from relevant secondary sources from different industry sectors in Tumakuru and complemented with primary data from entrepreneurs and successful businessmen in Tumakuru.

1.4 Entrepreneurship Ecosystem in India

Entrepreneurship development in India took off in the early 2000s and has been a transformative force for the nation's economy. Some of the factors that have added momentum to the growth of the entrepreneurial ecosystem are the growth of the Indian economy, increased access to venture capital, the advent of incubators, and a vast reservoir of talent. India is ranked fourth out of 51 countries in terms of the quality of its entrepreneurship ecosystem according to the Global Entrepreneurship Monitor (GEM, 2022) and the National Entrepreneurship Context Index (NECI). This is a 12-point increase from its 2021 position. The country has emerged as a global epicenter for the startup landscape, securing the third position with over 90,000 startups and 107 unicorn firms valued at \$30 billion, following only the United States and China.

The Startup India Action Plan provides legal support, better regulations, tax benefits, and economic stimulus through the Fund of Funds initiative to provide financial and infrastructural support to emerging businesses. Several other national flagship schemes such as Make in India, Stand-up India (which provides bank loans to support Scheduled Caste, Scheduled Tribe, and women entrepreneurs in establishing new enterprises), SAMRIDH Scheme to enhance the start-up accelerator ecosystem in India by bringing skill sets together to help growth, and Digital India have been introduced to encourage the growth of more efficient and highly skilled micro, small, and medium enterprises.

The government has also established a network of incubators and accelerators across the country to help startups get off the ground. These organizations provide startups with access to resources and support, including mentoring, funding, and networking opportunities. Some of the most prominent incubators and accelerators in India include the Indian Angel Network, 500 Startups, and the Microsoft Accelerator.

Another important factor contributing to the growth of startups in India is access to capital. There are now a growing number of venture capital firms and angel investors in India, and the country has seen a surge in startup funding over the past few years. These firms provide startups with the funding they need to grow and expand, as well as valuable advice and support. Some of the most active venture capital firms in India include Sequoia Capital, Accel Partners, and Softbank Asia Infrastructure Fund (SAIF) Partners. According to data from venture intelligence firm Tracxn, Indian startups raised a record \$10.1 billion in funding in 2021. (Tracxn, 2021 Data Intelligence Unit).

1.5 Entrepreneurship Development Programs in India

Entrepreneurship Development Programs (EDPs) in India are initiatives designed to nurture and enhance entrepreneurial abilities, providing participants with the skills, knowledge, and support needed to establish and grow successful businesses. These entrepreneur development programs are often organized in polytechnics, technical institutions, or business schools, focusing on the youth and other business builders looking to set up industrial or selfemployed ventures.

EDPs in India have been initiated by several non-governmental organizations and semi-Government institutions such as SIET (State Institute of Education Technology), Small Industry Development Organization (SIDO), Small Industry Services Institute (SISI), Industrial Development Bank of India (IDBI), and Technical Consultancy Organizations (TCOs). Recognizing the pivotal role of entrepreneurial skills in business success, the Indian government has actively promoted and supported various programs to foster and nurture entrepreneurial talent.

Some of the entrepreneurial development programs in India are as follows:

• Industrial Motivation Campaigns (IMCs): These are two-day events aimed at identifying and motivating individuals inclined towards self-employment or starting

their own business. The focus is encouraging attendees to establish a Mid-Sized Enterprise (MSE) and providing relevant information on available support and sanctions.

- Entrepreneurship Awareness Programs (EAPs): Conducted multiple times throughout the year, EAPs aim to inform and inspire the youth about entrepreneurship. They focus on imparting knowledge about various facets of industrial activity essential for creating Micro and Small Enterprises (MSEs). The curriculum of EAPs covers a range of skills, including project profile preparation, marketing techniques, product/service pricing, export opportunities, infrastructure facilities, financial institutions, cash flow, accounting, and product costing.
- Entrepreneurship-cum-Skill Development Program (E-SDP): E-SDPs are intensive training programs designed to enhance the technical skills of potential entrepreneurs, the existing workforce, and new workers and technicians of MSEs. These programs are tailored to cater to the skill development needs of socially disadvantaged groups and are organized across various regions, including less developed areas.
- Management Development Programs (MDPs): MDPs focus on enhancing the decision-making capabilities of entrepreneurs to boost productivity, efficiency, and profitability. These short-duration programs cover various managerial functions and are tailored to industry needs and participant requirements.

1.6 Young Entrepreneurs in India

More than half of India's population is under 30, as reported by the UN World Population Prospects 2022. Of this large portion of youth, GEM says that 14.2% of 18 to 34-year-olds are involved in entrepreneurial activity in India. Additionally, approximately 50% of its youth are deemed employable in 2023, showcasing a significant pool of potential innovators who can leverage entrepreneurship. Entrepreneurial activity among young entrepreneurs in India is driven by motivation to earn a living because of job scarcity and a vision to make a difference. The nation's youth are not just seeking jobs but are increasingly becoming job creators themselves.

2. Study Objectives and Methodology

2.1 Study Objectives

Navya Disha was established in 2005 to help rural communities embrace new ways of living that are ecologically sustainable and make efficient use of limited resources and opportunities.

The focus of the program is to identify, nurture, and support aspiring entrepreneurs across the country. The program participants include youth from the community, self-help groups, and educational institutions. The program will provide entrepreneurs incubation support, access to equity investment and/or seed funding, and mentoring support to grow and stabilize the business. Each entrepreneur who gets qualified for investment will stay in the program for a period of five years. The pilot is currently being run in Tumakuru. Navya Disha works with various partners to create an ecosystem for supporting entrepreneurs such as the Siddaganga Technology Business Incubator, Krishi Vignana Kendra, and the Rotary Club, to name a few.

A landscape study of entrepreneurship can serve as a source of information for designing and implementing a youth entrepreneurship program. Such a study involves an in-depth analysis of the current entrepreneurial ecosystem, identifying trends, challenges, opportunities, and key players in the field. By conducting a thorough landscape study, the youth entrepreneurship program can be designed to be more responsive to the local context, better tailored to the needs of young entrepreneurs, and positioned for long-term success.

2.2 Study Scope

The outcomes and projections of this study will provide scientific support for Navya Disha in developing a strategic plan for an entrepreneurship initiative.

Approach: There are three sequential approaches in the study in order to understand the levels of entrepreneurship potential of the district and the different blocks within the district.

- Details of Enterprises (shops and commercial establishments) of the district and blocks were collected and trend analysis was done in the study district from two different comparable sources and Compound Annual Growth Rate (CAGR) for the last 10 years in terms of number of establishments/units was ascertained.
- Data of industrial sectors (showing both high growth and moderate growth) was procured and analysed.
- o Reasons for high growth and moderate growth were analysed.
- Industries that are currently performing well and seeking backward linkages in the form of technical or other support from ancillary industries were considered for potential entrepreneurship development.
- o District Industries and Commercial Establishment Perspective Plan was reviewed.

- o DIC and/or KIADB's Proposed Industrial Development Plan was reviewed.
- In-depth interviews (IDIs) were conducted with the following stakeholders to gather further specific information about industries in the district:
 - ✓ Joint Director, District Industries and Commerce Bank Managers of District Lead Bank and the other Leading Banks supporting self- employment schemes in the district
 - ✓ District Level Industries Associations
 - ✓ Selected Industries in the district having major employment/turnover potential
 - ✓ Successful and leading entrepreneurs in each block
- o Surveys were conducted with college youth of Tumakuru

Table 2.1 - Study Matrix

Study Parameters	Data Source	Tools
Study Objective 1 – To review the demography, economic profile of employment potential	e socio-economic p of the district by	rofile of Tumakuru district covering industry, state of education, and
Demographic Status of the District Employment - Unemployment status in the district Contribution of different sectors to the economy of the district State of Education in the districts State of Higher Education and Vocational Education in the districts Emerging sectors/industries of eminence in the districts	Secondary Data	Study of Government Documents and available Secondary Data in the Public Domain: Census 2011 and Census Projections District Information System for Education (DISE) Data for the respective district Several National Sample Survey (NSS) Reports Districts at a Glance reports to chart out the historical evaluation of the districts List of Industries from the Industries Department/Associations

Study Objective 2 - To identify development opportunities keeping in stakeholders' perspectives – Local development initiatives/projects which have an impact on employment generation.

Major industries in the district that have high employment potential Economic sectors that generate employment and possible entrepreneurial ventures	Primary and Secondary Data	Primary Data - Data collected from the establishments providing more employment opportunities in the district (industries, commercial and service establishments)		
Ancillary industries for entrepreneurial development		 IDI - With DIC, Khadi and Village Industries, Agriculture-Horticulture- Animal Husbandry Personnel, Bank Managers, Industry, Industry/ Entrepreneurship Visionaries of the district. Secondary Data: Collected from Department of Industries and Commerce, Karnataka Industrial Area Development Board (KIADB), Karnataka Power transmission Corporation Limited (KPTCL), Labour Department, and Karnataka State Small Scale Industries Development Corporation, Factories and Boilers, Shops and Commercial Establishment Nodal Officer 		

2.3 Survey Methodology - Quantitative Data

2.3.1 The Enterprises – Sampling

Stratified random sampling methodology was followed for the enterprise or entrepreneurs' survey. In a stratified random sample, all population units are grouped within homogeneous groups and simple random samples are selected within each group.

The strata for the enterprise survey are firm size, business sector, and geographic region within the district. Sector breakdown is in terms of manufacturing, retail, and other services. Geographic regions within the district have been selected based on which towns/regions collectively contain the majority of the economic activity. The survey sample frame was derived from the universe of the eligible firms obtained from the secondary sources of data.

Considering the time-frame and the feasibility, the demand side survey sample was drawn as follows:

Top 10 well performing sectors (Industries) were analysed and in-depth interviews were conducted with 1 or 2 industrial leaders in each sector

2.3.2 Sample for Qualitative Data Collection:

The table below shows the numerical breakup of the IDIs that were conducted:

Level	Stakeholders	Method of Data Collection	Total no.	Total Sample
District	Industries	IDI	20	2 per well performing (top 10) industries from the district – growth sectors
District	Lead Bank Managers/ Bank Managers	IDI	1	
District	Agriculture, Animal husbandry, Horticulture department, Khadi and Village Industries and DIC personnel.	IDI	5	1 each per department
District	Industry/Entrepreneurship visionaries	IDI	10	
District	Major industries/ associations	IDI	10	5 from two associations
Block	Successful entrepreneurs	IDI	20	5 per block and 20 in total
	TOTAL		66	

Table 2.2 - Detailed numbers of IDIs conducted in the study

2.4 Limitations in Study Scope

Collecting data from various stakeholders in the state and sample district had some challenges due to availability and accessibility. Also getting timely data from the industries was challenging as industries were not able to provide data on their human resource requirement on time because of their day-to-day transactions. A sincere effort was, however, made by using networks with the Industries Associations.

3. Tumakuru District Profile

3.1 Overview of the District

Tumakuru district is one of the 31 districts of Karnataka state located in the southern part of India. Tumakuru is the second largest district in the state of Karnataka after Belagavi. Tumakuru city is also known as the 'Coconut City' due to the numerous palm trees found in this town. Generally, this is an open tract except in the South of Kunigal Taluka, where the land is wooded and hilly. The other parts are undulating plains with well-grown trees. The open part of the district maintains a generally even level above the sea, but Pavagada and Sira talukas are at a considerably lower level than the rest. East of the district is occupied by a narrow range of granite hills. Their average width is about 20 miles and they run north and south in the district. Western parts of the district are occupied by long ranges of hills running approximately in the eastern direction.



Map 1: Tumakuru District - Study Area

3.1.1 Location

The district is located between 12^{0} 45' and 14^{0} 20' North Latitude and between 76^{0} 20' and 77^{0} 37' East Longitude. The district shares its western border with Chitradurga and Hassan districts, its Northern border with Ananthapur District of Andhra Pradesh, its southern border with the Mandya District, and the Eastern border with Chikkaballapur and Bangalore Districts.



3.1.2 Administration

The Deputy Commissioner is the highest-ranking administrative officer in the district. He/she oversees the overall administration, law and order, and development activities in the district. The district headquarters are located at Tumakuru. After the 73rd constitutional amendment, most of the functions of development are overseen by a three-tier Panchayat structure

consisting of the Zilla Panchayat at the district level, Taluk Panchayats at the taluka level, and Gram Panchayath's in rural areas. For urban areas there is one City Municipal Corporation at Tumakuru, and two City Municipal Councils (CMC), one at Tiptur and another at Sira. There are four Town Municipal Councils (TMC) at Madhugiri, Pavagada, Chikkanayakanhalli and Kunigal. There are four Town Panchayats (TP) at Gubbi, Turuvekre, Koratagere and Huliyar.



3.2 Sectoral Profile of the District

3.2.1 Agriculture and Allied Sectors

Agriculture and related activities contribute 6.1% to the total economic production of the state GDP. Agriculture and allied activities have the highest share in economic output among the three sectors.

3.2.2 Industry Sector

The industry sector typically includes manufacturing, construction, mining, and other related activities. A 3.0%

3.1.3 Demographics

As per the 2011 Census the population of Tumakuru district is 26,78,980. Out of which 20,79,902 is the rural population and 5,99,078 is the urban population. The percentage of rural and urban population to the total population of the district are 77.06 % and 22.04% respectively. The district has a Human Development Index (HDI) of 0.58 and holds 17th rank out of 31 districts of Karnataka.



⁽Source: State and District Domestic Product of Karnataka-2013-14)

contribution suggests that the industrial sector plays a smaller role in the overall economy compared to agriculture.

3.2.3 Service Sector

The service sector encompasses a wide range of activities such as finance, education, healthcare, tourism, and more, and contributes 2.5% to the state GDP. This sector has the smallest share in the overall economic output of the district.

Agricultural Profile

Geography and Rainfall

The district experiences a semi-arid climate with distinct wet and dry seasons. Tumakuru district receives rainfall during the southwest monsoon season (June to September) and the post-monsoon season (October to December). The agricultural landscape of Tumakuru is characterized by a mix of rainfed and irrigated farming. The district has a variety of soil types, including red soil and black soil, which are suitable for different crops.

Cereals: The cultivation of cereals is influenced by factors such as rainfall, irrigation facilities, soil fertility, and market demand. Farmers in Tumakuru practices both rainfed and irrigated agriculture based on the availability of water resources. Rice, Jowar (sorghum), and Ragi (finger millet) are important cereal crops grown in the district.

Pulses: The types of pulses grown in the district can vary based on factors such as Agro-climatic conditions, soil types, and cropping patterns. Some of the major pulses that are commonly grown are tur dal (pigeon pea), gram, green gram, and black gram.

Oilseeds: Groundnut, sunflower, and safflower are significant oilseed crops.

Commercial Crops: Cotton and sugarcane are grown in certain regions, contributing to the commercial agriculture sector.

Horticulture: The district has a diverse agricultural landscape that includes the cultivation of plantation crops and horticulture crops. The cultivation of these crops contributes significantly to the district's economy and provides livelihoods for many farmers. Coconut cultivation is prevalent in the district contributing to the production of coconut oil, coconut



water, and other products. Arecanut is another important plantation crop grown in Tumakuru. It is often intercropped with coconut and other trees. Both coconut and areca nut are considered commercial crops as they are cultivated primarily for sale rather than for personal consumption. These crops are grown in many tropical regions for their economic value, as they are used in various industries such as food, cosmetics, and traditional medicine. Tumakuru district also has a thriving horticulture sector, with the cultivation of fruits such as mangoes, sapota, pomegranate, and vegetables like tomato, onion, and potato.

Industrial Profile

Tumakuru with its land banks of 9800 acres is on the fast track to development. The district has been identified as the National Investment and Manufacturing Zone (NIMZ). NIMZ of approximately 13,500 acres and the Hindustan Aeronautics Limited (HAL) Helicopter Manufacturing facility (near Gubbi) of 610 acres are being developed as integrated industrial townships with state-of-the-art infrastructure and land use based on zoning, clean and energy-efficient technology, necessary social infrastructure, and skill development facilities, for promoting world-class manufacturing activity.

Industrial areas are larger zones designated for industrial activities. These can encompass a wide range of industries and may include various types of industrial zones, such as manufacturing, processing, and service industries. Zoning in industrial areas may be more flexible, accommodating a mix of industries. There are 7 industrial areas present in the district.

Industrial estates are considered smaller and more focused areas within an industrial zone. These may be planned and developed with specific infrastructure and facilities to cater to a particular type of industry or a cluster of related industries. Zoning in industrial estates is often more specific and focused. There are 7 industrial estates present in the district.

Sl. No.	Industrial Estate	Extent (in acres)	Sl. No.	Industrial Area	Extent (in acres)
1	Tumakuru	15.85	1	Antharasanahalli - Phase 1	208
2	Antharasanahalli	16	2	Antharasanahalli - Phase 2	256
3	Hirehalli	5.35	3	Hirehalli	160
4	Sira	4	4	Kunigal I/II	113
5	Tiptur	10	5	Satyamangala	56
6	Kunigal	8.1	6	Vasanthanarasapura	782
7	Madhugiri	6.37	7	Vasanthanarasapura II/III	1435

Table 3.1: List of Industrial Estates and Areas

Source: District Trade, Industry and Competition, Tumakuru

Table 3.2:	Taluka-wise	List of	Industries	and	Workforce
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Sl. No.	Name of the Taluk	Number of the Industries	Manpower employed
1	Tumakuru Taluk	397	14208
2	Kunigal	35	3065
3	Gubbi	10	508
4	Tiptur	80	7923
5	Chikkanayakanhalli	5	310
6	Turuvekere	6	1010

7	Sira	5	500
8	Koratagere	1	1100
9	Pavagada	2	65
10	Madhugiri	5	120
Total		546	28809

Source: District Trade, Industry and Competition, Tumakuru



There are 37 large and medium-scale industries with an aggregated investment of INR 1,139 crore and 27,322 small-scale industries with aggregated investment of INR 48,647 crore. The HAL helicopter factory near Gubbi is coming up with an investment of INR 5000 crore in an area of 600 acres which is under development. 7 industrial areas and 7 industrial estates are present in the district. A land bank of 9,800 acres is available. (*Source: District report by District Disaster Management Authority: 2019-20*)



3.2.4 Potential Sectors with their CAGR (in terms of number of industries):

The above graph outlines the Compound Annual Growth Rates (CAGR) for selected sectors in terms of the number of industries from 2001 to 2021. CAGR figures provide valuable insights into the evolving landscape of these sectors, guiding strategic decision-making and investment considerations. These figures reflect the growth trends and potential opportunities within each sector over the specified period:

- Agriculture Food Processing sector exhibited robust growthindicating a significant expansion in the number of industries engaged in agriculture and food processing activities over the past two decades. The positive trend underscores the sector's resilience and potential for further development.
- The Information Technology (IT) and Bio-Technology (BT) sectors have experienced substant growth. This highlights the sector's dynamism and technological advancements, making it a key driver of economic progress.
- The Textile sector has demonstrated steady growth. Despite a slightly lower rate compared to other sectors, the consistent upward trend signifies sustained development within the textile industry, contributing to the overall economic landscape.
- The Steel and Cement Mines sector has shown substantial growth. This signifies increased industrial activity in mining and production, indicating a positive economic environment for these essential materials.
- The Granite Stone Cutting and Polishing sector has experienced noteworthy growth. This suggests a rising demand for granite products, potentially driven by construction and infrastructure development.

3.2.5 Employment Opportunities

In response to Para-154 of the Budget Speech of the Year 2020-21 by the Hon'ble Chief Minister, Government of Karnataka, a significant development has taken place regarding the establishment of a coconut-based Industrial Park in Tiptur of Tumakuru District. The Sericulture Department has proposed an alternate land spanning 10.12 acres, jointly inspected and found feasible for the purpose by officials from both the Corporation and the Sericulture Department. Subsequently, a comprehensive report has been submitted to the Government for the allotment of this identified land. Additionally, the National Rural Economic Transformation Project (NRETP) has made strides in establishing 13 One-Stop Facility (OSF) centres in Gadag, Tumakuru, and Uttara Kannada districts. These OSFs aim to support 2017 Self-Help Group (SHG) entrepreneurs over the next three years, as outlined in the Economic Survey of 2022-23. Furthermore, the National Bank for Agriculture and Rural Development (NABARD), Karnataka has initiated a pilot project on Agri Value Chain Financing in Pavagada Taluk, Tumakuru district, focusing on mango and vegetable value chains in collaboration with Indian Foundation of Humanistic Development (IFHD) and State Bank of India (SBI), currently in the final stages of implementation. Lastly, the strategy to address the deficit in skilled healthcare professionals involves setting up incentive-driven public and private training centres. The prioritization of districts, such as Bengaluru Urban, Belagavi, Mysuru, Tumakuru, Hassan, and Mandya, for nursing, assistant, and lab technician training centres, reflects a concerted effort to meet the healthcare demands of the state.

3.2.6 Tourism

Tumakuru district has some attractions that may interest tourists. While it may not be as wellknown as some other tourist destinations, the region offers a mix of historical, religious, and natural attractions.

An increase in tourism often leads to a growing demand for accommodation, restaurants, and other hospitality services. Entrepreneurs in Tumakuru can seize the opportunity to establish and expand businesses in the hospitality sector, including hotels, guesthouses, and restaurants.

Entrepreneurs can leverage technology to enhance the tourist experience. This could involve developing apps for navigation, providing virtual tours, or implementing other technological solutions that cater to the needs of modern-day tourists.

Entrepreneurs can focus on sustainable and community-based tourism initiatives. This includes collaborating with local communities to create responsible and eco-friendly tourism practices that benefit both tourists and the local population.

Entrepreneurs can establish retail businesses that sell locally-made crafts, traditional products, and souvenirs, contributing to the economic development of the region.

3.2.7 Infrastructure Readiness

Tumakuru Node has been identified in Karnataka for prioritized implementation under Central Board of Indirect Taxes and Customs (CBIC)	 Node development plans include civic and social infrastructure and linkages to brownfield development. 13,923 acres have been identified for the development in 6 phases. Land under phase 1,2,3 is acquired and is under allotment. Phase 4 land acquisition process is in progress. Tumakuru Node has the potential to become globally competitive in Electronics, Auto components, and Food Processing Sectors.
City Gas Distribution Project (CGD)	 The proposed CGD network would cover 10,618 sq. km, in Tumakuru district. M/s Megha Engineering & Infrastructures Ltd (MEIL) has been authorized for development. 800 inch – km plan over 5 years to cover Tumakuru district.
Textile Park – Sira	• 500 acres acquired and reserved for Textile Industry at Sira Industrial Area, Tumakuru district.
Food Park	 An operational food park at Tumakuru across 100 acres developed by Integrated Food Park Private Limited (IFPPL). It comprises of: Freezer room, Individual Quick Freezing (IQF) facility, sorting and grading line, pre – cooling facilities and banana and mango ripening chambers Also included is a freezer facility for frozen foods, dry warehousing for raw and finished goods, grain silos, packaging facilities, material handling infrastructure, aseptic pulping facilities and a steam generation unit Food testing labs and an R & D center Grading and sorting facilities Supporting infrastructure facilities Cold storages: 1 cold storage for milk products and 1 for multipurpose products
Rail Connectivity	• Two railway projects (Tumakuru – Rayadurga, Tumakuru – Davangere) are under progress to enhance the productivity of the district.

Tumakuru was one of the cities selected under the Smart City Plan in March 2022 which aimed to facilitate enhanced infrastructure facilities through the integration of technology for efficient services, waste management, and improved urban planning, creating a modern and attractive environment for entrepreneurs.

A strong financial infrastructure, including banks and financial institutions, improves entrepreneurs' access to funding and capital. Tumakuru entrepreneurs can benefit from financial services that support business development and expansion.

The infrastructure supporting educational institutions and research facilities contributes to the availability of a skilled workforce and fosters innovation. Entrepreneurs can collaborate with local institutions for research and development, enhancing the overall entrepreneurial ecosystem.

Well-maintained roads and efficient transportation networks enhance the accessibility of Tumakuru from other parts of the state, facilitating the movement of goods and people. This has reduced logistical challenges for entrepreneurs, improving supply chain efficiency, and making it easier for businesses to connect with markets.

Some of the key industries in Tumakuru that are already existing

1. Agribusiness and Food Processing

Agribusiness and food processing are significant contributors to the district economy. These sectors involve a wide range of activities, from farming and food production to distribution, marketing, and retail. The Indian food and grocery market is the world's 6th largest, with retail contributing 70% of the sales. The Indian food processing industry accounts for 32% of the country's total food market, one of the largest industries in India, and is ranked 5th in terms of production, consumption, export, and expected growth (India Food 2024).

Food processing adds value to raw agricultural products by transforming them into a variety of products with longer shelf lives and increased convenience. This value addition benefits both producers and consumers and enhances the overall economic viability of the agricultural sector.

Some of the agribusiness and food processing initiatives undertaken in Tumakuru are:

- Transferring knowledge of grading, processing, packing and marketing
- Food processing equipment
- Creating and transferring knowledge on improved post-harvest practices
- Establishment of a fish seed farm at Markonahalli
- Food Park at Vasanthanarasapura Industrial Area Phase 3, Total land allotted 103 acres, unit production started in the month of Sep 2014
- Rice mills, coir industries, and oil extraction mills are the major agro-based industries in the region

2. Textile

The Indian textile and apparel industry is highly diversified with a wide range of segments ranging from products of traditional handloom, handicrafts, wool, and silk products to the organized textile industry in India. The organized textile industry in India is characterized by the use of capital-intensive technology for the mass production of textile products and includes spinning, weaving, processing, and apparel manufacturing.

India's trade of technical textile products has been growing strongly and the country has been a net exporter. India's exports of technical textile products grew from \$2.21 bn in 2020-21 to \$2.85 bn in 2021-22, registering a growth rate of 28.4% (YoY) (Invest India National Investment Promotion and Facilitation Agency).

Some of the textile initiatives undertaken are:

- 500 acres acquired and reserved for the textile industry at Sira Industrial Area, Tumakuru district
- Readymade garments zone
- Handloom cluster in the district
- Proposed Textile Park
- Proposed establishment of Flower Auction Centres in Tumakuru with an investment of USD 1.32 million (INR 15 crore)

3. Automobile and Auto Components

The Automobile and Auto-Component Industry has become an important sector for the nation's economic growth and development. It contributes over 7% to the country's GDP and accounts for almost 49% of the total manufacturing output. [Confederation of Indian Industry (<u>CII) Blog</u>].

4. Machine Tools

India is home to a vibrant machine tools industry. Part of the capital goods sector, which contributes about 12% to the country's manufacturing output, the machine tool industry plays a crucial role in propelling the economy. The segment also remains central to the government's flagship Make in India and Skill India initiatives.(<u>The Economic Times (indiatimes.com)</u>.

Some of the initiatives taken

- Integrated Machine Tool Industry Park proposed to be set up in Tumakuru
- Machine tools focused technology incubation center in association with Government of Karnataka (GoK) in Public-Private Partnership (PPP) mode

5. Computer Electronics and Optical Product:

The Indian Electronics industry consists of seven main segments, including consumer electronics, industrial electronics, communications and broadcasting electronics, strategic electronics, computer hardware, electronic components, and Light-Emitting Diode (LED products. Tumakuru is 80 km from Bengaluru which houses more than 200 IT companies and approximately 750 Multi-national companies(MNCs.). Tumakuru is identified as part of the Electronics Manufacturing Cluster under the M-SIP (Modified Special Incentive Package) scheme which provides a financial incentive.

3.2.8 Employment Status of the District

The Labour Force Participation Rate (LFPR) for the district was 55.69% in 2017-18, as per the Indiastat report.

Tumakuru's unemployment rate is lower than the overall state average for Karnataka. A lower unemployment rate in Tumakuru could be due to various factors such as local economic conditions, industrial activities, and employment opportunities specific to the Tumakuru district.

The lower unemployment rate in Tumakuru might also mean that there is a smaller pool of available skilled labor. While this could make it more competitive for businesses to attract and retain talent, it could also create opportunities for entrepreneurs to fill gaps in the market by offering innovative solutions or starting businesses that cater to specific local needs.

3.2.9 Education Status of the District

In terms of educational attainment, Tumakuru ranks 11th out of the then 27 districts of Karnataka, as per the Karnataka Human Development Report 2005. The district literacy rate is less than the state's average literacy rate. The female literacy rate of the district is lesser than the male literacy rate. A lower literacy rate can have a significant impact on entrepreneurship activities in several ways:

1. Entrepreneurs require information on market

trends, business strategies, and legal requirements. A lower literacy rate can hinder individuals from accessing and understanding this crucial information, limiting their ability to make informed decisions.



- 2. Lower literacy rates may be associated with social and cultural factors that impact the perception of entrepreneurship. It may lead to a lack of confidence among individuals to start and run their businesses.
- 3. Entrepreneurial skills often require continuous learning. Individuals with lower literacy rates may face barriers in participating in training programs and workshops, limiting their ability to acquire new skills and stay competitive in the market.

SI. No	Taluk	Secondary School Gross Enrolment rate (15-16)		Drop-out Rate in Secondary Education		
		Number of Children Enrolled	Value (%)	Number of Children Dropped out	Total Enrolment in that age	Value (%)
1.	Chikkanayakanahalli	8753	90.82	56	8753	0.64
2.	Gubbi	11323	84.5	36	11323	0.34
3.	Koratagere	7449	85.42	45	7449	0.6
4.	Kunigal	10181	88.97	46	10181	0.45
5.	Madhugiri	12367	82.5	93	12367	0.75
6.	Pavagada	11581	79.41	45	11581	0.39
7.	Sira	14036	70.39	75	14036	0.53
8.	Tiptur	9739	82.87	62	9739	0.64
9.	Tumakuru	32121	82.5	56	32121	0.17
10.	Turuvekere	7464	75	28	7464	0.38
Total		125014	81.25	542	125014	0.44

Table 1.1: Secondary School Gross Enrolment Rate (GER) and Drop-out Rate

Source: DDPI Tumakuru, 2011

Dropping out of school or college can have various effects on entrepreneurship activities, both positive and negative. The GER for ths district was 81.25% and the dropout rate was 0.44%, as per 2011 figures. The average student-teacher ratio across the district for secondary education was slightly more than 18, which is good in terms of national benchmarks. Turuvekere has the highest value while Pavagada has the lowest value.

The positive impact of dropouts on startups: Dropping out might provide individuals with an opportunity to enter the entrepreneurial world at a younger age. Entrepreneurship often involves learning by doing. Dropping out might offer individuals the chance to gain hands-on experience, facing real-world challenges, and learn practical skills that can be valuable in running a business.

The negative impact of dropouts on startups: Formal education provides a structured environment for learning various skills, including critical thinking, problem-solving, and communication. Dropping out might limit the development of these skills, which are crucial for

entrepreneurial success. Entrepreneurs who drop out may face challenges in gaining trust and support, especially in industries where educational credentials are highly valued.

3.3 Perspectives of College Youth about Entrepreneurship

An exercise was conducted with university graduates of Tumakuru University and Siddaganga Institute of Technology to understand their attitudes towards taking up entrepreneurship as a career option after their studies. 66 students from Tumakuru University and 50 students from Siddaganga Institute of Technology, Tumakuru took part in this survey.

The key results of the exercise are provided below:

Majority of the students from Tumakuru University were post graduate students from Economics/Commerce or Management studies, while most students from Siddaganga Institute of Technology were in the third or final year of their engineering courses.

About half (50%) of the surveyed students acknowledged that entrepreneurship is a viable career choice in today's world. This suggests a positive perception among students regarding the potential of entrepreneurship as a fulfilling and sustainable career path.

Despite the positive outlook, 30% of students expressed concerns about the risks associated with entrepreneurship. This indicates that a significant portion of the student population recognizes the challenges and uncertainties that come with starting and running a business.

Over one-third (38.2%) of students believe that individuals choose entrepreneurship as a career option when they are unable to secure a suitable job after completing their college studies. This perception might stem from the belief that entrepreneurship is a fallback option rather than a proactive choice.

A notable percentage of students (36.5%) feel that obtaining a loan for initiating an entrepreneurial venture is a challenging task. This perception highlights that aspiring entrepreneurs harbour perceived barriers regarding access to financial resources.

A similar percentage of students (36.4%) believe that sound technical knowledge is crucial for starting a business. This insight underscores the perceived importance of technical expertise in entrepreneurial activities.

Almost half of the students (47.3%) identify the lack of finance as a significant obstacle preventing young individuals from pursuing entrepreneurship. This perception aligns with the earlier point on the perceived difficulty of obtaining loans, emphasizing financial constraints as a perceived deterrent.

A significant portion of students (47.7%) expressed a desire to be their boss rather than work for someone else. This indicates a strong inclination towards autonomy and independence among the student population.

Nearly half of the students (44.45%) find the idea of starting their own business attractive. This positive sentiment suggests the potential presence of an entrepreneurial spirit among the surveyed individuals.

A substantial majority of students (66.7%) expressed a desire to start their businesses after completing their studies. This high percentage indicates a widespread aspiration among students to venture into entrepreneurship in the future.

Regarding sector preferences, 20.6% of students aim to start businesses in agriculture, 61.9% in handicrafts, and the rest in various other occupations. This diverse range of interests reflects the varied entrepreneurial aspirations among the student population.

Approximately two-thirds of students believe that they are creative in their educational and professional lives. This self-perceived creativity could contribute positively to entrepreneurial pursuits, which often require innovative thinking and problem-solving.

A majority of students (57.1%) express a preference for starting a company from the ground up, emphasizing the entrepreneurial spirit and ambition to build something new. Meanwhile, 23.8% prefer acquiring an existing company for further development.

These findings highlight a mix of positive attitudes and perceived challenges associated with entrepreneurship among students. While there is a prevalent desire to become entrepreneurs, concerns about risks, financial barriers, and the perception of entrepreneurship as a fallback option also exist. Understanding these perspectives can inform educational and support programs to better prepare and encourage aspiring entrepreneurs.

4. Potential Entrepreneurship Opportunities

Based on the analysis of different entrepreneur and industry association interviews that NAVGRAAM has conducted in Tumakuru, a list of entrepreneurial opportunities has been explored in depth. In order to arrive at this list of opportunities, NAVGRAAM researchers conducted extensive desk research reviews and analysed the secondary metadata on the sector-wise growth in the number of industries over the last 10-15 years in Tumakuru. This was supplemented by primary data obtained from IDIs, from government departmental heads and representatives of several industries across different sectors. Details of the exact In-depth Interviews (IDIs) conducted and their content analysis have been discussed in the following sections.

A. Coconut and Coconut Based Food Products

Sectoral Overview

Tumakuru is the largest coconut producing district in Karnataka, typically known for natural ball copra production. Majority of the farmers in Tumakuru district have been cultivating coconut over decades and their livelihood primarily depends on coconut farming. Processing of ball copra from coconuts is practiced by both small and large farmers in Karnataka, particularly from Tumakuru, Hassan, Chitradurga and Chikkamagaluru districts. There are six Agricultural Produce Market Committee (APMC) markets in the state dealing with ball copra trading viz., Arasikere, Channarayapatna, Gubbi, Huliyar, Tiptur and Turuvekere. Out of these six major copra markets, four markets i.e., Gubbi, Huliyar, Tiptur and Turuvekere markets are in Tumakuru district and Tiptur copra market is considered to be Asia's largest copra trading market. Tumakuru district is known as 'Kalpatharu Nadu' naturally blessed with unique and elegant local varieties such as Tiptur tall, Arasikere tall etc. The demand for ball copra produced in Tiptur region is high throughout the country.

The state of Karnataka occupies a major share of the coconut cultivation in India. Coconut is currently cultivated in an area of 5.5733 lakh ha in the state. Production of coconut in the state is 5897.32 million nuts with a productivity of 10,581 nuts per ha. The productivity is much higher than the national average of 9123 nuts per ha. The state contributes to about 26.42% of area and 30.64% of production under coconut in India. Tumakuru district ranks first in terms of area (1,78,748 ha) as well as production (13123.68 lakh nuts) (coconutboard.gov.in)

Coconut production is one of the most traditional and natural agricultural sources of income for Tumakuru farmers. Of late, there has however been issues such as poor market prices, improper data on the crops grown and sold and diseases like stem bleeding.

Possible Ventures for Micro Enterprises

Micro enterprises have the following major opportunities to produce and market products in this category, like desiccated coconut powder, copra, choir, tender nuts and seeds and also value-added products like packaged/bottled tender coconut water, fruit juice blended tender coconut water (with pomegranate, blue grapes, pineapple, orange, mango, etc), coconut water concentrates/beverages,

Nata de Coco (a sweet gelatinous product used for making pickles, sherbets, drinks, mocktails, etc.), coconut jelly and coconut vinegar. Other dietary fiber products from coconut, like virgin coconut oil, fermented milk, coconut based instant rice mix, chutney powder/mix, filling powder, coconut bites (ready-to-eat sweet snack), and coconut wood for handicrafts can also be actively considered.

Competition

As far as competitors are concerned, the coconut industry competes with local Karnataka-specific competitors. The import of desiccated coconut powder at slashed rates in the markets is creating challenges for the sustenance of the local industries. There is also competition from the import of palm and palm oil by the Government, which being cheaper than coconut, has generated strong consumer demand.

Nature of Demand

There is high demand for coconut-based products and demand for desiccated coconut powder is high during festivals and ceremonies. The demand generally remains high through the year as coconut powder is used in sweets, ice – creams, cakes, and biscuits. Coconut and value-added coconut products are marketed by the individual entrepreneurs and other organizations. Products such as *Nata de Coco* have high demand in US, UAE, Europe, Taiwan, etc.

Input Suppliers/Raw Materials

Tumakuru is the largest producer of coconut in Karnataka. The production and yield of coconut in Tumakuru is large enough to supply for raw materials for all coconut-based and value-added products from the district.

Customers

There is a large demand for coconut-based products within Karnataka, in other parts of the country, and also across the Middle Eastern, South Asian, and North American countries.

SWOT Analysis

Strengths

Quality of the product is the major strength. Most of the products including value added products have a certain shelf life. Hence care needs to be taken to ensure that the product is fresh in terms of quality and that in fact is the major plus point of the product. Products that have surpassed their shelf life need to be removed from stock and either trashed, or in some cases be used for making some other value-added by-products.

Weaknesses

In case of the coconut industry weaknesses involves the need to compete with imported produce, in addition to tackling the adulteration of the product. Additionally, the work is labour intensive and the labourers are inconsistent in their work. Labour is sourced from villages and needs to be provided free accommodation facilities and electricity services.

Opportunities

On account of the high levels of demand of the ever-growing population, the industry is flourishing. Initially there were only 10 - 15 factories; however there are now 200 - 250 factories dealing with coconut and value-added products. The industries are accountable and systematic in all departments: quality, accounting, taxation, and compliance.

Threats

Adulteration in coconut products is viewed as a threat. Further, products with lower prices that are available in the market are mostly preferred by individuals residing in rural areas. The coconut industry maintains that they do not have sizeable budgets for advertising their products.

Support for Emerging Entrepreneurs

Government/Private Help to Set Up New Business

The Coconut Development Board provides guidance and direction concerning business strategy, while financial and banking institutions provide support in terms of financial assistance. Emerging micro-entrepreneurs can reach out to the Tumkuru District office of the Coconut Development Board to seek opportunities for new businesses. These also include business opportunities that involve imparting technical know-how for development of new value-added products for coconut, such as coconut milk and coconut vinegar.

Possible Opportunities

Creation of a linkage for future marketing opportunities between entrepreneurs/ distributors/retailers and end users of coconut products is required. Promotional activities are carried out by Farmer Producer Organizations and cooperatives in the coconut products manufacturing sector.

A prospective entrepreneur can tie up with the Coconut Development Board for marketing of the products. Also, for products that are not patented, there is the possibility of exploring opportunities of technology transfer from the Coconut Development Board. Linkup with Central Food Technological Research Institute (CFTRI), Mysore would also help in terms of technological knowhow to provide the initial push in establishing the business with right strategies and the required infrastructure.

There are a variety of opportunities to create multiple products using coconut byproducts/waste. Manure, handicrafts, jewellery, charcoal, carpets etc. can be created. With the advantage of local raw materials, this sector has a huge advantage. Funding is also available from start-up promotion schemes as well as other MSME schemes.

Challenges Involved

Understanding the specific interest areas of entrepreneurship and mapping them with the countries of demand is an important challenge. Not all importing countries may be interested in procuring all

the coconut-based products that are available or can be manufactured in Tumakuru. This is because food tastes vary widely across countries that are regular importers of coconut-based products. Thus, while Europe and the US markets have higher demand for coconut-based juices, fermented milk and water, the UAE and other middle eastern markets have more demand for coconut-based snacks. Hence this assessment needs to be made by the micro entrepreneur before taking decisions regarding production. This process is likely to take at least 4-5 months for a proper market assessment.

The process of linking up with the Coconut Development Board is sometimes cumbersome and time consuming because of bureaucratic delays. Micro entrepreneurs need to take into account both time and patience to close a contract with the Board on matters related to technology transfers or the creation of new value-added products.

Applications are required to be made to get benefits under the Technology Mission on Coconut. Application is generally approved after 3-4 months after applying for technical support to the Mission. Micro entrepreneurs need to factor this time while deciding on whether they should produce and sell any product that requires support from the Technology Mission on Coconut.

Possible Facilitators

Some of the possible facilitation from the Technology Mission on Coconut Processing and product diversification can be as follows:

In the development of new technologies for emerging entrepreneurs, the Technology Mission provides 100% of the project cost limited to Rs.75 lakhs for all the government institutions and cooperative societies. If the emerging entrepreneur can tie up with such institutions, they will get the benefit of the same.

Similarly, the Technology Mission provides 50% of the project cost limited to Rs.35 lakhs for NGO', individual entrepreneurs, and other research organizations in the development of new technologies. This is a very good opportunity for part-funding of initiatives for young entrepreneurs who are ideating on coming up with new coconut-based products that involve technological development.

Market Research and Promotion

The Technology Mission on Coconut Processing also provides market research and market promotion activity funds to budding entrepreneurs for their ideated coconut-based products.

For market research, the funds provided are 100% of the cost limited to Rs.25 lakhs for government agencies and cooperative societies or 50% of the cost limited to Rs.12.50 lakhs for individuals, NGOs and other organizations. For market promotion, the funds provided are 100% of the cost limited to Rs.25 lakhs for government agencies and cooperative societies or 50% of the cost limited to Rs.10 lakhs for NGOs and private institutes.

Funds are also provided by the Mission for demonstration and adoption of technologies. For demonstration of technologies, funds provided are 100% of the cost limited to Rs.75 lakhs for

government institutions and cooperative societies or 50% of the cost limited to Rs.35 lakhs for the NGOs, individual entrepreneurs, and other organizations. Similarly, for adoption of technologies, the Mission provides back-ended credit capital subsidy limited to 25% of the cost not exceeding Rs.50 lakhs for NGOs, individual entrepreneurs and other organizations.

Approximate Cost of Setting Up a New Business

The costs of setting up a business range between Rs. 25 lakhs for basic factories with only desiccated produce to up to Rs. 1 crore for businesses that need imported machineries and effluent sewerage treatment. Businesses based upon only distribution or marketing activities can be started at substantially lower costs. For micro entrepreneurs, the best bet is to engage in production of coconut-based value-added products ranging between Rs. 25-40 lakhs or to set up distribution-based enterprises in the sector that can come at costs of even Rs. 2-5 lakhs to start with, depending upon the scale of the business

B. Rice Mill Industry

Sectoral Overview

Tumakuru ranks 10th in terms of highest productive districts for paddy cultivation in Karnataka, with an average yield of 2722 kg/Ha (Source: Department of Rural Development and Panchayat Raj). 21% of the area of the district is suitable for growing paddy of which 7.3% is moderately suitable, and 13.9% is moderately to marginally suitable. Paddy is one of the most important cereal cash crops of the district. It is grown mostly in the lowlands of the northern part of the district, in the Talukas of Pavagada, Madhugiri, Sira and Koratagere. As per Indian Council of Agricultural Research - Central Research Institute for Dryland Agriculture. "State-wise Plans: Karnataka (PDF) for 2008-09", paddy is cultivated on 33100 Ha of land in the district. Tumakuru district has more than a hundred rice mills, in addition to other food processing industries (Government of Karnataka- DAP Tumakuru). Rice being a staple diet across the entire region and the country, Tumakuru has a large potential for micro entrepreneurial activities in rice production and distribution.

Possible Ventures for Micro Enterprises

Rice and Rice Products

Rice milling and processing units to process raw paddy into rice, bran, and other by-products like parboiled rice, white rice, brown rice, etc. can be good sources of entrepreneurship in the district.

Rice bran oil production unit and rice flour production unit for making snacks, desserts, and other culinary products would be another good entrepreneurial option as the demand for these products is high and in fact, increasing.

Another interesting option would be to develop and market rice-based snacks like rice cakes, rice crackers, and rice-based energy bars. Innovation can happen by adding different flavours and through attractive packaging options. Organic rice farming and production of organic rice-based products are other feasible ventures.

Of late, farmers in the Kunigal taluk of the district have cultivated a new variety of rice RNR-15048 under the technical guidance of the scientists at Krishi Vignan Kendra in Konehalli, Tiptur taluka, specifically tailored for diabetics who are concerned about the impact of white rice on their health. This innovative rice variety boasts a low 'Glycemic Index' (GI), a crucial metric for foods containing carbohydrates. Compared to conventional rice, including popular types like Sona Masuri, RNR-15048 exhibits a lower GI of 51.5%, as opposed to the typical 56.5%. This unique characteristic positions it similarly to millet and other small grains, ensuring a gradual release of sugar into the body (Source: Sia sat). This rice variety has large potential of doing good business in the healthy-products market, both within the country and internationally.

There are other opportunities to utilize rice husk and biomass generated during the milling process. This could involve producing biomass briquettes, using rice husk for bioenergy, or converting it into other usable products.

Development and marketing of rice-based beverages such as rice milk, rice water or rice-based energy drinks are other possible entrepreneurial options.

In addition, the export of rice or rice-based products would also provide much impetus to the newly started businesses as Indian Basmati, as well as non-Basmati rice, is in high demand in the international markets.

Nature of Demand

As far as the demand for rice is concerned, it is high in the northern part of the country, especially in the states of Rajasthan, Punjab, Delhi and Maharashtra. The representatives of the rice mill industry who were interviewed mentioned that their clients were generally found in the wholesale APMCs. However, the demand has fallen this year as compared to the previous year on account of the increase in the price point. This has led to a 10-15% decrease in demand.

Input Suppliers/Raw Materials

Concerning the rice milling industry, the rice industries get the paddy directly from farmers in Pavagada, Madhugiri, Sira, and Koratagere talukas within Tumakuru district. Additionally, procurement extends beyond the district boundaries, including Gangavathi and Sindhanur Taluka, Davangere District, Mysore District, and even Tamil Nadu.

Customers

For the rice milling industry, the primary customers are the Bangalore and the Mysore Agricultural Produce & Livestock Market (APMCs). The regular supply of rice for these metro-city pockets is high primarily because of the extremely high demand for rice by the households, hotels and restaurants in both cities. The local demand for rice as a staple food is also tied with the high consumption of rice-based dishes such as idli, dosa, and paddu, along with a variety of flavoured rice dishes both within the households and outside eateries, which are culturally popular in south Karnataka.

Business Strategy

As the rice milling industry provides a unique platform to markets with its multiple varieties of rice and rice-based products, the primary strategy is to maintain the best standard and quality of the rice products to stay relevant in the fast-changing industry.

SWOT Analysis

Strengths

A strong traditional rice production base exists in the district. Both technologies of production and marketing channels are established and are well known to inhabitants of the district. In addition, there is a strong perennial demand for paddy from both other parts of the state and from North Indian states, where it is a staple food and consumed in at least one meal every day. Rice plays quite a pivotal role in providing nutritional needs of the people while at the same it is an easily digestible staple food for most of the rice eating population. If marketed properly, rice and some value-added products from rice, like organic rice or flattened rice can be used to cater to the health-conscious market.

Weaknesses

The main weakness is the excessive dependence on rains for the production of paddy. Majority of paddy production happens in irrigated land. However, over the last two years rainfall has been below normal, leading to less water in the Jayamangala and the Shimsha streams from the Krishna and the Cauvery rivers that are the main source of irrigated lands in the district.

Opportunities

Rice is a crucial commodity as a staple food in India. However, its success as a crop depends heavily on sufficient rainfall. As previously mentioned, rice and rice-based products are deeply rooted in the culinary traditions of South India, highlighting the importance of rice grain quality.

Threats

Some health-conscious consumers have switched from rice to ragi, which is considered to be healthier, and this is a threat to rice-sector related opportunities within Karnataka. Even from outside the state, a section of the demand has been replaced by healthier options like white rice (not grown in Tumakuru) or other food products such as millets, corn or other healthy supplements.

Support for Emerging Entrepreneurs

Government/Private Help to Set Up New Business

The Department of Industries and Commerce along with banks have provided much support to establish new businesses and enhance the existing factories and mills. While technical help is not required to a large extent, given that the process of setting up and producing rice from paddy is established and is widely used by different rice mills in the district (and in the state), procurement of modern machinery for processing requires large investments. The SBI (lead bank), Canara Bank and

several co-operative banks in the district have historically and traditionally provided sizable loans for procurement of advanced machinery for setting up of rice mills in the district. In continuation of the available governmental support, the facilities such as the minimum support price (MSP) of paddy are an essential boost to stay in the production of rice as it guarantees the farmers to a minimum price for the crop and further helps to avoid the loss of net production profits due to lower price in the private market.

Possible Opportunities

Depending upon capital availability, both production as well as marketing options can be ascertained for micro enterprises. Marketing options can be considered for both domestic as well as export market options. This includes the export of the Basmati and non-Basmati variety of rice and provides ample opportunities for the aspiring individuals who want to set up entrepreneurial ventures in this area.

Challenges Involved

A multitude of approving and regulatory authorities are involved in starting this business - Food Safety and Standards Authority of India (FSSAI), Agricultural and Processed Food Products Export Development Authority (APEDA), Department of Agriculture, Agricultural Produce & Livestock Market (APMC), State Food Commission, DIC, Directorate of Marketing and Inspection and the Karnataka State Pollution Control Board. Approvals are required for setting up the rice-based production units from one or more of these entities. The process of setting up entrepreneurial activity after getting required permissions generally takes between 7-12 months; therefore it is important to start early. For production-based entrepreneurship, capital costs for setting up are high (Rs. 1 lakh for simple production units to Rs. 15 lakhs for bran products).

Facilitators

Continuous high demand for the product and even higher demand for value-added products of rice, especially in the Gulf, US, and European markets, facilitate a credible space for venturing into the trading of rice in the international markets and of rice-based products in the domestic markets.

Approximate Cost of Setting Up of Business

For a micro-production facility, costs are between Rs. 15-30 lakhs; for up to a 1-ton production facility, costs are between Rs. 90 lakhs to Rs. 1 crore. Setting up a basic rice milling facility using manual machinery (for husking, destoning, etc.) does not require major technical knowhow; however, advanced quality of processing at scale requires sophisticated machinery like automatic fortified rice machines, which are cost intensive (between Rs. 25-35 lakhs).

Businesses with only distribution or marketing would cost substantially less to start with. Distribution-based initiatives can also be started with an initial capital of Rs. 5 lakhs. Micro entrepreneurs need to choose existing options depending upon their access to capital for setting up these facilities.

C. Apparel - Readymade Garments and Handloom Products

Sectoral Overview

Textile and apparels is one of the core growth areas planned to be developed by the Government of Karnataka since the last decade. The new policy on the sector for 2023-2028 lays special emphasis to develop Karnataka as a hub for making it the Garment Capital of the country.

Karnataka ranks first in terms of the number of MSMEs registered in 2015-16 for the Manufacturing of Wearing Apparel, Dressing and Dyeing of Fur. It is ranked second in terms of investment of MSME units registered in 2015-16 as producers of textiles and garments. The garment industry in Karnataka contributes to 15% of India's export earnings, 14% of India's industrial production and has a 5% share in global textiles and apparel trade. Karnataka is the first state in the country to launch State Textile Policy known as "Nuthana Javali Neethi 2013-18", which aims to attract Rs.10000 crore of investments by 2018 and create employment for nearly 5 lakh persons. This policy is being implemented after the completion of Suvarna Vastra Neethi 2008-13. 144 skill development centres and 168 private training centres have trained more than 1,60,000 personnel in the sector in the state.

For Tumakuru, a dedicated apparel zone is planned along the Suvarna Karnataka Development Corridor. As per the District Industries Centre in Tumakuru, the apparel sector has units catering to the production of readymade garments through handlooms, power looms, spinning, knitting and processing. In addition, there are units for production of technical textiles and Textile machinery manufacturing (Source: Karnataka Department of Handlooms and Textiles).

Possible Ventures for Micro Enterprises

The apparel segment includes primarily marketing of readymade garments, produced by weavers in the handloom sector in Tumakuru and also the marketing of Pneumatic/Motorized Jacquard Kit which the government is providing to handloom weavers for increasing production of the cloth as raw material to use in the production of readymade garments.

Over the years, Tumakuru has witnessed several changes in the business of the apparel market and has grown from a centre of local-level marketing to a production centre for big export-level players, especially for the supply of garments to European and Latin American markets.

Competition

The representatives of the industry feel that the level of competition is high. It is highly competitive both in terms of garnering orders as well as establishing manufacturing units. While Karnataka is making positive strides in the garment sector in comparison to other states, there is growing competition from overseas manufacturers in Bangladesh and Vietnam who have lower price – points on account of cheaper labour. While Karnataka has a minimum monthly wage of USD 173.25 (Source: Wage Indicator Foundation. "Textile Processing, Dyeing, Printing, or Garment) for skilled workers in the apparel industry, in Bangladesh this amount is USD 113.6 (Source: Textile

Today. "Impacts of Wage Increase on FOB Prices in Bangladesh") and in Vietnam it is USD 138.59 (Source: Sourcing Journal. "Vietnam Living Wage Pilot").

Nature of Demand

The nature of the demand varies, with the change in tastes contingent on modernization. The field insights from industry representatives reveal that the industry players are attempting to meet the customer requirement as per the demand variation and the trends that are currently liked by the customers.

Also, a large portion of the produce by the units are being supplied to the export markets such as the United States. Exports are presently slightly going down on account of the economic recession, and the producers are experiencing a decline in demand and do not know when the situation will be favourable again.

Input Suppliers/Raw Materials

The raw materials for the apparel units come both from within the state and outside. In Karnataka, districts like Dharwad, Gadag, Haveri, Belgaum, Chamrajanagar and Mysore supply cotton to the apparel industries including those in Tumakuru. From outside the state, many companies from Thrissur and Coimbatore in Tamil Nadu are the source of the raw materials, which supply the basic fabric material. In addition, other key informants interviewed for this study mentioned that they were also receiving fabrics from all parts of India.

Customers

Both domestic and international markets have customers for this sector. These need to be tapped by micro entrepreneurs who want to invest in this sector. Customers included the likes of Primark, Levis, Reliance, and Shopper's Stop, which are nationally recognized brands. Additionally, local state level producers and garment manufacturers like Kanva, Precott Meridian, Gokak, Richa Group and Himatsingka also source materials from the Tumakuru local manufacturers. A sizeable number of units are also catering to branded clothing and apparel companies in the United States and Europe.

Business Strategy

Quality and timely delivery are the two-pronged approaches through which sustainable growth is strategized. There are many big players in the market and the clients demand on-time delivery of the product with no compromise in quality. In order to stay relevant in the market the strategy is to provide quality products on time.

SWOT Analysis

Strengths

Good quality of inputs which includes fabrics and quality resources of labour and cheaper labour costs (compared to countries of demand) are the two main strengths of the industry. Additionally, to succeed in this venture a keen eye for marketing is required, in addition to meeting the demands of European design personnel whose demands mix the best of contemporary design with research

in fashion techniques. Some of the companies have their own contracts with European fashion designers for the manufacture of garments.

Weaknesses

The biggest weakness is the over dependence on cotton products, and missing out completely on the synthetic markets. Majority of the international markets are driven by demand for synthetic products and hence this is a major challenge. Moreover, the spinning sector lacks modernization and there is a need to introduce new technology. Fabric Processing is the weakest link in the Indian textile value chain, adversely affecting its ability to compete in exports. Finally, high power costs and long export lead times erode the sector's export competitiveness across the textile chain.

Opportunities

Opportunities include capitalizing on the lower cost of at-scale production for the sector. Also, over the years, given the success of the industry in established markets of Europe and the USA, new markets have been emerging in South Asia like Singapore, Malaysia and also in Australia and New Zealand. The opportunities therefore lie in the ability to quickly tap these new international markets of demand.

Threats

Within India, there is competition from Jharkhand and Madhya Pradesh on account of cheap labour and lower-price points. Internationally, China, Bangladesh and Vietnam provided huge challenges given their even lower production costs and good quality products. Furthermore, unless the recession improves in Europe and Latin America, the inability to do better in the international market will continue to be a threat.

Support for Emerging Entrepreneurs

Government/Private Help to Set up New Business

The Apparel Export Promotion Council of India (AEPCI) extends its support to new entrepreneurs. Further, there is also a technical textile organization that promotes technical textile products such as industry gears, military gears, and hospital gears, in addition to tent-making and developing sportswear.

As for the incentives and subsidies, the policy of Nuthana Javali Neethi has credit-linked capital subsidies for MSMEs and large enterprises, nterest subsidies for large enterprises, and power subsidies for MSMEs and large enterprises. The policy also aims to offer segment-wise incentives like ginning, spinning, weaving (handloom and power looms), processing, integrated units, garmenting fashion/buying houses, technical textiles, silk, and wool.

For MSMEs, there is a provision for Capital Subsidy of 15% to 30 % of the value of fixed assets and an additional Capital Subsidy for Persons with disabilities/Minority/Ex- servicemen. There are also incentives on Employees State Insurance (ESI) /Employee Provident Fund (EPF) amounting up to 75% reimbursement of employers' contribution of wage rate per employee per month for all

the new units for a period of 5 years. Additionally, wage subsidies exist for SMEs - for females between INR 1500 to INR 3000 and for males between INR 1000 to INR 2000.

Possible Opportunities to Set up New Business

In this sector, setting up marketing activities in the handloom sector by tying up with co-operatives and Karnataka Handloom Development Corporation (KHDC) is a predominant option. The state government is providing facilitation for marketing activities – entrepreneurship activities can include setting up a marketing-cum-distribution line for the handloom products to end-consumers.

Further opportunities in this sector for new players would be to act as an enterprise for procurement of the Pneumatic/Motorized Jacquard kit from end-producers (AMAR Jacquard) and distribute it to government/handloom weavers.

Moreover, the new entrants can set up a distribution channel for garments to be exported to Europe and America and contractually engage designers in Europe who can make the apparel designs. In addition, the new entrants can also work as a partners with an existing textile company and export their products.

Challenges Involved

Sectoral demand is falling, primarily due to weak marketing and slow production line. Marketing with a strong distribution line needs to be set up. Internationally, competition is very high, as countries like China are using state-of-the-art production lines and also linking schemes with governments of countries along with entering into other infrastructure deals.

More importantly, a successful player would need to connect to the right Textile Export House, get registered with the Export Promotion Council, get a trade license and Export Import Code from Directorate General of Foreign Trade (DGFT), get products certified from Quality Council of India (QCI) and get a good logistics partner to succeed in this sector, especially in the international markets.

Initially, understanding the market and getting correct demand estimates as well as hiring good designers in Europe will take time, and may not work out right the first time if not planned properly. Also, there is presently a recession scenario in the European markets, which is expected to subside in the next 8-12 months.

Facilitators

Facilitation in the sector for upcoming businesses is primarily provided by the government through government assistance to weavers for better marketing, assistance to weavers/weavers co-operatives/ societies to participate in national/state level exhibitions and to organize state level exhibitions.

Other facilitation is provided through the marketing of handloom products (20% Rebate on sale of Handloom Products) under the aegis of the Karnataka Handloom Development Corporation (KHDC). A rebate of 20% is provided under the scheme on the sale of handloom products by

KHDC and the Primary Handloom Weavers Co-operative Societies and Cauvery Handlooms during 135 designated days of the year.

Share capital assistance to power loom co-operatives by the Department of Handlooms, Government of Karnataka is also provided. This is to help power loom cooperatives to enhance their financial capacities to raise more credit and thereby increase their production and marketing. The cooperatives can use the dividends generated to improve the production activities and boost their businesses.

The export of apparel is generally considered by the government to be a facilitatory business hence processes have been streamlined to provide licenses quickly for export-oriented businesses. With proper documentation, the license can be obtained in 3 weeks maximum.

An important point to keep in mind is that the demand for apparel exists in practically most developed countries – hence while some markets may not be doing well, demand can pick up in the other markets.

Approximate Cost of Setting Up a Business

Costs of production setup for micro-enterprises in this sector range from Rs. 15-20 lakhs to start with for a basic facility. Distribution costs can be much lower and can start at even Rs. 1-2 lakhs.

D. IT and Peripheral Services and IT Education

Sectoral Overview

"Karnataka is home to over 5500 Information Technology (IT)/Information Technology Enabled Service (ITES) companies, nearly 750 multinational companies contributing to over USD 58 billion of exports, giving direct employment to over 12 lakh professionals and creating over 31 lakh indirect jobs," according to Karnataka Economic Survey 2022-23. The IT sector contributes over 24 percent of the state GDP. According to the Center for Monitoring Indian Economy (CMIE), the electronics and IT sector accounts for a little over a third of all jobs in the state, second only to the construction industry (36.7%) – with male workers comprising around 93% of this workforce. Karnataka's capital city Bangalore has the sobriquet of Silicon Valley of India, with total IT exports worth US\$ 53 billion during the financial year 2021–22, employing 10 lakh people directly and 30 lakh people indirectly. Tumakuru is one of the closest districts to Bangalore, at only 65 kms from the Silicon Valley of India. The Karnataka Government has also proposed to set up electronic hardware manufacturing hubs in the Bangalore - Tumakuru corridor.

Options for Business in the Sector

Though Tumakuru does not have an IT hub, its proximity to the state capital makes it an ideal place for a large market for setting up an outlet for IT and IT enabled peripheral devices (gadgets that use IT services, IT-enabled services, at a basic level to start with). Demand for such products is high for the growing population in the district and the demand for IT-enabled products and services is high, especially amongst the younger population of the district. The other popular and feasible entrepreneurship option in this sector is to set up educational or coaching enterprises for training the young population on IT skills and knowledge in Tumakuru. The demand for IT-based knowledge and skills is basic and paramount for students and the young population who have completed their formal education, and hence entrepreneurship in setting up coaching centers is a lucrative and viable option.

Possible Ventures for Micro Entrepreneurs

Possible Opportunities

For IT enabled hardware devices, mostly computers, laptops and peripheral devices like wires, routers, cable chargers, mouse, etc. there is continuous demand for products, as product innovation happens very rapidly. Demand for such products in the local market is also very high, as this is one area where there is a plethora of new devices/offerings by IT hardware companies and consumers also change their products with new versions or updates of such products. Entrepreneurship in the setting up of shops that deal with such IT enabled products and devices is a very feasible option, given the moderate to high returns in the business.

For ITES, entrepreneurial ventures may be set up by taking up contractual offshore work and also by utilizing local IT resources to get the work done. While this is the forte of most of the ITES multinationals and also Indian large companies in Bangalore, Tumakuru provides a differentiated opportunity in the sense that land costs in Tumakuru are much lower than in Bangalore. Moreover, the labour costs, even for skilled IT professionals, is much lower as compared to Bangalore, if not for extremely specialized skills that are required in the industry. Thus, this entrepreneurial opportunity at a micro-scale is feasible in case the technical requirements are not extremely specialized and can be managed by skill sets that are available locally among young IT graduates in Tumakuru. For the young entrepreneur, the prospective opportunity therefore lies in sourcing outsourced work in the sector, and delivering the same from an office facility, hiring local IT graduates. In case a steady stream of such outsourced work can be obtained by the entrepreneur, this business possibility provides a good opportunity for micro entrepreneurship. Over time, such businesses can also be scaled up, depending upon the success of the initiative.

A third opportunity can be the opening of coaching and training centres to teach and train young students in IT courses. Such courses are in high demand as all curriculum in the secondary and the higher secondary courses in the country have IT as a subject. In addition, there is a high demand for IT software training for the employable youth for getting ready for employment. All of these make this sectoral opportunity very suitable as an initiative for setting up a micro entrepreneurship ventures. Small scale coaching cum training centres specializing in this vocation can be set up by micro-entrepreneurs with minimal or modest investment.

SWOT Analysis

Strengths

The biggest strength is the high demand in the sector – be it for new products or for new services. The other important strength is the ever-changing nature of the demand. Once again, the everchanging nature of the demand is true for products where innovations are happening at a rapid pace. There is an ever-increasing demand to keep pace with technology to make such products, to provide services for such products, and to learn to be skilled to work in the sector. There is a wide range of in-demand programing languages that need hours of training.

Weaknesses

Presently there are a lot of new entrants outside Tumakuru. This particularly attracts the large segment of youth and students, especially in adjacent cities such as Bangalore. The availability of job opportunities related to the IT sector in Bangalore may also contribute to the increased influx of the young students in this sector, who often prefer Bangalore as their favourite place for work.

Opportunities

There is a large demand for IT products and services. With the advent of new industries, new-age products and services, especially in the IT sector, the computer education/programming industry has huge opportunities, particularly catering to the professionals of the Bangalore IT sector. The government aid to develop the new IT parks will also attract new entrants in the industry. The Tumakuru-Bangalore corridor can serve as a potential ground for setting up ITES industries.

Threats

For the ITES service industry dependent on contracts and orders from the international market, the biggest competition is from other key players in the sector such as China and Taiwan. For domestic demand, the threat lies in getting sustained orders over a period of time. Threats for IT enabled device selling and setting up of coaching centres are the multiplicity of players in the market, which may sometimes make margins unsustainable over a period of time.

Support for Emerging Entrepreneurs

Challenges Involved

As Tumakuru city is quite close to the Silicon Valley of India, Bangalore, there remains often large competition in the market; however, the returns are very good. The most significant challenges one can see is the high speed of technological change in the industry and therefore adaptability is quite critical to stay relevant in the industry. Secondly, finding and retaining skilled professionals is another ongoing challenge in the industry. Delivering cost effective solutions while maintaining profitability is also an additional challenge.

Facilitators

The Skill India Project of the government would be helpful. ITIs may provide specific technical skills in the IT sector required to set up ITES-enabled enterprises. For entrepreneurship based on IT devices, no specific training is necessary other than some basic understanding of IT devices; however there needs to be some preliminary understanding of how this particular business is conducted.

Bank loans for setting up IT enabled shops and coaching centres are generally easy to obtain. Most banks in the district have already provided loans for such setups and continue to do so, provided the would-be entrepreneur is willing to invest a part of the total proceeds as an initial capital setup. For ITES setup at a small scale with less than 5 employees, wherein loan requirements are less than Rs. 10 lakhs, banks provide loans in the district. However, for any ITES service that require loan amounts larger than Rs. 10 lakhs, banks generally ask for additional collateral support for a business loan.

Approximate Cost of Setting Up a Business

For computer peripheral shops business, setup costs can be between Rs. 50,000 to Rs. 70,000. Larger service-based businesses start at around Rs. 15-20 lakhs and increase as scale of operations increases. Teaching facility centres for IT enabled services start with anywhere between Rs. 50000 to Rs. 1 lakh.

E. Manufacturing Sector Ancillary Industries

E.1 Printed Circuit Boards

Sectoral Overview

India's emergence as a global software services and solutions hub is one of the biggest successes of modern, liberalised India. In the past four decades, India's software industry value has grown to \$8.1 billion, employing around 4 million. Presently, India is a key importer of electronic goods, especially from Asian countries like China and Taiwan. But the government is keen to position the country as a leader in electronics and hardware. As of 2019, India's electronic imports stood at Rs. 1.15 lakh crore and exports are at just \$11.8 billion. By 2025, electronics exports are expected to reach \$180 billion.

One of the core requirements of being self-sufficient in the electronics industry is the ability to manufacture Printed Circuit Boards (PCBs). PCB is an electrically insulating board onto which electrical components are assembled and wired together. The PCBs are used with memory, motherboard, graphics cards and many other types of electronic devices. The demand for (printed circuit board) PCB, a vital component in any electronic equipment, is growing at a much faster pace in India owing to the huge consumption of electronic goods in India including mobile phones and computers. However, primarily due to the long wait to obtain environmental clearances (stringent zero emission norms) from the government and the import of 15-20% cheaper Chinese made PCBs, indigenous manufacturing of PCBs is difficult. Tumakuru has developed an ecosystem for the manufacture of PCBs with major telecom manufacturers such as Toshiba Mitsubishi-Electric Industrial Systems Corporation (TMEIC) Tumakuru Works, Incap India, Cosmos Conductors, Havell's India, Toshiba Mitsubishi, Cipsa Tech and Apple's proposed Foxconn unit for mobile manufacturing, to name a few.

According to estimates, total consumption of PCBs in India is worth about \$2 billion a year, and is growing around 40 per cent year-on-year. However, the total production of PCBs by Indian manufacturers is in the range of \$300 million, thus giving a lot of headroom for the industry's

growth. About 60 units are in operation in India which include about 15 large manufacturers including Advanced Technologies and Solutions (AT&S) and Cipsa. (Source: Business Standard. "Domestic Consumption of PCBs Rises").

Business Options in the Sector

PCBs are required by all industries that are into electronics manufacturing – right from IT hardware, to semi-conductors, to mobile phone manufacturers to automobile manufacturers. There is an equal demand for both the bare board as well as the "populated" PCBs. A minor chunk of this demand can be filled up by micro entrepreneurs, if they have the requisite technical skills of working on PCBs. Given that there are major environmental concerns in the manufacture of PCBs, entrepreneurs should be conversant with the presently in-use inkjet technology for the production of PCBs.

Possible Ventures for Microentrepreneurs

Possible Opportunities

For this analysis, we focused exclusively on ancillary production opportunities for manufacturing units that operate with small volumes (between 50-100 PCBs per month) and require fast delivery to their customers. Manufacturing systems that involve complex circuit designs and higher production rates were not considered in this analysis. Such systems typically use robotics-based assembly technology, which is beyond the scale and cost scope of a micro-entrepreneur.

Competition

Currently, in Tumakuru, there is moderate competition for ancillary production facilities as outlined in the description above. The primary reason for the same is that the job requires good technical skills and time, and is not generally easy to perform unless the technician possesses the required craftsmanship. In addition, the clearance processes, especially the process for obtaining environmental clearance is very tedious, discouraging many to set up entrepreneurial ventures in this sector.

Nature of Demand

The demand is quite high and constant throughout the year. There is a global demand for IT products that is increasing everyday – hence the demand for the product is there throughout the year. Typically, the number of finished boards range between 1-5 per unit per worker in a month in the ancillary industries. Also, there are no idle months for workers.

Input Suppliers/Raw Materials

The key raw materials are generally supplied by the factories themselves to the industries that contract the work to these ancillary industries. They include substrate, copper, solder mask, white silkscreen for labelling, etc. The machines required are the heat wave soldering machine, oscilloscope, LCR-Q meter [LCR Stand for Inductance (L), Capacitance (C), and Resistance (R)], generator, digital and analog millimetre, soldering station, soldering iron, screw drivers, cable

strippers, liquid dispensers, magnifying glass and rheostat. The machines are generally procured or rented by the ancillary industries.

Business Strategy

There is no specific marketing strategy. This is a business completely dependent upon skills and craftsmanship and the capability to obtain the necessary clearances for the ancillary manufacturing units. Large factories do not give contracts unless all clearances are in order.

SWOT Analysis

Strengths

For this particular business venture, the main strength is lower costs. State of the art technologies are costly, and require time to operate at scale. For smaller manufacturing units, a gestation period of typically 1-2 years is needed to use the facilities of the ancillary industries to keep production at committed levels, without making the additional investment on technology.

Weaknesses

The process of preparing a finished PCB is complex and time consuming. Quite often in manual processes of design, there are manual integration in layers of the PCB soldering that are prone to errors. This quite often takes additional time to correct, thus making the process inefficient and time consuming. This is a major weakness of the manual process in the ancillary industries.

Opportunities

The opportunity lies in the recruitment of more workers with the requisite technical skills. Skill India programmes and PM Vishwakarma programs have special facilities for the training of workers who have or want to develop these skills. The opportunity would lie in tapping the services of these workers in this industry, so that there would be less error in the production of the PCBs and the systems would become more efficient.

Threats

Inefficient supply or quality of raw materials is a threat for the smooth operation of the PCB manufacturing facility. Continuous upgradation of skills is another important requirement, inability to maintain which can turn out to be a threat as the technology is changing fast and the players with early mover advantage (China, Taiwan) are bringing about newer sophisticated designs requiring greater craftsmanship every year.

Support for Emerging Entrepreneurs

In 2021 the Union Government instituted a Production Linked Incentive (PLI) scheme to attract large scale electronics manufacturing through a financial incentive to boost domestic manufacturing and attract large investments in the electronics value chain including mobile phones, electronic components and assembly, testing, marking and packaging ATMP units. This includes production of semiconductor devices including transistors, diodes, thyristors; Printed Circuit Boards (PCB), sensors, transducers, actuators, and crystals for electronic applications.

Typically, banks provide loans to PCB based ancillary industries given the constant nature of business they generate. However, the banks generally have a condition of checking of the qualifications of the workers before advancing any loans to the sector, so that they are sure that the unit would be able to close the necessary business deals.

Approximate Cost of Setting Up the Business

Approximate costs of setting up these businesses are low, with starting requirements of about Rs. 5-6 lakhs. Costs go up as the business scales up.

E.2 Packaging Industry for the Manufacturing Sector

Sectoral Overview

Tumakuru district has 7 industrial areas and 7 industrial estates, one of which is in Tumakuru city. Proximity to Bangalore makes the district an extension for the industries that have been forced to look for alternative locations due to the influx of IT in the city. Historically, there is no authentic record of large industries in the district, but mining has been prominent through the ages. In 2013, the government allocated 9000 acres to the National Investment and Manufacturing zone in the district. (Source: Tumakuru Online: "Business and Economy of Tumakuru.".)

Tumakuru district contributes around 3.2% of the state domestic product at current prices. It is home to 29 large and medium scale industries with an investment of Rs. 6139.28 Crores. Resource based industries constitute the 21864 small scale industries, for example rice mills, oil mills, dolomite power industries and granite polishing. The Karnataka Government has proposed to set up electronic hardware manufacturing hubs in the Bangalore - Tumakuru corridor. A handloom cluster is prominent in the district along with flower auction centers. The key industrial icons are: H & R Johnson ltd., HMT watches ltd., Maini Granite ltd., CIPSA, Kern Liebers Pvt ltd., Sunvik Steel Pvt ltd., Beloor Bayir Biotech ltd., Weinnerberger Brick Industry, along with consultants like System Consultant Information India (P) ltd. Tumakuru district has an investment of 911.42 crores from 22 large-scale industries, which employ around 6500 people. The 8 medium-scale industries account for an investment of about 790 crores in the district. (Source: Tumakuru Online. "Industries in Tumakuru.)

In 2020, the Tumakuru node was identified as a priority node in the state under Chennai Bengaluru Industrial Corridor (CBIC). The Cabinet Committee on Economic Affairs (CCEA) under the chairmanship of Hon'ble Prime Minister has approved the project proposals for the construction of various trunk infrastructure components in the Phase A start-up area of Tumakuru Industrial Area (1,736.2 acres) with an estimated cost of the project of Rs. 1,701.81 crore.

Business Options in the Sector

Basically, the viable micro-entrepreneurship options that we propose in this sector are mostly distribution related or ancillary entrepreneurial possibilities related to resin-coated sand companies, granite stone cutting and polishing and cement manufacturing companies.

Microentrepreneurial Opportunities

Possible Opportunities

Resin-coated painting solutions and sand manufacturing for mostly industrial paints and other end industrial products is produced by more than 50 industrial units in Tumakuru. Distribution and marketing activities of such products are primarily targeted to other markets, are done primarily in the hinterland and can be conducted by micro-enterprises by taking agency rights for industrial units.

For granite stone cutting and cement manufacturing companies, the opportunities lie in ancillary packaging and preparation of plastic or polythene bags for granite and cement packing respectively. There are already some small-scale industries in Tumakuru that are working on these business opportunities.

Competition

Competition exists as the market size is big enough to accommodate quite a few entrepreneurs. There are customers such as L&T, Nirma, Vasavadutta, Heideberg, Penna Cement etc. for the packaging industries. The combined demand from all these companies is quite high and thus a sizable market exists, which, though, is quite price sensitive.

Nature of Demand

Demand exists from all over India – not only from the manufacturers in Tumakuru. If priced in line with the expectations of the manufacturers (lowest bids typically), the orders are in bulk and sometimes for the volume of produce not only for Tumakuru, but also for the entire Southern region.

Input Suppliers/Raw Materials

All of the inputs – primarily polythene – are locally sourced. Stitching of bags are generally done through small industrial units for which costs of setup are typically between Rs. 5-10 lakhs. Some manual stitching is also done by some units which are even smaller in size.

Business Strategy

Primary business strategy is to produce high quality products at the lowest costs. This is a very costsensitive market as the product is not specialized in nature. Emerging micro entrepreneurs need to be cognizant of the fact that the quality of the product needs to be tenable to hold heavy weight large packets of cement or granite

SWOT Analysis

Strengths

A strong sense of accountability and top-notch quality of the product would be required as a strength for being successful in this market. Quality standards such as ISO and an eco-friendly production system will add to more credibility of the product.

Weaknesses

Product quality is also a potential weakness as many representatives in the sector felt that in order to get contracts many companies quote the lowest and then compromise on the quality. This in the long run can make the business unsustainable.

Opportunities

The manufacturing sector is a high priority sector of the government and it is expected that with the setting up of many proposed industrial units along the Chennai Bangalore Industrial Corridor in the coming years, the market for these products will increase manifold and the demand for packaging materials will increase substantially.

Threats

Primarily the threat lies in the slow growth of the industries along the corridor. There is also a tremendous instance of cost-cutting even presently prevailing in the market, which the existing entrepreneurs perceived as a potential threat for business disruption.

Approximate Cost of Setting Up of a Business

Small production centres can be set up starting Rs.10-15 lakhs. Ancillary setup along with distribution and marketing facilities can be attempted.

F. Restaurant/Food and Beverage (F&B) Business

Entrepreneurship Options

The most common entrepreneurial activity under this would be to set up physical restaurants - options can range from snacks and tea stalls to medium-scale or Fine Dining restaurants.

The more evolving option in the present times would be to set up Cloud Kitchen services servicing Swiggy, Zomato, or other similar platforms.

Possible Opportunities

Food and Dining has been a high-growth category (other than during Covid times). Returns in the sector are around 15-18% in the medium to long run.

Cloud Kitchen is a highly profitable venture wherein several customers can be attended to throughout the day.

Challenges Involved

The main challenge lies in competition with other food joints; hence innovativeness in terms of marketing 3Ps - Price, Promotion, and Place selection is very essential. Also, the list and types of items present need to be curated well.

12 different licenses (FSSAI, Heath/Trade, Liquor, Eating House, Shop and Establishment Act, GST, Fire Department, Lift clearance license, Music license, Environmental clearance, Signage license, and Restaurant Insurance) are required from the Government to start a restaurant business – which can take up to 6-8 months.

Facilitators

Once the required approvals are met, the government generally facilitates the setting up of a venture in F&B. Many governments sponsored schemes such as food processing subsidies for the food processing enterprises with credit linked subsidies exist. This scheme will formalize micro units by means of GST, Udyog Aadhaar, and FSSAI registration. Financial assistance will be provided to the individual units for upgrading their food processing facilities.

Approximate Cost of Setting Up a Business

Depending upon the scale of operations, restaurant business will cost anywhere between Rs. 2 lakhs to Rs. 1 crore or more for setting up. Minimum investment for a cloud kitchen would be higher than smaller restaurants - about Rs. 10-15 lakhs.

G. Labour Contracting and Engagement, Facility Management and Industrial Catering

While all of these business facilities are presently in a nascent stage in Tumakuru, these are small scale entrepreneurship activities that can be tried at scale by potential entrepreneurs. Though Tumakuru is still a primarily agricultural district, there are a slew of measures that have been adopted of late by both the Central and the State Governments to improve the industrial potential of Tumakuru. The new Industrial Corridors and the existing industrial estates and parks in the district would provide an impetus for the setting up of more industries, and thus more employment.

In order to meet the demand for more labour, organizations dealing with Labour Contracting and Engagement, Facility Management and Industrial Catering with the end-companies would be required. These may be required for both skilled labour like factory labour or white collared workers in the offices as well as semi-skilled labour such as Security Guard services, etc. While such models of businesses work in most industrialized and/or larger or metro cities, the same is not prevalent in a formalized abundant manner that would be required to sustain the requirements of a large industrial corridor. However, once the industrial corridor starts functioning at scale, the demand for these services is expected to increase.

The costs for setting up these business enterprises at micro scale, catering to primarily needs of MSMEs, would start at about Rs. 5 lakhs. Once the scale of operations is increased, costs may

increase further. Bank loans for these initiatives are generally available in most industrial cities and are expected to be the same for Tumakuru also.

No SWOT analysis of these opportunities have been attempted as these initiatives are still at a nascent level in the district and there is no sufficient on-ground experience of the exact strengths, weaknesses or opportunities of these initiatives.

H. Facilitation by Government Departments for Prospective Entrepreneurial activity (as per the information shared by officials of different departments)

i. Agriculture Department

This section is based on an in-depth interview (IDI) conducted with an official from the Agricultural Department of Tumakuru. The representative articulated that the department does not support entrepreneurship activities directly. Instead, they provide technologies and services to farmers, including inputs, farm machinery, and training. They emphasized that their services cater to members of all age groups, particularly those aged 18 to 45, without being specifically restricted to the youth. The department is implementing the PMFME scheme – Pradhan Mantri Formalization of Micro Food Processing Enterprises. It is a central government program, not just for the youth. Through the aforementioned scheme, they seek to create value-added products such as oil and jaggery. Additionally, they add that the department builds the capacities of the district resource persons (DRPs) to provide hand-holding support to the participants of the program.

The department liaises with the banks to help process the loans, wherein a subsidy of 50% is provided. Further, the department provides 15 days of training in collaboration with the University under the ambit of the Diploma in Agricultural Extension Services for Input Dealers (DAESI) program. The training is provided concerning the employment of fertilizers, pesticides, and how candidates can start their business. They are further given licenses and they must obtain technical know-how-through a formal degree or course; this again is open for members of all age groups. The two crops that are given much emphasis in the district include, Ragi and Paddy. There are 20 - 30 rice mills in the district. Additionally, paddy from other districts is processed in Tumakuru. Value-added products such as rice flour and vermicelli are also being developed. They also mention that in the last few years, importance has been given to millets. Value-added products such as millet biscuits, millet powder, and millet pasta are being developed.

Unemployed youth can also work towards forming Farmer Producer Organizations (FPOs) – first by forming a society and deciding as to which crop can be grown. The society's strength needs to be at least 10 farmers, for them to get technical know-how and guaranteed price for their products, as per government regulations. Knowledge of scientific planning of cropping patterns as well as the economics of farming, are however required. This is crucial as there may be a sudden demand for a certain crop and everyone will rush towards cultivating the same in an unscientific manner leading to a bumper crop, resulting in low purchase price.

ii. Animal Husbandry Department

The representative from the Animal Husbandry Department of Tumakuru stated that the district is home to 5.7 lakh cattle and buffalo, 17 lakh sheep and goats, and 254 institutions. Among the 997 staff positions, 440 are sanctioned, and 557 are vacant. The department ensures the availability of fodder. Fodder is available for 27 weeks in the field in the custody of farmers, in the fields. Care for the health of animals and poultry is provided, for example, vaccinations for diseased animals are provided. Additionally, insemination and cross-breeding of animals is done to facilitate milk production, this is concerning cattle, sheep, and goats.

There are several opportunities in the Animal Husbandry department concerning goat and sheep, piggery, feed plants, and silage plants. There is a need to increase present production as it isn't enough for per capita production.

The challenges include the low involvement of farmers. There is a need for greater support concerning the same. Additionally, banks are not providing full support for loans despite the government offering subsidies. There is a need for financial institutions to provide greater interest and support.

Training programs are conducted. These are generally demand-driven with a target of 1200. Additionally, farmers and other persons voluntarily approach the department to receive various trainings on the theme of livestock and animal husbandry.

Entrepreneurship Development Training is offered under the National Livestock Mission, along with subsidies ranging from 20 lakh to 1 crore, covering up to 50% of the project cost, specifically targeted at sheep and goat rearing.

Under the mentioned scheme, there have been 300 applications, out of which 45 have been selected and loans for 7 have been approved (Source: Department of Animal Husbandry, Tumakuru). However, this process is ongoing, and a significant difference in numbers is observed due to inadequate documentation from applicants. Notably, those who have secured funding primarily possess substantial existing capital.

The department closely collaborates with training institutes as compared with research institutes. The department does feel that they would stand to benefit from collaborations with research institutes, especially for diagnosing new diseases in animals and facilitating their health care requirements.

iii. Department of Industries and Commerce

The industries in Tumakuru specialize in general electrics, food processing units, stabilizers, inverters, and construction materials. Tiptur has emergent production concerning coconuts and coir production.

The main challenges for entrepreneurs in the district involve the lack of availability of suitable land While there is plenty of land in rural areas, entrepreneurs want land in urban areas. Endeavours are undertaken to nudge entrepreneurs to set up their establishments in rural areas. As far as opportunities are concerned, there is the availability of plenty of raw materials, skilled labor, agricultural input, and markets. There is good connectivity of airports and roads. Technically skilled persons are available in plenty.

Successful entrepreneurs need to map the availability of suitable markets and compete in the markets. There is a need to move with the times, change products and services, and update them to serve the needs of the consumers. There is a need to learn how to invest in developing products and services after obtaining the correct information. Additionally, the entrepreneurs need to work on developing infrastructure.

Regarding the financial aid and incentives offered to entrepreneurs by DIC, the disbursement of funds occurs periodically. Within the scope of Kaigarika Spandana, services including water supply, street lighting, labor, and transportation are addressed.

The DIC collaborates with other government agencies, educational institutions, and industrial associations through spaces such as Single Window Meetings, Chamber of Commerce, Karnataka Small Scale Industries Association (KASIA), the Federation of Indian Chambers of Commerce & Industry (FICCI), Association of Export Oriented Units, and Areca Nut Processing Associations.

Members of the government and private machinery respond to the demands of the emerging sectors/industries of eminence in the district by encouraging their own members' growth of business. They distribute information via personal networks and WhatsApp groups and also organize industrial conclaves.

iv. Horticulture Department

Coconut, areca nut, mango, pomegranate, guava and dragon fruit are major fruits/commercial crops whereas vegetables are other major crops. Tumakuru district being close to the Bangalore agriculture market has an advantage of marketing the horticultural produce.

The department is providing subsidies for the entrepreneurs through the IDCs and normally, outsiders are setting up the businesses rather than the local farmers. Due to the large extent of industrialization, people are migrating to the cities. People with skills like to work in urban areas instead of working in villages. Horticulture dominates the agricultural landscape, with approximately 75% of the population engaged in this sector. In the dry belt areas of Pavagada, Sira, and Madhugiri talukas, floriculture is prevalent, while the remaining areas are dedicated to plantation crops.

Departmental collaboration with institutions/universities are undertaken with the intention to provide training and orientation and promote collaboration with Agricultural Universities. The department provides help in terms of providing training programs in association with other knowledge partners such as their biocentres, who provide nursery or tissue culture with financial aid provided by the department.

The bank procedures to avail loans for the entrepreneurs are quite complex and need to be simplified and the banks need to be a bit liberal in this regard. In the scheme of One District One Product (ODOP), the blocks such as Kunigal and Tiptur are seen as the hubs of Coconut plantation and are encouraged for overall development of the crop. While the Department is working rigorously to achieve this, beneficiaries face the hurdle of fulfilling documentation requirements to avail the subsidies. However, few private players are doing well in this regard by converting the coconut residual such as coconut husk into powder that can be used in bakeries, and into coconut oil as well.

Coconut, mushroom and apiculture (honey bee keeping) are the major sectors that we foresee as having a great future in the coming days in Tumakuru district

As Tumakuru is the highest producer of coconut, the coconut-based industry can contribute much to the economy of the district. Secondly, floriculture has some contribution but with some caveats as not everyone is successful in this industry as this is capital based and only industry veterans can survive hardships in this field. For first timers, it is difficult to maintain.

v. AGM, District Lead Bank (SBI), Tumakuru

The Lead Bank functions as a bridge between the Government and the lenders (bankers), both public and private. With regard to entrepreneurial development, various line departments including the IDC are the ones who sponsor the various industry development schemes, such PMEGP, Standup India or MUDRA, among the others.

The various line departments such as animal husbandry, agriculture, fisheries, with various schemes help the aspiring beneficiaries through taluka and district level banks. Both the public sector and private banks such as SBI, Canara Bank, Housing Development Finance Corporation (HDFC), co-operative banks, to name a few, provide such services. In addition, the social welfare corporations such as Adi Jambhav, Valmiki Development Corporation, Ambedkar Development Corporation, Women and Child Development departments are the departments that carry out various schemes with the help of taluka and district level banks.

Regarding micro-entrepreneurial development, based on the eligibility criteria of the applications, the District Industrial Centre (DIC) shortlists the eligible applications and sends the same to respective bank branches and further, these branches scrutinize the applications. The schemes such as Startup Indiaand PM Swanidhi also provide financial support to the street vendors.

Lack of awareness about the schemes/products among prospective entrepreneurs or small businessmen is the major barrier for them to apply for or get loans easily. Most of the beneficiaries come from rural areas, and even otherwise they lack the information on the schemes. Sometimes, the beneficiaries are only attracted towards the subsidy rather than the loans, in which case when sanctioned, the purpose is not served, and the loan defaults and becomes a Non-Performing Assets (NPA). This is also a barrier.

Despite this there are good signs of improvement on the positive side for lending, e.g. in the case of the PMEGP scheme, SBI (the Lead Bank of the District) had sanctioned 160 applications against a target of 40. In case of meritorious applications, the manager stressed that bankers do not hesitate to sanction. There are the proper selection criteria including informing about the correct CIBIL (Credit Information Bureau (India) Limited) score, the purpose of the loan, specific idea of entrepreneurship, and knowledge about the market, etc that are applied when sanctioning the loans.

Proper advertisements are made to reach the masses through campaigns, camps, brochures, banners, and Financial Literacy Centres (FLC) across the state to provide access to loans. With the FLCs, the attempt is made to reach out to the rural masses, and educate them about the banking system, including holding camps to carry out banking literacy.

In Tumakuru district, among the talukas, Tumakuru, by virtue of being an industrial hub, has been the largest beneficiary of business loans. Also, Madhugiri, Sira and Tiptur are the agricultural hubs and there are huge opportunities for improving non-agricultural entrepreneurship in these areas. While agriculture and industry are the major areas of development in terms of entrepreneurial advancement, horticulture is another hub, where large amounts of loans have been sanctioned. Coconut and areca nuts are the vast source of micro industrial establishments for producing coconut and areca nut by-products such as desiccated coconut powder etc.

With regard to the Non-Performing Assets (NPAs) among the banks, all the major lenders are to some extent faced with the problem of NPAs. There are two types of defaulters: 1) normal NPA and 2) willful defaulters, where in case of the latter, the beneficiary, despite having resources to repay loans, default by not repaying. In case of the NPA, the bankers study the reasons for defaults of loan and work on loan recovery. For micro entrepreneurial development in Tumakuru district, SBI, Canara Bank, Karnataka Grameen Bank, Bank of Baroda and Karnataka Banks are the largest public sector lenders. SBI, by virtue of having the highest number of branches is much ahead in lending followed by Canara Bank. Among the private banks it is HDFC that has the highest share of lending. Irrespective of anything, all the banks have equal role and responsibility for the overall entrepreneurial development of Tumakuru district.

In Tumakuru, within the priority lending sector for MSMEs, State Bank of India has identified key sectors based on the volume of loans sanctioned over the past 5 years. These sectors include Agricultural Inputs and Food Processing, Textiles and Garments, Engineering and Electricals, Electronics and Electro-medical equipment, Computer Software, enabled services and training businesses, Chemicals & Pharmaceuticals, and Plastic products, and are seen as the most promising areas for lending in the district.

5. Recommendations for Entrepreneurship

Given Tumakuru's strong reliance on agriculture in its economic development, agriculture-based Micro Enterprises or SMEs would be the best suited in terms of demand readiness and availability of supply-side backward linkages. Both coconut-based produce – based as well as value-added production and areca nut are good sources of entrepreneurial opportunities for the youth, due to the abovementioned reasons, as well as the requirement of moderate to modest investment to start off with. NAVGRAAM's research and subsequent analysis however shows that value-added coconut-based products have a larger demand, even in the export markets as compared to areca nuts. Since there is huge competition in the basic product materials for both coconut-based products and areca nuts, value-added products would provide greater opportunities for business take-off and subsequent growth – primary factors that would lure prospective entrepreneurial activities for the youth in the district.

Secondly, there has been a large developed interest in the last 5-8 years regarding the F&B restaurant and snacking industry. This includes all snacking joints, basic to modest restaurants, small eateries, and bakeries to bigger restaurants. There is also the business for catering to different Meetings, Incentives, Conferences and Exhibitions (MICE) activities in this sector, quite often supported at the backend by orders and deliveries from these eateries. In addition, there has been a growth in the concept of cloud kitchens even in two-tier cities. The returns in this sector are high and quite often outpace the modest initial investments required to start these businesses. NAVGRAAM's research feels that this is a second sector of MSME entrepreneurship that may be tapped into.

IT, computer peripherals and stationery, IT-enabled services, and education and training centers in this sector are areas of high-returns modest-initial-investment for enterprises to start with. Given Tumakuru's proximity to Bengaluru, the nation's IT capital, and the rapid interest and penetration of IT-enabled products and services in the rural and urban hinterland of Tumakuru, enterprises providing both forward and backward linkages to the sector would do well in the medium to the longer run. While there is competition in this industry similar to other industries, the demand for products and service variants and the changing demand for the ever-evolving nature of the products, make it a very high-growth and high-return sector.

Apparel sector MSMEs is another area of prospective youth entrepreneurship. Demand for products is high both within the country as well as in the export markets of the US and Europe. Possible areas of entrepreneurship include both production as well as distribution activities. There are several such enterprises in Tumakuru and working in tandem with them for increased demand generation or addition to their supply bandwidth can be definitely explored in this regard. Other already existing industries in the district wherein technical support can be provided most commonly by being a support partner are in the electrical products, aerospace engineering and in the supply of the products for steel and cement industries. While these have much lower immediate returns compared to the other prospective entrepreneurial options mentioned before, there are several units nevertheless in these sectors already in Tumakuru that require both technical support as well as support for production of intermediate products that can be tapped into.

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About Navya Disha

Navya Disha is a not-for-profit trust dedicated to empowering communities to unleash their full potential, enabling them to lead lives of dignity. Our vision is to catalyze communities towards embracing new ways of living that embody ecological sustainability, maximizing the efficient use of limited resources and opportunities. Yuva Udyami, our entrepreneurship development program aims to cultivate an entrepreneurial mindset amongst the youth, contribute to their self-sufficiency, and positively impact their lives and the broader community.

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About NAVGRAAM

NAVGRAAM is a development research and policy engagement initiative in India. NAVGRAAM extensive expertise spans over policy research, Impact Assessment and Evaluation, Community Consultation, Policy Engagement, Strategic Consultation and Academic Programs. NAVGRAAM works in collaboration with all the four key stakeholders of development i.e. Government, Citizenry, Civil Society Organizations and Corporate.

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