

INFRASTRUCTURE DEVELOPMENT AND ECONOMIC PROGRESS IMPACT OF MSMED ACT PROVISIONS IN HAVERI DISTRICT

Dr. Tejaswini B. Yakkundimath¹ & Padmapriya L K²

¹Research Supervisor, Public relation officer, Karnataka Examination Authority, Bengaluru, India

²Lecturer in Economics, Lions PU College, Haveri & Research Scholar: Karnataka Folklore University, India

ABSTRACT

Agriculture in India is considered as a gamble with monsoon. The real fact in India is that business in India is not for all, because the middleclass families in India cannot invest their surplus money in to business and when the main income is invested on business or on Industries, the families will not afford to bear the loss, if occurs. They do not have alternate source of income either to meet their basic needs or to reinvest for improving the sick industry or paralysed business.

KEYWORDS: *MSMED Act Provisions*

Article History

Received: 02 Oct 2025 | Revised: 06 Oct 2025 | Accepted: 11 Oct 2025

INTRODUCTION

Agriculture in India is considered as a gamble with monsoon. The real fact in India is that business in India is not for all, because the middleclass families in India cannot invest their surplus money in to business and when the main income is invested on business or on Industries, the families will not afford to bear the loss, if occurs. They do not have alternate source of income either to meet their basic needs or to reinvest for improving the sick industry or paralysed business. Therefore, many skilled persons who are eager to go on Business or interested in establishing Enterprises including small scale Industries or marketing non-branded customer friendly or consumer friendly products produced in the towns nearer to Rural agrarian settlements are not courageous enough to invest all their money on this. They are ready to serve in other's enterprises as an employee rather than they themselves trying to establish their own enterprises. As India progresses with the establishment of globalization and technical supports, now and then a few are attempting to establish business with the help of MSMED provisions.

The Micro, Small, and Medium Enterprises Development (MSMED) Act 2006 has come to force by the Government of India in 2006. According to definition given in it, MSME means Micro, Small, and Medium Enterprises. MSME encompasses the Enterprises involved in the manufacturing or production of goods for an industry listed in the first schedule of the industries (Development and Regulation) Act, 1951 and are included within the scope of the MSME meaning. Enterprises employing plant and Machinery to add value to a finished product that results in a distinct name, use or character, come within the purview of the micro, small and medium enterprises. MSME also extends to enterprises in the service sector. Enterprises are classified under the following sub-categories based on their annual turnover and investment in plant/ machinery/ equipment irrespective of whether they belong to the manufacturing or the service sector.

Micro- not exceeding Rs. 1 crore and turnover of up to Rs. 5 crore. Small- Investment of not more than Rs. 10 crore and turnover not exceeding Rs. 50 crore. Medium- Investment of not more than Rs. 50 crore and turnover of up to Rs. 250 crore.

The Indian Economy is mostly based upon Agriculture and Business depended upon agriculture. The industries and enterprises are also serves as a supporting system. Of course, conveyance productions also have a greater demand as a factor of comfort producer, the home appliances and agriculture equipments forms major part of Industrial production.

In a small town like Haveri, the youths are mostly from poor or middle class and a very few or from upper middle class families. Though many of them are having skills and ability to build good enterprises or to establish effective business activities, they are not dare to invest their parents money in it. They themselves cannot earn huge money as an employee in the present condition. This is a great hurdle for the establishment of small and medium enterprises. Let us look at the economic and geological condition at Haveri.

BRIEF INDUSTRIAL PROFILE OF HAVERI DISTRICT

General Characteristics of the District

Haveri, popularly known for Byadgi chilli variety and its market in South East Asia, is almost in the center of Karnataka. Haveri is a big town and it is the district's administrative, culture and political headquarters. It also famous for its cattle markets, oil mills and cotton markets. The district is bounded by Dharwad district on the north, by Gadag district in the northeast, by Bellary district on the east, by Davangere district on the south, by Shimoga district in the southwest and by Uttar Kannada on the west and northwest. Before it was made into its own district, it was part of Dharwad District. The geographical area is 485156 Hectares. The district is located in northern semi rain fed and semi malnadu zone.

The distinguishing point is it is not connected to ocean and no harbor is available in the district. No internationally connected city is established in the district and there is no airport in this district. Only the source of connectivity is National Highway NH 4 which is connecting Karnataka and Maharashtra

As the land here is having common natural characteristics there are availability of natural minerals which leads to mining activity. As there is flow of Dharma, varada and a few more river-lets allowing the farmers here to try various agricultural activities. Byadagi is famous for chilly market. The details are as follows:

Availability of Minerals

There is no Major Mineral leases in the district.

PRODUCTION OF MINERAL 2010-11

S.NO. NAME OF MINERAL PRODUCTION in tones 2010-2011

MAJOR MINERAL

There is no Major Mineral leases in the district

MINOR

- Building Stone 404570 MT
- Ordinary Clay 3600 MT

- Ordinary Sand 78975 MT

SOURCE: DEPT. OF MINES & GEOLOGY.,

FOREST: The District consists of mere 47454 hectares forest cover with any significant produce worth mentioning.

The above data specifically explains the non-availability of costly mining products as well ore deposits. The topography of the land here is good for normal agriculture and source of water is one of the important factor which designs the nature of agriculture. Though the river bank supports for paddy cultivation the dependency of rain water designs the other forms of agriculture or horticulture in this district. It is interesting that in this part of country still, agriculture is not considered as an Industry.

And collective agriculture system is not established in this part. Every small land owners will try to operate their agricultural activities independently. Therefore a tractor or tiller is the major technical support they use for this purpose.

The below statistics describes how much of land is used for agriculture. Though this figure speaks encouraging development, the real activity in the field is not satisfactory, because the agriculture set up is not advanced with enterpreneur marketing system. Individuals still considers old system of agricultural practices only they can follow. Experimenting with new technology is a far off possibility for them and they think they are not their bread and butter. It is not their cup of tea.

The statistics are as follows:

Population (2011 CENSUS)

- Sex-wise i) Male 2011 No's 819295 ii) Female 2011 No's 779211
- Rural Population 2011 No's 1242442 3.

Agriculture

A. Land utilization

Table 1

Total Area 2010-11	Hectare 485156
Forest cover 2010-11	47454
Non Agriculture Land 2010-11	33037
Cultivable Barren land 2010-11	2989 4

The same land with modern agriculture system can produce more and when bulk production is possible automatically it will lead to the establishment of small scale business trend which allows rural youth to take specific interest in the field of Industrial activities and enterpreneurs. But, here the conditions are not promising for this development.

Forest (i) Forest 2010-11 Hectare 47454 5

It is a fact that forest is a rich store house of many resources. But harvesting such resource into required industrial production is a big challenge. Here attempts are not to the level of satisfaction. Because, learned youth are tempted by opportunities outside as employee earning scheme is easier than testing in new routes.

Livestock & Poultry

Cattle

- Cows 2007 Nos. 311822
- Buffaloes 2007 Nos. 119864

Other livestock

- Goats 2007 Nos. 150542
- Pigs 2007 Nos. 5869
- Dogs & Bitches 2007 Nos. 48550

The income of the family is also derived not only from agriculture but also by animal husbandry activities. Again this is in the traditional manner and no collective dairy farming, and rearing of animal stock is not practiced. Thousands of years old shepherding and cow herding is still under practice and sudden change is not expected in this field.

iv) Railways i) Length of rail line 2010-11 Kms 99

This is a traditional transport system and does have greater impact in the present scenario.

V) Roads

- (a) National Highway 2010-11 Kms 103
- (b) State Highway 2010- 11 Kms 587
- (c) Main District Highway 2010- 11 Kms 1843
- (d) Other district & Rural Roads 2010-11 Kms - 6
- (e) Rural road/ Agriculture Marketing Board Roads 2010-11 Kms -
- (f) Kaccha Road 2010-11 Kms .

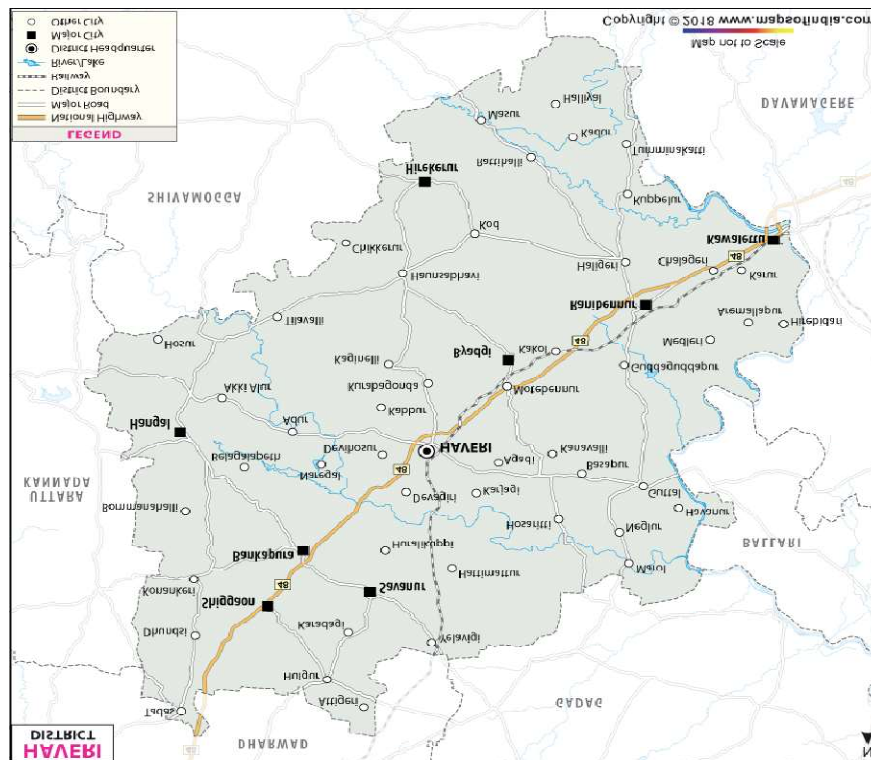


Figure 1

This is the only hope in this district. As NH 4 links Bangalore -Pune, Bombay and a few more major cities, there is a hope that this may invite some modernity to this district.

(VI) Communication

(a) Telephone connection 2010-11 26051 (b) Post offices 2010-11 Nos. 258 (c) Telephone center 2010-11 Nos. 56 (d) Density of Telephone 2010-11 Nos./1000 person 16.29 (e) Density of Telephone 2010-11 No. per KM. 10.28 (f) PCO Rural 2010-11 No. - (g) PCO STD 2010-11 No. - (h) Mobile 2010-11 No. 132633

This is in the ascending trend and provides required support for establishment of new enterprenureship.

(VII) Public Health

- Allopathic Hospital 132
- Ayurvedic Hospital 16
- Community health centers 5
- Primary health centers 67
- Dispensaries 470
- Private hospitals 54

(This is a statistic based on survey during 2010-11)

(VIII) Banking (Commercial)

- Commercial Bank 2010 Nos. 51
- Rural Bank Products 2010 Nos. 7
- Co-Operative bank products 2010 Nos. 11
- PLDB Branches 2010 Nos. 77

This is a major required data to analyse the upcoming possibilities, because, the awareness about possible economic support makes the youth to work on project proposals and finding a source of support certainly helps them boost their confidence. This issue will be analysed before concluding this paper.

(IX) Education 2010

- Primary school 2010 Nos. 576
- Middle schools 2010 Nos. 816
- Secondary & senior secondary schools 2010 Nos. 428
- Colleges 2010 Nos. 11
- Technical Institutions 2010 Nos. - 2.

Contemporary Situation

Haveri is an ideal Indian town with less industrial establishments. The city is surrounded by agricultural lands and therefore, the poor and middle class people are trying to keep their financial transactions in safe mode always. Hence, it is difficult for going with new ideology to establish industries. The present scenario is reflecting in this table:

Details of Existing Micro & Small Enterprises and Artisan Units in the District

Type the table here:

Registered Industrial Unit 441

Turnover of small scale Industries 2750 Lacs

Registered units from 2005-2010: 7937

Total transaction 9608.41 lac Rupees

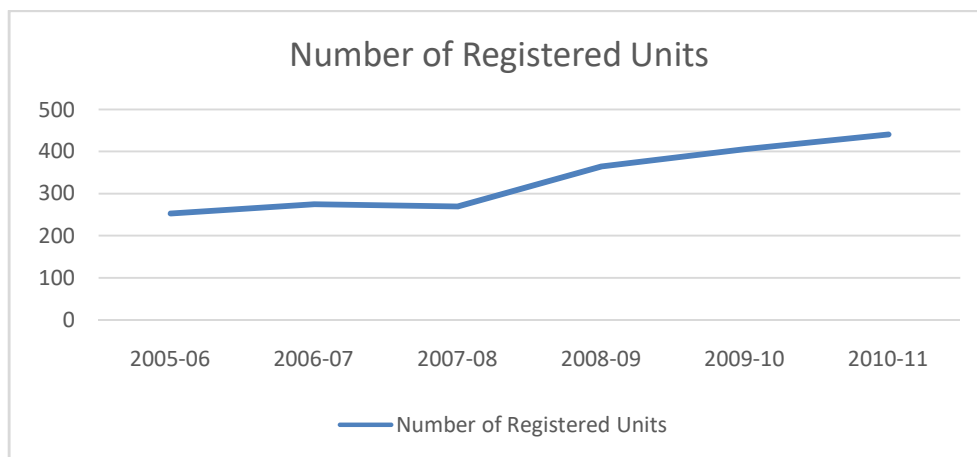


Figure 2

Registration rate for MSME compared to other district of Karnataka is less in numbers.

Details of Existing Micro & Small Enterprises and Artisan Units in the District

NIC CODE NO.	TYPE OF INDUSTRY	NUMBER OF UNITS	INVESTMENT (Lakh Rs.)	EMPLOYMENT
20	Agro Based	1	8	3
22	Soda Water	1	6	5
23	Cotton Textile	23	292.21	163
24	Woolen, silk & artificial Thread based clothes	0	0	0
25	Jute & jute based	0	0	0
26	Ready-made garments & embroidery	189	164.10	319
27	Wood/wooden based furniture	78	186.71	205
28	Paper & Paper products	0	0	0
29	Leather based	11	11.41	17
30	Rubber, Plastic & petro based	0	0	0
31	Chemical/Chemical based	11	13.52	32
32	Mineral based	0	0	0
33	Metal based (Steel Fab.)	9	60.17	36
35	Engineering units	5	27.21	18

36	Electrical machinery and transport equipment	18	121.58	81
97	Repairing & servicing	10	98.42	53
01	Others	85	1154.15	539
10	Kachori Making	0	0	0
Total		441	2143.48	1471

This table clearly shows a gradual increase in MSME development. The modernity and global marketing advantages are yet to get introduced to this district. All the above mentioned gradual development in Industry is still the impact of Industrialisation held during colonial and post-colonial period and the youth of this district have not ventured the new options opened by globalization.

The rich corporate investment is not seen here. The chief Minister of present Karnataka is also belonged to this constituency. Still, the approach on this direction is yet to be streamlined. The large scale industries here are only 6 and the noteworthy achievements are yet to be appeared in this district.

Large Scale Industries / Public Sector Undertakings

List of the Units in Haveri & Near By Area

- Grasim industries Limited
- Harihar Poly Fibres
- Synthite Industrial Chemicals Limited
- Raitar Sahakari Noolin Girani
- Venkateshwar Hatcheries Pvt. Ltd
- Kancor Colour Ltd.

3.5 Major Exportable Item Oleoresin

3.6 Growth Trend

3.7 Vendorisation / Ancillarisation of the Industry Poultry Farm, Cold Storages and

Cotton Ginning and Pressing Industries.

3.8. Medium Scale Enterprises

3.8.1 List of the units in Haveri & Near By Area

- Maharastra Hybrid Seeds Company Ltd.
- Ramco Industries Ltd. 11

3.8.2 Major Exportable Item Nil

3.9 Service Enterprises

3.9.2 Potentials areas for service industry

Ranebennur, Haveri, Byadgi, Shiggaon are the areas of potential for service.

3.10 Potential for new MSMEs

- Cotton Ginning & Pressing, Steel Fabrication, Chilly & Masala Powder,
- Maize Starch, seed processing, Tractor Trailer, wooden & steel furnitures,
- Cement concrete blocks and other allied products. Readymade garments,
- Powerlooms, groundnut decorating etc.

Existing Clusters of Micro & Small Enterprise

No clusters established in the District.

4.1 DETAIL OF MAJOR CLUSTERS Not applicable.

4.1.1 Manufacturing Sector Not applicable.

4.1.2 Service Sector Not applicable. 12

4.2 Details for Identified clusters: Yet to be identified

PROVISIONAL OPPORTUNITIES

MSME loans from Bajaj Finserv is available on simple eligibility terms and require minimum documentation. Fulfilling business requirements like infrastructure improvement, working capital infusion, plant and machinery installation, and more with an MSME loan of up to Rs. 45 lakh.

It is important to understand that a working capital loan is an unsecured loan taken to fund a business's daily or short-term operations. The loan amount is finalized based on the cost of running the business, and since it is used to address temporary cash flow problems, the tenor can be as short as four months. Working capital loans are short term based business loans that can be availed and repaid many times as a businesses' liquidity rises and falls. Businesses take working capital loans to purchase inventory, cover utilities and wages, pay suppliers in advance, manage seasonal demands. Etc.

A business term loan is taken for a pre-defined period and may be unsecured or secured. The repayment tenor can go up to 144 months, depending on whether the term is short, intermediate, or long. Businesses take term loans primarily for a long tenor and finance high cost investments like business expansion or the purchase of expensive plant and machinery and property. Here, the funding need is well defined and time bound, unlike in a working capital loan, where liquidity shortfalls can be sporadic and temporary.

This paper is trying to evaluate the efforts of Entrepreneurs who attempted to utilize MSMED in Haveri, because Haveri is a place of interjunction of Malenadu and Bayaluseeme, which are having diametrically opposite in geological, topological conditions. MSMED provisions are a hope to young and emerging Enterprises to make a good footing in the market field.

CONCLUSION

It is understood with the above data analysis that Haveri district is having a very minimal exposure to MSME and though Ranebennur area in this district is considered as highly exposed area for foreign agricultural manure and seed shopping the real time activity is still at below expected rate.

This district is having connectivity with road to Puna and Bangalore. Therefore, if properly utilized the small industries relating to production of equipments and utensils will take advantage of the present situation and many young entrepreneurs can emerge from this area. The cotton industry and Chilly marketing already established at international level. The export of betal leaf is another possible outlet as there is demand from neighbouring countries like Pakistan for this betal leaves and arecanut.

THE REQUIREMENTS IN CHANGE IN ATTITUDE

- The traditional agricultural system should be moderated with introduction of modern, industry based agricultural system.
- The involvement of machines should be increased and man power labouring should be minimized.
- The collective cooperative agriculture should be introduced as a new system to replace individual ownership agricultural activity.
- The introduction of corporate funding system through corporate social responsibility should be accelerated so that finance flow helps the skilled and talented youngsters to try their hands.
- The mindset of the middleclass should be changed to take challenges and should not opt for traditional slow growth economic stabilities. They should try hard in new trend of businesses.

BIBLIOGRAPHY

1. *Surjeet R Dhillon 2013, DGP Kit of Economics, Dhillon Group of Publications, New Delhi.*
2. *Mishra & Puri, 2007, Indian Economy, Himalaya Publishing House, New Delhi*
3. *D.I.P.-HAVERI, District Profile from Statistics Department*
4. *Web-<http://www.Msmedihubli.gov.in/>*

