International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

Region Wise Comparative Study of MSMES Units in Karnataka

Dr. Jagadeesh B Hullur

Associate Professor, SJT Govt First Grade College, Mundaragi

Abstract:
The Indian MSMEs have emerged as a major driving force in the Indian economy in the recent years. These MSMEs contribute 30% of the Indian GDP and also 45% of the Indian exports (as per 2022-23 MSMEs Report). These are major complementary to the large industries in India. The MSMEs supports to the government in industrialisation of semi urban and rural areas. These are producing various products and also rendering variety of services to fulfil local as well as global demands. The MSMEs are second largest provider of employment after agriculture.
The present paper is an attempt to throw a light on MSMEs of Karnataka state through a comparative study of various regions. It attempts to focus on region wise number of units in the state.

Keywords: MSMEs, employment, growth, performance etc

Introduction:
Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in the economic development of India by generating employment opportunities, promoting regional balance, and contributing significantly to industrial output and exports. Karnataka, one of India's most industrially progressive states, has a vibrant MSME sector that spans across diverse regions — from the highly industrialized districts like Bengaluru Urban and Belagavi to the developing clusters in North Karnataka such as Kalaburagi, Ballari, and Vijayapura.
The performance and growth of MSMEs in Karnataka, however, are not uniform across regions. Factors such as infrastructure development, availability of skilled labour, access to finance, government support, and market linkages vary considerably between the southern, coastal, and northern regions of the state. As a result, there exists a significant disparity in the establishment, performance, and sustainability of MSME units.
A **region wise comparative study** of MSMEs in Karnataka helps to identify these variations and understand the factors contributing to regional imbalances. Such an analysis is essential for policymakers, entrepreneurs, and development agencies to design targeted interventions that foster equitable industrial growth.
This study aims to examine and compare the growth trends, investment patterns, employment generation, and challenges faced by MSME units across different regions of Karnataka. By highlighting the strengths and weaknesses of each region, the research seeks to provide insights into improving the competitiveness and inclusiveness of the MSME ecosystem in the state.

Need for the Study:
MSMEs are vital to Karnataka's economy, contributing to employment and regional development. However, their growth is uneven across the state — southern regions like Bengaluru and Mysuru are more industrialized, while northern areas such as Kalaburagi and Raichur lag behind. This study is needed to understand the causes of these regional differences and to identify ways to promote balanced MSME growth.

Objectives of the Study: The study set following objectives:
1. To understand about distribution of MSMEs in Karnataka
2. To know analyse No OF MSME Units across the state

Hypothesis of the Study: The study set the following Hypothesis:
H0: There is no significant difference between no of units in the two regions of Karnataka.

Scope and Methodology of the Study:
The study compares MSME units across Karnataka's southern, northern, and coastal regions. It covers aspects such as the number of units, investment, employment, and government support. The analysis is based on secondary data from official sources and focuses on identifying regional strengths, challenges, and opportunities for inclusive industrial development.

Table -1: Belgaum Region No of MSME units

Sl.No	Name of the District	Micro Units	Small Unints	Medium Units	Total Units
1	Bagalakot	26357	374	17	26748
2	Belgaum	8110	1185	81	9376
3	Dharwad	47627	1042	91	48760
4	Gadag	14837	267	7	15111
5	Haveri	21450	410	20	21880
6	Uttar Kannada	27527	351	8	27886
7	Vijayapura	29274	560	32	29866
	Total units	175182	4189	256	179627
	Average	25026.00	598.43	36.57	25661.00

(Source: MSME report)

The Belgaum region has a total of **1,79,627 MSME units**, mostly **micro enterprises (over 97%)**. **Dharwad** records the highest number of units, while **Gadag** has the least. This shows that MSME activity is largely concentrated in **small-scale industries** with limited medium enterprises.

Table -2: Gulburga Region No of MSME units

Sl.No	Name of the District	Micro Units	Small Units	Medium Units	Total Units
1	Bellary	29001	915	81	29997
2	Bidar	20973	329	29	21331

3	Kalaburgi	24731	654	39	25424
4	Koppal	14240	486	20	14746
5	Raichur	20240	771	52	21063
6	Yadagir	12384	228	9	12621
	Total units	121569	3383	230	125182
	Average	20261.50	563.83	38.33	20863.67

(Source: MSME report)

The **Gulbarga region** has a total of **1,25,182 MSME units**, with **micro enterprises** forming the majority share. Among the districts, **Bellary (29,997 units)** leads in MSME presence, while **Yadgir (12,621 units)** has the lowest. Small and medium units are comparatively fewer, indicating limited industrial expansion. Overall, the region's MSME sector is developing but still dominated by **micro-scale enterprises**.

Table -3: Mysore Region No of MSME units

Sl.No	Name of the District	Micro Units	Small Unints	Medium Units	Total Units
1	Camarajanagara	11030	185	4	11219
2	Chikkamagaluru	17989	325	15	18329
3	Dakshina Kannada	48356	1178	100	49634
4	Hassan	28815	634	17	29466
5	Kodagu	9321	212	13	9546
6	Mandya	23982	428	8	24418
7	Mysore	60175	1315	84	61574
8	Udupi	29180.00	675.00	51.00	29906
	Total	228848	4952	292	234092
	Average	28606.00	619.00	36.50	29261.50

Source: MSME report)

The **Mysore region** has a total of **2,34,092 MSME units**, with **micro enterprises** forming the largest share.

Mysore district (61,574 units) ranks highest, followed by **Dakshina Kannada (49,634 units)**, while **Kodagu** has the fewest. This shows a strong MSME presence across the region, especially in industrially advanced districts.

Table -4: Bangalore Region No of MSME units

Sl.No	Name of the District	Micro Units	Small Units	Medium Units	Total Units
1	Bangalore Rural	58564	1468	169	60201
2	Bangalore Urban	308500	13408	1575	323483
3	Chikkaballapur	17989	325	13	18327
4	Chitradurga	18002	381	20	18403
5	Davanagere	25853	592	22	26467

6	Kolar	20026	490	32	20548
7	Ramanagra	18090	348	22	18460
8	Shomoga	32326.00	636.00	33.00	32995
9	Tumakur	39027	827	48	39902
	Total	538377.00	18475.00	1934.00	558786.00
	Average	59819.67	2052.78	214.89	62087.33

(Source: MSME report)

The **Bangalore region** has the highest number of MSMEs in Karnataka, totalling **5,58,786 units**, dominated by **micro enterprises**. **Bangalore Urban (3,23,483 units)** leads significantly, reflecting its strong industrial and service base.This indicates high industrial concentration and better infrastructure compared to other regions.

Table -5: Consolidated Region wise MSME units in Karanataka

Sl.No	Region	Micro Units	Small Units	Medium Units	Total Units
1	Belagaum	175182 (16.47)	4189 (13.51)	256 (9.44)	179627 (16.36)
2	Gulberga	121569 (11.43)	3383 (10.91)	230 (8.48)	125182 (11.40)
3	Mysore	228848 (21.50)	4952 (15.98)	292 (10.77)	234092 (21.33)
4	Bangalore	538377 (50.60)	18475 (59.60)	1934 (71,31)	558786 (50.91)
	Total Units	1063976 (100.00)	30999 (100.00)	2712 (100.00)	1097687 (100.00)
	Average Units	265994	7749.75	678	274421.8

(Source: Compiled from MSME report)

The **Bangalore region** dominates Karnataka's MSME sector with **over 50% of total units**, followed by **Mysore (21.33%)**. **Belgaum** and **Gulbarga** regions have comparatively fewer units, indicating regional imbalance. Overall, MSMEs are highly concentrated in southern Karnataka, reflecting better infrastructure and industrial growth there.

Table -6: Table Showing Comparative MSME Units of North Karnataka and South Karnataka Regions

Sl.No	Region	Micro Units	Small Units	Medium Units	Total Units
1	North Karnataka	296751 (27.87)	7572 (24.43)	486 (17.92)	304809 (27.76)
2	South Karnataka	767225 (72.13)	23427 (75.57)	2226 (82.08)	792878 (72.23)
	Total Units	1063976 (100.00)	30999 (100.00)	2712 (100.00)	1097687 (100.00)

The data shows that **South Karnataka** accounts for the majority of MSME units (**72.23%**), while **North Karnataka** contributes only **27.76%**. This highlights a clear regional imbalance in industrial development.
Better infrastructure and business facilities in the south have driven higher MSME growth compared to the north.

Table -7: Two way ANOVA

F-Test Two-Sample for Variances		
	North Karnataka	*South Karnataka*
Mean	101603	264292.7
Variance	2.86E+10	1.9E+11
Observations	3	3
df	2	2
F	0.150537	
P(F<=f) one-tail	0.130841	
F Critical one-tail	0.052632	

The **F-test** value (0.1505) is greater than the **F-critical** value (0.0526), indicating a **significant difference** in variances. This means the variation in MSME units between **North and South Karnataka** is statistically significant. Hence, **South Karnataka** shows much higher and more varied MSME growth compared to the north.

Findings, Suggestions and Conclusion:
he study reveals a clear regional imbalance in the distribution of MSME units across Karnataka. South Karnataka, particularly the Bangalore region, dominates the state's MSME sector with over 50 percent of total units, indicating a high level of industrial concentration and better infrastructural facilities. In contrast, North Karnataka lags behind, contributing only about 28 percent of MSME units, reflecting slower industrial development and limited access to resources. Across all regions, micro enterprises form the majority share, showing that most businesses operate on a small scale with limited transition to small or medium enterprises. The districts of Bangalore Urban and Mysore record the highest concentration of MSMEs, while Yadgir, Gadag, and Kodagu remain at the lower end. The F-test analysis further confirms a statistically significant difference between North and South Karnataka, emphasizing that the disparity in MSME distribution is influenced by infrastructural, financial, and market-related factors.
To address these challenges, it is essential to promote balanced regional development by encouraging industrial investments in North Karnataka through special government incentives and cluster-based development programs. Strengthening infrastructure, connectivity, and power supply in underdeveloped districts can attract entrepreneurs and investors. Expanding financial inclusion, simplifying loan procedures, and promoting awareness of government MSME schemes will further support growth. Additionally, setting up skill development centres and encouraging public-private partnerships can help improve local employment and entrepreneurship in lagging areas.
In conclusion, while Karnataka's MSME sector plays a vital role in driving industrial and economic growth, its development remains uneven across regions. The southern part of the state, especially

Bangalore and Mysore, enjoys industrial advantages, whereas the northern districts require targeted policy support. For achieving inclusive and sustainable industrialization, the government must focus on infrastructure, finance, and skill enhancement in the northern region. Such efforts will help bridge the regional gap and make MSMEs a stronger instrument for equitable economic progress across Karnataka.

Reference:

1. Shanlax International Journal of Arts, Science and Humanities, "A Study on Growth and Distribution of Medium Scale Enterprises in Karnataka" — **T. L.** (2021). Mendeley
2. Institute of Chartered Accountants of India, Committee for MSME & Start-up. *Compendium of MSME Policies & Incentive Schemes of Karnataka State*. First Edition, January 2022. msme.icai.org
3. Small Industries Development Bank of India (SIDBI). "Understanding Indian MSME Sector: Progress and Challenges". May 13 2025.
4. *Micro, Small and Medium Enterprises in Karnataka* — Karnataka Planning/Economic Survey. planning.karnataka.gov.in
5. *Karnataka Districts Industrial Profiles* — DC(MSME) district industrial profiles. dcmsme.gov.in
6. *MSME Annual Report 2023–24* — Ministry of MSME. MSME Ministry
7. *MSME Annual Report 2024–25* — Ministry of MSME. MSME Ministry
8. *Understanding Indian MSME Sector — Progress and Challenges* — SIDBI report (May 13, 2025). sidbi.in
9. *Compendium of MSME Policies & Incentive Schemes — Karnataka* — ICAI / state compendium. msme.icai.org
10. *A Study on Growth and Distribution of Medium Scale Enterprises in Karnataka* — ResearchGate / academic paper. ResearchGate
11. *Karnataka District-wise MSME Industries 2023* — OpenCity / district-level dataset