

Challenges of Small Scale industries in district Pulwama and Anantnag of Jammu and Kashmir (J&k)

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ABSTRACT

Small scale industries (SSI) has played a vital role in the economic development of different advanced industrialized countries like Japan, Great Britain, United States of America and Germany. These industrial units have also a great importance in the developing countries like India, because of high level employment potential with low capital cost. These industrial units are also considered important tool for the poverty reduction, equitable distribution of national income through industrialization of rural and backward areas. This sector is called nursery of entrepreneurship. Present study is about two districts (Pulwama and Anantnag) of Jammu and Kashmir (J&K). Where large scale industries are few, only small scale industrial units are growing after a long gap of disturbance. These industrial units are providing employment to rural and backward areas of these districts. But unfortunately there are different hurdle like poor infrastructure, shortage of electricity, political instability, etc; which discourages there growth and development. To find out main challenges of small scale industrial sector, 300 SSI units were selected and questionnaire survey was approached and Henry Garrett's Ranking Technique was applied. It was found that political instability, poor infrastructure and marketing related issues are the main hurdles in the growth and development of the small scale industries.

Key words: *Small Scale industries, employment, Growth, Challenges, infrastructure, political insatiability.*

INTRODUCTION

Industrial Sector is playing a vital role in the economic development of a country. It is well known fact that, countries with strong industrial base are witnessing high economic growth and development. The industrialized countries have a higher level of employment and standard of living (Singer, 1950). Industrialization supports in transforming the raw resources of an economy into useful consumer products and other important tools for the social and economic wellbeing. The industrial sector is also playing an significant role to achieve the different political, social and economic objectives (Keskin et al, 2010). This sector is significantly contributing in attaining self sustaining economy with high levels of investment, employment, increases in exports, poverty reduction and finally increases in the levels of national income. Industries can be generally categorized into three groups like Small, Medium and Large scale on the basis of investment or Turnover basis. Present study is about Small Scale industries who have an investment level below ten crore rupees according MSME act 2006.

Small scale industries (SSIs) are considered globally as the engine of economic growth (Singh et al, 2010), especially in developing countries. The importance of the small scale industrial sector is well recognized worldwide due to its significant contribution to attaining various socio-economic objectives, such as higher growth of employment, output, promotion of exports and fostering entrepreneurship. Because theses industrial units have a higher potential of employment generation with low capital cost (Butt, 2005). The root problem of the Indian economy is increasing population pressure with low employment opportunities and largely dependence upon agriculture sector for livelihood, especially in rural and backward areas. Growth of Small scale industrial units is the best solution of this problem because these units are labour intensive and can be installed with low investment; suits for developing economies. These industrial units are powerful tool of job

creation. (Subrahmanya, 2005). Because these industrial units have a higher employment potential as compare to large scale industries (Dar & Ahmad, 2013). These enterprises are seedbeds of innovation and ensure the balanced economic growth (Singhi, M. C. (2012). But unfortunately in this competitive global economy theses industrial units facing different hurdles like poor infrastructure, lack of finance, marketing, lack of entrepreneurship knowledge, electricity shortage, poor technology, etc, in growth and development

Jammu and Kashmir is primarily an agriculture based economy. The industrial sector of the state is poor due to political, geographical and climatic conditions. There are few large scale industries in the state. However small scale industrial units are growing from last few decades with some new areas like food processing, wood based units, agro based units, textile units, metallic and non metallic products etc. Because the natural factors and availability of raw material are more advantageous for small scale industrial units like handicraft, cricket bat industry, food processing units, village industries etc. But unfortunately there are different factors which discourage the growth of these units in the state. The State is less attractive for investment due to political instability. The climate of armed conflict in state from last more than two decade has shrink the economy of state, particularly the industrial sector. Poor industrial infrastructure of state has left the industrial sector in its infant stage. The connectivity sources of the state with the rest of nation are limited which creates the problem of raw material and restricted the marketing linkages. The SSI units located in the rural and backward regions of state are facing the electricity shortage which discouraging their productivity and quality of products. Despite the number of steps taken by state and centre government to promote industrialization in the state, the ground reality is different. There is an urgent need to review the status of small scale industrial sector of state and frame policies and programmes accordingly. There is an expectation that the State will find place in the industrial map of nation and industrial sector will boom; joint efforts of government and young generation of state is required.

Definition of Micro, Small and Medium enterprises

The definition of small scale industries varies from country to country or varies in same country from time to time. In India, new classification of small scale industries was done on the basis of investment. According to latest definition of small scale industries by MSME Development Act, 2006 under the section of 7, small scale industries are divided into three enterprises; according investment like Micro, Small and Medium enterprises. The new nomenclature of small scale industries is given below.

Table 1: New nomenclature of small scale industries under MSMED Act 2006

Classification	Manufacturing Enterprises (Investment Limit in Plant and Machinery)	Service Enterprises (Investment Limit in Plant and Machinery)
Micro	RS. Up to 25 LAKH	RS. Up to 10 LAKH
Small	RS. 25 to 5 CRORE	RS. 10 to 2 CRORE
Medium	RS. 5 to 10 CRORE	RS. 2 to 5 CRORE

Source: Ministry of Micro, Small and Medium Enterprises

Objectives of the study

1. To find out the challenges of Small Scale industries in district Pulwama and Anantnag

RESEARCH METHODOLOGY

Present study is based on both primary and secondary sources of the data. For collecting the primary data, questionnaire based survey and focus group discussion methods were approached. The secondary sources of data were collected from the different government and non government published and unpublished sources.

Study Area: Present study was carried out two districts of Jammu and Kashmir, Pulwama and Anantnag.

Sample Size: Total 300 SSI units were selected from this study.

Methods: In the present Study Henry Garrett's Ranking Technique was approached to identify the objective of the study. The respondents (SSI entrepreneurs) were asked to rank the given problems from production to marketing according to the degree. Finally the order of merit given by the respondents was converted into ranks by using the following formula.

$$\text{Percentage Position} = \frac{100(R_{ij} - 0.5)}{N_j}$$

Here,

R_{ij} = Rank given for *i*th item by *j*th individual;

N_j = Number of items ranked by *j*th individual.

The percentage position of each rank was converted into scores according to Henry Garrett table. After that, for each factor, the scores of individual respondents were added together and divided by the total number of respondents for whom the scores were added. These mean scores for all the factors were set in order of ranks and accordingly conclusion was drawn.

Table 2: Degree of Challenges faced by Small Scale industrial units of Jammu and Kashmir represented by Henry Garrett's rank technique

S.No.	Problems	Total Scores	Average Scores	Garrett's rank
1.	Climate	11208	37.36	8
2.	Financial	14212	47.37	6
3.	Infrastructure	14640	48.80	5
4.	Marketing	16191	53.97	2
5.	Political instability	18383	61.28	1
6.	Power shortage	13427	44.76	7
7.	Raw material	15135	50.45	4
8.	Other	15304	51.01	3

Source: Field Survey

Findings

From the above analysis it's clearly understood that political instability is the major challenge followed by marketing related issues in the growth and development of the small scale industries. There are other issues like managerial, lack of skilled labour, continuous supply of labours which discourages the different business activities of these SSI units. It was also found that the lack of adequate supply of raw material and poor infrastructure facilities in the state has impacted the growth of these industrial units in the state and also limited their potential. Financial related issues, electricity shortage and adverse climatic conditions of the state have also impacted the different business activities from production to marketing.

Challenges of Small Scale industries

Small scale industrial units have been encountered by the different problems worldwide. These problems are differing from one place to another place and from one industrial group to another. During the present study it was found there are different challenges like Political instability, poor infrastructure, marketing, Finance, raw material, labour, etc which discourages the overall performance of these units. Political instability was identified as a root cause of different problems related to industrial sector in state. Jammu and Kashmir is victim of armed conflict from last few decades. This conflict has not only cost the innocent blood but shirked the economy activities of state, especially the industrial sector. The continuous shutdown and curfews in valley are affecting the business activities of these industrial units from production to marketing. The uncertainty in the state has discouraged the public and private investment that affected the growth of these units. The infrastructure of the state is very poor due to political, geographical and climatic conditions of the state. The road connectivity, communication, electricity and other required facilities for the industrial sector of the state are not available. Few drops of rain are closing the main connectivity source (National Highway) for weeks. The cheap transport facility like railway is not available in the state which increases the cost of production and shortage of raw material. The electricity shortage problem is very common in Jammu and Kashmir. During study the entrepreneurs highlighted that shortage of electricity is affecting the production level and quality of their products.

Finance is called the life blood of any organization for functioning properly and smoothly. The entrepreneurs highlighted that they are facing different problems related to finance like higher interest rate, delay in sanction, cumbersome producer,

etc which affects the overall function of the unit. In the present competitive and technical epoch most of the SSI units are still using the tradition or poor technology that affects their productivity and increases there cost of production. The quality of the good is also affecting by inadequate technology.

Marketing is considered as the key for success of every business. The main function of marketing is to attract customers towards goods and services produced by any industrial unit. There are different marketing related problems which hinders the growth, development and expansion of theses industrial units. Some of them are lack of adequate funds for analysis of market opportunities, lack of funds for advertisement, problem of standardization, poor distribution system, lack of online marketing facilities, etc.

The Small scale industrial units are also facing the problem related to skilled labour or continuous availability of labours. Firstly the skilled labours are costly they are not affording wages and other facilities demanded by these workers. The availability of labour in the J&K is not continuous because they are basically from agricultural background, during harvesting periods the absenteeism among labours are found very high.

SUGGESTIONS

There is an immense need to remove the entire bottlenecks which are coming in the way of growth and development of industrial sector in the state. Both state and central government should implement those policies and programmes through which the small scale industries will be develop by leap and bounce; reduce the level of unemployment in the state. After analyzing and reviewing the small scale industrial sector two districts of state, we want to put some suggestion for the growth of this sector.

1. Electricity should be providing timely and continuously, especially in rural areas.
2. Entrepreneurship knowledge should be providing to SSI entrepreneurs through workshops.
3. Government should provide adequate financial facilities without cumbersome producers and the relaxation should be provided in interest rate.
4. Government should provide assistance to Small scale industrial units during political unrest.
5. Government should restore peace in the state to boost the industrial sector.
6. Local market of the state should be linked with national and international markets.
7. The industrial infrastructural should be developed in rural and backward areas.
8. The industrial estates should be increased in the state for the growth and development of SSI units.
9. The licensing procedure should be simple and fast.
10. Training must be provide to small Scale entrepreneurs in the area of technological, managerial, financial and marketing.
11. Export promotion schemes should be launched to encourages Small scale industrial units for export their goods especially textile, food and wood based industries.

CONCLUSION

Small scale industries are considered as the engine of economic growth and development both in developing and developed economies. These units are important tool for employment generation, equitable distribution of income, increase in national income, entrepreneurship development, increase in exports, etc. Jammu and Kashmir is an industrial backward state of India where large scale industries are not surviving due to unfortunate political, geographical and climatic conditions of state. However, only small scale industrial units are growing after a long gap of disturbances due to some efforts of centre and state government. But there are still different challenges in the way of growth and development this sector, which limits the potential and productivity of these SSI units. During this study some of the main hurdles are identified like financial problem, poor marketing linkages, electricity shortage, poor industrial infrastructure, etc. It is important to support the growth and development of those industrial units for optimum utilization of the resources, both human and economic, to achieve high level economic growth.

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