

EXAMINING THE CHALLENGES, MEASURES AND ROLE OF VARIOUS PROMOTIONAL AGENCIES IN THE INDUSTRIAL DEVELOPMENT OF JAMMU AND KASHMIR

Abstract

The Industrial growth in Jammu and Kashmir has remained subdued in the past. There is a less dominance of industry in the state. The aim of this study is to ascertain the challenges faced by and the measures thereof by the industry of Jammu and Kashmir. It also examines the role of various promotional agencies in the industrial development of Jammu and Kashmir. Secondary sources such as newspapers, journals, and online databases were used to get the data. In order to get to conclusions, the data was evaluated and analysed while keeping in mind the study's goals. The results revealed various challenges, measures and role of promotional agencies in the industrialization of Jammu and Kashmir and offer valuable implications thereof.

Keywords: Industry, Challenges, Measures, Jammu and Kashmir.

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I. INTRODUCTION

A nation's economic progress depends on industrialization. This is particularly true for an undeveloped country like India, where industrialization creates opportunities for utilising the surplus labour as well as guarantees the accessibility of commodities for mass consumption for a sizable population. Industrialization aids in harnessing and translating untapped resources into usable consumer goods, efficient production equipment, and infrastructural development. In contrast to certain other states in the nation, Jammu and Kashmir has a predominantly agricultural economy. The state lacks any significant industry. Many small and medium-sized businesses, primarily in the conventional sector, have sprouted out alongside some brand-new sectors, such as food processing, agro-based businesses, wood-based businesses, metallic and non-metallic items, etc. However, small-scale enterprises like handicrafts, the manufacture of cricket bats, villagers' businesses, etc. benefit more from natural conditions. Additionally, the industrial sector has been designated as the primary engine for boosting economic activity due to the saturation of job prospects. In the past, Jammu & Kashmir's industrial growth remained muted. The state has significant or medium-sized industries. This sector, which includes both registered and unregistered manufacturing, makes for around 6% of the GDP. Among other things, the topography and geography of the area prevented the development of heavy and large-scale enterprises owing to the high level of financial investment. The whole state has challenging topography and a harsh scenery, with the exception of three districts: Jammu, Samba, and Kathua. In addition, the environment was not better suited for cottage and small-scale industry. As a result, the state was far behind the other industrially advanced States of India in terms of development. This may be determined by the fact that the Directorate of Economics & Statistics, J&K calculated the State's Index of Industrial Production (IIP) to be less than 110, whereas several other States in the nation have reached even the 200-mark. The State is making a lot of effort to go towards industrialisation. In addition to giving job chances to the educated jobless young, the industry sector has been identified as the primary vehicle for boosting economic activity. The state has industrial potential in the production of bats, tyres and tubes, and recently developed agro-food processing.

There is optimism that the State will emerge from the muck of industrial backwardness despite many obstacles, and the day when the State will find a position on the industrial map of India is not far off. It is good to see that Micro Small and Medium Sectors (MSME) units have emerged primarily in the FMCG (Fast Moving Consumer Goods) and the food processing sectors, despite difficulties and significant infrastructure challenges. Perfecting resource mapping and developing a package that solves issues unique to a certain industry need further work. The committees established to develop a sub-package strategy for underdeveloped regions are looking into the question of incentives for underdeveloped regions beyond those provided by industrial policy. It is necessary to change direction and concentrate on industries that have an ideal and consistent raw material base in the State, such as the construction industry (marble), gem and jewellery, textiles (wool and silk), carpet, sports (cricket bat) with complete value addition available in the State, wood-based industry, and finally food processing (export of walnut), pharmaceutical, etc.

II. REVIEW OF LITERATURE

The review of research work already done related to the problem in hand will provide support to the findings of the present study.

In their joint article titled "Performance Evaluation of SMEs of Bangladesh," Kashfia Ahmad and Tanbir Ahmad Chowdhury (2009) noted that small and medium-sized businesses (SMEs) play a crucial role in economic growth, poverty alleviation, and rapid industrialization of developing nations like Bangladesh. SMEs play a key role in the economic expansion, job creation, and rapid industrialisation of the nation. Giaaoutzi Maria (2011) said in her book "Small and Medium Size Enterprises and Regional Development" that small and medium-sized businesses have recently risen to the forefront of scientific and policy concern. He said that it is occasionally a generally held misconception that this sector has the regeneration capacity required to revive the manufacturing and service sectors of our struggling economy. In his book "Entrepreneurship and Management of Small Scale Industries" published in 2013, Mascarenhas R. S. expounded on the idea that small-scale enterprises form the foundation of the Indian industrial system. He emphasised the critical role that small-scale industries play in the process of economic growth through value adds, fair national income distribution, capital mobilisation, entrepreneurship skill, and contribution to export revenues. Small-scale industries' past, present, and numerous challenges were described by McKinnon Robert (2013) in his book "Small Firms and Their Problems" in diverse circumstances. The book contains insightful opinions from professionals in the field of industrial units for the growth of small businesses and suggestions for dealing with issues encountered by the small industry sector. Additionally, it has taught society and small businesses how to take use of their size for future growth and development. The growth of small-scale enterprises in India and Japan was discussed by Vepa Ram K. in his book "Small Industries in Japan" from 2013. The book compares the small-scale industrial units in India and Japan. It contains a variety of cutting-edge viewpoints that Indian small-scale enterprises might use to expand further. The book also analyses the methods used by Japan's small-scale enterprises in their daily operations and offers advice to Indian small industrial units in accordance with that study. The book discusses a range of small-scale industry unit dimensions.

III. OBJECTIVES OF STUDY

The main objectives of the present study are:

1. To study the challenges faced by the small-scale industrial sector.
2. To suggest the measures to overcome the difficulties.
3. To study the role of promotional agencies in the industrial development of Jammu and Kashmir

IV. METHODOLOGY

The facts were built from secondary sources of data. Secondary data was also used in this study, including information from several publications, journals, internet databases, the Reserve Bank of India (RBI), the Exchange, the Central Statistics Office of India, and other

bank websites. In order to draw conclusions, the data was evaluated and interpreted while keeping in mind the study's stated goals.

V. OUTCOMES OF THE REVIEW

After the services sector, the industrial sector contributes significantly to economic growth and jobs. The services and industrial sectors in India are primarily responsible for the impressive success attained in the growth rate in a few years.

VI. CHALLENGES FACING SMALL SCALE INDUSTRIAL SECTOR

Despite having enormous potential, small-scale companies in India have not been able to advance successfully due to a variety of issues. The main issues these sectors face are listed below.

- 1. The Problem of Skilled Manpower:** A small business's success is mostly dependent on its owner and staff, provided they are competent and productive. Due to the numerous issues that human factors and unskilled labour generate for small enterprises' ability to survive. Small-scale enterprises have difficulties due to the lack of sufficient trained labour in the rural sector.
- 2. Lack of Machinery and Equipment:** In order to compete with giant enterprises, small-scale units are working extremely hard to use current technology and equipment in their manufacturing process. The majority of small units use antiquated and conventional technology and tools. Small-scale enterprises have significant challenges in growing due to a lack of the necessary tools and technology.
- 3. Competition from Large-Scale Units and Imported Articles:** The product of large-scale units and imported items, which are comparably extremely affordable and of superior quality than small units' product, are particularly difficult for small-scale units to compete with.
- 4. The Problem of Raw Materials:** The sourcing of raw materials is one of the biggest issues facing small-scale enterprises. Prior to the emergence of modern small-scale industries that manufacture a large number of sophisticated items, the majority of small-scale industries mainly produced items dependent on the local raw material. However, since the emergence of these modern small-scale industries, the problem of raw materials has taken the form of absolute scarcity.
- 5. Problem of Finance:** Finance is a significant issue for small-scale businesses. There are two basic causes of the financing issue in the small business. First of all, it's partially a result of the lack of available cash in general. Second, it's largely because tiny units have poor creditworthiness. They have a very tough time obtaining financial aid from commercial banks and other financial institutions because of their fragile economic foundation.
- 6. Problems of Marketing:** Small firms frequently experience issues in the area of marketing. These little units frequently lack any kind of marketing infrastructure. As a

result, their product quality does not match favourably to that of the items produced by large-scale enterprises.

- 7. Problems of Underutilization of Capacity:** In small-scale operations, 40% to 50% of capacity are typically underutilised. Small units struggle with this issue since their power supply is not always reliable, and unlike large units, they lack the financial resources to pursue other solutions like installing their thermal units.
- 8. Outdated Technology:** The majority of small-scale units rely on outdated tools and methods. They have a very tough time updating their equipment and plant due to their low capacity and money.
- 9. Poor Project Planning:** Small-scale businessmen frequently rely on consultants since they lack training and expertise. They are unable to completely comprehend project specifics.
- 10. Inadequate Infrastructure:** Another issue is the lack of adequate communication, transportation, and other essential amenities, particularly in underdeveloped areas. Infrastructure gaps cause capacity to be underutilised and materials to be wasted.
- 11. Absence of Vertical Growth:** Ancillarization and subcontracting, which might aid small-scale enterprises in expanding with big units, are not often practised.
- 12. Managerial Skills:** Small businesses are frequently promoted and maintained by a single individual, who may not have all the managerial abilities needed to govern the company. Despite having solid technical understanding, many small business owners struggle to effectively sell their products. Additionally, they might not have enough time to do all necessary tasks. They are also unable to hire professional management due to financial constraints.
- 13. Labor:** Small businesses are unable to afford to offer their staff larger salary, which has an impact on their motivation to work hard and create more. As a result, staff productivity is often low and employee turnover is frequently high. Attracting competent employees is a big issue in small company organisations due to the lesser pay given. Unskilled labourers join for the meagre pay, but it takes time to teach them. Additionally, division of labour cannot be used, as it can in huge organisations, which prevents specialisation and focus.
- 14. Sickness:** Both policymakers and business owners are concerned about the high frequency of illness in small industries. Sickness has both internal and exterior causes. Lack of administrative and marketing expertise, as well as qualified and trained labour, are internal issues. Delays in payments, a lack of operating capital, inadequate financing, and a decline in the market for their products are a few of the external issues.
- 15. Other Problems:** In addition to the issues listed above, small-scale units have faced a number of other issues. They consist of several fictitious companies, outdated and conventional designs, and a high level of obsolescence. Small-scale enterprises were unable to expand to a respectable degree as a result of all these issues.

VII. MEASURES TO OVERCOME PROBLEMS

To overcome the difficulties mentioned above, the following short-term and long-term measures are suggested:

- 1. Raw Material Supply:** Because of the frequent closure of the Jammu-Srinagar highway, adequate stocks of raw materials should be built-up by the Govt. agency such as SICOP depending on the requirement for quarter/year periods by the SSI units. This would necessitate the provision of additional storage and handling facilities. However, these costs would be partly or offset by the reduction in the cost of production by the units operating at full or near full capacities. Licensing quota should not be frequently changed because it is likely that such changes will disrupt the production schedules of the units. The quantity, quality and delivery schedules should be maintained by the prior planning of the acquisition of supplies that come from outside the valley. An equitable distribution of the raw material should be made among the units commensurate with their capacity and performance.
- 2. Development of Manager Expertise:** Imparting managerial techniques to the managers of SSIs is of crucial importance. Under being small, these units cannot afford to put separate persons for each managerial function like marketing, public relations, finance, personnel, etc. The entrepreneurs being owner managers generally, have to perform these functions singly or with the assistance of one or two persons. This situation necessitates the formulation of special management programmes encompassing the above management functions. The Institute of Management and Public Administration (IMPA) could arrange special programmes for industrial managers apart from its programmes for public administration.
- 3. Marketing Support:** The sale of finished goods in the market is an essential prerequisite for the sustained growth of any unit. Being small, the SSIs cannot afford to have their marketing channels individually. Government must therefore widen the scope of the existing marketing support and include market research, sales promotion, distribution, after-sale service and consumer welfare within the jurisdiction of SICOP. The government may also consider developing marketing principles as a guide to industrial development.
- 4. Quality Control:** There should be a quality control Centre within the ambit of SICOP to ensure the quality of raw materials and the finished products produced by the small units since individually the units cannot afford to maintain quality control infrastructure. The center should have individual quality control facilities located within the premises of an industrial estate for similar groups of industrial units. This would ensure frequent quality checks at different stages of production starting from raw material up to the finished products.

5. Financial Aspects

The following measures are deemed necessary in respect of the financial aspects:

- Government departments involved in the promotion of SSIs such as DIC, financial institutions, labor office, sales tax office, electricity department, SISI, pollution control department, etc. must be brought under one roof. Procedures must be drastically simplified and the officers made responsible for the performance of the units.
- Non-availability of timely and adequate finance must be avoided because it has the tendency to push the entrepreneur to a standstill condition and may finally lead to sickness.
- Adequate financial control both by the unit as well as from the financiers should be ensured. Wasteful expenditure such as building up un-productive assets should be discouraged.
- Loans, subsidies and other incentives should be given to the entrepreneurs only on the condition that they have invested substantial equity capital in the project, otherwise, the finances may be grossly misused.
- Wherever deemed necessary, the recovery of loans due from the SSI units should be rescheduled in a way commensurate with the profitability of the project.
- Government should compensate for any losses occurring to the units on account of delayed payments by the government departments and the damage caused by the present disturbances.
- Sick units should be adequately compensated by way of remission of loans.

VIII. MODERNIZATION

Most of the SSI units use obsolete equipment and techniques which result in poor-quality finished products. The modernization Programme must envisage up gradation of obsolete technology through the identification of needs for SSI units with an objective of improvement in production technology, product development and design, testing and quality control, modernization of machinery and equipment, selection of proper raw material, and application of improved management technology.

The SSI units should be selected for modernization in a phased manner. Industrial units manufacturing domestic electrical appliances, leather footwear and garments, sports goods, fur tanning, woolen hosiery, fruit processing, safety matches, bakery products and the wood industry may be taken up for modernization in the first phase. A maintenance center should be established at the state/divisional level to overcome the maintenance problems of the units.

1. Selection of Project

- One of the major causes responsible for the dismal performance of the SSIs is the wrong selection of the project. Evaluation of the alternate options should be done based on technical, financial and locational aspects.

- Research and development of locally available materials should be pursued by involving scientific and technical and R & D institutions to utilize the materials on a commercial scale. Production of smokeless fuels from forest residues like pine needles sawdust, nutshells, etc., micro-hydel projects, upgradation of lignite, utilization of medical herbs, mushroom cultivation, sericulture, aquaculture, floriculture, high-yielding hybrid crops, manufacture of sports goods, etc., are some of the typical projects with local bias which must be fully developed for commercial utilization by the entrepreneur.
- Projects with rural bias and those based on skill should be taken up for exploitation by the entrepreneurs. Manufacture of biogas plants, mechanical farming, cattle breeding, dairying, farm equipment, ornamental horticulture, social forestry, power generation units based on agro-waste, sanitary latrines, rural housing, food processing, etc., are some of the potential areas of entrepreneurship for rural regions. Skill-based projects like tractor repairing, TV/radio repairing, transformer winding, manufacturing of water geysers, choulhas, etc., are important areas for entrepreneurship that should be promoted through government assistance.

- 2. Development of Infrastructure:** The development of infrastructure such as roads and communication and services such as water and electricity is of vital importance for the growth of the industry since it provides the industry access to the markets and keeps the entrepreneurs in liaison with the agencies directly or indirectly involved with them. Though there are very less problems reported concerning roads, the problems of communication links such as telephone and telex have been many. So the communication links need to be strengthened.

The provision of electricity is of basic importance to the industry. Insufficient power supply has been reported as a major problem by almost all the units. Additional generation capacity, minimization of transmission losses, and efficient transmission and distribution system are the steps that are warranted if we want to give a boost to industrial activity. The provision of power generation based on diesel by the individual units will neither be possible nor feasible since it will tremendously increase the production of the goods. Further, the SSI units may be charged for electricity based on metered supply instead of on a lump sum basis and power lines should be separate for daytime load. Municipal water supply should be provided to units, especially to the food units on a priority basis. Any other source of water will be both unsafe and costly particularly if a treatment facility also is to be installed by the unit itself.

- 3. Entrepreneurship Development:** Entrepreneurship development is key to the expansion of the industry. Adequate short-term/long-term steps must be initiated with the object of spreading the entrepreneurial culture in the state, especially among the educated youth. The following measures are deemed necessary;
- Organization of entrepreneurship awareness camps, courses, workshops and seminars by competent governmental and private agencies. This would require a team of motivation and trainers.
 - Introduction of curriculum on entrepreneurship at degree/diploma level to bring about a general awareness about entrepreneurship.

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- Intensive guidance from the EDP agencies to prospective entrepreneurs in the identification of product lines, formulation of project reports, counseling regarding procedures of setting up SSIs, feedback information on the progress of the projects, etc.
 - Establishment of Science and Technology Entrepreneurs Park (STEP) in J&K state. The STEPs are being established in the country near academic/research institutions to promote and coordinate entrepreneurial activities amongst industries, research organizations, academic/financial/industrial institutions of the central/state governments and other related organizations. One such STEP has been granted to the J&K state and the preliminary work regarding its establishment has been assigned to REC Srinagar. The speedy establishment of STEP will go a long way in promoting entrepreneurial activities in the state.
 - Emphasis should be laid on the development of S & T entrepreneurship in addition to traditional arts and crafts. This will significantly enhance the potential for absorption of S & T persons in the state.
- 4. Policy Implementation:** There is a dire need for awareness of the policy support that the government is providing to entrepreneurs in the form of various incentive schemes. Certain schemes such as National S & T Entrepreneurship Incentive scheme and the Best Entrepreneur Award scheme which are in vogue for the last several years have not been availed of by anybody here so far. Similarly, other schemes also must be effectively implemented so that the entrepreneurs are imbued with extra zeal and enthusiasm.
- 5. Information System:** A 'National Information Grid' needs to be established which would collect and analyze data regarding the small-scale industry such as raw material sources, project profiles, technology, markets, machinery and equipment, competition from related products, incentive schemes and their implication, financial aspects, training of staff, etc. This information could be made available to all entrepreneurs and thus update them with the current trends in business. This would not only help the existing entrepreneur but also the new one who would use the information as a guide in the selection of the product line.

IX. ROLE OF PROMOTIONAL AGENCIES

- 1. Jammu and Kashmir State Industrial Development Corporation Limited (SIDCO):** The central organisation for the development and promotion of the state's medium- and large-scale businesses is the Jammu and Kashmir State Industrial Development Corporation Limited (SIDCO). Numerous tasks for the growth of enterprises in the state have been given to the organisation. It is in charge of creating the necessary infrastructure for small, medium, and large-scale industrial projects, identifying projects that are technically and financially feasible for the state, organising seminars, workshops, and industrial exhibitions both inside and outside the state to promote industries, and assisting with the quick approval of proposed projects by various regulatory bodies. As the virtual office of the Agricultural and Processed Food Products Export Development Authority (APEDA), Ministry of Commerce, in the state, SIDCO also serves as a nodal agency for the Ministry of Food Processing Industries, Government of India. Providing grants of financial assistance to industrial projects with investments up to Rs. 450 lakhs and taking

part in the equity of chosen joint or supported projects have also been delegated to it. Some industrial parks in Jammu and Kashmir have been built by SIDCO.

- 2. J&K Small Scale Industries Development Corporation Limited (SICOP):** The Government of J&K formed SICOP in 1975 as a fully owned corporation. It has been given a number of responsibilities for the growth of small-scale industries (SSI) in the state. The company, SIDCO, and the Directorate of Industries and Commerce (DIC) were in charge of creating the state's industrial infrastructure. For the purpose of acquiring and distributing raw materials to minor industrial units, the organisation has set up a network of raw-material depots in each district of the state. Additionally, it serves as the handling agent of Steel Authority of India Ltd. (SAIL) in Pampore (Kashmir) and as the consignment agency of Indian Petrochemicals Ltd. (IPCL) in Jammu, Srinagar, and Leh. Additionally, it helps with marketing by supplying the government with the industries' finished goods. In 1997, the state government designated fifteen commodities from SSI through SICOP for exclusive procurement by the government agencies.
- 3. Small Industries Service Institute (SISI):** The Small enterprises Service Institute (SISI) was established to offer technical support services to the nation's small-scale enterprises. Along with other developmental initiatives, SISI has been running programmes for entrepreneurship development and promotion of SSIs across the nation. There are shared facilities workshops in several trades affiliated to SISI and its subsidiaries. Techno-managerial, economic, and marketing services are offered to aspiring and current business owners in the state by SISI, Jammu. Entrepreneurs receive guidance on product identification, product diversification, machinery selection, and purchasing. Additionally, it has prepared project studies on the condition of the glass and ceramic industries in J&K, the state's industrial profile, state profiles on agro-based industries, etc. Additionally, SISI offers consulting services to aspiring entrepreneurs and holds training seminars.
- 4. Directorate of Industries and Commerce (DIC):** To encourage industrialisation in the state, the Directorate of Industries and Commerce carries out a number of tasks. The Directorate is responsible for carrying out a number of policies and projects aimed at the growth of industry. It organises and participates in exhibitions and fairs, seminars, workshops, and awareness campaigns to promote industrial development in the state. It also offers incentives (under the package of incentives announced by the government both state and central) and marketing assistance to both existing and new industrial units in the state. The DIC streamlines communication between banks and financial institutions and the groups and organisations involved in industrial development. Additionally, the Directorate has built industrial parks that have spaces for constructing industrial units. DIC also does promotional activities and keeps statistics on the growth of industry in the state.
- 5. J&K Khadi and Village Industries Board:** In 1962, the Industries Board was founded. To accomplish this goal, the Board offers financial and technical support for the establishment of small-scale companies through a variety of programmes. Individual units and cooperative societies are given financial support in accordance with the guidelines established by the All-India Khadi and Village Industries Commission. Small Industries Service Institute (SISI), Directorate of Industries and Commerce, SIDCO, SICOP, and

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other industrial development organisations carry out a variety of tasks to encourage industry in the state. A package of incentives was unveiled by the federal and state governments to entice business investment in J&K. However, the State's industrial environment has been exceedingly bleak, and an action plan would consequently include the following:

- Industry promotion plans for Jammu and Kashmir should be created while taking into account the region's climate, accessibility, raw material availability, human resources, and consumer trends.
- The government should take the lead in boosting private investors' trust in order to promote investment in the state.
- The state's existing industrial estates must be thoroughly and analytically reviewed so that the causes of the failure or underperformance of the units there can be identified and appropriate remedial action can be implemented.
- Industrial units erected in estates should have access to the Common Facilities Centre.
- The units should have access to better infrastructure, such as a constant power supply and connection.

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