



## ROLE OF SMALL SCALE INDUSTRIES IN JAMMU AND KASHMIR WITH SPECIAL REFERENCE TO DISTRICT ANANTNAG

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### **Abstract**

*This brief survey examines the role of small scale industries in Jammu and Kashmir's Anantnag district. The small scale industries have a vital role in expanding employment opportunities and increasing the income of rural communities. The industries can employ a greater number of workers and its raw material grows abundantly in Jammu and Kashmir. With relatively little capital, rural communities can develop this business and provide their own employment opportunities. This paper extracts the concern that the success of small scale industries in Anantnag cannot be separated from the fact that the artisans have a special expertise in combining local materials with modern designs. The cooperation between local artisans and exporters from foreign countries have succeeded in expanding the marketing of small scale products. Undoubtedly the small scale industrial sector has enormous potential, and is a crucial aspect of an economy. However, for the sector to fully realize its potential in a state like J&K there is need to basic infrastructural, financial, marketing, raw material and other facilities.*

**Key Words:** *Industrial Infrastructure, Economic Development, Employment Opportunities, Promotional Agencies, Skill Development.*

### **Introduction**

Industrialization is a key to economic development of a country. This is true for a developing economy like India where the industrialization produces avenues for absorbing the excess manpower and also ensures availability of mass consumption goods for a vast population. The process of industrialization helps in harnessing and transforming the raw resources into useful consumer products and effective means and tools of production and in the development of infrastructure.

Anantnag has presently developed and increased potential in small scale industries. In this region are found 4615 small scale industries that can employ workers amounting to approximately 10000 people. Though small scale industries in Anantnag region represent a growing export to international markets. Research finding show that small scale exports increased 5-8 % on average per year in March 2016. And there is an indication that the average price per unit of small scale products in Anantnag increase 32% in the last 10 years.

The success of small scale industries in Anantnag cannot be separated from the fact that the artisans have a special expertise in combining local materials with modern designs. The cooperation between local artisans and exporters from foreign countries has succeeded in expanding the marketing of small scale products.

Small Scale Industrial sector plays a very important role in both developed and developing countries. Their importance is reflected by the sheer number of establishments, generation of employments, contributing to the GDP, embarking on innovations, stimulating of other economic activities etc. SSIs which account for about 45 percent of the manufacturing output and form the backbone of industrial development in India now are not export competitive and contribute only about 34.08 per cent of exports as on 2014-15. Boosting the contribution of SSIs in total exports of India is vital to India's future economic growth, which can be promoted in the following manner.

### **Research Methodology**

In the research work, researchers have followed the scientific method of study. The study is based on the analysis and interpretation of the data collected. This study involves various steps. First, a conceptual study of the subject was carried out, afterwards a review of literature was undertaken to identify what parameters to consider with respect to Small scale industries in J & K. At the next stage relevant data were collected. At this stage, it is logical to discuss what data are and how these are collected. Data are some relevant facts and figures in raw but in derivable form. The data collection phase is considerably developed in contemporary research. There are two sources of data: Primary data and Secondary data. Lastly a population and sampling procedure was established and methods of data collection and analysis are determined.

### **Literature Review**

Giaaoutzi Maria (2011) in her book "Small and Medium size Enterprises and Regional Development" stated that in recent years the small and medium sized enterprises has become a focal point of scientific and policy interest. He explained it is sometimes uncritically widely believed that this sector contains the rejuvenation potential that is necessary for revitalizing the



industrial and service sector in our stagnating economics. The book elaborated that small and medium sized firms are as vehicles for regional development of the country.

Mascarenhas R. S (2013). in his book “Entrepreneurship and Management of Small Scale Industries” has elaborated that small scale industries are the backbone of the Indian industrial structure. He pointed the crucial role played by small scale industries in the process of economic development by value additions, equitable distribution of national income, mobilization of capital and entrepreneurial skill and contribution to export earnings. The book covers various aspects of small scale industry sector and also includes intelligent conclusions on the same.

### **Objectives of the Study**

The main objectives of present study are:

- To study the role of SSI units in the economic development of Anantnag district.
- To study the growth and development of SSI units.
- To study the progress of SSI units in terms of employment generation.

### **Small Scale Industries in J&K**

The industrial sector plays a significant role in economic development and employment after services sector. The remarkable achievement made in the growth rate in the couple of years in India is mainly due to services and industrial sector. During severe economic meltdown in America and Western Europe, resulting in withering away of the gigantic financial institutions based in the USA and other European countries, made world to realize the economic and industrial progress of India and its future role in ameliorating the economic depression.

### **Role of Promotional Agencies**

#### **Jammu and Kashmir State Industrial Development Corporation Limited (SIDCO)**

Jammu and Kashmir State Industrial Development Corporation Limited (SIDCO) is the nodal agency for promotion and development of medium and large- scale industries in the state. The corporation has been entrusted with various assignments for the development of industries in the state. It is responsible for the development of infrastructural facilities of small, medium and large scale industrial projects, identification of technically feasible and financially sound projects for the state, conducting seminars/ workshops/ industrial exhibitions within and outside the state for the promotion of industries, and assisting quick clearance of the envisaged projects by various regulatory authorities. SIDCO has also been acting as a nodal agency for the Ministry of Food Processing Industries, Government of India and operating as the virtual office of Agricultural and Processed Food Products Export Development Authority (APEDA), Ministry of Commerce, in the state. It has also been assigned the responsibility of providing grant of financial assistance to industrial projects having investment up to Rs. 450 lakh and participation in the equity of selected joint or assisted projects. SIDCO has developed a number of industrial estates in Jammu and Kashmir.

#### **J&K Small Scale Industries Development Corporation Limited (SICOP)**

SICOP was established in 1975 as a wholly owned company of the Government of J&K. It has been entrusted with a variety of roles for the development of small-scale industries (SSI) in the state. The corporation, along with SIDCO and Directorate of Industries and Commerce (DIC), has been responsible for developing industrial infrastructure in the state. The corporation has established a network of raw-material depots in all districts of the state for the procurement and distribution of raw materials to small industrial units. It also functions as the consignment agent of Indian Petrochemicals Ltd. (IPCL) at Jammu, Srinagar and Leh and handling agent of Steel Authority of India Ltd. (SAIL) in Anantnag and the consignment as well as its handling agents at Leh. Besides, it also provides marketing support by selling the end products of the industries to the government. The state government, to this effect, had reserved fifteen items for exclusive purchase by the government departments from SSI through SICOP in 1997.

#### **Small Industries Service Institute (SISI)**

Small Industries Service Institute (SISI) was set up to provide technical support services to small scale industries in the country. Along with various developmental efforts, SISI has been conducting entrepreneurial development programmes as well as promotional programmes to promote SSIs in the country. SISI and its branches have common facility workshops in various trades attached to it. SISI, Jammu has been providing techno-managerial, economic and marketing services to prospective and existing entrepreneurs in the state. The entrepreneurs are guided in product identification and diversification, selection of machinery and their procurement. It has also undertaken the preparation of project reports like: Industrial Profile of J&K state, State Profile on Agro-based industries, Technical Reports on the prospect of glass and ceramic industry in J&K, etc. Besides, SISI provides consultancy services to prospective entrepreneurs and conducts training courses/seminars.



### Directorate of Industries and Commerce (DIC)

The Directorate of Industries and Commerce performs various functions to promote industrialization in the state. The directorate is the implementing agency for various policies and programmes meant for the development of industries. It provides incentives (under the package of incentives announced by the government both state and central) and marketing assistance to existing as well as new industrial units in the state, organizes and participates in exhibition and fairs, seminars, workshops and awareness campaigns to promote industrial development in the state. DIC facilitates interface between industrial associations and agencies engaged in industrial development and financial institutions and banks. The directorate has also developed industrial estates with facilities to set up industrial units. Along with promotional functions, DIC maintains statistical information regarding industrial development in the state.

### J&K Khadi and Village Industries Board (KVIB)

Industries Board was established in 1962. The Board provides financial and technical assistance for setting up of small-scale industries under various schemes to achieve the objective of employment generation through industrial setup. Financial assistance is provided as per the approved pattern of the All-India Khadi and Village Industries Commission to individual units as well as to cooperative societies.

Industrial promotion agencies such as SIDCO, SICOP, Small Industries Service Institute (SISI) and Directorate of Industries and Commerce, *Khadi and Village Industries Board (KVIB)* performs various functions to promote industrialization in the state. Both central and state governments announced a package of incentives to attract industrial investments in J & K. Still, industrial scenario of the State has been very dismal and an action plan would therefore consist of the following:

- Sector-specific strategies should be adopted to promote industries in Jammu and Kashmir keeping in mind the climate, accessibility, raw material availability, human resources and consumption pattern.
- To encourage investments in the state, Government should play a vital role to build up the confidence of the private investors.
- Common Facilities Centre should be provided to the industrial units set up in the estates.
- Better infrastructure including uninterrupted power supply and connectivity should be provided to the units.

### Industrial Infrastructure

Infrastructure development serves as an engine for industrial development and calls for continuous attention of the Government. Planning and development of Industrial Estates/Infrastructure in the perspective of industrial growth is the major function of the Directorates of Industries and Commerce. The department of Industries and Commerce has 79 existing Industrial estates in the State under the control of Directorates of Industries and Commerce and SIDCO/SICOP. These Industrial Estates are spread over an area of 37503 Kanals of land at the ending March. 2016. Profile of these Industrial estates is as under in table

Managing agency	No. of Industrial Estates	Area (kanals)	No. of Units Setup
Directorates of industries and commerce	42	2630	1123
J&K SIDCO	20	27228	1380
J&K SICOP	17	7645	1214
<b>Total</b>	<b>79</b>	<b>37503</b>	<b>3717</b>

Source: Directorate of Economics and statistics planning and development department J&K.

In addition to above Industrial Estates, 7833 Kanals of land is being acquired for setting up of ten new Industrial Estates as well as to expand the existing Industrial estates in various districts of the State.

To promote industrialization in the remote and backward areas of the State, the Industries and Commerce Department is developing Industrial Estates in the rural and industrially backward areas which are at various stages of development/implementation.

### Handicrafts

Handicraft activities occupy an important position in the economic structure of J&K State. Being environment friendly, these activities are best suited to the state as they are more labor intensive and less capital intensive in nature, therefore having scope for employment generation at a large scale. The Kashmir handicraft products have earned worldwide fame for their attractive designs, functional utility and high quality craftsmanship. In absence of other manufacturing industries in the state, handicrafts remained a key economic activity from time immemorial. The artistic imagination and craftsmanship of the Artisans reflected through a wide range of products, has delighted the connoisseurs world over for centuries. Crafts like Shawls, Crewel, Namdha, Chain Stitch, Wood Carving, Papier Machie, Costume Jewellery, Kani Shawls and the Carpets hold a significant share in the overall production and export of the State. Silken carpets in particular constitute a specialty



having no parallel in quality and design at national level and, therefore, occupy an important position in the international market. The handicraft sector of the state has great contribution towards foreign exchange earnings to the state and country in particular.

As on 31.01.2015 there were 2830 handicrafts societies registered with a membership of 15987. The department provides Managerial subsidy on tapering basis @100% first year, 66%, 2nd year; and 33%, 3rd year to the pass out trainees which is paid for formation of cooperative societies. During the year 2014-15, 63 societies have been formed with a membership of 589 by the end of Dec. 2015.

The department also promotes sale of handicraft goods by organizing expos/exhibition/craft bazaars within and outside the state. It also organizes exhibition at international level annually. During the year 2014-15, the department has organized 5 craft bazaars/exhibitions within & outside the state by the end of Dec. 2015.

Another important area of activity is skill development. Around 8500 persons are trained annually through 553 training Centre's in the state. During 2014-15, 9212 persons were trained in various crafts like sozni, staple, crewel, papier machie, phool kari, Zari, chain stitching etc. About 9500 persons have been enrolled for training during 2014-15 and training is going on in this Centre's.

### **Conclusion**

The small scale industries have a vital role in expanding employment opportunities and increasing the income of rural communities. The industries can employ a greater number of workers and its raw material grows abundantly in Jammu and Kashmir. With relatively little capital, rural communities can develop this business and provide their own employment opportunities.

This research is based on the role of small scale industries of Jammu and Kashmir's Anantnag district. This district constitutes the domestic and international tourist destinations that open marketing opportunities. The development of tourism in Jammu and Kashmir with special reference to Anantnag has a direct effect on the growth of the small industrial sector.

Anantnag has presently developed and increasing potential in small scale industries. In this region are found 4615 small scale industries that can employ workers amounting to approximately 10000 people. Though small scale industries in Anantnag region represent a growing export to international markets. Research finding shows that the small scale exports increased 5-8 % on average per year in March 2016. There is need to basic infrastructural, financial and marketing, raw material and other facilities. As a special category state with unique features and a strategic location, the speedy industrial development of J&K needs an integrated approach. The top priority of the government should be to create a secure environment by improving the law and order situation in the state. State finance should also receive proper attention in order to ensure better fiscal management. A sound policy should be devised to exploit the potential in the sectors of strength. The development of potential SSIs with sound policy and good governance can lead the state of Jammu and Kashmir to a faster development path.

Thus the study supports the anti-poverty impacts of small business development research findings. Besides, that unemployment rate has a strong counter-cyclical impact on economic growth and cyclical effect on the incidence of poverty. Government Transfer programs are positively related with the incidence of poverty, which may be because they act as disincentive to work or not high enough to put the recipient above the poverty line. This indicates that strong macroeconomic performance is a key factor for poverty alleviation.

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