

An Economic Analysis of Small Scale Industries : A Comparative Study of Jammu and Kashmir

THESIS

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Dr. SURENDRA MEHER

Submitted by
SUHAIL AHMAD BHAT

**DEPARTMENT OF ECONOMICS
SCHOOL FOR AMBEDKAR STUDIES
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY
(A CENTRAL UNIVERSITY)**

VidyaVihar, Raebareli Road Lucknow-226025(U.P.), India

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Dedicated To
My Revered Parents


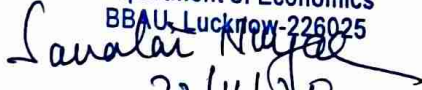


CERTIFICATE

This is to certify that the Thesis entitled “**An Economic Analysis of Small Scale Industries : A Comparative Study of Jammu and Kashmir**” submitted by **Mr. Suhail Ahmad Bhat** is an original research work and has not been previously submitted in part or full for the award of any other degree or diploma to this or any other university.

The thesis submitted to Babasaheb Bhimrao Ambedkar University, Lucknow satisfies all the requirements as stipulated in the *Doctor of Philosophy Ph.D. Regulations- 1999* as amended in 2013 and it is fit from submission and evaluation for the award of the degree of Doctor of Philosophy of the University.

Date: 23/11/2020


Supervisor
Dr. SURENDRA MEHER
Assistant Professor
Department of Economics
BBAU, Lucknow-226025

23/11/20
Head of the Department
अर्थशास्त्र विभाग
बी.बी.ए.यू. लखनऊ


DECLARATION

I hereby, declare that this thesis entitled “**An Economic Analysis of Small Scale Industries : A Comparative Study of Jammu and Kashmir**” submitted to Babasaheb Bhimrao Ambedkar University, Lucknow in fulfillment for the award of Doctor of Philosophy in Economics is my original work. It has not been submitted in part or full for any other diploma or degree of any other University. The indebtedness of candidate to others has been duly acknowledged at relevant places.

This study is carried out under the supervision of **Dr. Surendra Meher**, Department of Economics, Babasaheb Bhimrao Ambedkar University Lucknow, Uttar Pradesh, India. This is also declared that the thesis is essentially free from all kinds of plagiarism.

Place: Lucknow

Date: 23-11-2020



23-11-2020

Suhail Ahmad Bhat

(Enrolment No 1368/16)

Department of Economics

Babasaheb Bhimrao Ambedkar

University, Lucknow, Uttar Pradesh

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Chapter 1

Introduction



CHAPTER 1

Introduction

Industrial development is known as life-blood of every country. This is due to fact that industrialization involves a mass production of manufacturing goods, which simply leads to economic development of the country. When the production of manufacturing goods increases in the country, with industries and technologies, it increases Gross Domestic Product (GDP), per-capita income and expands employment opportunities. Moreover, rapid industrialization ensures higher economic growth, which expands exports of the county and increases foreign earnings, with huge receipts of exports of manufacturing goods (Sharma, 2014). In this present era of globally integrated world, there is a large competition among countries to produce more goods at cheaper costs and to gain huge earnings from trade. However, earnings from trade require vibrant industrialization, which not only improves the balance of trade, as well as balance of payments, but also leads to the economic development of the country. Thus, economic growth and development is strongly associated with the prevailing industrial infrastructure of the country. Therefore, industrial development is a corner stone of structural change, which is required for economic advancement of the county. If a nation wants to tend towards economic development, then it needs to adjust its economic structure, by improving productive capacity of its industrial infrastructure. Consequently, industrialization plays a pivotal role in the economic development of developing countries, because it solves the problems of general poverty, unemployment, backwardness, low production, low productivity and low standard of living in these countries. The income gap between developed and under-developed countries is largely reflecting with the disparities of industrial infrastructure in these counties. Developed countries are mainly industrial economies, while developing countries are confined to agriculture economies (Rodrik, 2007)

Industrial development has played a key role in the economic development of the countries like USA, Japan, Canada, UK, Russia, China, Republic of Korea, Taiwan etc. These countries have achieved higher growth and development in their countries. Over the years, the foreign earnings of these nations from the trade of manufacturing goods have improved significantly. The Gross Domestic Product (GDP) in these

countries have grown manifold, along with accelerated growth and development, the poverty rates in these countries have declined drastically and have achieved self-sufficiency in their economies (Kniivila, 2007). Therefore, industrialization can be simply described as a shift of an economy from predominantly agrarian economy (traditional economy) to modern economy. Industrial development can then be regarded as, advanced use of mechanized system of production in order to boost production and output of manufacturing goods to achieve the certain macro-economic objectives, which are essential not only for economic growth, but also for international trade as well as for balance of payment system and for stability in foreign exchange rate system.

Therefore, industrialisation is termed as a key of economic development for every country throughout the world and same is true case for developing countries like India. In India, industrialisation provides possibilities of absorbing a huge labour force and also ensures the availability of goods and services for mass consumption to a large population. Nonetheless, the process of industrialisation helps in transforming the raw material into useful consumer products with effective means of production (Sharma, 2014). Therefore, industrial sector is indispensable for India, because India is having low per capita income, with high un-employment rate. On the other side, the India is mainly a rural based economy, where majority of population i.e. 65.53 percent are living in rural areas (World Bank, 2019). However, the agriculture sector is still a dominant sector in India, but with the decline of landholdings among marginal and small land holders has led to huge unemployment problems and labour migration in India. Therefore, development of industrial sector, particularly small scale and Khadi and Village industries is a major solution for these problems in India. It is mainly because small scale industries and Khadi and Village industries possesses relatively a higher marginal propensity to save and investment, which further can contribute significantly in achieving a self-sustaining economy with a high level of income and employment (Prasad, 1983).

However, soon after independence, the government of India has given much emphasis for industrial development in India. The first Prime Minister of India Pt. Jawaharlal Nehru in an inaugural speech, delivered at the meeting of National Development Council, New Delhi in November 1963, says if India has to achieve self-sufficiency in

the economy, then India must have to follow the path way of industrial development in the country. However, Industrial development in India has found its economic rationale in Mahalanobis model of economic development, which is based on India's second subsequent five year plan. Therefore, since from the second five year plan, the development of industrialization, through small scale industries has been set as a principal objective. Government of India has taken various measures to promote small scale industrial development in India. Subsequently, the late former Prime Minister of India Mrs Indira Gandhi once remarked, "Small scale industries offers many opportunities of employment, adding manufacturing production and are broadening the industrial base of the country. Moreover, small scale industries also enable the process of entrepreneurship and skill development in the country. Further, our father of nation, Mahatma Gandhi has strongly advocated for the development of Indian villages through Khadi and Village industries. Therefore, it is clear that the problem of Indian economy can be better solved by industrial development in general and by small scale industries in particular. Nonetheless, small scale industries utilises local resources and brings out the dispersion of industrialization in the various parts of the country, thus promotes the balanced regional growth and development in the country.

In early 1980s, many branches of manufacturing sector like automotive industries, cement industries, cotton and spinning industries, food processing industries, and polyester and filament yarn industries were modernised in India with an increased scale of production. Industrial export growth has also improved in the second half of 1980s. Import restrictions were moved from quotas to tariffs (as a first phase of trade reforms). The turn-around in industrial output growth in this decade has been variedly attributed to liberalization, improvement in public investment and public sector performance. Government of India has undertaken policy reforms since 1980, but the most radical reforms have taken in 1991. During this period rupee was depreciated in order to expand manufacturing goods export. Moreover, import licensing restrictions for a wide range of industrial inputs either eased or lifted while the maximum rate of import duties lowered and same policies have been changed from time to time in India. However, there are extensive evidences of industrial development disparities across states in India. Some states are more industrially developed, while others are still lagging behind (Ghose and Roy, 2007). Among the industrially backward states, the

Jammu and Kashmir is having much more industrial backwardness in the state as compared to other states of the country. The state of Jammu and Kashmir is located at the extreme of Northern India. It is famous for its beauty and charm and is popularly known as a paradise on earth. Jammu and Kashmir is a long history of being rich in culture and heritage and is also famous for tourism throughout the globe. The State of Jammu & Kashmir is one of the most under-developed States of India. Its backwardness is reflected in-terms of geographical location, climate conditions, occupational structure, composition of imports and exports, residential patterns, low social product and productivity and the foremost problem is conflict and disturbance in the state. The economy of Jammu and Kashmir is much lagging behind in-terms of economic growth and development. The Net State Domestic Product (NSDP) and per capita income as compared to the rest states like Maharashtra, Tamil Nadu and Gujarat etc. is low (Bhat, 2005)

Nonetheless, the economy of Jammu and Kashmir is mostly informal with low level of income, livelihood earnings in vending, transport, and daily wage work, together with a significant number of people are relying on tourism. Trends in the development of Jammu and Kashmir is unfortunately not encouraging and the slow growth rate of the state can be attributed by various factors like insecurity, political disturbance, poor industrial sector, poor infrastructure, low investment, and many other geographical condition's. However, right from the first states five year plan, the main objective of the state economic policies has been given for the provision of gainful employment opportunities in the state (Dar and Ahmad 2013), because the unemployment and under-employment situation is the burning issue in the state. The problem of political dispute and insecurity has also led to slowdown of Jammu and Kashmir economy. Youth, particularly educated youth have become the victims of unemployment. Apart from this, lack of entrepreneurship, business units, and mismatch in skills are the main causes of unemployment facing by the youth of Kashmir. (Navlakha, 2007). However, the problem of unemployment in the state is not a new concept its origin can be traced also before accession of Jammu and Kashmir with India

Nonetheless, till 1947, the state of Jammu and Kashmir was merely a sovereign state, which was ruled by several Mughal emperors and the last ruler of the state was a Dogra ruler Maharaja Hari Singh. During the regime of the Maharaja Hari Singh, the

last Dogra ruler has tried to make the economy of Jammu and Kashmir more advanced, in order to create huge employment opportunities for large chunk of unemployed people. The handicraft sector was the main sector throughout the history of Kashmir, which was introduced by the Zainulabdin, the Mugal emperor of the state. However, in the regime of the Maharaja Hari Singh, he has set back his policies and replaced the handloom and handicraft sector into power loom sector (Machine made goods) in order to boost the economic growth of the state. Apart from this, there were few other sectors in the state which was the main source of employment in the Maharaja Hari Singh's rule such as Silk filatures at Srinagar, Karan Singh woollen Mills at Jammu, Silk weaving factory at Rajbagh, Roshin and Turpetine factory, and Kashmir willows at Miran sahab (Bhat, F 2013).

Soon after the dawn of British rule from India in 1947, the Jammu and Kashmir was accessed with India in 1947. After accession of Jammu and Kashmir with India the major effort to attract investment in the industrial sector was made by Sheikh Mohammed Abdullah, the first Chief Minister of the State. He visited several states and invited big industrialists to Jammu and Kashmir for investment and also to help the government in the process of industrialization. In 1963, the Jammu and Kashmir Industry Corporation Ltd was incorporated to promote the industrial development in the state. The corporation was stated with an aim of providing the financial support to the industrial sector in the state. Similarly, Jammu and Kashmir Minerals Limited was incorporated in the state, as Jammu and Kashmir is well endowed with some proven mineral resources which are very useful for industrial development like, gypsum, limestone, quartzite, sulphur and borax, coal etc. to make the best use of these natural resources. The Jammu and Kashmir Mineral Ltd (JKML) was floated 1960 in the state. Moreover, Jammu and Kashmir Cements Limited was also established in 1974 in the state, because the state of Jammu and Kashmir is well endowed with huge amount of Gypsum and Limestone which offers a huge potential for creation of Cement industry. Under this cooperation various cement industries were established at Khrew, Pulwama and other districts of the state.

Moreover, in order to make state more industrially developed state the government of Jammu and Kashmir has also set up various promotional organisations in the state which were created at both State and Centre level. The main aim of these promotional

bodies is to provide financial assistance, related to marketing and raw material support for industrial sector in the state. Among these organisations, the major important promotional bodies are State Industrial Development Corporation (SIDCO), Small Scale Industries Development Corporation (SICOP) and State Financial Corporation (SFC). The State Industrial Development Corporation was incorporated for promotion of large and medium Industries by state government in 1969. The State Industrial Development Corporation (SIDCO) is a promotional-cum-financial institution. The main aim of (SIDCO) is to develop new industrial estates providing financial assistance to medium and large scale industries in both private and public sector preparing projects reports and to mobilize the investments, to develop IT and Electronic industries in the state. Moreover, Small Scale Industrial Development Corporation (SICOP) was floated in 1975 under the Companies' Act of 1956. It was observed that the Jammu and Kashmir, particularly Kashmir division is suited at hilly location and the development of small scale industries is only solution, because the geographical conditions of Kashmir was not suitable for Medium and Large scale industries, so the government of Jammu and Kashmir has inaugurated the Small Scale Industrial Development corporation in 1975, in order to promote the small scale industrial development in the State. The major role of the SICOP is to promote the development of industrial estates, providing raw material support and it is also providing marketing support by getting supply orders from the government. The Jammu and Kashmir State Financial Corporation was incorporated on 2 December 1959. It is the major driver of economic growth in the state. State Finance Corporation was established with an aim of providing term loans to small scale industries, hoteliers, artisans, house boat owners and transporters. It has also played a major role in providing financial assistance to various sectors in Jammu and Kashmir.

Nonetheless, the industrial activity of Jammu and Kashmir is very meagre in-terms of medium and large scale industries. There is only one large industry in the state, which is located at Kathua Jammu Division namely Chinar textiles. In case of medium industries there are very few medium scale industries in the state. The main reason behind is that there are some unfavourable factors like the extreme hilly location, lack of sufficient capital, entrepreneurship development and infrastructure bottlenecks, which have become a major hindrances for promoting medium and large scale industries in the State. Therefore, the state government is much concern in creating

the small scale industrial development in the state, which mainly consist small scale industrial units, Khadi and Village Industries, Handicrafts and Handloom industries. Hence, the major policies initiatives and incentives formulated by Government were on the promotion of the modern small scale industries in the state. Nonetheless the state has registered a sufficient growth of small scale industries during mid-1970's. The state had achieved another milestone in industrialization in 1978 with the introduction of District Industries Centre Scheme, which led to the growth of industrial culture and flourish the economic development all over the state. Nonetheless, after the economy of Jammu and Kashmir had start growing at faster pace, but due to war between Pakistan and India, the economy of Jammu and Kashmir was hit again and was slowed down. This adversely affected the industrial atmosphere of the Jammu and Kashmir state. However the major breakthrough in the economic development of Jammu and Kashmir happen in 1990 when one side the country had initiated the economic reforms and another side the Jammu and Kashmir start the problem of militancy in the state, that devastated the major infrastructure of the state and had led to the declining growth of the state. The period of militancy has remained at peak till 2001 (Bhat, 2005).

However, after 2001 the atmosphere of the state has changed with new development projects have stated once again in the state. The continuous support from Federal government has tried to bring the backward economy of state at development track. The Federal central government has announced various schemes for the state that are related to development of small scale industries with huge employment creation and for other development purposes in the state. Therefore, in order to eradicate the unemployment problems in the state, the government of Jammu & Kashmir has requested for a special package for development of small scale industries in the state. Discussions on strategy and action plan for development of small scale industries and generation of employment in the state of Jammu & Kashmir were held with the various related Ministries on the issues inter-alia: infrastructure development, financial concessions and easy market access, which has boost the small scale industrial sector development in the state. At present, small scale industries contribute 12.55 percent to the Sate Gross Domestic product in Jammu and Kashmir and are providing employment to a large chunk of people in the state. Therefore, present

study examines the overall performance of small scale industries in general and Jammu and Kashmir in particular.

1.1 Review of Literature

Studies of Various Prominent Economists on Small Scale Industrial Sector

Keynes., (1936), has focused his attention on the forces of economy that establish employment policy, which is followed by industrialisation. Keynes put forward a theory in which he asserts that an entrepreneur offers the amount of employment which maximizes their output and profit. He treats the productivity of labour as a decisive issue of the level of employment. He said that there is a positive relationship among the productivity of labour, output and employment. According to Keynes “employment can only increase side by side with an increase in investment, therefore according to Keynes investment is a key for generating employment and enhancing the growth of economy.

Lewis., (1954) focussed on the structural changes of the economy. He presumes that transmission from traditional sector to modern sector can make economic development. He treats labour intensive techniques of production for having a steady and smooth economic growth. He suggested that most of the important works can be done by human labour with very low capital and hence the efficient labour force could be used to make even capital goods without using any more scarce factors of the economy. In this sense, the both small scale and cottage industries are also a labour intensive in nature which could be developed and promoted, especially in an economy where capital is scarce.

Sen., (1957) put forward the surplus maximization criteria in which he propounded that the surplus maximization criteria is advocating and promotes the capital intensive techniques. He presumes that the choice of technology depends on the nature of the economy, whether it is developed or developing economy. According to him, a high wage rate will call for a capital intensive technique, but a low wage rate may be operative in the less developed countries, which will mean that a relatively labour intensive technique will maximize the surplus for further investment. Same is true in case of small scale industrial sector of India.

Various Committee Reports on Small Scale Industrial Sector

GoI., (1955) point out that that a vast number of unemployed and underemployed are belonging from rural areas and setting up of small scale and village industries in rural areas will not only provide them employment, but it will also help them to get the employment in the occupations in which they have been traditionally trained and for which they possess equipment's. The committee realized introducing of better techniques in the small scale and village industries, could keep pace with the advanced expanding economy and do not become unsuitable in future.

GOI., (1975) gave a rosy picture of village and Khadi industries. According to the committee report, Khadi and Village industries are the major source of employment in the country. The committee also suggests that Khadi and village based industries are the back bone of Indian economy, as the main advantage of these industries are employment at very low cost and employment opportunities within locality

GOI., (2007) studied that 13 million small scale enterprises in India are providing employment near about 29 million people and are contributing 40 cent of India's total industrial production and 34 percent of total exports in India. The study also point out that small scale industries are not traditional in nature these industries are producing 8000 thousand items ranging from conventional products to hi-tech components and these industries are the major source of rural and urban development economy of India

GOI., (2008) has given emphasis that the responsibility of promoting the MSMEs development lies in the hands of State governments in India. The role of small scale industries are well known for providing wealth and employment in the country. The government of India is making various efforts to unify the policy framework for promotion and development of rapid MSMEs at state wise. Further, government of India is taking several measures for making new policies in order to make small scale industries globally competitive.

Various Studies at National Level

Desai (1983) stated that the rapid industrialization in India depends upon the growth of small scale industries. The author pointed out that most of the small scale industries are facing problems and challenges with certain drawbacks and these problems are related to shortage of raw materials, inadequate level of technical knowledge, poor counselling, poor infrastructure, low capital and credit facilities, improper distribution system, lack of market facilities, research and development. Therefore there is a need to take several measures in order to bring efficiency in these industries, so that they may act as an important sector of economy and contribute maximum in national income of the country.

Hamid., (1989) point out that the state of Jammu and Kashmir is not preferably suited for developing large scale industries, because of its geographical location. Therefore, the only possible measure lies in the establishment of small scale and cottage industries, which are mostly, suited to up-lift the socio-economic conditions of Jammu and Kashmir state. He also identified the causes of industrial backwardness in Jammu and Kashmir, which includes- peculiar geographical location, limited resources, shortage of imported raw materials, insufficient central investment, inadequate and irregular power supply and poor technical knowledge etc.

Nanjundan, S. (1994) studied the impact of globalization on small scale industries. The author pointed out that after globalization the Indian small scale industries have start facing the problems of deregulation and de-reservation. Further the author highlights that the small scale industries are well known for their potential of employment generation and alleviation of poverty. Although the Government of India has been portraying small scale industries for economic development, but due to lack of policy measures these small scale industries are facing the problems of vibrancy.

Chandra Poojary, M. (1996) pointed out that after independence large emphasis were given to the industrial sector, because the organised sector of Indian economy was very meagre. Therefore, much prominence was given to industrial development for employment generation, particularly on large scale industries. However, the attempt of government to liberalise the large scale industries creates regional imbalances in the economy. So there exists a need of small scale industries, because

these industries have potential of minimising regional disparities and are providing equitable growth in the economy. Further, the paper highlights that the small scale industries have put positive impact on Dakshina Kannada district of Karnataka in-terms of providing employment opportunities and are better than national average.

Murugasean., (1997) studied the performance of SSI in Madurai District," he point out it is to be appreciated that in spite of various problems, still small scale industries units in India are registered at satisfactory performance and their contribution to Indian economy is positive, considerable and beneficial. In terms of employment their role is crucial, as they carry a significant and major responsibility for providing employment to a significant proportion of the Indian population.

Bala subrahmanya., (1998) studied the India's small industries policy with specific reference to protective measures. The author also examines the impact of SSI sector on economic growth. The author concluded that small scale industries are the need of an hour, which could increase more and more employment opportunities, only if right measures will be taken to flourish them with right investment decisions and policies in the country.

Mukherjee et.al, (1999) examined the growth performance of small scale industries in West Bengal. The result revealed that small scale industries accounts 40 percent of the total industrial output and contributes about 35 percent of total direct exports in West Bengal. The results also reveals that the small scale industrial units were only 195 lakh in India, which has increased to 286 lakh units in 1996-97 and were providing employment to 31281 lakh persons in 1971-72 and has increased to 73136 lakhs persons in 1969-97.

Vellaichamy. R,(2001) conducted a study on "An economic evaluation of SSI in Madurai district," he pointed out that the major objectives are to measure and to analyse the growth of selected SSI units in terms of 10 elements, which are designed as components of SSI growth. The role of DIC has played a vital role in promoting SSI in this district. The self-employment schemes and measures of rehabilitation implemented by DIC are in a satisfactory progress. The industrial and its allied manufacturing sector are performing with satisfactory progress with higher efficiency.

Inbalakshmi.R,(2001) conducted study on "An empirical study of the growth of SSI units in Dindigul district of Tamil Nadu. The author pointed out that the small scale industries are the engine of economic growth and development. The author highlights that the small scale industries are the employment oriented units, where a large employment can be generated at very low capital cost. Hence author concluded that the small scale industries are playing a positive role in generating the employment in the Dindigul district of Tamil Nadu.

M.L. Narasaiah, (2001) stated that the development of small scale industry sector has a great importance in India, because small-scale industry units required a less capital outlay and at the same time, it provides large employment than the large-scale industrial sector. Further, author highlights that soon after independence, the father of India, Mahatma Gandhi and our national leaders recognized the role of small-scale sector in the economic development of Indian economy and they laid down a concrete foundation for its accelerated development through active policy measures and also from an institutional framework.

Ramasamy .T, (2003) conducted a "An empirical study on the growth and diversification of small scale industries in Virudhunagar district" in which he studied the factors influencing the growth of the SSI and its diversification in Virudhunagar district. The author concluded that the growth of small scale industries are incorporated with large number of employment generation, which leads to more equitable growth and development of the economy

Balu .V, (2004) provided the evidence that the industrial development requires a favourable atmosphere, where entrepreneurial habit and spirit can be activated right from the initial stage. Both Central and State governments have taken several measures and many policy decisions to speed up the industrialization all over India. Through Five Years Plan, many financial and promotional institutions were established to implement the indispensable policy decisions.

Subrahmanya, M.H, (2004) conducted a study on impact of globalization and domestic reforms on small scale industries in India. He pointed out that the small scale industries are suffering with a large chunk of problems, which are related with growth of unit's employment, output and exports. The author concluded that the

government and policymakers should be focus on the advancement of technology and must strengthen the financial infrastructure of small scale industries so that these industries can be made competitive for international market and can contribute in the national income of the country.

Hussain, S. V., (2004) studied that the small scale industry occupies an essential sector of India's economy and accounts more than 50 per cent of industrial production in the country with 80 percent of employment from industrial sector. It also accounts about 35 per cent of India's export earnings by different products. If indirect export contribution of this sector is also taken into account, then it is more than 50 percent. The SSI sector, manufacturing comprises a wide range of more than 7500 products, not only gratifies to the needs of the lower income groups, but also acts as a primary sector for the development of entrepreneurial talent. Further, the author point out that the growth of Small scale industrial sector in the overall industrial sector growth of past eight years is on an average of 8.9 per cent while, in industrial sector it is 6.7 percent

Rajyalakshmi, N., (2004) examined the productivity awareness among small scale industrial units in Visakhapatnam district of Andhra Pradesh at micro level. The study is based on primary data collected by using structured schedule. A sample of 200 SSI units has been selected for the study. The study found that Chemical industrial units were more capital intensive, while food and agro based industrial units were labour intensive units. The study concluded that success in small industry will be best achieved if the productivity culture will be clearly understood by all the employees.

Subrahmanyabala, M.H., (2004) highlighted the impact of globalization and domestic reforms on small-scale industries sector. The study stated that small industry had suffered in terms of growth of units, employment, output and exports. Author highlighted that the policy changes has also thrown open new opportunities and markets for small-scale industries sector. The author suggested that focus must be turned to technology development and strengthening of financial infrastructure in order to make Indian small industry internationally competitive and vibrant for contributing to national income and employment of the country.

Mathew, M.C., (2004) emphasised the reason for panic in all India census report on small scale industries. The study observed that the vibrancy and dynamical of small scale industrial sector anticipated under an era of deregulation and de-reservation remaining largely unrealized. Further, the study highlights that India needs a strong small and medium enterprises policy, which will be closely linked to its international commitments. The author suggested that at the strategy level, there is a need of a mechanism by which the demography of small and medium enterprises sector itself becomes a matter of public security.

Sudan, F. K., (2005) examined the challenges in Micro, Small and Medium Enterprises development and policy issues. The study explained the meaning, advantages, problems and policy options of MSMEs sector. The study concluded that the government of India has put various efforts to form a dynamic MSME sector and a diversified economy by expanding employment opportunities to absorb labour force and offers exciting career opportunities.

Sharma, & Dash., (2006) pointed out that small scale industrial sector always acquired a pride place for accruing the socio-economic development of the country. The small scale industries play a pivotal role in the economic growth and employment generation of the country. Further, the author highlights that due to the financial constraints in these industries, the labour productivity is declining and there is an inverse relationship between capital and labour productivity in small scale industries. Hence, if the credit will flow easily, it will increase employment and productivity in this sector.

Development Commissioner SSI., (2007) studied that 13 million small scale enterprises in India are providing employment near about 29 million people and are contributing 40 cent of India's total industrial production and 34 percent of total exports in India. The study also point out that small scale industries are not traditional in nature these industries are producing 8000 thousand items ranging from conventional products to hi-tech components and these industries are the major source of rural and urban development economy of India

Rathod, C. B., (2007) emphasised the importance of small scale industrial sector. The study examines the growth and pattern of SSI sector and identifies the reasons for

success and failures of SSI sector. The study also examines the impact of globalization on SSI sector and its export opportunities. The author concluded that both opportunities and challenges were raised for SSI sector with globalization. Major portion of exports have geared up with the new era of boundary less economy. The study has suggested that there is a need for simplified legal and regulatory framework, good governance, sufficient and accessible finance, suitable infrastructure and competitive environment.

Annual report of Ministry of MSMEs., (2008) has given emphasis that the responsibility of promoting the MSMEs development lies in the hands of State governments in India. The role of small scale industries are well known for providing wealth and employment in the country. The government of India is making various efforts to unify the policy framework for promotion and development of rapid MSMEs at state wise. Further, government of India is taking several measures for making new policies in order to make small scale industries globally competitive.

Bodla, and Verma., (2008) Pointed out the share of small scale industrial exports were high in pre-liberalization period as compared to post liberalization period. The overall employment, level of production and machinery of small scale industries was also high in pre-liberalization period in India. Further, the author highlighted that the credit flow and total outlay in small scale industries have declined in post-liberalization period. However, much importance was only given to large and medium scale industries. The small industrial sector was neglected by policymakers as well as other promotional bodies, due to which these industries are lagging behind in-terms of efficiency and growth.

Kansal, R., (2009) examined the impact of globalization on the growth of small scale industries. The comparative analysis of growth pattern of key parameters between pre and post-globalization periods reveals that the globalization had a negative impact on the growth of small scale sector. The author concluded that globalization and liberalisation has failed to render a positive impact on the growth of Indian Small Scale Sector.

Vijaya Bharathi et.al, (2011) pointed out that the small scale industries play a pivotal role in the economic growth and development of India. These industries

contributes 40 percent of the gross industrial valued added in the economy. The main characteristics of these industries are that these are less capital intensive and high labour absorbing in nature. The study also highlights that the small scale industries has played a significant role in providing employment to rural people in India. The study also highlights that with the positive efforts from the government these small scale industries have grown up in India and has emerged as a new vibrant sector for providing employment and manufacturing goods by using local natural resources.

Vanipriya R., & Venkatramaraju D, (2011) pointed out that small scale industries are the main instruments for socio-economic and balanced growth. The main feature of these industries is vast employment opportunities at very low cost. These industries are the main driver for creating entrepreneurship and skill development in India. Instead of promoting large scale industries, it is better to promote modern small industries as the large scale industries lend in the hands of few, but the small scale industries are having the capacity to promote the overall development in both rural as well as urban areas.

Kishor N., Jagtap., (2011) emphasised that since independence the small scale industries have played a vital role for uplifting the socio-economic conditions in the country. The author pointed out that small scale industry occupies an essential component of development strategies in the developing countries like India, where the incidence of poverty and unemployment is much higher. The study also reveals that small scale industries provide 50 percent of industrial goods in India and 8 percent of the employment in the economy. Further, the study highlights that the small scale industries produces wide range of mass consumption goods. Apart from this, there are nearly 150 lakh small scale industries in India. However, the author suggests that improving skills, training, productivity and marketing will make vibrant to SSI units in India.

Malyadri I, (2014) concluded out that economic prosperity of the Indian economy mainly depends upon the industrial sector as well as the agricultural sector. However, due to some limitations in agricultural sector in contributing adequately to economy, the industrial sector has assumed a greater importance in-terms of providing employment and exploiting the natural resources. Further, author pointed out the economies which are predominately agrarian in character continue to remain

backward, because agriculture itself can't provide economic growth. Therefore, the government of India is continuously made efforts for making the rapid growth of small scale industries. The study also reveals that the employment in the small scale industries has increased much in 2006-2007 i.e. 315.2 lakhs and the highest number of small scale units was at Andhra Pradesh 107372 in 1992, which increased to 457531 in 2005.

Selvaraj, & Suganya., (2015) pointed out that the small scale industries in India is playing a vibrant role in economic development of the country. The modern small scale industries are at beginning stage in India. Further, study reveals that the number of small scale units in India has increased from 93.36 lakh units in 1998-99 to 311.0 lakh units in 2010-2011. The author also points out that increase in small scale industries were seen in 2006-07 i.e. 137.59 lakh units were increased in the same year. However, in terms of employment the small scale industries were providing employment to 220.55 lakh persons in 1998-99, which increased to 731.41 lakh in 2010-11 and in-terms of investment it was 135482 cores in 1998-99 which increased to 765937 cores in 2010-11. Apart from this, the author compared the growth rate of the same years between large and small scale industries which were 4.1 percent in large scale industries and 7.70 per cent in small scale industries, which increased later 15.02 per cent in large scale industries and 18.05 percent in small scale industries during 2010-11

Khurud B.S., (2015) examined the removal of protective measures, which are affecting the exports of the MSMEs sector. The results of the study showed that, after the removal of protective measures, exports of the MSMEs has increased at a higher rate than the total exports of India. Moreover, the study also highlights that globalization has bring certain constraints to MSMEs in India. The notable competition is unfair competition, which the sector is facing from large and multinational companies. Apart from this, lack of modern technologies and managerial expertise in MSMEs results higher overhead cost to them.

Gade, Surendar., (2018) examined the contribution of MSMEs sector in-terms of its growth in India and the study, highlighted the areas, that needs to be strengthened for the development of this sector , which will continue its contribution for the economic development of the nation. Moreover, the study found that MSMEs will

lead India to higher economic growth in future. Apart from this, MSMEs were found to provide equal development opportunities in the country and can also be a strong means of utilizing available natural resources in India.

Mukherjee, S., (2018) examined the challenges faced by MSMEs in India and observed that more efforts should have needed from both the government and the entrepreneurs to improve the efficiency and competitiveness of MSMEs in India. These efforts are in the form of investing in advanced technology, and Research & Development. Nonetheless, the higher usage of technology and digital platform enables the transfer of human resource, with improving access to finance, removing infrastructure gap and reducing the uneven development and stringent business regulations.

Studies on Small Scale Industries of Jammu and Kashmir

Hamid., (1989) point out that the state of Jammu and Kashmir is not preferably suited for developing large scale industries, because of its geographical location. Therefore, the only possible measure lies in the establishment of small scale and cottage industries, which are mostly, suited to up-lift the socio-economic conditions of Jammu and Kashmir State. He also identified the causes of industrial backwardness in Jammu and Kashmir, which includes- peculiar geographical location, limited resources, shortage of imported raw materials, insufficient central investment, inadequate and irregular power supply and poor technical knowledge etc.

Bhat., (2005) highlighted strategies for making Jammu and Kashmir industrially developed. The author point out that the Jammu and Kashmir is exhibits all the characteristics of underdeveloped economy. The state is having low income, poor quality of life, problem of unemployment and problems of physical imbalances. Therefore, the author highlights that there is a need for strategizing industrial sector of Jammu and Kashmir in order to move out the under developed economy of Jammu and Kashmir from low income trap. Therefore, author examined the overall performance of small scale industrial sector from independence and highlights that the industrial sector of Jammu and Kashmir is facing the problems of industrial infrastructure in the state

Ahmad, Bhat., (2013) concluded that sustainable growth of micro, small and medium enterprises is crucial for economic growth of Jammu and Kashmir economy. The economy of Jammu and Kashmir is facing serious problems of unemployment. As per the official figures of Jammu and Kashmir Government till 2012, 594172 unemployed youth have been across the state. Therefore, the small scale industries can play indispensable role in-terms of providing employment opportunities in the state. The study also explores that growth of women enterprises in small scale industries is remarkable in Jammu and Kashmir. However, on the other side, the growth rate of sick units is also high in Jammu and Kashmir. Thus, promotional policies should be implemented to overcome the problems of industrial sickness in the state.

Dar, Mudasir., (2013) examined the potential of handicraft industry in Jammu and Kashmir. The author highlighted that the handicrafts sector of Jammu and Kashmir is having a unique potential of improving social and economic conditions of Jammu & Kashmir. Handicrafts sector is mostly preferred sector after agriculture, because this sector helps in generating huge employment opportunities and raising per capita income of state

Bhat, F., (2013) pointed out, that the small scale industrial sector itself is not sufficient for making the economy of Jammu and Kashmir vibrant, the author emphasised that there is also a need for creating medium and large scale industries in the state so that economy of the state can be moved from the backwardness .The author also discussed about various industrial policies of the country and also examined plan wise industrial development in the state. Further, the author point out that small scale industrial sector of Jammu and Kashmir is facing the problems of finance and other infrastructure bottlenecks in the state. Therefore, there is a need of strict policy measures for industrial sector so that this sector can boost the economy of the state

Singh, A., & Gupta, A, (2017) examines the growth and development of industrial sector within the Municipal Limits of Jammu City. The author points out that the total number of industrial units within the municipal limits of Jammu city is 92 and out of which the mineral based units are 43 in number which comprises 46.74 percent that dominates the industrial sector in Jammu city. Nonetheless, after mineral based industrial units, the Jammu city is dominated by miscellaneous industries i.e. 22 units,

which comprises 23.91 percent. The remaining are Agro and Forest based industrial units i.e. 15 units and 12 units, which comprises 16.31 percent and 13.04 percent respectively. In which 64 industrial units i.e. 69.56 percent are having total cost below 100 lakhs.

1.2: Summing up Literature

After summing up the literature, it has been concluded that the small scale industrial sector acts as an engine of economic growth and development throughout the world. In India, this sector plays crucial role in-terms of employment generation, poverty alleviation, creation of wealth with equitable distribution of income and thus brings the local and regional development in the country. Small scale industries are easing industrial development, increasing exports, eradicating regional disparities and bringing socio-economic development. In India small scale industrial sector performs a key role in the development of effective, efficient, and innovative entrepreneurial spirit of the country. Nonetheless, the Jammu and Kashmir is one among the economically backward state of India. Therefore, small scale industrial sector is indispensable sector for Jammu and Kashmir, because this sector is the solution for the major economic problems of the state, such as the problems of unemployment, poverty alleviation, and economic backwardness. Moreover, Jammu and Kashmir is located at hilly region and development of small scale industrial sector employs higher economic opportunities to the state. This sector is labor intensive in nature and thus employs higher employment opportunities with low capital ratio. Small scale industrial sector are decentralizing, industrial activity in the state and are utilizing the local available resources. Therefore, the present study will analyses the performance of small scale industries, in-terms of employment generation, by examining socio-economic conditions of industrial labor, investment patterns and entrepreneurial spirit of the state.

1.3: Objectives of the Study

- To study growth and performance of small scale industries at macro level.
- To study the socio-economic conditions of industrial labour in Jammu and Kashmir.
- To study the employment patterns, income differentials and working hours in small scale industries of Jammu and Kashmir.
- To study the costs, revenues, and production patterns in small scale industries of Jammu and Kashmir.
- To study the factors that is responsible for higher production and profits in small scale industries of Jammu and Kashmir.

1.4: Hypothesis of the Study

- ❖ The small scale industries have increased employment opportunities in Jammu and Kashmir.
- ❖ There are significant disparities in the socio-economic conditions of industrial labours across areas and divisions in Jammu and Kashmir.
- ❖ There are significant differences in income and working hours across areas and divisions in small scale industries of Jammu and Kashmir.
- ❖ There are significant differences in costs, revenues and production in small scale industries of Jammu and Kashmir.
- ❖ Industrial production and profitability in the state depends on investment, employment size and use of technology.

1.5: Methodology

The study is based on both primary and secondary data. Secondary data has been collected from various published reports of Directorate of Industries and Commerce and Statistical Planning of Jammu and Kashmir, MSME census of 2006-07, MSME report 2018 and Statistical Diary of RBI.

While, in case of Primary data 420 samples have taken from two sub-groups with two different interview schedule and questionnaire, i.e. 220 samples have been taken from the entrepreneurs of small scale industries of Jammu and Kashmir through

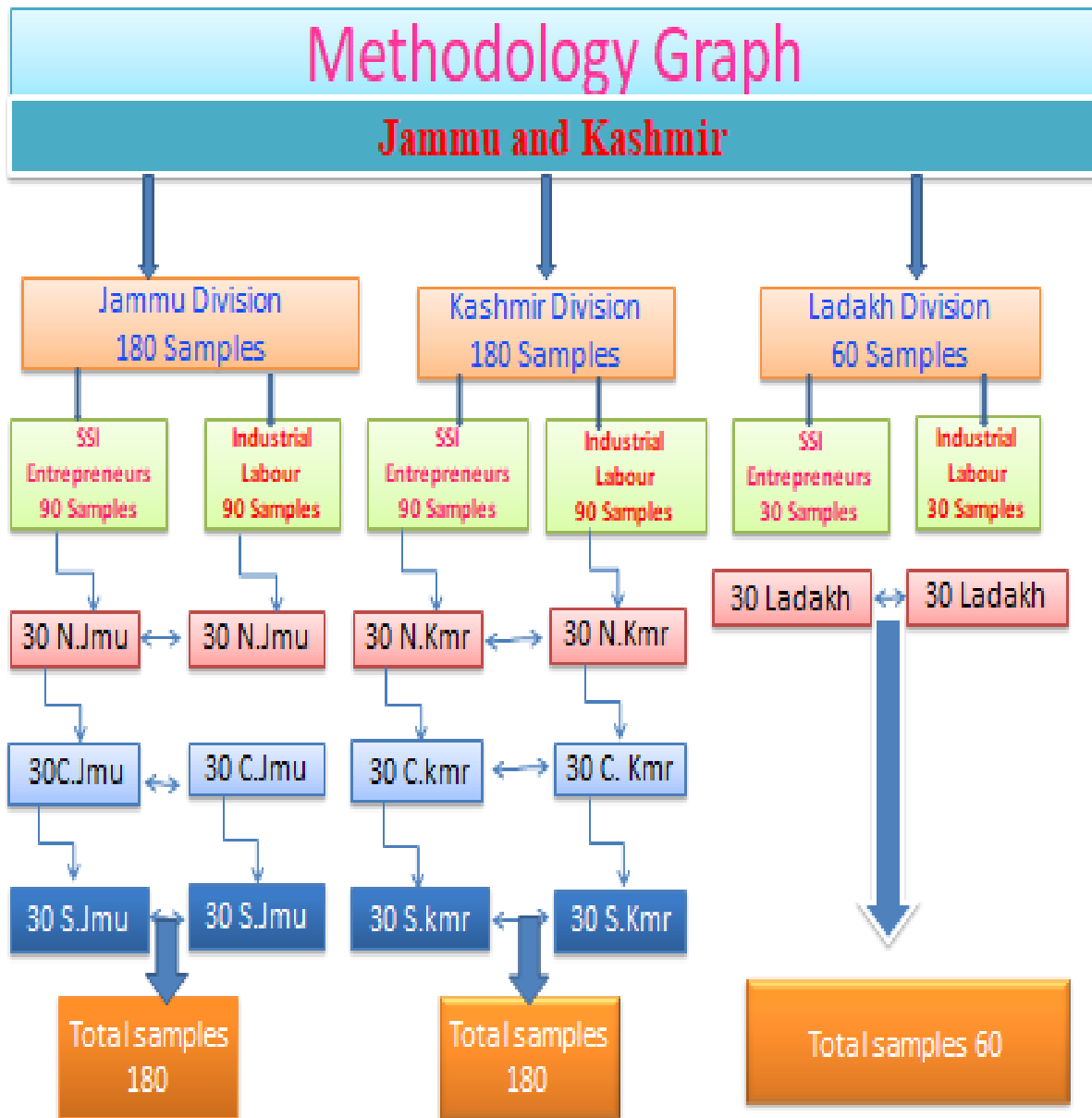
questionnaire and another 220 samples have been taken from industrial labours through interview schedule. Multi-stage sampling technique has been used for data collection in which 60 samples have been taken i.e. 30 samples from entrepreneurs and 30 samples from industrial labours in each six areas of Jammu and Kashmir i.e. 60 samples have been collected from South Kashmir, 60 samples have collected from Central Kashmir and another 60 samples have been collected from North Kashmir. Similarly, 60 samples from South Jammu, 60 samples from Central Jammu and another 60 samples have been collected from North Jammu. Moreover, 60 samples have been collected from Ladakh Division. However, econometric models such as Ordinary Least Square Method, Binary Logistic Regression model and other descriptive statistical tools have been used for data analysis.

Sample size is an important part of research. Therefore, obtaining a proper sample size, which is appropriate and can be tested through statistical tools, is critical in research. On the other hand, sample size must be conventional as per resources and time constraints. However, as per the figures of directorate of industries of Jammu and Kashmir, there are 14048 numbers of small scale industries in Kashmir and Ladakh division. While in Jammu division, it comprises only 5031 number of total small scale industries. In our study we have taken 420 samples from 7 areas of Jammu and Kashmir, in which 210 samples have been collected from entrepreneurs and another 210 samples have been collected from industrial labors.

The sample size is further sub divided into 30 samples i.e. 30 samples have been collected from entrepreneurs and another 30 samples have been collected from industrial labours. Therefore, among 420 samples, 60 samples have been collected from South Kashmir, 60 samples have been collected from Central Kashmir and another 60 samples have been collected from North Kashmir. Similarly, 60 samples from South Jammu, 60 samples from Central Jammu and another 60 samples have been collected from North Jammu. Moreover, 60 samples have been collected from Ladakh Division. Therefore, the reasons for taking 30 samples each from entrepreneurs and industrial labours in Jammu and Kashmir is a good representative sample size, because 30 sample size is comprising 1.33 percent of total small scale industrial units of Jammu and Kashmir Therefore, taking 30 samples each from every area is a good sample size representation as per the sampling technique. However, if

the sample is smaller than 30 samples, then the variance of any one measurement can influence the calculation too much to be reliable. Therefore, our sample size is 30, which is having less chances of sampling error.

1.1: Methodology Graph



1.6: Significance of the Study

Small Scale industrial sector acts as pillar of Indian economy. This sector is nursery for entrepreneurship development and is providing employment to a large chunk of people in the country. Nonetheless, Jammu and Kashmir is the industrially backward state of India. Throughout history, handicraft and handloom sector was a core sector of Jammu and Kashmir economy. Both handicraft and handloom sector was providing a huge employment to a huge chunk of people in the state. But with the existence of power loom sector and with the emergence of globalization its growth has declined in the state and has led to huge unemployment problems in the state. On the other hand, Jammu and Kashmir is having low GSDP, low per-capita income and the state is also facing huge unemployment problems. Therefore, Government of Jammu and Kashmir has started a new path of industrialization, by developing small scale industrial in the state. The aim of the developing small scale industrial sector is to increase employment opportunities and to accelerate economic development in the entire regions of the state. Therefore, the present study explores the performance of small scale industries across area and division wise in Jammu and Kashmir. The study explores the socio-economic conditions of Industrial labours, working hours, income, entrepreneurship development, investment, costs, and production patterns across area and division wise in small scale industries of Jammu and Kashmir.

1.7: Limitations of the Study

The study has following limitations:

- The sampling has been done prior to 5th August. Therefore, it represents entire Jammu and Kashmir including Ladakh as whole state.
- In Jammu and Kashmir, secondary data is only available in-terms of employment and number of units.
- Due to time constraint the study is limited only 420 samples
- In Ladakh division, we have collected only 60 samples i.e. 30 samples from industrial labors and 30 samples from entrepreneurs. It is mainly because Ladakh division is having only two districts i.e. Leh and Ladakh.

1.8: Chapter Plan of the Study

Chapter 1. Introduction

Literature Review

Objectives

Hypothesis

Methodology

Significance of the Study

Limitations of the Study

Chapter 2. Theoretical and Conceptual Framework

Chapter 3. Growth and Employment in Small Scale Industries of Jammu and Kashmir

Chapter 4: Socio-Economic Profile of the Study Area

Chapter 5: Small Scale Industries in Jammu and Kashmir

Chapter 6. Investment, Expenditures, Profits and Production in Small Scale Industries of Jammu and Kashmir

Chapter 7. Conclusions, Findings and Recommendations



Chapter 2

Conceptual and Theoretical Framework



CHAPTER 2

Conceptual and Theoretical Framework

Introduction

The word industrialization is derived from a Latin word 'Industrial' which simply means steady application of labor to business. However, the actual definition of industrialization differs across countries. In French, industrialization refers all those operations by which raw materials and processed goods are produced. In Japan industrialization, means transformation of manufacturing goods. In German industrialization are referred as a processing of large, with the use of machinery and modern methods of working. Consequently, industrialization is basis of economic development for every nation and no advanced nations have reached to developed stage without having strong and vibrant industrial sector in their economy. Industrialization is seen as an absolute channel of attaining desirable and conception goals of economic development. It is mainly, because industrial development involves extensive production of manufacturing goods, which is based on the effective productive system of the country. In other words industrialization, involves deliberate and sustained applications, combination of suitable technology, management techniques and other resources to move the traditional economy from low level of production to modern economy with more mechanized and efficient system of mass production of goods and services.

Nevertheless, industrialization promotes economic status of a country and provides incentives for the origin and growth of various social agencies in the country. It directly influences trade, commerce, communication, population and urbanization, and general economy of the region as a whole. Moreover, industrialization is a profound source of stimulating labor productivity. It is an instrument for bringing social transformation, higher level of employment, more equitable distribution of income and well balanced regional development (UNIDO-1976). Industrial sector of any country is broadly classified into three types' viz., small scale, medium scale and large scale industries. All these three types of industries are having their own potential in providing economic growth and development in the country. These industries

enhance mass production of manufacturing goods, generate employment and promote self-sufficiency of the economy. However, large scale industries are mainly capital intensive industries, which employ both labor and capital, but the intensity of capital is much higher in these industries as compared to small scale and medium scale industries. These industries mainly employ highly skilled labors and their labor absorbing potential are comparatively low than small scale industries. Therefore, a large scale industry refers to those industries which require huge investment, infrastructure, highly skilled man power and huge capital. These industries also require huge capital investment on transportation, which are essential for the supply of raw materials from different places and distribution of finished products to consuming centers. Apart from this, large scale industries need highly skilled laborers to operate machines. It also needs proper banking facilities as the capital demand for these industries are much higher. The need of such industries are also indispensable, because every country needs exploration of coal, iron and steel, exploring of oil and its purification, heavy chemicals, ships and airplanes, heavy machineries, heavy electrical equipment's and basic industries for its development.

But in context of developing countries, the establishment of large scale industries is having fewer opportunities, because these industries requires a huge amount of capital and other infrastructure facilities, which are mostly scarce in the developing countries throughout world. Therefore, large scale industries possess a greater importance for developed counties of the world. On the other hand the small scale and, medium industries possess a greater importance not only for the developing countries, but also to developed countries of the world. These industries are mainly labor intensive industries which require less capital and absorbs huge chunk of labor force in the country. However, the actual definition of these industries varies across globe. But the common definition, which is widely used throughout the world to define small scale industries are the number of employees hired and the capital investment in plant and machinery. The importance of small scale industries are highly recognized throughout the world, these industries have made a remarkable performance in countries like Canada, USA, Japan, Taiwan and other developing and developed countries. Small scale industries have played a significant role in transforming both developed and developing counties and have brought a rapid economic development by providing a

huge production of manufacturing goods and huge employment opportunities in the economy.

Nonetheless, the small scale industrial sector has played a fundamental role in the Indian economy. This sector has contributed significantly, in terms of industrial exports, employment and the creation of an entrepreneurial base in the country. The rapid growth of small scale industries has a great persuasion for transforming both urban and rural economies at the point of national economic policies in the country. Moreover, small scale industrial sector has great potential of absorbing semi-skilled and un-skilled labors and are enhancing the production of non-durable consumer goods for mass consumption in the country. Small scale industries account 95 percent of industrial units in India. This sector contributes almost 40 percent of the gross industrial value added and 45 per cent of the total exports for India. Small scale industrial sector is the second largest employer of human resources next after agricultural sector in India. This sector generates huge employment opportunities against per unit of capital invested as compared to large scale industries. These industries are considered more labor intensive and less capital intensive, which has a greater scope for developing counties, where capital is scarce and labor is abundant in nature. Moreover, small scale industries supplies a vast varieties of products, which includes, electrical goods, readymade garment, chemical items, hosiery goods, stationery items, leather, plastic and rubber goods, wood and steel furniture's, soaps and detergents, paints, varnishes, utensils and so on. The small scale industries also offer a variety of handloom products, handicraft products and other products from village industries in view of their export value.

Small scale industries are known for maintaining a balanced regional growth in the country, because these industries produce goods by using simple technologies and are mostly depending on local resources. These industries can be spread without any location constraints and can be established at remote located villages etc. Thus these industries contribute significantly in the balanced development of the country. Moreover, these industries offers a plenty opportunities of entrepreneurship, which can help to channelize local resources, skills and ideas of a people to transform human capital into reality by very little capital investment. The establishment and running costs of these small industries are very low because of low overhead expenses. Due to

small in nature, a proper management and decisions can be taken easily. Nonetheless, scarcity of capital, infrastructure India severely limits the number of non-farm jobs. Small scale industries are generally more labor intensive than larger scale industries, as a matter of fact small scale sector has now emerged as a dynamic and vibrant sector in India. It has attracted much attention not only from industrial planners but also from sociologists, administrators and politicians. Therefore, small scale industrial (SSI) sector played a crucial role in the Indian economy in terms of providing industrial exports, employment and the creation of an entrepreneurial base in the country. The rapid growth of small-scale industries has a great persuasion for transforming both urban and rural economies.

2.1 Definition of Small Scale Industries

Defining small-scale industries is a difficult task, because the actual definition of small-scale industries varies across countries from time to time. The definition of small scale industries mainly depends upon the pattern and stage of development, government policies and administrative set up in that particular country. Nevertheless, every country has its own parameters for defining small scale industries in their respective countries. At present, most of the countries in the world defines small-scale industries in terms of monetary value i.e. investment ceilings on plant and machinery. But, in earlier times, the definition of small scale industries were based on employment i.e. the number of persons hired by industrial enterprises. Nonetheless, in context of India its definition has changed from time to time in the country and the current definition is based on investment in plant and machinery.

2.2 Small Scale Industries at International Perspective

The Bolton Committee (1971) was the first who formulated an “economic” and “statistical” definition of a small scale industry or small firm. Under their “economic” definition, a firm is said to be small if it meets these three criteria:

- 1) It has a relatively small share of their market place in the country
- 2) If it is managed by owners or a part owners in a personalized way, and not through the medium of a formalized management structure
- 3) It is independent, in the sense of not forming part of a large enterprise.

Under the “statistical” definition, the Committee proposed the following criteria

- 1) A firm is known as small scale industry when it contributes to GDP, employment, exports, etc.
- 2) The extent to which the small scale firm economic contribution has changed over time.

The United Nations Industrial Development Organization (UNIDO 2004) defines small scale industrial sector in-terms of employing the number of employees, by giving different classifications for developed and developing countries. The definition for developed countries is as followed

1. Large scale industries are those which are employing 500 or more workers.
2. Medium scale industries are those which are employing 100-499 workers
3. Small scale industries are those which are employing 99 or less workers.

In case of developing countries its definition are

1. Large scale industries are those which are employing 100 or more workers
2. Medium scale industries are those which are employing 20-99 workers
3. Small scale industries are those which are employing 5-19 workers
4. Micro scale industries are those which are employing less than 5 workers.

The Working Group of the Economic Commission for Asia and the Far East (ECAFE 1952) defined small scale industries, as any establishment which are employing not more than 20 persons when using power and 50 persons when they are not using power (Barot, 2014)

USA: In USA, manufacturing firm is small scale industrial firm, if it is not dominant in its field of operations and if it is employing less than 500 employees, or if it is certified as small by Small Business Administration (SBA) of a country. (*Ibid*)

China: In China, the definition of small scale industries varies with the product and for china the small scale industries are designed to mobilize the local raw materials, local skills, local finance and the local markets in which investment ceiling is 30 Million Yuan (*Ibid*)

Egypt, Israel and Turkey: The United Nations Report (1958) on the development of the small scale industry in Israel, Egypt, and Turkey, refers to all manufacturing establishments, which employ less than 10 persons as small-scale industries (*Ibid*)

Thailand: In Thailand, a small and medium enterprise are defined as an enterprise, in which the fixed deposit does not exceed 2 million (approximately Rs. 12 lakhs), (*Ibid*)

Germany, Sweden, Norway and Denmark: in these countries the industrial units, which are employing up to 300 workers are considered as small scale industries (*Ibid*)

Iran: In Iran, small scale industries are those industries, which are having 100 percent Iranian ownership and management and whose assets do not exceed 5 million Riyals and whose products are not artistic in nature (*Ibid*).

Italy: In Italy, small scale industries are considered those units, which are having a capital investment of not more than 1,500 million Lira and are employing not more than 500 workers (*Ibid*).

Korea: In Korea small and medium enterprises are defined by Small and Medium Industry Cooperative Act, as any unit which employs more than 5 and less than 200 employees or with a total assets of less than 50 million won, while in mining with more than 5 and less than 300 employees or with the assets of less than 50 million won (*Ibid*).

Philippines: The Institute for Small Scale Industries, of Philippines defines small scale industries as “a manufacturing or industrial service enterprise in which the manager is not actively engaged in production, but performs a varied range of tasks involved in guidance and leadership without the help of specialized staff officer (*Ibid*)

Taiwan: In Taiwan, any manufacturing and processing sector (including handicrafts) which employs less than 100 persons or with assets worth \$5 million is considered as small industry (*Ibid*).

Vietnam: In Vietnam, small scale industries are defined as those industries, which are employing less than 300 persons and are having not more than 20 million piasters (\$250,000) in capital (*Ibid*).

2.3: Small Scale Industries at Indian Perspective

However, in Indian context, the definition of small scale industries has varied from time to time. The first definition was given by the Fiscal Commission of Government of India in 1950. Fiscal Commission has defined small-scale industries as, one which are operated mainly with hired labor usually 10 to 50 persons. The commission has also used fixed capital investment as criteria to make a distinction between small scale industries and large scale industries. But this definition has changed from time to time. In 1955, Small Scale Industries Board has defined, "small-scale industries as a unit which are employing less than 50 employees, if it is using power and less than 100 employees if it is not using power, with a capital assets not exceeding more than 5 lakh". However, in 1975 capital investment for small scale industries were changed from 5 lakh to Rs 10 lakh and for Ancillaries it was increased to 15 lakh rupees, then again in 1980, investment for small scale industries were increased from 10 lakh to rupees 15 lakh and for ancillaries industries it was increased from 15 lakh to 20 lakh. Moreover, in 1985 the Government of India has further increased investment limit for small scale industries from 15 lakh to 35 lakh rupees and for ancillary unit's investment has been increased from 20 lakh to 45 lakh rupees respectively.

However, after adoption of economic reforms in 1991, the Government of India has raised investment ceilings in plant and machinery for small-scale units from 35 lakh to 60 lakh rupees and for ancillary units, the investment ceiling in plant and machinery has been raised from 45 lakh to Rs.75 lakh rupees. Then in 1997, Government of India has setup one committee for small scale industries in India, which is popularly known as Abid Hussain Committee. As per Abid Hussain Committee recommendations on small-scale industry, the Government of India has further raised investment ceilings of small scale and ancillary industries to 3 crore rupees, and for tinny units the Government of India has fixed investment ceiling of 50 lakh rupees.

Table 2.1: Changing Definition of Small Scale Industries in India

	Small Scale Industries	Ancillary Industries
1950	The fiscal commission for the first time defined an SSI as one which is operated mainly with hired labour usually 10 to 50 hand	*
1954	The Government of India set up Central Small Scale Industries Organization (CSSIO) and Small Scale Industries Board (SSIB) to promote small scale industries	*
1960	Employment criterion to define SSI was dropped and under investment criterion an industry having gross value of fixed asset up to Rs. 5 Lakh was called as SSI.	* *
1975	The investment limit was raised to Rs. 10 Lakh	The investment limit was raised to Rs 15 lakh
1980	The investment limit was rise to Rs. 20 Lakh	The investment limit was rise to Rs. 25 Lakh
1985	The investment limit was rise to Rs. 35 Lakh	The investment limit was rise to Rs. 45 Lakh
1991	The investment limit was rise to Rs. 60 Lakh	The investment limit was rise to Rs. 75 Lakh
1997	The investment limit was raised to Rs. 3 Crore Suggest by Abid Hussain Committee report 1997	The investment limit was raised to Rs. 3 Crore
2000	The investment limit was reduced to 1 Crore.	The investment limit was reduced to 1 Crore.
2007	The investment limit was reduced to 1 Crore.	The investment limit was reduced to 1 Crore.

Note: (*) indicates the definition was not available in this period

2.4 Micro, Small and Medium Enterprises Act 2006

Prior to MSME act 2006, the small scale industrial sector of India, which were comprised by Small Scale Industries, Khadi and Village industries, Handloom and Handicrafts industries were running under different organizations and ministries. But

a new act was passed in 2006 in India, known as MSME act, under which all these industries such as, Small Scale Industries, Khadi and Village industries, Handloom and Handicrafts industries were brought under one umbrella of Ministry of Micro, Small and Medium Enterprises, even it was a first attempt to define the medium scale industries in India. The following criteria have been used to define manufacturing and service enterprises:

(A) Manufacturing Enterprises

In context of manufacturing enterprises, micro scale manufacturing enterprises are those in which investment in plant and machinery does not exceed more than 25 lakh. The small scale manufacturing enterprises are those, in which investment in plant and machinery is more than 25 lakh rupees, but does not exceed more than 5 crore rupees. While, in case of medium manufacturing enterprises, these are those enterprises in which investment in plant and machinery is more than 5 core rupees but doesn't exceed 10 crore rupees.

(B) Service Enterprises

However, in case of service enterprises the micro scale service enterprises are those in which investment in equipment does not exceed 10 lakh rupees. The small scale service industries are those in which investment in equipment is more than 10 lakh rupees, but does not exceed 2 crore rupees. While as, medium scale service enterprises are those in which investment in equipment is more than 2 crore rupees, but doesn't exceed rupees 5 crore rupees.

2.5: Theoretical Framework of Industrialization

Theoretical framework gives us a proper understanding about the need and importance of industrialization and its impact on economic growth and development of both developing and developed countries of the world. Nonetheless, there are so many theories and studies of various economists and academicians, who have defined industrialization in different perspectives. Some of these theories have linked industrialization with economic development, while others have associated it with structural changes of the country. Moreover, some of them have linked it with

occupational and entrepreneurial development of the country. Therefore, the theoretical framework gives an in-depth knowledge about the need and importance of industrialization for achieving self-reliance and sustainable economic growth, particularly in developing countries of the world. Theoretical framework also explains how economic transformation i.e. the transformation of an economy from agriculture sector to modern sector, through creation of forward and backward linkage will help under-developed and developing countries to overcome from the increasing challenges, such as low income, poverty and un-employment by creating rapid economic development by huge manufacturing goods with large employment opportunities through industrialization and also helps in sustaining the livelihood of masses in the country. Therefore, various theories and studies of different economists, academicians and researchers on industrial development are presented in this section.

2.6: Industrialization and Economic Development

Industrialization is a key strategy for rapid economic development of any economy throughout the world. Majority of economists have accepted that industrialization provides a life blood to the economic system of a country, by its leading role in transmitting growth impulses through backward and forward linkages. These economists believe that industrialization not only provides employment opportunities to large chunk of people and reduces the dependence of workforce on agriculture, but it also acts as an agent of socio-cultural transformation in a country. Therefore, importance of industrialization is underlined by the fact that this has become a compulsive goal for economic growth and development. Nonetheless, an industrializing economy is basically one, which experiences continuous economic growth in the country. That is why industrialization is regarded as a domineering for growth of a country. Moreover, the process of economic development cannot be separated from industrialization both are synonymous to each other. In economic development literature, the role of industrialization in-terms of providing economic development is well recognized throughout the world. Both Classical and Keynesian economic growth theories have emphasized the role of capital accumulation and other forms of technical progress, which are associated with increasing returns and as determinants of growth and development. The initial models of economic

development were formulated after World War II. These models have paid much importance on the utility of massive capital and investments to achieve a rapid growth in the countries like, the Harrod-Domar model of economic growth have laid much emphasis on the role of physical capital and savings for creating effective demand as well as productive capacity in explaining the growth process of the country. While Solow (1956), model of economic growth recognized the role of productivity in the growth process of the country. But later growth models have given much emphasis to industrialization and have considered industrialization as a foremost component of economic development. Nonetheless, John Maynard Keynes (1936) has laid a greater importance for industrialization. He published a book in 1936, which is entitled as “General Theory of Employment Interest and Money” in which Keynes recognized the importance of industrial development for nations. According to him, industrialization could lead to increasing returns of scale and also increases labor productivity as compared to agriculture sector. Moreover, Keynes was of the opinion that an entrepreneur offers an amount of employment which maximizes their output and profit.

Later, Gunnar Myrdal, (1956) presumed industrialization as a component of economic development. He brought out relationship between industrialization and economic development as an answer for economic problems of every country. According to him, manufacturing industries leads to a higher stage of production in the economy, which provides employment to a large chunk of population. Therefore, industrialization has a direct relationship with the economic development of every country. However, Bryce (1960) presumes that industrialization is indispensable for every country, as it has greatest crusades for economic development. According to Bryce industrialization places an important role for developing countries, because it is a major hope for finding solutions to the problems of developing countries, such as the problem of poverty, backwardness, per-capita income, low level of capital, poor investment and low level of national income. Therefore, according to Bryce, development of industrialization is the only possible solution for developing countries to raise the economic growth and development in their countries and to achieve self-sufficiency in their economies. Moreover, Kaldor (1967) has formulated three basic laws to explain a relationship between industrialization and economic development. These three laws have been widely tested in both developed and developing countries

using cross sectional and time series data. Kaldor observed a strong positive correlation between the growth of manufacturing output & the growth of gross domestic product (GDP). Kaldor also found a positive correlation between growth of manufacturing output and growth of productivity in manufacturing sector in both developed and developing countries. However, after Kaldor, the Chenery and Taylor (1968) also observed statistically significant relationship between per capita income and the degree of industrialization. The endogenous growth theory developed by the end of 1980s, gave attention to the role of continuous advances in human capital, technology and factor accumulation to offset the diminishing returns on physical capital in sustaining the economic growth. Similarly, Sutcliffe (1971) has defined industrialization as a process which is accompanied with the economic development of the country. According to Sutcliffe, industrialization is a set of policies which is more important than any other policies and these policies leads towards economic development of a country. Therefore, for him the economic development of any country is directly associated with the industrial development, whether it is a developing or a developed country.

Nonetheless, in development literature, it is well recognized that industrialization not only provides employment opportunities to surplus labor force of the country, but also plays a crucial role in the development strategy of a country by raising labor productivity, output and rate of saving. Moreover, with the rising income, as a result of industrial growth it increases the volume of savings, which creates more investments opportunities in the country. Therefore, this progressive stride leads the economy from take-off to self-sustaining growth. Besides industrialization also plays a catalyst role for widening economic transformation through backward and forward linkages and also through the creation of large scale of economies (Roden 1961). Moreover, industrialization is also accentuated for creation of vigorous surpluses for the generation of secondary activities through vertical linkages with other sectors in the country. Hirschman (1956) promoted industrialization, due to its larger linkage effects than agriculture and for its uniformly higher productivity levels. According, to Hirschman industrialization helps to make backward and forward linkages in the economy. The backward linkage is associated with setting up new industries, which stimulates the growth of those industries through supplying the raw material to new industries and consequently leads to an increase the production of goods and services

in the economy. Similarly, the forward linkage is associated with growth of certain industries and their expansion which leads to increase in the inputs of other industries in the economy. Industrialization is also advocated for maintaining the stability in national income through diversification of economy's production structure and the mechanism of linkages should therefore encourage government to formulate policies designed to influence the location of industry as a constituent of wider strategies aimed at reducing regional inequalities of the country (Chapman et.al. 1991).

2.7: Structural Transformation and Economic Development

Nonetheless, early growth models have focused on the development of one sector, but with the changing passage of time the one-sector growth model become least partly due to fact that it captures in a minimalist essence of modern economic growth. Therefore, later economic growth models paid much emphasis to structural transformation in the process of economic growth. Structural transformation is defined as the transition of an economy from low productivity i.e. agricultural sector economic activities to higher productivity i.e. modern industrial or manufacturing sector. Therefore, the driving force behind structural transformation is the change of productivity in the modern sector, which is dominated by manufacturing and service sector. Various economists laid much importance on structural transformation to bring out the rapid economic growth in developing economies of the world. In this regard, Kuznet (1966) in his reputed work on modern economic growth has identified high rate of structural transformation in favor of industrial sector, in terms of its share to national income and work force as one of major key to economic development process. Kuznets presumed a positive association between industrialization, urbanization and per capita income at international level. He found that all developed countries, which are industrially advanced, are having higher degrees of urbanization and high per capita income and vice versa. It is mainly that industrialization transforms backward rural based economy into modern economy and leads to higher economic growth by improving the manufacturing outputs of the country. On the other hand J.B Clark (1940) identified the occupational structure as a major source of economic development. According to J.B Clark, occupational structure in an economy is a good indicator of social and economic inequality, because to a large extent it determines the level of living among the masses .This is due to the fact that value

added by manufacturing service sectors is higher than agricultural sector. Clark has observed that decline in the proportion of agriculture labors and increases in the manufacturing activities, raises per capita income which leads to economic development of the country. He further presumes that the economy is going under structural process i.e. when economy is at early stage, the income of the country remains low. It is mainly because the economy remains dominated by primary sector through the extraction of raw materials from agriculture, fishing and forestry and mining. But when country reaches to middle stage, the structure of economy is dominated by industrial sectors, particularly manufacturing and construction sector and finally leads to third high income stage, in which service sector of the economy remains dominant. Later Arthur Lewis (1954) developed a two-sector model which is also known as theory of surplus. Lewis (1954) assumes that underdeveloped economies are having unlimited supply of labor force therefore, transfer of this unlimited labor force, from agricultural sector to industrial sector will become a path way for economic development. Lewis presumes that this unlimited supply of labor in agricultural sector is continually received only subsistence wages and transformation of labor supply to industrial sector will increase the real wages of the labors. Moreover, investments in the modern sector will continue to expand and generate further economic growth, on the assumption that all profits would be reinvested. Therefore, this structural transformation will make a pace of economic development in under-developed economics. However, Lewis model could not show the development of the agriculture sector therefore, in 1964 the John C. H. Fei and Gustav Ranis (1964) have developed a model of economic growth for the under-developed economies, this model is an extension of Lewis model. It recognizes the presence of a dual economy comprising both modern and traditional sector. According to this model, the traditional sector consist existing agricultural sector in the economy, and the modern sector is industrialized economy. Both sectors co-exist in the economy and development can be brought only by a complete shift in the focal point of progress from agricultural to industrial sector, such that there is augmentation of industrial output. At the same time, growth in the agricultural sector must not be negligible and its output should be sufficient to support the whole economy with food and raw materials. Fei and Ranis emphasized strongly on the industry-agriculture interdependency and said that a robust connectivity between the two would encourage and speed up development.

Later Jorgenson (1961) has presented a theory of development of a dual economy. He divides economy into two sectors i.e. modern manufacturing sector (industrial) sector and the traditional agriculture sector. According to him, agricultural output depends on labor and a fixed amount of land. Industrial output depends on labor and capital. Therefore, the labor available for employment in manufacturing sector grows at the rate which is equal to the growth rate of agricultural surplus. Therefore, he assumes that agriculture surplus gives rise to manufacturing sector which leads to economic development of the economy. The classical economists also believed that a shift of labor from traditional sector i.e. primary sector to 'modern industrial sector' is a major key to raising saving and investment rates in the economy and a process of fostering economic growth in the country. C.P. Kindleberger (1970) postulated that investment should take place simultaneously in all sectors or on industries at once. It means balanced development of manufacturing industries in the economy, so that there will be an economic development in the country, which will reduce the economic disparities, poverty and will enhance employment opportunities in the country. Structural change theories focused on the changing economic structures of developing countries, from being composed primarily of subsistence agricultural practices to being a "more modern, more urbanized, and more industrially diverse manufacturing and service economy".

2.8: Industrial Location Theories

Various economists and geographers have put forwarded their theories based on industrial locational analysis, which determines various factors that influences the establishment of industries. However, their approaches were different with each other, but their contribution for industrialization was much significant and has gained much popularities. The geographers by and large adopted some instinctive conceptual base and case study approaches to arrive at some generalization about industrial location patterns. On the other hand the economists had followed a deductive approach for industrial locational analysis. An amalgamation of these two diversified approaches has led to develop some operational models for industrial location studies.

Waiter Christaller (1933) was the first geographer, who put forward a theory of geographical industrial location theory which is known as the Central Place Theory. Waiter Christaller focus was mainly to determine the number, size and distribution of

towns and cities. A central place theory may be defined as “a place whose prime function is the provision of wide range of goods and services to a dispersed population around it.” The central places at different levels provide a varying range of goods and services. The provision of goods and services in a particular centre is determined by two considerations i.e. the threshold population and market range for different goods and services. Later, Renner (1947) put his theory of industrial location and his concern for industrial location theory was to develop some general principles, which determine the industrial establishment. Renner classified industry into four categories such as extractive, reproductive, fabricate and facilitative, for these four ingredients raw material, market, labor and management, power, capital and transportation are required. So keeping in mind these ingredients, the Renner postulated the law of location for fabricative (Manufacturing) industry according to which any manufacturing industry tends to locate at a point which provides optimum access to its ingredients. Therefore, from Renner the industry can be setup where the supply of these ingredients are easy available which can leads to profits of the industries otherwise, the industrial unit can cost higher for the owner. However, Rawstron (1958) came with a new theory which is known as Rawstron’s principles. He developed his theory of industrial location in terms of three restrictions which are the ‘principles’ of location in his model. These are physical restriction, economic restriction and technical restriction, which impedes the choice of location of factory Rawstron’s contribution to the geographical studies on industrial location, has been a pioneering one. He does not make transportation cost as a separate cost but he included the choice of techniques in his theory i.e. the effect of technology for setting up a plant.

Later Alfred Weber (1909), a German economist, has developed a theory of industrial location which is based on the transportation cost. In his theory the Weber has taken account the factors which are relevant for all industries and he has divided these factors into two categories i.e. one which influences the inter-regional location of the industries and other which influences intra-regional location of the industries. The approach followed by Weber was to explain industrial location in term of transport cost first and then to examine the effects of changes in labor cost and agglomerative factor. He assumed that the location of raw material including fuel are fixed situation and size of consuming centers are given. Moreover, he assumed that there are several

fixed labor supply centers; labor is immobile and unlimited in supply of fixed wage rate. Apart from these assumptions, he assumed the institutional factors like taxation, interest, insurance etc., as insignificant location factors.

2.9: Growth Pole theories and Small Scale Industries

The theory of growth poles propounded by F. Perroux "Economic Space 1950, Theory and Applications 1950" has received wide recognition in the studies of regionalists, thus allowing us to draw a conclusion about the importance of sectorial structure of regional economy and also the recognition of leading role of industries in creating new manufacturing goods and services. Countries that host the operations of leading industries become the poles of attraction of production factors, as they provide most effective utilization of resources in their economies. That is what leads to the concentration of enterprises and to the formation of economic growth poles. The growth poles enable to develop natural resources comprehensively, creating a technological chain of production together with modern infrastructure facilities (J.R. Lasuen 1969). However, during 1960s, the practical strategies based on growth pole concepts, named "growth pole strategies", had been deeply implemented in developed and developing countries. Growth pole theory coined that the growth pole can be represented by an integrated group of regional enterprises, which are connected not only with the leading sector of the economy, but also with the exports of the region. Later in 1970's, the growth pole strategies had been implemented in at least 28 developed and developing countries. They were Australia, Chile, Colombia, Cuba, France, Ghana, Great Britain, Belgium, Bolivia, Brazil, Bulgaria, Canada, India, Ireland, Italy, Kenya, Libya, Malaysia, Nigeria, Peru, Poland, Russia, Spain, Sweden, Tanzania, the United States, Venezuela, and Yugoslavia. In all these countries, the small industrial business units were termed as the growth poles, because these small business units channelize all the unexploited economic resources from capital to consumer goods. However, in context of India the small scale industries were termed as growth poles of the economy. Because these industries are labor intensive industries which remove the economic disparities and promotes economic growth by enhancing employment opportunities and contributes in the wealth of nation. Therefore, the contribution of small scale industries in-terms of removing economic

backwardness and bringing economic growth is well recognized in the Indian economy.

2.10: Small Scale Industries and Entrepreneurship

Entrepreneurship is nowadays considered as an important pre-requisite for economic development. Entrepreneurship plays a major role in organizing production process of the society and acts as a major pillar of economic growth and development. According to Schumpeter, the function of an entrepreneur is to revolutionize the pattern of production in an economy by exploiting an invention or more generally with an advanced method of producing a new commodity or producing an old one in a new way, by opening up a new source of supply of raw materials or new outlet for products by organizing an industry. The development or underdevelopment is the reflection of the abundance or scarcity of entrepreneurship in any society. Therefore, entrepreneurship entails the ability to identify the resources, to perceive their economic potential, the ability and willingness to utilize these resources and to invest in their development deferring immediate rewards in favor of future investment. Needless to say that all these activities associated with entrepreneurship bring forth economic and social development in the country. Therefore, entrepreneurs create organizations, by bringing use of idle resources in such a way that new combinations of resources are conceived. Through entrepreneurship new assets are being created which creates the new wealth in the economy. Moreover, entrepreneurship plays an important role in the job creation and has a vast scope for a country like India, where labor is abundant in nature and capital is scarce. Entrepreneurship enhances employment generation in the country and consequently leads to a higher income and improves infrastructural facilities and quality of life in the society. Apart from this, entrepreneurship in industrial sector plays an important role for uplifting the socio-economic conditions of rural masses, by providing employment to huge unskilled people, brings balanced regional development and reduces the divide between urban and rural areas of the country.

Nevertheless, the entrepreneurship was a common topic in the economic essays of 18th and 19th centuries. The early notable economists of French, British and Austrian wrote enthusiastically about entrepreneurs as the ‘changing agents’ of progressive economies of the world. The concept of entrepreneurship evolved naturally over the

years in both developed and developing countries of the world. The first economist who coined the term entrepreneurship was Richard Cantillon a French economist of Irish descent. He was the first economist who gave the central concept of entrepreneurship as a role model in economics. Cantillon (1975), described entrepreneur as a person who pays a certain price for resale of a product at an uncertain price, thereby using resources of economy by making a proper decisions. Later, Adam Smith the father of economics in his famous book *Wealth of Nations* (1776) introduced the word ‘enterpriser’ as an individual who carry out the establishment of an organization for commercial purposes. Adam Smith ascribed the role of an entrepreneur as an industrialist and also described his role in creating a new potential demand for goods and services. Adam Smith viewed entrepreneurs as instrumental of economic change, who transformed demand into supply in the economy. Jean Baptist Say (1803), the French economist described entrepreneur as one who possessed the arts and skills of creating new economic business enterprises, through which the needs of the societies can be fulfilled. Therefore, Say’s entrepreneurship concept influenced society by creating new enterprises and at the same time it was recognized to fulfill the needs through efficient management of resources. The British economist John Stuart Mill 1848, recognized entrepreneurship as central to economic theory. J.S Mill pays his emphasis on the necessity of entrepreneurship in private enterprises. He treats entrepreneurship as a fourth factor of economic endeavor that is essential for economic development of the country. Carl Menger, an Austrian economist, made a revolutionary contribution in 1871 through his book *Principles of Economics*, where he introduced the model of value – added transformation of resources. Menger expressed economic change does not arise from circumstances, but from an individual’s awareness and understanding of those circumstances. The entrepreneur is thus the change agent who transforms resources into useful goods and services.

Small industry is basically the mother of large industry. Entrepreneurship in small industry has been nurtured & nourished in all countries whether it is developed or developing. Governments in all countries lay special emphasis on small scale industrial development. Greatest number of industrial enterprises is concentrated in the small scale sector. It should be remembered that small scale industry is not antithetical to large industry & large industry is not and cannot be a substitute for

small industry. However, the recent studies of Norman M.C Rae the editor of London based 'Economist' predicted in 1979 that the age of the large scale industries has over. He observed that the future of the countries is in the development of small scale industries. He believed that small scale industries produce dynamic products of goods and services and meet quickly with the customer needs. Peter Drucker (1985) in his book 'Innovation & Entrepreneurship' find out a shift in American economy from managerial economies to entrepreneurial economies. He noted that small scale industries are embodying all raw materials of USA into consumer goods. Mr. Ingersoll Chairman of Wamer-Borg of USA coined that the small scale enterprises not only creates new products & services in the country, but also creates a new ideas & most importantly it creates vast number of new job opportunities in the country.

2.11: Industrial Development Theories at Indian Perspectives

Dr. Babasaheb Bhimrao Ambedkar believes that faster development is possible with the development of Industrialization in the country. According to him need of industrialization is to move the surplus labor from agricultural sector to manufacturing. But huge investment should also be made in agriculture sector in order to raise the productivity of agriculture sector. Dr. B.R Ambedkar presumes that creating large scale industries at macro level produces essential goods for mass consumption. Therefore, it utilizes the raw materials, reduces dependence on imports and increasing security of labor, which ultimately leads to the overall economic development of the country. He also pave out that private sector cannot create big industries because of the capital problems. So, the government should come forward to start large scale industries .The smaller industries should be kept in private sector. Further, the Father of India, Mahatma Gandhi holds great views on economics. Gandhi laid much importance on khadi and village industries and small scale industries. According to him village, khadi and small scale industries are labor intensive industries. These industries are having a huge potential of absorbing vast chunk of labor force and are providing employment locally. He also presumed that raw materials are easily available in villages, as a majority of inputs for these Village industries are coming from agriculture products like cotton and many other crops, which would lead to indigenous market. Therefore, Gandhi laid much importance on the growth of the rural industries like Khadi, Handlooms, Sericulture and Handicrafts.

Gandhi was of the opinion that large-scale industries have capital intensive which would concentrate of wealth in the hands of few and if small scale industries will be established at village level then people would never face the problem of production and external market. Nonetheless, Pandit Jawaharlal Nehru the first Prime Minister of India has laid the foundation of modern India. Pandit Jawaharlal Nehru focused both on agricultural as well as industrial development. According to him, both agriculture and industrial has huge potential of employment and crusade of development. These two sectors will reduce the economic disparities, poverty and will achieve the self-reliance in India. Nehru had a strong belief that industrialization holds key to India's independent nation success. However, Jawaharlal Nehru focused on large scale industries which required both labor and capital. He laid down the foundation of large steel mills in India. According to Nehru, Industrialization required the importation of technical expertise from the industrialized nations.

2.12: Conclusion

The above conceptual and theoretical framework it is clear that the industrialization is having an utmost importance for both developing and developed economies of the world. There is a strong correlation between industrialization and economic development and one cannot separate them which each other. The conceptual and theoretical framework also gives us an in-depth knowledge about the importance of industrialization for achieving the self-reliance and sustainable economic growth particularly in the developing countries of the world. It explains how the economic transformation i.e. the transformation of an economy from agriculture sector to modern sector through creation of forward and backward linkage will help to overcome the under-developed and developing countries from the increasing challenges such as low income, poverty and un-employment by creating rapid employment opportunities for industrialization and help in sustaining the livelihood of the masses in the country.



Chapter 3

*Growth and
Performance of Small
Scale Industries in
India*



CHAPTER 3

Growth and Performance of Small Scale Industries in India

Introduction

Small scale industries are regarded as the engine of economic growth and the promotion of equitable development throughout the globe. Small scale industrial sector has played a crucial role in promoting industrial exports, employment and the creation of an entrepreneurial development throughout the world. The importance of small scale industries, khadi and village and cottage industries has equally been felt even in countries which are having classic lands of large scale industrial infrastructure. Such industries are very common in Japan, USA, Switzerland, Sweden and in other several developed countries of the world (Kniivila, 2007). One of the most important features of small scale industrial sector is that it generates large number of employment opportunities against per unit of capital invested. The small scale industries are thus, labor intensive in nature and are depending on less capital, which are having a greater scope for developing countries like India, where capital is scarce and labor is abundant in nature. Moreover, small scale industries are known for maintaining a balanced regional growth in the country, because these industries produce vast number of manufacturing goods by using simple technologies and are mostly depending on local resources (Selvaraj and Suganya, 2015). The major prominence of these industries is that they can be established without having any location constraints. More important is that they can be established at remote villages etc. Nonetheless, these industries contribute significantly to the overall economic development of the country.

Apart from this, small scale industries offers a wide opportunities of entrepreneurship, which helps to channelize the local resources, skills and ideas of a people to transform human capital into reality with very little capital investment. The establishment and running costs of these small industries are very low because of low overhead expenses. Therefore, small scale industries are regarded as the engine of economic growth and the promotion of equitable development. The major advantage of this

sector is large employment potential at very low capital cost. Small scale industries are labor intensive in nature and the need of such industries is indispensable for a country like India, where the regional disparities across states are much higher. Jammu and Kashmir is one among the economically backward states of India.

Jammu and Kashmir has remained one of the most backward state in-terms of industrial development in the country. The economic and industrial backwardness of the state is associated with various factors like geographical location, insecurity, disturbances in the state, poor industrial sector, poor infrastructure, poor investment, and misdirected economic policies and many other conditions (Baqual, 2008). Therefore, in order to move forward from economic backwardness state government has laid much emphasis to develop a vibrant industrial sector in the state. So that the economy of the state can be boosted and this structural transformation can play an importance role in transforming the backward and traditional economy to modern economy. The state government has taken various policy measures to boost the small scale industrial sector and to make this sector much vibrant to reduce the incidence of the poverty and economic backwardness in the state. Therefore, the present chapter examines the growth and performance of small scale industries in India in general and Jammu and Kashmir in particular.

3.1 Growth and Performance of Small Scale Industrial Sector in India

The small scale industries are known as the engine of economic growth and development. There is a positive correlation between industrialization and economic development. The distinctions between developed and under-developing countries are made on the basis of their industrial infrastructure and the proportion of workforce engaged in the industrial activities (Sharma, 2014,). In developed countries, a large chunk of people are engaged in industrial activities, while in under developed countries, majority of workforce are engaged in the traditional sector which consists mainly agricultural sector activities. Therefore, the present section examines the growth and performance of Small Scale Industries in India.

The table 1 depicted below shows the growth and performance of small scale industrial sector from 1973-74 to 2015-16 in-terms of number of units, production employment, labor productivity and exports in India. Table 1 also shows that the

number of units has been increased from 0.42 million in 1973-74 to 55.36 million in 2015-16 in India, while production has increased from 342 billion to 18625.77 billion in the same period. In case of employment it has increased from 3.97 million to 80.52 million in the above study. Moreover, labor productivity has increased from 86 thousand to 177 thousands and exports have increased from 4 billion in 1973-74 to 8431.78 billion in 2015-16. The compound annual growth has been used calculated from the above variables. The entire period has been sub divided into three period's viz., 1973-1990, (pre- reform), 1991-2000 (Globalization) and 2000-2016 (post reform period). The Compound Annual Growth Rate (CAGR) shows that from 1973-1989 the compound annual growth rate of units has remained 9.16 percent, followed by production 10.71 percent, employment 6.89 percent, labor productivity 3.84 percent and for exports it has remained 18.40 percent. However, during globalization period i.e. 1990-2000 the annual compound growth rate of units has been declined from 9.16 to 4.00 percent. However, in case of production growth it has declined from 10.71 percent to 7.76 percent, while in case of employment growth it has declined from 6.89 percent to 4.11 percent. Moreover, in case of labor productivity growth, it has declined from 3.84 percent to 3.50 percent. In case of exports growth it has increased from 18.40 percent to 19.16 percent respectively.

During, post reform period the annual compound growth rate of units has increased from 4.00 percent from globalization period to 11.34 percent in post reform period, followed by production it has increased from 7.76 percent to 15.42 percent. Similarly, the annual compound growth rate of employment has increased from 4.11 percent to 8.04 percent. The growth rate of labor productivity has increased from 3.50 percent to 5.55 percent. However, for exports, the growth has declined from 19.16 percent to 16.61 percent respectively. However, in case of labor productivity growth it has remained 1.72 percent respectively. Nonetheless, during 1991 to 2000 i.e. in globalization period the competition among small scale industries has increased and same time this sector was facing huge bottlenecks like, lack of facilities like credit, marketing, finance has led to industrial sickness among these industries (Shinde, 2013) due to which its growth rate has remained low in globalization period. However, after 2000 i.e. post reform periods the MSMEs Act was passed in India, and many other policy measures were taken in India, which helps to boost the performance of SSI sector in India.

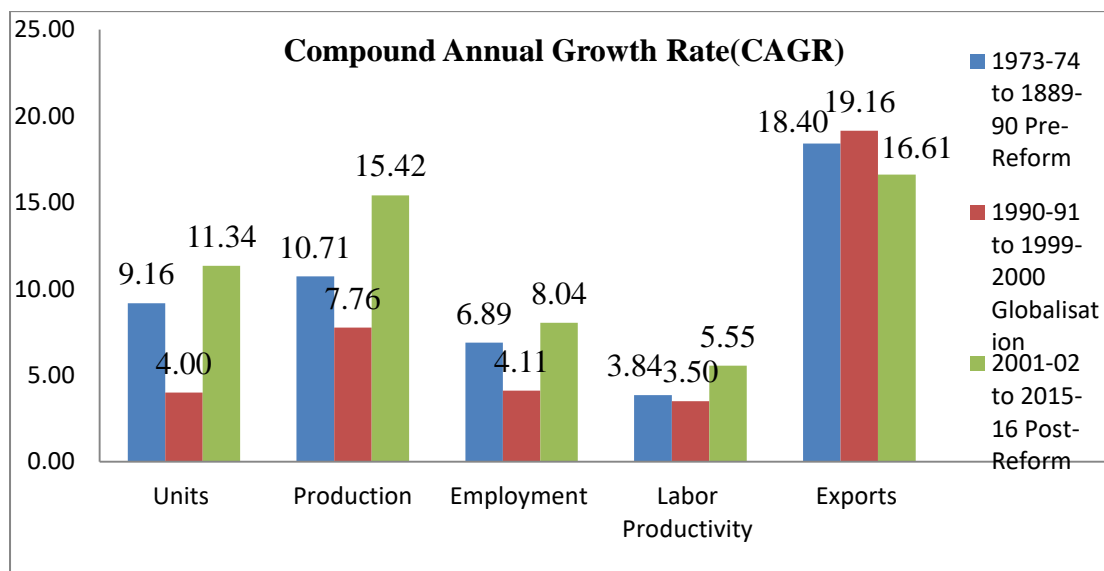
Table 3.1: Growth and Performance of Small Scale Industrial Sector in India

Year	Units (Million)		Production At Constant Prices (Billion)		Employment (Million)		Labor Productivity (Per Thousand)		Exports (Billion)	
		% Growth		% Growth		% Growth		% Growth		% Growth
1973-74	0.42		342.00		3.97		86		4.00	
1974-75	0.50	19.04	361.00	5.55	4.04	1.76	89	3.48	5.00	25
1975-76	0.55	10	425.00	17.72	4.59	13.61	93	4.49	5.00	0
1976-77	0.59	7.27	468.00	10.11	4.98	8.49	94	1.07	8.00	60
1977-78	0.67	13.55	528.00	12.82	5.40	8.43	98	4.25	8.00	0
1978-79	0.73	8.95	582.00	10.22	6.38	18.14	91	-7.14	11.00	37.5
1979-80	0.81	10.95	664.00	14.08	6.70	5.01	99	8.79	12.00	9.09
1980-81	0.87	7.40	722.00	8.73	7.10	5.97	102	3.03	16.00	33.33
1981-82	0.96	10.34	783.00	8.44	7.50	5.63	104	1.96	21.00	31.25
1982-83	1.06	10.41	847.00	8.17	7.90	5.33	107	2.88	20.00	-4.76
1983-84	1.16	9.43	935.00	10.38	8.42	6.58	111	3.73	22.00	10
1984-85	1.24	6.89	1046.00	11.87	9.00	6.88	116	4.50	25.00	13.63
1985-86	1.35	8.87	1181.00	12.90	9.60	6.66	123	6.03	28.00	12
1986-87	1.46	8.14	1336.00	13.12	10.14	5.62	132	7.31	36.00	28.57
1987-88	1.58	8.21	1505.00	12.64	10.70	5.52	141	6.81	44.00	22.22
1988-89	1.71	8.22	1699.00	12.89	11.30	5.60	150	6.38	55.00	25
1989-90	1.82	6.43	1899.00	11.77	11.96	5.84	159	6	76.00	38.18
1990-91	6.79	273.07	847.28	-55.38	15.83	32.35	54	-66.03	96.64	27.15
1991-92	7.06	3.97	873.55	3.10	16.60	4.86	53	-1.85	138.83	43.65
1992-93	7.35	4.10	922.46	5.59	17.48	5.30	53	0	177.84	28.09
1993-94	7.65	4.08	987.96	7.10	18.26	4.46	54	1.88	253.07	42.30
1994-95	7.96	4.05	1087.74	10.09	19.14	4.81	57	5.55	290.68	14.86
1995-96	8.28	4.02	1211.75	11.40	19.79	3.39	61	7.01	364.70	25.46

Year	Units (Million)		Production At Constant Prices (Billion)		Employment (Million)		Labor Productivity (Per Thousand)		Exports (Billion)	
1996-97	8.62	4.10	1348.92	11.31	20.59	4.04	66	8.19	392.48	7.61
1997-98	8.97	4.06	1462.63	8.42	21.32	3.54	69	4.54	444.42	13.23
1998-99	9.34	4.12	1575.25	7.6998	22.06	3.47	71	2.89	489.79	10.20
1999-00	9.72	4.06	1703.79	8.15	22.91	3.85	74	4.22	542.00	10.65
2000-01	10.11	4.01	1844.01	8.22	24.09	5.15	77	4.05	697.97	28.77
2001-02	10.52	4.05	2822.70	53.07	24.93	3.48	112	45.45	712.44	2.07
2002-03	10.95	4.08	3067.71	8.67	26.02	4.37	116	3.57	860.13	20.73
2003-04	11.40	4.10	3363.44	9.64	27.14	4.30	122	5.17	976.44	13.52
2004-05	11.86	4.03	3729.38	10.87	28.26	4.12	130	6.55	1244.17	27.41
2005-06	12.34	4.04	4188.84	12.32	29.49	4.35	140	7.69	1502.42	20.75
2006-07	36.18	193.19	11988.18	186.19	80.52	173.04	149	6.42	1825.38	21.49
2007-08	37.74	4.31	13227.77	10.34	84.20	4.57	157	5.36	2020.17	10.67
2008-09	39.37	4.31	13755.89	3.99	88.08	4.60	156	-0.63	3000.00	48.50
2009-10	41.08	4.34	14883.52	8.19	92.18	4.65	161	3.20	3911.59	30.38
2010-11	42.87	4.35	16536.22	11.10	96.52	4.70	171	6.21	5077.39	29.80
2011-12	44.76	4.40	17885.84	8.16	101.17	4.81	177	3.50	6301.05	24.10
2012-13	46.75	4.44	18099.76	1.19	106.14	4.91	171	-3.38	6981.66	10.80
2013-14	48.86	4.51	18109.00	0.05	111.43	4.98	171	0	8068.78	15.57
2014-15	51.05	4.48	18355.06	1.36	117.13	5.12	173	1.16	8209.58	1.74
2015-16	55.36	8.44	18625.77	1.47	80.52	-31.26	177	2.26	8431.78	2.70
CAGR 1973 to 1990	9.16	-	10.71	-	6.89	-	3.84	-	18.40	-
CAGR 1990-2000	4.00	-	7.76	-	4.11	-	3.50	-	19.16	-
2001-2016	11.34	-	15.42	-	8.04	-	5.55	-	16.61	-

Source: Handbook of RBI 2015-16

Figure 3.1: Annual Compound Growth Employment, Exports, Production, Units and Labor Productivity in Small Scale Industries in India



Source: Estimated from Table 1 above

3.2: Outlay for SSI Sector Under Five Year Plans in India

The beginning of planning era in India has started from 1951. However, since from the beginning of Five Year Plan in India, the small-scale industrial sector has been recognized as an important tool for employment generation and for maintaining balanced regional development. The plan outlay for this sector has increased unprecedentedly from 1st Five Year Plan to 11th Five Year Plan. Therefore, the present section explores the outlay for small scale industries under Five Year Plans in India. Table depicted below shows that the total outlay plan for industrial sector in India has increased from 1960 crore in 1st plan (1951-1956) to 2710840 crore in 11th plan (2012-17). The outlay for SSI sector has increased from 42 crore in 1st plan (1951-1956) to 45196.4 crore in 10th 2007-12. However, the percentage of outlay plan for SSI sector is showing a sluggish growth from 2nd 1956-61 to 9th 2002-07 i.e. during 1956 to 1985-90 the percentage share of total outlay for SSI has declined from 16.68 percent to 9.2 percent respectively. Moreover, after 8th five year plan (1997-2000) it has increased from 17.82 percent to 41.88 percent in 10th five year plan (2007-12) respectively. Nonetheless, the total outlay plan for the industrial sector has declined from 2.8 percent in 3rd plan (1961-1966) to 1.9 percent in 10th plan (2007-12) respectively. Therefore, the overall results show that the outlay plan share of industrial sector has declined in general and SSI sector for particular.

Table 3.2: Outlay for SSI Sector Under Five Year Plans in India

Plan Year Wise	Total Plan Outlay (in Crores)	Outlay For Industrial Sector (In Crores)	Outlay for SSI Sector (In Crores)	Percentage of SSI From Total Industrial Outlay	Percentage of Total Plan Outlay
1 st 1951-1956	1960	97	42	43.5	2.14
2 nd 1956-61	4672	1121	187	16.68	4
3 rd 1961-1966	8577	1726	241	13.96	2.8
4 th 1969-1974	15779	3107	243	7.8	1.5
5 th 1974-1979	39426	9581	59.6	6.18	1.5
6 th 1980-85	109292	16948	1829.9	10.8	1.7
7 th 1985-90	218730	29220	2752.7	9.2	1.5
8 th 1997-2002	859200	46922	1246.5	17.82	1.8
9 th 2002-07	1525639	88939	23489.20	26.41	1.7
10 th 2007-12	2192078	107906	45196.4	41.88	1.9
11 th 2012-17	2710840	0	0	0	0

Sources:1. The Government of India – Economic Survey, 2015 – 2016. 2. Laghu Udyog Samachar-Various Issues. 3. The SIDBI Report on Small Scale Industrial Sector. 4. www.indiabudget.in, industry

3.3: Status of Micro Small and Medium Enterprises in India

Prior to MSMEs act 2006, small scale industrial sector of India comprised small scale industries, khadi and village industries, handloom and handicrafts industries were running under different organizations and ministries. But in 2006 a new act was passed in India, which is known as MSME act, under which all these industries such as, small scale industries, khadi and village industries, handloom and handicrafts industries were brought under one umbrella of Ministry of Micro, Small and Medium Enterprises, even it was a first attempt to define medium scale industries in India. The following criteria have been used to define manufacturing and service enterprises under MSME Act.

Manufacturing Enterprises: In context of manufacturing enterprises, Micro scale manufacturing enterprises are those in which investment in plant and machinery does not exceed more than 25 lakh. The Small scale manufacturing enterprises are those in which investment in plant and machinery is more than twenty five lakh rupees, but does not exceed more than 5 crore rupees. While, in case of Medium manufacturing

enterprises, these are those enterprises in which investment in plant and machinery is more than 5 crore rupees, but does not exceed 10 crore rupees.

Service Enterprises: In case of service enterprises the Micro scale service enterprises are those in which investment in equipment does not exceed 10 lakh rupees. The Small scale service industries are those in which investment in equipment is more than 10 lakh rupees, but does not exceed 2 crore rupees. While Medium scale service enterprises are those in which investment in equipment is more than 2 crore rupees, but does not exceed rupees 5 crore rupees.

The, present section examines the distribution of MSME enterprises in rural and urban areas in India. Table 2 below shows the distribution of Micro, Small and Medium enterprises with its percentage share in rural and urban areas by analyzing MSMEs census 2006-07 and NSSO 73th round 2015-16. Table 2 below highlights that during 2006-07, the total number of micro, and small units were highest in rural areas, which comprise 119.61 lakh units and 0.07 lakh units respectively with a percentage share of 60.22 percent. While, in case of urban areas, the total number of micro and small units were 78.78 lakh units and 0.27 lakh unit respectively and comprised a percentage share of 37.78 percent. However, as per NSS 73rd round, in 2015-16 the total number of micro, small and medium units in rural areas has increased to 324.09 lakh units, 0.78 lakh units and 0.01 lakh units respectively, but the percentage share of MSMEs has been declined from 60.22 percent to 51 percent i.e. by 9 percentage points in rural areas. While, in urban areas, the total number of units is showing a drastic change i.e. the number of micro units has increased to 306 lakh units, while small and medium units has increased to 2.53 lakh units and 0.04 units lakh respectively, with a percentage share of 49 percent which means the percentage share of MSME has been increased by 11.2 percentage point from 2006 to 2016 in urban areas. Therefore, the overall results show that the micro, small and medium enterprises have taken a shift from rural to urban areas, as a large number of MSME enterprises have been established in urban areas as compared to rural areas during this period.

Table 3.3: Category Wise Distribution of Enterprises in India (Numbers in lakh)

Round	Rural Areas				Urban Areas			
	Micro	Small	Medium	% Share	Micro	Small	Medium	% Share
2006-07 MSME Census	119.61	0.07	0	60.22	78.78	0.27	0	37.78
2015-16 NSS 73 rd Round	324.09	0.78	0.1	51	306	2.53	0.04	49

Source: MSME Survey 2006-07 & MSME Annual Report 2018-19

3.4 Distribution of Enterprises by Male/Female Owners

The table 3 below shows the percentage distribution of enterprises ownership by male and female, by analyzing MSMEs census of 2006-07 and NSSO 73th round on MSMEs 2015-16. Results of table show that in MSME Census of 2006-07, 90.43 percent of micro units and 96.81 percent of small units were owned by male entrepreneurs. While, only 9.1 percent of micro units and 3.01 percent of small units were owned by female entrepreneurs. However, if we compare it with NSSO 73rd round then the ownership of male entrepreneurs in micro units has declined by 10.87 percent and has reached to 79.56 percent. Similarly, in case of small units it has declined by 2.07 percent and has reached to 94.74 percent. While, in case of medium units, 97.33 percent of units were owned by male entrepreneurs. However, in case of female entrepreneurs ownership in micro units has increased by 11.34 percentage points to 20.44 percent, followed by small units in which ownership has increased to 5.26 percent, with an increase of 2.25 percentage points over 2006-07 MSME survey. Moreover, 2.67 percent of medium scale units are owned by female entrepreneurs in 2015-16. The table indicates that the ownership of MSME are mostly owned by male members. The overall results also shows that in 2015-16 ownership of female entrepreneurs has increased by double as compared to MSMEs census 2006-07 in both micro and small enterprises.

Table 3.4: Distribution of Enterprises by Male/Female Ownership (In Lakh)

Round	Male				Female			
	Micro	Small	Nr	Medium	Micro	Small	Nr	Medium
2006-07 MSME Census	90.43	96.81	0.47	0	9.1	3.01	0.18	0
2015-16 NSS 73rd Round	79.56	94.74	0	97.33	20.44	5.26	0	2.67

Source: MSME Survey 2006-07 & MSME Annual Report 2018-19

3.5: Distribution of Enterprises by Social Groups and Enterprises Category Wise

The classification of human beings into divergent groups is a fundamental feature of social perception, which is commonly associated with problematic phenomena, such as prejudice, discrimination, and intergroup conflict (Krueger and DiDonato, 2008). Therefore, table 3.4 and 4.1 highlights the distribution of enterprises by social groups and by different enterprises category wise in both rural and urban areas of India. Table 3.1 shows that in case of MSMEs survey of 2005-06, the highest enterprises ownership in rural areas was among OBC category, which comprised 47.96 percent, followed by Other category 30.81 percent. While in case of SC and ST category, it comprises only 12.83 percent and 7.06 percent respectively. Similarly, in case of urban areas, Other category groups owned the highest portion of enterprises i.e. 43.66 percent, followed by OBC category 42.72 percent and a lower portion of enterprises were owned by socially disadvantaged groups i.e. SC and ST category which owned only 9.18 percent and 2.34 percent respectively.

However, as per NSSO 73rd round 2015-16, the enterprises ownership of OBC category in rural areas has increased to 51.59 percent i.e. an increase of 3.63 percent, followed by SC category 15.37 percent, with an increase of 2.54 percentage points, while in case of Other category and ST category groups it has declined to 25.62 percent and 6.7 percent from 30.81 percent and 7.06 percent during 2006-07 respectively. Similarly, in urban areas, the ownership of enterprises has increased among OBC and SC category which comprises 47.8 percent and 9.45 percent, with an increase of 5.08 percent and 0.27 percentage points respectively. While, in case of ST and Other Category groups the ownership has declined to 1.43 percent and 40.46

percent, with a decline of 0.91 and 3.2 percentage points from 2006-07 to 2015-16 respectively.

Moreover, in case of micro, small and medium enterprises category wise of MSME Census 2006-07, the highest ownership of micro enterprises were owned by OBC category which comprises ownership of 45.91 percent and the lowest ownership were comprised by ST category i.e. 5.19 percent units. While, in case of Small enterprises, the highest ownership were owned by Other category groups which comprises 70.82 percent units and the lowest ownership were owned by ST category groups i.e. 0.36 percent of total units. Moreover, in 73rd round of NSSO, the ownership of micro enterprises in rural areas has only increased among OBC category i.e. its ownership has increased from 45.91 percent to 49.83 percent in 2015-16 and it has declined in rest of all social category groups. Similarly, again in small enterprises the ownership of OBC category has increased and in rest of the categories it has declined respectively. Moreover, for medium enterprises the ownership is highest among Other category groups which comprises 70.8 percent units.

Table 3.5: Distribution of Enterprises by Ownership Wise (In Percentage)

Round	Rural Area				Urban Area			
	SC	ST	OBC	Other	SC	ST	OBC	Other
2006-07 MSME Census	12.83	7.06	47.96	30.81	9.18	2.34	42.72	43.66
2015-16 NSS 73 rd Round	15.37	6.7	51.59	25.62	9.45	1.43	47.8	40.46

Source: MSME Survey 2006-07 & MSME Annual Report 2018-19

Table 3.6: Distribution of Enterprises by Category Wise (In Percentage)

	Micro				Small				Medium			
	SC	ST	OBC	Other	SC	ST	OBC	Other	SC	ST	OBC	Other
2005-06	11.39	5.19	45.91	35.86	2.17	0.36	25.06	70.82	0	0	0	0
2015-16	12.48	4.11	49.83	32.79	5.5	1.65	29.64	62.82	0	1.09	23.85	70.8

Source: MSME Survey 2006-07 & MSME Annual Report 2018-19

3.6: Growth of MSMEs in India from 2006-07 to 2015-16

Growth rate simply explains the change in a particular item, from one period of time to another period of time. The present section examines the growth of MSMEs by comparing between MSME survey 2006-07 with NSSO 73rd round 2015-16.

Therefore, table 5 below shows that the total number of MSME units has increased from 361.76 lakh units in 2006-07 to 633.88 lakh units in 2015-16, with an annual compound growth rate of 6.43 percent. Nevertheless, MSMEs in manufacturing and services sector have been increased from 115 and 246.76 lakh units in 2006-07 to 196.65 and 437.23 lakh units, with a growth rate of 6.14 and 6.56 percent respectively. While, employment has increased from 805.24 lakh persons in 2006-07 to 1109.89 lakh persons in 2015-16 with a growth rate of 3.63 percent. However, in case of manufacturing in trade, it not showing a much increase, it has increased from 320.03 lakh units to 360.42 lakh units in 2015-16 with a growth rate of only 1.33 percent which is lowest growth among all sectors. Moreover, in case of services in trade it has increased from 485.21 lakh units in 2006-07 to 749.47 lakh units in 2015-16 with a growth rate of 4.95 percent. Therefore, the overall results of the table show that MSMEs in service sector is showing a tremendous performance with a growth rate of 6.56 percent. The growth of employment in services in trade has also been quite satisfactory under MSME in the above said period.

Table 3.7: Growth of MSMEs in India from 2006-07 to 2015-16

	NSSO 73rd Round 2015-16	4th All India MSMEs Census 2006-07	Annual Compound Growth
Total Number of MSME	633.88	361.76	6.43
Manufacturing	196.65	115	6.14
Services	437.23	246.76	6.56
Employment	1109.89	805.24	3.63
Manufacturing in trade	360.42	320.03	1.33
services in trade	749.47	485.21	4.95

Source: MSME Survey 2006-07 & MSME Annual Report 2018-19

3.7: Distribution of Top Ten States in MSMEs with Percentage in India

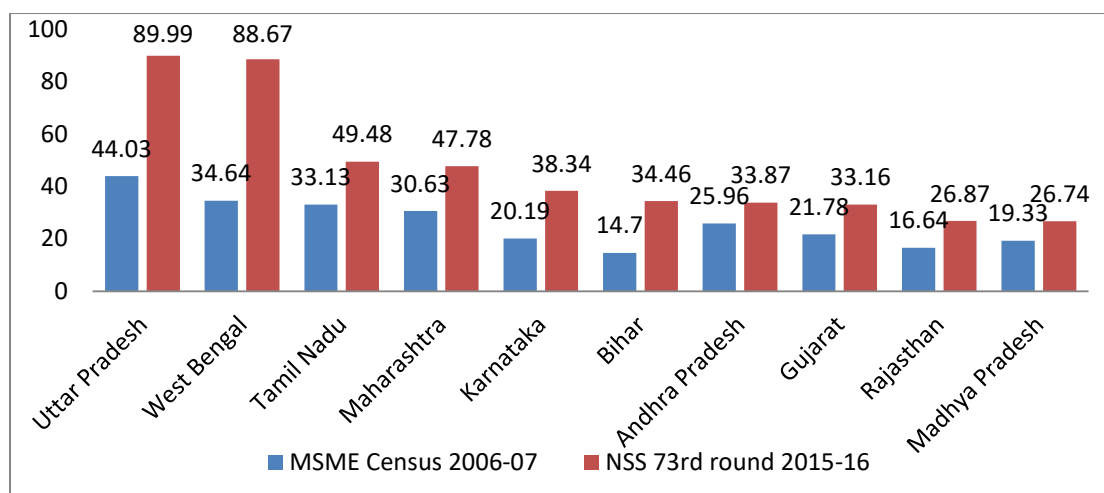
The distribution of micro, small and medium enterprises across India is not equal. This is mainly because of regional imbalances, lack of entrepreneurship development, lack of skill development and the utmost thing is lack of financial and technical

assistance at state, as well as at central level (Mehta, 2013). Therefore, this section will explore, the top ten states having largest number of enterprises, with their percentage shares in India. The present section also explores the growth of enterprises in these top ten states by comparing the MSME 2015-16 round with MSMEs census of 2006-07. Table 6 shows that within top ten states, Uttar Pradesh and West Bengal are two major states, which comprised the largest number of MSMEs enterprises in India. Moreover, enterprises in these two states has been increased from more than double, for Uttar Pradesh the number of enterprises has increased from 44.03 lakhs in 2006-07 to 89.99 lakhs in 2015-16, and its percentage share has increased from 12 percent to 14 percent during this period, while in West Bengal, number of enterprises has increased from 36.64 lakh to 88.67 lakh units. The percentage share of West Bengal has increased from 10 percent to 14 percent, which is higher than Uttar Pradesh. However, in case of other eight states, MSME enterprises has also increased from 2006-07 to 2015-16, but at a slow rate as compared to Uttar Pradesh and West Bengal. Therefore, the overall results shows that Uttar Pradesh and West Bengal are the two states with highest number of enterprises, both states constituted 28 percent share of total MSME enterprises in the country.

Table 3.8: Distribution of Top Ten States in MSMEs with Percentage Share in India

State/UT	MSME Census 2006-07		NSS 73rd round 2015-16		% Point Change in units	% Point Change in Share
	Units in lakh	Share	Units in lakh	Share		
Uttar Pradesh	44.03	12	89.99	14	45.96	2
West Bengal	34.64	10	88.67	14	54.03	4
Tamil Nadu	33.13	9	49.48	8	16.35	-1
Maharashtra	30.63	8	47.78	8	17.15	0
Karnataka	20.19	6	38.34	6	18.15	0
Bihar	14.7	4	34.46	5	19.76	1
Andhra Pradesh	25.96	7	33.87	5	7.91	-2
Gujarat	21.78	6	33.16	5	11.38	-1
Rajasthan	16.64	5	26.87	4	10.23	-1
Madhya Pradesh	19.33	5	26.74	4	7.41	-1
Other states/UT	100.72	28	164.5	26	63.78	-2
Total Top Ten States	261.04	72	469.4	74	443.36	2
All	361.76	100	633.9	100	272.14	0

Source: MSME Survey 2006-07 & MSME Annual Report 2018-19

Figure 3.2: Distribution of Top Ten States in MSMEs in India

3.8: State-wise Estimated Number of Employees Working in MSMEs in India

Right from the independence, India has achieved a significant growth and development in the economy. However, the problem of employment generation and creation of decent jobs at the macro level has still remained a gigantic issue (Sunita and Srija, 2014). Since from second five year plan; the creation of employment has been put up as a principal objective, for building process of economic growth and development. Therefore, in order to generate a large employment at very low capital cost MSME act was passed in 2006-07 in India, in which Khadi and Village industries were merged with small scale industries in order to increase the manufacturing output and to create a bulk of employment in the country.

The appendix table 1 shows the state wise employment in MSMEs of male, female workers by using MSME survey of 2006-07 and NSSO 73rd round 2015-16. The table shows that during 2006-07 MSME survey of India the highest numbers of female employees was in Tamil Nadu which comprised 7.77 lakh workers followed by West Bengal 7.72 lakh workers, Kerala 6.24 lakh workers and Andhra Pradesh 5.27 lakh workers. Across gender, it suggests that highest numbers of workers were working in Uttar Pradesh, which comprises 48.68 lakh for male, followed by West Bengal 47.22 lakh, Andhra Pradesh and Tamil Nadu which comprised 29.88 and 38.89 lakhs respectively. As per NSSO 73rd round the highest number of workers were found working in West Bengal i.e. 43.51 lakh persons, followed by Tamil Nadu 32.27 lakh, Uttar Pradesh 27.27 lakh and Andhra Pradesh 21.07 lakh persons. However, in case of male employees the highest number of workers were working in Uttar Pradesh which

comprises 165.26 lakh, followed by West Bengal 135.52 lakh, followed by Tamil Nadu and Maharashtra 96.73 and 90.77 lakh persons respectively.

3.9: Units and Employment Growth of Small Scale Industries in Jammu and Kashmir

Jammu and Kashmir is a landlocked state in India. Economy of the Jammu and Kashmir is mostly informal one, where a large chunk of people are relying on street vending, handicrafts, and tourism etc. Therefore, industrialization is having an utmost importance for eradicating economic backwardness and to solve the unemployment problems in the state. However, the state of Jammu and Kashmir is not having a favorable condition particularly for Kashmir and Ladakh division for creating large scale industries because of its geographical location. Therefore, major focus has been given to establish the small scale industrial sector in the state. The table 7 depicted below shows the growth of small scale industrial units and employment in Jammu and Kashmir. The table highlights that from 1990-91 to 2017-18 the number of units has increased from 29963 to 59899 thousand. Similarly, employment has increased from 131164 persons in 1990-91 to 295348 persons in 2016.

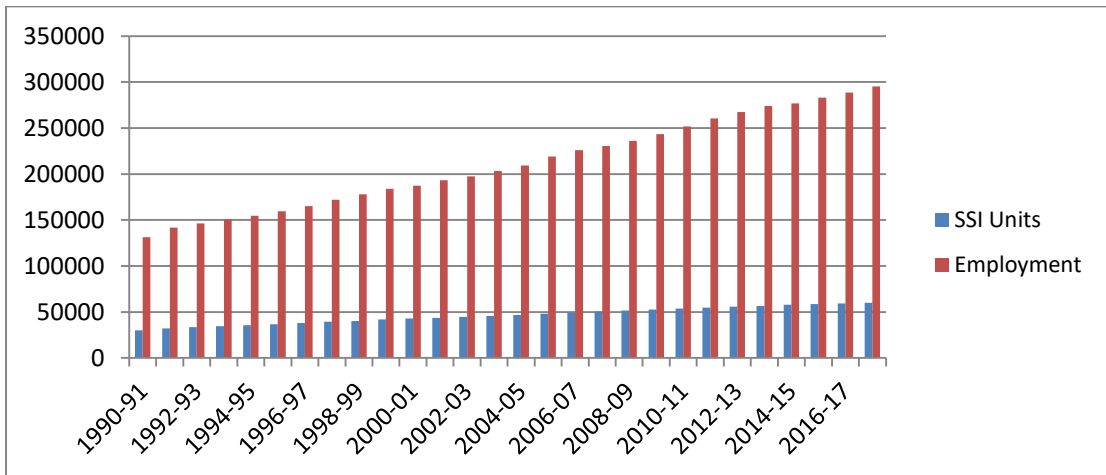
Nonetheless, for calculating the average annual growth rate the study has been divided into three periods. The first period consists from 1990 to 1999, the second period consists from 2001 to 2010 and the third period consists from 2010 to 2016. The first thing which table point out is that both small scale industrial units and employment are highly correlated with each other, with a strong correlation of 0.99 percent, which means that with the increase in industrial units, the employment is also increasing proportionately with it. Nonetheless, the first period of 1990 to 2000 shows that the growth of both small scale industrial units and employment were high, during this period the average annual growth rate of industrial units and employment has remained equally 3.74 percent for both units and employment respectively. However, in second period i.e. 2001-2010, the annual compound growth rate of both industrial units and employment has declined to 2.30 percent and 2.91 percent respectively. Moreover, in third period, which comprises from 2010-2016, during this period the annual compound growth rate of industrial units has declined drastically i.e. its compound annual growth rate has declined to 1.60 percent, while for employment it has declined to 2.29 percent respectively. The reason for declining growth for both SSI units and employment is mainly attributed with ongoing disturbances in the state, which obstructs private investment opportunities in SSI sector.

Table 3.9: Units and Employment Growth of Small Scale Industries in Jammu and Kashmir

Year	SSI Units (In No)	Percentage Growth Over Previous Year	Employment (In Persons)	Percentage Growth Over Previous Year	Estimated Employment Trend Value $Y=a+by$ $Y= -4153.498 + 4.66X$
1990-91	29963	6.37	131164	6.22	135474.1
1991-92	32250	7.63	141791	8.10	146131.5
1992-93	33445	3.70	146143	3.06	151700.2
1993-94	34548	3.29	150628	3.06	156840.2
1994-95	35592	3.021	154692	2.69	161705.2
1995-96	36821	3.45	159617	3.18	167432.4
1996-97	38029	3.28	165064	3.41	173061.6
1997-98	39436	3.69	171962	4.17	179618.3
1998-99	40267	2.10	178004	3.51	183490.7
1999-2000	41950	4.17	183698	3.19	191333.5
2000-01	42808	2.04	187399	2.01	195331.8
2001-02	43689	2.05	193285	3.14	199437.2
2002-03	44707	2.33	197578	2.22	204181.1
2003-04	45672	2.15	203428	2.96	208678
2004-05	46818	2.50	209322	2.89	214018.4
2005-06	48224	3.00	219127	4.68	220570.3
2006-07	49426	2.49	225963	3.11	226171.7
2007-08	50472	2.11	230552	2.03	231046
2008-09	51443	1.92	235918	2.32	235570.9
2009-10	52631	2.30	243411	3.17	241107
2010-11	53544	1.73	251551	3.34	245361.5
2011-12	54714	2.18	260393	3.51	250813.7
2012-13	55742	1.87	267194	2.61	255604.2
2013-14	56660	1.64	274011	2.55	259882.1
2014-15	57788	1.98	276680	0.97	265138.6
2015-16	58596	1.39	283105	2.68	268903.9
2016-17	59223	1.07	288524	1.91	271088.4
2017-18	59899	1.14	295348	2.36	274068.6
CAGR 1990-2000	3.74	-	3.74	-	-
CAGR 2001-2010	2.30	-	2.91	-	-
CAGR 2011-2016	1.60		2.29	-	-

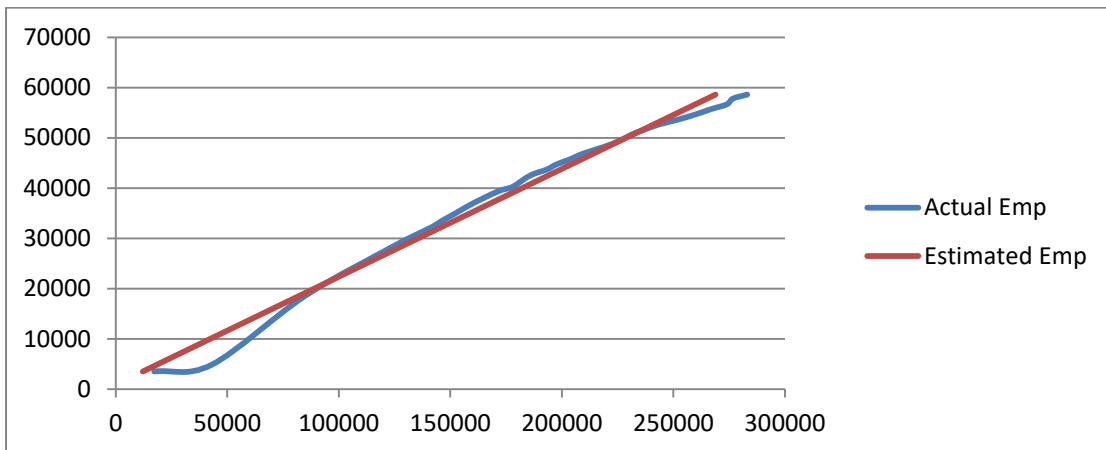
Source: Directorate of Economics & Statistics Government of Jammu & Kashmir

Figure 3.3: Small Scale Industrial units and Employed Persons in Jammu and Kashmir



Source: Computed from table 3.9 above.

Figure 3.4: Trend line of Employment in the Small Scale Industries of J&K



The Graph 4 explains the number of units and employment in the small scale industrial by using trend value. So as to obtain the value of intercept and slope in the equation ($y = a + bx$) in which the (y) is Dependent variable i.e. employment and (a) is slope and (bx) is independent variable i.e. number of units. The correlations of these two variables are positive i.e. (0.99). The explanation for the correlation between these two variables is that employment is largely dependent on units, as the number of unit's increases, the employment also increases. The trend $Y = 4153.498 + 4.66X$ depicts that when number of units are increased by 1, employment increases by 4.66 that is, on an average 4 persons are getting employment. Therefore, the figure shows that with an increase in number of units the employment is also increasing positively the trend value calculated from the regression equation ($Y = -4153.498 +$

4.66X) during the reference period of 1990 to 2015-16, shows that there is little variance between the actual employment and estimated in small scale industries in Jammu and Kashmir, which means that there is positive relation between the increase in number of Units and employment generation. The value of coefficient of determination R^2 is 0.98 shows goodness of fit of model.

3.10: Performance of Prime Minister Employment Generation Programme by Industry in State

The Government of India has implemented a credit linked subsidy Programme which is known as Prime Minister's Employment Generation Programme (PMEGP). The PMEGP was introduced in 2008 by merging two schemes namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) in the country. The PMEGP scheme is meant to empower the first generation of entrepreneurs and to generate employment through the establishment of micro enterprises in India (Choudhury and Ghosh 2015). The scheme is administered by the Ministry of Micro, Small & Medium Enterprises, under this scheme loan is provided by banks in conjunction with margin money assistance from the Khadi and Village Industries Commission board. The Village Industries Commission and District Industries & Commerce Centre (DICC) are the implementing agencies of the Prime Minister's Employment Generation Programme (PMEGP) at the State level.

Nonetheless, Under PMEGP scheme, the General category beneficiaries can avail a margin money subsidy of 25 percent on project cost. However, for the beneficiary who belongs to special categories such as Scheduled Castes, Scheduled Tribes, OBCs, minorities, women, ex-servicemen and beneficiaries belonging from North Eastern Region, Hill and Border areas will get a margin money subsidy of 35 percent. Under this scheme, the maximum cost of project is rupees 25 lakh in the manufacturing sector and rupees 10 lakh in the service sector. Nonetheless, the PMEGP has played a vital role in providing employment in India. However, in case of Jammu and Kashmir, the PMEGP has not shown a positive impact on state's economy. The role of PMEGP in terms of creating new industrial units and also for creating new employment opportunities is not showing a satisfactory trend. The number of units has declined from 2999 in 2008 to 950 in 2016. Similarly, employment has also declined from 43865 persons in 2008 to 5248 persons in 2016. Therefore, the table 2 depicted below

shows that the highest number of Industrial units under this scheme was established in 2008 i.e. 2999 units with an employment of 43865 persons were generated in the state, and after that the growth of both industrial units and employment has declined drastically. Nonetheless, the average annual growth rate of units from 2008 to 2016 is showing a negative growth of -14.36 percent, while in case of employment it is showing a drastic decline of -26.50 percent. Similarly, in case of Project Cost and Bank Loans both of these are showing a negative average annual growth of -3.70 and -3.67 percent respectively in the recall period. Moreover, in case of Margin Money, it is showing a negative growth of -0.83 percent. Nonetheless, the overall table shows that after 2008, the PMREGP scheme has undergone in a sluggish growth in Jammu and Kashmir. Therefore, the Khadi and Village Industries Board of Jammu and Kashmir must pay a special focus to revamp its growth and performance in the state. So that PMREGP scheme can help to create more employment opportunities and entrepreneurship development in the state.

Table 3.10: Performance of Prime Minister Rural Employment Generation Programme by Industry in the State

Units and Employment is in Numbers					Amount is in Lakh					
Year	No of Units	% Change	Project cost	% Change	Bank Loans	% Change	Margin Money	% Change	Employment person	% Change
2008	2999		6447.38		6081.39		1753.54		43865	
2009	1544	-48.52	3176	-50.74	2986.76	-50.89	1085.77	-38.08	9966	-77.28
2010	1150	-25.52	3227.58	1.62	3053.71	2.24	1093.13	0.68	7989	-19.84
2011	1282	11.48	4196.86	30.03	3971.27	30.05	3435.02	214.24	9020	12.91
2012	1224	-4.52	5029.73	19.85	4766.44	20.02	1736.78	-49.44	10251	13.65
2013	738	-39.71	3653.75	-27.36	3457.77	-27.46	1251.23	-27.96	5063	-50.61
2014	1173	58.94	5479.83	49.98	5187.46	50.02	1875.72	49.91	7621	50.52
2015	949	-19.10	4637.46	-15.37	4385.68	-15.46	1588.6	-15.31	6542	-14.16
2016	950	0.11	4793.07	3.36	4532.42	3.35	1640.83	3.29	5248	-19.78
CAGR	-14.3	-	-3.7	-	-3.6	-	-0.83	-	-26.5	-

Source: Directorate of Economics & Statistics Government of Jammu & Kashmir

3.11: Conclusion

The Micro, Small and Medium Enterprises have become cornerstones of Indian economy, because these categories of enterprises is playing an essential role in providing employment opportunities, entrepreneurship development, and poverty alleviation and also helps in bringing rural and urban industrialization in India. However, though MSME sector is the backbone of Indian economy, it has yet to achieve a big milestone, because there is significant inequalities in the distribution of MSME units and employment in India. Uttar Pradesh and West Bengal are the two major states which are showing a significant growth in the development of MSMEs in India and in rest of the states their growth is much sluggish. Moreover, above study finds that after 2007 the Micro, Small and Medium enterprises have taken shift from rural to urban areas, a large number of MSME enterprises have been established at urban areas as compared to rural areas. The highest growth can be seen among Micro units in almost all states of India, as compared to Small scale enterprises. However, the MSME sector has increased the female entrepreneurship in India. The number of female entrepreneur's ownership has increased by more than double during 2007-2016 but the entrepreneurship among the socially disadvantage groups which mainly consists schedule caste and schedule tribe categories is not showing much positive impact. The enterprises ownership among ST category, has declined from 2006 to 2016, while as, in case of SC category it is showing a negligible growth.

The study concluded that the state of Jammu and Kashmir followed the pathway of industrialization for removing the economic backwardness through small scale industrial sector in the state. But due to various factors such as financial constraints, infrastructures bottlenecks, supply of raw material, geographical location and political dispute has led to the stationary growth in the state. The study shows that during 1990-2000, the compound annual growth rate of both units and employment has remained low i.e. 3.74 percent each. But after 2001-2010, the annual compound growth rate of both industrial units and employment has declined to 2.30 percent and 2.91 percent, which has further declined to 1.60 percent in units and 2.29 percent for employment during 2010-2016. Possibly the reason for declining growth for both SSI units and employment is mainly attributed with ongoing disturbances in the state, which obstructs private investment opportunities in SSI sector.

Appendix 1: State-wise Distribution Estimated Number of MSMEs in India (In Lakh)

State/UT	MSME Census 2006-07			NSS 73th Round Survey				change Micro	change Small
	Micro	Small	Total	Micro	Small	Medium	Total		
Jammu and Kashmir	2.17	0.00	2.17	7.06	0.03	0.00	7.09	4.89	0.03
Himachal Pradesh	2.06	0.21	2.27	3.86	0.06	0.00	3.92	1.8	-0.15
Punjab	14.03	0.13	14.16	14.56	0.09	0.00	14.65	0.53	-0.04
Chandigarh	0.58	0.00	0.58	0.56	0.00	0.00	0.56	-0.02	0
Uttarakhand	3.51	0.11	3.62	4.14	0.02	0.00	4.16	0.63	-0.09
Harayana	8.41	0.01	8.41	9.53	0.17	0.00	9.7	1.12	0.16
Delhi	5.67	0.27	5.94	9.25	0.11	0.00	9.36	3.58	-0.16
Rajasthan	14.88	0.12	15.00	26.66	0.20	0.01	26.87	11.78	0.08
Uttar Pradesh	51.73	0.03	51.76	89.64	0.36	0.00	90	37.91	0.33
Bihar	15.95	0.02	15.97	33.41	0.04	0.00	33.45	17.46	0.02
Sikkim	0.56	0.00	0.56	0.26	0.00	0.00	0.26	-0.3	0
Arunachal Pradesh	0.82	0.00	0.82	0.22	0.13	0.00	0.35	-0.6	0.13
Nagaland	1.00	0.00	1.00	0.91	0.00	0.00	0.91	-0.09	0
Manipur	1.38	0.00	1.38	1.80	0.00	0.00	1.8	0.42	0
Mizoram	0.30	0.00	0.30	0.35	0.00	0.00	0.35	0.05	0
Tripura	0.53	0.00	0.53	2.10	0.01	0.00	2.11	1.57	0.01
Meghalaya	1.04	0.00	1.04	1.12	0.00	0.00	1.12	0.08	0
Assam	4.47	0.01	4.48	12.10	0.04	0.00	12.14	7.63	0.03
West Bengal	54.66	0.27	54.93	88.41	0.26	0.01	88.68	33.75	-0.01
Jharkhand	8.24	0.00	1.04	15.78	0.10	0.00	15.88	7.54	0.1
Orissa	21.86	0.08	21.94	19.80	0.04	0.00	19.84	-2.06	-0.04
Chhattisgarh	4.68	0.00	4.68	8.45	0.03	0.00	8.48	3.77	0.03
Madhya Pradesh	17.31	0.00	17.32	26.42	0.31	0.01	26.74	9.11	0.31
Gujrat	21.95	0.02	21.97	32.67	0.50	0.00	33.17	10.72	0.48
Daman & Diu	0.03	0.00	0.03	0.08	0.00	0.00	0.08	0.05	0
Dadra & Nagar Haveli	0.07	0.00	0.07	0.15	0.01	0.00	0.16	0.08	0.01
Maharashtra	24.51	0.21	24.72	47.60	0.17	0.00	47.77	23.09	-0.04
Andhra Pradesh	34.64	0.51	35.15	33.74	0.13	0.00	33.87	-0.9	-0.38
Karnataka	22.04	0.54	22.58	38.25	0.09	0.00	38.34	16.21	-0.45
Goa	0.86	0.00	0.86	0.70	0.00	0.00	0.7	-0.16	0
Lakshadweep	0.05	0.00	0.05	0.02	0.00	0.00	0.02	-0.03	0
Kerala	26.67	0.32	26.89	23.58	0.21	0.00	23.79	-3.09	-0.11
Tamil Nadu	38.43	0.47	38.89	49.27	0.21	0.00	49.48	10.84	-0.26
Puducherry	0.25	0.00	0.25	0.96	0.00	0.00	0.96	0.71	0
A & N Islands	0.18	0.00	0.18	0.19	0.00	0.00	0.19	0.01	0
Telangana	-	-	-	25.94	0.10	0.00	26.04	25.94	0.1
ALL INDIA	405.52	3.32	408.85	629.54	3.42	0.05	632.99	224.02	0.09

Source: MSME Survey 2006-07 & MSME Annual Report 2018-19

Appendix 2 : State-wise Estimated Number of Employees Working in MSMEs in India (In Lakh)

State/UT	MSME Census 2006-07			NSS 73th Round Survey			change Female	Change Male
	Female	Male	Total	Female	Male	Total		
Jammu and Kashmir	0.21	1.96	2.17	1.50	9.37	10.88	1.29	7.41
Himachal Pradesh	0.16	2.11	2.27	1.13	5.29	6.43	0.97	3.18
Punjab	1.06	13.10	14.16	4.24	20.55	24.80	3.18	7.45
Chandigarh	0.07	0.51	0.58	0.12	1.17	1.29	0.05	0.66
Uttarakhand	0.29	3.33	3.62	0.69	5.91	6.60	0.4	2.58
Harayana	0.32	8.09	8.41	2.78	16.27	19.06	2.46	8.18
Delhi	1.23	4.71	5.94	2.41	20.59	23.00	1.18	15.88
Rajasthan	1.43	13.57	15	8.01	38.31	46.33	6.58	24.74
Uttar Pradesh	3.08	48.68	51.76	27.27	137.92	165.26	24.19	89.24
Bihar	1.45	14.52	15.97	4.79	48.26	53.07	3.34	33.74
Sikkim	0.18	0.37	0.56	0.14	0.31	0.45	-0.04	-0.06
Arunachal Pradesh	0.22	0.60	0.82	0.11	0.29	0.41	-0.11	-0.31
Nagaland	0.26	0.75	1.01	0.59	1.18	1.77	0.33	0.43
Manipur	0.41	0.97	1.38	1.40	1.52	2.92	0.99	0.55
Mizoram	0.07	0.22	0.30	0.28	0.34	0.62	0.21	0.12
Tripura	0.10	0.43	0.53	0.44	2.51	2.95	0.34	2.08
Meghalaya	0.23	0.82	1.04	0.72	1.19	1.91	0.49	0.37
Assam	0.66	3.82	4.48	1.78	16.37	18.15	1.12	12.55
West Bengal	7.72	47.22	54.93	43.51	91.95	135.52	35.79	44.73
Jharkhand	0.61	7.63	8.24	5.57	19.34	24.91	4.96	11.71
Orissa	4.58	17.36	7.24	8.37	24.87	33.26	3.79	7.51
Chhattisgarh	0.43	4.25	4.68	4.07	12.79	16.86	3.64	8.54
Madhya Pradesh	1.97	15.34	17.32	10.13	38.61	48.80	8.16	23.27
Gujrat	1.06	20.91	21.97	13.71	47.44	61.16	12.65	26.53
Daman & Diu	0.00	0.03	0.03	0.02	0.12	0.14	0.02	0.09
Dadra & Nagar Haveli	0.01	0.06	0.07	0.07	0.29	0.36	0.06	0.23
Maharashtra	1.77	22.95	24.72	17.97	72.77	90.77	16.2	49.82
Andhra Pradesh	5.27	29.88	24.72	21.01	34.98	55.99	15.74	5.1
Karnataka	4.17	18.41	22.58	19.73	51.11	70.84	15.56	32.7
Goa	0.10	0.76	0.87	0.41	1.20	1.60	0.31	0.44
Lakshadweep	0.03	0.02	0.05	0.0	0.02	0.14	-0.03	0
Kerala	6.24	20.75	26.98	13.77	30.86	44.64	7.53	10.11
Tamil Nadu	7.77	31.33	38.89	32.27	64.45	96.73	24.5	33.12
Pudicherry	0.07	0.18	0.25	0.57	1.27	1.84	0.5	1.09
A & N Islands	0.02	0.16	0.18	0.10	0.29	0.39	0.08	0.13
Telangana	-	-	-	15.24	24.91	40.16	-	-
ALL INDIA	53.24	355.60	409.5	264.92	844.62	1109.54	211.67	488.82

Source: MSME Survey 2006-07 & MSME Annual Report 2018-19



Chapter 4

Socio-Economic Profile of the Study Area



CHAPTER 4

Socio-Economic Profile of the Study Area

Introduction

Social development of a society or a community is the best reflection of quality life of a people. Social status plays a crucial role in determining the economic development of a country. The term socio-economic status is a combined word of economic and sociological conditions of person together, which reflects the income, education, health, occupation and other important indicators of individuals. Nonetheless, better socio-economic development of a society helps to reduce disparities, assuring social justice and helps in improving the quality of life in a country. Moreover, social status of a person, such as education, housing facility, health, sanitation, and drinking water facility determines the person's social and economic wellbeing. Further, it is social status through which an individual can be categorized into below poverty line and above poverty line etc. (Chan and Goldhorpe, 2010).

Occupational distribution always plays a crucial role in the economic development of a country, because occupational pattern reflects the economic activities and socio-economic conditions of labor force in the economy. Further, changes in occupational structure with decent jobs are highly associated with economic development. Level of per capita income increases as more and more work-force in a country shifts from primary sector to secondary sector and then from secondary sector to tertiary sector. Therefore, present chapter analyses the social and economic status of surveyed industrial labors in Jammu and Kashmir. It is important to study the social status of these workers and to analyze their income patterns, earnings and the quality of life, by taking consideration of education and health status, housing facility, drinking water facility, sanitation, electricity facility, assets, expenditures on various items, food security through public distribution system and savings of these households. The present chapter is based on 210 samples, 30 samples each from 7 areas of Jammu and Kashmir i.e. South Kashmir, Central Kashmir, North Kashmir, South Jammu, Central Jammu, North Jammu and Ladakh collected from the industrial workers in a separate interview schedule. The present chapter analyses the overall socio-economic status of

industrial workers in Jammu and Kashmir. The socio-economic index is also constructed in this chapter to analyse the differences in socio-economic conditions of industrial workers in Jammu and Kashmir.

4.1: Gender Wise Distribution of Industrial Workers

Economic development is directly influencing on the living standard of both male and female workers in the country. In present era, female workers are equally contributing in the economic development of any country throughout world (Hunt, and Samman, 2016). However, in context of India, there is a significant gender gap in the labor market. Business enterprises are giving more preferences to male workers as compared to female workers and same is true in case of industrial workers. The entrepreneurs in industrial units are giving more preferences to male workers as compared to female workers. Therefore, this section highlights gender wise distribution of industrial workers in Jammu and Kashmir. Table 4.1 shows that in Kashmir division, hardly 4.44 percent of female workers are working in small scale industries and 95.56 percent of workers are male workers. While in Jammu and Ladakh division all 100 percent of industrial workers are belonging to male category. However, the area wise analysis shows that in North Kashmir 13.33 percent of workers are female workers and 86.67 percent are male workers. Therefore, overall results show that the entrepreneurs of small scale industries prefer more male workers as compared to female workers. It is mainly because of the nature of work, the entrepreneurs are given more preferences to male workers as compared to female workers.

Table 4.1: Gender Wise Distribution of Industrial Workers

District	Male	Female	Total
South Kashmir	30 (100.00)	0 (0.00)	30 (100.00)
Central Kashmir	30 (100.00)	0 (0.00)	30 (100.00)
North Kashmir	26 (86.67)	4 (13.33)	30 (100.00)
Ladakh	30 (100.00)	0 (0.00)	30 (100.00)
South Jammu	30 (100.00)	0 (0.00)	31 (100.00)

Central Jammu	30 (100.00)	0 (0.00)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	30 (100.00)
Division Wise			
Kashmir	86 (95.56)	4 (4.44)	90 (100.00)
Jammu	90 (100.00)	0 (0.00)	90 (100.00)
Ladakh	30 (100.00)	0 (0.00)	30 (100.00)
Total	206 (98.10)	4 (1.90)	210 (100.00)
Pearson chi2(6) = 24.4660 Pr = 0.000			
Pearson chi2(2) = 5.4369 Pr = 0.066			

Source: Field Survey Data.

4.2 Distribution of Industrial Workers by Marital Status

Marital status has implications on individual's occupation. Marital status has been classified as un-married, married, and marriage problems which includes divorce and separation (Han. *et.al*, 2014). Therefore, table 4.2 shows the distribution of marital status among industrial workers of Jammu and Kashmir. The results show that in Kashmir division 82.22 percent of workers are married, while in Jammu division it comprises 90 percent and in Ladakh it comprises 63.33 percent. However, area wise analysis shows that in South Kashmir 70 percent of workers are married and 30 percent are un-married, while in Central and North Kashmir majority of workers are married, which comprises 93.33 percent and 83.33 percent respectively. Similarly, in South Jammu 86.67 persons are married, followed by Central Jammu 93.33 percent and North Jammu 90 percent. While, a little percentage which comprises 13.33 percent from South Jammu, 6.67 percent from Central Jammu and 10 percent from North Jammu are unmarried. Therefore, the overall table shows that majority of the workers in both area and divisions are married.

Table 4.2 Distribution of Marital Status among Industrial Workers

Area Wise	Un-Married	Married	Total
South Kashmir	9 (30.00)	21 (70.00)	30 (100.00)
Central Kashmir	2 (6.67)	28 (93.33)	30 (100.00)

North Kashmir	5 (16.67)	25 (83.33)	30 (100.00)
Ladakh	11 (36.67)	19 (63.33)	30 (100.00)
South Jammu	4 (13.33)	26 (86.67)	31 (100.00)
Central Jammu	2 (6.67)	28 (93.33)	30 (100.00)
North Jammu	3 (10.00)	27 (90.00)	30 (100.00)
Division Wise			
Kashmir	16 (17.78)	74 (82.22)	90 (100.00)
Jammu	9 (10.00)	81 (90.00)	90 (100.00)
Ladakh	11 (36.67)	19 (63.33)	30 (100.00)
Total	36 (17.14)	174 (82.86)	210 (100.00)

Source: Field Survey Data

4.3: Distribution of Workers by Social Groups

Social category reflects the social structure of a society. Social stratification is a manmade characteristic in a society, which reflects unequal distribution of social resources among various categories of people living in a society and is based on factors like wealth, income, race, education etc. (Jahan, 2017). Therefore, this section explores the social category wise distribution of industrial workers. Results of table 4.3 show that in Kashmir and Jammu division majority of workers, which comprises 84.45 percent are belonging to General category groups, while in Ladakh division all 100 percent workers are belonging from ST category. However, in Jammu division 56.67 percent of workers are belonging from General category and 33.33 percent are belonging from ST category and 10 percent are belonging from OBC category. Similarly, area wise analysis show that 90 percent of workers from South Kashmir, 86.67 percent from Central Kashmir and 76.67 from North Kashmir are belonging from General category. On the other hand, 10 percent from South Kashmir, 13.33 percent from Central Kashmir and 23.33 percent from North Kashmir are belonging to OBC category. Similarly, in South Jammu 96.67 percent are belonging from General category, followed by Central Jammu 73.33 percent. While as, 3.33 percent from South Jammu and 26.67 percent from Central Jammu are belonging to OBC

category. Moreover, in case of North Jammu all 100 percent of workers are belonging to ST category. Therefore, the overall table shows that majority of the workers from Kashmir and Jammu division except North Jammu area are belonging to General category.

Table 4.3: Social Category Wise Distribution of Workers

District	Gen	OBC	SC	ST	TOTAL
South Kashmir	27 (90.00)	3 (10.00)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	26 (86.67)	4 (13.33)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	23 (76.67)	7 (23.33)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
South Jammu	29 (96.67)	1 (3.33)	0 (0.00)	0 (0.00)	30 (100.00)
Central Jammu	22 (73.33)	8 (26.67)	0 (0.00)	0 (0.00)	30 (100.00)
North Jammu	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
Division Wise Social Category					
Kashmir	76 (84.45)	15 (15.55)	0 (0.00)	0 (0.00)	90 (100.00)
Jammu	51 (56.67)	9 (10.00)	0 (0.00)	30 (33.33)	90 (100.00)
Ladakh	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
Total	127 (60.48)	16 (7.62)	6 (2.86)	61 (29.05)	210 (100.00)
Area Wise	Pearson chi2(12) = 221.9343 Pr = 0.000				
Division Wise	Pearson chi2(4) = 112.0096 Pr = 0.000				

Source: Field Survey Area

4.4: Religion Wise Distribution of Industrial Workers

India is a plural country, where people from different faiths live side by side. The religious diversity of India is having a long history (Bhawuk, 2012). Therefore, it is necessary to examine the religion wise distribution of industrial workers in the study regions. Table 4.4 below shows that in case of Kashmir division, majority of workers, which comprises 91.11 percent are belonging from Islam religion, followed by 65.56 percent in Jammu division, while in Ladakh division all 100 percent are belonging from Islam religion. However, the area wise analysis shows that in Central and South Kashmir all the workers are belonging from Islam religion, while in North Kashmir 73.33 percent of workers are belonging from Islam and 26.67 percent are belonging

from Hindu religion. Similarly, in case of South Jammu 96.67 percent of workers are belonging from Islam, followed by North Jammu 90 percent. While, in Central Jammu majority of workers which comprises 90 percent are belonging from Hindu religion. Moreover, 3.33 percent of workers from North Jammu are belonging from Sikh religion. Therefore, the overall results are showing that the majority of workers from all three divisions are belonging from Islam religion.

Table 4.4: Religion Wise Distribution of Industrial Workers

District	Hindu	Islam	Sikh	Total
South Kashmir	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
Central Kashmir	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
North Kashmir	8 (26.67)	22 (73.33)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
South Jammu	1 (3.33)	29 (96.67)	0 (0.00)	30 (100.00)
Central Jammu	27 (90.00)	3 (10.00)	0 (0.00)	30 (100.00)
North Jammu	2 (6.67)	27 (90.00)	1 (3.33)	30 (100.00)
Division Wise				
Kashmir	8 (8.89)	82 (91.11)	0 (0.00)	90 (100.00)
Jammu	30 (33.33)	59 (65.56)	1 (1.11)	90 (100.00)
Ladakh	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
Total	38 (18.10)	171 (81.43)	1 (0.48)	210 (100.00)
Area wise Pearson $\chi^2(12) = 138.9766$ Pr = 0.000				
Division Wise Pearson $\chi^2(4) = 27.6179$ Pr = 0.000				

Source: Field Survey Data

4.5: Distribution of Educational Qualifications among Industrial Workers

Education plays a crucial role in raising the socio-economic conditions of people in a society. Nonetheless, highly educated persons are having chances of higher income as compared to those persons who are having less education (BIS, 2013). The great philosopher and Economist, Dr Bhimrao Ambedkar vividly highlighted the value and importance of education. He said, it is the education which is the right weapon to cut the social slavery and it is the education which will enlighten the downtrodden masses to come up and gain social status, economic betterment and political freedom (Dr.

B.R. Ambedkar Thought on Education). Table 4.5 below shows the distribution of industrial workers by educational status in Jammu and Kashmir and the results show that there are significant disparities in the educational qualifications of workers in all three divisions of Jammu and Kashmir. However, in Kashmir division majority of workers, which comprises 28.89 percent are having Middle school qualification, 25.56 percent are having high school qualification, 17.78 percent are having inter qualification and 8.89 percent are graduate. In Jammu division 30 percent of workers are having middle school qualification, 27.78 percent is having high school, followed by 20 percent are having inter qualification and 4.44 percent of workers are having graduation qualification, whereas 5.56 percent of the workers are illiterate in Jammu division. Moreover, in Ladakh division majority of the workers i.e. 40 percent are having Inter qualification, 26.67 percent are having high school qualification, 16.67 percent are having middle school qualification and 13.33 percent of workers are having graduation qualification respectively.

Similarly, in South Kashmir, majority of workers i.e. 36.67 percent are having high school qualification, in Central Kashmir majority of workers i.e. 33.33 percent are having middle qualification and in North Kashmir majority of workers, which comprises 40 are having primary educational qualifications. This indicates that in North Kashmir educational qualification of industrial workers is very low as compared to South and Central Kashmir. Similarly, in South Jammu 43.33 percent of industrial workers are having middle school qualification. In Central Jammu, majority of workers i.e. 43.33 percent are having inter qualification, while in North Jammu, 33.33 percent of workers are having middle school qualification. Therefore, the overall results show that in South Kashmir and Central Jammu, the education qualification of industrial workers is much higher as compared to other areas of Jammu and Kashmir.

Table 4.5: Educational Qualifications among Industrial Workers

District	Illiterate	Primary	Middle	High	Inter(+2)	Graduation	Total
South Kashmir	0 (0.00)	1 (3.33)	9 (30.00)	11 (36.67)	5 (16.67)	4 (13.33)	30 (100.00)
Central Kashmir	0 (0.00)	4 (13.33)	10 (33.33)	7 (23.33)	6 (20.00)	3 (10.00)	30 (100.00)
North Kashmir	0 (0.00)	12 (40.00)	7 (23.33)	5 (16.67)	5 (16.67)	1 (3.33)	30 (100.00)

Ladakh	0 (0.00)	1 (3.33)	5 (16.67)	8 (26.67)	12 (40.00)	4 (13.33)	30 (100.00)
South Jammu	0 (0.00)	5 (16.67)	13 (43.33)	10 (33.33)	2 (6.67)	0 (0.00)	31 (100.00)
Central Jammu	0 (0.00)	0 (0.00)	4 (13.33)	9 (30.00)	13 (43.33)	4 (13.33)	30 (100.00)
North Jammu	5 (16.67)	6 (20.00)	10 (33.33)	6 (20.00)	3 (10.00)	0 (0.00)	30 (100.00)
Total	5 (2.38)	29 (13.81)	58 (27.62)	56 (26.67)	46 (21.90)	16 (7.62)	210 (100.00)
Division Wise							
Kashmir	0 (0.00)	17 (18.89)	26 (28.89)	23 (25.56)	16 (17.78)	8 (8.89)	90 (100.00)
Jammu	5 (5.56)	11 (12.22)	27 (30.00)	25 (27.78)	18 (20.00)	4 (4.44)	90 (100.00)
Ladakh	0 (0.00)	1 (3.33)	5 (16.67)	8 (26.67)	12 (40.00)	4 (13.33)	30 (100.00)
Total	5 (2.38)	29 (13.91)	58 (27.62)	56 (26.67)	46 (21.90)	16 (7.62)	210 (100.00)
Area Wise	Pearson chi2(30) = 91.5707 Pr = 0.00						
Division Wise	Pearson chi2(10) = 20.5201 Pr = 0.025						

Source: Field Survey Data

4.6 Distribution of Workers by Number of Years in Job

A job is defined as an uninterrupted period of work in the same organization or with the same employer. However, if a person indicates that he or she has left a job, but in a subsequent period he /she returned to the same job, it is still counted as a new job. For example, if a person is working in a retail enterprise during the summer and then quits at the end of summer and then resumed working for the same employer in the spring, this would count as two jobs, rather than one job and for self-employed workers, each new job is defined by individuals themselves (Fidler, 2016). Therefore, this section explores number of working years of workers in job. Nonetheless, Small scale industrial development is a recent concept in Jammu and Kashmir, due to disturbances in state the pace of industrialization was sluggish, but after 2001 onwards the development of industrialization in the state has started with a new sustainable pace. The concept of industrial workers is merely a new job concept in the state. Therefore, this section analyses the distribution of job of the industrial workers in the enterprises. Table 4.6 shows that in case of Kashmir division, majority of workers, which comprises 37.78 of workers are working from 2 to 5 years in this job, 28.89 percent of workers are working from 6 to 10 years and 26.67 percent of

workers are working from 11 to 15 years. Similarly, in Jammu division majority of workers, which comprises 52.22 of workers are working from 2 to 5 years in this job, followed by 25.26 percent which are working from last 6 to 10 years and 20 percent of workers are working from last 11 to 15 years in this job. Moreover, in Ladakh division majority of workers which comprises, 73.33 percent are working from 2 to 5 years, followed by 16.67 percent of workers are working from last 6 to 10 years in this job and 10 percent of workers are working from 11 to 15 years in this job.

Similarly, area wise analysis shows that in South Kashmir, majority of workers i.e. 40 percent are working from last 2 to 5 years and 33.33 percent are working from 6 to 10 in this job. In Central Kashmir, majority of workers i.e. 43.33 percent are working from 11 to 15 years and 36.67 percent are working from last 2 to 5 years. While in North Kashmir 36.67 percent of working from last 2 to 5 years, 33.33 percent are working from 6 to 10 years and 30 percent are working from last 11 to 15 years. Similarly, in South Jammu majority of workers, which comprises 50 percent are working from last 2 to 5 years, 40 percent are working from 6 to 10 years and 6.67 percent are working from 11 to 15 years in this job. Moreover, in case of Central Jammu majority of workers i.e. 50 percent are working from last 11 to 15 years in a job, 30 percent are working from 2 to 5 years and 20 working from 6 to 10 years in a job. However, in North Jammu here majority of workers which comprises 49.05 percent are working from 2 to 5 years, 25.71 percent are working from 6 to 10 years and 21.43 percent are working from 11 to 15 years in this job respectively. Then to conclude, majority of workers in the study regions have been working from 2 to 5 years.

Table 4.6: Distribution of Workers by Number of Years in Job

District	One year	2 to 5 Years	6 to 10 years	11 to 15 years	Total
South Kashmir	6 (20.00)	12 (40.00)	10 (33.33)	2 (6.67)	30 (100.00)
Central Kashmir	0 (0.00)	11 (36.67)	6 (20.00)	13 (43.33)	30 (100.00)
North Kashmir	0 (0.00)	11 (36.67)	10 (33.33)	9 (30.00)	30 (100.00)
Ladakh	0 (0.00)	22 (73.33)	5 (16.67)	3 (10.00)	30 (100.00)
South Jammu	1 (3.33)	15 (50.00)	12 (40.00)	2 (6.67)	31 (100.00)

Central Jammu	0 (0.00)	9 (30.00)	6 (20.00)	15 (50.00)	30 (100.00)
North Jammu	1 (3.33)	23 (76.67)	5 (16.67)	1 (3.33)	30 (100.00)
Division Wise					
Kashmir	6 (6.67)	34 (37.78)	26 (28.89)	24 (26.67)	90 (100.00)
Jammu	2 (2.22)	47 (52.22)	23 (25.56)	18 (20.00)	90 (100.00)
Ladakh	0 (0.00)	22 (73.33)	5 (16.67)	3 (10.00)	30 (100.00)
Total	8 (3.81)	103 (49.05)	54 (25.71)	45 (21.43)	210 (100.00)
Area Wise	Pearson chi2(18) = 76.2201 Pr = 0.000				
Division Wise	Pearson chi2(6) = 14.1650 Pr = 0.028				

Source: Field Survey Data.

4.7: Distribution Task assigned by Entrepreneurs to Industrial Workers

In small scale industries the entrepreneurs are always providing a work task for their employees. This task mainly includes completing of work at its assigned time period etc. Sometimes this task of work leads to exploitation of workers in the form of health problems. So this section explores the work task assigned by entrepreneurs to workers. A question was asked to workers through interview schedule that whether, your entrepreneur set any task to you during work? These tasks include finishing of work on an appropriate time, packing of goods without any delay, proper maintenance etc. Table 4.7 shows that in Kashmir division 50 percent of workers responded yes, that their entrepreneurs are setting a work task to finish the assigned work on time. In Jammu division 33.33 percent of workers said that their entrepreneurs are setting work task for them. In Ladakh division none of the worker responded that there entrepreneurs are setting any work task for them. It is mainly because in Ladakh division, there is very low competition of industrial units and there market demand is in equilibrium, due to which entrepreneurs are not providing any work task to their workers. Similarly, area wise analysis shows that in South Kashmir 76.67 percent of workers responded that their entrepreneurs are setting work task for them, which is 73.33 percent in Central Kashmir and none of worker from North Kashmir division has responded that their entrepreneurs is not setting any work task for them. Similarly, in South and North Jammu none of the worker responded that their entrepreneur is setting any work task for them, while in Central Jammu all 100 percent of workers are facing work task. Therefore, the overall results shows that in Kashmir division the

workers exploitation is higher compared to Jammu and Ladakh division. As per the concept of decent work launched by ILO in 1999, it is mentioned that the fundamental rights of workers should be maintained at work place without putting any work load. Therefore, as per ILO decent work concept, setting up work task for the workers is an exploitation of workers.

Table 4.7: Distribution Task assigned by Entrepreneurs to Industrial Workers

District	Yes	NO	Finish the Assigned Work	Total
South Kashmir	23 (76.67)	7 (23.33)	23 (100.00)	30 (100.00)
Central Kashmir	22 (73.33)	8 (26.67)	22 (100.00)	30 (100.00)
North Kashmir	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
South Jammu	0 (0.00)	30 (100.00)	0 (0.00)	31 (100.00)
Central Jammu	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Jammu	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
Division Wise				
Kashmir	45 (50.00)	45 (50.00)	45 (100.00)	90 (100.00)
Jammu	30 (33.33)	60 (66.67)	30 (100.00)	90 (100.00)
Ladakh	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
Total	75 (35.71)	135 (64.29)	75 (100.00)	210 (100.00)

Source: Field Survey Data

4.8: Distribution of Workers by Health Problems

The Concept of decent work launched by ILO focus that workers should enjoy leisure from work without getting exploited by employer's, in-terms income, wage rates, health and social security (Ferraro, *et.al* 2015). Therefore, this section explores the health problems of workers faced by work. As we have already discussed above that entrepreneurs are giving work tasks to workers, due to which some workers are facing health problems. Table 4.8 below shows that in case of Kashmir division 31.11 percent of workers are facing health problems with work, in which 22.22 percent are

facing back pain, 3.33 percent are facing headache and 5.56 percent are facing eye sight problems. While in Jammu and Ladakh division none of the respondent has responded that they are facing health problems, it is mainly because in both Jammu and Ladakh division, majority of entrepreneurs are not providing work tasks to their workers. Similarly, in case of area wise analysis the results show that in South Kashmir 26.67 percent of workers are facing health problems in which, 16.67 percent are facing Back pain and 10 percent of workers are facing headache problems due to work. In Central Kashmir 33.33 percent of workers are facing health problems, in which 16.67 percent are facing back pain and 16.67 percent are facing eye sight problems. Moreover, in case of North Kashmir 33.33 percent of workers are facing health problem in which all 33.33 percent are facing back pain health problem. However, the possible reason for facing health problems is work load with long working hours. The long working hours such as to work 12 hours in a day is also responsible for health problems, which is discussed in next section of this study.

Table 4.8: Health Problems of Workers

District	Yes	No	Back Pain	Headache	Eye sight Problem	Total
South Kashmir	8 (26.67)	22 (73.33)	5 (16.67)	3 (10)	0 (0.00)	30 (100.00)
Central Kashmir	10 (33.33)	20 (66.67)	5 (16.67)	0 (0.00)	5 (16.67)	30 (100.00)
North Kashmir	10 (33.33)	20 (66.67)	10 (33.33)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	0 (0.00)	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Central Jammu	0 (0.00)	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Jammu	0 (0.00)	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Division Wise						
Kashmir	28 (31.11)	62 (68.69)	20 (22.22)	3 (3.33)	5 (5.56)	90 (100.00)
Jammu	0 (0.00)	90 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	90 (100.00)
Ladakh	0 (0.00)	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	28 (13.33)	182 (86.87)	20 (71.43)	3 (10.71)	5 (17.86)	210 (100.00)

4.9: Distribution of Workers by Monthly Income

Income always plays a vital role in determining the socio-economic condition of individuals. It is the income which decides the above and below poverty line among the masses. Nonetheless, the higher income is always determined by decent work. The International Labour Organization (ILO) launched the concept of decent work in 1999 in the ILO conference of 87 session of employment, social protection, workers' rights and social dialogue (Ghai, 2003). The decent work helps to reduce poverty among the masses and to improve the socio-economic conditions of the workers. Table 4.9 shows that in Kashmir division, majority of workers which comprises 34.44 percent are getting monthly salary of 5001 to 8000 rupees per month, 23.33 percent are getting 8001 to 12000 rupees per month, 18.89 percent are getting 12001 to 1500 rupees, 16.67 percent are getting 15001 to 20000 rupees and 1.11 percent are getting 20001 to 25000 rupees per month, only 5.56 percent workers are getting lower income 1000 to 5000 rupees per month. However, in Jammu division, 20 percent of workers are getting a low income of rupees 1000 to 5000 rupees percent, 31.11 percent are getting 5001 to 8000 rupees, 24.44 percent are getting 8001 to 12000 rupees, 13.33 percent are getting 12001 to 15000 rupees, 6.67 percent are getting 15001 to 20000 rupees and 4.44 percent are getting 20001 to 25000 rupees per month. In Ladakh division, majority of workers which comprises 60 percent are getting monthly income of 8001 to 12000 rupees per month, 23.33 percent are getting 5001 to 8000 rupees per month, 13.33 percent are getting 12001 to 15000 rupees and 3.33 percent are getting 15001 to 20000 rupees per month.

Similarly, area wise analysis shows that in South Kashmir, majority of workers, which comprises 40 percent, are getting monthly income of 5001 to 8000 rupees per month, 33.33 percent are getting 8001 to 12000 rupees. 16.67 percent workers and 10 percent workers are getting 12001 to 15000 and 15001 to 20000 rupees respectively. In Central Kashmir, 33.33 percent of workers are getting monthly of 5001 to 8000 rupees per month, while 16.67 each are getting 8001 to 12000 and 12001 to 15000 rupees respectively and 3.33 are getting 20001 to 25000 rupees per month and 30 percent are getting 15001 to 20000 rupees per month respectively. However, in North Kashmir 16.67 percent are getting 1000 to 5000 rupees per month, while 30 percent of workers are getting 5001 to 8000 rupees, 23.33 percent are getting 12001 to 15000

rupees per month, 20 percent are getting 8001 to 12000 rupees per month and 10 percent of workers are getting 15001 to 20000 rupees per month.

Moreover, in South Jammu 10 percent of workers are getting monthly income of 1000 to 5000 rupees, which is lowest income. However, 60 percent are getting 5001 to 8000 rupees per month and 30 percent of workers are getting monthly income of 8001 to 12000 rupees per month. In Central Jammu, majority of workers which comprises 40 percent are getting monthly income of 12001 to 15000 rupees, 33.33 percent are getting monthly income of 15001 to 20000 rupees and 26.67 percent are getting 8001 to 12000 rupees per month. In North Jammu, majority of workers i.e. 50 percent are getting 1000 to 5000 rupees per month which is quite low as compared to other areas, 33.33 percent of workers are getting 5001 to 8000 rupees and 16.67 percent of workers are getting 8001 to 12000 rupees per month. Therefore, the overall results show that in North Jammu, South Jammu and also in North Kashmir, the workers are getting low wage rates as compared to other areas. It is mainly because these are rural and industrially backward areas of the state, due to which the prevailing wage rates in these areas are very low.

Table 4.9: Distribution of Monthly Income of Workers

District	1000-5000	5001-8000	8001-12000	12001-15000	15001-20000	20001-25000	Total
South Kashmir	0 (0.00)	12 (40.00)	10 (33.33)	5 (16.67)	3 (10.00)	0 (0.00)	30 (100.00)
Central Kashmir	0 (0.00)	10 (33.33)	5 (16.67)	5 (16.67)	9 (30.00)	1 (3.33)	30 (100.00)
North Kashmir	5 (16.67)	9 (30.00)	6 (20.00)	7 (23.33)	3 (10.00)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	7 (23.33)	18 (60.00)	4 (13.33)	1 (3.33)	0 (0.00)	30 (100.00)
South Jammu	3 (10.00)	18 (60.00)	9 (30.00)	0 (0.00)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	0 (0.00)	0 (0.00)	8 (26.67)	12 (40.00)	10 (33.33)	0 (0.00)	30 (100.00)
North Jammu	15 (50.00)	10 (33.33)	5 (16.67)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Division Wise							
Kashmir	5 (5.56)	31 (34.44)	21 (23.33)	17 (18.89)	15 (16.67)	1 (1.11)	90 (100.00)
Jammu	18 (20.00)	28 (31.11)	22 (24.44)	12 (13.33)	6 (6.67)	4 (4.44)	90 (100.00)
Ladakh	0	7	18	4	1	0	30

	(0.00)	(23.33)	(60.00)	(13.33)	(3.33)	(0.00)	(100.00)
Total	23 (10.95)	66 (31.43)	61 (29.05)	33 (29.05)	26 (12.38)	1 (0.48)	210 (100.00)
Area Wise	Pearson chi2(30) = 144.4119 Pr = 0.000						
Division Wise	Pearson chi2(10) = 30.6369 Pr = 0.001						

Source: Field Survey Data

4.10: Working Days in a Month

The working days are necessary to examine because it gives the clear picture of labor exploitation. Greater number of working days shows the more exploitation of labors (Collewet and Sauermann, 2017). Therefore, this section shows working days of industrial workers in a month. As the industrial workers are getting monthly regular salaries and a greater working day means that workers are not taking holidays and are getting exploited by entrepreneurs. Table 4.10 shows that in Kashmir division majority of workers which comprises 82.22 percent, are working 21 to 24 days in a month, while 17.78 percent of workers are working 25 to 30 days in a month. However, in Jammu and Ladakh division all 100 percent of workers are working 21 to 24 days in a month, this means that labor exploitation in-terms of greater working days are present only in Kashmir division. However, the area wise analysis shows that in both South Kashmir and Central Kashmir 86.87 percent of industrial workers are working 21 to 24 days in a month and 13.33 percent of workers are working 25 to 30 days in a month, while in North Kashmir 73.33 percent of workers are working 21 to 24 days in a month and 26.67 percent are working 25 to 30 days in a month. Moreover, in Ladakh division, all 100 percent of workers are working 21 to 24 days in a month. Therefore, from table it is clear that there is an exploitation of workers in Kashmir division in-terms of working more days in a month without taking holidays.

Table 4.10: Working Days in a Month

District	21 to 24	25 to 30 days	Total
South Kashmir	26 (86.87)	4 (13.33)	30 (100.00)
Central Kashmir	26 (86.87)	4 (13.33)	30 (100.00)
North Kashmir	22 (73.33)	8 (26.67)	30 (100.00)
Ladakh	30 (100.00)	0 (0.00)	30 (100.00)

South Jammu	30 (100.00)	0 (0.00)	31 (100.00)
Central Jammu	30 (100.00)	0 (0.00)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	30 (100.00)
Division Wise			
Kashmir	74 (82.22)	16 (17.78)	90 (100.00)
Jammu	90 (100.00)	0 (0.00)	90 (100.00)
Ladakh	30 (100.00)	0 (0.00)	30 (100.00)
Total	194 (92.38)	16 (7.32)	210 (100.00)
Area Wise	Pearson chi2(6) = 28.1443 Pr = 0.000		
Division Wise	Pearson chi2(2) = 23.0928 Pr = 0.000		

Source : Field Survey Data

4.11: Workers Working Hours in a Day

Working hours vary across countries in the world, depending upon the labor laws and regulations of the respective countries. However, in unorganized sector working hours are depending upon the labor productivity (Bick et al., 2016, OECD, 2016). The entrepreneurs are putting more burdens on workers to work more hours in order to increase labor productivity, which is what Karl Mark called labor exploitation. Therefore, this section will explore the working hours of industrial labors in small scale industries of Jammu and Kashmir. Table 4.11 shows that majority of the workers from Jammu and Kashmir divisions are working 8 hours in a day. In Kashmir division 58.89 percent of workers are working 8 hours in a day and 41.11 percent of workers are working 12 hours in a day, while in Jammu division 66.67 percent of workers are working 8 hours in a day and 33.33 percent are working 12 hours in a day. In Ladakh division all 100 percent of workers are working 8 hours in a day.

However, area wise analysis shows that in South Kashmir 70 percent of workers are working 8 hours in a day and 30 percent are working 12 hours in a day. In Central Kashmir, majority of workers, which comprises 93.33 percent are working 12 hours in a day and 6.67 percent are working 8 hours in a day, while in North Kashmir all 100 percent of workers are working 8 hours in a day. Similarly, in South and North

Jammu all 100 percent are working 8 hours in a day. While, in Central Jammu all 100 percent are working 12 hours in a day. Therefore, the overall table shows that in Central Kashmir and Central Jammu majority of workers are working 12 hours a day. It is mainly because these two areas are industrially developed areas and the work load of industries in these two areas is comparatively higher than other areas in Jammu and Kashmir. Although, the salary of the workers are fixed as per 12 hours in a day in these two industrial developed areas, but as per the decent work concept of ILO, which says that the workers are having fundamental rights. Based on the concept of decent work, it is workers exploitation by entrepreneurs.

Table 4.11: Workers Working Hours in a Day

District	8 Hours	12 Hours	Total
South Kashmir	21 (70.00)	9 (30.00)	30 (100.00)
Central Kashmir	2 (6.67)	28 (93.33)	30 (100.00)
North Kashmir	30 (100.00)	0 (0.00)	30 (100.00)
Ladakh	30 (100.00)	0 (0.00)	30 (100.00)
South Jammu	30 (100.00)	0 (0.00)	31 (100.00)
Central Jammu	0 (0.00)	30 (100.00)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	30 (100.00)
Division Wise			
Kashmir	53 (58.89)	37 (41.11)	90 (100.00)
Jammu	60 (66.67)	30 (33.33)	90 (100.00)
Ladakh	30 (100.00)	0 (0.00)	30 (100.00)
Total	143 (68.10)	67 (31.90)	210 (100.00)
Area Wise	Pearson chi2(6) = 172.4100 Pr = 0.000		
Division Wise	Pearson chi2(2) = 17.6516 Pr = 0.000		

Source: Field Survey Data

4.12: Housing and Other Essential Facilities of Households

Food, shelter and clothing are the basic necessities of human beings. The housing conditions of a community or society reflects the living conditions of the Individuals in that society. Lack of housing facility of the individuals affects the sanitation and other basic important facilities (Meyer, 2014). Table 4.12 depicted below shows that all industrial workers of Jammu and Kashmir are having housing facility and in Kashmir division 75.56 percent of the workers are having Pucca house, while 24.44 percent of workers are having Semi-Pucca house and none of the worker are living in Kacha house. Similarly, in Jammu division 56.67 percent of workers are having Pucca house, 34.44 percent are having Semi-Pucca house and 8.89 percent are having Kacha house. In Ladakh division all 100 percent of workers are having Pucca house.

However, area wise analysis shows that in South Kashmir 86.67 percent of workers are having Pucca house and 13.33 are having Semi-Pucca house, while in Central Kashmir, all workers are having Pucca house. Moreover, in North Kashmir 60 percent of workers are having Semi-Pucca house and 40 percent are having Pucca house. Similarly, in South Jammu 60 percent of the industrial workers are having Pucca house and 40 percent are having Semi-Pucca house, while in Central Jammu all 100 percent workers are having Pucca house. However, in North Jammu 63.33 percent of workers are having Semi-Pucca house, 26.66 percent are having Kacha house and 10 percent are having Pucca house facility. Therefore, overall results shows that in both Jammu and Kashmir division, the Central Jammu and Central Kashmir is having better housing facilities, while in North Jammu majority of the workers are living in Kacha house or semi-pucca house and are having poor housing facilities.

Table 4.12: Housing Facility of Industrial Workers

District Age	Housing Facility	Pucca House	Semi-Pucca House	Kacha-House	Total
South Kashmir	30 (100.00)	26 (86.67)	4 (13.33)	0 (0.00)	30 (100.00)
Central Kashmir	30 (100.00)	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	30 (100.00)	12 (40.00)	18 (60.00)	0 (0.00)	30 (100.00)
Ladakh	30 (100.00)	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)

South Jammu	30 (100.00)	18 (60.00)	12 (40.00)	0 (0.00)	31 (100.00)
Central Jammu	30 (100.00)	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Jammu	30 (100.00)	3 (10.00)	19 (63.33)	8 (26.66)	30 (100.00)
Division Wise					
Kashmir	90 (100.00)	68 (75.56)	22 (24.44)	0 (0.00)	90 (100.00)
Jammu	90 (100.00)	51 (56.67)	31 (34.44)	8 (8.89)	90 (100.00)
Ladakh	30 (100.00)	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	210 (100.00)	149 (70.95)	53 (25.24)	8 (3.81)	210 (100.00)
Area Wise	Pearson chi2(12) = 138.6172 Pr = 0.000				
Division Wise	Pearson chi2(4) = 27.7081 Pr = 0.000				

Source: Field Survey Data

4.13: Source of Cooking

Availability at affordable and reliable forms of modern cooking energy is essential, because cooking energy plays an important role in determining the socio-economic conditions of households (Patnaik *et.al*, 2018) India derives bulk of its cooking energy needs from domestic solid fuels, which includes firewood, cow dung cakes and agricultural wastes etc. As per 2011 census, about 1.26 billion people in India do not have access to electricity facilities and 2.64 billion people are still relying on traditional biomass cooking facilities in rural areas (Komala and Devi, 2016). Therefore, this section explores the sources of energy for cooking among the industrial workers in Jammu and Kashmir. Table 4.13 depicted below shows that in Kashmir division, 44.44 percent of the industrial worker households are using both LPG and electricity for cooking, 36.67 percent are using only LPG for cooking, while 18.89 percent are using fire wood and cow dung cakes for cooking purposes. Similarly, in Jammu division, 47.78 percent of industrial worker households are using both LPG and electricity for cooking, 27.78 are using only LPG for cooking and 24.44 percent are using cow dung and fire wood for cooking. Moreover, in Ladakh division 66.67 percent of industrial worker households are using LPG for cooking and 33.33 percent are using both LPG and electricity for cooking. However, area wise analysis of Kashmir division reveals that in South Kashmir majority of industrial worker households, which comprises 66.67 percent are using LPG for cooking, while

in Central Kashmir, majority of households i.e. 83.33 percent are using both LPG and electricity for cooking and in North Kashmir 56.67 percent of households are using cow dung and fire wood for cooking. Similarly, in Ladakh majority of the workers which comprises 66.67 percent of industrial workers are using LPG for cooking, while 33.33 percent of households are using both LPG and electricity for cooking and in North Jammu 66.67 percent are using cow dung and fire food for cooking purposes. Therefore, overall analysis shows that socio-economic conditions of industrial workers from both North Kashmir and North Jammu are poor as compared to other areas, as for as source of cooking is concerned.

Table 4.13: Source of Cooking

District	LPG	Both LPG and Electricity	Cow Dung and fire Wood	Total
South Kashmir	20 (66.67)	10 (33.33)	0 (0.00)	30 (100.00)
Central Kashmir	5 (16.67)	25 (83.33)	0 (0.00)	30 (100.00)
North Kashmir	8 (26.67)	5 (16.67)	17 (56.67)	30 (100.00)
Ladakh	20 (66.67)	10 (33.33)	0 (0.00)	30 (100.00)
South Jammu	15 (50.00)	13 (43.33)	2 (6.67)	30 (100.00)
Central Jammu	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
North Jammu	10 (33.33)	0 (0.00)	20 (66.67)	30 (100.00)
Division Wise				
Kashmir	33 (36.67)	40 (44.44)	17 (18.89)	90 (100.00)
Jammu	25 (27.78)	43 (47.78)	22 (24.44)	90 (100.00)
Ladakh	20 (66.67)	10 (33.33)	0 (0.00)	30 (100.00)
Total	78 (37.14)	93 (44.23)	39 (18.57)	210 (100.00)
Pearson chi2(12) = 167.7742 Pr = 0.000				
Pearson chi2(4) = 17.4797 Pr = 0.002				

Source: Field Survey Data.

4.14: Source of Drinking Water

Water is an essential natural resource to sustain health and sustainable human life. Therefore, access to clean water is a fundamental factor of human development throughout the world (Biggs 2015). The present section explores the source of drinking water among industrial worker households. Table 4.14 shows that in case of Kashmir division majority of households, which comprises 62.22 percent, are using supply water for drinking, 26.67 percent of the households are using private hand pumps for drinking water and 11.11 percent are using government hand pumps for drinking water. Similarly, in case of Jammu division 42.22 percent of households are using supply water for drinking, 26.67 percent of the households are using private pumps for drinking water and 31.11 percent of households are using government pumps. While, in Ladakh division 96.67 percent of the households are using private pumps for drinking water and only 1.33 percent of the households are using supply water for drinking.

Area wise analysis reveals that in South Kashmir majority of households, which comprises 70 percent are using supply water for drinking purposes. In Central Kashmir all 100 percent of households are using supply water for drinking and in North Kashmir 60 percent of households are using private pumps for drinking water. Nonetheless, in South Jammu 60 percent are using private pumps, while in Central Jammu all households are using supply water and in North Jammu 70 percent are using government pumps for drinking water. Therefore, overall table shows that majority of the households in all three divisions are using supply water for drinking purposes.

Table 4.14: Source of Drinking Water

District	Government Pump	Private Pump	Supply Water	Total
South Kashmir	3 (10.00)	6 (20.00)	21 (70.00)	30 (100.00)
Central Kashmir	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
North Kashmir	7 (23.33)	18 (60.00)	5 (16.67)	30 (100.00)
Ladakh	0 (0.00)	29 (96.67)	1 (3.33)	30 (100.00)

South Jammu	7 (23.33)	18 (60.00)	5 (16.67)	30 (100.00)
Central Jammu	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
North Jammu	21 (70.00)	6 (20.00)	3 (10.00)	30 (100.00)
Division Wise				
Kashmir	10 (11.11)	24 (26.67)	56 (62.22)	90 (100.00)
Jammu	28 (31.11)	24 (26.67)	38 (42.22)	90 (100.00)
Ladakh	0 (0.00)	29 (96.67)	1 (1.33)	30 (100.00)
Total	38 (18.10)	77 (36.67)	95 (45.24)	210 (100.00)
Pearson chi2(12) = 202.4038 Pr = 0.000				
Pearson chi2(4) = 68.2093 Pr = 0.000				

Source: Field Survey Data

4.15: Food Security and Ration Card Facilities of Industrial Worker Households

Food security for poor people is a major issue in developing countries. Like climate change, food security has also become a crucial challenge for developing countries in world to protect their vulnerable group of people to die from hunger (Kattumuri, 2011). Therefore, in context of India Public Distribution System (PDS) was launched by Government of India to provide food security for people, particularly to protect the poorer section from hunger and malnutrition problems. Food security can be achieved when all the people at all times will have proper access to sufficient, safe and nutritious food that meets the daily requirement of a person for an active and healthy life. However, there are still millions of people in India who are unable to meet the daily requirements of food which adversely affect their health and make them victims of hunger and malnutrition. Nevertheless, in India there has remained many gaps or so called leakages in the Public Distribution System in terms of providing food to all citizens particularly to weaker sections and poorer people of the society (Gulati and Saini, 2015). Hence, the present section analyses the coverage of food security in the surveyed areas under the Public Distribution System (PDS) scheme.

Table 4.15 shows that in Kashmir division 91.11 percent of industrial worker households are having ration cards, in which 61.11 are having APL ration cards and 30.0 percent are having BPL ration cards. Similarly, in Jammu division all the

households are having ration cards in which 74.44 percent of the households are having BPL ration cards and 25.56 percent of households are having APL ration cards, while in Ladakh division 56.67 percent of households are having BPL ration cards and 43.33 percent of households are having APL ration cards. Moreover, in case of South Kashmir majority of industrial worker households i.e. 70 percent are having BPL ration cards and 30 percent are having APL cards. In Central Kashmir 86.67 percent of households are having BPL ration cards and 13.33 percent of the households are having APL ration cards. However, in North Kashmir 46.66 percent of industrial worker households are having BPL ration cards and 26.67 are having APL ration cards. Similarly, in South Jammu, majority of industrial worker households i.e. 90 percent are having BPL Ration cards and 10 percent are having APL ration cards. In Central Jammu, 66.67 percent of households are having BPL ration cards and 33.33 percent are having APL ration cards. In North Jammu all households are having BPL ration cards. Therefore, overall study shows that in both Kashmir division and Jammu division majority of industrial workers households in North Kashmir and North Jammu are having BPL cards and they are expected to live below poverty line.

Table 4.15: Food Security and Ration Card Facilities of Industrial Worker Households

District	Yes	No	BPL	APL	Total
South Kashmir	30 (100.00)	0 (0.00)	9 (30.00)	21 (70.00)	30 (100.00)
Central Kashmir	30 (100.00)	0 (0.00)	4 (13.33)	26 (86.67)	30 (100.00)
North Kashmir	22 (73.33)	8 (26.67)	14 (46.66)	8 (26.67)	30 (100.00)
Ladakh	30 (100.00)	0 (0.00)	17 (56.67)	13 (43.33)	30 (100.00)
South Jammu	30 (100.00)	0 (0.00)	27 (90.00)	3 (10.00)	31 (100.00)
Central Jammu	30 (100.00)	0 (0.00)	10 (33.33)	20 (66.67)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
Division Wise					
Kashmir	82 (91.11)	8 (8.89)	27 (30.00)	55 (61.11)	90 (100.00)

Jammu	90 (100.00)	0 (0.00)	67 (74.44)	23 (25.56)	90 (100.00)
Ladakh	30 (100.00)	0 (0.00)	17 (56.67)	13 (43.33)	30 (100.00)
Total	202 (96.19)	8 (3.81)	111 (52.86)	91 (43.33)	210 (100.00)
Pearson chi2(12) = 127.0464 Pr = 0.000					
Pearson chi2(4) = 40.7078 Pr = 0.000					

Source: Field Survey Data

4.16: Distribution of Agriculture Land Holding Among Industrial Worker Households

Agriculture land possesses a fundamental importance in rural areas. The incidence of poverty among landless rural households is comparatively higher than the households who are possessing agriculture land (Agarwal, 1994). This is mainly because the agricultural Land plays a dual role, on the one side it values as a productive factor, and on the other side, it provides food security to households. Therefore, this section explores distribution of agricultural land holdings among industrial worker households. Table 4.16 depicted below shows that in Kashmir division 54.44 percent of industrial worker households are having agriculture land, in which highest proportion of households, which comprises 30 percent are possessing 6 to 8 Kannal of agriculture land. Similarly, in Jammu division 65.56 percent are having agriculture land in highest proportion of households i.e. 24.44 percent possesses 3 to 4 Kannal of agriculture land. While in Ladakh division 36.67 percent of households comprise agriculture land, in which majority of households, which comprises 16.67 percent possess an agriculture land of 3 to 4 Kannal.

However, area wise analysis shows that in South Kashmir, highest proportion of industrial worker households, which comprises 26.66 percent are possessing an agriculture land of 6 to 8 Kannal, while in Central Kashmir highest proportion of households i.e. 46.15 percent possesses 3 to 4 Kannal agriculture land and in North Kashmir 50.00 percent of households possesses agriculture land between 6 to 8 Kannal. Moreover, in South Jammu highest proportion of households i.e. 30 percent are possessing agriculture land between 6 to 8 Kannal. However, in Central Jammu,

highest proportion of households, which comprises 13.33 percent are possessing an agriculture land of 3 to 4 Kannal, followed by North Jammu i.e. 43.33 are possessing 3 to 4 Kannal of agricultural land. Therefore, the overall results shows that industrial workers households of North areas in both Jammu and Kashmir are possessing higher agricultural land as compared to Central and South areas in Jammu and Kashmir.

Table 4.16: Agriculture Land Holding Among Industrial Worker Households

Area Wise	Yes	No	1 to 2 Kannal 10890 Square Feet	3 to 4 Kannal 21780 square feet	5 to 6 Kannal 43560 square feet	6 to 8 Kannal 87120 square feet	Total
South Kashmir	14 (46.67)	16 (53.33)	0 (0.00)	4 (13.33)	2 (6.66)	8 (26.66)	30 (100.00)
Central Kashmir	13 (43.33)	17 (56.67)	0 (0.00)	6 (46.15)	3 (23.08)	4 (30.77)	30 (100.00)
North Kashmir	22 (73.33)	8 (26.67)	0 (0.00)	2 (6.66)	5 (16.67)	15 (50.00)	30 (100.00)
Ladakh	11 (36.67)	19 (63.33)	2 (6.66)	5 (16.67)	1 (3.33)	3 (11.11)	30 (100.00)
South Jammu	22 (73.33)	8 (26.67)	2 (6.66)	5 (16.67)	6 (20)	9 (30)	30 (100.00)
Central Jammu	7 (23.33)	23 (76.67)	0 (0.00)	4 (13.33)	2 (6.67)	1 (3.33)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	3 (10)	13 (43.33)	9 (30.00)	5 (16.67)	30 (100.00)
Division Wise							
Kashmir	49 (54.44)	41 (45.56)	0 (0.00)	12 (13.33)	10 (11.11)	27 (30)	90 (100.00)
Jammu	59 (65.56)	31 (34.44)	5 (5.55)	22 (24.44)	17 (18.89)	15 (16.67)	90 (100.00)
Ladakh	11 (36.67)	19 (63.33)	2 (6.67)	5 (16.67)	1 (3.33)	3 (10.00)	30 (100.00)
Total	119 (56.67)	91 (43.33)	7 (3.33)	39 (18.57)	28 (13.33)	53 (25.23)	210 (100.00)
Pearson chi2(24) = 108.7279 Pr = 0.000							
Pearson chi2(8) = 26.2065 Pr = 0.001							

Source: Field Survey Data

4.17: Distribution of Children's Education of Industrial Workers

Education is the key for successful life, because it plays a pivotal role in achieving the overall socio-economic development of individuals. Gainful and decent employment is possible only with higher educational qualification (Obadic and Poric, 2008). The education of children's is playing a crucial role in future economic development of county in general and family in particular. Gainful employment is possible only when the level of education will be high among the masses. Hence, it is important to study the educational status of the children's of these surveyed households. Therefore, table 4.17 depicted below shows distribution of schooling of children's among industrial worker households. Table 4.17 shows that in Jammu and Ladakh division all industrial worker households are sending their children's to school, while in Kashmir division only 74.44 percent are sending their children's to school. Moreover, in Kashmir division out of 74.44 percent, 40 percent of the households are sending their children's in private schools and 34.44 percent are sending to government schools, similarly, in Jammu division 27.78 percent are sending to private schools and 72.22 percent are sending to government schools. While in Ladakh division 43.33 percent are sending their children's to private schools and 56.67 percent are sending to government schools.

Nonetheless, area wise analysis shows that, South Kashmir is having most disparities in education i.e. only 60 percent of the industrial worker households are sending their children's to schools, in which 43.33 are sending their children's to private schools and 16.67 percent are sending to Govt schools followed by Central Kashmir in which 36.66 percent are sending to Govt schools and another 36.66 percent are sending to private schools. However, in north Kashmir 90 percent of industrial workers are sending their children's to schools, in which 50.0 percent are sending their children's to Govt schools and 40 percent are sending to private schools . Similarly, in Central Jammu 56.67 percent of households are sending their children's in private schools and 43.33 percent are sending their children's to Government schools, followed by South Jammu, in which 73.33 percent of workers are sending their children's to Govt.

schools and 26.67 percent are sending to private schools. While in North Jammu all industrial worker households are sending their children's to schools.

Table 4.17: Distribution of Children's Education of Households

District	Yes	NO	Private	Govt.	Total
South Kashmir	18 (60.00)	12 (40.0)	13 (43.33)	5 (16.67)	30 (100.00)
Central Kashmir	22 (73.33)	8 (26.67)	11 (36.66)	11 (36.66)	30 (100.00)
North Kashmir	27 (90.00)	3 (10.00)	12 (40.00)	15 (50.00)	30 (100.00)
Ladakh	30 (100.00)	0 (0.00)	13 (43.33)	17 (56.67)	30 (100.00)
South Jammu	30 (100.00)	0 (0.00)	8 (26.67)	22 (73.33)	30 (100.00)
Central Jammu	30 (100.00)	0 (0.00)	17 (56.67)	13 (43.33)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
Total	187 (89.04)	23 (10.95)	74 (39.57)	113 (60.43)	210 (100.00)
Kashmir	67 (74.44)	23 (25.56)	36 (40.00)	31 (34.44)	90 (100.00)
Jammu	90 (100.00)	0 (0.00)	25 (27.78)	65 (72.22)	90 (100.00)
Ladakh	30 (100.00)	0 (0.00)	13 (43.33)	17 (56.67)	30 (100.00)
Total	187 (89.05)	23 (10.95)	74 (39.57)	113 (60.43)	210 (100.00)

Source: Field Survey Data

4.18: Access to Banking Facility

Financial inclusion defined by the financial committee 2008 is the process of ensuring the access of people to the financial services of the country. Financial inclusion ensures an adequate and timely credit for those who are excluded from the financial system of the country. It mostly focuses on the vulnerable and the weaker section of the society, low income groups with affordable cost (Parliament Library and Reference and Research Documentation 2014). So, Indian financial inclusion is confined with ensuring minimum accesses to a saving bank account without any frills. However, in context of international perspective, financial inclusion is a wider perspective than Indian context. In international perspective, financial inclusion does not mean only having a current bank account or saving bank account but it encompasses the efforts of having minimum access to a wide range of financial services which includes short term and long term Credit, Savings Insurance Pensions,

Money transfers and Mortgages etc. (Ramkumar 2007). Hence, it important to study the financial services of Industrial labors. Table 4.18 shows that in Kashmir division, all industrial workers are having bank accounts and all the bank accounts of respondents are normal saving bank accounts. In Jammu division, 81.11 percent of industrial workers are having bank accounts, in which 61.11 percent of bank accounts are normal savings bank accounts and 20 percent are PMJDY bank accounts. Moreover, in Ladakh division all industrial workers are having bank accounts in which, 96.67 percent are having normal saving accounts and 3.33 percent are having PMJDY bank accounts.

Nonetheless, area wise analysis shows that in South, Central and North Kashmir, all industrial workers are having bank accounts and all the bank accounts are normal saving bank accounts. However, in South Jammu, 70 percent of industrial workers are having bank accounts, in which 43.33 percent are having normal saving accounts and 26.67 percent are having PMJDY bank accounts. While, in Central Jammu, all industrial workers are having bank accounts and all bank accounts are normal saving accounts. Moreover, in North Jammu 73.33 percent of industrial workers are having saving bank accounts in which 40 percent are having normal bank accounts and 33.33 percent are having PMJDY bank accounts. Therefore, overall results show that South and North areas of Jammu division are having less financial inclusion as compared to other areas of Jammu and Kashmir.

Table 4.18: Access to Banking Facility

Area Wise	Yes	Normal Saving Account	PMJDY
South Kashmir	30 (100.00)	30 (100.00)	0 (0.00)
Central Kashmir	30 (100.00)	30 (100.00)	0 (0.00)
North Kashmir	30 (100.00)	30 (100.00)	0 (0.00)
Ladakh	30 (100.00)	29 (96.66)	1 (3.33)
South Jammu	21 (70.00)	13 (43.33)	8 (26.67)
Central Jammu	30 (100.00)	30 (100.00)	0 (0.00)
North Jammu	22 (73.33)	12 (40.00)	10 (33.33)
Total	193 (91.90)	174 (82.85)	19 (9.04)
Division Wise			
Kashmir	90 (100.00)	90 (100.00)	0 (0.00)
Jammu	73 (81.11)	55 (61.11)	18 (20.00)

Ladakh	30 (100.00)	29 (96.67)	1 (3.33)
Total	193 (91.90)	174 (82.85)	19 (9.04)

Source: Field Survey Data

4.19: Monthly Savings of Industrial Workers

The inter-temporal model of life cycle permanent model is based on work and savings of the individuals. Therefore, the basic implications of the permanent income model are that individual's plan consumption and saving considering their life time resources (Lusardi, 2003). Table 4.19 shows that in Kashmir division 40 percent of industrial workers are having monthly savings, in which 15.56 percent are having a monthly savings of 1001 to 2000 rupees, 12.22 percent are having monthly saving of 100 to 1000 rupees, 11.11 percent are having 2001 to 3000 rupees and 1.11 percent are having a monthly savings of 3001 to 4000 rupees respectively. In Jammu division 57.53 percent of industrial workers are having a monthly savings, in which 31.51 percent are having a monthly savings of 100 to 1000 rupees per month, 13.70 percent are having 1001 to 2000 rupees, followed by 9.59 percent of industrial workers are having 2001 to 3000 rupees per month and 2.73 percent are having 3001 to 4000 rupees per month respectively. Moreover, in Ladakh division 53.33 percent of industrial workers are having monthly savings, in which 30 percent of workers are having a monthly saving of 1001 to 2000 rupees, 20 percent are having 100 to 1000 rupees and 3.33 percent of workers are having 2001 to 3000 rupees per month

Similarly, area wise analysis shows that in South Kashmir 40 percent of workers are having a monthly savings, in which 20 percent are having a monthly savings of 100 to 1000 rupees, 13.33 percent are savings 1001 to 2000 rupees and 6.67 percent of workers are savings 2001 to 3000 rupees per month. In Central Kashmir, 36.67 percent of workers are having monthly savings, in which 13.33 percent each are saving 1001 to 2000 and 2001 to 3000 rupees per month, 6.67 percent are saving 100 to 1000 rupees and 3.33 percent of workers are saving 3001 to 4000 rupees per month. In North Kashmir 43.33 percent are having monthly savings, in which 10 percent are having 100 to 1000 rupees per month, 20 percent are having 1001 to 2000 rupees per month and 13.33 percent are saving 2001 to 3000 rupees per month.

Moreover, in case of South Jammu, 33.33 percent of workers are having monthly savings, in which all are saving a monthly amount of 100 to 1000 rupees per month. In Central Jammu all 100 percent of workers are having monthly savings, in which 46.67 percent are saving 100 to 1000 rupees per month, 23.33 percent are saving 1001 to 2000 rupees and 2001 to 3000 rupees per month and 6.67 percent of workers are saving 3001 to 4000 rupees per month respectively. Moreover, in North Jammu 22.73 percent of workers are having monthly savings, in which 14.28 percent are saving 1001 to 2000 rupees per month and 9.52 percent of workers are saving 100 to 1000 rupees per month. Therefore, the overall results shows that in North and South Jammu the workers are low savings, it is mainly because the income of industrial workers are very low in these areas as compared to other areas of Jammu and Kashmir.

Table 4.19: Monthly Savings of Industrial Workers (in Rupees)

District	Yes	NO	100 to 1000	1001 to 2000	2001 to 3000	3001 to 4000
South Kashmir	12 (40.00)	18 (60.00)	6 (20.00)	4 (13.33)	2 (6.67)	0 (0.00)
Central Kashmir	11 (36.67)	19 (63.33)	2 (6.67)	4 (13.33)	4 (13.33)	1 (3.33)
North Kashmir	13 (43.33)	17 (56.67)	3 (10.00)	6 (20)	4 (13.33)	0 (0.00)
Ladakh	16 (53.33)	14 (46.67)	6 (20.00)	9 (30.00)	1 (3.33)	0 (0.00)
South Jammu	7 (33.33)	14 (66.67)	7 (33.33)	0 (0.00)	0 (0.00)	0 (0.00)
Central Jammu	30 (100.00)	0 (0.00)	14 (46.67)	7 (23.33)	7 (23.33)	2 (6.67)
North Jammu	5 (22.73)	17 (77.27)	2 (9.52)	3 (14.28)	0 (0.00)	0 (0.00)
Total	94 (48.70)	99 (51.30)	40 (20.72)	33 (17.10)	18 (9.33)	3 (1.55)
Division Wise						
Kashmir	36 (40.00)	54 (60.00)	11 (12.22)	14 (15.56)	10 (11.11)	1 (1.11)
Jammu	42 (57.53)	31 (42.47)	23 (31.51)	10 (13.70)	7 (9.59)	2 (2.73)
Ladakh	16 (53.33)	14 (46.67)	6 (20.00)	9 (30.00)	1 (3.33)	0 (0.00)
Total	94 (48.70)	99 (51.30)	40 (20.72)	33 (17.10)	18 (9.33)	3 (1.55)

Source: Field Survey Data

4.20: Loan Facility of Industrial Workers

Loan is usually an amount of money, which is given to an individual or an institution on an assurance that it will be repaid on later with or without interest. Loan facilities provide an essence in the socio-economic development of the country. It helps the establishment of new business entities, new housing facilities and other basic infrastructures of the country. Therefore, this section explores the loan facilities taken by industrial workers. Table 4.20 shows that in Kashmir division, 11.11 percent of workers have taken loan, in which all 11.11 percent have taken loan for purchase of vehicles/ tractors. In Jammu division, 4.44 percent of workers have taken loan, in which 2.22 percent have taken loan for marriage purpose of their children's and 2.22 percent have taken loan for purchasing vehicles. In Ladakh division, 6.66 percent of workers have taken loan in which, 3.33 percent of workers have taken loan for marriage and 3.33 percent of workers have taken loan for purchasing tractor/ vehicles.

Nonetheless, area wise analysis shows that in South and Central Kashmir 10 percent of workers have taken loan for purchasing tractors and in North Kashmir 13.33 percent have taken loan for purchasing tractors. Similarly, in South Jammu 3.33 percent of workers have taken loan and all 3.33 percent of workers have taken loan for purchasing vehicles. In Central Jammu 10 percent of workers have taken loan, in which 6.67 percent have taken loan for marriage purposes and 3.33 percent have taken loan for purchasing vehicles. In North Jammu none of the respondents have taken loan. Therefore, the overall results show that in Kashmir division majority of workers have taken loan for purchasing vehicles and in Jammu division majority of workers have taken loan for marriage purposes. The purchasing vehicles in Kashmir division is mainly the workers are having apple orchids for which they are purchasing vehicles/tractors for transportation.

Table 4.20: Loan Facility of Industrial Workers

Area Wise	Yes	Marriage	Vechile/Tractors	Rate of Interest
South Kashmir	3 (10.00)	0 (0.00)	3 (10.00)	10 to 13 %
Central Kashmir	3 (10.00)	0 (0.00)	3 (10.00)	10 to 13 %
North Kashmir	4 (13.33)	0 (0.00)	4 (13.33)	10 to 13 %
Ladakh	2 (6.66)	1 (3.33)	1 (3.33)	10 to 13 %
South Jammu	1 (3.33)	0 (0.00)	1 (3.33)	10 to 13 %

Central Jammu	3 (10.00)	2 (6.67)	1 (3.33)	10 to 13 %
North Jammu	0 (0.00)	0 (0.00)	0 (0.00)	10 to 13 %
Division Wise				
Kashmir	10 (11.11)	0 (0.00)	10 (11.11)	10 to 13 %
Jammu	4 (4.44)	2 (2.22)	2 (2.22)	10 to 13 %
Ladakh	2 (6.66)	1 (3.33)	1 (3.33)	10 to 13 %
Total	16 (7.61)	3 (1.43)	13 (6.19)	10 to 13 %

4.21: Socio Economic Index

The Socio-economic variables (Table 4.20) have a detailed description. We have calculated Socio economic index by calculating Maximum and Minimum values. Total number of variables is 8 and the values range from 1 to 7. Value 1 “represents lowest rank or worst condition and the Upper value represents the better position” every variable has its own range lowest means worst and highest means better. Therefore, we represent all variables by $x_1^n \dots x_{210}^n$. Where

$$SES = (x_1^n, x_2^n, \dots, x_{210}^n) \dots \dots \dots (1)$$

$$SES(x_1^n, x_2^n, \dots, x_{210}^n) = \frac{\text{Actual Value} - \text{Minimum Value}}{\text{Maximum Value} - \text{Minimum Value}} \dots \dots (1)$$

Where SES=socio economic status.

Actual Value of Variable= $x_1^n \dots x_{210}^n$

Minimum Value Variable= $x_2^n \dots x_{210}^n$

Maximum Value Variable= $x_3^n \dots x_{210}^n$

Finally, we have calculated “**Socio Economic Index**”, by taking average of all calculated “**Socio economic Status**” SES variables, which is as follows

$$\bar{A} = \sum_{i-j}^{13} \frac{x_1 + x_2 + \dots + x_{13}}{N} \dots \dots \dots (5)$$

where

‘ \bar{A} ’ refers to Average,

“ Σ ” refers to summation of $x_1+x_2+\dots+x_{13}$ and

“N” Number of Total Variables

Table 4.21: Socio Economic Index {coding is arranged from worst to better, i.e. 1 for worst and 5 for better}

S. No	Name of the Variable	Categories of the variable	Coding
1	Education	Illiterate	1
		Primary	2
		Middle	3
		High	4
		Intermediate	5
		Graduate	6
2	Income	1000 to 5000	1
		5001 to 8000	2
		8001 to 12000	3
		12001 to 15000	4
		15001 to 20000	5
		20001 to 25000	6
			7
3	Number of working Hours	8	1
		9-12	2
4	Number of working Days	21-24	1
		25-30	2
5	Type of House	Kacha	1
		Semi Pucca	2
		Pucca	3
6	Drinking water Facility	Government Hand Pump	1
		Private Hand Pump	2
		Supply Water	3
7	Source of Cooking	Cow Dung and Wood	1
		LPG	2
		LPG and Electricity	3
8	Economic Status	BPL	1
		APL	2

Table 4.22: Index Variables Category

S.no	Category	Name of variables
1	Social & Economic	1. Education, 2. Income,
2	Physical Working Conditions	3. Frequency of Work/regularly/irregular 4. Number of Working Days, 5. Number of Working Hours
3	Housing Conditions	6. Type of House, 7. Drinking Water Facility, 8. Electricity Facility, 9. Sanitation, 10. Type of Fuel Used for Cooking
4	Health	11. Persons with Disabilities
5	Wealth	12. Assets in The House Hold

4.21.1: Area Wise analysis of Socio-economic Index

Table 4.23 and 4.24 below shows socio economic index of industrial workers in Jammu and Kashmir. The value ranges from 0 to 1 and if the value is nearer to 1, then it means the socio-economic conditions are well. But if it is far away from 1 then it means that socio-economic conditions are worst. Therefore, in Kashmir division, the socio economic index of un-skilled workers is highest in Central Kashmir, i.e. the index of un-Skilled workers of Central Kashmir is 0.40, and is worst in South and North Kashmir i.e. the index value of these two areas are 0.24 and 0.19 respectively. Similarly, in semi-skilled Workers, the index value is also highest in Central Kashmir which comprises 0.44, followed by South Kashmir 0.30 and North Kashmir 0.32. Moreover, the skilled labor in Kashmir division is showing highest index in Central Kashmir i.e. 0.68, followed by North Kashmir 0.56 and South Kashmir 0.46. Nonetheless, in Ladakh division the index value of un-skilled labors are 0.20 followed by semi-skilled labors 0.21 and 0.34 among skilled labors.

Moreover, in Jammu division, the socio economic index of un-skilled workers is highest in Central Jammu i.e. index of un-skilled workers of Central Jammu is 0.45 and is lowest in North Jammu 0.17 and South Jammu 0.19. Similarly, in Semi-Skilled Workers, the index value is also again highest in Central Jammu which comprises 0.48 followed by North Jammu 0.24 and South Jammu 0.32. Moreover, in skilled labors category the socio-economic index is again highest in Central Jammu, which comprises 0.64 followed by North Jammu 0.38 and South Jammu 0.42 respectively.

Therefore, socio-economic index shows that the industrial workers of Central Kashmir and Central Jammu are having good socio-economic conditions as compared to other areas of Jammu and Kashmir. The table also shows that the socio-economic conditions are well in Kashmir division as compared to Jammu division.

The education wise index shows that workers who are having qualification of graduation, have an index value of 0.44 and Intermediate qualification, with 0.36 are having better socio-economic conditions as compared to workers having educational qualifications below graduation and intermediate. Similarly, religion wise socio-economic index shows that highest index is among the Hindu religion, with an index value of 0.52 possibly, because all the Hindu industrial workers are mainly belonging from Central Jammu area, which is industrial hub of Jammu and Kashmir and the monthly income of the industrial workers is mainly high in Central Jammu as compared to other areas of Jammu and Kashmir. Moreover, the overall socio-economic index shows that the workers from Central Jammu which comprises index value of 0.52 and Central Kashmir, which comprises 0.48 are having well socio-economic conditions as compared to other areas of Jammu and Kashmir.

Table 4.23: Area Wise analysis of Socio-economic index by Worker Type

Labor Type	South Kashmir	Central Kashmir	North Kashmir	Ladakh	South Jammu	Central Jammu	North Jammu	Average
Un-skilled Labor	0.24	0.40	0.19	0.20	0.19	0.45	0.17	0.26
Semi-skilled Labor	0.30	0.44	0.32	0.21	0.32	0.48	0.24	0.33
Skilled Labor	0.56	0.68	0.46	0.34	0.42	0.64	0.38	0.49
All Average	0.37	0.51	0.33	0.25	0.31	0.53	0.26	

Source: Computed from Field Survey Data

Table 4.24: Education, Religion and Area Wise Socio-economic Index of Industrial Workers in Jammu and Kashmir

Education wise	Index	Religion Wise	Index	Area Wise overall	Index
Illiterate	0.13	Hindu	0.52	South Kashmir	0.48
Primary	0.23	Islam	0.44	Central Kashmir	0.62
Middle	0.28	Sikh	0.21	North Kashmir	0.36
High	0.32	Average	0.39	Ladakh	0.34
Intermediate	0.36			South Jammu	0.38
Graduation	0.44			Central Jammu	0.58
Average	0.29			North Jammu	0.30
				Average	0.43

Source: Computed from Field Survey Data

4.22: Conclusion

The above chapter concludes that the overall socio economic conditions of industrial workers are better, but in Central Kashmir and Central Jammu the workers are having much better socio-economic conditions than other areas in Jammu and Kashmir. However, from the above results it is clear that majority of workers are living in Pucca or semi-Pucca houses and a very less number of industrial workers are living in Kacha houses. Moreover, all the industrial workers are having electricity and sanitation facilities in their houses. However, the income of industrial workers in Central Kashmir and Central Jammu are high as compared to other areas of Jammu and Kashmir.

The socio-economic index shows that the industrial workers of Central Kashmir and Central Jammu are having good socio-economic conditions as compared to other areas of Jammu and Kashmir. Moreover, the overall socio-economic index shows that

the workers from Central Jammu which comprises index value of 0.52 and Central Kashmir, which comprises 0.48 are having well socio-economic conditions as compared to other areas of Jammu and Kashmir.

However, in context of work in the industrial units, the entrepreneurs prefer more of male workers as compared to female workers. It is mainly because of the nature of work, the entrepreneurs are giving more preferences to male workers as compared to female workers. Therefore, the majority of the industrial workers in all three divisions of Jammu and Kashmir are male workers. Moreover, Jammu and Kashmir is a Muslim majority state of India, due to which majority of workers from all three divisions are belonging from Islam religion. However, in case of social category, majority of the workers from Kashmir and Jammu division except North Jammu and Ladakh area are belonging to General category. The results shows that in case of education status of industrial workers, the education qualification of industrial workers in South Kashmir and Central Jammu, is much higher as compared to other areas of Jammu and Kashmir.

Majority of workers in the study regions have been working from 2 to 5 years in a job. The study also reveals that, in Central Kashmir, majority of the workers and in Central Jammu all workers are working 12 hours in a day. The reason behind this is that, these two areas are industrially developed areas and the work load of industries in these two areas are comparatively high than other areas in Jammu and Kashmir. However, in Kashmir division, particularly in South and Central Kashmir, the entrepreneurs are setting work tasks for the workers due to which, the workers are facing health problems. The study also concludes that majority of workers in the study regions have been working from 2 to 5 years, which means that the industrial development in the entire areas are recent phenomena. Moreover, the study also reveals that the wage rate in small scale industries is much higher in Central Kashmir and Central Jammu, as compared to other areas of Jammu and Kashmir. Apart from this, the study also shows that the financial accesses of industrial workers are somehow low in Kashmir division as compared to Jammu and Ladakh division and a very low percentage of workers are saving monthly for speculative purposes. Therefore, the study concludes that the socio economic conditions of industrial workers, of better industrial developed areas i.e. Central Kashmir and Central Jammu

are having much better than the industrial workers of less industrial developed areas, which comprises the rest areas of the state. It is mainly because the monthly salary of industrial workers in highly industrial developed areas is high as compared to other areas of the state. The study also concludes that there is a significant income/wage rate difference of industrial workers across area and division wise in Jammu and Kashmir.



Chapter 5

Small Scale Industries in Jammu and Kashmir



CHAPTER 5

Small Scale Industries in Jammu and Kashmir

Introduction

Industrialization is an engine for economic growth and development. It helps in transforming the traditional economy into modern economy, with rapid and sustained growth in the country. Further, it solves the problems of general poverty, unemployment, backwardness, low standard of living and increases per-capita and GDP of the country. There is no denying fact that effective industrialization is very essential for successful economic development, particularly for developing country like India, where the population growth is much higher and employment growth is much lower. The industrial sector has greater importance for an underdeveloped state like Jammu and Kashmir, where per capita income is very low and the incidence of unemployment is much higher. Nonetheless, economy of Jammu and Kashmir is primarily an informal economy and the informal sector is the subsistence source of livelihood in the state. Therefore, development of industrial sector in the state can play a pivotal role in transforming the informal economy into modern industrial sector based economy. Industrial sector will raise the socio-economic conditions, thus will lead to the economic development of the state. The industrial development in the state will also help to achieve the most important macro-economic goals of the state such as employment generation, accelerating Gross State Domestic Product, alleviation of poverty and increase in per capita income. Therefore, development of industrial sector can help to solve the problem of unemployment, as Jammu and Kashmir is suffering from the problem of huge unemployment in the country. Moreover, the economy of Jammu and Kashmir is facing the problem of un-equitable distribution of income therefore, with the development of the industrial sector in the state is expected to bring equitable distribution of income, as the industrial sector has a large potential of utilizing the local resources and providing employment to large chunk of people which will directly reduce the regional disparities in the state. The present chapter is based on primary data of 210 samples; ie.30 samples each from 7 areas of Jammu and Kashmir such as, South Kashmir, Central Kashmir, North Kashmir, South Jammu, Central Jammu, North Jammu and Ladakh. The present chapter explores the performance of small scale industrial sector in Jammu and Kashmir.

5.1 Distribution of Entrepreneurs by Social Groups

Social groups reflect social structure of the society. However, social stratification is not only a characteristic of society, but it also reflects unequal distribution of social resources among various categories of people living in a society (McGinn and Oh, 2017) Therefore, the present section explores the social group wise distribution of entrepreneurs in Jammu and Kashmir. Table 5.1 below highlights that all the entrepreneurs of Kashmir division, belong to General category, while in Jammu division, 64.44 percent of entrepreneurs belongs from General category, 2.22 percent of the entrepreneurs are from OBC category, and 33.33 percent of entrepreneurs are belonging from ST category. However, area wise distribution of Jammu Division reveals that 96.67 percent of entrepreneurs from both South and Central Jammu belong to General Category. In North Jammu all 100 entrepreneurs are belonging from ST category. Moreover, in case of Ladakh division 96.67 percent of the entrepreneurs belong to ST category and only 3.33 percent are from General category.

Table 5.1: Social Category Wise Distribution of Entrepreneurs

Area Wise	General	OBC	SC	ST	TOTAL
South Kashmir	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	1 (3.33)	0 (0.00)	0 (0.00)	29 (96.67)	30 (100.00)
South Jammu	29 (96.67)	1 (3.23)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	29 (96.67)	1 (3.33)	0 (0.00)	0 (0.00)	30 (100.00)
North Jammu	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
Division Wise Social Category					
Kashmir	90 (100.00)	0 (0.00)	0 (0.00)	0 (0.0)	90 (100.00)
Jammu	58 (64.44)	2 (2.22)	0 (0.00)	30 (33.33)	90 (100.00)
Ladakh	1 (3.33)	0 (0.00)	0 (0.00)	29 (96.67)	30 (100.00)
Total	149 (70.95)	2 (0.95)	0 (0.00)	59 (28.10)	210 (100.00)

Source: Field Survey Data.

5.2: Religion Wise Distribution of Entrepreneurs

India is a home of multi-religious and multi ethnic groups, where people from different faiths viz. Hinduism, Islam, Christianity, Sikhism, Buddhism, Jainism, live side by side and provides a picture of secularism throughout the globe (Ali, 2015). Therefore, this section explores religion wise distribution of entrepreneurs in Jammu and Kashmir. Table 5.2 below shows that in case of Kashmir division all 100 percent of entrepreneurs belong to Islam religion. In Jammu division 56.67 percent of the entrepreneurs are belonging from Islam religion, 33.33 percent of entrepreneurs are belonging from Hindu religion and 10 percent of entrepreneurs are belonging from Sikh religion. However, the area wise distribution shows that 66.67 percent of entrepreneurs from Central Jammu are belonging to Hindu religion whereas, 93.33 and 53.33 percent of the entrepreneurs from South Jammu and North Jammu are belonging from Islam religion. Similarly, in case of Ladakh division 96.67 percent of the entrepreneurs are belonging from Islam and only 3.33 percent of entrepreneurs are belonging from other religion. Therefore, the overall table shows that majority of entrepreneurs are belonging from Islam religion in all three divisions of Jammu and Kashmir.

Table 5.2: Religion Wise Distribution of the Entrepreneurs

Area Wise	Hindu	Islam	Sikh	Others	Total
South Kashmir	0 (0.00)	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	0 (0.00)	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	0 (0.00)	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	29 (96.67)	0 (0.00)	1 (3.33)	30 (100.00)
South Jammu	2 (6.67)	28 (93.33)	0 (0.00)	0 (0.00)	30 (100.00)
Central Jammu	20 (66.67)	7 (23.33)	3 (10.00)	0 (0.00)	30 (100.00)
North Jammu	8 (26.67)	15 (53.33)	6 (20.00)	0 (0.00)	30 (100.00)
Kashmir	0 (0.00)	90 (100.00)	0 (0.00)	0 (0.00)	90 (100.00)
Jammu	30 (33.33)	51 (56.67)	9 (10.00)	0 (0.00)	90 (100.00)
Ladakh	0 (0.00)	29 (96.67)	0 (0.00)	1 (3.33)	30 (100.00)
Total	30 (14.29)	170 (80.75)	9 (4.29)	1 (0.48)	210 (100.00)

Source: Field Survey Data.

5.3 Age Wise Distribution of Respondents

Age structure is one of the most imperative characteristic of human population composition. A population characteristic varies significantly with age structure. Moreover, age statistics forms an important component of population analysis. Usefulness of age data is more noticeable, when it is cross classified with the variables like marital status, educational attainment, economic activity etc. (Serban, 2012). Therefore, this section explores the distribution of entrepreneurs by age group. Nonetheless, the entrepreneurs are divided into four sub categories which comprise 18 to 30 years, 31 to 45 years, 46 to 55 years and 56 to 65 years. Therefore, table 5.3 below shows that in case of Kashmir division majority of entrepreneurs i.e. 57.78 percent are belonging from age group of 31 to 45 years and 33.33 percent of the entrepreneurs are belonging from age group of 46 to 55 years. Whereas, a little percent i.e. 2.22 percent and 6.67 percent of entrepreneurs are belonging from 18 to 30 years and 56 to 65 years respectively. However, in Jammu division, 37.78 percent of the entrepreneurs are belonging from age group of 31 to 45 years and 55.56 percent of the entrepreneurs are belonging from age group of 46 to 55 years. Moreover, in case of Ladakh division majority of the entrepreneurs i.e. 60.00 percent are belonging from age group of 46 to 55 years and 36.67 percent of the entrepreneurs are belonging from 31 to 45 years.

However, wise age distribution of entrepreneurs, by their age group reveals that in South Kashmir, Central Kashmir and North Kashmir, majority of the entrepreneurs which comprises 73.33 percent, 46.67 percent and 53.33 percent, are belonging from age group of 31 to 45 years. Similarly, in case of area wise distribution of Jammu division, highest proportion of the entrepreneurs from South Jammu i.e. 53.33 percent are belonging from age group of 31 to 45 years, whereas in Central and North Jammu 56.67 percent and 63.33 of entrepreneurs are belonging from age group of 46 to 55 years. Therefore, the overall results show that in case of Kashmir division, majority of the entrepreneurs are belonging to the age group of 31 to 45 years. While, in Jammu and Ladakh division, majority of the entrepreneurs belongs to the age group of 46 to 55 years respectively.

Table 5.3: Age wise Distribution of Entrepreneurs

Area Wise	18 to 30 Years	31 to 45 years	46 to 55 years	56 to 65 years	TOTAL
South Kashmir	2 (6.67)	22 (73.33)	6 (20.00)	0 (0.00)	30 (100.00)
Central Kashmir	0 (0.00)	14 (46.67)	11 (36.67)	5 (16.67)	30 (100.00)
North Kashmir	0 (0.00)	16 (53.33)	13 (43.33)	1 (3.33)	30 (100.00)
Ladakh	0 (0.00)	11 (36.67)	18 (60.00)	1 (3.33)	30 (100.00)
South Jammu	0 (0.00)	16 (53.33)	14 (46.67)	0 (0.00)	31 (100.00)
Central Jammu	0 (0.00)	9 (30.00)	17 (56.67)	4 (13.33)	30 (100.00)
North Jammu	0 (0.00)	9 (30.00)	19 (63.33)	2 (6.67)	30 (100.00)
Division Wise Social Category					
Kashmir	2 (2.22)	52 (57.78)	30 (33.33)	6 (6.67)	90 (100.00)
Jammu	0 (0.00)	34 (37.78)	50 (55.56)	6 (6.67)	90 (100.00)
Ladakh	0 (0.00)	11 (36.67)	18 (60.00)	1 (3.33)	30 (100.00)
Total	2 (0.95)	97 (46.19)	98 (46.67)	13 (6.19)	210 (100.00)

Source: Field Survey Data.

5.4: Distribution of the Entrepreneurs by Educational Status

Gainful employment is possible only when the level of education will be high among the masses. The great philosopher and Economist, Dr Bhimrao Ambedkar luminously highlights the value and importance of education. He said, it is the education which is the right weapon to cut the social slavery and it is the education which will enlighten the downtrodden masses to come up and gain social status, economic betterment and political freedom (Dr. B.R. Ambedkar Thought on Education). So in other words, it is the education which can lay the foundation of social status among the masses in a society. Hence, it is important to study the educational status of entrepreneurs. Therefore, table 5.4 below highlights education status of entrepreneurs and the results of the table 5.4 reveals that in case of entrepreneurs of Kashmir division, the highest percentage share of education is Graduation which comprises 33.34 percent, followed

by High School 24.44 percent, Post-graduation 23.33 percent and Intermediate 18.89 percent. Similarly, in case of entrepreneurs of Jammu division, the highest share of education is also Graduation which comprises 37.38 percent, which is 4 percent higher than the Kashmir division followed by, High school 16.67 percent. However, in case of Technical education in Jammu division it comprises 6.67 percent, while in case of Kashmir and Ladakh division none of the entrepreneurs are having technical education. Moreover, in case of Ladakh division the highest percentage share of education among entrepreneurs is High school and Intermediate which constituted equally 30 percent, followed by Graduation 26.67 percent. Thus, the educational standard of Ladakh division is quite low comparatively to Kashmir and Jammu divisions.

However, area analysis shows that in South Kashmir highest education level of entrepreneurs is Post-graduation which comprises 40.00 percent of entrepreneurs, followed by graduation 40 percent, Inter and high school which constitute 10 percent. In Central Kashmir the highest level of education of entrepreneurs are post-graduation, which comprises 26.67 percent, followed by graduation 36.67 percent, inter and high school which comprises 20.0 percent and 16.67 percent respectively. In North Kashmir, the highest level of education of entrepreneurs is post-graduation but it comprises only 3.3 percent, then graduation 23.33 percent, inter and high school which comprise 26.67 and 46.67 percent respectively. Similarly, in Central Jammu the highest qualification of entrepreneurs is technical education, which comprises 20 percent, followed by post-graduation 23.33 percent, graduation 46.67, inter and high school which comprises 6.67 percent and 3.33 percent respectively. While in case of South Jammu and North Jammu the highest qualification of entrepreneurs is very low as compared to other areas of Jammu and Kashmir. Therefore, in South Jammu, the highest level of education of entrepreneurs is graduation which comprises 33.33 percent, followed by inter(+2) 3.23 percent, high school i.e. 30.0 percent, middle and primary which comprises 33.33 percent and 3.33 percent respectively. Nonetheless, in case of North Jammu the highest education of entrepreneur is post gradation, which comprises 10.0 percent, followed by graduation and inter, which comprises 33.33 percent each, high school i.e. 16.67 percent, middle and primary school, i.e. 3.33 percent each respectively.

Table 5.4: Education Wise Distribution of the Entrepreneurs

Area Wise	Primary	Middle	High	Inter (+2)	Graduation	Post_graduation	Technical	Total
South Kashmir	0 (0.00)	0 (0.00)	3 (10.00)	3 (10.00)	12 (40.00)	12 (40.00)	0 (0.00)	30 (100.00)
Central Kashmir	0 (0.00)	0 (0.00)	5 (16.67)	6 (20.00)	11 (36.67)	8 (26.67)	0 (0.00)	30 (100.00)
North Kashmir	0 (0.00)	0 (0.00)	14 (46.67)	8 (26.67)	7 (23.33)	1 (3.33)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	2 (6.67)	9 (30.00)	9 (30.00)	8 (26.67)	2 (6.67)	0 (0.00)	30 (100.00)
South Jammu	1 (3.33)	10 (33.33)	9 (30.00)	0 (3.23)	10 (33.33)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	0 (0.00)	0 (0.00)	1 (3.33)	2 (6.67)	14 (46.67)	7 (23.33)	6 (20.00)	30 (100.00)
North Jammu	1 (3.33)	1 (3.33)	5 (16.67)	10 (33.33)	10 (33.33)	3 (10.0)	0 (0.00)	30 (100.00)
Division Wise Social Category								
Kashmir	0 (0.00)	0 (0.00)	22 24.44	17 18.89	30 33.34	21 23.33	0 (0.00)	90 (100.00)
Jammu	2 (2.22)	11 (12.22)	15 (16.67)	12 (13.33)	34 (37.78)	10 (11.11)	6 (6.67)	90 (100.00)
Ladakh	0 (0.00)	2 (6.67)	9 30	9 (30)	8 (26.67)	2 (6.67)	0 (0.00)	30 (100.00)
	2 (0.95)	13 (6.19)	46 (21.90)	38 (18.09)	72 (34.29)	33 (15.71)	6 (2.87)	210 (100.00)
Area Wise Pearson $\chi^2(36) = 146.0399$ Pr = 0.000								
Division Wise Pearson $\chi^2(12) = 34.2900$ Pr = 0.001								

Source: Field Survey Data.

5.5: Entrepreneur's Family Background

There are extensive evidences which show that family background as a major institution for carrying out an essential decision in production, consumption, employment and economic empowerment of individuals in society (Mokomane, 2012.). Therefore, table 5.5 below shows the family occupational background of entrepreneurs. Table 5.5 reveals that in case of Kashmir division majority of entrepreneurs are belonging from self-employment family backgrounds, which comprises 50 percent, followed by agricultural family backgrounds 34.44 percent, government services 11.11 percent and Industrialists 4.44 percent respectively. Similarly, in case of Jammu division majority of the entrepreneurs are belonging from

agricultural family background which comprises 52.22 percent, followed by self-employment backgrounds 43.33 percent and government services 4.44 percent. While, in case of Ladakh division majority of the entrepreneurs are belonging from self-employment family backgrounds, which comprises 90 percent of the entrepreneurs, followed by government service 10 percent.

Similarly, area wise analysis of Kashmir division shows that the highest percentage of entrepreneurs from South Kashmir is belonging from self-employment family backgrounds which comprise 46.67 percent. The same constituted 66.67 percent in Central Kashmir. While in case of North Kashmir the highest percentage of entrepreneurs is belonging from agricultural family backgrounds, which comprises 46.67 percent. Moreover, in case of South Jammu the highest percentage of entrepreneurs is belonging from agricultural family backgrounds i.e. 73.33 percent and in case of Central Jammu the highest percentage share of entrepreneurs is belonging from self-employment family backgrounds, which comprise 96.67 percent of entrepreneurs. While, in case of North Jammu, 83.33 percent of the entrepreneurs is belonging from agricultural family backgrounds. One thing is clear here majority of the entrepreneurs of family background are either agriculture or self-employment. Therefore, the overall results show that in Kashmir division, highest proportion of the entrepreneurs belongs from self-employment family backgrounds, which comprises 50.00 percent. While in Jammu division, highest proportion of entrepreneur's i.e. 52.22 percent belongs from agriculture family backgrounds. However, in case of entire Jammu and Kashmir the highest percentage of entrepreneurs from Jammu and Kashmir state are belonging from self-employment family backgrounds which comprises 52.86 percent, followed by agricultural family backgrounds 37.14 percent respectively. Therefore, the overall results reveal that in Kashmir division, highest proportion of the entrepreneurs is having self-employment family background. In case of Jammu division, highest proportion of entrepreneurs is having agriculture family background and in Ladakh division, majority of entrepreneurs are having self-employment family background.

Table 5.5: Family Occupational Background of Entrepreneurs

Area Wise	Agriculture	Self-employment	Industrialist	Govt_ Service	Total
South Kashmir	10 (33.33)	14 (46.67)	1 (3.33)	5 (16.67)	30 (100.00)
Central Kashmir	7 (23.33)	20 (66.67)	3 (10.00)	0 (0.00)	30 (100.00)
North Kashmir	14 (46.67)	11 (36.67)	0 (0.00)	5 (16.67)	30 (100.00)
Ladakh	0 (0.00)	27 (90.00)	0 (0.00)	3 (10.00)	30 (100.00)
South Jammu	22 (73.33)	6 (20.00)	0 (0.00)	2 (6.67)	31 (100.00)
Central Jammu	0 (0.00)	29 (96.67)	0 (0.00)	1 (3.33)	30 (100.00)
North Jammu	25 (83.33)	4 (13.33)	0 (0.00)	1 (3.33)	30 (100.00)
Division Wise Social Category					
Kashmir	31 (34.44)	45 (50.00)	4 (4.44)	10 (11.11)	90 (100.00)
Jammu	47 (52.22)	39 (43.33)	0 (0.00)	4 (4.44)	90 (100.00)
Ladakh	0 (0.00)	27 (90.00)	0 (0.00)	3 (10.00)	30 (100.00)
Total	78 (37.14)	111 (52.86)	4 (1.90)	17 (8.10)	210 (100.00)

Source: Field Survey Data

5.6: Distribution of Workers in Enterprises by Type of Jobs

The economic activity always plays an important role in determining the level of well-being of masses in the country. Nonetheless, occupational pattern reflects the economic activities of individuals and also determines the socio-economic conditions of labor force in the economy (Constantine, 2017). Therefore, changes in occupational structure with decent jobs are highly associated with economic development. It is mainly because the level of per capita income increases as more and more work-force shifts from primary sector to secondary sector and then secondary to tertiary sector. Thus table 5.6 below reveals distribution of workers by type of jobs, and the job

distribution has been divided into 3 categories, which consists skilled labor, semi-skilled labor and un-skilled labor. In our study, the skilled workers are those who are operating the machines in production process, while the semi-skilled workers are also assisting the skilled workers in managing machinery and other works in production process. The un-skilled workers are doing packing and other activities in industrial units. However, the contract workers are also accounted in this study. These are those workers who are working on contract for short duration of time i.e. 3 to 6 months in a year.

Therefore, table 5.6 highlights that the highest number of workers in Kashmir division is working as skilled workers, which comprises 44.08 percent, followed by unskilled 42.54 percent, Semi-killed 6.63 percent and contract unskilled 6.52 percent. Similarly, in Jammu division 45.08 percent are working as skilled workers, which is one percentage point higher than Kashmir division, followed by unskilled workers which comprises 44.28 percent, Semi-skilled workers 9.27 percent. However, no semi-skilled and un-skilled contract worker has found in Jammu division. Moreover, in case of Ladakh division 67.39 percent of the workers are skilled workers, followed by un-skilled workers 30.43 percent and Semi-Skilled workers 2.17 percent respectively.

Similarly, the area wise analysis shows that in case of Kashmir division the highest percentage of skilled workers is in South Kashmir i.e. 47.70 percent followed by North Kashmir 46.63 percent and Central Kashmir 38.41 percent. While, in case of Jammu division the highest percentage of skilled workers are from North Jammu which comprises 72.44 percent, South Jammu 61.01 percent and are lowest in Central Jammu 36.57 percent. Therefore, the overall analysis of the table shows that in all the three divisions, the small scale industries are employing more skilled labor. But the results also reveal that the entrepreneurs of Jammu and Kashmir division are employing significant number of unskilled workers. However, in Ladakh division, entrepreneurs are employing more of skilled labors as compared to Jammu and Kashmir divisions. Moreover, very insignificant number of entrepreneurs is employing contract workers in Jammu and Kashmir divisions.

Table 5.6: Distribution of Workers in Enterprises by Type of Jobs

Area Wise	Total Workers	Skilled Workers	Semi-skilled Workers	Unskilled Workers	Skilled Contract Workers	Semi-Skilled Contract Workers	Un-Skilled Contract Workers
South Kashmir	369	176 (47.70)	24 (6.50)	155 (42.00)	0 (0.00)	0 (0.00)	14 (3.79)
Central Kashmir	328	126 (38.41)	30 (9.15)	146 (44.51)	2 (0.60)	0 (0.00)	24 (7.32)
North Kashmir	208	97 (46.63)	6 (2.88)	84 (40.38)	0 (0.00)	0 (0.00)	21 (10.09)
Ladakh	184	124 (67.39)	4 (2.17)	56 (30.43)	0 (0.00)	0 (0.00)	0 (0.00)
South Jammu	118	72 (61.01)	0 (0.00)	40 (33.90)	6 (5.08)	0 (0.00)	0 (0.00)
Central Jammu	629	230 (36.57)	77 (12.24)	322 (51.19)	0 (0.00)	0 (0.00)	0 (0.00)
North Jammu	127	92 (72.44)	4 (3.14)	25 (19.68)	6 (4.72)	0 (0.00)	0 (0.00)
Division Wise							
Kashmir	905	399 (44.08)	60 (6.63)	385 (42.54)	2 (0.22)	0 (0.00)	59 (6.52)
Jammu	874	394 (45.08)	81 (9.27)	387 (44.28)	12 (1.37)	0 (0.00)	0 (0.00)
Ladakh	184	124 (67.39)	4 (2.17)	56 (30.43)	0 (0.00)	0 (0.00)	0 (0.00)
	1963	917 (46.71)	145 (7.39)	828 (42.18)	14 (0.71)	0 (0.00)	59 (3.00)
Area Wise Pearson $\chi^2(48) = 196.8284$ Pr = 0.000							
Division Wise Pearson $\chi^2(16) = 60.9139$ Pr = 0.000							

Source: Field Survey Data.

5.7: Distribution of Skilled Workers Salary

Skilled labor is usually characterized by advanced education, possession of knowledge, high skills to perform difficult tasks, ability to adapt technology changes very quickly and is having a creative application of knowledge and skills acquired through training in their work (ILO 2014). In essence, skilled workers are closely involved in the generation, spreading and development of application of knowledge in the production process. Table 5.7 below shows the income distribution of skilled workers and the results show that in case of Kashmir division majority of skilled workers i.e. 45.56 percent are getting a monthly salary of 12001 to 16000 rupees per month, 28.89 percent of workers are getting a monthly salary of 8001 to 12000 rupees, 16.67 percent are getting a monthly salary of 16001 to 20000 rupees and a

very low percentage i.e. 7.78 percent of the workers are getting a monthly salary from 20001 to 25000 rupees. Nevertheless, a lowest 1.11 percent of workers are getting monthly salary of 5600 to 8000 per month. Similarly, in case of Jammu division 33.33 percent of the workers are getting monthly salary of 12001 to 16000 rupees per month followed by 27.78 percent, who are getting 8001 to 12000 rupees per month, 17.78 percent of workers are getting 20001 to 25000 rupees per month, 7.78 percent of workers are getting a salary of 16001 to 20000 rupees per month and a small proportion of workers i.e. 1.11 and 2.22 are getting a highest monthly salary of 25001 to 30000 and 30001 to 35000 respectively. Apart from this, 10 percent of skilled workers from Jammu division are getting only a monthly salary of 5600 to 8000 rupees per month. However, area wise analysis of Kashmir division shows that majority of workers from south Kashmir i.e. 30.33 percent are getting a salary of 12001 to 16000 rupees per month, 60 percent of workers in Central Kashmir are getting 12001 to 16000 rupees per month and in North Kashmir, 56.67 percent are getting a salary of rupees 8001 to 12000 per month.

Area wise analysis shows that in South Kashmir, 16.67 percent of workers are getting a highest amount of salary i.e. 20001 to 25000 rupees per month, followed by 6.67 percent of workers from Central Kashmir While in case of North Kashmir, 43.33 percent of the workers were getting a monthly salary of rupees 12001 to 16000 per month. Similarly, area wise analysis of Jammu division, shows that highest proportion of workers from South Jammu, i.e. 50 percent are getting a salary of rupees 12001 to 16000 per month. In case of Central Jammu, 6.67 percent of the workers are getting highest amount of salary i.e. 30001 to 35000 rupees per month. While in North Jammu 36.67 percent of workers are getting a monthly salary of rupees 12001 to 16000 per month. Moreover, in Ladakh division, highest proportion of the workers i.e. 46.67 percent are getting a monthly salary of rupees 12001 to 16000 rupees per month and another 46.67 percent are getting a salary of rupees 16001 to 20000 rupees per month. However, only 6.67 percent of skilled workers are getting a salary of rupees 20001 to 25000 rupees per month. Therefore, the overall results show that, there is significant differences in the monthly salary of skilled workers, the workers who are working in the highly developed industrial areas are having higher monthly salaries. It possibly because the market demand for the highly industrial developed areas is higher than the low industrial developed areas, therefore, the prevailing wage rate is higher in these areas like Central Jammu, Central Kashmir and South Kashmir.

Table 5.7: Distribution of Skilled Workers Salary

Area Wise	5600-8000	8001-12000	12001-16000	16001-20000	20001-25000	25001-30000	30001-35000	Total
South Kashmir	1 (3.33)	8 (26.67)	10 (30.33)	6 (20.00)	5 (16.67)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	0 (0.00)	1 (3.33)	18 (60.00)	9 (30.00)	2 (6.67)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	0 (0.00)	17 (56.67)	13 (43.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	0 (0.00)	14 (46.67)	14 (46.67)	2 (6.67)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	2 (6.67)	13 (43.33)	15 (50.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Central Jammu	0 (0.00)	0 (0.00)	4 (13.33)	7 (23.33)	16 (53.33)	1 (3.33)	2 (6.67)	30 (100.00)
North Jammu	7 (23.33)	12 (40.00)	11 (36.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Division Wise								
Kashmir	1 (1.11)	26 (28.89)	41 (45.56)	15 (16.67)	7 (7.78)	0 (0.00)	0 (0.00)	90 (100.00)
Jammu	9 (10.00)	25 (27.78)	30 (33.33)	7 (7.78)	16 (17.78)	1 (1.11)	2 (2.22)	90 (100.00)
Ladakh	0 (0.00)	0 (0.00)	14 (46.67)	14 (46.67)	2 (6.67)	0 (0.00)	0 (0.00)	90 (100.00)
Total	10 (4.76)	51 (24.29)	85 (40.48)	36 (17.14)	25 (11.90)	1 (0.48)	2 (0.95)	210 (100.00)
Area Wise Pearson $\chi^2(36) = 186.4461$ Pr = 0.000								
Division Wise Pearson $\chi^2(12) = 48.1054$ Pr = 0.000								

Source: Field Survey Data.

5.8: Distribution of Monthly Salary of Semi- Skilled Workers

Semi-skilled workers are having some sort of skill or competences acquired through experience on job and are being capable to handle the task of work with or without the support of skilled person. Semi-skilled labors are an important segment of labor market, which plays a crucial role in the economic activities of the country. In our study the semi-skilled workers are all those workers who are assisting skilled workers are without skilled to run and manage the machinery in industrial units. Therefore, table 5.8 below shows the distribution of monthly salary of semi-skilled workers. The results show that in Kashmir division 68.75 percent of semi-skilled workers are getting a monthly salary of rupees 8001 to 12000 per month, 18.75 percent are getting the highest salary of rupees 12001 to 16000 per month and 6.25 percent each are getting 1000 to 5000 and 5001 to 8000 rupees per month respectively. While, in case of Jammu division, the 58.33 percent of the workers are getting a monthly income of 12001 to 16000 per month, 25.0 percent of workers are getting highest salary of rupees 16001 to 20000 per month and 16.67 percent are getting salary of rupees 5001

to 8000 rupees per month. However, Ladakh none of the worker are found working under semi-skilled category.

Area wise analysis shows that 62.5 percent of workers from South Kashmir were getting a monthly salary of rupees 8001 to 12000, 25 percent are getting a salary rupees 12100 to 16000 and 12.5 percent are getting rupees 1000 to 5000 per month. Similarly, in Central Kashmir, 71.43 percent of semi-skilled of workers are getting monthly income of rupees 8001 to 12000 per month and 14.28 percent of each are getting monthly salary of rupees 5100 to 8000 and 12001 to 16000 per month respectively. In South Jammu, none of the industrial units were having semi-skilled workers. However, in Central Jammu 70.0 percent of semi-skilled workers are getting a monthly income of 12001 to 16000 and 30 percent are getting a monthly income of 16001 to 20000 per month. While in North Jammu all semi-skilled workers are getting salary of rupees 5001-8000 per month.

Table 5.8: Distribution of Semi-Skilled Workers Salary

Area Wise	1000-5000	5001-8000	8001-12000	12001-16000	16001-20000	Total
South Kashmir	1 (12.5)	0 (0.00)	5 (62.5)	2 (25.00)	0 (0.00)	8 (100.00)
Central Kashmir	0 (0.00)	1 (14.28)	5 (71.43)	1 (14.28)	0 (0.00)	7 (100.00)
North Kashmir	0 (0.00)	0 (0.00)	1 (100.00)	0 (0.00)	0 (0.00)	1 (100.00)
Ladakh	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (00.00)
South Jammu	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (00.00)
Central Jammu	0 (0.00)	0 (0.00)	0 (0.00)	7 (70.00)	3 (30.00)	10 (100.00)
North Jammu	0 (0.00)	2 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	2 (100.00)
Total	1 (0.48)	3 (1.44)	11 (5.26)	10 (4.78)	3 (1.44)	210 (100.00)
Kashmir	1 (6.25)	1 (6.25)	11 (68.75)	3 (18.75)	0 (0.00)	16 (100.00)
Jammu	0 (0.00)	2 (16.67)	0 (0.00)	7 (58.33)	3 (25)	12 (100.00)
Ladakh	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (0.00)
Total	1 (0.48)	3 (1.44)	11 (5.26)	10 (4.78)	3 (1.44)	1 (0.48)
Area Wise Pearson $\chi^2(30) = 85.4571$ Pr = 0.000						
Division Wise Pearson $\chi^2(10) = 24.9731$ Pr = 0.005						

Source: Field Survey Data.

5.9: Distribution of Monthly Salary of Un-Skilled Workers

This section, explores the distribution of monthly salary of un-skilled workers in small scale industries of Jammu and Kashmir. Table 5.9 below shows the distribution of monthly salary of un-skilled workers. Results show that in case of Kashmir division majority of the un-skilled workers i.e. 76.39 percent are getting a salary of rupees 5501 to 8000 per month, 20.83 percent of workers are getting rupees 8001 to 12000 and the rest 2.78 percent of workers are getting a low salary of 1000 to 5000. While, in Jammu division, 48.89 percent of the workers are getting a salary of rupees 8001 to 12000 per month, 15.56 percent of workers are getting rupees 12001 to 16000 per month, 33.33 percent of workers are getting rupees 5501 to 8000 per month and 2.22 percent of un-skilled workers are getting rupees 1000 to 5500 per month. However, in case of Ladakh, 68.75 percent of un-skilled workers are getting a salary of rupees 8001 to 12000 per month, 25.0 percent of workers are getting salary of rupees 12001 to 16000 per month and 7.69 percent are getting a higher salary of rupees 16001 to 20000 per month.

Area wise analysis shows that 73.91 percent of the workers from South Kashmir, are getting a monthly salary of rupees 5501 to 8000 per month, 21.75 percent of workers are getting salary of rupees 8001 to 12000 per month and 4.34 percent of workers are getting salary of rupees 1000 to 5500 per month. In Central Kashmir, 81.48 percent of the un-skilled workers are getting a salary of rupees 5501 to 8000 per month and 18.52 percent of workers are getting salary of rupees 8001 to 12000 per month. Moreover, in North Kashmir 72.73 percent of workers are getting salary of rupees 5501 to 8000 per month, 22.73 percent of workers are getting salary of rupees 8001 to 12000 and 4.53 percent of workers are getting salary of rupees 1000 to 5500 per month. Nonetheless, in case of South Jammu, 72.73 percent of workers are getting salary of rupees 5501 to 8000 per month and 27.27 percent of workers are getting salary of rupees 8001 to 12000 per month. However, in case of Central Jammu, 72.0 percent of the un-skilled workers are getting a monthly salary of rupees 8001 to 12000 per month and 28.0 percent of workers are getting salary of rupees 12001 to 16000 per month. In North Jammu, 77.78 percent of workers are getting salary of rupees 5501 to 8000 per month, 11.11 percent each of workers are getting salary of rupees 8001 to 12000 and 1000 to 5500 per month respectively. The overall results shows that the highest proportion of unskilled workers in Kashmir division, i.e. 76.39 are getting monthly salary of 5501 to 8000 rupees per month and in Jammu division

the highest proportion of unskilled workers i.e. 48.86 percent are getting monthly salary of 8001 to 12000 rupees per month.

Table 5.9: Distribution of Un-Skilled Workers Salary

Area Wise	1000-5500	5501-8000	8001-12000	12001-16000	16001-20000	Total
South Kashmir	1 (4.34)	17 (73.91)	5 (21.75)	0 (0.00)	0 (0.00)	23 (100.00)
Central Kashmir	0 (0.00)	22 (81.48)	5 (18.52)	0 (0.00)	0 (0.00)	27 (100.00)
North Kashmir	1 (4.53)	16 (72.73)	5 (22.73)	0 (0.00)	0 (0.00)	22 (100.00)
Ladakh	0 (0.00)	0 (0.00)	11 (68.75)	4 (25.00)	1 (6.25)	16 (100.00)
South Jammu	0 (0.00)	8 (72.73)	3 (27.27)	0 (0.00)	0 (0.00)	11 (100.00)
Central Jammu	0 (0.00)	0 (0.00)	18 (72.00)	7 (28.00)	0 (0.00)	25 (100.00)
North Jammu	1 (11.11)	7 (77.78)	1 (11.11)	0 (0.00)	0 (0.00)	9 (100.00)
Division Wise						
Kashmir	2 (2.78)	55 (76.39)	15 (20.83)	0 (0.00)	0 (0.00)	72 (100.00)
Jammu	1 (2.22)	15 (33.33)	22 (48.89)	7 (15.56)	0 (0.00)	45 (100.00)
Ladakh	0 (0.00)	0 (0.00)	11 (68.75)	4 (25.00)	1 (7.69)	16 (100.00)
Total	3 (2.26)	70 (52.63)	48 (36.09)	11 (8.27)	1 (0.75)	133 (100.00)
Area Wise Pearson $\chi^2(30) = 140.9462$ Pr = 0.000						
Division Wise Pearson $\chi^2(10) = 70.9091$ Pr = 0.000						

Source: Field Survey Data.

5.10: Entrepreneurs, by the Ownership Status of Industrial Land

Industrial policy of Jammu and Kashmir offers attractive incentives along with a single-window clearance mechanism. Under this policy, land is allotted at concession rates in the industrial areas, on lease for 90 years. Therefore, this section explores the distribution of land under industrial units. Table 5.10 below shows the entrepreneurs, by the ownership status of industrial land. The results shows that in case of Kashmir division, 91.11 percent of the industrial units are established on Government provided land and 8.89 percent of the entrepreneurs are running their industrial units on their own land. Similarly, in Jammu division, 84.44 percent of the entrepreneurs are having government land, whereas, 14.44 percent of the entrepreneurs are having own land

and 1.11 percent of the entrepreneurs are having leased land. Moreover, in Ladakh division 100 percent of the entrepreneurs are having government land. However, area wise analysis shows that in South Kashmir 26.67 percent of entrepreneurs are using own land rest all entrepreneurs from Kashmir division are using government land for their industrial units. Nevertheless, in case of Jammu division 40 percent from South Jammu are using their own land for their industrial units. However in North Jammu, 3.33 percent are using own land for their industrial units and 3.33 percent of the entrepreneurs are using leased land. Therefore, overall results show that majority of the entrepreneurs in Jammu and Kashmir is using Government land for their industrial units. It is mainly because the Government of Jammu and Kashmir is providing industrial land to entrepreneurs for rent at subsidy cost in industrial estate areas.

Table 5.10: Entrepreneurs, by the Ownership Status of Industrial Land

Area Wise	Own Land	Lease/Rent	Government	Total
South Kashmir	8 (26.67)	0 (0.00)	22 (73.33)	30 (100.00)
Central Kashmir	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
North Kashmir	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
Ladakh	0	0	30	
South Jammu	12 (40.00)	0 (0.00)	18 (60.00)	30 (100.00)
Central Jammu	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
North Jammu	1 (3.33)	1 (3.33)	28 (93.34)	30 (100.00)
Division Wise				
Kashmir	8 (8.89)	0 (0.00)	82 (91.11)	90 (100.00)
Jammu	13 (14.44)	1 (1.11)	76 (84.44)	90 (100.00)
Ladakh	0 (0.00)	0 (0.00)	30 (100.00)	30 (100.00)
Total	21 (10.00)	1 (0.48)	188 (89.52)	210 (100.00)

Source: Field Survey Data.

5.11: Distribution of Working Hours of a Unit

The number of working hours affects labor productivity. It is an important element to understand labor demand. It has also important implications for the regulation of working hours and firm management. Nonetheless, it is essential to examine the

working hours of labors, because long working hours leads to the exploitation of workers (Dembe, *et.al* 2005). Therefore, table 5.11 below shows the distribution of working hours of the unit. The results shows that in Kashmir division, 95.56 percent of industrial units are working 12 hours in a day and only 4.44 percent of units are working 8 hours in a day. However, in case of Jammu division, 60 percent of industrial units are working 8 hours in a day and 40 percent of the units are working 12 hours in a day. In case of Ladakh 63.33 percent of units are working 8 hours in a day and 36.67 percent of the units are working 12 hours in a day. However, area wise analysis shows that in case of South Kashmir 13.33 percent of units are working 8 hours in a day, while in south Jammu 80 percent of units are working 8 hours in a day. From the table it is clear that the industrial units in the highly industrial developed areas, such as Central Kashmir and Central Jammu are working 12 hours in a day is mainly because the work load in these areas are high as compared to other areas. Apart from this the power cuts disturbs the production target due to which the entrepreneurs are running industrial units for 12 hours to overcome from targeted production problems of a day.

Table 5.11: Distribution of Working Hours of a Unit

Area Wise	8 Hours	12 Hours	Total
South Kashmir	4 (13.33)	26 (86.67)	30 (100.00)
Central Kashmir	0 (0.00)	30 (100.00)	30 (100.00)
North Kashmir	0 (0.00)	30 (100.00)	30 (100.00)
Ladakh	19 (63.33)	11 (36.67)	30 (100.00)
South Jammu	24 (80.00)	6 (20.00)	30 (100.00)
Central Jammu	0 (0.00)	30 (100.00)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	30 (100.00)
Division Wise			
Kashmir	4 (4.44)	86 (95.56)	90 (100.00)
Jammu	54 (60.00)	36 (40.00)	90 (100.00)
Ladakh	19 (63.33)	11 (36.67)	90 (100.00)
Total	77 (36.67)	133 (63.33)	210 (100.00)
Area Wise Pearson $\chi^2(6) = 144.4019$ Pr = 0.000			
Division Wise Pearson $\chi^2(2) = 70.5263$ Pr = 0.000			

Source: Field Survey Data.

5.12: Distribution of Monthly Working Days in a Unit

Long working days in a month shows the performance and efficiency of enterprises. Therefore, table 5.12 below shows distribution of monthly working days of a unit and results show that in case of Kashmir division 95.56 percent of the units are working 24 to 26 days in a month and 4.44 percent units are working 26 to 30 days in a month. Similarly, in Jammu division 100 percent of the units are working 24 to 26 days in a month. Moreover, in case of Ladakh division here 16.67 percent of the units are working 18 to 23 days in a month and 83.33 percent of the units are working 24 to 26 days in a month. Area wise analysis reveals that 13.33 percent of industrial units from South Kashmir are working 26 to 30 days in a month. Therefore, overall results shows that majority of industrial units are working 24 to 26 days in a month in all three divisions. The overall result shows that in both Kashmir and Jammu division, highest proportion of industrial units are working 24 to 30 days in a month. However, in Ladakh due to lack of adequate demand of products the units are remaining idle for some days. However, in Kashmir division 4.44 percent of units are working 26 to 30 days and these are mainly the milk and dairy industries.

Table 5.12: Distribution of Monthly Working Days in a Unit

Area Wise	18 to 23 days	24 to 26 days	26 to 30 days	Total
South Kashmir	0 (0.00)	26 (86.67)	4 (13.33)	30 (100.00)
Central Kashmir	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
North Kashmir	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
Ladakh	5 (16.67)	25 (83.33)	0 (0.00)	30 (100.00)
South Jammu	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
Central Jammu	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
North Jammu	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
Division Wise				
Kashmir	0 (0.00)	86 (95.56)	4 (4.44)	90 (100.00)
Jammu	0 (0.00)	90 (100.00)	0 (0.00)	90 (100.00)
Ladakh	5 (16.67)	25 (83.33)	0 (0.00)	30 (100.00)
Total	5 (2.38)	1 (95.71)	4 (1.90)	210 (100.00)
Area Wise Pearson $\chi^2(12) = 55.0249$ Pr = 0.000				
Division Wise Pearson $\chi^2(4) = 35.9867$ Pr = 0.000				

Source: Field Survey Data.

5.13: Distribution of Enterprises by Proprietorship Type

Business ownerships are mainly consisting of three common forms, which comprise sole proprietorship, partnership and corporation type. Therefore table 5.13 below shows the entrepreneur's ownership type and the results indicate that in Kashmir and Ladakh division all the enterprises are sole proprietor. However in case of Jammu division 98.88 percent of the entrepreneurs are sole proprietorship and 1.12 percent are Partnership type, which are mainly from Central Jammu.

Table 5.13: Distribution of Enterprises by Proprietorship Type

Area Wise	Sole Proprietor	Partnership	Total
South Kashmir	30 (100.00)	0 (0.00)	30 (100.00)
Central Kashmir	30 (100.00)	0 (0.00)	30 (100.00)
North Kashmir	30 (100.00)	0 (0.00)	30 (100.00)
Ladakh	30 (100.00)	0 (0.00)	30 (100.00)
South Jammu	30 (100.00)	0 (0.00)	30 (100.00)
Central Jammu	29 (96.67)	1 (3.33)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	30 (100.00)
Division Wise			
Kashmir	90 (100.00)	0 (0.00)	90 (100.00)
Jammu	89 (98.88)	1 (1.12)	90 (100.00)
Ladakh	90 (100.00)	0 (0.00)	90 (100.00)

Source: Field Survey Data.

5.14: Location of Industrial Unit

The table 5.14 shows the rural and urban wise location of the industrial units. It may be seen that that in case of Kashmir division, 73.33 percent of the units are functioning in rural areas and 26.67 percent of the units are functioning in urban areas. Similarly in case of Jammu division, 67.78 percent of the units are functioning in rural areas and 32.22 percent of the units are functioning in urban areas. However, in case of Ladakh 100 percent of the units are functioning at rural area. Thus, from results it is clear, that majority of industrial units in Jammu and Kashmir are operating in rural areas.

Table 5.14: Location of Industrial Unit

Area Wise	Rural	Urban	Total
South Kashmir	27 (90.00)	3 (10.00)	30 (100.00)
Central Kashmir	9 (30.00)	21 (70.00)	30 (100.00)
North Kashmir	30 (100.00)	0 (0.00)	30 (100.00)
Ladakh	30 (10.00)	0 (0.00)	30 (100.00)
South Jammu	30 (100.00)	0 (0.00)	30 (100.00)
Central Jammu	1 (3.33)	29 (96.67)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	30 (100.00)
Division Wise			
Kashmir	66 (73.33)	24 (26.67)	90 (100.00)
Jammu	61 (67.78)	29 (32.22)	90 (100.00)
Ladakh	30 (100.00)	0 (0.00)	90 (100.00)
Total	157 (74.76)	53 (25.24)	210 (100.00)

Source: Field Survey Data.

5.15: Year Wise Establishment of Industrial Units

The year of establishment of industrial units provides information on industrial development over the years in a region. Therefore, table 5.15 below shows the year of establishment of industrial units in Jammu and Kashmir and table 5.15 highlights that in case of Kashmir division 12.22 percent of industrial has been established between 1998 to 2004, 41.11 percent of industrial units were established between 2005 to 2010 and 46.67 percent of industrial units were established from 2011 to 2017. Similarly, in case of Jammu division, 17.78 percent of industries were established from 1998 to 2004, 28.89 percent of industries were established from 2005 to 2010 and 53.33 percent of industries were established from 2011 to 2017. Similarly in Ladakh division, 26.67 percent of industries were established from 2005-2010 and 73.33 percent of the industries are established from 2011-2017. However, area wise analysis shows that in case of South Kashmir, 63.33 percent of industries were established from 2011-2017, 30 percent were established from 2005-2010 and 6.67 percent were established from 1998-2004. Similarly, in Central Kashmir, 50.0 percent of the

industries were established from 2005-2010, 30.0 percent were established from 2011-2017 and 20.0 percent of industries were established from 1998-2004. In North Kashmir, majority of industries i.e. 46.67 were established from 2011-2017, 43.33 percent of industries were established from 2005-2010 and 10 percent of industries were established from 1998-2004. Similarly, in case of South Jammu, majority of industries which comprises 63.33 percent were established from 2011-2017, 33.33 percent were established from 2005-2010 and 3.33 percent of industries were established from 1998-2004. In Central Jammu, 50.0 percent of industries were established from 1998-2004, 36.67 percent were established from 2004-2010 and 13.33 percent of industries were established from 2011-2017. However, in case of North Jammu, majority of industrial i.e. 83.33 were established from 2011-2017 and 16.67 percent of the industries were established from 2005-2010. Therefore, the overall results show that in all three divisions of Jammu and Kashmir majority of industries were established from 2011-2017, and therefore, the industrial development has taken place after 2010.

Table 5.15: Year Wise Establishment of Industrial Units

Area Wise	1998-2004	2005-2010	2011-2017	Total
South Kashmir	2 (6.67)	9 (30.00)	19 (63.33)	30 (100.00)
Central Kashmir	6 (20.00)	15 (50.00)	9 (30.00)	30 (100.00)
North Kashmir	3 (10.00)	13 (43.33)	14 (46.67)	30 (100.00)
Ladakh	0 (0.00)	8 (26.67)	22 (73.33)	30 (100.00)
South Jammu	1 (3.33)	10 (33.33)	19 (63.33)	30 (100.00)
Central Jammu	15 (50.00)	11 (36.67)	4 (13.33)	30 (100.00)
North Jammu	0 (0.00)	5 (16.67)	25 (83.33)	30 (100.00)
Division Wise				
Kashmir	11 (12.22)	37 (41.11)	42 (46.67)	90 (100.00)
Jammu	16 (17.78)	26 (28.89)	48 (53.33)	90 (100.00)
Ladakh	0 (0.00)	8 (26.67)	22 (73.33)	30 (100.00)
Total	27 (12.86)	71 (33.81)	112 (53.33)	210 (100.00)

Source: Field Survey Data.

5.16: Distribution of Industrial Units by use of Technology

Prior to MSMEs Act 2006, small scale industries were mainly traditional technology based units, but after 2006 government of India has focused much on the up-gradation of technology in small scale industries, so that these industries can become more efficient, vibrant and cost effective in the country. In present section, industrial units are divided into three categories i.e. modern advanced machinery, moderately advanced machinery and traditional machinery. The modern advanced machinery units are those industrial units which are capital based units and employs fewer labors, while moderately advanced machinery units are those industrial units which are depending on both machinery and labors and traditional machinery units are wholly and solely depending on labors.

Therefore, table 5.16 below shows the technology adoption of industrial units in Jammu and Kashmir and the results show that in Kashmir division 64.44 percent of industrial units are using modern advanced machinery and 35.56 percent of the industrial units are using moderately advanced machinery. Similarly, in case of Jammu division 52.22 percent of industrial units are using modern advanced technology machinery and while other 47.78 percent of the units were using the moderately advanced machinery. In case of Ladakh division 43.33 percent of the industrial units are using modern advanced technology based machinery and 56.67 percent of the industrial units were using the moderately advanced machinery.

Therefore, the overall results show that in Jammu and Kashmir division, majority of industrial units are using modern advanced technology. In Ladakh division, highest proportion of entrepreneurs is using moderately advanced machinery. The overall results also reveal that in Kashmir division, highest proportion of entrepreneurs from Central Kashmir division and North Kashmir are using modern advanced technology based machinery. While in Jammu division, all the entrepreneurs from Central Jammu are from North Jammu, highest proportion of entrepreneurs are using modern advanced technology based machinery and. In Ladakh highest proportion of entrepreneurs are using moderately advanced machinery in their industrial units.

Table 5.16: Distribution of Technology advancement of Units

Area Wise	Modern (Advanced Machinery)	Moderately Advanced Machinery	Traditional Machinery	Total
South Kashmir	15 (50.00)	15 (50.00)	0 (0.00)	30 (100.00)
Central Kashmir	23 (76.77)	7 (23.33)	0 (0.00)	30 (100.00)
North Kashmir	20 (66.67)	10 (33.33)	0 (0.00)	30 (100.00)
Ladakh	13 (43.33)	17 (56.67)	0 (0.00)	30 (100.00)
South Jammu	0 (0.00)	30 (100.00)	0 (0.00)	30 (100.00)
Central Jammu	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Jammu	17 (56.67)	13 (43.33)	0 (0.00)	30 (100.00)
Division Wise				
Kashmir	58 (64.44)	32 (35.56)	0 (0.00)	90 (100.00)
Jammu	47 (52.22)	43 (47.78)	0 (0.00)	90 (100.00)
Ladakh	13 (43.33)	17 (56.67)	0 (0.00)	30 (100.00)
Total	118 (56.19)	92 (43.81)	0 (0.00)	210 (100.00)

Source: Field Survey Data.

5.17: Distribution of Industrial Units by Land Size

As we discussed already in earlier section, that the industrial policy of Jammu and Kashmir offers attractive incentives along with a single-window clearance mechanism for the entrepreneurs. Under this policy, land is allotted at concession rates in the industrial areas, on a lease for 90 years. Therefore, table 5.17 below shows the distribution of industrial units by size of land and the results show that in case of Kashmir division 82.22 percent of the entrepreneurs were using the 1 Kannal land and 17.78 percent of entrepreneurs units were using 2 Kannal of land. Similarly, in case of Jammu division, 77.78 percent of entrepreneurs were using 1 Kannal of land, 11.11 percent were using 2 kannal land, 7.78 percent of entrepreneurs were using 3 kannal land and 3.33 percent of entrepreneurs were using 4 kannal of land. Moreover, in case of Ladakh division, 93.33 percent of entrepreneurs were using 1 Kannal of land and

6.67 percent were using 2 kannal land. Therefore, from the table it is clear that in both Kashmir and Ladakh division industrial units are having only 1 to 2 kannal of land.

Table 5.17: Distribution of Land for Industrial Units

Area Wise	1 Kannal (0.125 Acre)	2 Kannal (0.25 Acre)	3 Kannal (0.375 Acre)	4 Kannal (0.5 Acre)	TOTAL
South Kashmir	20 (66.67)	10 (33.33)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	25 (83.33)	5 (16.67)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	29 (96.67)	1 (3.33)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	28 (93.33)	2 (6.67)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Central Jammu	10 (33.33)	10 (33.33)	7 (23.33)	3 (10.00)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Division Wise					
Kashmir	74 (82.22)	16 (17.78)	0 (0.00)	0 (0.00)	90 (100.00)
Jammu	70 (77.78)	10 (11.11)	7 (7.78)	3 (3.33)	90 (100.00)
Ladakh	28 (93.33)	2 (6.67)	0 (0.00)	0 (0.00)	30 (100.00)
Total	172 (81.90)	28 (13.33)	7 (3.33)	3 (1.43)	210 (100)

Source: Field Survey Data.

5.18: Purchasing of Raw Material for Production

The main activity of industrial units is production of goods and services for consumption process. Production involves processing of raw material to produce final products. Nonetheless, any material that is being processed and leaves the plant in a changed form is raw material. (Niewiadomski and Pawlak, 2015). In other words the inputs, which industrial units are using in production process, like cotton jute, wood etc. are called raw materials. Therefore, raw materials are playing a crucial role in the production process of industrial sector. Despite the fact, small scale industries are mainly using local resources as a raw material or are mainly depending on local raw material. However, with the modernization, the industrial units are now providing a

vast number of products and are also using a wide range of raw material for finished goods. However, some of raw materials which they using as inputs are not available locally thus are purchasing them from different parts of the country. Therefore, this section shows the purchase of raw material by industrial units for production process. Table 5.18 shows that in case of Kashmir division 44.44 percent of industrial units were purchasing indigenous raw material and 52.22 percent were purchasing raw materials from both Intra-state and inter-state raw materials. Similarly, in case of Jammu division 65.33 percent of industrial units were using indigenous raw materials and 32.22 percent were using inter and intra state raw materials. Moreover, in case of Ladakh division 53.33 percent were using indigenous raw materials and 30 percent were using intra and interstate raw materials respectively.

Area wise analysis shows that, in South Kashmir, majority of industrial units i.e. 50.00 percent are purchasing raw materials from both intra and inter-state and 43.33 percent were purchasing indigenous raw materials. In Central Kashmir, 50.00 percent of entrepreneurs are purchasing indigenous raw materials and 46.67 percent are purchasing from both intra and inter-state. In North Kashmir, majority of entrepreneurs which comprises 60.00 percent are purchasing raw material from both intra and inter-state and 40.00 percent are purchasing indigenous raw materials. Similarly, in South Jammu 76.67 percent of entrepreneurs are purchasing indigenous raw materials and 20.0 percent of entrepreneurs are purchasing from both intra and inter-state. While in Central Jammu, 50.00 percent of entrepreneurs are purchasing raw material from both intra and inter-state and 46.67 percent are purchasing indigenous raw material. Moreover, in North Jammu, 66.67 percent of entrepreneurs are purchasing indigenous raw materials and 26.67 percent are purchasing from both intra and inter-state. Therefore, overall results shows that in Kashmir division majority of entrepreneurs are purchasing raw materials from both intra and inter-state and in Jammu division majority of entrepreneurs are using indigenous raw materials for production. However, with purchase of raw material are depending upon the nature of operation of industrial unit.

Table 5.18: Purchase of Raw Material

Area Wise	Indigenous	Intra-State	Inter-State	Both Intra & inter State	TOTAL
South Kashmir	13 (43.33)	0 (0.00)	2 (6.67)	15 (50.00)	30 (100.00)
Central Kashmir	15 (50.00)	0 (0.00)	1 (3.33)	14 (46.67)	30 (100.00)
North Kashmir	12 (40.00)	0 (0.00)	0 (0.00)	18 (60.00)	30 (100.00)
Ladakh	16 (53.33)	5 (16.67)	0 (0.00)	9 (30.00)	30 (100.00)
South Jammu	23 (76.67)	0 (0.00)	1 (3.33)	6 (20.00)	30 (100.00)
Central Jammu	14 (46.67)	1 (3.33)	0 (0.00)	15 (50.00)	30 (100.00)
North Jammu	20 (66.67)	0 (0.00)	2 (6.67)	8 (26.67)	30 (100.00)
Total	113 (53.81)	6 (2.86)	6 (2.86)	85 (40.48)	210 (100.00)
Division Wise					
Kashmir	40 (44.44)	0 (0.00)	3 (3.33)	47 (52.22)	90 (100.00)
Jammu	57 (65.33)	1 (1.11)	3 (3.33)	29 (32.22)	90 (100.00)
Ladakh	16 (53.33)	5 (16.67)	0 (0.00)	9 (30.00)	30 (100.00)
Total	113 (53.81)	6 (2.86)	6 (2.86)	85 (40.48)	210 (100)

Source: Field Survey Data

5.19: Marketing Strategies of Entrepreneurs

Marketing is a social and managerial perspective, by which individuals and groups obtain what they need and want through exchange of products. In simple words, marketing can be defined as exchange of goods and services that take place between the buyers and the sellers. However, at present marketing is management function, which organizes and directs all those business activities involved in assessing and converting customer purchasing power into effective demand by different types of advertisement, agents, dealers and sellers etc. Nonetheless, markets are competitive in nature, which requires huge advertisements and other marketing agents to furnish the product in the market. Therefore, present section shows that the distribution of enterprise by their marketing strategies. Three different marketing strategies identified are direct marketing, marketing through advertisement and media and marketing

through dealers and distributors. Table 5.19 shows that in Kashmir division, 62.22 percent of industrial units were selling products through direct marketing, 24.44 percent are selling through media and advertisement and 13.33 percent were selling products through marketing by dealers and distributors. Similarly, in case of Jammu division, 64.44 percent of industrial units are selling products through direct marketing, 23.33 percent were selling through media and advertisement and 12.22 percent are selling products through marketing by dealers and distributors. Moreover, in Ladakh division, 96.67 percent of the industrial units are selling products through direct marketing and 3.33 percent are selling through media and advertisement. The industrial units of food items, diary and milk product are doing advertising through media, while the rubber products, wooden, sanitary products etc. industrial units, are doing marketing through dealers and distributors.

Table 5.19: Marketing Strategies of Entrepreneurs

Area Wise	Direct Marketing	Marketing through Advertisement Media	Marketing Through Dealers and Distributors	TOTAL
South Kashmir	21 (70.00)	1 (3.33)	8 (26.67)	30 (100.00)
Central Kashmir	23 (76.67)	5 (16.67)	2 (6.67)	30 (100.00)
North Kashmir	12 (40.00)	16 (53.33)	2 (6.67)	30 (100.00)
Ladakh	29 (96.67)	1 (3.33)	0 (0.00)	30 (100.00)
South Jammu	28 (93.33)	0 (0.00)	2 (6.67)	30 (100.00)
Central Jammu	1 (3.33)	21 (70.00)	8 (26.67)	30 (100.00)
North Jammu	29 (96.67)	0 (0.00)	1 (3.33)	30 (100.00)
Division Wise				
Kashmir	56 (62.22)	22 (24.44)	12 (13.33)	90 (100.00)
Jammu	58 (64.44)	21 (23.33)	11 (12.22)	90 (100.00)
Ladakh	29 (96.67)	1 (3.33)	0 (0.00)	30 (100.00)
Total	143 (68.10)	44 (20.95)	23 (10.95)	210 (100)

Source: Field Survey Data

5.20: Conclusion

Therefore, the overall results of the chapter explores that small scale industrial sector absorbs a large chunk of people in Jammu and Kashmir and are providing different types of employment in the state. Jammu and Kashmir is Muslim majority state of India, therefore the highest proportion of enterprises are owned by Muslim entrepreneurs, while in case of social category, the highest proportion of enterprises are owned by General category entrepreneurs. Moreover, the results of the study reveals, that in case of education of entrepreneurs, highest proportion of the entrepreneurs in both Jammu and Kashmir division are having graduation qualifications and in Ladakh division, the highest proportion of entrepreneurs are having inter+ 2 qualifications. Family occupational background is always playing a pivotal role in determining the economic activities of individuals in an economy. However, in context of family background of entrepreneurs in Jammu and Kashmir, the highest proportion of entrepreneurs in Jammu division are having agriculture family background, while in Kashmir and Ladakh highest proportion of entrepreneurs are having self-employment family background. Nonetheless, in context of employment in small scale industries in Jammu and Kashmir, the industrial units of Kashmir division are having highest number of workers, which includes, skilled, semi-skilled and unskilled workers, followed by Jammu division and Ladakh division.

The study also concludes that majority of industrial units in Jammu and Kashmir is operating in rural areas and majority of small scale industrial units in all three divisions of Jammu and Kashmir are established from 2011-2017, which means that the small scale industrial development has taken place after 2010. Apart from this, the industrial units are diverse in nature, which means they are engaged in different product manufacturing activities and are exploiting both intra and inter-state raw material. Moreover, majority of the entrepreneurs in Jammu and Kashmir are using Government land for their industrial units. It is mainly because the Government of Jammu and Kashmir is providing industrial land to entrepreneurs for rent at subsidy cost in industrial estate areas.

The study concludes that in all the three divisions, the small scale industries are employing more skilled labor. However, area wise analysis reveals that the South Kashmir, Central Kashmir and Central Jammu have achieved highest magnificence

in-terms of industrial development. The small scale industrial sector in these three areas are absorbing a large number of workers, which includes skilled, semi-skilled and un-skilled workers and are providing the higher amount of wages to workers as compared to other areas of the state. However, division wise analysis of overall performance of small scale industrial sector reveals that in Jammu and Kashmir, the Kashmir division is having much better small scale industrial development as compared to Jammu and Ladakh division.

The study also concludes that the industrial units, which are functioning in the highly industrial developed areas, such as Central Kashmir and Central Jammu are working 12 hours in a day. It is mainly because the work load in these areas is high as compared to other areas. Apart from this the power cuts disturbs the production target due to which the entrepreneurs are running industrial units for 12 hours to overcome from demand supply mismatch. Moreover, majority of industrial units are working 24 to 26 days in a month in all three divisions. However, in Ladakh due to lack of adequate demand of products, the industrial units are remaining idle for some days.



Chapter 6

*Investment, Expenditures,
Profits and Production in
Small Scale Industries of
Jammu and Kashmir*



CHAPTER 6

Investment, Expenditures, Profits and Production in Small Scale Industries of Jammu and Kashmir

Introduction

The definition of small scale industries varies across world. Some countries have setup its definition on the basis of employment, while others have setup on the basis of investment in plant and machinery. In India, the definition of small scale industries has changed from time to time. The early definition to define small scale industries in India was setup by Fiscal Commission of India (1950). According to Fiscal Commission, all industrial units which hired usually 10 to 50 labors are considered as small scale industries. Further, Small Scale Industries Board (1955) considered all those industrial units, which employs less than 50 persons if using power and less than 100 persons if not using power and the capital investment should not exceed rupees 5 lakhs as small scale industries. Similarly, the Ministry of Commerce and Industry, (1960) considered all those industries as small scale industries, if its capital investment doesn't exceed 5 lakhs, irrespective of the number of workers employed. Nonetheless, the government of India in 1985 has setup new definition for small scale industries. According, to GOI (1985), an undertaking in which an investment of plant and machinery does not exceed 35 lakhs and for ancillary, it should not exceed more than 45 lakhs are considered as small scale industries. Later, in 1991 Government of India has exceeded the limitation of investment in plant and machinery from 35 lakhs to 65 lakhs and for ancillary industries, the investment has exceeded from 45 lakhs to 75 lakhs. Again, in 2000 Government of India has exceeded the investment limitation in plant and machinery to define small scale industries. According, to Government of India 2000, an industry in which investment in plant and machinery does not exceed more than 1 crore is considered as small scale industry.

Therefore, it is clear from the above definitions that investment patterns play an important role in promoting small scale industrial development in India. In other words investment patterns are the single most important factor which determines the size and nature of industry. Therefore, investment acts as a pillar of both industrial

sector establishment and the driver of industrial production. On other hand, costs are essential for obtaining a commodity, as costs are the expenses part of business which includes, expenses on factors of production, such as land, labor, raw materials etc. costs in industrial sector include both fixed and variable costs. Variable costs of industrial sector vary differently based on the monthly production of industrial unit like purchase of raw materials that differs significantly in industrial units (Saini, 2014). Nonetheless, small scale industries are tend to need more finance because of longer working capital cycle and these industries are required to build up their infrastructure. Therefore, the present chapter examines the investment, expenditures, profits and production patterns in small scale industries of Jammu and Kashmir. The chapter is based on primary data of 210 samples, collected from the entrepreneurs of 7 areas of Jammu and Kashmir i.e. 30 samples equally from South Kashmir, Central Kashmir, North Kashmir, South Jammu, Central Jammu, North Jammu and Ladakh through questionnaire.

Cost and investment plays an important role to meet different requirements such as, decision making profits, inventory valuation, performance measurement and controlling the production behavior (Drury, 2009). Among the various cost classification methods, variable and fixed costs are essential for investment decision making and it describes how costs and revenues vary with different levels of activity (Horngren et.al, 2016). However, in this chapter, costs are divided into two categories i.e. variable costs and fixed costs. Variable costs are all those costs which vary over the period say monthly or annually like, expenditures on machinery, expenditures on the salary of workers, expenditures on raw materials, and expenditures on electricity expenditures on rent of land etc. on the other side investment on machinery and plant are considered as fixed costs. Therefore, in this chapter, section 6.1 to 6.12 is the various variable costs of entrepreneurs in small scale industries of Jammu and Kashmir.

6.1: Distribution of Monthly Expenditures on Machinery (In Rupees)

Expenditures are the funds used by business entrepreneurs to improve business vibrancy by purchasing new equipment's (machinery) or to renovate the existing equipment's, which in return increases the profits of business entrepreneurs. In small

scale industrial units, entrepreneurs are doing various expenditures in production process. Some of these expenditures are on purchasing of new machinery or for wear and tear in existing machinery, while other expenditures are on purchasing of other factors, such as raw materials, rent wages etc. Moreover, in small scale industrial sector, entrepreneurs are having both monthly and annual expenditures on industrial units.

The present section explores monthly expenditures of entrepreneurs on machinery. Table 6.1 depicted below reveals that in Kashmir division, majority of entrepreneurs which comprises 72.22 percent, are having monthly expenditure of 1000 to 5000 rupees on machinery. Similarly, in case of Jammu division 58.89 percent of entrepreneurs are having monthly expenditure of 1000 to 5000 rupees and 23.33 percent of entrepreneurs are having expenditure of 5001 to 10000 rupees on machinery. Moreover, in Ladakh division, the highest proportion of entrepreneurs which comprises 60 percent is operating their units with a monthly expenditure of 5001 to 10000 rupees on machinery. However area wise analysis reveals that in Kashmir division, then in South Kashmir the highest numbers of entrepreneurs which comprise 66.67 percent are having a monthly expenditure of rupees 1000 to 5000, followed by Central Kashmir 56.67 percent. In North Kashmir the percentage share is quite high i.e. 93.33 percent of the entrepreneurs are having monthly expenditure of 1000 to 5000 rupees on machinery of industrial units. While in case of South Jammu of Jammu division, the highest numbers of entrepreneurs which comprise 80.00 percent are having monthly expenditure of 1000 to 5000 rupees on machinery, followed by North Jammu 83.33 percent. However, in case of Central Jammu, i.e. 33.33 percent of entrepreneurs are having monthly expenditure of 5001 to 10000 rupees, 13.33 percent of entrepreneurs are having a monthly expenditure of rupees 15001 to 20000 per month, on machinery of industrial units. The higher expenditures on machinery for Central Jammu is mainly ,because they are having highly advanced technology based machinery and the investment on machinery is comparatively high in Central Jammu as compared to other areas of Jammu and Kashmir.

Table 6.1: Monthly Expenditures on Machinery (In Rupees)

Area	1000-5000	5001-10000	10000-15000	15001-20000	20001-25000	25001-30000	30001-35000	35001-40000	Total
South Kashmir	20 (66.67)	5 (16.67)	1 (3.33)	2 (6.67)	0 (0.00)	1 (3.33)	0 (0.00)	1 (3.33)	30 (100.00)
Central Kashmir	17 (56.67)	11 (36.67)	0 (0.00)	1 (3.33)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	28 (93.33)	2 (6.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	10 (33.33)	18 (60.00)	2 (6.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	24 (80.00)	6 (20)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	4 (13.33)	10 (33.33)	6 (20.00)	4 (13.33)	3 (3.33)	2 (6.67)	0 (0.00)	1 (3.33)	30 (100.00)
North Jammu	25 (83.33)	5 (16.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	128 (60.95)	57 (27.14)	9 (4.29)	7 (3.33)	4 (1.90)	3 (1.43)	0 (0.00)	0 (0.00)	210 (100.00)
Division Wise									
Kashmir	65 (72.22)	18 (20.00)	1 (1.11)	3 (3.33)	1 (3.33)	1 (3.33)	0 (0.00)	1 (3.33)	90 (100.00)
Jammu	53 (58.89)	21 (23.33)	6 (6.67)	4 (4.44)	3 (3.33)	2 (2.22)	0 (0.00)	1 (1.11)	90 (100.00)
Ladakh	10 (33.33)	18 (60.00)	2 (6.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	128 (60.95)	57 (27.14)	9 (4.29)	7 (3.33)	4 (1.90)	3 (1.43)	0 (0.00)	2 (0.95)	210 (100.00)
Area Wise Pearson $\chi^2(42) = 145.6225$ Pr = 0.000									
Division Wise Pearson $\chi^2(14) = 40.1910$ Pr = 0.000									

Source: Field Survey Data.

6.2 Distribution of Monthly Expenditures on Electricity

Electricity is the basic necessity not only for industrial development, but is essential also for economic development of the country. In the era of industrial development, the importance of energy has been well recognized (Hirsh, 2003). Therefore, for the development of industrial sector, the government of India has subsidized energy uses for industrial entrepreneurs in the country. The government of India has considered power rates as a critical pre-investment for manufacturing sector. Nonetheless, the power rates in Indian manufacturing sector have remained a major cost for doing business in the country (Bardhan *et.al*, 2019). Therefore, this section explores

monthly expenditures of entrepreneurs on electricity on industrial units. Table 6.2 reveals that in Kashmir division majority of industrial units, which comprises 68.89 percent, are having monthly expenditure of 1000 to 3000 rupees on electricity per month, followed by 27.78 percent of entrepreneurs, which are having monthly expenditure of 3001 to 6000 rupees and a small sections, which comprises 2.22 percent and 1.11 percent of entrepreneurs are having monthly expenditure of 6001 to 9000 rupees and 9001 to 12000 rupees respectively. Similarly, in case of Jammu division, 67.78 percent of entrepreneurs are having monthly expenditure of 1000 to 3000 rupees on electricity, followed by 14.44 percent and 10 percent spending rupees 3001 to 6000 and rupees 6001 to 9000 respectively. Only 1.11 percent of entrepreneurs are having monthly expenditure of rupees 15001 to 18000 per month respectively. Moreover, in case of Ladakh division 100 percent of the entrepreneurs are having a monthly expenditure of 1000 to 3000 rupees on electricity.

Area wise analysis of Kashmir division reveals that in South Kashmir, highest proportion of entrepreneurs, which comprise 70 percent, are having a monthly expenditure of 1000 to 3000 rupees on electricity. In Central Kashmir, 56.67 percent of entrepreneurs are having a monthly expenditure of 1000 to 3000 rupees and 40 percent of entrepreneurs are having rupees 3001 to 6000 per month. Moreover, in case of North Kashmir, 80 percent of the entrepreneurs are having monthly expenditure of rupees 1000 to 3000 rupees on electricity and 20 percent are spending rupees 3001 to 6000 per month. Similarly, in case of South Jammu and North Jammu all 100 entrepreneurs were having a monthly expenditure of 1000 to 3000 rupees on electricity. However, in case of Central Jammu highest proportion of entrepreneurs i.e. 43.33 and 30.00 percent are having monthly expenditure of rupees 3001 to 6000 rupees and 6001 to 9000 rupees on electricity respectively. The reason for highly expenditures on electricity for Central Jammu is mainly because they are having highly advanced technology based machinery and the size of units are big comparatively to other areas and the investment of entrepreneurs in plant and machinery is also higher in Central Jammu.

Table 6.2: Monthly Expenditures on Electricity (In Rupees)

Area Wise	1000-3000	3001-6000	6001-9000	9001-12000	12001-15000	15001-18000	Total
South Kashmir	21 (70.00)	7 (23.33)	1 (3.33)	1 (3.33)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	17 (56.67)	12 (40.00)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	24 (80.00)	6 (20.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	1 (3.33)	13 (43.33)	9 (30.00)	4 (13.33)	2 (6.67)	1 (3.33)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	153 (72.86)	38 (18.10)	11 (5.24)	5 (2.38)	2 (0.95)	1 (0.48)	210 (100.00)
Division Wise							
Kashmir	62 (68.89)	25 (27.78)	2 (2.22)	1 (1.11)	0 (0.00)	0 (0.00)	90 (100.00)
Jammu	61 (67.78)	13 (14.44)	9 (10.00)	4 (4.44)	2 (2.22)	1 (1.11)	90 (100.00)
Ladakh	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	153 (72.86)	38 (18.10)	11 (5.24)	5 (2.38)	2 (0.95)	1 (0.48)	210 (100.00)
Area Wise Pearson $\chi^2(30) = 144.2608$ Pr = 0.000							
Pearson $\chi^2(10) = 28.2649$ Pr = 0.002							

Source: Field Survey Data

6.3: Expenditure on Rent

Jammu and Kashmir is providing subsidized land to entrepreneurs in industrial estates. Rent of land is based on the size of land taken by entrepreneur. Small Scale Industrial Development Corporation (SIDCO) is the nodal agency in Jammu and Kashmir, which is providing industrial land to the entrepreneurs on lease. Industrial land is provided at very high subsidized rent. Therefore, this section explores the annual expenditures of rent on land by entrepreneurs. Table 6.3 shows that in Kashmir division, majority of entrepreneurs, which comprises 87.78 percent, are paying annual rent of 3700 rupees, 7.78 percent are paying 7400 rupees per annum, while 4.44

percent of entrepreneurs are using their own land. In Jammu division, 74.44 percent of entrepreneurs are paying annual rent of 3700 rupees, 8.89 percent are paying 7400 rupees per annum and 4.44 percent are paying 11100 rupees per annum, while 12.22 percent of entrepreneurs are using their own land. In Ladakh division all the entrepreneurs are paying annual rent of 3700 rupees.

However, area wise analysis, suggests that in South Kashmir 80 percent of entrepreneurs are paying annual rent of 3700 rupees, 6.67 percent are paying 7400 rupees per annum, while 13.33 percent are using their own land. In Central Kashmir 83.33 percent of entrepreneurs are paying annual rent of 3700 rupees and 16.67 percent are paying 7400 rupees per annum. While in North Kashmir all 100 percent of entrepreneurs are paying annual rent of 3700 rupees respectively. Similarly, in South Jammu 73.33 percent of entrepreneurs are paying annual rent of 3700 rupees and 26.67 percent are using their own land. In Central Jammu majority of entrepreneurs, which comprises 56.57 percent are paying annual rent of 3700 rupees, 26.67 percent are paying 7400 rupees, 13.33 percent are paying 11100 rupees per annum and 3.33 percent are using their own land. In North Jammu 93.33 percent are paying annual rent of 3700 rupees and 6.67 percent are using own land. Therefore, the overall result shows that in the entire three divisions of Jammu and Kashmir majority of the entrepreneurs are using leased land for industrial units. In which majority of the entrepreneurs in Kashmir division, i.e. 87.78 percent are paying 3700 rupees on land rent annually. In Jammu division, 74.44 percent of entrepreneurs are paying 3700 rupees annually and in Ladakh division all entrepreneurs are paying 3700 rupees annually on land rent. The Jammu and Kashmir Government is providing land to entrepreneurs at industrial estates at subsidised costs in order to attract the entrepreneurs for setting up industrial units in the state and also to make Jammu and Kashmir hub of small scale industrial developed state of the country. Therefore, the entrepreneurs are taking the advantages of the subsidies provided by the government of Jammu and Kashmir.

Table 6.3: Distribution of Annual Rent on Land (In Rupees)

Area	Own Land	3700	7400	11100	TOTAL
South Kashmir	4 (13.33)	24 (80.00)	2 (6.67)	0 (0.00)	30 (100.00)
Central Kashmir	0 (0.00)	25 (83.33)	5 (16.67)	0 (0.00)	30 (100.00)
North Kashmir	0 (0.00)	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	30 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	8 (26.67)	22 (73.33)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	1 (3.33)	17 (56.57)	8 (26.67)	4 (13.33)	30 (100.00)
North Jammu	2 (6.67)	28 (93.33)	0 (0.00)	0 (0.00)	30 (100.00)
Total	15 (7.14)	176 (83.81)	15 (7.14)	4 (1.90)	210 (100.00)
Division Wise					
Kashmir	4 (4.44)	79 (87.78)	7 (7.78)	0 (0.00)	90 (100.00)
Jammu	11 (12.22)	67 (74.44)	8 (8.89)	4 (4.44)	90 (100.00)
Ladakh	0 (0.00)	30 (100.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	15 (7.14)	176 (83.81)	15 (7.14)	4 (1.90)	210 (100.00)
Area Wise Pearson $\chi^2(18) = 82.3508$ Pr = 0.000					
Division Wise Pearson $\chi^2(6) = 16.2715$ Pr = 0.012					

Source: Field Survey Data

6.4: Monthly Expenditures on Raw Materials

An increase in the output of industry is highly depending on the supply of raw materials. Raw materials are primary inputs used in the production process of manufacturing goods. Therefore, this section explores the monthly expenditures of entrepreneurs on raw materials. Table 6.4 depicted below shows that in Kashmir division majority of entrepreneurs i.e. 35.56 percent are having expenditure of 5.01 to 10.00 lakh rupees per month on raw materials, followed by 18.89 percent of entrepreneurs are spending 15.01 to 20.00 lakh rupees, 16.67 percent are spending 50000 to 5.00 lakh rupees and a very small percent of entrepreneurs i.e. 1.11 percent are spending 35.01 to 40.00 lakhs rupees. Similarly, in case of Jammu division, highest proportion of entrepreneurs, which comprises 41.11 percent are spending

monthly expenditure of 50000 to 5.0 lakh rupees, while 22.22 percent of entrepreneurs are having 5.01 to 10.00 lakh rupees. However, 6.67 percent which is 5 percentage points higher than Kashmir division are spending a monthly expenditure of 35.01 to 40.00 lakh rupees on raw materials. Nonetheless, in case of Ladakh division, highest proportion of the entrepreneurs which comprises 46.67 percent and 43.33 percent are having monthly expenditure of 50000 to 5.00 lakh rupees and 5.01 to 10.0 lakh rupee and 10 percent are spending 10.01 to 15.01 lakh rupees per month on raw material respectively.

Area wise analysis reveals that in South Kashmir from Kashmir division highest proportion of entrepreneurs, which comprises 40 percent are having a monthly expenditure of 5.01 to 10.00 lakh rupees on raw materials, whereas, 6.67 percent of entrepreneurs are having highest expenditures i.e. 25.01 to 30.00 lakh rupees per month . In Central Kashmir, 26.67 percent of entrepreneurs are having monthly expenditures of 15.01 to 20.00 lakh rupees on raw materials and 3.33 percent are having highest amount of expenditures i.e. 35.01 to 40.0 lakh rupees respectively. Moreover, in case of North Kashmir, 23.33 percent of the entrepreneurs are having a monthly expenditure of 50000 to 5.0 lakh rupees and 40 percent of entrepreneurs are having 5.01 to 10.00 lakh rupees, 16.67 percent of entrepreneurs are having highest amount of raw material expenditures, which comprises 15.01 to 20.00 lakhs rupees respectively.

Similarly, in South Jammu 53.33 percent of entrepreneurs are having monthly expenditure of 50000 to 5.00 lakh rupees, 36.67 percent are having 5.01 lakh rupees to 10.00 lakh rupees and 3.33 percent of entrepreneurs are having highest amount of monthly expenditures of 15.01 to 20.00 lakh rupees. In central Jammu majority of entrepreneurs, which comprises 30 percent are having monthly expenditure of 20.01 to 25.0 lakh rupees, 16.67 percent are having 25.01 to 30.00 lakh rupees and 20 percent of entrepreneurs are having 35.01 to 40.00 lakh rupees. Moreover, in North Jammu 63.33 percent of entrepreneurs are having monthly expenditures of 50000 to 5.0 lakh rupees, 30 percent are having 5.01 to 10.0 lakh rupees and 6.67 percent are having 15.01 to 20.0 lakh rupees respectively. Therefore, the overall results show that in Kashmir division, highest proportion of entrepreneurs i.e. 35.56 percent are having 5.10 to 10.0 lakh rupees per month. However, in Jammu division highest proportion of entrepreneurs is having monthly expenditure of 50000 to 5.0 lakh rupees per month on raw materials. In Ladakh division, highest proportion of entrepreneurs i.e. 43.33

percent of entrepreneurs is having monthly expenditures of 5.01 to 10.0 lakh rupees on raw material.

Table 6.4: Monthly Expenditures on Raw Materials (In Rupees Lakh)

Area Wise	50000-5.0	5.01-10.0	10.01-15.00	15.01-20.0	20.01-25.0	25.01-30.00	30.01-35.00	35.01-40.00	Total
South Kashmir	4 (13.33)	12 (40.00)	4 (13.33)	4 (13.33)	4 (13.33)	2 (6.67)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	4 (13.33)	8 (26.67)	4 (13.33)	8 (26.67)	4 (13.33)	1 (3.33)	0 (0.00)	1 (3.33)	30 (100.00)
North Kashmir	7 (23.33)	12 (40.00)	6 (20.00)	5 (16.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	14 (46.67)	13 (43.33)	3 (10.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	16 (53.33)	11 (36.67)	2 (6.67)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	2 (6.67)	0 (0.00)	4 (13.33)	3 (10.00)	9 (30.00)	5 (16.67)	1 (3.33)	6 (20.00)	30 (100.00)
North Jammu	19 (63.33)	9 (30.00)	0 (0.00)	2 (6.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	66 (31.43)	65 (30.95)	23 (10.95)	23 (10.95)	17 (8.10)	8 (3.81)	1 (0.48)	7 (3.33)	210 (100.00)
Division Wise									
Kashmir	15 (16.67)	32 (35.56)	14 (15.56)	17 (18.89)	8 (8.89)	3 (3.33)	0 (0.00)	1 (1.11)	90 (100.00)
Jammu	37 (41.11)	20 (22.22)	6 (6.67)	6 (6.67)	9 (10.00)	5 (5.56)	1 (1.11)	6 (6.67)	90 (100.00)
Ladakh	14 (31.43)	13 (43.33)	3 (10.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	66 (31.43)	64 (30.95)	23 (10.95)	23 (10.95)	17 (8.10)	8 (3.81)	1 (0.48)	7 (3.33)	210 (100.00)
Area Wise Pearson $\chi^2(42) = 145.6225$ Pr = 0.000									
Division Wise Pearson $\chi^2(14) = 40.1910$ Pr = 0.000									

Source: Field Survey Data

6.5: Monthly Expenditure on Salary of Workers

Process of production requires various inputs, which converts them into outputs. In manufacturing sector, labor is playing a crucial role in the production process and all human efforts, which assists in production is labor, these efforts may be physical or mental, it is the labor who applies his efforts, skills and abilities to produce goods and services. Nonetheless, the manufacturing sector requires skilled, semi-skilled and unskilled labors for production. The entrepreneurs hired all types of skilled, semi-

skilled and un-skilled labors, based on their skills and abilities. However, hiring labors puts costs on entrepreneurs in-terms of given daily wage or monthly salaries. Salaries of these workers are counted as expenditures of entrepreneurs. Therefore, this section explores the expenditures of entrepreneurs on the monthly salary of workers.

Table 6.5 depicted below shows that in Kashmir division, majority of entrepreneurs i.e. 44.44 percent are having monthly expenditure of 1.01 to 2.0 lakh rupees on the salaries of their workers, followed by 24.44 percent of entrepreneurs are having monthly expenditure of 2.01 to 3.0 lakh rupees per month, 20 percent are having monthly expenditure of 10000 to 1.0 lakh rupees per month and a very little percent of entrepreneurs i.e. 1.1 percent each are having monthly expenditure 6.01 to 7.0 lakh rupees and 7.01 to 8.0 lakh rupees respectively on the salaries of their workers. Similarly, in case of Jammu division majority of entrepreneurs, which comprises 50 percent are having monthly expenditure of 10000 to 1.0 lakh rupees on the salaries of their workers, while 18.89 percent of entrepreneurs are having monthly expenditure of 1.01 to 2.0 lakh rupees. However, a little percentage of entrepreneurs i.e. 3.3 percent, which is 2 percentage point higher than Kashmir division are having monthly expenditure of 7.01 to 8.0 lakh rupees on the salaries of their workers. Nonetheless, in case of Ladakh division majority of entrepreneurs i.e. 53.33 percent are having monthly expenditure of 1.01 to 2.0 lakh rupees per month on the salaries of their workers. While, another 30 percent of entrepreneurs are having monthly expenditure of 2.01 to 3.0 lakh rupees and 16.67 percent are having monthly expenditure of 10000 to 1.0 lakh rupees per month on the salaries of their workers.

The area wise analysis reveals that in South Kashmir, highest proportion of entrepreneurs i.e. 33.33 percent are having monthly expenditure of 1.01 to 2.0 lakh rupees on the salaries of their workers and 26.67 percent of entrepreneurs are having monthly expenditure of 2.01 to 3.0 lakh rupees. In Central Kashmir 43.33 percent of entrepreneurs are having monthly expenditure of 1.01 to 2.0 lakh rupees and 33.33 percent are having monthly expenditure of 2.01 to 3.0 lakh rupees. Moreover, in case of North Kashmir 56.67 percent of the entrepreneurs are having monthly expenditure of 1.01 to 2.0 lakh rupees, 30 percent are having monthly expenditure of 10000 to 1.0 lakh rupees respectively. Similarly, in case of South Jammu and North Jammu, highest proportion of the entrepreneurs i.e. 70 percent and 76.67 are having monthly expenditure of 10000 to 1.0 lakh rupees on the salaries of their workers, while in Central Jammu, majority of entrepreneurs are having highest monthly expenditure on

the salaries of their workers as compared to all 6 areas of Kashmir and Ladakh division. In Central Jammu, 30 percent of the entrepreneurs are having monthly expenditure of 4.01 to 5.0 lakh rupees and 10 percent of the entrepreneurs are having monthly expenditure of 7.01 to 8.0 lakh rupees on the salaries to their workers. Therefore, the overall results show that in Kashmir division, the highest amount of salary were paid by entrepreneurs of South Kashmir, while in case of Jammu division, the majority of the entrepreneurs from Central Jammu were paying highest amount of salary to their workers.

Table 6.5: Monthly Expenditure on Salary of Workers

Area Wise	10000-1.0 lakh	1.01 2.0 lakh	2.01 3.0 lakh	3.01 4.0 lakh	4.01 5.0 lakh	5.01 6.0 lakh	6.01 7.0 lakh	7.01 8.0 lakh	Total
South Kashmir	4 (13.33)	10 (33.33)	8 (26.67)	3 (10.00)	3 (10.00)	1 (3.33)	1 (3.33)	0 (0.00)	30 (100.00)
Central Kashmir	5 (16.67)	13 (43.33)	10 (33.33)	2 (6.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	9 (30.00)	17 (56.67)	4 (13.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	5 (16.67)	16 (53.33)	9 (30.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	21 (70.00)	9 (30.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	1 (3.33)	1 (3.33)	8 (26.67)	2 (6.67)	9 (30.00)	3 (10.00)	3 (10.00)	3 (10.00)	30 (100.00)
North Jammu	23 (76.67)	7 (23.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	68 (32.38)	73 (34.76)	39 (18.57)	7 (3.33)	12 (5.71)	4 (1.90)	4 (1.90)	3 (1.43)	210 (100.00)
Division Wise									
Kashmir	18 (20.00)	40 (44.44)	22 (24.44)	5 (5.56)	3 (3.33)	1 (1.11)	1 (1.11)	0 (0.00)	90 (100.00)
Jammu	45 (50.00)	17 (18.89)	8 (8.89)	2 (2.22)	9 (10.00)	3 (3.33)	3 (3.33)	3 (3.33)	90 (100.00)
Ladakh	5 (16.67)	16 (53.33)	9 (30.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	68 (32.38)	73 (34.76)	39 (18.57)	7 (3.33)	12 (5.71)	4 (1.90)	4 (1.90)	3 (1.43)	210 (100.00)
Area Wise Pearson $\chi^2(42) = 179.5380$ Pr = 0.000									
Division wise Pearson $\chi^2(14) = 51.2615$ Pr = 0.000									

Source: Field Survey Data

6.6: Distribution of Monthly Production in Amount

Industrial production is an important variable in manufacturing process, since it largely depicts the economic activity and is also directly linked with the economic performance of a country. However, in industrial sector production of goods in huge

quantities after processing of raw materials to more valuable products is called manufacturing in industrial sector. This production highlights the efficiency of industry, because higher production always leads to greater profits. Table 6.6 below shows that in Kashmir division majority of small scale industrial units, which comprises 47.78 percent are producing a worth of 1 to 9 lakh rupees per month, 41.11 percent are producing worth of 10 to 19 lakh rupees, 6.67 percent of industrial units are producing a production of 20.0 to 29.0 lakh rupees and 2.22 percent each are producing a production worth of 30 to 39 lakh rupees and 40 to 49 lakh rupees respectively. In Jammu division 63.33 percent of industrial units are producing a monthly production worth of 1 to 9 lakh rupees, 12.22 percent are producing worth of 10 to 19 lakh rupees, 10 percent are producing worth of 20 to 29 lakh rupees, 5.56 percent are producing a monthly production worth of 30 to 39 lakh rupees and a small percent of industrial units i.e. 2.22 percent and 1.11 percent of industrial units are producing a monthly production worth of 60 to 69 lakh and 70 to 80 lakh rupees respectively. In Ladakh division, 96.67 percent of industrial units are producing a monthly production worth of 1 to 9 lakh rupees and 3.33 percent of industrial units are producing a monthly production worth of 10 to 19 lakh rupees respectively.

Nonetheless, area wise analysis shows that in South Kashmir, majority of industrial units i.e. 50 percent are producing a monthly production worth of 10 to 19 lakh rupees, 40 percent are producing worth of 1 to 9 lakh rupees, 6.67 percent are producing 20 to 29 lakh rupees and 3.33 percent are producing worth of 40 to 49 lakh rupees respectively. In Central Kashmir, 40 percent of industrial units are producing a monthly production worth of 1 to 9 lakh rupees, 36.67 percent are producing worth of 10 to 19 lakh rupees, 13.33 percent are producing worth of 20 to 29 lakh rupees, 6.67 percent and 3.33 percent of industrial units are producing a monthly production worth of 30 to 49 lakh and 40 to 49 lakh rupees respectively. Moreover, in North Kashmir 63.33 percent are producing a monthly production worth of 1 to 9 lakh rupees and 36.67 percent of industrial units are producing a monthly production worth of 10 to 19 lakh rupees.

Similarly, 90 percent of industrial units from South Jammu, are producing a monthly production worth of 1 to 9 lakh rupees, 10 percent of industrial units are producing a monthly production of 10 to 19 lakh rupees respectively. Moreover, the industrial units of Central Jammu, which is industrial hub of Jammu and Kashmir, are contributing significantly in the industrial production in Jammu and Kashmir. In

Central Jammu, majority of industrial units i.e. 30 percent are producing a monthly production worth of 20 to 29 lakh rupees, 26.67 percent are producing worth of 10 to 19 lakh rupees, 16.67 percent are producing worth of 30 to 39 lakh rupees, 10 percent of industrial units are producing a monthly production of 50 to 59 lakh rupees, 6.67 percent and 3.33 percent of industrial units are producing a monthly production worth of 60 to 69 lakh rupees and 70 to 80 lakh rupees respectively. However, in North Jammu, all the industrial units are producing a monthly production worth of 1 to 9 lakh rupees per month. Therefore, the overall table shows that the South Kashmir, Central Kashmir and Central Jammu are the major contributors of industrial production in Jammu and Kashmir.

Table 6.6: Distribution of Monthly Production in Amount

Area	1.00 9.00 Lakh	10.00 19.00 Lakhs	20.00 29.00 Lakhs	30.00 39.00 Lakhs	40.00 49.00 Lakhs	50.00 59.00 Lakhs	60.00 69.00 Lakhs	70.00 80.00 Lakhs	Total
South Kashmir	12 (40.00)	15 (50.00)	2 (6.67)	0 (0.00)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	12 (40.00)	11 (36.67)	4 (13.33)	2 (6.67)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	19 (63.33)	11 (36.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	29 (96.67)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	27 (90.00)	3 (10.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	0 (0.00)	8 (26.67)	9 (30.00)	5 (16.67)	2 (6.67)	3 (10.00)	2 (6.67)	1 (3.33)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	129 (61.43)	49 (23.33)	15 (7.14)	7 (3.33)	4 (1.90)	3 (1.43)	2 (0.95)	1 (0.49)	210 (100.00)
Division Wise									
Kashmir	43 (47.78)	37 (41.11)	6 (6.67)	2 (2.22)	2 (2.22)	0 (0.00)	0 (0.00)	0 (0.00)	90 (100.00)
Jammu	57 (63.33)	11 (12.22)	9 (10.00)	5 (5.56)	2 (2.22)	3 (3.33)	2 (2.22)	1 (1.11)	90 (100.00)
Ladakh	29 (96.67)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	129 (61.43)	49 (23.33)	15 (7.17)	7 (3.33)	4 (1.90)	3 (1.43)	2 (0.95)	1 (0.48)	210 (100.00)
Area Wise Pearson $\chi^2(42) = 165.1671$ Pr = 0.000									
Division Wise Pearson $\chi^2(14) = 45.4761$ Pr = 0.000									

Source: Field Survey Data

6.7: Distribution of Other Annual Costs

Entrepreneurs are having other costs which are not included in above categories. Therefore, this section explores the Other annual costs of entrepreneurs on industrial units. Table 6.7 below shows that in Kashmir division majority of the entrepreneurs, which comprises 90 percent are having annual costs of rupees 1000 to 50000 on industrial units, 7.78 percent are having 51000 to 1.0 lakh rupees per annum and a small percent of entrepreneurs i.e. 1.1 percent are having above it. In Jammu division, highest proportion of entrepreneurs i.e. 68.89 percent are having annual costs of 1000 to 50000 rupees, 8.89 percent are having 51000 to 1.0 lakh rupees, 6.67 percent each are having 1.01 to 1.5 lakh rupees and 1.51 to 2.0 lakh rupees and a small percent of entrepreneurs, which consists 5.56 percent, 1.11 percent and 2.22 percent are having other costs of 2.50 to 3.0 lakh, 3.01 to 3.50 lakh and 3.51 to 4.0 lakh rupees respectively.

Moreover, in Ladakh division all entrepreneurs are having 1000 to 50000 Other costs on industrial units. Similarly, area wise analysis shows that in South Kashmir 86.67 percent are having annual costs of 1000 to 50000 rupees, 6.67 percent are having 51000 to 1.0 lakh rupees and 3.33 percent each are having 1.01 to 1.50 lakh rupees and 1.51 to 2.0 lakh rupees per annum respectively. In Central and North Kashmir 86.67 percent and 96.67 percent are having annual costs of 1000 to 50000 rupees respectively and 13.33 percent and 3.33 percent are having 51000 to 1.0 lakh rupees per annum respectively. However, in case of South Jammu all entrepreneurs are having annual Other costs of 1000 to 50000 on industrial units, while in Central Jammu, the scenario is different than all other areas. In central Jammu 20 percent each of entrepreneurs are having annual Other costs of 1.01 to 2.0 lakh rupees on industrial units, 16.67 percent spent 2.50 to 3.0 lakh rupees on Other costs, 6.67 percent entrepreneurs spent 3.51 to 4.0 lakh rupees, which is highest amount on industrial units. In North Jammu 96.67 percent of entrepreneurs are having annual Other costs of 1000 to 50000 rupees and 3.33 percent are having 51000 to 1.0 lakh rupees annually. Therefore, the overall table shows that the expenditure of Other costs was higher in Central Jammu, this could be mainly because the Central Jammu is the industrial hub of Jammu and Kashmir and the costs in Central Jammu are higher than the costs of other areas in Jammu and Kashmir.

Table 6.7: Distribution of Enterprises by Other Annual Costs

Area Wise	1000-50000	51000-1.0 lakh	1.01-1.5 lakh	1.51-2.0 lakh	2.50-3.0 lakh	3.01-3.50 lakh	3.51-4.0 lakh	Total
South Kashmir	26 (86.67)	2 (6.67)	1 (3.33)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	26 (86.67)	4 (13.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	29 (96.67)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	3 (10.00)	7 (23.33)	6 (20.00)	6 (20.00)	5 (16.67)	1 (3.33)	2 (6.67)	30 (100.00)
North Jammu	29 (96.67)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	173 (82.38)	15 (7.14)	7 (3.33)	7 (3.33)	5 (2.38)	1 (0.48)	2 (0.95)	210 (100.00)
Division Wise								
Kashmir	81 (90.00)	7 (7.78)	1 (1.11)	1 (1.11)	0 (0.00)	0 (0.00)	0 (0.00)	90 (100.00)
Jammu	62 (68.89)	8 (8.89)	6 (6.67)	6 (6.67)	5 (5.56)	1 (1.11)	2 (2.22)	90 (100.00)
Ladakh	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	173 (82.38)	15 (0.00)	7 (3.33)	7 (3.33)	5 (2.38)	1 (0.48)	2 (0.95)	210 (100.00)
Area Wise Pearson $\chi^2(36) = 149.0929$ Pr = 0.000								
Division Wise Pearson $\chi^2(12) = 27.6645$ Pr = 0.006								

Source: Field Survey Data

6.8: Investment on Plant and Machinery

Accumulation of wealth in economics is called saving, and creation of wealth is called investment. Therefore, new wealth in economy accumulates and creates, what is called saving and saving leads to investment. Nonetheless, investment plays a crucial role in the economic development of a country and same is true with the investment in plant and machinery of industrial sector. Higher investment in Industrial sector leads to larger production, profits and savings of entrepreneurs. Therefore, table 6.8 depicted below shows that in Kashmir division, majority of small scale industrial units, which comprises 73.33 percent are having an investment between 25 to 49

lakhs in plant and machinery, 12.22 percent of industrial units are having an investment of 50 to 74 lakhs, 5.56 percent of units are having 75 to 99 lakhs, 3.33 percent of each units are having 1 to 1.24 crore rupees and 2.25 to 2.49 crore rupees respectively, while 1.11 percent each are having investment of 2.75 to 2.99 crore rupees and 3.76 to 4 crore rupees respectively.

In Jammu division majority of small scale industrial units, which comprises 80 percent are having an investment between 25 to 49 lakhs in plant and machinery, 3.33 percent of industrial units are having an investment of 50 to 74 lakhs, 5.56 percent of units are having 75 to 99 lakhs, 4.4 percent of units are having 1 to 1.24 crore rupees and 2.22 percent of industrial units each are having an investment of 2.25 to 2.49 crore and 2.50 to 2.74 crore rupees respectively, while 1.11 percent each industrial units are having investment of 2.75 to 2.99 crore rupees and 3.76 to 4 crore rupees respectively. Moreover, in Ladakh division, 96.67 of industrial units are having an investment of 25 to 49 lakhs in plant and machinery and 3.33 percent of industrial units are having 50 to 74 lakhs respectively.

However, area wise analysis shows that in South Kashmir 83.33 percent of industrial units are having investment of 25 to 49 lakhs in plant and machinery, 10 percent are having 50 to 74 lakhs, 3.33 percent each are having 2.25 to 2.49 crore rupees and 3.76 to 4 crore rupees respectively, in plant and machinery, which is highest investment in Kashmir division area. Similarly, in Central Kashmir majority of industrial units i.e. 46.67 percent are investment of 25 to 49 lakhs rupees on plant and machinery, 16.67 percent of entrepreneurs each are having investment of 50 to 74 lakhs rupees and 75 to 99 lakhs respectively, 10 percent of industrial units are having 1 to 1.24 crore rupees, 6.67 percent are having 2.25 to 2.49 crore rupees and 3.33 percent of units are having an investment of 2.75 to 2.99 crore rupees in plant and machinery. In North Kashmir investment in industrial units are much low as compared to South and Central Kashmir. In North Kashmir 90 percent of units are having an investment of 25 to 49 lakh rupees in plant and machinery and 10 percent are having 50 to 74 lakh rupees respectively.

However, in South and North Jammu all 100 percent of industrial units are having an investment of 25 to 49 lakh rupees in plant and machinery; while in Central Jammu majority of industrial units which comprises 40 percent are having an investment of

25 to 49 lakh rupees in plant and machinery, 16.67 are having 75 to 99 lakh rupees, 13.33 percent are having 1 to 1.24 crore rupees, 6.67 percent each are having an investment of 2.25 to 2.49 crore rupees and 2.50 to 2.74 crore rupees in plant and machinery respectively and another 3.33 percent each are having 2.75 crore to 2.99 crore rupees and 3.76 crore rupees to 4 crore rupees respectively. Therefore, the overall results show that the highest investment in small scale industrial sector of Jammu and Kashmir is in Central Kashmir, and in Central Jammu of Jammu division. In case of other areas, majority of the entrepreneurs are having investment between 25 to 49 lakh rupees in their industrial units.

Table 6.8: Distribution of Investment in Plant and Machinery

Area Wise	25-49 Lakh	50-74 Lakh	75-99 Lakh	1-1.24 Crore	2.25 2.49 crore	2.50 2.74 crore	2.75 2.99 crore	3.76 4.00 crore	Total
South Kashmir	25 (83.33)	3 (10.00)	0 (0.00)	0 (0.00)	1 (3.33)	0 (0.00)	0 (0.00)	1 (3.33)	30 (100.00)
Central Kashmir	14 (46.67)	5 (16.67)	5 (16.67)	3 (10.00)	2 (6.67)	0 (0.00)	1 (3.33)	0 (0.00)	30 (100.00)
North Kashmir	27 (90.00)	3 (10.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	29 (96.67)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	12 (40.00)	3 (10.00)	5 (16.67)	4 (13.33)	2 (6.67)	2 (6.67)	1 (3.33)	1 (3.33)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	167 (79.52)	15 (7.14)	10 (4.76)	7 (3.33)	5 (2.38)	2 (0.95)	2 (0.95)	2 (0.95)	210 (100.00)
Division Wise									
Kashmir	66 (73.33)	11 (12.22)	5 (5.56)	3 (3.33)	3 (3.33)	0 (0.00)	1 (1.11)	1 (1.11)	90 (100.00)
Jammu	72 (80.00)	3 (3.33)	5 (5.56)	4 (4.44)	2 (2.22)	2 (2.22)	1 (1.11)	1 (1.11)	90 (100.00)
Ladakh	29 (96.67)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	167 (79.52)	15 (7.14)	10 (4.76)	7 (3.33)	5 (2.38)	2 (0.95)	2 (0.95)	2 (0.95)	210 (100.00)
Area Wise Pearson $\chi^2(42) = 97.0399$ Pr = 0.000									
Division Wise Pearson $\chi^2(14) = 14.6338$ Pr = 0.404									

Source: Field Survey Data

6.9: Borrowing Capital by Entrepreneurs

The formation of capital for investment is a necessary and an important factor for business plan. Many entrepreneurs are facing financial constraints to start-up business or in investment needs. However, the most common sources of external finance for many small scale industrial entrepreneurs are commercial banks and industrial development banks. The external financial can also be formed through non-institutional organizations like indigenous bankers, money lenders, relatives and friends etc. Therefore, the present section will explore the borrowing capital of small scale industrial entrepreneurs in Jammu and Kashmir. Table 6.9 shows that in case of Kashmir division majority of entrepreneurs, which comprises 54.17 percent have borrowed an amount 1 to 7 lakh rupees from institutional sources for up-gradation of industrial plant, 35.42 percent of entrepreneurs have borrowed between 7.01 lakh to 15 lakh rupees, 6.25 percent of entrepreneurs have borrowed between 15.01 to 25 lakh rupees, whereas, 2.08 percent of entrepreneurs have borrowed between 65.01 to 80 lakh rupees, which is the highest borrowed amount in Kashmir division. In Jammu division 71.88 percent of entrepreneurs have borrowed a capital of 1 to 7 lakh rupees from institutional sources, 12.50 percent of entrepreneurs have borrowed a capital of 15.01 to 25 lakh rupees and 3.13 percent of entrepreneurs have borrowed a capital 65.01 to 80 lakh rupees, which is the highest borrowed capital in Jammu division. In Ladakh division, all entrepreneurs who have borrowed capital from institutional sources have borrowed between 1 to 7 lakh rupees.

Similarly, area wise analysis shows that in South Kashmir, 73.33 percent of entrepreneurs have borrowed a capital between 1 to 7 lakh, 6.67 percent of entrepreneurs have borrowed between 7.01 to 15 lakh rupees and 13.33 percent have borrowed between 15.01 to 25 lakh rupees, which is highest amount of borrowing in South Kashmir. In Central Kashmir, highest proportion of entrepreneurs have borrowed capital between 7.01 to 15 lakhs, 31.25 percent of entrepreneurs have borrowed between 1 to 7 lakh rupees and 6.25 percent of each entrepreneurs have borrowed between 15.01 to 25 lakh rupees and 25.01 to 35 lakh rupees respectively. Moreover, in North Kashmir, 58.82 percent of entrepreneurs have borrowed a capital between 1 to 7 lakh rupees and 41.18 percent of entrepreneurs have borrowed between 7.01 to 15 lakh rupees.

Nonetheless, in South and North Jammu all entrepreneurs have borrowed a capital between 1 to 7 lakh rupees respectively. However, in Central Jammu, majority of entrepreneurs i.e. 44.44 percent have borrowed a capital of 15.01 to 25 lakhs, 22.22 percent have borrowed between 35.01 to 45 lakhs, 11.11 percent of entrepreneurs have borrowed between 25.01 to 35 lakhs and another 11.11 percent each of entrepreneurs have borrowed 45.01 to 55 lakhs and 65.01 to 80 lakhs respectively, which is the highest amount in all three areas of Jammu division. Therefore, the overall results reveal that in Central Jammu from Jammu division and South and Central Kashmir from Kashmir division have borrowed a highest amount of capital from the institutional sources.

Table 6.9: Distribution of Entrepreneurs by Borrowed Capital

Area Wise	1.00 7.0 Lakh	7.01 15.00 Lakh	15.01 25.00 Lakh	25.01 35.00 Lakh	35.01 45.00 Lakh	45.01 55.00 Lakh	65.01- 80.00 Lakh	Total
South Kashmir	11 (73.33)	1 (6.67)	2 (13.33)	0 (0.00)	0 (0.00)	0 (0.00)	1 (6.67)	15 (100.00)
Central Kashmir	5 (31.25)	9 (56.25)	1 (6.25)	1 (6.25)	0 (0.00)	0 (0.00)	0 (0.00)	16 (100.00)
North Kashmir	10 (58.82)	7 (41.18)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	17 (100.00)
Ladakh	3 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	3 (100.00)
South Jammu	14 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	14 (100.00)
Central Jammu	0 (0.00)	0 (0.00)	4 (44.44)	1 (11.11)	2 (22.22)	1 (11.11)	1 (11.11)	9 (100.00)
North Jammu	9 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	9 (100.00)
Total	52 (62.65)	17 (20.48)	7 (8.43)	2 (2.41)	2 (2.41)	1 (1.20)	2 (2.41)	83 (100.00)
Division Wise								
Kashmir	26 (54.17)	17 (35.42)	3 (6.25)	1 (2.08)	0 (0.00)	0 (0.00)	1 (2.08)	48 (100.00)
Jammu	23 (71.88)	0 (0.00)	4 (12.50)	1 (3.13)	2 (6.25)	1 (3.13)	1 (3.13)	32 (100.00)
Ladakh	3 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	3 (100.00)
Total	52 (62.65)	17 (20.48)	7 (8.43)	2 (2.41)	2 (2.41)	1 (1.20)	2 (2.41)	83 (100.00)
Area Wise Pearson $\chi^2(42) = 106.9818$ Pr = 0.000								
Division Wise Pearson $\chi^2(14) = 39.3450$ Pr = 0.000								

Source: Field Survey Data

6.10: Distribution of Annual Profits of Entrepreneurs (In Lakh)

The social responsibility of business is to increase its profits” (Friedman, 1970). Profits are correlated with savings and savings are the function of investment. Profits may be defined as the reward to the entrepreneur, earned by his two fold services to production, namely management and risk-taking. The role of entrepreneur is to plan business, by hiring the services, such as land, labor and capital and to organize his best ability. The entrepreneur pays rent, wages and capital for converting inputs into output, thus in this process he is getting profits. Therefore, profits are the life blood of every business. Without profits no organization could survive for a long period. It is regarded as an incentive for undertaking entrepreneurial function. In other words profits are regarded as a reward for risk taking. It is calculated by total revenue over total cost.

Table 6.10 shows that in Kashmir division, 43.33 percent of entrepreneurs are earning an annual profits of 5 to 10 lakh rupees, 41.11 percent are earning 10.01 to 15 lakh rupees, 13.33 percent of entrepreneurs are earning 15.01 to 20 lakh rupees and 2.22 percent are earning 20.01 to 25 lakh rupees. In Jammu division 61.11 percent of entrepreneurs are earning 5 to 10 lakh annually, 13.33 percent are earning 10.01 to 15 lakh rupees, 11.11 percent are earning 15.01 to 20 lakh rupees, 6.67 percent are earning 20.01 to 25 lakh rupees and a small percentage of entrepreneurs which comprises 1.11 percent and 3.33 percent are earning 30.01 to 35 lakh rupees and 35.01 to 40 lakh rupees respectively. In Ladakh, 93.33 percent of entrepreneurs are earning profits of 5 to 10 lakh rupees and 6.67 percent are earning 10.01 to 15 lakh rupees per annum.

Area wise analysis shows that in South Kashmir, 53.33 percent of entrepreneurs are earning profits of 5 to 10 lakh rupees, 33.33 percent are earning 10.01 to 15 lakh rupees and 13.33 percent are earning 15.01 to 20 lakh rupees per annum. In Central Kashmir majority of entrepreneurs, which comprises 46.67 percent are earning annual profits of 10.01 to 15 lakh rupees, 26.67 percent are earning 5 to 10 lakh rupees, 20 percent are earning 15.01 to 20 lakh rupees and 6.67 percent of entrepreneurs are earning annual profits of 20.01 to 25 lakh rupees per annum. In North Kashmir majority of entrepreneurs i.e. 50 percent are earning annual profits of 5 to 10 lakh rupees, 43.33 percent are earning 10.01 to 15 lakh rupees and 6.67 percent of entrepreneurs are earning annual profits of 15.01 to 20 lakh respectively.

Similarly, in South Jammu and North Jammu 86.67 percent and 96.67 percent of entrepreneurs are earning annual profits of 5 to 10 lakh rupees and 13.33 percent and 3.33 percent of entrepreneurs are earning 10.01 to 15 lakh rupees per annum. However, in Central Jammu majority of entrepreneurs which comprises 33.33 percent are earning annual profits of 15.01 to 20 lakh rupees per annum, 23.33 percent are earning 10.01 to 15 lakh rupees, 20 percent of are earning 20.01 to 25 lakh rupees, 10 percent each are earning 25.01 to 30 lakh rupees, 3.33 percent are earning 30.01 to 35 lakh rupees and 10 percent of entrepreneurs are earning 35.01 to 40 lakh rupees per annum which is highest amount of profits in all areas of Jammu and Kashmir. Therefore, the overall results shows that majority of the entrepreneurs in all three divisions of Jammu and Kashmir are earning annual profits between 10 to 20 lakh rupees, however, the entrepreneurs of Central Jammu of Jammu division are earning a highest amount of profits in all areas of Jammu and Kashmir.

Table 6.10: Annual Profits of Entrepreneurs (In Lakh)

Area Wise	5.00-10.00	10.01-15.00	15.01-20.00	20.01-25.00	25.01-30.00	30.01-35.00	35.01-40.00	Total
South Kashmir	16 (53.33)	10 (33.33)	4 (13.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	8 (26.67)	14 (46.67)	6 (20.00)	2 (6.67)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	15 (50.00)	13 (43.33)	2 (6.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	28 (93.33)	2 (6.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	26 (86.67)	4 (13.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	0 (0.00)	7 (23.33)	10 (33.33)	6 (20.00)	3 (10.00)	1 (3.33)	3 (10.00)	30 (100.00)
North Jammu	29 (96.67)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	122 (58.10)	51 (24.29)	22 (10.48)	8 (3.81)	3 (1.43)	1 (0.48)	3 (1.43)	210 (100.00)
Division Wise								
Kashmir	39 (43.33)	37 (41.11)	12 (13.33)	2 (2.22)	0 (0.00)	0 (0.00)	0 (0.00)	90 (100.00)
Jammu	55 (61.11)	12 (13.33)	10 (11.11)	6 (6.67)	3 (3.33)	1 (1.11)	3 (3.33)	90 (100.00)
Ladakh	28 (93.33)	2 (6.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	122 (58.10)	51 (24.29)	22 (10.48)	8 (3.81)	3 (1.43)	1 (0.48)	3 (1.43)	210 (100.00)
Area Wise Pearson $\chi^2(36) = 160.3628$ Pr = 0.000								
Division Wise Pearson $\chi^2(12) = 45.5790$ Pr = 0.000								

Source: Field Survey Data

6.11: Monthly Saving of Entrepreneurs

Savings form an important part of business activity. It is a part of disposable income that is not spent on final consumption of goods and services. In economics term, savings means sacrificing the current consumption in order to increase the living standards and fulfilling the daily requirements in future (Gupta and Kashyap, 2018). Therefore, Savings is that portion of income, which is not spent on current expenditures and is saved for future, to meet unexpected events or emergencies. Table 6.11 shows Monthly Saving of entrepreneurs and in Kashmir division majority of entrepreneurs, which comprises 32.22 percent are having a monthly saving of 21000 to 40000 rupees, 30 percent of entrepreneurs are having a monthly saving of 1000 to 20000 rupees, 16.67 percent are having 41000 to 60000 rupees, and a little percent i.e. 1.11 percent are having monthly saving of 1.01 to 1.20 rupees. In Jammu division majority of entrepreneurs i.e. 65.56 percent are having monthly saving of 1000 to 20000 rupees, 11.11 percent are having 1.01 to 1.20 lakh rupees, 5.56 percent are having 1.21 to 1.50 lakh rupees and 1.11 percent of entrepreneurs are having a monthly saving of 1.51 lakh and above. Moreover, in Ladakh division majority of entrepreneurs, which comprises 53.33 percent are having a monthly saving of 21000 to 40000 rupees and 43.33 percent of entrepreneurs are having monthly saving of 1000 to 20000 rupees respectively.

Area wise analysis is also showing sundry variations in monthly savings. The entrepreneurs of North Kashmir, South Jammu and North Jammu are having less saving as compared to Central areas of Jammu and Kashmir. Table 6.11 shows that in South Kashmir majority of entrepreneurs, which comprises 43.33 percent are having a monthly saving of 21000 to 40000 rupees, followed by 30 percent of entrepreneurs which are having monthly saving of 1000 to 20000 rupees, 16.67 percent of entrepreneurs are having 41000 to 60000 and a little percent i.e. 3.33 percent are having 1.01 to 1.20 rupees per month. However, in Central Kashmir the savings of entrepreneurs are comparatively higher than South and North Kashmir. In Central Kashmir, highest proportion of entrepreneurs which comprises 33.33 percent are having a monthly savings of 41000 to 60000 rupees, 26.67 percent of each entrepreneurs are having a 61000 to 80000 rupees and 81000 to 1.0 lakh rupees respectively. In North Kashmir, highest proportion of entrepreneurs i.e. 56.67 percent are having a monthly saving of 1000 to 20000 rupees and 43.33 percent of entrepreneurs are having 21000 to 40000 rupees per month respectively.

Similarly, in South Jammu, 90 percent of entrepreneurs are having a monthly saving of 1000 to 20000 rupees and 10 percent are having 21000 to 40000 rupees. Nonetheless, in Central Jammu, there are fluctuations in savings of entrepreneurs. In Central Jammu, majority of entrepreneurs which comprises 33.33 percent are having a monthly savings of 1.01 to 1.20 rupees, 16.67 percent are having 1.21 to 1.50 rupees per month and 3.33 percent are having a monthly savings of rupees 1.51 lakh and above. However, in North Jammu, all entrepreneurs are having a monthly savings of 1000 to 20000 rupees respectively. The overall results reveal that highest proportion of savings is among the entrepreneurs of Central Kashmir and Central Jammu.

Table 6.11: Monthly Saving of Entrepreneurs

District	1000 to 20000	21000 to 40000	41000 to 60000	61000 to 80000	81000 to 100000	1.01-1.2 lakh	1.21-1.50 lakh	1.51 lakh above	Total
South Kashmir	9 (30.00)	13 (43.33)	5 (16.67)	2 (6.67)	0 (0.00)	1 (3.33)	0 (0.00)	0 (0.00)	30 (100.00)
Central Kashmir	1 (3.33)	3 (10.00)	10 (33.33)	8 (26.67)	8 (26.67)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
North Kashmir	17 (56.67)	13 (43.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Ladakh	13 (43.33)	16 (53.33)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
South Jammu	27 (90.00)	3 (10.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	31 (100.00)
Central Jammu	2 (6.67)	4 (13.33)	3 (10.00)	3 (10.00)	2 (6.67)	10 (33.33)	5 (16.67)	1 (3.33)	30 (100.00)
North Jammu	30 (100.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	99 (47.19)	52 (24.76)	19 (9.05)	13 (6.19)	10 (4.76)	11 (5.24)	5 (2.38)	1 (0.48)	210 (100.00)
Division Wise									
Kashmir	27 (30.00)	29 (32.22)	15 (16.67)	10 (11.11)	8 (8.89)	1 (1.11)	0 (0.00)	0 (0.00)	90 (100.00)
Jammu	59 (65.56)	7 (7.78)	3 (3.33)	3 (3.33)	2 (2.22)	10 (11.11)	5 (5.56)	1 (1.11)	90 (100.00)
Ladakh	13 (43.33)	16 (53.33)	1 (3.33)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	30 (100.00)
Total	99 (47.19)	52 (24.76)	19 (9.05)	13 (6.19)	10 (4.76)	11 (5.24)	5 (2.38)	1 (0.48)	210 (100.00)
Area Wise Pearson $\chi^2(42) = 179.5380$ Pr = 0.000									
Division Wise Pearson $\chi^2(14) = 51.2615$ Pr = 0.000									

Source: Field Survey Data

6.12: Growth of Capital, Profits, Capital, Employment and Sales over Last Three Years

The table from 1 to 4 explores the growth of profits, capital, employment and sales from last 3 years based on the previous records of the entrepreneurs. However, it is important to analyse the performance of industrial units by comparing these variables with the performance of previous years. Therefore, section 6.12 to 16.15 reveals the performance of small scale industrial units based on the last three years in-terms of capital, employment, sales and profits.

16.12.1: Growth of Capital from Last Three Years

Capital is a part of wealth other than land, which are used in the form of investment to yield income or which aids in the production of further wealth. Therefore, in ordinary sense, capital is used as money, which serves an instrument of production. In industrial sector anything which is used for producing goods and services is capital. Table 6.12 shows that in Kashmir division 45.56 percent of entrepreneurs responded that in last three years their capital growth have remained stagnant, 46.67 percent of entrepreneurs responded that their capital growth have increased from 1 to 10 percent, 4.44 percent of entrepreneurs responded that their profits growth have increased from 11 to 20 percent and 3.33 percent of entrepreneurs responded that their capital growth have become declined. Similarly, in Jammu division, 62.22 percent of entrepreneurs have responded that their capital growth have remained stagnant, 37.78 percent of entrepreneurs have responded that their capital growth have increased from 1 to 10 percent. Moreover, in Ladakh division, 86.67 percent of entrepreneurs said that their capital growth has remained stagnant and 13.33 percent of entrepreneurs have responded that their capital growth has increased from 1 to 10 percent.

Nonetheless, areas wise analysis shows that in South Kashmir, 40 percent of entrepreneurs have responded that their capital growth has remained stagnant from last three years, 50 percent of entrepreneurs said that their capital growth has increased from 1 to 10 percent, 6.67 percent of entrepreneurs have responded that their capital growth has increased from 11 to 20 percent and 3.33 of entrepreneurs have said their capital has declined and have become smaller. In Central Kashmir, 36.67 percent of entrepreneurs have responded that their profits growth has remained stagnant, 53.33 percent said that their capital has increased from 1 to 10 percent and 3.33 percent of entrepreneurs said that it has declined. Moreover, in North Kashmir, 60 percent of entrepreneurs said that their capital growth has remained stagnant in last

3 years, 36.67 percent of entrepreneurs said that their capital has increased from 1 to 10 percent and 3.33 percent said that their profits has declined from last 3 years and have become smaller.

However, in case of North Jammu 70 percent of entrepreneurs have responded that their capital growth has remained stagnant and 30 percent said that their capital have increased from 1 to 10 percent from last three years. In Central Jammu 36.67 percent of entrepreneurs said that their capital growth has remained stagnant and 63.33 percent said that their capital have increased from 1 to 10 percent. In North Jammu 70 percent of entrepreneurs responded that their capital growth have remained stagnant and 30 percent said that their capital have increased from 1 to 10 percent from last three years. Therefore, the overall table shows only in Central Kashmir and Central Jammu, most of entrepreneurs responded growth in their capital.

6.12.: Growth of Capital from Last Three Years

District	Become Smaller	No Growth	1 to10% Growth	11 to 20% Growth	TOTAL
South Kashmir	1 (3.33)	12 (40.00)	15 (50.00)	2 (6.67)	30 (100.00)
Central Kashmir	1 (3.33)	11 (36.67)	16 (53.33)	2 (6.67)	30 (100.00)
North Kashmir	1 (3.33)	18 (60.00)	11 (36.67)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	26 (86.67)	4 (13.33)	0 (0.00)	30 (100.00)
South Jammu	0 (0.00)	24 (80.00)	6 (20.00)	0 (0.00)	30 (100.00)
Central Jammu	0 (0.00)	11 (36.67)	19 (63.33)	0 (0.00)	30 (100.00)
North Jammu	0 (0.00)	21 (70.00)	9 (30.00)	0 (0.00)	30 (100.00)
Total	3 (1.43)	123 (58.57)	80 (38.10)	4 (1.90)	210 (100.00)
Kashmir	3 (3.33)	41 (45.56)	42 (46.67)	4 (4.44)	90 (100.00)
Jammu	0 (0.00)	56 (62.22)	34 (37.78)	0 (0.00)	90 (100.00)
Ladakh	0 (0.00)	26 (86.87)	4 (13.33)	0 (0.00)	30 (100.00)
Total	3 (1.43)	123 (58.57)	80 (38.10)	4 (1.90)	210 (100.00)

Source: Field Survey Data

6.13: Growth of Employment in Last Three Years

Role of small scale industries in in-terms of providing employment is well known throughout the world. The major advantages of small scale industries are employment at very low capital cost. However, in Jammu and Kashmir, the major focus given to small scale industrial sector is for employment generation. Therefore, present section reveals the growth of employment in the small scale industrial units, based on the last three years of record of entrepreneurs. Table 6.13 shows that in Kashmir division, 45.56 percent of entrepreneurs have responded that in last three years their employment growth have remained stagnant, 44.44 percent of entrepreneurs responded that their employment growth have increased from 1 to 10 percent, 6.67 percent of entrepreneurs have responded that their employment growth have increased from 11 to 20 percent and 3.33 percent of entrepreneurs responded that their employment growth have become smaller. Similarly, in Jammu division 62.22 percent of entrepreneurs have responded that their employment growth have remained stagnant, 37.78 percent of entrepreneurs have responded that their employment growth have increased from 1 to 10 percent. Moreover, in Ladakh division 86.67 percent of entrepreneurs said that their employment growth has remained stagnant and 13.33 percent of entrepreneurs have responded that their employment growth has increased from 1 to 10 percent.

Areas wise analysis reveals that in South Kashmir 40 percent of entrepreneurs have responded that their employment growth has remained stagnant from last three years, 46.67 percent of entrepreneurs said that their employment growth has increased from 1 to 10 percent, 10 percent of entrepreneurs have responded that their employment growth has increased from 11 to 20 percent and 3.33 of entrepreneurs have said their employment has declined and have become smaller. In Central Kashmir 36.67 percent of entrepreneurs have responded that their employment growth has remained stagnant, 50 percent of entrepreneurs have said that their employment has increased from 1 to 10 percent, 10 percent of entrepreneurs have said that their employment growth has increased from 11 to 20 percent in last three years and 3.33 percent of entrepreneurs said that their employment growth has declined and has become smaller. Moreover, in North Kashmir 60 percent of entrepreneurs said that their employment growth has remained stagnant in last 3 years, 36.67 percent of entrepreneurs said that it has increased from 1 to 10 percent and 3.33 percent said that their employment has declined from last 3 years and have become smaller.

However, in South Jammu, 80 percent of entrepreneurs have responded that their employment growth has remained stagnant and 20 percent said that their employment has increased from 1 to 10 percent from last three years. In Central Jammu 36.67 percent of entrepreneurs said that their employment growth has remained stagnant and 63.33 percent said that their employment growth has increased from 1 to 10 percent. In North Jammu, 70 percent of entrepreneurs have responded that their employment growth has remained stagnant and 30 percent have said that it has increased from 1 to 10 percent from last three years. Therefore, the overall table shows only in Central Kashmir and South Kashmir, the employment growth of 10 percent entrepreneurs have increased 11 to 20 percent since last 3 years.

Table 6.13: Employment Growth in Industrial Units from Last Three Years

District employment	Become Smaller	No Growth	1 to 10% Growth	11 to 20% Growth	TOTAL
South Kashmir	1 (3.33)	12 (40.00)	14 (46.67)	3 (10.00)	30 (100.00)
Central Kashmir	1 (3.33)	11 (36.67)	15 (50.00)	3 (10.00)	30 (100.00)
North Kashmir	1 (3.33)	18 (60.00)	11 (36.67)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	26 (86.67)	4 (13.33)	0 (0.00)	30 (100.00)
South Jammu	0 (0.00)	24 (80.00)	6 (20.00)	0 (0.00)	31 (100.00)
Central Jammu	0 (0.00)	11 (36.67)	19 (63.33)	0 (0.00)	30 (100.00)
North Jammu	0 (0.00)	21 (70.00)	9 (30.00)	0 (0.00)	30 (100.00)
Total	3 (1.43)	123 (58.57)	78 (37.14)	6 (2.86)	210 (100.00)
Division Wise					
Kashmir	3 (3.33)	41 (45.56)	40 (44.44)	6 (6.67)	90 (100.00)
Jammu	0 (0.00)	56 (62.22)	34 (37.78)	0 (0.00)	90 (100.00)
Ladakh	0 (0.00)	26 (86.67)	4 (13.33)	0 (0.00)	30 (100.00)
Total	3 (1.43)	123 (58.57)	78 (37.14)	6 (2.86)	210 (100.00)

Source: Field Survey Data

6.14: Sales Growth in Industrial Units from Last Three Years

In business sales is a term, which is used to describe the activities of an organization or a firm that leads to the selling of goods or services. On the other hand sales is a financial document which explores the growth and efficiency of an organization or firm. Therefore, the present section explores the growth of sales of entrepreneurs in small scale industries of Jammu and Kashmir during last three years. Table 6.14 shows that in Kashmir division, 44.44 percent of entrepreneurs responded that in last three years there sales growth have remained stagnant, 37.78 percent of entrepreneurs responded that their sales growth have increased from 1 to 10 percent, 14.44 percent of entrepreneurs responded that their sales growth have increased from 11 to 20 percent and 3.33 percent of entrepreneurs responded that their sales growth have declined. Similarly, in Jammu division, 62.22 percent of entrepreneurs have responded that the sales growth have remained stagnant, 26.67 percent of entrepreneurs have responded the sales growth have increased from 1 to 10 percent and 11.11 percent of entrepreneurs have responded that their sales growth has increased from 11 to 20 percent in last three years. Moreover, in Ladakh division 86.67 percent of entrepreneurs said the growth has remained stagnant and 6.67 percent each of entrepreneurs have responded that it has increased from 1 to 10 percent and 11 to 20 percent respectively.

Nonetheless, the areas wise analysis shows that in South Kashmir 36.67 percent of entrepreneurs have responded that their sales growth has remained stagnant from last three years, 46.67 percent of entrepreneurs said that their sales growth has increased from 1 to 10 percent, 13.38 percent of entrepreneurs have responded that it has increased from 11 to 20 percent and 3.33 of entrepreneurs have said their sales has declined and have become smaller. In Central Kashmir, 36.67 percent of entrepreneurs have responded that their sales growth has remained stagnant, 43.33 percent said that their sales has increased from 1 to 10 percent, 16.67 percent of entrepreneurs said that the sales has increased from 11 to 20 percent and 3.33 percent of entrepreneurs said that it has declined and has become smaller. Moreover, in North Kashmir 60 percent of entrepreneurs said it has remained stagnant in last 3 years, 23.33 percent of entrepreneurs said that their sales has increased from 1 to 10 percent, 13.33 percent of entrepreneurs said that their sales has increased from 11 to 20 percent and 3.33 percent said that their sales has declined from last 3 years and have become smaller.

However, in case of South Jammu 80 percent of entrepreneurs have responded that their sales growth has remained stagnant, 13.33 percent said that it has increased from 1 to 10 percent from last three years and 6.67 percent of entrepreneurs said that the same has increased from 11 to 20 percent. In Central Jammu 36.67 percent of entrepreneurs said that their sales growth has remained stagnant, 43.33 percent said that their sales growth has increased from 1 to 10 percent and 20 percent of entrepreneurs said that it has increased from 11 to 20 percent. In North Jammu 70 percent of entrepreneurs responded that their sales growth have remained stagnant, 23.33 percent said that their sales growth has increased from 1 to 10 percent from last three year and 6.67 percent of entrepreneurs said that their sales growth has increased from 11 to 20 percent Therefore, the overall results shows the sales growth has increased in almost all areas of Jammu and Kashmir during last three years, but the highest sales growth has increased in Central Kashmir and Central Jammu respectively.

Table 6.14: Sales Growth in Industrial Units from Last Three Years

Area	Become Smaller	No Growth	1 to 10%	11 to 20%	TOTAL
South Kashmir	1 (3.33)	11 (36.67)	14 (46.67)	4 (13.38)	30 (100.00)
Central Kashmir	1 (3.33)	11 (36.67)	13 (43.33)	5 (16.67)	30 (100.00)
North Kashmir	1 (3.33)	18 (60.00)	7 (23.33)	4 (13.33)	30 (100.00)
Ladakh	0 (0.00)	26 (86.67)	2 (6.67)	2 (6.67)	30 (100.00)
South Jammu	0 (0.00)	24 (80.00)	4 (13.33)	2 (6.67)	31 (100.00)
Central Jammu	0 (0.00)	11 (36.67)	13 (43.33)	6 (20.00)	30 (100.00)
North Jammu	0 (0.00)	21 (70.00)	7 (23.33)	2 (6.67)	30 (100.00)
Total	3 (1.43)	122 (58.10)	60 (28.57)	25 (11.90)	210 (100.00)
Division Wise					
Kashmir	3 (3.33)	40 (44.44)	34 (37.78)	13 (14.44)	90 (100.00)
Jammu	0 (0.00)	56 (62.22)	24 (26.67)	10 (11.11)	90 (100.00)
Ladakh	0 (0.00)	26 (86.67)	2 (6.67)	2 (6.67)	30 (100.00)

Total	3 (1.43)	122 (58.10)	60 (28.57)	25 (11.90)	210 (100.00)
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Source: Field Survey Data

6.15: Profits Growth in Industrial Units from Last Three Years

Profits may be defined as the reward to the entrepreneur, earned by his two fold services to production, namely management and risk-taking. The role of entrepreneur is to plan business, by hiring the services, such as land, labor and capital and to organize his best ability. The entrepreneur pays rent, wages and capital for converting inputs into output, thus in this process he is getting profits. Therefore, profits are the life blood of every business. Without profits no organization could survive for a long period. It is regarded as an incentive for undertaking entrepreneurial function. In other words profits are regarded as a reward for risk taking. It is calculated by total revenue over total cost. Table 6.15 shows that in Kashmir division 44.44 percent of entrepreneurs responded that in last three years their profits growth have remained stagnant, 50 percent of entrepreneurs responded that their profits growth have increased from 1 to 10 percent, 1.11 percent of entrepreneurs responded that their profits growth have increased from 11 to 20 percent and 4.44 percent of entrepreneurs responded that their profits growth have declined. Similarly, in Jammu division 62.22 percent of entrepreneurs have responded that their profits growth have remained stagnant, 37.78 percent of entrepreneurs have responded that their profits growth have increased from 1 to 10 percent. Moreover, in Ladakh division 86.67 percent of entrepreneurs said that their profits growth has remained stagnant and 13.33 percent of entrepreneurs have responded that their profits growth has increased from 1 to 10 percent.

Areas wise analysis shows that in South Kashmir, 36.67 percent of entrepreneurs have responded that their profits growth has remained stagnant from last three years, 53.33 percent of entrepreneurs said that their profits growth has increased from 1 to 10 percent, 3.33 percent of entrepreneurs responded that their profits growth has increased from 11 to 20 percent and 6.67 percent said their profits has declined. In Central Kashmir, 36.67 percent of entrepreneurs have responded that their profits growth has remained stagnant, 60 percent said that their profits has increased from 1 to 10 percent and 3.33 percent of entrepreneurs said that their profits has declined and has become smaller. Moreover, in North Kashmir, 60 percent of entrepreneurs said

that their profits growth has remained stagnant in last 3 years, 36.67 percent of entrepreneurs said that their profits has increased from 1 to 10 percent and 3.33 percent said that their profits has declined from last 3 years and have become smaller.

However, in North Jammu, 70 percent entrepreneurs responded that their profits growth has remained stagnant and 30 percent said that their profits have increased from 1 to 10 percent from last three years. In Central Jammu, 36.67 percent of entrepreneurs said that their profits growth has remained stagnant and 63.33 percent said that their profits have increased from 1 to 10 percent. In North Jammu, 70 percent of entrepreneurs responded that their profits growth has remained stagnant and 30 percent said that their profits have increased from 1 to 10 percent from last three years. Therefore, the overall table shows that in Kashmir division profits of entrepreneurs have declined, while in Jammu and Ladakh division, profits has not declined it is mainly because of the disturbances in Kashmir division, the entrepreneurs are facing many challenges due to which their profits are declining.

Table 6.15: Growth of Profits of Entrepreneurs from Last Three Years

Profits	Become Smaller	No Growth	1 to 10% Growth	11 to 20% Growth	TOTAL
South Kashmir	2 (6.67)	11 (36.67)	16 (53.33)	1 (3.33)	30 (100.00)
Central Kashmir	1 (3.33)	11 (36.67)	18 (60.00)	0 (0.00)	30 (100.00)
North Kashmir	1 (3.33)	18 (60.00)	11 (36.67)	0 (0.00)	30 (100.00)
Ladakh	0 (0.00)	26 (86.67)	4 (13.33)	0 (0.00)	30 (100.00)
South Jammu	0 (0.00)	24 (80.00)	6 (20.00)	0 (0.00)	30 (100.00)
Central Jammu	0 (0.00)	11 (36.67)	19 (63.33)	0 (0.00)	30 (100.00)
North Jammu	0 (0.00)	21 (70.00)	9 (30.00)	0 (0.00)	30 (100.00)
Total	4 (1.90)	122 (58.10)	83 (39.52)	1 (0.48)	210 (100.00)
Kashmir	4 (4.44)	40 (44.44)	45 (50.00)	1 (1.11)	90 (100.00)
Jammu	0 (0.00)	56 (62.22)	34 (37.78)	0 (0.00)	90 (100.00)

Ladakh	0 (0.00)	26 (86.67)	4 (13.33)	0 (0.00)	30 (100.00)
Total	4 (1.90)	122 (58.10)	83 (39.52)	1 (0.48)	210 (100.00)

Source: Field Survey Data

6.16 Distribution of Entrepreneurship Program Attended by Entrepreneurs

Government of India is providing various training programmes through Ministry of Micro, Small and Medium Enterprises and Technology Centre's (TCs) to entrepreneurs from time to time. The ultimate objective of these programmes is to promote new enterprises, capacity building of existing MSMEs and inculcating entrepreneurial culture in the country. Therefore, present section explores, the entrepreneurship program attended by entrepreneurs in Jammu and Kashmir. Table 6.16 shows that in both Kashmir and Jammu division majority of entrepreneurs, which comprises 81.11 percent in both divisions have attended entrepreneurs development program, out of which 68.89 percent of entrepreneurs from Kashmir responded that it was beneficial and 12.22 percent of entrepreneurs have responded that entrepreneurial program have not benefited for them. Similarly, in Jammu division 74.44 percent of entrepreneurs have responded that it was beneficial for them and 6.67 percent of entrepreneurs have responded that it was not beneficial for them. In Ladakh division 76.67 percent of entrepreneurs have attended the entrepreneurship program in which 63.33 percent have responded that it was beneficial for them and 13.33 responded that it was not beneficial for them.

Nonetheless, areas wise analysis shows that in South Kashmir, 80 percent of entrepreneurs have attended entrepreneurship program, in which 70 percent of entrepreneurs have responded that it was beneficial and 10 percent said that it was not beneficial. In Central Kashmir, 83.33 percent of entrepreneurs have attended the entrepreneurship program in which 66.67 percent of entrepreneurs have responded that it was beneficial and 16.67 said it was not beneficial. Moreover, in North Kashmir, 80 percent of entrepreneurs have attended the entrepreneurship program in which 70 percent of entrepreneurs have responded that it was beneficial and 10 percent have responded that it was not beneficial. However, in South Jammu, 77.42 percent of entrepreneurs have attended the entrepreneurship program. In which 70.97 percent of entrepreneurs said that it was beneficial and 6.45 said it was not beneficial.

Nonetheless, in Central Jammu all entrepreneurs have attended the entrepreneurship program in which 96.67 percent of entrepreneurs responded that it was beneficial and 3.33 percent said it was not beneficial. While, in North Jammu, 65.52 percent, which is very low as compared to other two areas of Jammu have attended the entrepreneurship program in which 55.17 percent of entrepreneurs have responded that it was beneficial and 10.34 percent responded that it was not beneficial. Therefore, the overall results shows that the entrepreneurship program have remained beneficial for entrepreneurs. However, in North Jammu very less percent of entrepreneurs have attended the entrepreneurship program.

Table 6.16: Distribution of Entrepreneurship Program Attended by Entrepreneurs

District	Yes	NO	Beneficial	Not Beneficial	TOTAL
South Kashmir	24 (80.00)	6 (20.00)	21 (70.00)	3 (10.00)	30 (100.00)
Central Kashmir	25 (83.33)	5 (16.67)	20 (66.67)	5 (16.67)	30 (100.00)
North Kashmir	24 (80.00)	6 (20.00)	21 (70.00)	3 (10.00)	30 (100.00)
Ladakh	23 (76.67)	7 (23.33)	19 (63.33)	4 (13.33)	30 (100.00)
South Jammu	24 (77.42)	7 (23.33)	22 (70.97)	2 (6.45)	31 (100.00)
Central Jammu	30 (100.00)	0 (0.00)	29 (96.67)	1 (3.33)	30 (100.00)
North Jammu	19 (65.52)	10 (34.48)	16 (55.17)	3 (10.34)	30 (100.00)
Total	169 (80.48)	41 (19.52)	148 (70.48)	21 (10.00)	210 (100.00)
Kashmir	73 (81.11)	17 (18.89)	62 (68.89)	11 (12.22)	90 (100.00)
Jammu	73 (81.11)	17 (18.89)	67 (74.44)	6 (6.67)	90 (100.00)
Ladakh	23 (76.67)	7 (23.33)	19 (63.33)	4 (13.33)	30 (100.00)
Total	169 (80.48)	41 (19.52)	148 (70.48)	21 (10.00)	210 (100.00)

Source: Field Survey Data

6.17: Henery Garret Rank Method

Henery Garret (1969) is a ranking technique in which rank is assigned from most affect to low affected factors. In this section we have used Henery Garret ranking method to find out the most significant problems of entrepreneurs in production process in small scale industries of Jammu and Kashmir. Therefore, entrepreneurs of small scale industries of Jammu and Kashmir was asked to rank the problems which are highly affecting their industrial production activities such as Disturbances problem (Political), Power cuts problem, Finance related problems, Raw material shortages, Marketing problems, Lack of Skilled labors, Packing and Forwarding problems and lack of Infrastructure

Henery Garrett's ranking technique has been used and all factors and outcomes of such ranking have been converted into score value with the help of the following formula

$$\text{Formula} = 100(R_{ij} - 0.5)/N_j$$

Where R_{ij} = Rank given for the i th variable by j th respondents

N_j = Number of variable ranked by j th respondents

The Garret rank table used to calculate the scores from the percent position and after that the scores was multiplied with calculated percent with each factor, then the scores of each individual are added and the total value of scores are calculated into Rank 1, Rank 2.....Rank N.

Therefore, this section explores major problems faced by entrepreneurs, using Henery Garret rank method technique. Table 6.17 shows that in all three areas of Kashmir division, i.e. South, Central and North Kashmir are facing the political disturbances are the first major problem in the production process of entrepreneurs. After disturbances, power cuts are the second major problem of entrepreneurs in areas of Kashmir division, then marketing, lack of Skilled labor and Finance are other major problem of entrepreneurs in all three areas of Jammu and Kashmir. Similarly, in Jammu areas power cuts is the first major problem of entrepreneurs faced in the production process. After, power cuts in South and North Jammu, infrastructure is the second problem faced by entrepreneurs in production of goods and services, South

Jammu, and marketing is the second problem faced by entrepreneurs. After, infrastructure, finance and raw materials are the major problems of entrepreneurs in areas of Jammu division. Moreover, in Ladakh division power cut is the first major problem of entrepreneurs. In Ladakh division, followed by finance which is the second major problem, raw materials is the third problem and marketing is the fourth major problem of entrepreneurs in Ladakh division. Therefore, the overall rank method shows that power cuts are the major problem of entrepreneurs in Jammu and Kashmir.

Table 6.17: Ranking Score of Problems of Entrepreneurs in Jammu and Kashmir

Area Wise	Disturbances Political Problem	Power Cuts Problem	Finance Problem	Raw Materials Problem	Marketing Problem	Skilled Labor Problem	Packing and Forwarding Problem	Infrastructure Problem
South Kashmir	Rank 1	Rank 2	Rank 4	Rank 3	Rank 6	Rank 5	Rank 8	Rank 7
Central Kashmir	Rank 1	Rank 2	Rank 5	Rank 7	Rank 3	Rank 4	Rank 6	Rank 8
North Kashmir	Rank 1	Rank 2	Rank 6	Rank 3	Rank 4	Rank 5	Rank 7	Rank 8
Ladakh	Rank 8	Rank 1	Rank 2	Rank 4	Rank 5	Rank 3	Rank 6	Rank 7
South Jammu	Rank 8	Rank 1	Rank 5	Rank 4	Rank 2	Rank 3	Rank 6	Rank 7
Central Jammu	Rank 8	Rank 1	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7	Rank 2
North Jammu	Rank 8	Rank 1	Rank 4	Rank 3	Rank 5	Rank 6	Rank 7	Rank 2

Source: computed from Field Survey Data

6.18 Regression Model

In statistics, regression analysis embraces many techniques for modeling and analyzing several variables, when the emphasis is to study the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps to understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other

independent variables are held fixed. Therefore, regression analysis is a statistical technique used to describe relationships among the variables. The simplest case to examine is one in which a variable Y, referred to as the dependent or target variable, may be related to one variable X, called an independent or explanatory variable, or simply a regressor. If the relationship between Y and X is believed to be linear, then the equation for a line may be appropriate: $Y = \beta_1 + \beta_2 X$, where β_1 is an intercept term and β_2 is a slope coefficient. In simplest terms, the purpose of regression is to try to find the best fit line or equation that expresses the relationship between Y and X.

In small scale industries the employment is directly associated with investment and production. Employment increases proportionately with an increase in production and investment (Saadah, *et.al* 2018). Therefore, in our model we have taken employment as a dependent variable, while investment and production is independent variables. Our concern in this model is to estimate the outcome change on dependent variable when the independent variable is varied. Therefore, the equation of the models is as following

Employment =f(Investment, Production)

Mathematical Equation

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + u_i \dots \dots \dots (1)$$

Where

Y_i = Employment,

β_0 =Intercept

X_1 = Investment

X_2 = Production

Employment =f,(Investment and Production)

In this regression equation employment is dependent variable, while as investment, production and profits are independent variables. All the results in this regression model are significant with one percent significance level and the value of R-Squared is 0.67 which is also good in fitness. Moreover, the results of regression model shows that with one percent increase in investment the employment is increasing with 1.54

percent, while with one percent increase in production the employment increases with 3.60 percent.

Table 6.18: Regression Model Employment =f(Investment and Production)

Source	SS	Df	MS	Number of obs	210
Model	8644.81955	2	4322.40978	F(2, 207)	217.55
Residual	4112.80426	207	19.8686196	Prof > F	0.0000
Total	12757.6238	209	61.0412622	R-Squared	0.6776
				Adj R-Squared	0.6745
				Root MSE	4.4574
Employment	Coef.	Std.Err.	t	P> t	[95% Conf.Interval]
Investment	1.545126	.3331449	4.64	0.000	.8883339 2.201918
Production	3.608682	.3937033	9.17	0.000	2.832499 4.384864
_Cons	.7479684	.5238075	1.43	0.155	-.2847131 1.78065

Source: Source: computed from Field Survey Data

6.19: Binary Logistic Regression Model 1

Binary Logistic regression analysis examines the association between a categorical dependent variable and a set of independent (explanatory) variables. The name logistic regression is used when dependent variable has only two values, such as 0 and 1 or Yes and No. Therefore, Binary logistic regression is a type of regression analysis, which is used to estimate the relationship between a dichotomous dependent variable and dichotomous-, interval-, and ratio-level independent variables. There are many different variables of interest that are dichotomous e.g., whether or not rain in the last year, whether or not one is unemployed, whether or not someone is a smoker, etc. These types of variables are often referred to as discrete or qualitative. Many discrete or qualitative variables can be thought of as events, Dichotomous or dummy variables, which are usually coded 1, indicating “success” or “yes,” and 0, indicating “failure” or “no.” The mean of a dichotomous variable coded 1 and 0 is equal to the proportion of cases coded as 1, which can also be interpreted as a probability.

In our study we have used dependent variable Production, to check the probability of having higher production in small scale industries in Jammu and Kashmir. Our dependent variable is dichotomous {1= high production and 0= low production}. We have used Binary Logistic Regression Model to investigate the determining factors

that are responsible for higher production. From the literature we found that investment is playing an important role in higher production in small scale industries. Studies have also discovered that labor is playing a key role in having higher production. So, on the basis of existing literature review, we have developed econometric model of binary logistic. Therefore, our model tries to analyze the role of different variables in higher production in small scale industries. All the explanatory variables are dichotomous such as, education, age, income, caste, religion, working hours of unit, technology, and working days, investment and labors

6.19: Description of Dichotomous Variables of Binary Logistic Regression

D_Production	0= Lower Production (Up to 20 Lakh)	1=Higher Production(20 & Above)
Education_01	0=Up to 12 th standard	1=12 th and above
Caste_01	0=GEN	1=Others
Age_01	0=Up to 25 years	1=Above 25 years
Religion_01	0= Muslim	1= Others
Investemt_01	0= Up to 20 Lakh	1= Above 20 Lakh
labors	0= up to 8 persons	1= Above 8 persons
Working_Hours_01	0= Up to 8 Hours	1= 12 Hours
Working_Days_01	0= Up to 24 Days	1= Above 24 Days
Techonology_01	0= Moderate Technology	1 = Highly Advanced Technology

The following is the equation of our model

$$\text{logit}(p) = \frac{P}{(1 - P)} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_k * x_k \dots \dots \dots (4.3)$$

$$\text{logit}(p) = \frac{P}{(1 - P)} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_k * x_k$$

$$\text{logit}(p) = \frac{P}{(1-P)} = \beta_0 + \beta_1 \text{ Education} + \beta_2 \text{ Caste} + \beta_3 \text{ Age} + \beta_4 \text{ Investment} + \beta_5 \text{ Workers} + \beta_6 \text{ Religion} + \beta_7 * \text{ Working Hours} + \beta_8 * \text{ Techonology} + \beta_9 \text{ Working Days} \dots \dots (4.4)$$

6.20: Results of Binary Logistic Regression Model

Logistic Regression		Number of obs = 210			Log likelihood = -75.13446		
LR Chi2(9) =135.32		Prob > Chi2 =0.0000			Pseudo R2 =0.4738		
D_Production	Coff.	Odds Ratio	Std.Err	Z	P> Z	[95%.Conf.	Interval]
Education_01	0.7643617	1.387001	.6429366	0.71	0.480	.5591226	3.440698
Caste_01	.0675097	.0824248	0.776878	2.65	0.008	.012995	.5228059
Age_01	0.182447	1.294414	.9158934	0.36	0.715	.3234338	5.180374
Religion_01	-.645067	.2251697	.207811	-1.62	0.106	.0368917	1.37433
Investemt_01	1.892557	8.505489	6.39175	2.85	0.004	1.949996	37.09922
Total_labors	1.996157	1.628291	.3798136	2.09	0.037	1.030817	2.572068
Working_Hours_01	1.882613	3.974818	2.769534	1.98	0.048	1.014438	15.57432
Working_Days_01	-.047512	.3363009	.374051	-0.98	0.327	.038017	2.974937
Techonology_01	1.944173	2.622171	1.230363	2.05	0.040	1.045356	6.577455
_Cons	-.645214	.0178301	.0488921	-1.47	0.142	.0000826	3.848033

Source: computed from Field Survey Data

In Binary Logistic Regression Model, we have calculated Odds Ratio with the help of Stata 14 software, we have used the command logistic for Odds Ratio Results and we used logit command to calculate coefficients. We have interpreted our results on the basis of Odds Ratio. Therefore, results of our model are as follows. The results shows that entrepreneurs, who belong to Other castes are having a probability of 0.082 times, that their production will be higher than the entrepreneurs who are belonging from General caste and the results are significant at 5 percent level. However, the possible justification of this result is that the Central Jammu area is mainly an industrial developed area, Therefore, in our study the Other castes are mainly belonging from the Central Jammu and this area is having highly industrial area. Therefore, the Other castes in this area are having highly developed industrial units, therefore, there

production is higher than other areas. In case of investment the binary logistic regression shows that the entrepreneurs, who are having higher investment more than 50 lakh in plant and machinery are having a probability that their production will be 8.50 times higher than the entrepreneurs who are having an investment less than 50 lakh in plant and machinery, the result is significant at 5 percent level. Similarly, the entrepreneurs, who are having labors more than 8 persons are having a probability that their production will be 1.62 times higher than the entrepreneurs, who are having labors less than 8 persons, which is statistically significant at 5 percent level. In case of Technology the binary logistic regression shows that the entrepreneurs, who are having advanced technology based machines are having a probability, that their production will be 2.62 times higher than the entrepreneurs who are having moderate technology based machinery with 5 percent significance level. Similarly, in case of working hours, the results show that the entrepreneurs who are running their industrial units up to 12 hours are having a probability that their production will be higher than 0.33 times higher than the entrepreneurs who are running their industrial units up to 8 hours in a day and the results are significant at 5 percent level.

6.20: Binary Logistic Regression Model 2

In this model we have used Profits as a dependent variable, to check the probability of having the higher profits of entrepreneurs in small scale industries of Jammu and Kashmir. Our dependent variable is dichotomous {1= high Profits and 0= low Profits}. We have used Binary Logistic Regression Model to investigate the determining factors that are responsible for higher profits among entrepreneurs. From the literature, we found that investment, labors, working days, working hours etc. playing a significant role in achieving higher profits. So, on the basis of existing literature review, we have developed econometric model of binary logistic regression model. Therefore, our model tries to analyze the role of variables in achieving higher profits among entrepreneurs. All the explanatory variables are dichotomous such as education, age, income, caste, religion, working hours of unit, technology, working days, investment and labor.

6.21: Description of Dichotomous Variables of Binary Logistic Regression

Annual_Profits1	0=Low Profits (upto 20 lakhs) 1=High Profits (above 20 lakh)	
Education_01	0=Up to 12 th standard	1=12 th and above
Caste_01	0=GEN	1=Others
Age_01	0=Up to 25 years	1=Above 25 years
Religion_01	0= Muslim	1= Others
Investemt_01	0= Up to 20 Lakh	1= Above 20 Lakh
Total Labors	0= up to 8 persons	1= Above 8 persons
Working_Hours_01	0= Up to 8 Hours	1= 12 Hours
Working_Days_01	0= Up to 24 Days	1= Above 24 Days
Techonology_01	0= Moderate Technology	1 = Highly Advanced Technology

The following equations of Binary Logistic Regression model are

$$\text{logit}(p) = \frac{P}{(1 - P)}$$

$$= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_k * x_k \dots \dots \dots (4.3)$$

$$\text{logit}(p) = \frac{P}{(1 - P)}$$

$$= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_k * x_k$$

$$\text{logit}(p) = \frac{P}{(1-P)} \beta_0 + \beta_1 \text{Education} + \beta_2 \text{Caste} + \beta_3 \text{Age} + \beta_4 \text{Religion} + \beta_4 \text{Investment} + \beta_7 \text{Total Labour} + \beta_8 \text{Working Hours} + \beta_8 \text{Working Days} + \beta_9 \text{Techonology} \dots \dots (4.4)$$

Table 6.22: Results of Binary Logistic Regression Model

Logistic Regression	Number of obs = 210				Log likelihood = -75.13446		
LR Chi2(9) =135.32	Prob > Chi2 =0.0000				Pseudo R2 =0.4738		
Annual_Profits1	Coff.	Odds Ratio	Std.Err	Z	P> Z	[95%.Conf.	Interval]
Education_01	0.0764361	1.10831	.4874959	0.23	0.815	.4680108	2.624621
Caste_01	-.9043617	.063807	.0567056	-3.10	0.002	.0111789	.3641966
Age_01	-.0645087	.7334154	.4794068	-0.47	0.635	.2036811	2.640884
Religion_01	-.9324472	.1026378	.0923806	-2.53	0.011	.0175862	.5990224
Investemt_01	1.832447	2.804408	1.374187	2.10	0.035	1.073357	7.3272
Total_labors	1.962447	1.793912	.4081405	2.57	0.010	1.148526	2.801958
Working_Hours_01	1.686152	3.470213	2.180768	1.98	0.048	1.012605	11.89247
Working_Days_01	-.0843617	.0730007	.0753036	-2.54	0.011	.0096666	.5512917
Techonology_01	1.892447	2.871327	1.249894	2.28	0.023	1.152743	6.710757
_Cons	.483691	6.898072	17.73901	0.75	0.453	.0446465	1065.782

Source: computed from Field Survey Data

In Binary Logistic Regression Model, we have calculated Odds Ratio and we have also calculated coefficients. However, in our model we have interpreted our results on the bases of Odds Ratio. Therefore, results of our model shows that the entrepreneurs, who are belonging to other castes, are having a probability of 0.63 times, that there profit will be higher than the entrepreneurs who are belonging from General caste and the results are significant at 5 percent significance level. However, the possible justification of this point is that the Central Jammu area is mainly an industrial developed area, Therefore, in our study, the other castes are mainly belonging from the same area and it is highly industrial developed area. Therefore, the other castes in this area are having highly developed industrial units and their profits are higher than other areas. In case of investment the binary logistic regression shows that the entrepreneurs, who are having higher investment more than 50 lakh is having probability that there profits will be 2.80 times higher than the entrepreneurs who are having investment less than 50 lakh in plant and machinery, which is significant at 5 percent level. Similarly, the entrepreneurs, who are having labors more than 8 persons are having a probability that there profits will be 1.79 times higher than the entrepreneurs, who are having labors less than 8 persons, which is statistically

significant at 5 percent level, In case of Technology the binary logistic regression shows that the entrepreneurs, who are having advanced technology based machines are having a probability, that there profits will be 2.87 times higher than the entrepreneurs who are having moderate technology based machinery with 5 percent significance level. Similarly, in case of working hours, the results shows that the entrepreneurs who are running their industrial units up to 12 hours are having a probability that there profits will be higher than 3.47 times higher than the entrepreneurs who are running their industrial units up to 8 hours in a day and the results are significant at 5 percent significance level.

6.21: Conclusion

The study concludes that the small scale industrial development has spread in all the areas of Jammu and Kashmir. However, from the results it is clear that there is an area wise disparity in the investment scenario of small scale industrial sector in Jammu and Kashmir. Nonetheless, in Kashmir division, the two areas i.e. South and Central Kashmir are industrially developed, while the North Kashmir is having low investment, due to which it is having low industrial production. However, in case of Jammu division, only Central Jammu is industrially developed, whereas South and North Jammu is yet having slow pace of investment in the regions. Therefore, the overall results reveal that the highest proportion of investment in small scale industries of Jammu and Kashmir is in South Kashmir, Central Kashmir, and in Central Jammu. While in case of North Kashmir, South Jammu, North Jammu and Ladakh division, majority of the entrepreneurs are having investment between 25 to 49 lakh rupees in their industrial units.

The results also reveal that the South Kashmir, Central Kashmir and Central Jammu are hiring highest proportion of industrial labors in the state and are paying higher amount of salaries in the state. Apart from this, these three areas are the major contributors of industrial production in Jammu and Kashmir, it is mainly their investment on plant and machinery is high as compared to other areas of the state. However, in case of financial access or borrowing, the financial services are easily

available in these three developed areas and the overall results reveal that the entrepreneurs from Central Jammu, South and Central Kashmir from Kashmir division have borrowed a highest amount of capital from the institutional sources.

Moreover, the overall results also shows that highest proportion of the entrepreneurs in all three divisions of Jammu and Kashmir are earning annual profits between 10 to 20 lakh rupees, however, the entrepreneurs of Central Jammu of Jammu division are earning a highest amount of profits in all areas of Jammu and Kashmir. The results of Binary Logistic Regression model reveals that the industrial production is high correlated with the investment, highly technology based units and labors. Higher the investment, higher will be production in the small scale industries. Moreover, study also concludes that the profits of entrepreneurs are also highly determined by investment, labors and highly technology based units and the employment is showing high correlation with investment and profits.



Chapter 7

Conclusions, Findings and Recommendations



CHAPTER 7

Conclusions, Findings and Recommendations

Introduction

Industrialization is a principal objective of every country, as it plays a crucial role for economic development. Industrialization involves production of manufacturing goods at large scale, which simply leads to increase in the Gross Domestic Product, Per-Capita Income and expands employment opportunities in the economy. Nonetheless, industrialization has played a pivotal in the economic development of developed nations. Developed nations have achieved a higher and sustained economic growth through industrialization and their economies has grown with manifold during the last few decades (Kniivila, 2007). Therefore, industrialization occupies a prominent place for developed countries in general and for under-developed countries in particular. The developing countries needs to overcome from the challenges of importing manufacturing goods, poverty, unemployment, low per capita income and low gross domestic product in their economies. Therefore, industrialization plays an essential role in transforming the developing economics into developed ones (Agarwal and Singh 2008).

Industrial sector is a combination of large, medium, small and micro enterprises. Large industries are capital intensive in nature, which requires huge capital and also the establishment of such industries is viable at the location which is having well transportation and other infrastructure facilities. Moreover, these industries need high technology and high investment. While, small scale industries are labor insensitive in nature and can be established at any location at both rural and urban areas at very low capital (Dey2014). These industries are contributing significantly in-terms of employment generation, industrial production and exports of industrial goods in the country (Garg and Agarwal, 2017). The most advantage of small scale industries are that these industries can be established at a very low investment with short gestation period, with a low cost technology, and are mainly depending on local raw material (Singh and Singhal, 2009). The small scale industries are having a long history of providing employment to a vast chunk of people in both developed and developing

nations of the world. In Brazil 59 percent of the employed population are working in the small scale industries, similarly in Japan 70 per cent of the wage earners are working in the small scale industries (Small Industries Development Bank of India 2010). In developed countries such as Germany, Greece, Italy, and France, small scale industries are playing vital role in industrial production and employment generation (Bala 2007). Therefore, small scale industries have emerged as an engine of growth in the new Millennium, not only for developed nations but also for developing nations of the world and same is true in case with India (Prasad, 2004).

In India small scale industries are having an utmost importance, because there appear state wise economic disparities (Katyal and Xaviour, 2015). Some states are developed, because of the availability of abundant natural resources in these states, while some other states are still backward and the state of Jammu and Kashmir is one among them which is economically backward state of India. Nonetheless, Jammu and Kashmir is landlocked state of India, in which the state is facing huge challenges of unemployment problems, low income and is having a low State Gross Domestic Product (GSDP) as compared to other states of the country. The economic backwardness of the state lies in many factors such as geographical location, insecurity, poor investment, poor infrastructure, poor industrial sector and many other conditions (Baqual, 2008). However, in order to overcome from the economic backwardness the state government has laid much emphasis to develop the industrial sector of the state so that the economy of the state can be boosted and the structural transformation can be achieved, (Chib, 2012). Industrialization could play an importance role in transforming the traditional economy to modern economy in the state. So, in order to overcome from the rising unemployment and economic challenges the state government has taken various policy measures to boost the small scale industrial sector in the state and to make this sector much vibrant (Dar and Ahmad 2013). Therefore, this study is carried out an economic analysis of small scale industries in Jammu and Kashmir and has explored division and area wise analysis of small scale industrial development in Jammu and Kashmir. Therefore, the present study will analyses the performance of small scale industries, in-terms of employment generation, by examining socio-economic conditions of industrial labor, investment patterns and entrepreneurial spirit of the state.

7.1 Objectives of the Study

- To study growth and performance of small scale industries at macro level.
- To study the socio-economic conditions of industrial labour in Jammu and Kashmir.
- To study the employment patterns, income differentials and working hours in small scale industries of Jammu and Kashmir.
- To study the costs, revenues, and production in small scale industries of Jammu and Kashmir.
- To study the factors that is responsible for higher production and profits in small scale industries of Jammu and Kashmir.

7.2: Hypothesis of the Study

- ❖ The small scale industries have increased employment opportunities in Jammu and Kashmir.
- ❖ There are significant disparities in the socio-economic conditions of industrial labours across areas and divisions in Jammu and Kashmir.
- ❖ There are significant differences in income and working hours across areas and divisions in small scale industries of Jammu and Kashmir.
- ❖ There are significant differences in costs, revenues and production in small scale industries of Jammu and Kashmir.
- ❖ Industrial production and profitability in the state depends on investment, employment size and use of technology.

7.3: Methodology of the Study

The study is based on both primary and secondary data. Secondary data has been collected from various published reports of Directorate of Industries and Commerce and Statistical Planning of Jammu and Kashmir, MSME census of 2006-07, MSME report 2018 and Statistical Diary of RBI.

While, in case of Primary data, 420 samples have taken from two sub-groups with two different interview schedule and questionnaire, i.e. 220 samples have been taken from the entrepreneurs of small scale industries of Jammu and Kashmir through

questionnaire and another 220 samples have been taken from industrial labours through interview schedule. Multi-stage sampling technique has been used for data collection in which the 60 samples have been taken i.e. 30 samples from entrepreneurs and 30 samples from industrial labours in each six areas of Jammu and Kashmir i.e. 60 samples have been collected from South Kashmir, 60 samples have been taken from Central Kashmir and another 60 samples have been collected from North Kashmir. Similarly, 60 samples have been collected from South Jammu, 60 samples have been collected from Central Jammu and another 60 samples have been collected from North Jammu. Moreover, 60 samples have been collected from Ladakh Division. Econometric models such as Ordinary Least Square Method, Binary Logistic Regression model and other descriptive statistical tools have been used for data analysis.

Sample size is an important part of research. Therefore, obtaining a proper sample size, which is appropriate and can be tested through statistical tools, is critical in research. On the other hand, sample size must be conventional as per resources and time constraints. However, as per the figures of directorate of industries of Jammu and Kashmir, there are 14048 numbers of small scale industries in Kashmir and Ladakh division. While in Jammu division, it comprises only 5031 number of total small scale industries. In our study we have taken 420 samples from 7 areas of Jammu and Kashmir, in which 210 samples have been taken from entrepreneurs and another 210 samples have been collected from industrial labours, which comprises 1.33 percent of total small scale industrial units of Jammu and Kashmir.

The sample size is further sub divided into 30 samples i.e. 30 samples have been collected from entrepreneurs and another 30 samples have been taken from industrial labours. Therefore, among 420 samples, 60 samples will have been collected from South Kashmir, 60 samples will be taken from Central Kashmir and another 60 samples will have been collected from North Kashmir. Similarly, 60 samples from South Jammu, 60 samples from Central Jammu and another 60 samples have been collected from North Jammu. Moreover, 60 samples have been collected from Ladakh Division. Therefore, the reasons for taking 30 samples each from entrepreneurs and industrial labours in Jammu and Kashmir is a good representative sample size, because 30 sample size is comprising 1.33 percent of total small scale industrial units

of Jammu and Kashmir Therefore, taking 30 samples each from every area is a good sample size representation as per the sampling technique. However, if the sample is smaller than 30 samples, then the variance of any one measurement can influence the calculation too much to be reliable. Therefore, our sample size is 30, which is having less chances of sampling error.

7.4: Significance of the Study

Small Scale industrial sector acts as pillar of Indian economy. This sector is nursery for entrepreneurship development and is providing employment to a large chunk of people in the country. Nonetheless, Jammu and Kashmir is the industrial backward state of India. Throughout history, handicraft and handloom sector was a core sector of Jammu and Kashmir economy. Both handicraft and handloom sector was providing a huge employment to a huge chunk of people in the state. But with the existence of power loom sector and with the emergence of globalization its growth has declined in the state and has led to huge unemployment problems in the state. On the other hand, Jammu and Kashmir is having low GSDP, low per-capita income and the state is also facing huge unemployment problems. Therefore, Government of Jammu and Kashmir has started a new path of industrialization, by developing small scale industrial in the state. The aim of the developing small scale industrial sector is increase employment opportunities and to accelerate economic development in the entire regions of the state. Therefore, the present study explores the growth and performance of small scale industries across area and division wise in Jammu and Kashmir. The study explores the socio-economic conditions of Industrial labours, working hours, income, entrepreneurship development, investment, costs, and production patterns across area and division wise in small scale industries of Jammu and Kashmir.

7.5: Limitations of the Study

The study has following limitations:

- The sampling has been done prior to 5th August. Therefore, it represents entire Jammu and Kashmir including Ladakh as whole state.
- In Jammu and Kashmir, secondary data is only available in-terms of employment and number of units.

- Due to time constraint the study is limited only 420 samples
- In Ladakh division, we have collected only 60 samples i.e. 30 samples from industrial labors and 30 samples from entrepreneurs. It is mainly because Ladakh division is having only two districts i.e. Leh and Ladakh.

7.6: Preface of Chapters

Chapter 1 is an **Introduction**, which highlights the background of small scale industrial sector in India and across world. The chapter focuses more on the role of small scale industrial sector in the terms of providing employment opportunities, removing economic backwardness, increasing manufacturing production, exports and to achieve the certain macro-economic objectives. These are essential for economic growth and as well as for the balance of payment system and for the stability in foreign exchange rate system. Nonetheless, development in many countries in the world is often measured by the industrialization, equitable distribution of income, urbanization and decent employment. However, the role of small scale industries in terms of easing the industrial development, eradicating regional disparities and bringing economic development is widely recognized in both developing and developed nations of the world. Therefore, the small scale industrial sector is providing an indispensable role in both developed and developing countries of the world. In developed countries such as Germany, Greece, Italy, France and other developed countries, small scale industrial sector is contributing significantly in the national income, employment generation, manufacturing goods and exports of the country. In USA, eight out of ten jobs are created by small business. In Japan 70 percent of the wage earners are working in Small Scale Industries. In Brazil, 59 percent of the employed population is working in small scale industries, In Vietnam, there are about 4.9 million MSME establishments providing 18.9 million jobs in the country.

Chapter 2 of the study is **Conceptual and Theoretical Framework**, which highlights various concepts and theories related to industrial development and to small scale industrial sector. Nonetheless, industrialization is a key for rapid economic development for any country throughout the world. Majority of the

economist have presumed and accepted that industrialization is a life blood of economic development of any country. The leading role of industrial development helps in transmitting the growth impulses through backward and forward linkages. The economists also believes that industrialization not only provides employment opportunities to large chunk of people, but it also reduces the dependence of workforce on agriculture and acts as an agent of socio-economic transformation of a country by bringing economic development in the country. Hence, importance of industrialization is underlined by the fact that this has become a compulsive goal for economic growth and development. Nonetheless, an industrializing economy is basically one which experiences continuous economic growth is regarded as a domineering engine of economic growth and development of any country. Therefore, the process of economic development cannot be separated from industrialization, because both of these are synonymous to each other. Moreover, in economic development literature, the role of small scale industries in-terms of providing economic development, employment generation, exports, contribution in Gross Domestic Product (GDP), eradicating economic disparities, alleviation of poverty and bringing socio and economic development is well recognized throughout the world.

Chapter 3 of the study is **Growth and Performance of Small Scale Industries in India**, the objective of this chapter is to study the growth and performance of small scale industries at macro level. The chapter explores the overall performance of small scale industries in India in general and Jammu and Kashmir in particular. Nonetheless, the definition of small scale industries mainly depends upon the pattern and stage of development, government policies and administrative set up, but the actual definition varies across countries. Therefore, every country has setup its own parameters to define small scale industries in their respective countries. At present, most of the countries in the world defines small-scale industries in terms of monetary value i.e. investment ceilings on plant and machinery. But, in earlier times the definition of small scale industries were based on employment i.e. the number of persons hired by business enterprises. However, in context of India, its definition has changed from time to time in the country and the current definition is based on investment in plant and machinery and is now known as Micro, Small and Medium Enterprises (MSMEs). This sector has emerged as a vibrant sector in India and the greatest importance of this sector is employment with low capital cost. At present this

sector is the largest employment providing sector in India, which is providing employment to more than 11 crore people in the country. This sector is also contributing more than 30 percent to the GDP of the country. Nonetheless, as per MSME report of 2018-19, there are 6.34 crore of MSMEs in India, in which 51 percent are situated in urban areas and 49 percent are situated in rural areas. Apart from this, the MSME sector of India contributes 48 percent to the total export basket of the country. Similarly, in case of Jammu and Kashmir, small scale industrial sector has emerged as a backbone of state economy. This sector is providing employment to a huge chunk of people in the state and is contributing significantly in the Gross State Domestic Product of the state.

Chapter 4 of the study is **Socio-Economic Conditions of Industrial Workers**. The objective of this chapter is to study the socio-economic conditions of industrial labors in Jammu and Kashmir. The chapter is based on the field survey data, which explores the socio-economic conditions of industrial labors in Jammu and Kashmir. Social development of a society or a community is the best reflection of quality life of people living in a society. Social status of society or community always plays a crucial role in determining the economic growth of a country. The term socio-economic status is a combined word of economic and sociological conditions of person, together which reflects the income, education, health, occupation and other important indicators of individuals. Nonetheless, occupational distribution always plays a crucial role in the economic development of a country, because occupational pattern reflects the economic activities and socio-economic conditions of labor force in the economy. Nonetheless, changes in occupational structure with decent jobs are highly associated with economic development. Level of per capita income increases as more and more work-force in a country shifts from primary sector to secondary sector and then from secondary sector to tertiary sector. Therefore, present chapter analyses the social and economic status of surveyed industrial labors in Jammu and Kashmir. Nevertheless, it is important to study the social status of these workers and to analyze their income patterns, earnings and the quality of life they enjoy, by taking consideration of education, health, housing facility, drinking water facility, sanitation, electricity facility, assets, expenditures on various items, food security through public distribution system and savings of these households.

Chapter 5 of the study is **Performance of Small Scale Industries in Jammu and Kashmir**. The objective of this chapter is to study the employment patterns and wage rate differentials in small scale industries of Jammu and Kashmir. The chapter is based on the field survey data, which explores the performance of small scale industries in-terms of employment, working days and working hours of units, proprietorship type, nature of activities etc. Nonetheless, the economy of Jammu and Kashmir is primarily an informal economy and the informal sector is the subsistence source of livelihood in the state. Therefore, small scale industrial sector has emerged as a vibrant sector in the state, which is playing a fundamental role in transforming the informal economy into modern industrial sector based economy. Small scale Industrial sector is enhancing the socio-economic conditions of industrial labors, as well as the entrepreneurs and thus leads to the economic development of the state. Moreover, the small industrial development in the state is also helping to achieve the most important macro-economic goals of the state, such as employment generation, Gross State Domestic Product, alienation of poverty and increase in per capita income. Therefore, rapid development of small scale industrial sector can help to solve the problem of unemployment, entrepreneurship development in the state, Moreover, the economy of Jammu and Kashmir is facing the problems of un-equitable distribution of income therefore, small scale industrial sector is bringing the equitable distribution of income, as this sector has a large potential of utilizing the local resources and providing employment to large chunk of people which will directly reduce the regional disparities in the state.

- **Chapter 6 of the study is Investment, Expenditures, Profits and Production in Small Scale Industries of Jammu and Kashmir**. The objective of this chapter is to study the costs, revenues, and production patterns in small scale industries of Jammu and Kashmir and also to study the factors that are responsible for higher production and profits in small scale industries of Jammu and Kashmir. The chapter explores the investment patterns in Small Scale Industries of Jammu and Kashmir by taking investment, production, costs, profits, and problems of entrepreneurs into consideration. Nonetheless, accumulation of wealth in economics is called saving, and creation of wealth is called investment. Therefore, new wealth in economy accumulates and creates, what is called saving and saving leads to

investment. Therefore, investment plays a crucial role in the economic development of a country and same is true case with the investment in plant and machinery of industrial sector. Higher investment in Industrial sector leads to larger production, higher profits and higher savings of entrepreneurs. On the other side, expenditures are the funds used by business entrepreneurs to improve business vibrancy by purchasing new equipment's or to renovate the existing equipment's, which in return increases the profits of business entrepreneurs. In small scale industrial units, entrepreneurs are doing various expenditures in production process. Some of these expenditures are on purchasing of new machinery or for wear and tear in existing machinery, while other expenditures are on purchasing of other factors, such as raw materials, rent wages etc. Moreover, in small scale industrial sector, entrepreneurs are having both monthly and annual expenditures on industrial units However, in Jammu and Kashmir there is much disparities in investment patterns in small scale industrial sector in the state. Some areas are having higher investment in this sector and these areas are now industrially developed, while other are having low investment on the industrial sector and have remained industrially backward. Nonetheless, in Kashmir division the small scale industrial sector are highly developed in south and central Kashmir, while north Kashmir is still having lack of proper investment in the small scale industrial sector. However, in case of Jammu division, only central Jammu is industrially developed, whereas South and North Jammu is having low investment in the small scale industrial sector and are still industrially backward areas in the state. Therefore, this chapter examined and shows that the industrial production is highly correlated with the investment. Moreover, it also showed that the profits of entrepreneurs are also highly determined by investment, and the employment is highly correlated with investment and profits.

7.7: Major Findings

Undoubtedly, small scale industrial sector has become a cornerstone of Indian economy. This sector is playing an essential role in terms of providing employment generation, entrepreneurship development, poverty alleviation and helps in bringing rural and urban industrialization in India. At macro level, SSI sector has achieved many milestones, but it has yet to achieve many more, because there are still significant disparities across states in the pattern of industrial development in India. However, Uttar Pradesh and West Bengal are the two major states which are having a significant number of small scale industries in India and in rest of the states their growth is still sluggish. The study found that after 2007, the pattern of small scale industrial sector development has taken shift from rural to urban areas. Therefore, a large number of small scale enterprises have been established in urban areas as compared to rural areas. Moreover, macro level study also found that female entrepreneurship in small scale industries have increased significantly from 2006-2016 in India, but the entrepreneurship among the socially disadvantage groups which mainly consists SC and ST categories is not showing much positive impact.

In context of Jammu and Kashmir, the results of secondary data reveals that the state of Jammu and Kashmir has followed the pathway of industrialization for removing the economic backwardness through small scale industrial sector in the state. But due to various factors such as financial constraints, infrastructures bottlenecks, supply of raw material, geographical location and political dispute, the growth of SSI sector has remained low in the state. The study shows that during 1990-2000, the compound annual growth rate of both units and employment has remained low i.e. 3.74 percent each. But after 2001-2010, the annual compound growth rate of both industrial units and employment has declined to 2.30 percent and 2.91 percent, which has further declined to 1.60 percent in units and 2.29 percent for employment during 2010-2016. Possibly the reason for declining growth for both SSI units and employment is mainly attributed with ongoing disturbances in the state, which obstructs private investment opportunities in SSI sector.

The results of primary data reveals that with the development of small scale industrial sector in the state, the socio economic conditions of industrial workers in Jammu and Kashmir have improved, but it has improved more significantly in Central Kashmir

and Central Jammu. Therefore, from the results it is clear that majority of workers are living in Pucca or semi-Pucca houses and a very less number of industrial workers are living in Kacha houses. Moreover, all the industrial workers are having electricity and sanitation facilities in their houses. However, the income of industrial workers in Central Kashmir and Central Jammu are high as compared to other areas of Jammu and Kashmir. The socio-economic index shows that the industrial workers of Central Kashmir and Central Jammu are having good socio-economic conditions as compared to other areas of Jammu and Kashmir. Moreover, the overall socio-economic index shows that the workers from Central Jammu which comprises index value of 0.58 and Central Kashmir, which comprises 0.62 are having well socio-economic conditions as compared to other areas of Jammu and Kashmir.

However, in context of work in the industrial units, the entrepreneurs prefer more male workers as compared to female workers. It is mainly because of the nature of work, the entrepreneurs are giving more preferences to male workers as compared to female workers. Therefore, majority of the industrial workers in all three divisions of Jammu and Kashmir are male workers. Moreover, Jammu and Kashmir is a Muslim majority state of India, due to which majority of workers from all three divisions are belonging from Islam religion. However, in case of social category, majority of the workers from Kashmir and Jammu division except North Jammu and Ladakh area are belonging to General category. The results shows that in case of education status of industrial workers, the education qualification of industrial workers in South Kashmir and Central Jammu, is much higher as compared to other areas of Jammu and Kashmir.

The study also reveals that, in Central Kashmir, majority of the workers, while in Central Jammu all workers are working 12 hours in a day. The reason behind this is that, because these two areas are industrially developed areas and the work load of industries in these two areas are comparatively higher than other areas in Jammu and Kashmir. However, in Kashmir division particularly in South and Central Kashmir, the entrepreneurs are setting work tasks for the workers, due to which the workers are facing health problems. Moreover, the study also reveals that the wage rate in small scale industries is much higher in Central Kashmir and Central Jammu, as compared to other areas of Jammu and Kashmir. Apart from this, the study also shows that the

financial access of industrial workers are somehow low in Kashmir division as compared to Jammu and Ladakh division and a very low percentage of workers are saving monthly for speculative purposes.

The study also concludes, that small scale industrial sector absorbs a large chunk of people in Jammu and Kashmir and is providing different types of employment in the state. Jammu and Kashmir is Muslim majority state of India, therefore the highest proportion of enterprises are owned by Muslim entrepreneurs, while in case of social category, the highest proportion of enterprises are owned by General category entrepreneurs. Moreover, the results of the study reveals, that in case of education of entrepreneurs, highest proportion of the entrepreneurs in both Jammu and Kashmir division are having graduation qualifications and in Ladakh division, the highest proportion of entrepreneurs are having inter+ 2 qualifications. Family occupation is always playing a pivotal role in determining the economic activities of individuals in an economy. However, in context of family background of entrepreneurs in Jammu and Kashmir, the highest proportion of entrepreneurs in Jammu division are having agriculture family background, while in Kashmir and Ladakh highest proportion of entrepreneurs are having self-employment family background. Nonetheless, in context of employment in small scale industries in Jammu and Kashmir, the industrial units of Kashmir division are having highest number of workers, which includes, skilled, semi-skilled and unskilled workers, followed by Jammu division and Ladakh division.

The results also reveal that majority of industrial units in Jammu and Kashmir is operating in rural areas and majority of small scale industrial units in all three divisions of Jammu and Kashmir are established from 2011-2017, which means that the small scale industrial development has taken place after 2010. Apart from this, the industrial units are diverse in nature, which means they are engaged in different product manufacturing activities and are exploiting both intra and inter-state raw material. Moreover, majority of the entrepreneurs in Jammu and Kashmir are using Government land for their industrial units. It is mainly because the Government of Jammu and Kashmir is providing industrial land to entrepreneurs for rent at subsidised cost in industrial estate areas.

Moreover, the study concludes that in all the three divisions, the small scale industries are employing more skilled labor. However, in case of area wise analysis the study concludes that the South Kashmir, Central Kashmir and Central Jammu have achieved highest magnificence in-terms of industrial development. The small scale industrial sector in these three areas are absorbing a large number of workers, which includes skilled, semi-skilled and un-skilled workers and are providing the higher amount of wages to workers as compared to other areas of the state. Division wise, analysis of overall performance of small scale industrial sector in Jammu and Kashmir reveals that Kashmir division is having much better small scale industrial development as compared to Jammu and Ladakh division.

Therefore, the overall study concludes that the small scale industrial development has spread in all areas of Jammu and Kashmir. However, from the results it is clear that there is an area wise disparity in the investment scenario of small scale industrial sector in Jammu and Kashmir. In Kashmir division, the two areas i.e. South and Central Kashmir are industrially developed, while the North Kashmir is having low investment, due to which it is having low industrial production. However, in case of Jammu division, only Central Jammu is industrially developed, whereas South and North Jammu is yet having slow pace of investment in the region. The highest proportion of investment in small scale industries of Jammu and Kashmir is in South Kashmir, Central Kashmir, and in Central Jammu. While in case of North Kashmir, South Jammu, North Jammu and Ladakh division, majority of the entrepreneurs are having investment between 25 to 49 lakh rupees in their industrial units.

The results also reveal that South Kashmir, Central Kashmir and Central Jammu are hiring highest proportion of industrial labors in the state and are paying higher amount of salaries in the state. Apart from this, these three areas are the major contributors of industrial production in Jammu and Kashmir. It is mainly because investment on plant and machinery is high as compared to other areas of the state. However, in case of financial access or borrowing, the financial services are easily available in these three developed areas and the overall results reveal that the entrepreneurs from Central Jammu, South and Central Kashmir from Kashmir division have borrowed a highest amount of capital from the institutional sources.

The overall results also shows that highest proportion of the entrepreneurs in all three divisions of Jammu and Kashmir are earning annual profits between 10 to 20 lakh rupees, however, the entrepreneurs of Central Jammu of Jammu division are earning a highest amount of profits in all areas of Jammu and Kashmir. The results of Binary Logistic Regression model reveals that the industrial production is highly correlated with the investment, highly advance technology based units and labors, higher the investment, higher will be production in the small scale industries. Moreover, study also concludes that the profits of entrepreneurs are also highly determined by investment, labors and highly technology based units and the employment is showing highly correlation with investment and profits. Therefore, it is quite important for entrepreneurs to combine better technology with better labor absorption, so as to enhance production and profit across the enterprise.

7.7: Recommendations

- Entrepreneurs of small scale industries of Jammu and Kashmir are facing a power cuts problems, which is a main hindrance for entrepreneurs to reach at the full utilization goal. Therefore, Government should provide adequate electricity facilities, particularly in winter session in the industrial estates of Jammu and Kashmir.
- Lack of entrepreneurship programs are also responsible for the less efficiency in small scale industries of Jammu and Kashmir therefore, the Government, must provide more entrepreneurship programs which will increase the efficiencies of entrepreneurs in-terms of higher production and outputs.
- Entrepreneurs are also facing huge problems of marketing in the state. Therefore, the Government should provide digital platforms for entrepreneurs, so that they can sell their products easily in the market.
- Entrepreneurs are also facing lack of skilled labors, due to which the entrepreneurs are facing difficulties in the production process. Therefore, the Government should provide skill development programs in the state so that skill can be provided to the labors which will be beneficial for both employment generation and industrial production in the state.

- Apart from this, Government should provide additional subsidies for purchasing of machinery and equipment's so that it may help to spread more small scale industrial development in the state.
- Entrepreneurs are also facing the problems of finance and loans. Therefore, the fiancé should be made easily available for the entrepreneurs, so that the industrial production in the state can be boosted.
- There is a significant income and wage rate differences among industrial workers across areas and divisions in Jammu and Kashmir. Therefore, the Government must fix the minimum wages for industrial workers, so that the prevailing wage rates will be equal in all the areas and divisions of Jammu and Kashmir.
- Moreover, there is a significant working hour differences across areas in small scale industries of Jammu and Kashmir. Therefore, the Government must fix working hours in small scale industries of Jammu and Kashmir. And, further the Government may direct industrial units to award more wages to workers on the basis of the hours of work done.



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Annexures



Annexures

GENERAL INFORMATION

1. Name of the Entrepreneur: -----
2. Address of the Entrepreneur:-----
3. District of the Entrepreneur:-----
4. Division of the Entrepreneur: Jammu [] Kashmir []
5. Age of the Entrepreneur: []
6. Gender of the Entrepreneur 1. Male [] 2. Female []
7. Social Group of the Entrepreneur: 1. GEN [] 2. OBC []
3. SC [] 4. ST []
8. Religion of the Entrepreneur: 1. Hindu [] 2. Muslim [] 3. Christian []
4. Sikh [] 5. Other []
9. Educational Qualification of Entrepreneur: 1. Primary [] 2. Middle 3.
High [] 4. Intermediate []
5. Graduate [] 6. Post-Graduate and Above [] Technical (Specify)-----

10. Family background /Father's occupation: 1. Agriculture [] 2. Business []
3. Industrialist [] 4. Service [] 5. Professional [] 6. Others []
11. Which best describe the ownership of your enterprise? 1. Sole proprietorship []
2. Partnership [] 3. Cooperative [] 4. Private [] 5. Other []
12. What is your role in relation to main business? 1. Owner [] 2. One of the
Owner [] 3. Other []
13. Name of the Unit: -----
14. Address of the Unit: -----
15. Year of Establishment: -----
16. Place of functioning Urban [] Rural []
17. Premises used for your business: 1. Own [] 2. Lease hold (Rented) []
Other specify-----

18. How long have you been in this business? 1. Two years or less [] 2. Three years to Five years [] 3. Four years to Ten years [] 5. Ten years & above []

19. Whether the unit is registered under Factories Act Yes [] No. []

20. Whether the Unit is registered under any Institutions/Organization?

Yes [] No []

If Yes then 1. DIC [] 2. MSME [] 3. SICOP [] 4. KVIC [] 5. Other []

21. Status of the Unit: 1. Small Scale Industry [] 2. Ancillary Industry []

22. Type of Industry: 1. Manufacturing [] 2. Service []

21.1 In case of manufacturing then? 1. Food [] 2. Textile [] 3. Garments [] 4. Chemicals [] 5. Plastics and Rubber [] 6. Non-Metallic [] 7. Mineral Products [] 8. Basic Metals [] 9. Fabricated Metal Products [] 10. Machinery and Equipment [] 11. Electronics [] 12. Other Manufacturing []

21.2 In case of Service then? 1. Wholesale [] 2. Retail [] 3. IT [] 4. Hotel and Restaurants [] 5. Services of Motor Vehicles [] 6. Construction [] 7. Other []

Plant/Organization

a) Total area of plot----- Total area of Building -----

Total area of unit/factory -----Number of workshops in the unit premises---

f) Mode of Waste Sewage disposal :-----

h) Provisions for prevention of cross contaminations -----

What is your source of energy for unit ? 1. Electricity 2. Coal 3. Petrol/Diesel 4.Solar Energy

23. Indicate whether the unit is a part of some other larger organization; if so give the name and address of the holding organization

23.1 Name -----

23.2 Address-----

Section 2. Employment and Wage Patterns

24. Employment conditions in industrial unit:

Sr	Staff	Skilled			Semi-Skilled			Unskilled		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
1	Management Staff									
2	Workers									
3	Labours/Contract									

24.1 Growth of Employment in the Units

Initial Staff at the time of opening of the unit										
Sr	Staff	Skilled			Semi-Skilled			Unskilled		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
1	Management Staff									
2	Workers									
3	Labours/Contract									
Total Staff as on 2018										
Sr	Staff	Skilled			Semi-Skilled			Unskilled		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
1	Management Staff									
2	Workers									
3	Labours/Contract									

24. Working hours in the unit:

1. Below 8 hours [] 2. 8 to 10 hours. [] 3. 11 to 16 hours. [] 4. 16 to 24 hours []

25. How many days you runs the unit in a month: 1. 15-20 [] 2. 21-26 [] 3. 27-30 []

26. Monthly Salary of the Regular Workers:

- 1) Skilled Male, Rs. _____ Female Rs. _____
 2) Semi-Skilled Male, Rs. _____ Female Rs. _____
 3) Un-skilled Male, Rs. _____ Female Rs. _____

27. Wage rate of the Contract Workers Per Day :

1) Skilled male, Rs. _____ Female Rs. _____

2) Semi-skilled male, Rs. _____ Female Rs. _____

3) Un-skilled male, Rs. _____ Female Rs. _____

28. Are you providing any Casual Leave to your employees? Yes [] NO []

28.1 If yes, then how many days of Casual leave you are providing to your workers

1. 1 to 2 days [] 2. 3 to 5 days [] 3. 5 days and more []

28.2 If the workers are taking Casual leave are you deducting it from their salary?

Yes [] NO []

28.3 If yes then how much you are deducting from their salary please specify -----

29. How are you paying salary to your Labors? Daily [] Weekly []
Monthly []

30. What is the mode of payment? 1. Cash [] 2. Cheque [] 3. Both []

31. What is the availability of trained and skilled personnel? 1. High [] 2. Moderate [] 3. Low []

32. What is the Labour turnover in your business ? 1. High [] 2. Moderate [] 3. Low []

33. What best describes working shifts in your units? 1. Day [] 2. Night [] 3. Both []

Section 3. Investment, Production Costs and Revenues

34. What is the total amount of investment in your business (in rupees)?

35. What is the monthly expenditure in the working Capital in your firm please mention below in table

S. No	Particulars	Amount Rupees
1	Land and building	
2	Plant and machinery	
3	Furniture and fittings	
4	Other Equipment's	
	Total	

S. No	Particulars	Amount Rupees
1	Cost of raw materials	
2	Rent	
3	Labour	
4	Interest	
5	Others	
	Total	

36. Please specify the Total costs on the following items below

	Total annual cost of labor including wages, salaries, bonuses, social security payments		
	Total annual cost of raw materials and intermediate goods used in production		
	Total annual costs of fuel		
	Total annual costs of electricity		
	Total rental cost of machinery, vehicles and equipment		
	Total rental cost of land and buildings		
	Other cost of production not included above		

37. Annual profit earned in last financial year: 1. 100000 -20000 []
 2. 201000 -400000 [] 3. 401000-600000 [] 4. 601000 -800000 [] 5.
 801000-1000000 [] 6. 1010000 and above []

Sr.no	Source	Amount	Rate of Interest	Specify
1	Own capital			
2	Institutional source			
3	Non institutional source			

38. Do you keep records? (a) Manually [] (b) Electronically (Computerized) []

39. Do you have business plan for your enterprise? (a)Yes [] (b) No []

What is the total amount of investment in your business (in rupees)?

(a) Up to 50 lakhs [] (b)51 lakhs to 2 Crores [] (c) Above 2 Crores. []

40. Annual profit earned from the business in last financial year in Rupees? -----

41. Please inform how much your firm has grown on an average per year during last three years?

s.no	Item	Become Smaller	No Growth	Less than 10 %	11 to 20 %	21 % to 30	31 % above
1.	Sales/Turnover						
2.	Profit Before Tax						
3.	Profit After Tax						
4.	Capital						
5.	Employment						

42. Considering the turnover of previous years, how much does your firm expected to grow?

s.no	Item	Become Smaller	No Growth	Less than 10 %	11 to 20 %	21 % to 30	31 % above
1.	Sales/Turnover						
2.	Profit Before Tax						
3.	Profit After Tax						
4.	Capital						
5.	Employment						

43. Nature if the Production : (a) Continuous [] (b) Seasonal []

44. Monthly production of a firm

Main product	By product	Production Amount	Money Value

Description of Raw-materials

45. Where from you are taking raw materials? 1. Indigenous [] 2. Locally available []

3. Brought from outside the district [] 4. Brought from outside the State []

46. State the problems faced in the procurement of raw-materials, if any-----

47. Have you got any raw-material subsidy from the following Governments ?

1. State Govt [] 2. Central Govt [] 3 .Both State and Central Govt [] Other source Mention-----

48. How do you Sold your finished products? 1. Wholesale [] 2. Retail []

3. Through Contract [] 4. By Appropriate Agent []

49. Who are your buyers ? 1. Government [] 2. Large/Medium Scale Industries []

3. Individual consumers [] 4. Firms [] 5. Any other category []

50. . Whether market of production is within the District or within the State or outside theState/Country ?

51.. Nature of market for your Production is : 1. Assured [] 2. Competitive [] 3. Highly competitive []

52. If the market is competitive, rivals are: 1. Large-scale industries [] 2. Other small-scale industries [] 3. Public enterprises []

53. Availability of raw materials for your business?

(a) Always available[] (b) Available but not at required quantity []
(c) Interrupted supply [] (d) Seasonal availability Scarcity []

54. What are the main problems which you unit are facing in the sphere of production?

1. Power [] 2. Machinery [] 3. Management [] 4. Raw-material []
5. Labour [] 6. Market [] 7. Transport [] 8. Finance

55. If, your business is under loss what is the reason for that?

(a) Financial related issues [] (b) Production related issues [] (c) Miss-Management related issues [] (d) Marketing related issues [] Others
Please Specify -----

56. Technology adopted for your business is?

(a) Latest updated [] (b) Adequate one [] (c) Not updated Traditional []

57. Kindly choose the factors which affects the marketing performance of your business (Question with ranking Highly Affected 1 to Not Affected 5 please enter in the appropriate cell.)

- (a) Marketing [] (b) Availability of Pricing Strategy [] (c) Promotional Competitiveness []

58. What is the mode of marketing used for your products?

- (a) Direct marketing [] (b) Advertisements through media [] (c) Through dealers and distributors [] (d) Marketing programmes arranged by the government agencies. [] (e) All of the above []

59. Have you approached any government agencies support for marketing your product? Yes [] No []

60. Have your unit been visited/inspected by any official below?

- (a) Directorate of Industries [] (b) Development Agencies [] (c) Commercial Banks []

If yes, briefly put the purpose and period of such visit.

61. what extent the government policies affect your business?

- (a) Mostly affected [] (b) Moderately affected [] (c) No change []

62. Whether your unit was declared 'sick'? If so, year & reason of such declaration:

Year-----Reason-----

63. During the period of sickness, have you got any financial assistance? Yes [] NO []

64. If yes then from which organization : 1. Development Agencies [] 2. Commercial Banks [] 3. DIC [] 4. MSME [] 5. SICOP [] 6. KVIC [] 7. Other []

Marketing:

Are you facing any difficulties in the market for your product? YES NO

If yes, what types of difficulties: (a) low price [] (b) Insufficient demand [] (c) Transportation []

(d) Storage [] (e) delayed payment [] (f) Mediator, (g) Administration difficulties []

49) Do you face competition in the market? Yes [] No []

50) Do you knowledge about entrepreneurship development programme?

Yes [] No []

51) Have you attended any Programme:

Yes [] No []

52. What is your opinion about the Programme:

(a) Satisfactory [] (b) Somehow Satisfactory [] (c) Not Satisfactory []

Utilisation of capacity:

53. Are you able to utilize the capacity to the full extent in your unit?

Yes [] No []

54) If no, give the reasons -----

Infrastructure facilities:

55. Have you received any assistance from the MSME-DI? Yes [] NO []

56. If yes, give the details regarding to the nature of assistance-----
.

57. Are you satisfied with the assistance extended by the MSME-DI in this matter?

Yes [] No []

58. If no, give the reasons -----

Export:

59) Do you export your product?

Yes [] No []

60) If yes, give the details where are you exporting your products

(a) National Market [] (b) International Market [] (c) Other []

How much income you are earned from exporting your product please specify-----

Banking

61. What type of bank account do you have? (a) Saving account [] (b) Current account [] (c) Fixed account [] (d) Other []

62 What is your average Monthly Saving? (a)1000-10000 [] (b) 110000-25000 [] (c) 26000- 40000 [] (d) 41000-60000 [] (e) 61000-80000 [] (f) 80000 and above []

63. Are you getting any monthly Interest on your savings Yes [] NO []

64. If yes then how much percent 2-3% [] 4-7 % [] 8 and above []
Other specify-----

65. Are you using Net Banking /Mobile Banking Services Yes [] NO []

66.How you are paying salary to your workers ? Net banking [] Mobile-Banking []
Cheque [] Cash []

. Indebtedness

67. Have you taken any loan? Yes [] NO []

68. If yes then from which source (a) Institutional [] (b)Non- Institutional []

69. If non- institutional then why from it ? (a) easily availability [] (b) No mortgage []

(c) Only source [] (d)other []

71. What was the Purpose for taking a loan? (a) Enhance Production [] (b) Debt []
(c) Plant Up gradation []

72 What was the rate of interest monthly?

(a) 1.3% [] (b) 3-6% [] (c) 6-9% [] (d) 9%and above []

73 How the rate of interest is calculated (a) Simple (b) Compound []

74 Have you paid back your taken loan? (a) Yes [] (b) NO []

75 How much of rupees you paid for interest specify here_____

76 Do you have any insurance facility? (a) Yes [] (b) NO []

77. If yes then what type of insurance do you have?

(a)Health insurance [] (b) Life insurance [] (c) General insurance [] (d) Other. []

Suggestions:

78. Do you have any suggestions to enable the MSME-DI to render a better service to your unit regarding?

1) Finance: _____

- 2) Raw-materials: _____
- 3) Marketing: _____
- 4) Training: _____
- 5) Packing and forwarding: _____
- 6) Infrastructure facilities: _____
- 7) Storage: _____
- 8) Export: _____

Kindly choose the factors that you are required to be considered before choosing good production system.

Estimation of financial requirements Estimation of demand and supply
Quality control system

Capacity utilization Inventory management system Maintenance procedure
Minimization of wastages

Availability of working capital

Employment Patterns and Socio-economic Conditions of Industrial Labour

1. General Profile

- 1.1 Name of the respondent _____
- 1.2 Address: _____ 1.3 Village/Molalla: _____
- 1.4 District: _____ 1.5 Division: _____
- 1.6 Age of the respondent: _____ 1.7 Gender: _____
- 1.8 Marital status: _____ 1.9 Category _____
- 1.10 Type of Work _____ 1.11 Educational Qualification: _____

Codes for part 1.

1.5 1=Kashmir 2=Jammu 3=Ladakh 1.6 1= 5-15 years 2=15-30 3=30-50 4=60and above. 1.7. 1=Male 2=Female 1.8 1=Unmarried 2=Married 3=Divorce 4=widow 5=widower 1.9 1=GEN2=OBC 3=SC 4=ST 1.10. 1=Casual Worker 2=Contract Worker 3=Regular Worker 1.11 1=Primary-1 2=Secondary 3=Higher 4= Graduate 5= Graduate above-5 6= Technical Education

2. Employment and Work Conditions

- 2.1 How long you are doing this work?
- 2.2 Is your present job a main source of your income?
- 2.3 Are you doing this job in full time or part-time?
- 2.4 If part-time then please specify your other work _____
- 2.5 How many hours are you working in a day?
- 2.6 If you are working more than 8 hours then do you feel any health problems?
- 2.7 If yes then what type of health problems are you facing?
- 2.8 Does your entrepreneur set any time limit for your work?
- 2.9 If yes then explain how _____
- 2.10 Does anyone from your family is also doing this work?
- 2.11 If yes then who?
- 2.1 How many days are working in a weak?
- 2.2 Did you take any holiday in a weak?
- 2.3 If No then please specify the reasons _____
- 2.4 What is your monthly income?
- 2.5 How are you paid for this work?
- 2.6 Are you paid with any other sources other than Money?

3. Socio-economic Conditions

- 3.1 Social economic condition of the household
- 3.2 Do you have a housing facility?
- 3.3 If yes, then do you have your own house?
- 3.4 If yes then what type of house do you have?
- 3.5 And if No then are you living in rented room?
- 3.6 If yes, the how much rent are you paying for one month?
- 3.7 Do you have a toilet facility system in your house?
- 3.8 Do you have an electricity facility in your house?
- 3.9 If no then what is the source of light?
- 3.10 What is your primary source for cooking?
- 3.11 Do you have a drinking water facility available in your home?
- 3.12 If yes then what is the main source of drinking water
- 3.14 Do you have a sanitation facility available in your home?
- 3.15 Do you have a ration card?
- 3.16 If yes then what type of card do you have?
- 3.17 And what products are you mainly purchasing from ration card?
- 3.18 Please specify the quantity amount receiving from the PDS in table 6.16
- 3.19 Do you have food security benefit under the Public Distribution System?
- 3.20 Do you have any agricultural land?
- 3.21 If yes then how much acres of land do you have?
- 3.22 And how much income you are generating from your agricultural land?

3.1 1=pucca 2=semi-pucca 3=kucha 4=other 6.5 1=100-300 2=300-600Rs 3=600-900Rs 4=900and above
 3.8 1=Kerosene lamp 2=candle 3=lantern system 4=other 6.9 1=LPG 2=electricity 3=cow dung 4=fire wood
 5=other 6.11 1= Government hand pump 2= private hand pump 3=supply water 4=wells 5=other
 3.14 1=antyodaya 2= BPL 3=APL 4=other 6.15 1= wheat 2=Rice 3=Sugar 4=Kerosene 5=Other
 3.34 1=1-5acres 2=5-10acres 3=10-15 acres 4=15acres above 3.35 1=1000-3000Rs 2=3000=6000 3=6000=9000 4=9000and

4. Indebtedness and access of Banking

- 4.1 Do you have a bank account?
- 4.2 If yes then what type of bank account does you have?
- 4.3 Do you have opened the pradhanmantri jan dhan jogna account?

- 4.4 Are you saving some part of your monthly income in a bank?
- 4.5 If yes then how much of Amount are you saving in month?
- 4.6 What is Purpose of saving money in a bank?
- 4.7 Do you have a cash transfer benefit scheme?
- 4.8 If yes then please mention here _____

Indebtedness

- 4.9 Have you taken any loan?
- 4.10 If yes then from which source
- 4.11 If non- institutional then from which source
- 4.12 if non- institutional then why from it
- 4.13 If institutional then from which source
- 4.14 If institutional then why from it
- 4.15 What was the Purpose for taking a loan?
- 4.16 What was the rate of interest monthly?
- 4.17 How the rate of interest is calculated
- 4.18 Have you paid back your taken loan?
- 4.19 How much of rupees you paid for interest specify here _____
- 4.20 Do you have any insurance facility?
- 4.21 If yes then what type of insurance do you have?

Codes for part 7

7a.1 1=saving account 2=current account 3=fixed account 4=other 7a.5 1=1000-2000Rs 2=2000-4000Rs

3=4000-6000Rs 4=6000and above 7a.8 1=LPG 2=wages 3=scholarship 7.2 1=institutional 2=non-institutional

7.3 1= indigenious bankers 2=money lenders 3=relatives 4=other 7.4 1=easily availability 2=no mortgage

3=only source 4=other 7.5 1=commercial banks 2=co-operatives 3=RRBs 4=other 7.6 1=low-interest 2=concessional loan 3=only source 4=other 7.7 1=housing 2=marriage 3=health 4=education 5=vehicle 6=other

7.8 1=1.3% 2=3-6% 3=6-9% 4=9%and above 7.9 1=simple 2=compound 7.13 1=health insurance 2=life

insurance 3=general insurance 4= other.

5. Educational Status

- 5.1 Are you providing education to your children's?
- 5.2 Is there any school in your locality?
- 5.3 If yes then what type of school it is?
- 5.4 How many of your children's reading specify here _____
- 5.5 And what is the higher qualification of your children's?
- 5.6 Are your children's get any free books/uniform from schools?
- 5.7 Are your children's are getting any scholarships?
- 5.8 Then how much of amount of money they have received

Code Part 5.

5.11 1=Government 2=private 3=Madrasas 4=other 8.13 1=primary 2=middle 3=higher 4=gradation
5=post-graduation 6=professional 7=technical education 5.8 1=1000-3000 2=3000-6000 3=6000-9000
4=9000-12000
5=12000and above