

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

ABSTRACT

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Abstract

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.

1.1 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.

1.2: 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.

1.3: 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.

1.4: 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.

1.5: 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.

1.6: 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.

1.7: 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.

1.8: 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.

1.9: 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.