

## **ENTREPRENEURSHIP DEVELOPMENT: CHALLENGES FACED BY ENTREPRENEURS OF MSME SECTOR IN J&K**

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### **ABSTRACT**

The economic development comes into existence through intellectual process of mobilization, combination and allocation of productive resources and the same task is meaningfully carried out by entrepreneurship which is given life force by the entrepreneur. Entrepreneurship is a creative activity. It is the process of designing, launching and running a new business, which typically begins as a small business, such as a startup company, offering a product, process or service for sale and an entrepreneur is a person who starts, organizes and manages any enterprise, especially a business, usually with considerable initiative and risk rather than working as an employee". He is an innovator and generates new ideas and business processes. Management skill and strong team building abilities are often perceived as essential leadership attributes for successful entrepreneurs. Entrepreneurship Development (ED) has, therefore, become a matter of great concern in all developing and under developed countries all over the world. It refers to the process of enhancing entrepreneurial skills and knowledge through structured training and institution building programmes. Still there are so many challenges which can affect the fastest growth of these businesses. This paper is an attempt to find out the major challenges faced by entrepreneurs in Jammu and Kashmir.

**Keywords:** Entrepreneurship development, challenges, J&K.

### **INTRODUCTION**

Entrepreneurs play a key role in any economy. These are the people who have the skills and initiative necessary to take good new ideas to market and make the right decisions to make the idea profitable. Entrepreneurship can be described as a process of action an entrepreneur undertakes to establish his enterprise. Entrepreneurship is a creative activity. It is the ability to create and build something from practically nothing. It is the attitude of mind to seek opportunities, take calculated risks and derive benefits by setting up a venture. It comprises of numerous activities involved in conception, creation and running an enterprise. It involves a

fusion of capital, technology and human talent. Entrepreneurship is equally applicable to big and small businesses, to economic and noneconomic activities. Different entrepreneurs might have some common traits but all of them will have some different and unique features. Entrepreneurship Development (ED) has, therefore, become a matter of great concern in all developing and under developed countries all over the world. It refers to the process of enhancing entrepreneurial skills and knowledge through structured training and institution building programmes. It has been rightly told that entrepreneurs are not born, they are made. Entrepreneurship does not emerge and develop of its own. Its emergence and development depends upon an environment in which entrepreneur can learn and discharge his assigned responsibility in an efficient manner.

The government of India established entrepreneurial development institute- In the state in order to boost the entrepreneurship the state. One such institute was established in Jammu and Kashmir also. Jammu and Kashmir entrepreneurship development institute is providing a pro-entrepreneurial environment to foster the progress and prosperity of state. The EDI is assisting the government in formulating and implementing its policies for entrepreneurship development by helping the practicing and potential entrepreneurs through a host of service like research, consultancy, information, training and education. It also helping to develop entrepreneurship and entrepreneurship culture in the state of Jammu and Kashmir through awareness generation, entrepreneurship education, skill up gradation, knowledge dissemination, and attitudinal modification and developing linkages with National and international organization to make entrepreneurship the most important component of state Economy. Since its establishments, J&K EDI has made valuable contributions by creating an impressive record of achievements. Institute changes its activities from time to suit the needs of the entrepreneurs in the context of globalization.

## **LITERATURE SURVEY**

Conducting a literature review is a vital component of the research process. Familiarity with the previous research and theory in the area of the study would help in conceptualizing the problem, conducting the study and interpreting the findings. The literature studies that have been conducted reveal the impact of entrepreneurial activities in India as well as other countries.

**Abid Hussain Committee (1997)** Report on small enterprises has examined and suggested institutional arrangements, policies and programmes for meeting long term and short term requirements of the small scale industries. The Committee found that the reservation policy of specific products for exclusive manufacture by small scale industries had not served much purpose as most industrialization was in the list of items not reserved for small scale industries. Moreover, it had resulted in low efficiency and productivity and restricted the expansion and

export potential of important industries like light engineering, food processing, textiles and others. Credit to small scale industrial sector had become more and more expensive especially after interest rate deregulation. Institutions and regulatory policies responsible for technical assistance, human resources development, industrial standardization etc. expected to play a provocative role in halting technological obsolescence particularly among tiny units did not prove so effective.

**Desai (1983)** has also stated that rapid industrialization in India depends on the growth of small scale industries. Most of the small scale industries are operating under certain handicaps like shortage of raw materials, low levels of technical knowledge and counseling, poor infrastructure, inadequate capital and credit facilities, improper distribution system, lack of facilities for market analysis and research and development. They are also weak in marketing their products beyond their localities especially in international markets.

**Bepin Behari (1997)** in his study entitled, "Rural industrialization in India" has examined the problems, possibilities and perspectives of rural industrialization and has discussed the crisis in Indian villages, the need for a new strategy of rural industrialization and the provision of full employment in rural and small scale industries.

**Ruddar Datt and Sundaram (1979)** have strongly advocated small scale and house hold enterprises as an important component of an employment- oriented strategy of industrialization. They found that employment-output ratio is the lowest in the small scale sector while employment generation capacity is eight times higher than that of large sectors.

**Kalyanaram G.K., (2009)** India has adopted policies that have stimulated consumer demand and fostered entrepreneurship, whereas China has adopted policies that have encouraged resource mobilization. Kalyanaram has attempted to benchmark India's growth and development against China by comparing the growth models and market potential. He found that China and India have adopted two different models of growth and concluded that India's model is likely to more sustainable

**Raiyani (2005)**, in his study Micro and Small Enterprises (MSE) Progress, Problems and Prospects opines that industrialization plays a crucial role in directing the development process of the country for growth and progress. For developing economies, especially India, which is a labour abundant country, small scale sector is considered as the major source of employment generation and foreign exchange earnings. Small-Scale Industries (SSI) require small investment, so the entrepreneurs can afford to take risk. Small-scale sector has emerged as a dynamic and vibrant sector of the economy. Thus the role played by the SSI sector in the country's development is too vital to escape notice.

**Subrata Dutt, (2004)**, rural industrial entrepreneurship through non-farm entrepreneurship has contributed to the economic development in Bengal Region of India. Subrata D. examined the influence of rural industries by dividing the district into five administrative blocks and collected data from each block by schedule interviews. Using the Linear Structural Model, the data was evaluated. The result revealed that the rural industrial entrepreneurship has strong influence on the rural economic development.

**Mali (1998)** in his study has observed that small and medium enterprises (SMEs) and micro enterprises have to face increasing competition in the present scenario of globalization, they have to specifically improve themselves in the fields of management, marketing, product diversification, infrastructural development and technological up-gradation. Moreover, new small and medium enterprises may have to move from slow growth area to high growth areas and have to form strategic alliances with entrepreneurs of neighboring areas. Data bank on industries to guide the prospective entrepreneurs including investors from abroad is also needed.

**Hamid (1989)** in the study of Jammu and Kashmir reveals that Small scale industries can play an important role in the development of hill areas. In his study he found that the state of Jammu and Kashmir is not ideally suited for developing large scale industries and as such the only remedy lies in the establishment of small scale and cottage industries, which are most suited to the socio-economic condition of the state. He has identified the causes of industrial backwardness in Jammu and Kashmir which include - peculiar geographical location, limited explorable resources, shortage of imported raw materials, inadequate and irregular power supply, insufficient central investment, poor technical knowhow, absence of entrepreneurial spirit among the local people, non participation of potential investors and entrepreneurs from outside the state and passive role of financial institutions.

## **OBJECTIVES**

This paper aims to achieve the following objectives:

1. To study and understand the entrepreneurship development in Jammu and Kashmir.
2. To study and understand various challenges and difficulties faced by entrepreneurs while establishing their ventures.

## **Research Gap**

The Jammu and Kashmir economy has suffered very heavily during the past two and half decades from disturbance. The state is facing an alarming growth in unemployment which is currently more than 6, 50,000 and is still counting. In this scenario the trust is on employment generation in the state of Jammu and Kashmir through different means and one of them is

entrepreneurship development. The basic problem faced by the entrepreneurs in Jammu and Kashmir is the lack of knowledge about the establishment of business units they wish to start. There is no proper availability of guidance at gross root level for the people in general and entrepreneurs in particular about the basics of small and micro level business ventures. There is very few research works done in this direction to identify the problems faced by entrepreneur in setting up of new ventures. This paper is an attempt to analyze those problems and suggest some measures to overcome from them.

## **METHODOLOGY**

The study is largely based on the secondary sources. These secondary sources consists of Census reports, economic surveys, journals, newspapers, government and non-government organizations (NGOs) associated with the industrial sector especially the directorate of economics and statistics, Jammu and Kashmir Entrepreneurship development institute, Directorate of industries and Commerce J & K Government, Economic Review, DICs, SIDBI, KVIB etc. various issues of handbook of J&K, various reports of development commissioner, ministry of SSI, Survey of Planning and Development Department, and various other reports of J&K are also the major sources for secondary information.

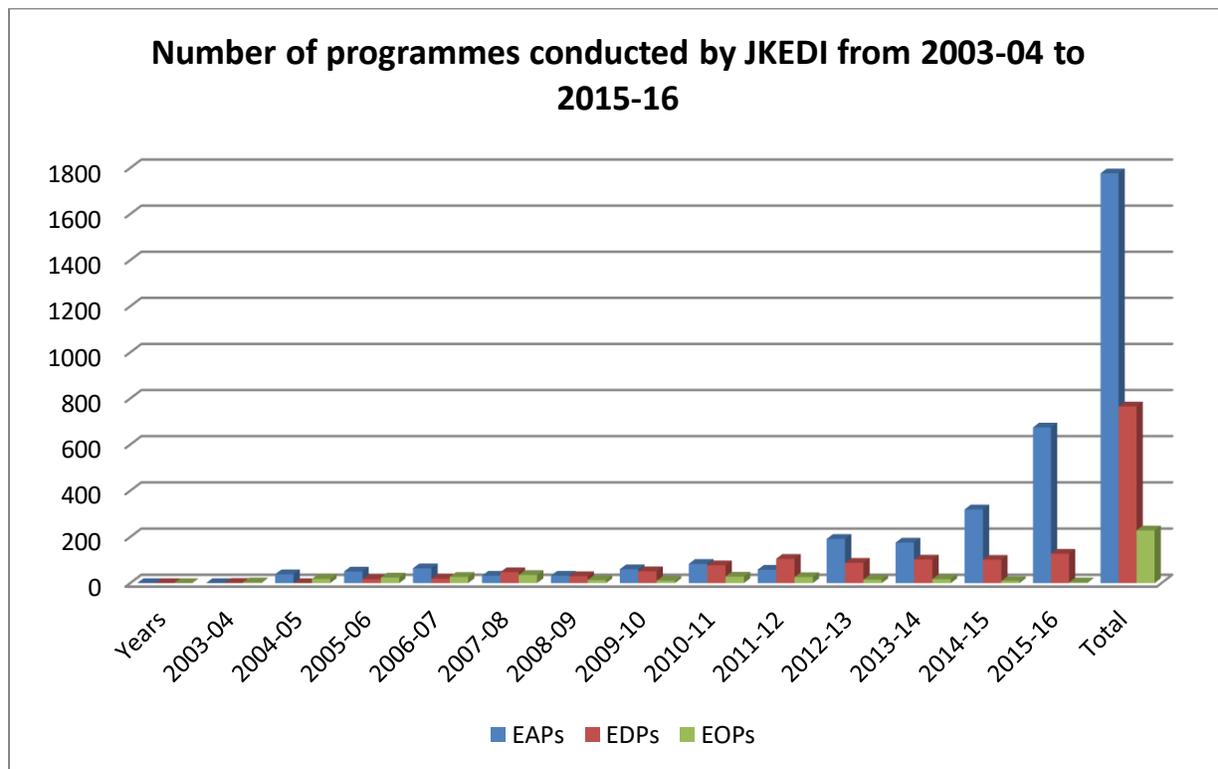
## **Development of Entrepreneurship in J&K**

The state Jammu and Kashmir is blessed with abundant human and natural resources which if properly harnessed would have turned this state into a developed state. The dominant role of public sector in the economic life of the state, j & k has lost opportunities for growth and development. The fundamental characteristic feature of the state is that of primary producing economy. Majority of the population is engaged in agriculture. There is hardly any private sector investment in the state as a result wheel of industrial development becomes junk. Therefore self employment through entrepreneurship is an alternative for not depending totally on government initiatives. The government can also play a positive role in the emergence and development of entrepreneurship by providing training, incentives, concessions etc and by creating an environment conducive for the growth of entrepreneurship. All these help the entrepreneurs to undertake creative actions thus; entrepreneurial development is essentially a process in which persons are injected with motivational drives of achievement and insight to tackle uncertain and risky situations, especially in business enterprises. But the real problem is how to develop entrepreneurship. Entrepreneurship development programmes (EDPs) are designed and developed to offer solutions to this problem.

**Table 1: Awareness, Training and Orientation Programmes  
conducted by JKEDI (2003-2016)**

Years	EAPs		EDPs		EOPs	
	No. of Programmes	Participants Covered	No. of Programmes	Participants Covered	No. of Programmes	Participants Covered
<b>2003-04</b>	-	-	01	21	03	150
<b>2004-05</b>	38	2170	-	-	18	644
<b>2005-06</b>	50	5012	17	445	24	1077
<b>2006-07</b>	64	4258	19	441	27	616
<b>2007-08</b>	32	2093	47	1422	35	950
<b>2008-09</b>	32	3110	30	1242	13	584
<b>2009-10</b>	60	4761	51	2856	10	335
<b>2010-11</b>	83	5935	77	2613	28	1120
<b>2011-12</b>	58	4422	105	2941	26	1184
<b>2012-13</b>	191	8359	88	2707	15	600
<b>2013-14</b>	175	11014	102	3167	17	1833
<b>2014-15</b>	319	21840	101	3228	09	328
<b>2015-16</b>	674	30272	127	5072	03	150
<b>Total</b>	<b>1776</b>	<b>103246</b>	<b>765</b>	<b>26155</b>	<b>228</b>	<b>9571</b>

Source: J&K Entrepreneurship development institute.



We have seen that various programmes are organized by Jammu and Kashmir Entrepreneurship development (JKEDI) organization to aware the people about the development of entrepreneurship skills and provides training especially to youth of the state. There is an increase in number of programmes and number of participants covered by different programmes. Awareness programmes increased from 38 in 2004-05 to 674 in 2015-16 while number of participants covered increased from 2170 in 2004-05 to 30272 in 2015-16. Under Entrepreneur development programmes there is also an increase in number of programmes from 01 in 2003-04 to 127 in 2015-16 while the number of participants covered increased from 21 in 2003-04 to 5072 in 2015-16. But still there is a long way to go and to create an environment of entrepreneurship development.

### **CHALLENGES**

The state of Jammu and Kashmir has made its place in the industrial map of the country, however, there is still a need to go a long way in achieve industrialization of the size and magnitude required to take the state out of economic backwardness. There is an immense need to remove the different bottlenecks that are coming in the way of sustained industrial development in the state. The state is very rich in human resources as well as natural resources. But due to some problems faced by entrepreneurs these resources are not fully utilized. The various

problems and difficulties faced by entrepreneurs while establishing their business ventures in Jammu and Kashmir include:

➤ **Lack of basic knowledge**

The basic problem faced by the entrepreneurs in Jammu and Kashmir is the lack of knowledge about the establishment of business units they wish to start. There is no proper availability of guidance at gross root level for the people in general and entrepreneurs in particular about the basics of small and micro level business ventures. The masses are not aware and familiar with the business world. Therefore the state of Jammu and Kashmir is counted as a major industrially backward state of India.

➤ **Lack of Social and family Sport**

Another major problem in Jammu and Kashmir to entrepreneurship development is that people are not ready to allow their wards to become entrepreneurs and start business. The majority of the population still believes government job as best and basic carrier option for their wards. So to convince family and society about becoming an entrepreneur remains always a major challenge and problem before new entrepreneurs.

➤ **Finance Problem**

An entrepreneur in Jammu and Kashmir suffers heavily while arranging finances for their business. The banks, financial institutions, credit providing agencies are not coming to expectations of the new business venture owners and are not willingly lending funds to the new entrepreneurs. The excessive and unnecessary documentary and other formalities discourage new entrepreneurs to come forward.

➤ **Lack of Technology**

Technology is one among major problems faced by the new energetic entrepreneurs while establishing their business ventures in Jammu and Kashmir. The state is technologically very much backward do which th entrepreneurs import required technology from neighboring states like Punjab, Haryana, Delhi etc. which results in high cost of production of goods and services.

➤ **Lack of availability of skilled labour and attitude**

Another major problem with the young and educated youth is the lack of adequate and necessary skill and attitude required to be a successful entrepreneur. Without such requisite attitude and skill one cannot become a successful entrepreneur. They are not being provided such type of skill and attitude at school or college level while they are studying.

➤ **Low Risk bearing capacity of new entrepreneurs**

This is another problem with the people of Jammu and Kashmir particularly people of Kashmir, they are not ready to take risk or their risk taking ability is very low. There is a large population which is financially very sound and bear a competent financial ability to establish big business houses suitable to conditions of state like Cold storage for fruits, juice and jam, paper etc. but do to the threat of loss they are not coming forward to establish such enterprises.

➤ **More dependence on Government**

Higher degree of dependence on Government is another major problem before new entrepreneurs. Insufficient private sector participation and lack of sustainable business model in the entrepreneurship development act as a barriers to its development in Jammu and Kashmir.

➤ **Non-availability of Raw Materials**

The availability of required raw materials is another problem faced by the new entrepreneurs in Jammu and Kashmir while establishing their business ventures. There is a shortage or non-availability (for various products) of raw of materials which becomes major road block for entrepreneurs. The raw materials are imported from various parts of country which leads to high cost of production and delayed production.

➤ **Disturbed political and environmental conditions**

Due to turmoil during last two and half decades in Jammu and Kashmir in general and Kashmir valley in particular is among major problems faced by the entrepreneurs in Jammu and Kashmir.

➤ **Lack of competent managerial skill among the new entrepreneurs**

There is a lack of competent managerial skill among the new entrepreneurs in Jammu and Kashmir; they are not well versed with the new and advanced managerial tactics required by the present business world.

## **CONCLUSION**

Entrepreneurship is one of the essential inputs in any economic advancement of a country. The more entrepreneurship activity the more will be the economic development. It is very much essential to acknowledge the Entrepreneurial activities as a different and crucial aspect of production and employment generation. People in Jammu and Kashmir, have a competent entrepreneurial capacity. However, the society and Government at ground level are not very much encouraging towards entrepreneurship. The society of India and Jammu and Kashmir, up-

to a large extent is risk averse. People usually seek secure and long term employment, like Government jobs, while they are very much sensitive and give least even last preference to become entrepreneur. Lack of social and family support, lack of capital and discouraging response of credit providing agencies like banks and other financial institutions, lack of inadequate and necessary physical infrastructure, lack of skill development institutes providing and creating necessary skill and attitude required to a successful entrepreneur, lack of necessary and timely government support, and lack of adequate technology and technological advancements are the major problems faced by the new and young energetic entrepreneurs for being a successful entrepreneur in Jammu and Kashmir. The educational sector needs to be revamped with emphasis on science and technology. There is need to change the mind set of young people to embrace self employment rather than waiting for non-existing government job. Lastly, there is the need to ensure that those with innovative ideas are provided with the financial support to translate such ideas into reality.

## **SUGGESTIONS**

In terms of improvement the Entrepreneurship development, a lot is needed to be done at social as well as at Government level. This research study provides some suggestions in order to attract and facilitate more entrepreneurs in Jammu and Kashmir.

1. New and more branches of Entrepreneurship Development Institutes at district level should be opened, so that more willing entrepreneurs should be provided necessary skill and competent knowledge to make them more successful entrepreneurs.
2. Government should reduce the administrative burden from entrepreneurs during startup of their business ventures.
3. Government in general and society in particular should encourage entrepreneurs and provide moral support to them.
4. Government should provide such policies and programmes which should create industry friendly environment for entrepreneurs.
5. Credit providing agencies like Banks and other financial agencies should reduce the paper work and other formalities while providing credit to entrepreneurs for opening their business units.
6. Government should include entrepreneurship Development as a subject in curriculum at secondary school and at higher education institutions in order to provide necessary basic knowledge and built adequate entrepreneur skill and attitude among youth from primary level.

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