

## **Prospects and Challenges of Micro Enterprises in Rajouri Districts of Jammu and Kashmir**

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### **Abstract**

*With policy work micro enterprises can open new vistas for development there is continuous growth in employment generation and providing more employment opportunities over the last decade. Information with facts and figures pertaining to micro enterprises provided in this study forms rich contribution to the existing body of literature. Such study is an eye opener to the fact that the people are important contributors at the gross root level. The paper can serve as basis for forming a design as to how resources and human resource can be utilized in better way. The data provides an essential input for the policy designers on ground level issues. It further provides a novel perception to the policy makers and administrators for allocation of welfare schemes and benefits to the budding entrepreneurs. The employment generation could be attributed to a more focused and proactive approach being adopted by Micro Enterprises in study area.*

**Key words:** Micro, small, MSME, opportunities, growth, development, management

### **Introduction**

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. Over last 5 decades, the MSME sector emerged as extremely sparkling and vigorous segment of the Indian economy. There is continuous growth in MSME employment and MSME providing more employment opportunities over the last 7 years. MSME service industry contribution to GDP is growing lower over 6 years of the period. MSME provides to promote skill development so as to increase productivity and providing accessible credit through government-sponsored agency exclusively to MSME is essential to increase productivity and contribution to economic growth. MSME sector is also an important pillar of Indian economy contributing greatly to the growth of Indian economy with a vast network of more than 60 million units and creating an employment of about 110 million people with producing diverse products & services and contributing about 33% to manufacturing output. Further, the products generated by MSMEs range from traditional to high-tech items and also the overall growth in this sector is much higher than the larger sector.

The Jammu and Kashmir State remained an industrially backward state due to its ailing economic conditions. Moreover J&K has many drawbacks arising out of remoteness, hilly and terrain area, lack of adequate resources, poor infrastructure and poor political leadership, these factors being very important for setting up of an industrial unit, entrepreneurs have to come out with more innovative and proactive strategies to successfully gain in the management of their enterprises.

District Rajouri provides great potential for the creation of more and more enterprises under the MSME sector. There are so many units being registered as new units with the support of various agencies and institutions involved. These institutions are either in the form of government or some private agencies operating in the district. One of the main concerns of these agencies is to disseminate information about the process among the aspiring entrepreneurs. Due to tribal and far-flung location and hilly topography, this area has lacked behind the rest of the areas in the state in the process of enterprise creation. But in the recent years, the government has shown a deep interest in catering to the needs of these

aspiring entrepreneurs by involving its agencies in the area to promote self-employment generation schemes and to channelize the resources available in the area. Accordingly, some private agencies and other consultancies are also involved in the setup. Following is the brief description of different agencies rendering assistance to the entrepreneurs. Every entrepreneur should have to follow the guidelines framed by these agencies. These agencies have been set up by the Govt of Jammu and Kashmir with the collaboration of Govt of India in order to promote self-employment in the district concerned.

Present paper is an attempt towards the prospect and challenges of Micro enterprises in district Rajouri. The paper highlights some facts related to the socio economics status, opportunities, and challenges faced by the entrepreneurs in the study area. The study further ranks the major problems which are being faced by the entrepreneurs in the study area.

In this paper an attempt is made which would help to planers, administrators and policymakers in providing them with sufficient knowledge and information pertaining to Micro enterprises in district Rajouri and in carving out suitable schemes and programmes for the betterment of this sector which will definitely result in higher growth and development.

#### *Objectives of the study*

1. To know the socio economic status of Micro Enterprises.
2. To find out the opportunities available for the micro entrepreneurs.
3. To examine the challenges being faced by the micro entrepreneurs.

#### **Research Methodology**

The study is based on the following dimensions; socioeconomic status, employment opportunities, problems faced and demographics of the Entrepreneurs. The study is based on both primary as well as secondary data. Both, entrepreneurs/Owners and Managers working in various organizations in Rajouri District were selected for data collection. The organizations namely are Agro based, Wood/wooden based furniture, Paper & Paper products, Repairing & servicing, Electrical machinery and transport equipment/steel based products, Brick manufacturing, Stone crusher etc. The list of these enterprises was taken from the District Industry Centre, Khadi and Village Industry, J&K Bank and other registered agencies etc. The sampling method used by the

researcher in this study is stratified random sampling. Where the data were collected from the people associated with the Micro Enterprise located in Rajouri District. After preliminary examinations it was revealed that out of 300 filled questionnaires, only 255 questionnaires were complete and valid for the analysis. 5- Point scale was used in the questionnaires. The scores were given as: 1- Strongly Agree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Disagree.

#### **Results and Discussion**

##### *Micro Enterprises*

Any persons who intend to establish a Micro enterprise engaged in manufacture or production of goods or engaged in providing or rendering of services shall file the memorandum (i.e. get his unit registered) of Micro Enterprises with District Industries Centre, Rajouri.

The units are registered provisionally at initial stages and are helped by providing the project Report through Consultancies as well as by the Project Managers of the Industries Department and when the unit is established it is registered formally with District Industries Center. After then the units are being provided by the number of incentives under various Central and State Packages.

Table 1: No. of MSME Registered in District Rajouri

S. No.	Parameter	Manufacturing Micro unit	Services Micro unit	Total
1.	Total registered units	875	666	1541
2.	No. of persons employed	4850	0	4850
3.	Turn over (in Lacs)	8.10	0	8.10

It is clear from the table 1 that majority of the units are registered under micro enterprises in the district with a total of 875 units registered under micro enterprises in case of the manufacturing sector. The table depicts that 666 of the units were registered under micro enterprises in case of the service sector in the district. As far as employment is concerned 4850 employes were employed by micro enterprises under the manufacturing sector in the district. Further 8.10 lacs turnover was recorded under micro enterprises as shown by the table.

##### *Socio-economic profile of respondents*

The table 2 shows that the maximum number of respondents (90) were from the age group of 31-35 years. This age group constituted 35.2% of total

respondents minimum number (10) of respondents were from age bar 20- 25 constituting only 3.9 % of total sample size. Hence maximum Micro enterprises were run by persons in the age bar of 31-35 years.

Table 2: Age Groups in Rajouri district

Age group	No. of respondents	%age
20-25	10	3.9
26-30	45	17.6
31-35	90	35.2
36-40	59	23.1
41 and above	51	20.0
Total	255	100.0

When we analyzed the gender of persons who were running these Micro enterprises, it was found that male respondents outnumbered the female counterparts which were depicted by the numbers depicted in the table 3 (Males=227 & Females=28).

Table 3: Gender wise the number of respondents

Male	227
Female	28
Total	255

As far as qualification levels of the respondents were concerned, it was evident from the table 4 that 133 respondents were having with the qualification of graduation, which were followed by the ones with qualification less than graduation. Only a few of the entrepreneurs were postgraduate and with professional degrees.

Table 4: Educational Qualification of District Rajouri

Qualification	Respondents	%age
Up to 12 <sup>th</sup>	98	38.41
Graduation	133	52.15
Post-Graduation	9	3.52
Professional	8	3.13
Others	7	2.74
Total	255	100.00

Source: Field data

Another variable which we considered here was the income level of the entrepreneurs. It was found from the table 5 that the maximum number of respondents belonged to the income level of Rs.6000

to Rs.10,000, which were followed by respondents in the income group of Rs11000 to Rs15000. minimum number of entrepreneurs belonged to the income level of Rs 5000.

Table 5: Respondents Income in Rajouri district

Income	Respondents	Percentage
0-5k	23	9.01
6-10 k	87	34.11
11k-15k	57	22.35
16-20 k	51	20.00
21-25 k	37	14.50
Total	255	100.00

As far as religion aspect of entrepreneurs is concerned, it was found from the above table 6 that maximum number (152) of respondents were Muslims, followed by Hindus (89) and least number were from Sikh community (14).

Table 6: Religion wise breakup of respondents

Religion	District Rajouri	
	Respondents	%age
Hindu	89	34.90
Muslim	152	59.60
Sikh	14	5.49
Total	255	100.00

#### Source of Raw Material

Classification of availability of raw material is explained in Table 7. Generally, majority entrepreneurs purchase the raw materials from other states with the total percentage of 57.10 and 17.34 percent purchase raw material locally and 25.54 percent enterprises purchased a raw material from districts. Further, the table shows that none of the entrepreneur purchased raw material from other countries in the study area.

Table 7: Classification of Sources of Raw Material purchased

S. No.	Source of material purchased	Frequency	Percentage
1	Local	32	17.34
2	District	16	25.54
3	Other State	207	57.10
4	Other Countries	-	-
Total		255	100

*Distribution of Adequate Supply of Raw Material*

Distribution of adequate supply of raw material is shown in Table 8. The table shows that 78 percent of entrepreneurs received an adequate supply of raw material whenever 53.33% entrepreneurs reported that they do not receive adequate supply of raw material due to fluctuations in the price of raw materials.

Table 8: Distribution respondents according supply of Raw Material

S. No.	Adequate Supply of Raw Material	Frequency	Percentage
1	Yes	119	78.00
2	No	136	53.33
	Total	255	100

*Distribution respondents according Purchase of Raw Material*

The purchase of raw material which was done directly was 76.27 percent whereas through a broker was 33.72 percent (Table 9). It means there was a very less interference of broker in purchasing the raw material.

Table 9: Distribution of respondents according Purchase of Raw Material

S. No.	Purchase the Raw Material	Frequency	%age
1	Directly	169	66.27
2	Through Broker	86	33.72
	Total	255	100.00

Classification of Management structure is given in Table 10. The table shows that 50.19% of industries are self-managed, 28.23% are controlled by owner-manager supervisor and 25.49 percent industry are managed by owner-manager-accountant. It shows that majority of industry are self management.

Table 10: Management Structure of industry

S. No.	Management Structure of Industry	Frequency	Percentage
1	Owner-Manager-Supervisor	72	28.23
2	Owner-Manager-Accountant	65	25.49
4	Self- Management	128	50.19
	Total	255	100.00

As far as employment generation in the Rajouri district is concerned, the table 11. The table indicate

that employment opportunities incurred more after year 2012-13 and reached to 400 in the year 2017-18 from 200 in the year 2012-13

Table 11: Employment opportunities in the Rajouri district

<b>Employment Generation</b>			
Year	Line of activity	No. of Units	Employment
2007-08	Manufacturing	11	224
	Servicing	09	21
	Total	20	245
2008-09	Manufacturing	07	33
	Servicing	14	38
	Total	21	71
2009-10	Manufacturing	12	86
	Servicing	26	55
	Total	38	141
2010-11	Manufacturing	16	112
	Servicing	31	74
	Total	47	186
2011-12	Manufacturing	27	115
	Servicing	39	95
	Total	66	210
2012-13	Manufacturing	35	143
	Servicing	46	97
	Total	81	240
2013-14	Manufacturing	43	146
	Servicing	52	99
	Total	95	235
2014-15	Manufacturing	45	180
	Servicing	60	81
	Total	105	261
2015-16	Manufacturing	55	160
	Servicing	70	140
	Total	125	300
2016-17	Manufacturing	60	116
	Servicing	83	249
	Total	143	365
2017-18	Manufacturing	64	192
	Servicing	91	208
<b>Total</b>		<b>155</b>	<b>400</b>

Source: DIC Rajouri

**Problems being faced by the Entrepreneurs in Rajouri District**

In order to trace the various problems which these Micro enterprises have been facing in study area. several statements were included in the questionnaire pertaining to this aspect. Descriptive statistics were applied to this part and these constraints were highlighted by giving calculating their respective mean scores and standard deviation values. These constraints

Table 12: Problems Faced by the entrepreneurs in running the industries

S. No.	Statements	Rank
1	As an entrepreneur, you did not receive government support as you expected	11
2	You are confronted with problems associated with trade fairs and exhibitions	7
3	You are facing problems to acquire appropriate Technology	2
4	You are facing challenges in importing and exporting goods/ services	4
5	You feel that spreading appropriate information among the population is also a challenge	3
6	Lack of well-trained employees is a problem.	6
7	Legal aspects associated with business are also instigating difficulty.	8
8	Terrorism is another serious problem.	10
9	You feel that sales of produced goods are a challenge in the present competitive market	9
10	You are faced with problems associated with the subsidy Operations	5
11	You feel that credit facility needs to be improved	1

were assigned ranks based on the values of their mean score values.

From the table 12, it could be concluded that lack of adequate credit facility to the entrepreneurs of these Micro enterprises was the most critical challenges being faced by them while managing their enterprises. Lack of appropriate and updated technology was another major constraint being faced by the respondents. This lack of updated technology has resulted in increased cost of their output products and services which hampers their growth to a great aspect. Although awareness about various aspects of management of these enterprises have increased many folds from the past few years, still it is a vital challenge being faced by the respondents in the area. Various governmental and other voluntary agencies need to be more focused in this aspect in the study area to disseminate more information pertaining to this aspect. Similarly, government has increased its role in the development of Micro enterprises in the district, but still many entrepreneurs feel that government support is still far away from what it has to be. Hence government should be more proactive and reactive in enhancing the sector in the district as it will finally boost the economy of the district in years to come. One more constraint which is being faced by these entrepreneurs in the district Rajouri & Poonch is the

increased competition in the market. They find it difficult to sell their products in the market which is full of competition. Hence this factor needs to be addressed with more diverse and commitment-oriented approach by the players involved in the promotion of the sector in the area.

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