



IMPACT OF THE POLITICAL INSTABILITY ON THE SMALL SCALE INDUSTRIAL SECTOR OF JAMMU AND KASHMIR WITH SPECIAL REFERENCE TO DISTRICT PULWAMA AND ANANTNAG

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ABSTRACT

Political instability is considered as one of the serious problem worldwide, especially in the developing countries. Political stability is essential for the long run and smooth economic growth. There is a positive relationship between Political stability and economic growth. The conflict, unrest or any kind violence are adversely affecting the gross domestic production, employment and public & private investment. Present study is about Jammu and Kashmir (J&K). The geographical conflict of this state is considered nowadays a long-standing and serious issue in the present world between two neighboring countries India and Pakistan. Equally, both the countries are enjoying their power practices on the land of Jammu and Kashmir and lead the paradise in hell. Due to this long pending dispute the social, economic and political conditions of the state is very poor. An attempt has been made to examine the affect of political instability on the small scale industrial sector of two districts Pulwama and Anantnag of the J&K. 200 small scale industrial units were selected for the study randomly and questionnaire was designed accordingly. After completion of the primary study, the responses of the respondents were collated and edit. The final data were analyzed and interpreted; finally results were drawn on. It was found that political instability has become one of the serious problem from production to marketing for small scale industrial sector. It was also found that the zeal of entrepreneurship is also discouraging, entrepreneurs are ready to shut down there units or shift them in peaceful location, that will impact the economy of state very badly.



KEY WORDS : small scale industrial units, political instability, entrepreneurship, unrest.

INTRODUCTION

Political instability is one of the serious and threatening problem worldwide, especially in the developing countries (Memon, et al, 2011). Political stability is necessary for long run and smooth economic growth according to the new political economic growth theory (Kouba and Grochova, 2011). There is a positive relationship between Political stability and economic growth (Younis et al, 2008). Argentina was one of the wealthiest countries on the globe, at the beginning of the 20th century (Alesina et al, 1996). The per capita income of the Argentina was among top twenty countries of the globe and was higher than Japan. On the other hand the japans per capita income was below Iraq, Ireland and Argentina and was not even among top twenty countries in 1960. But at the present phase of time, Japan is among rapid growing economies of the world. The secret of this whole story is political stability.

The higher degrees of political instability lead to lower economic growth (Jong-a-Pin, 2009). When a country has a political stability, the economy will grow and when there is political instability economy will decline. The unrest in an economy leads uncertainty and uncertainty reduces the investment level, pace of economic development will automatically down. When the economic growth of a country is low, political instability increases and when the growth is fast, decreases automatically (Brandt and ulfelder, 2011).

Political instability is one of the main hurdle in the economic development of the country (Alesina and Perotti, 1996). It also leads to higher inflation (Aisen and Veiga 2006). The investment (public & private) is affecting by the socio-political instability.

The conflict of the Jammu and Kashmir between India and Pakistan is considered nowadays a long-standing and serious conflict in the world. Equally, both the countries are enjoying their power practices on the land of Jammu and Kashmir and lead the paradise in hell. During this bloody conflict the precious life were lost, some agencies have highlighted that about 89,000 have lost their lives. The cost of this conflict is also the loss of human talent, which is the main input for the progress and prosperity. This conflict has affected the socio-economic life of the state. The life in Jammu and Kashmir is misery; an individual in every second observe the picture of death. The blood of Kashmir people is worthless than water nowadays. The fertile mind have changed in barren and paralyzed the innovate culture of the state. All the school of thoughts is accepting that there is a positive relationship between peace and development. Jammu and Kashmir is a victim of political instability from last two and half decades (Islam, 2014). The outcome of this problem is violence, decline in investment, decline in GSDP, Depression, innocent killings, injustice, increase in unemployment, etc. The continuous unrest have stagnant the growth of every potential sector of the state. It also discouraged the investment level (private and public) in the state, due to increases in uncertainty. It also becomes a main hurdle in delivery a public services, especially infrastructure development in the state. The basic infrastructure facilities like power supply, roads, commutation system of the state is very poor, especially in Kashmir division; due to day-to-day turmoil. The economy of the state is affected by the culture of continuous unrest very badly. Tourism sector plays an important role in the economy of the Jammu and Kashmir, recognized as a potential sector after agriculture in the state (Ahmad & Hussain, 2011). The employment generation potential of this sector is very high, providing employment to skilled and unskilled labours and also supports in revenue generation and foreign earning. But the growth of tourism sector is mainly depends upon the peace and security of the region (Chauhan & Khanna, 2009). Worldwide, J&K is considered the piece of paradise on earth and it's a dream of every person to visit a Kashmir in a life once. But due to some unfortunate circumstances in the state, everyone is highlighting the issue of security and peace. This treat is declining the flow of tourists in the state. This affects the livelihood of the thousands of people who are directly or indirectly associated with this sector and increasing the unemployment level in the state. The handicraft of the Kashmir is famous globally and the main buyers of these products are tourist (Ahamad and Yasmin, 2012). Handicraft and tourism industry are positive correlated each other. The demand of handicraft items is increasing with the increase in the number of tourists (Manzoor, 1991). But due to unfortunate circumstances of the state, the flow of tourist is discouraging, which affects the handicrafts and handloom industries of the state.

Political stability and industrial growth are deeply interconnected. The industrial sector of the economy has a positive relationship with the investment climate. Jammu and Kashmir is listed among the backward industrial state of the nation. The pace of the industrial development in the state is very low as compare to the neighboring states, root cause is unrest. The large scale industries are not present in Jammu and Kashmir; only small scale industries are growing and are considered as the backbone of the industrial sector of the state. The small scale industrial sector of the state is also affected by the political instability. Both the backward and forward linkages of this sector are affected by the continuous unrest.

- **Objectives of the study**

1. Examine the affect of political instability on the small scale industrial sector of the Jammu and Kashmir

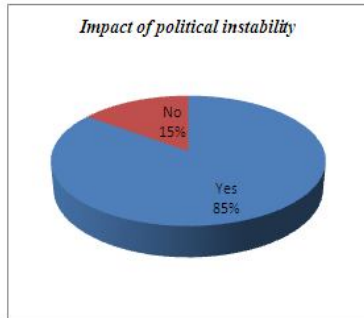
- **RESEARCH METHODOLOGY**

Present study is based on the both primary and secondary data sources. The large part of the study is basically depends upon the primary sources of information, collated through focus group discussion and well designed questionnaire. The secondary data were collated from the different government and non

government published sources like MSMEs reports, statistical reports, journals, etc. 300 small scale industrial units were selected for the present study and the questionnaire designed according the objective of study and filed survey was conducted to fill questionnaires by the respective entrepreneurs. The collected data were edited and analyzed according the objective of the study. Finally, results were depicted and conclusion was drawn accordingly.

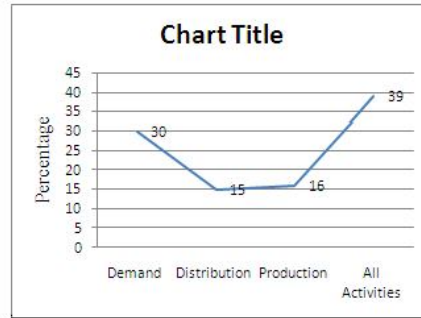
• **Major Findings.**

Figure-1



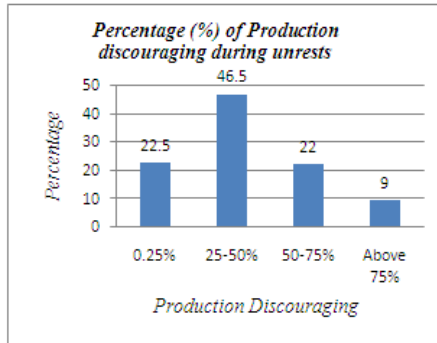
Source: Field survey

Figure-2



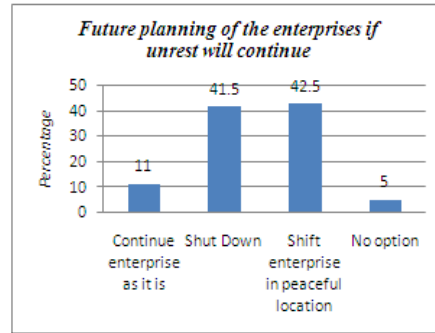
Source: Field survey

Figure -3



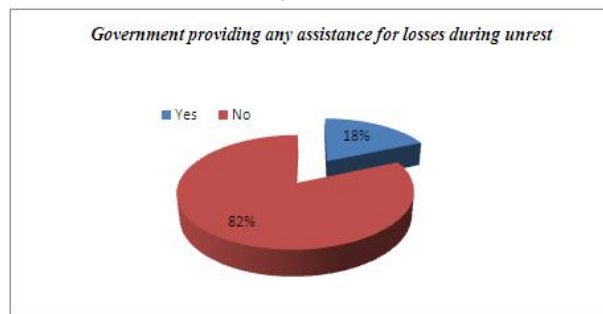
Source: Field survey

Figure -4



Source: Field survey

Figure -5



Source: Field survey

Interpretation: The above figures are depicts the impact of the political instability on the small scale industrial sector of the district Pulwama and Anantnag of Jammu and Kashmir.

- Fig-1 represents that about 85% of the small scale industrial units are affecting by the unrests in the valley and remaining 15% entrepreneurs reported that they have no effect of unrest on their business activities.
- Fig-2, highlighting the activities affecting during unrest, majority of the entrepreneurs 39% highlighted that all their activities like production, distribution, demand, etc are affecting during unrest, followed by 30% of the entrepreneurs highlighted that demand of their products is affecting during unrest, 16% of the entrepreneurs highlighted that production is affecting during unrest and 15% of the entrepreneurs highlighted that distribution of their products is affecting during unrests.
- Fig-3, portrays the discouraging of the production during unrest, majority of the entrepreneurs 46.5% highlighted that an average of 25-50 % production is discouraging during unrest, followed by 22.5% entrepreneurs highlighted 0-25%, 22% of the entrepreneurs 450-75% and 9% of the entrepreneurs highlighted that production is discouraging above 75% during unrest.
- Fig-4, shows the future planning of the entrepreneurs selected for the present study if the unrest will continue. The majority of the entrepreneurs 42.5% reported that if unrest will continue they will shift their units in peace full locations, followed by 41.5% of entrepreneurs reported that they will shut down their units, 11% of the entrepreneurs reported that they will run units as it is and 5% of the entrepreneurs reported that they have not still decided what to do.
- Fig-5, represents the contribution of the government in loss the small scale industrial units facing during unrest. Majorly of the entrepreneurs 82% highlighted that they any kind of incentives from government side during unrest for losses and 18% of the entrepreneurs reported that they got benefit from government side for losses during unrest.

DISCUSSIONS

It was found that the political instability has negatively impacted the small scale industrial sector of the state. From production to marketing every activity of these industrial units is discouraging. The zeal of entrepreneurship among the entrepreneurs were found missing and they are ready to shut down their units or shift them in peaceful locations if unrest will be continue in the state.

SUGGESTIONS:

1. The long pending political dispute of Jammu and Kashmir should be solved as soon as possible.
2. Government should provide assistances for losses during unrest.
3. The industrial estates should be increased in the state.
4. There should be relaxation in interest rate on loans during unrest.

CONCLUSION

Political stability is most important for the economic prosperity. There is a direct relationship Political stability and economic development of the country. Any kind of unrest or violence in the nation can puncture the whole economic system and adversely affect the macro variables of the economy like Gross domestic production (GDP), employment, production, etc. Jammu and Kashmir is the victim of the political instability from more than two decades. During this bloody conflict the precious life was lost and the economy of the state affected badly. The industrial sector of the state remains at its infancy due to discouraging the investment climate of the state. The small scale industrial sector, back bone of the industrial sector is affecting by day to day unrest. Both the forward and backward linkages of the small scale industrial sector are disturbing by the unrest in the state.

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