

# De-Globalisation: Institutional Preparedness and Entrepreneurship

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## *Abstract*

Deglobalization is gaining momentum across nations to protect national sovereignty, bridging widening income inequalities, checking depletion of resources, generating employment through entrepreneurship & innovation, preserving culture identity etc. Still efforts are needed on the part of the government to reform regulatory provisions, diversifying agriculture to make it remunerative, supporting MSMEs, bringing service innovations, upskilling labour force, popularizing entrepreneurship programmes etc.

**Keywords :** Deglobalization, Atma Nirbhar Bharat, Entrepreneurship

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## **Introduction**

The onset of globalisation in the late 1980s, 1990s and early 2000s consequent upon the advances in transportation & communication technologies, has led to economic, social and culture integration at global level. The growing interdependence of global economies led to marketization activities resulting in sharp increase in trade, multiplication of financial exchanges, increase interaction among different regions of the world, improving global economic conditions, increase in cultural exchanges etc. (WHO and Committee for Development Policy). However, over a period of time specific cultural characteristics from some countries are disappearing, rising income inequalities, disproportional distribution of wealth, depletion of natural resources, deforestation, destruction of ecosystems and loss of biodiversity etc. It is found that about 82% of the world's generated wealth went to 1% of the population (Report from Oxfam). Accordingly, global community started exploring for an alternative to reduce gap between winners and losers,

reallocation of labour & capital across sectors, minimising unemployment, ensuring flexibility in labour & capital markets, enhancing social security and welfare schemes to build trade and financial ties that circumvent previous linkages.

De-globalization represents the process of weakening interdependence among nations and initiating measures to protect domestic economies. At macro level, it has been empirically experienced decreasing trend of import share in a country's gross domestic product, move towards regionalism, regional security regimes, formation of regional trading blocs, trade protection, limitations of movements of people, regulation of capital flows and the attempts to restrict information access to attain national priorities. Further, COVID-19 shock triggered dramatic decline in economic activity, due to both social distancing practices, government mandated lockdowns and other mobility restrictions. In a bid to revive Indian economy, the Prime Minister announced a special economic package of Rs.20

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lakh crore under 'AtaamNirbhar Bharat Abhiyaan', with the aim of making the country independent against the tough competition in the global supply chain and to help in empowering the poor, labourers, migrants who have been adversely affected by COVID.

Jammu & Kashmir is the Union Territory located at the northern side of India and has limited industrial dispersal. The industrial growth rate hovers around 26.2%. Its contribution to the GSDP (Gross State Domestic Product) is 12.55%. and unable to use its potential due to geographic, economic, social and other factors. Entrepreneurship among youth is still at its inception stage. This paper focuses on the status of industry & industrial set up in J&K and schemes of entrepreneurial development to stimulate entrepreneurship among youth.

## Review of Literature

Several studies across nations have indicated the role of Govt. in protecting domestic economies through monetary and financial policy interventions. Economists have also hinted that if deglobalisation continues for longer time, growth may slow, inflation may rise, GVCs may be disrupted and several jobs may be destroyed.

The Bank of Korea, the Hong Kong Monetary Authority and the People's Bank of China mentioned the potential role of macro prudential frameworks and capital flow management measures in helping to insulate the domestic economy from foreign shocks (Oyelakin & Kandi, 2017). Similarly, country notes of Brazil and Philippines, Central Banks in EMEs can also contribute to the efficacy of the overall policy response to globalization by promoting financial inclusion. The Singaporean government is promoting job matching and re-skilling of mid-career professionals, unemployed in insurance,

food subsidies and laws to promote efficient labour mobility. The Malaysian Govt. through its Outplacement Centre (MOC) is helping the displaced workers to find new jobs. China is promoting investment in rural infrastructure to increase productivity. The ASEAN free trade agreement (AFTA) has devised three lists "Temporary Exclusion List", a "Sensitive List" and a "General Exception List" to safeguard the interests of individual countries. In India under 'AtamNirbhar Bharat Abhiyaan' the borrowing limits of State Govts. were increased from 3% to 5% of GSDP for the year 2020-21 and initiated privatization of Public Sector Enterprise except the ones functioning in strategic sector. Measures for businesses including MSMEs are collateral free loans, corpus for MSMEs, subordinate debt for MSMEs, liquidity schemes for NBFCs, enhancing the contribution to employee provident fund (EPF), reduction in statutory PF contribution, increasing credit access to street vendors, expediting payment of dues to MSMEs, disallowing global tenders to protect Indian MSMEs, reduction in TDS and TCS rates, initiating schemes for ease of doing business for corporates, redefining MSMEs, amendments to Companies Act, 2013 etc. In response to these policy initiatives, the J&K Industrial Policy has been revised to include more appealing incentives as well as a single-window clearance procedure. In industrial districts, land is available for lease at a reduced rate for a period of 90 years. The National Highway Infrastructure Development Corporation (NHIDCL) is building five tunnels at a cost of US\$ 3.42 million to enable all-weather access. Several projects to improve horticultural crop and vegetable production have been launched, with production targets of 3,912.91 million metric tonnes and 1337.12 million metric tonnes, respectively. In April 2021, the government of Jammu and Kashmir signed 456 memorandums

of understanding (MOUs) with a total value of Rs 23,152 crore (US\$ 3.17 billion). Several programmes have also been launched to make Jammu and Kashmir a winter sports centre and to increase silk production to 142 MT by 2021.

With complex and competitive global business landscape, nations are developing creative thinkers who could design innovative approaches to address global, nation and societal needs. The entrepreneurs are considered 'change agents' in the process of industrial & economic development and addressing societal needs. Van Praag and Versloot (2007) have identified four economic benefits of entrepreneurship i.e. job creation, innovation, productivity and growth. The progress of United States & Japan lies in the Govt. support to entrepreneurial development activities whereas on the other hand under development of Bangladesh and Nepal can be attributed to the lack of entrepreneurial development activities (Abhyankar, 2014). In BRICs countries, the impressive growth has been driven by a veritable entrepreneurial revolution. In India, persistent budgetary deficit, shrinking public sector, seasonality of agricultural & allied sectors, slow industrial development and high growth of population etc. has resulted in mass unemployment and in the next 35 years finding job for the growing population would be serious challenge (UNDP Report, 2016). The pace of employment growth in the last two year was 3.9 and 2.8% for the financial year 2017-18 and 2018-19 in terms of job creation (CARE Rating). India unemployment rate rose to 7.78% in the month of January 2020 from previous 7.16% (CMIE, 2018-19). In such a scenario, entrepreneurs and entrepreneurship can act as a catalyst not only for the job creation but economic development, export promotion, reduction of regional imbalances and inclusive growth etc.

## **Industry and Industrial Development in UT of J&K**

The Union Territory of Jammu & Kashmir is situated in northern most extremity of India and has total area of 222236 sq.km (Including UT of Ladakh). A major portion of the state's terrain is hilly and is surrounded by mountains except in the south-west side. The economy is primarily service based and agriculture oriented. The Gross Domestic Product (GDP) of Union Territory of Jammu and Kashmir during 2020-2021 was Rs.1.7 lakh crore, the tax /GDP ratio 7.08 percent, revenue receipts Rs.97141 crore, revenue expenditure Rs.68804 crore and expected growth in GSDP 7.5%.

Development of industrial sector is vital for employment generation and balanced regional development of the UT of J&K. Some of the important industries of the Jammu and Kashmir state are silk, textile, carpet-making, woollen textile, forest-based industries, agro-based industries, papier mache, cement industryetc..The industrial sector is managed by:

- a. Directorate of Industries (Kashmir)/Jammu
- b. J&K State Industrial Development Corporation (SIDCO)
- c. Small Scale Industries Cooperative (SICOP)
- d. Directorate of Handicrafts
  - a. Directorate of Handloom
  - b. Handicraft Development Corporation
  - c. Handloom Development Corporation
  - d. JK Cements Pvt. Ltd
  - e. JK Industries
  - f. JK Minerals
  - g. Entrepreneurial Development Institute and
  - h. Khadi Village Industries

The process of industrialisation began in 1970 and currently 10,000 kanals of land are being purchased through 18 land acquisition proceedings in order to create new industrial parks and expand existing ones. The J&K SIDCO is tasked with developing infrastructure for large-scale industrial complexes and estates, as well as implementing officially funded programmes for Industrial Growth Centers, Export Promotion Industrial Parks, Food Processing Zones, Software Technology Parks, and other similar projects. Till Oct. 2021, total land allotted by J&K SIDCO to Industrial complexes was 23701 kanals and number of units benefited 1774. The Directorate of Handloom assists in promotion of handicrafts by way of forming co-operative societies, sales promotion through expose/exhibition/craft bazaars within and outside the state and imparting skills to trainees through training centres. The Handloom Development Corporation promotes weaving of fabrics like Pashmina, Raffal, silk sarees and cotton items through skill upgradation of weavers, marketing of handloom products and enhancing participation of weavers in National, State and district level handloom expos and melas. The J&K Minerals Limited is engaged in exploitation of the mineral resources like coal, gypsum, sapphire, magnasite, lime stone, lignite, Pccproducts, marble and to establish mineral based industries. The Indian Institute of Carpet Technology (IICT), Srinagar was set up in 2008 to develop trained human resource for the carpet industry, develop carpet designs with the help of design software, develop samples of dyed yarn and participate in promotional and publicity campaigns. To promote and develop MSMEs and large industries in Electronics/IT/ITES (Information Technology Enabled Services)/ Food processing, Leather, Pharmaceuticals and other environmentally sustainable

industries through the central and state incentive packages, industrial policy 2016 was enacted. Under New Central Sector Schemes for industrial development effective w.e.f.01.04.2021 upto 31.03.2037, all units eligible under manufacturing and eligible service sector are granted incentive(s) under respective incentives viz., Capital Investment Incentive (CII), Capital Interest Subvention (CIS), Goods & Services Tax Linked Incentive (GSTLI) and Working Capital Interest Subvention (WCIS). The total outlay of Rs.28400 crore is expected to encourage new investment and expansion of existing industries and generate employment for 4.50 lakh people. To upgrade industrial infrastructure, Rs 200 crore provisioned for Development of New Industrial Estates in UT under Capex Budget 2021-22 and construction of Trade Centres with outlay of Rs 50 crore. Three Common Effluent Treatment Plants (CETPs) to be constructed in the existing industrial areas at an estimated cost of Rs 20.47 crore and two IT towers one each at Jammu/Srinagar to be completed at a cost of Rs 100 crore.

Uninterrupted power supply, road infrastructure, financial reforms and IT initiative are also need to sustain industrial progress. As of Nov. 2020, J&K had a total installed power-generation capacity of 3423.13 MW, comprising 1812.35 MW under central utilities, 1535.98 MW under UT utilities and 74.80 MW under private utilities. Under PMGSY I & II, road length of 4500 kms to be completed during 2021-22 and 1750 km road length to be sanctioned for upgradation in 2021-22. 14 bridges are targeted to be completed in 2021-22 benefitting 2.85 lakh population. Roll-out of the “empowerment” initiative on BEAMS portal for public partnership in development and for online viewing of work details being executed in different areas of UT. The other initiatives include roll-out of e-Kuber payment system,

establishment of Centralized Contract Implementation and Payment Monitoring System, introduction of Bid Document Evaluation Consultants systems, E-Audit, E-Office and Online Realtime Expenditure Monitoring Mechanism. Table 1 shows status of industrial development on UT of J&K. However, some grey areas have been observed in the pattern of industrial development in UT of J&K:

- a. Despite massive reforms, still regulatory atmosphere is stifling and there is no ease of doing business. Private Industrial Policy with provisions for private industrial estates is nonexistent.
- b. The new Rs. 28,400 crore central scheme have benefitted new investment and industrial ventures. About 85% of industrial units in the Kashmir Division are on the verge of closure due to prolonged militancy and Covid crisis. Moreover, many industrial units have been deprived of many incentives and concessions which were promised in earlier policies
- c. The industry is grappling with not much industry-friendly atmosphere in terms of difficult terrain with no proper connectivity. Due to the fragility of Jammu-Srinagar national highway, industrialists do not have easy access to the raw material and markets. The erratic power supply is another area that troubles industries.
- d. Poor capacity utilisation, inept management, insufficient funding, raw material shortages, lack of marketing support, problem with working capital, challenges with export, and a lack of technology up-gradation are all stated to be problems in the small scale business.
- e. To process of public procurement through Government e-Marketplace (GeM), has adversely affected sale of small scale industries in J&K. Till now 1700 SSI units registered with J&K Small Scale Industries Development Corporation Limited were provided marketing support by SICOP. The SCIOP 's last recorded annual turnover was Rs.4000 crore and after procurement process through GeM portal, the turnover has come down to 60%.It has virtually affected 500 local MSME units in the state.
- f. Due to frequent internet disruption, the micro units are facing difficulty in registering and then being part of process on GeM portal. In all the Industrial policies, the focus is on service sector only as moving goods out of the Kashmir is difficult. With the removal of incentives, some industries like cement is confronted with production and marketing constraints.

### Entrepreneurship

Entrepreneurs and entrepreneurship are considered 'change agents' in the process of industrial & economic development and addressing societal needs. Van Praag and Versloot (2007) have identified four economic benefits of entrepreneurship i.e. job creation, innovation, productivity and growth. In India, persistent budgetary deficit, shrinking public sector, seasonality of agricultural & allied sectors, slow industrial development and high growth of population etc. has resulted in mass unemployment. In such a scenario, entrepreneurs and entrepreneurship can act as a catalyst not only for the job creation but economic development, export promotion, reduction of regional imbalances and inclusive growth etc

Micro, Small and Medium Enterprise (MSME) sector has emerged as one of the most vibrant sector of the UT of J&K economy contributing towards employment generation, innovation, exports, inclusive growth and resilience to ward off global economic shocks and adversities. Two Centres for Invention, Incubation, and Training (CIIT) have been established at Govt. Polytechnic Jammu and Govt. Polytechnic Baramulla in collaboration with Tata Technologies for upskilling students of technical institutions in industry relevant courses such as robotics, design engineering, electric vehicle maintenance and repair, internet of things, mechatronics, and so on for employment and skill development. Youth are given financial assistance to start their own businesses through different bank-sponsored schemes and youth startup schemes, as well as through the J&K Rural Employment Generation Program and the Prime Minister's Employment Generation Programs. Under the J&K Rural Employment Generation Programme, a target of 1231 units has been set for 2021-22, with a margin of Rs 25 crore and 7386 people employed. A career portal has been built, as well as job fairs, to assist young people in finding work in the private sector.

JKEDI was established by the Government of Jammu and Kashmir in March 1997 to create entrepreneurial awareness and readiness among the youth for self employment. Till 2004, three regional learning centres were set up each in Jammu, Kashmir and Ladakh. The Institute offers well-equipped and spacious auditoriums, lecture halls, and computer labs that are stocked with books, reports, journals, project profiles, magazines, videos, reference work, and related literary publications. Seed Capital Fund Programme, Youth Startup Loan Scheme, and NMDFC scheme for backward parts of minorities are among

JKEDI's programmes. Under Seed Capital Fund Scheme, educated youth are motivated to take up entrepreneurship as a career option. The scheme is available to an unemployed state subject within the age group of 18 to 37 years. Non refundable seed Money of 35% of the project cost subject to maximum limit of rupees 3 lacs for under graduates/graduates; Rs. 5 Lacs for post graduates and Rs. 7.5 lacs for Doctors, Engineers, MBA's is provided. 65% of the project cost is provided by J&K Bank as loan @ 9% as per annum. Under Youth Start up Loan Scheme (YSLs) direct off-bank finance is provided to eligible youth up to Rs. 8 lakhs at 6% simple rate of interest. Under NMDFC scheme term loan is provided to marginalised sections of the society at 6% simple rate of interest in collaboration with National Minorities Development Finance Corporation. The loan amount ranges from Rs.3-10 lakhs. Besides, educational loans at 3% simple interest are given for professional courses to the backward sections among the minorities. Table 2, Table 3 & Table 4 depicts the loans provided under various schemes of JKEDI.

In the process of enhancing entrepreneurship among youth, following constraints have been observed:

- a. The hilly terrain of UT of J&K and import of raw material & export of finished products outside the UT increases the cost and reduces market competitiveness of products.
- b. Despite initial seed capital assistance from Govt. agencies, the capital requirement of business increases with expansion of business, necessitating more funds. In absence of adequate timely availability of funds, business is likely to collapse.
- c. Startups require a team of multidimensional skill personnel. In

- most of cases, complementary skill are not available.
- d. Lack of access to incubators, Science & Technology Parks, Business Development Centres increases the risk of failure of business.
  - e. Stringent regulatory provisions regarding labour laws, registration of company, intellectual property rights, dispute settlement resolution, demotivates the prospective entrepreneurs.
  - f. Absence of marketing facilities, branding and distinctiveness in products fails to attract prospective customers.
  - g. Insufficient experience in the product line and absence of continuous mentorship or guidance to entrepreneurs especially during the initial period of business, demotivates the entrepreneurs resulting in business failure.

### Conclusion and Managerial Implications

To accelerate the pace of industrialisation, Govt. through various centrally sponsored and State Industrial policy is supporting new enterprises. It is suggested that various incentives and subsidies to old units should be reduced in a phased manner rather than abruptly ending. Keeping in view limited availability of raw material within state, some concession be provided on the import of raw material to manufacturing units. Similarly, some sale centres be set outside the state in major cities for facilitating sale of finished products produced by industrial units. Wide publicity should be given to schemes like 'Make in India', Start up India', MUDRA etc. so as to motivate rural youth towards entrepreneurship. Road connectivity and uninterrupted electricity & water supply to industrial

sector be given top priority. Mentoring or consultative houses be established so as to provide regular guidance in case of crisis in sick units. Working capital at cheap rates be provided to newly set up enterprises to overcome financial constraints. Govt. should introduce skill development courses at school, college and university level so as to equip students with skill needed at industry level.

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**Table 1**  
Status of Industrial Development in UT of J&K\*

Year/nature of industrial development	1999-2000	2005-06	2009-10	2015-16	2018-19
Units registered with DIC	41950	48224	52629	58596	33845
Employment in registered units with DIC	183698	219127	245774	283105	208977
Sheds allotted in industrial estates	828	1122	297	279	357
No. of units functional in industrial estates	452	617	146	166	236
Annual production in units located industrial estates(Rs.Lakhs)	32465	3054.38	5618.9	7719.08	10981.30
Average daily employment in units located in industrial estates	4241	4800	1128	1553	1775

\* Source: DIC and SIDCO office records

**Table 2**  
Physical and Financial Achievement Under Seed Capital Fund Scheme (As on Sept. 30, 2020)of JKEDI\*

Financial year	Cases approved Entrepreneurs/Enterprises	Seed capital released Entrepreneurs/Enterprises	Seed capital released (lacs Rs.)
2010-2011	348/332	210/202	687.30
2011-2012	870/829	624/597	1954.46
2012-2013	1532/1485	1046/1009	3350.05
2013-2014	1744/1684	990/947	3329.04
2014-2015	1124/1074	627/641	2299.69
2015-2016	986/983	660/654	2238.19
2016-2017	483/482	323/322	1049.81
2017-2018	2164/2162	998/996	3206.43
2018-2019	1167/1161	874/868	3556.48
2019-2020	951/944	530/525	2232.12
2020-2021	-	101/100	490.97
Total	11369/11136	7028/6861	24394.54

\*Source: Website of JKEDI



**Table 3**  
Physical /Financial Achievement under Youth Startup Loan Scheme\*

Particulars	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Approved data					
No. of Enterprises	250	360	360	500	438
Term loan	1612.43	219.06	465.93	635.34	839.53
Disbursed Data					
No of cases disbursed	407	238	107	214	125
Amount disbursed	2199.27	1917.23	671.89	1127.49	932.14
Potential of employment generation	986	472	230	429	325

\*Source: Website of JKEDI

**Table 4**  
Physical /Financial Achievements cum Utilisation Report of Different Schemes of NMDFC\*

Scheme	Year	Target	No. Of beneficiaries covered	NMDFC share (Rs.Lac)	State share (Rs.Lac)	Benf. Contribution (Rs.Lac)
Term Loan	2015-16	2034	968	3194.74	177.48	177.48
	2016-17	765	828	2441.70	135.65	135.65
	2017-18	1600	1641	5449.07	302.72	302.72
	2018-19	1300	993	3451.98	191.77	191.77
	2019-20	1500	275	947.30	52.62	52.62
	2020-21	-	17	61.20	3.40	3.40
Education Loan	2015-16	170	48	176.65	9.81	9.81
	2016-17	170	30	145.69	8.09	8.09
	2017-18	300	130	943.11	52.39	52.39
	2018-19	-	113	884.70	49.15	49.15
	2019-20	-	58	518.85	28.88	28.88
	2020-21	-	7	26.61	1.47	1.47

\*Source: Website of JKEDI

