



Youth Entrepreneurship in Kashmir: Challenges and Opportunities



SKYE

Start-up Kashmir Youth Entrepreneur (SKYE) Development Project
Enabling effective youth entrepreneurship

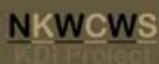


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Youth Entrepreneurship in Kashmir: Challenges and Opportunities
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This report is based on an extensive research effort conducted across the ten districts of the Kashmir Valley. It is designed to provide useful information in regards to the subject of youth entrepreneurship in Kashmir. It is published and distributed with the understanding that the author and publisher are not engaged in rendering legal, psychological, or professional services in this publication. The author and publisher specifically disclaim any responsibility for any liability, loss or risk or otherwise, which is incurred as a consequence, directly or indirectly, of the use and application of any of the contents of this book.

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This publication contains the opinions and ideas of those respondents who participated in the study. The names of the participants/respondents have been mentioned only after their permission.

For a list of any errors or omissions found subsequent to printing, please visit our website at <http://www.startupkashmir.com>



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1+1=11!
SKYE Project Team



19th Century Kashmiri Shawl depicting Map of Srinagar, Capital of Kashmir



ABOUT MERCY CORPS

Mercy Corps is an international development agency that helps people in the world's toughest places turn the crises of natural disaster, poverty and conflict into opportunities for progress. Driven by local needs, our programs provide communities with the tools and support they need to transform their own lives. Our worldwide team of 3,700 professionals is improving the lives of 16.7 million people through programs and partnerships in more than 40 countries.



Mercy Corps' Investment in Youth

Today, half the world's population is under 25 – the largest proportion of young people ever recorded. Fully 80 percent of world youth live in developing countries. In the next decade, more than a billion young people will enter the global labor market, yet economists predict only 300 million new jobs.

Without access to the workforce and social fabric, this generation faces a major challenge. Because employment alone cannot absorb such a surge in labor supply, youth energy must be channeled towards other productive activities. Fortunately, young people are hungry to make a difference and can propel profound change in the world.



Given the demographic youth bulge worldwide, Mercy Corps recognizes the importance of engaging young people in achieving its mission of building secure, productive and just communities. Mercy Corps facilitates young people's successful transition to adulthood by increasing economic opportunities and financial independence. We believe in interventions which invest in local actors, address the aspirations of youth, and capitalize on

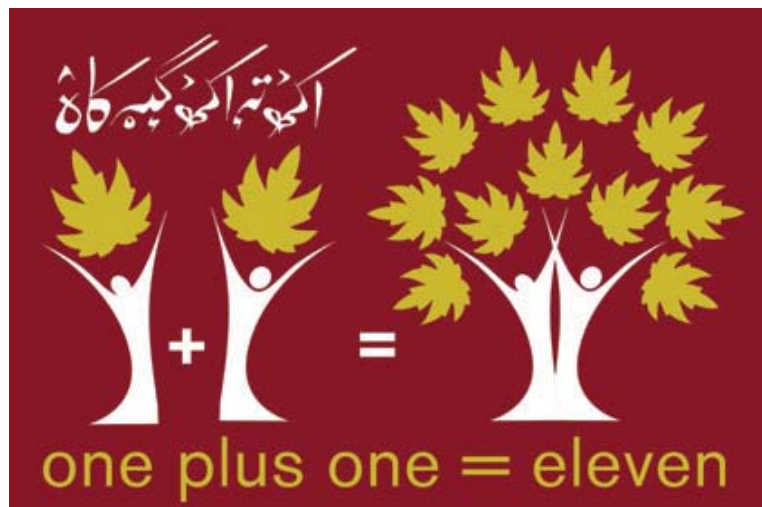
Defining "Youth"

Mercy Corps defines youth as a period of progression towards independent responsibility, which varies from 10 to 29 depending on context.

Mercy Corps Youth Transformation Framework™



their potential. Realizing that young people require tailored and innovative solutions, we support dynamic, cross-cutting youth economic development interventions. Our projects help young people across the globe develop useful skills and access opportunities to engage in social and economic development. We're working to help youth earn a living and cultivate a sense of responsibility, identity, creativity and hope.



Mercy Corps in Kashmir

Mercy Corps supports programs that catalyze community-led and market-driven development in the Kashmir Valley. From agri-business development, promotion of the Information & Communications Technology sector, to youth programming and a range of local capacity building initiatives, our projects seek to help Kashmiris build a more secure, productive and just community for themselves

THE SKYE PROJECT

The Start Up Kashmir Youth Entrepreneur Development Project

Enabling Effective Entrepreneurship

In October 2010, Mercy Corps launched the Start Up Kashmir Youth Entrepreneur (SKYE) Development Project. Funded by the Scottish Government’s South Asia Development Programme, the 30-month SKYE Project seeks to help build and catalyze a youth-focused start-up ecosystem in Kashmir. The SKYE Project will deliver an integrated and targeted response to a specific set of barriers related to the business-enabling environment and the lack of specific initiatives, expertise, capacities, skills and coordination that impedes youth entrepreneurship in Kashmir. SKYE will ultimately foster the growth of 200 youth enterprises across the Kashmir Valley and will launch a regional “Start-up Kashmir” network for young entrepreneurs. Additionally, the project will work to build capacities, raise awareness and understanding between the various stakeholders who contribute to youth entrepreneurship in Kashmir, including the local government, colleges and universities, business associations, financial institutions, and entrepreneurship and vocational training institutes.

**SKYE
IS
JUST
THE
BEGINNING!**

Overall Aim: Reduce poverty and foster inclusive economic growth through increased youth entrepreneurship in the Kashmir Valley.

Specific Objective: To reduce barriers, improve support and strengthen a culture of youth entrepreneurship that stimulates the start up and growth of 200 youth enterprises across the 10 districts of the Kashmir Valley.

Key Activities:

Catalyze a cross-sector network to foster knowledge sharing, cooperation and institutional capacities to improve the business-enabling environment for youth enterprises.

Engage youth to increase awareness and improve attitudes towards business and entrepreneurship.

Provide opportunities to aspiring youth entrepreneurs (including women and young people from rural areas) to improve their business knowledge and skills and provide them with tangible support to start and grow their enterprises.



Preface

Change is easier when you know where to go, why it's important to go there and how to get there. This report is meant to help point to an achievable destination – the sunrise of youth entrepreneurship in the Kashmir Valley. Youth start-up entrepreneurship represents an exciting opportunity to create dynamic positive social and economic value in Kashmir. Indeed, even a few hundred first-class entrepreneurs could change Kashmir's destiny for the better. The innovation, solutions and prosperity they would drive could invigorate Kashmir's economy and improve the lives of millions of Kashmiris. For this to happen, many things need to improve in Kashmir's enterprise enabling-environment and the way in which Kashmiri youth entrepreneurs pursue opportunity. Kashmir's private sector, public sector, and civil society have the ability to nurture and shape a vibrant culture of youth entrepreneurship. It is hoped that this report will help readers discover this inherent potential, identify the critical moves and put into action the specific steps that need to be taken.

The SKYE Project recognizes that all activities in support of youth entrepreneurship must be grounded in the realities of the constantly evolving local economy and context of Kashmir. The domain of entrepreneurship in the Kashmir Valley has not been studied properly and lacks a diagnostic research. To gain an understanding of the current landscape, the SKYE Project engaged a cross-sector network of local business leaders, representatives of finance, business development services (BDS), government, education, media institutions and hundreds of young Kashmiris to uncover challenges to and opportunities for boosting youth entrepreneurship in Kashmir.

The **Youth Entrepreneurship in Kashmir: Challenges and Opportunities** report is the first instalment of the SKYE Project's research agenda. This report presents findings from an extensive research effort conducted across the ten districts of the Kashmir Valley to analyze and understand key factors that are critical to boosting youth entrepreneurship. This report studies issues that are hindering self-employment and suggests a way forward towards building an ecosystem that can support youth start-up entrepreneurship in the Kashmir Valley. It also identifies and advocates specific steps that can help reduce barriers and improve support for youth entrepreneurship in Kashmir. It is hoped that this report will inform the concerned stakeholders in Kashmir and help them to devise an effective strategy of investment to unleash untapped opportunities for promoting entrepreneurship in the Kashmir Valley.

The SKYE Project has also engaged young people across Kashmir in tailored market studies. Youth-designed and youth-led, this initial SKYE research will provide a valuable knowledge platform for young Kashmiris as they work to improve their opportunities for economic independence and prosperity. The SKYE Project will soon be releasing Kashmir Start-up Market Opportunities booklets. This youth-led research will provide young people with an introduction to scores of viable opportunities for income generation in Kashmir. The booklets will help aspiring youth start-up entrepreneurs to match their interest, skills, and resources with live opportunities in the local market. These snapshots of current local market opportunities will be updated bi-annually.

At its core, the SKYE Project seeks to build productive and sustainable mechanisms to promote youth entrepreneurship in Kashmir. The present research will inform our project activities and help us understand how to successfully build local capacity. We look forward to working in partnership with the wide network of individuals and organizations we have engaged to provide valuable support to the budding Kashmiri youth start-up entrepreneurs of today.



THE SKYE APPROACH

As a research lens and action strategy, the SKYE Project has adopted a holistic approach that is market-based and addresses five factors that are crucial to boosting youth entrepreneurship in the Kashmir Valley.

1. **Social/Cultural Legitimacy & Acceptance**
2. **Entrepreneurship Education & Training**
3. **Business Assistance & Support**
4. **Access to Finance**
5. **Administrative and Regulatory Framework**



List of Abbreviations

APEDA:	Agricultural Processed Food Export Development Authority
BAS:	Business Assistance and Support
BBA:	Bachelors in Business Administration
BDS:	Business Development Service
BEE:	Business Enabling Environment
CDI:	Craft Development Institute
CDP:	Cluster Development Programme
CGS:	Credit Guarantee Scheme
CIS:	Capital Investment Subsidy
CLCSS:	Credit Linked Capital Subsidy Scheme
DECC:	District Employment and Counseling Centres
DIC:	Directorate of Industries and Commerce/District Industries Centre
DPR:	Detailed Project Report
DST:	Department of Science and Technology
EDC:	Entrepreneurship Development Cell
EDI:	Entrepreneurship Development Institute
FGD:	Focus Group Discussion
GDP:	Gross Domestic Product
GEM:	Global Entrepreneurship Monitor
ICDP:	Integrated Cooperative Development Project
IID:	Integrated Infrastructural Development Scheme
ILO:	International Labor Organization
IUST:	Islamic University of Science and Technology
J&K	Jammu & Kashmir
JKEDI:	Jammu and Kashmir Entrepreneurship Development Institute
JKSES:	Jammu & Kashmir State Self Employment Scheme
KVIC:	Khadi Village Industries Commission
LPG:	Liberalization, Privatization & Globalization
MBA:	Masters in Business Administration
MCES:	MAJ Consulting Engineering Services
MOU:	Memorandum of Understanding
MSME:	Micro Small & Medium Enterprise
NABARD:	National Bank for Agriculture and Rural Development
NIT:	National Institute of Technology
NMCP:	National Manufacturing Competitiveness Programme
NSSO:	National Sample Survey Office
OYK:	One Young Kashmir
PDD:	Power Development Department
PESTLE:	Political, Economic, Socio-cultural, Technical, Legal and Environment Analysis
PMEGP:	Prime Minister Employment Generation Programme



PWD:	Public Works Department
RAFT:	Youth Relationships & Alliances for Transformation
SCFS:	Seed Capital Fund Scheme
SEO:	Search Engine Optimization
SGDP:	State Gross Domestic Product
SK:	Start up Kashmir
SKDP:	Skill Development Programme
SKEWPY:	Sher-e-Kashmir Employment and Welfare Programme for Youth
SKUAST:	Sher-e-Kashmir University of Agricultural Science & Technology
SKYE:	Start Up Kashmir Youth Entrepreneur Development Project
SLBC:	State Level Bankers Committee
SLIIC:	State Level Inter Institutional Committee
SSM:	Sir Syed Memorial
UNCATD	United Nations Conference on Trade and Development
UNDP:	United Nations Development Programme
USIC:	University Science Instrumentation Centre
WTO:	World Trade Organization

CHAPTER 1

OVERVIEW: Youth Entrepreneurship in Kashmir: Challenges and Opportunities



*“Aeti Taap, Aeti Shuhul!
Aeti Raat, Aeti Duhul”*

(There is sunlight and there is shade, there is night and there is day)

Kashmiri Proverb



Kashmir: A Challenged Environment



The Kashmir Valley is a “paradise” of snow-clad mountains, fields of mustard-coloured flowers, terraced rice paddies, almond and apple orchards, chinar-shaded gardens, alpine forests and shimmering, majestic lakes. However, the seemingly pristine Kashmir Valley also harbours a potentially darker side. Amidst the idyllic setting, thousands of educated, frustrated young people face bleak opportunities for productive and gainful employment, thus creating a difficult transition to adulthood.

A depressed market, protracted and episodic conflict, and a disparity between the educational system and the demands of the labour market thwart Kashmiri young people in their pursuit of consistent and steady income generation. Hundreds

of thousands of jobless youth face grim prospects for economic independence.

Unemployment in Kashmir has long been exacerbated by a complex conflict and protracted instability. The weak, tenuous local economy and its fluctuations have left many Kashmiris with few or no options for economic engagement. Jobs are few, and those that are available are often filled through elite connections and nepotistic measures. While unemployment impacts all Kashmiris, this issue affects young people acutely. Like many developing societies around the globe, Kashmir is experiencing a “youth bulge,” where 71 percent of the population is under the age of 35¹. Of the large cohort of youth between the ages of 18 to 30 in the Kashmir Valley, an estimated 48 percent are currently unemployed². In a recent survey conducted by Chatham House (UK), 96% of respondents from the Kashmir Valley identified unemployment as one of the main problems facing Jammu & Kashmir (along with conflict and corruption)³. Indeed, official data reveals that the incidence of unemploy-

1 Projection based on district-wise data for the Kashmir Valley, Census 2001. Govt of India

2 Projection based on March 2010 data collected by DECC, Govt of J&K

3 Robert Bradnock, Kashmir: Paths to Peace, Chatham House, May 2010

cautious. Widespread corruption has also hurt the growth of the private sector in Kashmir. A 2008 survey conducted by Transparency International India put Jammu & Kashmir in the “alarmingly corrupt” category.⁵ As one Kashmiri youth we interviewed put it: “the corrupt are not looked down upon in Kashmiri society where monetary affluence is a major measure of success in life.” Corruption has plagued every sphere of life in Kashmir and has added to the cost of doing business. These twin problems of conflict and corruption have left the private sector desperately underdeveloped. Today, government jobs are widely seen as a better option. While a social preference for government jobs has grown, the number of job-seeking youth today is now more than the total number of employees the J&K Government has engaged over the last 60 years.⁶ The government sector cannot possibly keep pace with the growing pool of unemployed youth.

“We cannot provide a government job to every youth. The current year’s wage bill in the state is likely to be Rs 14,500 crore and the job offering in the government sector is saturated”

- J&K Chief Minister Omar Abdullah

“Can’t give jobs to all: Omar”,
Greater Kashmir, 23rd June
2011

Kashmir is younger than ever before. A stable, prosperous future for Kashmir will depend critically on the creation of real jobs in productive sectors of the economy and allowing young Kashmiris to pursue a hopeful future. Building the private sector remains the only viable path towards long-term job creation and economic empowerment in Kashmir.

Youth Entrepreneurship – An Opportunity for Kashmir

On average young people across the globe are almost three times more likely to be unemployed than adults.⁷ The situation in Kashmir appears to be even more acute than this. Self-employment is not suitable for every young person, yet there is growing consensus that entrepreneurship can provide a successful route to long-term participation in the job market, and as such can be an engine of economic growth and social cohesion. Entrepreneurship has been crucial to the growth and economic development of many developing countries. It can play a crucial role for improving the quality, number and variety of employment opportunities for the poor. According to UNCATD, entrepreneurship invigorates markets and the formation of new businesses leads to job creation and has a multiplier effect on the economy.⁸ Furthermore, entrepreneurship empowers people, generates innovation and integrates developing societies into the global economy.

The available global data on entrepreneurship shows that the prevalence of entrepreneurship is now twice as high in emerging markets as in the developed world.⁹ Out of every 100 persons interviewed in developing countries, 10 were starting enterprises. While there is certainly a high incidence of necessity-driven entrepreneurs in emerging markets in comparison to developed economies, there are an even larger number of opportunity-driven entrepreneurs. The global data on entrepreneurship reveals that entrepreneurs are even beginning to surface in the most improbable of places – including some emerging markets in the Middle East and Africa where instability is a challenge. These entrepreneurs are opening a path towards prosperity and growth for their societies.

5 India Corruption Study - 2008, Transparency International India (New Delhi: 2008)

6 Sajad Kralyari, “5 Lakh jobless youth”, Kashmir Images, May 14, 2010

7 ILO’s Global Employment Trends, 2010

8 UNCATD, ‘The Importance on Entrepreneurship’, <http://www.unctad.org/templates/Page.asp?intItemID=4320&lang=1>

9 Global Report 2010, Global Entrepreneurship Monitor (GEM)

Entrepreneurship has been crucial to the growth and economic development of emerging economies. The contribution of entrepreneurship to the economic rise of China and India is widely recognized. China's economic miracle, which is now closing in on America to become the world's largest economy, is being led and shaped by entrepreneurs who have expanded their market reach and created millions of new jobs. Likewise, India's economic rise has been propelled by entrepreneurship. Entrepreneurship has been a dynamic force in both countries. In fact, a recent study suggests that the results of entrepreneurship in China and India could reshape business, politics and society worldwide.¹⁰

In emerging markets, entrepreneurs are opening a path towards prosperity and growth for their societies.

Extensive studies on global entrepreneurship carried out by the International Labor Organization (ILO) and the Global Entrepreneurship Monitor (GEM) both strongly underscore reasons for promoting entrepreneurship:

“Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a valuable additional strategy to create jobs and improve livelihoods and economic independence of young people. It is an innovative approach to integrating youth into today's changing labour markets.”¹¹

“Most policymakers and academics agree that entrepreneurship is critical to the development and well-being of society. Entrepreneurs create jobs. They drive and shape innovation, speeding up structural changes in the economy. By introducing new competition, they contribute indirectly to productivity. Entrepreneurship is thus a catalyst for economic growth and national competitiveness.”¹²

Youth entrepreneurship has a crucial role to play in the creation of just and stable economies but often this potential remains unrealized. A study conducted by the ILO found that 20% of youth have an entrepreneurial profile but less than 5% use it for income generating activities.¹³ Those youth who do tread the path of entrepreneurship have achieved success. A study of 55,000 youth business started up throughout the world found that 60% of these businesses were still trading in their third year.¹⁴

A closer look at Kashmir's demographics reveals that the dependency ratio has continuously decreased over the last 30 years.¹⁵ This means that Kashmir's youth bulge is creating an expansion of a workforce that has fewer children and elderly to support. This trend provides a window of opportunity to focus on other things, such as building human capital and developing new business ventures. With the right investment and support, Kashmir's youth bulge could eventually yield a demographic dividend in terms of increased productivity and economic growth.

10 Please see: Tarun Khanna, *Billions of Entrepreneurs: How China and India Are Reshaping Their Futures and Yours*. (Boston: Harvard University Press, 2007)

11 Ulrich Schoof, "Stimulating Youth Entrepreneurship", SEED Working Paper No. 76, Series on Youth and Entrepreneurship, ILO

12 Global Report 2010, Global Entrepreneurship Monitor (GEM)

13 Rachel Chambers and Anna Lake, "Youth Business International: Bridging the gap between unemployment and self-employment for disadvantaged youth", Skills Working Paper No. 3, ILO

14 Ibid

15 Census Data (1981-2001), Govt of India



Today, Kashmir has within it business people capable of building new enterprises that can compete in the 21st Century market.

Kashmir's burgeoning youth population is an untapped asset and represents a potential opportunity for positive economic and social change. Large percentages of Kashmir's youth population are potential entrepreneurs. Kashmiri youth are highly resilient, educated and motivated but currently lack key skills needed to compete in the 21st Century and face a acute scarcity employment opportunities in both the public and private sector.

Many presume that entrepreneurs do not exist in the Kashmir Valley as it is usually linked with images of conflict. Adding to this perception, Kashmir's economy has often been known for certain top-down, centralized and oligopolistic characteristics. However, the SKYE Project's research has identified hundreds of successful Kashmiri entrepreneurs who have overcome the challenges of doing business in Kashmir. Our initial outreach work has already identified scores of budding Kashmiri youth poised with viable business ideas. Kashmiri culture is rich with syncretism and ingenuity and Kashmir has a rich history of success in trade and business. Today,

Kashmir has within it business people capable of building new enterprises that can compete in the 21st century market. This entrepreneurial community needs to be brought together and leveraged to support aspiring youth entrepreneurs.

At the same time, there are substantial market opportunities for gainful and productive employment through entrepreneurship just waiting to be identified and seized by young people in Kashmir. Indeed, the SKYE Project's initial market research has identified more than one hundred such opportunities. Entrepreneurship in Kashmir does not have to be necessity-driven – an option of last resort in the face of grim job prospects. Kashmir is an untapped market with a large dependency on imports of products and services produced from outside Kashmir. There are immense opportunities to offer new products and services that cater to the evolving demands of the local market. Kashmiri entrepreneurs can also seize the expanding market opportunities in India and across the globe in a number of sectors and niche areas. Barriers to entry in most sectors have significantly reduced, opening vast opportunities for small start-up companies. If provided with the right support, Kashmiri youth entrepreneurs could create value with relatively little capital.

Improving the enabling conditions for entrepreneurship in Kashmir can certainly help promote local economic recovery. Youth entrepreneurship offers a viable path towards economic dynamism and growth in Kashmir. Fostering youth entrepreneurship will help address the serious challenge of rising unemployment as it will create self-employment opportunities - transforming young job-seekers into job-makers. Socially, entrepreneurship can open new avenues for youth to positively participate in and contribute to Kashmiri society.

Bursting with enthusiasm and ideas, young Kashmiris simply need the resources, tools, and enabling environment to allow them to explore and follow their business aspirations. There is an urgent need to strengthen Kashmir's entrepreneurship ecosystem and to encourage and fully support aspiring youth entrepreneurs to start-up and run new businesses. This investment will not only help these entrepreneurs but it will unleash the multiplier effect of entrepreneurship and strengthen Kashmir's economy.

Research Objectives

In developing a framework necessary to boost entrepreneurship, each society must first examine its own ecosystem: the various barriers and supports which all interact to create the larger business enabling environment (BEE). Each market and local economy presents unique factors that can either promote or hinder the system. Recognizing that there is no blueprint or panacea for solving the problem of youth unemployment, each market must be carefully understood and tailored strategies must be developed.

For this reason, the Youth Entrepreneurship in Kashmir: Challenges and Opportunities report was conceived. This first-of-its-kind research report in Kashmir was undertaken by the SKYE Project in order to study the myriad factors impacting unemployed youth in the region, as well as determine prospects for successful entrepreneurship. The study aspires to lay the groundwork and provide focused direction to the broader SKYE Project, as well as create awareness among youth stakeholders in Kashmir and beyond.

This report looks at the challenges and opportunities affecting aspiring youth start-up entrepreneurs in the Kashmir Valley through five critical lenses, including: social/cultural legitimacy and acceptance; entrepreneurship education and training; business assistance and support; access to finance; and administrative and regulatory framework.

The findings of this in-depth research are presented as a guide to develop an atmosphere conducive to youth entrepreneurship in Kashmir. This report and its recommendations lay out an agenda for policy reform and a roadmap for building a vibrant youth entrepreneurship ecosystem. The report will be widely shared with all relevant organizations, institutions, government agencies, and the private sector to foster cross-sector cooperation and institutional capacity building to improve the business-enabling environment for youth enterprises in Kashmir.

In addition to providing an analysis and recommendations on the challenges and opportunities facing youth entrepreneurship in Kashmir, this report and its annexes provide some practical resources that are helpful in starting and running a successful business in Kashmir. The SKYE Project will be developing and disseminating a series of customized practical guides and toolkits for aspiring youth entrepreneurs in Kashmir.

Research Methodology

Through detailed consultations with a diverse cross-sector network of experts in Kashmir and an extensive review of research studies conducted across the globe with a similar scope, the SKYE Project developed a primary and secondary research methodology in order to analyze and understand the ecosystem for youth entrepreneurship within the Kashmiri context.

Relying on both quantitative and qualitative methods and integrating participatory approaches, the research methodology was designed to provide an evidence-based analysis. The following is a brief summary of the research methodology and tools utilized for this report. Further details of our research methodology and tools are presented in Annexes II-IX.

There is an urgent need to strengthen Kashmir's entrepreneurship ecosystem and fully support aspiring youth entrepreneurs.



Primary Research

Youth Focus Group Discussions (FGDs) were held in Srinagar and Bijbehara in February 2011. Participants were Kashmiri youth between the ages of 18-30 years who were randomly selected. Themes from these four structured discussions were used to inform the baseline survey tool and overall research methodology. Additionally, another twenty FGDs took place during the Mercy Corps-supported One Young Kashmir Youth Leadership Summit held in Srinagar in March 2011, using the five critical lenses listed above as a basis for discussion.

A SKYE Baseline Survey was carried out across all ten districts of the Kashmir Valley – Srinagar, Budgam, Pulwama, Anantnag, Shopian, Kulgam, Bandipora, Ganderbal, Baramulla, and Kupwara districts. The sample size of the SKYE Project Baseline Survey was 1000 randomly selected Kashmiri youth between the ages of 18 to 30 years (100 respondents per district). This survey included an equal number of Urban Males, Urban Females, Rural Males, and Rural Females. The majority of survey respondents were between the ages of 18 to 25 years. This survey was developed to get a general pulse on the knowledge, attitudes, experiences and perceptions of youth in Kashmir vis-à-vis entrepreneurship. This survey aimed to collect data that would be useful in understanding the current state of the entrepreneurship ecosystem vis-à-vis youth and the various issues facing youth. For a more detailed presentation of key findings from the SKYE Baseline Survey, please see Annex I.

The SKYE Project also conducted seventeen, semi-structured one-on-one Key Informant Interviews with government officials, high-ranking representatives from educational and financial institutions, and representatives of private sector organizations. The SKYE Project also conducted dozens of interviews with both successful Kashmiri youth start-up entrepreneurs as well as Kashmiri youth who attempted to start a business but unfortunately failed.

Comprehensive Secondary Research consisted of data gathering from online sources as well as those within Mercy Corps' Digital Library. This secondary research examined trends, best practices, and lessons learned within the domain of youth entrepreneurship in Kashmir, India, and globally. The SKYE Project team also researched governmental policies (both central and state) and conducted an extensive cross-disciplinary literature review of books, published articles, and reports on the topic of youth entrepreneurship and related subjects. (See Bibliography and Recommended Readings)

Limitations:

There were some limitations to the study. Some key stakeholders, especially government officials, were unavailable during the data collection period. This was primarily due to the fact that these key officials were based in the winter capital of Jammu during the study period. The baseline survey also has limitations given the limited sample size of 1000 respondents (100 per district). The issue of youth entrepreneurship in the Kashmir Valley is vast, complex, and constantly evolving. Furthermore, the topic, although critical to the growth of Kashmir's economy, is one that has not been widely studied. Therefore, we view this report as a groundbreaking, introductory view into the issue. In order to stay abreast of the current situation, frequent research and regular market analysis is required. If needed, the SKYE Project will update this document to ensure information is relevant to the market.

CHAPTER 2

YOUTH AND ENTREPRENEURSHIP

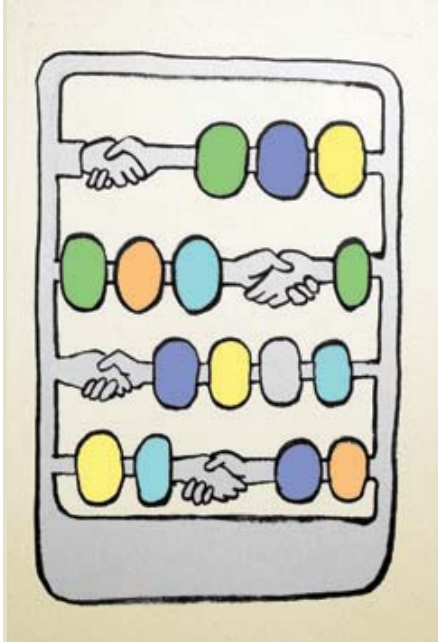


Saer'i sam'hav akse'i raze'i lam'hav
(Together, let's pull a single rope)

Sheikh Noor-ud-din Noorani,
14th Century Sufi Mystic of Kashmir



Youth and Entrepreneurship



Defining (Youth) Entrepreneurship

Although many could argue that mankind has been engaging in entrepreneurial activity since the beginning of time, formal definitions of “entrepreneurship” are new and nuanced. Many variations, types, and classifications exist and a commonly agreed upon definition is yet to emerge.

Before analyzing the challenges and opportunities facing youth entrepreneurship in Kashmir and recommend ways of improving the ecosystem, a definition and understanding of youth entrepreneurship is needed. The ILO has favoured a behavioural-based definition instead of a trait-based approach, viewing entrepreneurship as a set of behaviours and an entrepreneur as someone who undertakes those behaviours.¹ The ILO advocates this approach because it is easier to observe what youth entrepreneurs do and how they do it rather than analyzing traits and innate qualities. An ILO study highlighted a broad definition of entrepreneurship:

entrepreneurship:

“Entrepreneurship is the recognition of an opportunity to create value, and the process of acting on this opportunity, whether or not it involves the formation of new entity. While concepts such as “innovation” and “risk taking” in particular are usually associated with entrepreneurship, they aren’t necessary to define them.”²

This definition does not limit the concept solely to the process of starting a new venture.

Types of Entrepreneurship

If entrepreneurship is the recognition of an opportunity to create value and the process of acting on this opportunity, then youth entrepreneurship can certainly take place in

Who is an Entrepreneur?

Entrepreneurs produce solutions that fly in the face of established knowledge, and they always challenge the status quo. They are risk-takers who pursue opportunities that others may fail to recognize or may even view as problems or threats. Whatever the definition of entrepreneurship, it is closely associated with change, creativity, knowledge, innovation and flexibility-factors that are increasingly important sources of competitiveness in an increasingly globalized world economy. Thus, fostering entrepreneurship means promoting the competitiveness of businesses.

(UNCATD)

¹ Ulrich Schoof, “Stimulating Youth Entrepreneurship”, Series on Youth and Entrepreneurship, SEED Working Paper No. 76, ILO, 2006

² Ibid

multiple forms and in different sectors. It has been recognized that there are different types of entrepreneurship, including economic, social and public entrepreneurship.

Economic Entrepreneurship

For the majority of individuals who own an enterprise, the first priority is profit maximization. The autonomy of running a business enables individuals with the freedom to make decisions, particularly with their budgets and expenses. Growing and maximizing profit is at the core of fundamental entrepreneurship.

Economic Entrepreneurship in Kashmir:

Kashmir's small but growing private sector is the story of dozens of entrepreneurs – people who developed new products and services targeted at the market and who built companies from scratch. These Kashmiri entrepreneurs not only achieved financial success for their companies, they have helped put Kashmir on the map and have contributed to job creation and economic growth. There is no dearth of Kashmiri entrepreneurship success stories to learn from and the SKYE Project looks forward to featuring many such stories on the www.startupkashmir.com web portal.

An Illustrative Example of Economic Entrepreneurship in Kashmir:

One inspiring example is the story of National Masala Mills, the parent manufacturing company of Kanwal Foods & Spices (I) Pvt. Ltd., founded by Mr. Mohammad Amin in 1971. The son of a farmer from Anantnag, Mr. Amin was among the very first to get educated in his family. After studying at Anantnag Degree College, he secured a government job that many of his family members wanted him to take. But Mr. Amin had that entrepreneurial DNA in him and wanted to make his mark in the private sector.



After a fire in which his family lost their home along with all their belongings, Mr. Amin took a loan of 5000 rupees (US\$ 100) from his uncle and started up his company. The company started producing processed spice products under the brand “Kanwal”. Mr. Amin saw that Kashmir had very low quality processed food products and spices in the market. These products were imported from other states and did not cater to the local preferences and tastes. Identifying this opportunity, Kanwal focused on quality using locally produced inputs. Like a lotus (kanwal in Kashmiri) that grows out of the mud, Mr. Amin had a dream that his company would blossom into a beautiful flower. In the early years, Mr. Amin worked tirelessly building his company and expanding his market. His son and present-day CEO of Kanwal, Mr. Farooq Amin, narrates: “When I was very young, I hardly saw my father seven days in a month. He was always traveling - working hard, getting exposure and opening up new business opportunities.” In 1999, Kanwal had four product offerings and an annual turnover of US\$ 700,000.



Mr. Amin engaged his two sons, Farooq and Nisar, in the company – both of whom studied abroad before returning to Kashmir to follow in their father’s entrepreneurial footsteps. This father-son trio has put Kanwal on the global map over the past decade. The company has phenomenally grown and now has more than 98 product offerings and is a leading company engaged in the manufacture and export of food and spices. One of the newest additions to the range of products offered by Kanwal is bottled mineral water produced by its sister concern Safa Waters and sold under the brand name “Treish”.

Today, Kanwal not only caters to the local market in Kashmir, it exports its range of products to South Africa, United Kingdom, United States, Europe, Saudi Arabia and other Middle Eastern countries. National Masala Mills now has an annual turnover of US\$22 million and provides direct employment to almost 1000 people and indirect employment to more than 5000 people.

Describing the journey of his father, Mr. Farooq Amin says: *“Kanwal is a story of pure entrepreneurship. For us, it’s not just about profit. We’ve created jobs and helped introduce traditional Kashmiri spices and recipes to the globe. Our dream is to help make Kashmir economically strong and self-reliant.”*

Social Entrepreneurship according to **Ashoka**, a leading organization in this field:

Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps. Just as entrepreneurs change the face of business, social entrepreneurs act as the change agents for society, seizing opportunities others miss and improving systems, inventing new approaches, and creating solutions to change society for the better. While a business entrepreneur might create entirely new industries, a social entrepreneur comes up with new solutions to social problems and then implements them on a large scale.

Social Entrepreneurship:

The goal of social entrepreneurship is to create and maximize social value; generating profit is not always the prime objective. Social entrepreneurs are often mission-driven and pursue both financial sustainability and a social return on the entrepreneurial activity. Social entrepreneurs focus heavily on ensuring that the social value they create is sustainable and look for business models where the mission is able to fund itself.

Social Entrepreneurship in Kashmir:

While social entrepreneurs have developed innovative solutions to critical issues affecting societies across the globe, social entrepreneurship is yet to fully crystallize in Kashmir. However, the SKYE Project has had the opportunity to interact with a number of young, aspiring social entrepreneurs during the course of this research. These young people are passionately exploring social enterprises to address some of the dire issues facing Kashmiri society – ranging from health to education to environmental protection. Certainly, Kashmir will be benefited if they are able to put their passion and innovative ideas into action.

A Illustrative Example of Social Entrepreneurship in South Asia:

One well-known social entrepreneur is Muhammad Yunus, founder of Grameen Bank, and its growing family of social venture businesses. Mr. Yunus discovered that very small loans could make a disproportionate difference to a poor person. His first loan, consisting of US\$27 from his own pocket, was made to 42 women in a village in Bangladesh. These women were engaged in the manufacturing of bamboo furniture and had no option but to take exploitative loans for buying raw materials

and had to pay their profits to the moneylenders. As a result of Mr. Yunus' loan, each of the women made a small net profit. This experience inspired Mr. Yunus. Accumulated across many loans, Mr. Yunus believed these small profits would result in economic growth and would help Bangladesh address the issue poverty. Mr. Yunus believed that there was a need for a bank that would lend to the poorest of the poor. Mr. Yunus believed that given the chance the poor will repay the borrowed money and that microcredit could be a viable business model.

“Governments at national and local level need to encourage a broad and dynamic concept of entrepreneurship to stimulate both personal initiative and initiative in a broad variety of organizations which include but reach beyond, the private sector: small and large enterprises, social entrepreneurs, cooperatives, the public sector, the trade union movement and youth organizations.”

- UN Secretary-General Kofi Annan

Report to the General Assembly of the UN, A/RES/55/2, September 2000, New York.



Muhammad Yunus: Banker to the Poor

Realizing that traditional banks were not interested in making tiny loans at reasonable interest rates to the poor, Mr. Yunus founded the Grameen Bank in 1983 to make loans to poor Bangladeshis. Since then, the Grameen Bank has issued more than US\$ 6.38 billion to 7.4 million borrowers. The success of the Grameen model of microfinancing has inspired similar efforts throughout the developing world and even in developed countries, including the United States. In 2006, Mr. Yunus and Grameen received the Nobel Peace Prize.

Public Entrepreneurship

Public entrepreneurship introduces innovation and competitiveness to government and other areas of the public sector.³ Like economic entrepreneurship, public entrepreneurship involves risk taking, creativity, innovation and leveraging resources; however its objectives have a tendency to be more social than finan-

³ Kennen Estela, American Affairs, Nov 2009, <http://www.suite101.com/content/public-entrepreneurship-a167691>



cial. This sort of entrepreneurship may be pursued by young people working in and outside of government as public servants and as contributors on the efficiency of the public sector and on the improvement and expansion of its services. Through innovation and creativity, public entrepreneurs build entrepreneurial environments that energize economic entrepreneurship.⁴ There is certainly great scope to improve public sector service delivery and performance in Kashmir in areas ranging from health, education, e-governance, infrastructure, to fiscal and economic planning. Public entrepreneurship could hold the key.



Transitional Categorization of Youth Entrepreneurs in Kashmir:

In addition to understanding various types of entrepreneurship, from a policy intervention point of view, it has also been found helpful to understand youth entrepreneurship through the various phases budding entrepreneurs go through. Understanding the various stages and transitions (from home/school to business and from work/business to business) is critical while developing strategies to foster youth entrepreneurship. An oft-quoted study laid out youth entrepreneurship in a broad categorization of three transitional phases :⁵

- 1. Pre-entrepreneurs (15-19 years):** This is the formative stage where youth are often in transition from the security of the home or education to the work place.
- 2. Budding entrepreneurs (20-25 years):** This is the growth stage where youth are likely to have gained some experience, skills and capital to enable them to run their own enterprises. They often face three enterprise pathways: 1) remaining stuck in marginal activities; 2) going out of business; and 3) running successful enterprises.
- 3. Emergent entrepreneurs (26-29 years):** This is the prime stage where youth have valuable experiences in business. Emergent entrepreneurs often have a higher level of maturity than youth in the lower age groups. For this reason, they are more likely to run viable

4 Markley Deborah, 'Centre for Rural Entrepreneurship' March 2002, <http://www.nrfc.org/In/documents/Public%20Entrepreneurship%20Mono.pdf>

5 Chigunta, F. Youth Entrepreneurship: Meeting the Key Policy Challenges (Wolfson College, Oxford University, England: 2002)



enterprises than younger people.

The above categorization serves as a good suggestion on the developmental stage-wise nature of the process of youth enterprise development. While conducting extensive interviews, the SKYE Project has found that these stages apply aptly to the process of youth entrepreneurship in Kashmir. However, this model needs to be adapted to the Kashmiri social, economic and cultural context where the transition from home to the work place occurs over a longer period of time and where an extended-family system still thrives. Therefore, on the basis of our observations and case studies of young entrepreneurs in Kashmir, we suggest adjusting the age range for the above three phases to the following:

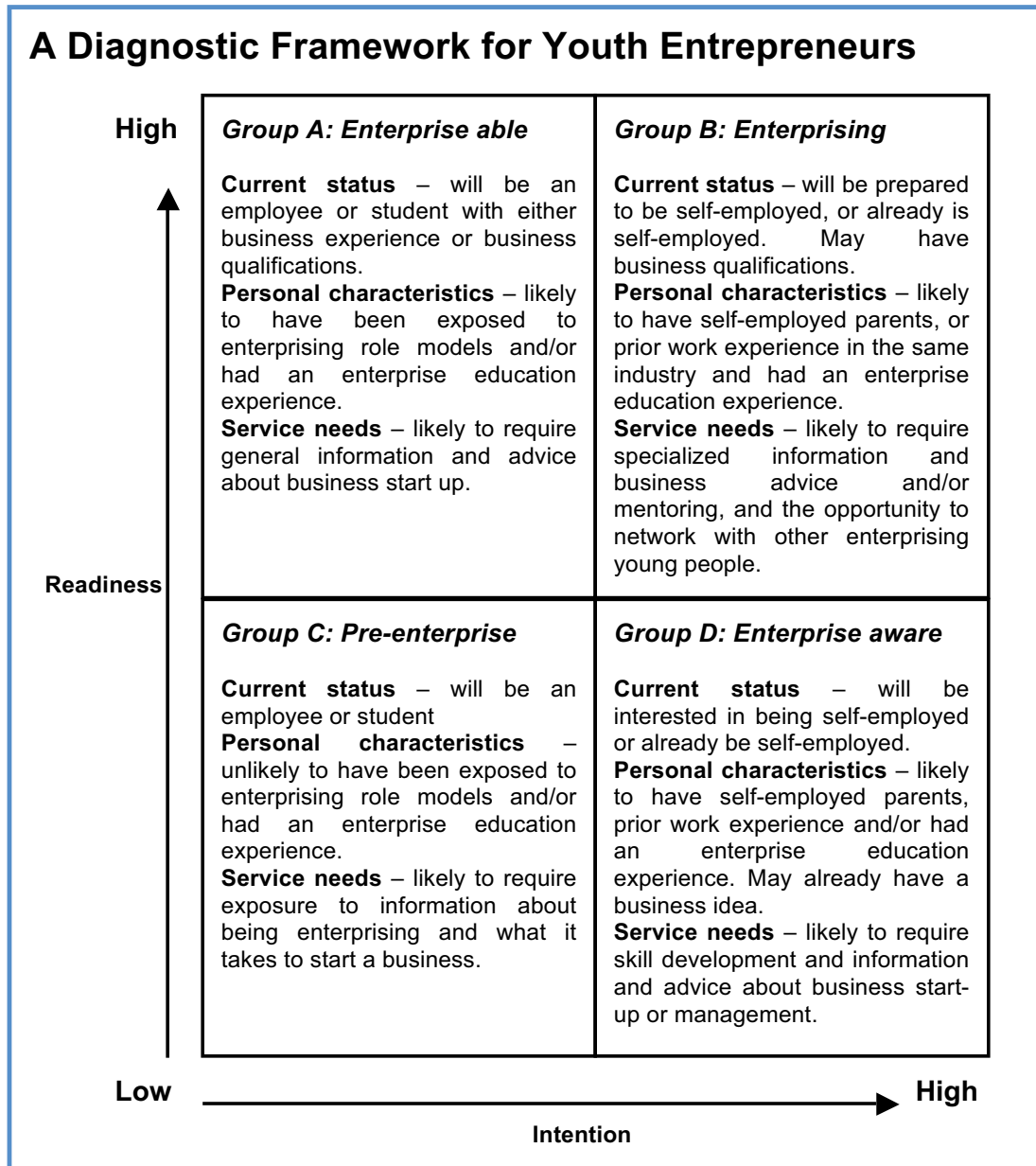
1. Pre-entrepreneurs in Kashmir: 16-22 years
2. Budding entrepreneurs in Kashmir: 23-27 years
3. Emergent entrepreneurs in Kashmir: 28-32 years

However, this kind of transitional categorization merely serves as a broad suggestion. It is important to recognize that for most young people in Kashmir the transition from education to work is not a single step of leaving the educational system and entering the world of work. It is also useful to recognize that for youth in Kashmir this transition occurs over a slightly longer period of time than it does in other societies. Reasons include the small size of the private sector in Kashmir, difficulties associated with getting a job given the scarcity of employment opportunities, and a lack of enterprise education opportunities. The disruptions caused by the conflict and instability have also been a contributing factor. These factors all affect the process of youth gaining business skills, exposure and experience and delay the overall development of youth entrepreneurs in Kashmir.



A Diagnostic Framework for Young Entrepreneurs in Kashmir

A more diagnostic framework for categorizing potential youth entrepreneurs has been developed by Lewis and Massey.⁶ This framework lays out four different categories of potential youth entrepreneurs based on the level of readiness (level of skill and/or exposure to enterprise) of young people to engage in business and the level of intention to be enterprising.



A Diagnostic Snapshot of Youth Entrepreneurship in Kashmir

The above readiness-intention framework is helpful in developing a more specific view on potential youth entrepreneurs in Kashmir. The SKYE Project utilized this framework

⁶ Lewis, L; Massey, Cl., Youth Entrepreneurship and government policy, New Zealand Centre for SME Research, Massey University, 2003

to develop a better understanding of the specific needs of young Kashmiris as a whole and while developing the recommendations for improving the enterprise ecosystem in the Kashmir Valley.

The SKYE Project Baseline Survey⁷ included a number of questions that were meant to help shed light on the level of readiness of Kashmiri youth to engage in business and their level of intention to be enterprising.

Readiness

The SKYE Project Baseline Survey revealed a number of findings that are helpful to broadly assess the level of readiness of Kashmiri youth. Of all youth surveyed:

7% said they have all the knowledge about the basic requirements needed for starting a business

28% said they have knowledge/awareness about existing successful entrepreneurs/enterprises in Kashmir

4% said they have participated in entrepreneurship development programs (training, etc.) available in the state

The above findings suggest that large majorities of Kashmiri youth are not yet ready to engage in business. From a readiness point of view, there is much that can be done to improve things. It is evident that young people in Kashmir need more knowledge, awareness, exposure and skills before they can be prepared to start and run businesses. These gaps in enterprise knowledge, awareness, exposure and skills are actually opportunities to boost youth entrepreneurship in Kashmir and can be addressed in a myriad of ways laid out later in this report.

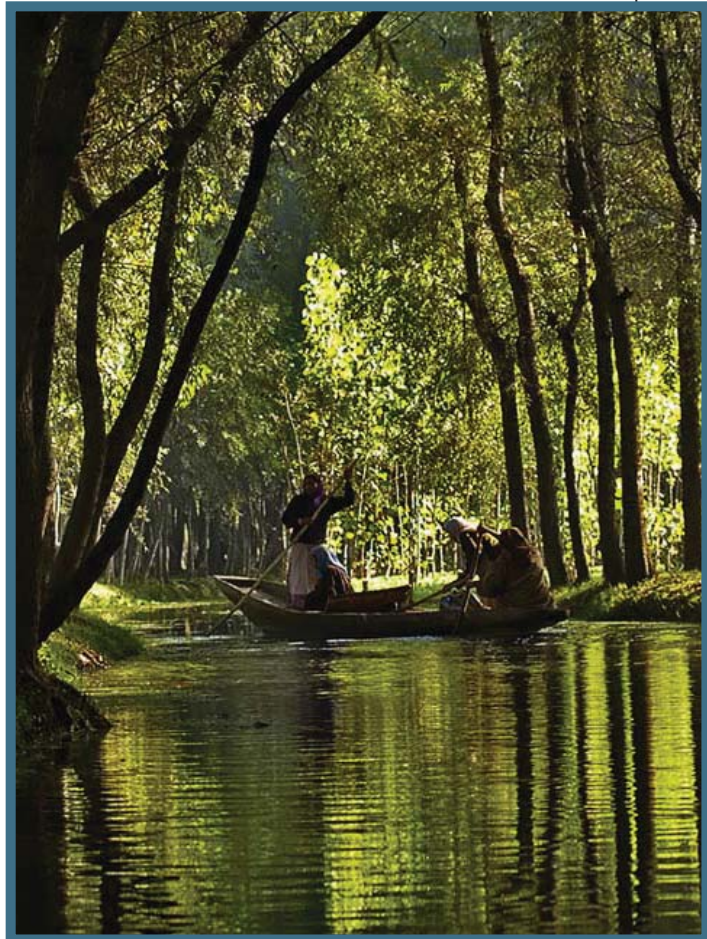
Intention

The SKYE Project Baseline Survey revealed a number of findings that are helpful to broadly understand the level of intention to be enterprising amongst Kashmiri youth. The survey revealed that:

45% of all youth surveyed said that they would prefer to be self-employed

57% of all male respondents said that they would prefer to be self-employed (60% amongst

⁷ The sample size of the SKYE Project Baseline Survey was 1000 randomly selected Kashmiri youth between the ages of 18 to 30 years (100 respondents per district). This survey included an equal number of Urban Males, Urban Females, Rural Males, and Rural Females. The majority of survey respondents were between the ages of 18 to 25 years. For a more detailed presentation of key findings from the SKYE Baseline Survey, please see Annex I.



Urban Males and 55% amongst Rural Males)

33% of all female respondents said that they would prefer to be self-employed (38% amongst Urban Females and 27% amongst Rural Females)

The above findings suggest that a sizable section of Kashmiri youth would actually prefer to be self-employed. The survey findings also suggest that the preference towards self-employment significantly varies between the male and female respondents. Interestingly, the majority of all males surveyed prefer to be self-employed. There was also a noticeable variance in this preference between respondents who were from urban areas and respondents who were from rural areas. Amongst youth from urban areas surveyed, there was a slightly higher preference towards self-employment.

The level of readiness (level of skill and/or exposure to enterprise) amongst Kashmiri youth appears to be much lower than the level of intention to engage in business.

Contrary to the popular notion that the overwhelming majority of Kashmiri youth prefer jobs, the above findings suggest that a reasonably high level of intention to be enterprising exists amongst young people in Kashmir. This intention to be enterprising appears to be even higher amongst young Kashmiri males.

The above-cited SKYE Baseline survey findings suggest the majority of young people in Kashmir appear to fit into the **“Group C: Pre-enterprise”** category of the readiness-intention framework. The level of readiness amongst Kashmiri youth appears to be much lower than the level of intention to engage in business.

It is also interesting to point out that, despite widespread concerns about conflict and various other challenges, the majority of Kashmiri youth we surveyed are still optimistic about the future of their business environment:

59% of all youth surveyed said that they expect the business environment in the Kashmir Valley will improve by the end of 2013

Despite this reasonably positive business outlook and a high level of intention, youth entrepreneurship in Kashmir is still in a very nascent state. Today, the ultimate career choice for a Kashmiri youth is a job (a government job if one can land one) and not the path of self-employment and entrepreneurship. The number of youth enterprises coming up in the Kashmir Valley pale in comparison to the apparent level of intention to engage in business that exists amongst youth. Self-employment is a latent opportunity to address rising youth unemployment in Kashmir. Youth entrepreneurship is yet to thrive. In order to understand why more and more youth are not starting up businesses, one has to look closely at the enabling environment and the interplay of various factors that act as de-motivators, barriers and incentives to entrepreneurship in Kashmir. Such an analysis follows and is addressed throughout the remaining sections of this report.

Motivations driving youth entrepreneurship in Kashmir

There are a multitude of reasons that motivate young people to start a business. Understanding these motivations is essential for understanding and boosting youth entrepreneurship in Kashmir.

Opportunity-driven vs. necessity-driven entrepreneurship

The GEM Global Report, that annually tracks trends in entrepreneurship across 59 countries, makes a distinction between opportunity-motivated and necessity-motivated entrepreneurship. Opportunity-driven entrepreneurship is the result of entrepreneurship targeted at seizing a perceived business opportunity that is not the only option for earning a living. GEM has observed that the degree of opportunity entrepreneurship is associated with the confidence in the having the ability to start a business, knowing an entrepreneur who has

started-up a business in the last two years, identifying good business opportunities in the future, and highly-developed angel investment and support systems. For these reasons, opportunity-driven entrepreneurship is more prevalent in developed economies. Conversely, necessity-driven entrepreneurship is pursued by economic compulsion when there is no other alternative for making a living. Necessity-driven entrepreneurship is associated with

economic environments where issues like poverty and a lack of employment opportunities are endemic.



From necessity to opportunity in Kashmir

There are multitudes of examples of necessity-driven and opportunity-driven entrepreneurship in the Kashmir Valley. Both paths are enterprising and both create value. In the Kashmir context, it is difficult to entirely separate these two types of entrepreneurship as both motivations often coexist as drivers for entrepreneurs who venture into business. A large number of entrepreneurs in Kashmir started businesses solely as a necessity. This group includes widows who have lost their spouses in the violence and many people with disabilities who became handicapped because of the conflict. Thousands of Kashmiris have entered into business for lack of other options and have successfully managed to earn a decent living. Heroically, they have lifted themselves out of poverty, provided for their families, created jobs for others and contributed to the well being of their communities.

There is no reason why necessity cannot be turned into an opportunity for Kashmiri youth entrepreneurs.

There are many inspiring success stories of opportunity-driven entrepreneurs. Despite the challenges and lack of angel investment and support activities, these Kashmiri entrepreneurs have been able to build companies that achieve considerable growth and scale in a relatively short period of time. Not everyone is suited to be an entrepreneur and the growth



of Kashmiri companies will create badly needed private sector jobs. As in other economies, opportunity-driven entrepreneurs in Kashmir tend to be higher-impact. In light of the escalating unemployment rate and the need to strengthen the Kashmiri private sector, there is great urgency and real potential value in identifying, supporting and investing in potential high-impact youth entrepreneurs.

Given the acute lack of employment opportunities in Kashmir, necessity is obviously one of the drivers for youth entrepreneurship. Many young people are pained by the lack of options to earn a living. As one young Kashmiri related to us during a Focus Group Discussion (FGD): “Youth in Kashmir are talented, full of potential and have fertile brains. Kashmir is a land of opportunities that needs to be explored. But we feel helpless and find no doors open to us.” Like other societies that have been affected by conflict, Kashmir’s economic environment has limited options for earning a living and necessity is a part of life. The weakness of the private sector further limits avenues for investment and the opportunities for youth to gain experience and exposure to business. There is no reason why necessity cannot be turned into an opportunity for Kashmiri youth entrepreneurs – as the proverb goes

“necessity is the mother of invention.” For thousands of unemployed youth in Kashmir, entrepreneurship potentially represents a noble and rewarding path out of idleness and despair. Ultimately, every Kashmiri youth entrepreneur in action focuses on identifying and seizing business opportunities. What these youth start-up entrepreneurs need is a supportive ecosystem



that can help them unleash their potential and create value.

Motivations for Young Kashmiri Entrepreneurs

Personal attitudes, preferences, income levels, educational levels, personal interests, networks, are all factors which guide and motivate young Kashmiri entrepreneurs. Recognizing these motivations and their interplay is crucial for understanding and stimulating youth entrepreneurship in Kashmir. Our interaction with and study of dozens of young entrepreneurs in Kashmir revealed a plethora of reasons that personally motivated them towards self-employment. Some of them being: to be one’s own boss, to earn a livelihood, identification of an exciting market opportunity, to take on a challenge, passion, to innovate, to contribute to Kashmir’s economic rebirth, to give life to an idea, as a last resort or compulsion (majboori), to become rich, to serve society, to add value, for adventure, to survive, to support their parents and family, and to continue family traditions. We have observed that many youth in Kashmir were inspired to become entrepreneurs by family members and/or friends who were already engaged in business. A young person’s unique skills or talent also seem to have served as a motivator for starting a business in Kashmir. For example, we have interviewed many Kashmiri youth who had technical skills in IT, web and/or graphic design who started-up companies that now offer these services.

Motivations and Experiences of Youth Entrepreneurs in Kashmir: Five Case Studies

In the following pages, we present five case studies of Kashmir youth entrepreneurs, engaged in various sectors and at different stages of their entrepreneurial journey. These stories shed light on youth entrepreneurs in Kashmir – their motivations and start-up experiences; the range of challenges and barriers they face; the opportunities they target; and the various types and level of support they access while starting a new business.



Case Study #1

Chasing Opportunities in the Revival of Kashmiri Craft

Arifa Jan (27 Years)

Hailing from a humble economic background, Arifa has already achieved two firsts in her family. She is the first in her family to have a higher degree than matriculation. Arifa did her Bachelors in Commerce before completing a Post-graduate degree in Craft Management and Entrepreneurial Leadership. Arifa is also the first in her family to take up entrepreneurship as a career path.

This entrepreneurial journey began after Arifa paid a visit to the Craft Development Institute (CDI) in Srinagar. Arifa was interested in the craft and design. Excited about CDI's offerings, she applied for the program. After being screened and interviewed, she was selected for the course. Arifa worked hard to gain a strong foundation of knowledge in craft design and entrepreneurship. In 2009, Arifa completed her final-year project on the "Revival of Namda Craft" with sponsorship support from J&K Bank. During her research, Arifa examined the reasons for decline of the Kashmir handicrafts sector. She realized that the lack of quality is a key reason for market decline. Namda is a traditional Kashmiri carpet made out of felted wool and Arifa wanted to explore ways of innovating this traditional craft and aligning it to the contemporary market. She explored different production techniques and designs of Namda while mapping and studying new trends in the market.

Excited about the opportunities she had identified, Arifa decided to start a business under



the name of “Incredible Kashmiri Crafts”. Her biggest start-up challenge was facing the criticism of some of her relatives and neighbors who did not think it fit for a young woman to start a business. Social acceptance of her decision to become an entrepreneur, was a challenge that Arifa continued to confront until she achieved some initial success in her business.



However, Arifa’s father was supportive and she started her venture. In addition to the training at CDI, Arifa credits her success to her father’s support: “I succeeded in my mission first of all by Allah’s grace and then by my family support. My father supports me a lot - at each step and decision.”

Arifa did not approach any bank for finance as she apprehended it would be a time consuming process that could delay her production. Arifa was aware of various government schemes that support the production of crafts. But she says: “Many cautioned me that I would encounter corruption. I heard that I would have to bribe people to get these incentives.” By engaging two partners and money she borrowed from friends and family, Arifa started producing Namda using her new designs.

Arifa faced another challenge while starting up her business. Initially, it was difficult to convince the artisans she approached to work with her on the new designs. Kashmiri artisans are not adequately paid and often feel exploited in the market. Ironically, Arifa was actually looking to develop a sustainable partnership with them. It took her some time to convince the group of artisans and finally 35 Namda pieces were produced from the initial capital she had raised.

Arifa had no trouble in getting a market. Visitors to CDI and a hotel in Pahalgam were her first customers. She quickly sold her first batch of Namdas. Then came the Dastkar Craft Exhibition in Delhi in October 2010. Arifa grabbed the opportunity and exhibited her products. She got a good response, selling 85% of her stock. Arifa recalls her excitement at the time: “I received such a good response that I was convinced that entrepreneurship is my path. I gave up on the idea of looking for a job.”

Arifa now required more money to expand her business, so she approached the Crafts Council of India, which provides loans up to US\$ 4,500. Unfortunately, because of some technical issues she wasn’t eligible for the loan. Luckily, Arifa gained an investor in the form of Gulshan Nanda. Ms. Nanda worked at the Crafts Council and was so impressed that she invested her own money into Arifa’s business ideas. It was a milestone in Arifa’s start-up journey. Using this investment, she produced 200 pieces of Namda of different patterns and embroidery.

Since then, Arifa hasn’t looked back. Arifa continues to work on building her enterprise. Today, “Incredible Kashmiri Crafts” is located in Safakadal, Srinagar. The company now works with 12 artisans – including seven females. The company is focusing on producing quality products from locally available materials. So far, unique designs have given her an edge in the market. Arifa has a strategy of working honestly and taking care of her artisans. She believes in working together in partnership with artisans and other stakeholders to create value.

Arifa is an entrepreneur who is constantly on the outlook for new opportunities. She regularly participates in exhibitions in Delhi and Srinagar and she is now indirectly exporting her products to the international market. Arifa is planning to soon launch her company's website and wants to directly go after the lucrative international market. Her plan for 2011 is to increase her manpower to 50 artisans. In the next few years, Arifa hopes to open company outlets in Srinagar and Delhi. She would also like to expand into the lifestyle sector of crafts.

Though more challenges lay ahead, Arifa has achieved initial success in her business. Many of Arifa's friends now view her as an inspiration. She is very keen to share her experience with fellow youth. Mr. M. S. Farooqi, CDI's Director, credits Arifa's success to her self-confidence and perseverance: "A common approach that we've seen among many in Kashmir is an over-dependency on government support. Many believe that without a subsidy or incentive, nothing is possible. They often wait and feel helpless. Arifa believed in herself and amazingly she went ahead and did things on her own initiative."

Case Study #2

Flowers that bloom: A Kashmiri youth entrepreneur finds his path

Irfan Wani (28 Years)

Irfan Ahmed Wani completed his Bachelors in Science from the University of Kashmir in 2002. He spent several years working as a sales executive in some leading pharmaceutical companies, including Glaxo SmithKline and Sun Pharmaceuticals. He worked in Delhi, Maharashtra, and Jammu & Kashmir. Although successful in



his career, Irfan longed to start a business of his own in Srinagar, his home city. He wanted to be his own boss. During frequent work travels to Maharashtra, Irfan became deeply interested in the agribusiness sector. Irfan's began to dream about starting a floriculture business in Kashmir - an ideal location for flower cultivation. Believing in his abilities, Irfan's parents encouraged him to follow his dreams.

In 2005, a friend advised him to approach the Jammu and Kashmir Entrepreneurship Development Institute (JKEDI), a government undertaking that seeks to provide training and various types of support to aspiring entrepreneurs. Irfan requested assistance and guidance from JKEDI on the potential cultivation of medicinal and aromatic plants on commercial lines. The course coordinator at JKEDI, Ms. Naila Khandey, mentored him and provided him with information about various training courses that could help him. Irfan then enrolled in a three-week course on commercial floriculture and business skills. Irfan describes the training he received at JKEDI as "interactive and field-oriented."

Out of a cohort of 70 trainees, Irfan was among the only 3 that were able to succeed in



starting-up business ventures in the floriculture sector. Irfan says that most of his classmates were unable to get access to finance or government support. He shared that they ended up discouraged. But Irfan had a different way of looking at these challenges. He says: “You can’t always blame the environment and feel like a victim. Entrepreneurs create



their own opportunities. The difficult questions you get from officials in departments and banks can actually be useful in strengthening your ideas. If you help yourself, the world will come and help you.”

Irfan participated in a number of exposure trips within Kashmir and also to Maharashtra and Punjab to learn more about the market and how to run a successful floriculture business. These trips were facilitated by the Floriculture Department and JKEDI. Irfan and some other Kashmiri entrepreneurs also undertook a self-funded trip to Himachal Pradesh. Inspired by this trip, Irfan decided to cultivate and market cut flowers such as Oriental Lilium, Asiatic Lilium, and Gladiola.

Irfan then focused on refining his business idea. At this same time, Irfan hired the services of RM Able Industrial Data Consultants in Jawahar Nagar, Srinagar. He needed specialized help to capture his business ideas in the form of a Detailed Project Report (DPR). Irfan was keen to shape his business idea into a viable and scalable model. The consultant he worked with was very helpful in helping to develop the DPR.

Irfan then approached the Jammu and Kashmir Bank (JK Bank) for a start-up loan. He found the experience of getting a first loan very tedious and complex. Sharing his perceptions of the financial sector, he said: “If a person is financially sound the bank is eager to finance. Ironically, it’s the first time entrepreneurs who need the bank’s assistance the most. He or she faces many more difficulties in accessing a start-up loan.” Irfan said it took many meetings to convince the bank officials about the financial viability of an agri-business project. He finally secured a loan of 500,000 Rupees with a compound interest rate of 11-12% and no moratorium. This was only possible after managing third-party guarantees from his brother and a friend who was a permanent government employee.

It took Irfan six months to complete all of his start-up activities finalizing his DPR, acquiring finance, leasing land lease and developing that land. Leasing land was a big challenge as farmers were not initially open to the idea. During his stay in Maharashtra, Irfan had observed that the Maharashtra Government had leased land on the outskirts of Pune to entrepreneurs pursuing floriculture projects. In Jammu and Kashmir, however, no such government scheme existed. Irfan finally convinced farmers about his proposed concept for land lease.

In 2006, Irfan launched the operations of his company Upland Floritech. Over the years, Irfan has optimized his production achieving a yearly output of 100,000 flower cuttings, about 30,000 cuttings a month. He was able to sell 2000 to 3000 cuttings in the local market every month. He also transports his produce by air to a Delhi-based firm that became his main client. Irfan generated enough profit to fully repay his loan in a much quicker time period than the originally stipulated 5 years.

In 2010, Irfan started looking for ways of expanding his business and set up KVB Agro Farms — currently one of the biggest agro-flori businesses in Kashmir. He again approached the JK Bank for financing this venture. This second time around, Irfan found that the process was easier since the bank now had confidence in his abilities to run a viable business. It took some time to convince the bank officials about the viability of the project since his proposed venture would be one of the first integrated agro-flori projects involved in production, processing and marketing. Irfan succeeded in convincing them and started up the new venture.

Today, KVB Agro Farms produces strawberries and high-value vegetables like bell peppers and cherry tomatoes that have a huge market outside Kashmir. Irfan also intends to cultivate cut flowers, especially roses, alongside other agricultural crops for optimum cultivation and seasonal rotation. His farm is situated on the scenic Gulmarg road in the Magam area of Budgam. KVB Agro Farms now employs 30 people and Irfan anticipates to reach an annual turnover of 1.9 crore Rupees (US\$ 430,000) over the next three years. Dr. M Y Parray, JKEDI's Director, credits Irfan's success to his consistency: "Irfan is very focused. He sets a goal and works hard to achieve it."

At 28, Irfan is a successful entrepreneur who is continuously searching for new opportunities in the agri-flori business sector. He is keen to share the lessons he has learned as a first-generation entrepreneur with local youth who are interested in following a similar path. Irfan often speaks about entrepreneurship to new cohorts of trainees at the JKEDI. He emphasizes professionalism and excellence as the keys to success. Irfan says: "Getting finance is not the only challenge. The business of business is the biggest challenge – competing in the market and getting a viable and scalable business model together is the real work. What you plan on paper does not always work and you have to be up to the real-life challenges you face in business." When asked about these challenges, Irfan smiles and says: "I love the challenge – I am in the market now and I have no other option but to enjoy it."

Case Study # 3

Mushrooming Opportunities – a student determined to stand out

Arshid Baba (27 Years)

"It has been a challenge to shift the mindset of my family away from the government job thing," says Arshid, an MBA student studying at the Islamic University of Science and Technology (IUST). For Arshid, necessity and opportunity are combining. The idea of starting a business occupied Arshid's mind after he realized that getting a job with the government was highly unlikely. Today, Arshid's dream is to become an entrepreneur.

After learning about Kashmir's untapped market potential in mushroom farming, Arshid took the leap into starting his own business. He began by enrolling himself in a 20-day training program at Sher-i-Kashmir University of Agricultural Sciences and Technology (SKUAST-K) in January 2011. Here he learned about mushrooms and their cultivation in



a great detail. The trainers at SKUAST-K encouraged him to explore this as an opportunity as he was an MBA student and understood business. While working out a business plan, Arshid also sought advice and technical guidance from the Department of Agriculture.



Arshid decided to jump right into production. He started a venture called Shafaf, meaning “pure”, raising money from a few friends and by engaging a classmate, Aijaz Bashir, as his business partner. They invested 1 lakh Rupees (US\$ 2,200) and they are now excited about harvesting their first crop. Their estimated crop harvest for this year is 12-15 quintals from their present 200 trays spread on 1200 sq. feet. Through their first crop, they are on track to break even and have a profit equal to the total amount of their investment. Arshid is hopeful to produce even more: “With a heat control system, even 4 crops per

year are possible and it can enhance our production”. In order to install a heat control system, Arshid and Aijaz have now roped in two young Kashmiri engineering graduates.

Once the system is put in place there is a high possibility, that Shafaf will expand his business operations further. Arshid wants to target the overall market opportunity for mushroom in India and wants to achieve higher growth and sustainability. He is now planning to establish a more sophisticated production and processing unit to turn out quality mushrooms. He’s even planning to approach the JKEDI to benefit from the newly established SKEWPY Seed Capital Scheme and he is weighing other options to finance this venture.

Arshid’s parents are still sceptical, but his friends have supported him while exploring entrepreneurship as a career path. Arshid is steadfast in his entrepreneurial pursuits. He belongs to a generation of young Kashmiri who are reasonably trained and capable of achieving their goals. He believes his venture is a humble beginning - Arshid knows he still has a very long way to go.



Case Study # 4

Competing to get a start – a Kashmiri techie builds a business

Mohamed Irfan (29 Years)

In 2009, after shifting between different jobs as a software design engineer in Noida and Delhi, Mohamed Irfan decided to come home to Kashmir. A Masters in Computer Applications from Kashmir University, he wanted to start his own business in the IT sector. Irfan returned to Kashmir University for some consulting work. He was busy figuring out his next steps. One day, a former professor and his mentor Dr. Meraj-u-din Dar of the Kashmir University told Irfan about an

opportunity. He handed him a flyer with details about a youth business plan competition supported by Mercy Corps - BIZCOMP2009, The 1st Technology and Business Competition in Kashmir.

“I have always been an entrepreneur. When I found out about BIZCOMP2009, I had already been keeping a business idea and plan in my head for two years,” Irfan explained. Irfan immediately knew he had to take part in the competition. “This was the first time anything of this kind had happened in Kashmir,” he says animatedly. After a discussion with his mentor, Irfan sat down and developed a concept to submit to Mercy Corps.

Irfan was shocked when he learned that he had been selected as one of BIZCOMP2009’s five finalists. “Just being recognized... that meant so much to me,” he says. And on the day of the final competition, despite his excitement, Irfan had resigned himself to losing. He shares, “It didn’t matter to me. I was just so happy to be there. To be in the game.” Some of the other finalists had cheering sections of more than one hundred people; Irfan had arrived with his mentor and just one other friend. “I told them, ‘It’s not the end of the world if I lose.’”

But the judges and voters were impressed by Irfan’s “Book Me a Room” presentation. Now called, Kashtrip.com, this business idea envisages to roll-out a web-based platform for increasing tourism in Kashmir. After winning the competition in October 2009, Irfan received a small start-up grant, several targeted networking and exposure opportunities, and ongoing mentoring and guidance from Mercy Corps.



After winning BIZCOMP2009, Irfan soon rented an office space and founded Quality Innovative Software Solutions (QISS). He now has a team of six employee, all young Kashmiri techies (including BIZCOMP2009’s 1st runner up). QISS offers various IT solution – including web-based, desktop and mobile applications. Irfan focussed on the demand for services in the local market. They have also developed customized point-of-sale software applications to serve the needs of hundreds of restaurants, textile shops, agricultural markets, pharmacies, and glass distributors. In 2010, QISS made a profit of 5.5 lakhs Rupees (US\$ 12,300). In addition to Kashtrip.com, Irfan and his team are now developing an e-tendering and e-procurement platform to serve the needs of both the public and private sector in Kashmir.

Growing up in the Kashmir Valley has not been easy for Irfan and his employees. The protracted, unpredictable conflict has impacted every facet of life: personally, physically, socially, academically, and professionally. “It’s easy to lose focus and lose your concentration in this kind of environment,” says Irfan. “I work late hours and it’s difficult to concentrate when I don’t know if I am hearing gunfire in the background.” Despite the challenges,



Irfan perseveres not only for himself and his own success, but for Kashmir and his people. “I have a fire within me. I want to see Kashmir grow — not only the IT sector, but in many sectors,” he says.

Irfan also acknowledges additional pressures he faced when following his entrepreneurial dreams. Although he shares that he always had the support of his wife and siblings, “My mother was worried. She suggested that I get a government job which has some stability.” Additionally, he believes that young Kashmiris lack exposure to proper business mentors and networks. He also believes that the regulatory framework for starting a new business is not helpful. “The current environment is unsupportive,” he shares. Nevertheless, he is hopeful that a new generation of thought leaders, and a new breed of businesses, will strengthen Kashmir’s economy.

Irfan needs capital to expand his business to the next level, but he’s not keen to take a loan. He says he’s still in start-up mode and doesn’t want to worry about repaying interest rates while he’s busy incubating ideas. Instead, Irfan says he’s looking for an investor who’s ready to share risks. In 2011, Irfan is taking it cautiously. He will continue to bootstrap QISS, generating revenues from the local market while focussing on new product and service development. In 2012, he wants to hit the market in a big way.

And Irfan’s advice to Kashmir’s aspiring entrepreneurs? “Be positive and be practical. Be receptive to critique and advice. Be dedicated... and just go for it,” says Irfan. When asked about the possibility of failure, he leans back in his chair and cheerfully waves to one of his employees. “The struggle is worth it.”



Case Study # 5

The apple of his eye – an entrepreneur returns to strengthen Kashmir’s economy

Khurram Mir (30 years)

Hailing from a modest family from the rural district Shopian, Khurram went abroad to study in the United States. He studied industrial system engineering at Purdue College and later did his Masters in Operations Research from Purdue University, Indiana in 2000. He interned with several multinational companies before joining Micron Technology as a full-time Operation Research Engineer in Washington DC. Khurram had achieved what he thought

he had wanted - a good job, a nice car and a fine apartment. But Khurram’s entrepreneurial instincts pulled at him. “I realised very soon that I wasn’t doing justice with myself and my abilities. This is when I decided to do something of my own,” explains Khurram.

Khurram wanted to start an enterprise. Being a Kashmiri, his mentors and advisors often advised him to start doing it in Kashmir rather than elsewhere as familiarity with the environment of Kashmir could act in his advantage. Khurram was equally enthusiastic to work in Kashmir. He came back in 2008 and dug his heels in. He started by conducting a thorough research of the market opportunities in Kashmir. Khurram narrowed down his enterprise options to the supply chain business in three sectors: agriculture, health and

education. “Finally I went with agriculture since I thought more people will be benefited which was not necessarily the case with other sectors,” says Khurram. Khurram aimed at developing a sustainable and eco-friendly system that would reduce the waste of agricultural produce in the Kashmir Valley. He also wanted to shape a more ethical value chain by eliminating the exploitative role of middle men in the agricultural sector. He put together a model that would ultimately contribute towards creating a more productive, sustainable and fairer agriculture sector in Kashmir.

Khurram established Harshna Naturals, a 500 metric ton integrated cold chain facility for storage, ripening and primary processing for fruits and vegetables at Lassipora, Pulwama. Khurram provides farmers with a post-harvest facility to store their produce for 10 months without compromising on its quality. This service helps farmers do better in the market. “In fact, we bring multinational companies and resellers at the doorsteps of farmers who can buy the stored produce at much higher rates,” says Khurram. Furthermore he contentedly added, “Immediately after our initiative it was for the first time that in the Kashmir’s apple business that a kilogram of apple sold for Rs 120 and also for the first time Indian consumers preferred Kashmiri apple over US and Chinese apple in the metropolitan cities of India.”



Like any other entrepreneur, Khurram faced a number of challenges while establishing his venture. The biggest challenge was convincing farmers who, he says, were sceptical about his initiative. “Dealing with farmers was a bit difficult and we had to convince them and change their thinking. They were initially reluctant to be associated with us but later on they understood us well.” Experiences with government offices and the financial institutions weren’t easy either. “We know it takes a lot of time to get things done in government offices. It was only after we landed in the bank and established our credibility that things started moving faster,” says Khurram.

Khurram acknowledges that being an entrepreneur in Kashmir comes with its challenges. He says one challenge is finding the right people with the relevant skill set for his company. He says generally in Kashmir the applicants’ skill set and competencies do not match with the ones written on their CV’s. He says that the frequent unrest and instability in the summers of 2008, 2009 and 2010 were very challenging. Still, Khurram managed to start-up the business and make significant profits.

Today, Khurram, is a successful first generation entrepreneur with an annual turnover of 9 crore Rupees (US\$ 2 million). His company now employs more than 90 full-time and



contractual employees. Khurram believes that his entrepreneurial interventions in this agriculture sector will definitely help thousands of Kashmir's farmers. For Khurram, "Entrepreneurship is about recognising your abilities as an individual and then you recognise an opportunity that would match your ability so that it empowers you as well as people around you."



The Level of Entrepreneurial Activity of Youth in Kashmir

The above case studies tell the story of five entrepreneurs who, despite tremendous challenges and prevailing uncertainty in Kashmir, are making their start-up dreams happen. These cases provided a glimpse into the lives of promising Kashmiri youth entrepreneurs. However, successful youth start-up entrepreneurs are a small minority compared to the total youth population and the sizeable number of unemployed youth in Kashmir. As mentioned earlier, while level of intention to pursue entrepreneurship appears to be quite high, the majority of Kashmiri youth appear to fit in the "pre-enterprise category". Currently, the total level of youth entrepreneurial activity (i.e. individual efforts to start new ventures) appears to be fairly low in Kashmir.

While there is no comprehensive data available on the total entrepreneurial activity of youth entrepreneurs in Kashmir, there is information to suggest this is very low. In 2009, the J&K Government requested unemployed youth in Kashmir to register with its District Employment and Counselling Centres (DECC). By December

2010, the total number of job seekers was 597,322.⁸ Juxtaposed this rising figure on the total number of job seekers is data available with the JKEDI - the total number of youth who have enrolled in its entrepreneurship training programs is merely 2,281 people up to June 2011.⁹ While these figures are by no means a measure of youth entrepreneurial activity in Kashmir, it is suggestive of a trend.

Perceived barriers and de-motivators to youth entrepreneurship in Kashmir

The SKYE Baseline Survey findings provide an understanding of how Kashmiri youth perceive the overall process of becoming an entrepreneur. The survey revealed that:

- **90%** of all youth surveyed think that becoming an entrepreneur is either challenging or very challenging (32% very challenging, 58% challenging)
- **10%** of all youth surveyed think that becoming an entrepreneur is either easy or very easy (1% very easy, 9% easy)

⁸ DECC Data, Govt of J&K

⁹ JKEDI Data, Govt of J&K, June 22, 2011

These findings clearly suggest that an overwhelming majority of Kashmiri youth perceive entrepreneurship as a challenging or very challenging path. It is possible that a youth perception of entrepreneurship as a challenging process might be one of the deterring influences holding back the level of total entrepreneurial activity in the Kashmir Valley.

The SKYE Baseline Survey revealed that only 22% of the total youth surveyed had tried to become an entrepreneur. To assess the survival rate of youth entrepreneurs in Kashmir, the SKYE Project conducted a survey of 40 youth from across the Kashmir Valley who attempted to start a business in the last 1 year. Within this sample, we found that 7 out of every 10 Kashmiri youth start-up attempts failed within the first year. This is very dismal compared to start-up survival rates in developed economies.¹⁰ As mentioned earlier, the SKYE Baseline survey revealed that only 28% of all youth surveyed have knowledge/awareness of successful entrepreneurs/enterprises in Kashmir. Though it exists and there are hundreds of examples, entrepreneurial success is not visible enough to youth in Kashmir. A high prevalence of youth start-up failure might be shaping Kashmiri youth perceptions of entrepreneurship in such a way that, in turn, is deterring youth from taking up the challenge of entrepreneurship.

Though it exists and there are hundreds of examples, entrepreneurial success is not visible enough to youth in Kashmir.

Kashmiri youth entrepreneurs face problems related to social acceptance, market opportunity, lack of proper training, deficiencies in business development services, difficulties in getting access to finance and issues related to administrative and regulatory framework. To gain an understanding of how youth perceive these challenges, the SKYE Baseline Survey asked youth to identify the issues they perceive as de-motivators (fears) to engage in entrepreneurship in Kashmir. Rank-wise, the results were as follows:

1. **Ongoing Conflict**
2. **Financial Risk**
3. **Corruption**
4. **Lack of skills**
5. **Administrative hurdles**
6. **Stigma of failing & Market demand**
7. **Gender Discrimination**
8. **Competition**
9. **Social risks/costs**
10. **Workload**

It is of interest to point out that the five top-ranking de-motivators (fears) to engage in entrepreneurship were: ongoing



¹⁰ The Small Business Administration estimates that in the United States, seven out of ten new employer firms last at least two years, and about half survive five years. (<http://www.sba.gov/advocacy/7495/8430>)



For young Kashmiri women, gender discrimination is a major de-motivator (fear) to engage in entrepreneurship.

conflict, financial risk, corruption, lack of skills and administrative hurdles. In focus group discussions with Kashmiri youth, concerns about ongoing conflict and widespread corruption in Kashmir surfaced time and again. Many youth adamantly told us that they believed that resolving the conflict was the only way to lasting economic progress in Kashmir. One youth participant shared: “Conflict has ruined our economy and destroyed our lives. We are totally fed up and want a lasting solution.” Another youth shared views on how conflict has affected entrepreneurship in Kashmir: “The Kashmir conflict is a major hindrance to the development of Kashmir and to the introduction of entrepreneurship. There is fear and uncertainty among businessmen and they hesitate to invest here. Kashmiris have become pessimistic. We are not ready to risk and invest in new ventures when the market is unstable and unpredictable.” Every youth we spoke to expressed anger and frustration on the issue of corruption. As one youth put it: “The economy of Kashmir has been totally crippled by dishonesty and corruption. Corruption has been institutionalized in Kashmir.” The five bottom-ranking de-motivators (fears) to engage in entrepreneurship are also worth examining.

It is interesting to highlight that of total youth surveyed, 50% or less did not view the stigma of failing, market demand, gender discrimination, competition, social risks/costs and workload to be de-motivators (fears). The survey suggests that most youth are prepared to face these five risks and challenges. However, it should be pointed out that, for young Kashmiri women, gender discrimination is a major de-motivator (fear) to engage in entrepreneurship. 67% of all female youth respondents viewed gender discrimination as a de-motivator to engage in entrepreneurship.

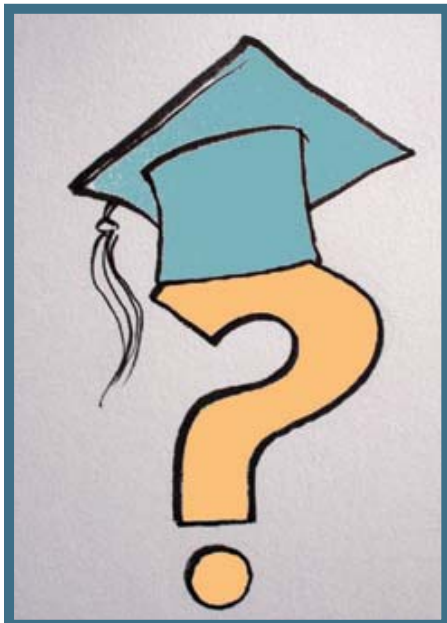
Our survey also asked youth to rate the significance of six potential barriers to entrepreneurship in Kashmir. Rank-wise, the results were as follows:

- 1. Lack of entrepreneurship education and training**
- 2. Access to finance**
- 3. Social factors (parental influence)
&
Access to Business Development Services**
- 4. Local market opportunities for expanding youth enterprise**
- 5. Difficulties in navigating administrative and regulatory framework**

It is important to note that the majority (50%+) of all youth surveyed saw all six of these potential barriers to entrepreneurship as significant. As the above ranking shows, the top three perceived barriers were a lack of entrepreneurial education and training, access to finance and factors relating to social acceptance for entrepreneurship in Kashmir. However, one must point out that the above ranking relates solely to the perceptions of youth regarding the challenges to entrepreneurship, rather than the actual nature of the challenges themselves.

Learning from start-up failure - understanding the constraints and barriers to youth entrepreneurship in Kashmir:

As a result of the above-mentioned challenges, many existing young entrepreneurs are facing a difficult fight and the looming possibility of failure. To develop an understanding of the key constraints and barriers to enterprise startups by young people in Kashmir, the SKYE Project studied the difficult journey of many young Kashmiris (especially those who were educated and unemployed) who have attempted to take the path of entrepreneurship but unfortunately failed. Due to the social stigma attached to failure in Kashmir, these young people were unwilling to allow us to present full case studies giving the specific details of their start-up experiences. However, below we summarize some common experiences and shared challenges faced by Kashmiri youth entrepreneurs who failed in their start-up journey. This is presented in a manner that is based on the observed start-up phases that many of the young people had gone through. We have also interwoven some of the relevant SKYE Baseline Survey findings.



PHASE 1: “I have a university degree. Now what?”

The pre- start-up entrepreneur

Unquestionably, a university degree is very important to have on a resume. However, academic institutions in Kashmir often promote theory rather than practical knowledge. As a result, Kashmiri graduates enter the workforce in droves with few marketable skills. They feel shocked to discover that they are unemployable. Current information on the local business environment is absent in most degree programs, including local MBA courses. Many Kashmiri youth feel defeated by the current educational system and acknowledge a gross mismatch between outdated university curriculum and the demands

of local employers. They are frustrated by the lack of job opportunities or even opportunities like internships and apprenticeships to gain business experience and build skills needed in the market. Driven by necessity, many young Kashmiris decide to try starting a business as a means of earning a living.

PHASE 2: “How do I convince them?” Winning social acceptance and support

Many aspiring young start-up entrepreneurs face an initial challenge in convincing their parents, friends, and family members that starting a business is a worthy and viable endeavor. 73% of youth surveyed in the SKYE Baseline Survey said that they face social barriers to entrepreneurship in the Kashmir Valley. Nearly 52 percent of the surveyed youth said their parents were not supportive of entrepreneurship.

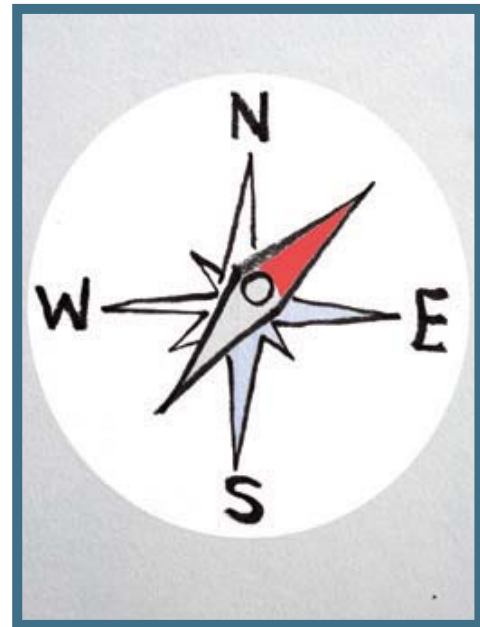


Self-employment is often perceived as a risky option; many fear that the ongoing threat of conflict will exacerbate this already uncertain path. The mindset of the older generations, often focused on stability, is often difficult to change. Increasing the social acceptance of entrepreneurship is a common challenge.

PHASE 3: “Who can I turn to for support and guidance?”

The absence of mentors and counsellors

Once a budding entrepreneur has persevered to gain the initial support of his or her immediate social circle, the next looming question is “What next?” In cases where youth have some enterprise awareness, they turn to entrepreneurship institutes such as JKEDI. But most young Kashmiris don’t know where to turn to for advice or whom to approach for professional guidance and support to answer this question. Youth interested in starting a business in Kashmir often don’t have others to turn to for guidance on the process. Both adult and peer mentors could tremendously aid young entrepreneurs to learn about business. Unfortunately, young people in Kashmir lack business-mentoring networks and university professors are often unable to fill this mentoring role.



PHASE 4: “How can I develop my business ideas?”

Mastering the planning process

A critical first step for aspiring entrepreneurs is developing a cohesive, strategic, and compelling business plan. However, many young people do not have the background knowledge necessary to identify a market opportunity and devise a profitable, professional plan. A stronger emphasis on business development services in Kashmir would ultimately support young entrepreneurs and the larger economy by guiding them through this process. But unfortunately these services are not sufficiently available and youth entrepreneurs have to guess their way through the process of planning a business.

PHASE 5: “Show me the money! Is there anyone who can help?”

The financial challenge

Not without reasons, financial institutions in Kashmir do not take young first-time entrepreneurs seriously. These youth are perceived to be risky, untrustworthy, and unreliable customers. First off, most youth are unaware of financing options and available products. When young people are aware about where to go, the entrepreneurs have to go through a long, often de-motivating process. Corruption, red tape, and overall inefficiency often cause youth to lose interest and motivation midway through the process. Youth surveyed in the SKYE Baseline Survey, perceived access to finance as the

second most significant barrier to entrepreneurship. While single-window clearance is talked about in government policies, this has not been the case in practice. First-time entrepreneurs face hurdles in account opening, document resubmissions, coming up with collaterals (mortgages and/or third-party guarantees), getting their business registered, and obtaining no-objection certificates from various government departments, etc. An extended effort and period of waiting is needed to access finance – even for government financing schemes that are specifically meant to serve the needs of first-time youth entrepreneurs. Most have to wait more than three months - sometimes this wait can last more than nine months. The long wait would have a depressing effect on any normal human being, leave aside a young person who already thinks he wasn't worth a job and his last resort to earn is self-employment. Unable to fulfil the requirements of the loan procedures or faced with a long wait, the majority of budding youth start-up entrepreneurs give up their decision to start a business at this stage.



PHASE 6: “I finally have some funding! But how exactly do I start and run my business?”

Inadequate business development services

Kashmiri youth entrepreneurs face another major challenge even after obtaining financing. They often lack comprehensive knowledge about the market and the sector they have chosen. They are also not prepared to run a start-up business. Like everywhere else in the world, the market is competitive. But in Kashmir the youth entrepreneur has to face other unique challenges like conflict, instability and a high level of corruption that makes it even more difficult to do business. Frequent strikes and curfews also don't help. Many youth start-up entrepreneurs are left holding DPR's in their hands that were written mainly to secure financing but did not think through vital

business questions. Many young entrepreneurs don't know how to manage their business, develop a product or service, price those products and services and then market them. In Kashmir, adequate business development services are lacking and mentoring by experienced entrepreneurs is hard to come by. As a result, these youth entrepreneurs find it difficult to successfully enter and compete in the market.

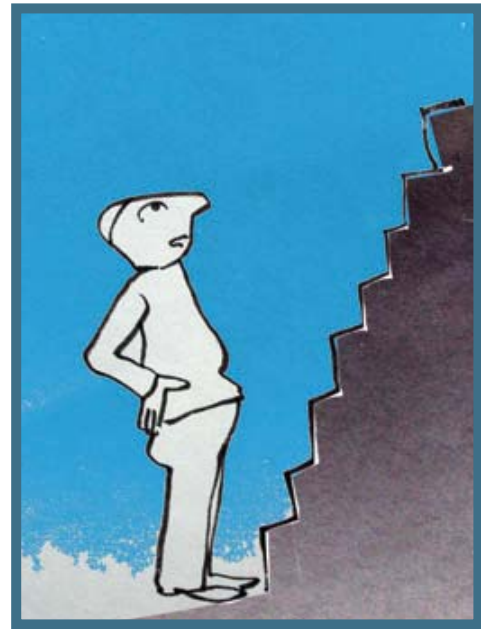
PHASE 7: “I am good for nothing” OR “I am finally ready to start a business”

Facing failure

Having secured adequate financing, the struggling entrepreneur fails to make his/her start-up a success story. After a difficult start-up journey, this failure comes as a major blow.



Adding to this, the now-failed youth entrepreneur faces social stigma, increased family disapproval and mounting debt. Ironically, the young entrepreneur has finally learned much of what he needed to know about the process of starting a business. He has gained some useful experience in the market. The entrepreneur might even have a viable business model in mind that he wishes he could go back in time to start over with. Most young Kashmiris who fail while starting-up a business are affected by deep depression and low self-esteem. They are unable and unwilling to try again. However, a fraction of these failed first-time entrepreneurs will be even more determined to start a business now. He might be driven by opportunity not necessity. These young people have caught the entrepreneurial bug and will likely succeed the second time around. However, they will face the same start-up challenges they did before and they will find it even more difficult to get a loan.



Improving the ecosystem for youth start-up entrepreneurs in Kashmir

To start-up and survive, youth entrepreneurs often have to overcome a number of prevailing barriers and constraints that combine to create a challenging environment in the Kashmir Valley. Just as the nature of the problem is multifaceted, the solution also needs to be an integrated one. Our study of the common challenges and experiences faced by youth start-up entrepreneurs confirms that the following five key factors are critical to boosting youth entrepreneurship in Kashmir:

Just as the nature of the problem is multifaceted, the solution also needs to be an integrated one.

1. **Social/Cultural Legitimacy & Acceptance;**
2. **Entrepreneurship Education & Training;**
3. **Business Assistance & Support;**
4. **Access to Finance; and**
5. **Administrative and Regulatory Framework.**

In the following chapters we take a look at each of these factors and how they can specifically be addressed to improve the youth start-up ecosystem in Kashmir. The SKYE Baseline Survey asked youth to rank possible measures that could improve entrepreneurship in Kashmir. The results were as follows:

1. **Improved entrepreneurial education and training**
2. **Increased cultural and social acceptance of entrepreneurship**
3. **Easy access to finance – loans and start-up capital**
4. **Better business development services**
5. **More supportive administrative and regulatory framework**

While the above ranking is suggestive of what Kashmiri youth feel should be the prioritiza-

tion of the agenda to improve the youth start-up ecosystem in Kashmir, it is our considered recommendation that all of five of these objectives need to be targeted in a coordinated way by the concerned stakeholders in the public sector, private sector and within civil society in the Kashmir Valley.



CHAPTER 3

SOCIAL/CULTURAL LEGITIMACY AND ACCEPTANCE OF ENTREPRENEURSHIP IN KASHMIR



*“In time past, we were;
In time future, we shall be;
Throughout the ages, we have been.”*

- Lal Ded, 14th Century Kashmiri Hindu Mystic



Social/Cultural Legitimacy and Acceptance of Entrepreneurship in Kashmir

Social and cultural influences are certainly affecting entrepreneurial activity and enterprise culture in Kashmir. The social and cultural attitude towards youth entrepreneurship is a factor that needs to be explored. An enterprise culture has been defined as a “set of attitudes, values and beliefs operating within a particular community or environment that lead to both ‘enterprising’ behaviour and aspiration towards self-employment.”¹ It is widely recognized that cultural attitudes influence the entrepreneurial activity of a population. An OECD study found that a conducive cultural environment for entrepreneurship will be one in which entrepreneurs are respected and valued and where business failure is not treated as a source of stigma and is instead viewed as a useful learning experience.² Youth respondents in the SKYE Baseline Survey

viewed increased cultural and social acceptance of entrepreneurship as the second most important measure that could improve entrepreneurship in Kashmir. This chapter examines the cultural and social influences affecting youth entrepreneurship in Kashmir and the strength of Kashmir’s enterprise culture.



The Influence of Culture

Cultural values are an important factor that help or inhibit entrepreneurial activity.³ Situated on the Ancient Silk Route, Kashmir has a vast trove of cultural traditions and heritage that it can leverage to promote a vibrant enterprise culture. Kashmir has a rich history of trade and commerce. Kashmir’s numismatic heritage, including ancient Greek and Scythian coins from the 1st and 2nd Century BC, shows that Kashmir has been engaged in trade and commerce for long. Indeed, the Rajatarangini or “River of Kings” written by Kalhana, a Kashmiri Brahmin in the 12th Century, is rich with descriptions of a bustling economy in Kashmir.

1 Gibb, A. “Stimulating New Business Development”, Stimulating Entrepreneurship and New Business Development, ILO, 1988

2 Fostering Entrepreneurship, Organization for Economic Co-operation and Development, 1998

3 Ulrich School, “Stimulating Youth Entrepreneurship”, SEED Working Paper No. 76, Series on Youth and Entrepreneurship, ILO, 2006

The influence of Shah-e-Hamadan, a 14th Century Sufi Saint who visited from Persia, on arts, culture and the economy of the Kashmir Valley cannot be overstated. Among the hundreds of followers who accompanied him to Kashmir were masters of Arts and crafts. In addition to introducing Islam in Kashmir, they introduced many skills to the Kashmir Valley – including shawl making, carpet manufacturing, cloth weaving, pottery and calligraphy. Shah-e-Hamadan and his followers equipped Kashmiris with the skills needed to create a productive hub for trade and commerce – some have even said that Kashmir was a “mini-Iran” in this period. Indeed, the wonderful products of enterprising Kashmiri artisans found a respected place in the global market and continue to provide livelihoods to Kashmiris to this day.

Dab Loug Pansz Kadam Aaye Nafhei

(One fall is worth five steps forward)

-Kashmiri Proverb on experiencing failure



Religion, as one aspect of culture, can certainly shape entrepreneurial behaviour and the nature of business. Being a predominantly Muslim society, Kashmiris are influenced by Islamic values. Islam has permitted and in fact encouraged business as a profession. Islamic principles related to business value individual enterprise and individual reward. A Kashmiri imam we spoke to explained: “Islam encourages work in general, and trade and commerce in particular. The Prophet Mohammad – peace and blessing upon him - was himself engaged in this profession. He was a successful businessman and so was his first wife, Hazrat Khadijah al-Kubra. Many of the prominent figures in Islamic history were engaged in business.” One Kashmiri businesswoman we spoke to said that her religious values are an inspiration in her work: “Islamic traditions emphasize business ethics based



Spotlight on Successful Entrepreneurs in Kashmir:



Abdul Hamid Bhat

Brief Intro

- First generation entrepreneur, serial entrepreneur
- School drop out
- Started business in 1996
- Journey from a scooter mechanic to CEO of a large group of companies

Vision:

“To serve society by creating livelihood for people and to become a role model for honesty, peace and love.”

Company:

**Rahim Group of Companies
Service of Maruti automobiles | manufacture, sale and service of gensets | sale and service of scooters | solar power solutions and more
Rahim Greens (Corporate Social Responsibility)**

25% of all final profits go towards CSR projects – planting 100,000 tree saplings, sponsoring youth football, ambulances, etc.

Performance

Turnover of around 20 crore Rupees (US\$ 4.5 million)

Employees – 250 and growing

Quote

“Entrepreneurship is all about earning for oneself and sharing success with others.”

on trust, justice, honesty and mutual respect. In business I try to make profits without forgetting these values.”

The level of “individualism” in a culture has been used as a dimension to study differences observed in entrepreneurship in Japan, Europe and the United States.⁴ A healthy level of “individualism” in a culture has been linked to entrepreneurial behaviour. Traditional Kashmiri culture lays down a healthy balance between individualism and community. Traditional Kashmiri culture also propounds values like trust, teamwork, cooperation and even environmental sustainability that are now regarded as essential to success in the 21st Century business world. There is a traditional Kashmiri proverb, often recited by grandparents and parent to children: *akh te akh gaye kah* which translates as “one plus one equals eleven”⁵. Not unlike the mathematical equation $1+1=4$ and the concept of synergy taught in the classrooms in top MBA degree programs across the globe, this axiom underscores teamwork and conveys the value and very real possibility of achieving synergy when people join hands to address shared needs and seize shared opportunities.

Certainly, Kashmir has no dearth of cultural values that could serve to encourage entrepreneurship. However, the SKYE Project’s assessment is that the level of total entrepreneurial activity of youth is remains low. It appears that cultural values alone are not enough to spur the rise of entrepreneurial activity in a society. What then are the influences that are holding back young people in Kashmir from engaging in business?

The social legitimacy and perception of entrepreneurship

The degree of approval or disapproval of business activity in a society influences the emergence of entrepreneurship – environments in which entrepreneurs enjoy greater legitimacy witness higher levels of entrepreneurial activity. In the Kashmir context, a number of factors

⁴ De, D. Fostering Entrepreneurship in Europe, Swedish Foundation for Small Business Research, 2001

⁵ This saying is the core and unifying principle of Mercy Corps Kashmir’s strategy and program aimed at catalyzing community-led and market-driven development in the Kashmir Valley.

seem to negatively influence or hinder the social acceptance of entrepreneurship.

The role of the personal environment for Kashmiri youth

Like in other societies, the opinion of parents, relatives and friends play a major role in shaping Kashmiri youth perceptions about entrepreneurship. In Kashmir, parents play a major influencing role in the career choices of youth. The family system is very powerful in Kashmir and youth are often duty bound to follow the wishes and desires of their parents.

On career choice, in Kashmir a conflict often arises between the aspirations of youth and the wishes and wants of their parents. Many youth we spoke to complain that they were not encouraged to explore their true interests and talents at a young age. As a result, many young people feel they have entered degree programs and professions that are misaligned with their interests. Some youth we spoke to add that their parents had urged or even forced them to follow medicine or engineering. Many youth recounted experiences in which their parents had expressed deep disappointment when they tried to propose career plans that diverged from the choice of their parents. Overwhelmingly, parental expectations won.

Our observation is that the majority of parents in Kashmir seem to undervalue entrepreneurship compared to a career in medicine, law, engineering, or with a private sector company or with government. Fixed-income jobs are preferred. By far, the choice that rises to the top of the list is the government job. Indeed, government jobs have long been associated with both stability and social prestige in Kashmir. The element of lingering conflict has further elevated the coveted status associated with public sector employment, as it is associated with income stability. One youth we spoke to explain the preference of his parents: “My parents see entrepreneurship as a risky and unstable. While I know I could achieve success in business, my parents would rather have me earn a paltry some as a Class 4 employee in government service. They say it’s more secure and will help

Spotlight on Successful Entrepreneurs in Kashmir:



Fayaz Bhat

Brief Intro

- First generation entrepreneur.
- Studied at National Institute of Technology, Srinagar
- Worked at National Informatics Centre as Freelance Consultant for Infosys
- Started business in 2004

Vision:

“To build a world-class company having offices through out the world and people from diverse cultures and religions working in our team. I want to add value to Kashmir, the place where I live, for my personal satisfaction.”

Company

Musky Software Solutions
Software development | IT services in financial, health, education sector | IT Consultancy | Software support

Performance

Turnover of around 4.4 crore Rupees (US\$ 1 million)

Employees – 40

Headquartered in Srinagar with offices in US and African Countries like Ghana and Nigeria

Quote

“Entrepreneurship is to be an active stakeholder in the development of the economy where the team members live and work.”



my future marriage prospects. It's very difficult to change their mindset.”

Many Kashmiri parents we spoke to view entrepreneurship as an inappropriate and uncertain career choice for their children. 53% of all youth respondents in the SKYE Baseline survey said parents were not supportive of youth entrepreneurship. Parental views about self-employment appear to be generally acting as an inhibitor rather than a catalyst for many Kashmiri youth as they consider entrepreneurship as a career path. It is very difficult for Kashmiri youth to go against the wishes of their parents. Certainly, it's hard to imagine larger numbers of Kashmiri youth starting up businesses without the approval, backing and support of their parents.

However, parental influence goes both ways in Kashmir. For many Kashmiri youth entrepreneurs, family background and social influence played a positive role in their decision to engage in business. We spoke to many entrepreneurs who told us that they were inspired to become entrepreneurs by parents, relatives or friends who were self-employed. Either way, it is clear that social influence and perceptions about entrepreneurship play a major role in the decisions of Kashmiri youth to opt or not to opt for self-employment.

The success, reputation and credibility of young entrepreneurs in Kashmir

The image, reputation and credibility of entrepreneurs in Kashmir society also seems to be having an influence on young people's attitude to entrepreneurship and starting up a business. The SKYE Baseline Survey found that 90% of all youth surveyed viewed entrepreneurship either as challenging or very challenging. Perhaps because of the difficult environment in Kashmir (conflict, etc.) and the relatively small number of successful young entrepreneurs, many Kashmiri youth think it is impossible to start a business and compete in the private sector.

The high prevalence of corruption and unethical competition in the Kashmir market also seems to have impacted youth perceptions of entrepreneurship. One youth shared a particularly downbeat view on entrepreneurship: “If you want to succeed in business in Kashmir you have to align yourself with those in power. No matter how good you are, you can't get ahead without paying bribes. Kashmir is not a meritocracy.” A successful Kashmiri businessman we spoke to shared with us his view that the plague of corruption is creating a harmful attitude towards entrepreneurship in Kashmir: “There is so much corruption in Kashmir. The corrupt brazenly display their wealth whenever they get a chance. People automatically think that economic success is ill-gotten. I have worked honestly and very hard to succeed. But I feel shy about displaying my wealth. I fear people will view me as corrupt.” One youth entrepreneur we spoke to even linked Kashmir's “brain drain” to corruption: “Many Kashmiris prefer to go out and start-up businesses in other markets where corruption is not so rampant. If corruption was not so high there would be more Kashmiri enterprises operating that could take advantage of our greatest asset: our brains”.

Young entrepreneurs who are starting up business in Kashmir complain that they face a major challenge of building their reputation. Lacking age and experience, many entrepreneurs regret that they are not taken seriously by other business people, potential customers, government officials and funding agencies. Many young start-up entrepreneurs we spoke

to say that they face “age discrimination” when trying to get a loan – that their application are judged by their age and not by the viability of the proposed business.

Awareness of entrepreneurship in Kashmir

Another factor that impacts youth perception of entrepreneurship appears to be the level of awareness of and familiarity with the concept of entrepreneurship as a viable career path. The SKYE Baseline Survey, merely 28% of all youth surveyed said they have knowledge/awareness about existing successful entrepreneurs/enterprises in Kashmir. Kashmiri students are not aware of this career path and the experiences of those who have taken it. One reason appears to be the education system’s lack of attention to the subject of entrepreneurs and entrepreneurship. There are a large number of successful entrepreneurs in Kashmir – unfortunately, it appears that the majority of youth are unacquainted with their stories. One youth we spoke to shared that there is a general lack of awareness in society about the concept of entrepreneurship: “There should be counselling of parents, teachers and religious scholars.”

The stigma of failure

There is social stigma associated with business failure or failure of other types in Kashmir. The results of the SKYE Baseline Survey shed some light on this dimension. Roughly 50% of all youth surveyed said they viewed “stigma of failure” as a de-motivator (fear) for entrepreneurship in Kashmir. It cannot be said that failure is widely viewed as a learning experience in Kashmir. One youth interviewed shared that: “Failure stories about Kashmiri entrepreneurs are highlighted in such a way that youth are demotivated to engage in business.”

Social Acceptance of Women Entrepreneurs and Gender Discrimination

Entrepreneurship is very limited amongst Kashmiri women, especially in the formal sector. A

Spotlight on Successful Entrepreneurs in Kashmir:



Gazalla Amin

Brief Intro

- First generation entrepreneur
- Studied Medicine
- Started business in 2006
- Won First State Award for Progressive Farming

Vision:

“To make farmers understand that their crops are cash and can be cash.”

Company

Fasiam Agro Farms (Product Company)
Value addition | Essential Oils like Lavender, Rose, Clary Sage, etc.| Rosewater | Dried Lavender flowers

Agro- Con Consultancy (Service Company)
Consultancy for preparation for DPR in agriculture, horticulture sector including MAPS | Hand-holding of farmers by way of introducing high value and high density plantation of various crops until the land of farmers becomes profitable | Taking up of projects for eco-parks especially those related to MAPS

Performance

Turnover of around 30 lakh Rupees (US\$ 70,000)

Employees

- 7 permanent and 100+ on contractual basis

Quote

“The best entrepreneur is one who finds out what the world needs and gives it to them.”

recent study conducted by the Centre for Women Studies in Kashmir estimated that women-run businesses constitute less than 5% of all businesses in the formal sector in Kashmir and, in a survey of Kashmiri women entrepreneurs, found that 78% of respondents felt that gender inequalities pose a major problem in women entrepreneurship in Kashmir.⁶ The same study found that social acceptance was a major challenge for women entrepreneurs. One Kashmiri businesswoman we spoke to describe this challenge: “If females do not pursue government work, medicine, or engineering, they feel pressed to fall into the gender-stereotyped jobs such as teachers . . . women are not accepted in men dominant work, they face gender inequalities at every step of the entrepreneurial process starting from social acceptance to the final stage of venture formation”. Another Kashmiri woman entrepreneur we spoke to explained her challenges: “Women as entrepreneurs are not even taken seriously, neither by society nor by the financial institutions that have to fund them...”



⁶ Shazia Sadaf. Women entrepreneurship in Kashmir” women Studies Centre. Kashmir. March 2011

CHAPTER 4

ENTREPRENEURSHIP EDUCATION AND TRAINING IN KASHMIR



*“Give a man a fish and you feed him for a day.
Teach a man to fish and you feed him for a lifetime.”*

Chinese Proverb



Entrepreneurship Education and Training in Kashmir

Education in Kashmir

Access to education has significantly increased over the past six decades in Kashmir. Indeed, Kashmir's youth population is highly educated. The literacy rate in the Kashmir Valley is 74% for people between the ages of 18 to 35 years¹ – one of the highest in South Asia. However, higher education is not leading to economic success for Kashmiri youth. Although Kashmir has a large body of highly literate, educated youth, the antiquated education system actually contributes to the issue of unemployment by failing to provide young people with skills and knowledge essential to compete in today's world. Today, there is a clear mismatch between the supply of labor and the demands of the market in Kashmir. As mentioned earlier, there are upwards of 600,000 educated unemployed youth – including many thousands of college-educated youth.² An official survey suggested that



Competitiveness starts not on the factory floor or in the engineering lab. It starts in the classroom.

- Henry Ford

unemployment amongst college graduates and post-graduates is more pronounced than other categories of unemployed and is on the increase.³

Certainly, conflict and its impact on the local market have held back Kashmir's economy and the growth of jobs in the Kashmiri private sector. However, there is a need to also look at the supply side of the labour market in Kashmir and examine the quality and relevance of the education provided. Over the past few decades, the education system in Kashmir has largely focused on preparing students for government jobs and other job-for-life careers. Like other contexts in South Asia, the current educational system in the Kashmir Valley desperately needs to orient itself to the demands of the 21st Century.

¹ Census Data, Govt of India

² DECC Data, J&K Govt

³ Economic Survey 2009-10, Directorate of Economics and Statistics, J&K Govt

The Partnership for 21st Century Skills has developed a “Framework for 21st Century Learning” that lays out a vision for student success in the new global economy.⁴ This framework emphasizes the development of strong thinking and interpersonal skills, such as creativity, innovation, critical thinking, problem solving, communications, teamwork, and strong work ethics. Young people need these skills not only to succeed in the labor market but also to make a healthy transition to adulthood, participate as active members of society and care for their families. It also stresses the need to focus on building a range of basic skills and core competencies needed to produce a flexible, adaptable, multi-skilled, and trainable youth cohort prepared for employment in both the formal and informal sectors of the economy and higher education and training. Beyond knowledge and theory, the framework advocates taking students out into the world and creating opportunities for students to interact with each other, with teachers and with other knowledgeable adults in real-life learning experiences. A look at the current educational system in Kashmir reveals that these skills and methods are not emphasized at all. As a result, schools, colleges and universities in Kashmir are failing to prepare youth for success in the 21st Century.

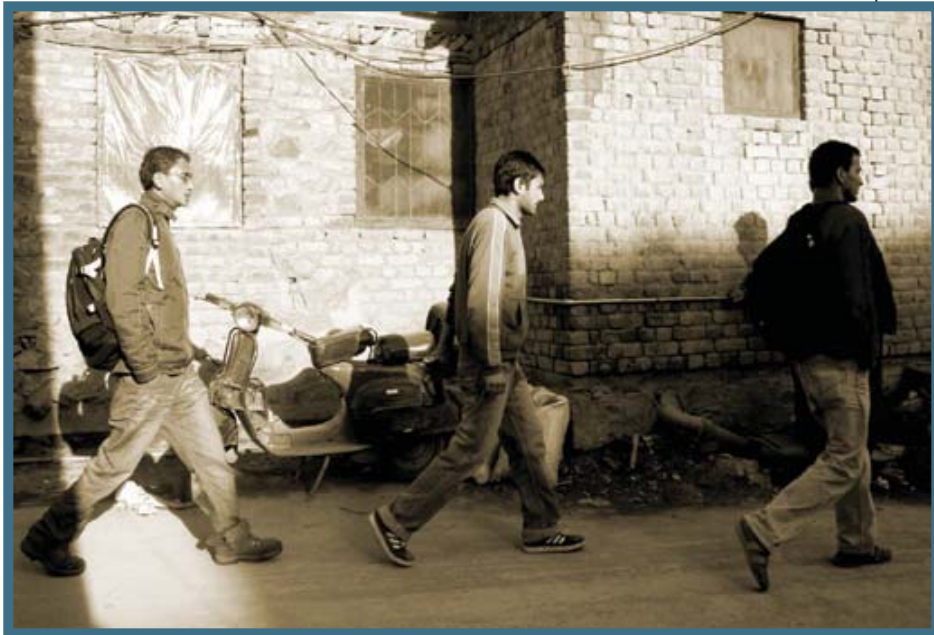
Educational constraints to entrepreneurship in Kashmir

Among the various core subjects and interdisciplinary themes the above-mentioned framework recommends to be included as a basic part of education is: “Financial, Economic, Business and Entrepreneurial Literacy.” This interdisciplinary theme focuses on helping youth develop entrepreneurial skills, attitudes, qualities, and attitudes. It also aims to develop enterprise awareness

to help youth understand and realize entrepreneurship as a career option. It is widely recognized that including entrepreneurship education from an early age encourages and equips students to become entrepreneurs. Here, the “catch them young” adage aptly applies.

The current educational system in Kashmir does not adequately support

and promote entrepreneurship. Teachers largely emphasize compliance to the norm as a value and rarely encourage entrepreneurial values like independent thinking and acting, risk-taking and self-reliance. Furthermore, there is mono-focal emphasis on examinations and tests scores rather than building testing skills through projects. While entrepreneurship education in college, university or through short training programs can build knowledge



⁴ This framework has been included as an annex in case it is useful to those who may be thinking about how to overhaul Kashmir's education system. For more information see: <http://www.p21.org/>



Spotlight on Entrepreneurial Skills

DECISION-MAKING
INNOVATION CREATIVITY
NEGOTIATION COMMUNICATION
PLANNING RELATIONSHIP BUILDING
LEADERSHIP
PERSUASIVENESS PROBLEM SOLVING
STRATEGY

Attributes

Self-confidence, autonomous, achievement oriented, versatile, dynamic, resilient, resourceful, calculated risk-taker, futuristic, adaptive, hardworking, persistent, passionate, trustworthy, ethical

Behaviours

Acting independently, actively seeking to achieve goals, flexibility, coping with uncertainty, risk-taking, opportunity seeking, pragmatic approach

and skills in young adults, they are less successful in shaping broader attitudes and behaviors that motivate young people and influence enterprise culture. As far as our study reveals, there is no effort at the primary, secondary or high-secondary levels of education in Kashmir to introduce the philosophy of entrepreneurship and prepare the ground for entrepreneurship as a viable career option. This general lack of introduction and adoption of enterprise education and

awareness raising in the formal education system has had an impact on Kashmir's enterprise culture. A Kashmiri professor we spoke to said that addressing this gap would yield great benefits: "Entrepreneurship education will groom, nurture and mentor youth to not only succeed in the infinite regime of growth but also create a multiplier effect which would boost and motivate ten other people to start up."

Entrepreneurship is not taught as a cross-disciplinary subject in colleges and universities. It is restricted to the business-related degree programs and a few engineering programs. The SKYE Baseline Survey included a number of questions to assess youth perceptions about entrepreneurship education and counseling at the college and university levels in Kashmir. Key findings included:

- **81%** of all youth surveyed said that local college and university curriculum do not provide adequate knowledge and guidance on starting a business in Kashmir
- **68%** of all youth surveyed said local colleges and universities do not collaborate with existing business owners to provide young people with practical and technical knowledge on starting a business in Kashmir

- **89%** of all youth surveyed said they do not know about any available internships or apprenticeships that provide young entrepreneurs with opportunities to enhance relevant technical and soft skills.

The above results suggest that there is more than ample room to strengthen entrepreneurship education and guidance in general at the college and university level in Kashmir. It is important to note that Kashmir's small but emerging private sector could play an important role in boosting entrepreneurship education by joining hands with colleges and universities.

While entrepreneurship is taught as a subject in business-related programs in Kashmir – including the Bachelors and Masters degrees in Business Administration – teaching on entrepreneurship is restricted to theory and does not include practical and experiential learning methods. Professors rarely use case study methods - the few that do rely on hypothetical or outdated cases of companies operating outside of Kashmir. Local market opportunities are rarely touched and the specifics of starting a business in Kashmir are not taught. While business students are placed in companies inside and even outside of Kashmir to gain exposure and experience, these learning experiences are focused on the job environment and not starting an enterprise. MBA students we spoke to, including

Kashmir's small but emerging private sector could play an important role in boosting entrepreneurship education by joining hands with colleges and universities.

the dozens who participated in the SKYE Project's market opportunity research, said that the emphasis of their learning is on management and processes like strategic planning, human resources, finance and marketing. They shared that skills they learn are focused on working for companies and organizations and there is little to no focus on

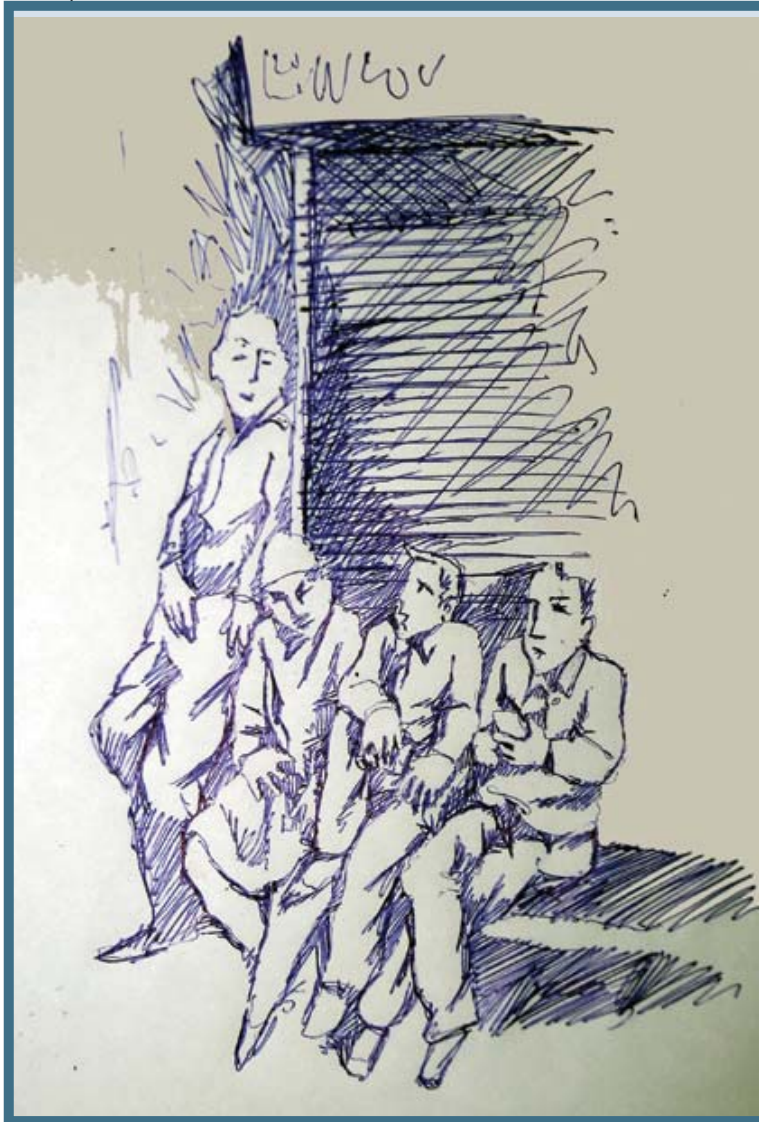


business start-up. One MBA student shared his frustration: “Most of us are one-track. We'll look for government jobs or possibly jobs in banking or maybe insurance. I am personally very interested in starting a business. But our program trains us to be managers, not entrepreneurs.” A number of professors teaching business in Kashmir that we interviewed acknowledged the need to pay more attention to entrepreneurship education and training. A professor teaching at Kashmir University's Business School shared: “Student curiosity and interest in entrepreneurship is increasing. We need to do more. Recently, we started



a speakers series. We hope to invite existing entrepreneurs to interact with our students.”

The only full-time program that focuses on entrepreneurship is the degree offered by the Craft Development Institute and that too with a narrow focus on the handicraft sector. The only institution in the Kashmir Valley solely focused on entrepreneurship is J&K Entrepreneurship Development Institute (JKEDI), which offers short training programs on entrepreneurship and aims to offer a package of business development support services to aspiring youth entrepreneurs. Elements of education and training are built into a number



of government policies and programs meant to promote self-employment. Observation of the few existing entrepreneurship training programs suggest that there is plenty of room for improvement in curriculum and pedagogy. Indeed, officials heading these programs acknowledge the same and are enthusiastic about receiving suggestions. Another apparent constraint is that Kashmiri youth are largely unaware of such programs. The SKYE Baseline Survey found that a significant majority of youth surveyed (82%) are not aware of entrepreneurship development institutes and programs in the state.

Kashmiri youth who aspire to be entrepreneurs don't get the training they need from the formal educational system. In the SKYE Baseline Survey, improving entrepreneurial education and training ranked as the number one priority for youth respondents on a list of measures that could improve entrepreneurship in Kashmir. Surveyed youth said that a "lack of skills" was a de-motivator to engage in entrepreneurship - preceded by ongoing conflict, financial risks,

and corruption, it was ranked fourth in a list of factors that de-motivate youth to engage in business. Indeed, 91% of all youth surveyed said that a lack of business knowledge and practical professional experience hinders young people from starting a business. There is certainly much more that can be done to address this constraint in Kashmir.

CHAPTER 5

BUSINESS ASSISTANCE & SUPPORT FOR YOUNG START-UP ENTREPRENEURS IN KASHMIR



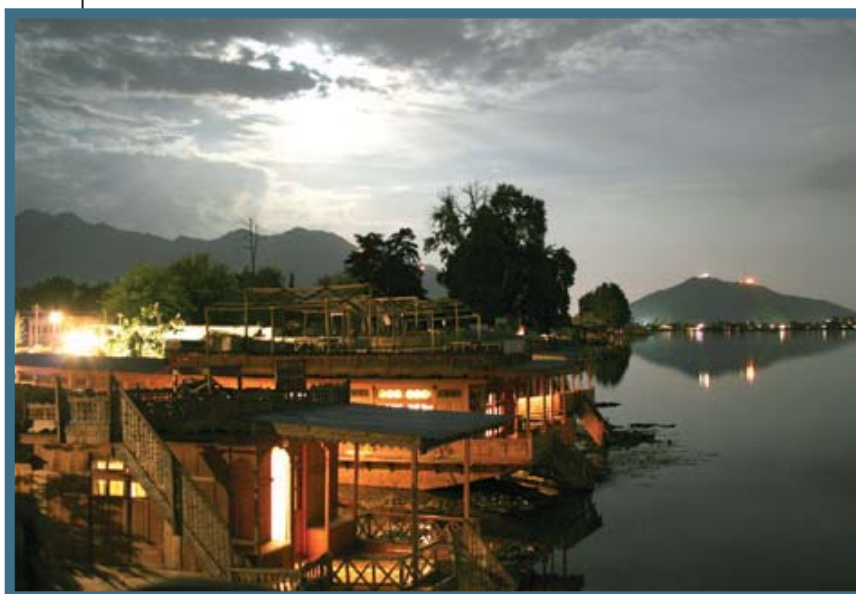
Ath e ditam te bronth yetam (Come forward, Lend me your)

Kashmiri Proverb



The importance of BAS/BDS for young start-up entrepreneurs in Kashmir

The SKYE Baseline Survey findings suggest that there is currently a general lack of knowledge and awareness on how to start and run a business among young Kashmiri people. Increasing the degree and quality of business assistance a young start-up entrepreneur receives in the early stages of his or her entrepreneurial journey increases the likelihood of success and survival of the enterprise. Business assistance and support (BAS), also often referred to as Business development services (BDS)¹, are generally defined as: “services that improve the performance of the enterprise, its access to markets, and its ability to compete”.²



The SKYE Project has adopted a definition of BDS as formal and informal non-financial services that can help young entrepreneurs starting up their business transform their fledgling ventures into successful enterprises. BDS helps start-up and existing businesses become more profitable by assisting them in: 1) effectively developing and creating quality products, 2) accessing higher value markets, 3) efficiently managing their business, and

4) improving and building their business in general. BDS can include such support as: training, market support, consulting, advocacy, access to technology, business information, business linkages, and infrastructure development. It includes other non-financial support services like mentoring, support networks, business clubs, and incubators – that are particularly useful and effective in helping young start-up entrepreneurs to succeed.

In addition to the normal challenges that start-ups face, businesses in Kashmir face a number of unique constraints. In a place like the Kashmir Valley, where conflict has damaged infrastructure, scared away investment, and reduced both social and human capital, BDS for youth start-up entrepreneurs is very important. Over the past two decades, the Kashmiri private sector has suffered a loss of entrepreneurial expertise, networks and customers. In Kashmir’s unstable and unpredictable environment, youth entrepreneurs urgently need support to obtain finance, develop and maintain stable business networks and contact with customers and suppliers, and in the overall planning and management of their enterprises. Given the low levels of entrepreneurship education and awareness in Kashmir, BDS for Kashmiri youth start-up entrepreneurs is particularly important to help them avoid failure and to realize their full potential.

¹ The terms Business Assistance and Support (BAS) and Business Development Services (BDS) are often used interchangeably, but sometimes differ, in the literature. The SKYE Project treats and uses the terms BAS and BDS synonymously.

² Committee of Donor Agencies for Small Enterprise Development, UNDP, 2001

Existing Business Development Services in Kashmir

Existing business development services in the Kashmir Valley are very limited and are mostly offered by government departments or in the form of technical extension by universities in Kashmir. Some common examples of this type of BDS available in Kashmir include technical training and other support offered by the Agriculture Department or Horticulture Department to agribusinesses or expert advice offered by academics and researchers in the Sher-i-Kashmir University of Agriculture Science and Technology (SKUAST). In many cases, infrastructure like fruit and vegetable markets and industrial space is a key service provided by the government in Kashmir. The Ministry of IT has even announced plans to develop a technology park to address the dire infrastructure needs (office space, internet bandwidth, etc.) of Kashmiri enterprises working in the Information and Communications Technology (ICT) sector. In some cases, these BDS providers also offer access to inputs such as the Regional Research Laboratory (RRL) that helps entrepreneurs access planting material for cultivating medical and aromatic plants in Kashmir.

There are dozens of government departments that exist to provide services to various sectors in Kashmir. The majority of BDS offered by the public sector can be characterized as sector-specific and technical extension. In Kashmir, public services and delivery mechanisms in general face challenges with regards to performance and impact. Existing business development support services offered by the public sector are not market-driven and are not tailored or customized to serve the specific needs of youth start-up enterprises.

There are only a few public sector institutions in Kashmir that aim to offer BDS specifically to start-up entrepreneurs including youth. Some of these government and

Various Types of BDS

Market access

Market research | Market information | Trade fairs | Product exhibitions | Advertising

Packaging | Marketing trips and meeting | Subcontracting and outsourcing, etc.

Infrastructure

Storage and warehousing | Transport and delivery | Business incubators & technology parks | Telecommunications | Internet access | Computer access | Secretarial services, etc.

Policy and Advocacy

Training in policy advocacy | Analysis of policy constraints and opportunities | Direct advocacy on behalf of MSMEs and entrepreneurs | Sponsorship of conferences | Policy studies, etc.

Input supply

Linking MSMEs to input suppliers | Improving suppliers' capacity to deliver quality inputs | Facilitating establishment of bulk buying groups | Information on input supply sources, etc.

Training and technical assistance

Mentoring | Feasibility studies | Business plans | Franchising | Management training | Counseling | advisory services | Legal services | Financial and tax advice | Accountancy and bookkeeping | Technical training, etc.

Technology and product development

Technology transfer | commercialization | Linking MSMEs and technology suppliers | Facilitating technology procurement | Quality assurance programmes | Design services, etc.

Alternative financing mechanisms

Factoring companies providing capital for confirmed orders | Equity financing | Facilitating supplier credit | Equipment leasing and rental, etc.

(Source: ILO BDS Reader, 2003)



semi-government BDS providers are listed below along with summaries of their official descriptions:

Jammu and Kashmir Entrepreneurship Development Institute (JKEDI):

Jammu & Kashmir Entrepreneurship Development Institute (J&KEDI), a pioneering institute of entrepreneurship development in the state of Jammu and Kashmir, is playing a major role in providing a pro-entrepreneurial environment to foster the progress and prosperity of the state. The raison d'être of this institute is to assist the Government in formulating and implementing its policies for entrepreneurship development by helping the practicing and potential entrepreneurs through a host of services like research, consultancy, information, training and education. The institute offers an effective platform to the exciting and potential entrepreneurs to share their experiences for common good, discuss their pre-potent issues and in turn gain wisdom enabling them to street their ventures towards profitability. Established by the J&K Government in March 1997 as a semi-autonomous society, the Institute started its regular activities from February 2004.



<http://www.jkedi.org/>

Craft Development Institute, Srinagar (CDI, Srinagar):

CDI, Srinagar is an autonomous institute established by the office of DC-Handicrafts, Ministry of Textiles, Government of India and the Department of Industries & Commerce (Directorate of Handicrafts), Government of Jammu & Kashmir. Established in February 2004, CDI adopts a holistic approach to handicrafts development by maximizing the potential of skill-based activities, in as many ways as possible. Located in Srinagar, CDI draws inspiration from the rich heritage of arts and crafts in Jammu & Kashmir and brings together various stakeholders, individuals and agencies working in the sector to co-partner in implementing a sustainable development process. By providing a forum for creative exchange and knowledge creation across design, management and technology, CDI endeavours to create new avenues for innovation and entrepreneurship in handicrafts. CDI offers full-fledged professional educational programmes for young people who seek careers/entrepreneurial opportunities in the handicrafts sector. The Institute also co-participates in mentoring new generation artisans through skill-based training and workshops. Additionally, CDI helps regional crafts people to adopt mainstream requirements of quality and production while also assisting them to meaningfully translate contemporary design/market trends, and issues of standards, certifications and compliances.

<http://www.cdigr.org/>

Jammu & Kashmir State Woman's Development Corporation (JK-WDC):

Jammu & Kashmir State Women's Development Corporation was incorporated in the year 1991 as State Chanellising Agency and started functioning w.e.f. 1994. The Corporation is implementing a number of Developmental Schemes of State as well as Central Government for Socio- Economic Up-liftment of Women with a special focus on the families living Below Poverty Line (BPL) & Women belonging to Minorities, Backward & Other Classes. Objectives include: identification and promotion of women entrepreneurs; conducting of awareness camps and identifying women for various activities by which they can be empowered; empowering women by helping them to establish income generating units by providing soft loan at a very low rate of interest; identification of activities, trades, for skill upgradation training and thereof framing Self Help Groups amongst them for providing micro credit; to empower women by framing Self Help Groups.

www.jkwdc.com/

Entrepreneurship Development Cell (EDC), University of Kashmir:

Established at University Science Instrumentation Centre (USIC), University of Kashmir, Srinagar, in 2007 with an objective to promote and inculcate a spirit of technology-based entrepreneurship in the youth of the state of Jammu and Kashmir and encourage indigenous technology innovation, incubation and commercialization. The Department of Science and Technology (DST), New Delhi, Government of India support EDC.³ EDC conducts various training programs and events for young people interested in technology and entrepreneurship.

Micro, Small and Medium Enterprises (MSME) Development Institute, Jammu and Kashmir:

MSME Development Institute (formerly Small Industries Service Institute), established in 1958 in Srinagar, is extending managerial and economic consultancy services for the development of Micro, Small and Medium Enterprises. It provides a range of industrial extension services ranging from identification of suitable lines of production to marketing of the product. Facilities for consultancy services are being provided in the fields of Mechanical, Metallurgy, Electrical, Leather and Footwear, Food, Glass and Ceramic, Chemical and Biotechnology. Industrial Management and Economic Investigation services are also available with the institute. The Ministry of MSME, Government of India, governs the institute.

<http://www.msmedijammu.gov.in/>

There are also a number of business development services that are offered through the private sector that provide start-up entrepreneurs with assistance and guidance. Many of these are industrial consultancies that provide entrepreneurs a wide array of business development services and business assistance and support. This usually includes helping start-up entrepreneurs develop a Detailed Project Report (DPR). These DPR's detail the plans for a business and are needed by entrepreneurs when they apply for loans and other financing like the J&K Government's SKEWPY Seed Capital Scheme. While not exhaustive, the following is a list of some Valley-based industrial consultancies registered with JKEDI :⁴

³ Performance Report Of EDC

⁴ List provided by JKEDI



- 1) Wizkid Consultancy and Financial Services, Raj Bagh, Srinagar
- 2) MAJ Consulting Eng. Services (MCES), Near Municipal Corporation, Srinagar
- 3) Food Hospitality Consultants, Safa Kadal, Srinagar
- 4) Maxon Consultancy , Barbarshah, Srinagar
- 5) Green Village Society, Gonikhan Hazuri bagh Srinagar
- 6) Paragon Financial Analysts and Consultants, Court Road, Srinagar
- 7) Saob Economic Research Consultancy, Srinagar
- 8) Millennium Industrial Consultancy, Budshah Chowk ,Srinagar
- 9) Design Aid Consultancy, Chatapora, Pulwama
- 10) Maple Consultancy, Exchange Road, Srinagar
- 11) Industrial Solutions, Dr. Ali Jan Complex, Srinagar
- 12) Design Ethos, Opposite SMC, Srinagar
- 13) M.A.P.S., Khanyar, Srinagar
- 14) Sun Tech Consultancy, Raj Bagh, Srinagar
- 15) AM Consultancy, Dalgate, Srinagar
- 16) Elite Consultancy, KP Road, Anantnag
- 17) Jalali Industries and Financial Consultants, Budshah Chowk, Srinagar
- 18) Apex Industrial Consultancy, Court Road, Srinagar
- 19) Consortium of Consultants, Hazratbal Srinagar
- 20) Able Consultancy, Jawahar Nagar, Srinagar
- 21) Holistic Solutions Pvt. Ltd. , Dr. Ali Jan Complex, Srinagar
- 22) Socio Economic Bureau Consultancy, Srinagar
- 23) MIC Industrial Consultancy, Pratap Park, Srinagar
- 24) M.S. Food Hospitality Consultant and Training, Safa Kadal, Srinagar
- 25) Kashmir Entrepreneurship Consultancy, Srinagar

There are also a number of business associations in Kashmir that advocate the interests of the Kashmiri private sector and entrepreneurs in general. These include organizations like: Kashmir Chamber of Commerce and Industries (KCCI), Federation of Chambers of Industries Kashmir (FCIK), and the Kashmir Chapter of the Confederation of Indian Industries (CII-Kashmir). There are also many sector-specific business associations in tourism,



food processing, and even organizations focused on the ICT Sector like the Information & Communications Technology Association of Jammu & Kashmir (ICTA).

The Ministry of Micro Small and Medium Enterprises (MSME), Government of India, has empanelled KCCI and trained its staff to implement a handholding support program for Micro and Small enterprises in the 10 districts of the Kashmir Valley. KCCI has plans to increase its handholding of entrepreneurs in Kashmir. The Federation of Indian Chambers of

Commerce and Industry (FICCI) has also said that it plans to initiate support for technol-

ogy entrepreneurs in Kashmir.

Gap Analysis: Business Assistance and Support for Kashmiri Youth Start-up Entrepreneurs

Unfortunately, our study reveals that there are a number of key deficiencies in the area of business assistance and support in the Kashmir Valley when it comes to the particular needs of Kashmiri youth start-up entrepreneurs.

Lack of youth knowledge of available business support services in Kashmir

Young entrepreneurs in Kashmir do not make much use of business support services. For example, as of June 2011 the JKEDI has only trained 1804 youth entrepreneurs in the Kashmir Valley till date.⁵ A key reason for low uptake appears to be that youth are not aware of the various public and private business support services in Kashmir. The SKYE Baseline Survey asked youth about their knowledge and awareness of various types of business development services (product/service development, financial management, etc.) available in Kashmir – more than 59% of all youth surveyed were not aware that they exist. 82% of all youth surveyed in the SKYE Baseline Survey said that they have not heard about the entrepreneurship development institutes and programs in the state. 79% of all youth surveyed in the SKYE Baseline Survey said that they have no access to entrepreneurship knowledge and resources. Many young entrepreneurs we spoke to said they are aware of many excellent online knowledge resources that specifically cater to the needs of youth start-ups. However, they complained that there is no web portal that provides localized and customized information and resources targeted at the needs of Kashmiri youth start-ups and the Kashmir market.

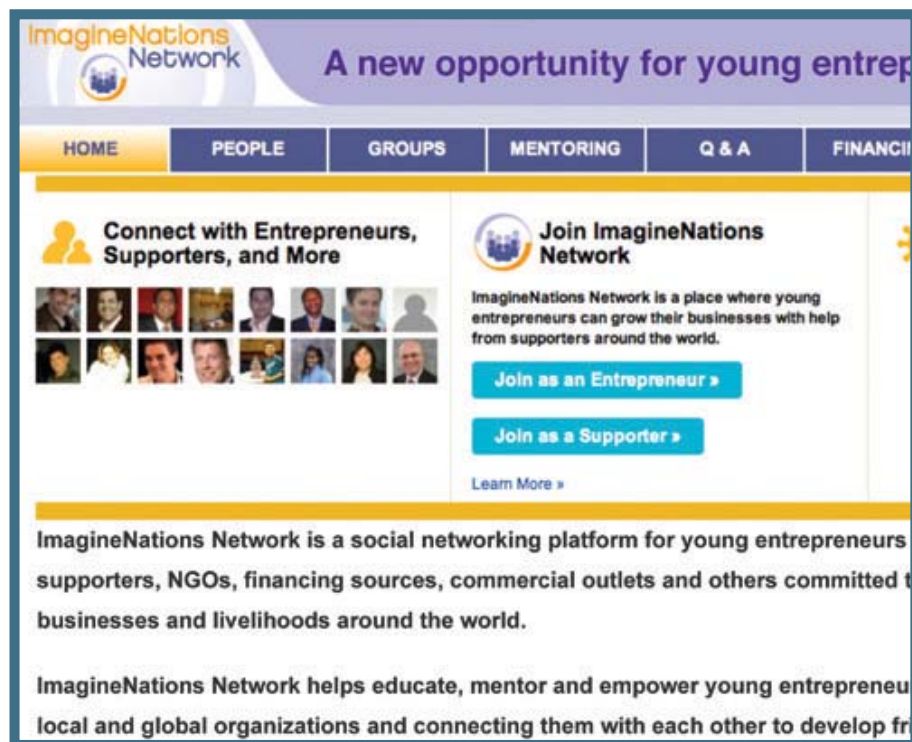


Lack of tailor-made business training and advice for Kashmir youth start-ups

80% of all youth surveyed in the SKYE Baseline Survey felt that existing entrepreneurship institutes are not able to adequately support potential entrepreneurs in the Valley. While the reasons for this impression may directly relate to a lack of awareness and need to be further analyzed and studied, there is plenty of room to build the capacity of business

⁵ JKEDI Data as of June 22, 2011





development support service providers to customize their offerings to better serve the needs of youth start-ups in Kashmir. While useful informal advice is often given, our study of existing entrepreneurship training programs reveals that the curriculum is not tailor-made to address the situations youth entrepreneurs in Kashmir face during start-up. Also, many young entrepreneurs are attracted to new sectors like ICT (software development, business process outsourcing, etc.). The current training programs do not adequately address the technical aspects of starting up a business in these emerging sectors. While exposure trips and visits to companies are integrated in many training programs and are helpful, there is a lack of on-the-job training opportunities for young people focused on technical aspects of starting a business. 89% of all youth surveyed in the SKYE Baseline Survey said that they do not know about any available internships or apprenticeships that provide young entrepreneurs with opportunities to enhance relevant technical and soft skills. One youth start-up entrepreneur we spoke to shared: “We have all of the theory in the world but no practice or opportunity to learn hard skills.”

Lack of business connections

Many of the Kashmiri youth start-up entrepreneurs we spoke to often complained about the absence of business networks focused on youth. They say that business contacts are critical when you are getting started and they don’t know where or how to get started with building their networks. 72% of all youth surveyed in the SKYE Baseline Survey said that they have no knowledge/awareness about existing entrepreneurs/enterprises in Kashmir. It is possible that the entrepreneurial isolation that young Kashmiri entrepreneurs currently feel may be linked to the currently low visibility of Kashmir’s private sector and its less active engagement with youth. Social networking sites like Facebook and LinkedIn have been one of the few resources that young entrepreneurs have been able to access to develop

business contacts. But there is no major online platform for business networking that focuses on the Kashmir market.

Lack of mentoring

One of the most useful support services that can be provided to youth start-up entrepreneurs in Kashmir is mentoring programs that match them with experienced entrepreneurs, business leaders and professionals. The Indus Entrepreneurs (TiE), a global business network, has found mentoring to be a very effective investment in helping young entrepreneurs to succeed.⁶ Mentoring is of extreme importance in Kashmir, as universities often don't provide adequate practical training on business start-up in Kashmir. Mentors can be of particular importance for youth in Kashmir as business leaders can profoundly influence both the personal and professional success of young aspiring entrepreneurs. Unfortunately, there is currently no organized mentoring program in Kashmir. A number of successful Kashmiri entrepreneurs we spoke to say that they do mentor up and coming youth start-ups. Many of the business leaders we spoke say that they would love to mentor Kashmiri youth on business but that they don't have time to go out and search for youth who are in need of guidance. On this front, the only existing initiative is the Imagine Network (www.imagine-network.org), a global web-based platform that matches mentors with youth entrepreneur. This platform was jointly developed by Mercy Corps, ImagineNations and the World Bank's Global Partnership for Youth Investment. In 2010, Mercy Corps rolled out this networking service in the Kashmir Valley. Today, there are currently more than four hundred aspiring Kashmiri youth entrepreneurs who have joined the online network, but only a dozen mentors from Kashmir. On the mentoring side of business assistance and support in Kashmir, much more is

⁶ For more info see: <http://www.tie.org>

Frequently Asked Questions about Mentoring

Who is a mentor?

A mentor is someone with advanced business experience who serves as a trusted confidante to a young start-up entrepreneur over an extended period of time.

Why mentor?

First and foremost, mentors work with youth as a way of giving back to their community and to serve society at large. Individuals may also mentor to develop their skills as a teacher, manager, strategist, or consultant. A true mentoring relationship also works in both directions, with mutual learning from mentor and mentee.

How does mentoring help?

But whatever the benefits to the mentor, the benefits to an aspiring or a budding young entrepreneur, are even greater:

- **Where else can an entrepreneur turn?** There's no boss any more to turn to for advice or direction—maybe not even any employees yet. Everybody needs a good reliable sounding board, second opinion, and sometimes just emotional support.
- **An Opportunity to Learn from others' mistakes and successes.** Their main role is to share the lessons from their experience in the hopes that one can learn them a bit more quickly and easily.
- **It's (usually) free.** For a start up, that's a major factor. While good coaches and consultants may be able to offer some things that a mentor doesn't, it comes at a price.
- **Expand the social network.** The mentor being an experienced businessperson, is likely to have an extensive network, and can offer access to far more senior decision-makers. And they will be far more willing to open that network than some casual acquaintance from a networking meeting.
- **A trusted, long-term relationship.** A mentor has no ulterior motive—no service or product to sell. That combined with their experience creates a good foundation for trust. And as the relationship develops over time, that trust can grow even stronger. Also, the time spent with them becomes more and more efficient.

needed to be done – both online and on the ground.

The Business Plan and the need for detailed business assistance and support for youth start-up entrepreneurs in Kashmir

The process of starting up a business is a demanding exercise that requires detailed planning and strategy. Kashmiri youth start-up entrepreneurs, who lack business experience, require detailed support and assistance in this process. As explained above, often young Kashmiris interested in starting up a business are not aware of where to get or are unable to get the proper assistance they need while planning a business. As a result of poor planning, many Kashmiri youth start-ups are not strategically targeted at the market and also face business challenges they could have anticipated or prevented. To underscore the need for proper start-up planning and to provide a sense of just how involved the process of planning a business is for Kashmiri youth, we detail below the basic elements of a business plan.

Elements of a Business Plan

Every new venture should have a business plan. A business plan is the formal written expression of the entrepreneurial vision, describing the strategy and operations of the proposed venture. These plans also have other titles, depending on the intended audience. Presented to a banker or government-financing scheme, it may be called a “detailed project report” or “loan proposal.” A venture capital group might call it the “venture plan” or “investment prospectus.”

The advantages of writing a business plan far outweigh the costs. The purpose of the plan is to enable the entrepreneur to fully think through his or her mission, objectives, goals, strategy, and expenses, thus creating a well thought-out long-term vision for the business. For seasoned businesses, these plans aid top executives of the firm to think about their business in a comprehensive way, to communicate their objectives to individuals who may have a stake in the firm’s future, to have a basis for making decisions, and to facilitate the planning process.

Entrepreneurs should undertake the task of preparing the business plan personally. Although outsiders - consultants, technical experts, mentors, accountants, and lawyers - should be tapped for their advice and expertise, the entrepreneur or the initial top management team should be responsible for the development and writing. Personally drafting the plan will enable the entrepreneurs to think through all aspects of the proposed business and ensure that they are familiar with all the details and associated costs, for they will have to make decisions about the new venture and be responsible for those decisions. Moreover, investors and financiers expect the founders to be involved in and knowledgeable about the proposed enterprise.

Typical structure for a business plan for a start-up enterprise

Cover page and table of contents

Executive Summary: The executive summary is the most important part of a business plan, especially to the investors. Most investors do not go beyond the executive summary, as they have too many plans to read. So make sure that your executive summary is able of conveying clearly and succinctly exactly what you want your investors to read.

Business Description: The business description section of business plan is typically the second section, coming after the executive summary. It outlines vital details about the business, its legal and organizational structures, business location, size, etc. The business description of a business plan describes the vision and direction of the business so potential lenders and partners can develop an accurate impression about it.

Business Environment Analysis (PESTLE Analysis – Political, Economic, Socio cultural, Technical, Legal, and Environment Analysis): The analysis examines the impact of each of these factors (and their interplay with each other) on the business. The results can then be used to take advantage of opportunities and to make contingency plans for threats when preparing business and strategic plans.

Industry Background Analysis: Several key factors must be considered while analyzing an industry:

- **Geographic Area** – local? regional? statewide? national? international?
- **Industry** – size, trends, outlook
- **Product**
- **Buyers** – target customers
- **Regulatory Environment**
- **Company Information** – identify and research most successful businesses

Competitor Analysis: This analysis is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context through which to identify opportunities and threats.

Market Analysis: The business plan should be able to convince the investor that the entrepreneur understands the prevailing competitive environment and is able to prove that his/her product/service is a niche product or service with substantial prospects for growth and capable of attaining a competitive position in the market – whether the market opportunity is local or otherwise.

Marketing plan: the Marketing Plan section explains how a business gets its customers to buy the products and/or services. The marketing plan includes:

- Products and/or Services and your Unique Selling Proposition
- Pricing Strategy
- Sales/Distribution Plan
- Advertising and Promotions Plan

The easiest way to develop a marketing plan is to work through each of these sections, referring to the market research.

Operations plan: The operations plan is an essential component to a business plan



and describes how to get the product/service to the market and to target customers. In an operations plan it is important to outline some very important answers to such fundamental questions such as:

- Who is doing what?
- What are the day to day activities?
- How will the suppliers and vendors be used?
- Who are the suppliers?
- What are the labour requirements?
- What are the sources of raw materials?

Management Plan: This component describes the management team and staff and how the business ownership is structured. People reading the business plan will be looking to see not only who's on the management team but how the skills of management and staff will contribute to the bottom line.

A convenient way to organize the Management Plan within a business plan is to break it into sections detailing the businesses, including ownership structure, internal management team, external management resources, and human resources needs.

Financial plan: The financial plan section is the section that determines whether or not a business idea is viable, and is a key component in determining whether or not the business plan is going to be able to attract any investment in the business idea. The financial plan essentially consists of three financial statements (the income statement, the cash flow projection and the balance sheet) and a brief explanation/analysis of these three statements.

Milestones and attachments: It sets the plan into practical, concrete terms, with real budgets, deadlines, and management responsibilities. It helps to focus while writing a business plan, and then, the Milestones table and plan-vs.-actual management analysis helps to implement the plan as the business grows. It may also include any additional information or attachments that may be included in the business plan.

CHAPTER 6

YOUTH ACCESS TO FINANCE IN KASHMIR



“I have got the idea and I have got the will. I just dont have the money.”
Aspiring Youth Entrepreneur in Kashnir



Youth Access to Finance in Kashmir

Access to start-up finance is one of the most important needs of young entrepreneurs in the Kashmir Valley. Across the globe, lack of sufficient start-up finance is one of the most difficult impediments facing young start-up entrepreneurs. Young entrepreneurs in most countries rank lack of access to finance as the most severe perceived barrier to starting a business. In a European Survey, young entrepreneurs between the ages of 15-24 years ranked lack of access to finance as the number one perceived barrier – even before an unfavorable market environment and administrative procedures/burdens.¹ Interestingly, Kashmiri youth respondents to the SKYE Baseline Survey ranked a lack of access to banks, financial institutions and services (loans, start-up capital, etc.) as the second most severe barrier to entrepreneurship in Kashmir – after a lack of entrepreneurship education and training. This suggests that access to finance is not as severe a perceived barrier to starting a business as other challenges perceived by young people in Kashmir. Indeed, factors like ongoing conflict, financial risks and corruption topped the list of de-motivators (fears) to engage in entrepreneurship for youth surveyed in the SKYE Baseline Survey. Still, the SKYE Baseline Survey results suggest that a lack of access to finance is a serious challenge facing young entrepreneurs in the Kashmir Valley.

Overview of Existing Financial Services for Kashmiri entrepreneurs

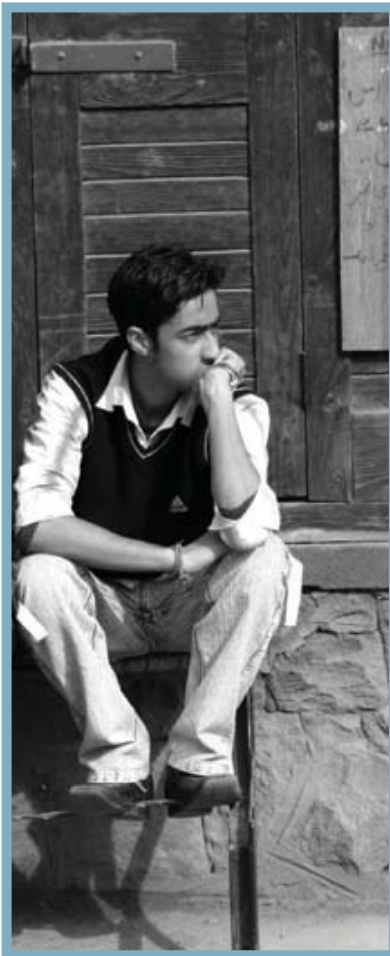
There is no lack of potential financial institutions to provide financing to start-up entrepreneurs in the Kashmir Valley. There are banks like State Bank of India, Punjab National Bank, Canara Bank, HDFC, etc. But the most prominent is Jammu & Kashmir Bank – a US\$ 10 billion company that is publicly listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange – in which the J&K State Government is the majority owner. JK Bank is the premiere financial institution of Kashmir and is one of the only organizations that have managed to attract significant private investment from outside. JK Bank has helped keep Jammu & Kashmir on the map of finance and business despite the economic setbacks caused to the economy by conflict and instability. With more than

¹ See: Flash Eurobarometer (2004), "Entrepreneurship", European Commission, 2004: http://europa.eu.int/comm/enterprise/entrepreneurship/coop/consultation/doc_en.pdf

585 branches and another 100 branches in the offing, JK Bank has witnessed phenomenal growth over the past many decades. JK Bank has achieved a track record of uninterrupted profits and dividends for the past 40 years. The JK Bank's official vision is "To catalyse economic transformation and capitalise on growth" and states that operating on the principle of "socially empowering banking" is one of its key aims.² JK Bank seeks to: "deliver innovative financial solutions for household, small and medium enterprises."³ Certainly, the JK Bank has been the banker to the entrepreneurs of the Kashmir Valley – lending out billions of rupees to enterprises over the years. The bank has a dominant 70% market share in deposits in J&K.⁴ Between 2004 and 2007 the JK Bank witnessed a 47.8% growth of deposits in current account/saving account (CASA)

"We never had a concept of industrial finance in Kashmir. The post-reform period from 1990 coincided with the unrest period in Kashmir so we never focused on this. While the rest of the world was pursuing the path of economic growth and prosperity through liberalization, globalization, privatization and through the effects of entrepreneurship development policies and incentives, we as a people or an economy were engulfed in geo-political turmoil. This resulted in a lack of customized financial products for entrepreneurs."

- Zamir Qadri (JK Bank Officer)



deposits.⁵ However, in the Kashmir Valley, it has been observed by many analysts that the JK Bank's growth in deposits has not matched its growth in credits. Investment research firms actually view this positively and term JK Bank's loan book as "well-protected":

"... structurally, the bank's credit mix has only a small portion directly exposed to credit risks from political disturbances in J&K state. For instance, 59.0% of the bank's loan book as of 4QFY2011 is outside the state of J&K, of which 57.5% is to corporates. The state government repaid Rs. 2,300cr during 4QFY2011, which is likely to be deployed in high-rated corporates outside J&K. Only ~17% of the total loans are in the relatively sensitive Kashmir valley region, large portion of which is to the healthy horticulture and trade sectors, which see minimal disruption even during strikes."⁶

JK Bank has avoided building out an uncertain loan book, like all commercial banks do, especially in risky political environments like Kashmir's. Of recent, the J&K Government has been encouraging the bank to roll back some of its profits and do more in terms of advances to Kashmiri entrepreneurs. Indeed, the bank could do a great deal more in Kashmir while still maintaining investor confidence. Our discussions with the top brass of the J&K Bank reveal a desire to increase lending in the Kashmir Valley, particularly to youth and in the rural

2 <http://www.jkbank.net/history.php>

3 Ibid

4 All JK Bank performance data is sourced from Angel Research Jammu and Kashmir Bank 4QFY2011 performance highlights and results update : http://www.stockmarketsreview.com/recommendations/jammu_and_kashmir_bank_4qfy2011_performance_highlights_and_results_update_20110718_159024/

5 Ibid

6 Ibid



economy. Till date, JK Bank has played the major role in providing access to finance for Kashmir's entrepreneurs while adhering to standard banking practices and regulations in the region. At the same time, it has reaped the reward in terms of increasing profits and customers in the Kashmir Valley. In addition to providing general business loans, JK Bank has started developing and offering a series of specialized financial services and products

aimed at catering to the needs of enterprises in key sectors of the Kashmir Valley's economy.

Various “specialized finances” offered by J&K Bank

- **Help Tourism (For Kashmir valley only)**
- **All Purpose AgriTerm Loan**
- **Fruit Advances Scheme (Apple)**
- **Zafran Finance**
- **Craft Development Finance**
- **Dastkar Finance**
- **Giri Finance Scheme**
- **Khatamband Craftsmen Finance**
- **Commercial Premises Finance**
- **Establishment of Mini Sheep Farms in Private Sector**
- **Technology Upgradation Scheme for MSE sector**
- **JK Bank Commercial Floriculture Finance**
- **Seed Capital Fund Scheme under SKEWPY**
- **JK Bank Handicrafts Sustenance Finance**
- **JK Bank Handicrafts Sustenance Finance**
- **JK Bank Craftsmen Livelihood Finance**
- **Scheme for Establishment of Mini Sheep Farms in Private Sector**

There are a number of other financial services and products that entrepreneurs in Kashmir could potentially access while starting their businesses. These are offered in the form of a number of public sector schemes and incentives with ample funding to back them up.⁷ The Directorate of Industries and Commerce, Kashmir, offers financial support and assistance like the “Capital Investment Subsidy” (CIS), the Financial Support on Investment⁸ (FSI) and the “Capital Investment Subsidy (CIS)”⁹ which are included in the “Package of Incentives – J&K State Government”¹⁰ and “Package of Incentives - Central Government”¹¹ The J&K Government has a number of schemes specifically meant to help aspiring entrepreneurs access finance to start their enterprises. This includes the “Scheme for Empowering Skilled Young Women” implemented by the J&K Women's Development Corporation (JK-

WDC) that provides soft loans up to 3 lakh Rupees (US\$ 6700) to women up to the age of 45 years who want to start enterprises in a number of sectors. The Department of Employment implements the “Jammu and Kashmir State Self Employment Scheme (JKSES)” that provides up to 3 lakh Rupees (US\$ 6700) as margin money (15% of project) as well as interest subsidies for 2 years for entrepreneurs between the ages of 18 to 45 years applying for loans through the bank to start businesses in both the retail and services sector. In the case of joint ventures between two entrepreneurs, the JKSES provides up to 10 lakh Rupees (US\$ 22,500).

The JK Entrepreneurship Development Institute (JKEDI) also implements schemes that are meant to help Kashmiri entrepreneurs access finance and start their business. This includes the National Minorities Development and Finance Corporation (NMDFC) Term Loan Scheme which offers entrepreneurs between the ages of 18-45 years from low-income families who belong to minority communities (Muslim, Sikh, Christian, Buddhist, Parsi) a soft loan up to 5 lakh Rupees (US\$ 11,200). JKEDI also implements the Seed Capital

⁷ For a detailed summary of Central Government and J&K State funding and incentive schemes, please see Annex XIII and Annex XIV.

⁸ www.indandcomkashmir.com

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

Fund Scheme (SCFS) that is part of the JK Government’s “Sher-e Kashmir Employment and Welfare Programme for the Youth” (SKEWPY). It envisages an integrated package of support for aspiring young Kashmiri entrepreneurs between the ages of 18 to 37 years. Support includes entrepreneurship training, project development, and financing. Financial support under the SCFS in the form of seed capital up to a maximum 7.5 lakh Rupees is also offered through an arrangement between the J&K Government and the JK Bank. The government bears 35% of the project costs in the form of seed capital and the remaining 65% of the project cost is financed by JK Bank as loan at an interest rate of 9% per annum.

Kashmiri youth entrepreneurs are finding it hard to get the funding they need to start-up their enterprises.

The SCFS is the only funding scheme in Kashmir directly focused on youth entrepreneurs. Initiated in 2010, the SCFS scheme was envisaged to provide aspiring first generation youth entrepreneurs who are unemployed youth an easy way to access start-up finance. With the issue of youth unemployment at the top of its policy agenda, the J&K Government is apparently very eager to see that young first generation entrepreneurs are, in fact, able to successfully access start-up finance. Still a very new mechanism, the SCFS is not yet performing at par with original expectations, partly because of low uptake - only 1642¹² candidates in the Kashmir Valley have applied. Only 383 cases have so far been cleared for disbursement of seed capital by the Steering Committee that oversees this scheme.¹³ Apparently, delays in processing of loan cases at JK Bank are also an issue. The government is in the process of working out mechanisms to improve the performance of the SCFS.

Gap Analysis – Key constraints of young people to access start-up finance

Despite the existence of strong financial institutions like JK Bank and the existence of numerous well-funded and well-intentioned public sector financing schemes, Kashmiri youth entrepreneurs are finding it hard to get the funding they need to start-up their enterprises. Many branch managers at JK Bank that we spoke to shared that one contributing reason is that young entrepreneurs are simply not submitting viable projects and business plans. One banker we spoke to shared: “We are always ready to finance a viable and profitable project, but we won’t lend to create a business that is doomed to fail.” While the depth of thinking and quality of business plans developed by Kashmiri youth entrepreneurs needs to improve writ large, our study reveals that there are a number of constraints to accessing start-up finance commonly affecting Kashmiri youth start-up entrepreneurs - including those young entrepreneurs with viable business plans.

Lack of knowledge, understanding, and awareness of start-up financing possibilities in Kashmir

Results from the SKYE Baseline Survey suggest that a key constraint to start-up finance for Kashmiri youth is simply a lack of knowledge, understanding and awareness of the various start-up financial services and products available in Kashmir through the bank and public sector schemes. Key findings included:

- **54%** of all youth surveyed said that they have no knowledge/awareness about the available financial products and incentives for entrepreneurship development in

¹² EDI Data

¹³ The Seed Capital Fund Scheme is governed by a Steering Committee that includes representatives of JKEDI, the Employment Department and JK Bank.



Kashmir

- **68%** of all youth surveyed said they have no knowledge about the processes involved to avail available financial products and incentives
- **69%** of all youth surveyed said they are not aware of regulations and policies to access available financial services/facilities

The SKYE Baseline Survey also asked youth if they have heard of various public sector schemes/programs – such as SKEWPY (SCFS), CLCSS, CGS, PMEGP, etc¹⁴ - that provide funding to start up entrepreneurs in Kashmir. The majority of all youth surveyed had never heard of these public sector schemes. For example, 81% of all youth surveyed said they were not aware of the SKEWPY Seed Capital Fund Scheme.

A lack of awareness on behalf of the officers and officials who are supposed to implement the schemes and provide the financial services at the grassroots equally appears to be a major constraint in Kashmir. While researching the potential financial services available to youth start-ups in Kashmir, we spoke to many government officers at the grassroots to enquire and learn more details about various public sector funding schemes. Across departments and institutions in Kashmir, we found an acute lack of detailed awareness about the schemes. In some cases, we found that officers were not even aware of the existence of the schemes and programs they are responsible for implementing. A number of J&K government officers we spoke to complained that many of their bureaucratic colleagues lack a service-oriented mindset and simply don't care enough to learn about the schemes and programs. Many Kashmiri youth start-up entrepreneurs we spoke to expressed frustration about this situation. They shared multiple experiences of learning about funding schemes on the official websites of government departments and then visiting the concerned departments only to find that the officials they spoke to knew absolutely nothing about those schemes. A top official in JK Bank acknowledged that a lack of staff knowledge about the SCFS and the rules that apply at the branch level was a reason for SKEWPY loan cases getting delayed.



Lack of business experience, savings, credibility and securities for debt financing

Globally, creditworthiness is often as-

¹⁴ For a list of abbreviations and a detailed summary of Central Government and J&K State funding and incentive schemes, please see Annex XIII and Annex XIV.

sessed on the basis of track record, business experience and expertise. Age is obviously not on the side of Kashmiri youth start-ups. They also don't have significant savings or assets. One of the key concerns that financial institutions have about lending to Kashmiri youth start-up entrepreneurs is that youth lack business experience, exposure and skills. Young people in Kashmir are generally seen as risky investments.

The challenge that young entrepreneurs in Kashmir face vis-à-vis credibility with the bank is not much different than the situation faced across the globe by young people seeking first-time loans. And so are the tensions and perceptions this situation creates. One young Kashmiri entrepreneur who managed to get finance and start her business shared her opinion that bank officials often treat youth as "beneficiaries" rather than "clients". She further said: "We're not asking for charity, we're asking

for a loan with plenty of interest to pay." One bank official that we spoke to shared his opinion about lending to youth: "Kashmiri youth have lived in a state of desperation for the past 20 years. They do not have a clear-cut vision for the future. They seek short cuts to financial security and are very short-sighted when thinking through business ideas - pouncing on whatever comes their way without even thinking about the consequences." Another banker shared a differing opinion with us: "These attitudes create a vicious cycle. Young people need to be given an opportunity to demonstrate that they are reliable borrowers."

Not surprisingly, the banking culture at the branch-level appears to be very cautious when approaching the first-time loan applications from young people. Bankers seem to regard young start-up entrepreneurs as "unbankable" without mortgages or multiple third-party guarantees. Getting a first-time loan is challenging since young aspiring entrepreneurs lack credit history, savings/assets, and often can't produce sufficient collateral or guarantees when the bank asks for them. One bank official we spoke to regretted this practice: "In the current lending system, we readily disburse loans to those who have wealthy family backgrounds rather than youth who viable ideas but need capital support. This creates a class distinction, favoring richer youth over poorer and doesn't encourage an even playing field." Often, bankers insist that young entrepreneurs provide third-party guarantees from J&K government officers. While finding such a guarantor is not impossible given the high per capita ratio of bureaucrats in Kashmir, this practice affirms the uncertainty avoidance that seems to permeate Kashmir and the tilt towards the high social status of government jobs and the value of continuous employment. One Kashmir youth we spoke to said: "Instead of asking for a guarantor or mortgage from young entrepreneurs, banks must instead look for promise and honesty in a young entrepreneur. The credibility of an idea must be given preference, and not the person who is yet to prove himself."

It is very difficult to expect bankers not to be bankers. Priorities of the public sector often do not match the requirements of a commercial bank. An official of the Industries Department we spoke to shared that the bank is often reluctant to lend to young entrepreneurs even when the government is offering the guarantee under a government scheme: "The

"Instead of asking for a guarantor or mortgage from young entrepreneurs, banks must instead look for promise and honesty in a young entrepreneur."

– Quote from a Kashmiri youth participant in a Focus Group Discussion held at the One Young Kashmir Youth Leadership Summit in March 2011



financial institutions lack trust in aspiring entrepreneurs partly due to the previous state policy provisions for loan disbursement of providing incentives or subsidy even before the infrastructure was built for the business unit. This resulted in inappropriate use of the developmental schemes/policies. Today, the loopholes in the industrial policies have been tightened to a large extent.” On the same issue, one official of a bank we spoke to said: “We have very bad experience in giving loans to government-sponsored projects. Repayment percentage is very low for government-sponsored projects as compared to the bank-sponsored projects. About 30% NPA for cases that come through government agencies while the bank has less than 1% NPA over all.”

Long waiting periods

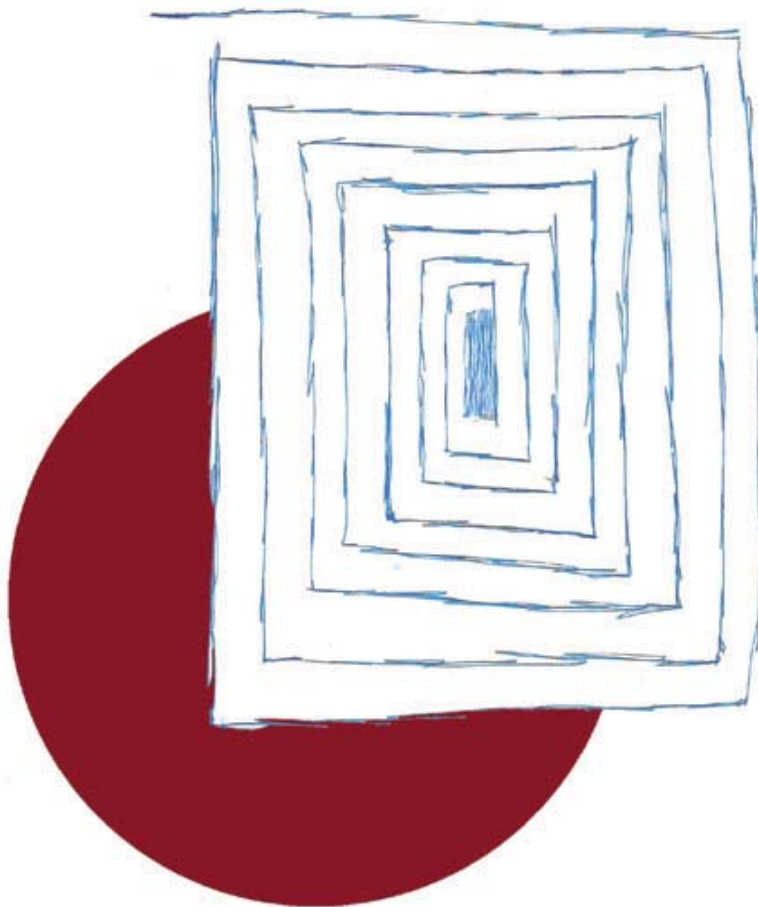
Another challenge cited by young Kashmiri entrepreneurs is the long waiting time it often takes to get financing, whether through the bank or through public sector schemes. Processing periods of more than six months are very common and discourage young potential entrepreneurs.

Lack of Islamic financing and angel investment in Kashmir

Many Kashmiri entrepreneurs we spoke to – both young and old - lament that while Islamic financial services are available in non-Muslim societies in the West, it is still not available in Kashmir. Angel investors and angel networks that focus on start-ups, are also not prevalent in Kashmir.

CHAPTER 7

The Administrative and Regulatory Framework in Kashmir



"It would be so nice if something made sense for a change"

Alice in Wonderland



The Administrative and Regulatory Framework in Kashmir

A business-friendly administrative and regulatory framework can play a major role in creating an environment conducive to youth enterprise creation and growth. A supportive administrative and regulatory framework accelerates the start-up process and increases the ease of doing business in a market. Building a more business-supportive administrative and regulatory environment in Kashmir will have a positive impact on the perceptions and attitudes of Kashmiri youth towards choosing entrepreneurship as a career path. It will also help them succeed. Rather than spending energies on the process of getting into the market, companies will be able to focus attention on the quality of their products and services and on competing in the market.

The SKYE Baseline Survey revealed that of all youth surveyed 52% viewed administrative hurdles as a de-motivator (fear) to engage in entrepreneurship. 50% of all youth respondents to the SKYE Baseline Survey perceived difficulties in navigating the administrative and regulatory framework in Kashmir as a barrier to entrepreneurship.

Business registration procedures



Tsal (Mouse Trap), a play by Mohd. Amin Bhat.

Young entrepreneurs in Kashmir face a number of administrative burdens that affect their start-up process including: business registration, tax administration, obtaining approvals and no objection certificates, and utility hook-ups. All these burdens take a toll on the time and cost of a young Kashmiri entrepreneur as they lack experience with such matters. Again, a major issue here is a lack of knowledge and awareness. 66% of all youth surveyed in the SKYE Baseline Survey said

they have no knowledge about the processes, procedures, industrial policies, laws and regulations for starting a business in Kashmir.

The J&K State Industrial Policy states that there should be a single window clearance system in place for establishing new enterprises. Unfortunately, this has not translated into practice. Many Kashmiri youth start-up entrepreneurs shared that these procedures should

be simplified and streamlined. In this connection, the lack of e-governance rollout is proving to be a missed opportunity for boosting Kashmir's entrepreneurship ecosystem. One bureaucrat serving in the Directorate of Industries and Commerce we spoke to shared that administrative processes are being streamlined: "Previously, the Deputy Commissioner used to head the single window system, today it is the director himself. The Deputy Commissioner is a busy man, it would be hard for him to head the meeting even on a monthly basis. Now we conduct a meeting bi-weekly with the heads of other departments for follow-ups and clearing cases. 150-200 cases have been cleared during the last month and its picking up pace."

Many young Kashmiri entrepreneurs we spoke to complained about the complexity and delays involved in getting their business registered. One Kashmiri youth shared: "Business registration procedures in Kashmir are quite complex and the costs are very high. Government focus on the development of private sector in Kashmir is woefully inadequate. In fact, it serves to de-motivate, since there is a lot of corruption involved." About the experience of fulfilling administrative burdens during the start-up process, another youth entrepreneur said: "It seems that bureaucrats don't ever want us to be self sufficient." Government officials also admit that the current systems are complex. A Kashmiri IAS officer we spoke to acknowledged that the procedures are discouraging to young entrepreneurs. He said, "Nothing can be changed in the short term", and shared that a proper accountability procedure needs to be setup, where the applicant would be empowered.

In a number of cases, we found that Kashmiri youth start-up entrepreneurs were discouraged by the challenges faced while obtaining the multiple registrations, approvals and no objection certificates required for starting a business in Kashmir. Delays in registration delayed access to finance as these registrations and approvals were need for obtaining financing either from the bank or through a public sector scheme. Young entrepreneurs in Kashmir often complained about being made to run around from office to office or about long delays. In a number of cases, we found that the obstacles faced while going through these administrative processes and the discouragement it caused actually forced young Kashmiri entrepreneurs to give up their entrepreneurial journey long before they could put to test the viability of their enterprise ideas on the ground. Such environmental defeats related to administrative and regulatory hurdles in the business registration process need to be prevented.

Facing corruption during the start-up process

Related directly to the administrative and regulatory hurdles that young Kashmir start-up entrepreneurs face is corruption. There is hardly a Kashmiri youth entrepreneur who we interviewed who did not have an incident to share about encountering corruption while they were starting up their business. Many young entrepreneurs in Kashmir shared with us that these experiences were the first times in their life that they directly faced corruption. One Kashmiri



youth entrepreneur shared: “You are confronted with corruption each time you enter a government office. Whether you want a license or an electricity connection or you are competing for a major tender, you are either directly asked or indirectly expected to offer a bribe.” Corruption appears to be a major factor affecting the administrative and regulatory environment in Kashmir. Corruption perversely incentivizes delays and inefficiency. It is affecting Kashmiri start-up entrepreneurs by both delaying or restricting their entry and consuming their initial profit. Facing corruption is also often a traumatic experience that discourages Kashmiri youth start-up entrepreneurs when they are at that stage in their career when they need to muster all the creativity, enthusiasm and passion they have. 71% of all youth surveyed in the SKYE Baseline Survey said that corruption is a de-motivator to engage in entrepreneurship in Kashmir. It was ranked as the third most de-motivating factor by youth surveyed, preceded only by ongoing conflict (1st) and financial risks (2nd). Any effort to boost entrepreneurship in needs to directly confront the issue of corruption – it is eating at the vitals of Kashmiri society and it is hindering youth entrepreneurial activity and dynamism in the Kashmir Valley.

CHAPTER 8

THE WAY FORWARD

BUILDING AN ENABLING ECOSYSTEM FOR
EFFECTIVE YOUTH ENTREPRENEURSHIP IN KASHMIR



“Focus 90% of your time on solutions and only 10 % of your time on problems”

Anthony J. D’Angelo



The Way Forward – Building an enabling ecosystem for effective youth entrepreneurship in Kashmir

Change is easier when you know where to go, why it's important to go there and how to get there. This report is meant to help point to an achievable destination – the sunrise of youth entrepreneurship in the Kashmir Valley. Youth start-up entrepreneurship represents an exciting opportunity to create dynamic positive social and economic value in Kashmir. Even a few hundred first-class entrepreneurs could change Kashmir's destiny for the better. The innovation, solutions and prosperity they would drive could invigorate Kashmir's economy and improve the lives of millions of Kashmiris. Indeed, today's Kashmiri entrepreneurs are already beginning to make this happen.

Kashmir is younger than ever before and young people are integral to the development of rapid, sustained, and broad-based economic growth. Kashmir's greatest asset – the boundless potential of youth – is not being sufficiently harnessed. Increased youth entrepreneurship is an opportunity waiting to be unleashed in the Kashmir Valley. But there are some challenges to overcome. To significantly boost up youth entrepreneurship many things need to improve in Kashmir's enterprise enabling-environment and the way in which Kashmiri youth entrepreneurs pursue opportunity. The good news is that Kashmir's private sector, public sector, and civil society have the ability and opportunity to more actively nurture and shape a vibrant culture of youth entrepreneurship.

In the previous chapters, we analyzed five key factors that are critical to boosting youth entrepreneurship in Kashmir:

- 1. Social/Cultural Legitimacy & Acceptance**
- 2. Entrepreneurship Education & Training**
- 3. Business Assistance & Support**
- 4. Access to Finance**
- 5. Administrative and Regulatory Framework**

As the research and analysis presented in the previous chapters revealed, there are a number of prevailing barriers, constraints and missed opportunities that combine to create a challenging environment for youth entrepreneurship in Kashmir.

Just as the nature of the challenge is multifaceted, the solution also needs to be an integrated one. It is our considered recommendation that latent opportunities to improve the youth start-up ecosystem need to be targeted in an active and coordinated way by all the concerned stakeholders in the public sector, private sector and within civil society in the Kashmir Valley. In addition to advocacy, Mercy Corps and the SKYE Project's Start-up Kashmir! Network certainly looks forward to contributing and playing a tangible role to help catalyze and support this process of positive change.

The following are the SKYE Project's youth-prioritized¹ recommendations on building an enabling ecosystem for effective youth entrepreneurship in Kashmir. While what we have proposed is ambitious, we recognize that this list is by no means exclusive – in fact, there are many more opportunities and initiatives to be explored and worked towards. However, we hope the recommendations can be useful to shaping a comprehensive agenda for change aimed at boosting youth entrepreneurship in Kashmir. At the very least, we hope

¹ The prioritization of categories of recommendations/opportunities are based upon the prioritization that youth attached to these measures in the SKYE Baseline Survey.

the following recommendations help identify some of the critical moves and specific steps that are needed.

A. Improving entrepreneurship education and training in Kashmir

(Youth Priority # 1)

1. The widening gap between Kashmir's educational system and the labour market needs to be urgently addressed. The mismatch is already quite evident and is among the factors that have contributed to the difficult reality of unemployment faced by hundreds of thousands of educated youth. Sweeping education reform should be made a top priority of the J&K Government. While skill development programs will help address short-term needs, a more futuristic approach is needed.² From bottom to top, the education system in Kashmir needs to be completely overhauled for the 21st Century. Education reformers in Kashmir should consult the "Framework for 21st Century Learning"³ as a roadmap while customizing it and augmenting it with subjects relevant to Kashmir's unique culture and context. Kashmir's students should be fully prepared for success in the new global economy. The education system must focus on helping students develop strong thinking and interpersonal skills, such as creativity, innovation, critical thinking, problem solving, communication, teamwork and collaboration, and strong work ethics. It should also focus on building a range of basic skills and core competencies needed to produce a flexible, adaptable, multi-skilled, and trainable youth cohort.

2. "Financial, Economic, Business and Entrepreneurial Literacy" should be integrated into the curricula of primary and secondary schools in Kashmir to foster an entrepreneurial culture among young people in Kashmir. There should be a holistic approach towards entrepreneurship education. Learning should focus on helping youth develop entrepreneurial skills, attitudes, qualities, and attitudes right from an early age. Learning should also help youth develop enterprise awareness and help them understand and realize entrepreneurship (including social entrepreneurship) as a viable career option. Extracurricular activities like student clubs on entrepreneurship should be promoted. Kashmir's education sector to develop an "Entrepreneurship Day" featuring debates and guests speakers from the private sector should be included in the academic calendar. Parents should be invited to attend.

3. Entrepreneurship should also be taught as a mandatory subject in higher secondary schools, colleges and universities in Kashmir. Learning should focus on building entrepreneurial skills and should include a focus on local and other viable market opportunities and the specifics of starting and building a business in Kashmir. Experiential learning opportunities like 'entrepreneurship labs' that develop 'mini-companies' should be offered to students. Extracurricular activities like school-wide or campus-wide 'young entrepreneurs clubs' and 'young social entrepreneurs clubs' should be set up and supported. The private sector and the non-profit sector should provide voluntary support to these student clubs as advisors.

4. The private sector should wholeheartedly join hands with schools, colleges and universities in Kashmir to develop curriculum and provide students with shadowing, in-

2 Of particular concern is the fact that the education system has been used as a dumping ground for educated unemployed youth who could not find job opportunities elsewhere – creating a large cohort of de-motivated teachers.

3 For more information, please see "Partnership for 21st Century Skills": <http://www.p21.org>



ternships, on-the-job work experience and other off-campus experiential learning opportunities to understand the market, gain business knowledge/experience and develop practical, market-driven skills.

5. Business-related college and university degree programs – especially the BBA and MBA programs – should place emphasis on entrepreneurship in their curriculum including a focus on business planning and business start-up in Kashmir. Again, there should be an emphasis on developing entrepreneurial skills. Teaching should integrate interesting and up-to-date case study and experiential learning methods. Developing a detailed business plan for a business should be included as an option for final-year projects. BBA and MBA programs should conduct business plan competitions and innovation competitions on campus. The private sector and financial institutions should be involved as judges and award sponsors for these competitions.

6. In the near term, training programs offered by the Jammu & Kashmir Entrepreneurship Development Institute (JKEDI) and other organizations should address the existing entrepreneurship knowledge/skill gaps in the youth population of Kashmir. Training programs should be extended in duration (a minimum of 3-4 weeks) and offer a curriculum that is more localized, market-driven and focused heavily on building the skills of trainees. Training packages should emphasize identifying market opportunities, detailed business planning and other practical business skills. Lectures on specific fields of business should include local best practices and examples from real companies and case studies from Kashmir. Multimedia tools should be developed and integrated into training programs. The private sector should be engaged to help develop (and even deliver) training curriculum and learning tools. The private sector should also be engaged to offer short, on-the-job work experiences for trainees to get exposure to business and develop practical start-up skills.

7. Building up the teaching and training capacity of educators, trainers and youth counselors should be heavily invested in. Educators and trainers should be fully versed with the subject of entrepreneurship. Opportunities for teachers/trainers to regularly interact with entrepreneurs should be facilitated. The private sector should help educators and trainers develop an understanding of the practical knowledge, information and skills needed to successfully start and run a business in Kashmir. Teachers and trainers should be trained in the use of various learning methods including double-loop learning methods, simulations, practical problem-solving and skill-building exercises, and other experiential learning tools/methods should be used. Teachers and trainers should be trained in the use of the case study method and other teaching/training tools. There should be an emphasis on continuous improvement in the quality and impact of training. Diagnostic tools should be used to assess individual and group training needs and to measure quality of training in terms of indicators that measure post-training increases/improvements of knowledge, skill and attitude. Participant feedback tools on training workshops should be elicited and feedback received should be regularly reviewed and used to improve the quality, relevance and impact of training. Tracer studies should be conducted to track the success/failure of trainees and assess the usefulness of curriculum/training.

B. Increasing social and cultural acceptance of entrepreneurship in Kashmir

(Youth Priority # 2)

8. Kashmiri youth should not be led to think that entrepreneurship is a ‘foreign’ concept borrowed from other cultures. Elders, imams, historians and other purveyors of culture (poets, artists, playwrights, writers, filmmakers, etc.) should build youth awareness about the multitude of existing entrepreneurial assets and values in Kashmir culture and history. Kashmir’s entrepreneurial cultural assets, values, examples and heritage must be studied, preserved, revived and brought back to life to promote a healthy sense of pride and belonging and to reinvigorate Kashmir’s indigenous culture of entrepreneurship.

9. The Directorate of Economics and Statistics (J&K Government) together with the JKEDI should develop and conduct an “Annual Survey on Entrepreneurship” in Kashmir to benchmark: 1) total entrepreneurial activity (by age, gender, district and sector), 2) young people’s opinions, interest and attitude towards employment and self-employment, and 3) questions to help analyze the above-listed five factors. Academics along with experts from the private and non-profit sector could be engaged to develop the survey and to help analyse results and findings. The annual survey could be used to develop more responsive government policies and initiatives from the private and non-profit sector in Kashmir. The absence of comprehensive and diagnostic data is a challenge to studying entrepreneurship in Kashmir.

10. Existing entrepreneurial success that is already existing in Kashmir should be made much more visible through the promotion of role models. Successful youth and adult entrepreneurs should be promoted as role models in the classroom, media, popular culture, public forums, speaker series, documentaries, local TV and radio shows, publications, websites, etc. Credible role models, including successful women entrepreneurs, should be identified. Kashmiri entrepreneurs should not shy away from public visibility and sharing their stories with others. The image, success and achievement of Kashmir’s existing ambassadors of entrepreneurship should be leveraged to inspire other Kashmiri youth to learn about and join the enterprising path.

11. A regular calendar of mega entrepreneur events, offline and online PR-campaigns, competitions, quizzes contests, awards and youth business events should be held to raise public awareness and knowledge about entrepreneurship in Kashmir (including amongst parents, teachers, clerics).

12. Children’s storybooks and ‘Teach your Kids’ books about entrepreneurship in Kashmir should be developed and available in the market.

13. Media, including the business and youth-focused pages of local dailies and magazines, should provide more information about entrepreneurship in general and should increase emphasis on and detail in covering stories about Kashmiri entrepreneurs and enterprises. There should be more news stories and feature articles that detail local supply and demand.



14. Assigning or relating social stigma to failure should be avoided in Kashmir. Fear of failure leads to inertness. Parents and teachers should coach youth through early life experiences with failure and highlight reasons for why failure should be viewed and used as a useful learning experience. Teachers, media and purveyors of culture (poets, playwrights, writers, filmmakers, etc.) should highlight inspiring real-life examples of failure-turned-experience-turned-success.

C. Easy access to finance – loans and start-up capital – for Kashmiri youth start-up entrepreneurs

(Youth Priority # 3)

15. Islamic banking is an increasing phenomenon in the West and across the globe.⁴ Shariah-compliant financial products and services should be developed and made available in Kashmir.

16. Successful Kashmiri entrepreneurs and investors should work together to develop angel networks to pool capital and invest in Kashmiri youth start-up entrepreneurs.

17. Awareness campaigns, publications, websites, books and guides should be developed to help Kashmiri youth gain knowledge, understanding and awareness of the various start-up financial services and products available in Kashmir through financial institutions and public sector schemes/programs. Easy-to-use information should be made available online including details about the processes involved to avail the various financial products and incentives present in Kashmir. Financial institutions and government departments should develop Frequently Asked Question Sheets (FAQs) about various financial services and products. These FAQs should be available in English and local language and should be written with youth clients in mind.

18. The J&K Government should carryout mass awareness programs for their staff to orient them to implement the various start-up financial services and products offered through public sector schemes. A service mindset training (SMT) program and orientation on the needs of Kashmiri youth should be initiated for all officials concerned with implementing such schemes.

19. Youth start-up entrepreneurs in Kashmir should: 1) seek opportunities to build some initial business experience/skills before trying to start a business, 2) fully study and understand market opportunities, and 3) developing viable projects and quality business plans. The more experience and skills and the better the business plan, the higher the chances of getting a loan from a bank.

20. Banks should drop their risk-averse approach to youth lending and focus on active-

⁴ For more information global trends in demand for Islamic banking : <http://belfercenter.ksg.harvard.edu/files/uploads/mei/conference/pepinsky-islamicbanking.pdf>

ly seeking out, identifying and financing potential high-impact Kashmiri youth start-ups. Banks should sponsor business plan competitions to identify such entrepreneurs. Events and programs that create relationships between youth and financial service providers will also increase banks' understanding of youth and provide no-risk opportunities to test their perceptions of youth as reliable clients.

21. In furtherance of its official objective of “socially empowering banking”, JK Bank should seriously explore creating a range of specialized financial products for youth entrepreneurs with less stringent and more targeted conditions – such as a “My First Business Loan”, “Youth Business Loan”, etc. Youth represent the largest untapped potential customer pool in Kashmir (71% of the population). JK Bank must engage in studying and better understanding the specific needs of Kashmiri youth entrepreneurs for finance. The terms of such loans should be targeted at supporting the business through the start-up phase and then reaping longer-term returns on loan.

22. The processing time of youth loans should be reduced to the minimum necessary.

23. Banks should build the financial awareness of Kashmiri youth – including youth awareness programs on the process and procedures of applying for loans.

24. The performance of all public sector schemes/programs in Kashmir that provide funding to start-up entrepreneurs should be closely monitored and evaluated through a transparent dashboard system that includes client feedback and satisfaction as indicators. Gaps in implementation and coordination should be quickly identified and government schemes/programs should be periodically reviewed/updated/redesigned to ensure that they are market-driven and relevant.

25. All public sector schemes and programs that provide funding and incentives to start-up entrepreneurs should be included in the list of public services to be listed under the newly enacted legislation, The Jammu & Kashmir Public Services Guarantee Act, 2011. The shortest possible specified time limits should be defined for such public services.

26. Rather than offering ‘free money’ that is at the end of the day difficult to access, easier access to finance with more favourable terms and conditions (soft loans, etc.) to youth start-up entrepreneurs should be the focus of public sector policy development. Soft loans for youth provided out of revolving corpuses will ultimately be more sustainable.

27. The opportunity to develop a venture capital fund to support potential high-impact youth entrepreneurs in Kashmir should be explored by the public sector and private sector. Emerging sectors that offer high-impact and scale can be identified and targeted through high-risk investment portfolios.



D. Improving business assistance and support to Kashmiri youth start-up entrepreneurs

(Youth Priority # 4)

- 28.** Awareness campaigns, publications, websites, books and guides should be developed to help Kashmiri youth gain knowledge, understanding and awareness of the various business development services available in Kashmir through the private, public and non-profit sector. Easy-to-use information should be online and include details about the services offered and processes involved to avail such services.
- 29.** Build the capacity of business development service providers in the public, private and non-profit sector to improve the overall quality of services and to customize these offerings to better serve the needs of youth start-ups in Kashmir.
- 30.** The J&K Government should carry out mass awareness programs for their staff to orient them to implement the various business development services offered through public sector schemes. A service mindset training (SMT) program and orientation on the needs of Kashmiri youth should be initiated for all officials concerned with implementing such schemes and services.
- 31.** The J&K Government should, as much as possible, contract out the provision of business development and technical extension services to youth. This will help support the development of a market-based business development service sector catered to by private sector service providers.
- 32.** Business development service providers in the public, private and non-profit sector should focus on helping Kashmiri youth start-up entrepreneurs think through their business ideas and develop strong business planning skills while helping them develop strong, market-driven, technically-feasible and viable business plans. Youth entrepreneurs should be made to think through and write their own initial plans and should be involved in every step of the process of developing the final business plans.
- 33.** All public sector schemes and programs that provide business development services to start-up entrepreneurs should be included in the list of public services to be listed under the newly enacted legislation, The Jammu & Kashmir Public Services Guarantee Act, 2011. The shortest possible specified time limits should be defined for such public services.
- 34.** Establish and promote online platforms for youth business networking that focuses on Kashmir entrepreneurs, enterprises and Kashmir-focused suppliers.
- 35.** Successful Kashmiri entrepreneurs should seek out and mentor Kashmiri youth start-up entrepreneurs, cultivating a strong relationship focused on trust and long-term support.

36. Establish and promote organized mentoring programs in Kashmir that includes quality training and tools for mentors, including an online platform/matching program.
37. Establish trade fairs and business expos that feature youth enterprises.
38. JKEDI and other business development service providers should develop the ability to physically deliver services in all districts.

E. Improving the administrative and regulatory framework in Kashmir

(Youth Priority # 5)

39. Awareness campaigns, publications, websites, books and guides should be developed to help Kashmiri youth gain knowledge, understanding and awareness of processes, procedures, industrial policies, laws and regulations for starting a business in Kashmir. Easy-to-use information should be online and include details about business registration procedures. Checklists and Frequently Asked Questions (FAQs) Sheets should be developed to help explain all steps and requirements for establishing a business in Kashmir.
40. The J&K Government should make it a priority goal to reduce administrative and regulatory hurdles affecting businesses in Kashmir and aim to increase the overall ease of doing business in Kashmir. Towards this end, it should conduct a comprehensive review of the administrative and regulatory framework affecting businesses. Its goal should be to reduce the number of registrations, approvals, no objection certificates and other paperwork required for starting and operating a business in Kashmir. The J&K Government should streamline and facilitate business registration procedures through online applications (e-governance) and a single-window clearance system that is in practice and not just on paper.
41. The Directorate of Economics and Statistics (J&K Government) together with the JKEDI should develop and conduct an “Annual Survey on the Ease of Doing Business” in Kashmir to benchmark how conducive the administrative and regulatory environment is starting and operation a local firm. Academics along with experts from the private and non-profit sector could be engaged to develop the survey and to help analyse results and findings. The annual survey could be used to develop more responsive government policies and initiatives.
42. All registrations, approvals, no objection certificates and other paperwork required for starting a business in Kashmir should be included in the list of public services to be listed under “The Jammu & Kashmir Public Services Guarantee Act”, 2011 and the shortest possible specified time limits should be defined for applications.
43. The plague of corruption in all its existing forms in Kashmir must be rooted out. Corruption is eating at the vitals of Kashmiri society and it is a factor that is hindering the growth of the private sector and is directly discouraging youth entrepreneurial activity in the Kashmir Valley.⁵

⁵ The SKYE Project is currently conducting a study on the issue of corruption and its impact on entrepreneurs and entrepreneurship in Kashmir. An issue paper on this topic, along with detailed recommendations, is forthcoming.



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Recommended Books for Aspiring Entrepreneurs

1. The High Performance Entrepreneur by Subroto Bagchi.
2. Entrepreneur's Toolkit by Harvard Business Essentials.
3. The Art of the Start by Guy Kawasaki.
4. Harvard Business Review on Entrepreneurship.
5. The One Minute Entrepreneur by Ken Blanchard, Don Huston and Ethan Willis.
6. Entrepedia by Professor Nandini Vaidyanathan.
7. Entrepreneur Journeys Vol 1-4 by Sramana Mitra.
8. The Tipping Point by Malcolm Gladwell.
9. How to change the World by David Bornstein.
10. Blue Ocean Strategy by W.Chan Kim and Renee Mauborgne.
11. The Fortune at the Bottom of the Pyramid by C K Prahalad.
12. What best CEO's Know by Jeffrey Krames
13. The High-Performance Entrepreneur: 12 Essential Strategies To Supercharge Your Startup Business by David P Hale.
14. The Professional by Subroto Bagchi
15. Founders At Work: Stories Of Startups' Early Days by Jessica Livingston.
16. Go Kiss The World: Life Lessons For The Young Professional by Subroto Bagchi
17. HBR's 10 Must Reads On Change by Harvard Business Review
18. Good To Great by Jim Collins
19. The Real Deal by James Caan
20. Execution by Larry Bossidy, Ram Charan
21. Borrowing Brilliance by David Kord Murray



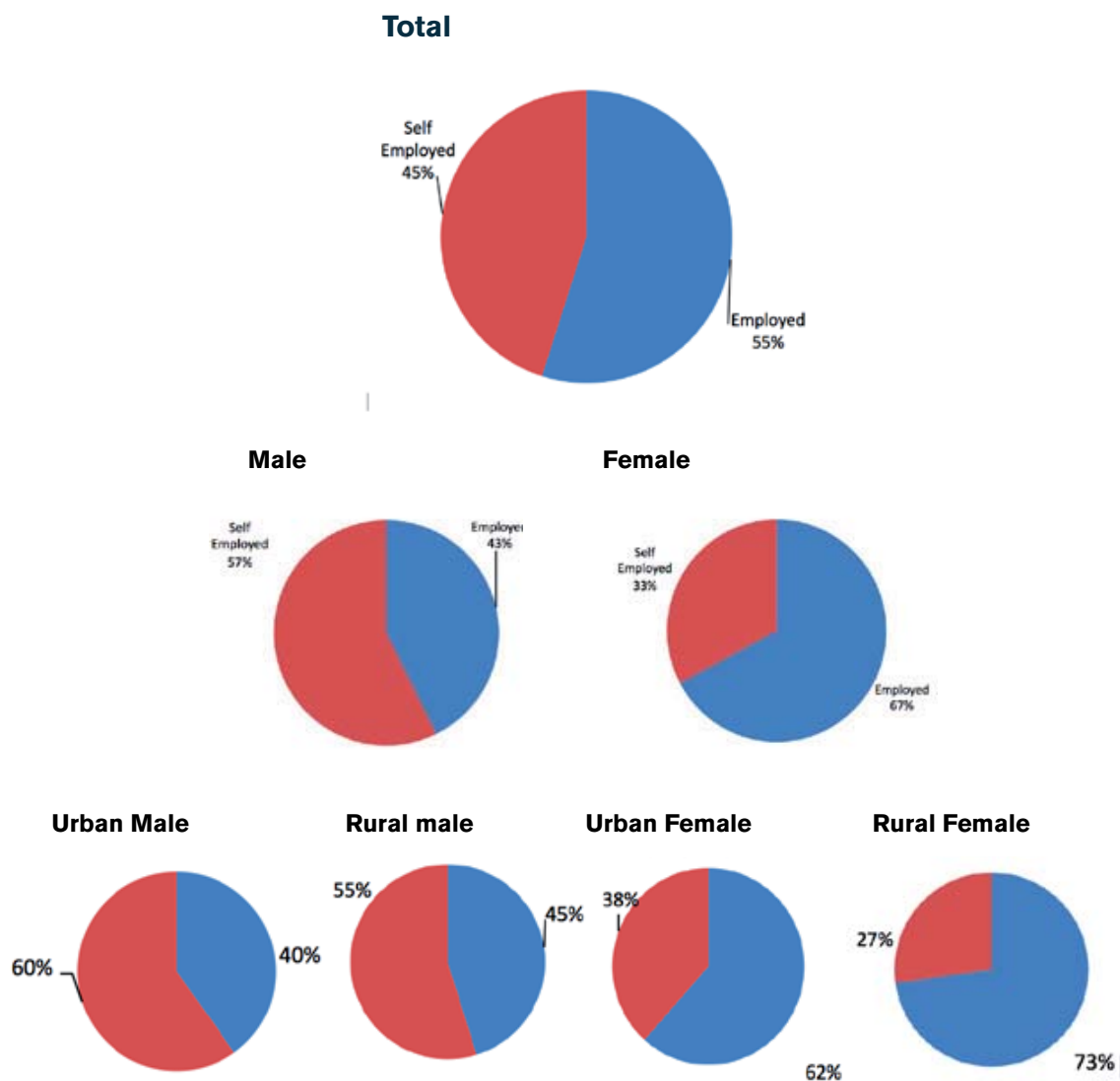
22. I've Seen A Lot Of Famous People Naked, And They've Got Nothing On You: Business Secrets From The Ultimate Street-Smart Entrepreneur by Jake Steinfeld, Steven Spielberg
23. Harvard Business Review On Business Model Innovation by Harvard Business School Publishing
24. Made To Stick: Why Some Ideas Survive And Others Die by Dan Heath Chip Heath
25. Switch : How To Change Things When Change Is Hard by Chip Heath, Dan Heath
26. Who Owns The Ice House?: Eight Life-Lessons From An Unlikely Entrepreneur by Clifton L. Taulbert, Gary Schoeniger
27. The Dream: How I Learned The Risks And Rewards Of Entrepreneurship And Made Millions by Gurbaksh Chahal
28. Enchantment: The Art Of Changing Hearts, Mind And Actions by Guy Kawasaki
29. Start Your Own Business: The Only Startup Book You'll Ever Need by Entrepreneur Press
30. The McKinsey Mind by Ethan Rasiel, Ph. D, Paul N. Friga
31. Outliers: The Story Of Success by Malcolm Gladwell
32. Rework: Change The Way You Work Forever by Jason Fried, David Heinemeier Hansson.

Annex I

Summary of Key Findings from the SKYE Baseline Survey

Note: This annex presents 23 key findings from the SKYE Baseline Survey. Together, these provide a rough benchmark on young people's current attitude, awareness and perceptions on entrepreneurship in Kashmir.

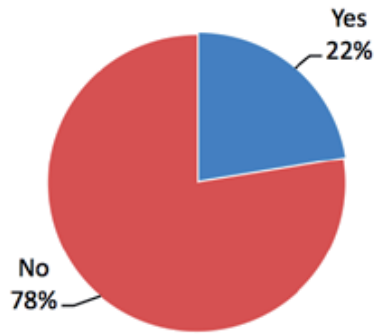
KEY FINDING # 1: Youth preferences regarding employment and self-employment



- 45% of all youth surveyed said that they would prefer to be self-employed
- 57% of all male respondents said that they would prefer to be self-employed (60% amongst Urban Males and 55% amongst Rural Males)
- 35% of all female respondents said that they would prefer to be self-employed (38% amongst Urban Females and 27% amongst Rural Females)

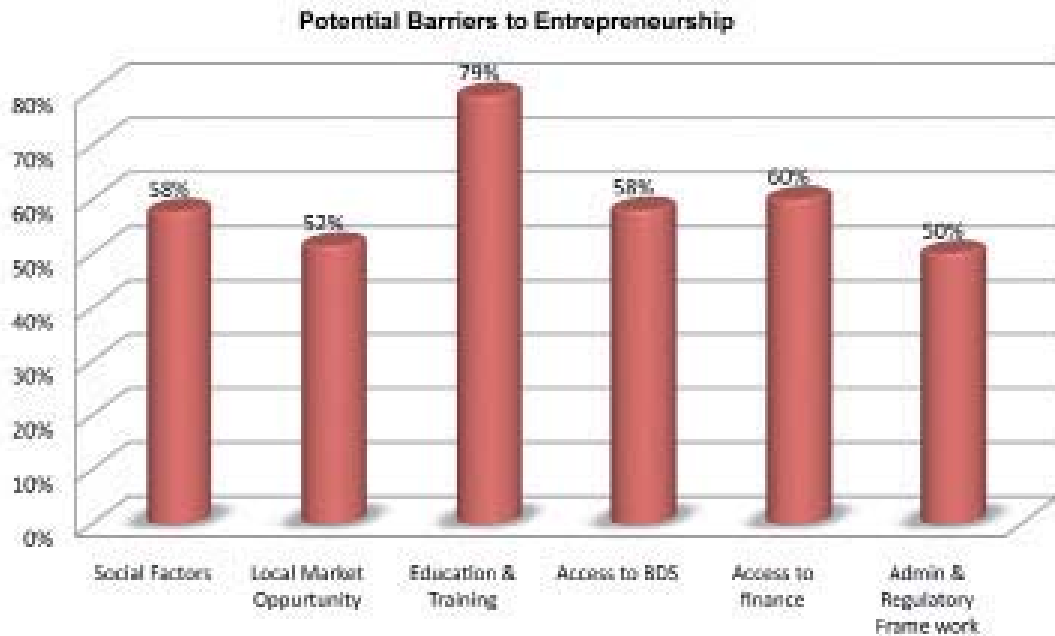


KEY FINDING # 2: Youth interest in becoming an entrepreneur



- 22% of all youth surveyed said they had tried to become entrepreneurs

KEY FINDING # 3: Youth Ranking of perceived barriers to entrepreneurship in Kashmir



Rank 1: Lack of entrepreneurship education and training

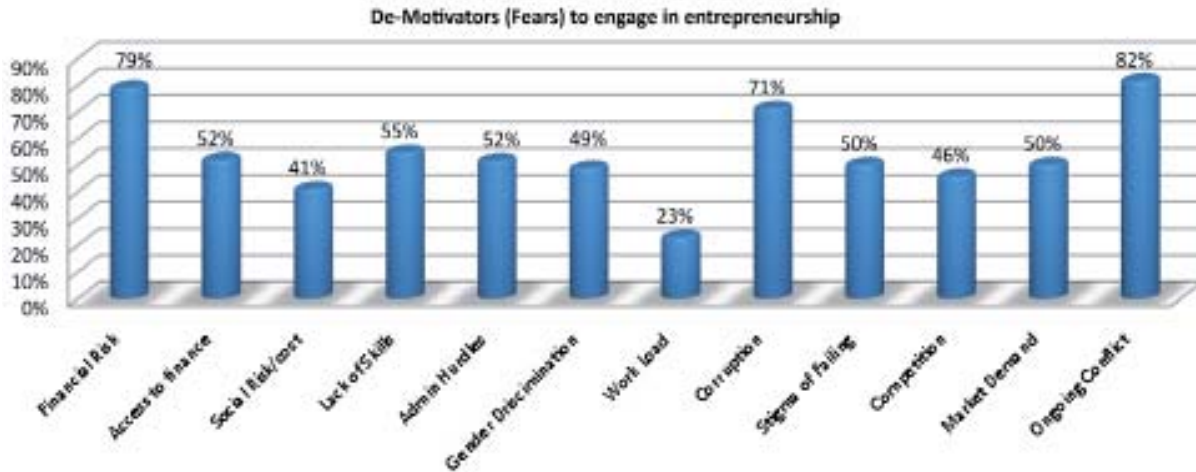
Rank 2: Access to banks, financial institutions and services (loans, start-up capital.)

Rank 3: Social factors & Access to business development services

Rank 4: Local market opportunities

Rank 5: Difficulties in navigating administrative and regulatory framework, including accessing government schemes and programs

KEY FINDING # 4: Factors that de-motivate Kashmiri youth to engage in entrepreneurship



Ranking of de-motivators (fears):

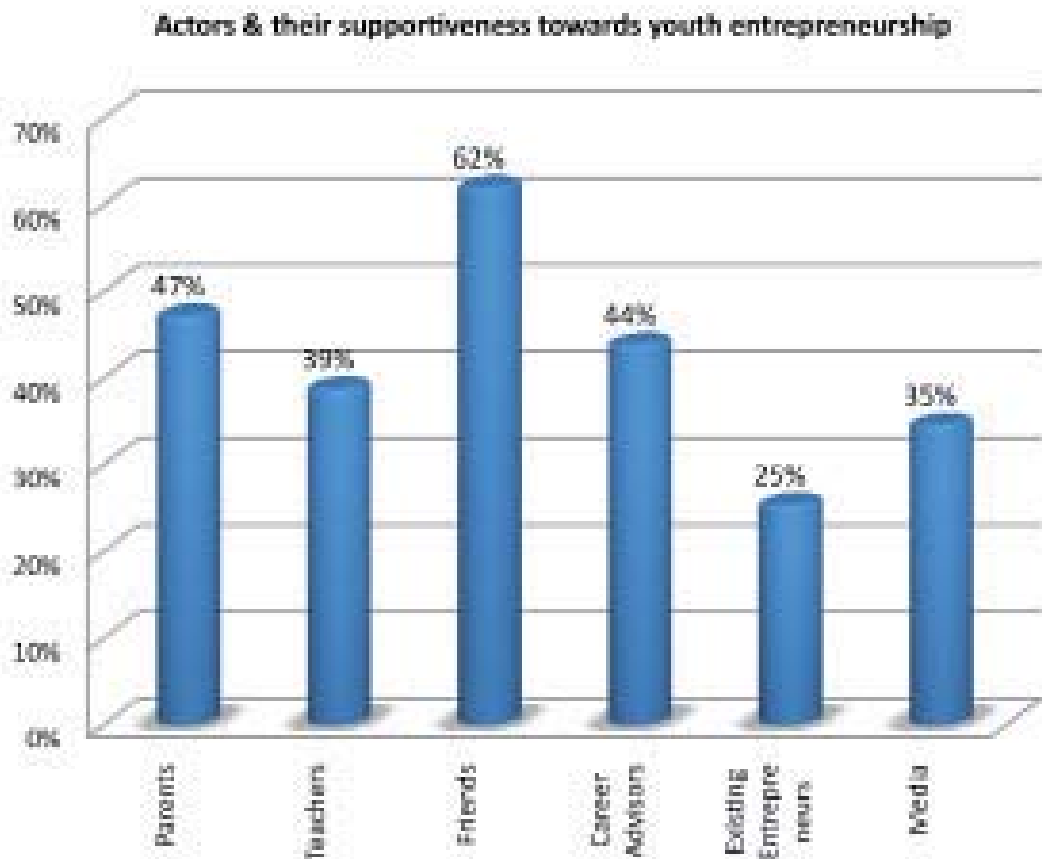
- 1 Ongoing conflict
- 2 Financial risks
- 3 Corruption
- 4 Lack of skills
- 5 Administrative hurdles & Access to finance
- 6 Stigma associated with failing & Market demand
- 7 Gender discrimination
- 8 Competition
- 9 Social Risk/Cost
- 10 Workload

Note:

- 67% of all female youth respondents said gender discrimination is a de-motivator (fear) to engage in entrepreneurship in Kashmir.



KEY FINDING # 5: Youth perception on who is supportive of youth entrepreneurship in Kashmir.



Ranking of Actors (most supportive to least supportive)

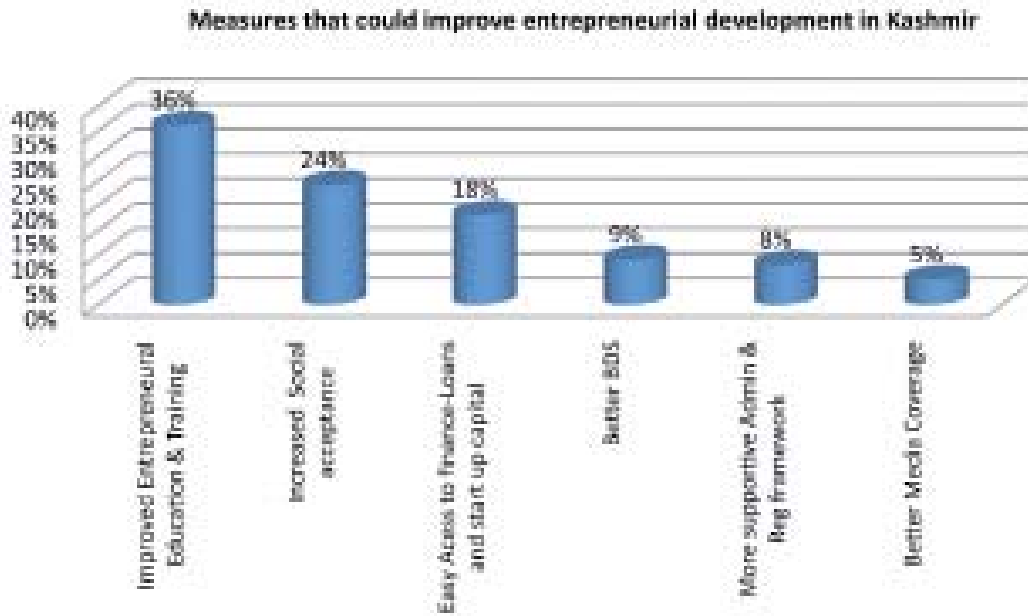
- Rank 1: Friends**
- Rank 2: Parents**
- Rank 3: Career Advisors**
- Rank 4: Teachers**
- Rank 5: Media**
- Rank 6: Existing Entrepreneurs**

Note:

Except for friends (62%), the majority of all youth surveyed (50 %+) viewed all actors as largely unsupportive of youth entrepreneurship

- **53%** of all youth surveyed said that parents are not supportive of youth entrepreneurship in Kashmir
- **75%** of all youth surveyed said that existing entrepreneurs are not supportive of youth entrepreneurship in Kashmir

KEY FINDING # 6: Youth prioritization of the agenda Re: measures that could improve entrepreneurial development in Kashmir



Ranking of Youth Priorities:

Youth Priority # 1 - Improved entrepreneurial education and training

Youth Priority # 2 - Increased cultural and social acceptance of entrepreneurship

Youth Priority # 3 - Easy access to finance –loans and start-up capital

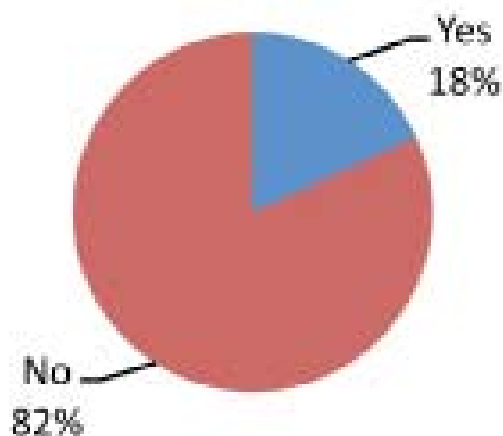
Youth Priority # 4 - Better business development services

Youth Priority # 5 - More supportive administrative and regulatory framework

Youth Priority # 6 - Better media coverage and recognition

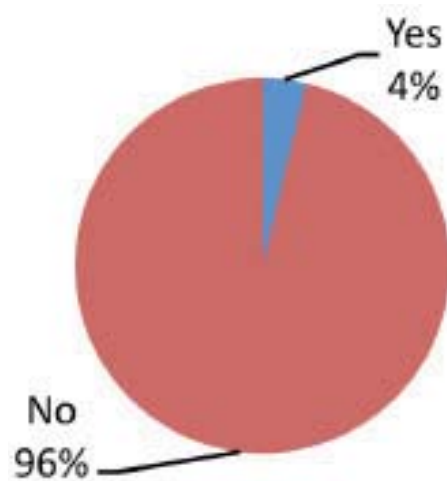


KEY FINDING # 7A: Youth awareness of entrepreneurship development institutes and programs in the state



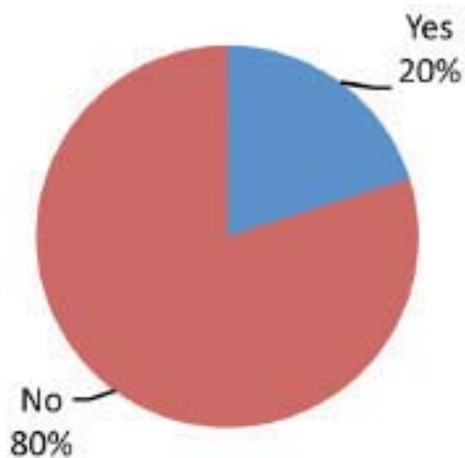
- **82%** of all youth said that they have not heard about entrepreneurship development institutes or programs in the state.

KEY FINDING # 7B: Youth participation in entrepreneurship development programs in the state.



- **96%** of all youth surveyed said that they have not participated in entrepreneurship development programs in the state.

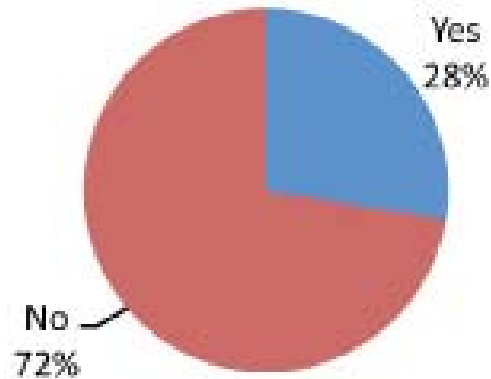
KEY FINDING # 8: Youth perceptions on the performance of / support from existing entrepreneurship institutes in the Kashmir Valley.



- **80%** of all youth surveyed thought that the existing entrepreneurship institutes are not able to adequately support potential entrepreneurs in the valley.

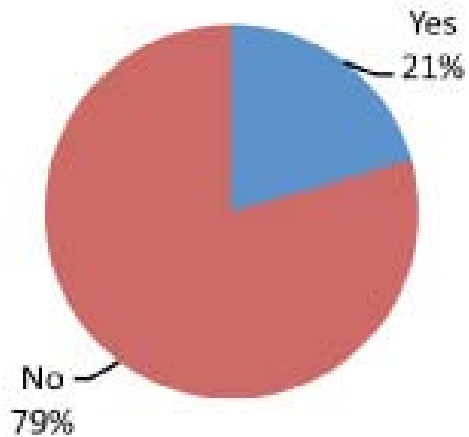
KEY FINDING # 9: Youth knowledge/awareness about existing successful entrepreneurs/enterprises in Kashmir.

- 72% of all youth surveyed said that they have no knowledge/awareness about existing entrepreneurs/enterprises in Kashmir.



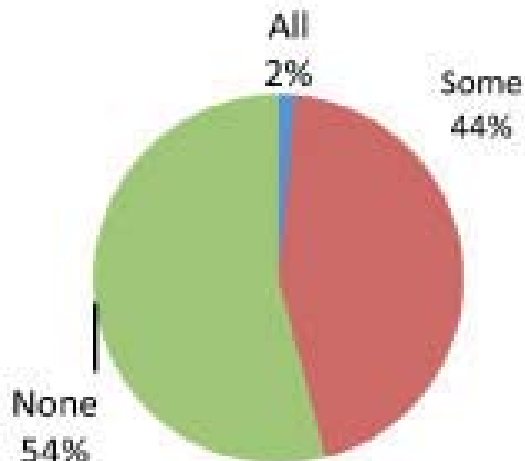
KEY FINDING # 10: Youth access to an entrepreneurship knowledge and information

- 79% of all youth surveyed said that they have no access to entrepreneurship knowledge and resources.

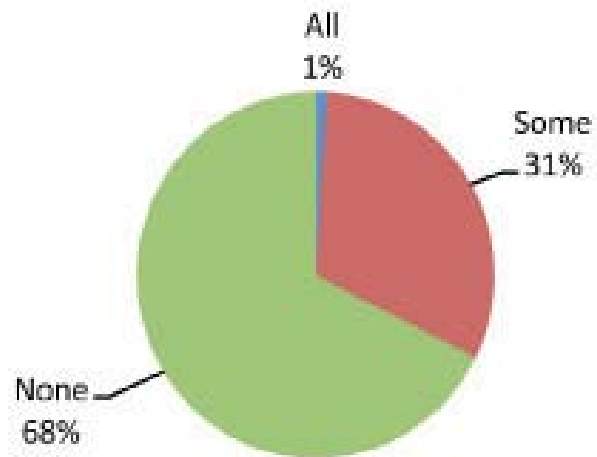


KEY FINDING # 11: Youth knowledge/awareness about available financial products and incentives (tax exemptions, benefits, duty concessions, etc.) for entrepreneurship development in Kashmir

- 2% of all youth surveyed said that they have all knowledge/awareness about the available financial products and incentives for entrepreneurship development in Kashmir
- 54% of all youth surveyed said that they have no knowledge/awareness about the available financial products and incentives for entrepreneurship development in Kashmir



KEY FINDING # 12: Youth knowledge about how to avail available financial products and incentives for entrepreneurship development in Kashmir



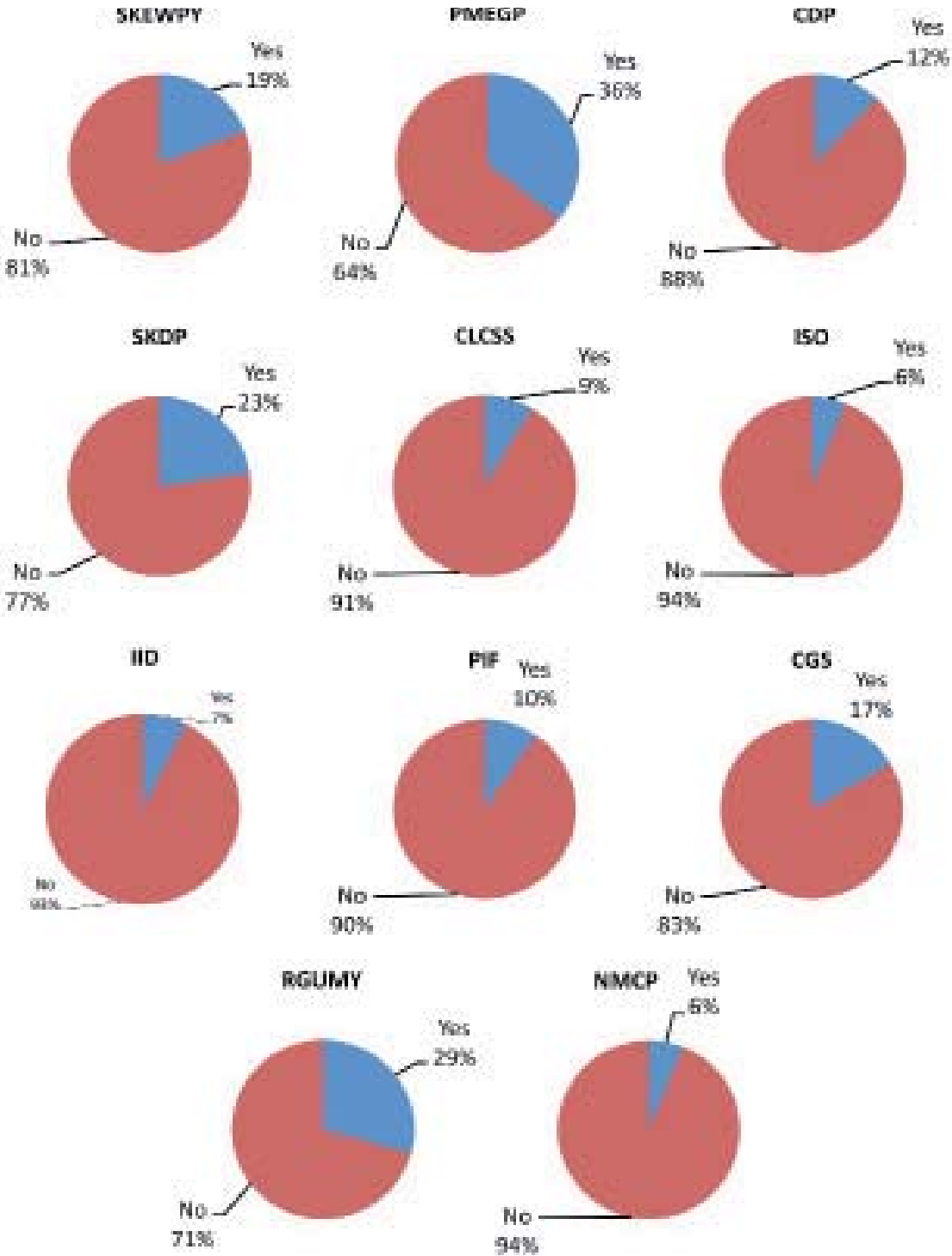
- **1%** of all youth surveyed said they have all knowledge about the processes involved to avail available financial products and incentives
- **68%** of all youth surveyed said they have no knowledge about the processes involved to avail available financial products and incentives

KEY FINDING # 13: Youth awareness about regulations and policies to access available financial services/facilities related to entrepreneurship in Kashmir



- **69%** of all youth surveyed said they are not aware of regulations and policies to access available financial services/facilities

KEY FINDING # 14: Youth awareness about various government schemes and programs to support entrepreneurship in Kashmir

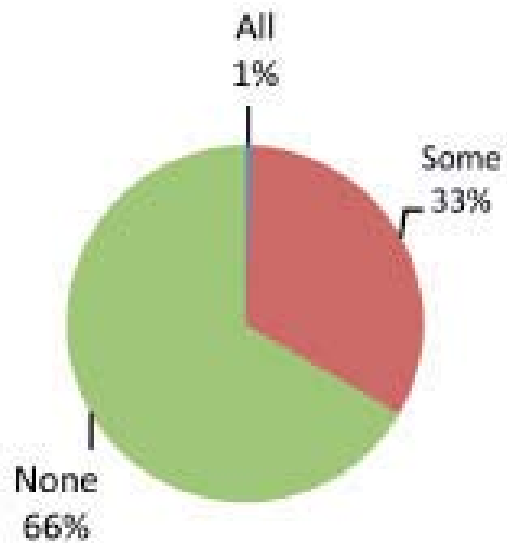


Note:

- 81 % of all youth surveyed said they were not aware of SKEWPY.



KEY FINDING # 15: Youth knowledge about the processes, procedures, industrial policies, laws, and regulations for starting a business in Kashmir



- **66%** of all youth surveyed said they have no knowledge about the processes, procedures, industrial policies, laws, and regulations for starting a business in Kashmir

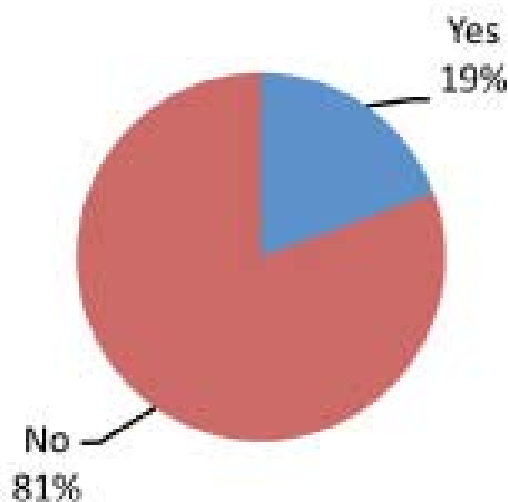
KEY FINDING # 16: Youth knowledge about the basic requirements needed for starting a business in Kashmir



- **7%** of all youth surveyed said they have all knowledge about the basic requirements needed for starting a business in Kashmir.

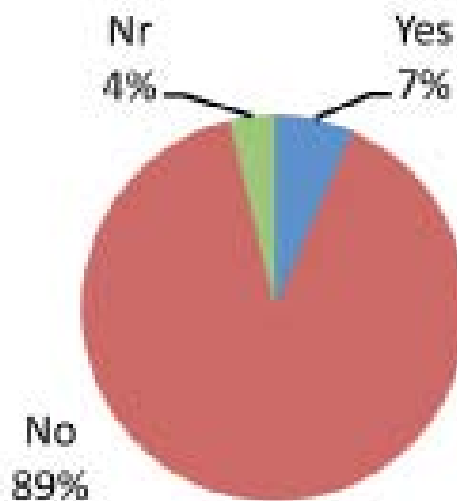
KEY FINDING # 17: Youth perceptions about the adequacy of local college and university education Re: starting a business in Kashmir

- **81%** of all youth surveyed said that local college and university curriculum do not provide adequate knowledge and guidance on starting a business in Kashmir



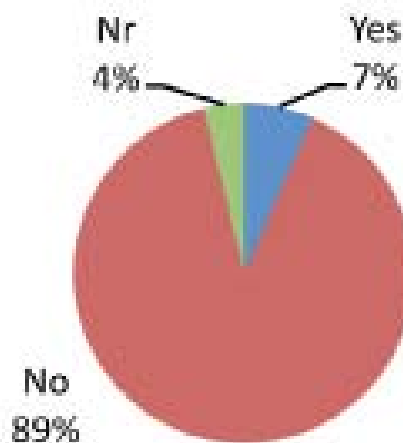
KEY FINDING # 18: Youth perception on the level of collaboration between the college and university programs with existing business owners to provide practical and technical knowledge on starting a business in Kashmir

- **68%** of all youth surveyed said local colleges and universities do not collaborate with existing business owners to provide young people with practical and technical knowledge on starting a business in Kashmir

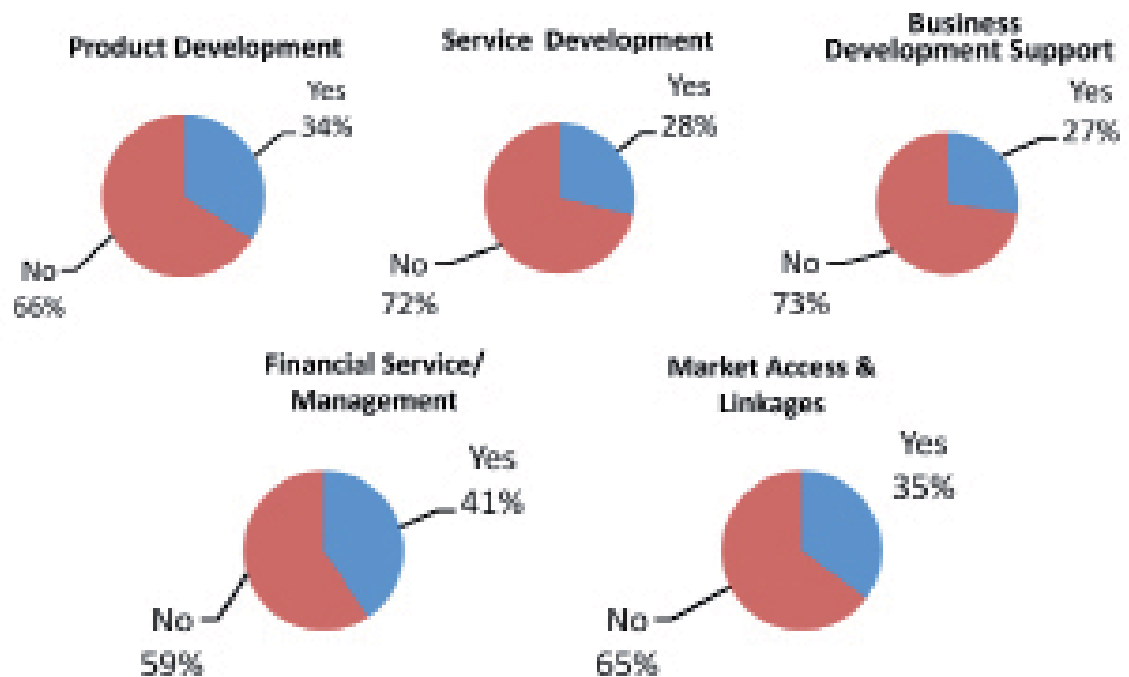


KEY FINDING # 19: Youth access to internships and or apprenticeships which provide entrepreneurs opportunities to enhance relevant technical and soft skills.

- **89%** of all youth surveyed said they do not know about any available internships or apprenticeships which provide young entrepreneurs with opportunities to enhance relevant technical and soft skills.



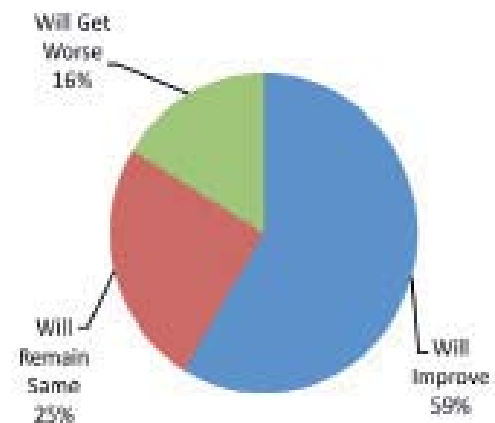
KEY FINDING # 20: Youth knowledge/ awareness about core processes, services, service providers for starting a business



Note:

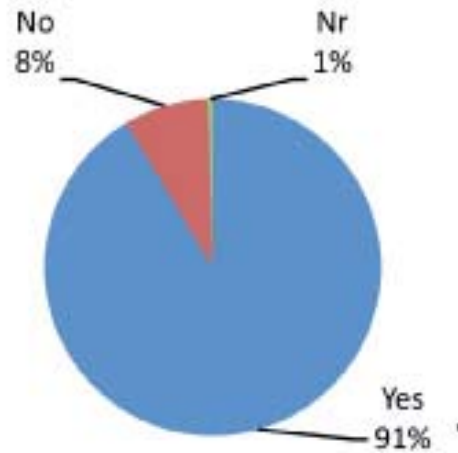
The majority of all youth surveyed (59%+) did not know about any of the above.

KEY FINDING # 21: Youth outlook regarding the business environment in Kashmir Valley by the end of 2013



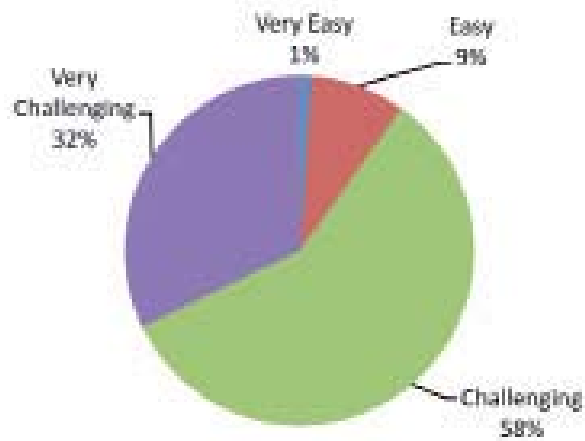
- **59%** of all youth surveyed said they expect the business environment in Kashmir Valley to improve by the end of 2013

KEY FINDING # 22: Youth perceptions on the role that lack of business knowledge and practical professional experience in hindering youth from starting a business



- **91%** of all youth surveyed said that a lack of business knowledge and practical professional experience among young people hinders youth from starting a business

KEY FINDING # 23: Youth perceptions on the difficulty of becoming an entrepreneur in Kashmir



- **90%** of all youth surveyed said that becoming an entrepreneur in Kashmir is either challenging or very challenging.



Annexure II: SKYE Research Methodology:

Overview:

Through detailed consultations with a diverse cross-sector network of experts in Kashmir and an extensive review of research studies conducted across the globe with a similar scope, the SKYE Project developed a primary and secondary research methodology in order to analyze and understand the ecosystem for youth entrepreneurship within the Kashmiri context.

Relying on both quantitative and qualitative methods and integrating participatory approaches, the research methodology was designed to provide an evidence-based analysis to base the SKYE project implementation firmly in the current context affecting entrepreneurship development in Kashmir and this analysis and findings based the grounds of the report.

Scope:

The study explored:

A. The ecosystem for entrepreneurship in Kashmir vis a vis

- 1) Cultural and social factors influencing entrepreneurship,
- 2) Entrepreneurship education, training,
- 3) Business Development Services resources,
- 4) Access to finance & financial services, and
- 5) The administrative and regulatory framework affecting start up enterprises.

B. Market analysis for Kashmir through SKYE Market Mapping Toolkit

- 1) Local sustainable & scalable market opportunities for expanding youth enterprise,

Note: The results of this market analysis will be published in a separate document.

Process:

Secondary Research

Comprehensive Secondary Research consisted of data gathering from online sources as well as those within Mercy Corps' Digital Library. This secondary research examined trends, best practices, and lessons learned within the domain of youth entrepreneurship in Kashmir, India, and globally.

The SKYE Project team also researched governmental policies (both central and state) and conducted an extensive cross-disciplinary literature review of books, published articles, and reports on the topic of youth entrepreneurship and related subjects.



Primary Research:

Primary research was conducted along:

- A. Market Research through the SKYE Market Mapping Toolkit.
- B. Ecosystem analysis for entrepreneurship in Kashmir (related to the 5 factors) through questionnaires in a baseline survey, and a quadrant analysis used in youth focus groups discussions.
- C. Opportunity mapping through key informant interviews with successful entrepreneurs (Entrepreneur Profiling)
- D. Interviews & Focus group discussions with employees of financial institutions, Banks, and government departments.

The Market Assessment used here has been adapted and customized to the local context from the SIPA Toolkit Model developed by the University of Columbia. It uses market mapping and consumer assessment to identify priority sectors for youth entrepreneurship development in Kashmir using a market-based framework for understanding.

After completing secondary research-, the following 4 tools have been used to gather relevant information about the local market opportunities:

Information has been gathered through summary charts, questionnaires and direct observation. At the end of data collection, all data has been compiled and analysed by answering the key questions given in the reflection boxes. This will give us reliable data and usable inferences.

The respondent size based on random sampling method is tabulated below.

Respondent Group	Number
Market survey	2119
Baseline	1000
OYK and Youth FGD	188
Interviews of Government Official	13
Start-Up Kashmir network interviews	16
FGD with bank representatives and Government officials	6
	3342

Interviews & Focus Group discussions with Government officials and financial institutions

After the secondary research & the Youth Focus Group discussion is held, the results and the outcomes have been discussed with relevant stakeholders and decision makers in the government departments, financial institutions, educational institutions & banks in order to have a 360 degree review of the entire ecosystem.

This helps to put forth the concerns of the youth in front of the people who have very little interaction and bring out the differences, gaps and also helps in understanding both facets of youth entrepreneurship challenges, i.e. how youth perceive the ecosystem & how challenging it is for all the institutions/service providers to understand and address the issues that concern youth.

Data analysis:

The data collected has been analyzed in coordination with Mercy Corps Kashmir's DM&E Department and compiled in-house. While designing the questionnaires the data analysis methods will be taken into consideration so as to make the analysis process simple. MS Excel has been used for data analysis including statistical tools like percentages, ratios, averages, frequencies, graphs and tables. It has been decided by the given set of questions and questionnaires which statistical method has been fit for which question/questionnaire for analysis.

A stakeholder workshop has been organized before finalizing of the report to gather feedback from key implementing partners, which has then been mainstreamed into the final report.

Key Outcomes:

Key research outcomes would include:

- 100 key opportunities, including a minimum of 20 recommendations on 6 issues, developed to reduce barriers to and improve support for youth entrepreneurship
- 4 government policies that need to be changed to reduce barriers to and/or improve support for youth entrepreneurship
- 4 new/improved financial service products to be customized and made accessible to youth (credit and savings)
- Key topics to be introduced into a locally-sensitive youth business curriculum for Kashmir

All these will inform both program implementation and advocacy efforts of the SKYE Project as well as help improve and develop an ecosystem for enabling effective youth entrepreneurship.

Dissemination and Advocacy:

The findings will be shared with all program partners and facilitators including apex partner KCCI, Start up Kashmir Network, relevant government agencies, financial institutions to foster cross-sector cooperation and institutional capacity building in order to improve the business-enabling environment for youth enterprises.

Research findings and recommendations have been compiled into a separate chapter and will be disseminated through an advocacy campaign as part of the project



ANNEXURE III: BASELINE QUESTIONNAIRE

Enumerator Name: _____	
1. Name	
2. Age	
3. Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female
4. Educational Qualification	
5. Address
6. Contact No.	
7. Email	
8. Occupation	

Project Purpose:

Reduce poverty and foster inclusive economic growth through increased youth entrepreneurship in the Kashmir Valley.

Research Purpose:

To understand the state of youth entrepreneurship in 10 districts of the Kashmir Valley.

Confidentiality:

Your identity will be kept confidential and nothing that you share in the course of this research will be attributed to you unless authorized by you. Your real name will not be used in any written report, article, or oral presentation without your permission. You are free to ask questions about the research process and can stop participation at any point. If you choose to withdraw from this study, your data will not be used.

Your signature below indicates that:

1. The research has been explained to you;
2. Your questions have been fully answered; and
3. You freely and voluntarily choose to participate in this research project.

Signature of participant: _____ Date: _____



Definition: An ENTREPRENEUR is an individual who is self-employed and/or owns their business/enterprise.

1. What would you prefer to be in the near future:
 1. Employed
 2. Self-employed

2. Have you ever tried to become an entrepreneur or start your own business? Yes/No. Give two reasons for your answer.
 - i. _____
 - ii. _____

3. Please rate the following challenges to entrepreneurship from 1 to 5 (with 1 being a very significant barrier and 5 posing little or no barrier to entrepreneurship).

Potential Barriers to Entrepreneurship	1 Significant barrier					5 Not barriers				
	1	2	3	4	5	1	2	3	4	5
Social factors influencing entrepreneurs <i>(Example: parental influence, fear of failure, etc.)</i>	1	2	3	4	5	1	2	3	4	5
Local market opportunities for expanding youth enterprise <i>(Includes knowledge on market demand, viability of business, etc.)</i>	1	2	3	4	5	1	2	3	4	5
Lack of entrepreneurship education and training <i>(The basics of starting a business, managing a budget, business mentoring, etc.)</i>	1	2	3	4	5	1	2	3	4	5
Access to business development services <i>(Branding, marketing, developing operations plans, human resources guidance, etc.)</i>	1	2	3	4	5	1	2	3	4	5
Access to banks, financial institutions, and services <i>(Loans, start-up capital, etc.)</i>	1	2	3	4	5	1	2	3	4	5
Difficulties in navigating administrative and regulatory framework, including accessing and utilizing government schemes and programs	1	2	3	4	5	1	2	3	4	5

4. What are the de-motivators (fears) to engage in entrepreneurship? Check all that apply.

- | | | |
|--|---|---|
| <input type="checkbox"/> Financial risks | <input type="checkbox"/> Access to finance | <input type="checkbox"/> Social risks/costs |
| <input type="checkbox"/> Lack of skills | <input type="checkbox"/> Administrative hurdles | <input type="checkbox"/> Gender discrimination |
| <input type="checkbox"/> Workload | <input type="checkbox"/> Corruption | <input type="checkbox"/> Stigma associated with failing |
| <input type="checkbox"/> Competition | <input type="checkbox"/> Market demand | <input type="checkbox"/> Ongoing conflict in Kashmir Valley |
| <input type="checkbox"/> Others, specify _____ | | |

5. Are the following actors supportive of youth entrepreneurship in Kashmir? Please rate accordingly.

Actors	1= Supportive, 2= Neutral, 3= Unsupportive		
Parents and Family	1	2	3
Teachers	1	2	3
Spouse (Wife or Husband)	1	2	3
Friends	1	2	3
Career Advisors	1	2	3
Existing Entrepreneurs	1	2	3
Media	1	2	3
Others, please Specify _____	1	2	3

6. Please rank the following from 1 to 7. In your opinion, what measures could improve entrepreneurial development in Kashmir? (1 is most important; 7 is least important.)

Options	Rank (1-7)
Increased cultural and social acceptance of entrepreneurship	
Better media coverage and recognition	
Improved entrepreneurial education and training	
Better business development services	
Easy access to finance- loans and start-up capital	
More supportive administrative and regulatory framework	
Others, please specify _____	

7. A. Have you heard about the entrepreneurship development institutes and programs in the state?
Yes / No
B. If yes, have you participated in any programs? Yes / No
C. If yes, how has it benefitted you? _____
8. Do you think that the existing entrepreneurship institutes are able to adequately support potential entrepreneurs in the valley?
Yes/ No
9. Do you have knowledge/awareness about existing successful entrepreneurs/enterprises in Kashmir? Yes/No
10. A. Do you have access to an entrepreneurship knowledge resource base?
Yes / No
B. If yes, please specify the source. _____



11. Do you have knowledge/awareness about the financial products and incentives (tax exemptions/ benefits, duty concessions, etc.) for entrepreneurship development in Kashmir?
All/Some/None
12. Do you know the processes involved to avail such incentives/benefits? All/Some/None
13. Are you aware of the regulations and policies to access financial services /facilities related to entrepreneurship?
All/Some/None
14. Have you heard about the following schemes/programs? If yes, please check appropriate box.
- PMEGP (Prime Minister's Employment Generation Program)
 - Cluster Development Program (CDP)
 - Skill Development Program (SKDP)
 - Credit Linked Capital Subsidy Scheme (CLCSS)
 - ISO 9000/14000 Reimbursement
 - Integrated Infrastructural Development Scheme (IID)
 - Participation in the International Exhibitions/ Fairs
 - Credit Guarantee Scheme (CGS)
 - National Manufacturing Competitiveness Program (NMCP)
 - SKEPWY
 - Rajiv Gandhi Udyami Mitra Yojana
 - Others, Specify _____
15. Do you know about the processes and procedures for industrial policies/laws/regulations for starting a business in Kashmir?
All/Some/None
16. A. Do you have knowledge about the council/bodies/and advisory boards for entrepreneurship development?
Yes/No
- B. Do the councils/bodies/advisory boards consult existing entrepreneurs while formulating policies and procedures?
Yes/No
17. Do you have knowledge about the basic requirements needed for starting a business?
All/Some/None
18. Do you think that local college and university curricula provide young entrepreneurs with adequate knowledge and guidance on starting a business?
Yes/No
19. Do college and university programs collaborate with existing business owners to provide young entrepreneurs with practical, technical knowledge on starting a

business in Kashmir? All/Some/None

20. A. Do you know of available internships and/or apprenticeships which provide young entrepreneurs with opportunities to enhance relevant technical and soft skills?

Yes/No

B. If yes, how many such opportunities are you aware of?

Please specify/name if possible: _____

C. Do youth have access to such programs and opportunities?

Yes/ No

21. A. Do you have knowledge about the following process for starting a business?

Please check all that apply.

- Product development (Value addition, etc.)
 Service development
 Business development support (Devising operational plans, human resources development, etc)
 Financial services/management (Procedures for loans and managing budgets, etc.)
 Market access and linkages (Knowledge on products and services are in demand)

B. If yes, do you have access to these services/service providers? Yes/No

22. By the end of 2013, what shift do you expect in the business environment in Kashmir Valley?

Will improve Will remain same Will get worse.

23. Do you think that the lack of business knowledge and practical professional experience among young people hinders youth from starting a business?

Yes/No

24. Based on your current knowledge and experience, complete the following sentence. Becoming an entrepreneur in Kashmir is:

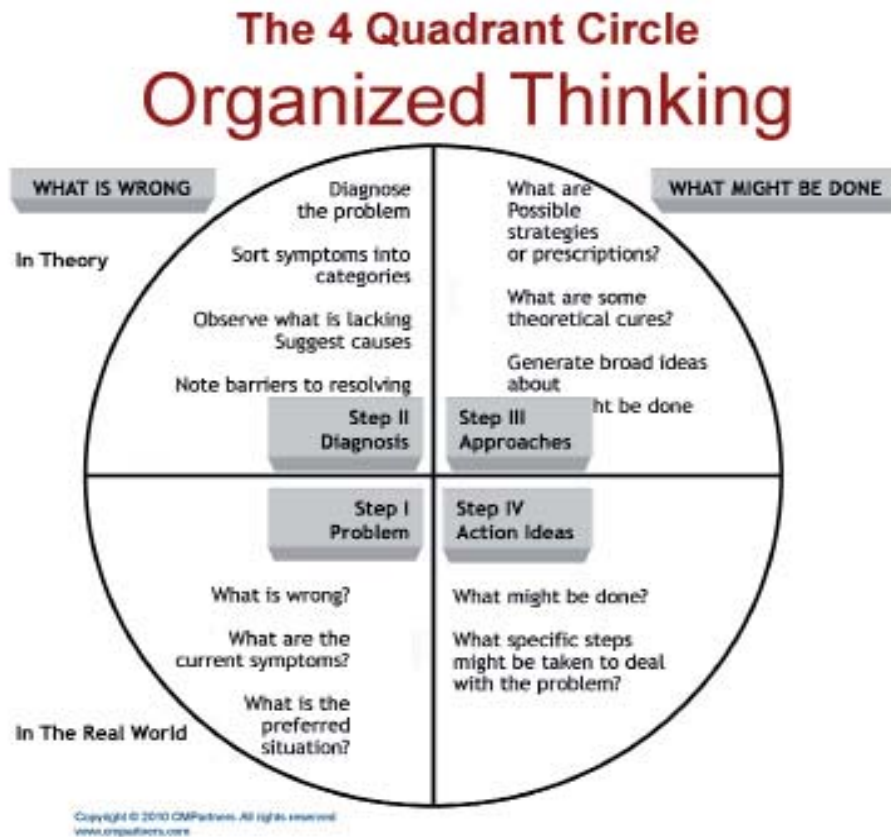
Very Easy Easy Challenging Very Challenging

- What will improve the state of youth entrepreneurship in Kashmir? Please provide recommendations. _____



Annexure IV: Quadrant Analysis used for Youth Focus Group Discussion

The 4 Quadrant Tool



General Instructions:

- Invite 10-15 youth to attend a focus group discussion at a mutually agreed upon location.
- Have each participant fill out an intake form before joining the focus group discussion.
- Ensure that each participant gets a chance to speak and everyone's views are elicited.

The Circle Chart divides the task of problem solving into four modes of thinking:

I. Problem: Identify the gap between disliked symptoms and a preferred situation. Begin by defining the problem as the gap between “what is” and “what might be.” The Circle Chart helps problem-solvers invent ways to close the gap between these two lists.

II. Diagnosis: Consider possible causal explanations underlying the disliked symptoms. List all possible causes that one might affect. Note: The goal is to



develop more specific diagnoses that will shed better light on possible prescriptive approaches.

III. Approaches: Invent a wide variety of possible approaches that might solve the problem by dealing with the causes we have identified. These approaches should be general, i.e. capable of being implemented in several different ways.

IV. Action Ideas: Invent specific plans to implement the general approaches. We examine each of the general prescriptive approaches and invent several specific action plans for implementation.

REFLECTION BOX: Youth Focus Group

1. In what sectors is there the greatest chance of starting a scalable and sustainable business?
2. Which sectors have the lowest barriers to entry for youth entrepreneurs?
3. What support needs will youth entrepreneurs have to start businesses in these sectors?
4. Which ecosystem factors affecting youth entrepreneurship can youth address directly through collective action?
 - a. What financial service providers can youth be linked to in order to start their own businesses?
 - b. What institutions can be linked in to provide BDS services to entrepreneurs?
 - c. What existing businesses should youth entrepreneurs be linked upto for mentoring opportunities?
 - d. How can cultural/social perceptions regarding entrepreneurship be improved in Kashmir valley?
 - e. How can the administrative/regulatory framework be improved?

ANNEXURE V: QUESTIONNAIRE: YOUTH LED FOCUS GROUP
DISCUSSION: OYK,
“ENABLING EFFECTIVE ENTREPRENEURSHIP”



Questionnaire

1: Do you believe that entrepreneurship will help improve Kashmir’s economic conditions?

Yes/No

2: Does youth unemployment contribute to social problems (including negative behaviors of youth) in your community?

Yes/No

3: Are you aware of viable market opportunities (for starting a business)?

Yes/No

4: Do you think that government agencies are supportive of youth interested in starting a business?

Yes/No

5: Are local universities and entrepreneurship institutes providing youth with the skills and tools needed to become successful entrepreneurs?

Yes/No

6: Would it be useful to advocate entrepreneurial education in college/universities.



Yes/No

7: Are the current internship programmers helpful to youth for starting up their own business.

Yes/No

8: Are there any other services (financial education, business skills development, communication skills, etc.) that would help you to make money?

9: Do you think that the existing entrepreneurship institutes are able to adequately support potential entrepreneurs in the valley?

Yes/No

10: Would it be useful to create an online entrepreneurship knowledge resource base for youth interested in entrepreneurship.

Yes/No

11: Do you think that the lack of business knowledge and practical professional experience among young people hinders youth from starting a business?

Yes/No

FACILITATOR REFLECTION / RESPONSE ANALYSIS

1: What do youth think about an Entrepreneur?

2: What do youth think about entrepreneurship?

3: Are youth interested in our current SKYE program?

4: What skills do youth think are most necessary to be a successful entrepreneurship?

5: For youth who have started their own business, what skills and policies have been most useful?

6: What is the demand for entrepreneurship development and support services among youth in this community?

7: Are there any social issues (drug abuse, suicide, depression, gender-based violence, etc.) associated with youth unemployment?

Annexure VI: One Young Kashmir
Youth-led problem-solving report on the issue of economy



Disclaimer

The following is a compilation of the diverse views and ideas articulated by and shared between the 150+ Kashmiri youth who participated in the Problem Solving Day on Economy - Enabling Effective Entrepreneurship in Kashmir during the One Young Kashmir Youth Leadership Summit, held at SKICC, Srinagar in March 2011.

The diverse mix of views, ideas and opinions expressed by these participants of the One Young Kashmir Summit and presented in annexure are their own and do not necessarily represent the views of the Mercy Corps Kashmir or the youth organizers/volunteers of this event.

These are reproduced to share the diversity of thinking, passion and imagination with which young people approach the topic of entrepreneurship in Kashmir.



ECONOMY AND ECONOMIC RECOVERY

The following is a background/briefing paper on the issue of Economy that was prepared by the OYK youth organizers in advance of the problem-solving discussions that took place during the OYK Summit. This background/briefing paper was shared at the OYK Summit to help initiate the conversation.

Enabling Effective Entrepreneurship

ECONOMY: KASHMIR OVERVIEW

The people of Kashmir have been witnessing the conflict since decades, which has had an impact on its economic development. Though there is a huge potential for growth and development in terms of the availability of natural resources and the entrepreneurial spirit, which may act as an engine for development - economic policies, corruption, and the conflict are key challenges.

At the present in Kashmir, the majority of the population is youth. With such a dramatically young population, most of them being educated, Kashmir faces a serious social and economic challenge in terms of lack of employment opportunities for the youth.

The state's physical infrastructure is crumbling and development has become significantly dependent on central government's grant -in- aid and its potential revenue generating sectors and industries are not being fully exploited and fairly administered.

Activities of Kashmir Economy Sector wise

(i) Primary Sector	(ii) Secondary Sector	(iii) Tertiary Sector
Agriculture, livestock	Manufacturing	Transport, storage and communication
Forestry and logging	Construction	Trade, Hotels and Restaurants.
Fishing	Electricity, Gas and Water Supply	Banking and Insurance
Mining and Quarrying		Real Estate, ownership of dwellings, business and legal services

(Budget 2011: 8000 cr. as special development assistance in addition to 28,000 cr. already earmarked under PM's Reconstruction plan)

Kashmir is mainly an agrarian based economy, agriculture and its allied sectors contribute 27% to the SGDP, with 70% of the population directly or indirectly relying on agriculture for their livelihoods. Out of the total area under apple orchards in the state, 90% is concentrated in valley due to suitable climate. With an annual turnover of over US\$ 75 million, apart from foreign exchange of over US\$ 20 million, this sector is the next biggest source of income in the state's economy next to agriculture.

Agriculture is one of the key factors and the mainstay of the state's economy.

- Rice, maize and wheat are the major cereals of J&K.
- J&K is largest producer of Apple, Walnut, Almond and many other temperate dry and fresh fruits.
- J&K holds number one position in saffron production in India, about 56.60 quintals in the year 2008-09.
- J&K is a major exporter of superior quality carpets, wooden art, embroidered clothes and many other valuable crafts.
- 90 percent of Mushroom is canned and exported from the state.

Jammu and Kashmir's GSDP (gross state domestic product)

As per the official statistics, contribution of the primary Sector to the GSDP in the financial year 2009-10 is estimated at 21.10%. Likewise, the contributions of the Secondary and Tertiary Sectors have been estimated at 29.82% and 49.08% respectively. This reflects a growth rate of 10.35% as against 10.22% growth rate recorded last year.

Key industries in Jammu and Kashmir

Food processing and agro-based industries (excluding conventional grinding and extraction units) thrive in the state because of an excellent climate for horticulture and floriculture. Handicrafts, being the traditional industry of the state, has been receiving priority attention of the government in view of its large employment base and exports potential. The state is famous for some small-scale and cottage industries such as carpet weaving, silks, shawls, basketry pottery, copper and silverware, paper-machine and walnut wood.

The Question: How can Kashmir's youth be effectively enabled to take up entrepreneurship to drive self-employment, economic growth and self-reliance?

The four Quadrants for the problem-solving report on the issue of economy

Enabling Effective Entrepreneurship

I. QUADRANT ONE: PROBLEM

- 1.1 Social and cultural attitudes towards youth entrepreneurship are mostly found to be negative.
- 1.2 There is a serious lack of enterprise education in Kashmir, especially among Youth.
- 1.3 There is an extremely limited access to start-up finance.
- 1.4 The administrative and regulatory framework is very discouraging and not conducive to self-reliance.
- 1.5 There is a dearth of business assistance, development and support.
- 1.6 There is often a lack of soft skills in aspiring entrepreneurs in Kashmir.
- 1.7 There is an absence of inspiration and visible role models/success stories



for aspiring entrepreneurs to learn from.

1.8 Sufficient dedication and perseverance is missing.

1.9 There is also a lack of imagination about entrepreneurship as a viable career path.

1.10 There is a lack of interest in even learning about entrepreneurship among certain Kashmiri youth.

II. QUADRANT TWO: DIAGNOSIS

2.1 The Kashmir conflict is a major hindrance to the development of Kashmir, and to the introduction of entrepreneurship. There is fear and uncertainty among businessmen, local and non-local, and they hesitate to invest here. Kashmiris have become pessimistic over the past 63 years. People feel isolated and alienated. We are not ready to risk and invest in new ventures when the market is unstable and unpredictable.

2.2 We are a consumer economy and not a producer economy.

2.3 The best entrepreneurial brains leave Kashmir to pursue successful careers outside the valley; our human resource thus gets severely depleted. In the face of this brain drain, governmental policy is often less economically sound and effective.

2.4 Our older generation is risk-averse. Parental pressure with respect to career choice is a major hurdle in enabling effective entrepreneurship in Kashmir. Parents thrust their aims and dreams upon their children. Also, if the parents are in government service, they expect their child to follow in their footsteps. There exists a generation gap and disconnect from the contemporary market and career opportunities.

2.5 Most of the youth want jobs, especially in the government sector. They don't want to be self-employed or have an enterprise of their own. Kashmiris are content with any small time jobs that they are provided.

2.6 There is also a major lack of support for entrepreneurs from their family and friends. Students' personal environment – their parents and family members – are always neglected. Social acceptance of entrepreneurship is low.

2.7 People tend to be very orthodox, and occasionally narrow-minded. This would include our easily satiable nature and poor work culture.

2.8 Kashmir's climate is unpredictable, and this serves as a major hindrance to effective entrepreneurship in Kashmir. Financial security and career progression are additional hurdles.

2.9 People do not engage in unorthodox businesses. They don't see business as a continuous source of income, and instead want a dependable salary-based income, i.e. government jobs.

2.10 We unfortunately look down upon some professions and livelihoods and this has resulted in a decline of potentially lucrative small-scale industries and ventures.

- 2.11 Dishonesty and corruption has also crippled the industrial sector in Kashmir.
- 2.12 Engaging in entrepreneurship is viewed upon as breaking some very important social convention, and is as such frowned upon. There is a consequent lack of societal experience in entrepreneurship.
- 2.13 We have an unhealthy sense of competition towards the market. Those who are established in business do not encourage others to do so for fear of losing market share.
- 2.14 Youth have difficulty getting married in Kashmir, unless they are in some form of government employment or the other. Financial security is the single most important concern of Kashmiris and government employment is viewed as the lone option of providing that. Kashmiri society does not appreciate anything other than government jobs and only people in those jobs are given respect. This is a major deterrent.
- 2.15 The media does not play enough of a role to encourage entrepreneurship and to present success stories and inspiring role models in entrepreneurship in Kashmir.
- 2.16 There is little information on how to get into various markets and sectors. People instead resort to rent-seeking behaviour and conduct business purely for governmental subsidies.
- 2.17 Certain business ideas go against religion; for instance, interest is forbidden in Islam, while the entire banking system is based on interest.
- 2.18 Women's movement is often limited in orthodox families and they thus often find it difficult to start-up businesses.
- 2.19 No one wants to take a risk, or accept responsibility. There is a "why should I?" state of mind among people.
- 2.20 Our resources remain largely untapped, acting as a hindrance to the starting-up of entrepreneurship. Access to infrastructural resources such as road-connectivity, electricity and proper communication network, Internet is very unreliable in Kashmir. We are poorly connected and therefore supply chains for businesses are unreliable.
- 2.21 The lack of evening flights connections between Srinagar and business metros hinders business travellers from visiting and prevents Kashmir from becoming a hub of business.
- 2.22 Entrepreneurs are not taken seriously by colleagues and business contacts and are often looked down upon. They are seen as the ones who failed to secure a government job for him/herself.
- 2.23 There is age discrimination shown by suppliers or customers towards young



entrepreneurs, as also by financial institutions and the government.

2.24 Entrepreneurs in Kashmir thus have great difficulty in attracting funding / financial support for their businesses; the lack of adequate start-up finance is a common impediment for young people yearning to start their own business.

2.25 Lack of savings and resources on the part of aspiring entrepreneurs in Kashmir is another major hurdle to successful entrepreneurship in Kashmir. Extravagance at marriages and on other occasions is a major drain on any savings that a person or a family may have accumulated.

2.26 There is a further lack of securities and credibility, and of business experience and skills, for debt financing. Many people cannot provide collateral in exchange for financial support for their ventures.

2.27 Credit-scoring methodologies and regulations in Kashmir are too strict.

2.28 The documentation procedures stipulated for young entrepreneurs when they apply for finance are too complex. There is intense red-tapism, and long waiting periods are involved, while an application for funding is being decided upon.

2.29 Business registration procedures in Kashmir are quite complex and the costs are very high.

2.30 There are no concerted efforts to encourage entrepreneurship education at the secondary school level.

2.31 Governmental focus on the development of the private sector in Kashmir is woefully inadequate. In fact, it serves to de-motivate, since there is a lot of corruption involved. It seems policymakers don't ever want us to be self-sufficient.

2.32 There is a further lack of business connections in Kashmir; resources such as business contacts, suppliers, suitable partners and networks.

2.33 For those start-up financing possibilities that exist, there is a lack of knowledge, understanding and awareness about them. There is a further lack of knowledge about the legal status/form of an enterprise.

2.34 Lack of successful micro lending/finance and seed funding for aspiring entrepreneurs in Kashmir is another major drawback.

2.35 Industry and firm characteristics are un-favourable. Employees are over-worked and under-paid.

2.36 There is also a general lack of introduction and adoption of enterprise education.

2.37 There are inadequate curricula and study programmes in entrepreneurship.

2.38 There's a lack of trained and educated teachers who can effectively impart useful knowledge to aspiring entrepreneurs. People who are themselves employed

and lack market experience impart entrepreneurship education.

2.39 There is also a lack of career information and business possibilities for entrepreneurs in Kashmir. There is a further lack of knowledge about available business support services.

2.40 There is a serious dearth of tailor-made business training and advice for young start-ups in Kashmir. It is a giant leap from earning degrees to practical work.

2.41 There are no trained counsellors, development workers and/or adequate support agencies for young entrepreneurs in Kashmir, and no mentoring capacities.

2.42 There are very few exchange networks, forums and meeting places, and a lack of other business development. There is also a lack of institutions at the community level for encouraging entrepreneurship.

2.43 Business and education linkages for aspiring entrepreneurs are also very rare in Kashmir.

2.44 There is a further lack of workspace and ICT infrastructure and capability.

2.45 Agri-business is specifically disadvantaged in Kashmir because people have started building houses in their agricultural fields. Agriculture production is steadily declining for a number of reasons.

2.46 In the future, energy needs are going to be the world's biggest challenge, and in this regard, the Indus Water Treaty is a dent to Kashmir.

III. QUADRANT THREE: APPROACHES

3.1 Resolution of the Kashmir conflict will not only improve the economic stability of Kashmir but also that of India and Pakistan. But we must not use the conflict as a convenient excuse for inertia.

3.2 More people must be introduced to the importance of entrepreneurship in improving the economic setup of the state.

3.3 Experience has a major role to play; if parents have reason to believe their wards can do well, they will allow them to be entrepreneurs.

3.4 Unemployed youth must join hands and raise awareness in order to create employment through entrepreneurship.

3.5 We must ask our friends and family to support our entrepreneurial ventures; we must also consider partnership opportunities with others.

3.6 There must be active Public Private Partnership over entrepreneurship.

3.7 There must be an improvement in business contacts, and in the selection of appropriate suppliers, partners and subsequently networks.



- 3.8 The services of skilled counsellors and proper agencies must be used to propagate information about the importance of entrepreneurship.
- 3.9 There must be an end to the dependence on government jobs, and the private sector in the valley must be strengthened.
- 3.10 We must all develop a better work culture and work conscientiously.
- 3.11 Authorities must be made accountable and must take all necessary steps to develop entrepreneurship-enabling infrastructure in Kashmir.
- 3.12 Registration methods must be simplified, and low cost, effective entrepreneurship projects must be recognised.
- 3.13 There must be identification of various schemes enabling easy loans for entrepreneurship, which include various financing mechanisms in place, such as grant financing ('free money') and debt financing (soft loans). These schemes must be brought to public notice.
- 3.14 Easy methods of credit scoring and straightforward regulations must be introduced.
- 3.15 Entrepreneurship must be encouraged in both rural and urban Kashmir. At the community level, panchayats must encourage entrepreneurship.
- 3.16 There must be identification and sustainable exploitation of all resources available within one's access area.
- 3.17 Already established and successful projects/persons must be publicised as inspiring success stories.
- 3.18 Industrial tours to other places must be organised for school and college students. Online discussions with entrepreneurs outside Kashmir must be facilitated.
- 3.19 Efforts to encourage entrepreneurship need be institutionalised.
- 3.20 There must be serious efforts by the government to build capacity among youth, motivating them to be economically self-reliant.
- 3.21 There must be a change in societal attitude towards entrepreneurship.
- 3.22 Existing and traditional entrepreneurs must be actively encouraged.
- 3.23 A sense of financial security must be imbibed among people with respect to investment in entrepreneurship. Alternate ways to generate finance must be actively explored. In this regard, established businessmen can be approached to fund start-ups.
- 3.24 One way to arrange finance is to present ideas to foreign investors – say Kashmiri Diaspora living abroad. These are called 'angel investors'. Some 'angel investors' work in conflict zones: one of them is UNICON.

3.25 Entrepreneurs must learn from their mistakes and failures, to be better, successful entrepreneurs. They must work for a couple of years in the sector they want to invest in, gain experience in that field, before starting their own unit, as most companies start from zero. We must get rid of the notion of shortcuts and a get-rich-quick attitude. No pain, no gain.

3.26 Entrepreneurs must have a vision and leadership qualities, and be bold enough to face competition and failures. They must also be completely honest in their dealings.

3.27 Rampant corruption in Kashmir must be rooted out.

3.28 There must be seminars, debates and workshops conducted on the pros and cons of entrepreneurship, in places such as educational institutions. Events like One Young Kashmir must be encouraged, since they bring together people from varied backgrounds. Pamphlets on entrepreneurship must be prepared and distributed.

3.29 Trust between Kashmir and other markets needs to be built, so as to ensure an investment environment for entrepreneurship to flourish.

3.30 We must highlight, promote and use local products. We must take pride in our traditional businesses and actively pursue them.

3.31 Successful entrepreneurs must be appreciated and encouraged. In this regard, middlemen must be cut out.

3.32 Businesses must be taken seriously and conducted professionally; scientific and expert advice must be sought for running a business. Modern practices must be employed to improve agriculture, horticulture, floriculture and other key industries. There must be workshops on the development of saffron. Agriculture production must be boosted and farmers should be linked to the market in an equitable way.

3.33 Eco-friendly products must be introduced. Also, the kangri can even be promoted as a decorative item.

3.34 Micro-level entrepreneurship projects/pilot projects must be developed and introduced in niche areas.

3.35 The government must create adequate market promotion opportunities for our local handicrafts in other parts of world.

3.36 The government must also try to revive the tourism sector of the Kashmir economy, since that has immense potential for effective entrepreneurship. New tourist resorts must be developed; the IT, poultry and animal husbandry sectors also have immense potential for development. Poultry units can even be started in individual households – just as they once were – thus creating hundreds of micro-entrepreneurs and producers at a grassroots level.

3.37 Investment in run-of-the-river hydroelectric power projects must be promoted at all levels.



3.38 The cultivation of aromatic and medicinal plants and adventure sports must be encouraged in Kashmir; sapphire mining is another sector that could be revived, as the Kashmiri sapphire is world famous.

3.39 Sewage treatment plants and the recycling industry are two more sectors whose development can be examined. Private intervention into these sectors can be viable.

3.40 The privatisation of the governmental department of PDD and R&B must be explored at the governmental level. This would ensure the weeding out of corruption in governmental contracts.

3.41 The entertainment industry has great scope in modern times. It means commercialising art and theatre. Photography can also be developed as a formal industry. There is a strong local demand for entertainment in Kashmir such as cinemas, etc.

3.42 Awareness among youth about the ills of corruption must be imparted from a very early age, so that our next generation may be corruption-free.

3.43 Religious places can be used as a platform for promoting ideas and encouraging people to enter business.

3.44 Volunteers can try to spread entrepreneurial awareness in society.

IV. QUADRANT FOUR: ACTION IDEAS

4.1 The government must introduce economic incentives, encouraging people to generate self-employment. Budding youth entrepreneurs must be given tax waivers for starting their businesses. Easy loan facilities and more financial institutions that support and encourage entrepreneurship would also be positive steps in this direction.

4.2 There must be counselling of youth, parents, religious scholars, politicians, youth peer groups, so as to motivate our youth towards entrepreneurship. This can extend to the introduction of psychosocial counselling of youth and their parents/families, so as to overcome societal prejudices against youth entrepreneurship.

4.3 The government must place a moratorium on creating new government jobs. The government should also consider shedding off all dead wood and unnecessary posts. E-governance can improve service delivery and reduce the need for so many government employees. Similarly, all government holdings such as JKTDC should be auctioned off and privatized. There should not be a 7th pay commission — government salaries should not be inflated in such a way that private firms cannot compete.

4.4 Experts and those who have excelled in the field must be involved in encouraging entrepreneurship.

- 4.5 Youth must be connected with role-models, introducing them to successes already achieved by bright Kashmiri entrepreneurs
- 4.6 Youth must analyse market trends: what to produce, how to produce and how much to produce, as also whether our society is capital intensive or labour intensive.
- 4.7 Management graduates must take on bureaucratic responsibilities in government, so that effective entrepreneurship can be easily facilitated through them.
- 4.8 The government must open more trade routes across the Line of Control and the Line of Actual Control, that separate Kashmir from Pakistan and China respectively. In fact, all of Kashmir's ancient trade routes must be thrown open for business again. Let Kashmir become a hub for business and trade.
- 4.9 The development of personal savings must be encouraged.
- 4.10 Also, the Islamic banking system and finance must be introduced by the government in the Kashmir market. The Auqaf must also provide interest-free loans to budding entrepreneurs.
- 4.11 Cost-effective projects and plans must be encouraged to begin with.
- 4.12 The government must reduce the tax levied on start-ups.
- 4.13 Micro-lending/finance institutions must be established, and procedures to get finance must be made customer-friendly. Local self-help groups must also be formed by communities to help people to finance their projects.
- 4.14 If financial institutions find an idea viable, they should finance it; they can even become partners in the business.
- 4.15 Product quality must always be maintained in Kashmir.
- 4.16 The government must ensure that necessary and expert based education on entrepreneurship is imparted at all levels of the society. The process would include inter-personal and mass communication methods and tools for better results. Month-long/semester-long courses on entrepreneurship must be introduced in colleges and universities. The key would be to make these courses creative and interesting.
- 4.17 Economics as a subject, must be introduced early – preferably at the 9th or 10th grade levels – so that children may develop a sense of economics at an early stage.
- 4.18 The government must simplify registration and regulatory mechanisms, and these must be both online and offline. Also, counselling centres must be in registration offices.
- 4.19 There must be serious efforts by both the government and the private sector to build the necessary entrepreneurship-enabling infrastructure in the valley.



- 4.20 Community-based entrepreneurial education must be conducted by existing entrepreneurs.
- 4.21 Young entrepreneurs must strive to develop really positive relationships with their customers.
- 4.22 Young entrepreneurs must also use necessary tips and evaluate the market before investing in any project.
- 4.23 Young entrepreneurs must also target a specific segment of customers, evaluating the need for and demand of a particular product, in a specific location. Market research is thus extremely important.
- 4.24 All private enterprises in Kashmir must have dedicated Research and Development (R&D) departments, and the intellectual property rights of any products that they develop must be legally protected.
- 4.25 Mass awareness must be made about the benefits of entrepreneurship, and in this regard, the power of the media, documentary films and social networks must be harnessed.
- 4.26 We must first change our thinking to change others' mindsets positively, change our outlook towards business at individual levels. We must accept that every profession is respectable. It is we who create these biases and it is we who must remove them.
- 4.27 Entrepreneurship education must be imparted from an early age, using plays and other informal methods.
- 4.28 Experts and entrepreneurs must do columns, editorials and stories in newspapers and magazines on the subject of entrepreneurship. Regional business journals must also be started and widely circulated.
- 4.29 Instead of a "why-me", we must all develop a "why-not-me" attitude.
- 4.30 Qualified business graduates have an important role to play; they can set-up consultancies to help other businesses grow.
- 4.31 Youth must stand against injustice in the market. Citizens should form clubs, speaking out against social and economic injustices. The exploitation by middlemen in the handicrafts and agriculture sector must end so productivity increases.
- 4.32 The banks must accept gold as sufficient collateral for disbursing loans.
- 4.33 Instead of asking for a guarantor or a mortgage from young entrepreneurs, moneylenders must instead look for promise and honesty in a young entrepreneur. The credibility of an idea must be given preference, and not the person who is yet to prove himself.
- 4.34 District-level units of the JK Entrepreneurship Development Institute must

be set-up across the valley. They can impart viable entrepreneurial education, help in getting financial assistance from banks, and even evaluate the viability of projects for financial institutions.

4.35 Bio-fertilizers and manures must replace chemical fertilizers.

4.36 Formal Institutions must be established that focus on career development in the field of entrepreneurship.

4.37 The government must actively engage in facilitating the private sector investment in Kashmir. Kashmir should be promoted as an investment-friendly destination and Kashmiri Diaspora must be encouraged to invest in Kashmir's economic growth and self-reliance.

4.38 The SEZ's must be established in the Kashmir Valley allowing for 100% FDI.

4.39 Entrepreneurs must design and present business plans professionally.

4.40 Youth must engage in part-time jobs to raise funds for their start-ups.

4.41 Entrepreneurship can be practised even in schools, where students can run canteens, bookshops, etc.

4.42 The government must establish an independent monitoring agency that can swiftly remove irregularities/corruption in the system. Laws dealing with the stamping out of corruption must be made harsher.

4.43 The government must introduce a social security system for everyone, and increase minimum wage levels. It must also compile a complete database of Kashmir's resources and make it available to budding entrepreneurs.

4.44 The private sector must take immediate action to market our cricket-bats industry effectively in national and international markets. The branded final product should be produced in Kashmir to capture full value.

4.45 The manufacture of vermi-compost fertilisers is an unexplored market and a good option for aspiring entrepreneurs.

4.46 NGO's must design projects that teach people self-reliance.



Annexure VII: Individual Youth Focus Group Discussions

Youth Focus Group Discussion Guide

Note: This focus group discussion guide was created in February 2011 as part of the development of the “Youth Entrepreneurship in Kashmir: Challenges and Opportunities” report. This guide was tailored to youth in Kashmir Valley. Questions have been gathered and organized from a variety of sources, including surveys and tools from Mercy Corps and Women’s Refugee Commission.

Note: Focus groups should consist of 10-15 individuals. Participants may provide more honest dialogue when groups are gender exclusive.

- 1) Please describe/define “youth” in your community.
- 2) What are the major challenges youth face in your community?
- 3) Describe the state of youth unemployment in Kashmir. (Probe: How has conflict impacted youth unemployment?)
- 4) How do the majority of female youth earn a living in your community?
Male youth?
- 5) What challenges do youth face in making money?
- 6) What are your views on entrepreneurship?
- 7) Are you aware of viable market opportunities (for starting a business)?
- 8) How do cultural/societal norms impact youth entrepreneurship? Please explain.
- 9) Do you think that local businesses are supportive of youth interested in starting a business? Please explain.
- 10) Do you think that government agencies are supportive of youth interested in starting a business? Please explain.
- 11) Do you currently use any economic resources in your community?
 - a. If yes, which resources do you use? How often?
 - b. If not, what has prevented you from using these resources?
- 12) Are local universities and entrepreneurship institutes providing youth with the skills and tools needed to become successful entrepreneurs?



- 13) Are there any other services (financial education, business skills development, communication skills, etc.) that would help you to make money?
- 14) How does youth unemployment contribute to other social problems (including negative behaviors) in your community? If so, please explain.
- 15) Do you have any additional thoughts you would like to share?

Facilitator Reflection / Response Analysis

- 1) Are youth interested in our current SKYE program?
- 2) What skills do youth think are most necessary to be a successful entrepreneur?
- 3) For youth who have started their own business, what skills and policies have been most useful?
- 4) What is the demand for entrepreneurship development and support services among youth in this community?
- 5) Are there any social issues (drug abuse, suicide, depression, gender-based violence, etc.) associated with youth unemployment?

Additional thoughts and observations:

ANNEXURE VIII: ENTREPRENEUR PROFILING QUESTIONNAIRE

1. Background

- Name _____
- Qualifications _____
- Company's name and profile _____
- Email id _____
- Established in (year) _____
- Number of employees _____
- No of Branches at present _____
- City _____
- Contact Number _____
- Company URL _____
- Vision/Guideline for 2011 _____

1. In about 100 words, please tell us about your company.
2. What is the scope of your organization? How many people benefit from it, or use its services?
3. What are the differentiators of your business? Can you explain the business model?
4. How do you plan to scale-up the business?
5. Why did you choose to be an entrepreneur rather than stick to a regular 9-to-5 job?
6. What has been the biggest challenge for you so far, and how did you overcome it?
7. What is the biggest mistake you made as an amateur entrepreneur?
8. Where did you find the seed capital for your company?
9. What has been the growth trajectory of your company?
How many employees and branches do you have now?
10. What has been the biggest achievement in the growth of your organization?
11. Have you, or your organization, been recognized in any way for your great work?
12. At any point, did you feel like giving up and finding a regular job?
13. What drives you to stay buckled on the rollercoaster ride of entrepreneurship?
14. What is your vision for your organization for the coming 2 years?
15. Do you have any tips to share with budding entrepreneurs?
16. What do you think are the key challenges for a Kashmiri entrepreneur?



Annexure IX: Interview guide to the focus group discussion for Government & Financial Institutions

Objective: - The main objective of this FGD would be concentration on the last component of the report and would also help us collect inputs for the recommendations and the way forward.

Note: This focus group discussion guide was created in April 2011 as part of the development of the “Youth Entrepreneurship in Kashmir: Challenges and Opportunities” report. This guide was tailored to government officials in Kashmir Valley. Questions have been gathered and organized from a variety of sources, including surveys and tools from Mercy Corps

Note: Focus groups should consist of 10-15 individuals. Participants may provide more honest dialogue when groups are gender exclusive.

- 1) What is the concept of Entrepreneurship among government offices?
- 2) How do you perceive the youth entrepreneurs?
- 3) What do you think are strengths in government offices?
- 4) Do you think present procedures for starting an Enterprise in Kashmir has some gaps?
- 5) What do you think are the gaps in the present government framework?
- 6) What are the main reasons for the delay in implementation of starting an Enterprise?
- 7) Do you have knowledge about the schemes and how do you make sure that they reach to people.
- 8) How do you encourage young entrepreneurs to start their enterprises?
- 9) Do you think that other government agencies are supportive of youth interested in starting a business? Please explain.
- 10) How do we improve the system in the short term?
- 11) Do you have any additional thoughts you would like to share?

QUADRANT ANALYSIS

(First and Second quadrants)

Note: - These had been pre identified in the OYK summit and these are the major problems in each FGD on that date. These are concerns of the youth and thus the people who are authorities have a clearer answer to these



Weakness and Gaps Identified in Implementation.

- Overcoming procedural constraints.
- Mindset and awareness about entrepreneurship?
- Time delay in registration and other complex procedures result in lack of interest and self Confidence
- Lack of Trust
- Corruption
- Long and complex Procedures:-
- Harassment/embarrassment and discouraging aspiring entrepreneurs.
- Interdepartmental Communications.
- Red Tapism

SECOND AND FOURTH QUADRANT:

Note: - These had been pre identified in the OYK summit and these are the most talked and common actions in each FGD on that day. These are concerns of the youth and thus the people who are authorities have a clearer answer to implementation of these.

HOW DO WE IMPROVE (ACTIONS)

- Change in Admin Policies (identification of policies is required)
- More Seminars + More Outreach
- Start Up Booths (single window system)
- Use of technology to speed up whole process
- Easing up Start up processes
- Grievance cell (for anti corruption)
- Presentations in PPT's and other such software's (technology for usage for self explanatory representations)
- Brochures should be available at Various places (accessible to youth) with details for aspiring entrepreneurs
- Possibility of depts. To evaluate the viability of an idea and forward it to the financing organizations.
- Collaborations between education/training institutions and depts. For boosting entrepreneurs.

ANNEXURE X: FRAMEWORK FOR 21ST CENTURY LEARNING

Note: This Framework may be useful for education reformers interested in orienting Kashmir's educational system to the demands of the 21st century.

For more information visit: www.p21.org

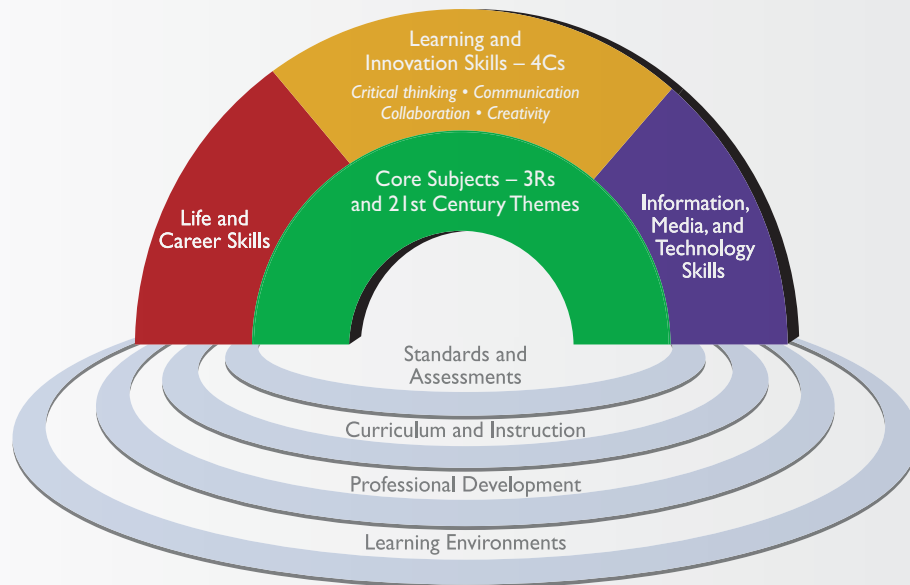




Framework for 21st Century Learning

The Partnership for 21st Century Skills has developed a vision for student success in the new global economy.

21st Century Student Outcomes and Support Systems



21ST CENTURY STUDENT OUTCOMES

To help practitioners integrate skills into the teaching of core academic subjects, the Partnership has developed a unified, collective vision for learning known as the Framework for 21st Century Learning. This Framework describes the skills, knowledge and expertise students must master to succeed in work and life; it is a blend of content knowledge, specific skills, expertise and literacies.

Every 21st century skills implementation requires the development of core academic subject knowledge and understanding among all students. Those who can think critically and communicate effectively must build on a base of core academic subject knowledge.

Within the context of core knowledge instruction, **students must also learn the essential skills for success in today's world, such as critical thinking, problem solving, communication and collaboration.**

When a school or district builds on this foundation, combining the entire Framework with the necessary support systems—standards, assessments, curriculum and instruction, professional development and learning environments—students are more engaged in the learning process and graduate better prepared to thrive in today's global economy.

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One Massachusetts Avenue NW, Suite 700 Washington, DC 20001 202-312-6429 www.P21.org

Core Subjects and 21st Century Themes

Mastery of **core subjects and 21st century themes** is essential to student success. Core subjects include English, reading or language arts, world languages, arts, mathematics, economics, science, geography, history, government and civics.

In addition, schools must promote an understanding of academic content at much higher levels by weaving **21st century interdisciplinary themes** into core subjects:

- **Global Awareness**
- **Financial, Economic, Business and Entrepreneurial Literacy**
- **Civic Literacy**
- **Health Literacy**
- **Environmental Literacy**

Learning and Innovation Skills

Learning and innovation skills are what separate students who are prepared for increasingly complex life and work environments in today's world and those who are not. They include:

- **Creativity and Innovation**
- **Critical Thinking and Problem Solving**
- **Communication and Collaboration**

Information, Media and Technology Skills

Today, we live in a technology and media-driven environment, marked by access to an abundance of information, rapid changes in technology tools and the ability to collaborate and make individual contributions on an unprecedented scale. Effective citizens and workers must be able to exhibit a range of functional and critical thinking skills, such as:

- **Information Literacy**
- **Media Literacy**
- **ICT (Information, Communications and Technology) Literacy**

Life and Career Skills

Today's life and work environments require far more than thinking skills and content knowledge. The ability to navigate the complex life and work environments in the globally competitive information age requires students to pay rigorous attention to developing adequate life and career skills, such as:

- **Flexibility and Adaptability**
- **Initiative and Self-Direction**
- **Social and Cross-Cultural Skills**
- **Productivity and Accountability**
- **Leadership and Responsibility**

21ST CENTURY SUPPORT SYSTEMS

Developing a comprehensive framework for 21st century learning requires more than identifying specific skills, content knowledge, expertise and literacies. An innovative support system must be created to help students master the multi-dimensional abilities that will be required of them. The Partnership has identified five critical support systems to ensure student mastery of 21st century skills:

- **21st Century Standards**
- **Assessments of 21st Century Skills**
- **21st Century Curriculum and Instruction**
- **21st Century Professional Development**
- **21st Century Learning Environments**

For more information, visit the Partnership's website at www.P21.org.



Member Organizations

- American Association of School Librarians
- Adobe Systems Incorporated
- Apple Inc.
- Blackboard
- Cable in the Classroom
- Cengage Learning
- Cisco Systems
- Crayola
- Dell
- Education Networks of America
- ETS
- EF Education
- GlobalScholar
- Houghton Mifflin Harcourt
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- KnowledgeWorks Foundation
- Learning Point Associates
- LEGO Group
- McGraw-Hill
- Measured Progress
- MHz Networks
- Microsoft Corporation
- National Academy Foundation
- National Education Association
- netTrekker
- Oracle Education Foundation
- Pearson
- PMI Educational Foundation
- Verizon
- Walt Disney Company

P21 Framework Definitions

To help practitioners integrate skills into the teaching of core academic subjects, the Partnership has developed a unified, collective vision for learning known as the Framework for 21st Century Learning. This Framework describes the skills, knowledge and expertise students must master to succeed in work and life; it is a blend of content knowledge, specific skills, expertise and literacies.

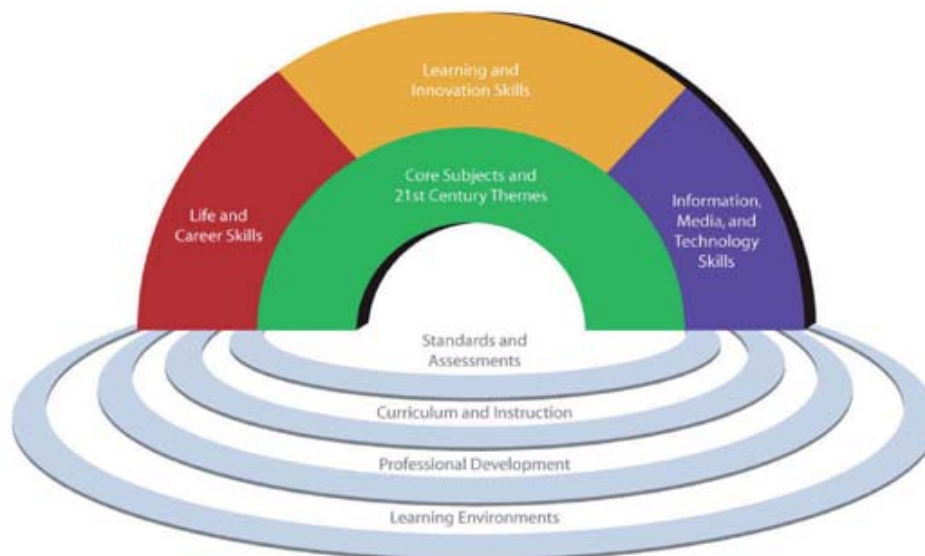
Every 21st century skills implementation requires the development of core academic subject knowledge and understanding among all students. Those who can think critically and communicate effectively must build on a base of core academic subject knowledge.

Within the context of core knowledge instruction, **students must also learn the essential skills for success in today's world, such as critical thinking, problem solving, communication and collaboration.**

When a school or district builds on this foundation, combining the entire Framework with the necessary support systems—standards, assessments, curriculum and instruction, professional development and learning environments—students are more engaged in the learning process and graduate better prepared to thrive in today's global economy.

While the graphic represents each element distinctly for descriptive purposes, the Partnership views all the components as fully interconnected in the process of 21st century teaching and learning.

21st Century Student Outcomes and Support Systems



21st CENTURY STUDENT OUTCOMES

The elements described in this section as “21st century student outcomes” (represented by the rainbow) are the knowledge, skills and expertise students should master to succeed in work and life in the 21st century.

CORE SUBJECTS AND 21st CENTURY THEMES

Mastery of **core subjects and 21st century themes** is essential for all students in the 21st century. Core subjects include:

- English, reading or language arts
- World languages
- Arts
- Mathematics
- Economics
- Science
- Geography
- History
- Government and Civics

In addition to these subjects, we believe schools must move to include not only a focus on mastery of core subjects, but also promote understanding of academic content at much higher levels by weaving **21st century interdisciplinary themes** into core subjects:

Global Awareness

- Using 21st century skills to understand and address global issues
- Learning from and working collaboratively with individuals representing diverse cultures, religions and lifestyles in a spirit of mutual respect and open dialogue in personal, work and community contexts
- Understanding other nations and cultures, including the use of non-English languages

Financial, Economic, Business and Entrepreneurial Literacy

- Knowing how to make appropriate personal economic choices
- Understanding the role of the economy in society
- Using entrepreneurial skills to enhance workplace productivity and career options

Civic Literacy

- Participating effectively in civic life through knowing how to stay informed and understanding governmental processes
- Exercising the rights and obligations of citizenship at local, state, national and global levels
- Understanding the local and global implications of civic decisions



Health Literacy

- Obtaining, interpreting and understanding basic health information and services and using such information and services in ways that enhance health
- Understanding preventive physical and mental health measures, including proper diet, nutrition, exercise, risk avoidance and stress reduction
- Using available information to make appropriate health-related decisions
- Establishing and monitoring personal and family health goals
- Understanding national and international public health and safety issues

Environmental Literacy

- Demonstrate knowledge and understanding of the environment and the circumstances and conditions affecting it, particularly as relates to air, climate, land, food, energy, water and ecosystems
- Demonstrate knowledge and understanding of society's impact on the natural world (e.g., population growth, population development, resource consumption rate, etc.)
- Investigate and analyze environmental issues, and make accurate conclusions about effective solutions
- Take individual and collective action towards addressing environmental challenges (e.g., participating in global actions, designing solutions that inspire action on environmental issues)

LEARNING AND INNOVATION SKILLS

Learning and innovation skills increasingly are being recognized as those that separate students who are prepared for a more and more complex life and work environments in the 21st century, and those who are not. A focus on creativity, critical thinking, communication and collaboration is essential to prepare students for the future.

CREATIVITY AND INNOVATION

Think Creatively

- Use a wide range of idea creation techniques (such as brainstorming)
- Create new and worthwhile ideas (both incremental and radical concepts)
- Elaborate, refine, analyze and evaluate their own ideas in order to improve and maximize creative efforts

Work Creatively with Others

- Develop, implement and communicate new ideas to others effectively
- Be open and responsive to new and diverse perspectives; incorporate group input and feedback into the work
- Demonstrate originality and inventiveness in work and understand the real world limits to adopting new ideas
- View failure as an opportunity to learn; understand that creativity and innovation is a long-term, cyclical process of small successes and frequent mistakes

Implement Innovations

- Act on creative ideas to make a tangible and useful contribution to the field in which the innovation will occur

CRITICAL THINKING AND PROBLEM SOLVING**Reason Effectively**

- Use various types of reasoning (inductive, deductive, etc.) as appropriate to the situation

Use Systems Thinking

- Analyze how parts of a whole interact with each other to produce overall outcomes in complex systems

Make Judgments and Decisions

- Effectively analyze and evaluate evidence, arguments, claims and beliefs
- Analyze and evaluate major alternative points of view
- Synthesize and make connections between information and arguments
- Interpret information and draw conclusions based on the best analysis
- Reflect critically on learning experiences and processes

Solve Problems

- Solve different kinds of non-familiar problems in both conventional and innovative ways
- Identify and ask significant questions that clarify various points of view and lead to better solutions

COMMUNICATION AND COLLABORATION**Communicate Clearly**

- Articulate thoughts and ideas effectively using oral, written and nonverbal communication skills in a variety of forms and contexts
- Listen effectively to decipher meaning, including knowledge, values, attitudes and intentions
- Use communication for a range of purposes (e.g. to inform, instruct, motivate and persuade)
- Utilize multiple media and technologies, and know how to judge their effectiveness a priori as well as assess their impact
- Communicate effectively in diverse environments (including multi-lingual)

Collaborate with Others

- Demonstrate ability to work effectively and respectfully with diverse teams
- Exercise flexibility and willingness to be helpful in making necessary compromises to accomplish a common goal
- Assume shared responsibility for collaborative work, and value the individual contributions made by each team member



INFORMATION, MEDIA AND TECHNOLOGY SKILLS

People in the 21st century live in a technology and media-suffused environment, marked by various characteristics, including: 1) access to an abundance of information, 2) rapid changes in technology tools, and 3) the ability to collaborate and make individual contributions on an unprecedented scale. To be effective in the 21st century, citizens and workers must be able to exhibit a range of functional and critical thinking skills related to information, media and technology.

INFORMATION LITERACY

Access and Evaluate Information

- Access information efficiently (time) and effectively (sources)
- Evaluate information critically and competently

Use and Manage Information

- Use information accurately and creatively for the issue or problem at hand
- Manage the flow of information from a wide variety of sources
- Apply a fundamental understanding of the ethical/legal issues surrounding the access and use of information

MEDIA LITERACY

Analyze Media

- Understand both how and why media messages are constructed, and for what purposes
- Examine how individuals interpret messages differently, how values and points of view are included or excluded, and how media can influence beliefs and behaviors
- Apply a fundamental understanding of the ethical/legal issues surrounding the access and use of media

Create Media Products

- Understand and utilize the most appropriate media creation tools, characteristics and conventions
- Understand and effectively utilize the most appropriate expressions and interpretations in diverse, multi-cultural environments

ICT (Information, Communications and Technology) LITERACY

Apply Technology Effectively

- Use technology as a tool to research, organize, evaluate and communicate information
- Use digital technologies (computers, PDAs, media players, GPS, etc.), communication/networking tools and social networks appropriately to access,

- manage, integrate, evaluate and create information to successfully function in a knowledge economy
- Apply a fundamental understanding of the ethical/legal issues surrounding the access and use of information technologies

LIFE AND CAREER SKILLS

Today's life and work environments require far more than thinking skills and content knowledge. The ability to navigate the complex life and work environments in the globally competitive information age requires students to pay rigorous attention to developing adequate life and career skills.

FLEXIBILITY AND ADAPTABILITY

Adapt to Change

- Adapt to varied roles, jobs responsibilities, schedules and contexts
- Work effectively in a climate of ambiguity and changing priorities

Be Flexible

- Incorporate feedback effectively
- Deal positively with praise, setbacks and criticism
- Understand, negotiate and balance diverse views and beliefs to reach workable solutions, particularly in multi-cultural environments

INITIATIVE AND SELF-DIRECTION

Manage Goals and Time

- Set goals with tangible and intangible success criteria
- Balance tactical (short-term) and strategic (long-term) goals
- Utilize time and manage workload efficiently

Work Independently

- Monitor, define, prioritize and complete tasks without direct oversight

Be Self-directed Learners

- Go beyond basic mastery of skills and/or curriculum to explore and expand one's own learning and opportunities to gain expertise
- Demonstrate initiative to advance skill levels towards a professional level
- Demonstrate commitment to learning as a lifelong process
- Reflect critically on past experiences in order to inform future progress

SOCIAL AND CROSS-CULTURAL SKILLS

Interact Effectively with Others

- Know when it is appropriate to listen and when to speak
- Conduct themselves in a respectable, professional manner

Work Effectively in Diverse Teams



- Respect cultural differences and work effectively with people from a range of social and cultural backgrounds
- Respond open-mindedly to different ideas and values
- Leverage social and cultural differences to create new ideas and increase both innovation and quality of work

PRODUCTIVITY AND ACCOUNTABILITY

Manage Projects

- Set and meet goals, even in the face of obstacles and competing pressures
- Prioritize, plan and manage work to achieve the intended result

Produce Results

- Demonstrate additional attributes associated with producing high quality products including the abilities to:
 - Work positively and ethically
 - Manage time and projects effectively
 - Multi-task
 - Participate actively, as well as be reliable and punctual
 - Present oneself professionally and with proper etiquette
 - Collaborate and cooperate effectively with teams
 - Respect and appreciate team diversity
 - Be accountable for results

LEADERSHIP AND RESPONSIBILITY

Guide and Lead Others

- Use interpersonal and problem-solving skills to influence and guide others toward a goal
- Leverage strengths of others to accomplish a common goal
- Inspire others to reach their very best via example and selflessness
- Demonstrate integrity and ethical behavior in using influence and power

Be Responsible to Others

- Act responsibly with the interests of the larger community in mind

21st CENTURY SUPPORT SYSTEMS

The elements described below are the critical systems necessary to ensure student mastery of 21st century skills. 21st century standards, assessments, curriculum, instruction, professional development and learning environments must be aligned to produce a support system that produces 21st century outcomes for today's students.

21st Century Standards

- Focus on 21st century skills, content knowledge and expertise

- Build understanding across and among core subjects as well as 21st century interdisciplinary themes
- Emphasize deep understanding rather than shallow knowledge
- Engage students with the real world data, tools and experts they will encounter in college, on the job, and in life; students learn best when actively engaged in solving meaningful problems
- Allow for multiple measures of mastery

Assessment of 21st Century Skills

- Supports a balance of assessments, including high-quality standardized testing along with effective formative and summative classroom assessments
- Emphasizes useful feedback on student performance that is embedded into everyday learning
- Requires a balance of technology-enhanced, formative and summative assessments that measure student mastery of 21st century skills
- Enables development of portfolios of student work that demonstrate mastery of 21st century skills to educators and prospective employers
- Enables a balanced portfolio of measures to assess the educational system's effectiveness in reaching high levels of student competency in 21st century skills

21st Century Curriculum and Instruction

- Teaches 21st century skills discretely in the context of core subjects and 21st century interdisciplinary themes
- Focuses on providing opportunities for applying 21st century skills across content areas and for a competency-based approach to learning
- Enables innovative learning methods that integrate the use of supportive technologies, inquiry- and problem-based approaches and higher order thinking skills
- Encourages the integration of community resources beyond school walls

21st Century Professional Development

- Highlights ways teachers can seize opportunities for integrating 21st century skills, tools and teaching strategies into their classroom practice — and help them identify what activities they can replace/de-emphasize
- Balances direct instruction with project-oriented teaching methods
- Illustrates how a deeper understanding of subject matter can actually enhance problem-solving, critical thinking, and other 21st century skills
- Enables 21st century professional learning communities for teachers that model the kinds of classroom learning that best promotes 21st century skills for students
- Cultivates teachers' ability to identify students' particular learning styles, intelligences, strengths and weaknesses
- Helps teachers develop their abilities to use various strategies (such as formative assessments) to reach diverse students and create environments that support differentiated teaching and learning
- Supports the continuous evaluation of students' 21st century skills development



- Encourages knowledge sharing among communities of practitioners, using face-to-face, virtual and blended communications
- Uses a scalable and sustainable model of professional development

21st Century Learning Environments

- Create learning practices, human support and physical environments that will support the teaching and learning of 21st century skill outcomes
- Support professional learning communities that enable educators to collaborate, share best practices and integrate 21st century skills into classroom practice
- Enable students to learn in relevant, real world 21st century contexts (e.g., through project-based or other applied work)
- Allow equitable access to quality learning tools, technologies and resources
- Provide 21st century architectural and interior designs for group, team and individual learning
- Support expanded community and international involvement in learning, both face-to-face and online

About the Partnership for 21st Century Skills

The Partnership for 21st Century Skills is a national organization that advocates for the integration of skills such as critical thinking, problem solving and communication into the teaching of core academic subjects such as English, reading or language arts, world languages, arts, mathematics, economics, science, geography, history, government and civics.

The Partnership and our member organizations provide tools and resources that help facilitate and drive this necessary change.

Learn more and get involved at <http://www.21stcenturyskills.org>.

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Anexure XI: J&K STATE INDUSTRIAL POLICY (2004 - 2015)

“With the problem of unemployment, particularly of the educated, being high, the Industrial Policy 2004 has been evolved keeping in view the experience gained in the last five years and some new positive elements that have entered the scene.”- J&K State Industrial Policy (2004 - 2015)

OBJECTIVES:

The primary objectives of the Industrial Policy 2004 are:

- To achieve sustainable industrial development in all regions for increasing the rate of growth, value of output, employment, income and overall economic development of the State;
- To strive towards balanced economic and social development in all regions of the State by promoting industrialization particularly of the industrially backwards areas;
- To encourage and sustain the cottage and tiny industrial sector which, with low investment, is able to provide employment to a large number of people in the state.
- To create a supportive environment with transparency and easy access in information, technology and financial resources.
- To revive potentially viable sick industrial units so as to put to optimum use the capital and other resources already employed in such enterprises.
- To promote the growth of thrust and export-oriented industries and encourage high-tech and knowledgeable based industries including information technology.
- To take necessary steps in the field of Human Resources Development to make available skilled / technical manpower as per the needs of industry.²

APPROACH AND STRATEGY

The strategy for achieving the objectives and the main elements of the Industrial Policy 2004 are:

- Providing improved infrastructure and support services, with emphasis on regular and uninterrupted power supply.
- Single window clearance system for power, pollution control, land allotment and registration of industrial unit.
- Closer interaction with financial Institution and commercial banks, to ensure regular and adequate flow of finances to the industrial sector.
- Rehabilitation of potentially viable sick industrial units.



- Improving competitiveness of existing industrial units by facilitating modernisation aimed at enhancing productivity, energy efficiency and better environment management.
- Enabling manufacturers of quality consistent products to augment their sales within and outside the state by brand promotion.
- Reorienting Industries and Commerce Department.
- Export promotional measures to augment export of products of the state outside the country.
- Permanent Grievance Redressed System to remove bottlenecks in import and export of products to and fro the state.
- Environment protection, to conform to state, national and global regulations.
- Entrepreneurship development in the state, to provide opportunities to educated unemployed.
- Encouraging Research and Development.
- Focusing on thrust areas with natural advantages in the state and facilitating large investments in prestigious projects.

IMPROVED INFRASTRUCTURE AND SUPPORT SERVICES:

The government will strive to improve general infrastructure of the state. In respect of infrastructure for industries, the policy emphasizes the following:

- Development of modern industrial areas and estates, growth centres, Integrated Infrastructure Development Centres (IID) etc. will be done in a time bound manner. These focal points of industry will meet all the basic requirements of a competitive industrial environment. An action plan with specific implementation model and time frame will be adopted.
- Operational management of the major industrial estates will be rationalised, involving local industrialists through a suitable local self managed model both for development works and management of the estates including regulation of power and water supply.
- The State Government will encourage private sector participation in infrastructure development and such private sector participation will be treated as an industry for the purpose of availing incentives. The Government will also facilitate acquisition of land for such private sector initiatives.
- Efforts will be made to ensure that the power supply within industrial areas, estates, IIDCs, etc. is regular, reliable and of good quality.
- Private sector investment in generation and distribution of regular power supply in

industrial areas, estates, IIDCs etc. will be actively encouraged. The government will provide necessary support for such ventures on a case-to-case basis to assure their sustainability.

- Micro-hydel projects are already open for private sector investment. A separate policy on the subject has been announced and implemented by the Power Development Department.

INCENTIVES FOR INDUSTRIES:

Incentives for industries provided by the Government of India are presented at Annexure I. A revised package of incentives, offered by the state government, is at Annexure-II. Industries availing the incentives must always strive to plough back resources to constantly upgrade products and productivity, design and quality, so that after the incentives cease, they are able to survive on their own competitiveness.

SINGLE WINDOW CLEARANCE SYSTEM:

With the objective of facilitating a new entrepreneur in getting necessary clearances within a short time, a Single Window Clearance System, for registration of the Industrial Unit, allotment of land, clearance of pollution control Board for commencing construction and certificate of power availability, at the State and District levels, has been set up.

INSTITUTIONAL/COMMERCIAL BANK FUNDING:

Industrial Policy 2004 recognizes that Financial Institutions/Commercial Banks have to play an important role in the industrial development of the State. An environment has to be created to arrest the present trend of flight of capital from the State. The procedures presently followed have not withstood the test of time. There have been glaring instance of delay and under-financing of projects resulting in cost and time over run. It will also be necessary to strengthen the state owned Financial Institutions. Moving in this direction, the government will adopt the following course of action:

- The present arrangement of credit flow monitoring through State Level Banker's Committee (SLBC) and State Level Inter Institutional Committee (SLIIC) forums will be actively utilized.
- State owned development financial institutions shall be reoriented to facilitate availing of refinance facilities from national level institutions optimally; and, encouraged to raise finance from the market.
- Divisional and district level co-ordination committees will be constituted to monitor expeditious settlement of the loan cases within prescribed time limit.

REHABILITATION OF SICK UNITS:

An enormous amount of capital is locked in sick/closed industrial units in the form of infrastructure and investment. Though industrial sickness is a wide spread phenomenon, its impact is comparatively high in J&K. The initiative for rehabilitation of sick units should primarily come from the concerned industrial unit, financial institutions and the commer-



cial banks, the government playing a catalytic and supportive role. Government Order No. 47-Ind of 1999 dated 10-02-1999, currently in vogue, will continue. Besides, the Government will separately announce an debt relief package too. These sick industrial units shall have the option of taking advantage of either of the two packages.

Industrial units operating in the State must realise that with globalisation and economic liberalization, the inflow of cheaper and better quality products into the country and eventually into the state cannot be halted. In order, therefore, to encourage such industrial units as are desirous of modernizing themselves with a view to increase productivity, energy efficiency and environment protection, the capital investment subsidy of the state will be extended to them all over the state. The procedure for availing this incentive has been separately prescribed.

BRAND PROMOTION:

With increasing competition in the market, manufacturers of quality consumer products can sustain themselves only if they adopt an intelligent marketing strategy and build a brand of their own. In order to encourage efforts of such manufacturers who are desirous of developing and propagating their own brands within and outside the state, the government will extend assistance to them. Details are provided in the package of incentives of the state government.

RE-ORIENTATION OF INDUSTRIES and COMMERCE DEPARTMENT:

In the liberalized economy, it is imperative that the capacity of Industries and Commerce Department and related PSUs is strengthened to meet the challenges of the new era. In the area of information technology, the process of computerisation will be accelerated at the cutting edge level. Accordingly, the computerisation of Directorate of I&C will be further expedited with a view to not only provide all relevant policy and information on the web site but also data relating to status of applications for registration, incentives etc. An investor and industry friendly atmosphere will be created.

EXPORT PROMOTION:

Exports have come to be regarded as an engine of economic growth. However, the share of J&K in the overall exports of the country is very low, limited mostly to handicrafts and dry fruits processed by the SSI sector. The State has a vast potential for exports, both in traditional and non-traditional items. With a view to promote exports of the State, two Special Economic Zones (SEZs), one each in Jammu and Kashmir, Province, are under finalisation. An Inland Container Depot is ready at Bari Brahamana which will cater to the needs of the exporters. Various projects under the Assistance to States for Developing Export Infrastructure (ASIDE) Scheme of Government of India, Ministry of Commerce are under implementation in the state to strengthen export infrastructure. Air cargo complexes in Srinagar and Jammu will also be taken up in the near future.

PERMANENT GRIEVANCE REDRESSAL SYSTEM:

In the past, despite provisions in the Industrial policy, there have been many instances of consignments of raw materials, capital goods, fuels, etc. being detained in the entry point

of the state, often resulting in delays and payment of fines and penalties. With a view to ensure that the industrial policy is honoured in letter and spirit, an order will be issued by the Finance trained at the entry point for more than 24 hours. In the event of any doubt, a notice will be issued by the concerned authority to the firm outlining the objections but the consignment will be instantly released. A Permanent Grievance Redressal Committee, consisting of Director Industries and Commerce, Commissioner Sales Tax and Commissioner Excise, to be set up by the Finance Department, shall meet once every fortnight to consider all such notices and pass orders which shall be final and binding on all concerned. In emergent situations, such meetings could be called at shorter notice too. This procedure is expected to check alleged arbitrary actions at the entry point of the State.

ENVIRONMENT PROTECTION:

Pollution Control and environment protection will be accorded high priority. The Pollution Control Board shall give necessary clearances to new units to start construction only after satisfying itself that the required pollution control measures have been included in the project by the promoter. The State Government will assist setting up of Common Effluent Treatment Plants and providing sites of solid waste disposal etc. availing of the existing schemes of the Government of India as well as the States own resources. Procedures for environment clearances will be streamlined to achieve speedy disposal. Environment friendly projects will be accorded greater priority. Incentive for procurement of pollution control devices has been provided in the state government's package.

ENTREPRENEURSHIP DEVELOPMENT:

Lack of entrepreneurial skills of the local youth has been identified as an impediment for sustained industrial growth, J&K Entrepreneurship Development Institute (J&KEDI), a society registered under the J&K Societies Registration Act, has recently been activated to provide entrepreneurship training to youth of the state. Universities will be encouraged to include comprehensive entrepreneurial education in the course curriculum both at the undergraduate and postgraduate levels in the state. The state will encourage setting up of training institutions in the private sector, in the areas of Information Technology, Biotechnology and Communication. Educational and research institutions of international standards related to business/industry shall be provided land in industrial parks/growth centres at a concessional rate of 50%.

THRUST AREAS AND PRESTIGIOUS PROJECTS:

The following industries will be the Thrust Areas of the government:

- Electronics (integrated circuits and micro assemblies)/computer hardware and software.
- Food processing including agro-based industries (excluding conventional grinding/extraction units)
- Floriculture
- Handicrafts.
- Leather processing and leather goods.
- Sports goods, articles and equipments for general physical exercise.
- Forest based industry.
- Pharmaceuticals including bulk drugs.
- Silk reeling, weaving, processing printing and made-ups, Yarn and yarn spun from



silk waste.

- Cutting and polishing of stones, gems and jewellery.
- Precision engineering.
- Wool processing, Spinning, weaving and finishing, woven fabrics of wool.
- Woven fabrics of cotton.
- Industries related to the promotion of tourism e.g., units manufacturing camp equipments, fibre boats etc. souvenirs for tourists.
- Knowledge industry, including information technology, bio-technology etc.
- Auto ancillaries.
- Exploration of minerals.
- Green houses (only Ladakh)

The government may add new industrial activities to the thrust areas from time to time. The industrial projects in these areas will be accorded priority in the matter of allotment of land, sanction of power and other clearances as also in the matter of grant of incentives.

With regard to prestigious projects, with investment above Rs.25 crores, the government may consider special package of incentives, to be documented in the form of a MOU, on a case to case basis, on merits. Notification of a prestigious project shall be made by State Level Committee - I for granting Capital Investment Subsidy.

RESEARCH and DEVELOPMENT:

Encouraging Research and Development (R&D) in important economic sectors and transferring the results of these to the industrial sector are the needs of the hour. This is particularly necessary in agriculture, forest mining and mineral sectors, medicinal and herbal plants which provide a substantial base for value addition. Design cum Resource centres shall be set for supporting Handicrafts/Handloom sector. Central government assistance for such purposes shall be fully availed. National level organisations of excellence shall be pursued to provide support for these programmes.

IMPLEMENTATION:

Effective and efficient implementation of the policy must be ensured. In order to achieve this and to provide for a regular interaction between the government at the highest level and the industry at large, the government will set up an Advisory Committee for Industries with the Chief Minister as the Chairman. Besides the Hon'ble Deputy Chief Minister in charge of Industries and Commerce and Hon'ble Minister of State for Industries and Commerce, this committee will consist of all Principal Secretaries in charge of economic departments such as agriculture, consumer affairs, environment, forests, finance, and information technology, planning and power development. Representatives of Chambers of Commerce of Industry and Federations of Industries of Jammu and Kashmir Divisions and also senior officials of the Ministry of Commerce and Industry, Government of India, will be invited to join this committee. Principal Secretary I&C will act as the Member Secretary of the Committee which will discuss major issues agitating the industry and arrive at prompt decisions, a dire necessity in these days of high level of competition among the states of promoting industrialization.”

ANEXURE XII : REGISTRATION PROCESS & HOW TO SET UP

1. PROCEDURE FOR REGISTRATION OF INDUSTRIAL UNITS

The small scale industrial units have necessarily to be registered with Directorate of Industries and Commerce Deptt. As per present nomenclature the small scale sector is considered to be a sector where investment in plant and machinery does not exceed Rs. one crore. Registration of medium and large scale sectors is being looked after by Secretariat for Industrial Approvals SIA, Ministry of Industry Govt. of India. The entrepreneur whether individual, a firm or a company has to prepare pre feasibility report and fill in the prescribed form with General Manager Distt. Industries Centre of the S.I.A. Govt. of India as the case may be to obtain registration.

2. INCENTIVES AVAILABLE TO INDUSTRIAL SECTOR

The new package of Incentives for Development of Industries in J&K State is as follows:

How to set up an Industry in Jammu and Kashmir

SIDCO acts as a Nodal agency for Promotion and Development of medium, large and mega Industries in J&K state.

The first step is to write to SIDCO/Industries and Commerce Deptt. giving brief description of the project, product mix and project parameters indicating the total investment likely turn over, employment potential and power requirements etc.

Single Window clearance

Apex Projects clearance committee (APCC), a high power clearance committee has been set up for expeditious clearance of the projects under the Chairmanship of Chief Secretary of the State. The committee serves as a single window clearance system for the projects for all cases of EOU and prestigious units. J&K Govt. appoints 'Escort Officer' who facilitates clearance from the concerned Depts., without delay.

SIDCO has developed land in its Industrial complexes in the state. Possession of land is handed over after the entrepreneur completes the necessary formalities and has executed a lease deed for the land with Regional General Managers of SIDCO.

If industry based on a mineral resource is planned, application for a mining lease must be made to Director Geology and Mining J&K Govt. Application for power sanction must be made to the Chief Engineer Power Development Department in Srinagar/Jammu. Adequate steps to control the effluents must be incorporated in the project as per the pollution control laws of the State. The necessary forms are also available from SIDCO offices at Jammu, Srinagar, Leh and Delhi.

The following Industrial Policy has been hereby laid down for the years 1998--31.3.2003, for general information as per government order no. 202-Ind of 1998 dated 27th May 1998.



1. The Industrial Policy shall cover all the new industrial units which may be established in the State, except those in respect of which the promoter may have taken effective steps for implementation of the project and as such may claim to avail of any benefit under the old Package of Incentives which was in force immediately before announcement of this policy.

2. The Government shall follow an open door policy for the investors from within the State, other parts of the country as also from abroad, in the last case in accordance with the policies as may be framed by the Government of India from time to time. In addition to the resources of the promoter his entrepreneurial skills and experience shall be given due recognition by the Government. 3. For achieving the goal of rapid industrialization in the State the Government has adopted the following strategy:-
Development of Infrastructure

3. The Government owns developed industrial estates in all the districts of the State. In particular, a number of industrial estates have been developed at and around Jammu city in Jammu region and around Srinagar city in Kashmir Valley for ready allotment of industrial plots to the promoters. A Growth Centre at a cost of Rs. 30 crores is under development at Samba, 40 kms from Jammu on the National Highway (NH 1) towards Punjab. A textile city is proposed to be developed in Kathua close to the J&K - Punjab border. An Export Promotion Industrial Park (EPIP) is under execution at Kartholi about 15kms. from Jammu on NH 1.

4. An Industrial Infrastructure Development (IID) Centre, is under execution at Batal Balian, near Udhampur town, about 70 kms. from Jammu on NH 1, leading to Srinagar.

5. A Growth Centre is being taken up for implementation at Lassipora, Pulwama at a short distance of about 11 kms from the NH 1, nearly 40 kms from, Srinagar in Kashmir Valley towards South (leading to, Jammu). An Export Promotion Industrial Park (EPIP) is being set up near Srinagar airport. An IID Centre shall also be taken up for development near Srinagar city. A software Technology Park (STP) stands technically cleared for development in the existing Rangreth electronics complex, just about 6 kms. from Srinagar city.

6. The Government also plans to develop Industrial Estates with specialised facilities for manufacturing/processing of tiles, leather and leather goods, food processing and gems and jewellery and sports goods.
Policy of land allotment

7. The Government shall allot land on long term lease of 90 years in the Industrial Estates and developed areas on first come first served basis. In case of large area requirements, land may be acquired in areas selected by the entrepreneurs and allotted of on lease to the promoter. The amount of premium is already subsidised. Further capital subsidy of 50% shall

be available at the time of availment of term loan for construction work. The plot allotted in the Industrial Estates shall be transferable subject to some stipulations and on the condition that the end-use of the land shall not be changed from industry to any other purpose. Capital Investment Subsidy (CIS) and Financial Support on Investment

8. Capital Investment Subsidy (CIS) Can be 30% subject to a maximum limit of Rs. 30 lakh shall be available on capital investment. In priority areas of electronics including computronics and software, food processing including agro-based Industries (excluding conventional grinding/extraction units), floriculture, handicrafts, leather processing and leather goods, sports goods, forest-based Industry (excluding saw-mills and Joineries), processing of aromatic plants and herbs, pharmaceuticals based on herbs, bulk-drugs, silk reeling, weaving, processing, printing and made-ups, textile goods 'Including spinning, weaving, processing, printing, hosiery and made ups, cutting and polishing of stones, gems and jewellery, precision engineering and other areas identified as thrust areas, the upper limit of the total subsidy has been increased to Rs. 45 lakh. For prestigious units (those with capital investment of minimum Rs. 25 crores) the upper limit of CIS shall be Rs. 75 lakh in thrust areas and Rs. 60 lakh otherwise. Over and above this amount, 100% subsidy on project feasibility report and 100% subsidy on testing equipment (with some monetary ceilings) for maintaining quality standards shall also be available. Purchase of captive DG sets upto 1 MW also qualifies for 100% capital subsidy.

9. The J&K State Industrial Development Corporation (SIDCO) shall join the capital investment of the promoters on a selective basis on joint sector/Assisted sector approach. The financial assistance is also available under the National Equity Fund Scheme of the Small Industries Development Bank of India (SIDBI) for units in the SSI sector. Supply of Power

10. The State of J&K is moving towards self-sufficiency in production of electrical energy. Presently, there are gaps in its peak load requirements and the maximum supply available. But as a matter of policy, the industry shall be given priority while making quality power supply to the consumers. The State has a very vast potential for generating hydro electricity, with about 15000MWs already identified. The State has recently signed MOUs with experienced and reputed international firms for execution of 450 MWs Baglihar Project, 390 MWs Kishanganga Project and also for investigation of 280 MWs Uri Phase 11 Project. With the commissioning of these power projects over the next about 4 years, the State would become self-sufficient in power generation.

11. All the Industrial Estates shall have dedicated power receiving stations as per their assessed load. Power connection shall be available at the door step of the promoter. Those needing supply of energy at HT transmission shall be required to install their own receiving stations.

12. The industrial power-tariff is regulated by the Statute. Presently, the tariff for industry is fairly attractive.



13. The Industrial units may install their own captive power generation plants. In case of these power stations, no electricity duty shall be levied by the government. Clearances and procedures

14. For the projects which can be accommodated within the sanctioned policy and do not require assistance beyond the sanctioned Package of Incentives, a High Level Empowered Committee has been constituted to give clearances on behalf of all the concerned government departments and agencies, saving the promoter of the botheration of moving from door to door.

15. Till the State reaches self-sufficiency in power generation, labour/capital intensive units not needing bulk power supply shall receive top-priority by the High Level Empowered Committee. Pollution Control and Environment Protection

16. The State accords highest priority to the control over water and air pollution and to preservation of environment. There are laws governing these subjects, the enforcement of which is monitored by the J&K State Pollution Control Board which functions as an autonomous agency, in close co-operation with the Central Agencies. The industrial units shall have to meet the requirements laid down by the, statutes. The Board shall give, necessary clearance on being satisfied that the required pollution control measures have been proposed to be adopted by the promoter. SIDCO shall help the promoter in getting these clearances expeditiously.

17. The Government shall take up provision of effluent treatment plants in the industrial estates as a common facility on selective basis. The Government shall also help the industry in adopting such measures through the Central Schemes of financial assistance. Thrust Areas

18. The Government has identified certain thrust areas for accord of priority in the matter of industrial growth. The projects in these areas shall receive priority in the matter of allotment of land, sanction of power and other clearance from the High Level Empowered Committee as also in the matter of grant of incentives. For the time being these areas are - electronics including computronics and software, food processing including agro-based industries (excluding conventional grinding/ extraction units) floriculture, handicrafts, leather processing and leather goods, sports goods, forest based industry (excluding saw-mills and joineries), processing of aromatic plants and herbs, pharmaceuticals based on herbs, bulk drugs, silk reeling, weaving, processing, printing and made-ups, items of textile goods including spinning weaving, processing, printing hosiery and made-ups, cutting and polishing of stones, gems and jewellery, precision engineering and other identified as thrust areas.

Annexure XIII: Financial Incentives (Central Government)



For achieving the objectives of the industrial policy, the Central Government(GOI) extends the following incentives:-

1. CLUSTER DEVELOPMENT PROGRAMME (CDP):

- Includes Diagnostic Study, trust building, development of skills, marketing and exports, formation of consortia, setting up of CFCs, etc.
- Soft Interventions - Capacity Building
- Hard Interventions - Common Facility Centres (CFC)
- Max. project cost Rs. 10 Cr. – GoI share up to 80%,
- 394 Clusters taken up for development
- 172 (Soft and hard interventions) and 222 D.S
- GoI Allocation - Rs 56.75 Cr
- Hard Intervention (CFCs) in 36 clusters

2. SKILL DEVELOPMENT PROGRAMMES (SKDP):

- ESDP – Entrepreneurial Skill Development Programmes on Product Oriented, Technical and Skill Development (CAD/CAM and Machinist).
- MDP – Management Development Programme on Marketing, Finance, Supply Chain Management etc.
- EDP – Entrepreneurial Development Programme on Entrepreneurship Dev.
- Training programme conducted in Jammu and Kashmir

3. CREDIT LINKED CAPITAL SUBSIDY SCHEME(CLCSS):

- To facilitate technology up-gradation of MSEs to increase their competitiveness
- Implemented through Nodal AGENCIES and PLIs – SIDBI, NABARD, SBI, BOB, PNB, BOI, Andhra Bank etc.
- Loan up to Rs.100 lakh - 15% Capital Subsidy (max. Rs.15 lakh) in 48 products/ sub-sectors.
- 4800 MSE's assisted in one and a half years.
- Average subsidy Rs.4.06 lakh (per unit).

4. ISO 9000/14000 REIMBURSEMENT:

- 75% Reimbursement of charges for acquiring ISO-9001/14001 certifications
- Reimbursement of maximum of Rs.75000.
- All MSEs that have filed EM eligible.
- 4800 MSEs assisted in one and a half years.
- Reimbursement so far :

Total No. of Units Assisted: 14,687

Total Amount Disbursed: Rs.75.86 crore

Units benefited in J&K - 26 (in last 3 years)

Amount disbursed in J and K:- 12.40 Lakh

5. INTEGRATED INFRASTRUCTURAL DEVELOPMENT SCHEME(IID):

- Provide developed sites with basic infrastructural facilities like power, water, telecommunication, drainage, roads, common facilities, etc
- Estimated cost of an IID centre is Rs.5 crore (excluding cost of land)
- All MSEs that have filed EM eligible.
- 4800 MSEs assisted in one and a half years.
- Central Government provides 40 percent grant up to a maximum of Rs.2 Cr.

6. PARTICIPATION IN THE INTERNATIONAL EXHIBITIONS/FAIRS:

- Reimbursement 50% of space rent and 75% of cost of economy class air fare (to and fro) to one representative of participating MSEs, subject to an upper limit of Rs.1.25 lakh.
- For women entrepreneurs :
 - I: Provide rent free space in the exhibitions
 - II: Reimburse 100% economy class air fare for one representative (Subject to an upper limit of Rs. 1.25 lakh)
 - III: Three units of J&K have participated in the international trade fairs in last 3 years.

7. CREDIT GUARANTEE SCHEME(CGS):

- Launched in August 2000 - Operational from January 1, 2001.
- Operated by the Credit Guarantee Trust for MSEs.
- Provides Guarantee to MLI for loans sanctioned without Collateral and/or Third Party Guarantee to MSEs, up to Rs.50.00 lakh per unit.
- 75 % of sanctioned loan guaranteed.
- MLI to pay 1-time Guarantee Fee of 1.0% and Annual Service Fee of 0.5% for loans up to Rs.5 lakh
- MLI to pay 1- time guarantee fee of 1.5% and Annual service fee of 0.75% > Rs.5 lakhs.
- No. of units of J and K benefited till March 2008 – 1234
- Total amount credited in J and K – Rs.10.85 Cr

8. NATIONAL MANUFACTURING COMPETITIVENESS PROGRAMME(NMCP):

- Formulation of NMCP announced in 2005-06 Budget, to support MSMEs
- Its Role is to :
 - A. Ensure MSME Sector Grows at a Healthy Rate
 - B. Draft 'National Strategy for Manufacturing
- Ten Schemes drawn up under NMCP at Rs.956 crore.
- Implementation of Schemes to be in PPP Mode.
- Programme deals with Firm-Level Competitiveness, addressing issues of Competitiveness against Global Challenges.

9. Prime Minister's Employment Generation Programme (PMEGP)



The primary objectives of the PMEGP are:

- To generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/projects/micro enterprises.
- To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place.
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.
- To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment.

10. QUANTUM AND NATURE OF FINANCIAL ASSISTANCE:

Levels of funding under PMEGP:

The maximum cost of the project/unit admissible under manufacturing sector is Rs. 25 lakh. (2) The maximum cost of the project/unit admissible under business/service sector is Rs. 10 lakh. (3) The balance amount of the total project cost will be provided by Banks as term loan

For achieving the objectives of the industrial policy, the Central Government (GOI) extends the following incentives:-

- Capital Investment Subsidy (CIS)
- Income Tax Exemption/Concession
- Interest Subsidy on Working Capital
- Full Insurance Coverage
- Transport Subsidy

2 Source <http://www.indandcomkashmir.org/PMEGPGuideLines.aspx>

Anexxure XIV : Funding Schemes/Programmes & Financial Incentives(State Government)

A. For achieving the objectives of the industrial policy, the State Government extends the following incentives:-

1. Allotment of land/Industrial plots/Sheds and Flats
2. Pre-investment studies/Feasibility reports
3. Power tariff/DG Sets
4. Price preference
5. Earnest money/security deposit
6. Stamp duty
7. Toll Tax
8. General Sales Tax
9. Central Sales Tax
10. Special provision for prestigious units
11. Capital Investment Subsidy (CIS)
12. Interest Subsidy
13. Testing equipment
14. Substantial Expansion
15. Air Freight Subsidy
16. Research and Development (R&D)
17. Interest Subsidy for Technocrats
18. Transport Subsidy
19. Sick units

1) Allotment of land/Industrial plots/Sheds and Flats

- a. the allotment of land/industrial plots/Sheds and Flats shall be on lease basis for a period of 90 years.
- b. the rent charged for the period of lease shall be invested in maintenance of the facilities in the industrial estate. In case of land outside the industrial estates, where no maintenance is required to be done by any Governmental agency, only a nominal lease rent shall be chargeable if the entire expenditure on the cost of land has been incurred by the promoter.
- c. Premium rates shall be notified by the Government from time to time and shall not change after land has been allotted to the promoter and a lease deed signed by him after paying the amount of premium.
- d. Land allotted on lease shall be transferable subject to some stipulations and also subject to the condition that the transferee shall not -use the land for purposes other than setting up or running another industrial unit in the area with due clearances from the angle of pollution etc.

2) Pre-investment studies/Feasibility reports

- a. project profiles shall be prepared by the Directorate of I&C SIDCO and SICOP and shall be available off the shelf to the promoters at nominal price only to cover the cost of printing.
- b. the promoter may get a project feasibility report prepared from J&K ITCO, SIDCO, SIST or any other agency as may be approved by the Director I&C



from time to time. The entire expenditure incurred on such feasibility reports shall qualify for hundred percent subsidy at the time of execution of the project. The promoter may get a report prepared also from any other specialist agency/reputed consultants.

c. the detailed feasibility report/detailed project report shall qualify for capital investment subsidy at the rates applicable to other items of capital investment, at the time of release of capital investment subsidy.

d. the cost of obtaining technical know-how from abroad shall be treated as part of the capital investment subject to the clearance of the Central government. In case of the indigenous technology/technical know-how, the same shall also qualify for capital investment subsidy if obtained from any reputed national or regional Organisation. e. provided that if the cost of such technical know-how exceeds 10% of the total capital cost only such amount as is within 10% of the total capital investment shall qualify for working out capital investment subsidy.

3) **Power tariff/DG Sets**

a) power tariff for the industrial sector is subsidised. The Power Development Department (PDD) shall revise and announce the tariff from time to time, keeping in view the Government policy to encourage the development of industry in the State and the power tariff prevailing in the neighbouring states.

b) 100% subsidy shall be allowed on new DG Sets of 10 KWs to 1000KW capacity purchased from reputed/standard companies. The subsidy shall be available to the unit after it has been verified that the diesel set has been actually installed.

c) the amount of subsidy on purchase of DG sets shall be paid only through a bank (or the concerned financing agency, if any) even if the promoter may not have taken any loan for purchase of the DG set.

d) subsidy on DG set shall be paid on verification of installation and the remaining 50% shall be paid after expiry of period of one year of installation.

e) the DG set shall not be shifted from the State for a period of ten years counted from the date of installation or to any other unit except with the approval of the Director I&C. If the unit makes any such request to shift the DG set to outside the State, the same shall be considered only in case the unit deposits the entire amount of the subsidy availed of together with interest thereon at the prevailing rate of interest on term loans.

f) government shall allow setting up of captive Thermal Power Generating Stations (subject to Pollution Control measures to be adopted by the promoter) and also Hydel Generating stations. There shall be no electricity duty/state excise on generation of electrical energy through such captive Power Generating Stations for a period of 25 years. The station may be set up by an individual promoter or a group of promoters and the energy thus generated may be shared by them or sold to other consumers.

4) **Price preference**

a) upto 15% price preference shall be available to the SSI units in all government purchases except in case of items brought on the negative list. The price preference shall also apply in case of any goods purchased by the public sector undertaking/ boards purchased for their own non-commercial use. The price preference shall not cover items purchased by the public sector undertakings and boards who may use such goods as raw material, consumables, packing of their products which are, in turn, meant to be sold on commercial basis either to the government departments or to the private consumers or in the open market.

b) nothing contained in the preceding para shall mean to restrain the Govern-

ment from purchasing or allowing any of its departments/boards corporations to purchase any consumption/commercial goods from another manufacturing Organisation of Government such as JKI, JKM, SIDCO, Agro Industries Corporation, J&K Handloom Development Corporation, KVIB etc. without inviting tenders or after inviting tenders.

c) In all other cases where the price preference applies, the following procedure shall be followed, in supercession of any other government or departmental instructions, if issued to the contrary, to regulate the purchases of the Government departments: -

- every purchase committee of the Government departments shall include a member from the Directorate of the I&C, not below the rank of a General Manager. Any Committee constituted without any such representative of DIC shall be void ab initio.
- if the goods offered by a registered SSI unit carry quality mark, for example of BIS, FPO etc. or if the goods otherwise are of standard quality, and if the rate quoted by the SSI unit is within 15% of the lowest rate quoted by any other tenderer not being another local registered SSI unit, the Purchase Committee shall decide to place order on such local registered SSI unit, if the local SSI unit has the requisite registered capacity to meet the tendered requirement.
- if the rate quoted by the local registered SSI unit is not within 15%, the Committee shall negotiate the rate with the local registered SSI unit and place order on such negotiated rate.
- no tender from a local registered SSI unit shall be rejected in contravention aforementioned instructions. In case t Committee faces any difficulty in c these instructions, it will refer the n I&C Department in the secretariat decision in the matter shall be final on the purchase committee/the department,
- if a local registered SSI unit is on r, with the DG SandD, DG QA, NSIC particular item needed by a Government department, it shall purchase the item from such SSI unit without inviting tenders.
- it would be lawful for a local registered SSI unit to quote through SICOP/SIDCO or to seek supply order through SICOP/SIDCO, or to request/authorise SICOP/SIDCO to represent its case before the purchasing department. In all such cases, SICOP/SIDCO shall be treated at par with the SSI unit or units whose case it may be representing, for all matters connected with the finalisation of the contract, delivery of supplies and the price preference.
- no purchasing department shall force or cause any local registered SSI unit to get more quality tests conducted at its own cost if such unit is registered with the BIS, DGS&D, DG QA, etc. for ISI/ISO 9000/FPO mark.
- no purchasing department shall tender for purchase of any item with a branded/patented name of any manufacturer or supplier.
- if the department supplies raw material to a local registered SSI unit, directly or through SICOP, such as Steel billets, Wire/Rods, for conversion into the end product required, such as structural steel, crate-wire etc., the conversion rate may be worked out by the concerned administrative department (such as PWD) and a rate contract be sanctioned for conversion only after taking into account the component of price preference.
- for any item where the market price for the goods manufactured by mills are controlled by statutory orders, which are not applicable to the SSI units, the price preference may be negotiated on the basis of such statutory rates.

5) **Earnest money/security deposit**

a) SSI units shall be required to pay only 50% of the amount of earnest money



prescribed by the tendering authority or Rs. 5000 whichever is lower.

b) tender documents shall also be supplied to the SSI units @ 50% of the price of the documents or Rs. 1 00 whichever be lower.

c) SICOP/SIDCO shall be treated at par with the SSI units for the purposes of the aforementioned provisions.

6) Stamp duty

Mortgage deeds in favour of the financing institutions required to be signed by the promoters shall be exempt from payment of Stamp Duty.

7) Toll Tax

a) there will be no additional or special toll tax on the raw material, fuel and consumables procured from outside the State by the existing local SSI units till 31.3.2003 and by new units for a period of 5 years from the date of production, except on items brought on the negative list from time to time.

b) there will be no additional or special toll tax on finished goods manufactured by the existing local SSI, Medium and Large units and sent outside the State up to 31.3.2003 and by the new SSI Medium and Large units for a period of 5 years from the date of production, except on items brought on the negative list from time to time.

c) there will be no additional or special toll tax on the raw material, fuels and consumables brought from outside the State by the existing Medium and Large units up to 31.03.2003 and for a period of 5 years from the date of production in case of new units except in case of items brought on the negative list from time to time. For items on the negative list, this concession shall be available on the component which is used in manufacturing of finished goods which are subsequently sent outside the State. For this purpose the Medium and Large units shall initially pay additional or special toll tax when bringing the raw material, fuels and consumables and the amount shall be refunded/adjusted against fresh procurement of raw material/fuel/consumables when the goods leave the State.

d) There will be no additional or special toll tax on components, machinery, plant, building material and other equipment procured from outside the State for buildings the factory, for a period of 5 years from the date of registration of the unit in SSI, Medium or Large Sector.

e) There will be no additional or special toll tax on 100% export oriented units on the goods exported under proper export documents from the State to any foreign country.

f) SICOP/SIDCO/JKHC/JKHDC/HHRO shall not be required to pay additional or special toll tax on raw materials, fuels, consumables procured from outside the state for exclusive use of the SSI/Handicrafts/Handloom units as also while transporting goods manufactured by the local SSI/Handicrafts/Handloom units for sales or exhibition outside the State.

8) General Sales Tax

a) There will be no GST on sales of finished goods by the existing local SSI units till 31.03.2003 and for a period of 5 years from the date of production in case of new SSI units except on items brought on negative list.

b) There will be no GST on the raw material procured by the local SSI, Medium and Large units except on items brought on the negative list,

c) There will be no GST on the sale of finished goods manufactured by the new Medium and Large industrial units up to a ceiling on such amount of GST which would have been otherwise payable equivalent to 150% of the total capital investment made in the unit or for a period of 5 years from the date of production whichever occurs earlier except on items brought on the negative list.

d) There will be no GST on purchase of machinery and equipment for construction of the factory for a period of 5 years from the date of provisional registration by the SSI units.

e) The above concessions shall also be available to SICOP while acting on behalf of local registered SSI units.

9) Central Sales Tax

The local existing SSI units shall be exempt from charging and payment of CST on sale of their finished goods outside the State upto 31.03.2003 and the new SSI units for a period of 5 years from the date of production.

10) Special provision for prestigious units

Notwithstanding anything contain capital investment of Rs. 25 crores or above, shall have the option to avail of full exemption from payment of GST, CST and special/additional toll tax for a period of 5 years from the date of production or until such amount of exemption reaches the level of 150% of capita investment in the project whichever occurs earlier. prestigious units i.e. those having

Notwithstanding anything contained in para 7, 8 and 9 above, those prestigious units which come into commercial production in the year 1998, shall have the option to avail a power tariff freeze at the rate of Rs. 1.50 per unit for a period of five years from the date of commercial production. For purpose of paras 7, 8, 9 and IO above all the new units shall also have the option to count the period of 5 years from the date of production or from the succeeding financial year.

11) Capital Investment Subsidy (CIS)

a) CIS shall be available if the item for manufacturing has not been brought on the negative list

b) CIS shall be available to the new SSI, Medium and Large units @ 30% of the capital investment subject to an upper limit of Rs. 30 lakh.

c) In case of a prestigious unit which is hereby defined as a unit with capital investment of Rs. 25 crores and above the limit of CIS shall be Rs. 60 lakh.

d) In case of the following thrust areas the upper limit of the CIS shall be Rs. 45 lakh and Rs. 75 lakh in case the unit also falls in the prestigious category: Food processing and agro-based industry, electronics including computronics and software, leather processing and leather-goods, sports goods forest based industry excluding saw mills and joinery, processing of aromatic plants and herbs, pharmaceuticals based on herbs, bulk drugs, silk reeling, weaving, processing printing and textiles including spinning, weaving, processing, hosiery and made ups, cutting and polishing of precious stones, gems and jewellery precision engineering and other areas identified as thrust areas.

e) 75%subsidytobeincludedfororiginal.

12) Interest Subsidy

5% subsidy shall be payable on the working capital facilities available from the commercial banks to all existing units upto 31.03.2003 and to all new units for a period of 5 years from the date of production or from the subsequent financial year as may be decided by the unit subject to the following conditions:

a) the item for manufacturing is not on the negative list.

b) the subsidy shall be passed on to the commercial bank at the end of the financial year.

c) After the first year of entitlement, the subsidy shall be released only if the unit has increased its production and the same condition shall be applicable to the remaining years of entitlement, in reference to each preceding year.

d) This aforementioned condition shall not be applicable for subsequent years if the unit attains 95% production capacity utilisation before completing its pe-



riod of entitlement for 5 years and the same does not go down during the subsequent years of entitlement.

13) Testing equipment

100% capital subsidy shall be provided by the Government on installation on the testing equipment subject to a maximum amount of Rs. 50 lakh and also restricted to 25% of the total capital investment if the cost of testing equipment exceeds 25% of the total capital investment, provided that in case of the existing units the same is installed within 31.03.2003 or in case of the new units the same is installed within 5 years of its going into production 70% of the amount shall be disbursed on installation and the balance 30% shall be disbursed after one year. The condition of 25% of the capital investment shall not apply in case the amount of subsidy involved does not exceed Rs. 5 lakh

. The units which obtain ISO 9000 certification shall be entitled to a lump sum award of Rs. One lakh or 100% of cost paid for such registration whichever be higher subject to a maximum of Rs. 2.50 lakh provided that such certification is obtained before 31.03.03.

14) Substantial Expansion

An existing unit which increases its installed capacity by at least 25% or adds additional line of manufacturing so. as to increase its capacity of turn-over by 25% in terms of volume or value of finished goods shall -be deemed to have gone for substantial expansion and shall be entitled to the benefits on capital investment on such expanded capacity as if the investment would have been made in a new unit.

15) Air Freight Subsidy

Air freight subsidy shall be available on finished goods for any destination @ 50% subject to a maximum of Rs. 5 lakh for new units for a period of 5 years from the date of production.

16) Research and Development (R&D)

50% subsidy shall be available for expenditure incurred on R&D through any reputed Organisation for any project undertaken on the sponsorship of any existing or new unit subject to a maximum of Rs. 5 lakh for each such project duly approved by the government.

25 % subsidy shall be available on R&D expenditure of any unit, on non-recurring items of expenditure, subject to prior approval of the project by the government, upto a maximum limit of Rs. 5 lakh. 17. Human resource development 50% of the cost of training shall be borne by the government, subject to Rs. 5000 per course per trainee and subject to Rs. One lakh per annum, for any unit for a period of 5 years. In case of women trainees, the corresponding figures shall be 75% Rs. 7500 and Rs. 1.50 lakh respectively. For programmes of skill-development leading to employment of the trainees into employment, 50% of the cost of training shall be borne by the government, on approved programmes subject to a maximum of Rs. 5 lakh per unit. In case of women trainees the corresponding figures would be 75% and Rs. 7.50 lakh.

17) Interest Subsidy for Technocrats

5 % interest subsidy on term loan shall be available for the technocrats (engineering graduate/ MBAs) on term loan availed from the financing institutions.

18) Transport Subsidy

This is a GOI scheme and shall continue as such.

19) Sick units

A fund shall be constituted for providing financial assistance for revival of sick units. Assistance to the extent of 30% of the total additional loan requirements

of the sick unit may be provided to the sick unit provided that the amount of such assistance shall not exceed 30% of the capital cost of the project worked out after conversion of any outstanding liabilities of financing institutions into term loan. The assistance shall be in the form of a soft term loan with 1 % rate of interest per annum. The amount may be used for meeting margin money needs of the sick unit also as for liquidating liabilities of government departments

B. SCHEMES IMPLEMENTED BY JKEDI **(Source : www.jkedi.org)**

1) SEED CAPITAL FUND SCHEME(SCFS):

(Scheme under Sher-e-Kashmir Employment and Welfare Programme for the Youth (SKEWPY) announced by Government of Jammu and Kashmir).

OBJECTIVES:

- To motivate, train and facilitate educated youth to take up entrepreneurship as a career option and create employment opportunities not only for themselves, but also for others.
- To invest in various areas of economy to optimally exploit the resources.

CORE AREAS:

- Horticulture, floriculture, cultivation of medicinal and aromatic plants;
- Food-processing at the household/village level;
- Food storage establishment, particularly cold chains;
- Handloom, handicrafts and other artesian products: particularly design improvement, technology-transfer and marketing;
- Ventures in poultry, sheep-breeding and production, collection, storage and marketing of milk: aimed at import substitution;
- Setting up of computer literacy/training institutes in villages/habitations particularly with a population of less than 3000 souls;
- Health services unit/dental care units set up by doctors;
- Pathological labs including diagnostic facilities set up by doctors/trained professionals;
- Tourism-related enterprises covering houseboat owners, setting up of Paying Guest facilities, small dhabas and restaurants with a capacity of 20 seats.

ELIGIBILITY:

- One should be the state subject of J&K.
- Fall in the age group of 18 to 37 years
- Qualification of 10+2 or above.
- Unemployed;
- No income ceiling for coverage under the scheme;
- Beneficiaries must be registered with the concerned District Employment and Counselling Centre. They can also be registered with other departments and institutions like DICs etc. wherever required so as to take advantage of the benefits which may accrue through such registrations.
- Any person or any existing units and the units which have already availed of any incentive or subsidy under any scheme of the Government of India or the State Government shall not be eligible for assistance under the scheme;



- No institution, corporate body, society or an NGO shall be eligible for assistance under the scheme.

Funding Pattern:

- Under Graduates/Graduates: 35% of the project cost subject to a maximum of Rs3 lacs.
- Post Graduates: 35% of the project cost subject to a maximum of Rs5 lacs.
- Technically Qualified persons*: 35% of the project cost subject to a maximum of Rs 7.5 lacs.
- For Group Initiatives: the upper limit shall be relaxable up to Rs10.00 lacs.
- In Individual Cases where costlier technologies are involved, the upper limit shall be Rs10.00 lacs**

Technically Qualified Persons shall include Engineers, Doctors, Computer Science and Technology Graduates, MBAs, etc.

** The Screening Committee shall decide as to which case falls in this category.
Moratorium Period: Maximum up to 2 years.

2) TERM LOAN SCHEME:

Rate of Interest: 6%

Projects Considered: Projects costing upto Rs. 5 lacs

Loan Extent: 85% of the Project Cost (maximum of Rs. 4, 25,000/-.)

Beneficiary's Contribution: minimum 5% of the project cost.

ELIGIBILITY CRITERIA:

- Age: No bar
 - Permanent Resident of Jammu and Kashmir State
 - Applicant should belong to minority community (Muslim, Sikh, Christian, Buddhist, Parasi)
 - Family Income less than 40,000/- (Rural Areas) and 55,000/- (Urban Areas)
- Assistance under Term Loan Scheme is available for any commercially viable and technically feasible venture which for the sake of convenience has been divided into the following sectors:
- Agriculture and allied sectors
 - Artisans sector
 - Small business sector
 - Technical trade sector
 - Transport sector

C. JAMMU and KASHMIR STATE SELF EMPLOYMENT SCHEME (JKSES)

(Source: [http:// www.jakemp.nic.in](http://www.jakemp.nic.in))

OBJECTIVES:

- The main objective under these SESs is to address unemployment problem;
- The SESs aims at establishing large number of small units;
- The entrepreneurs may be individuals or joint ventures/Groups;
- The Project Reports is prepared in respect of viable schemes;

- The effort under SESs is to cover maximum number of educated unemployed people;
- These schemes are credit cum subsidy Programmes and envisage greater involvement of Banks;
- Those who will be sanctioned loans will be given necessary training wherever necessary.

PROJECT COST:

- An activity covered under Retail Trade shall qualify for assistance provided the total cost of the scheme does not exceed Rs.2.00 lacs;
- An activity covered under Industries/Services etc. shall qualify for assistance provided the total cost of the scheme does not exceed Rs.3.00 lacs;
- In case of Joint Ventures maximum limit of the cost of the Scheme shall be Rs.10.00 lacs (Joint Venture consisting of at least 2 candidates).

D. Schemes Implemented By Jammu & Kashmir State Women's Development Corporation (Source : www.jkwdc.com)

1. National Minorities Development & Finance Corporation (NMDFC).

Government of India has identified five communities viz, Muslims, Buddhists, Sikhs, Christians, Zoroastrians as Minorities at the National level. The Corporation provides long term loan at a concessional rate of interest to assist the poor women of these communities for setting up of their own Income Generating Units.

1. Eligibility Criteria : Individual beneficiary from Minority Community (18-45 years age group)
2. How to apply : The beneficiary will fill up the form prescribed by Women's Development Corporation.
3. Annual Family Income : Rs 55,000/- for Urban Area and Rs. 40,000/- for Rural areas.

Terms and Conditions of NMDFC loan to individuals :

Project Cost (in Rupees)	NMDFC Share	WDC Share	Benef. Share	Interest Rate
25,000 to 1,00,000	85%	10%	5%	6%

Note : Repayment period of 5 years at simple interest rate and after 5 years, interest will be charged @ 12%.

Terms and Conditions of NMDFC under Micro Credit to SHG :

Project Cost (in Rupees)	Self Help Group (SHG)	Interest Rate
5,000 to 25,000 per beneficiary	15-20 beneficiaries in a group	5%

- Note :**
1. NGO can avail Micro Credit facility from JKWDC @ 2% and can in turn lend to SHGs @ 5%.
 2. Repayment period of 3 years at simple rate of interest.



2. National Backward Classes Finance and Development Corporation (NBCFDC) :

This scheme is for the Development of Women belonging to Backward Classes as prescribed under State SRO 126. The Corporation under this scheme provides loans to the beneficiaries at concessional rate of interest.

1. Eligibility Criteria :

- Beneficiary belonging to Backward Class Community (18-45 years age group).
- Should be J&K State Subject.
- Should not be defaulter with any Financial Institute.

2. How to Apply : The Beneficiary will fill up the form prescribed by Women's Development Corporation.

3. Annual Family Income : Rs 55,000/- for Urban Area and Rs 40,000/- for Rural Area.

Terms & Conditions of NBCFDC loan to individuals :

Project Cost (in Rupees)	NBCFDC Share	WDC Share	Benef. Share	Interest Rate	Re-payment
50,000 to 1,00,000	85%	10%	5%	6%	5 years
Upto 50,000 (New Swarnima)	95%	5%	Nil	4%	5 years

Note : Repayment period of 5 years at a simple interest rate and after 5 years, interest will be charged @ 12%.

Terms & Conditions of NBCFDC (under Micro-Credit) :

Project Cost (in Rupees)	Self Help Group (SHG)	Interest Rate
5,000 to 25,000 per beneficiary	15-20 beneficiaries in a group	5%

Note : 1. Repayment period of 3 years at simple rate of interest.
2. NGOs can avail the Micro Credit facility from JKWDC at 2% and can intum lend to the SHGs at 5%.

3.

Empowering Skilled Young Women (ESW) :

Under this scheme loan is available for skilled / qualified young women irrespective of caste, creed, religion and income

Eligibility Criteria :

- 18-45 years age group.
- Should be J&K State Subject holder.
- Should be Matriculate or above.
- Should not be a defaulter with any other financial institution.

Maximum Loan limit : Rs. 50,000 to 3 lakhs

Rate of Interest : 6%

Terms and Conditions :

Maximum Loan	WDC Share	Benef. Share	Interest Rate	Repayment Period
Rs. 50,000 to Rs. 3 lakhs	90%	10%	6%	5 Years

Rs. 0.10 lakh for Municipal areas and Rs. 1.25 lakhs for Municipal Corporation areas may be added to the maximum limits for loan.

Note: Repayment period of 5 years at a simple rate of interest and after 5 years, interest will be charged @ 12%.

In all above loan schemes loan can be utilized for Jute Accessories, Toy making, Flower making, Tye and Dye, DTP, Software Development, Horticulture, Agriculture, Aquaculture, Cut flower, Aromatic plants, Food products or any other viable project.



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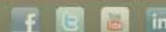
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THE START UP KASHMIR YOUTH ENTREPRENEUR (SKYE) DEVELOPMENT PROJECT

Enabling Effective Youth Entrepreneurship

Overall Aim: Reduce poverty and foster inclusive economic growth through increased youth entrepreneurship in the Kashmir Valley.

Specific Objective: To reduce barriers, improve support and strengthen a culture of youth entrepreneurship that stimulates the start up and growth of 200 youth enterprises across the 10 districts of the Kashmir Valley.

Key Activities:

Catalyze a cross-sector network to foster knowledge sharing, cooperation and institutional capacities to improve the business-enabling environment for youth enterprises.

Engage youth to increase awareness and improve attitudes towards business and entrepreneurship.

Provide opportunities to aspiring youth entrepreneurs (including women and young people from rural areas) to improve their business knowledge and skills and provide them with tangible support to start and grow their enterprises.

Start-up Exchange

Coming soon!

Funds and Finance, Partners and Affiliates, Products and Services

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