

The Suno India Show

Lockdowns and power cuts: Why industries in Kashmir are suffering

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In the year 2014, a Kashmiri aircraft engineer Sarwar Hussain Malik, left his job at Air India Company in Mumbai and flew back home to Srinagar. In the absence of a thriving business sector in Kashmir, 32-year-old Malik decided to create his own space.

On a friend's suggestion, he went to the Jammu and Kashmir Entrepreneurship Development Institute in Pampore. The institute is run by the Jammu and Kashmir government to enable entrepreneurship, including giving seed money. To enable entrepreneurship, including giving seed money. At the centre, industrial experts gave Sarwar advice related to technical aspects and market analysis. It was there that he came up with an idea to set up a mineral water producing unit.

It has been seven years now. Malik is still trying to navigate the ups and downs of Kashmir's economy. Malik is also the general secretary of a consortium of young industrialists. He says the future is bleak for aspiring industrialists in Kashmir.

The industrialists like Malik are suffocating due to lack of government attention, outdated industrial policies, political conflict, electricity crisis and increasing bank liabilities. The unit holders are winding up their business units one by one, piling up the sick industries in J&K.

Hi I am Irfan Amin Malik, the host of this episode of Suno India. The condition of business enterprises in Kashmir has become even dire. On August 5, 2019, the BJP-led Central government abrogated article 370 that gave special status to the state. The extended lockdown was followed soon after by the Covid-19 pandemic.

In his first speech after the decision, the Prime Minister Narendra Modi, vowed that many industries including import-export, food processing, and health care will flourish in J&K. But more than two years have passed. The situation has only worsened. I spoke to industrialists in Kashmir to understand more about the implications of the political crisis.

Surrounded by thick apple orchards of south Kashmir's Shopian and located on the brink of river Rambhara, I visited industrial growth centre Lassipora to understand the life and condition of industrialists. I met Malik there, and asked him about running a business in Kashmir.

Sarwar Malik: Life of an industrialist or an entrepreneur in Kashmir is like a roller coaster. Sometimes it is up and sometimes it is down. Usually what we do we study business books which are from Europe, which are from America but coming to Kashmir the scenario is entirely different. You won't get any help from those books the way of doing business in Kashmir is entirely different and you have to go through challenges which are particularly in Kashmir like we have lockdowns and then we have lockdowns within lockdowns and the market like how to handle a market in curfew times, how to handle liability, demand. So there are hell lot of

challenges which we face and sometimes most of the entrepreneurs they give up, they think they cannot handle this torture and most of them who are still doing they are not doing good because either they are suffering through their liabilities, they cannot pay their liabilities or they are on the verge of getting NPAs. Somehow they are managing things but whatever it is going on in Kashmir is very bad.

Like Malik, many local aspiring entrepreneurs who are trying to start their units are facing different barriers and obstacles. Inside Lassipora industrial growth centre in Pulwama. A young graduate along with his team is waiting for the normal situation so that he may start his unit.

Safdar Wani: My name is Safdar Wani I'm a managing director for billtech Industries, IGC Lassipora Pulwama.

Wani started his unit some two years ago but till date he is not able to run it.

Host: Why did it take a lot of time? I mean, if you have started it two years back since I came to know why till date it, you're not able to run it?

Safdar Wani: There are several reasons. Part of it is we went into the August 5 after the lockdown of August 5. That's when we started the process. So that took a few months to subside. And then soon after we got going then we had a COVID problem here. It was pan India. So that slowed down the process as well because of the lockdown related to that. And then of course, there is a bit of lethargy in our bureaucracy system, where each step of the process that you have to go through is very cumbersome. It's very repetitive and takes time.

The government claims that the land and trading laws were the reason for the slow industrial development in the state. The earlier laws barred any non-state person, or non-local resident from acquiring land for any purpose.

But older industrialists remember the time when private companies across the country were investing in Kashmir. This was in the 80s before the long decades of armed conflict and political instability threw everyday life in a turmoil, let alone industries. I spoke to Muzamil Ahmad Bachha who is president of Kashmir industrial revival development forum

Host: Talking about that government has been saying that now foreign investors or whosoever will be from outside J&K, he will not have to undergo in fact two different kinds of things like a documentation process, the things will be very easy and straightforward. So, will that also attract outside entrepreneurs to investors?

Muzamil Ahmad Bachha: See, if we look at the history of industrialization in Kashmir, we need to understand that during 80s, there was a huge push for industrialization of Kashmir, there were very big companies that came to Kashmir J&K for that matter, whether we there was one company that used to manufacture circuits for Danfoss, Oak India, then there was Maple circuits under the company, then there was Union Carbide. Those are the based in different parts of Kashmir.

Host: But those are sick right now?

Muzamil Ahmad Bachha: They are completely. See, no business is going to survive the turmoil we have survived.

Hundreds of sick industrial units belonging to non-local and migrant industrialists have not only occupied acres of industrial land for three decades.

The government says that there will be private sector investment in Kashmir after 2019.

It's been nearly two year since article 370 was scrapped. Sources in J&K State Industrial Development Corporation or SIDCO told me that no investor or entrepreneur from outside J&K has yet shown any interest to revive the sick units lying inside different industrial estates across J&K.

The General Manager of SIDCO Kashmir, Aijaz Agha denied this. I spoke to him in his Srinagar office.

Host: Sir since the abrogation of Article 370 has any non-local industrialist approached you for the industrial activities in Kashmir?

Aijaz Agha: We have received many queries from different sections. They are looking into different things. There have been queries for the new industrial policy which will be implemented in April. In short, once the policy is implemented after April it will be seen accordingly.

In the year 2009, another engineer turned Srinagar based industrialist Shahid Kamili, started one of the major industrial units in Kashmir - called Himalayan Rolling Steel Industries Private Limited. It is a 100-crore company based in central Kashmir's Budgam district.

Kamili became director of Rs 100 crore Himalayan Rolling Steel Industries Private Limited, in Rangreth Industrial Estate in central Kashmir's Budgam district. Standing tall in Rangreth Industrial Estate, the steel plant became the first of its kind, state-of-the-art unit in north India.

However, after four years of hard work which involved hundreds of labourers and engineers, the young entrepreneur saw his efforts bear fruit when the factory was thrown open in January 2013.

But since then, he bore the brunt of three different lockdowns starting from the year 2016 when militant Burhan Wani was killed by the Indian forces. Shahid's dreams are shattered and his unit is currently lying sick

However, these days Kamili is holding the position of President of Federation Chamber of Industries, Kashmir, the apex body of Kashmir-based industries with memberships of over 100 industrial associations.

I met Kamili inside its office in Sanat Nagar Srinagar where a number of small-scale industries are set up. When I asked him about the problems industrialists were facing, the power cut off. Kamili said this is very common.

Host: Currently, we are sitting in your office and there has been electricity curtailment. Do you also face industries I'm talking about, an electricity crisis here as well?

Shahid Kamili: Yeah, that's a big concern. We get 10 hours of working at the max, whereas my counterpart in Jammu or across the channel they get, they get 18 hours of working. So my time limit is work, my time limit is limited to 10 hours and in this 10 hours, if I'm not given, if we're not provided continuous light electricity, how can it work that means my working my way working day is one to six hours or seven hours that will not make my unit viable.

Now those who are somehow running their units inside Rangreth industrial estate are also struggling.

The SIDCO complex in Lassipora Pulwama has faced 4-5 hour long power cuts every day even during the winter. Because of the power crisis, the local units have suffered heavy losses. Many industrialists incurred production losses besides their machines getting damaged due to power fluctuations.

Sidco's Aijaz Aga said that the government is trying to get a handle on this problem.

Host: What about the electricity crisis? Many have started large-scale industries like we have steel industries in Rangreth and Sanat Nagar estates. The electricity crisis is also rampant in Lassipora estate. What is the government doing to end the power crisis?

Aijaz Aga: We have upgraded the receiving stations besides starting additional stations. We have set up two receiving stations in Lassipora and Khunmouh. In Rangreth another station has been approved and likewise in all the estates we will have additional receiving stations. We are trying our best to provide 24/7 electricity in all the estates.

I met Kashmir's famous business leader, Shakeel Qalander in Srinagar.

Qalander said that the abrogation of 370 had caused more damage than good to Kashmir's industrialisation plans.

Host: Do you see that industries are actually reviving when once article 370 was abrogated, or you see that the downfall continues or the sick industries continue to be there in Kashmir?

Shakeel Qalandar: I think the downfall has started ever since this article was abrogated. And for the last one and a half years now, the industry is at the brink of extinction. So I don't think there's any development so far as industry is concerned. First you had back to back lockdowns, which just broke the backbone of industry, whatever it was, I mean, the working conditions we all know that during the past three decades, over three decades, we have had close to 3000 days of business interruptions because of curfews, imposed curfews or strikes whatever. And then whatever way industry was going on, and then came the August 5 and the abrogation of Article 370. Then I think after that you had to lockdowns back to back and besides that, lockdown, you had some policies which have been imposed here in Jammu and Kashmir that have sidelined or

isolated the existing industry, local industry of Jammu and Kashmir. For example, you have instructed and directed all your government departments to make procurements through a GEM portal. GEM portal is a portal national nationally that has been created or establish it and wherein you have a competition across India and how can you put an entrepreneur or enterprise working in the I mean, unconducive and I mean, those conditions we speak for themselves in Kashmir valley and those they are made to compete with their counterparts in Gujarat or Delhi or Maharashtra, it is next to impossible and they have been put to compete with them.

Host: Lots of sick units we have seen piling up over the period of time isn't there any policy from the government which you have seen personally? Especially for the past couple of decades.

Shakeel Qalandar: I have not seen one you know, you know, NPAs have you know, it has risen countrywide and it has risen multiple, I mean multi fold in Jammu and Kashmir. The reasons are obvious, you know, and the government of India came up with some, you know, stimulus packages after the lockdown of COVID. But they forgot to give any relief to the industry in Jammu and Kashmir, post abrogation of 370. I think, for close to six months, the industry was closed almost and every activity in the state was almost closed and curfews, curfew, it continued for months together.

According to a news report published by The Wire, the data compiled by the industry and commerce department, Kashmir claims that 40.82% of the industrial units in Kashmir are currently sick.

Sick units are mostly located inside SIDCO complex in Khonmoh, Rangreth area of Srinagar outskirts and South Kashmir's Lassipora industrial area in Pulwama district. These units are left with damaged buildings, defunct machinery and spoiled raw material. These units occupy hectares of land.

When I was walking inside Rangreth industrial estate I found one such unit namely Norplex Oak India Limited. Located inside SIDCO complex, Rangreth, 11 kilometres from Srinagar, Oak was known for making TV motherboards, copper sheets, chip sets and other electronic spare parts.

Inside the shabby buildings of Oak, electronic systems, computers and other machinery have been covered in polythene since 1990.

The security guard inside this sick unit told me that the unit holder has no plan of reviving the industry, due to the current atmosphere of political uncertainty.

The shortage of land is also a major reason why aspiring entrepreneurs are not able to start their units in Kashmir. Officials at J&K SIDCO, admitted that currently there is no land available for industrial activities in J&K. In March this year the Jammu and Kashmir government claimed to have earmarked 7500 kanals of industrial land for new prospective entrepreneurs but currently there is no land even available for existing unit holders who want to expand their units.

The data available with J&K SIDCO reveals that it possesses 27,229 kanals of land, out of which 15,708 kanals have already been allotted and 10,869 kanals is under the control of government forces, or facing encroachment and litigation.

The land shortage is causing major hurdles for local entrepreneurs, forget about non-locals. For this podcast, a food processing unit holder Aijaz Bukhari who has been running his unit since 2007 told me that there is no land available for industrial activity especially for the past decade for aspiring entrepreneurs.

Host: I want to know that here in Rangreth if anyone would want to open a unit will he get the land? Is the land available here?

Aijaz Bukhari: See I will tell you that since 2011 whosoever has approached to avail land from the leasing authority—SIDCO I don't think a favorable answer was received. One should not say it but yes we were told that SIDCO says there is no land available. We have a communication that since 2011 there is no land available with SIDCO.

Qalander asks why the sick, closed units owned by industrialists living outside J and K should lie vacant. These can be renegotiated if they plan to come back.

Shakeel Qalandar: One is the local industry . The entrepreneurs who hail from this place, and their units have got sick, because of the circumstances I have explained to you. And that is obvious. And NPS have reason and units are just closing down because no relief is coming forth from the government. That's one part of it. The second part of it is those entrepreneurs who are from outside and had to establish their units in the valley or in the state. And then after some turbulence in 1990, they how they have fled from the place and their establishments are settled there. I think we have a number of times we had approached it the government state government that this land should be retrieved from those entrepreneurs. And whenever they will come back, they wish to come back we will allow them at newer places it can be given to them. But wherever they had this land, it could have been distributed among the prospective units to local prospective owners. And once those young entrepreneurs who had established these units, some time back, they once they would think of returning here, we could have provided them the new land, but why to keep this land vacant in important estates like Khunmouh or Rangreth or elsewhere. I think even today it should be done. This land should be retrieved and it should be distributed among the prospective entrepreneurs.

Pause/ transition

The industrial leaders I spoke to suggest a complete change in the way government thinks of increasing the industrial capacity in the state

Kamili said that it is important that government invests heavily in industrial development, not just in the developed hubs but also in other areas

Shahid Kamili: I have also requested the government that in case we want to promote the industry you must promote the industry not as the secondary industry. You must promote a primary industry here which will have a bigger, huge capital investment and they must not invest in the core of these three states that is Srinagar, Budgam and Ganderbal areas that they must be asked to invest in the peripheries of the Kashmir Valley, so that their industrial growth in the peripheries so that you have a development in Kupwara, you have a development in Tangdaar development in Uri development in Pulwama and Kulgam and other areas because, unless and

until the investor, the investor who is driving here up to 4000 kilometre, he has no problem in driving up to 4500 kilometres. So, the core of the value must be left to the local entrepreneurs, young youth who want to become an entrepreneur, unemployed youth who are worth striving for jobs, it must be left to them not to the outsider. My sincere request to the government is that we are not averse to the investment. But it must be a primary investment. It must be a huge investment and not a small scale investment, not a small scale industry investment.

The government needs to look at such investment as something that provides it revenue too, and reduces unemployment. This kind of investment is not just for the sake of industrialists. This is Muzamil Ahmed Bachha, president of Kashmir industrial revival development forum

Muzamil Ahmad Bachha: We always are very hopeful for the future. And on if you look at presently, every business is in stress, every business if there are not certain decisions taken right now, this is going to lead towards bankruptcy of majority of the businesses. We have been holding it out. Since long we have been getting a restructuring. Our loans are getting accumulated into long term debt. But I don't think that is the solution because asset creation is not there. There has to be the first and foremost request from our side to the government is reviving the existing industry. If you if somebody asked me that the new investment is going to come I think the govt is our parent and no parent will go for honeymoon when their kids are on ventilator right now, every business every industry, in particular in Kashmir and at large in J&K or on ventilator, it is just a matter of time that these industries will die If we are not going to revive them. That will definitely create a lot of unemployment. There will be a lot of revenue losses to the government as well. Because we at the end of the earning hands of the government we are not the spending hands of the government we earn for the government.

Active interest in developing industries and providing jobs will increase the Kashmiri's trust in the government and will be beneficial to all.

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