

**The Formal Sector Industrialization
Process in Jammu and Kashmir
(A Panel Data Analysis)**

Mehak Majeed¹

Javaid Iqbal Khan²

Saeed Owais Mushtaq³

Formal sector industrialization has been tested and predicted as the most sustainable route to growth and development by developmental theorists and practitioners. The MSMEs sector is the face of industrialization in the developing world. There however exists a bifurcation of the MSMEs sector into formal and informal sub-sectors across the developing world. The current study is an analysis of the formal sector MSMEs located in the mountainous and fragile region of Jammu and Kashmir, India. The study establishes labor intensively and capital deficiency amongst the MSMEs in the region. The analysis further predicts low levels of technical efficiency in the region and ascribes it to weak governmental intervention as lack of credit facilities and provision of infrastructure. The current study is the first attempt of its kind to analyze the industrialization process in J&K.

Keywords: India; Jammu and Kashmir; MSMEs; Technical Efficiency.

JEL Classification: D21; L25; O14

1. Faculty, Department of Economics, IUST University, Kashmir, J&K. E-mail: dhaarmehak.scholar@kashmiruniversity.net
2. Faculty, Department of Economics, IUST University, Kashmir, J&K. India. E-mail: khanjavaid@kashmiruniversity.ac.in
3. Faculty, Department of Economics, IUST University, Kashmir, J&K. E-mail: saeedowais.scholar@kashmiruniversity.ac.in