Growth Potential of Handicraft Industry in Jammu and Kashmir

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ABSTRACT: *Handicraft sector is one of the emerging sectors that play a vital role in the economic development of a Jammu and Kashmir State. Being labour intensive in nature, this industry is the best answer to unemployment that is creeping up in the state of Jammu and Kashmir. The Kashmir Handicraft products are recognised as best in terms of designs, quality and cost across the globe. In absence of large manufacturing companies, Handicraft sector of the state remains a key in the economic structure of the state. In this backdrop, the present research paper is an attempt to study the growth potential of this sector in the state of Jammu and Kashmir.*
KEY WORDS: *Handicrafts Industry, Employment Generation, Exports, Labour Intensive, Economic development.*

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I. INTRODUCTION

The word handicraft is made of two words hand + craft. 'Hand' means 'made of hand' or using simple tool in making of any item and 'craft' means 'a unique expression that represent a culture ,tradition and heritage of a country' i.e. handicraft is a unique expression by using art on any item . Handicraft is also known as artisanry which means a type of work where useful and decorative devices are made completely by hand or using simple tool. It was during the reign of Sultan Zain –ul-Abidin ,popularly known as Budshash or the great king who ruled Kashmir from 1420-70 AD that handicraft were introduced in Kashmir . A full- fledged department of handicraft for projecting the crafts on wider scale was established on 1972-73 .Prior of the establishment however, the department used to be part of the Directorate of industries and commerce **(Directorate of Economics and Statistics 2014-2015).**

The Kashmir valley is recognized throughout the world so far as the arts and crafts as well its scenic beauty and bracing climate is concerned. It is famous for the weaving of specialized fabrics like Pashmina and Kani Shawls, Silken, Woolen and Cotton fabrics. The crafts range from woolen textiles of fleecy soft texture of matchless excellence in weaving, hand-woven carpets of the finest warp and weft, to the exquisite designs worked on Papier-Mâché, Wood Work, Silverware, etc. They are products of unique craftsmanship. The skill of the craftsmen and their capacity for intricate workmanship are assets, which can help development on a much larger scale. Besides, as an export-oriented sector, it is instrumental in foreign exchange earnings worth crores of rupees annually.

II. REVIEW OF LITERATURE

Showkat and Sharad Tiwari (2014) suggests in their study that the skill development and training programmes have a far reaching impact on employment generation production and economic growth, and provide very large amounts of sales and exports to our country, as well as the state economy. Handicraft is one of the biggest employment providers next to agriculture sector.

Effat Yasmin and Fayaz Ahmad Bhat (2013) revealed in their study that handicraft sector have an important role to play in the development of country in general and J&K in particular. They showed that production and sales of handicraft have increased significantly during the last two decades. The major chunk of foreign exchange earnings to the state come from this sector.

Dr Darakhshen (2011) in his study stated that in the absence of large scale industries in the state, handicrafts remained a key economic activity from the times immemorial and they contribute towards foreign exchange earnings of the state in particular and country in general.

Sunita Sharma (2010) in her study revealed the structural of industries in J&K state. She suggests that the state leans heavily towards the small scale sector and to a little extent on medium industries. Heavy industry is completely absent in the state. However, the small scale industry has a shown a continuous growth in number from 2203 in 1973-74 to 49426 in 2006-07. The author further says that among the small scale industries, the handicraft industry occupies an important place in the economy of J&K state.

Omera Jan (1990), in her study on the handicraft sector of Jammu and Kashmir, observed that carpet and shawls occupy the most prominent place on the production front. The Shawl, which had completely swept the European market by end of 15[th]century, mostly caters to the domestic market now. She finds that except for carpet and shawls the growth of other handicraft items had not been satisfactory.

Manzoor (1991) in his study on export marketing of Kashmir handicraft industry stated that very little, rather no attention worth the name is given or thought necessary for the conduct of market research. The problem is all the more grave in crafts like crewel, namda, paper machie and wood carving, for which markets could have been exploited through a concerted and rigorous marketing effort in an environment where trade barriers such as tariffs are no inhibiting factors.

C.R. Madan (1983) in his book "India's Developing Villages" stated that handicraft articles appeal to customers principally through their distinctive and artistic designs. He suggested that there should be a planned development to improve the handicraft industry by avoiding middlemen and by increasing the resources of production.

R.C. Suneja (1982) in his book "Indian Rural Economics" has stated that handicrafts industry in India, besides helping to solve both social and economic problems of the village craftsmen and the vulnerable sections of the society, has to play an important role in earning valuable foreign exchange for the country.

R.V. Rao (1982) in his book "the Role of Cottage and Small Industries" analyzed the handicaps of the handicraft industry as insufficiency of raw materials, lack of finance, inadequate marketing and old techniques of manufacture. For the revival of handicraft sector, he suggested to organize separate industrial co-operative societies for persons engaged in different crafts.

Basher Ahmad (1980-81) in his study, "problems of marketing the handicraft products of Kashmir" pointed out the state of efficiently dealt with by the government; there is a tremendous scope for the development of this sector of the state economy. The study finds that the major problem of handicraft industry has been the disposal of products at remunerative prices.

F.M Hassanain (1980) pointed in his book about various traditional crafts of Kashmir like Namdhas, Shawls, Woodcarving, Silk, Willow Work, Chain stitch, paper machie etc. he points towards the relevance and importance of handicraft sector especially for the Kashmir economy. The author throws some light on the suffering of this sector mainly due to its unorganized structure, with additional constraints of lack of skilled labour, lack of training centers each of technology, absence of market intelligence, poor infrastructure and institutional framework.

Objectives

The core objective of the study is to study the growth and performance of Handicraft sector of Jammu and Kashmir. Apart from this the various objectives are as follows:

1. To study growth of handicraft sector in relation with production, export, employment.
2. To study the sector wise growth of handicraft sector in J&K.
3. To study district wise growth of handicraft sector in J&K.

Hypotheses of the Study

1. Null Hypothesis (Ho): There is no significant relationship between production and employment of Handicraft Sector.
2. Null Hypothesis (Ho): There is no significant relationship between exports and employment of Handicraft Sector.

Growth and Performance of Handicraft Sector

Handicrafts have a special economic significance in J&K. Table 1.1 shows the year-wise CAGR of production of Handicraft. The table shows the steady growth of production since 2000-01. It is observed that there is 19% CAGR in 2000-01 and gradually increases over the years come to 28% in 2000-07 but it dips down in 2007-08 to 25% because of the turmoil in the valley. The production picks up from thereon and the same has reached upto 146%. The table clearly shows the increasing trend of production.

Table 1.1
Year-wise CAGR of Production of Handicraft Sector of J&K

Year	Total production	CAGR
2000-01	676.58	19%
2001-02	750.82	20%
2002-03	75945%	21%
2003-04	760.53	23%
2004-05	790.05	24%
2005-06	825.6	26%
2006-07	867.5	28%
2007-08	1440.73	25%
2008-09	1098.14	32%
2009-10	953.27	39%
2010-11	1553.15	36%
2011-12	1813.75	40%
2012-13	1843.21	49%
2013-14	2017.82	61%
2014-15	2175	84%
2015-16	2233.85	147%
2016-17	13576.22	0

Table 1.2 depicts the year-wise CAGR percentage of exports. It is observed that there are many fluctuations as far as exports are concerned. In 2000-01 the CAGR is 4% and it shows increase of 1% over few years but has plunged to -9% in the year 2013-14 reason being the flood in the state which damaged the infrastructure to a considerable extend. However the table further highlights that the exports gained momentum after that and has improved upto 4% in 2015-16.

Table 1.2
Year-wise CAGR of Exports of Handicraft Sector of J&K

Year	Exports (Crores)	CAGR
2000-01	574.98	4%
2001-02	501.47	5%
2002-03	549.2	5%
2003-04	595	5%
2004-05	641	5%
2005-06	705	4%
2006-07	750	4%
2007-08	867.5	3%
2008-09	740.5	5%
2009-10	661.27	7%
2010-11	1006.1	2%
2011-12	1651.13	-6%
2012-13	1538.28	-6%
2013-14	1695.65	-9%
2014-15	1287.04	-4%
2015-16	1059.41	4%
2016-17	1151.12	0%

Table 1.3 shows the year wise employment CAGR of handicraft sector. It clearly depicts the sorry state of the employment generated through handicrafts sector. It can be seen that that percentage of CAGR is only 3% in 2000-01 and the same has fluctuated between 1% to 2% over the years. The reason is well known that the period was full of agitations and natural calamities. However, the table also shows some sign of improvement in the CAGR percentage in 2015-16.

Table 1.3
Year-wise CAGR of Employment of Handicraft Sector of J&K

Year	Employment (Lakhs)	CAGR
2000-01	2.047	3%
2001-02	2.837	1%
2002-03	2.904	1%
2003-04	2.904	1%
2004-05	2.904	2%
2005-06	2.904	2%
2006-07	2.904	2%
2007-08	3.38	1%
2008-09	3.38	1%
2009-10	3.38	1%
2010-11	3.38	1%
2011-12	3.38	1%
2012-13	3.38	1%
2013-14	3.38	1%
2014-15	3.38	2%
2015-16	3.38	3%
2016-17	3.56	0%

**Craft-Wise Percentage of different parameters of Handicraft Sector**

The Graph 1.1 below shows the craft wise percentage detail of production of handicraft sector of the state for the year 2016-17. It is observed that carpet (59.36 %) and chain stitch crewel (32.12 %) crafts contribute significantly in the production of handicraft sector in the state. It is further observed woolen shawls contribute lowest (0.24 %) in the production of handicraft sector. The reason could be the manufacturing of machine made shawls from the other states with low cost.

Graph 1.1
**Craft-wise percentage Production of Handicraft (2017)**
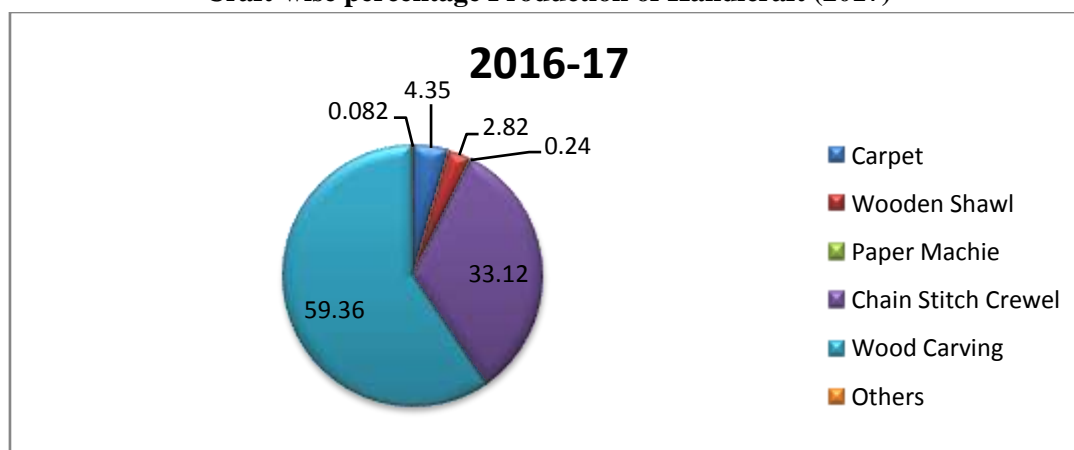
From the Graph 1.2 it has been observed that chain stitch crewel (35.97 %), carpet (32.12 %) and woolen shawl (26.41%) are the highest contributors of the export of handicraft sector for the year 2016-17. On the other hand wood carving (0.45 %) and others (0.65 %) contributes least towards the exports of the handicraft sector for the year 2016-17.

Graph 1.2
Craft-wise percentage of Exports of Handicraft (2017)
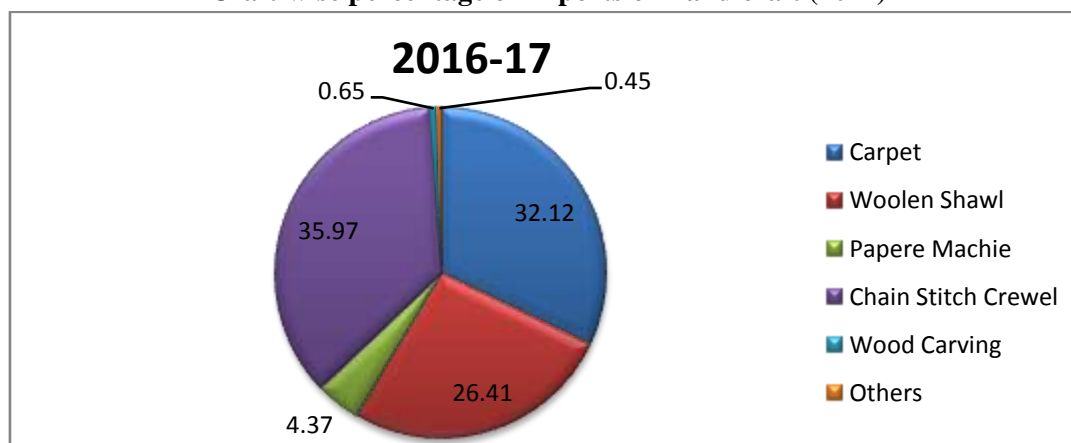
The graph 1.3 below shows that handcraft sector creates highest percentage of employment from its wood carving craft (59.36%) followed by chain stitch Crewel (33.12 %). However, it can be also observed that wooden shawl and others contribute lowest to the employment of this sector.

Graph 1.3
Craft-wise percentage of Employment of Handicraft Sector (2017)
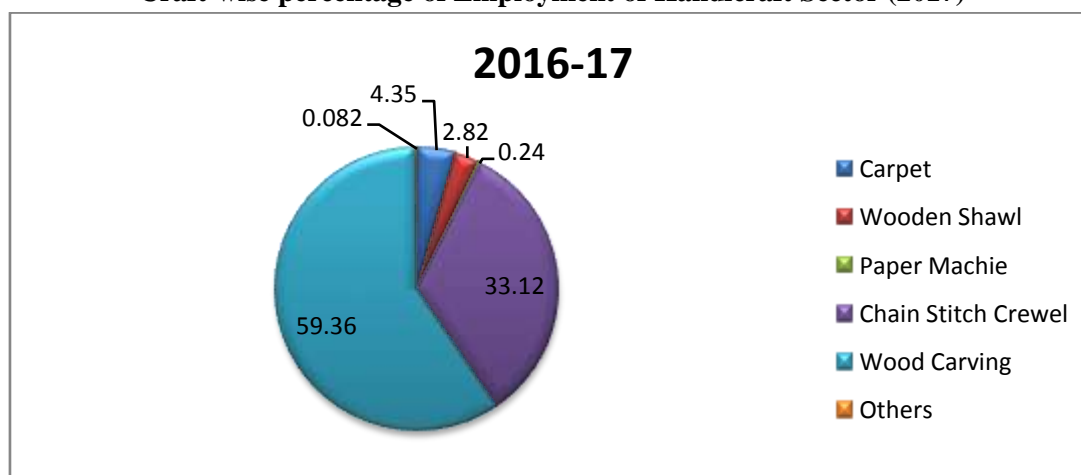
III.   RESULT AND DISCUSSION

The main aim of this chapter is to conduct an empirical analysis of growth and performance of Handicraft Sector of Kashmir Division. To achieve this objective secondary data have been used. The analysis has been made through SPSS 20.0 version. In order to study the growth and performance Compound growth rate, correlation and trend analysis has been used. The variables on which the data were collected and processed upon are production, exports and employment.

Descriptive Analysis

Table 1.4 provides the summary of the descriptive statistics of the different variables used in this study. The mean of Employment (dependent variable) over the period of 18 years (i.e. from 2000-01 to 2017-18) is 3.14. Among independent variables the mean value of the Production and exports over the period of 18 years is 6.43 and 9.39 respectively. Apart from that the standard deviation, minimum and maximum values are presented for statistical inferences.

Table 1.4
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Production	17	676.58	75945.00	6.43	18165.36791
Export	17	501.47	1695.65	9.39	396.78845
Employment	17	2.05	3.56	3.12	.37581
Valid N (list wise)	17				

Correlation Analysis

The correlation coefficients between different variables are reported in Table 1.5.The correlation between Employment (dependent variable) and the production (independent variable) is negative as coefficient comes -.095. Moreover, the relation between the two is statistically insignificant as the significant value comes .718. The matrix table further reveals that the correlation between Employment (dependent variable) and the exports (independent variable) is highly positive as the coefficient comes .610. It also shows statistically significance between the two variables.

Table 1.5
Correlations

		Production	Export	Employment
Production	Pearson Correlation	1	-.206	-.095
	Sig. (2-tailed)		.428	.718
	N	17	17	17
Export	Pearson Correlation	-.206	1	.610**
	Sig. (2-tailed)	.428		.009
	N	17	17	17
Employment	Pearson Correlation	-.095	.610**	1
	Sig. (2-tailed)	.718	.009	
	N	17	17	17

**. Correlation is significant at the 0.01 level (2-tailed).

The table 1.6 shows the summary of the first model where employment is dependent variable and the production is independent variable. The R which represents the correlation between dependent and independent variable shows the value of .095 which is low. The R value indicates low (negative) correlation between the dependant and independent variables. On the other side the R square of the model is .009 which is also on the lower side. The R square value reveals that the independent variables do not predict the dependent variable. The difference between the R square and adjusted square is very high which opposes the fairness of the model. The standard error of the model is .386

Table 1.6
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.095[a]	.009	-.057	.38639

a. Predictors: (Constant), Production

The p value of the model comes .718 which is more than 0.05 (Table 1.7). Hence the regression model is statistically insignificant so the model is dropped for further analysis.

Table 1.7
ANOVA[s]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.020	1	.020	.136	.718[a]
	Residual	2.239	15	.149		
	Total	2.260	16			

a. Predictors: (Constant), Production

b. Dependent Variable: Employment

From Table 1.8 it is interesting to note that the t value and beta value of production is negative. It is because of the negative correlation between the two variables i.e. employment (dependent variable) and Production (independent variable).

Table 1.8
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.153	.100		31.605	.000
	Production	-1.960E-6	.000	-.095	-.369	.718

a. Dependent Variable: Employment

The Table 1.9 shows the summary of the second model where employment is dependent variable and the export is independent variable. The R which represents the correlation between dependent and independent variable shows the value of .610 which is quite promising. The R value indicates high correlation between the dependant and independent variables. On the other side the R square of the model is .373 which is also on the higher side. The R square value reveals that the independent variables strongly predict the dependent variable. The table also shows the adjusted R square is .331. The difference between the R square and adjusted square is very meager which indicates the fairness of the model. The standard error of the model is .307.

Table 1.9
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.610[a]	.373	.331	.30745

a. Predictors: (Constant), Export

The p value of the model comes .009 which is less than 0.05. Hence the regression model is statistically significant and a fit model.

While analyzing the coefficients of the model in Table 1.10, it has been found the beta value of the employment is positive i.e. 2.597. Moreover the t value of the very same variable is also positive i.e. 13.202 Furthermore, the p value of the independent variable export is within the range of significant value i.e. 0.05 which clearly indicates the export variable is statistically significant.

Table 1.10
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.597	.197		13.202	.000
	Export	.001	.000	.610	2.984	.009

a. Dependent Variable: Employment

Hypotheses Testing

Table 1.11 exhibits results for hypotheses testing regarding the growth and performance of handicraft sector during the period of 2000-01 to 2017-18. The first Null Hypothesis (Ho), which states that there is no significant relationship between employment and production, got accepted. This implies that increase in production do not contribute to the employment of the state. The second null hypothesis (Ho) is that there is no significant relationship between employment and exports. The second null hypothesis has been rejected. This implies that increase in exports do increase the employment in the state.

Table 1.11

S.No.	Hypotheses	P Value	Result
1	There is no significant difference between Employment and Production of Handicraft sector.	.718	Accept
2	There is no significant difference between Employment and Export of Handicraft sector.	.009	Reject

IV.   CONCLUSION

Handicraft industry occupies an important position in the economic structure of Jammu And Kashmir State. From times immemorial, handicraft sector has remained a key economic activity in the state. The reason being handicraft activities are best suited to the state as they are more labor intensive as well as being environment friendly. Besides, it is one such sector that has great employment potential. Handicraft products of the state are known for their high quality craftsmen ship, attractive

designs and functional utility. Kashmiri art and craft have no parallel in the national as well as international market.

From the statistics of the handicraft sector, it could be traced that during the present day of globalization the local handicraft products of our state have enough opportunities in the local as well as global markets. Beside the sector has enormous potential to provide gainful employment to thousands of educated as well as un-educated people apart from earning foreign exchange from its export.

Suggestions
1. The state govt. should establish clusters of the handicraft in different region and in remote areas for the promotion and sustainable development of handicraft.
2. Modern show-room of Kashmiri handicrafts should be established across country for the promotion of handicraft products.
3. The govt. should provide financial assistance to handicraft exporters, so that new markets of Kashmiri handicraft could flourish.
4. Seed capital should be providing to small artisans at subsidized rate, for the establishment of their own units.
5. The GST rates of this sector should be reduced so that the growth of this sector could pick up which has been otherwise hampered by high GST rate.

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