

“An Economic Analysis of Handicraft Sector of Jammu and Kashmir: A Case Study of One Decade”

Rather Tajamul Islam*, Gulzar Ahmad Mir** and Zulufqar Manzoor***

* Research Scholar, Department of Post Graduate Studies and Research in Economics, Rani Durgavati Vishwavidyalaya Jabalpur (M. P.) - India.

** Research Scholar, Department of Post Graduate Studies and Research in Economics, Rani Durgavati Vishwavidyalaya Jabalpur (M. P.) - India.

*** Zulufqar Manzoor, Research Scholar, Department of Economics, Baba Ghulam Badshah University, Rajouri – J&K

Abstract

Handicraft products are those products which are made by using handmade tools and its technology is the artisans, natural art. The resources which are used for the production in handicraft sector are available locally, in handicraft sector the products are made without the aid of modern machines. The handicraft sector of Jammu and Kashmir is an important sector contributing to overall development of current and other allied sectors in terms of income and employment creation, this occupying an important place in the economy of Jammu and Kashmir. The handicraft sector is ranked second in terms of employment next to agriculture where millions get employment through this sector. These products are famous world - over because of their unique craftsmanship. The handicrafts activities are best suited to the union territory of Jammu and Kashmir, as these activities are more labour intensive and less capital intensive in nature, therefore having scope for employment generation opportunities at large scale. In this paper an attempt has been made to evaluate the growth, performance, export and employment generation by the handicraft industry during the last decade. It is found from the study that the total production of handicraft industry increased from worth ₹ 1614.59 crores in 2007-08 to worth ₹ 2650.00 crores in the year 2016-17 with compound annual growth rate of 5.66 percent while as the total export of handicraft industry decreased from ₹ 1200.47 crores in 2007-08 to ₹ 1151.21 crores in the year 2016-17 displayed negative compound annual growth rate of 0.46 percent. Furthermore, the employment generation decreased immensely from 3.55 lakhs in 2007-08 to 2.95 lakhs in the year 2016-17, with average of 3.27 lakhs and displayed negative compound annual growth rate of 2.04 percent over the study period. The study found that the percentage share of carpets to total production is 37.65 percent and holds the first rank followed by woolen shawls (30.42 percent). The percentage share of paper machie to total production is 5.34 percent and other items is 26.59 percent.

Keywords: Employment, Export, Handicraft, Jammu & Kashmir and Production

I. Introduction

Handicraft products are those products which are made by using handmade tools and its technology is the artisans, natural art. The resources which are used for the production in handicraft sector are available locally, in handicraft sector the products are made without the aid of modern machines. 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 handicrafts were introduced in Kashmir. The king Zain-ul-Abidin hired skilled craftsmen from Central Asia to train local inhabitants in a number of handicrafts which were till then altogether unknown to the people of the state (Yasmin and Bhat, 2013)¹. During Shah Hamadan's visit in Kashmir, the unemployment reaches in its peak and the condition of the people are misery. At the same time Shah Hamadan brings seven hundred skilled craftsman in Kashmir and these craftsman are highly skilled in various crafts and they trained the local persons of Kashmir for their artisanary skill and till that period, the pace of handicraft sector cannot stop and acclaim worldwide fame (Naseem 2003)². 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 (Bhatt, 2019)³.

The handicraft sector of Jammu and Kashmir is an important sector contributing to overall development of current and other allied sectors in terms of income and employment creation, this occupying an important place in the economy of Jammu and Kashmir. It is basically a cottage industry and provides direct and gainful employment to more than 3 lakh people and has the potential to facilitate the path of raising the standard of living of citizens residing within and outside the boundary of State. The handicraft sector is ranked second in terms of employment next to agriculture where millions get employment through this sector (Manzoor, 1991)⁴. Jammu & Kashmir has comparative advantage in producing high quality and world famous fabrics. These products are famous world - over because of their unique craftsmanship (Yasmin and Bhat, 2013)⁵. The most important crafts of handicraft industry of Kashmir are embroidery, Shawls, Crewels, Namda, Chain stitch, Papier machie, Costume, Jewelry, Kanishwals and Carpets hold a significant share in the overall production and export of the state (Govt. of J&K, 2015)⁶.

Handicrafts activities occupy an important position in the economic structure of J&K State. The handicrafts activities are best suited to the union territory of Jammu and Kashmir, as these activities are more labour intensive and less capital intensive in nature, therefore having scope for employment generation opportunities at large scale (Shah, 2016)⁷. Handicraft sector is one of the important sectors in Jammu and Kashmir because this sector not only contributes to other allied sectors in terms of income but also provide employment opportunity. Jammu and Kashmir handicraft sector has a potential to facilitate the path by raising the standard of living of the state citizens within and outside the state boundaries (Anjum, 2011)⁸.

II. Objectives of the Study

The main objectives of the study are:

- To evaluate the craft wise growth and performance of handicraft industry during the last decade (2007-08 to 2016-17).
- To analyze the craft wise export and employment generation of handicrafts sector of J&K.
- To examine the relationship between production, export and employment of handicrafts sector of J&K.

III. Methodology and Source of Data

The present study aims at studying the growth and performance of handicraft sector in Jammu and Kashmir. The present research work is both descriptive and analytical in nature. The present study is based on secondary data. The secondary data have been collected from various official sources like Directorate of Handicrafts (Jammu/Kashmir), Directorate of Economics and Statistics. Moreover, books, journals, newspapers, and other online sources were also analysed to obtain desired data. Various statistical tools and techniques like Average, Growth Rate, Standard Deviation (S.D), Co-efficient of Variation (C.V) and Correlation Analysis have been used to analyze and interpret the data. Collected information was additionally evaluated with the assistance of different sorts of pie outlines.

$$\text{Average} = \frac{1}{n} \times \sum_{i=0}^n X_i$$

Where, A = average

X_i = value of each individual item in the list of numbers being averaged

n = the number of terms

$$\text{Growth Rate} = \frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 100$$

Where, Y_t = Value of current year

Y_{t-1} = Value of base year

Standard Deviation

Standard deviation is calculated by applying the following method.

$$\sigma = \sqrt{\frac{\sum X^2}{N}}$$

Where, σ = Standard Deviation

$$x^2 = (x - \bar{X})$$

N = Number of observations

Co - efficient of Variation

It is expressed in the following form

$$CV = \frac{\text{Standard Deviation}}{\text{Mean}} \times 100$$

Compound Annual Growth Rate (CAGR)

In order to study the year-wise growth in the variables, the compound annual growth rate has been calculated.

$$CAGR = \left(\frac{Y_t}{Y_{t-1}} \right)^{\frac{1}{N}} - 1 \times 100$$

Where, Y_t = Value of Current year

Y_{t-1} = Value of Base year

N = Number of Years

Correlation

Karl Pearson's coefficient of correlation method has been used:

$$r = \frac{\sum dxdy}{\sqrt{\sum dx^2 \sum dy^2}}$$

Where, r = Karl Pearson's coefficient of correlation.

$\sum dxdy$ = Total of the products of the deviations of values from their respective arithmetic means in both series.

$\sum dx^2$ and $\sum dy^2$ = The deviation of dx and dy are squared up and their totals $\sum dx^2$ and $\sum dy^2$ are obtained.

IV. Results and Discussion

Table 1.1: Year Wise, Craft wise Production of Handicraft Industry of J&K

(Production ₹ in crores)

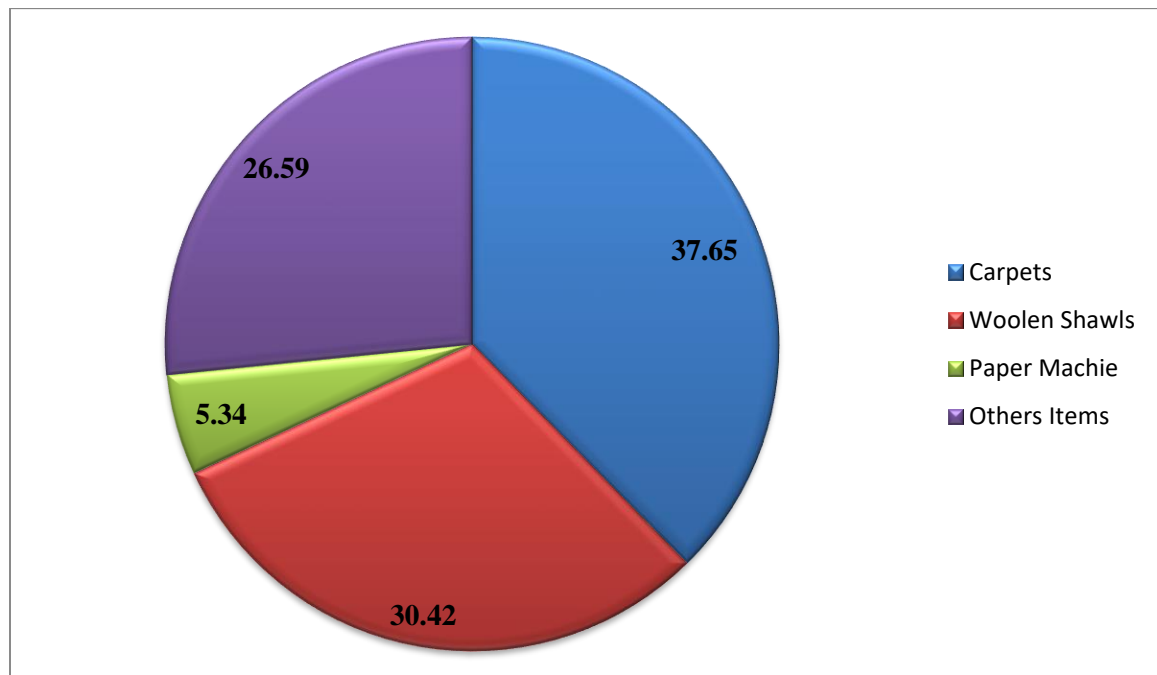
Year	Carpets	Woolen Shawls	paper Machie	Other Items	Total	percentage change
2007-08	761.27	420.58	37.92	394.82	1614.59	-
2008-09	457.60	303.45	35.49	303.46	1100.00	-31.87
2009-10	638.17	201.03	10.15	150.65	1000.00	-9.09
2010-11	735.10	343.10	38.32	533.78	1650.30	65.03
2011-12	624.70	702.20	102.70	385.73	1815.33	10.00

2012-13	643.00	656.30	145.00	398.91	1843.21	1.54
2013-14	684.05	631.20	141.24	559.33	2015.82	9.36
2014-15	739.50	674.25	152.25	609	2175.00	7.90
2015-16	709.45	698.05	139.52	687.13	2234.15	2.72
2016-17	821.50	874.50	164.30	789.7	2650.00	18.61
Average	681.43	550.47	96.69	481.25	1809.84	8.24
SD	99.84	217.52	59.58	190.61	504.00	
CV	14.65	39.52	61.62	39.61	27.85	
CAGR	0.85	8.47	17.69	8.01	5.66	

Source: Directorate of handicrafts, Jammu and Kashmir

An illustration of craft wise production of handicraft industry in Jammu and Kashmir is presented in table 1.1. It is obvious from the above table that the total production of handicraft industry decreased from worth ₹ 1614.59 crores in 2007-08 to ₹ 1100.00 crores in 2008-09 which further decreased to ₹ 1000.00 crores in 2009-10. Thereafter, it shows continuously an increasing trend and increased to worth ₹ 2650.00 crores in the year 2016-17 with average of ₹ 1809.84 crores, average annual growth rate of 8.24 percent and compound annual growth rate of 5.66 percent during the study period of one decade.

Analysing the craft wise production it is found from the table that the production of carpets increased from worth ₹ 761.27 crores in 2007-08 to ₹ 821.50 crores in 2016-17 with average of ₹ 681.43 crores and compound annual growth rate of 0.85 percent during the study period of one decade. Its coefficient of variation is 14.65 percent, which is lowest among the crafts which means that there has been less variations in its production as compared to other crafts. The production of woollen shawls increased from worth ₹ 420.58 crores in 2007-08 to ₹ 874.50 crores in 2016-17 with average of ₹ 550.47 crores and compound annual growth rate of 8.47 percent during the study period. Its coefficient of variation is 39.52 percent, which is higher than total production which means that there has been more variations in its production as compared to total production of handicraft industry. The production of paper machie increased from worth ₹ 37.92 crores in 2007-08 to ₹ 164.30 crores in 2016-17 with average of ₹ 96.69 crores and compound annual growth rate of 17.69 percent during the study period, which is highest among the crafts. Its coefficient of variation is 61.62 percent, which is highest among the crafts and also than total production which means that there has been more variations in its production as compared to other crafts and total production of handicraft industry.

Figure 1.1: Craft Wise Percentage to Total Production of Handicraft Industry

The average percentage share of different crafts to total production of handicraft industry in Jammu and Kashmir during the last decade i.e. between 2007-08 and 2016-17 is presented in figure 1.1. It is apparent from the figure that the percentage share of carpets to total production is 37.65 percent and holds the first rank followed by woolen shawls (30.42 percent). The percentage share of paper machie to total production is 5.34 percent and other items is 26.59 percent.

Table1.2: Year Wise Growth in Export of Handicraft Goods in J&K

(Export worth ₹ in crores)

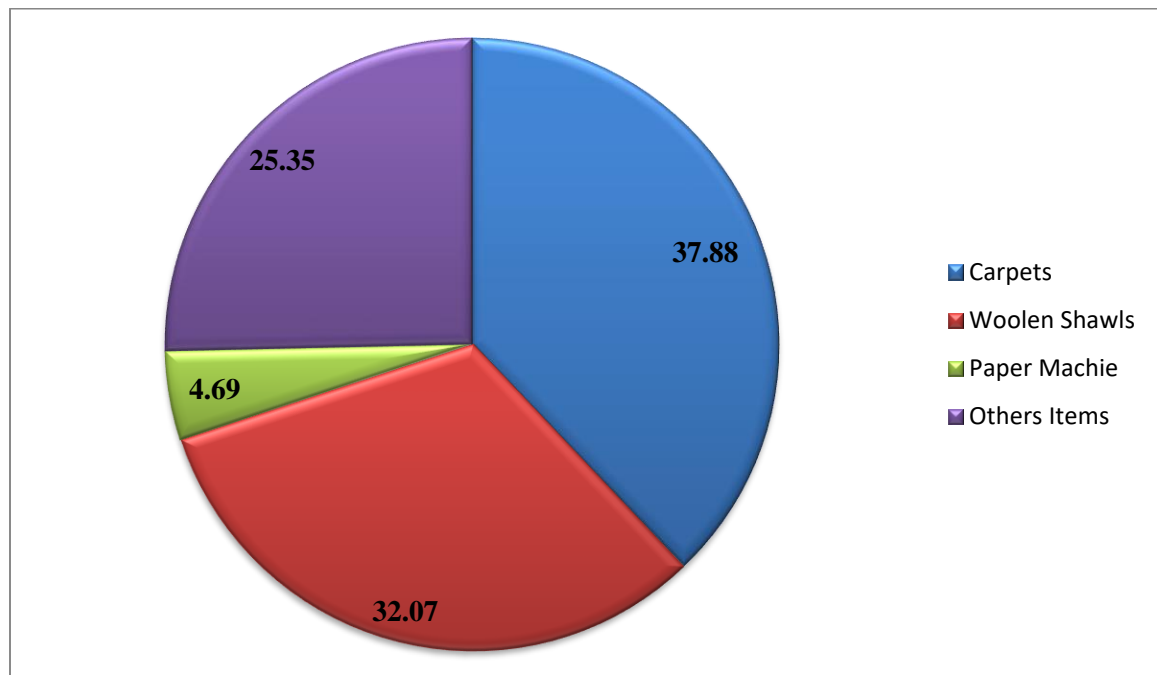
Export	Carpets	Woolen shawls	Paper Machie	Other items	Total	Percent change
2007-08	649.02	310.29	33.65	207.51	1200.47	-
2008-09	326	226.50	41	112	705.50	-41.23
2009-10	407.73	137.13	30.27	86.14	661.27	-6.27
2010-11	412.25	302	66.50	223.35	1004.10	51.84
2011-12	567.13	607.03	98.24	370.97	1643.37	63.67
2012-13	455.86	620.02	104.11	358.29	1538.28	-6.39
2013-14	551.90	579.72	39.96	524.07	1695.65	10.23
2014-15	492.18	368.20	71.70	354.96	1287.04	-24.10
2015-16	293.29	376.79	24.85	364.48	1059.41	-17.69
2016-17	369.81	304.05	50.36	426.99	1151.21	8.67
Average	452.52	383.17	56.06	302.88	1194.63	4.30
SD	113.06	166.12	28.09	140.39	358.89	
CV	24.98	43.35	50.10	46.35	30.04	
CAGR	-6.06	-0.23	4.58	8.35	-0.46	

Source: Directorate of handicrafts, Jammu and Kashmir

The products of the handicrafts sector not only attracted the tourists but also minds of the customers worldwide due to the unique quality and design of the goods produced by the handicraft sector. Export of the handicraft products has the direct impact on the prosperity on the Indian economy in general and on the economy of the Jammu and Kashmir in particular.

An illustration of craft wise export of handicraft industry from Jammu and Kashmir is presented in table 1.2. It is evident from the analysis table that the total export of handicraft industry fluctuated throughout the study period and decreased from ₹ 1200.47 crores in 2007-08 to ₹ 1151.21 crores in the year 2016-17 with average of ₹ 1194.63 crores, average annual growth rate of 4.30 percent and negative compound annual growth rate of 0.46 percent during the study period of one decade.

Analysing the craft wise export of handicraft industry, it is found from the table that the export of carpets decreased immensely from ₹ 649.02 crores in 2007-08 to ₹ 369.81 crores in 2016-17 with average of ₹ 452.52 crores and compound annual growth rate of -6.06 percent during the study period of one decade. Its coefficient of variation is 24.98 percent, which is lowest among the crafts which means that there has been less variations in its export as compared to other crafts. The export of woolen shawls also decreased from ₹ 310.29 crores in 2007-08 to ₹ 304.05 crores in 2016-17 with average of ₹ 383.17 crores and compound annual growth rate of -0.23 percent during the study period. Its coefficient of variation is 43.35 percent, which is higher than total export which means that there has been more variations in its export as compared to total export of handicraft industry. The export of paper machie increased from ₹ 33.65 crores in 2007-08 to ₹ 50.36 crores in 2016-17 with average of ₹ 56.06 crores and compound annual growth rate of 4.58 percent during the study period, which is highest among the crafts. Its coefficient of variation is 50.10 percent, which is highest among the crafts and also than total exports which means that there has been more variations in its export as compared to other crafts and total export of handicraft industry.

Figure 1.2: Craft Wise Percentage to Total Export of Handicraft Industry

The average percentage share of different crafts to total export of handicraft industry in Jammu and Kashmir during the last decade i.e. between 2007-08 and 2016-17 is presented in figure 1.2. It is apparent from the figure that the percentage share of carpets to total export is 37.88 percent and holds the first rank followed by woolen shawls (32.07 percent). The percentage share of paper machie to total export is 4.69 percent and other items is 25.35 percent.

Table 1.3: Year Wise Employment in Handicraft sector of Jammu and Kashmir**(Number in lakhs)**

Year	Employment	Percentage change
2007-08	3.55	-
2008-09	3.54	-0.28
2009-10	3.48	-1.69
2010-11	3.44	-1.15
2011-12	3.42	-0.58
2012-13	3.39	-0.88
2013-14	2.98	-12.09
2014-15	2.97	-0.34
2015-16	2.96	-0.34
2016-17	2.95	-0.34

Average	3.27	-1.97
SD	0.27	
CV	8.12	
CAGR	-2.04	

Source: Directorate of handicrafts, Jammu and Kashmir.

An Illustration of employment generation by handicraft sector in the union territory of Jammu and Kashmir from 2007-08 to 2016-17 is presented in table 1.3. It is apparent from the table that the number of employment in handicraft sector has decreased continuously throughout the study period. The employment generation decreased immensely from 3.55 lakhs in 2007-08 to 2.95 lakhs in the year 2016-17, with average of 3.27 lakhs and displayed negative compound annual growth rate of 2.04 percent over the study period. The highest decrease in employment generation is observed in the year 2013-14, when the annual growth rate was -12.09 percent while as lowest decrease in employment generation is observed in the year 2008-08, when the annual growth rate was -0.28 percent, with average annual growth rate of -1.97 percent between 2007-08 and 2016-17. The possible reason for the declining trend of employment generation in handicraft industry may be either due to the low level of income and low level of demand of the handicraft product, gradually artisans are shifting to other sector such as agricultural sector, horticulture sector, rickshaw puller, drivers, other type of business, etc. where they get sufficient amount of money to fulfill their needs or the introduction of modern techniques in its manufacturing which gradually diminishes the labour requirement.

Table 1.4: Correlation Analysis

	Production	Export	Employment
Production	1		
Export	0.532 (0.114)	1	
Employment	-0.838** (0.002)	-0.331 (0.351)	1

Source: Computed by the Author from table 1.1, 1.2 and 1.3

Correlation is significant at the 0.01 level (2 tailed)

To find out correlation between production, employment and exports of handicraft industry in Jammu and Kashmir, Karl Pearson's coefficient of correlation method has been executed and is presented in table 1.4. It is evident from the analysis table that there is positive correlation between production and export and the degree of correlation is moderate but insignificant. Moreover, there is negative correlation between production

and employment and the degree of correlation is very high and is also significant. Furthermore, it is clear that there is negative correlation between export and employment and the degree of correlation is weak but insignificant. Hence, it is concluded that with the increase in production, export also increases but with the increase in production and export, employment decreases which means that handicraft products are no more those products which are made by using handmade tools and its technology is the artisans, natural art but there has been introduction of modern techniques in its manufacturing which gradually diminishes the labour requirement.

V. Conclusion

Handicraft products are those products which are made by using handmade tools and its technology is the artisans, natural art. The resources which are used for the production in handicraft sector are available locally, in handicraft sector the products are made without the aid of modern machines. It was during the reign of Sultan Zain-ul-Abidin, popularly known as Budshah or the great king who ruled Kashmir from 1420-70 AD that handicrafts 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. Jammu & Kashmir has comparative advantage in producing high quality and world famous fabrics. These products are famous world - over because of their unique craftsmanship. The most important crafts of handicraft industry of Kashmir are embroidery, Shawls, Crewels, Namda, Chain stitch, Papier machie, Costume, Jewelry, Kanishwals and Carpets hold a significant share in the overall production and export of the state. The handicraft sector of Jammu and Kashmir is an important sector contributing to overall development of current and other allied sectors in terms of income and employment creation, this occupying an important place in the economy of Jammu and Kashmir. It is basically a cottage industry and provides direct and gainful employment to more than 3 lakh people and has the potential to facilitate the path of raising the standard of living of citizens residing within and outside the boundary of State. The handicraft sector is ranked second in terms of employment next to agriculture where millions get employment through this sector. But it is found from the study that with the increase in production and export, employment decreases which means that handicraft products are no more those products which are made by using handmade tools and its technology is the artisans, natural art but there has been introduction of modern techniques in its manufacturing which gradually diminishes the labour requirement.

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