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European Academic Research

An Evaluation of Handicraft Sector of J&K – A Case study of District Budgam

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Abstract:
        The handicraft activities carried out in Kashmir Valley are famous throughout the world because of their quality, art and design. This sector has great potential to generate gainful employment within and outside the state. It is a labour intensive sector, needs less capital and is eco-friendly. Therefore, the social cost of handicrafts is less compared to other small and medium scale industries. Being a labour intensive sector, handicrafts can be established both in rural and urban areas and can be taken off as a subsidiary occupation in the valley. In this paper an attempt has been made to evaluate the growth, performance and problems faced by the handicraft industries since 1990's in Kashmir valley in general and District Budgam in particular.

Key words: Small Scale Industry, Handicrafts, Coefficient of correlation, Henry Garrett's Ranking Technique, Production, employment and exports

Introduction

        The state of Jammu and Kashmir is famous throughout the world for its scenic beauty, bracing climate and craftsmanship skills. 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

367

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. Since then craft legacies continued and got encouragement and patronage from different rulers, princes, visitors to the valley, thus skills passing on from generation to generation. Jammu & Kashmir has comparative advantage in producing high quality and world famous fabrics of Pashmina and Kani shawls, silken, woolen and cotton fabrics and crafts like papier-mache, wood work, Tila work, Sozni, Crewel, etc. These products are famous world - over because of their unique craftsmanship. The handicraft sector has, however, suffered due to its unorganized structure, constraints of lack of skilled education, low capital, poor exposure to new technologies, absence of market intelligence, poor infrastructure and institutional framework. It is against this backdrop that the present paper attempts to highlight the problems and prospects of this sector in J&K.

Objectives

The main objectives are:
1. To evaluate the growth and performance of handicraft industry during last two decades of turmoil (1990-2010).
2. To highlight the problems faced by the handicraft sector in the state and suggest measures.

Brief review of related literature

As far as independent research work is concerned there is not much information available related to the performance and functioning of this sector. However, the findings and observations of few related studies are given as under.

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 15th century, mostly caters to the domestic market now. She finds that except for carpets and shawls the growth of other handicraft items had not been satisfactory.

Manzoor (1991)[1], 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 Mache 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.

Dr. Darakhshan (2011)[2] stated that in the absence of large scale industries in the State, handicrafts remained a key economic activity from times immemorial and they contribute towards foreign exchange earnings of the State in particular and country in general.

Methodology and Sources of data

This study is descriptive and analytical. The major part of the study depends on secondary sources, but information has also been obtained from a sample of 100 handicraft unit holders (selected randomly) through a well designed questionnaire. Various statistical tools and techniques have been used to analyze and interpret the data.

1. To find out correlation between production and employment and production and exports, 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.

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

∑dx² and ∑dy² = The deviation of dx and dy are squared up and their totals ∑dx² and ∑dy² are obtained.

2. To work out the trend line and trend value of production, employment, and sales of handicraft sector, the formula of regression has been used:

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[1] Manzoor, Shah.1991. *Export Marketing of Kashmir Handicraft Industry.* Unpublished Ph.D. Thesis in the University of Kashmir. pp. 1-357.

[2] Dr. Darakhshan. 2011. "A Study of Handicrafts Industry in J&K." *A Journal of Advances in Management, IT & Social Sciences* 1(4).

$$Y = a + bX$$

Y = dependent variable;

X = independent variable;

a = intercept coefficient and b is the slope coefficient. The value of 'a' and 'b' is found by the following normal equations.

$$\sum Y = Na + b\sum X$$
$$\sum XY = a\sum X + b\sum X^2$$

3. Henry Garrett's Ranking Technique has also been used to find the extent and magnitude of the problems faced by the unit holders in this section. To identify the extent of problem, the respondents were asked to rank the given problems according to the magnitude of the problem. The order of merit given by the respondents was converted into ranks by using the following formula.

Percentage Position = $\dfrac{100(R_{ij}-0.5)}{N_j}$

Where

R_{ij} = Rank given for i^{th} item by j^{th} individual;

N_j = Number of items ranked by j^{th} individual.

The percentage position of each rank thus obtained is converted into scores by referring to the table given by Henry Garrett. Then, for each problem, the scores of individual respondents were added together and divided by the total number of respondents for whom the scores were added. These mean scores for all the problems were arranged in order of ranks and inference were drawn.

Production, employment and exports of handicraft industry (1990-91 to 2009-10)

The sector makes conspicuous contribution in sustaining export trade of the state. The handicraft activities are especially carried out in Kashmir Valley which is called the home of handicraft goods and has earned a unique place in the world of handicraft scenario. This sector provides employment opportunities and great potential to generate gainful employment within and outside the state. The production of handicraft has increased to Rs.1614.59 crores during 2007-08 as against Rs.200 crores during 1990-91; employment of

handicraft has increased to 3.505 lacs during 2007-08 as against Rs.2.25 lacs during 1990-91; the exports in the handicraft sector have increased to Rs.1200.47 crores during 2007-08 as against Rs.34.60 crores during 1990-91 and their growth rate is also at a satisfactory level.

Table 1: Year wise Production, Employment and Exports of handicraft industry

Year	Production (Rs in crores)	Employment (No. in lakhs)	Exports (Rs in crores)	Growth (%)		
				Production	Employment	Exports
1990-91	200.00	2.25	34.60	-	-	-
1995-96	250.00	2.78	293.50	20.00	19.06	83.79
1996-97	260.00	2.90	88.14	03.84	4.13	(-)142.22
1998-99	280.00	3.10	247.00	07.14	6.45	64.31
1999-00	633.03	3.20	556.99	55.76	3.12	55.65
2000-01	696.33	3.29	439.90	09.09	2.73	(-)26.61
2001-02	765.94	3.87	504.25	09.08	14.98	12.76
2002-03	775.00	3.454	549.20	01.16	(-)41.60	8.18
2003-04	821.53	3.460	595.00	05.66	0.17	7.69
2004-05	887.00	3.471	642.00	07.38	0.31	7.32
2005-06	900.00	3.483	705.00	01.44	0.34	8.93
2006-07	950.00	3.496	785.00	05.26	0.37	10.19
2007-08	1614.59	3.505	1200.47	41.16	0.25	34.60
2008-09	1100.00	Na	705.50	(-)31.87	-	(-)41.23
2009-10	1000.00	Na	661.27	(-)09.09	-	(-)06.26
2010-11	325.00	Na	142.00	(-)67.50	-	(-)78.52

Source: Directorate of Handicrafts, J&K

Table 1 reveals that the growth rate of production has changed from 20 percent to 41 percent during 1995-96 to 2007-08, the growth rate of employment has changed from 19 percent to 0.25 percent and the growth rate of exports has changed from

83.79 percent to 34.60 percent during the reference period. There are many reasons for the lower growth rate in production, employment and exports of handicrafts such as turmoil, political instability, delay in payments, low incentives for exports, alternative job opportunities etc. The value correlation coefficient found between the production and employment is 0.52, which implies that there is significant positive relation between increase in production and employment and the value correlation coefficient found between production and exports is 0.97, which implies that there is highly significant positive correlation between production and exports of handicrafts.
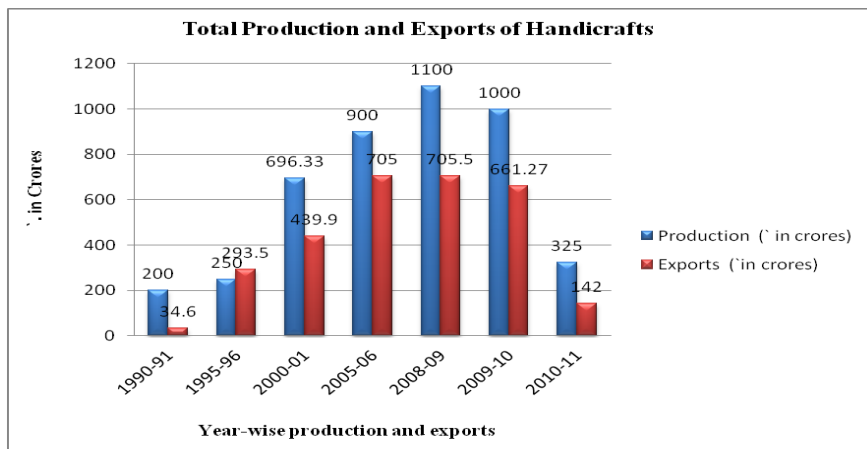

Figure 1

From 1990-91 to 2008 there has been an increasing trend both in production and exports but thereafter it has declined drastically. Besides other factors, the dominant factor that determines this phenomenon was the summer unrest of 2008, 2009 and 2010 in the Valley.

Brief profile of district Budgam

Budgam is one of the youngest districts of the State, carved from the erstwhile District Srinagar in 1979. The district is situated at an average height of 5,281 ft above sea-level and at 75 degree E longitude and 34 degree N latitude.

According to the chronicle, after Kahawja Azam Dedmari, the area was known as Deedmarbag and was densely populated.
The weather conditions in the Valley as well as in the district being temperate, multiple cropping has not been successful. The main crops grown in the district are paddy, wheat, maize, pulses and vegetables. Besides agriculture, the small scale industrial sector is also emerging as a subsidiary occupation in rural pockets of the district. The small scale industrial sector comprises: handlooms, handicrafts and modern SSI's. However, in the present paper an attempt has been made to study the performance of handicraft sector only. The performance analysis includes the production, employment, costs and returns of sample handicraft SSI units in the district Budgam.

Production of handicrafts

The year-wise production level of handicrafts sector for the period from 1990-91 to 2009-10 is presented in table 2.

Table 2: Year wise production of handicrafts (Rs in lacs)

Year	Actual value of Production (Rs in lakhs)	Y=715.80 + 73.92X (Trend value of production)
1990-91	271.80	86.52
1991-92	304.80	160.44
1992-93	320.40	234.36
1993-94	342.20	308.28
1994-95	364.20	382.20
1995-96	404.20	465.12
1996-97	450.20	530.04
1997-98	496.60	603.96
1998-99	563.20	677.88
1999-00	664.00	751.80
2000-01	750.20	825.72
2001-02	820.40	899.64
2002-03	900.60	973.56
2003-04	981.20	1047.48
2004-05	1050.40	1121.40
2005-06	1166.20	1195.32
2006-07	1262.40	1269.24
2007-08	1366.60	1343.16
2008-09	1431.20	1417.08
2009-10	1865.60	1491.00

Source: Compiled from field Survey

Table 2 reveals that the production value of handicraft sector during the study period (1990-91 to 2009-10) has increased from Rs.135.90 lacs to Rs.932.80 lacs and the growth rate of production during 1991-92 was 12.14 percent and during 2009-10 it was 30.35 percent, production depending on demand. As per the analysis of Figure 1, during the 1990's the demand of handicraft items declined due to political instability, insecurity, resulting in low tourist inflow in the Valley.
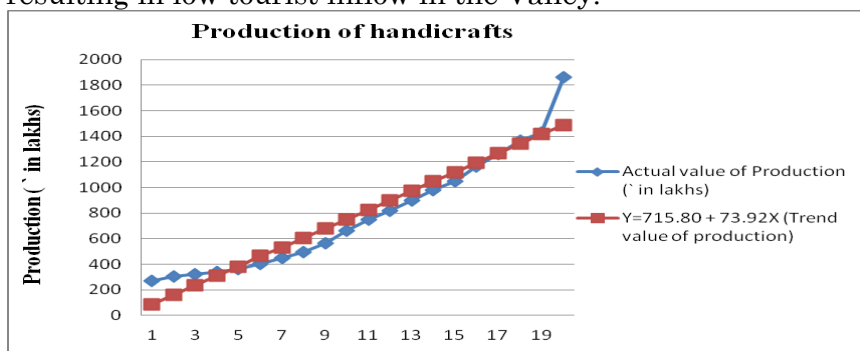

Figure 2

Figure 2 shows the production of handicrafts and trend value year wise during 1990-91 to 2009-10. As it is evident from the figure, the production during the study period shows an increasing trend, with little deviation from actual production value, which indicates that the production of handicrafts has a positive relation, that is, with reference to time, the production increases. The value of coefficient determination R^2 is 0.93, which shows that there is significant increase in production of handicraft during the study period.

Employment of Handicrafts

The year wise employment generation of handicraft units for the period of 1990-91 to 2009-10 is presented in Table 3.

Table 3: Year wise employment of handicrafts (in NOs.)

Year	Actual Employment (in Nos.)	Y = 939.40 + 45.20X (Trend value of Employment)

1990-91	528	532.60
1991-92	572	577.80
1992-93	624	623.00
1993-94	684	668.20
1994-95	712	713.40
1995-96	748	758.60
1996-97	796	803.80
1997-98	848	849.00
1998-99	896	894.20
1999-00	952	939.40
2000-01	972	984.60
2001-02	1056	1029.80
2002-03	1096	1075.00
2003-04	1128	1120.20
2004-05	1164	1165.40
2005-06	1188	1210.60
2006-07	1224	1255.60
2007-08	1276	1301.00
2008-09	1352	1346.20
2009-10	1424	1391.40

Source: Compiled from field Survey

The table shows that employment generation of handicraft units was 264 persons during 1990-91 and 712 persons during 2009-10. The growth rate of employment generation was 8.33 percent during 1991-92 and 5.32 percent during 2009-10.
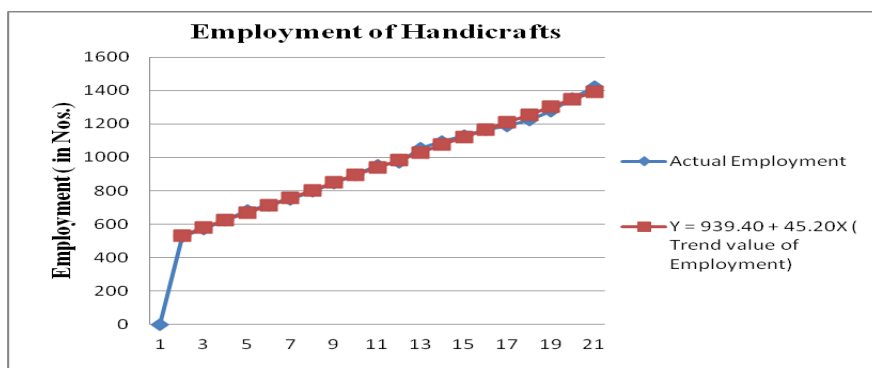

Figure 3

Figure 3 shows the employment of handicrafts during the reference period of 1990-91 to 2009-10. As it is clear from the figure, the employment has increased over the reference period and the trend line has a positive slope and co-inside to linear trend line, which indicates that the employment has a positive relation with the number of years. The value of coefficient of determination R^2 is 0.99, which shows that there is highly significant increase in employment of handicrafts during the study period.

Sales of Handicrafts

The year wise sales of handicraft sector for the reference period of 1990-91 to 2009-10 is presented in Table 4.

Table 4: Year wise sales of handicrafts (Rs in lacs)

Year	Actual Sales (Rs in lakhs)	Y = 750.80 + 74.05X (Trend value of Sales)
1990-91	269.80	84.35
1991-92	302.80	158.40
1992-93	320.40	234.45
1993-94	342.20	306.50
1994-95	358.20	380.55
1995-96	404.40	454.60
1996-97	446.20	528.65
1997-98	496.60	602.70
1998-99	563.20	676.75
1999-00	658.60	750.80
2000-01	750.20	824.85
2001-02	820.40	898.90
2002-03	900.60	972.95
2003-04	981.20	1047.00
2004-05	1050.40	1121.05
2005-06	1166.20	1195.10
2006-07	1262.40	1269.15
2007-08	1366.60	1343.20
2008-09	1431.20	1417.25
2009-10	1865.60	1491.30

Source: Compiled from field Survey

This shows that the sales of selected sample of handicraft units during the study period of 1991-92 was Rs.

151.40 lacs and it has increased to Rs.932.80 lacs during the reference period of 2009-10, at the growth rate of 12.23 percent in 1991-92 and 30.35 percent in 2009-10. The year wise performance and growth rate of handicraft sales is presented in Table 6.
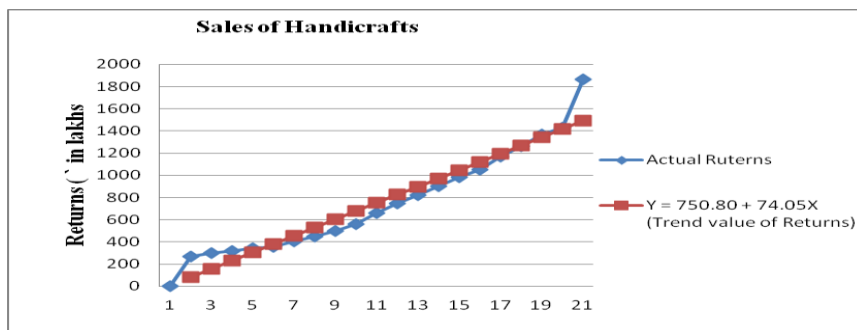

Figure 4

Figure 4 shows year wise sales of handicraft sector and their trend value calculated from the regression equation (Y = 5.16 + 37.02X) during the reference period of 1990-91 to 2009-10. It shows that there is little variance between the actual value and trend value of production of handicrafts during the reference period, which means that there is positive relation between the increase in production value and number on years of establishment of handicraft unit. The value of coefficient of determination R^2 is 0.93, which shows that there is significant increase in sales of handicrafts during the study period.

The Problems of Handicraft Sector

Every business activity involves some problems and the handicrafts are not exception to this. In the preceding paragraphs, several general problems of the handicraft sector have been discussed. As per information collected during the field survey conducted on handicraft industry, there are some specific problems which have been summarized in Table 5. The technique used to rank the problems faced by the entrepreneurs, according to their magnitude, is Garrett's ranking technique. The respondents were asked to rank the given problem according to the magnitude of the problem. The

order of merit given by the respondents was converted into ranks by using the Garrett's formula.

Table 5: problems faced by Small Scale enterprises

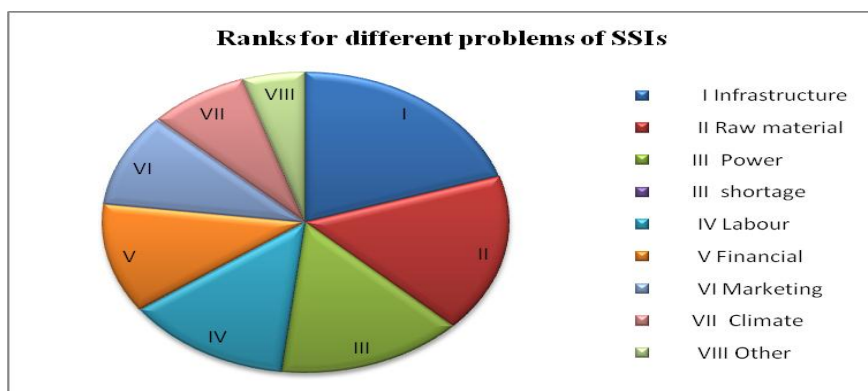| S. No.	Problems	Total Scores	Average Scores	Garrett's rank[3]
1.	Power shortage	15628	52.09	III
2.	Raw material	15765	52.55	II
3.	Infrastructure	16280	54.26	I
4.	Financial	14962	49.87	V
5.	Marketing	14234	47.44	VI
6.	Climate	13958	46.52	VII
7.	Labour	15222	50.74	IV
8.	Other	13647	45.49	VIII

Sources: Field survey

Figure 5

As per the rank given in the above table one can easily find that major problems are those of infrastructure, raw material supply and power shortage.

Conclusions

The handicraft sector occupies an important position in the economic structure of J&K state. Being eco-friendly, this sector suits to the state as it is more labour intensive and less capital intensive in nature, therefore, having scope for employment generation at a large scale. J&K handicraft products are

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[3] The ranks have been calculated by using Garrett's percent formula and his score table.

worldwide famous for their attractive designs, functional utility and high quality craftsmanship. In the absence of large scale industries in the State, handicrafts remained a key economic activity from times immemorial. Crafts like shawls, crewels, namdha, chain stitch, wood carving, costume jewelry, kani shawls, paper mashi, and carpets hold a significant share in the overall production and export of the state. Silken carpets in particular constitute a specialty having no parallel in quality and design at national level and therefore, it occupies an important position in the international market. The main findings of the study are:

1. The production and exports in last three years of the study period decreased due to turmoil and unrest during the peak seasons i.e. summer 2008, 2009 and 2010, in Kashmir.
2. The growth rate of domestic sales and exports of J&K Handicraft Corporation has increased significantly over the period.
3. The trend value and value of coefficient of determination show that the production and sales of handicrafts have increased significantly during the last two decades.
4. The value of coefficient of determination obtained R^2 is 0.96, which shows that there has been a highly significant increase in employment of handicraft units during the last two decades.
5. While analyzing the problems faced by handicrafts unit holders, it was found out that major problems are that of infrastructure, raw material and power shortage.
6. The capital investment in handicrafts is low, their employment potential is high and can be established in the remotest parts of the state.

Suggestions

The following suggestions are put forth to improve the performance of the handicraft sector in the valley.

1. The state government should establish clusters of the handicrafts, in different regions and in remote areas for the promotion and sustainable development of handicrafts. These clusters should be developed for the purpose of design development, market assistance and production processes.

2. Brand promotion and product marketing can be increased by way of holding exhibitions in local, national and international markets and by regular quality control checks.
3. Modern show-rooms of Kashmiri handicrafts should be established across country for the promotion of handicraft products.
4. The government should provide financial assistance to handicraft exporters, so that new markets of Kashmiri handicrafts could flourish.
5. Seed capital should be provided to small artisans at subsidised rate, for the establishment of their own units.
6. Interest-free loan to exporters for installation of computers for easier design development and color combination for exports, duty-free import of silk yarn to promote Kashmiri handicrafts.
7. Setting up of educated youth friendly small scale handicraft units at village, block and district level to generate employment.

Undoubtedly Handicrafts have an important role to play in the development of country in general and J & K in particular. In the absence of large scale industries in the State, handicrafts have remained a key economic activity from times immemorial. The major chunk of foreign exchange earnings to the State come from this sector. The need is to revive the centuries old traditional handcrafts on the one hand and explore new youth friendly ventures in the same sector on the other. This sector has great potential provided Government realizes the urgent need for a shift in its policy regarding small scale industries of the Jammu and Kashmir state in general and handicraft industry in particular.

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