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# Impact of turmoil on the handicraft sector of Jammu and Kashmir: An economic analysis

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The handicrafts of Jammu and Kashmir (J & K), namely, shawls, namdhas, wooden art-ware, papier-mache, crewel embroidery etc. are well known, yet the export from this sector has been of an average of around Rs. 20 crore per annum. However, the handicraft industry occupies an important position in the economy of J & K, which provides a gainful employment to more than 3 lakh people and too has the potential to generate more employment in near future. In absence of large scale industries in the State, handicrafts remained a key economic activity from times immemorial. Due to the instable political conditions and turmoil in the state, the performance of this sector got deteriorated. As per regression analysis the output of the sector has declined to a large extent. In this background, the paper will highlight the various aspects of turmoil on the handicraft sector of the state during the reference period.

**Key words:** Turmoil, potential markets, militancy, economic setbacks, handicraft exports.

## INTRODUCTION

The recent decades have proved challenging for nations due to emergence and escalation of a wide variety of violent conflicts around the globe. Regardless of the motives, violent conflicts prove disastrous in all aspects-political, socio-cultural and economic. Needless to add, violent conflicts create atmosphere which stunts economic growth, destroys civic life and sows seeds of distrust, frustration and maligns future generations. And Kashmir is no exception to this. This emerging scenario appropriately fits into the discourse on Kashmir conflict that is quite complex. This conflict is pronounced as one of the most complicated situation wherein on the one side two nuclear powers are involved and on the other side the people of the Kashmir valley in the Indian state of Jammu and Kashmir (J & K) developed alienation against the Indian federal rule (Schofield, 2000). The economic cost of the conflict cannot be confined to a particular sector of industry or investment prospects. It has affected

the important sources of livelihood of local people such as tourism, horticulture and handicrafts industries. Besides exacting extensive damage to the infrastructure of the region, the violent conflict has discouraged private investment, pushing the economy towards stagnation. The downward trend of economy has been acutely felt since late 1980s when militancy gained momentum. It is a vicious circle in which violence has led to underdevelopment and vice versa, and in this gruesome scenario it is the common people of the region who suffer the most (Evans, 2000). The last decade has witnessed many remarkable developments in the world, and the wide reach of globalization is one among them. Conventional territorial boundaries and related disputes are challenged by increasing trans-border commercial and cultural exchanges and popular acceptance of democratic means of conflict resolution. The Kashmir conflict is no exception to it (Mir and Ain, 2010). Though the Kashmir issue cannot be resolved only by means of economic development, vibrant economic growth in the region would not only better the lives of local people but may infuse spirit of reconciliation and harmony among them.

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## RESEARCH METHODOLOGY

This study is descriptive and analytical. The study is mainly based on secondary sources data; however information has also been obtained from primary sources which include interviews, comments, observations, opinion, notes, etc. of the persons concerned with handicrafts sector and also from experts. The required secondary data has been collected from various issues of Digest of Statistics, J & K Economic Review and Economic Survey and various reports of Directorate of Handicrafts government of J & K. To workout the difference between annual trend value and actual value of production and exports of handicrafts during last three decades that is, before turmoil and during twenty years of turmoil period, the formula of regression has been used:

$$Y = a + bX \quad (1)$$

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.

$$\sum Y = Na + b\sum X \quad (2)$$

$$\sum XY = a\sum X + b\sum X^2 \quad (3)$$

## RESULTS AND DISCUSSION

The state of Jammu and Kashmir and in particular the Kashmir Valley has suffered severe economic setbacks due to turmoil in the region over the past 20 years. Every sector of economy has been affected, be it handicrafts production, the horticulture sector, medium and small-scale industrial units, the tourism sector etc. What is noteworthy is that the bulk of this trade takes place beyond the aegis of the state and through private hands un-aided by the state. This again is ironically due to the militancy that swayed the state in the 1990s. Itinerant Kashmiri handicraft merchants forced into hawking their wares house-to-house in many Indian cities became a common sight. This strategy was necessitated by the fact that a major source of demand—tourists—had stopped visiting the valley (Omera, 1990). Soon Kashmiri handicraft dealers had hit upon the novel idea of setting up shop in those parts of India where visitors thronged, such as Goa, Delhi, and Kerala. Thus, Kashmiri handicrafts facing the vicissitudes of militancy adopted such measures and tactics whereby they were able to overcome the limitations of the market defined by tourist arrivals in the Valley and integrate themselves with the national and global economy. This sector did so without much help from the state and in extremely difficult conditions. They were able to do so because handicrafts remain a business where much of the production takes place indoors. Curfews do not affect production and demands on infrastructure are few. Thus production is not affected by militancy. The nature of its markets does not call for a “just-in-time” system, and as such small disruptions in supply are easily absorbed. This is in marked contrast to sectors such as small and medium

scale enterprises, which have not been able to wean themselves from generous subsidies to compete and integrate with the national market (Shekhawat, 2009).

Thus, the state of Jammu and Kashmir represents a paradox where sectors that are relatively unaided have managed to carve a niche for themselves in the global economy, while sectors that are the recipient of state largesse have not been able to do so.

### Production of handicrafts

Notwithstanding the fact that Kashmiri arts and crafts have enjoyed worldwide fame and name, their production suffered to a large extent with the broke down of turmoil in the valley in 1989. Not only their production but also quality wise they are now less superior to the goods produced in China, Nepal and Iran. Due to this reason, nowadays the export trade has not been able to capture its due share in the potential markets (Mahapatra and Shekhawat, 2008). The Table 1 shows year wise the production of handicrafts of J & K during last three decades.

The Table 1 reveals that the production of handicrafts has affected a lot during last 20 years of conflict. The value of production has deteriorated during 1989-90 as Rs.150 crores from Rs.154 crores in 1988-98, because this was the starting period of conflict in Kashmir and during the peak seasons of turmoil i.e. from summer 2008, 2009 and 2010, the production of handicrafts has also deteriorated.

The Figure 1 shows the production of handicrafts and trend value year wise during 1980-91 to 2010-11. As it is evident from the figure that the actual value of production during the period of 1989-90 to 1998-99 was lower than the value of linear trend line, which shows that the production of handicraft sector has not flourished during this period. After that the production of handicrafts shows an increasing trend up to the period of 2008 and from the peak seasons of turmoil, i.e. summer 2008, 2009 and 2010 the production of handicrafts has decreased a lot i.e. from Rs. 1614.59 during 2007-08 to Rs.1100 in 2008-09, Rs.1000 in 2009-10 and Rs. 325 in 2010-11.

### Exports of handicrafts

Kashmiri handicrafts, especially its shawls and hand woven carpets, are also very renowned and have economic potential in exports and the ability to create such handicrafts and export them to other areas of the world in which such commodities are rare and valuable could raise many women and families out of the difficult situation of poverty (Darakhshan, 2011). The Table 2 shows year wise exports of handicrafts of J & K state during last three decades.

The Table 2 that the export of handicrafts has decreased during the initial years of conflict, that is,

**Table 1.** Year-wise production of handicrafts and its trend value.

Year	Actual value of Production (Rs. in crores)	$Y=36.71X-146.30$ (Trend value of production)
1980-81	53.82	-109.59
1981-82	68.57	-72.88
1982-83	81.37	-36.17
1983-84	91.10	-0.54
1984-85	97.85	36.84
1985-86	105.00	73.96
1986-87	108.40	110.67
1987-88	109.29	147.38
1988-89	154.00	184.09
1989-90	150.00	220.80
1990-91	200.00	257.51
1991-92	220.00	294.22
1992-93	230.00	330.52
1993-94	240.00	367.64
1994-95	245.00	404.35
1995-96	250.00	441.06
1996-97	260.00	477.77
1997-98	260.00	514.48
1998-99	280.00	551.19
1999-00	633.03	587.90
2000-01	696.33	624.61
2001-02	765.94	661.32
2002-03	775.00	698.03
2003-04	821.53	734.74
2004-05	887.00	771.45
2005-06	900.00	808.16
2006-07	950.00	844.87
2007-08	1614.59	881.58
2008-09	1100.00	918.29
2009-10	1000.00	955.00
2010-11	325.00	991.71

Source: Directorate of Handicrafts J & K Government.

during 1989-90 and 1990-91 the exports of handicrafts were Rs.50.70 and integrate with the national market. Thus, the state of and Rs.34.60 respectively and during last three years that is, 2008, 2009 and 2010 the exports of handicraft also decreased contineously.

The Figure 2 shows year wise exports of the handicraft sector and its trend value during the reference period of 1980-91 to 2010-11. As it is evident from the above figure that the actual value of exports during the reference periods of 1989-90 to 1992-93, 1994-96 and 1996-97 to 1998-99 has been decreased a lot as it is shown clearly from the divergence of actual value of exports from that of linear trend value. After that the production of handicrafts shows an increasing trend up to the period of 2008 and from the peak seasons of turmoil, that is, summer 2008, 2009 and 2010 the production of handicrafts has decreased a lot that is, from Rs.1200.47

during 2007-08 to Rs.705.50 in 2008-09, Rs.661.27 in 2009-10 and Rs. 142 in 2010-11 (Annual economic survey J&K, 2010-2011).

Notwithstanding the fact that Kashmiri arts and crafts have enjoyed worldwide fame and name, their production in the valley in 1989. Not only their production but also quality wise they are now less superior to the goods produced in China, Nepal and Iran. Due to this reason, nowadays the export trade has not been able to capture its due share in the potential markets.

The only way to promote handicraft industry in the valley is to develop the tourism industry in Kashmir. As the main buyers for the handicrafts goods in Kashmir are the tourists. The more the number of tourists increases in Kashmir, the more will be the demand for handicrafts items (Manzoor, 1991). So unless and until the tourism industry is not developed up to full extent the economic

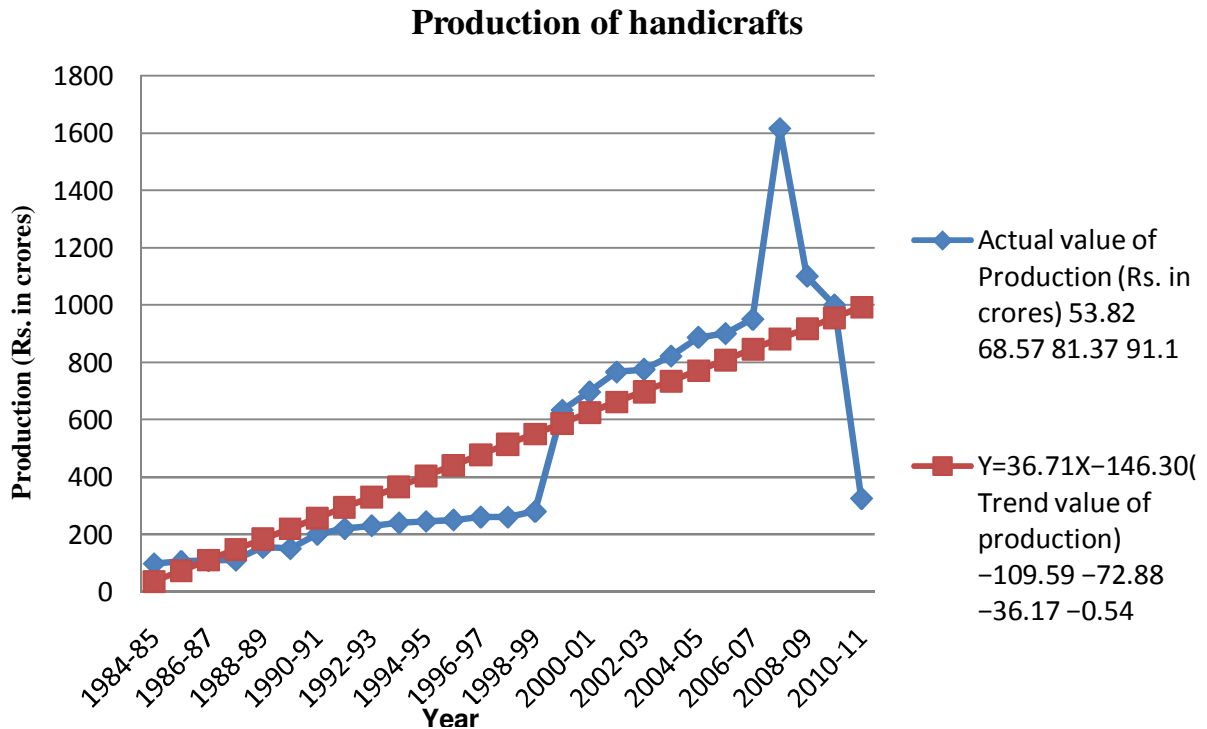


Figure 1. Production of handicrafts and trend value year-wise during 1980-91 to 2010-11.

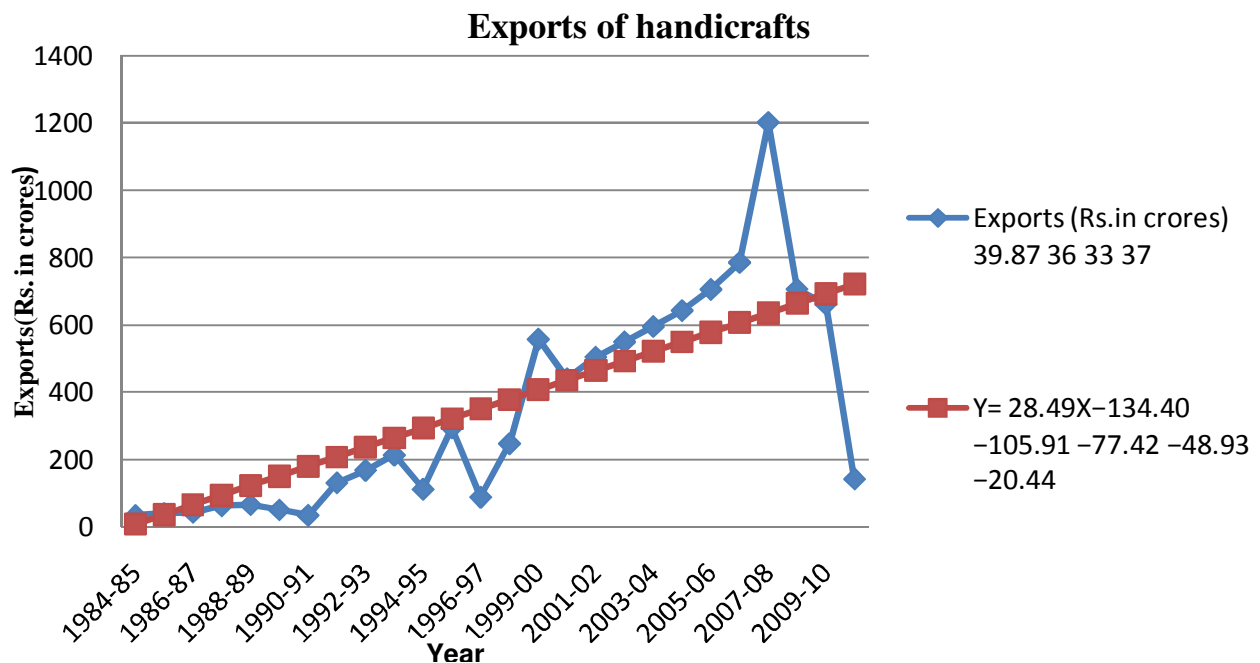


Figure 2. Year wise exports of the handicraft sector and its trend value during the reference period of 1980-91 to 2010-11.

backwardness, the problem of unemployment, low per capital income and the deteriorating situation of handicraft industry will continue. Though the production

of arts and crafts in Kashmir increases to same extent as shown in table, but the comparative growth of Kashmir arts and crafts with suffered to a large extent with the

**Table 2.** Year wise Exports of handicrafts and its trend value.

Year	Exports (Rs.in crores)	Y= 28.49X-134.40
1980-81	39.87	-105.91
1981-82	36.00	-77.42
1982-83	33.00	-48.93
1983-84	37.00	-20.44
1984-85	33.92	8.05
1985-86	40.00	36.54
1986-87	43.16	65.03
1987-88	62.62	93.52
1988-89	65.83	122.01
1989-90	50.70	150.50
1990-91	34.60	178.99
1991-92	130.94	207.48
1992-93	168.00	235.97
1993-94	213.36	264.46
1994-95	111.65	292.95
1995-96	294.20	321.44
1996-97	88.14	349.93
1998-99	247.00	378.42
1999-00	556.99	406.91
2000-01	439.90	435.40
2001-02	504.25	463.89
2002-03	549.20	492.38
2003-04	595.00	520.87
2004-05	642.00	549.36
2005-06	705.00	577.85
2006-07	785.00	606.34
2007-08	1200.47	634.83
2008-09	705.50	663.32
2009-10	661.27	691.81
2010-11	142.00	720.30

Source: Directorate of Handicrafts J & K Government.

broke down of turmoil respect to other Indian states lowered down during the period of turmoil. If we compare and examine the percentage share of Kashmir arts and crafts in India's to arts and crafts exports in the year (1979-80), it was 12.65%. In the subsequent years the share decreased to 6.33% up to (1984-85). During the year when the turmoil in the valley was at its peak the average share of Kashmiri arts and crafts in India's total arts and crafts exports from (1991-97) was 5.23% (A Report, 2009-2010).

## Conclusion

The handicraft sector has a large potential to generate a gainful employment opportunities to unemployed people and has a great potential for economic development of a country/region like Kashmir, which is known all over the

world with its traditional crafts. But the state of Jammu and Kashmir and in particular the Kashmir Valley has suffered severe economic setbacks due to turmoil in the region over the past 20 years. Every sector of economy has been affected, be it handicrafts production, the horticulture sector, medium and small-scale industrial units, the tourism sector etc. Notwithstanding the fact that Kashmiri arts and crafts have enjoyed worldwide fame and name, their production suffered to a large extent with the broke down of turmoil in the valley in 1989. Not only their production but also quality wise they are now less superior to the goods produced in China, Nepal and Iran. From 2003-08 there has been an increasing trend but thereafter it has declined due to turmoil and unrest during the peak seasons that is, summer 2008, 2009 and 2010 in Kashmir. Besides exacting extensive damage to the infrastructure of the region, the violent conflict has discouraged private investment, pushing the economy

towards stagnation. The downward trend of economy has been acutely felt since late 1980s when militancy gained momentum. It is a vicious circle in which violence has led to underdevelopment and vice versa, and in this gruesome scenario it is the common people of the region who suffer the most.

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