

# Unorganised Non-Form Sector in the Economy emerging Issues and Policies

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## Abstract

In the present paper an attempt has been made to analyse the growth, employment and labour production of handicraft in Jammu And Kashmir State. The study is based on the secondary data of various artisans and large number of units, by which find out the trend value of production of labour and employment of Handicraft sector. The study reveals that there is a very significant increase in production of labour of handicraft during the study period. Also we find there is highly positive and strong correlation between production and employment.

**Keywords:** Growth, Employment, Labour, Production and handicraft.

## Introduction

Industrialisation remains a fundamental objective of economic development in the majority of less developed countries. In these countries industrial development is considered necessary for achieving high rate of economic growth, to provide for basic needs of population, to create more employment opportunities, to lead an increasingly changes diversified economy and to give rise to desirable social, psychological and institutional changes. Historically, the level of per capita income has been found to be correlated with the degree of industrialisation. Broadly speaking, industrialisation is a “process in which changes in a series of strategically production are taking place. It involves those basic changes that accompany the mechanization of an enterprise, the building of a new industry, the opening of a new market and the explanation of a new territory. This is in a way, a process of “deepening and widening of capital”. Thus in a large and more fundamental sense it involves the basic transformation of society.

In India there is a strong case for the Non-form sector with vast manpower, large and varied resources and continental dimensions. India's Non-form structure encompasses organised large and medium scale, modern small scale and unorganised traditional sectors. The last two are known as the village and small sectors (VSI) or we can say that small industries constitute an important segment of the economy. The VSI sector is divided into eight Sub-sectors a) Khadi b) village industries c) handlooms d) sericulture e) handicraft f) small-scale industries and h) power-looms. While the last two represent the modern small scale industries, the other sub-sectors constitute traditional industries. The promotion of industries in this dispersed sector primarily falls within the jurisdiction of the state Government, the Centre, however, supplement their efforts. The modern small scale industries include ‘Tiny’ units and power-looms, use power-looms driven machines and possess some technological sophistication. The market for these sectors is relatively wide and quite often includes export market.

In this paper, we analyse the one of sector that is handicraft, by which we can explain the employment and labour production in the Non-form sector, because this very much factor creates a large number of employment and production of labour especially in Jammu and Kashmir. Jammu and Kashmir is justly proud of its reputation as home of exquisite handicraft. An exceptionally rich tradition of Arts and Crafts – as old as the valley's history here in exuberant and colourful variety. The handicraft industry, the state's oldest traditional cottage industry, has special socio-economic significance due to its vast potential for economic activities like the generation of employment and labour production. All the three regions of the state have unique specialisation in this sector. The Jammu and Kashmir state is famous for the weaving of specialised fabrics like Pashmina shawls, Raffal shawls, Kani shawls, slik sarees, Kishtawari blankets, Chasme Bul Bul blankets in hilly areas of the state besides cotton check bed sheets and long clothes in Jammu and Kathua Districts. Masnads and Namdas of Anantang are also very famous.

In Jammu and Kashmir, Handicraft industry holds enormous potential to create self-employment opportunities and bring distinctive improvement in the quality of life. The unique selling point of the handicraft sector is that is highly labour intensive industry with low capital investment. It is also low energy sector with no adverse impact on the environment as weaving is a totally population free activity. The sector has an edge over the power loom and mill sectors in its ability to commercially produce the goods in small volumes, openness to production, switch over to new designs, adaptability to suit suppliers requirements and creation of exquisite designs. There are 553 registered handicraft industrial Cooperative societies with a membership of 350170 weavers, in the organised sector and about 2250.03, in unorganised sector. An approximately one lakh handicraft exits in the state, of which Kashmir valley is having a share of 75%. During the year 2010-2011, 6.73 million meters handicraft fabrics were produced having a value of worth Rs64.27 crores. In the current year 2011-2012, have been produced with a value of Rs1643.37 crores, during the year 2011-12. Besides providing these weavers a platform for marketing their products, also organise the awareness camps in various parts in the state by which people attract more and more towards that very sector and educate the people about the welfare schemes being implemented by the Directorate of Handicrafts of Jammu and Kashmir, the expose and fairs are also aimed at popularising Handicrafts as one of the best choices for profession or enterprise.

## Objective

Theme of this Paper is, "Employment and the Labour Production".

## Methodology

This paper is based on secondary data. The secondary data has been collected from Directorate of Handicraft Department of Government of Jammu and Kashmir, and various issues of Economic survey and Digest of Statistics, Directorate of Digest and Economics Department of Jammu and Kashmir, besides various journals and periodicals has also been utilised. The collected data has been analysed and interpreted with use of some statistical tools to arrive at afore said objectives.

To find out the value of production and employment of handicraft sector, the formula of regression has been used.

$$Y = a + bX$$

Y= dependent variable;

X= independent variable;

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

$$\sum Y = Na + b\sum X$$

$$\sum XY = a\sum X + b\sum X^2.$$

## Employment

The production of such a variety of crafts both in handloom and handicraft sector means that there is a vast potential for employment in these sectors. Due to their importance in the economic front, this sector has always been a priority sector for Jammu and Kashmir Government. Lakhs of people are employed in different units. Table 1.1 shows the craft wise employment pattern of the state during year 2010-2011.

**Table 1.1**  
**Craft wise Employment 2000-01 to 2010-11**  
**Handicraft products.**

|                      | 2000-01 | 2001-02 | 2002-03 | 2007-08 |    | 2010-11 |
|----------------------|---------|---------|---------|---------|----|---------|
| Carpet               | 0.91    | 0.95    | 0.94    | 0.97    | NA | 0.98    |
| Namda                | 0.86    | 0.088   | 0.090   | 0.090-  | -  | 0.060   |
| Crewel<br>Embroidery | 0.360   | 0.36    | 0.38    | 0.38    | -  | -       |
| wood<br>Carving      | 0.087   | 0.088   | 0.90    | 0.040   | -  | -       |
| Paper<br>Mache       | 0.095   | 0.097   | 0.100   | 0.050   | -  | 0.065   |
| Fur &<br>Leather     | 0.077   | 0.078   | 0.080   | 0.006   | -  | -       |
| Chain<br>Stitch      | 0.067   | 0.071   | 0.08    | 0.29    | -  | 0.35    |
| Woolen<br>shawt      | 0.84    | 0.85    | 0.86    | 1.03    | -  | 1.00    |
| Other<br>Handrfts.   | 0.76    | 0.79    | 0.83    | 0.73    | -  | 0.901   |
| Total                | 3.28    | 3.35    | 4.26    | 3.58    | -  | 3.356   |

(-) (Indicate not available table)

Sources: - Directorate of Handicrafts, quoted in digest of statistics 2000-01 2010-11 Gov't of J & K.

Table 1.1 reveals that carpet weaving and woollen shawls are the two most important units where most of the people are engaged followed by chain stitches.

Realising the vast potential for employment, the Jammu and Kashmir government has taken large scale training programmes for the youth in different crafts using their inherent skills in learning and creating. Since 2010-2011, over one lakh young artisans have been trained in various craft skills such as Paper Machie, Woodcarving, Chain Stitch, Staple embroidery and other Art and Craft forms of the region. Of these, more than 40000 were trained in carpet weaving only. The employment figures only restate the

fact Craft Training Centres have been set up in far-off area's like Gurez, Tulel, and Chycholi, Shama, Yougma, and Chitken in Ladakh and backward areas of Rajori and Ponch. Besides popularising the craft outside Kashmir valley, some important Kashmiri Handicrafts have also been introduced in training centres in places like Doda. Table 1.2 shows the number of handicraft training centres and trainees trained during period 2001-2011.

**Table 1.2**  
**Number of Handicraft Training Center's & trainees trained.**

| Directorate of Handicrafts |              |                 | Other agencies |              | Total agencies |              |
|----------------------------|--------------|-----------------|----------------|--------------|----------------|--------------|
| Year                       | Tr. Center's | T.T.<br>(Lakhs) | TC             | TT<br>(Lakh) | TC             | TT<br>(Lakh) |
| 2000-01                    | 553          | 0.08            | -              | -            | 553            | 0.08         |
| 2001-02                    | 553          | 0.08            | -              | -            | 553            | 0.08         |
| 2002-03                    | 553          | 0.08            | -              | -            | 553            | 0.08         |
| 2007-08                    | 553          | 0.08            | -              | -            | 553            | 0.07         |
| 2010-11                    | 553          | 0.08            | -              | -            | 553            | 0.08         |

**Note:** Tr. Training, T.T= Trainees Trained, T.C = Training Centers

Source: Digest of statistics 2000-01-2010-11 Govt. J & K.

The number of training Center has constant during the period recording growth rate is 24 percent between the 2010-11 but the it will show great achievement among trainees. The directorate of Handicrafts has become important over the year, as the number of training centers of other agencies has sharply declined every year, as Table 1.2 reveals around 7 to 8 thousand trainees are trained in different crafts.

## Training and Employment in Handloom Sector:

Appendix 1 gives the details of the training centers in different districts and the crafts trained the total training centers are 553 in number. The number of training centers at present is maximum staple (77), followed by Sozni (74) crewel (67), Capet (62) besides the crafts mentioned, training of a variety of other crafts is also given in the districts.

**Table – 1.3**  
**Number of Handloom Training Centers & Trainees Trained by Directorate of Handloom**

| Handloom Training centers in           | 2000-01 |     | 2004-05 |     | 2006-07 |     | 2007-08 |     | 2009-10 |     |
|----------------------------------------|---------|-----|---------|-----|---------|-----|---------|-----|---------|-----|
|                                        | T.C.    | T.T | T.C.    | T.T | T.C.    | T.T | T.C.    | T.T | T.C.    | T.T |
| Handloom wearing,                      | 58      | 150 | 59      | 561 | 59      | 578 | 59      | 590 | 61      | 605 |
| Readymade Garments,                    | 22      | 57  | 22      | 170 | 22      | 143 | 22      | 330 | 22      | 312 |
| Calico printing                        | -       | -   | -       | -   | -       | -   | -       | -   | -       | -   |
| Other handloom/Design weaving training | 5       | 69  | 6       | 30  | 6       | 32  | 8       | 123 | 6       | 89  |

|       |    |     |    |     |    |     |    |      |    |      |
|-------|----|-----|----|-----|----|-----|----|------|----|------|
| Total | 85 | 276 | 87 | 761 | 89 | 783 | 89 | 1043 | 89 | 1006 |
|-------|----|-----|----|-----|----|-----|----|------|----|------|

T.C. = Training Centers. T.T=Trainees Trained. (NA) = Not Available.

Source: (Digest Statistics 2009-10)

## Production of Different handicrafts and handloom products in the state.

The handicraft sector is thoroughly spread in the state of Jammu and Kashmir and has substantial power of survival besides having the capacity to grow both in size and its share of economic activity presently this sector provides jobs for nearly 3.50 lakhs of artisans which constitutes about one third of the working population and supplies an enormous variety of products.

The estimated crafts wire employment production and exports in the handicraft sector for the year 2011-12 are hereby detailed as under.

**Table 1.4**

| S.No. | Crafts          | Employment | Production in<br>crores | Exports in<br>crores |
|-------|-----------------|------------|-------------------------|----------------------|
| 1.    | Carpet          | 96580      | 580.27                  | 412.45               |
| 2.    | Shawls          | 103430     | 560.58                  | 302.00               |
| 3.    | Crewel          | 37429      | 231.18                  | 154.00               |
| 4.    | Chain Stitch    | 29411      | *                       | *                    |
| 5.    | Paper machie    | 4862       | 87.22                   | 66.50                |
| 6.    | Wood Carving    | 4308       | 52.19                   | 36.75                |
| 7.    | Ari stapple     | 32396      | 41.63                   | *                    |
| 8.    | Willow wicker   | 4735       | 3.31                    | *                    |
| 9.    | Zari Embroidery | 5503       | 7.62                    | *                    |
| 10.   | Gabba Making    | 2332       | 3.01                    | *                    |
| 11.   | Copper ware     | 6218       | 37.30                   | *                    |
| 12.   | Namdha          | 864        | 4.69                    | *                    |
| 13.   | Leather craft   | 563        | 2.68                    | *                    |
| 14.   | Pottery         | 1106       | 0.73                    | *                    |
| 15.   | Khatamband      | 310        | 2.41                    | *                    |
| 16.   | Silver ware     | 123        | 0.50                    | *                    |
| 17.   | Other           | 20000      | *                       | 32.50                |
|       | Total           | 350170     | 1845.00                 | 1651.00              |

\*not available

Source : Digest of Economic and Statistics Department of Jammu and Kashmir.

From the above table, we find that the production of Handicraft goods for the 2011-12 stood at Rs1845 crores. The export figure of Handicraft goods were estimated at Rs1651.00 crores for 2011-12 so we can say that by producing wide range of handicraft products the artisans of the valley are able to meet the local needs and demand in the international market and provide a sound economic support to the people associated with the cottage sector.

The Handicraft activity is best suited to the Kashmir economy because of its comparatively low investment and high benefits thus creating a healthy balance of economic betterment and employment generation.

The advantages of producing handicraft products in Kashmir is that large number of skilled workers are associated in the manufacturing of production of varied nature of such handicraft goods which has the capacity and potential to earn considerable amount of foreign exchange besides expanding its market base in the domestic market of the country as the in-country market has become a buyers' market owing to the reason that purchasing power of general public has increased considerably.

### **Achievements of handicrafts sector during 2011-2012:**

The Government of Jammu and Kashmir provides rate of stipend of trainees has been enhanced from Rs.100 to Rs.500 in respect of elementary training course and Rs.200 to Rs.700 in respect of advance training course.

- It also provides loan ceiling under Handicraft Micro Scheme has been enhanced from Rs.0.15 lakhs to Rs.0.50 lakhs.
- Interest subvention has been enhanced from 5% to 10%.
- Enhancement of award money for State Award to Handicraft Artisans/craftsmen from Rs.0.15 lakhs to .50 lakhs.
- 38 plots have allotted to the prospective entrepreneurs for setting up of their units in Handicrafts Park at Zaskura srinager.
- 8000 Modern Carpet Looms are being distributed amongst the carpet weavers out of the listed artisans in an attempt to improve their working conditions/productivity under PM's package (Mega Carpet Cluster).
- During 2011-2012 Exports of Handicraft products to the tune of Rs.1643.37 crores have been registered.
- 3434 beneficiaries were benefited during 2011-12 under Rajiv Ghandi Health Insurance Coverage through ICICI Lombard.
- During 2011-12, 12 exhibitions have been organised within and outside state and sales worth Rs.2250.03 lakhs have been transacted.
- Due to the performance of handicraft sector Jammu and Kashmir Government organised 58 numbers of awareness camps in various districts in order to educate the people about the welfare schemes being implemented by the department of directorate of Handicraft of Jammu and Kashmir.

### **Conclusion**

By way of conclusion we can say that the handicraft sector occupies a pivotal position in the state's process of development and has emerged as a dynamic and efficient decentralised sector which is closely integrated on the one hand with agriculture and allied sectors and on the other hand with large scale industries. Undoubtedly the handicraft sector has enormous potential, and is a crucial aspect of economy of Jammu and Kashmir. However, for the sector to fully realise its potential in a state there is a need to basic infrastructure, financial, marketing, raw-material and other facilities to the artisans. As a special category state with unique features and strategic location, the speedy industrial development of Jammu and Kashmir needs an integrated approach. The top priority of the government should be to create a secure environment by improving the law and order situation in the state. A sound policy should

be devised to exploit the potential in the sector of strength. The development of potential small scale industry such as handicraft, with sound policy and good governance can lead the state of Jammu and Kashmir to a faster development path.

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