

# Industrial Units and Workforce Participation in the Kashmir Valley

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**Abstract-** Kashmir valley is known for its scenic beauty and mesmerizing landscapes in the Jammu and Kashmir state. It has great potential for industrial development. Micro, small and medium enterprises (MSMEs) have played a significant role in the development of an economy. This study is about the industrial units and workforce participation in the Kashmir valley. There has been attempted to assess small scale industrial (SSI) units, handicraft centers, handloom centers, sick industries, female workforce, main worker and non-workers etc. at a district level in this valley. Industries like handicraft, handloom and cooperative societies have an enormous importance because of its high-level employment opportunities and low capital cost. There are taken certain indicators pertaining to this study to identify the industrial and workforce conditions in the Kashmir valley. This place has suffered due to poor infrastructure, militancy, lack of investment and marketing, poor governance and political instability.

**Index Terms-** Small Scale Industrial (SSI) Units, Handicrafts, Handlooms, Cooperative societies, Sick Industries, Districts, Kashmir valley.

## I. INTRODUCTION

Industries play a significant role in the development of an economy. Firm and industry are essential to the evolution of any economy and they are more crucial to a developing economy rather than a developed one (Das, 1995). Kashmir valley is known for its arts, crafts, scenic beauty and bracing climate. Its crafts range from woolen textiles, hand-woven carpets, papier-mache, wood work and silverware etc. These are products of unique craftsmanship. Moreover, people earn good foreign exchange worth crores of rupees annually from these products (Planning Commission, 2003). It has remained an industrially backward state due to lack of investment, non-inclusion of private players, poor connectivity, lack of infrastructure, shallow markets and law and order situation (Majeed, 2018).

The state of Jammu and Kashmir have a rich heritage of handloom and handicrafts. These two small units occupy a significant position both in the national and international markets. These units have major contribution in the revenue

and employment generation. Although, these units have not been performed well due to lack of a branding, poor quality and obsolete designs and so on (Din, An economic analysis of Jammu and Kashmir handicraft exports and its marketing, 2015). The handicraft sector has suffered because of its low capital, lack of skilled education, poor exposure to new technologies, absence of marketing and institutional framework (Yasmin & Bhat, 2013). Although, this sector provides employment to artisans and craftsmen. It is labor intensive and eco-friendly activity which requires less investment compared to other sectors of the economy. Similarly, employment investment ratio of this sector is much higher than other sectors. This is an important source of income generation for seasonal agricultural labor force (Din & Bhushan, 2014).

Industrialization is necessary to the economic development of any country. It creates lot of avenues for absorbing the excess manpower and make sure the availability of mass consumption of goods. The process of industrialization also harnesses the raw resources into useful consumer products and become a means and tools of production in the development of infrastructure (Dar & Ahmad, 2013). Micro, small and medium enterprises (MSMEs) performs a crucial role in the development of the economy with efficiency, flexibility and innovative entrepreneurial spirit. The MSME sector contributes significantly to the country's manufacturing output, employment and exports (Ahmed & Verma, 2018). Moreover, the border of Jammu and Kashmir state has been one of the most economically backward states due to various socio-economic, political and geographical factors (Gani, 1990). This state has not been able to attract investment in secondary sector and remained industrial backward state. The political instability and lack of infrastructure are key reasons of industrial backwardness (Hamid, 2017). Industrial agencies such as state industrial development corporation limited (SIDCO), small scale industries development corporation limited (SICOP), small industries service institute (SISI) and directorate of industries and commerce (DIC) are the main agencies responsible for the development of industrialization in the Kashmir valley and in the state.

The state of Jammu and Kashmir have a primary producing economy and most of the working population is engaged in agriculture. Workforce participation rates differ with the stages

of economic development with respect to cultures, age groups and sexes. The demographic structure of workforce is determined by the sexes, distribution and composition of the population. Indian is predominantly an agricultural economy which contributes about one third to the total economy. It provides employments to more than half of the workforce (R.B.Bhagat, K.C.Das, Sebastian, & Mohanty, 2008). A changing of occupational structure not only bring changes in the economic relations of employment and workforce, but it also brings significant transformations in social structure and social relations. As occupation is considered as the most important indicator of a person's social status and life style (Kuo & Chen, 1987). Tourism and agriculture are the two sectors which have considerable contribution in the valley's economy. But in recent decades, service sector is growing in the Kashmir valley. Infrastructure development which is considered as the key to long-term sustainable growth of the economy has heavy dependence on bank financing. The sectoral contribution of GSDP for Jammu and Kashmir state in 2013-2014, has been 21.07 percentage in primary, 22.39 percentage in secondary and 56.44 percentage in tertiary sectors respectively. The tertiary sector is emerging as the major contributor to gross state domestic product (GSDP) and gross domestic product (GDP). The gross district domestic product (GDDP) share in Kashmir valley is high in the combined districts of Srinagar and Ganderbal (28.12%), Baramulla and Bandipora (21.93%) and Anantnag and Kulgam (18.85%). Kupwara is the only district which has 9.57 percentage share of GDDP in the Kashmir valley (Digest of Statistics, 2013-14). The regional position indicates that 48.07 percentage share of Kashmir region, 48.69 percentage share of Jammu region and 3.24 percentage share of Ladakh region in

GSDP of the year 2009-10 (Indicators of Regional Development, 2011-12).

### Study Area

The Kashmir valley has an area of 15,984 square kilometers. The total population is 6.908 million, whereas the state has 12.55 million population (Census of India, 2011). Jhelum and its tributaries are famous rivers of this region. The valley has ten districts which includes Budgam, Bandipore, Anantnag, Baramulla, Ganderbal, Kulgam, Pulwama, Kupwara, Shopian and Srinagar. It comes under seismic zone five and is vulnerable to natural disasters like earthquakes, floods, avalanches and landslides. The valley has geopolitical importance as it is closed to the international border of Afghanistan, Pakistan, and China. It is located between the coordinates of 73° 55' E and 75° 35' E, and 35° 25' N and 34° 45' N in India.

### Objectives

To study and assess the viability of industrial units and workforce participation in the Kashmir valley.

## II. DATABASE AND METHODOLOGY

The purpose of this study is to analyse the industrial units and workforce participation in the Kashmir valley. Literature review is done pertaining to this study with the help of journals, articles and other sources. The data is collected from secondary sources. There are several indicators which have been chosen from census of India and digest of economy, directorate of economic and statistical department, Jammu & Kashmir. The ArcMap is used as a tool for analysing and preparing maps in this study. The chosen indicators are given below:

Sr. No.	District Name	No. of registered small scale industrial (SSI) units	No. of registered SSI units per 100 sq.km	Employment generation in SSI units	Occupied census houses used as factory, workshop etc-2011 (in %)	Handicraft centers	Handicraft trainees trained	Handloom centers	Handloom trainees trained
1	Kupwara	1866	78	6744	0.72	27	322	10	98
2	Badgam	4206	307	29076	0.89	91	1422	6	69
3	Baramulla	4272	127	18015	1	48	908	7	83
4	Bandipora	161	47	786	0.95	12	216	1	10
5	Srinagar	10163	7208	49961	1.48	68	834	7	90
6	Ganderbal	175	17	1128	0.8	39	645	4	39
7	Pulwama	2897	267	14344	1.02	23	231	4	45
8	Shupiyan	138	23	715	0.69	6	52	1	10

**Table**

9	Anantnag	4452	153	19871	1.01	28	491	6	75
10	Kulgam	184	45	1159	0.72	19	290	1	10
No. of cooperative societies	Memberships (unit number)	No. of units identified sick	Main workers (in %)	Main HH industrial workers (in %)	Main cultivators' workers (in %)	Main agricultural workers (in %)	Main others workers (in %)	Female workforce participation rate	Non-workers population (in %)
173	3022	16	54.06	2.08	11.78	7.94	78.21	16.66	73.68
323	2349	33	61.44	10.91	25.89	8.76	54.44	24.34	71.49
211	1927	32	61.79	4.07	16.55	10.19	69.18	17.95	69.82
106	1041	16	50.34	12.67	14.34	12.54	60.46	32.1	61.93
1039	2349	141	81.18	3.8	2	1.97	92.23	18.18	67.08
182	1276	24	52.48	3.65	9.87	10.46	76.02	27.34	66.08
217	1833	31	52.17	3.77	19.14	7.11	69.97	26.53	66.38
35	381	13	62.36	2.78	53.35	6.88	37	27.12	67.05
260	2365	65	45.37	3.03	20.74	11.12	65.11	37.38	63.87
70	582	10	48.64	3.36	34.4	11.35	50.89	36.05	62.31

**1:**

### Indicators of Industrial Units and Workforce Participation (2011, 2011-12)

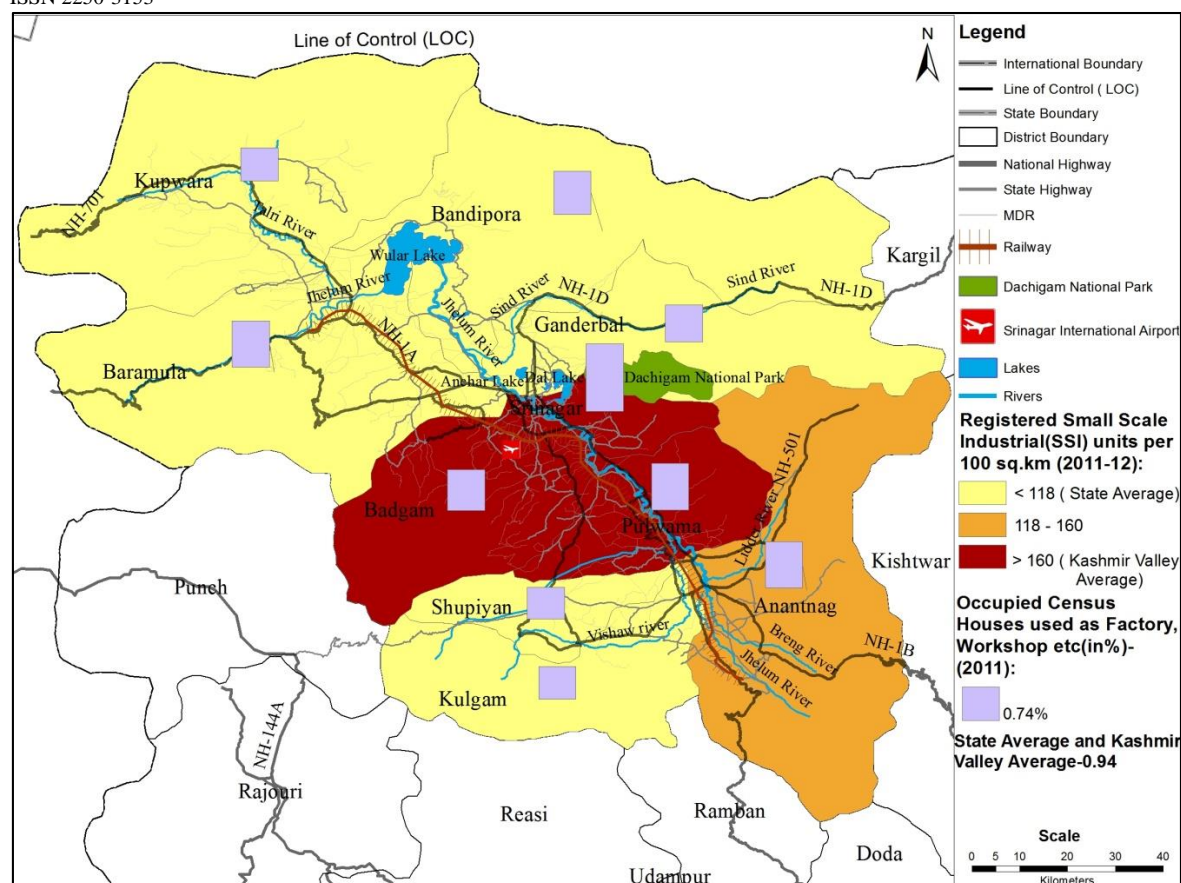
Source: Census of India, 2011 and Directorate of Economic and Statistical Department, (DESD), J & K, 2011-12

### III. FINDINGS AND DISCUSSION

Industrial units have immense potential to bring economic growth and equitable development. Kashmir valley has also great suitability and possibilities for industrial and social

development in the state of Jammu and Kashmir. There has been discussion about the industrial units and workforce participation in the following paragraphs with their findings.

### Map 1: Registered Small Scale Industrial (SSI) units per 100 sq.km (2011-12) and Percentage Share of Occupied Census Houses used as Factory, Workshop etc. (2011)



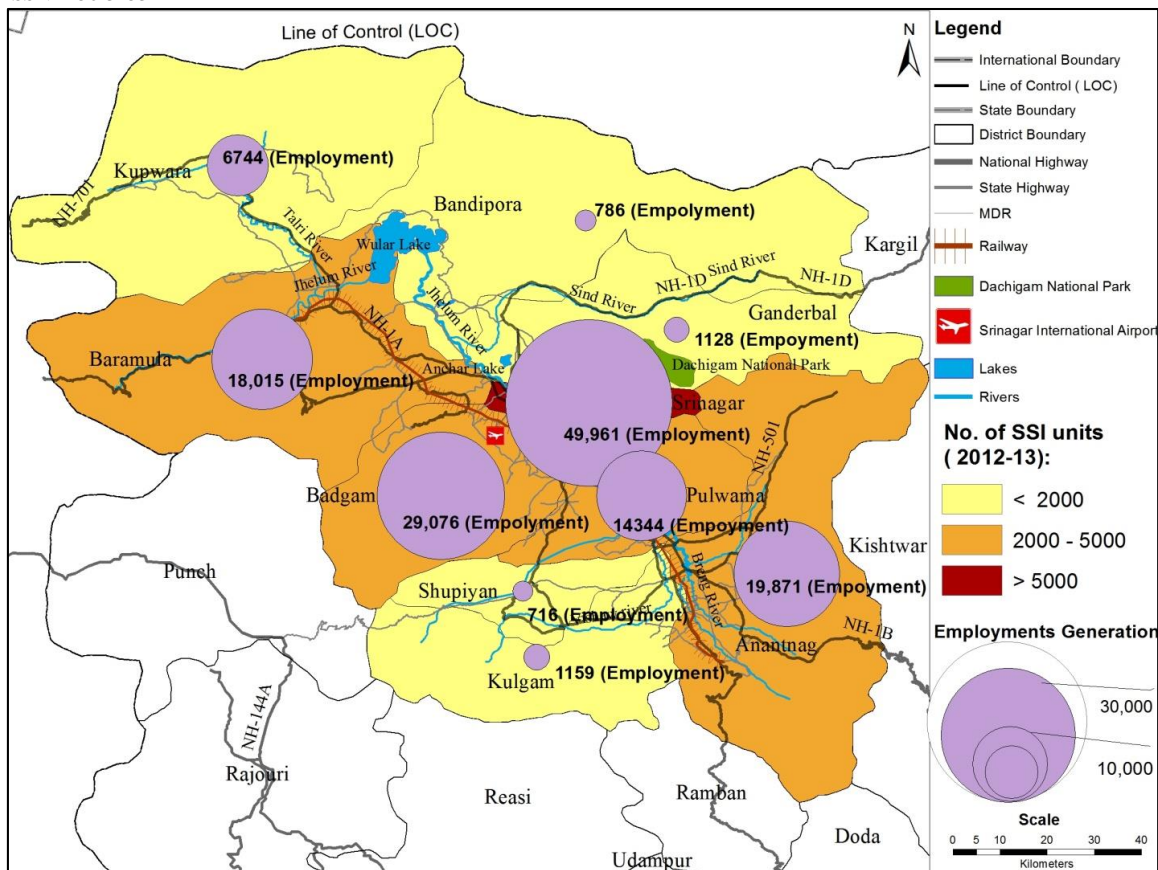
Source: Directorate of Economic and Statistical Department, (DESD), J & K, 2011-12

There were registered 54714 small scale industrial (SSI) units with the state industries department which provided employment to 260393 persons. Registered SSI units per 100 sq. km are lower than the state (118) and Kashmir valley average (160) in the districts Kupwara, Bandipora, Kulgam, Baramulla and so on. On the other hand, the registered SSI units per 100 sq. km are higher than the Kashmir valley average in Srinagar, Badgam and Pulwama districts.

Percentage share of occupied census houses used as factory, workshops etc. are higher than the state average and

Kashmir valley average (0.74%) in Srinagar, Baramulla, Bandipora, and Pulwama and Anantnag districts. While Kupwara, Ganderbal, Kulgam and Shupiyan have lowest percentage share of occupied census houses used as factory, workshops etc. and are lower than the state average and Kashmir valley average. Srinagar district have a greater number of industrial units and occupied census houses used as factory, workshops etc., because it is the capital city of Kashmir valley.

**Map 2: No. of SSI Units and Employment Generation (2011-12)**



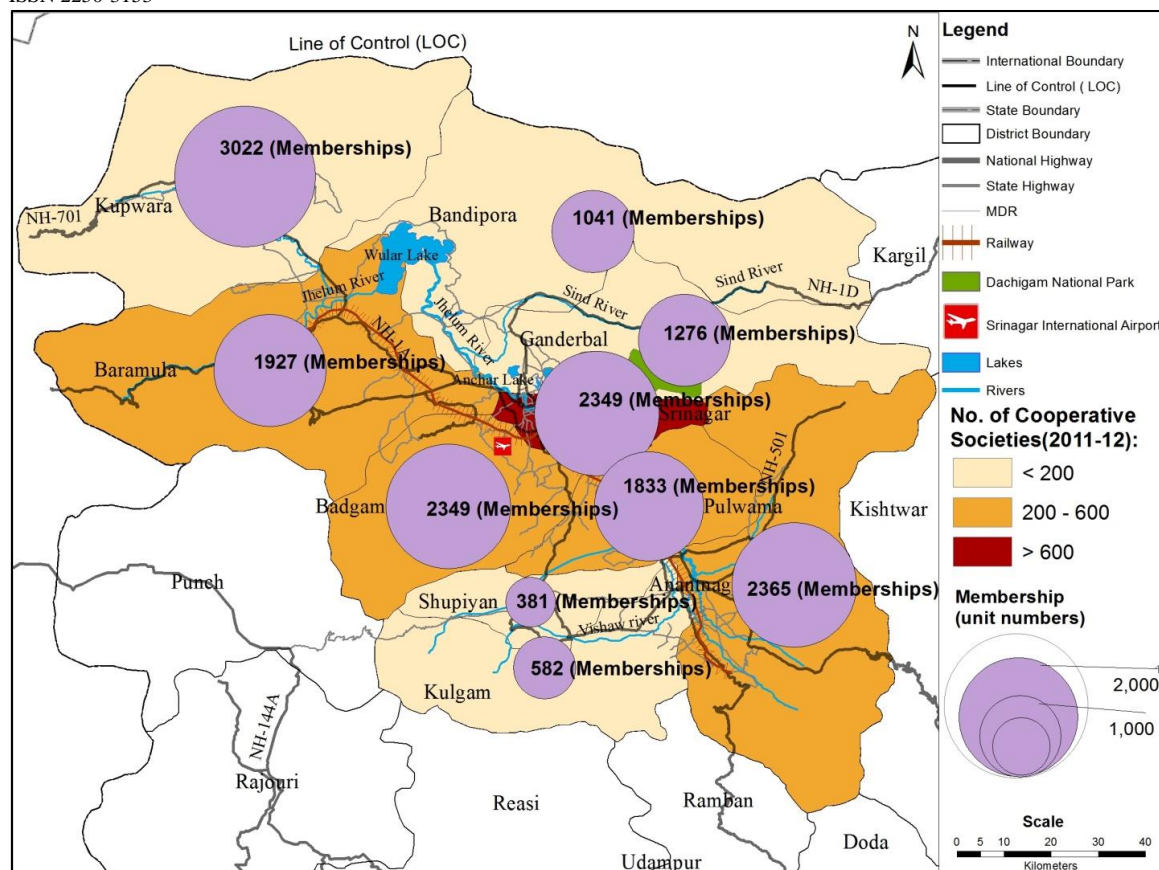
Source: Directorate of Economic and Statistical Department, (DESD), J & K, 2011-12

Srinagar is the only district where the number of SSI units is more than 5000 and give employment for 49,961 people. There is a direct correlation between SSI units and employment generations as an employment generation is high in those districts where the number of SSI units has been high. The fringe districts like Kulgam, Shupian, Ganderbal, Bandipora and Kupwara are being generated lower employment opportunities as they have fewer SSI

units. The main objectives of the industries are to promote cottage and small-scale industries, industrial cooperatives, industrial estates and to arrange credit to the artisans in the Kashmir valley. Industrial estates should be developed keeping in mind economic considerations like raw material availability, human resources, geographical location, proximity to the market etc.

**Map 3: No. of Cooperative Societies and its Membership (2011-12)**



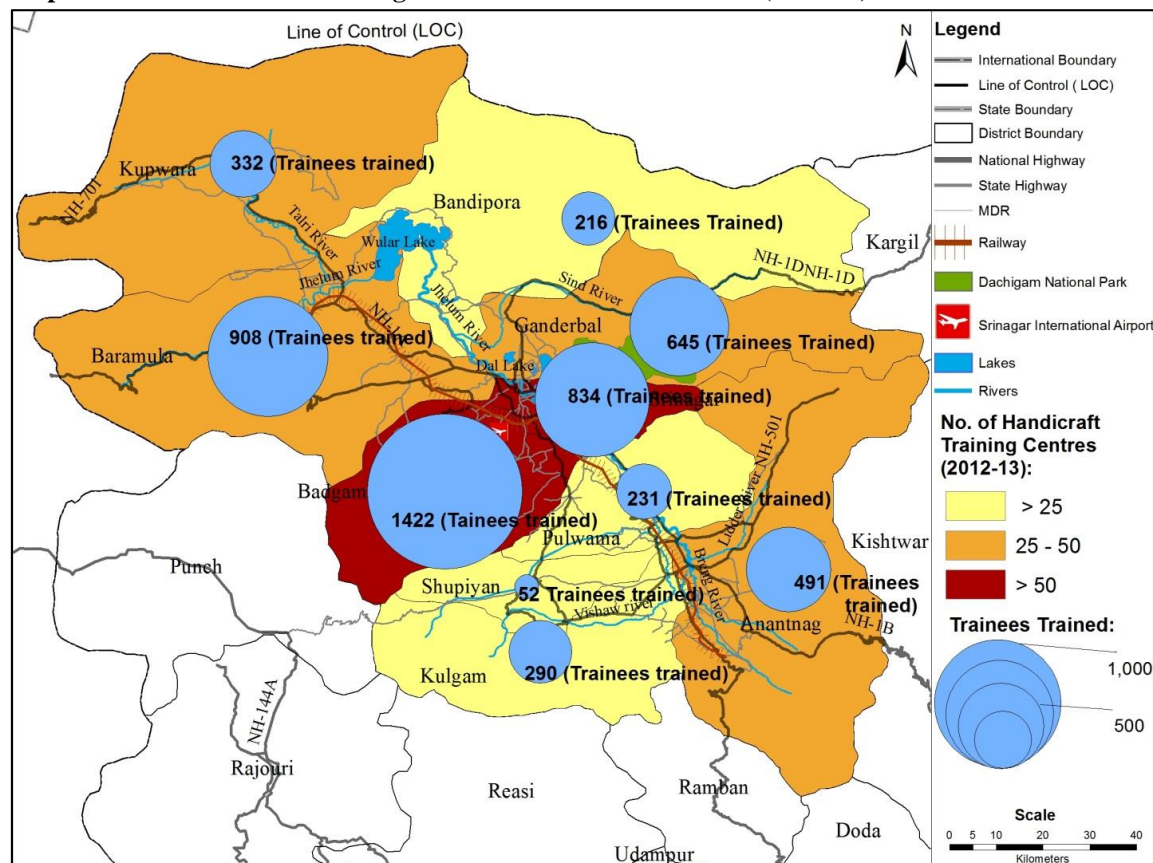


Source: Directorate of Economic and Statistical Department, (DESD), J & K, 2011-12

There are different kinds of cooperative societies in the Kashmir valley like agriculture, dairy, poultry, housing, floriculture, medical, educational, consumer business, banking, women empowerment, transport, vegetable growers etc. In terms of cooperative societies, Srinagar is the only district where number of cooperative societies is more than 600. There are a smaller number of cooperative

societies in the districts of Kulgam, Shupiyan, Ganderbal, Bandipora and Kupwara and the number of memberships is also lower in these districts. Similarly, membership in cooperative societies is also high in the Srinagar district. Kupwara is the only one district which has a high number of memberships in spite of fewer cooperative societies.

**Map 4: No. of Handicraft Training Centres and Trainees Trained (2011-12)**

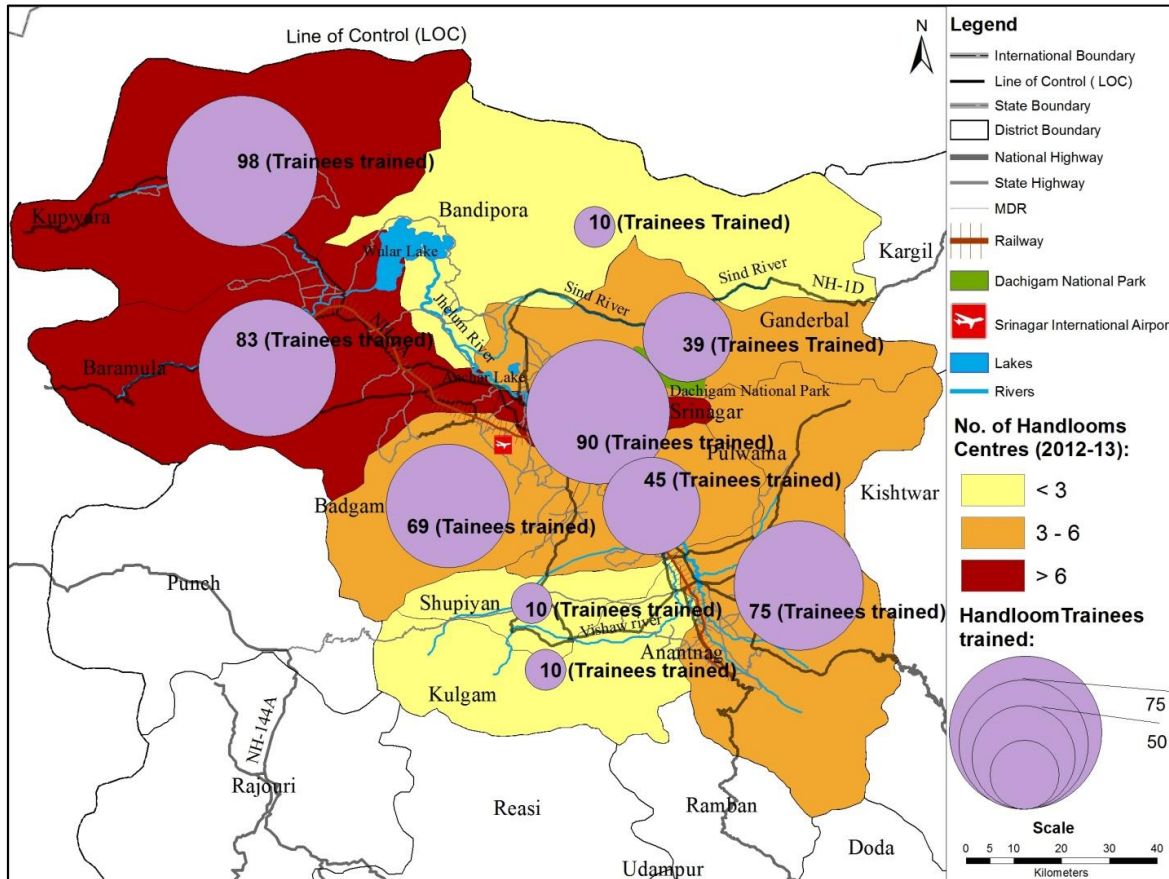


Source: Directorate of Economic and Statistical Department, (DESD), J & K, 2011-12

The handicraft of Kashmir valley is known both in national and international markets. It is the key economic activity of the people in the state of Kashmir valley. It has one of the richest traditions of craft culture and has great contribution in the state economy. There are nearly 2.50 lakh artisans directly dependent upon handicrafts in the state for their livelihood. Currently, this sector earns around Rs.1700 crores as foreign exchange every year. The number of handicraft training centres are notably high in Badgam and

Srinagar whereas there have been fewer number of training centres in Kulgam, Shupiyan and Bandipora districts. There are 908 trainees trained in Baramulla, 834 in Srinagar and 1422 in Badgam. Badgam have the highest number of trainees trained in the whole Kashmir valley. On the other hand, Shupiyan is the only one district where few (52 trainees) are trained. Although, handicraft centres are also declining because of poor incentives and financing from the state governments.

**Map 5: No. of Handlooms Centres and Trainees Trained (2011-12)**



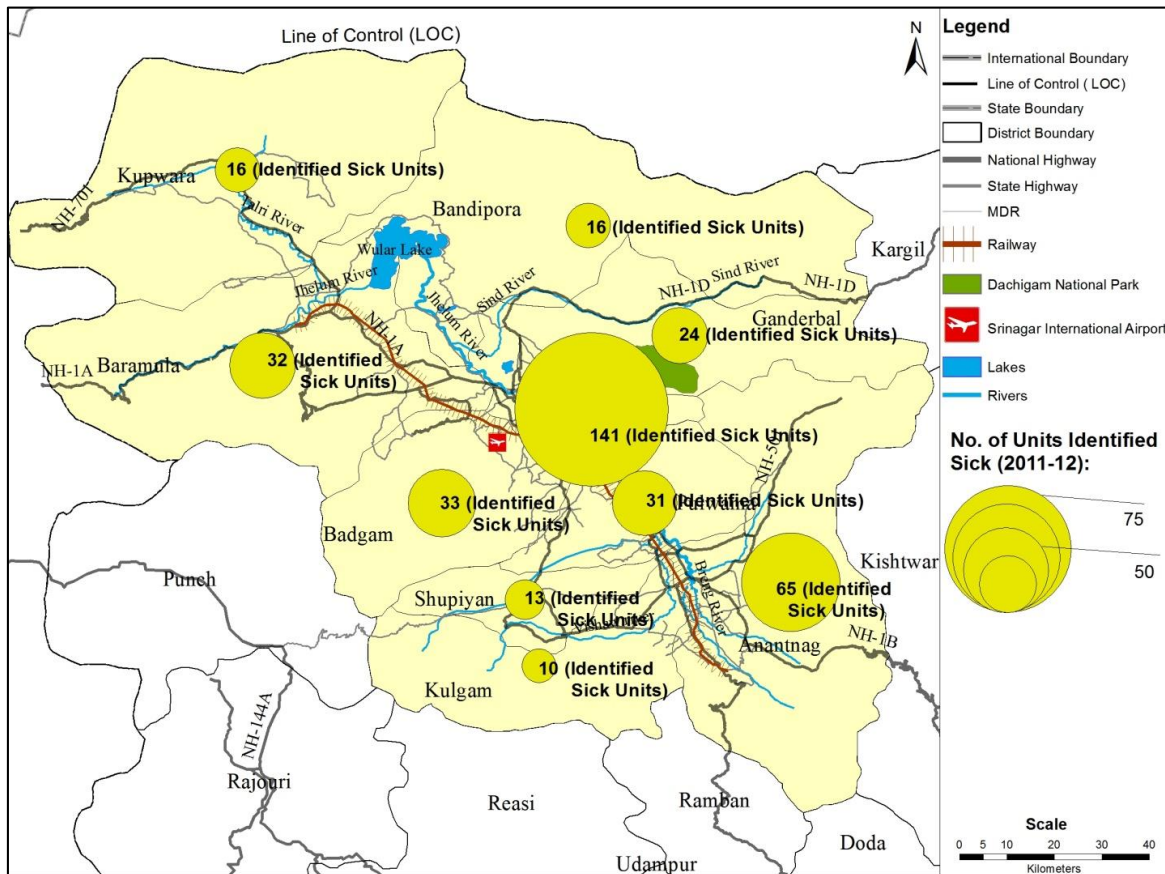
Source: Directorate of Economic and Statistical Department, (DESD), J & K, 2011-12

The handloom occupies a significant place in the socio-economic life of the Kashmir valley. Handloom weaving is one of the skilled professions which needs artistry and craftsmanship. It is known for its specialized weaving of fabrics like pashmina, silk sarees and cotton items. It is also crucial for employment generation for weaker section of the society as it is based on labor intensive cottage Industry. The numbers of handloom centres are more in Srinagar, Baramulla and Kupwara districts and fewer in Shupiyan,

Bandipora and Kulgam districts. Similarly, Kupwara (98), Srinagar (90) and Baramulla (83) are three districts which have a high number of trainees trained whereas the number is fewer in Shupiyan (10), Bandipora (10) and Kulgam (10) districts because of its locational disadvantages. There is needed to upgrade the crafts of skilled and semi-skilled handloom workers particularly in dyeing, weaving and design technology to enhance their productivity and marketability of the products.



**Map 6: No. of Identified Sick Industries (2011-12)**

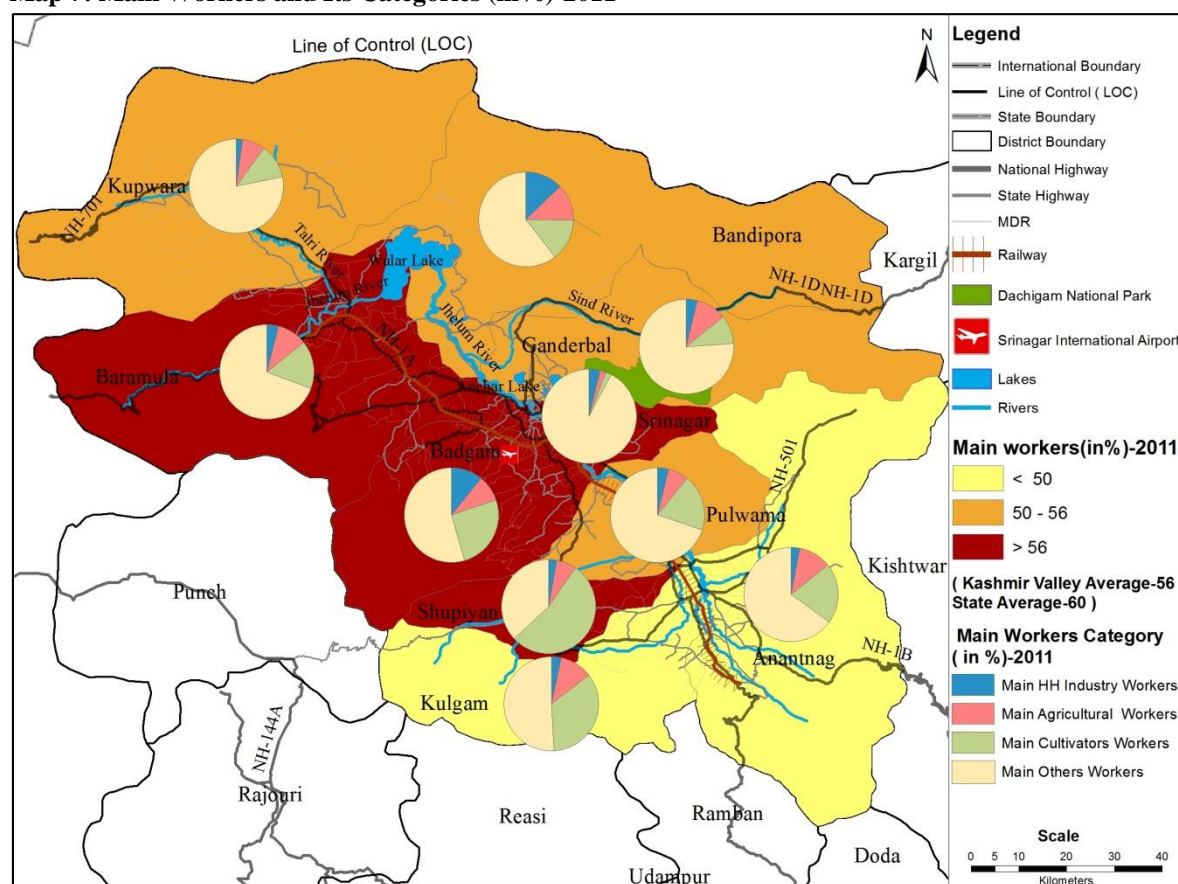


Source: Directorate of Economic and Statistical Department, (DESD), J & K, 2011-12

An industrial unit is called sick when its financial stability is not satisfactory to give its liabilities. It incurs losses and becomes worse year after year. This is the reasons for not paying liabilities by organization at the given time. The increasing trend of industrial sickness can be seen in all types of industrial units and sectors. Srinagar (141), Anantnag (65) and Badgam (33) are three districts where the numbers of industrial sick units are more compared to other districts. These districts are becoming sick on account of

financial crunch, law and order, marketing problems, raw material unavailability, migration, road infrastructure and militancy. There are needed special funds and incentives from the state and central government to these sick industrial units. As the Industrial sector contributes 25.87 percent to gross state domestic product (GSDP) of state at constant prices as per advance estimates for the year 2014-15 (Digest of Statistics, 2013-14).

**Map 7: Main Workers and Its Categories (in%)-2011**



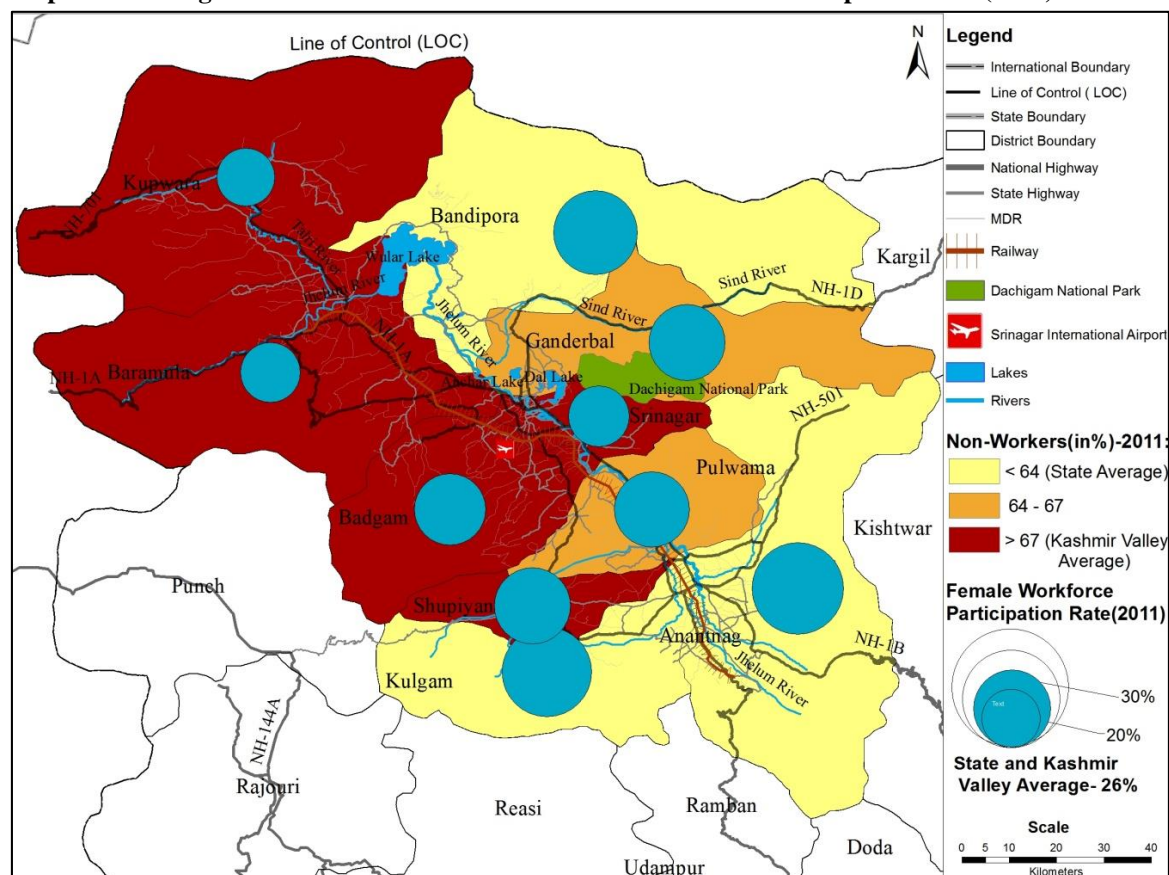
Source: Census of

India, PCA, 2011

The percentage share of main workers was higher than the Kashmir valley average (56%) and state average (60%) in Srinagar, Baramulla, Badgam, and Shupiyan districts whereas Kulgam and Anantnag are the two districts where the percentage share of main worker was below 50 percent in 2011. Shupiyan district has shown highest dependence on cultivation where 53.35 percentage workers are recorded to be cultivators. Srinagar district has shown least dependence on cultivation (2.00 %). In Bandipora district, 12.54

percentage main workers are engaged as agricultural labor. Similarly, percentage share of household industry workers is mainly concentrated in Bandipora (12.67%) and Badgam (10.91%). The regional profile reveals that it is Kashmir region which tops with 4.72 percentage followed by Jammu region with 1.30 percentage main workers pursuing household's industry as their principal occupation.

**Map 8: Percentage Share of Non-Workers and Female Workforce Participation Rate (2011)**



Source: Census of India, Primary Census Abstract, 2011

The percentage share of non-workers is predominantly high in the districts of Badgam, Kupwara, Baramulla, and Shupiyan districts as these have non-workers populations more than the Kashmir valley average(67%) and state average(64%).Non-workers percentage share is lower than the Kashmir valley average and state average in Bandipora, Anantnag and Kulgam districts. Female workforce participation rate is also an important economic indicator in the Kashmir valley. There is high female workforce

participation rate in Anantnag, Kulgam, Bandipora, Ganderbal, Pulwama and Shupiyan districts as the whole region of Kashmir valley is oriented towards agriculture. In regional comparison female workforce participation rate is recorded highest in Ladakh region (26.66 %) followed by Jammu with almost the same figure (26.57%) and Kashmir valley with 25.62 percent (Indicators of Regional Development, 2011-12).

#### IV. CONCLUSION

The Kashmir valley has not been able to attract investments in terms of its industrial development. There is needed a strong industrial base in order to increase and promote the efficiency of small scale industrial (SSI) units, employment generation, handicraft centers, handloom centers, reviving of sick industries, cooperative societies and so on. The geographical location of the valley is such that the setting up of large industries with a large capital base requires huge investment. This region is also affected due to financial crunch, marketing problems, lack of infrastructure and poor governance of the state of Jammu and Kashmir. For instance, the handloom and handicraft centres are also in decline because of poor incentives and financing from the

state and central governments. Industrial estates are supposed to be developed keeping in mind economic considerations like availability of raw material, human resources, proximity to the market and geographical location etc. In order to encourage investments, government must play a leading role to build up the confidence of the private investors in this region.

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