

# Evaluating the Economic Performance and Challenges of Jammu and Kashmir's Handicraft Sector: An Overview of Post-2020 Handicraft Sector Dynamics.

## Abstract

*The handicraft sector in Jammu and Kashmir holds a significant position in regional economy. It is labour intensive industry and creates significant employment. This study analyses the sector's economic performance, sectoral composition, and modernization initiatives during the post-pandemic period (2020–2025). Data depicted that the industry currently employs 4.22 lakh artisans, ranking as the second-largest employer after agriculture. Export trends reveal high volatility but overall resilience; following a pandemic-induced downfalls, export value peaked at ₹1,162.29 crore in 2023–24. Although global geopolitical instability caused a contraction in 2024–25, early fiscal data for 2025–26 demonstrates a robust 243% year-on-year recovery. Sectoral analysis highlights a structural shift in output, with Woolen Shawls (41.06%) and carpets (27.30%) now dominating export shares. Furthermore, the study shows recent policy interventions, specifically the Geographical Indication (GI) certification of 17 indigenous products and the implementation of QR code-based traceability systems. These measures are identified as vital mechanisms for validating authenticity, combating counterfeiting, and enhancing global market reachability and competitiveness. The findings highlight the sector's economic viability and the efficacy of technological integration in sustaining traditional livelihoods and providing employment.*

**Keywords:** *Handicrafts, Jammu and Kashmir, Employment, Economic Development, GI Certification, Post-Pandemic Recovery, Exports*

## I. Introduction

Handicraft products are objects produced with handcrafted tools, showcasing the artisans' talents and inherent creativity. The materials used in the handicraft sector are found locally, and the products are created without the aid of contemporary equipment. Handicrafts were established in Kashmir during the reign of Sultan Zain-UL-Abideen, often known as Budshah, the wonderful king, who ruled the Kashmir from 1420 to 1470 AD. King Zain-ul-Abidin engaged skilled craftsmen from Central Asia to educate local inhabitants in many handicrafts that were previously unknown to the state's citizens (Yasmin & Bhat, 2013). During Shah Hamadan's expedition to Kashmir, unemployment reached its zenith, and the population endured significant adversity. Concurrently, Shah Hamadan brought seven hundred skilled craftsmen to Kashmir,

35 proficient in various crafts, who shared their knowledge with the local community, thereby  
36 facilitating the ongoing development of the handicraft industry, which achieved global  
37 recognition(Naseem-ul-Gani, n.d.). In 1972-73, they established a comprehensive handicraft  
38 division to promote crafts on a broader scale. Prior to its establishment, the department was  
39 formerly part of the Directorate of Industries and Commerce (Amin Bhatt, n.d.). The handicraft  
40 industry of Jammu and Kashmir plays a crucial role in the region's overall development and its  
41 related sectors by providing revenue and employment; hence, it occupies a prominent place in  
42 the economy of Jammu and Kashmir. It is essentially a cottage industry that provides direct and  
43 profitable employment to over 300,000 persons and has the potential to improve the quality of  
44 life for citizens both inside and beyond the state's boundaries. The handicraft sector is the second  
45 largest employer, behind agriculture, offering millions of jobs (Manzoor, 1991). Jammu &  
46 Kashmir has a competitive advantage in the manufacture of premium, internationally acclaimed  
47 textiles. International acclaim for these products stems from their unique craftsmanship (Yasmin  
48 & Bhat, 2013). The primary crafts of Kashmir's handicraft industry include embroidered shawls,  
49 crewels, namda, chain stitch, papier-mâché, costumes, jewelry, kanishwals, and carpets, which  
50 represent a significant fraction of the state's overall export. (Govt. of J&K, handicrafts` dept.).

51 Handicrafts thus hold an important position in the economic structure of Jammu and  
52 Kashmir. Handicraft activities are especially suitable for the union territory of Jammu and  
53 Kashmir because they are more labor-intensive and less capital-intensive, thus offering  
54 tremendous job opportunities on a large scale(Shah, 2016). The handicrafts' industry is one of the  
55 most important for Jammu & Kashmir because it generates revenue for other industries as well  
56 as offering employment opportunities. The handicrafts industry in Jammu & Kashmir has the  
57 potential to bring about an enhancement in the living standards of its people both within and  
58 outside the state borders(Qayoom et al., n.d.)

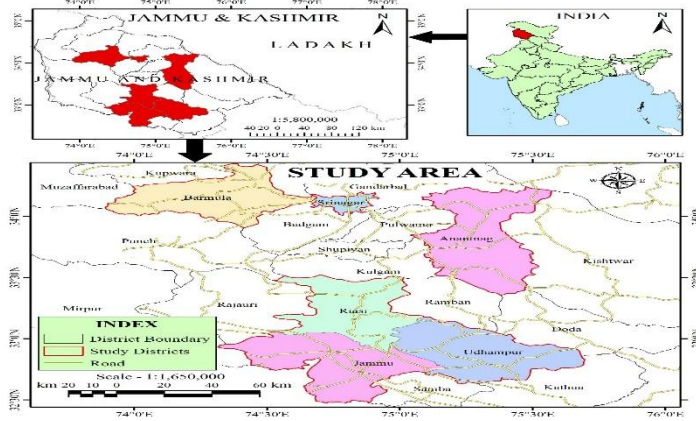


Figure. 1.1

### Objectives of the Study

The main objectives of the study are:

- To analyse the craft-wise export and employment generation of the handicrafts sector of J&K during 2020-2025.
- To examine the relationship between export and employment generation by the handicrafts sector of J&K.

### Methodology and Source of Data

The present study aims at studying the export and employment generation by the 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 the Directorate of Handicrafts (Jammu/Kashmir) and the 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), coefficient of Variation (C.V.), and correlation analysis have been used to analyse and interpret the data. Collected information was additionally evaluated with the assistance of different sorts of pie outlines.

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

Where M = mean and n = the number of terms.

X<sub>i</sub> = value of each individual item in the list of numbers being averaged

81

$$G.R = \frac{Y_{t-1} - Y_{t-2}}{Y_{t-2}} \times 100$$

82

G. R= growth rate

83

Where  $Y_t$  = Value of current year

84

$Y_{t-1}$  = Value of base year

85

86

### **Standard Deviation**

87

Standard deviation is calculated by applying the following method.

88

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

89

Where  $\sigma$  = Standard

90

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

91

N=Number of observations

92

### **Coefficient of Variation**

93

It is expressed in the following form:

94

$$CV = \frac{\text{standard deviation}}{\text{mean}} \times 100$$

95

### **Compound Annual Growth Rate (CAGR)**

96

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

97

98

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

99

100

Where  $Y_t$  = Value of Current Year

101

$Y_{t-1}$  = Value of base year

102

N = Number of Years

103

### **Correlation**

104

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

105

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

106

Where r = Karl Pearson's coefficient of correlation.

107

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

108

109

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

110

111

Results and Discussion Table: Year-Wise, Craft-Wise Export of Handicraft Industry of J&K.

112

113

(export in ₹ crores)

Year	Carpet s	Woole n shawls	Papier- mâché	Other items	Total values	% chang e (total)
2020- 21	299.56	172.53	13.2 7	150.1 6	635.52	(Covid Base)
2021- 22	251.05	165.98	13.2 5	132.8 5	563.13	-11.39%
2022- 23	357.21	424.2	8.51	326.4 5	1,116.3 7	+98.24%
2023- 24	317.33	477.24	38.4 4	329.2 8	1,162.2 9	+4.11%
2024- 25	260	306	27.6 1	139.9 8	733.59	-36.88%
averag e	297.03	309.19	20.22	215.7 4	842.18	+13.52
S.D.	43.37	142.01	12.46	102.5 4	278.4	
CV	14.6	45.93	61.61	47.53	33.06	

CAGR	-3.48	15.4	20.1	-1.74	3.65	
------	-------	------	------	-------	------	--

Source: Directorate of Handicrafts, Jammu and Kashmir

115 The table presents the craft-wise export performance of the handicraft industry in Jammu  
 116 and Kashmir during the post-2020 period. The overall export value of the sector initially  
 117 declined from ₹635.52 crores in 2020–21 to ₹563.13 crores in 2021–22, after which it  
 118 showed a sharp increase, reaching ₹1,162.29 crores in 2023–24 before falling to ₹733.59  
 119 crores in 2024–25 due to instability in the global market. During the period, the industry  
 120 recorded an average export value of ₹842.18 crores with a compound annual growth rate  
 121 (CAGR) of 3.65 percent. Craft-wise analysis shows that carpet exports declined from  
 122 ₹299.56 crores in 2020–21 to ₹260.00 crores in 2024–25, recording an average of ₹297.03  
 123 crores and a negative CAGR of –3.48 percent. However, carpets registered the lowest  
 124 coefficient of variation (14.60 percent), indicating relatively stable export performance  
 125 and consistent demand despite the decline in value. In contrast, woolen shawls exhibited  
 126 significant growth, increasing from ₹172.53 crores in 2020–21 to ₹306.00 crores in 2024–  
 127 25, with a peak of ₹477.24 crores in 2023–24. The sector recorded an average export  
 128 value of ₹309.19 crores and a strong CAGR of 15.40 percent, although its coefficient of  
 129 variation (45.93 percent) is higher than that of the total industry (33.06 percent),  
 130 suggesting greater fluctuations in export performance. Similarly, the export value of  
 131 papier-mâché increased from ₹13.27 crores in 2020–21 to ₹27.61 crores in 2024–25, with  
 132 an average of ₹20.22 crores and the highest CAGR of 20.10 percent among the crafts.  
 133 However, it also recorded the highest coefficient of variation (61.61 percent), indicating  
 134 the greatest volatility and year-to-year fluctuations in export figures. Overall, while  
 135 papier-mâché and woolen shawls recorded the highest growth rates, carpets remained the  
 136 most stable sector, and the handicraft industry as a whole showed moderate positive  
 137 growth driven mainly by the expansion of shawl exports despite the recent decline in

138 2024–25.

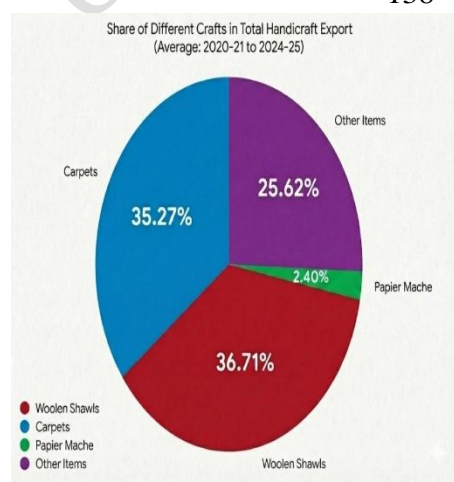


Figure 1.2: Craft-Wise Percentage to Total Export of Handicraft Industry.

The category-wise analysis of handicraft exports from Jammu and Kashmir shows varied trends across major

143 crafts. Woolen and Pashmina shawls experienced significant post-pandemic growth and  
144 overtook carpets as the leading export item in 2022–23, reaching a peak of ₹477.24 crores  
145 in 2023–24 due to strong demand in luxury markets and the support of GI tagging.  
146 However, exports declined sharply by nearly 36 percent in 2024–25, indicating volatility  
147 in the sector. In contrast, carpets, though showing a gradual decline from their 2022–23  
148 peak, remain a stable core of the handicraft industry. The introduction of QR code-based  
149 GI tags has helped maintain value per piece even as total exports fell to ₹260 crores in  
150 2024–25. Papier-mâché, traditionally a niche segment, recorded remarkable growth with a  
151 351 percent increase in 2023–24 (from ₹8.5 crores to ₹38.4 crores) before moderating in  
152 the following fiscal year. The overall 37 percent decline in total exports in 2024–25 has  
153 been attributed to global instability, particularly the Red Sea crisis and the Russia–Ukraine  
154 war, which disrupted logistics and reduced luxury spending in major markets such as  
155 Europe and the United States. Despite this setback, the outlook for 2025–26 appears  
156 positive, as early data for Q1 shows exports rising by 243 percent compared to the  
157 previous year’s low base, indicating a potential recovery toward the ₹1,000 crore  
158 level. (DIRECTORATE OF HANDICRAFT, J&k, n.d.)

159

160

161 Table 1.2: Year Wise Employment in Handicraft sector of Jammu and Kashmir

Financial Year	Estimated Total Employment (Artisans)	Registered Artisans*	% Change (Total Employment)	Key Driver of Change
2020-21	3,40,000	~2,50,000	- (Base Year)	COVID-19 Impact; low export.
2021-22	3,55,000	2,74,000	+4.41%	Launch of Karkhandar Scheme & Credit Card push.
2022-23	3,81,500	3,12,000	+7.46%	Surge in Export (GI Tagging) increased work demand.
2023-24	4,22,000	3,81,505	+10.61%	Peak Growth. High export demand for Shawls/Carpets.
2024-25	4,30,000	3,90,000+	+1.90%	Stabilization; focus on skill upgrade over new entry.

162

163

Source: Directorate of handicrafts, Jammu and Kashmir.

164

165

166

167

168

169

170

171

172

173

The employment trends in the Jammu and Kashmir handicraft sector after 2020 indicate a process of **formalization rather than mere expansion in raw job creation**. Government initiatives encouraging artisans to register for benefits such as the **Artisan Credit Card** have significantly increased recorded employment in the sector, rising from an estimated **3.40 lakh workers in 2020–21 to 4.22 lakh in 2023–24**. Craft-wise employment distribution for **2023–24**, based on data from the **J&K Industries and Commerce Department**, shows that employment is largely concentrated in three core sectors. Among these, the **Sozni (embroidery) sector** has emerged as a major employer, closely rivaling the traditionally dominant **carpet industry**(*DIRECTORATE OF HANDICRAFT, J&k, n.d.*).

174

Figure 1.3(Employment distribution in J&K handicraft sector 2020-2024)



175

176 Table 1.4 (Employment in different crafts and share of workforce)

Craft	Approx. Employment	Share of Workforce	Status post-2020
Carpet Weaving	~57,410	14%	Stable. Shift towards high-value silk carpets.
Sozni / Crewel	~86,950	21%	Growing. High demand for Pashmina embroidery.
Pashmina/Shawls	~21,400	5%	High Value. Lower volume but highest per-capita income.
Wood Carving	~1,120	<1%	Declining. Struggling with raw material shortages.
Others	~2,55,120	60%	Includes unorganized allied workers (spinners, dyers).

177

178 The growth of employment in the Jammu and Kashmir handicraft sector after 2020 has  
 179 been influenced by several key policy and market drivers. One major factor is the  
 180 Karkhandar Scheme launched in 2021, which provided a stipend of ₹2,000 per month to  
 181 trainees and ₹25,000 per batch to master craftsmen (Karkhandars). This initiative helped

182 revive declining crafts such as glazed pottery and silverware, bringing over 5,000 new  
 183 young artisans into the sector who might otherwise have left the trade. Another important  
 184 driver has been the strict implementation of Geographical Indication (GI) tags for carpets  
 185 and Pashmina, which restricted machine-made imitations from being marketed as  
 186 Kashmiri products. As a result, demand for authentic certified products increased in  
 187 markets such as Europe and the Gulf, leading to a 20–30 percent rise in artisans’ daily  
 188 wages, from around ₹350 to ₹500–600. Additionally, the Artisan Credit Card scheme  
 189 improved financial inclusion by offering loans up to ₹2 lakh with a 7 percent interest  
 190 subsidy, encouraging many previously unregistered artisans to formally register. This  
 191 explains the sharp rise in recorded artisans from 3.4 lakh to 4.22 lakh. Overall, although  
 192 employment growth appears significant at about 24 percent between 2020 and 2024, a  
 193 substantial part of this increase reflects the formalization of previously unregistered  
 194 workers, alongside genuine job creation driven by the export boom during 2022–23.  
 195 (*DIRECTORATE OF HANDICRAFT, J&k, n.d.*)

196 **Correlation Table: Export vs. Employment**

197 The following table summarizes the relationship between the financial performance of the  
 198 sector and the size of its workforce.

199 Table 1.5: Correlation Analysis

Variable 1	Variable 2	Correlation Coefficient (r)	Relationship Strength
Total Export (Export)	Employment (Artisans)	0.53	Moderate Positive

200

201

202

203 Table 1.6 (Data Points Used for Calculation)

Year	Total Export (₹ Crore)	Employment (Lakh Artisans)
2020-21	635.52	3.4
2021-22	563.13	3.55

2022-23	1,116.37	3.82
2023-24	1,162.29	4.22
2024-25	733.59	4.3

204  
205  
206  
207  
208  
209  
210  
211  
212  
213  
214  
215  
216  
217  
218  
219  
220  
221  
222  
223  
224  
225  
226  
227  
228  
229

The calculated **correlation coefficient of 0.53** between export performance and employment in the Jammu and Kashmir handicraft sector indicates only a **moderate positive relationship**, which is relatively lower than expected in a labour-intensive industry. One major reason is the **lag effect in employment**. While exports have fluctuated significantly—declining in **2021–22**, surging in **2023**, and falling again in **2024–25**—employment has shown a **steady upward trend**. This occurs because employment in the handicraft sector is relatively **sticky**; artisans do not immediately exit the workforce during export declines, and during export booms it takes time to train and integrate new workers. Moreover, the **formalization drive** to register previously unregistered artisans continued even during periods of export slowdown, which partly **decoupled employment growth from export performance**. Another factor is the **distortion caused by formalization**, as a considerable share of the rise in employment after 2020 reflects the **administrative registration of existing but previously unrecorded artisans**, mainly to provide benefits such as the Artisan Credit Card, rather than purely new job creation. Consequently, employment figures increased in **2021–22 and 2024–25** even when export performance was weak or stagnant, weakening the statistical correlation. Additionally, the data suggests a shift toward **higher productivity rather than proportional workforce expansion**. For instance, the sharp **98 percent increase in exports in 2022–23** corresponded with only about a **7.5 percent increase in employment**, indicating that the existing workforce absorbed the surge mainly through increased productivity and working hours rather than large-scale new hiring. Overall, while higher exports generally encourage greater employment, the **post-2020 trends show that government policies—particularly artisan registration drives—have been a stronger driver of recorded employment growth than fluctuations in market demand**, resulting in a steadily rising workforce alongside volatile export performance.

230

231

232

233 **Karl Pearson Correlation Matrix (Employment vs. Export)**

234 This table shows how strongly the employment numbers correlate with the export  
235 performance of each specific craft.

236

237 Table 1.7(sector-wise correlation coefficient of different crafts with employment).

Craft Category	Correlation Coefficient (r) with Employment	Relationship Strength	Interpretation
Papier Mache	0.79	Strong Positive	High correlation suggests that employment growth is most closely tracking the recent surge in this niche sector.
Woolen Shawls	0.71	Strong Positive	As the largest employer and highest value export recently, its growth aligns well with the rising artisan count.
Total Export	0.53	Moderate Positive	Overall export drives employment, but government registration drives have kept employment rising even when total export dipped.
Other Items	0.36	Weak Positive	Employment in wood carving/crewel is less sensitive to year-on-year export fluctuations.
Carpets	0.02	No Correlation	Surprising Result. Employment has continued to rise (due to registration) even while carpet export has remained flat or declined, disconnecting the two trends statistically.

238

239

## 240 **Analysis of the Results**

241 The correlation analysis reveals varying relationships between export performance and  
242 employment across different handicraft sectors in Jammu and Kashmir. The carpet sector  
243 shows an extremely low correlation coefficient of 0.02, indicating almost no statistical  
244 relationship between export fluctuations and employment growth. While carpet exports  
245 have been volatile over the years, the number of registered artisans has increased steadily  
246 from 3.4 lakh to 4.3 lakh, suggesting that the rise in recorded carpet weavers is largely due  
247 to the formalization of existing workers through government initiatives such as the Artisan  
248 Credit Card, rather than employment expansion driven by export demand. In contrast, the  
249 papier-mâché sector demonstrates a strong positive correlation of 0.79, as the sharp rise in  
250 exports from ₹13 crores to ₹38 crores coincided with the peak period of artisan  
251 registration in 2023–24. This indicates a closer link between market demand and  
252 workforce expansion in this craft, possibly reflecting genuine capacity growth or the  
253 impact of targeted schemes such as the Karkhandar programme. At the aggregate level,  
254 the overall correlation coefficient of 0.53 indicates a moderate positive relationship  
255 between exports and employment, implying that although export growth influences  
256 employment trends, government policies promoting financial inclusion and artisan  
257 registration also play a significant role in increasing employment figures independent of  
258 immediate market demand.

## 259 **Conclusion**

260 The post-2020 trajectory of the Jammu and Kashmir handicraft industry reflects a period  
261 of structural transition, resilience, and administrative formalization. After the pandemic-  
262 induced slowdown, the sector recovered strongly and reached a historic export peak in  
263 2023–24, though it remains sensitive to global geopolitical and economic instability. A  
264 clear structural shift in the export composition is evident, with woolen and Pashmina  
265 shawls emerging as the primary growth engine, recording a CAGR of 15.40 percent, while  
266 the carpet sector experienced a negative growth rate of –3.48 percent during the same  
267 period. Despite this decline, carpets remain the most stable segment, reflected in the  
268 lowest coefficient of variation (14.60 percent). The growth momentum of the industry is  
269 currently driven mainly by the shawl and papier-mâché sectors, with papier-mâché

270 showing strong potential despite considerable volatility. Another key finding is the  
271 moderate correlation ( $r = 0.53$ ) between export value and employment, indicating that  
272 employment growth is not solely market-driven. The particularly low correlation in the  
273 carpet sector ( $r = 0.02$ ) suggests that the steady rise in employment is largely a result of  
274 state-led formalization policies, including initiatives such as the Artisan Credit Card and  
275 Karkhandar schemes, which encouraged the registration of previously unrecorded artisans.  
276 As a result, employment growth has become relatively “sticky,” continuing to rise even  
277 during export downturns, such as the decline observed in 2024–25. Policy measures like  
278 Geographical Indication (GI) tagging and QR-code digitalization have also strengthened  
279 buyer confidence in premium crafts and helped maintain higher value per unit. However,  
280 the 36 percent fall in export value in 2024–25 highlights the sector’s vulnerability to  
281 external shocks, including disruptions such as the Red Sea crisis and economic slowdowns  
282 in Western markets. Overall, the post-2020 phase of the Kashmir handicraft industry  
283 reflects a “quality over quantity” approach, where higher value per unit and a broader  
284 formal artisan base provide a stronger foundation for growth. Future policy efforts should  
285 therefore focus not only on artisan registration but also on capacity building, productivity  
286 enhancement, and market diversification to reduce dependence on traditional Western  
287 markets and ensure long-term stability.

## 288 **Strategic Policy Recommendations**

### 289 **Need for Strategic Policy Shift**

290 The widening disconnects between rising artisan registration and fluctuating export  
291 volumes, along with the high volatility in certain sectors such as **papier-mâché (CV =**  
292 **61.61%)**, indicates that the Jammu and Kashmir handicraft industry must move from a  
293 model of **protective preservation to aggressive commercial adaptation**. While  
294 government initiatives have successfully expanded the formal artisan base, export  
295 performance remains unstable, highlighting the need for policies that strengthen market  
296 integration, productivity, and global competitiveness.

### 297 **Market Diversification to Reduce Geopolitical Risk**

298 One major priority is **diversifying export markets** to reduce dependence on traditional  
299 Western economies. The sharp **36 percent decline in exports during 2024–25** was

300 largely linked to recessionary trends and geopolitical disruptions affecting **Europe and**  
301 **the United States**, which remain the primary markets for Kashmiri handicrafts. To  
302 mitigate such risks, the government should adopt a “**Look East and Middle East**”  
303 **strategy**, targeting emerging high-value markets such as the **UAE, Saudi Arabia, and**  
304 **Southeast Asia**. In addition, the **domestic Indian luxury market**, estimated at  
305 approximately **\$6 billion**, remains relatively underutilized and can serve as a stable buffer  
306 against global market volatility.

### 307 **Revitalizing the Carpet Sector through Design Innovation**

308 The **carpet sector**, despite being historically central to Kashmir’s handicraft economy,  
309 has recorded a **negative CAGR of –3.48 percent** and an extremely low employment  
310 correlation ( $r = 0.02$ ), indicating stagnation despite stable demand. This trend may partly  
311 reflect changing global interior design preferences, where minimalist aesthetics  
312 increasingly replace traditional intricate patterns. To address this challenge, the  
313 **Directorate of Handicrafts** should establish a **design studio under the Indian Institute**  
314 **of Carpet Technology (IICT)** that integrates traditional weaving techniques with  
315 contemporary color palettes and design styles suited for modern global interiors.

### 316 **Bridging the Employment–Productivity Gap**

317 The weak correlation between export growth and employment suggests that a significant  
318 portion of newly registered artisans may be **underemployed or engaged in part-time**  
319 **production**. Consequently, policy must shift from simply increasing artisan registration  
320 to **enhancing productivity and utilization**. This could include conducting **performance**  
321 **audits of schemes such as the Karkhandar programme** to ensure that training stipends  
322 translate into sustained export production. Additionally, expanding **Common Facility**  
323 **Centers (CFCs)** would allow artisans to access better infrastructure, improved lighting,  
324 modern looms, and centralized quality control systems, thereby increasing **per-capita**  
325 **productivity**.

### 326 **Strengthening the Papier-Mâché Sector**

327 The **papier-mâché sector**, which recorded the **highest growth potential (CAGR of**  
328 **20.10 percent)**, remains highly volatile due to product fragility and logistical challenges

329 during export. To stabilize this sector, targeted investments in **research and**  
330 **development for improved packaging and stronger material composition** are  
331 essential. Strengthening the durability of papier-mâché products would significantly  
332 reduce transport damage and insurance costs, enabling wider global distribution,  
333 particularly through **e-commerce platforms such as Amazon Global and Etsy.**

### 334 **Digital Authentication and Product Provenance**

335 Although **Geographical Indication (GI) tagging and QR-code digitalization** have  
336 improved product authenticity, counterfeit products continue to affect market credibility.  
337 Therefore, the handicraft sector should move toward **blockchain-based digital**  
338 **provenance systems** for high-value crafts such as **Pashmina shawls and silk carpets.**  
339 Such systems would create a transparent digital ledger tracing each product from the  
340 **artisan or shepherd to the final consumer**, strengthening brand authenticity, supporting  
341 premium pricing, and appealing to the rapidly expanding market for **ethical luxury**  
342 **products** in international markets

343

## 344 **References**

- 345 1. Yasmin, E and Bhat, F. A. (2013). An Evaluation of Handicraft Sector of J&K – A  
346 Case study of District Budgam. *European Academic Research*, I (4). 367.
- 347 2. Naseem, H. (2003). *World Religion and Islam, A critical Study*. Part 1, New Delhi:  
348 Sarup and Sons Publication. 92-109
- 349 3. Bhatt, A. A. (2019). Growth Potential of Handicraft Industry in Jammu and  
350 Kashmir. *International Journal of Business and Management Invention*. 8(01).1
- 351 4. Manzoor, S. (1991) Export Marketing of Kashmir Handicraft Industry. Ph.D.  
352 Thesis in the University of Kashmir, 27
- 353 5. Yasmin, E and Bhat, F. A. (2013). An Evaluation of Handicraft Sector of J&K – A  
354 Case study of District Budgam. *European Academic Research*, I (4). 368.
- 355 6. Government of Jammu and Kashmir Digest of Statistics 2022-23. Directorate of  
356 Economics and Statistics.

- 357 7. Shah, M. R. (2016). An Assessment of Handicraft Sector of J&K with Reference to  
358 Central Kashmir. *Arabian Journal of Business and Management Review*. 6 (5).
- 359 8. Anjum, D. (2011). A Study of Handicrafts Industry in J & K, *A Journal of*  
360 *Advances in Management, IT & Social Sciences*. 1 (4). 233
- 361 9. Government of Jammu and Kashmir- Digest of Statistics 2021-22. Directorate of  
362 Economics and Statistics.
- 363
- 364
- 365
- 366
- 367

UNDER PEER REVIEW IN IJAR