INTRODUCTION
The present study entitled "Problems and Prospects of Carpet Industry in Kashmir" deals with an analytical study of the problems and prospects of the carpet industry of Jammu and Kashmir State. In the recent past, this industry has played a commendable role in the economic development of the State, as it affords great potential for exports and employment generation. The carpet industry is particularly an export-oriented one, as more than 90 percent of its total production is exported to many foreign countries, particularly to Federal Republic of Germany, France, the United States of America, the United Kingdom and Switzerland etc.

The export trade of Kashmiri Carpets has shown a significant rise from the year 1970 onwards, as is clearly reflected from the fact that during the year 1982-83, the carpets worth Rs. 23.10 crores were exported from Kashmir. Prior to this, carpets worth Rs. 0.75 crores only were exported to foreign countries during the year 1970-71. Another striking fact is that carpet exports constitute about 70 percent of the total handicrafts exports from Kashmir.
However, on the national scene the performance has not been a convincing one. Kashmir carpets have bagged just 10 to 20 percent share from the total carpet exports from India to outside world. This no doubt, is lamentable but holds a promise that Kashmir can strive for achieving a bigger share from the total national export figure.

Apart from its export potential, carpet industry supports a large number of artisans belonging both to rural as well as urban areas. The employment potential can be judged from the fact that it provides employment to as many as 50,000 persons directly, at present in the State. The industry being relatively low capital intensive can prove an effective and powerful instrument for bringing about the socio-economic transformation, especially in rural and backward areas of the State.

Nevertheless, the export earnings of the industry vis-a-vis the extent of international demand for superior quality hand-knotted carpets leaves much to be desired and presents a good scope for improvement. The world imports of hand-knotted carpets continued to grow regularly during the second half of the 1970's. It touched a new height
of 15.2 million m² worth $1.75 billion in 1980. Although demand witnessed a thaw after 1980 and it is not increasing in any significant manner at present, but a strong disequilibrium has already been created between the existing demand and supply forces, consequent upon a sharp decline of supplies from Iran, which was till 9-10 years ago world's leading exporter of high class oriental carpets.

This sizeable gap between the demand for and supply of superior quality oriental carpets in major importing markets has offered ample opportunity for Kashmir to emerge as an alternative source of supply, because it possesses the necessary skills and infrastructure for the production of superior quality carpets in Persian designs. However, Kashmir has not been able to get its due share of the market which it rightly deserves. Contrary to this Pakistan and China, which recently entered the carpet export market, have outperformed Kashmir in all the major import markets of the world.

Besides, on the State Plan, the exports of Kashmir carpets for the last 4-5 years have been showing a declining trend. It has been reported that the carpet exports have decreased from Rs. 26.96
crores during 1979-80 to only Rs. 20.35 crores in 1984-85. The average unit value realization has also shown a greater declining trend.

This staggering and fluctuating trend is indeed distressing and is the result of a number of factors. The scholar was tempted to go into this whole question and considered the present study an imperative one for any future plan of development for this industry.

OBJECTIVES OF THE STUDY

The main objectives of the present study are given hereunder:

1) To assess the past and present status of the industry within the State of Jammu and Kashmir,

2) To analyse the export potential and future market prospects for Kashmir carpets in the light of world market trends,

3) To identify the bottlenecks retarding the industry's development, and
iv) To suggest remedial measures for evolving a suitable production and marketing strategy for future development of the industry.

HYPOTHESIS

To achieve these objectives a detailed plan was chalked out and the following hypothesis were laid down:

a) The carpet industry of the State possesses enormous export potential and wide market prospects,

b) It offers a promise to provide gainful employment to a large number of rural artisans in the tiny sector,

c) The export potential of this industry has not fully been exploited due to poor marketing strategy,

d) The production system of the industry is by and large dominated by old concepts and techniques and lacks customer orientation.
RESEARCH METHODOLOGY

With a view to achieving the specified objectives as also to test the above hypothesis the entire investigation was carried out in the following manner:

i) Collecting information through questionnaires,

ii) Conducting personal discussions with the leading authorities in the field,

iii) The analytical evaluation of the available data (both published and unpublished)

Direct investigation method was adopted for gathering the requisite information from the three main categories of respondents, viz. exporters, manufacturers and weavers. A purposive sample of 100 respondents was selected, comprising 20 exporters, 30 manufacturers and 50 weavers. For eliciting the information semi-structural questionnaires were personally designed and administered by the researcher. Besides, a number of designers, washermen, clippers and copy writers were interviewed informally.
To supplement the needs of the study and to make the same more fruitful, several Government and trade promotion organisations connected with the development and functioning of the carpet industry were contacted and detailed discussions held with the concerned authorities.

For the structural requirements of the present study, the scholar had to depend on various secondary sources of information. A visit to the Indian Institute of Foreign Trade, New Delhi, The Trade Development Authority of India, New Delhi and the Indian Council of Research on International Economic Relations (ICRIER) New Delhi were proved of great help in arriving at some important conclusions.

**DESIGN OF THE STUDY**

The entire study has been divided into the following six chapters:

i) Growth and Development of Carpet Industry in Kashmir,

ii) Production System,

iii) Employment and Training,
iv) Market Mechanism,
v) Export Potential of Kashmir Carpets,
vi) Conclusions and Suggestions.

The origin and development of the carpet industry in Kashmir has been traced in the very first chapter, so that the problems and prospects of the industry can be analysed in the proper perspective. In this connection it has been observed that the industry has followed a long, chequered and fluctuating path throughout its history in Kashmir. Particularly in the recent past, the industry has experienced violent fluctuations in its production and exports due to a number of reasons. The role and contribution of carpet industry in the Kashmir economy has also been briefly examined at the very outset.

Chapter II throws light on the existing production system of the carpet industry in detail. It reveals that the production system of the industry suffers from several inadequacies as compared to other competing countries. The production system is not geared up to the requirements of the world market. Manufacturers usually face difficulties on account of the dearth of competent designers, non-availability of the right quality of raw materials
at reasonable rates, lack of modern dyeing, drying and washing facilities etc. Besides, the issues like location pattern and organisational set up of the industry 'taleem' method of weaving, loom layout and double knot weaving have been critically examined.

Labour being an important factor in the production system, Chapter III analyses the employment and training aspect of the industry separately. It has been noted that the socio-economic and working conditions of carpet weavers in Kashmir are far from satisfactory. However, the Massive Carpet Weaving Training Programme, launched by the various State and Central Government organisations, has gone a long way in developing and promoting the industry in every nook and corner of the State. This is evident from the fact that about 50,000 weavers have been trained up to now, under this programme. The main thrust of the programme is now rightly on the improvement and advancement of weaver's skills.

As marketing constitutes the key to the success of an industry in the modern times, an attempt has been made in Chapter IV to study the existing marketing policies, practices and the
market mechanisms, of the industry. However, it is distressing to note that the industry does not follow the modern 'Marketing Concept' and it is by and large 'production oriented'. The major marketing decisions are based on personal contacts, hear-say and casual bits of information obtained from different sources. There is no systematic mechanism of gathering the marketing intelligence and its dissemination. Besides, the study identifies other marketing constraints faced by the industry like non-availability of suitable channels of distribution for marketing the products of small scale manufacturers and artisans, lack of advertising and sales promotion measures, problem of quality marking and quality control, non-competitive pricing policies etc.

Chapter V presents an assessment and analysis of export potential and future market prospects for Kashmir carpets, in the light of recent developments in the world trade in hand-knotted carpets. The study reveals that the industry possesses enormous export potential, provided it is properly exploited. World imports of hand-knotted carpets continued to grow regularly
during the second half of the 1970's and reached its peak, estimated at 15.2 million m² worth of $1.75 billion in 1980. Kashmir's share in world trade was not more than 1.3 percent in that year. Thus it leaves much to be desired. With this objective in mind, the export performance of Kashmir in the major importing countries has been analysed. The performance of our close competitors like Iran, Pakistan, Turkey and China has also been evaluated. In the light of this discussion the future targets for the export performance of Kashmir carpets have been fixed.

Chapter VI presents a summary of the main conclusions and recommendations of the present study. In this connection, suitable suggestions have been made, as remedial measures, for evolving a proper marketing and production strategy, for future development of the carpet industry in the State of Jammu and Kashmir.

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