

GOVERNMENT OF JAMMU AND KASHMIR
INDUSTRIES AND COMMERCE DEPARTMENT
Civil Secretariat, Jammu.

Subject: Jammu and Kashmir Wool Processing, Handloom, Handicrafts Policy-2020.

Ref: Administrative Council's Decision No. 33/5/2020 dated 27.02.2020.

Government Order No. 54-IND of 2020
Dated: 10-03-2020

Sanction is hereby accorded to the adoption of Jammu and Kashmir Wool Processing, Handloom, Handicrafts Policy, 2020 as per **Annexure** appended to this Government Order for its implementation with immediate effect.

By order of the Government of Jammu and Kashmir

Sd/-

(Manoj K.Dwivedi), IAS
Commissioner/Secretary to the Government

NO: IND/HL/30/2018

Dated: 10.03.2020

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(Sanjeev Kumar)

Under Secretary to the Government

Jammu and Kashmir Wool Processing, Handloom, Handicrafts Policy-2020

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Definitions

- ❖ **"Handloom"** means any loom, other than powerloom and includes any hybrid loom on which at least one process for weaving requires manual intervention or human energy for production.
- ❖ **"Handicrafts"** refer to items made by hand, often with the use of simple tools, and general artistic and/ or traditional in nature.
- ❖ **"Artisan"** means any person engaged in practising Handicraft Production as a primary source of his living hood.
- ❖ **"Weaver"** means a person who makes fabric by weaving fabric together.
- ❖ **"Cluster"** refers to village or group of contiguous villages within a radius of 5 to 10 kms having at least 100 traditional artisans.
- ❖ **"Raw material"** refers to any material Required by the units that directly goes into the composition of its finished goods.
- ❖ **"Rural Industry"** refers to any industry located in a rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed [₹ one lakh] or such other sum as may by notification in the Official Gazette, be specified from time to time by the Central Government. Any other non-unit established for the sole purpose of promoting, maintaining, assisting, servicing (including mother units) or managing any village industry.
- ❖ **"SHG"** means self-help group formed by 10-20 weavers or artisans only.
- ❖ **"Co-operative Society/Self-Reliant"** means society formed by artisans or weavers registered under Societies registration Act 1962.
- ❖ **"GoJK"** means Government of Jammu and Kashmir
- ❖ **"GOI"** means Government of India.
- ❖ **"CDI"** means Craft Development Institute.
- ❖ **"IICT"** means Indian Institute of Carpet Technology.
- ❖ **"SIDBI"** means Small Industries Development Bank of India.
- ❖ **"DPIIT"** means Department for Promotion of Industry and Internal Trade.
- ❖ **"JKTPO"** means Jammu and Kashmir Trade Promotion Organization.
- ❖ **"SFURTI"** means Scheme of Fund for Regeneration of Traditional Industries
- ❖ **"KVIB"** means Khadi and Village Industries Board
- ❖ **"KVIC"** means Khadi and Village Industries Commission

Introduction

Jammu and Kashmir is a newly-formed Union Territory of Indian Union under the Jammu and Kashmir Reorganization Act, 2019. The Union Territory (erstwhile Jammu and Kashmir State) has made substantial progress in industrial development over the last few decades.

Wool scenario: Jammu and Kashmir is the largest fine producer of wool in the country. It produced 7218 MT of wool in 2018-19 and held a share of 18.1% in the total wool production in the country. However, in absence of wool processing facilities, almost the entire quantity of wool produced in Jammu and Kashmir is exported to neighbouring states for processing/ value addition which, thereafter, is imported back into J&K at enhanced rates.

In view of the abundance of wool in Jammu and Kashmir, the new Handloom and Handicrafts policy envisages upon facilitating wool processing by setting up wool processing/ de-hairing plants in Jammu and Kashmir. With setting up of wool processing units, there shall be adequate supply of raw material, enabling volume production of handloom and handicrafts products. This shall sharply bring down cost of raw material which has shot up to 50 pc in recent times. This diminishes economic for exporters in international markets which is not able to absorb shock of price escalation of raw material.

At the back end, the agro-climatic conditions of Jammu and Kashmir are most conducive for greater wool production. Sheep population of Jammu and Kashmir stands at 3.4 million which is 5% of India's total population. The Merino wool remains Jammu & Kashmir's Unique Selling Proposition (USP) as it is one of the finest kind of wool and the main raw material for weaving of shawls and carpets. The grading of wool in J&K is based on its fitness, length, colour and feel. Average yield of wool per sheep in J&K is around 2.28 kg which is much higher than the national average of around 1.39 kg.

More than 2,00,000 people are associated with sheep rearing from whom the wool is collected and sent for processing outside Jammu and Kashmir. The Jammu and Kashmir Government has taken several initiatives to upgrade the quality of livestock by promoting wool production through appropriate selection and breeding methods.

Presently, Jammu and Kashmir sells 70% of its wool in raw form due to lack of wool processing units within the UT. Despite producing over 70-75 lakh kg of raw wool, J&K does not have adequate processing units/ facilities to value add and as a result lion's share of raw wool is exported to other parts of the country at meagre rates. A large quantity of raw wool is also sold to Rajasthan. The fact remains that during transit, quality of raw wool deteriorates due to dust and dirt thereby adding to transportation and handling costs.

The Handloom and Handicrafts Policy shall focus on making available adequate supply of raw material like wool and silk yarn available to weavers and craftsmen, preferably on Mill Gate Price. The policy shall focus on availability of quality raw material through raw material banks/ yarn banks for which establishing of wool and silk sinning mills in MSME sector shall be encouraged.

Handloom and Handicrafts scenario: Handlooms and Handicrafts is one of the traditional sectors contributing significantly towards the economy of Jammu and Kashmir. In fact, the twin sector is one of the major and oldest in the country having 4.3 million weavers and 6.9 million artisans involved directly or indirectly.

The Handloom sector has a unique place in the socio-economic structure of Jammu and Kashmir. The sector provides direct and indirect employment to more than 40,000 weavers and ancillary workers in J&K, mostly belonging to SC/ST, backward and economically-weaker sections of the society. Jammu and Kashmir is famous for weaving of specialized fabrics like Pashmina, Kani and Raffle Shawls, Blankets like Lois and Chashme Bulbul, cotton and Arabian Rumals and tweed and Linen fabrics. The Handlooms sector is considered important in generating employment as it constitutes an integral part of the rural and semi-rural livelihood. Being less capital-intensive activity, the sector has an added advantage of flexibility of small production, openness to innovation, low investment and adaptability to market requirements. It makes little demand on conventional sources of energy and has no adverse ecological effects. The handloom sector today may look small in terms of its tools and technology, but it plays a pivotal role in Jammu and Kashmir's economy in terms of employment generation potential. It is a natural productive asset and tradition at cottage level which has sustained and grown by transfer of skill from one generation to another.

Handlooms' is a non-farm labour intensive sector which contributes significantly towards UT's GDP. It is worth mentioning that despite being highly unorganized, the Handlooms sector has contributed heavily towards J&K's GDP with exports in the last five years detailed below:

2014-15	Rs. 240.00 crore
2015-16	Rs. 242.00 crore
2016-17	Rs. 235.00 crore
2017-18	Rs. 210.00 crore
2018-19	Rs. 200.00 crore

Jammu and Kashmir Handloom Development Corporation (JKHDC) will continue to extend marketing support to the handloom weavers. It may offer a minimum support price (MSP) to the weavers and sell and export the products through a chain of exclusive showrooms spread in several parts of the country.

The Handicraft sector in India is also growing rapidly and is one of the indirectly-linked agricultural sector of rural economy. The sector plays a key role in the country's economy and has helped people to sustain when there were no other means of employment. India's handicrafts are exported worldwide including many countries in Europe, United States, Canada, Australia, Middle East countries like United Arab Emirates and even South America. In 2018-2019, India's exports of handicrafts stood at ₹ 26,590 crore.

Just like handlooms sector, Handicrafts is also a non-farm labour intensive sector which contributes significantly towards J&K's GDP. The hand-made products are famous worldwide for their quality, art and exquisite design.

Products like carpets, fully-embroidered pashmina and kani shawls, crewel work, walnut and wood carving, *papier machie*, Khatamband ceiling, chain stitch etc hold sway in international and domestic market and amply reflect the skill of 3.5 lakhs craftsmen and artisans involved in the sector.

Major Handicrafts

<ul style="list-style-type: none"> • Sozni embroidery • Crewel embroidery • Papier Mache • Ari staple embroidery • Khatamband • Chain Stitch • Calico printing • Zari embroidery • Leather embroidery • Tilla embroidery • Paper Pulp/Sakhta • Chamba embroidery • Willow wicker • Tapestry • Wheat straw 	<ul style="list-style-type: none"> • Phoolkari • Namdah • Carpet weaving • Gabba making • Kani Shawl • Chickri wood • Pashmina weaving • Basohli painting • Wood carving • Bamboo work • Meenakari • Lathe-cum-lacquer • Toy & doll • Copperware
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It is worth mentioning that despite being highly unorganised, the Handicraft sector has contributed immensely towards J&K's GDP with exports in the last five years hovering between Rs. 1,000 to 1,500 cr on an annual basis. In 2018-19, the exports of handicraft goods from J&K stood at ₹ 917.66 crore.

However, with skilled craftsmen failing to pass on the baton to the next generation, in view of diminishing economic returns, the threat looms large over the sector's future unless effective steps are taken to revive the languishing crafts. The government intends to make craftsmen masters of their own destiny by freeing them from the clutches of money-lenders, middlemen and other exploiters who pull the strings and pocket huge profits at their expense.

There is a need to address large-scale gaps in fulfilling mandate of Government schemes in terms of infrastructure provision, access to credit, skills training and marketing. The lack of penetration by banks to boost rural economy, financial illiteracy and limited entrepreneurial skills of artisans/craftsmen are major regressive factors. A set of standards and benchmarks is to be put in place for quality assurance and marketing.

1. Vision

- The policy envisions to evolve a roadmap for sustainable development of wool and silk, handloom and handicraft sectors in Jammu and Kashmir, in view of the fact that this sector possesses an enormous potential for growth, export and wealth creation as also employment generation.
- This policy also envisions preserving the rare skill of craftsmen for posterity as well as socio-economic up-liftment of the craftsmen, wool farmers, artisans and weavers associated with the twin sector which will be possible with government handholding by providing weavers and artisans hassle-free access to working capital and market linkages, both within and outside the country.

2. Challenges faced by Wool Sector

- a. Poor economic conditions of woolgrowers who are largely illiterate.
- b. Lack of awareness about traditional management practices.
- c. Inadequate processing facilities.
- d. Inadequate marketing facilities and infrastructure.
- e. Dearth of technicians & trained manpower.
- f. Inadequate testing facilities and quality control measures.
- g. Lack of operational and technical benchmarks.
- h. Lack of research and development for value addition.

3. Challenges faced by Handlooms/Handicrafts sector

The Handicrafts and Handlooms sector faces the following challenges:

- a. Freeing weavers and artisans from the clutches of money-lenders and middlemen who operate freely and control the strings. These workers literally work as daily-rated workers where they sell their rare skills for peanuts. The big fish who operate through a network of middlemen and money lenders continue to profit while these workers toil to earn two proper meals a day.
- b. Lack of access to credit.
- c. Lack of access to social welfare schemes like health and life insurance.
- d. Lack of interest in the younger generation to sustain traditional craftsmanship.
- e. Absence of brand image/ G.I (Geographic Indication) certification.
- f. Product design and development not based on market needs.
- g. Less penetration in local/ domestic market. Handloom products have to compete with the fabrics produced in mills at much cheaper rates
- h. Stiff competition from machine-made products.
- i. Use of power loom a major threat to handloomsweaving.
- j. Inadequate outlets for marketing of handlooms/ handicrafts products.

4. Objectives

The policy intends to cover the below objectives of handlooms, handicrafts and wool sectors:

- a. To maximize net income of the wool industry of Jammu and Kashmir.
- b. To encourage setting up of wool and silk processing units in Jammu and Kashmir.
- c. To restructure the wool and silk sector to make it more viable and competitive.
- d. Under welfare measures, initiate a Handicrafts/ Handlooms census that registers all craftsmen so that a data-base of those associated with the trade is created. This database will pave way for multi-pronged strategy to help address issues of their socio-economic conditions, livelihood, demographic information.
- e. To increase exports of handicrafts/ handlooms products from Jammu and Kashmir by way of establishing Mega Craft Cities, one each in Jammu and Kashmir Division, under PPP/JV/SPVs/ Stand Alone models.
- f. To focus on welfare of the weavers and craftsmen of Jammu and Kashmir.
- g. To expose highly-skilled craftsmen/ weavers to new designs/ innovations by linking them to organizations like Craft and Carpet Development Institutes, Indian Institute of Handloom Technology and National Institute of Fashion Technology (NIFT). This will also help in

capacity building of craftsmen and weavers and inspire new-age entrepreneurs to join the sector.

- h. To generate greater foreign exchange by increasing share in exports.
- i. Creation of Craft Clusters and Common Facility and Design Centres.
- j. To provide institutional financial support for encouraging entrepreneurship skills and skills in craft production.
- k. Encouraging craft entrepreneurship & preservation of craft heritage.
- l. Giving handicrafts/ handloom status of MSME as has been done by states like Odisha.
- m. Marketing of hand-made/ woven products by offering a minimum support price (MSP).
- n. Convergence of schemes of various Ministries' for better on-ground implementation.

5. Validity of the policy

This policy will be valid for a period of 10 years from the date of issue of Notification.

6. Creating a robust eco-system to develop wool processing, handloom and handicrafts sectors in Jammu and Kashmir.

Jammu and Kashmir will adopt a Cluster-based approach in collaboration with allied Central Government departments to promote the handlooms and handicrafts sector. This shall help to connect backward (raw material banks) and forward linkages (marketing support) as well as easy access to credit through financial institutions to make the wool, handloom and handicrafts sector vibrant. Skill upgradation through established training institutes like Craft Design Institute, Indian Institute of Carpet Technology and Indian Institute of Handloom Technology will vastly improve the quality of handloom and handicrafts products and help in diversification of the traditional sector and scaling up exports.

7. Strategy

Presently, the Handlooms/ Handicrafts sector in Jammu and Kashmir is highly disaggregated. Efforts are required to consolidate policies in an attempt to evolve an integrated approach for development of this sector. While Ministry of Textiles, GoI, forms the core of the ecosystem of both handlooms/ handicrafts sector in the country, there is a need to converge other ministries including Ministry of MSME (Micro, Small & Medium Enterprises) in implementing schemes like SFURTI (Scheme of Funds for Regeneration of Traditional Industries), Ministry of Skill Development working through organisations like National Skills Development Corporation which promotes entrepreneurial training as well as Ministry of Rural Development working through National Rural Livelihood Mission.

The Handloom and Handicrafts Policy shall offer handholding in close coordination with the Centre's national Handicrafts Development Programme (NHDP) and National Handloom Development Programme, presently being implemented through Weavers Service Centres. Under these Programmes, schemes like Ambedkar Hastshilp Vikas Yojana, Block-level clusters, Concessional Credit, Human Resource Development, Marketing Support and services, Research and

Development, Design and Technology upgradation and handicrafts artisans comprehensive welfare have been extended for promotion and development of handicrafts sector in the country.

Apart from this, 'Make in India' campaign of the Department of Promotion for Industry & Internal Trade (DPIIT) has the potential to absorb craft in its mandate for scaling up investment and marketing for handlooms and handicrafts products. Following strategies will be followed in order to achieve the objectives:

- a. **Establishment of raw material banks and creation of revolving fund:** With the prime objective to make abundant quantity of certified and graded raw material available to the weavers and artisans in Jammu and Kashmir, raw material and yarn (wool and silk) banks shall be established and a revolving fund created for the artisan/ weaver community. In order to standardize/ certify raw material for carpets, the Government shall also set up testing labs for carpets in Jammu and Kashmir. Promoting wool and silk processing units in MSME sector shall go a long way in strengthening availability of raw material at affordable rates to the weavers and artisans. In absence of wool and silk processing units, J&K is forced to export over 90% of its raw wool and silk to other parts of the country. Besides raw material banks, the Government will also focus on creating common work sheds for pre-loom process to carry out warping, denting, drafting etc. The Government will also incentivize bulk purchase of raw material and reduce transportation cost.
- b. **Declaration of J&K as Special Economic Zone for wool and silk processing, handloom and handicrafts sector:** Government shall take steps to declare J&K as a Special Economic Zone (SEZ) as this will prove to be a game-changer since it will attract large-scale investment which, in turn, shall boost export earnings. The declaration of wool and silk processing, handlooms and handicrafts sector as SEZ shall entail various benefits including tax holidays and additional incentives. Some of the benefits envisaged under SEZ include income tax exemption, FDI influx of 100 per cent, services towards establishing off shore banking divisions, GST exemption and external commercial lending etc.
- c. **Revival of carpet industry:** Kashmiri carpets constitute 36 per cent of total handicrafts products exported outside the country. However, carpet industry faces stiff competition from other markets like Iran. The threat from machine-made carpets is also steadily eating into the share of hand-made Kashmir carpets in the international market. To revive the carpet industry, the Government aims to address core sectors like making of hand-made carpets, marketing, availability of finance and institutional support. Jammu and Kashmir shall, in collaboration with Ministry of MSME, replace all old and worn-out carpet looms under the Mega Carpet Cluster Development Scheme for Jammu and Kashmir. The modernization of looms shall expand further and boost export of carpets to known and new foreign destinations. The Government will also set up dyeing and washing units for carpet industry to enhance the quality of products and boost sales to overseas markets, where there is a huge demand for hand-made carpets. The focus will also be on creating a unique brand identity for Kashmir carpets under GI registration, establishment of testing labs. Down the line, GI labelling and certification shall be made for every handmade carpet.
- d. **Revival of Pashmina:** The Government will embark on aggressively marketing Jammu and Kashmir as a global leader in pashmina wool products. Under the programme, de-hairing and other ancillary machines shall be procured and installed. Pashmina wool, which is already registered under GI (Geographic Indication), can be a game changer for pashmina shawl in

international market as the demand for GI certified products shall weed out fakes being sold in the name of genuine pashmina shawls.

- e. **Weavers/ Artisans Census:** In order to facilitate and create sustainable economic development of handloom and handicrafts sector, a baseline survey of artisans, manufacturers and traders is required to be done so that up-to-date database is created. This exercise shall compliment the initiative taken by the Ministry of Textiles to enrol all handloom weavers and handicrafts artisans under PEHCHAN scheme, which envisages enrolment of all real and genuine artisans practising in the field of handicrafts. The data collected after census/ survey shall provide access to weavers and artisans to avail benefits through Mudra Loans, Bima Yojana, marketing support to participate in Gandhi Shilp Bazar, Dilli Haat, Master creation and Surajkund as also recognition through exemplary work in handicrafts sector. This shall also help in providing educational support to handicrafts artisans and weavers through IGNOU and NIOS.
- f. **Wool Marketing Scheme:** To give impetus to wool production in Jammu and Kashmir, the Government shall take steps in extending wool marketing scheme implemented by 'Central Wool Development Board'. Presently, there is no organised market of wool to offer minimum support price (MSP) to the wool producers. This scheme will support procurement of wool on remunerative prices by creation of a Revolving Fund for marketing of wool, e-portal for marketing/auction of wool, formation of wool producers' societies, financial assistance to strengthening infrastructure required for marketing of existing wool mandis/wool grading centres (storage halls, auction facility, testing platform etc.) with the help of Government organizations.
- g. **Wool Processing Scheme:** Since less than 1% of wool processing is being done presently in Jammu and Kashmir, the Government shall take steps to promote establishment of wool processing units in various Industrial Estates under the MSME sector. Besides, the schemes implemented by Central Wool Development Board shall be popularized as the wool industry largely suffers from inadequate and outdated processing facilities. The pre-loom and post-loom facilities are required to be modernized for ensuring quality finished products. With this objective, the scheme will provide support for establishing Common Facility Centres (CFCs) for different kinds of wool and silk processing facilities like- wool/ silk scouring, drying, carding dyeing, knitting, weaving, felting. This new separate programme would provide a comprehensive service package of all kinds of wool and silk processing facilities including machines sheep shearing to increase fibre length and wool quantity, quality parameters, testing equipment, computer-aided designing software etc. Establishing such plants/centres will increase wool processing capacity and bring more fruits of value addition to the Indian wool and silk industry and will also create greater employment opportunities. Financial assistance will also be provided for procurement and distribution of wool product manufacturing small tools like knitting machine, spinning charkhas etc. to the artisans and weavers.

Further, to increase processing capabilities, GoJK in coordination with animal husbandry department shall establish new wool processing unit in Jammu/ Kashmir and strengthen existing wool processing unit in Kashmir, GoJK shall provide end to end financial support right from procurement of wool to finishing of the end product. GoJK shall put aside an amount of Rs 157 crore (one time financial support) which shall strengthen Jammu and Kashmir sheep and sheep products development board, Jammu Kashmir Industries (JKI) to process 20 Lakh Kgs of raw

wool annually. This shall serve as a model for investors to replicate and increase the processing capabilities of Jammu and Kashmir.

- h. **Silk processing:** Amongst the handloom and handicrafts products exported to overseas markets, silk carpet at 32-35% remains the major exporting product. However, the rate competitiveness of silk carpets gets adversely affected due to import of spun silk, mostly from China and Karnataka. Ironically, J&K exports silk cocoons to the tune of 900 MT. Only 90 MT cocoons are consumed by local units within J&K which are used for manufacture of yarn and silk fabric. The Government shall promote setting up of silk processing units under 'Thrust Area' of the Jammu and Kashmir Industrial Promotion Policy 2020 which will curb the export of silk cocoons from JK to other states of the country. The silk processing units shall fall within MSME sector and comprise silk reeling, silk filature and processing of yarn etc. The silk waste so generated shall be utilized locally for manufacture of spun silk yarn, which is the main raw material for carpet industry. The availability of spun silk locally shall give a huge fillip to export of silk carpets which have great demand in overseas markets.
- i. **Human Resource Development & Promotional Activities(HRD) for Wool:** Wool sector is basically unorganized and labour oriented sector. In the wool sector the persons associated with the sector are mostly illiterate, landless, belongs to backward class and weaker section of community. The rearing practice of wool producing animals is still very old. The breeders need to teach scientific sheep rearing aspects to increase the productivity. GoJK shall identify some areas for undertaking training programmes in collaboration with various reputed organisations/ institutions/ departments like farm management for sheep, Pashmina rearing, sheep shearing by machines, quality control, wool grading and marketing, primary processing of wool and woollen products, latest weaving and designing techniques to woollen artisans/weavers, artificial insemination. Apart from it, GoJK shall support in carrying out R&D activities for certification, labelling, branding of wool, development of diversified products, development of new process/ products, modification of process/ machines. GoJK shall also support in organising seminars, workshops, exhibitions and support in wider publicity too.
- j. **Social Security Scheme for Insurance of Sheep Breeders:** GoJK shall take steps to extend this scheme being implemented by 'Central Wool Development Board' in order to encourage wool growers of Jammu and Kashmir. Under Social Security Scheme for insurance of sheep breeders, the Life Insurance Corporation (LIC) will implement Sheep Breeders Insurance Scheme (Bhed Palak Bima Yojana) under Social Security Pradhan Mantri Jeevan Jyoti Bima Yojana (SSPMJJBY) having age group of 18 to 50 years.
- k. **Mapping of artisans/ weavers working for manufacturer exporters:** The artisans/weavers who are working for the manufacturer exporters shall be mapped which shall make them eligible for various welfare schemes, including insurance scheme being implemented by the Labour & Employment Department. Further, it is proposed that Government shall provide 2% additional bonus as incentive to the manufacturer exporters on the realization of export earnings, in case of those who get their artisans mapped. This bonus shall be equally divided amongst the mapped/ associated artisans/ weavers who work for manufacturer exporters as a 'welfare incentive'.
- l. **Craft Village Scheme:** In order to promote naturally-existing clusters in geographical homogenous areas, the Government will encourage artisans/ weavers to register under

Ambedkar Hastshilp Vikas Yojana, being implemented by the Ministry of Textiles, GoI. Some of these natural clusters that shall be taken up under Craft Village scheme include:

- i. Goom Ahmedpura Village(Baramulla)- Carpet
- ii. Paddar Village(Kishtwar)- Lois
- iii. Safakadal (Srinagar)- Khatamband ceiling and wood-carving
- iv. Hakeem gund/ Shalbugh Village(Ganderbal)- Willow Wicker
- v. Basohli (Kathua)- Paintings

Craft villages shall be set up under initiative of linking 'heritage' products with Tourism sector and involve activities like common infrastructure, building for common facilities, building for weaving blocks, machinery and equipment, margin money and project management costs. The project may undertake skill upgradation programmes and engagement of designers etc, preferably on need basis. The land for establishing common facilities shall be provided by the Government.

Nearly 250 artisans/ weavers in each village shall directly benefit from the Craft Village scheme.

- m. **Restructuring of training programmes:** The handloom and handicrafts sector is grappling with the huge challenge of reviving languishing crafts. In some of the crafts, virtually the last generation of artisans/weavers can be seen working. The Government has recognized the need to revive the languishing crafts by re-structuring its training programmes so as to provide impetus to this sector. In order to save the rare crafts from extinction, a 'Karkhandar Scheme' for handicrafts/handlooms sector has been formulated, details of which are attached at **Annexure A**. The scheme will be taken up on pilot basis in the following districts:

- i. Kathua- Basohli Painting
- ii. Kathua- Pashmina Shawl Weaving
- iii. Baramulla- Carpet
- iv. Budgam- Kani shawl
- v. Budgam- Sozni
- vi. Srinagar- Papier Machie
- vii. Srinagar- Wood Carving
- viii. Pulwama- Tweed
- ix. Anantnag- Crewel

- n. **One District One Craft Scheme:** Jammu and Kashmir shall also promote 'One district one Craft' Scheme through convergence under various schemes including SFURTI being implemented by Ministry of MSME through Khadi Village Industries Board (KVIB). This shall promote establishment of common facility centres for various craft clusters in Papier Machie in downtown Srinagar, carpet weaving in Budgam and Baramulla, crewel work in Anantnag, Pashmina weaving in Basohli, Khatamband ceiling and wood carving in Safakadal Srinagar and hand-woven blankets (Lois) in Kishtwar.

SFURTI snapshot:

Description	Main objectives:
	<ul style="list-style-type: none"> To organize the traditional industries and artisans into clusters in order to make them, competitive and provide support for their long term sustainability

	<ul style="list-style-type: none"> To provide sustained employment for traditional industry artisans and rural entrepreneurs To enhance marketability of products of such clusters by providing support for new products, design intervention and improved packaging and also the improvement of marketing Infrastructure To equip traditional artisans of the associated clusters with the improved skills and capabilities through training and exposure visits To make provision for common facilities and improved tools and equipments for artisans To strengthen the cluster governance systems with the active participation of the stakeholders, so that they are able to gauge the emerging challenges and opportunities and respond to them in a coherent manner To build up innovative and traditional skills, improved technologies, advanced processes, market intelligence and new models of public-private partnerships, so as to gradually replicate similar models of cluster- based regenerated traditional industries
Nature of Assistance	<p>The Scheme would cover three types of interventions namely: 'Soft Interventions', 'Hard Interventions' and 'Thematic Interventions'. The project outlay for various clusters for J&K is as follows: Heritage cluster (500-1250 artisans *): ₹ 8 cr; Major cluster (250-500 artisans *): ₹ 3 cr; Mini cluster (Up to 250 artisans*): ₹ 1.5 cr.</p> <ul style="list-style-type: none"> Soft Interventions: A maximum ceiling of ₹ 25.00 lakhs (100% scheme funding) Hard Interventions: As per project requirement (75% scheme funding) <p>Cost of Technical Agency is calculated at 8 % of Soft and Hard Interventions (100% scheme funding). Cost of Implementing Agency/ Cluster Executive is fixed at a ceiling of ₹ 20.00 lakhs (100% scheme funding).</p>
Who can apply	Non-Government Organizations (NGOs), Institutions of the Central and State Governments and, Semi-Government institutions, field functionaries of State and Central Govt., Panchayati Raj institutions (PRIs), and similar agencies, with suitable expertise to undertake cluster development.
How to apply?	The above eligible agency/organization has to submit the proposal to the State/UT Office, KVIC and the proposed is to be scrutinized at State Level and Zonal Level before being submitted onwards to the Scheme Steering Committee for approval.

- o. **Skill Development and Capacity Building of artisans/ craftsmen:** Capacity building is the basic requirement for sustenance of any art or craft. The present system of imparting training through various modes like institutional training programmes, advanced training programmes, skill development training programmes shall be strengthened to create a new generation of crafts persons and artisans.

The Scheme shall resemble Samarth which is a Central flagship skill development scheme for capacity building in textile sector. The scheme shall address the issue of shortage of skilled workers and provide many opportunities to unemployed youth to take up jobs on offer. The objective of the scheme is to provide demand-driven placement oriented skilling programme to incentivize the efforts of creating jobs in Textiles sector. The scheme aims to target 10 lakh youth across the country over a 3 year period with an estimated budget of Rs.1300 crore and has invited the participation of Textiles Industry/ Associations registered under Central or State Government/ Chambers of Commerce or Central or State Government.

- p. **Welfare of craftsmen, artisans and weavers:** Welfare and social security of the artisans is most vital for sustenance of traditional craft and weaving sector. The Government shall cover craftsmen, artisans and weavers of Jammu and Kashmir with various social security measures such

as life insurance, health insurance, providing better environment for working and scholarship for their children.

q. **Design innovation:** The Government shall also support institutes like CDI and IICT to create new pool of talent by offering various specialized craft courses. CDI and IICT shall also promote design innovation, grading and packaging which shall in the long run build brand image of handloom/ handicrafts sector. The Government will also make School of Design in the Handicrafts Department a vibrant centre for design innovation, research and development. The focus will be on creating new prototypes in tune with market-demand.

r. **Promoting vintage packaging for handicrafts item:** Packaging of hand-made products is a major determinant to attract customers. The buying behaviour is largely affected by packaging, which is the first step towards proper branding of the product. The Government shall rope in Indian Institute of Packaging to import best practices in innovative packaging of hand-made products from carpets, shawls, papier machie, khatamband ceiling. Attractive and innovative packaging of hand-made items from Jammu and Kashmir shall facilitate transportation to distant destinations like United States and Europe. Moreover, it shall help promote brand image of 'Made in Jammu and Kashmir' at both national and international level. The Government shall also promote establishment of packaging units under MSME which shall be eligible for all incentives under the Jammu and Kashmir Industrial Promotion Policy 2020.

s. **Quality Control:** In order to break the nexus of selling machine-made items in the name of genuine hand-made handloom and handicraft products, the Government will put in place a robust quality control mechanism in Jammu and Kashmir. Testing labs shall be established which shall certify the quality standards as there are regular complaints of machine-made items being passed off as genuine hand-machine products. Quality checking in retail markets will be initiated through the Quality Control Division of the Handicrafts Department and efforts will be made to provide clean labelling mechanism indicating therein that the product has passed all parameters of quality assurance. This will regain customer confidence and improve exports to international markets.

t. **Establishment of Urban & Rural Haats:** In order to provide a regular marketing platform and tap the tourist potential, Jammu & Kashmir envisages establishment of Urban and Rural Haats in all the districts for round-the-year exhibitions. These Haats will house 40-50 stalls where the craft-persons and weavers will sell their items directly to the buyers. The Haats will have suitable structure for cultural programmes and performing arts.

The Government shall also promote direct interface amongst weavers, craftsmen and their buyers. Moreover, a Fixed Calendar for holding exhibitions within J&K shall be framed that shall help to display the exquisite handloom and handicrafts products.

u. **Craft Museums and Emporia:** The Government will focus on archiving legacy of handlooms and handicrafts products by setting up Craft Museums and Emporia. This shall help in procuring and selling quality handicrafts and handloom products and to develop market linkages for handicrafts and handloom products in India and abroad. The Government will put in place a system for regular quality assessment of yarns, dyeing, finishing and packaging to create a permanent space in national and international markets.

- v. **Setting up Off-farm Producing Organisations:** The Government shall provide handholding support by encouraging setting up off-farm producing organisations (OFPO) in natural clusters which shall help artisans and weavers achieve more than they could individually. The collective production and marketing shall fetch better price for their products. The setting up of OFPOs shall be a shot in the arm for revival of carpet clusters in particular as they shall be able to access financial support from NABARD in off-farm sectors. OFPOs shall also prove to be beneficial to handloom sector as it will provide an opportunity to the handloom weavers to adopt company model which will cater to all three segments of their businesses which include procurement of raw material, weaving and marketing.

To begin with, the Government will establish at least one OFPO in each district along with CFC and modern infrastructure along with allied facilities/ services under one roof. The OFPO shall be run by the stakeholders themselves with financial support from primal lending agencies like NABARD.

- w. **Ensuring availability of Government land at concessional rates:** Government will declare Wool processing, Handloom and Handicrafts sector as a 'Major Thrust Area'. All prospective entrepreneurs who are desirous to set up their units on Government land shall be entitled to all benefits/ incentives under the Jammu & Kashmir Industrial Promotion Policy 2020. Government of Jammu and Kashmir intends to set up Wool and Craft Parks, on the analogy of Food, Pharma and IT parks, to promote the wool processing, handloom and handicrafts sector. This will provide an opportunity to craft entrepreneurs/ weavers to set up their start-up ventures to be run on a self-sustainable basis.

- x. **Establishment of Craft City under PPP Mode:** To catapult J&K's unique crafts on the international scene, the Wool Processing, Handloom & Handicrafts Policy envisages establishment of Craft Cities, one each in Jammu & Kashmir Division, which will pave way for bringing various languishing crafts, having huge export potential, within the organized sector. The proposed Craft City will focus on end-to-end linkages right from establishment of raw material banks to inland container depots for export of finished products. This will be a win-win-situation for all stakeholders as it targets doubling the export of products from J&K from an average of Rs.1300 cr to Rs. 2,500 cr in Handicrafts and sector and Rs. 200 crore to Rs. 400 cr in Handloom sector over the next 10 years. While land, which will be made available out of the Land Bank being created by the Government for future investments, will be the equity of the GoJK, the investor (in JV, SPV or stand-alone basis) will be eligible for all incentives reflected in the Jammu and Kashmir Industrial Promotion Policy 2020. The investor will be selected through the process of competitive bidding as per the terms and conditions mentioned in the GoJK's Industrial Policy. This initiative will also provide a level playing field to the artisans/ craftsmen/ weavers as they will, besides getting huge spike in wages, have access to common facilities like schools, healthcare centres, banks etc. The Craft City also envisages creation of common facility centres like Expo Marts/ Haats, Packaging industry, GI tagging/ brand building etc. The GoJK will offer around 125 acres of land each out of the available Land Bank in Jammu & Kashmir Divisions as equity on which interested private investor will establish Craft City on PPP Mode. The contours of the PPP will be jointly worked out by GoJK and the prospective investor(s). To launch the project, the parties in PPP may engage a consultant for preparation of a Detailed Project Report (DPR) clearly indicating the Terms of Reference of the project between the two parties and the source and scope of funding.

While the DPR will clearly define the architectural design of the proposed Craft Cities, the focus will be on developing the cities keeping in view the local architectural facades and heritage in mind.

- i. As many as 50 acres of land will be reserved for establishing cottages in different crafts like shawl (pashmina and kani) weaving, wood/walnut carving, carpet weaving, tweed, linen and cottonweaving, copperware, papier machie, crewel and sozni embroidery works etc.
 - ii. Around 37 acres of land will be set aside for creation of facilities like Craft Haats, Art Galleries, Craft Development Institutes, GI tagging/branding, Testing Labs, Craft Museums, schools, primary health centres, banks, shopping malls, raw material banks, inland containerdepots, residential quarters, small packaging units, recreational parks etc.
 - iii. The rest of the 37 acres of land will meet the requirement of roads, water, streetlights, boundary walls and maintenance of green zones. The PPP will largely aim at an incubation period of 3-5 years. The GoJK and the prospective investor will mutually agree to settle the terms and conditions related to the ToR of the PP partnership.
 - iv. The department of Handloom and the Department of Handicrafts will jointly act as 'Facilitator' in coordination with Directorate of Industries & Commerce to earmark required land for the investor(s).
 - v. If the selected investor fails to complete the project within the timelines, the GoJK reserves the right to cancel the PPP abinitio.
- y. **G.I registration/ certification:** Cooperative Societies/Self-reliant and registered craftsmen will be encouraged to obtain GI certification for branding of their products. In order to encourage brand promotion, the Government proposes to provide 100 per cent reimbursement on cost of obtaining GI certification. Craft Development Institute and IICT will be the Nodal Agencies to facilitate registered societies for obtaining GI registration. This will help in building brand image of handloom and handicraft products of Jammu and Kashmir. Further, strict laws have to be made specifying the quantum of punishment to anyone selling fake products and giving bad name to the industry. GI registration shall also help in identifying fake products that are sold in the garb of original products, thus delivering a huge blow to reputation of genuine hand-made products of Jammu and Kashmir.
- z. **Craft Tourism:** Government of Jammu and Kashmir shall establish craft showrooms and marts at popular tourist and pilgrim destinations like Katra, Gulmarg, Patnitop, Pahalgam, Bhaderwah and Sonamarg as well as other resorts. This shall help the weavers and craftsmen to sell their products directly to the tourists who flock Jammu and Kashmir in large numbers.

8. Incentives for Wool processing units

- i. All incentives under Jammu and Kashmir Industrial Promotion Policy 2020 will be applicable to wool processing units.

- ii. All other incentives implemented under Ministry of Textiles, GoI, applicable for Wool sector will be extended along with any other incentives being provided by centre or MSME ministry, GoI.

9. Fiscal incentives for Handicrafts sector

- I. All incentives under Jammu and Kashmir Industrial Promotion Policy 2020 will be applicable to craft entrepreneurs who intend to set up their units in organized sector.
- II. One-time working capital subsidy to the extent of 10% of the working capital for one year not exceeding Rs. 5.00 lakh shall be given to eligible units utilizing local resources for production and marketing of handicrafts' products. Export subsidy to the extent of 10% of the total volume of handicrafts' products will also be given to such units.
- III. To promote and develop handicrafts sector, Government will provide 50% marketing support for registration of crafts on e-platforms like Amazon, Flipkart, Myntra etc.
- IV. G.I certified unit-holders shall be offered a minimum support price by Jammu and Kashmir Handicrafts(S&E) Corporation for sale of their products. Furthermore, rent-free stalls subject to maximum 500 stalls per year and maximum reimbursement of Rs. 10,000 per stall and all their travel expenses and freight charges subject to maximum 4000 persons per year with maximum reimbursement upto Rs. 10,000 per person for participation in UT and national-level exhibitions shall be borne by the Government.
- V. Under the Artisan Credit Scheme, Government will increase the existing loan amount from Rs. 1 lakh to Rs. 2 lakh with interest subvention of 10 % for a period of 5 years.
- VI. Under the Managerial Subsidy, GoJK will increase the financial support from existing Rs. 19,104 to Rs. 1.00 lakh over a period of 3 years in the ratio of 50:25:25 which will provide a level playing field to the registered societies and make them self-reliant.
- VII. Under training programmes stipend scheme, the stipend for advance training shall be increased from Rs. 700 per month to Rs. 1500 per month and for elementary training stipend, the stipend shall be increased from Rs 500 to Rs. 1000. Further, the present intake capacity set by the department is 25 which will be reduced to 20 trainees per training centre. In the long-term, the Government shall restructure training centres and upgrade them to the status of Craft Training & Design Centres that shall train new-age craftsmen and expose them to new designs on the anvil.
- VIII. Under award scheme for hand-made products, GoJK will broaden the scope of existing scheme and confer awards in the following categories:
 - a) Textile Category- It will comprise Carpets and Shawls.
 - b) Non-textile Category-It will comprise papier machie, Basholi paintings, wood carving etc.
- IX. A designated Jammu Haat on the lines of Kashmir Haat shall be established which shall function round-the-year
- X. Financial institutions like J&K Bank, SIDBI shall be involved in credit lending to support growth of this vital sector of Jammu and Kashmir's economy.

10. Fiscal Incentives for Handloom Sector

- I. All incentives under Jammu and Kashmir Industrial Promotion Policy 2020 will be applicable to craft entrepreneurs/ weavers of handloom sector who intend to set up their units.
- II. One-time working capital subsidy to the extent of 10% of the working capital for one year not exceeding Rs. 5.00 lakh shall be given to eligible units utilizing local resources for production and marketing of handloom products. Export subsidy to the extent of 10% of the total volume of handloom products will also be given to such units.
- III. Under micro credit plan scheme, Government shall increase amount of loan from existing Rs 1.00 lakh to Rs 2.00 lakh with interest subvention of 10 % for a period of 5 years.
- IV. Under package of handloom units' scheme, Government will increase the interest subvention from 3% to 5% on working capital.
- V. Under Education scheme, Government will revise scholarships as under:
 - a) Upto primary education - Rs.1500 per student per year for boys and girls of weavers.
 - b) From 6th to 10th Class-Rs 2000 per student per year for boys and girls of the weavers.
 - c) From 11th to 12th Class-As per actual fees of Government Higher Secondary School.
 - d) For Technical/ Professional-As per actual course fee fixed by the Government.
- VI. To promote and develop handloomsector, Government will be providing marketing support for registration of crafts on e-platforms websites like flipkart, amazon and cost of doing the same will be share on 50:50 basis between weavers and govt.
- VII. Financial institutions like J&K Bank, SIDBI shall be involved in credit lending to support growth of this vital sector of Jammu and Kashmir's economy.
- VIII. Similarly, on the lines of award scheme instituted in the Handicraft Department, the Government shall consider State Award to Handloom weavers for their excellence in weaving carrying a cash award of Rs 50,000 for 1st prize, Rs 30,000 for 2nd prize and Rs 20,000 for 3rd prize.

A. MSME and other relevant schemes of Government of India.

All MSME schemes and other relevant schemes of Government of India related to the handloom and handicrafts sectors shall be applicable as per Government of India guidelines mentioned in the schemes.

B. Other Incentives

All relevant SROs of Finance Department will be applicable to handloom/ handicrafts sector which are reserved for industrial units.

11. Facilitation Cell

- I. Handloom Development Department and Department of Handicrafts will participate in roadshows/ investors' meet/exhibitions across the country to promote famed hand-made and woven products. Similarly, awareness program and camps shall be organized to highlight the schemes and potential of handloom and handicrafts in Jammu and Kashmir.
- II. Single Window Clearance and Ease of Doing Business shall be adopted to attract investment in the sector.

12. **Project Approval and implementation Committee**

A committee headed by Administrative Secretary and members of concerned stakeholder departments will be constituted to facilitate approval of all prospective projects and to take up all the queries by entrepreneurs/ investors.

13. **Nodal agency**

For handloom and handicraft's sectors, respective Directors of both the Departments shall be the Nodal Officers. Similarly, Director Sheep Husbandry(Jammu/Kashmir) shall be the Nodal Officers for wool processing sector. They will facilitate clearances in a time-bound manner to pave way for disbursement of incentives.

14. **Miscellaneous/ General Provisions:**

- I. The GoJK may amend any provision or proviso of this policy any time.
- II. A special Package of Incentives over and above what has been enumerated in this policy document may be considered for new projects/ schemes on a case-to-case basis taking into benefits of the J&K.
- III. In case of any dispute relating to any provision of the policy or any doubt regarding the interpretation of any term, the matter will be referred to the Administrative Department, Government of Jammu and Kashmir for clarification/ resolution and the decision of Government in this regard will be final and binding on all concerned.
- IV. No right or claim for any incentive under this policy will be deemed to have been conferred merely on the ground of provision in this policy.
- V. Implementation of various provisions covering the incentives, concessions will be subject to the issue of detailed guidelines and concurrent notifications, wherever necessary in respect of each item by concerned administrative department.

Annexure A

Adoption of Karkhandar Scheme as a follow-up programme for passed out trainees.

The Craft Sector of the U.T is presently confronted with innumerable challenges and threats. The Artisans who form the backbone of the Sector work in an exploitative chain of business leading them to vicious cycle of poverty and pessimism. A huge number of artisans (mostly the male folk) are forced to abandon the craft activity due to low wage earnings and poor socio-economic status.

In order to upscale the learning techniques and to improve their wage earnings there is more of a need to lead the artisans into collectivization and create linkages with producer organizations on a pilot project basis.

It is envisaged that such an arrangement can emerge as one of the most effective pathways to address the challenges being faced by the artisan community by exposing the pass out trainees to improved productivity procedures adopted by producer groups that can lead them to better productivity and leverage their collective skill upgradation which can help in promoting sustainable livelihoods as the artisans can gain direct access to customized production, new design development, technology related modifications and above all can have the pulse of market demands.

The intervention plan for collaborative system could be as follow:

A.	Name of the Scheme	Karkhandar Scheme for Development of Craft Sector.
B.	Target Groups	Pass-out meritorious trainees from training centres run by Directorate of Handicrafts
C.	Intake capacity for a Karkhana depending upon the space/ accommodation available.	Minimum of five trainees for a small karkhana and maximum of 10 trainees for a big karkhana
D.	Duration of probationary period/ up-scaled practical training	06 months
E.	Rate of stipend per trainee/ per month	Rs. 2000/- (Rs. 1000/- shall be paid in cash through individual bank account and rest of the amount shall be disbursed on the successful completion of probation/ practical training session. The Karkhandar shall also pay to probationers either as per their productivity during the period or in lump sum as per agreed terms and conditions.)
F.	Logistic Charges/ Honorarium to Trainer / Karkhandar	Rs. 1000/- per trainee per month

Methodology:

- i) Identification of such Karkhans/ Karkhandars who are willing to enroll ex-trainees/ pass-out trainees in his/ her karkhana.
- ii) All necessary logistics in the shape of tools, equipments, looms, raw-material, space etc shall be provided by the Karkhandar. The Karkhandar shall put the trainees on the job on the products of his own making.
- iii) The honorarium to Karkhandars shall be disbursed only after assessing that the desired level of skills is achieved by the trainee and trainees shall be evaluated through an approved qualifying framework devised for skill upgradation level.