

State of Economy: Jammu and Kashmir

Current scenario, Crisis deepening, Point of no return

- Areas dealing with Social Sciences:
- Islamic Studies: For instance- Radicalization, Islam one faith- no fundamental/radical, no moderate...
 - * Secular Perception :
 - * Place of Violence:
 - * Islam and Resources
 - * Governance: place of crimes, crime institutions,
 - * Issues and Problems in Contemporary Systems of OIC countries.
 - * Social Structures and Family Institutions.

Agrarian Economy: Structural Change

Shrinking economy

- Primary Sector
- Agrarian economy in historical perspective
- Agriculture was primitive with irrigation system in place during Hindu period. Sultanate established by Shahmeer in 1339 after Kotarani was defeated at Inderkote(Safapore) and Shahmeers ruled for 222 years, up to 1561 AD.
- Agriculture predominant sector. Production had declined during oppressive Hindu rule, oppressive tax system, population left villages, depopulated. Shahmeer abolished oppressive taxes, imposed 1/6 of produce tax, thus villages were repopulated with passage of time. During Sultanate period Budshah (1420-1470) is a golden era, built canals, improved old ones production increased- kharif crops and rabi crops flourished.
- Land classification: 1. Abi (irrigated) 2 Lalmi arid land 3Bagh (orchard) 4 Marg Meadows-grazing 5 floating gardens Vegetables
- Mughal Period: land about 41000 sq kanals and 10 thousand for agri. One-fourth production 0.95 lac tons food self sufficient and under saffrom 4527 acres 1887-93
- Sikh and Dogra rule: Oppression reemerges, peasants left with subsistence, social and economic exploitation, Wingate and Lawrance settlements, Freedom struggle,
- Emancipation programme 1948-49, Naya Kashmir Manefesto
- Big Landed Estates Abolition Act, 1949-50, Debt Relief Act, 1948

- Big Landed Estates Abolition Act- 1949-50
- 9000 Jagirs abolished, 4.5 lac acres of land given to landless.

Principal features of land redistribution

- Land ceiling on the lower side
- Orchards exempted from ceiling laws
- No compensation to erstwhile landlords

Structural change over the period

- 1948-49 average size of holding 1.7 ha
- 1961 -do- 1.2 ha
- 1971 -do- 0.93 ha
- 1992 -do- 0.83 ha
- 2006 -do- 0.65 ha
- 2011 -do- 0.62
- Marginal holdings = 83% and area 47 %
- Less than 0.5 ha holdings = 63 %
- Less than 0.5 ha area = 21 %
- Less than 1 ha holding =44.28 %
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Sub-marginal holdings on rise

- Marginal holdings less than 1 ha 1971: 72.82%
Area operated: 32.12ha%
- 2006 holdings % 81.50
- Area operated % 25.7
- No. of holdings in 1971 9.79 lac
- No of holdings in 2006 13.78 lac
- Area operated 1971 9.16 lac ha
- Area operated 2006 9.23
- 91% holdings less than 0.5 ha in Kashmir alone(2005) and 83 percent in 2011

Distress sale of land

- In valley alone 90 % holdings less than 0.15 ha size. Distress sale of land-phenomenon
- Net area sown 614 thousand ha in 1955-56
- -do- 731 -do- 2010-11
- Rate of growth p.a public investment in irrigation 400 % (1951 – 2013-14)
- Rate of growth irrigation capacity building 1.33 %
- Inverse correlation

Irrigation capacity building

- Irrigated acreage 1950-51 2.61 lac ha
- Irrigated acreage 2015-16 3.24 lac ha
- Food production- 1964-65 9.82 lac tons
- Food production- 2010-11 17.41 lac tons
- Food-grains in valley 1964-65= 4.95 lac T 2015-16 = 3.86Lac tons
- Stagnancy of agriculture
- Dev Rev Committee report finding in 1976
- (“no correlation between factor input and product output in J&K agriculture”)
- (“ Despite massive inputs, irrigation, NPK, mechanical inputs there does not appear any correlation between production and factor inputs- 1976-77 to 2013-14” N.Ali)
- The situation today is the same after 35 years of development.

Production and yields

- Production trends declining.
- 9.57 lac tones foodgrains production in 1964-65
- 17 lac tons in 2016-17 Stagnant growth (1.5 %)
- Kashmir region 4.4 lac tons and Jammu region 10.7 lac tons
- Average yield of major foodgrains 13.4 qts p/h 1964-65, rice 18.97, maize 15.11 and wheat 6.45
- Average yield of major foodgrains 14.9 qts p/h and in case of rice 19.28, wheat 10.03 and maize 15.66 qts p/h,

Regional difference

- Year food-grains prod Kmr Jmu
- 1964-65 9.82 la tons 4.94 4.54
- 1980-81 13.06 “
- 2000-01 11.19 “
- 2010-11 15.21 “
- 2016-17 17.40 “ 10.48 11.96

Productivity

- Major food cereals Qts/ha

Rice	Qts/ha	Kmr	Jmu
• 1964-65	18.97	10.57	11.35
• 1980-81	20.65	14.28	14.77
• 2000-01	17.02	16.72	17.39
• 2017-18	17.90	17.64	16.18

Productivity R+W+M mean

- | | Food-grains | Kmr | Jmu |
|-----------|-------------|-------|-------|
| • 1964-65 | 10.17 | 13.10 | 11.35 |
| • 1980-81 | 12.97 | 14.28 | 14.77 |
| • 2000-01 | 12.75 | 11.58 | 14.09 |
| • 2017-18 | 16.13 | 17.63 | 17.90 |

INPUTS

- NPK 1971 5.4 lac Kgs
- 2000-01 46.58 lac Kgs
- 2017-18 137 lac kgs

- Mechanical inputs
- 1970-71 710 Nos
- 2000-01 8366 “
- 2017-18 31000 “

Agricultural commercialization

- Orchards
- Total area 3.77 lac ha fresh fruit 2.46, dry 96000 ha Jmu
- Production 18 lac tons, fresh fruit 15 lac tons
- Did not emerge complimentary industry
- Declining share in GSDP
- Agriculture 1947-48 79 percent
- 1960-61 56 percent
- 1980-81 47.40 percent
- 2000-01 32.98
- 2016-17 21.18
- Crop sector alone around 6-8 percent

Horticulture

- Production
- Walnuts 1 lac tons to 1.87 lac tons
- Almonds 13 thousand tons to 10 thousand tons
- Total dry fruit 1.33 lac tons o 1.54 lac tons during 2004-20015
- 2017 production up 2.48 lac tons
- Export 20 tons in 2001, 261 tons2006, 117 tons 2017

Govt policy & programmes not visible

- Recent initiatives.
- Seed management-SRR
- Macro management of agriculture

Integrated cereal dev prog, wheat, pulses, promotion of agricultural mechanization, national watershed development project, soil conservation, flood prone river projects, state land use board, technology mission, saffron and mushroom mission, oilseed, maize, Rashtrya Krishi Vikas Yojana

Future

- DAIRY, POULTRY, SHEEP BREEDING, R&D IN HORTICULTURE, PASTURE, FOOTHILL LANDS, AEROMATIC CROPS AND HERBAL FARMING, EG, NONI EXPERIMENT
- PUBLIC COMMITMENT
- GOVERNMENT EFFECTIVE ENFORCEMENT

J&K Economy: Industrial Sector/Secondary Sector- Industralization

- *State industrial economy: Landlocked, remote, terrain inherent bottlenecks
- Large and medium industries- mostly PSUs/PSEs
- A. J&K Minerals-incorporated in 1960, main purpose mineral extraction, coal(Kalakot,Rajouri),Gypsum (Assar,Doda,Rambn),Lime Stone Quarry (Khrew,Pampore), Sapphire (Paddar, Kishtwar) coal mines generate about Rs 10 Cr at present, Gypsum Rs. 8 Cr, Sapphire less than Rs1 Cr

JK Cements

- Owned by Govt in 1974, plant 600 Tons p/d started commercial production in 1982. lates production 1 lac tons with revenue of Rs 81 cr with installed capacity of 5 lac mt, ie, 19 %. Working on loss of Rs.31 Cr p/a (2017)
- JK Industries ltd: Incorporated in 1963 initially with 15 industrial units registered for manufacturing of textile, resin, leather goods, woolen babrics, wooden goods. 9 units stand closed, 2 are non-functional & 4 are functional. Provides employment to 926 including 450 people from state Govt on deputation.
- In 2001 it produced goods worth Rs 21 Cr with sale of Rs.5.8 Cr and now production reduced to Rs 6.37 cr and sale of Rs 11 cr.
- Total losses of JKI 2001 Rs 21.8 cr, Rs21.65 cr in 2012, Rs. 13.86 cr in 2017

JK Handloom Dev Corporation

- Estab in 1982 to assist SSI units in handloom sector. Corp made some breakthrough in creating 275 design as Royal Pashmina Shawl, 600 documented design, 622 RPM shawls showcased at int exhibitions. Kani shawl revival initiated, Also aims at revival of Silk industry
- Sale turnover, Rs 9.2 cr in 2013 Rs 10 cr 2017
- Handicraft Dev Corp: Sale turnover in 1002 Rs 6.6 cr and about Rs.14 cr in 2017

JK Small Scale Industrial Dev Corp: SICOP

- Created to provide marketing support to SSIs. It developed 9 industrial estates spread over 4617 Kanals. It has 1209 SSIs in iron& steel, wood, plastic, Ferrous & non ferrous, food textiles, cement etc. Its total turnover in 2001 Rs.88 cr Rs. 479 cr in 2017. Untill 2002 it was on annual loss and now about Rs. 7 cr profit
- SSI Units: 198081 no. 42000 Emp 43000
- 2001-02 no. 42000 Emp 1.87 lac
- 2015-16 no. 58600 Emp 2.83

Traditional Handicraft Sector

- Historically branded: Taxonomy
- Shawls- varieties
- Carpets- varieties
- Crewel
- Chain-stitch
- Wood-carving
- Metal carving/work
- Willow Wicker making
- Namda/Gaba making
- Paper mashie
- Total production in the sector increased from Rs. 20 crore in 1974 to Rs. 2234 crore and employment from 80 thousand to 3.5 lac in 2015-16

Industrial policy

- Industrial policy-2004 and 2016
- Incentive based- central incentive, state incentive
- Central package incentive-2002 till 2012
- State on subsidy, promotion facilitation
- 100% subsidy DGS, project report, quality testing, 75% on R&D, 35 on working capital, 5% rebate on term loan of technocrats, land on lease, power incentives, tax exemption

Central incentives

- 15% subsidy on capital investment
- 3% on working capital
- 100 % insurance cover
- 90 % transport subsidy
- Fiscal incentives-100 % excise refund, income tax exemption

Industrial estates

- Directorate of industries
- J&K SIDCO
- J&K SICOP
- 50 estates, 34.75 thousand Kanals of land with IE, 3338 units set up

GSDP SHARE

- Construction is cause of concern
- On growth rates
- Share of industry in State income in 198081
16.12% Manufacturing 6.4 %, Const. ind 8 %
- In 2016-17 Mfg share is 8 % and Cons ind 14
- Latest est 25% share in GSDP by industry
- Major bottleneck power

Economics of Tertiary sector

- Comprises,
- Tourism, trade, commerce banking, insurance, public adm, economic and social services, other services, etc
- Tourism economy
- Trade, business
- Roads and buildings, infrastructure, power, health edu,,banking, etc

Sectoral shares

- Sectors Primary Secondary Tertiary
- 1980-81 47 13 40
- 1999-00 34 20 46
- 2007-08 26 21 53
- 2016-17 16 26 58
- In 1949-50 the share of primary sector was more than 68 percent in state GDP

Public Finance

1973-74

2016-17

- | | | |
|--|-------|------|
| • Own tax rev (OTR) | 21.9 | 18.6 |
| • Non tax re (NTR) | 20.10 | 9.4 |
| • Tax Revenue | 42.23 | 28.0 |
| • State share of Union Exc | 7.30 | 22.6 |
| • Grant in aid | 51.0 | 49.0 |
| • Public adm 15% | | |
| • For most of the fiscal the IRM has been 20 percent 80 percent external resource | | |
| • Therefore, on financial/resource front the State is dependent today 72-73 percent on Centre. Financially also dependent. | | |
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Development process/Strategy

- Economically dependent
- Structurally dependent
- Financially dependent
- Unabated dependent generates a syndrome characteristics
- Fall out- Unemployment -SKEWPY,NSS,CMIE
- Poverty and inequality -own BPL Survey
- Sustainability of growth

State of economy

- Imports worth Rs. 419 crore in 1985-86
- -do- Rs. 37 thousand cr
- exports in 2001-02 950 cr imports 4772 cr
- exports 2010-11 13836 cr imports 24024 cr
- exports 2016-17 20 thousand cr imports 37 thousand cr
- Share of agriculture and industry on decline
- Share of service more than half
- Share of workers in agriculture in 1961 77% in 2017 29 %
- Public finance- 78 % dependence

Crisis and explosive crisis

- In 1950s strategy of development
- Growth-oriented development strategy-NO
- Market-oriented development strategy-YES
- From 1960s, 1970s economic dependence strengthened
- Structural dependence accelerate
- Financial/resource dependence-1973-74 IRM 49%, central devolution 51% and in 2006-17, IRM 20 % CDR 80% ,today IRM shows upward trend.

Economic opportunities

- Pursuant to MSG(market-orient strategy of growth) eco opp bound to decline
- Crisis in primary sector and secondary sector collide to generate explosive crisis
- System generates symptoms of syndrome
- Society gets in to syndrome

Dangerous fall-out characteristics

- Cumulative causation forces set in motion to further contribute syndrome. Syndrome fn of syndrome
- Society develops corrupt methods and practices, built in system
- Lack of commitment and dedication to cause of development process itself
- Emergence of non-work culture-society overtaken by nwc
- Lose posterity

State Resources Energy economy and Governance

- Tourism industry
- Mineral resource
- Water resources
- Hydro power
- IWT and state economy
- Kashmir House
- Arrears of III Finance Commission
- No need financial dependence

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