

# Economic Features of Jammu And Kashmir Economy

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**Abstract -** The state of J&K is rich in natural resources, but due to its economic and technological backwardness, the optimum utilization of resources has not been made possible so far. In fact, underutilization of natural resources has been one of the major causes of economic backwardness and poverty of the state. The state is rich in natural resources such as land, forests, water and minerals and its climate is suitable for the establishment of many important industrial activities such as manufacturing of silk, cotton and woolen textiles, chemicals, etc, but in spite of this, the state has failed miserably to make the best use of these resources for the betterment and upliftment of the people. No doubt, some areas of land which had been left uncultivated have been brought under cultivation, but still there are vast tracks of land in different regions of the state which are yet to be brought under cultivation. At present, the state is importing huge quantities of food grains and other agricultural products from other states of the country. To attain self-sufficiency in these products, the state should increase agricultural production by bringing more and more land under cultivation. The present paper will highlight all the features of J&K economy.

**Keywords -** Economy, Employment, Features, Jammu and Kashmir, Per-capita Income Etc.

## Introduction

Jammu And Kashmir State is one amongst the low per capita income states of country. In terms of per capita income, its rank has never gone beyond 6th position in the Indian union. The growth of income has also been much more less than at the national level. Despite, the recent drastic reduction in absolute poverty a significant proportion of people is still sub survive in a meager income. Most of the natural resources particularly water; minerals and forest recourses remain untapped and unutilized. There is hardly any large scale industry present in the state. Physical infrastructure particularly road connectivity is very poor. At the level of human resources development state continues to be deficit in thriving entrepreneur's class. Political insatiability and Terrorism has been a big hindrance for the domestic and foreign investors. The collapse of traditional physical infrastructure particularly road links has given a serious set-back to trade and commerce of the state. Last, but not least the state of Jammu and Kashmir is not a homogenous region in terms of geographical features and cultural characteristics.

## Objectives

- To study the various features of the Jammu and Kashmir economy.
- To study the hindrances which are actually facing the Jammu and Kashmir economy

## Methodology

The study is based upon secondary resources of information which we have collected from:

- **Reports, journals, magazines and newspapers.**
- **Economic census.**
- **Annual survey of industries.**
- **Digest of statistics government of J&K.**
- **Economic survey Etc.**

## FEATURES OF JAMMU AND KASHMIR ECONOMY

The following are the main economic features of Jammu and Kashmir economy:-

### • Low per Capita Income

Developing economies are marked by the existence of low per capita income. The per capita income of J&K economy at current prices in 2005-2006 was \$ 582 whereas at all India level it was \$ 720. It was maximum in Chandigarh in Indian union which was \$ 24253 and it was \$ 220 in Bihar which was lowest in the Indian union.

### • Occupational Pattern

One of the basic characteristics of under developed economies is that it is a primary producing economy. A very high proportion of working population is engaged in agriculture which contributes a very large share in the national income. In Jammu and Kashmir economy in 2005-2006 about 75% of the population derives its livelihood directly and indirectly from the agricultural sector. Whereas the share of agriculture and allied sectors in the Net State Domestic Product (at 1980-1981 prices) for the year 2005-2006 as per advanced estimates stands at 30.88%. In Asia, Africa and Middle East economies from 2/3rds (66%) to more than 4/5th (80%) of the population earn their livelihood from the agriculture and in most Latin American economies from 2/3rds (66%) to 3/4ths (75%) of population are dependent on agriculture. It is evident that the proportion of population engaging agriculture in developed economies is much more less than the proportion of population engaged in agriculture in under developed economies like ours Jammu and Kashmir economy.

### • Heavy Population Pressure

The Jammu and Kashmir state with an area of 138 thousand Sq.Kms and a population of 1.00069 crores (census 2001) occupies the 6th place in respect of area and 19th place in respect of population among the states of India. The decades growth rate of population according to census 2001 was 29.04% in J&K economy even this is higher than the country's population growth rate

of 21.34%. The fast rate of growth rate of population necessitates a higher rate of economic growth in order to maintain the same standard of living of population. To maintain a rapidly growing population the requirement of food, clothing, shelter, medicine, schooling, etc all rise. Thus, a rise in population imposes greater economic burdens and consequently society has to make a much greater effort to initiate the process of growth.

- **Unemployment**

The state of J&K has been facing the problem of unemployment for long and became a major cause of concern for the government as per the findings of 62nd round of NSS (July 2005-June 2006) report unemployment rate in respect of Jammu and Kashmir state has been worked out at 5.2% (5.4% for males and 3.5% for females) which is on higher side when compared to all India figures of 3.1% (3.1% for males and 3.0% for females) as per Usual Principle Status. The basic and fundamental reasons for unemployment in Jammu and Kashmir economy are:-

- The mounting pressure of population which is increasing at an alarming rate.
- In J&K economy unemployment is structural and is result of a deficiency of capital. The J&K economy does not find sufficient capital to expand its industries to such an extent that the entire labour force is absorbed.

- **Wide Spread of Poverty**

The most important feature of the Jammu and Kashmir Economy is the general poverty among the people. Low income is the cause of low standard of living entailing miseries and hardships to the people. The Net State Domestic Product per capita was estimated at Rs. 16086 in 2005 at constant prices (1980-81). The Net domestic Product per capita of the country as a whole was Rs. 20734 in the same year at same prices. The intensity of the problem of poverty in the state can be imagined from the fact that India has the lowest per capita income in the community of nations and the per capita income of the state of Jammu and Kashmir is even lower than the national average income. Excepting of course, a negligible, fraction of the society, people are generally poor. They are ill-fed, ill-clothed and ill-housed. Under-nourishment tells upon their health and efficiency. The total BPL estimated population ratio of Jammu and Kashmir economy has been arrived at 21.63% (24.21 lakh persons) with a dispersion of 26.14% (22 lakh persons) for rural areas and 7.9% (2.21 lakh persons) for urban areas in 2005 as per the BPL survey conducted in 2008 by the Directorate of Economics and Statistics. Besides, there are large income inequalities in the state. The per capita income of the state has increased from Rs. 1776 in 1980-81 at constant prices (1980-81) to Rs. 16086 in 2005-06 at same prices, but still it is too low to enable the people to cope with the lower possible standard of living

- **Low rate of capital formation**

Capital plays a significant role in economic development of a country. Capital is the backbone of economic development so much so that economic development cannot take place without a sufficient rate of capital formation. In India, the rate of capital formation is very low. Low income and wasteful consumption are the main causes of low levels of savings and investment in the country. What is true of the country as a whole is also true of the state of Jammu and Kashmir. Unfortunately, however, no reliable data is available in this field. But it is widely believed that the rate of capital formation in Jammu and Kashmir is much lower than the rates of capital formation in many other states of the country. The low rate of economic growth in Jammu and Kashmir is the result of low rate of capital formation and the state cannot advance economically unless the rate of capital formation is increased

- **Low Level of Living of Average of J&K People**

Failure to secure a balanced diet manifests in J&K economy in the low calorie intake and low level of consumption of proteins. In 1999, the average calorie intake of food is only 2496 as compared to over 3400 calories per day in most of the developed countries. This is slightly above the minimum intake for sustaining life estimated at 2100 calories. Since, nearly 21.63% of the population in J&K lived below the poverty line in 2005, it is very doubtful whether the poor get a minimum intake of even 2100 calories.

- **Demographic Characteristics of J&K Economy**

Among the demographic characteristics associated with under development is high density of population. Besides this, the average expectation of life is low and infant mortality rates are high. It would be proper to examine these characteristics of J&K Economy. The density of population in J&K economy is 100 per sq.km. As compared with this the average density of population in the world is 50 per sq.km in 2005. However, In India the density of population is 324, in Canada & Australia, and it is barely 3 persons per sq.km. The infant mortality rate in 2005 in J&K economy is 51 where as it is 55 at all India level. The expectation of life at birth in J&K economy is 63 Years where as it is 63.8 years at all India level in 2005. 2.4.9. Poor Quality of Human Capital The human development index is based on life expectancy, literacy rate and the real GDP per capita income. The value of HDI in J&K economy was 0.337 in 1981 and it increased to 0.42 in 1991. This shows that the HDI value of J&K Economy increases, but marginally.

- **Prevalence of Low Level of Technology**

The application of primitive methods and outmoded techniques in production is one of the important causes of low productivity in the industrial sectors of the Jammu and Kashmir economy. The need and importance of the use of modern techniques of production have not been realized and consequently, productivity per worker in the industrial concerns of the state could not be increased. Low rate of capital formation and scarcity of technically trained personnel do not allow the state to employ the most modern methods and use the sophisticated machines in production. Besides, the trade unions have also been opposing the introduction of labour saving machines in the industrial sector of the state economy. The state Government also seems of the state economy. The State government also seems to have preferred labour intensive technique to capital intensive technique of production in the public sector industrial units with a view to absorb more and more job seekers. In the presence of sizeable unemployment and cheap labour available in the state, it is of course advisable to go in for labour intensive technique of production. However, the modern methods of production must be applied wherever necessary and unless this is done, the goals of improvement in productivity, rapid industrialization and overall economic development cannot be accomplished, Besides, proper

training must be imparted to the workers of the industrial concerns, especially in the public sector, to make them familiar with the application of modern technology in production.

### Problems

The state of J&K is industrially more backward than many other states of country due to a number of reasons such as:

- Poor Resource Management
  - Political instability.
  - Deficiency of capital.
  - Shortage of daring and dynamic entrepreneurs and
  - Inadequate attention paid by the state government to industrial development of the state.
  - Terrorism
  - Mismanagement Etc
- **Poor Resource Management**

The State has a chronic problem of lack of funds available to it, for the past 50 years the State of J&K did not have a culture to pay dues that belonged to 'Caesar'! Tax collection has been dismal; there is institutional cynicism in the ability of the State to gather its claimed resources, and the administration has only the ability to pay salaries to its over bloated bureaucracy with no resources left in funds to undertake developmental activities, except that which is prompted by Central assistance through grants in aid, or soft loans.

➤ **Political Instability**

Political instability set back to investment both domestic and foreign investments which intern lead to un-exploitation of huge natural resources for which the state of J&K is known for . Political instability also channeled the local investment into real estate rather than into productive sectors like agricultural and industrial sector. Political instability, since 1990's has led to huge diversion of resources from productive sectors to the maintenance of law and order problems. Whatever, worthwhile physical infrastructure in terms of schools, buildings, bridges and various other administrative offices were seriously damaged. Therefore, with political instability industrial development becomes slow down.

➤ **Deficiency of Capital**

Capital plays a significant role in economic development of a country. Capital is the backbone of economic development so much so that economic development can't take place without a sufficient rate of capital formation. In India, the rate of capital formation is very low. Low income and wasteful consumption are the main causes of low levels of savings and investment in the country. What is true of the country as a whole is also true of the state of J&K. Unfortunately; however, no reliable data is available in this field. But, it is widely believed that the rate of capital formation in Jammu and Kashmir is much lower than the rates of capital formation in many other states of the country. The low rate of economic growth in J&K economy is the result of low rate of capital formation and the state can't advance economically unless the rate of capital formation is increased.

➤ **Shortage of Entrepreneurial Abilities**

It is known fact that entrepreneurs play a vital role in economic development. According to Schumpeter, it is the entrepreneur who takes the responsibility of advancing the economy economically through experiment and innovation. Indeed, no economy can achieve any tangible success in the field of development unless daring and dynamic entrepreneurs come forward and play positive role in up lifting the economy through experiment, discoveries and innovations. Unfortunately, the state of J&K lacks entrepreneurial abilities.

➤ **Inadequate Attention Paid by the State Government to Industrial Development of the State**

It is now widely accepted fact that it is the responsibility of the state to provide necessary infrastructure for industrial development. The state has to start new industrial units and invest more in those industrial concerns which do not attract private investment. The public sector in the state of J&K has to play a vital role in improving the performance of its own industrial units. Besides, it has also to provide tangible facilities to induce private investors to expand their units on the one hand and start new ones on the other.

### Conclusion

The state of J&K is more backward than many other states of the country. Various indicators show that the state is far away from the goal of industrial and over-all economic development. At present, all the features of underdeveloped economy are present in the J&K economy. For example; inadequate infrastructure, low per capita income, general poverty among the people, low agricultural and industrial productivity, too much dependence on agriculture, low rate of industrial growth, use of outdated technology, existence of sizeable unemployment and regional disparities are the dominant features of the state economy. These are also the features of an underdeveloped economy. Keeping in view what has been said above, it is suggested that the state Govt should take steps immediately to remove all the obstacles to rapid industrialization and over-all economic development. The state should reduce its expenditure on unproductive items and the resources released therefore should be utilized for the developmental programmes.

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