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# STRUCTURAL CHANGES IN JAMMU AND KASHMIR ECONOMY

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*By*

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## P.G. DEPARTMENT OF ECONOMICS UNIVERSITY OF KASHMIR

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### *Certificate*

This is to certify that the dissertation entitled, “**Structural Changes in Jammu and Kashmir Economy**” is the original work carried out by **Bilal Ahmad Sheikh** under my guidance and supervision in partial fulfillment of the requirements for the award/degree of the Master of Philosophy in Economics (M.Phil.). He has fulfilled all the statutory requirements for the submission of the present work.

It is also certified that this work has not been submitted so far in part or full to this university or any other University for the award of M. Phil Degree in Economics or any other Degree or Diploma.

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# **CHAPTER -1**

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## **INTRODUCTION**

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**T**he state of J&K is characterized by hilly topography and difficult terrain besides seasonal land locked ness of certain areas stretching even up to seven months a year. The geographical area of the state is about 13.90 million hectares, out of which about 17.41% that is, 2.42 million hectares have been surveyed and are under the reporting system. Ladakh division covering about 70% of the total geographical area, the state has only 0.62% of its area recorded in the revenue papers. Major part of the surface area of the state being mountainous is inhospitable for human habitation and nearly half of it is used for forestry.

The state of J&K is one of the most under-developed states of the country. It has a backward agriculture and a meagre industrial base. The state is rich in natural resources and its labour force is very intelligent and hardworking. But, due to under utilization of natural resources and man power, substantial gains have not been achieved in the fields of economic development and upliftment of the people. What is more disappointing is the fact that the state is becoming more and more dependent on the imports of both agricultural and industrial commodities from other states of the country due to the absence of sound and scientific economic planning in the state. The agricultural productivity is extremely low because of inadequate supply of irrigation, high - yielding variety of seeds and fertilizers to the farmers. Inadequacy

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of credit facilities is also one of the causes of low agricultural productivity. Low agricultural productivity breeds general poverty among the cultivators.

Some of the centuries old, but very important industries of the state such as silk industry and the woolen and cotton textile industries are fast declining due to utter negligence on the part of state government and competition from other states of the country. The majority of the industrial units run by the state government has become sick and has been incurring huge annual losses for the last so many years.

In J&K economy structural transformation took place in the post independence period as a contribution of agriculture towards state domestic product declined following the expansion of other sectors of the economy. Despite this decline agriculture continues to be the dominant sector of the economy because of the dismal performance of the economy with regard to industrialization, which is evident from the fact that the contribution of the manufacturing sector has more or less remained constant over the plan period both at constant and current prices. A close study of the NSDP at constant prices reveals that the percentage of agriculture to the total had decreased from 47.40% to 30.88% in the years 1980 – 2005, the industrial sector has grown from 12.90% to 22.57% for the same period of time and also the services sector has grown from 39.70% to 46.55%. These figures clearly shows that the industrial and services sectors share have grown where as the agriculture's share has been decreasing. The same is the case of NSDP at current prices, that is the percentage of agricultures share has decreased while as industrial and services sectors share has increased, but the share of industrial sector has increased at marginal rate.

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Though there has been a significant structural change where services now account for almost 50% of NSDP. The growth performance of three sectors has shown both uneven and unexpected performance. Present study makes an attempt to study the growth performance of the sectors since the beginning of sixth five year plan at both constant and current prices. This will enable to identify the slow and fast growing sectors and their contribution to NSDP.

It will also help to study the consistency or fluctuating behavior of a particular sector and its impact on the domestic state economy. Some of the explicit objectives of the study are stated as under:

1. To study the growth of all the three sectors of the economy since 1981.
2. To study the plan wise growth of three sectors.
3. To analyze the comparative growth of three sectors of the economy.

In consonance with these objectives, the hypothesis under the investigation under the present study is:

1. The growth of different sectors has varied over plan periods.

The above hypothesis has been tested with the help of secondary resources of information which we have collected from:

1. Reports, journals, magazines and newspapers.
2. Economic census.
3. Annual survey of industries.
4. Digest of statistics government of J&K.
5. Economic survey.

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## **CHAPTER- 2**

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# **GENERAL FEATURES OF JAMMU AND KASHMIR ECONOMY**

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Jammu and Kashmir state is one of the low per capita income states of India. In terms of per capita income, its rank has never gone beyond 6<sup>th</sup> 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 entrepreneurs class.

Political insatiability 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. The study of historical, political, cultural, demographic and economic aspects constitutes an interesting field of study of the state. The leading features of the Jammu and Kashmir economy are discussed in some detail in the ensuing pages.

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## **2.5. HISTORICAL EMERGENCE OF JAMMU AND KASHMIR STATE**

The present state of Jammu and Kashmir was founded by the British rulers on the ruins of the Sikh empire after first Anglo-Sikh war, fought after the death of Maharaja Ranjit Singh. The Britishers imposed an indemnity on the Sikh rulers which the later refused to pay and instead, offered the territories of Jammu, Kashmir and Ladakh, which were then a part of the Sikh domain, to the Britishers. The British rulers secured the indemnity from Raja Gulab Singh of Jammu, who was a feudatory of the Sikh Darbar, and transferred to him the territories the Sikh rulers had offered them. The Jammu, Kashmir and Ladakh became a single political entity only after the treaty of Amritsar signed by Maharaja Gulab Singh with the British Government on March 16, 1846 in which the entire valley of Kashmir was transferred to Maharaja Gulab Singh in lieu of a sum of Rupees (Nanak Shahi) 75 lack. Jammu and Kashmir being a native state governed by a local ruler, was allowed to retain the existing system of political control, economic and social arrangements, etc, but was subject to the paramountcy of British crown. In less than four decades after Gulab Singh, his grand son Maharaja Partap Singh was unceremoniously set a side by the Britishers and the government of the Dogra state was taken over by them and was integrated in the flanks of the British colony. It was only in 1921, when Maharaja Partap Singh was again made the ruler of the state. After independence, the state of Jammu and Kashmir became an integral part of India on October 26, 1947. The partition of India by the British in 1947 had envisaged a scheme under which the British Indian provinces would be divided into two dominions, India and Pakistan, where as the princely states ruled by native rulers were required to accede to either of

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the two dominions by signing an instrument of Accession. Keeping in view the geographic and political considerations the then ruler of Jammu and Kashmir, Maharaja Hari Singh, did not want to accede to either of the two dominions. He was interested in retaining the independence character of his state. But the tribal invasion of October 1947 changed it all. He executed the instrument of Accession with India on 26<sup>th</sup> of October 1947, which was accepted by the Governor General of India on 27<sup>th</sup> of October 1947 and on the same day Indian troops landed at Srinagar to contain the onslaught of tribal invaders into the state.

### **Jammu Province**

Jammu province has been referred to as such in ‘Mahabharata’ and finds of ‘Harappan’ remains and artifacts belonging to ‘Mauryan’ ‘Kushan’ and ‘Gupta Times’ at Akhnoor have added new dimensions to its ancient character. Numerous stone temples objects found in different parts of Jammu, also speak of its heydays in the remote past. ‘Gulabnama’ and ‘Raj Darshani’ the two principal available chronicles of Jammu assert that Raja Jambu Lochan, who lived in 14th century B.C., has founded Jammu Kingdom. In the twelfth century A.D. When Mohammad Gouri invaded India and Punjab, Rajputs (the members of the community of rulers of Jammu and Kashmir) took refuge in the mountainous tracts of Jammu region and carved out separate states, which they ruled as independent sovereigns. The land of Jammu was divided into 22 principalities. Raja Maldev, one of the Dogra rulers, conquered many territories to consolidate his kingdom. Raja Ranjit Dev ruled over Jammu from 1733 A.D. to 1782 A.D. He consolidated 22 principalities and established the Jammu Raj. His successors weak and, thus, Maharaja Ranjit Singh annexed almost the whole Jammu region in 1808. Independence could not, however, be maintained long and



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certainly not after the Mughal rulers subdued the Raja and made them tributary rulers in recognition of their independence. Jammu region is dominantly 'Hindu' with some areas where Muslims are in majority. Among Hindus there are Rajputs (Warrior class), Brahmins (priest class), vaishs (business class) and Harijans (menial class), further divided into hundred of castes and sub-castes. These barriers are, however, by and by under modern influences and many Harijans have come to occupy important positions in the public and as such they are the beneficiaries of the revolutionary agrarian laws. Many of them still carry on the trades and occupations of their forefathers. Professions are increasingly transcending the caste barriers. Similarly, Rajput, Brahmins, Vaishs, Muslims, Sikhs, and Christians are to be found in many diverse occupations.

Jammu adjoins Punjab and Himachal Pardesh as well as Pakistan. It has both plain areas as well as mountainous regions, though these mountains are over 500 feet in heights. The main rivers of this region are the chenab, Tawi and Ravi. In the Kandi or dry areas of this province, water is very scarce and even availability of drinking water is a serious problem, Pir Panjal mountains divide the two provinces and begin from the south-east at the Chenab river ending on the north-west. Towards north, these ranges gradually attain greater heights extending up to 1500 feet and rise like a wall to enclose the Kashmir Valley from its Southern end.

Jammu region has broadly two types of climates. Plains areas of Jammu province, which are continuous with the Punjab, have the tropical heat and share with it the periodical rainfall. Average annual rainfall of Jammu and Kathua districts is about 1143mm. Temperature in

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these districts in summer season is almost the same as that of Punjab, though in winter it may fall even up to 5°C.

Other parts of the Jammu province, which are comparatively on higher elevation, have a cooler climate. The climate zone can be classified as intermediate zone between the sub tropical zone of Jammu and temperature zone of Kashmir Valley. In this zone lie the major portions of districts of Doda, Udhampur, Poonch and Rajouri. High peaks and higher elevated (the higher reaches of Chenab valley) areas of the Zone experience snowfall during Winter and the average annual rainfall is 1464-1708mm, though in Rajouri district, it is lower.

### **Kashmir Province**

Kashmir is the second province of the state. There is a reference in the 'Sabha Parva' of the Mahabharata to Silk thread present made to Yudhishtra by a feudatory prince from the North-Western side of Himalayas. Some eminent scholars hold the opinion that this was silk offered by a king from Kashmir. The history of Kashmir can be traced from 'Rajatarangani' and 'Nilmat Purana'. Ashoka, the great Buddhist Monarch, is said to have annexed Kashmir in about 250 B.C. He introduced the cultivation of saffron in the valley and took many steps to improve agricultural of this region. Kashmir presents a happy homogeneity of population with two broad divisions of Muslims and Kashmiri Pandits. Kashmiri Pandits are divided into a large number of gotras but the social position among them is determined by occupation rather than by gotra. According to a legend in 'Rajatarangani, and 'Nilmat Purana, Kashmir valley was once a vast lake and 'Kashap Rishi' drained the valley of this water making it habitable. Geology has its own explanation proving the same legend without bringing in 'Kashyap Rishi'. According to the latest archaeological research, earliest in

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habitants of the valley came in about 2000 B.C.....the tremendous progress was made during the regime of Avantivarman (855-83 A.D.).The king “Zain-ul-Abedin” (1417-69 A.D.) was not only the most famous of the Muslim rulers but the most illustrious ruler that Kashmir has known. During his regime efforts were made for rural development-canal and bridges were built, handicrafts were introduced and taxes were reduced.

Kashmir province, except for the valley, is generally mountainous and varies in height from 5,200 to 10,000 feet. The average height of the valley above sea level is about 6000 feet and is approximately 84 miles in length and 20 to 25 miles in breadth. Jehlum, Sindh and Lidder are the three main rivers of the province. There are number of large and beautiful lakes like Dal and Wallur. The Wallur being perhaps the largest fresh water lake in the world. Due to its scenic beauty and tourist resorts, tourists from all over the world are attracted to this part of the state. The valley of Kashmir is free from the extremes of heat and cold. However, it has temperature salubrious climate. The temperature ranges between 31c<sup>o</sup> during summer and minus 3c<sup>o</sup> during winter, though sometimes temperature during winter may fall to minus 8c<sup>o</sup> to 10c<sup>o</sup> as well. The whole valley experiences heavy snowfall during winter making the usual life dull and hectic activities of the valley practically come to a stand –still winter is severely cold, spring is pleasantly cold, summers are warm and dry, and autumn is cool and some times wet. Unlike Jammu province, the valley of Kashmir does not experience heavy rainfall during summer season because the lofty ‘Pir Panjal’ barriers check monsoons. Rains in this part of the state are expected during the months of March and April. Average rainfall ranges between 732 to 854 mm.

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Ladakh is situated on the eastern mountain range of Kashmir. This is one of the highest ranges through the world. Ladakh is the land of Ancient Buddha, now religions followers of Dalai Lama of Lahassa. They are believed to be descendents of blended race of the Mons of north India, the Dards of Baltistan and the Mongols of Central Asia. Ladakhis are divided into 4 principal castes, namely, Gyalpo or Raja, Jinak or official Mungrik or cultivators and Rugan or menials. This region covers an area of 117000sq.kms and is subjected to intensively difficult weather conditions. It is cold desert under rain shadow, receiving very little precipitation, temperature remains below freezing point during most of the year due to its high attitude. This area is situated at heights varying from 7,000 feet to 15,000 feet and due to its strange topography and mountainous nature, the cultivating area be highly limited. Only one crop in a year is possible and that too only on irrigated lands. Agriculture and animal husbandry are the two main occupations of the people of this area. The river Indus and its tributaries- the Suru, Shoyok, Zanskar, Dras flow from this region. With mending ranges of rocks, Ladakh has become world known spot of rock beauty. Accordingly the tourist traffic to Ladakh has increased considerably in the recent years. The Ladakh region falls in the arid Zone. It has warm summers, but because of arctic cold conditions the temperature may fall even up to minus 23c°. The average rainfall of this region is about 97.6mm.

## **2.6. POLITICAL ENVIRONMENT OF JAMMU AND KASHMIR STATE**

Politics is deep rooted into the social fabric of modern communities. The attitudes and perceptions of the people are dictated by the political realities surrounding them. Political stability is an essential

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ingredient for economic prosperity. The state of Jammu and Kashmir has been quite unfortunate with regard to political stability right from 1947. This has acted as a recurring parasite to the state's economy. The state remains a bone of contention between India and Pakistan. Three wars have been fought so far over J&K state. People of the country in general and the people of Kashmir in particular are uncertain about the future of Kashmir right from the beginning. With the return of late Sheikh Muhammad Abdullah as the state's Chief Minister in 1986, the political stability of the state was considered as restored. However, these predictions proved wrong as in the recent past the state has witnessed uprising with a different face which has pulverized the political stability to the dust. The youth of Kashmir have taken to arms against India. The present uprising with gun culture has alarmed the whole world and has shattered peace and stability in the state.

Political instability in the state is being considered as one of the main reasons for underdevelopment of Jammu and Kashmir economy. It is perhaps due to political insecurity in the state, the government of India did very little in the infrastructural development of the state. In spite of having definite potential for hydroelectric generation, the state still remains chronically deficient in electric power which is essential for putting the wheels of economy on run. Industrialists from outside are also reluctant to invest in the state due to number of inhabiting factors, one major factor is political uncertainty with which the state is suffering. Political instability set back to investment both domestic and foreign investments which in turn lead to unexploitation of huge natural resources for which the state Jammu and Kashmir is known for.

Political instability also channeled the local investment into real estate rather than into productive sector like agricultural and industrial

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sectors. 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 school buildings, bridges and various other administrative offices were seriously damaged.

## **2.7. GEO-PHYSICAL FEATURES OF JAMMU KASHMIR ECONOMY**

The state of Jammu and Kashmir is the northern most state of India. It is located between latitudes 32°15' north and 37°5' north longitude 72°35' east and 80°20' east. Its boundaries touch the neighbouring countries of Tibet in the east, China and Afghanistan in the north and Pakistan in the west. To its south lie Punjab and Himachal Pradesh states of India. With its borders sealed on the east, the north and west, the state of Jammu and Kashmir is accessible only from the south. It is through its south that the state has road, railway and air links with the rest of the country. Such a position gives the state an appearance of a bottle lying on its side with its mouth facing south.

Geographical position of the Jammu and Kashmir state can be divided into four Zones. First, there is the sub-montane and semi-montane plain most of which is known as Kandi or dry belt. This mingles into second geographical division of hills including the well-known Shivalik Range. It is backed by the 3<sup>rd</sup> zone of the high mountains mainly constituting the Kashmir Valley, Pir Panjal and its offshoots. This includes Doda, Poonch, Rajouri and parts of Kathua and Udhampur districts. The fourth geographical division comprises Tibetan Tract of Ladakh, Kargil, Gilgit and Skardu (the later two are now held by Pakistan) consisting of middle run of the Indus river.

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For the purpose of administration, the state has been divided into two divisions, viz., Jammu and Kashmir divisions. Divisional Commissioner heads each division. For administrative purpose, Ladakh forms a region of the Kashmir division. The state has 22 districts-10 each in Jammu and Kashmir divisions and 2 in Ladakh region. Jammu division has Jammu, Samba, Udhampur, Reasi, Doda, Kishtwar, Ramban, Kathua, Rajouri, Poonch districts where as Kashmir division has-Anantnag, Kulgam, Pulwama ,Shopian, Srinagar, Ganderbal, Budgam, Baramula, Bandipora, Kupwara districts. While Ladakh region has Kargil and Leh districts. In recent past there have been 14 districts in the state. But, eight new districts were formed by bifurcating the districts already in existence. Therefore, at present state has 22 districts, the state has 82 tehsils, 142.C.D.blocks, 4136 panchayats and 6652 villages.

## **2.8. ECONOMIC FEATURES OF JAMMU AND KASHMIR ECONOMY**

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

### **2.8.1. 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 where as 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. In case of world economies it was maximum in the USA which was \$ 41950.

This clearly shows that the per capita income of J&K economy is not only lesser than the per capita income of lower middle economies

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(\$875-\$3465) but even lesser than the per capita income of lower income economies (\$875).

**Table 2.1: The Per Capita income at NSDP at constant prices (1980-81) of J&K economy**

S. No.	Year	Per capita income at constant prices
1	1980-81	1776
2	1985-86	1832
3	1990-91	1784
4	1995-96	6732
5	2000-01	13859
6	2005-06	16086

(Sources: a.→ Digest of Statistics 2005-2006)

From the above table (table 2.1) it becomes clear that the per capita income of Jammu Kashmir economy has been increased continuously but at the marginal rate even lower than the national level at NSDP at constant prices

### **2.8.2. 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



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Middle East economies from 2/3rds (66%) to more than 4/5<sup>th</sup> (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.

### **2.8.3. 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 6<sup>th</sup> place in respect of area and 19<sup>th</sup> 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 more 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.

### **2.4.4. 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 62<sup>nd</sup> round of NSS (July 2005-June 2006) report,

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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:-

1. The mounting pressure of population which is increasing at an alarming rate.
2. 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.

#### **2.4.9. 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

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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

#### **2.4.10. 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

#### **2.4.11. 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

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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.

#### **2.4.12. Demographic Characteristics of J&K Economy**

Among the demographic characteristics associated with under development are 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, 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.

#### **2.4.10. 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

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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.

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## **CHAPTER 3**

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# **PRIMARY SECTOR OF JAMMU AND KASHMIR ECONOMY**

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**A**griculture is the mainstay of J&K and hence it has a strategic role to play in the economic development of the state. It is the main source of income and employment for majority of population in the state. The share of agriculture and allied sectors in the Net State Domestic Product (at 1980-81 prices) for the year 2005 as per advanced estimates stands at 30.88%. On the other hand nearly 75% of the population in the state derives its livelihood directly and indirectly from the agricultural sector.

The total reporting area in 2005 according to the village papers is 2416 thousand hectares out of which 734 thousand hectares is the net area sown, 658 thousand hectares (27.24%) is under forests, 67 thousand hectares (2.77%) under current fallow lands, 293 thousand hectares (12.13%) under land put to non-agricultural uses, 289 thousand hectares (11.96%) under barren & uncultivable land, the remaining 375 thousand hectares constituting 15.52% under other categories. Area sown more than once is 54.49% of the net sown area for 2005.

The average yields of principal crops (qtls/hac) are depicted from the given table:

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**Table 3.1: The Average yield of principal crops (Qtls/hac)**

S. No.	Year	Rice	Maize	Wheat
1	1980-81	20.65	17.93	10.32
2	1990-91	21.02	15.06	12.22
3	2000-01	17.02	15.92	5.29
4	2005-06	21.35	15.69	17.82

**Source:** Digest of statistics Govt. of Jammu and Kashmir 2007-08

From the above table it becomes clear that during the span of 25 years (i.e., from 1980-2005) the yield of rice (Qtls/hac) and wheat have increased, but the increase in wheat is more sharp than the increase in rice where as the yield of maize decreases marginally.

The production of food grains (cereals & pulses) are shown from the table which is given below:

**Table 3.2: The quantity of food grains produced (000 Qtls)**

S. No.	Year	Cereals	Pulses
1	1980-81	285	337
2	1990-91	213	268
3	2000-01	170	128
4	2005-06	230	153

**Source:** Digest of statistics Govt. of J&K -2007-08

From the above table it becomes clear that the production of both cereals & pulses get continuously declined from 1980-81 to 2005-06, but the decline in pulses is more sharp than cereals. Therefore, decline in food grains is not a healthy sign for the economy of agrarian state like J&K.

## **Horticulture**

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Jammu & Kashmir is basically an agrarian economy. The favourable agro climatic conditions, fertile soil, sub-tropical climate are ideally suited for cultivation of fruit and vegetables in the state and offer immense scope for development of horticulture. In view of the potential available, fruit growing has become a major industry and contributes largely to the export trade of the state. It absorbs a large chunk of people in the various processes through which it passes. Horticulture has a substantial share in the state domestic product. Looking to the importance of horticulture crops, the state govt. is placing considerable emphasis on the development of horticulture crops i.e., fruit, vegetables, spices, plantation crop, floriculture, etc.

The major fruits grown in the state are apple, mango, walnut, almond, pear, cherry, apricot, plum, etc. Kashmiri apple is famous both in taste and appearance. It has gained fame in the export market & fetches a very good return. The major vegetables grown in the state are onion, potato, tomato, turnip, mutter, radish, carrot, green vegetables, etc. and spice like chilies, turmeric, garlic etc.

### **3.1. ALLIED ACTIVITIES**

#### **3.1.1. Forests**

Forests are important natural resources of J&K economy. They help to control floods and thus they protect the soil erosion. Forests have a multi-dimensional role to play. They provide not only timber ,fuel-wood, pulpwood, fodder & fiber grass & non-wood forest produce & support industrial & commercial activities, but also maintain the ecological balance & life-support systems essential for food production, health & all-round development of mankind. Forests thus play an important role in environmental & economic sustainability.

The effective geographical area of J&K is 101387 sq.km out of which 20230 sq.km is the forest area constituting 19.95% of geographical area against the prescribed norm of 20% for plains & 66% for hilly areas provided under National Forest Policy-1998.

**Table 3.3: Contribution of forestry and logging to the primary sector at constant prices (1980-81)**

**(in crores)**

	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06
Forestry & logging	94.02	52.07	28.81	280.66	338.93	393.07
% age contribution of forestry & logging to primary sector.	18.90	9.44	5.50	11.76	12.47	7.23
% age contribution of forestry & logging to NSDP at constant prices (1980-81)	8.96	4.23	2.10	4.65	4.58	2.08

**Source:** Digest of statistics Govt. of J&K -2007-08

From the above table 3.3, it becomes clear that the absolute contribution of forestry and logging sector (in Rupees crores) has increased, but its percentage contribution to primarily sector as well as to NSDP (at constant prices 1980-81) has decreased continuously.

### **3.1.2. Fisheries**

Fisheries in J&K has the potential to grow exponentially as the state is bestowed with a network of cold water streams, Perennial rivers, lakes, reservoirs, sars and about 250 high altitude lakes spread

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over an area of 40,000 hectares. The state has the scope to promote all types of fisheries in view of its unique agro climatic conditions.

The state comprises of three distinct regions. All the regions offer potential for promotion of different varieties of fisheries while Kashmir valley, the temperature zone offers potential for development of cold water fisheries, the tropical zone Jammu division offers potential for development of warm water fisheries. The areas of Kathua, Udhampur, Doda, Rajouri & Poonch, in addition to warm fisheries have the potential for producing trout fisheries also. The Ladakh region is bestowed with the atmosphere suitable for cold water fisheries & for brackish fisheries which are yet to be exploited

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**Source:** Economic Survey 2009-10-P-167

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**Table 3.4: Quantity of fish caught in quintals in J&K economy  
from 1980-2005**

<b>S.No.</b>	<b>Year</b>	<b>Total Quantity (in Qtls)</b>
1	1980	95418
2	1985	105174
3	1990	135011
4	1995	165200
5	2000	184667
6	2005	191500

**Source:** Digest of statistics 2007-08.

From the above table 3.4, it becomes clear that the quantity of fish caught in Jammu and Kashmir economy has been rising continuously from 1980-2005.

**Table 3.5: Contribution of Fisheries to the primary sector at constant prices (1980-81)**

**(in Rs. Crores)**

<b>Years</b>	<b>1980-81</b>	<b>1985-86</b>	<b>1990-91</b>	<b>1995-96</b>	<b>2000-01</b>	<b>2005-06</b>
Fishing Sector (in Rs. Crores)	4.71	5.20	6.25	30.49	29.41	106.52
% age contribution of fisheries to primary sector	0.94	0.94	0.17	1.28	1.08	1.87
% age contribution of fisheries to NSDP at constant prices (1980-81)	0.49	0.42	0.46	0.51	0.40	0.54

**Source:** Digest of statistics 2007-08.

From the above table 3.5, it becomes clear that the absolute contribution of fishery sector (in Rs. Crores) has increased, but its percentage contribution to primarily sector as well as to NSDP (at constant prices 1980-81) has deceased continuously.

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### 3.1.3. Livestock

Agriculture is the main stay of J&K economy as more than 75% of population is directly and indirectly dependent on agriculture and allied sectors. Live stock is an important sector among the allied sectors of agriculture. It is one of the rapidly expanding sectors playing a significant role in the development of rural economy. The contribution of livestock towards GSDP is about 11% in 2005 as per Integrated Sample Survey (ISS) report 2007-08. The cattle & poultry development significantly contributes in augmentation of income in the rural economy.

Livestock sector in the rural economy providing a gainful employment to small and marginal farmers. It is the booming yet eco-friendly sector. Besides consuming domestic bio-diversity it is a means of producing food in dry lands without depleting ground water resources. Survival of pastoralism is crucial for sustainable land use. Per Capita Consumption of meet and poultry items is higher in Jammu and Kashmir state as compared to the consumption at the national level.

As per the provisional results of livestock and census 2003, total livestock in the state has increased from 91.75 lakh in 1997 to 98.99 lakh showing an increase of 7.9 lakh. The density of livestock per sq.km of area of J&K state is 98 animals. The number of livestock per 1000 of population as per 2003 census was 926 animals while as at all India level the number of livestock per 1000 population works out to be only 457 animals. Average livestock per household, as per census figures of 2001, works out to be 6 animals per household for J&K state as compared to about 3 animals per household at all India level. The rearing of these animals not only provides additional income to the reareres, but also provides gainful employment. It also supplements the vital and varied nutritional requirements of the individuals and that of the state.

**Table 3.6: Contribution of agriculture including livestock to the primary sector at constant prices (1980-81)**

**(in Rs. Crores)**

<b>Year</b>	<b>1980-81</b>	<b>1985-86</b>	<b>1990-91</b>	<b>1995-96</b>	<b>2000-01</b>	<b>2005-06</b>
Agriculture including livestock (in Rs. Crores)	394.98	490.38	487.44	2061.37	4050.76	4874.57
% age contribution of agriculture including live stock to the primary sector	79.40	88.92	93.12	86.36	86.12	90.29
% age contribution of agriculture including live stock to NSDP at constant prices(1980-81)	37.64	39.87	35.84	34.18	31.64	27.86

**Source:** Digest of statistics 2007-08.

From the above table 3.6, it becomes clear that the absolute contribution of agriculture including livestock sectors (in Rs. Crores) has been rising continuously, but its contribution to NSDP at constant prices 1980-81 has been decreasing continuously.

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**Table 3.7: Contribution of primary sector to NSDP at constant prices**

**(in Rs. Crores )**

<b>Year</b>	<b>1980-81</b>	<b>1985-86</b>	<b>1990-91</b>	<b>1995-96</b>	<b>2000-01</b>	<b>2005-06</b>
Primary Sector	497.44	551.48	523.48	2387.08	4534.40	5402.49
% age contribution of Primary sector to NSDP	47.39	44.84	38.49	39.58	32.58	30.88

**Source:** Digest of statistics 2007-08.

From the above table 3.7, it becomes clear that the absolute contribution of primary sector (in Rs. Crores) has been rising continuously, but its contribution to NSDP at constant prices 1980-81 has been decreasing continuously.



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## CHAPTER 4

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# **SECONDARY SECTOR OF JAMMU AND KASHMIR ECONOMY**

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**I**ndustrialization has a major role to play in the economic development of the underdeveloped economies. The gap in per capita incomes between the developed and underdeveloped economies is largely reflected in the disparity in the structure of their economies; the former are largely industrial economies while in the latter production is confined pre-dominantly to agriculture.

The industrial sector, which possesses a relatively high marginal propensity to save and invest, contributes significantly to the achievement of a self sustaining economy with continued high levels of investment and rapid rate of increase in income and industrial employment. No wonder that not much distinction is made between the two terms of industrialization and economic development and both are used interchangeably. The two important factors which favour rapid industrialization as a means to fast economic growth are; higher productivity of labour than in agriculture, more easy availability of industrial surplus for investment than surpluses in agriculture sector.

Unfortunately, Jammu & Kashmir has not been able to attract investments in this sector & remained an industrially backward state due to its unique economic disadvantages arising out of remoteness and poor

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connectivity, hilly and often inhospitable terrain, weak resource base, poor infrastructure, sparse population density, shallow markets and most importantly a law & order situation threatened by militancy. Nevertheless, many small and medium scale industries have come up basically in the traditional sectors along with some new areas like food processing, agro-based units and metallic and non-metallic products. However, natural factors are more conducive for handicrafts, village and small scale industries. Besides, due to saturation of employment opportunities in government/traditional and non governmental sectors like agriculture, industrial sector has been declared as the main vehicle for accelerating economic activity besides providing employment to the educated unemployed youths in the state. However, the J&K state is on the path of industrialization in a modest way despite topographical limitations.

We can think of industrial development only when we have adequate infrastructure; the electricity, the railway and other cheap transport when found in adequate the industrial development is a dream. The same is the case with J&K economy having the natural resources in abundance, but still facing the scarcity of industrial development. Let's categories this sub-topic into further:

1. Small scale industries.
2. Khadi and village industries.
3. Medium and large scale industries.

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#### **4.1. SMALL SCALE INDUSTRIES**

J&K economy has witnessed very little industrial activity in the large and medium scale sectors, particularly in the private sector. In the state there is just one large scale industry namely Chinar textiles (Kathua) and few other medium scale units in the private sector. The development of large scale industries in the state is ruled out except in few selected lines on account of some unfavorable factors like extreme location, deficiency of natural resources, lack of sufficient capital and entrepreneur class, infrastructural bottlenecks, etc. In view of these and other facts, the govt. focused more on the development of small scale industries in the state. Most of the industrial activity in the state thus has been taken place in the small scale sector. The small scale sector in the state consists of small scale industrial units, handicrafts, handlooms and Khadi and village industries. The major thrust of different policy initiatives and incentive packages formulated by the governmental from time to time was on the promotion and development of modern small scale industries in the state as these are assumed to devote well with economic imperatives of the state.

It is clear from the table 4.1 that the small scale sector had played a vital role in providing employment to a huge number of people and economic independence to the equal number of masses.

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**Table 4.1: Small scale units registered with directorate of industries & commerce**

<b>S. No.</b>	<b>Year</b>	<b>Units registered</b>	<b>Employment</b>
1	1980-81	8428	42992
2	1985-86	18520	84821
3	1990-91	29963	131164
4	1995-96	36821	159671
5	2000-01	42808	187399
6	2005-06	48224	219127

**Source:** Directorate of industries and commerce J&K, 2007-08.

The number of units registered with the directorate of industries and commerce J&K was only 8428 in the year 1980-81, which rises to the 18520 very sharply in year 1985-86. Since then the number has been rising and presently in 2005-06 the no of units registered with the directorate of industries and commerce is 48224.

On the other hand, the huge chunk of people is engaged with this sector. In the year 1980-81, the 42992 persons were engaged with this sector which rises to 131164 in the year 1990-91 and further to 187399 in the year 2000-01. The number of people employed in the small scale sector reached to 219127 in the year 2005-06.

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#### **4.1.1. HANDICRAFT INDUSTRY**

It is said that handicraft industry has come here from Central Asia. Craftwise production and employment in the handicraft industry is being provided in table 4.2, where handicrafts is one of the biggest employment providers and the bulk of women workers are also involved in this profession. From the below table 4.2, it becomes clear that in the handicraft industry one lakh forty four thousand people were engaged in the year 1980-81 which has gone up to 3.29 lakh in the year 2000-2001. Similarly, the production rises from 57.82 lakh to 900 lakh in the reference period (i.e. 1980-81 to 2005-06).

Craftwise, the largest numbers of workers are involved in carpet industry amounting 0.915 lakh people followed by woolen shawls as 0.841 lakh people and then 0.360 lakh people involved in the crewel work.

**Table 4.2: Handicraft industry craft wise production and employment**

<b>Industry</b>	<b>P. Emp.</b>	<b>1980-81</b>	<b>1985-86</b>	<b>1990-91</b>	<b>1995-96</b>	<b>2000-01</b>	<b>2005-06</b>
Carpet	P.	19.04	35.00	84.55	112.60	595.10	425.00
	Emp.	0.47	0.62	0.74	0.79	0.915	-
Namda	P.	0.48	1.51	2.90	3.13	9.90	2.40
	Emp	0.02	0.03	0.05	0.06	0.086	-
Crewel	P.	4.40	8.00	16.70	13.90	1.65	60.00
	Emp	0.16	0.23	0.27	0.32	0.360	-
Wood carving	P.	0.96	3.00	5.65	6.12	3.38	4.75
	Emp	0.03	0.04	0.06	0.07	0.08	-
Paper machie	P.	1.11	2.00	4.50	4.80	39.82	30.00
	Emp	0.03	0.05	0.06	0.07	0.095	-
Far & Leather	P.	0.91	1.50	1.80	2.12	2.20	12.00
	Emp	0.02	0.03	0.04	0.05	0.077	-
Chain stich	P.	0.23	0.60	2.25	2.70	19.80	26.50
	Emp	0.01	0.02	0.03	0.05	0.067	-
Woolen shawls	P.	10.02	0.15	22.05	27.80	17.88	310.00
	Emp	0.37	0.43	0.51	0.72	0.841	-
Other handicraft	P.	20.67	38.40	65.00	76.83	0.60	19.35
	Emp	0.33	0.40	0.39	0.65	0.762	-
Total	P.	57.82	105.00	200.00	250.00	696.33	900.00
	Emp	1.44	1.85	2.25	2.78	3.29	-

**Sources:** - Directorate of Handicrafts J&K

(Production = (P) =Rs in crores.

(Employment = (EMP) =Lakh No)

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### **4.1.2. Sericulture**

#### **Sericulture Development**

Sericulture is an age old profession of the people of valley of Kashmir. From the table 4.3, it is clear that the growth of mulberry trees have grown from 601.00 thousand in 1980-81 to 4289.00 thousand in year 2005-06. But, it is very unfortunate that sericulture once being the pride of Kashmir could not show the improvement in other fields. For example: the seed production decreases from 24.80 thousand OZ to just 20.70 thousand OZ for the reference period (i.e. from 1980-81-2005-06). Similarly, there is decreasing trend in the production of cocoons and the production of raw silk. Therefore, the value of the production of the raw silk decreases drastically from 234.98 lakh Rs. to 0.213 lakh Rs. for the reference period which is a major concern for the economy like Jammu and Kashmir where the contribution of secondary sector to NSDP at constant prices (1980-81) is even lesser than the contribution of the primary sector.



**Table 4.3: Sericulture Development**

S.No.	Particular's	Unit	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06
1	Mulberry trees	000Nos.	601.00	724.00	1668	671	1301	4289.00
2	Seeds produced	000 OZ	24.80	24.75	27.33	6.82	26.51	20.70
3	Seeds imported	000 OZ	10.00	7.62	16.21	6.45	-	5.00
4	No of sericulture villages	000Nos.	2.70	2.26	2.59	0.83	2.166	2.14
5	No of sericulture households	000Nos.	38.50	32.50	29.19	6.15	26.052	20.477
6	Production of Cocoons	000Qtls	10.36	6.42	7.00	1.35	8.90	7.159
7	Utilization of cocoons for reeling purpose	000Qtls	7.70	4.51	2.39	-NA-	8.68	7.016
8	Utilization of cocoons for seed purposes	000Qtls	0.30	0.29	0.28	0.04	0.21	0.144
9	Production of raw silk	000Kgs						
10	Quantity	000Kgs	75.85	33.70	20.74	-NA-	21.00	17.742
11	Value	000lakh Rs	234.98	291.28	155.35	-NA-	0.26	0.213

Source: - Directorate of Digest statistics and economics

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## 4.2. KHADI & VILLAGE INDUSTRIES

Khadi is an age-old industry in our state. Being labour intensive, Khadi industry is highly useful in creating employment opportunities in the far-flung and backward areas of the state. This industry is mostly concentrated in Bhandarwah, Kishtwar, Samba, Banihal and Rajouri areas in Jammu division and Bandipora, Shopian, Chadura, Pakhpora, Nurar in Kashmir valley. The Khadi and village industries Board provide financial and other assistance to these industries.

Khadi and village industries play an eminent role in the advancement of rural as well as semi-urban economy. The main objectives of developing these industries is to raise the standard of living, generate more income, increase the use of local raw material and help the development of rural economy by expanding working opportunities for the people. Various technical changes have taken place in various fields pertaining to rural industrialization. Moreover, for impressive execution and implementation of the programme the Khadi and village industries Board has been established by the governments.

The following industries fall within the purview of the Khadi and Village industries board:

- |                              |                         |
|------------------------------|-------------------------|
| 1. Leather goods             | 2. Leather footwear.    |
| 3. Traditional oil Ghanic    | 4. Power Ghanic.        |
| 5. Aggarbaties               | 6. Cottage Matches.     |
| 7. Soap                      | 8. Hand made paper.     |
| 9. Paper machie              | 10. Pottery.            |
| 11. Brick clamp              | 12. Mat making,         |
| 13. Carpentry & Black-smithy | 14. Manufacturing lime. |

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15 Chalk making	16.Sand lime jelly.
17. Fruit processing	18.Basket making.
19. Bakery	20.Masala making.
21. Papad making	22.Paddy processing.
23. Tailoring	24.Woolen knitwear.
25. Stone crushing	26.Manufacturing of note-books.
27. Paper bags	28.Envelop making.
29. Photo framing	30.Dhobi.
31. Barbar	32.Repair of diesel engine.
33. Repair of electric appliances	34.Umbrella assembling.
35. Popcorn	36.Barbunja murmura.
37. Indian sweet making	38.Bee keeping.
39. Leap cups (Ban making)	40.Candle making.
41. Brass, copper & bell metal	42.Manufacturing of file covers, letter pads.
43. Rexene	44.Plumber.
45. Ready made garments	46.Hosiery.

Khadi and village industries board also brought the following industries within its purview:

1. Food Preservation
2. Willow & Bamboo works.
3. Manufacture of household utensils of aluminum.
4. Collection of herbs for medical purposes.

The board has been assisting co-operative societies & individuals both technically & financially. Financial assistance is provided at a low interest rate of 4 percent per annum, under the Khadi programme, working fund is provided which is free of interest. The board has also been providing management and marketing grant to the societies under village Poultry, Oil and Leather industries. As much of 50 percent grants are provided on capital expenditure, both to the cooperative societies & individuals.

**Table 4.4: Khadi & Village Industries Production, Sales & Wages**  
(In Rs. Lakhs)

S.No.	Year	Production	Sales	Wages paid
1	1980(March)	426.72	448.68	109.10
2	2001(March)	9000.00	9561.21	2710.60
3	2005(March)	10602.03	11579.21	5242.66

**Sources:** Secretary J&K, Khadi & Village Industries Board.

The Khadi & village industries have played a vital role in bringing the prosperity in the rural areas. The different aspects of industries production, sales and wages (in Rs. lakhs) are given in the above table 4.4.

A close study of performance of Khadi and village industries in the economy of J&K from 1980 to 2005, which is around a period of 25 years reveal that the Production, sales and contribution in terms of providing wages all the three has increased. In the year 1980 the production was of worth Rs 426.72 Lakhs, the sales for the year was Rs.448.68 lakhs and the sector provided the wages worth Rs 109.10

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lakhs these figures have gone up to Rs. 9000 lakhs, Rs 9561.21 lakhs and Rs 2710.60 lakhs respectively for the year 2001.

When we now analyse the performance after 25 years in 2005 the production has gone up to Rs 9000 Lakhs, the sales have gone up to 11579.21 lakhs and the industries are providing wages of Rs 5242.66 lakhs.

**Table 4.5: Khadi & Village Industries Production, Sales & Wages  
(In Rs. Lakhs)**

S.No.	Industry	Production	Sales	Wages paid
1	2001-(March)	9000.00	9561.21	2710.60
2	Village leather (Ind)	2005.72	2147.85	549.53
3	Village Oil Ind.	602.42	635.74	188.13
4	V. Cereal Product	-	-	-
5	V. Poltery	1102.97	1152.17	358.19
6	Black Smith & Carpentry	2102.23	2271.89	624.63
7	Bee Keeping	24.42	28.22	10.43
8	Fibre Ind.	351.27	401.09	124.08
9	Willow Wicker	-	-	-
10	Soap	17.35	22.58	3.61
11	Lime	54.08	60.27	17.50
12	Fruit Preservation	36.75	39.39	12.47
13	Cottage match	3.90	4.62	1.24
14	Guir & Khand Sari	7.77	8.87	3.02
15	H.M.P.(Hand Made Paper)	52.11	53.79	17.96
16	Katha	0	0	0
17	Med. plants	0.41	0.45	0.12
18	Textiles /hosiery	104.50	108.96	35.07
19	Engineering /elec.	0.13	0.15	0.03
20	Services	0	0	0
21	Chemicals	15.50	16.77	5.50
22	Copper/Brass	14.47	15.29	5.25
23	Cane&Bamboo	1109.54	1172.57	318.98
24	Rubber	3.05	0.42	0.10
25	Other's	-	-	-
26	Total	9000.00	9561.21	2710.60

**Sources:** Khadi & Village Industries Board J&K.

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As studied in the above table, the performance of the industries at micro level presents that the contribution in terms of production at present is highest from the blacksmith & carpentry worth Rs 2102.23 lakhs followed by village leathern industries Rs 2005.72 lakhs and the lowest contribution is form engineering & electronics Rs.0.13 lakhs.

The sales has been highest of the blacksmith and carpentry which were Rs 2271.89 lakhs followed by the village leather industries Rs. 2147.85 lakhs & the lowest or smallest contribution is again from the village engineering/electronics Rs 0.15 lakhs.

The wages provided by the blacksmith & carpentry is again highest followed by the village leather industries.

Hence, we can conclude that in J&K a huge contribution to the industrial sector which is very small in comparison to other two sectors is from the village and Khadi industries.

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### 4.3. LARGE AND MEDIUM SCALE INDUSTRIES

**Table 4.6: clearly depicts that large and medium scale sector has improved its conditions**

S. No.	Year	No. of medium scale units registered	No. of large scale units registered	Total
1	1980-81	28	3	31
2	1985-86	35	2	37
3	1990-91	32	2	34
4	1995-96	33	2	35
5	2000-01	28	2	30
6	2005-06	29	1	30

**Source:** Directorate of industries and commerce J&K, 2007-08.

From the above table 4.6, it becomes clear that the total number of large and medium scale industries has remained constant even though some variations during the reference period (1980-2005)



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**Table 4.7: Contribution of industrial sector to NSDP at constant prices 1980-81**

**(In Crores)**

<b>Year</b>	<b>1980-81</b>	<b>1985-86</b>	<b>1990-91</b>	<b>1995-96</b>	<b>2000-01</b>	<b>2005-06</b>
Industrial sector	135.40	184.48	228.59	908.25	2815.64	3449.26
Percentage contribution of industrial sector to NSDP at constant prices	12.90	15.00	16.81	15.06	20.23	22.57

**Source:** - Directorate of Digest statistics and economics

From the table 4.7 it becomes clear that there happens slow growth in industrial sector as its contribution to NSDP at constant prices just increase from 12.90 to 22.57 from 1980 to 2005.

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## CHAPTER 5

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# **TERTIARY SECTOR OF JAMMU AND KASHMIR ECONOMY**

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**T**he service or tertiary sector of an economy involves provision of services to other business enterprises as well as to final consumers.

Service sector includes:

1. Business services and professional services-accounting, Advertisement, Architectural and Engineering, Computer & related services and legal services.
2. Communication services-audio-visual services, Postal and Courier Services, telecommunications,
3. Construction and related services,
4. Distributive services
5. Education services
6. Energy services
7. Environmental services
8. Financial services
9. Health & social services
10. Tourism services
11. Transport services.

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We are constrained to use this classification of services due to paucity of data. Instead the discussion on services is here divided into the following components:

### **5.1. TOURISM SERVICES IN J&K ECONOMY**

J&K with its vast potential and growing economy has immense potential for the sustenance of the tourism industry. Tourism has no doubt remained an instrument of economic growth in the state of J&K and has contributed a lot in developing the economy, particularly in Kashmir valley and Ladakh. Tourism is an important industry of 21<sup>st</sup> century. This sector provides jobs to a large number of people and generated economic activities especially in the tertiary sector. Its impact is visible in service, industrial sectors of the state such as transport, hospitality, horticulture and small scale industry.

J&K is an important tourist destination and has been a place of attraction for tourists since centuries. The lush green forests, sweet springs, perennial rivers, picturesque, alpine scenery and pleasant climate of Kashmir valley, has remained an internationally acclaimed tourist destination, whereas Jammu region- the land of temples is attracting a large number of pilgrim tourists and the important destination has been Shri Mata Vaishno Devi Shrine. Ladakh region, the moonland has been a much sought-after destination, especially for the foreign tourists and is famous for adventure tourism. The tourism tag has placed always the state of J&K in the limelight at the national as well as international level.

**Table 5.1: The tourists coming to Kashmir valley**  
(000, Nos.)

<b>S. No.</b>	<b>Year</b>	<b>Indian tourists</b>	<b>Non Indian tourists</b>	<b>Total (000Nos.)</b>
1	1951	9.33	1.25	10.58
2	1960	63.37	11.19	74.56
3	1969	129.75	19.95	149.70
4	1980	548.49	46.03	594.52
5	1985	465.60	38.02	503.62
6	1995	0.32	8.20	8.52
7	2000	104.34	7.58	111.92
8	2005	585.70	19.68	605.38

**Source:** - Directorate of economics & statistics.

## **5.2. TRADE AND COMMERCE**

Historically, trade has been an important and main spring of growth for economies at different stages of development. The growth rates of individual developing economies since 1950 co-relate better with their export performance than with almost any other single economic indicator.

The trading position of J&K economy may be well depicted by the goods exported from and imported into the J&K economy during different years.

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**Table 5.2: Goods imported into the state (Quantity imported)**

S.No	Description	Units	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06
1	Weight	000Qtls	13222.79	15059.83	18666.38	36708.96	37033.31	57194.23
2	Animals	Nos.	932772	1153803	724839	948302	1431096	1466237
3	Vehicles	-do-	1403	3216	-NA-	3836	6936	-NA-
4	Fuel	Lakh ltr.	1730.53	1887.89	2566.4	3694.17	4564.52	5249.49

Source: - Excise commissioner, J&K

**Table 5.3: Goods exported from the state (Quantity exported)**

S.No.	Description	Units	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06
1	Weight	000Qts	6360.84	8924.77	6045.64	8691.91	9140.06	57194.23
2	Animals	Nos.	132446	-	-	-	3193.00	1466237
3	Vehicles	-do-	-	-	-	-	-	-
4	Fuel	Lakh Ltr.	-	-	-	-	-	-

Source: - Excise commissioner, J&K

**Table 5.4: Contribution of trade, hotels and restaurants sectors to tertiary sector and to NSDP at constant prices 1980-81**

S.No.	Year	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06
1	Contribution of trade, hotels and restaurants sector to NSDP at constant prices 1980-81 (Rs/crores)	180.13	171.46	156.01	696.41	1138.37	1555.92
2	%age contribution of trade, hotels and restaurants sectors to tertiary sector	43.23	34.72	25.67	25.45	17.33	19.10
3	% age contribution of trade, hotels and restaurant sectors to NSDP at constant prices (1980-81).	17.16	13.94	11.47	11.55	8.18	8.9

**Source:** - Directorate of Economics & Statistics, 2007-2008.

Excise commissioner, J&K

From the table 5.4, it becomes clear that the percentage contribution of trade, hotels and restaurants sectors has been continuously decreasing from 1980-81 to 2005-06 which is not a good sign for the economy like J&K.

### **5.3. CONNECTIVITY AND COMMUNICATION**

#### **Connectivity**

An effective communication network is essential not only for the requirements of travel and transport, but also for socio-economic development of a state and the country. Revival of tourism and

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restoration of damaged infrastructure, which had become the target during the period of disturbance in the state, is priority of the state government. The central and state govt. in a joint venture concerned on rebuilding of destroyed infrastructure launched special schemes besides giving a boost to the ongoing schemes of the development.

Connectivity and overall development has strong correlations through variety of linkages. Firstly, the development of this infrastructure, especially rural one, has far reaching implications for poverty reduction by improving income generating opportunities. Secondary, it raises agricultural production through diffusion of technology and corresponding reduction in prices, and thirdly, the connectivity is essential ramification for tourism sector. As such, efficient transport and communication system are the life lines of national economy. The place of development of an economy depends not only on the production of goods and services, but also their movement is equally useful with competitive and non-discriminatory prices that are adequate for transport infrastructure and services. With the development of science and technology sector, the transport and communication has drawn the world nearer and has enriched life and added substantially to growing amenities and facilities for the comfort of life. The trade has traversed from local vicinity to national and international level which has added to the total vitality of economy. A dense and efficient network of connectivity and communication is prerequisite for present day local, national and global trade.

Placed at the crown of country's geographical map, the state is dependent on singular life line i.e., national highway, through which it is connected with the rest of the country. The connectivity system in the J&K economy at two levels i.e. connectivity to the rest of the country



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through just one national highway and the road connectivity with huge disparity in road density across districts in state, with pronounced disparity in rural roads sector. The topographical landscape of the state presents the alternatives like civil aviation as costly affair. However, commissioning of sheikh-ul-alam international airport at srinagar has opened new vistas for enhancing connectivity at international level which in turn facilitates international tourism, promotes international trade especially exports which will serve as a cushion to the economy and generates avenues of better employment. The railways network is a recognized mode of communication, which has started making its presence felt. This could be realized through commissioning of Qazigund-Baramulla rail link. The rail connectivity under Jammu-Udhampur section has proved to be potential linkage. However, for establishment of rail connectivity between Qazigund and Banihal the work is in progress. The connectivity scenario has rendered the state dependent on road connectivity for common mode of communication which provides links to remote areas, accessibility to markets, schools, hospitals, open up backward regions to trade and investment, there by playing an important role in inter-modal transport development viz.; establishment of links with airports, railways and local means of connectivity.

### **5.3.1. Railways in J&K Economy**

Railways are the principal mode of transportation in the country. Railways bind the economic life of the country as well as accelerate the industrial and agricultural development of the nation. Well laid rail network is definitely the sign of industrial growth. A well advanced rail network makes the supply of raw material, labour and other requirements like marketing of the products possible and smooth.

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One of the reasons of J&K'S lagging behind is the slow pace of development in this sector as well. Railways have not developed much in any hilly state as compared with other states because of the difficult terrain. Our state govt has recognized the crucial role of railways in the process of economic development and in response to that, the government of India has extended full cooperation in all respects by providing technical and financial support for developing railways links in the state at very fast speed now.

Jammu is the rail-head for the state of J&K for spreading the railway network in the state various projects have been undertaken. Out of these projects one Jammu-Udhampur railway project which has sanctioned in March 1981 has been completed and commissioner for traffic in April 2004 by the honourable prime minister of India.

The other new very important rail project is that of Udhampur-Srinagar-Baramulla. This project has been approved in March 1995. Taking into consideration its importance, this project has not been financed of the rail budget. This special project has been declared as National project and funds for this project have been generated out of national budget, i.e. from planning commission of India. Further, this Udhampur-Srinagar-Baramulla project has been subdivided into three sections for its completion.

- a) Udhampur-Katra section                      (b) Katra-Qazigund section
- c) Qazigund-Baramulla section.

### **5.3.2. Civil Aviation in J&K Economy**

Being the fastest and comfortable mode of transportation with accessibility to cut off areas, Airways connect all the three regions of the state. Out of the three Airports of the state Srinagar airport has been

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upgraded as international airport named as sheik-ul-alam airport, where as the facilities at Jammu and leh airports are also being upgraded. One more airport at Kargil headquarters is concerned with Decota services. In difficult terrains like high mountainous areas of leh and Kargil when road connectivity is disrupted during winter months due to heavy snowfall, when the airways are the only source of access to such places. However, some areas have been covered by helipads but the difficult terrain and scattered population calls for more airports and better connectivity. Authorities have shown interest in exporting the Air taxi connectivity between Katra-Bhaderwah for promotion of tourism in the state.

### **5.3.3. Water Transport in J&K Economy**

Water transport is the cheapest means of transport. States which possess coastal areas are largely benefited by this transport system. But our state having no coastal area is meagerly benefited through this transport system. Earlier the rivers were crossed through boat, where and when bridges were not built. On the river Jehlum and Dal Lake, boats still carry passengers and luggage. Though this transport is very meagre in J&K state, but this fact cannot be denied that it is a centre of attraction for tourists and also helps to provide source of livelihood to a number of Shikara and Houseboat holders and fisherman.

During the year 1965-66, the total commercial boats numbered about 2774 (excluding the residential boats) and number of persons engaged were 7496. In 1985-86, the number of boats were 4202 and the numbers of persons engaged were 9996. In 2000-01 the numbers of commercial boats were 4755 and there were 8630 persons engaged in that occupation. An amount of Rs. 1044 lacs was realized as boat tax during 2005-06.

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## Communications

The telecommunication has shown tremendous growth in the past few years. Particularly with the launching of cellular services in the state in August, 2003. Though J&K was a late entrant into this telecom segment, but it has caught up with the rest of the country. The cellular density (Mobiles per 100 person) of the state as on December, 2009 stood at 34.75 which is marginally above the national figure of 32.51. It can be concluded that roughly every 3<sup>rd</sup> individual in J&K economy is using a cell phone.

In the mobile segment there has been a boom in the state, as in the rest of the country. The subscriber figure which was only 40100 in March, 2004 has reached 260313 in just one year in March, 2005.

**Table 5.5: Shows the telephone connections**

S. No.	Year	Telephone Connections	
		Main	Extension
1	1980-81	14251	1766
2	1985-86	18296	2275
3	1990-91	28841	5919
4	1995-96	38427	2019
5	2000-01	173533	5889
6	2005-06	295962	601646

Source: - Asst. Director (MIS) J&K circle BSNL, Jammu.

From the above table 5.5 that telephone connections (both main and extension) has been increasing continuously, but the increase from 1995-96 is more sharp than before it.

**Table 5.6: Contribution of transport, communication and storage sectors to tertiary sector and to NSDP at constant prices 1980-81**

S.No.	Year	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06
1	Contribution of transport, communication, and storage sector to NSDP at constant prices (1980-81 in Rs. Crores)	8.54	17.88	17.21	105.13	446.41	1021.54z
2	Percentage contribution of transport communication and storage sectors to tertiary sector	2.05	3.62	2.83	3.84	6.80	12.54
3	Percentage contribution of transport communication and storage sectors to NSDP at constant prices 1980-81	0.81	1.35	1.27	1.74	3.21	5.84

Source: - Digest of statistics, 2007-08

From the table 5.6, it becomes clear that the contribution of transport, communication and storage sectors has increase tremendously and continuously.

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#### 5.4. BANKING, INSURANCE AND SAVINGS

**Table 5.7: Number of bank branches in J&K economy during 1980-2005**

S.No.	Year	No. of Bank Branches
1	March 1980	387
2	March 1985	699
3	March 1990	746
4	March 1995	792
5	March 2000	809
6	March 2005	858

Source: Reserve bank of India, Mumbai

From the above table, it becomes clear that the number of bank branches in J&K economy has continuously increased, but the increase from 1980-1985 is more sharp.

**Table 5.8: Advances of scheduled commercial banks**

S.No.	Year	Rs. In lakhs	
		Deposits	Advances
1	1980-81	37589	11554
2	1985-86	81488	34124
3	1990-91	153931	48931
4	1995-96	471694	182935
5	200-01	865786	350740
6	2005-06	1928100	865900

Source: - Reserve bank of India, Mumbai

From the above table, it becomes clear that both deposits and advances of scheduled commercial banks have increased continuously, but the increase of deposits is sharper than the advances of scheduled commercial banks.

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## 5.5. OTHER SERVICES

Other services include real estates, ownership of dwellings business services, public administration, education, medical and health services, sanitary services, tailoring services and service n.e.c.

**Table 5.9: Contribution of other services (together the above all services) to tertiary sector and to NSDP at constant prices 1980-81**

S.No.	Year	1980-81	1985-86	1990-91	1995-96	2000-01	2005.06
1	Contribution of other services to NSDP at constant prices 1980-81 in Rs. crores	210.88	275.26	391.93	1749.13	483.92	5745.7
2	Percentage contribution of other services to tertiary sector	50.61	55.73	64.39	63.92	73.57	70.53
3	Percentage contribution of other services to NSDP at constant prices 1980-81	20.09	22.38	28.78	29.0	34.71	32.83

From the above table it became clear that the contribution of other services to NSDP at constant prices 1980-81 has continuously and tremendously increased during the reference period (i.e., from 1980-81 to 2005-26).

**Table 5.10: Contribution of tertiary sector to NSDP at constant prices (1980-81)**

S.No.	Year	1980-81	1985-86	1990-91	1995-96	2000-01	2005.06
1	Contribution of tertiary sector at constant prices (1980-81) to NSDP	416.66	493.88	607.82	2766.15	6567.44	8145.47
2	Growth rate %	3.71	3.71	3.97	9.86	4.99	7.41

Source: - Digest of statistics, 2007-2008.

From the above table it becomes clear that the share of tertiary sector to NSDP at constant prices is greatest of all three sectors of the economy. This is a healthy sign for the economy of J&K.

The various sector of the economy are closely related to one another. Primary, secondary and tertiary sectors are the three sides of the economy without which the working of the economy becomes difficult. All these sectors are complementary and supplementary to each other. Primary sector supplies raw materials to each other. Primary sector supplies raw materials to secondary sector and receives tools and equipments from it. Tertiary sector also depends on the primary sector. It supplies its services to both the sectors. The balanced growth of the economy needs that all the sectors of the economy should have balanced development. The development of primary sector provides a sound base for the development of secondary and Tertiary sectors. Similarly, the development of secondary sector provides machines, tools and



equipments for the development of primary sector. With the development of primary and secondary sectors, the tertiary sector grows automatically. Thus all these three sectors contribute to the economic development. At the initial stage, the contribution of primary sector is more than the contribution of secondary and tertiary sectors. Later on, as the economy grows the share of secondary and tertiary sectors enlarges. It enlarges then economy and increases its magnitude.

**Table 5.11: Growth rate of NSDP at constant prices 1980-81**

S. No.	Year	Growth in per cent Base year (1980-81)			
		Primary sector	Secondary sector	Tertiary sector	Growth rate %
1	1980-81	2.17	7.25	3.71	3.44
2	1985-86	2.17	7.25	3.71	3.44
3	1990-91	6.68	8.83	3.97	5.80
4	1995-96	2.67	-2.28	9.86	4.99
5	2000-01	-1.02	4.42	4.99	2.84
6	2005-06	1.44	9.40	7.41	5.92

Source: Directorate of economics & statistics, J&K

**Table 5.12: Sector wise change of NSDP at constant prices 1980-81**

Sector	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06
Primary	47.40	44.84	38.49	39.58	32.57	30.88
Secondary	12.90	15.00	16.81	15.06	20.23	22.57
Tertiary	39.70	40.16	44.70	45.36	47.20	46.55
Total	100	100	100	100	100	100

Source: Directorate of economics and statistics, J&K.

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## CHAPTER-6

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### **SUMMARY AND CONCLUSION**

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**T**he 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. Infact, unutilisation and 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 effective geographical area of J&K state is 101387 sq.kms out of which 20230sq.kms is the forest area constituting 19.95% of geographical area against the prescribed norm of 1/3<sup>rd</sup> geographical area

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provided under National Forest Policy -1998. Forest area is largely distributed in Kashmir. Therefore, excluding vast barren area of Ladakh, the percentage of land under forests is over 51%. A large variety of trees such as Deodar, Kail, Fir, Chir, Sal, Teak, Sisso and Simal grow in the forests of the state. These forests can provide raw materials for the manufacture of chemicals, paper, matches and sports-goods, etc .The forest products,, however, are not utilized fully for the benefit of people & what is more disheartening is the fact that the forest resources are mis-used .Trees are cut ruthlessly without planting new ones and the materials got thereby are not put to the right and profitable uses.

Water is abundant in the state and if used properly, both artificial irrigation facilities and production of hydro-electric power can be increased manifold. But, unfortunately, only a negligible percentage of the available water resources is utilized for irrigating agricultural forms and generating hydro-electric power. Consequently, neither adequate artificial irrigation facilities are provided to the farmers nor the problem of shortage of electric power has been solved.

No accurate data regarding the variety and size of mineral deposits in the state are available. However, it is generally believed that there are sizeable reserves of various types of minerals in the state. Not much, however, has been done to dig out these minerals because of the inexplicable reasons.

Manpower too plays a significant role in the economic development. No region can advance economically unless it has sufficient man power to take full advantage of the natural resources and thus promote the cause of economic development. The labour force supplied by the population must be efficient to make the optimum use of the available resources. Efficient and skilled labourers accelerate the

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growth of an economy where as in efficient, unskilled and diseased labour force retards it. Just as development depends upon the full utilization of the natural resources, in the same way it also depends on the full utilization of the human resources. Therefore, it is essential to make full use of human capital to accomplish the goal of economic advancement of the people.

At present, the state of J&K is facing serious problem of under utilization of human resource. There is wide spread unemployment in the state. The absence of job oriented education has given rise to the problem of unemployment among the educated youth. There is acute shortage of trained personnel in the state of J&K. The majority of the workers in both agricultural and Industrial sectors are illiterate and untrained and consequently, their productivity is extremely low. The labour force of the state is less efficient due to low wages, uncongenial working conditions and absence of training facilities.

Therefore, it follows that the state is not making the optimum use of human resource, and in fact, under –utilization of man power is one of the important factors responsible for retarding economic growth in the state.

Agriculture is the main occupation of the people of J&K as 75% population of the state depends directly and indirectly on it. The state agriculture is not only the major source of employment, but its share in the state income is also significant. The contribution of agriculture and allied activities in the state income was 47.40% in 1980 – 81 (at NSDP at constant prices). Rice, wheat, maize and pulses are the important crops. Barely, Bajra, and Jowhar are also cultivated in some parts of the state. Gram is grown in Ladakh.

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Although agriculture is the biggest industry in J&K engaging 75% of the total population, yet it is in the strong grip of backwardness as shown by various indicators. Yield per hectare in the state agriculture is very low. Thus, Yield of wheat in 2005 per hectare in the state is 17.82 quintals where as it is 26.19 quintals in India. Traditional and outdated methods of cultivation and inadequacy of irrigation, credit, marketing and transport facilities are responsible for low agriculture productivity in J&K economy. Besides, since the cultivators are poor, ignorant, tradition bound and superstitious, they have not improved the arts of cultivation and consequently the productivity per hectare is bound to be low.

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

1. Political instability.
2. Deficiency of capital.
3. Shortage of daring and dynamic entrepreneurs and
4. Inadequate attention paid by the state government to industrial development of the state.

### **Political Instability**

Political instability set back to investment both domestic and foreign investments which intern lead to unexploitation 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 lead to huge diversion of resources from productive sectors to the maintenance of law and order problems. Whatever, worthwhile physical infrastructure in terms of schools,

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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.

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Unfortunately, the state of J&K lacks entrepreneurial abilities. This has also been one of the major causes of industrial backwardness of the state.

### **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 given dissertation “Structural Changes in J&K Economy” leads us to the conclusion that 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 overall 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.



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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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