

Inclusive Growth in Jammu and Kashmir: Problems and Prospects

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Abstract: *Inclusive growth has elements pertaining to broad based growth, shared growth, and pro-poor growth. Violence and turmoil badly affected the J&K economy which reached to inclusive growth adversely. Slow inclusive development is only attributed to violence in Jammu & Kashmir. The ongoing conflicts resulted in displacement of non-Kashmiri households. There has been damage to infrastructure, and annual economy growth lagged behind as compared to national level, tourism suffered tremendously and all these affected adversely more to vulnerable groups whose service depend on public. In addition, loss of poor human resources resulted in distressed marriages and people were trying to save young girls and children were very hopeless of their future career. The main objective of this paper is to analyze the inclusive growth in Jammu and Kashmir and its problems and prospects.*

Keywords: Broad based growth, damage infrastructure, loss of poor persons.

1. Introduction

Inclusive growth is broad-based growth across sectors; includes productive employment and protects disadvantaged and marginalized groups from adverse shocks. Inclusive growth has elements pertaining to “broad based growth, shared growth, and pro-poor growth”. The productive employment provides the key linkage between economic development and poverty reduction (ILO, 2012). A normal process of growth ensures the contraction of traditional sector and the expansion of the modern sector (Lewis, 1954) and as a result the unregulated, informal, low productive and low paid jobs are substituted with productive and decent jobs. However, the experience of India has indicated that the traditional/informal sector not only persisted but expanded even after long periods of planned economic growth and macroeconomic stabilization. The empirical evidences from the developing countries have proved that the expansion in the informal sector has been mainly due to lack of the supporting institutions (ILO, 1972; Johnson, Kaufmann and Schleifer, 1997). Ironically, the era of globalization has significantly reduced the role of these institutions. India, too, is not an exception of such world-wide trends. After two decades of faster economic growth in this economy, the informal sector has actually expanded. The level of employment may have increased during this period but the quality of employment is moving towards its dismal low points.

Unlike the pro-poor growth agenda which focuses mainly on the welfare of the poor, inclusive growth is concerned with opportunities for the labor force in the poor and middle-class alike. It takes a long-term view and focuses on raising the pace of growth, on productivity growth, and enlarging the size of an economy while leveling the playing field for investment and increasing productive employment opportunities. The World Bank (2009) argues that an inclusive growth approach is preferable to “shared growth,” which can be misconstrued as implying a focus on income distribution schemes. Inclusive growth has to create an environment of equality in opportunity for all, by addressing employment creation, market, consumption,

production, and a platform for poor people to access good living conditions. Rapid paced growth is a necessary condition for substantial poverty reduction and must be broad-based across sectors and inclusive of a large part of a country’s labor force to be sustainable in the long run. The Commission on Growth and Development 2008, Strategies for Sustained Growth and Inclusive Development embraces equity, equality of opportunity, and protection in market and employment transitions. Its strong view is that successful growth strategies must have a commitment to equality of opportunity, giving everyone a fair chance to enjoy the fruits of growth. This will contain social inequality between the low and top ends of income groups.

Accelerated, strong, sustainable and inclusive growth will support higher incomes for the majority of the population, which can result in general improvements in living conditions. Now we reach to study area namely Jammu and Kashmir which is most important part of India. The area is continuously affected by conflicts from two decades which adversely affected all resources. Study is confined to our own state namely Jammu and Kashmir and particularly Kashmir division. Jammu and Kashmir is situated on northern most part of country covering a total geographical area of 2416 thousand hectares with total population of 12548926, sex ratio 883/1000, population density 124 persons per square kilometer and literacy rate 68.74% in 2011 and is divided into three divisions, viz; Jammu, Kashmir and Ladakh comprising a total of 22 districts. Jammu and Kashmir State is continuously affected by violence and Human Rights Violations which has retarded growth and inclusive development and shattered peace spectrum of state. The state in totality is having its own resource potential. However, violence and turmoil has given chance to all misdeeds which covers injustice, killings, corruption, delaines and disparity etc. Most activities like trade, transport connection and mobility of people etc. were deprived from last two decades. Trade provides opportunities for enhancing productive capacities, create economies of scale, and improve competitiveness. Regions that are well connected by road transportation, ICT, power supply and water systems, will see enhanced inclusion.

Regional integration will create large, competitive economic spaces that are attractive to investors and lead to increased employment and mobility of people across borders. Private Sector Development activities are cross-cutting, and promote inclusive growth across all economic sectors and all firm sizes ranging from Medium, Small and Micro Enterprises (MSMEs) to large corporations, generating growth, jobs and economic opportunities for the majority, including the poor. However due to violence these all were mostly deprived. Most of state's largest businesses are concentrated in a Srinagar and Jammu cities; however, small firms and informality dominate the primary sector. Most mid-sized enterprises operate in some fixed areas in state. It provides economic opportunities for the minority people. Data source (SBOE, 2010) from 2009-2010 shows that only 28% of rural area of J&K had access to electricity compared to 80% of urban areas; 59% of the rural area had access to improved water access compared to 88% of urban area. Infrastructure remained poor and about 650 schools were razed by militants (Conservative estimates 2007).

Improved infrastructure including a functional regulatory environment in urban area will increase competitiveness and productivity, lower the costs of doing business, and facilitate trade and foreign direct investment. It will deepen economic and social integration and create employment opportunities during project implementation and operations. Infrastructure also supports the delivery of social services. Developing rural infrastructure in particular has a wide range of impacts on households, communities, and businesses income and other quality of life indicators. Yet, rural and urban infrastructure access rates are highly disparate.

To increase their contribution to more jobs and wealth creation, value added, use of domestic raw materials, capital formation, government revenues, and export earnings, J & K's enterprises need to be expanded to boost broad-based growth and allow private-sector development to promote sustainable inclusive growth. The inclusive growth agenda in governance entails establishing standards and conditions to foster resource mobilization, build strong institutions and mainstream transparency. J&K state needs strong institutions with the necessary capacity and resources to effectively establish a sound macroeconomic framework, through good public financial management. A better business environment with a legal and regulatory framework that facilitates contract enforcement, property rights will encourage jobs and help create a more stable and secure society. Inclusive growth also requires supporting the voices and democratic accountability of the poorest and vulnerable groups, the democratization and representation of all strata of the population in all economic and political spheres.

According to official estimates, some 40,000 lives have been lost since from 1989 though other estimates put the toll much higher. Largest scale displacement from different parts of state is an integral part of Kashmir conflict (Shekhwat 2006,). An estimated one million people has been displaced in the state due to militancy. About 20000 women have been killed due to recent turmoil in J&K during last two decades (NHRC, 2006). There are reports of rape, molestation and abduction of children during the

ongoing conflict (NCRB, 2006). About 40000 children were orphaned due to conflict in the state. Most of them have been living in miserable conditions. About 55476 Kashmiri Pandit families remained displaced since early 1990s. The govt. of India and state govt. of J&K regularly announced various schemes to encourage their return but failed. The relationship between conflict and development is strong and is two way process. Conflict retards inclusive development and equally failure in development increases conflict. There arises a "conflict trap" – A cycle of conflict related violence and economic retardation (Collier and Hoffer 1998). Other humanitarian costs included negative impact on women and other vulnerable groups and a noticeable increase in the psychiatric patients are in consideration (Medicine Sans Frontiers, 2006). Almost all socio economic sectors got affected. The conflict has also cost the Indian govt. heavily in terms of deployment of security forces as well as other financial responsibilities.

The Kashmir conflict is one of the burning issues in the international politics. Though the parties involved in the conflict have their own perspectives regarding the cause and course of conflict. However all agree that region is in need of peace which is important for development. When PM Dr. Manmohan Singh was forced to intervene and convene of meeting of all parties of Jammu & Kashmir to solve the crises on 10 August, 2010, he him states that Kashmir needs Political Solution (Times of India, 10 August, 2010) which will bring peace.

The theory of development by Amritya Sen (Sen, 1999) argues development and peace are intimately related. Peace is both constitutive of development and instrument to it. In this light it can be argued that economic underdevelopment amounts to lack of peace and prosperity. This is very much case in Kashmir where all conflicts and turmoil has not allowed inclusive developments to prevail upon. He argues that growth of GNP or individual income can of course be very important as the means to expanding the peace processes enjoyed by members of society (Sen 1999).

2. Objectives

The main objective of this paper is to analyze the inclusive growth in Jammu and Kashmir and its problems and prospects. Accordingly to initiate developmental activities that will step towards inclusive growth in the state.

3. Methodology

Brief literature review by the author shows that no study has taken into account as a need for inclusive growth in State. Hence in view of this, the present paper will analyze the achievement of inclusive growth in state and will highlight core ideals of inclusive growth. The paper is based on secondary data, collected from the Ministry of Agricultural Department and from various other organizations like SHRC, NHRC, and Asian Center for Human Right, NCRB, CSO, NSSO, and World Development Reports and also from various published and unpublished papers and articles etc.

4. Result Discussion

The trend in development has been discouraged. The continuous conflicts have adversely affected all socio-economic sectors of Jammu and Kashmir. Violent conflicts cause growth to decline (Collier, 2007), corruption, inequality and injustice damage (SHRC 2006), infrastructure (Rodrick, 1998, Binzel and Bruck, 2006, Bruck and Schindler, 2007), destruct physical capital, reduce investment (Knight et al., 1996; Imai and Weinstein, 2000); and induce capital flight (Collier, 1999a) and lower personal saving rates (Russett and Slemrod, 1993). The ongoing armed conflict in J&K has resulted in forced migration of Kashmiri Hindu and non Kashmiri Hindu and Muslim communities since mid nineties, damage to infrastructure, and lags behind annual economy growth is compared to national level, tourism suffered tremendously, forest areas and other areas occupied by security sources. The average annual growth of net state domestic product from 1980-81 to 199-2000 was 12.45 percent for J&K against 15.01 percent, 14.28 percent, 13.83 percent and 14.3 percent for Andhra Pradesh, Gujrat, West Bengal and Kerala respectively. Similarly average annual growth of per capita net state domestic product during 1980-2000 was merely 9.63 percent for J&K against 12.9 percent, 11.63 percent and 12.86 percent for Andhra Pradesh, Gujrat, West Bengal and Kerala respectively (planning commission of India 2006).

The state lags far behind in annual economy growth as compared to national level, and its per capita income is also behind the national average. The survey indicated that state has shown 5.27 percent annual growth during first three years of 10th FYP, against national average of 6.6 percent per capita income in the state stands at INR 17174 per annum much below the national average of INR 25907 per annum. Tourism one of the main industries in the Kashmir valley has suffered tremendously due to violent activities. It has declined substantially since late 1980s when military gained momentum. The number of tourists visiting the state per year had gone down from seven million in paramilitary days to few thousands in following years. It is estimated that state lost 29 million tourists from 1989-2002 leading to tourism revenue loss of \$ 3.6 billion.

State forest area is below the standard prescribed by national forest policy that state the total forest area in hilly states like J&K should be 66 percent of total land area. Official figures reveal that only 50.97 percent of area in the state was demarcated as forest in 2006. The forest included a diversity of flora. The damage to these forests had deprived the state of many plants of medicinal value thereby negatively affecting the prospects of verbal trade. The forests resources have been damaged not only because of logging by poor people but also to illegal occupied areas of forests by security forces. The security forces have also occupied other areas other than forests due to which production of common and poor people, infrastructure and flora damaged and declined. According to conservative estimates, the militants have raised about 650 schools to the ground and security forces have occupied several areas in rural (Mahapatr, 2007). The violence in the state has led to sharp increase in unemployment. The unemployment rate in the state is 4.21 percent against 3.09 percent in national

level. Once of the main consequences of violence is a low literacy rate in the state which stands at 54.46 percent as compared to all India literacy rate of 64.8 percent according to census 2001.

Kashmir needs peace for development which has been retarded from last two decades. At international level many peace agreements were launched by multiple players India, Pakistani, Kashmiri and other international actors. In joint statements they each showed willingness to starts a composite dialogue for peaceful settlement of all issues but finally results is still awaited.

At national level, various peace missions were launched to create a peace environment. India announced major combat operations in J&K from 1990s but the result was not really satisfied. Fortunately and most importantly J&K witnessed assembly election in 2002 that have been recognized free and fair, because no particular party won by outstanding majority. This election dismantled one party politics of state and govt. was formed by people's Democratic Party PDP in coalition with congress and other parties. Under the elected govt. the state played active role in facilitating the peace process under the healing touch policy. This was followed by panchayat elections after more than two decades.

5. Findings

After the peace process, the sectors like tourism art and handicrafts, agriculture and related sectors, industries, private investment etc all received great importance. The recent opening of roads across the LOC has encouraged the prospects of both development and peace in the state. The opening of Srinagar- Muzaffarabad road in April 2005 followed by Poonch Rawalakote in June 2006 and ongoing talks to open many other roads like Jammu – Sialkot, Jhanger – Mirpur has vast potential for economic revival. The modalities of the Cross-LoC Trade were drawn up and the list of items to be traded across the LoC was finalized in the meeting of the Joint Working Group held in New Delhi on 22.9.2008 and the necessary infrastructure for launching the Cross-LoC Trade was put in place both at Salamabad & Chakkan-da-Bagh (Economic Survey 2012). For destitute women, orphans and visually handicapped persons, 21 Bal Ashrams and 13 Nari Niketans have been set up by state government. An expenditure of 84.41 lakhs was made up to ending March (Govt; of J&K, DES). Infrastructure growth is very necessary for economic revival of state which was damaged by violence. Industrial openings and infrastructural development etc all provides and leads to productive employment generations. Self-Employment Scheme for Rehabilitation of Manual Scavengers (SRMS) in 2006 was launched, Rehabilitation Council for Victims of Militancy has been provided now permanently since 2006. Justice, equality and honesty came into existence. Backward areas were concentrated well. Poverty reduced and condition of vulnerable group improved. National Rural Employment Guarantee Scheme (NREGS) was launched in 2006 to provide 100 days employments to each rural area. Jawahar Lal Nehru National Urban Renewal Mission (JNNURM) in 2005 was launched in urban area. Surely, it is only the peace which can make our state strong and welfare.

The State Cabinet has approved the establishment of 11 new Degree Colleges under CSS "establishment of Colleges in the educationally backward areas" at D.H. Pora, Tangmarg, Charar-I sharief, Zanaskar, Marwah, Mahanpur, Kupwara, Surankote, Kalakote, Nobra and Sarh Bagga, Mahore. Performance Auditing of private B.Ed. Colleges has been introduced during the current financial year to monitor the performance of these Colleges in the State viz-a-viz infrastructure, academic excellence and qualified faculty. The two State and the three Private Universities have been established after peace process. Out of three private Universities, Mata Vaishno Devi University and BGSB University have obtained the status 12(B) of UGC and is as such qualified for UGC grants.

6. Conclusion

Violence has affected the development of state, as it discourages private enterprises to invest and creates obstacles in implementation of developmental activities. Slow inclusive development is only attributed to violence in Jammu & Kashmir. The ongoing conflicts resulted in displacement of non-Kashmiri households. There has been damage to infrastructure, and annual economy growth lagged behind as compared to national level, tourism suffered tremendously and all these affected adversely more to vulnerable groups whose service depends on public. In addition, loss of poor human resources resulted in distressed marriages and people were trying to save young girls and children were very hopeless of their future career. Though conflict is to be resolved, the peaceful space can be used for development.

Kashmir can become a place of peace and development when all parties are involved for participation. The current chance to bring peace by means of development to the region needs to be utilized, instead of waiting for conflict to be resolved fully. Our Indian politician planners and social scientists can explore all possibilities for exploiting the resource potential *of state to its fullest extent*.

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