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# JAMMU AND KASHMIR ECONOMY IN HISTORICAL PERSPECTIVE: ANALYSIS OFFOOD CROP PRODUCTIVITY IN AGRO-CLIMATIC ZONES OF JAMMU & KASHMIR SINCE 1981

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**Abstract:** The immemorial tradition in Kashmir treated all land as the property of the ruler cultivated it as his tenants, led to the creation of various intermediaries from ancient times down to the pre-reform period. The sole purpose was to collecting revenue from the tenants. The revenue administration and organization during medieval Kashmir was not different from that of earlier Hindu period. The system of collection of revenue remained unchanged. The development of landed aristocracy, absentee landlordism, concentration of land among few and alienation of land from small and petty owners to bigger landlords and increasing expropriation of the share of peasantry remained perpetually. The peasants who depended on the agricultural economy were at the mercy of the rapacious officials, who enacted the last bush of grain from their meagre produce. The process and pattern of economic development of post-1947 had been dependent upon its inherited pattern of underdevelopment. The British rule in India was very exploitative, leading to what Gunder Frank describes as the 'development of underdevelopment' however, and the magnitude of oppression and exploitation was more propelled by Dogra rulers. The main aim of the paper is to look into the economic background and economic legacy of the Jammu and Kashmir state. The work attempted to examine the trend of food crop productivity in agro-climatic zones of Jammu and Kashmir since 1981. For achieving these given objectives, the study is based on the secondary data. The onset of armed militancy in the Kashmir in 1989 has been attributed by many to a total sense of desperation and stumbling block for the overall development of state, thus wrecked state economy to a large extent.

**Key Words:-**Tenants, Intermediaries, landlordism, Landlords, Underdevelopment, Oppression and exploitation.

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## INTRODUCTION

Kashmir is perhaps, to possess an authentic account of its history from the very earliest period. This past account of Valley, its culture and traditions, rise and fall of various Kingdoms, victory and defeats of the people have been noted carefully, yet critically by the sons of its soil. Truly Kashmiri literature is very rich in information about Kashmir.

Jammu and Kashmir's economy is predominantly dependent on agriculture and allied activities. The Kashmir valley is also known for its sericulture and cold water fisheries. Wood from Kashmir is used to make high-quality cricket bats, popularly known as Kashmir Willow. Kashmiri saffron is also very famous and brings the state a handsome amount of foreign exchange. Agricultural exports from Jammu and Kashmir include apples, barley, cherries, corn, millet, oranges, rice, peaches, pears, saffron, sorghum, vegetables, and wheat, while manufactured exports include handicrafts, rugs, and shawls (J&K Economy Performance Analysis, Directorate of Economic and Statistic, 2007-08).

The agriculture and Horticulture are the important pillars of Kashmir economy. Eighty percent of people depend on agriculture for their livelihood. The state is basically Mono-cropped and rainy season economy. The major crops include rice, maize and wheat. The productivity level of paddy is about 40quintals per hectare in Kashmir

valley which is the highest in the country.

## METHODOLOGY

The Government of India has been so keen to economically integrate Jammu and Kashmir with the rest of India. The state is one of the largest recipients of grants from New Delhi, totaling \$ 812 million per year. It has a mere 4% incidence of poverty, one of the lowest in the country.

Militancy in the whole Kashmir valley tries to destroy the unity and integrity of the nation. Militancy destroyed the beauty and glory of Kashmir.

The main aim of the paper is to look into the economic background and economic legacy of the Jammu and Kashmir state. The work attempted to examine the trend of food crop productivity in agro-climatic zones of Jammu and Kashmir since 1981. For achieving these given objectives, the study is based on the secondary data sued under appropriate statistical techniques. The secondary data is collected from various sources like, books, published papers etc. The study also evaluate government reports and other related unpublished work related to state of economy and assess the trends attributed to turbulent conditions.

## DISCUSSION AND FINDINGS

Agriculture was an area of critical concern and agrarian economy of state exhibited all the characteristics of a feudal and stagnant agriculture. The immemorial tradition in

Kashmir which treated all land as the property of the ruler and those who cultivated it as his tenants, led to the creation of various intermediaries between the state and the cultivators from ancient times down to the pre-reform period (Ali, 1978). The organization of rural economy during the ancient period was directed towards the sole purpose of collecting revenue from the tenants. However, the best names remembered by the Kashmiris are Lalitaditya (697-738 AD, Karkota Dynasty) and Zain-ul-Abidin (1420-70). Lalitaditya was the best interest of cultivators. The most magnificent Muslim ruler, Zain-ul-Abidin was deservedly surnamed Budshah or the great king. The glorious aspect of his rule of about 52 years was promotion of learning, arts and crafts and, above all, tolerance towards the minority communities. He did not use official income for personal ends (J&KGSM, 2012-13).

The revenue administration and organization during medieval Kashmir (1339-1589) was not different from that of earlier Hindu period. The revenue demand during medieval period stood at 1/6th of the produce in the beginning and was later raised to one-third. The system of collection of revenue remained unchanged. During Mughal period (1586-1753) large chunks of land were granted as Jagirs and Muffis with proprietary rights to those who carried favours with the kings. The "Jagir" was a free grant of one or more villages from the

ruler to the grantee as a reward for some conspicuous service, either military or otherwise. The people still enjoyed peace and orderly government during Mughal period. The Mughal introduced various reforms in the revenue industry and other areas that added progress. The constructions of splendid gardens and of the some public works are the hall mark of this period (Bamzai, 2008).

During the Afghan rule (1753-1819), the system of revenue collection did not differ in practice. In this period a portion of revenue was transferred to Afghan capital in Kabul.

During the Sikh rule (1819-1846) the miseries of the cultivators increased. The grant of land as Jagir and Maufi continued but without proprietary rights and large tracts of fertile land were reserved for royal households termed as "Khalis", which later assumed the corrupted nomenclature of "Khalsa", which gradually led to large scale revenue farming between the cultivator and the state. The land holding systems prevalent between 12th and 19th centuries give rise to a long chain of intermediaries between the state and the actual tillers. There was a Malik Ala, Malik Adna, the occupancy tenant of grade A, the occupancy tenant of grade B, and the Sub-tenant. On the top were the Jagirdar, and Maufidar and the Illaqaadar. This resulted in the development of landed aristocracy, absentee landlordism, concentration of land among few and alienation of land

from small and petty owners to bigger landlords and increasing expropriation of the share of peasantry. The peasants who depended on the agricultural economy were at the mercy of the rapacious officials, who enacted the "last bush of grain from their meagre produce" (Land Committee Report, J&K Govt., 1951-52).

The conquest of Kashmir by the Sikhs in 1819 AD resulted more trouble for the masses as the triumphant army resorted to loot and marauding. Most of the governors gave utmost priority to raising revenues. However, Mehan Singh (Sikh governor, 1834-1841 AD) is known to have toned up the administration by imposing discipline and accountability and by making food grains available at subsidized rates. On the defeat of the Sikhs by the British, the latter annexed and then sold Kashmir to the local feudatory Gulab Singh under the Treaty of Amritsar for a sum of Rupees 75 lakhs. Gulab Singh consolidated power and hence commenced the Dogra rule in Kashmir (Kalis&Shaheen, 2013).

Maharaja Gulab Singh restored law and order at the initial stage and introduced a system of rationing of rice for the people who did not possess agricultural land, particularly the city dwellers. However, peasants continued to suffer on account of defective system of land revenue and corrupt procedures for its collection. The incidence of land revenue was three times more than the amount demanded in the British districts of

Punjab. The plight of the other classes was no better than the peasants. Shawl industry witnessed a general decline because high taxes levied on shawls. Muslims of the State were exorbitantly taxed by the government and subjected to every kind of extortion and oppression. Due to heavy taxes on cultivation no more than about 1/16 of cultivable land was cultivated. Under pressure from the British, the problems of the peasantry received some attention during Maharaja Hari Singh (last ruler) reign in 1926 AD. He granted certain concessions to the peasantry in terms of tenancy rights and a land settlement operation was launched, initially through an expert A. Wingate and, two years later, this task was entrusted to Sir W. R. Lawrence, who accomplished the assignment. The exercise undertaken by him represents a landmark in the land administration of the State (Schofield, 2001).

In the late 1940s, land was the main source of income for the state's citizens; it contributed 60 percent to the GSDP and employed 85 percent of the labour force. Although rice was the main crop and the staple food for the state's citizens, the area's abundant forests and animal husbandry provided important sources of income. Handicrafts, including woodworking and wool weaving, had a market not only among the tourists who visited the area but also all over British India. Thus two sectors-tourism and handicrafts-were important sources of external commerce for the state.

These sectors were main "foreign exchange" earners for the area and gave Kashmir a reputation for beauty and dexterity. With abundance of water, it was natural that Kashmir would depend on agriculture for most of its income and for the livelihood of most of its population. For the same reason, horticulture was more prevalent in Kashmir (Burki, 2007).

Having gone through a period of extreme exploitation at the hands of the Dogra rulers, who were theoretically autonomous but in practice the stooges of the British imperialism, the population of the state in general and that of the valley in particular was living in the most abject conditions (Naik, 2011).

Furthermore, unlike India, which along with impoverished economy also inherited some useful assets in the form of national transport system and a good capitalistic base and entrepreneurial class (Vaidyanthan, 2005) from the British, the state of Jammu and Kashmir inherited nothing but an impoverished economy from the Dogras. During the Dogra rule, an overwhelming majority of the population of the state was dependent on agriculture. But in view of the archaic agrarian structure, the agriculturalists and the agricultural workers in Kashmir were not having a fair deal as they had to carry on their shoulders the burden of absentee landlordism (Gupta, 1967). In 1921, the Census Report noted:

"It would be observed that out of every 10,000 persons 8,173, i, e

about 82 per cent, are dependent on the exploitation of animals and vegetation. Or more properly speaking on pasture or agriculture.... Of the agricultural population more than 98 per cent are ordinary cultivators, 1.4 per cent are supported by the raising of farm stock, while the aggregate share of growers of special products and forestry does not exceed .4 per cent. 1,160 persons out of every 10,000, or 11 per cent of the population, were employed in industries of different kinds, the more notable among them being the industries of dress and toilet (30.4 per cent), textiles (23.1 per cent), wood (12.2 per cent), food industries (8 per cent), metals(6.4 per cent) and ceramic (6.1 per cent). For every 10,000 persons only 86 derive their livelihood from transport, which does not come up to 1 percent of the total population... Only 3.3 per cent of the total population follow the calling of trade... Public force absorbs. 7 per cent of the population (Army 59 per cent, police 41 percent), while the corresponding share of public Administration works out at 1.08 per cent".

There were very little changes in the economy of the state in 1941 as the Census Report stated

"The Jammu and Kashmir state cannot compare with Great Britain, Bengal, and Bihar; it has a few industries but the more important of these- forest exploitation, sericulture, and fruit growing- are closely allied with agriculture and the state must be described as almost entirely agricultural".

The economic policies of the state were concerned more with protecting and promoting the interests of the Raj (Dogras) and its collaborators (mostly Hindus) rather than welfare of the general masses (Wani, 2015). The administration's primary preoccupation was to maintain law and order, streamline tax collection and ensure defence. The Dogra state, therefore, can be said to have represented framework for economic stagnation and social backwardness.

The legacy of such a kind of regressive policy-based on over-taxation, discrimination and apathy towards the development put the economy of the state in a vicious circle of poverty in 1947 characterized by one of the lowest per capita income and consumption levels among the states of the sub-continent (Malik, 2005). Low income levels resulted in low levels of savings and capital formation and, therefore, low productivity and low levels of income and this whole vicious circle perpetuated poverty in the state.

It was against these policies of the state that a popular movement was launched under the leadership of Sheikh Mohammad Abdullah to establish a nation-state to put an end to the religious discrimination and economic exploitation. Later on, under the influence of Socialism, Sheikh Mohammad Abdullah advocated the abolition of landlordism and the distribution of land to the tiller.

Therefore, the process and pattern of economic development of

post-1947 had been dependent upon its inherited pattern of underdevelopment. There is no denying the fact that the British rule in India was very exploitative, leading to what Gunder Frank describes as 'development of underdevelopment' but magnitude of oppression and exploitation was more propelled by Dogra rulers (Chandra, 2007).

It is worth mentioning here that the programme of the reconstruction of the state economy had been articulated by the political leadership since 1940s in the form of a manifesto called Naya Kashmir or New Kashmir in 1944 to emancipate them from the century's exploitation, oppression, backwardness, poverty and the like (Kanjwal, 2017). The programmes envisaged institutional and agrarian restructuring to liberate and unleash the productive forces from the shackles of parasitic landlordism and also to clear decks for rapid modernization and industrial growth. Absentee landlordism was abolished and the actual tillers were made the owners of land. This interventionist role of the state was not for the welfare of a selected few as had been tradition under Dogra rule but was meant to benefit the whole society. It is therefore, not for nothing that the state at this point of time was looked upon as a benevolent state.

Based on reform agenda contained in the document "Naya Kashmir" formulated by the National Conference in 1944, the peoples government which took over the

reins of power from the Dogras in 1947, launched several measures aimed at ameliorating the conditions of the masses, especially the peasantry. The first radical land reform legislation, enacted in 1950, abolished the big landed estates without compensation of any kind, transferring the ownership to the actual tillers of land. Another law enacted by the new government ended the perpetual indebtedness from the rural population. These laws further refurbished by new Agrarian Reforms Act of 1976 responsible for providing an egalitarian base to land ownership (Rekhi, 1993).

In 1948 the attempt towards Jagirdari abolition was made through the enactment of Tenancy (Amendment) Act leading to the emancipation of peasantry by conferring protected tenancy rights in respect of land not exceeding 17 canals Abi or 33 canals Khuski in Kashmir province and 33 canals Abi and 65 canals Khuski in Jammu Division. However, this act was more tenurial-security- oriented rather than having a redistributive bias (Hassan, 2009).

On July 13, 1950, the Govt. under a historic decision of transferring land to the tiller passed the Big Landed Estates Abolition Act. The surplus land (above ceiling) was transferred to the tillers. The tiller was made the full owner of the land transferred to him. As a result of this about 900 land owners were expropriated without payment of compensation from the surplus land (above the ceiling) amounting to

about 4.5 lakh acres out of which about 2.3 lakh acres were transferred to the tillers in ownership right free from any encumbrances. The feudal structure of agrarian economy in the mid - 1947 era made the peasants miserable victims of serfdom. These reforms reduced rural poverty but could not ensure self-sustained growth of agriculture because of a combination of political and economic factors (Ali, 1978).

In 1950, the state had a meager per-capita income of Rs 208 (at 1960-61 prices) and the rate of literacy was just about 5 percent against all India level of 18.33%. Agriculture the predominant sector of the economy was stagnant and the productivity of the land/worker was very low. Industrial development was almost negligible and the lack of infrastructure had crippled the economy and accentuated the poverty syndrome (Misri & Bhatt, 1994).

During the period of independence of India, there were three highways linking the state with the outside world. They were Jhelum Valley Road from Srinagar to Kohala via Baramulla and Domel; Banihal Road from Srinagar to Sialkot via Banihal and Jammu and Abbotabad Road from Domel to Abbotabad via Ramkot. All these highways connected the state with that part of Punjab which had become the part of Pakistan. Even the rivers provided the cheapest mode of transportation for the timber of Kashmiri forests and fast transportation of fruits, vegetables,

woolen and silk materials, carpets, and pretty products of skilled Kashmiri artists and artisans to Pakistan (Joseph, 1992).

No doubt Abdullah was ideologically oriented towards the socialistic principles of the Indian State but the measures he took once in power clearly indicate that he wanted Jammu and Kashmir to be an economically independent state. To have a balanced budget his government preferred to broaden the tax base of the state than to be dependent on external financial assistance. In this regard his government remained adamant to continue with the custom barriers between Jammu and Kashmir and the rest of India and levied taxes on education as well. Through such measures the government no doubt could balance its budget and decrease the deficit, the budget deficit in 1952 had been only 7.11 lakh while as it had been 3.7 crore, 2.8 crore, 2.9 crore, 2.5 crore for the years 1948, 1949, 1950, 1951 respectively, but at the same time the cost of living in the state increased leading to the disenchantment of the people, a situation very well exploited by Ghulam Mohammad Bakshi later on.

Apart from that, Abdullah launched a vigorous campaign in favour of making the state self sufficient. Immediately after coming to power steps were taken to increase the production of food grains and programmes such as 'Grow-More-Food Scheme' was

launched under which new lands hitherto uncultivated were brought under cultivation. To secure the supply of food grains to the city people the infamous practice of Mujawaza- whereby peasants were called upon to deliver shali to government granaries in the city, so that it could be distributed to the city population- was reintroduced. Furthermore, to popularize the self sufficiency, Sheikh even told the people to consume potatoes than to be dependent on imports thus earning him the name of Aaloo Bab.

By 1953 the government of Kashmir was divided within itself, its members pull in different directions and proclaims different policies. There is a bit of controversy regarding the cause of the split within the national conference's leadership arose over the autonomy versus integration issue. As Sheikh Abdullah and Mirza Afzal Beg wanting the state government to have at least the powers granted in the Instrument of Accession (Balraj, 1981), while as other National Conference ministers Viz. Bakshi Ghulam Mohd, G.M Sadiq, D.P. Dhar, S.L. Sharif favouring greater integration with India. Consequently Abdullah was overthrown and Bakshi was invited to form the government.

After Abdullah's government was sacked, Bakshi Ghulam Mohammed became the prime minister of state with the support of Indian government. In order to quell discontent, the government of India proposed to step up the economic development in the region. The

government of India realized that the only way the people of Kashmir could be kept under control and convinced of the merits of closer ties with India, was to provide the region with economic prosperity. Thus in 1953, the India's Planning Commission advanced a loan of \$14.9 million to the state government (Wajahat, 2004). Bakshi adopted a populist style, holding a Darbar (court) every Friday, where he used to hear the grievances of public (Ramachandra, 2008). A compulsory procurement of food grains, which had caused great hardship to the people, was abolished. Ration was subsidized to the consumers to the extent of 75 per cent of its cost and monopoly of cooperatives, which had become a symbol of tyranny was broken (Puri, 1981).

On April, 1954, the custom barriers between the State and rest of India were abolished. Notwithstanding that the abolition of custom duties decreased the cost of living in the state. The imported commodities from India were cheap and durable and enhanced the choice of the Kashmiri consumers, and greatly helped in reducing the burden of indirect taxation on masses and led to greater investments from India for the improvement of roads and communication to facilitate the exchange of goods, however, it flooded the Kashmiri markets with finished goods, exposed its indigenous industries. This had a long term impact on the development of

indigenous industries in the state as the two key stimuli viz. import-substitution and growth of home market led to the development of industries in post-1947 (Drabu, 2004).

Although, the concept of planned development was introduced in Jammu and Kashmir, along with other states of India right from the First Plan in 1951 but planned development in the state in true sense started with the Second Five Year Plan (1956-61). This was so because of the fact that real emphasis towards the attainment of declared goals of development policy like rapid increase in living standards, full employment at adequate wages, reduction inequalities, was given by the introduction of the Second FYP. In the initial period (pre-1954), under the Article 370 of the Indian constitution, taxes, which in other cases were collected by the Union, remained exclusively under the state control and the Income Tax Department of the state remained free from the control of India (Report on Eco.Reforms of J&K, 1998). However, the change of government in the state leads drastic change in financial relations with the union.

Through different Acts since 1957, the state entered into financial arrangements with the centre government which brought it at par with other state with respect to financial matters including proportionate allocation of funds from the centre (Anand, 2006). The financial integration of Kashmir with the centre, which Sheikh had

resisted and which was gladly accepted by Bakshi, brought great financial aid to the state.

The Second Five Year Plan aimed at securing a coordinated and balanced development of the economy of the state with a view to ensure better standard of living for its people. Unlike the first plan which had a limited character and gave main emphasis on agriculture, the 2nd plan was of a larger dimension. The 2nd state plan made it clear that the plan was designed to satisfy the objectives of opening up of new areas like, large and medium industries and extension of irrigation facilities on a large scale and the development of backward areas. The Third Plan (1961-62 to 1965-66) envisaged vital economic policies for the speedy achievement of a socialist pattern of society (J&K: A Review of Progress, 1969). The development schemes incorporated in the new Plan stressed on state income, power resources, industries and employment opportunities.

Besides the reorganization of rural economy by enlarging the scope of agriculture the plan gave top most priority to the development of power, setting up of industries and exploitation of untapped mineral wealth of the state (J&K: Review of Progress, 1969). During the Second and Third plan periods, which also coincide with the financial integration of the state with the Indian union, the rate of growth in the State Domestic Product was of the order of 8 per cent. Not surprisingly therefore, this phase

(1956-1966) was one of the basic infrastructure building phase in the state. The amount of assistance increased from Rs 10 crore during the First Plan to 62 crore at the end of the third plan. It is worth noting that financial assistance received by the state was the highest assistance received by any other state of the Indian union.

Notwithstanding that the government levied certain taxes for the first time during the Third plan viz. electricity duty (from April 1962), agricultural income tax (from September 1962), and passenger tax (July 1, 1963) and increased the scope of sales tax and per capita state tax to increase revenue and decrease the state's dependence on the centre, however, even in 1968-69 the per capita tax in Jammu & Kashmir State at Rs. 14 was very low against other states and the state's income through all its tapped sources was far less than its expenditure. Besides there had been a fast increase in expenditure on police, famine relief, food subsidies and debt services which had reduced the funds available for development. Therefore, the state continued depends on the centre for financial assistance (Bhattacharya, 1994). However, the generous financial assistance especially in the form of loan led to heavy indebtedness of the state and increased its dependence on centre. It was the policy adhocism at the central level which translated into a soft budget constraint for the government. This, in the long run, had proved

detrimental and adverse impact on the culture of management of state finances (Ganguly&Bajpal, 1994).

Notwithstanding that with regard to raising revenue and minimizing expenditure, the state government had recommended, for the period between 1966 and 1975, that sales tax should be reviewed and tax on items which were not of mass consumption be enhanced and the coverage of tax should also be extended. The land revenue should be made more just and elastic by relating it to productivity and charging different rates according to the size of the holding. The non-developmental expenditure should be kept to the minimum and policy of food subsidy should be reviewed to reduce the burden on the expenditure.

In 1969, while devising the formula for sharing Central Assistance among states the Fifth Finance Commission, acting in line with the Gadgil Formula, had accorded special status to Jammu and Kashmir along with Assam and Nagaland. Besides historical and political reasons, the bases of declaring the three states as Special Category States were the harsh terrain, backwardness and social problems prevailing. However, after its inclusion in the Special Category States, the state of J&K was treated differently. The state was not provided with the facility of plan assistance at the rate of 90% in the form of grant-in-aid and 10% in the form of loan, which was bestowed to special

category states (Jamwal. 1994).

The development of the state through planning received a new impetus with the introduction of Single Line Administration in 1976 by Sheikh Mohammad Abdullah. Through this process, which was a unique concept of decentralized planning (Review, J&K, 1998), decentralization was brought at the district level and district development boards were constituted for planning at the district level with the twin objective of making planning more reflective of the hopes and aspirations of the common man and ensuring speedy implementation of the programmes. The system of decentralized planning yielded considerable benefits in terms of extending the impact of developmental programmes and in galvanizing public involvement as well as reducing regional disparities.

To make decentralized planning more effective larger freedom was given to the District Development Boards during the Ninth Plan for the fixation of priorities and inclusion of projects having local area relevance. The state's continued dependence on the centre finance transfers had been caused by various factors. Failure to mobilize enough resources within the state had been the foremost cause. Having ratified all post-1953 political changes in the state through the Accord of 1975, Sheikh Abdullah received Indian financial assistance as enthusiastically as Bakshi had (Eco. Review of J&K, 1984-85). However, the central plan assistance to the

state did not take care of the resource gap in the non-plan budget up to the 7th Plan (1985-1990). It was because of this liberal financial assistance which the state received from the centre that the plan expenditure in aggregate and per capita terms since first five year plan, had increased over time- the per capita expenditure had gone up from a mere Rs. 34 in the First Plan to Rs. 556 in 1987-88 of 7th Plan and that the state could formulate developmental plans which besides agriculture gave thrust on the creation of adequate infrastructure like power, transport and provisions of social and community services in the form of schools, health centres, social welfare centres etc.

However, one major side effect of the policy of liberal funding was that it failed to give the state an impetus to mobilise its own resources for economic growth. The state continued to be among the poorest states of India and the impact of the plans in terms of developmental indicators had not been significant.

Furthermore, most of the funds which the state received from centre for the economic development of the State were either siphoned off

into the pockets of the ruling elite or were spent as Non-Plan Expenditure, important to mention that the central assistance to the state did not take care of the resource gap in the non-plan budget prior to the 7th plan (1985-1990). It is also worth to mention here that the discriminatory 70:30 formula regarding the devolution of funds between the centre and the state led to the indebtedness of the state to the centre as a result of which about 50 per cent of the state's expenditure began to comprise of debt and interest repayments (Malik, 2005).

It is revealed that in 1953-54 there were 4.76 lakh operational holdings in the rural sector of State, out of which 4.05 lakh (85 percent) were agricultural holdings. It increased to 5.31 lakh operational holdings in 1960-61 over an area 18.75 lakh acres. The average size of agricultural operational holding appreciably did not decline between 1953/54 to 1960/61. As per Agriculture Census, 1970-71 holdings below 5 acres constituted 88.60% of total holdings, against 77.31% in 1960 and 73.34% in 1950. The statistics regarding size, number and area under operational holdings during 1960-61 is presented below:-

**Table 1.1:- Size, Number and Area Operated in J&K State, 1960-61**

Size of operational holdings (acres)	No. of operational holdings (1000 acres)	Percentage	Area (1000 acres)	Percentage
Up to 0.49	26	4.90	7	0.370
0.50-0.99	48	9.04	37	1.97
1.00-2.49	173	33.52	304	16.21
2.50-4.99	158	29.75	545	29.07
5.00-7.49	70	13.18	411	21.92
7.50-9.99	25	4.71	210	11.20
10.00-12.49	13	2.45	137	7.31
12.50-14.99	5	0.94	69	3.68
15.00-19.99	5	0.94	77	4.11
20.00 & above	3	0.57	23	4.16
Total	531	100	1875	100

*Source: Agriculture census, 1970-71, J&K government, p.7*

As per agricultural census 2001, the average size of operational holdings reduced to 0.66 hectares and there are 8.46 lakh holdings below 0.5 hectares size comprising 1.99 lakh hectares operational area, being cultivated (operated) by 3.02 lakh of population. Another category of cultivating households is the size class of operational holding 0.5-1.0 hectare, operating 2.30 lakh hectares of operational area comprising 3.49 lakh. The worst situation emerges when look at sub marginal holdings, i.e, holdings less than 0.5 hectare size. These holdings accounted 58.64 percent as per Agricultural Census 2001 with average size 0.22 hectare comprising about 47 lakh persons. It means 4.7 million rural populations on an average have 4.4 kanal of land or less, far below the subsistence level thus having serious bottleneck to get two square meals from land.

The 8th Agriculture Census (2005-06) depicts operational holdings under different size classes. The total number of operational

holders has been worked out to be 13.77 lakhs and average size of operational holding was found out to be 0.67 hectare. About 94% of operational holders fall in the category of Marginal and Small farmers. About 5% of operational holders fall in semi-medium category holding, only 1% of the operational holders fall in the Medium category holding and only 0.04% of the operational holders fall in the large category holding.

Till 1965-66, traditional agricultural practices were followed. After 1966 the farmers adopted new agricultural improved practices by using high yielding varieties of seeds (HYV) but limited to certain areas and some crops only as a humble beginning. A main factor responsible for adoption of this technology change was because of improved and assured irrigational facilities with high yielding crops. The benefits of technological changes accrued to only such areas and crops which enjoyed irrigation facilities and its

impact on hilly agriculture was very low. Thus agricultural changes were area-specific and crop-specific.

### DEVELOPMENT THROUGH DECADES

The development programmes in the state received a fillip with the introduction of 'Planning' in 1951. The launching of First FYP (1951-56) marked the elimination of age-old backwardness of State. The analysis of the table brings some

interesting facts. First, no important changes have taken place in respective plan priorities. Irrigation, power, transport and social services continued to remain areas of focus from 1st to 8th plan. From 8th plan onwards, rural development seems to be added objective of the state planning. Secondly there has been huge gap between the plan outlay and actual expenditure. This is presented in column No. 4.

**Table 1.2:- Outlay and Actual Expenditure during Plan Period (FYP) from 1950-51 to 2007-12 for Jammu & Kashmir State (Rs. In Crores)**

Plan Period	FYP Outlay	Actual Expenditure	Gap (outlay & Expenditure)	Priority Sectors
1951-56-I	12.74	11.52	1.22	Irrigation, Power, Transport, Communication
1956-61-II	33.92	25.94	7.98	Agriculture, Irrigation, Transport, Communication & Social Services
1961-66-III	75.15	61.85	13.3	Irrigation, Social Service & Agriculture
1969-74-IV	158.40	162.84	4.44	Irrigation, Power, Social Service, Transport & Communication
1974-79-V	362.60	278.65	83.95	Irrigation, Power & Social Service
1980-85-VI	900.00	998.14	-98.14	Social Service, Irrigation, Power & Agriculture
1985-90-VII	1400.0	2006.23	606.23	Social Service, Irrigation, Power & Agriculture
1992-97-VIII	4000.0	4520.07	-520.07	Irrigation, Power & Social service
1997-02-IX	10000.0	7524.87	2475.13	Social service, Irrigation, Power, Agriculture & Rural Development
2002-07-X	14500.0	14172.47	327.53	Social service, Irrigation, Power, Agriculture & Rural Development
2007-12-XI	25834.0	21788.73	4045.27	Power, R&B, Education & Agriculture and Irrigation
2012-17-XII	43337.3	37163.85	6173.54	Agriculture, Infrastructure, Health, Education, Tourism

*Source:- State Finance Commission Report, Govt. of J&K/Indicators of Economic Development (J&K) -2015-16 (DES)*

Thirdly, gap between actual expenditure and plan outlay indicates that either outlays have not been carefully worked out or actual execution of expenditure has remained faulty for reasons best known to planners and administrators whose activities are influenced by politicians.

The state continued to be the least industrialized among all states. A couple of factors, viz., high cost of production due to huge transportation expenses and

expansive raw material, lack of good road network and lack of availability of power and violence also became disincentives for government to invest in the industry here. Furthermore, the absence of forward looking entrepreneurial elite in the state also acted as an impediment to the industrialization of the state.

Since the beginning of mid-1980s, the price has continuously risen. However, during the last quarter of financial year, 2008-09, the inflation rate started coming

down mainly due to declining commodity prices and crude oil prices. The mild slowdown in the economy during 2000s resulted in production cuts over a wide spectrum of industries leading to unemployment. Then it is becomes necessary to ease money supply. The growth rate of National State Domestic Product viewed with inflation reflects positive correlation between NSDP and inflation in the State.

**Table 1.3:- Growth and Inflation in the J&K Economy, Percent**

Year	1980	1990	2000	2010
NSDP	2.44	3.54	4.27	6.06
Inflation Rate	4.4	7.8	14.2	11.36

Source: Digest of Economics, J&K, 2011, Various Issues

Regression Method

NSDP	Linear	$Y = 0.272x - 534.8$	$R^2 = 0.683$
Inflation Rate	Linear	$Y = 0.115x - 227.1$	$R^2 = 0.968$

Calculated

It supports Structuralists claimed that inflation is essential for economic growth, however, against monetarists who believe inflation as detrimental to economic progress. It is noticeable that Growth Rate of State Economy output is positively related to the total inflation rate of State Economy. The results of our regression models have clearly proved the Structuralist's theory of inflation which expresses that inflation is essential for economic growth, and it refutes the monetarist's view who believed that inflation is detrimental to economic progress.

The results of our regression models have also proved the Phillips Curve indirectly which explains the inverse relationship between inflation and unemployment. As know from the Phillips Curve that inflation and unemployment are negatively related whereas the relationship between inflation and growth rate is positive proved. Therefore, from it we can infer that the positive relationship between inflation and economic growth which indirectly represents the negative relationship between inflation and unemployment i.e. Phillips Curve. Therefore, our model indirectly represents negative relationship between inflation and unemployment if we assume that there exist a negative relationship between inflation and unemployment.

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and unemployment i.e. Phillips Curve. Therefore, our model indirectly represents negative relationship between inflation and unemployment if we assume that there exist a negative relationship between inflation and unemployment.

### **TREND OF FOOD CROP PRODUCTIVITY IN AGRO-CLIMATIC ZONES OF JAMMU AND KASHMIR, 1981-2011**

Agricultural productivity is an important indicator of agricultural development. It depends both on the physical as well as socio-economic factors, viz, climate, soil, irrigation, per capita income, literacy, sex ratio and occupational structure etc. Since the productivity data is not available at agro-climatic zone level, therefore the productivity of districts has been used to generate the productivity database for agro-climatic zones by using the 'proportional weight age' method.

As per various reports of State Finance Commission, the productivity of all the major crops grown in the state has increased over the period of time and the trend of the major crops grown in different agro-climatic zones shows variation among themselves.

The temperature and precipitation regimes are different in the different parts of the state; therefore different types of crops are grown in different districts. Maize is dominant crop in the districts having more area under mountains like Kupwara, Rajouri, Poonch, Ramban, Doda, Kishtwar and Udhampur. Rice is dominant crop in all the districts of Kashmir valley except Kupwara and Srinagar. In Jammu province, Jammu district has substantial area under rice cultivation. In Ladakh province, millets, wheat and orchard cultivation is practiced.

The agricultural productivity varies from one region to another owing to the different soil types, climatic parameters etc. The productivity of paddy during 2011-12 is highly amounted in IJ (25/76 Q/ha) followed by 3J (22.99 Q/ha), maize is dominant crop in IJ (21.41 Q/ha) followed by 2J (18.97 Q/ha). And the productivity of wheat is maximum concentrated in L (19.39 Q/ha). Agro Climatic Zone L is bestowed with the productivity of wheat only, not paddy and maize.

It is observed that productivity of paddy is high in the areas of Jammu, Kathua, Samba districts in Jammu province and in Kashmir province, it is more in Jhelum valley floor (area on both sides of river Jhelum) including the areas of Anantnag, Kulgam, Pulwama, Srinagar, Baramulla, Bandipora and Kupwara districts.

It is evident that productivity of wheat is high in the Jammu and Ladakh division of the state. Kashmir Province has low to medium levels of productivity. The lowest productivity is found in Jhelum valley floor of Kashmir valley.

The productivity of paddy in the agro-climatic zones of Jammu and Kashmir has increased from 9.22 quintals/hectare to 21.97 quintals/hectare,

thus implies a total increase of 12.50 quintals/hectare during these twenty eight years. The productivity has not increased much in the first fifteen years (1980-1995) and due to the use of improved seeds and fertilizers; it has increased at a fairly good rate in the last sixteen years (1995-2011). Three zones out of the total in the state have more productivity increase than state average (12.50 q/ha). The productivity of paddy (1981-2011) in the agro-climatic zones for the State is depicted in the table below.

Zone	Productivity of paddy (Quintals/hectare)							Change (q/ha)
	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06	2011-12	
1K	8.84	9.72	10.96	12.57	14.73	16.84	21.87	<b>13.03</b>
2K	9.96	10.96	12.37	14.18	16.62	19.00	20.58	<b>10.62</b>
1J	10.66	11.90	13.10	15.49	18.32	22.73	25.76	<b>15.10</b>
2J	8.48	10.24	11.44	13.28	15.55	17.99	21.03	<b>12.55</b>
2'J	8.70	9.57	10.66	12.01	13.91	16.22	21.12	<b>12.42</b>
3J	9.28	10.83	12.04	14.01	16.40	19.50	22.99	<b>13.71</b>
3'J	8.80	10.26	11.17	12.86	15.08	17.29	20.38	<b>11.58</b>
4J	9.05	11.02	11.79	13.45	15.61	17.42	20.05	<b>11.00</b>
L	-	-	-	-	-	-	-	-
Mean	9.22	10.56	11.69	13.48	15.78	18.37	21.72	<b>12.50</b>

*Source:- Compiled by using data obtained from Financial Commissioner's office, 2011*

The highest productivity increase has been observed in zone 1J (15.10 q/ha), followed by 3J (13.71 q/ha) and 1k (13.03 q/ha), while as lowest increase is observed in zone 2k (10.62 q/ha) and 4J (11 q/ha). The productivity of rice is not possible in one zone of the state (zone L) because of the unfavorable geographical conditions for the growth of the crop.

The productivity of maize in all the agro-climatic zones of the state has increased. In absolute values, it has increased from 8.30 quintals/hectare in the year 1980 to 15.98 quintals/hectare 2011, thus implies a total increase of 7.67 quintals/hectare. Like paddy, the productivity has increased at a slower rate in the first 15 years. The highest increase in productivity among various zones is recorded in 2J (10.87 q/ha) and 1J (10.29 q/ha), while the lowest is observed in 3'J (4.11 q/ha) and 3J (5.51 q/ha). The productivity of maize in agro-climatic zones is in the table below.

**Table 1.5:- Productivity of maize in agro-climate zones of J&K State**

Zone	Productivity of maize (Quintals/hectare)							
	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06	2011-12	Change
1K	5.71	6.08	6.88	7.88	8.94	10.26	12.9	<b>7.19</b>
2K	6.46	6.88	7.79	8.92	10.13	11.62	14.63	<b>8.17</b>
IJ	11.12	12.15	13.25	14.56	15.74	17.81	21.41	<b>10.29</b>
2J	8.1	9.18	10.45	11.93	13.54	15.36	18.97	<b>10.87</b>
2'J	8.53	9.75	10.87	12.77	14.94	17.7	17.03	<b>8.5</b>
3J	9.39	10.47	11.63	13.01	14.43	16.42	14.9	<b>5.51</b>
3'J	8.24	9.44	10.67	12.37	14.22	16.55	12.35	<b>4.11</b>
4J	8.86	10.09	11.30	12.52	14.08	16.51	15.61	<b>6.75</b>
L	-	-	-	-	-	-	-	-
Mean	8.30	9.26	10.36	11.74	13.25	15.28	15.98	<b>7.67</b>

Source:- Compiled by using data obtained from Financial Commissioner's office, 2011

The productivity of wheat in agro-climatic zones also shows significant increase.

**Table 1.6:- Productivity of wheat in ago-climate zones of J&K State**

Zone	Productivity of Wheat (Quintals/hectare)							
	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06	2011-12	Change (q/ha)
1K	5	5.62	6.44	7.46	8.45	9.82	12.37	<b>7.37</b>
2K	5.67	6.37	7.31	8.46	9.58	11.12	14.01	<b>8.34</b>
IJ	10.51	11.83	13.36	14.72	14.97	16.43	18.91	<b>8.40</b>
2J	7.01	8.04	9.78	12.04	13.64	15.45	18.87	<b>11.86</b>
2'J	7.3	8.55	9.98	11.65	13.71	16.3	19.09	<b>11.79</b>
3J	8.22	9.4	11.03	12.97	14.07	15.81	18.42	<b>10.2</b>
3'J	7.61	8.78	10.05	11.65	13.25	15.6	19.10	<b>11.49</b>
4J	7.86	9.16	10.04	11.63	12.7	15.01	18.84	<b>10.98</b>
L	7.5	8.59	9.77	11.30	13.51	15.72	19.39	<b>11.89</b>
Mean	7.41	8.48	9.75	11.32	12.65	14.59	17.67	<b>10.26</b>

Source:- Compiled by using data obtained from Financial Commissioner's office, 2011

The productivity of wheat has increased from 7.41 quintals/hectare to 17.67 quintals/hectare, thus implies a total increase of 10.26 quintals/hectare. Like in case of paddy and maize, the productivity of wheat has also increased at a slower rate in the first fifteen years (1980-1995) than the last sixteen years (1995-2011) taken for the study. Regional variations in the increase in productivity are observed across different agro climatic zones of the study area. The highest increase is recorded in L (11.89 q/ha), followed by 2J (11.86 q/ha) and 2'J (11.79 q/ha), while the lowest is observed in 2k (8.34 q/ha) and 1k (7.37 q/ha).

#### BRIEF DESCRIPTION OF AGRO-CLIMATIC ZONES

Since all climatic zones are not feasible for agricultural crop growth because of high altitude. Therefore they have been designated as 'climatic zones' and not agro-climatic zones. The characteristics of both climatic and agro-climatic zones are highlighted in the below.

(I) Zone 1K: This zone covers the Jhelum valley floor in Kashmir Valley. Therefore being fertile, it is devoted to rice, maize and mustard cultivation. It receives adequate precipitation and the temperature is favourable for crop cultivation. The productivity of rice is more in this zone than zone 2K.

(II) Zone 2K: This zone lies between 1700-3000m and therefore besides rice and maize, orchard cultivation is dominant in this zone. The overall agricultural productivity in this zone is neither too low nor too high. It receives more precipitation but less temperature than zone 1K.

(III) Zone 3K and 3□K: These two zones lie above 3000m and therefore crop cultivation is not possible. These zones receive more precipitation especially in the form of snow. These zones cover substantial area of Bandipora, Ganderbal, Anantnag and Budgam districts of Kashmir valley.

(IV) Zone 1J: This zone has the lowest altitude (below 500m) and is basically an extension of Northern plains of India. It is very fertile and is known for 'Basmati rice' cultivation. It receives sufficient rainfall and adequate in isolation, therefore has highest productivity among all the zones.

(V) Zone 2J: This zone has an altitude of 500-1000m. It is adjacent to zone 1J and it includes the areas of Kathua and Udhampur. Maize is dominant crop in this zone followed by wheat and rice.

(VI) Zone 2□J: This zone occupies the areas of Rajouri and Samba districts. It is a productive zone and all the crops grown in this zone have high productivity. This zone receives sufficient rainfall and insolation.

(VII) Zone 3J: This zone lies between 1000-2000m and occupies the areas of Kathua, Jammu, Rajouri and Samba districts. It is agriculturally productive and also has substantial area (4131km<sup>2</sup>). Wheat, Rice and Maize are grown in this zone.

(VIII) Zone 3□J: This zone occupies the areas of Udhampur, Reasi, Poonch, Rajouri, Ramban and Doda districts. It has an altitude of 1000-1700m and occupies an area of 7732 km<sup>2</sup>. It receives maximum annual precipitation than other zones (1592mm/annum).

(IX) Zone 4J: This zone lies on higher altitude and therefore receives comparatively less insolation. It includes the areas of Kathua, Doda, Kishtwar and Poonch districts.

(X) Zone L: This zone occupies the areas of Leh and Kargil districts. It lies above 3000m. Millets, Barley and Wheat is grown. Besides, it is famous for apricot cultivation. It occupies highest area (93531 km<sup>2</sup>) among all the zones and being cold desert, it receives less precipitation (157mm/annum). The temperature is also low in this zone with mean maximum of 11.1 f C and mean minimum of -2.53 C.

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(XI) Zone 3K, 3□K, 5I, 5□I, and 5□□J: These five zones lie above 3000m altitude. Therefore these zones are not suitable for crop cultivation and so have been designated as climatic zones and not agro-climatic zones. Zone 3K and 3□K occupy the parts of Ganderbal, Bandipora, Kupwara and Budgam districts, while as zones located in Jammu division (5I, 5□I, and 5□□J) occupy the parts of Kishtwar and Doda districts.

#### LEVELS OF CROP PRODUCTIVITY IN AGRO-CLIMATIC ZONES, 2011

The determination and measurement of spatial variation of agricultural productivity is of vital importance for agricultural planning and development. The crop productivity among different agro-climatic zones of J&K, the productivity of the three crops discussed above has been taken. The agricultural productivity (indicators) of three crops in agro-climate zones is depicted in the table below:-

Zone	Paddy ( $X_1$ )	Wheat ( $X_2$ )	Maize ( $X_3$ )
1K	21.87	12.37	12.9
2K	20.58	14.01	14.63
1J	25.76	18.91	21.41
2J	21.03	18.87	18.62
2'J	21.12	19.09	17.03
3J	22.99	18.42	14.9
3'J	20.38	19.10	12.35
4J	20.05	18.84	15.61
L	0	19.39	0
Total	173.78	159.01	127.45
Mean	21.72	17.67	15.93

Source:- Compiled by using tables 1.20, 1.21, 1.22, 2011-12

The indices for all the districts have also been calculated by taking state as 100 (for average composite index of 17.69) as given below.

Zone	Composite Index	Indices
1K	15.71	88
2K	16.40	92
1J	21.96	123
2J	19.46	109
2'J	19.10	107
3J	18.75	105
3'J	17.32	97
4J	18.03	101
L	6.42	36
Average	18.39	103

Source: - Compiled from by using table

The range of composite indices varied across the agro-climatic zones from the minimum value of 36 in 'Zone L' including the areas of Leh and Kargil to the maximum of 123 in 'Zone 1J' including the areas of Jammu, Samba etc. which indicates that the former is highly advanced in the agricultural productivity and the latter is highly disadvantaged. The zones which perform well in agricultural productivity are 1J (indices value between 110 and 130). The other zones (2J, 2'J, 3J and 4J) are comparatively less developed and have the indices value below 100 to 110. The composite indices of agricultural productivity of different agro-climatic zones in the state are grouped into four categories which are produced in the table.

**Table 1.9:- Ranking of Zones in respect of Agricultural productivity**

Index Value	Above 110	100 to 110	90 -100	Below 90	Total
Category	High	Medium	Low	Very Low	
Name of Zones	IJ,	2J, 2'J, 3J, 4J	2K, 3'J	IK, L	
No. of Zones	01	04	02	02	09
Percentage area to zones total	11.1	44.4	22.2	22.2	100

**Calculated**

The lack of insitutionization of economy in the state has been cited as one of the major reasons for the discontent and political alienation in Kashmir. The onset of armed militancy in the Kashmir in 1989 has been attributed by many to a total sense of desperation and stumbling block for the overall development of state, thus wrecked state economy to a large extent.

The age-old economic ties of the people living in the state, particularly on its borders, with those living on the other side of the frontiers had been cut off, thereby shattering the entire economic structure which was so laboriously and diligently built through centuries (TE Survey, 1969). With the closure of the highways for trade after 1947, cost of living increased. Blocking the historical routes of the state and cutting off the centuries old cultural and trade connections with the neighbouring countries retarded the economic development of the state in general and some of the hilly areas in particular (Dev. Strategies, 1960, ORF).

To analyze the conflict in its totality and to develop an approach towards conflict resolution, it is important to mention that the disastrous fallout of the fifty years

of mismanagement get more exceeded by the inception of violence started since 1989. All economic sectors get daunted by the reverberation of armed militancy. The serious unemployment and economic downturn during the early phase of militancy, a large number of unemployed youth who belong to extremely poor sections of society joined militancy and also forced migration of Kashmiri Hindu and pundits took place due to fear. The economic sectors meanwhile failed to take off. The reason for this was not merely the landlock nature of state but the lack of capital investment and infrastructural resources destroyed by the ferocities exacerbated.

The distortion in the economy and the politics has led to a number of inner contradictions in the society of Kashmir, which due to prevailing political reasons, have remained generally unaddressed. More commonly the widows become economically dependent on the labour of their children with the result child labour trend increased and emerged in the state (Rather, 2013).

**CONCLUSION**

The economic wheel of the State of Jammu and Kashmir is stagnant and it has far reaching consequence

if it is not handled with care right now. It is the need of the hour to reinstate political stability, peace and communal harmony for bringing about reconstruction of the State. The Government should without delay concentrate on infrastructural development and bringing

unemployed youth (idle brains) in the loop of economic development. Further militancy and militarization (occupied large productive land area) has ruined the state and reconstruction of economic sector and education sector are the need of the hour.

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