



Jammu & Kashmir

The State Profile

December 2011



PHD RESEARCH BUREAU

PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi 110016

Phone: 91-11-26863801-04, 49545454, Fax: 91-11-26855450, 26863135

E-mail: research@phdcci.in Website: www.phdcci.in





DISCLAIMER

Jammu & Kashmir: The State Profile is prepared by PHD Chamber of Commerce and Industry to provide a broad view of the state. This report may not be reproduced, wholly or partly in any material form, or modified, without prior approval from PHD Chamber of Commerce and Industry.

It may please be noted that this report is for guidance and information purposes only. Though due care has been taken to ensure the accuracy of the information to the best of the PHD Chamber's knowledge and belief, it is strongly recommended that the readers should seek specific professional advice before making any decisions.

Please note that the PHD Chamber of Commerce and Industry does not take any responsibility for outcome of decisions taken as a result of relying on the content of this report. PHD Chamber of Commerce and Industry shall in no way, be liable for any direct or indirect damages that may arise due to any act or omission on the part of the Reader or User due to any reliance placed or guidance taken from any portion of this publication.

Copyright 2011
PHD Chamber of Commerce and Industry

ALL RIGHTS RESERVED.

No part of this publication including the cover, shall be reproduced, stored in a retrieval system, or transmitted by any means, electronic, mechanical, photocopying, recording, or otherwise,



Salil Bhandari
President

Foreword

With the majestic heights of its snow-capped mountains, green meadows, enchanting lakes and its lush green forests, Jammu & Kashmir offers some of the liveliest scenic beauty across the land. The state is strategically located with its border touching Pakistan, Afghanistan, Tibet and China.

Jammu and Kashmir is one of the most sparsely populated states in India. In consonance with the pronounced rural character of the population in the state, the occupational distribution is biased in favour of agriculture. Leaving aside Ladakh which has little vegetation, the state of Jammu and Kashmir is richly endowed with forests as also with mineral resources like coal, lignite, copper, lead, zinc, cobalt, limestone, bauxite, borax and precious stones.

Popularly referred to as the valley of flowers, the state's economic progress is largely dependent on horticulture and floriculture which are globally sold. Jammu & Kashmir is known for growing a wide variety of fruits and flowers. Understanding its immense potential, the state government has declared horticulture to be one of the most important economic sectors, contributing immensely to its financial strengthening and the sector has potential to provide livelihood to a large number of young unemployed work forces in the state and aid to rapid poverty alleviation.

Closed corner location, remoteness and isolation from major markets, scattered population, lack of economic infrastructure and turbulence in civic life during the last two decades, pose special developmental challenges to the state. The dormant private sector and a limited diversification in its production activities have also been observed due to the small size of domestic market. The state of Jammu & Kashmir thus offers a challenge to planners in tackling the manifold problems associated with the economic backwardness of the state.

The tourism sector has immense potential of backward and forward linkages in terms of both income and employment and can contribute significantly to the economy. Kashmir is known as the paradise on earth because of its numerous scenic spots of attractions and beautiful weather. The other important aspect of tourism potential is the existence of shrines, monasteries, temples and cave temples in the three regions of the state.

I commend and appreciate the PHD research Bureau, in presenting the first publication on Jammu & Kashmir by the PHD Chamber.

Salil Bhandari



Susmita Shekhar
Secretary General

Preface

Jammu & Kashmir: The State Profile, is one of the first such studies the PHD Chamber has come up with on the state and it gives me immense pleasure and honour to present it to our esteemed readers as it captures the essence of the grass roots of the picturesque state.

The study is an exhaustive report on the state's economy and its socio-economic scenario. It includes its economic policies, agro policy, industrial policy, development in service sector and social infrastructural framework. The study also brings together latest developments in the state and highlights potential roadmap for its further growth.

Jammu and Kashmir has always been characterized as a relatively backward economic region. The chief characteristics of the state are the predominance of the agricultural sector, low degree of urbanization, inadequately developed infrastructure, widespread illiteracy, high birth rates and low levels of investment. However, there is a wide scope for the development in the state in many unexplored segments which could help the state break free from its current economic stagnation.

The state is home to some of the world's most sought after varieties of fruits both fresh and dry, exotic flowers, honey, saffron etc. Horticulture and floriculture provide direct and indirect employment to about 23 lakhs people with possibilities of further enhancement. In view of the potential for exports, a large number of export oriented units have been approved by the Government of India and many projects have been commissioned in recent years.

PHD Chamber has always aimed to be an important stakeholder to the development of the northern and central states of India and the nation. I hope that this study helps in further policy formulation in the state, so as to serve as a vehicle for its inclusive growth and socio-economic development. We will carry out similar reports on all the states that we serve in the days to come.

I commend and appreciate the tireless efforts of PHD Research Bureau, which has come up with this report with their focused approach.

I hope that this report serves as a handy and informative readers' guide!

Susmita Shekhar

Contents

Sr. No	Topic	Page No
1	Structure of the Economy	2
2	Economic Policy	10
3	Infrastructure	16
4	Social Infrastructure	19
5	Performance in Six Thrust Areas focussed by PHD Chamber	22
6	Jammu & Kashmir Budget 2011-12	24
7	Conclusion and Recommendations	25

Tables

Title	Page No.
State domestic product and its composition	2
Summary of socio-economic indicators	3
Fiscal indicators	6
Industrial investments proposals in Jammu & Kashmir	8
Investment opportunities in Jammu & Kashmir	9
Summary of agro statistics	12
Food grain production scenario in Jammu & Kashmir	13
Apple production of Jammu & Kashmir	14
Banking scenario in Jammu & Kashmir	15
Jammu & Kashmir's Deposits, Credits and CDR	16
Roads infrastructure	17
Telecom subscriber base	18
Educational infrastructure	21
Summary of health indicators	21
Performance in six thrust areas	22
Jammu & Kashmir Budget (2011-12) at a glance	24
Some important Contacts	27

Charts

Title	Page No.
Growth of real GSDP	2
Composite Ranking of the state	4
Socio-economic ranking of the state	4
Economic Freedom ranking of states	5
Pattern of per capita income of Indian states	6
Comparison of GFD as a % of GSDP	7
Industrial investment proposals	8
Share of Jammu & Kashmir in India's food grain production	13
Share of Jammu & Kashmir in India's Apple production	14
Population Below Poverty Line (BPL): Jammu & Kashmir	19
Literacy rate: Jammu & Kashmir	20
Literacy in comparison with other states	20
Availability of safe drinking water to households	22

Abbreviations

Bn	Billion
AEZ	Agri Exports Zone
BPL	Below Poverty Line
CD Ratio	Credit Deposit Ratio
CIS	Capital Investment Subsidy
DG set	Diesel Generator set
FY	Financial Year
GDP	Gross Domestic Product
GFD	Gross Fiscal Deficit
GSDP	Gross State Domestic Product
IT	Information Technology
ITES	Information Technology Enabled Services
J&K	Jammu and Kashmir
MT	Million Tonnes
NSDP	Net State Domestic Product
PD	Primary Deficit
PHC	Primary Health Centre
PRB	Primary Revenue Balance
PWD	Public Works Department
RD	Revenue Deficit
SEZ	Special Economic Zone
TRAI	Telecom Regulatory Authority of India

Jammu and Kashmir



Jammu and Kashmir also known as Heaven on the earth is the northern most state of India. To its north lie China and Russia. On its east is Chinese Tibet. On the South and South-West lie the states of Punjab and Himachal Pradesh. On the west is the North West Frontier Provinces of Pakistan, China and Russia. It consists of three divisions -Jammu, Kashmir Valley and Ladakh. It has two capitals- Jammu, the winter capital and Srinagar, the summer capital.

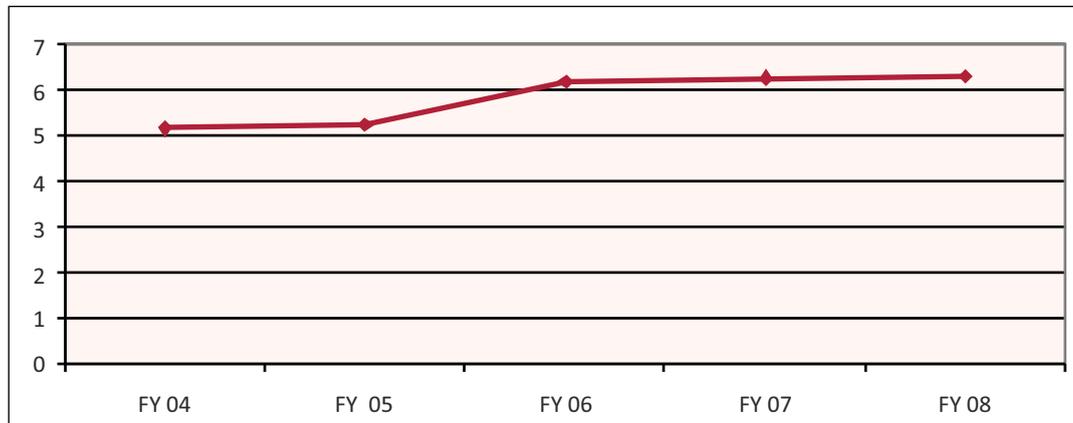
The state has some of the best tourist spots and owing to its high altitude, it is home to a lot of Himalayan glaciers and rivers. Jhelum, Indus, Tawi, Ravi and Chenab are the major rivers flowing through the state. Major tourist attractions in the state are Gulmarg, Pahalgam, Leh, Patnitop, and Ladakh. Some of the major pilgrimage centers of the nation are located in the state, the two most important being the Amarnath Caves and the Vaishnodevi Shrine. The Dal Lake houseboats are one of the major attractions of Kashmir.

The unique climatic conditions found in state contribute to its diverse soil and vegetation. It is blessed with lush green forests, which forms one of the most important natural resources of the state. Numerous trees grow in these forests some of the valuable ones are: Chinar, Deodar, Poplar, Fir, Pine, Mulberry and Walnut. Some herbs with excellent medicinal value are also found in these forests such as Menthol, Digitalis, Rubus and Artemisia. These forests provide excellent shelter to the numerous rare species of animals and birds.

1. Structure of the economy

The state's economy has shown vibrant growth path during the recent years. GSDP (at current prices) has increased from Rs.22194 crores in FY04 to Rs. 31793 crores in FY08. The real GSDP grew around 6% (average) during FY2004-FY2008.

Growth of Real GSDP



Source: PHD Research Bureau, Compiled from Directorate of Economics and Statistics, Jammu & Kashmir
Note: Data pertains to FY04 to FY08

Tertiary sector contributes around 46% in GSDP followed by the secondary and primary sectors both at 27% in FY2008. Share of secondary sector in the GSDP has also shown growth, it has grown from 23% in FY2002 to 27% in the FY2008. However, the share of primary sector has come down from 31% to 27% during the same period.

State Domestic Product and its Composition

Components	FY02	FY05	FY08
GSDP at Current prices (Rs Crore)	18039.35	24265.04	31793.04
NSDP at Current Prices (Rs Crore)	15456.42	20723.93	27099.91
Economic Growth % (GSDP at factor cost, constant prices)	1.96	5.23	6.28
Sectoral Contribution in GSDP at current prices (%)			
Primary*	31.4	30.51	26.92
Secondary**	22.94	23.82	27.2
Tertiary***	45.66	45.67	45.88

Source: PHD Research Bureau, Compiled from Directorate of Economics and Statistics Jammu & Kashmir.

*Primary Sector includes Agriculture, Forest & Logging, Fishing and Mining & Quarrying

**Secondary Sector includes Manufacturing, Construction, Electricity, Gas & Water Supply.

***Tertiary Sector includes Transport, Storage & Communication, Trade, Hotel & Rest, Banking & Insurance, Real Estate, Ownership of Dwelling & Business Services, Public Administration and other services.

Summary of socio-economic indicators

State Capital	Srinagar- (summer)& Jammu- (winter)
Area (Sq. km)	222236 Sq Km
Population (Census 2011)	12548926
Population Density(Sq. Km) Census 2011	124
No. of Districts	22
GSDP at Current Prices (2007-08)	31793 crore
Growth of GSDP at Constant Prices(2007-08)	6.28%
NSDP at Current Prices (2009-10)	35187 crore
NSDP at Constant Prices (2009-10)	30745 crore
Growth of NSDP at Constant Prices(2009-10)	6.63%
Per capita GSDP (2007-08)	Rs 24,214
Fiscal Deficit (FY 2010-11)	4.6% of GSDP
Poverty (FY2008-09)	21.63%
National Highway length (2009-10)	1245 Kms.
Rail Length March-2009	239 Kms.
Domestic Airport	Jammu, Srinagar & Leh
Govt. Medical Institutions (2008-09)	3400
Per Capita Health Expenditure (2004-05)	Rs. 1001
Literacy Rate (2011 Census)**	68.74%
Sex Ratio (2011 Census)	883
Important Rivers	Jhelum, Indus, Tawi , Chenab and Ravi
Mountains	The great Himalayas, Karakoram, Ladakh, Hindu Kush, and Pir Panjal
Key Industries	Tourism, Handicrafts, Sericulture, Handloom, Horticulture, Food processing & Agriculture.
Prospective Industries	Floriculture
Main Industrial Cities	Srinagar, Jammu & Kathua
Investment environment [^]	4th rank
Composite ranking of the state [#]	8th rank
Agriculture [^]	15th rank
Macro economy [^]	3rd rank
Labour laws (2009) ^{^^}	4th rank
Infrastructure [^]	10th rank

Source: PHD Research Bureau, Compiled from Directorate of Economics and Statistics Jammu & Kashmir, RBI, Economic Survey of India 2010, National highway authority of India

[^]India Today, 29th Nov 2010, an article by Bibek Debroy and Laveesh Bhandari,

^{^^}Economic Freedom of the States of India 2011, by Laveesh Bhandari, Bibek Debroy and Swaminathan Aiyar and Census of India-2011,

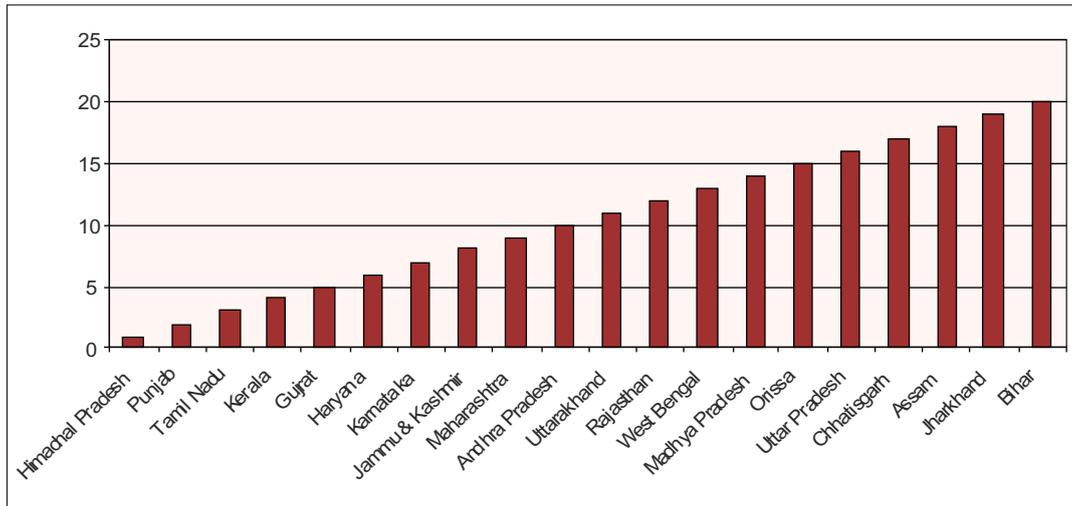
[#]State competitiveness report 2004 by National Productivity Council

^{**}Literacy rate for population aged 7 years and above.

Composite Ranking of the state

Jammu & Kashmir stands 8th on the basis of various socio economic parameters viz. macro economy, investment environment, infrastructure, agriculture, primary education and consumer markets.

Composite Ranking of the state

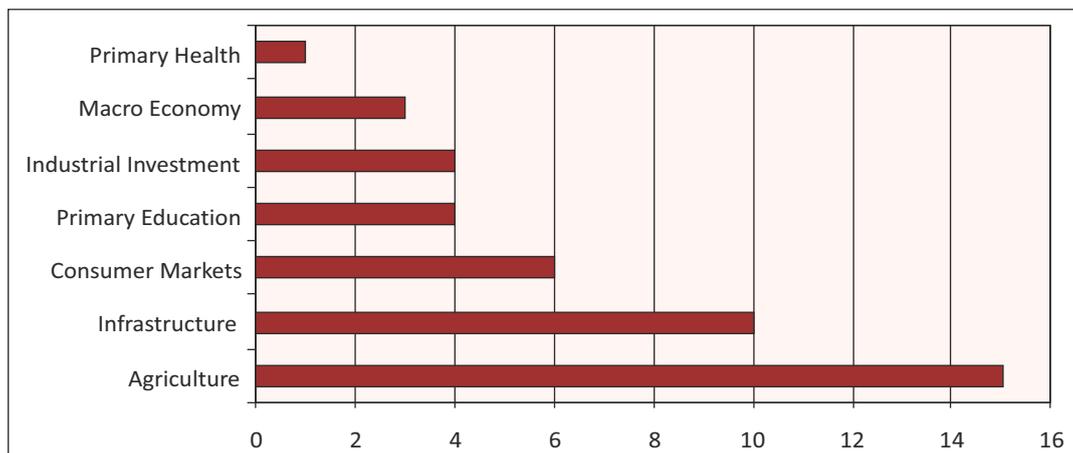


Source: PHD Research Bureau, Compiled from India Today, 29th Nov 2010, an article by Bibek Debroy and Laveesh Bhandari
 Note: Only big states have been taken up with area over 35000 sq. km. and with population over five million.

Socio- Economic Ranking of the state

The state has been ranked 1st in Primary Health, 3rd in macro economy, 4th in industrial investments and also primary education, 6th in the consumer markets, 10th in Infrastructure and 11th in agriculture.

Socio-economic ranking of the state

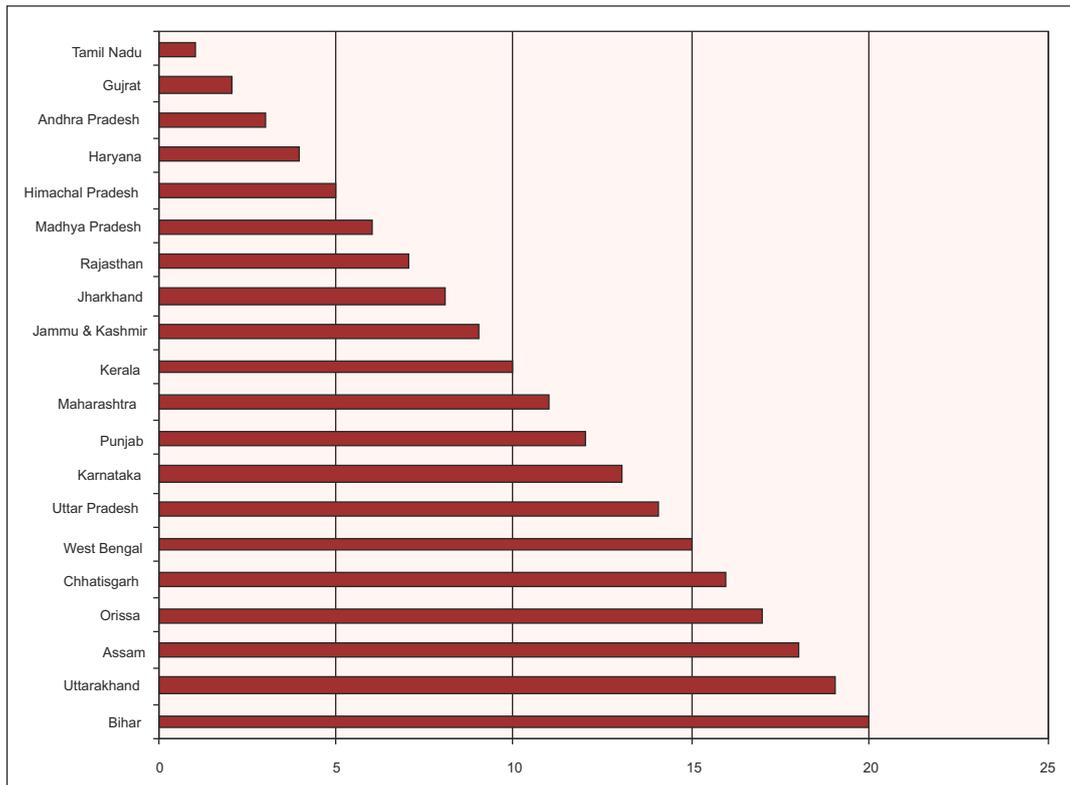


Source: PHD Research Bureau, Compiled from India Today, 29 November 2010, an article by Bibek Debroy and Laveesh Bhandari.
 Note: Only big states have been taken up with area over 35000 sq. km. and with population over five million.

Economic Freedom Ranking

The state has been ranked 4th in labour regulations, 9th in overall economic freedom, and 13th in legal system and 14th in terms of size of the government.

Economic Freedom Ranking of States



Source: PHD Research Bureau, Compiled from Economic Freedom of the States of India 2011, by Laveesh Bhandari, Bibek Debroy and Swaminathan Aiyar.

Note: Ranking pertains to the year 2009

Competitiveness ranking of the state

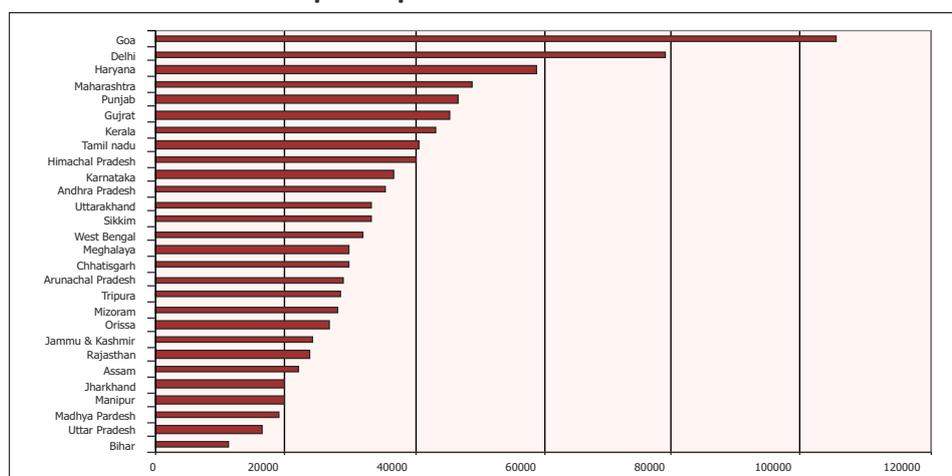
Among the 14 smaller states of India¹, Jammu Kashmir ranks 10th in the overall competitiveness ranking of the states. Jammu Kashmir has been ranked 6th in terms of its economic strength, it has been ranked 7th in terms of its business efficiency, 10th in human resource and 11th in infrastructure. Jammu & Kashmir has been ranked 14th in governance quality .

¹ Compiled from State competitiveness report 2004 by National Productivity Council.
Per Capita income refers to FY2008,

Per-capita income

Per capita income² of Jammu Kashmir is Rs 24,214 which is quite low as compared to the national average of 33,283. According to the latest comparable data, Jammu Kashmir is ranked at the 21st position in terms of per capita income among all the Indian states.

Pattern of per-capita income of the Indian states



Source: PHD Research Bureau, compiled from economic survey of India 2010-11.

Note : Comparable per capita income for all the states is available for 2008

Fiscal Deficit

J&K has a comfortable fiscal scenario and the situation has improved over the years as a result of efforts being made in this direction. Gross fiscal deficit of Jammu Kashmir as percentage of GSDP has declined to 4.6% during FY 2011 as compared to the 5.8% in FY2010. Primary deficit as percentage of GSDP has decreased from 0.5% to -0.7% during the same period. The revenue deficit declined further to -12.3% in FY2011 from -11.6% of GSDP during 2010. Primary Revenue Balance has declined to -17.6% from -16.9% of GSDP during the same period.

Fiscal Indicators

(% of GSDP)

Fiscal components	FY2005-08 (Average)	FY2009	FY2010(RE)	FY2011(BE)
GFD/GSDP	6.4	6.7	5.8	4.6
RD/GSDP	-6.8	-9.7	-11.6	-12.3
PD/GSDP	1.3	2.1	0.5	-0.7
PRB/GSDP	-11.9	-14.3	-16.9	-17.6

Source: PHD Research Bureau, Compiled from RBI.

RD: Revenue Deficit, GFD: Gross Fiscal Deficit, PD: Primary Deficit, PRB: Primary Revenue Balance.

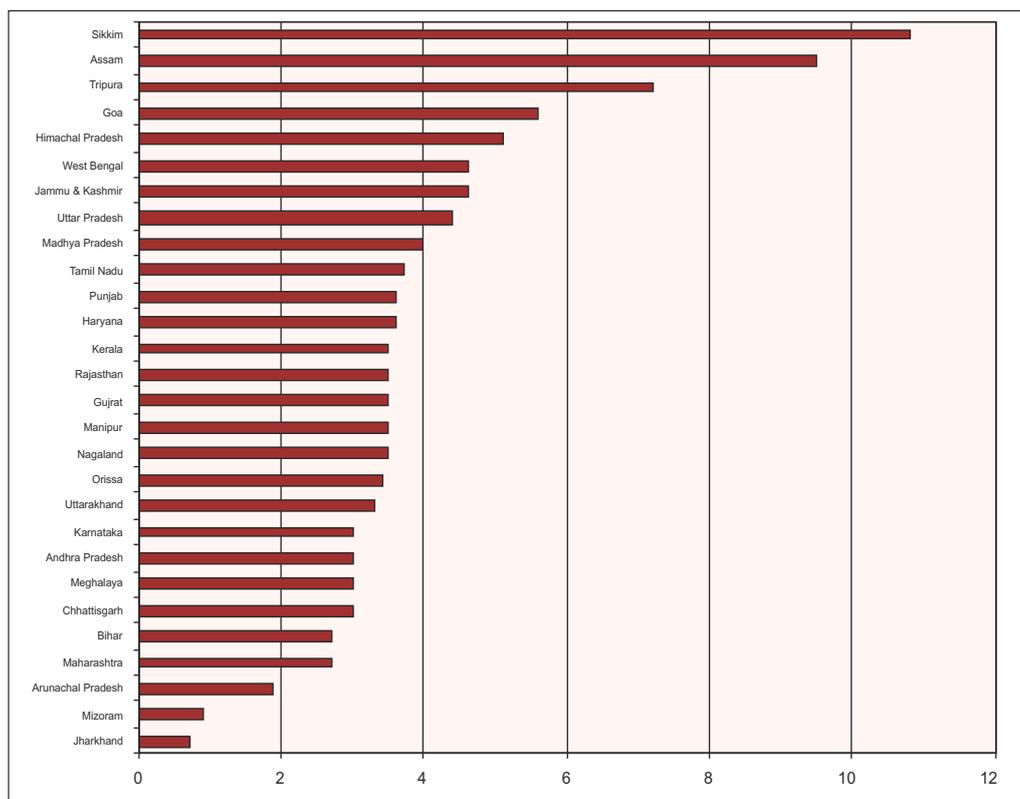
BE: Budgeted Estimates, RE: Revised Estimates, (-) sign refers to surplus.

² Economic survey of India 2011

Comparison of fiscal position with other states

Gross fiscal deficit of Jammu Kashmir was close to 6.4% on an average during the period between FY2005 and FY2008. It increased marginally to 6.7% during FY2009 but declined to 5.8% during FY2010. It has come down significantly to the level of 4.6% during FY2011. It is lower than states like Himachal Pradesh (5.1%), Sikkim (10.8%), Tripura (7.2%) and higher than Arunachal Pradesh (1.9%), Uttarakhand (3.3%) and Nagaland (3.5%).

Comparison of Gross Fiscal Deficit as a % of GSDP



Source: PHD Research Bureau, compiled from RBI, data pertains to Fy2011

Industrial Investments

Jammu Kashmir has taken a fast leap in providing a conducive investment environment it offer boundless investment opportunities to the prospective Investors, It has attracted industrial investment proposals of more than Rs6900 crores in the last four and a half years. State has rich resources of water, agro, forests, herbal and minerals in addition to its unparallel natural beauty with tremendous potential for investment in tourism sector.

Industrial Investments proposals in J&K

(Rs Crore)

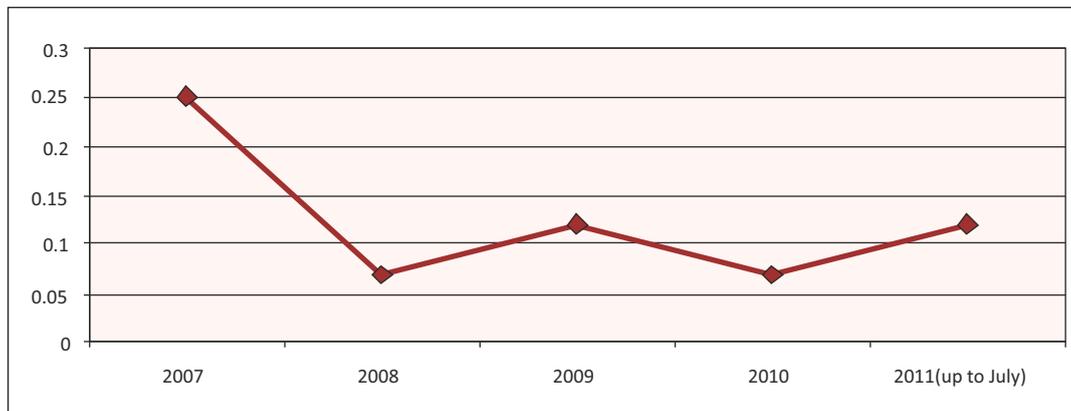
Year	Jammu Kashmir	India	Share of Jammu Kashmir (%)
2007	2104	834249	0.25
2008	1115	1523852	0.07
2009	1223	1040259	0.12
2010	1234	1736322	0.07
2011(up to July)	1303	1003916	0.12
Total	6979	6334538	0.11

Source: PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Govt. of India

However, Industrial investments in Jammu Kashmir has declined during recent years, it came down to Rs.1115 crore in 2008 from Rs.2104 crore in 2007. Since then it has been hovering around Rs. 1200 crore per annum. This is around 0.11 % of total investment in India.

Industrial investments

(as % of India's total industrial investments)



Source: PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Govt. of India

Investment Incentives in Jammu and Kashmir

The government of Jammu & Kashmir is providing various incentives to setup industries in the state. There is 100% exemption in excise duty for 10 years, income tax holiday for 5 years along with various other subsidies are provided by the state government to facilitate industrialisation.

- 100% excise exemption for 10 years.
- 5 Years of 100% income tax holiday.
- Capital investment subsidy upto Rs. 30 lakhs and Rs. 45 lakhs for thrust area project.
- Land on 90 years lease.
- 100% subsidy on testing equipments / Diesel Generator sets.

- A host of incentives on capital goods, term loan, transportation, working capital, branding etc.
- Single window clearance for pre-project approvals of land, power and pollution.
- The insurance premium reimbursement to the extent of 100% on capital investment for a period of 10 years to all new and existing units.

Investment opportunities in Jammu Kashmir

Agro based industry & food processing	A vast natural resource base has helped the predominantly agrarian state to develop its base for cultivation of major fruits such apples, walnut, walnut kernels, bitter apricot nuts, pears, almond, plum, cherries and saffron. 75% of India's production of apples and 97% production of walnut comes from the state.
Floriculture and Horticulture	The enormous assortment in flora and fauna and varied agro climatic condition, the scope of horticulture is very high in the state There is scope for increasing the horticulture produce that are marketed in export markets. The state has ideal climatic conditions for floriculture and is looking forward to the development of the same. Recently Asia's largest 'tulip garden' was launched in the state.
Handicrafts	Handicrafts occupy an important position in Jammu & Kashmir. The state provides a friendly environment for these labour intensive activities. The handicrafts from Jammu & Kashmir have been in demand the world over .Silken carpets, wood carvings, shawls, namda, crewel costume, jewellery etc hold a significant share in export of the state.
Hydropower	The estimated hydro power potential of the state is 20,000 MWs of which 16480 have been identified so far. Out of the identified only 14% i.e. 2318.70 MWs have been exploited so far. 8 new power generation projects have been listed for execution under the 11th and 12th five year plans.
Information Technology	IT is an important emerging sector in the state. Government of Jammu Kashmir has accorded industry status to the IT sector. An Electronic Industrial Park has been set up at Rajbagh in Srinagar and a Software Technological Park (STP) has been established at Rangreth.
Power Tariffs*	The average rate of electricity for domestic consumers stands at 1.70 Rs/Kwh which is lower than most other states in India. The rate for Non domestic/Commercial consumer stands at 3.20 Rs/kwh, which is also a relatively low rate in comparison with most of the other states of India.
Tourism	The state is an important tourist destination and has been a attractive destination for tourists, the world over. Large number of tourists visit the beautiful Kashmir valley, Leh and Ladakh every year. 19 tourism development authorities have been established at places having tourism potential .There is vast scope for adventure tourism, pilgrim tourism, spiritual tourism, and health tourism leaving aside the traditional recreational tourism.

Source: PHD Research Bureau, Compiled from various policy papers of the Government of Jammu & Kashmir

* Comparative study on power situation in the Northern and Central states of India, By PHD Research Bureau.

Exports

The state is a major exporter of fruits, pulses, rice, handlooms and handicrafts. Jammu & Kashmir is well known for its apple exports as about 75% of the national produce of apples is contributed by the state. It is the 6th largest producer of walnuts in the world and an important producer and exporter of a wide variety of dry fruits. Jammu & Kashmir has been declared as “Agri Exports Zone for Apples and Walnuts”. Besides these it is a leading exporter of pashmina and raffle shawls which are recognised the world over. There is an emerging, yet highly unexplored foreign market for flowers grown in the state and the government is making efforts to tap the source through innovative incentives to the sector.

2. Economic policy of Jammu & Kashmir

The Jammu and Kashmir economy depends mostly on traditional forms of occupation. The state is affected by continued violence and insurgency, the economy of Jammu and Kashmir is an undeveloped one. Unaffected and unaltered by modern day industrial developments and changing times, the indigenous traditional occupations of farming, animal husbandry and horticulture forms the backbone of the economy. However in the recent years, the government of Jammu and Kashmir has taken several significant steps to strengthen the financial condition of the state and improve the standard of living of the indigenous local inhabitants.

Jammu & Kashmir, being part of the Indian Himalayan Region (IHR), also has some unique economic disadvantages arising out of remoteness and poor connectivity, hilly and often inhospitable terrain, vulnerability to natural disasters, a weak resource base, poor infrastructure, shallow markets and most importantly a law and order situation threatened by militancy. Taken together, all these factors have resulted in low economic activity, low employment and low-income generation. These economic disadvantages have substantial implications for the size and nature of the development problem and for the approach to be adopted. Recognizing the fact that the Himalayan states of the country have some peculiar characteristics which hinder their socio-economic growth, the central government has clubbed them as special category states for the purpose of devolution of financial grants.

Industrial Policy

Keeping in view the fact that the state of Jammu & Kashmir lags behind in industrial development, a need had been felt for structured interventionist strategies to accelerate industrial development of the state and boost investor's confidence. The industrial policy of 2004 was instituted with this view and it has been extended till 31 March, 2015 to sustain the process of industrial progress. The state had laid great stress on ensuring that the incentives and subsidies reached the genuine industrialists without much loss of time. The new initiatives would provide the required incentives as well as an enabling environment for industrial development; it would improve availability of capital and increase market access to provide a fillip to the private investment in the state

Highlights of the Industrial Policy

- Developing world class infrastructure is essential for speedy industrial development. The policy lays emphasis on inviting private sector to participate in infrastructure development.
- With a view to encourage industrialization of the backward blocks of the state, the Capital Investment Subsidy (CIS) under state's incentive package shall be extended to these blocks. The CIS of the state is attractive and it makes provision for a 30% subsidy subject to a limit of Rs. 30 lakhs and the definition of investment is more comprehensive.
- To encourage existing industrial units the industrial policy provides for extending the state CIS to them.
- The policy has introduced an incentive for assisting industries of the state to acquire and promote their own brands. This incentive will be extended for the first three years, 50% of expenses subject to a limit of Rs. 20 lakhs in the first year, 30% of expenses subject to a limit of Rs. 15 lakhs in the second year and 10% of the expenses subject to a limit of Rs. 10 lakhs in the third year.
- The government would install common effluent treatment plants in industrial clusters where ever necessary, with central and state's resources. For individual units, installing their own pollution control devices, subsidy will be provided on such equipment to the extent of 30% subject to a limit of Rs. 20 lakhs.
- The limit of CIS available to the thrust area industries and prestigious units will be Rs. 45 lakhs and Rs. 60 lakhs. For prestigious industries in thrust areas the cap on CIS is Rs. 75 lakhs.

Information Technology Policy

Information Technology (IT) has an enormous influence on global economy. It has revolutionized the nature of human interaction and has become a prime mover for services. Today the competitiveness of a country's economy and well-being is getting closely aligned to its ability to innovate and participate in the IT industry. In Jammu & Kashmir, IT is still a sunrise industry. IT Policy for the state of Jammu and Kashmir was launched in the year 2004 with the view that IT has the potential to grow very quickly to become a major player in the growth of the state's economy and contribute to better, transparent and effective governance

Highlights of the IT Policy

- IT Software and IT Services shall be deemed as manufacturing activity for the purpose of incentives for the industry in line with the approved policy of Government of India. Depreciation norms and loan for capital investments and working capital requirements would be made attractive.
- All promotional and liberalized policy instruments available to the IT software and IT services would also be made available to the IT enabled services including the Information Content Industry.
- Interest subsidy scheme on the pattern available to other industries would be made applicable for both computer hardware and software sectors, through the IT department.
- The government would facilitate creation of a Venture Capital fund of Rs. 25 crores, to begin with, in association with the Financial Institutions to meet the equity requirements of the Small and Medium Enterprises/IT Startups.

Jammu and Kashmir State Forest Policy

Being the largest land based resource in the State; forests have immense potential for supporting livelihoods and alleviating poverty. State forest policy was launched in the year 2010.

The basic objectives of the Jammu and Kashmir State Forest Policy are as follows:

- Conservation of biodiversity and natural habitat through preservation of natural forests with the vast variety of flora and fauna.
- Rehabilitation of degraded forests so as to optimize their productivity and restore their potential to provide ecosystem goods and services on sustainable basis.
- Poverty alleviation by meeting livelihood needs of forest dependent communities through sustainable supply of forest produce by improving productivity of existing forests, and through forestry activities, schemes and programmes.
- Extending tree cover outside forests to reduce pressure on natural forests for supply of forest produce.
- Checking denudation and soil erosion in catchments through integrated watershed management techniques and practices.

Agriculture

The economy of the state is largely agrarian with 70% of the population dependent on it and about 49% of the working population engaged in it. The contribution of the agriculture sector is around 26% in the economy and it has grown at an average rate of about 1.8% between FY2003 and FY2008. Basmati rice, rapeseed, oilseed, pulses, fruits like- apples, walnuts, cherries, pears almond are produced in huge numbers in the state. The diverse climatic zone in the state gives ample opportunity for horticulture and to cultivate crops like saffron which are unique for the state.

Summary of agro statistics

Sr. No	Components	Growth/ratio/ production
1	Agriculture(including livestock) GSDP at Current prices (FY2008)	Rs.7658 crore
2	Growth of Agriculture & Allied real GSDP (Avg. from FY2003 to FY 2008)	1.79%
3	Agricultural sector's contribution in GSDP(FY 2008**)	26.65%
4	Food Grain production (FY2011)	1371 (Thousand Tonnes)
5	State's contribution to national food grain production (FY2011)	0.56%
6	State's rank in national food grains production (FY2011)	19
7	Yield --total food grains (FY2010)	1617 (Kgs/Hectare)
8	Gross area irrigated (FY2009)	463.2 (Thousand Hectare)
9	Area under wells irrigation (FY2008)	0.99(Thousand Hectare)
10	Population dependent on agriculture	70%
11	Rice Production (FY2011)	507.7 (Thousand Tonnes)
12	Wheat Production (FY2011)	289.9 (Thousand Tonnes)
13	Coarse Cereals (FY2011)	550.7 (Thousand Tonnes)
14	Pulses (FY2011)	23.2(Thousand Tonnes)
15	Oil Seeds (FY2011)	49.8 (Thousand Tonnes)
14	Fruits(FY2009)	205.08 (Thousand Tonnes)
15	Almonds(FY2009)	103 (Thousand Tonnes)

Source: PHD Research Bureau, Compiled from RBI & Ministry of Agriculture, Directorate of Economics and Statistics, J&K

Note: ** Advanced Estimates

Jammu & Kashmir

Jammu & Kashmir's food grain production has shown good growth during the last decade. It has grown more than 23% between FY2001 and FY2011. During FY2001, food grain production of Jammu & Kashmir was 1114.5 thousand tonnes, which has increased to 1371.5 thousand tonnes in the FY2011.

Foodgrain production in Jammu & Kashmir

(Thousand Tonnes)

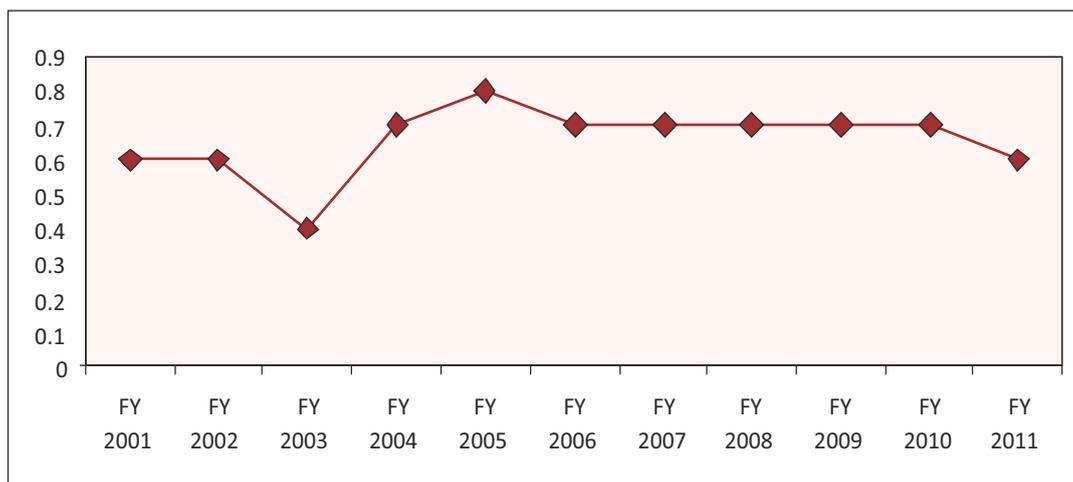
Year	Jammu & Kashmir	India	Share of Jammu & Kashmir in India (%)
FY 2001	1114.5	196.81	0.6
FY 2002	1325.8	212.85	0.6
FY 2003	1322.4	174.78	0.4
FY 2004	1529.6	213.19	0.7
FY 2005	1499.0	198.36	0.8
FY 2006	1482.0	208.59	0.7
FY 2007	1572.7	217.28	0.7
FY 2008	1572.1	230.78	0.7
FY 2009	1721.3	234.47	0.7
FY 2010	1522.6	218.2	0.7
FY 2011	1371.5	241.56	0.6

Source: PHD Research Bureau, compiled from RBI, Ministry of Agriculture

Due to hilly terrain, food grains can not be cultivated on very large areas in Jammu & Kashmir, more over the yield per hectare is also relatively low in the state, as a result the production of food grains in the state is low and share of Jammu & Kashmir in India's food grain production is stagnant at around 0.7% over the last few years.

Share of Jammu Kashmir in India's food grain production

(% Share)



Source: PHD Research Bureau, compiled from RBI, Ministry of Agriculture

Horticulture and Floriculture

Jammu & Kashmir is home to some world famous varieties of fruits, dry fruits, honey and saffron. Horticulture is one of the most vibrant sectors for the state economy. This sector provides direct as well as indirect employment to the state population. To promote the horticulture in the state, the state government has declared horticulture as a thrust area. Jammu & Kashmir also has ideal climatic conditions for floriculture. A large variety of flowers is grown in the state for both domestic and international markets. The State intends to propagate floriculture as an important economic activity and hence thrust is on the commercial exploitation of the floriculture.

Apples are a major produce of Jammu & Kashmir. During the last five years production in the state has increased from 1151.7 thousand metric tonnes in FY2006 to 1373 thousand metric tonnes in FY 2010.

Apple production of Jammu Kashmir

(Thousand Metric Tonnes)

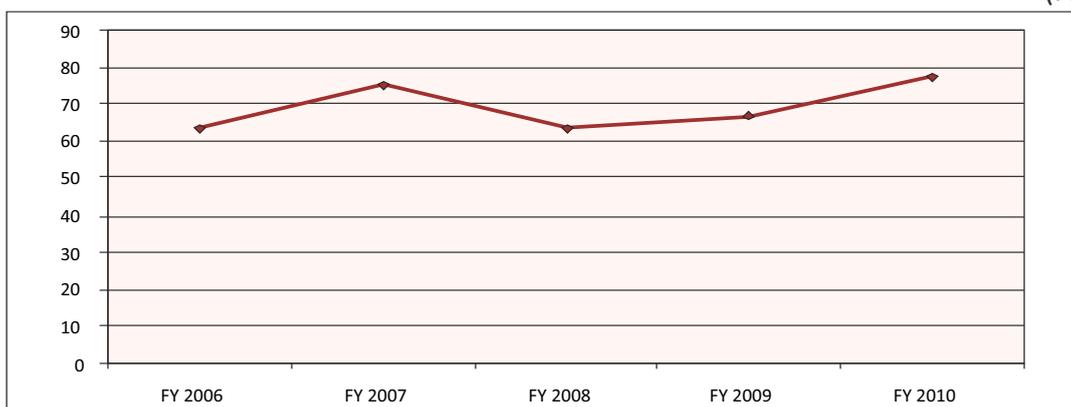
Year	Jammu & Kashmir	India	Share of Jammu & Kashmir in India (%)
FY 2006	1151.7	1814.0	63.5
FY 2007	1222.2	1623.7	75.2
FY 2008	1268.5	2001.5	63.3
FY 2009	1332.8	1985.1	67.0
FY 2010	1373	1777.2	77.2

Source: PHD Research Bureau, compiled from National Horticulture board.

The production of apples in the state is growing every year as a result the percentage share of Jammu & Kashmir in national production has also been increasing steadily; it has increased from, 63.5% in FY2006 to 77.2% in FY2010.

Share of Jammu Kashmir in India's Apple production

(%)



Source: PHD Research Bureau, compiled from National Horticulture board.

Services

During the last decade, the share of services sector has been stable in Jammu and Kashmir. The average contribution of services sector in the GSDP of Jammu and Kashmir was around 45% during FY2001 to FY2008. The service sector of Jammu & Kashmir is dominated by tourism and adventure sports.

IT and ITE Services -- The IT industry, though not well developed in the state, has tremendous potential for growth. IT Policy for the state of Jammu and Kashmir was launched in the year 2004. Large pool of educated and skilled youth in the state provides the required manpower for developing IT as the knowledge-based industry. The geo-climatic condition offers an ideal location for setting up the IT industry. The development of this industry would help the state economy to solve the current problems of educated unemployment, weak industrial base, poor accessibility and small market. The new industrial policy also provides a favourable environment for attracting investment in the IT industry.

Banking -- Banking services plays an important role in ushering economic development by mobilizing financial resources. Banks have become the back bone for the development of the economy on all parameters in any state. Banking structure in Jammu and Kashmir consists of commercial banks, Regional Rural Banks, and co-operative banks.

There are more than 900 branches of different categories of banks in Jammu and Kashmir with more than 160 branches of nationalized banks. Regional rural banks and other scheduled commercial banks have very strong network to facilitate developmental activities of state.

Regional rural banks and other scheduled commercial banks in Jammu & Kashmir contribute more than 68% of the total number of branches/ offices of banks in Jammu & Kashmir.

Banking scenario in Jammu & Kashmir

Banks in Jammu & Kashmir	No. of branches in Jammu & Kashmir
Nationalised Banks	163
Regional Rural Banks	242
State Bank of India and associates	134
Other scheduled commercial banks	397
All scheduled commercial banks	936

Source: PHD Research Bureau, Compiled from performance review of Jammu & Kashmir Economy 2008-09

Note: Data pertains to Sep 2008

The business performance of the banks is generally measured in terms of credit deposit ratio (CDR). The credit deposit ratio was recorded to be 48.49% for Jammu & Kashmir as against 74.93% for the country. Highest credit deposit ratio of 56.49% was observed amongst other scheduled banks and lowest i.e. 29.19% in respect of State Bank of India and its associates in Jammu & Kashmir.

Deposits, Credits and Credit Deposit Ratio of Banks

(Rs. Crore)

S. No.	Agency	Jammu and Kashmir			All India		
		Deposits	Credits	Credit deposit ratio	Deposits	Credits	Credit deposit ratio
1	State Bank of India and its associates	4467 (17.10)	1304 (10.29)	29.19	794071 (23.19)	599378 (23.36)	75348
2	Regional Rural Banks	1292 (4.94)	438 (3.46)	33.9	101496 (2.96)	57706 (2.25)	56.86
3	Nationalized Banks	3929 (15.04)	1641 (12.95)	41.77	1665387 (48.64)	1229029 (47.90)	73.8
4	Other Scheduled Banks	16441 (62.92)	9287 (73.30)	56.49	663387 (19.37)	495054 (19.29)	74.63
5	Foreign Banks	--	--	--	199945 (5.84)	184713 (7.20)	92.38
6	Total	26129 (100.00)	12670 (100.00)	48.49	3424286 (100.00)	2565880 (100.00)	74.93

Source: PHD Research Bureau, compiled from performance review of Jammu & Kashmir economy 2008-09 Figures in the bracket shows percentage share.
Note: Data pertains to September 2008

Tourism -- Kashmir is known as the paradise on earth because of its numerous scenic spots of attractions and beautiful weather. The other important aspect of tourism potential is the existence of shrines, monasteries, temples and cave temples in the three regions of the state. The tourism sector has immense potential of backward and forward linkages in terms of both income and employment and can contribute significantly to the economy.

Tourism, once the mainstay, is now languishing and the sector is facing many challenges. In a climate of armed militancy in Kashmir during the recent years, the flow of tourists to the valley has gone down. The government of Jammu & Kashmir has been developing various tourist attractions such as golf, water skiing, tobogganing, sledge-riding, etc. besides upgrading tourist infrastructure.

3. Infrastructure

The importance of infrastructure for sustained economic development and improving the living standards of the population is well recognized. Yet, millions of people, across the world lack access to roads, transport, electricity, safe drinking water, and proper sanitation and communication facilities. Inadequate and inefficient infrastructure not only adds to transaction costs but also prevents the economies from realizing their full growth potential. The state government has come up with many initiatives and schemes to develop the infrastructure in the state. Investment of Rs. 857 crore in state sector and Rs.900 crore in Central Sector for roads & bridges has been announced in the budget for Fy2012.

Roads -- The state being dominated by undulating topography, road is the prime means of transport. The total road length in the state is about 12,976km. The roads are maintained by the Public Works Department (PWD) of the state government. The cause of concern is that at 35.71 km per 100 sq km, the road density is one of the lowest in the country. The central government has attached high priority to the development and up-gradation of its vital road network.

Road infrastructure

Category of road	Length in Kms
National Highway	1245
State Highway	688
Major district roads	7671
Other district roads	3372
Total	12976

Source: PHD Research Bureau, Compiled from IBEF

Railways -- Railways have not developed much in any hilly state as compared with other states because of the difficult terrain. Jammu & Kashmir have railway network³ of only 239Kms. The state government has recognised the crucial role of railways in the process of economic development and in response to that the government of India has also extended full cooperation in all respects by providing technical and financial support for developing railways links in the state at a very fast speed.

Aviation -- Jammu and Kashmir have a very large area under mountainous topography, in difficult terrains like high mountainous areas of Leh and Kargil when road connectivity is disrupted during winter months due to heavy snowfall, the airways are the only source of access to such places. Airways connect all the three regions of the state with other parts of the country and abroad.

Out of the three airports of the state, Srinagar airport has been upgraded as international airport named as Sheikh-ul-Alam airport, where as the facilities at Jammu and Leh airports are also being upgraded. One more airport at Kargil headquarters has been connected by decota service. Although some areas have been covered by helipads, the difficult terrain and scattered area in the state need more airports and better connectivity. For promotion of tourism in the state starting of air taxi services between Katra-Bhaderwah is also under the consideration

Electricity -- The state of Jammu and Kashmir is bestowed with huge hydro electric energy potential which if exploited fully will provide a strong thrust to economy of the state. However, it demands huge investments, technical expertise, administrative reforms, congenial environment, proper regulations and management, besides competitive marketing, policy formation and private participation.

³ Data pertains to March-2009

The optimal exploitation of the available hydel resources in the state would not only meet the state's demand but will ensure supply of power to northern grid to boost the overall development of the country.

The estimated hydro power potential⁴ of the state is 20,000 Megawatts (MWs), of which 16480 MWs have been identified so far. Out of the identified potential, only 2318.70 MWs or 14% have been exploited so far, consisting of 758.70 MWs in State Sector from 20 power projects and 1560 MWs from three power projects under Central Sector. The per capita power consumption of Jammu & Kashmir is 711 kWh which is higher than the national average of 631 kWh.

The state government is striving to improve the situation of power in the state, recently many schemes has been launched in the state like “Open Access Power Scheme” to benefit bulk consumers i.e. industries and other commercial ventures has been announced in the budget of FY2011-12. Setting up of Bijli Adalats was also announced for settlement of disputes and early realization of electricity dues.

Urban Infrastructure -- Urban infrastructure services include water supply, sanitation, drainage, solid waste management, etc. the government of Jammu and Kashmir has launched several schemes to improve the urban infrastructure. Provisions of potable drinking water for 1500 more habitations has been made in the budget for FY2011-12, Rs.150 crore under JNNURM for completion of ongoing projects has been sanctioned, Rs.326 crore investments in Housing & Urban Development Sector and Rs.148 crore for maintenance of assets under non-plan expenditure, have also been made.

Telecom -- J&K contributes around 0.6% in total wireless and wire line subscribers in India. According to TRAI, the total wireless subscriber base of Jammu & Kashmir was 58.19 lakh and wire line subscriber base stands at 2.15 lakh in the month of Jun2011.

Telecom subscriber base

Name of the Region	Wireless subscriber	Wire line subscriber
Jammu & Kashmir	5819627	215481
India	851695668	24292764
Share of Jammu & Kashmir in India	0.62%	0.68 %

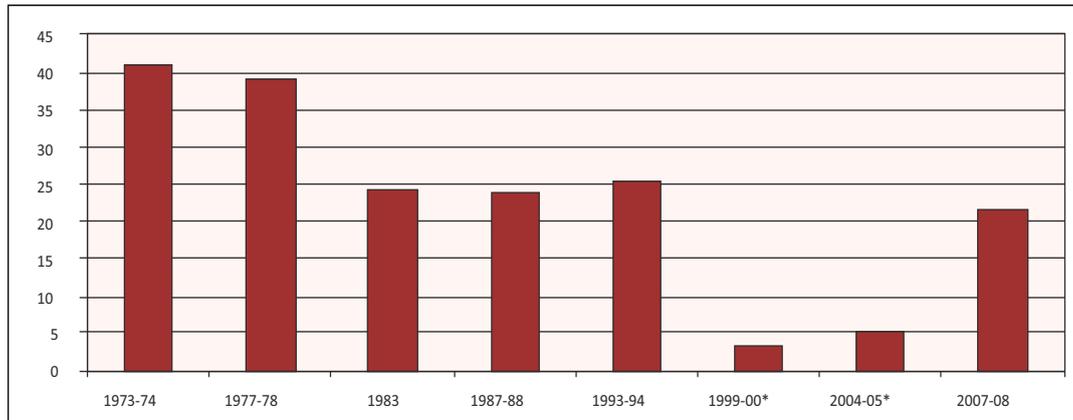
Source: PHD Research Bureau, compiled from TRAI as on 30 June, 2011.

⁴ Source: Performance review of J&K Economy 2008-09

4. Social infrastructures

Poverty -- Around 21% of population of the state is still living below the poverty line. The trend in percentage of population below poverty line shows that although, it has been steadily declining in the state from 40.83% in FY1974 to 23.82% in FY1988; the rate of decline has stagnated since then.

Population below poverty line (BPL): Jammu & Kashmir



Source: PHD Research Bureau, Compiled from Directorate of Economics and Statistics J&K, The Planning Commission.
Note * The figures are matter of debate and controversy and are non acceptable to the State Govt.

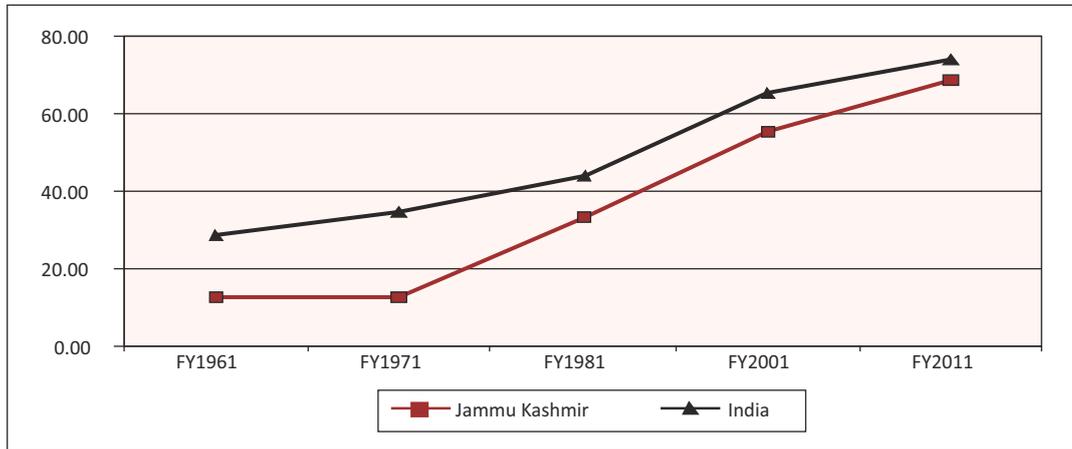
Share of rural population is very large in the state's BPL population. Around 22 lakh people of the rural population are below poverty line, which comprises 26.14% of the total population as compared to the urban population below poverty line which is only 7.96%. The state government has put forth a number of poverty alleviation schemes with full financial and technical support from the central government, to ease the burden of poverty among the masses.

Unemployment -- Unemployment has always been a chronic problem in the state. The unemployment rate based on usual principal status was 5.2% which is higher than the all India level of unemployment i.e. 3.1%. The total number of registered unemployed as on 31st December 2008 was 120228.

Education & Literacy -- Education is one of the strongest means which is capable of bringing about the desired change in the society .Education acts as a pillar of support and hence provides skills and development for effective employment in the future.

According to the census 2011, literacy rate in the Jammu Kashmir is 68.74% which is lower as compared to the all India rate of 74.04%. The encouraging fact is that the level of literacy has increased from a meagre 12.95% in FY1961 to 68.74% in FY2011.

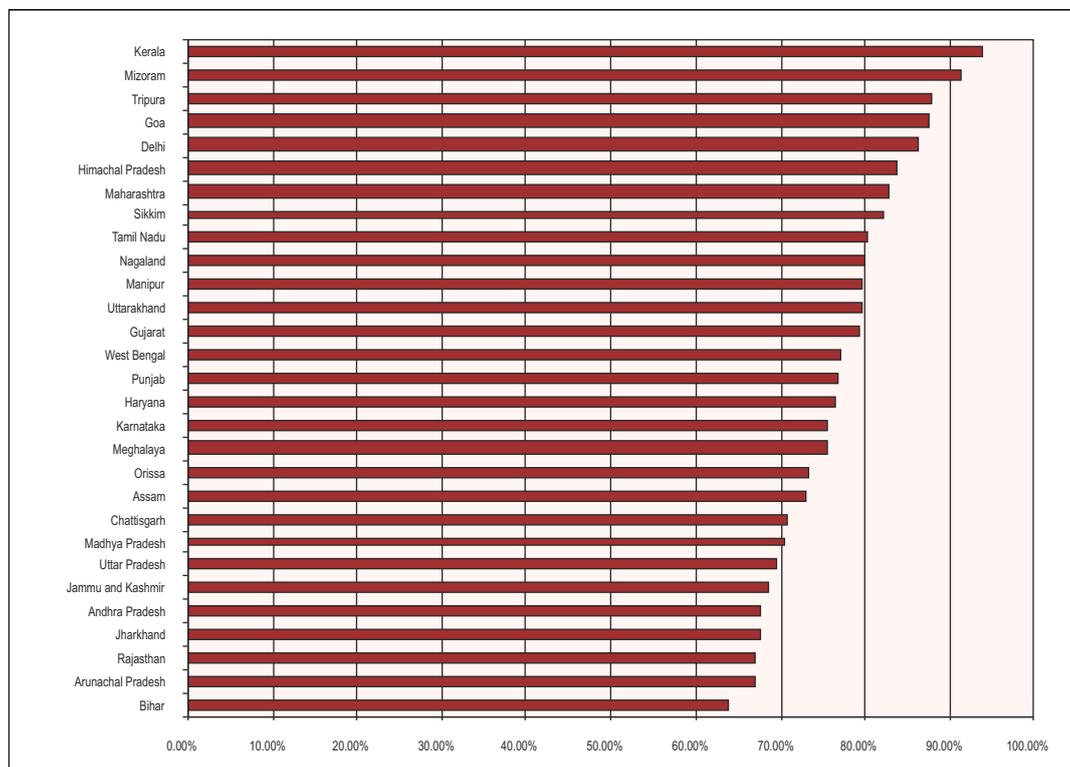
Literacy rate: Jammu & Kashmir vis-à-vis India



Source: PHD Research Bureau, Compiled from Economic Survey of India 2010-11

The state has a typical topography which is an obstacle in achieving a desired level of literacy. The networks of educational institutes are sparsely spread and majority of the population lives in remote areas. J&K is among the bottom six states in literacy rate among Indian states. However, in order to enhance the level of literacy a number of initiatives have been introduced by the state government during recent years.

Literacy in J&K in comparison with other states



Source: PHD Research Bureau, Compiled from Economic Survey 2010-11

Jammu Kashmir has remained educationally backward prompting the state government to take effective steps in this regard. It has undertaken various takes initiatives from time to time to improve the education system with the help of the centre. Some major schemes announced in the budget of FY2011-12 are:-

- 11 lakh children to be covered under mid-day meals.
- 19 model schools and 19 girl's hostels under Rashtriya Madhyamik Shiksha Abhiyan.
- 18 new polytechnic colleges being established in uncovered districts of the state.

Educational Infrastructure

Type of Institution	Number
Basic/ Secondary Education	
Schools/ Colleges	23120
Number of Students	19.30 lakhs
Higher Education	
Higher education institutes	2687
Degree/ PG Colleges	72
Central Universities	2
State universities	6
Vocational and Technical Education	
Industrial Training Institutes	47
Polytechnics	12
Educ. Training Colleges	12

Source: PHD Research Bureau, compiled from Directorate of Economics and Statistics J&K, Directorate of Technical education J&K.

Note: Data pertains to FY2010

Health --The Health infrastructure in the state comprises of 22 district level hospitals, 375 Primary Health Centres (PHC) and 238 state allopathic dispensaries. There are 11840 beds in the government hospitals of Jammu & Kashmir. The state has an Institute of medical sciences and 3 dental colleges.

Summary of Health Indicators

Infant Mortality Rate *	50 per 1000 live births
Total Fertility Rate (2008)	2.4 children born per woman
Per Capita Health Expenditure NHA-04-05	Rs 1001
District Level Hospitals*	22
Primary Health Centres (PHC)*	375
Allopathic dispensaries*	238
Institute of medical sciences*	1
Bed strength in government hospitals*	11840
Ayurvedic Hospitals*	1
Dental colleges*	3

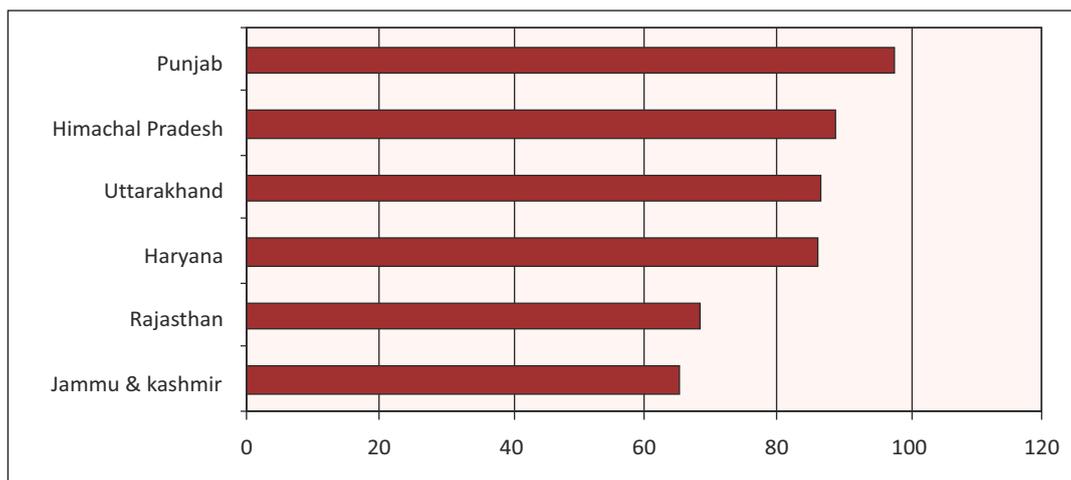
Source: PHD Research Bureau, Compiled from Annual Report to People on Health, September 2010 and Directorate of Economics and Statistics Jammu & Kashmir, *data pertains to 2008-09.

The per capita expenditure on health is Rs.1001 for the state, which is lower than the national average of Rs.1201. Infant mortality rate of 50 per 1000 live births is lower than all India level. The state's effort to strive for good health for everyone has shown good results and has been demonstrated through robust indicators.

Availability of Safe drinking water

Jammu Kashmir is home to five rivers that are namely Jhelum, Indus, Tawi, Chenab and Ravi. More than 60% of the total households have access to safe drinking water in the state, which far below the national average of 77.9%. This is a major area of concern.

Availability of Safe drinking water to households (%)



Source: PHD Research Bureau, Compiled from Economic Survey 2010-11

5. Performance in the six thrust areas focused by PHD Chamber

The Six thrust areas of PHD Chamber of Commerce and Industry are industrial policy, Infrastructure, Education and Skill Development, Health, Housing, Agriculture and Agribusiness. Jammu & Kashmir is rapidly growing state and has done well in the areas focussed by the PHD Chamber.

Performance in six thrust areas

<p>Rural Development and Agriculture</p>	<p>State government has proposed several schemes for employment generation to combat the challenge of rural unemployment and poverty. Varied Agro-Climatic Zones aid to the healthy growth of a wide variety of agricultural and horticultural produce like Apples, walnut, saffron, etc, some of which are unique to the state. The potential for bio-diversification due to agro-climatic and soil conditions is unique in J&K. Over 65% of the population of more than one crore depend on agriculture and allied sectors. However, the state faces massive deficit in food (40%), Oilseeds</p>
---	--

	<p>(70%) and vegetables (30%). VAT exemption and toll exemptions in the agriculture sector has been given by the government to boost the production as well as the income of the population engaged in agriculture.</p>
Education and Skill Development	<p>The literacy level of the state is lower than that of the national average. The hilly terrain and tough weather conditions and low income have hindered educational development. In order to promote education and skill development, the Department of Technical Education J&K, has started apprenticeship schemes, community polytechnics, vocational training programmes and other such projects in association with World Bank. There are more than 70 degree/post degree colleges in the state and 8 universities. 18 new Polytechnic Colleges are also being established in uncovered districts of state.</p>
Health	<p>Jammu and Kashmir has been ranked no. 1 in providing the primary health services. Jammu & Kashmir have more than 375 Primary Health Centres. The state has a good health infrastructure and the efforts being made by the state government are clearly reflected in the statistics. J& K have around 12000 beds in the government hospitals.</p>
Housing	<p>The Jammu and Kashmir is implementing the National Housing Policy of “Shelter for All” to address the issues relating to the development of housing infrastructure. The state government has implemented some Centrally Sponsored Schemes which helped in addressing the housing problems both by way of construction and up-gradation. The initiatives of the government through various schemes like VAMBAY, NSDP, Development of Housing colonies for economically weaker sections have yielded satisfying results in the urban areas.</p>
Industrial Policy	<p>Industrial development has always been a thrust area in the agenda of the government. Unfortunately, J&K has not been able to attract investments in this sector and remained an industrially backward state due to its unique economic and geographical disadvantages. In the perspective of industrial growth, the Industries and Commerce Department has been established to focus on attracting investment in the state for developing world class infrastructure. To usher in new era of industrialization government has come up with a new and comprehensive industrial policy which came into being in 2004 and will valid till 2015.</p>
Infrastructure	<p>The state has huge potential to generate hydroelectricity. Being a state with hilly terrain, roads are the major mode of transportation in Jammu & Kashmir. However, there is a need to improve the road network in the state especially in hilly areas. The railways network also needs to be extended. The state has good connectivity through air for both domestic and international destinations. More than a dozen industrial areas have been developed in the state in the regions around Jammu, Srinagar and Kathua.</p>

6. Budget Highlights 2011-12

The budget of Jammu & Kashmir 2011-12 has been designed in order to promote all round development in the state. Various schemes have been announced for all the major section of the society as well as for the development of the industry an infrastructure.

For the development of the infrastructure, investment of Rs.800 crore and Rs.900 crore has been announced for the development of roads and bridges under state sector and central sector respectively.

To improve the farm productivity in the state, investments of Rs.332 crore have been proposed in the irrigation sector and Rs.326 crore investment has been proposed in housing and urban development sector.

In order to meet the requirement of the skilled manpower Rs.316 crore has been earmarked under Skill Development Mission and the daily wage rate has also been hiked from Rs. 110 to Rs. 125 per day.

To promote the agricultural activities VAT exemptions has been provided on various items like food grains, pesticides and insecticides. Toll exemption has been provided to milch animals, poultry and beehives colonies, etc.

Stipend of trainees in handicrafts and handloom sector has been hiked from Rs.100 to Rs.500 and from Rs.200 to Rs.700 per month, along with Rs10crore of interest subsidy to boost handicraft sector. Loan slab for artisans has been raised from Rs.50000 to Rs.100000.

Budget at a glance

	Items	2009-10 (Actual)	2010-11 (BE)	2010-11 (RE)	2011-12 (BE)
A	Revenue Receipts	17588	22849	23762	26701
B	Revenue Expenditure	15324	17698	17698	22752
	Revenue Surplus (A-B)	2264	5151	53588	3949
C	Capital Receipts	4751	3135	4971	4511
D	Capital Expenditure	7015	8286	10359	8460
	Capital A/C Deficit (C-D)	2264	5151	5388	3949
E	Total Expenditure	22339	25984	28733	31212
F	Total Receipts	22339	25984	28733	31212
	Budget Deficit (E-F)	0	0	0	0
	Fiscal Deficit	3899	1800	2352 (3652)	2979
	Primary Deficit / surplus	-1760	451	-101 (-1401)	-616

Source: PHD Research Bureau, Compiled from Budget of Jammu & Kashmir 2011-12

Note:1. Figures in braces represent the Fiscal Deficit and Primary Deficit worked out after taking into account also the one-off expenditure of Rs.2300 crore for reduction of OD.

2. All entries have been adjusted for transfers from and to Public Account.

7. Conclusions and Recommendations

Jammu and Kashmir known as the “Paradise on the earth” is the northern most state of India. The state has some of the best tourist spots and it is home to many Himalayan glaciers and rivers. Jammu & Kashmir has unique climatic conditions and has very diverse variety of soil in the state; as a result a wide range of vegetation is found in the Jammu and Kashmir.

The state's economy has shown vibrant growth path during the recent years. J&K has grown around 6% between FY2004 and FY2008. The tertiary sector contributes around 46% in GSDP followed by the secondary and primary sectors both at 27%.

Fiscal indicators of the state are in comfortable zone, GFD (Gross Fiscal Deficit) is estimated at 4.6% (FY2011) of GSDP. It is lower than special category states like Himachal Pradesh (5.1%), Sikkim (10.8%), Tripura (7.2%) and higher than states like Arunachal Pradesh (1.9%), Uttarakhand (3.3%) and Nagaland (3.5%).

The economic policy of the state focuses on the indigenous traditional occupations of farming, animal husbandry handlooms, handicrafts and horticulture. The state has attracted around Rs6900crore of industrial investments proposals in the last four and a half years (FY2007-11).

Agriculture is the mainstay of the economy of the state as more than 65% of the state population depends on agriculture. The state contributes 0.6% (FY2011) in the total food grain production of India. Its contribution in production of apples at all India level is 77.2%. To improve the domestic marketing and promote export of major commercial fruit crops like apples and walnuts, the J&K state has been declared as “Agri Export Zone for Apples and Walnuts”.

Industrial Policy was launched in the state in the year 2004; the Policy will be in affect till 31st March 2015. The policy focuses on expediting the pace of development in the state and emphasise on the need to promote local employment in the industrial units in the state. Industrial policy of Jammu and Kashmir provides incentives and financial assistance to set up new industries in the state.

Services sector of Jammu & Kashmir is largely dominated by the tourism and allied activities, followed by IT and ITeS. Kashmir is known as the paradise on earth because of its numerous scenic spots and attractions and beautiful weather. Apart from natural beauty, the state is home to many shrines, monasteries and temples which attract very large number of religious tourists as well.

In the social sector the literacy rate for the state is 68% which is lower than the national average of 74% and has a lot of scope for improvement. The state has a good number of hospitals, primary health centres, and allopathic dispensaries and state has been ranked 1 in the primary health services, however, per capita health expenditure at Rs.1001 is lower than the national average. The level of poverty is 21% in the state which is better than the national average of 27%.

Recommendations

Jammu & Kashmir is located in the Himalayan region and has a significant part of the topography is under hilly terrain which hampers the progress and development in the state. However Jammu & Kashmir is blessed with many unique features which can make it one of the fastest growing states of India. The state has huge potential of generating hydro electric power and being rich in natural resources it can provide ample raw material to various industries.

J&K has grown at a sustained rate of almost 6% during recent past, which is below the national average. Contribution of services sector is less than 50% in the state's economy, which needs to be increased by encouraging investments in tourism and IT sector. Banking sector also needs to be focused as the Credit Deposit Ratio of the banks in Jammu and Kashmir is far below the national average.

The state is ranked 15th in the agriculture, however, more than two third population of the state depends on agriculture. The state needs to focus on agriculture with specific attention to floriculture and horticulture, to harness the huge potential arising out of it. A lot more needs to be done to improve the income levels of the farmers in the state as the per capita income of the state is among the lowest in the country.

The state has not been able to attract much industrial investment during the recent years and is considered to be industrially and economically backward state. Infrastructure is lacking in most part of the state and it needs to be developed on priority to facilitate the socio-economic development of the state. The roads density is among the lowest in the country and railways too have a negligible presence in the state.

Poverty and unemployment are the two grey areas which need to be addressed; government needs to focus on generating more employment opportunities through industrial development in the state. There is a lot of scope for increasing investments in the agro based and food processing industry. Handicrafts, IT, floriculture and horticulture, hydropower and tourism are the areas wherein huge investments can be attracted as well. This would also help in reaping the exports potential of the state.

Despite having huge potential to generate power, the state is in a power deficit. Public private partnership models should be promoted in harnessing the hydro electric power potential of the state. The literacy level in Jammu and Kashmir is at a modest level as compared nationally which can be improved by improving the educational infrastructure in the state.

The state government should focus primarily on the areas where the state has inherent advantage and promote industrial growth by providing priority in respect of allotment of land, sanction of power and grant of incentives and other clearances to the investors in these areas. J&K should encourage the flow of investments from other parts of India as well as FDI (Foreign Direct Investment).

It is suggested that the policy makers in Jammu & Kashmir should identify and exploit the productive capabilities of the three different regions of the state and formulate strategy accordingly for each region. The government should thereby facilitate the process of economic take-off for promoting prosperity and ensuring equitable economic development throughout the state.

Jammu and Kashmir: Key contacts

S.no	Sector/Area	Key Contact
1	Agriculture	Director of Agriculture Civil Secretariat, Srinagar, Jammu & Kashmir Srinagar +91-194-2310675, 2311569 Jammu +91-191-2505201, 2552145
2	Education	Secretary, Department of Education Civil Secretariat, Srinagar, Jammu & Kashmir Jammu +0191-2549675 Srinagar +0194-2450738
3	Health	Principal Secretary Health & Medical Education Department Civil Secretariat, Srinagar. J & K - 190011 Tel. Off. +91-194-2482317
4	Industrial Infrastructure	Director, Directorate Of Industries & Commerce, Pratap Park, Srinagar +91-194-2472935 1st Floor Jawaharlal Nehru Udyog Bhawan, Rail Head Complex, Jammu +91-191-2474085
5	Rural Development	Secretary, Rural Development Department Jammu: +91-191- 2564763, 2560678, 9419002366
6	Urban Development	Principal Secretary, Housing and Urban Development Department Srinagar- +91-194-2452263 Jammu +91-191-2542765

About the PHD Chamber

PHD Chamber is a vibrant and proactive representative organization of business and mercantile community of northern and central India, serving their interest for over a century. This apex regional organization plays a active role in India's development and acts as a much needed link between government and industry, serving as a catalyst for rapid economic development and prosperity of the community in the region through promotion of trade, industry and services.

With its base in the National Capital, Delhi, the Chamber has Regional offices in States of Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand and the Union Territory of Chandigarh.



PHD Research Bureau

- Dr. SP Sharma**, Chief Economist
- Mr. Harsh Vardhan**, Assistant Secretary
- Ms. Malini Bhattacharya**, Assistant Secretary
- Ms. Surbhi Sharma**, Executive Officer
- Ms. Vibhuti Vaid**, Intern



PHD
CHAMBER

Jammu & Kashmir

Notes



Jammu & Kashmir

Notes



Conference Facilities



PHD HOUSE, the headquarters of the PHD Chamber of Commerce and Industry, is a prestigious and popular venue for business interactions. It offers most modern recently renovated infrastructure facilities for holding Conferences, Meetings, Seminars.

The efficient public address system and the latest audio-visual facilities make the PHD House an ideal venue for corporate events.

- **Lakshmiapat Singhania Auditorium: (Capacity : 250)**

A beautifully architected Auditorium with its well designed soothing interiors & acoustics and capacity to seat 250 people. It is ideal for AGMs, Seminars, Conferences and Cultural & Social Programmes.

- **Modi Hall (Capacity : 60 to 90)**

Well designed especially for Exhibitions / display of products and for conducting Training Programmes / Workshops / Audio-visual presentations.

- **Raunaq Room (Capacity : 70)**

A well designed Conference Room for Seminars, Panel Discussions and High Profile Corporate Meetings.

- **Shriram Hall (Capacity : 90)**

Well designed for conducting Training Programmes/ workshops/Audio-Visual Presentations.

- **Mohta Room (Capacity : 25)**

Ideal for Board Meetings and Small Meetings.

- **PHD-DLF Business Centre (Capacity : 9 to 15)**

PHD-DLF Business Centre has been fully renovated and is available for camp office/temporary office, board/corporate meetings. It consists of two Conference Rooms with a capacity of 9 and 15 persons besides two Executive Rooms with attached work station, wi-fi internet connectivity which offers a perfect corporate setting for your office.

The Chamber's approved Caterers at the rates/menus approved by the Chamber provide catering facilities in PHD House.

For further Details Contact :- **Mr R K Joshi, E-mail: rkjoshi@phdcci.in**

Conference Facilities PHD HOUSE - CHANDIGARH



◎ **Bhushan Auditorium**

Large Auditorium with variable sitting arrangement

Capacity : 170



◎ **Bagrodia Board Room**

Ideal for Board / Corporate Meetings

Capacity : 15

The Chamber's approved Caterers at the rates/menus approved by the Chamber provide catering facilities in PHD House.

For further Details Contact: Mr. R. C. Pahooja,
PHD House, Sector -31A, Chandigarh -160031
Phone: 91-172-2638981, 09316010652 Email: phdchamber@gmail.com