



## That's what economic freedom report on J&K would make us do

There is a breaking news sort of thing for our state. In the 2011 index on economic freedom of 20 states in India, J&K now stands at number 9! And let us don't forget our state was at number 15 in 2005.

There is something more dramatic. The index suggests that our state has much better economic freedom than states like Maharashtra, Karnataka, Kerala and Uttar Pradesh!

So here we go and better ask: how did this miracle actually come about? Didn't we think the opposite was happening?

Relatively speaking, it sounds quite an impressive rank - and also a jump. But do we really deserve to be at the 9th position?

The "Economic Freedom of the States of India 2011" report - a collaborative endeavour of the Cato Institute and Fredrich Naumann Stiftung is, as usual, thought provoking. This high quality and painstaking work - pioneered by Fredrich Naumann Stiftung in India - is knowledge.

Doubtlessly, the methodology and the indicators which this index follows are robust. So are the efforts of its renowned authors - Bibek Debroy, Laveesh Bhandari and Swaminathan S. Ayar.

When it comes to J&K, it seems to have erroneously taken the path which many other such reports take - go by theory to treat this state like other states in India. And overlook its exceptional political, constitutional, economic and security situations.

There are certain theoretical assumptions in the report related to the central and the state government's area of control. In J&K's case, practical jurisdiction would need to be seen differently than what lies in theory.

The Indian Index has taken into account three parameters - size of the government, legal structure and security of property rights, and regulation of business and labour. Therein also lay many sub-parameters as well.

Let us take business regulation and investment first. If we apply the logic of relatively better economic freedom in J&K compared to states like Maharashtra, Kerala etc., then our investment climate should be better than these states. But the question is: is that really the case? Is our private investment climate really that good?

It would be fallacious to overlook the fact that J&K enjoys a distinct political status in the union of India. That status - as also enshrined in the Article 370 of India's constitution - bars owning of immovable property - like land - by non-state subjects in the state. But then there are some special instruments as well. The state has been regularly providing land to those non-state subjects on long term lease of 90 years or so who wish to invest in the state.

There are two related issues - one that owning of land is not the only basis for outside investment in the state, and, two, we need to also learn the history of the state's attempts in foreign investment and the reasons for its failure in doing so.

What inhibits the outside (including the foreign) investment to J&K? Is it only the adverse security situation? Is it the excessive militarisation? Is it the massive lands under the military use? Is it the central government's discretionary regulatory role? Or all these put together?

And, by the way, what about the state's own whimsical "regulatory" authority, which remains outside the ambit of democratic accountability?

In that, the case of a prominent US-based Kashmiri cardiologist's big investment plan in tertiary healthcare in Kashmir would need to be treated as a special case study. What prevented him from doing so? What prevented the Ambani Group's proposal for setting up an IT University in Srinagar? Don't such actions set a precedent for the future?

These questions need answers beyond quantitative analysis, and an evaluation of how such events mark a structural pattern rather than isolated individual cases. When it comes to in-migration it is true our state performs better. But we don't have any statistical system that tracks our out-migration. That issue is bigger than the in-migration.

Public infrastructure is another indicator which the report seems to have considered. Some governmental statistics related to infrastructure development in J&K may indeed tend to look rosy, but did this analysis go into the details of that "public expenditure?" The devil of course lies in the details - for instance the details related to the Prime Minister's Reconstruction Package.

And how about the rule of law? Doesn't the report seem to have overlooked the extra constitutional and other laws like the Disturbed Areas Act, Armed Forces Special Powers Act, Public Safety Act, Official Secrets Act, etc.?

Quantification of economic freedom in J&K will be flawed if it does not take into account its political freedom. We just can't close our eyes to the questions related to judicial independence, controls on international investment and the rule of law.

## MORE FROM OP-ED

[Let's Celebrate Azadi!](#)  
[My Story](#)  
[For 1400 bucks!](#)  
[Magic metal](#)

## Kashmir

### Partial strike in Valley

UMER MAQBOOL



Srinagar, May 14: Normal life was partially hit across the Valley on Saturday due to a strike called by Hurriyat Conference (G) to press

for the release of detainees. Most shops, business establishments [More](#)

[Non-functional SMHS waste treatment plant poses threat](#)

[No political process until detainees' release: Geelani](#)  
[Stop looking through prism of Pakistan: Dehalvi to Geelani](#)

[2 LJHP units develop snag in Baramulla](#)  
[Quake rocks Valley](#)

## Srinagar City

### DALGATE MALL ROAD RESIDENTS SEEK DRAINAGE CONSTRUCTION

GK CITY REPORTER



Srinagar, May 14: The inhabitants residing along the Dalgate pedestrian mall road have appealed the government to construct drainage system for preventing sewerage flow into this pristine waterbody. Around [More](#)

[Shalimar's Pigeon Fancier](#)

[Keep City polythene, dog free: students speak at Dal rally](#)

[KUTA condoles demise](#)

[3 bakers fined for selling underweight Tchut](#)

-->

## Jammu

[BJP threatens stir if interlocutors submit 'Kashmir-centric' proposals](#)

PRESS TRUST OF INDIA

When it comes to the size of government (expenditures, taxes and enterprises) we are not among the best ones anyway. Although the report itself mentions the military interference in rule of law, in J&K's case it also needs to be taken into account more objectively.

Interestingly, Fredrich Naumann Stiftung's own report "Jammu & Kashmir: Stuck in an Insurgency-2010" by Omair Ahmad has many answers to the above questions.

Take the Indus Waters Treaty, for instance. The report remarks, "Even if J&K could work around the treaty it does not have resources to build or manage large dams, even if it wanted to do so."

So what is it that inhibits the state from raising resources in open markets for such projects? The report also notes that the conflict has led to capital flight as well as a dearth of trained human resources as Kashmiris fled from the state to study and work somewhere safe.

It also touches a critical point on trade and communications saying that "as there is only one road out of the Valley, all transport has to go through Jammu and on to New Delhi, resulting in the real profits made by the traders at the chain end rather than those growing the crop."

"A lack of electricity and capital combined with the flight of talented individuals means that these sectors remain at the primary stage, with little processing, or field for entrepreneurship", it adds.

So before we begin to celebrate this report as a reason to celebrate an azadi for Kashmir, we better ask questions. And, one hopes, these questions are thought over in future reports to make J&K take its justifiably due place in the index.

Good luck!

(The columnist is presently an advisor in international development and based in Beijing. Feedback at [arjmand@greaterkashmir.com](mailto:arjmand@greaterkashmir.com))

Lastupdate on : Sat, 14 May 2011 21:30:00 Mecca time

Lastupdate on : Sat, 14 May 2011 18:30:00 GMT

Lastupdate on : Sun, 15 May 2011 00:00:00 IST



Name :

Email :

Comments :

Code:  [Load New Code](#)

Security Code :

Submit

Jammu, May 14: The BJP today threatened to launch a countrywide stir if Centre-appointed interlocutors on JK made proposals, that it said were Kashmir-centric or would weaken the links between the state [More](#)

[BSF man killed](#)

#### Briefs

**TuM militant arrested: Police**

Srinagar: Police on Saturday claimed to have arrested a militant of Tehreek-ul-Mujahideen (TUM) Tariq Ahmad Wani @ Mouvi Tariq son of Ghulam Hassan of Naqash Pora Barbarshah, at main Bazar Dalgate. Police [More](#)

[Doctors appeal PSC](#)

[3 injured in mishap](#)

[Blood donation camp held in Baramulla](#)

[ENT dept to start cochlear implant surgery](#)

#### Business

**'Govt duty-bound to create right atmosphere for economic activities'**

Omar says Kashmiri artisans have magic in their hands

**INT'L BUYER-SELLER MEET KICKED OFF**

MUDDASIR ALISrinagar, May 14: Union Environment Minister, Jairam Ramesh Saturday said governments of India and J&K were duty-bound to create right atmosphere for promoting economic activities in Jammu [More](#)

['Jairam Ramesh praises Treish'](#)

[JK Bank business touches `71,000 cr](#)

[Govt keen to promote winter maize cultivation: Mir](#)

[PDP concerned over crop damage](#)

[JAKFED functioning reviewed](#)

#### News

**Pak Parliament warns US**

Condemns 'Unilateral Action' Against Osama

**REZAUL H LASKAR/PTI**

Islamabad, May 14: As a cornered Pakistan faced all-round flak for its failure to detect Osama bin Laden's presence on its soil, its Parliament Saturday slammed the US raid that killed him and warned [More](#)

[Sharif castigates intelligence agencies](#)

[6 killed in Pak blast](#)

[SC concerned over starvation deaths](#)

[Musharraf to contest 2013 elections](#)

**This space is available for advertisement**  
**[webadvertising@GreaterKashmir.com](mailto:webadvertising@GreaterKashmir.com)**

[Contact Us](#) | [Advertise in Print](#) | [Advertise in Web](#) | [RSS Feed](#) | [Site Map](#)

Editor:Fayaz Ahmad Kaloo

Greater Kashmir: Feedback and Suggestions

e-mail:feedback[at]GreaterKashmir.com

Online Editor:Javaid Malik

e-mail:javidmalik[at]GreaterKashmir.com

Web Developer:Feedback and Suggestions

e-mail:WebDeveloper58[at]gmail.com

Printed and Published by: Rashid Makhdoomi on behalf of GK Communications Pvt. Ltd

© 1998 - 2011 GreaterKashmir.com GK Communications Pvt. Ltd. All Rights Reserved.

[Terms under which this service is provided to you.](#)

Quick links for last 30 days archive

Sat, May 14, 2011

Fri, May 13, 2011

Thu, May 12, 2011

Wed, May 11, 2011

Tue, May 10, 2011

Mon, May 9, 2011

Sun, May 8, 2011

Sat, May 7, 2011

Fri, May 6, 2011

Thu, May 5, 2011

Wed, May 4, 2011

Tue, May 3, 2011

Mon, May 2, 2011

Sun, May 1, 2011

Sat, Apr 30, 2011

Fri, Apr 29, 2011

Thu, Apr 28, 2011

Wed, Apr 27, 2011

Tue, Apr 26, 2011

Mon, Apr 25, 2011

Sun, Apr 24, 2011

Sat, Apr 23, 2011

Fri, Apr 22, 2011

Thu, Apr 21, 2011

Wed, Apr 20, 2011

Tue, Apr 19, 2011

Mon, Apr 18, 2011

Sun, Apr 17, 2011

Sat, Apr 16, 2011

Fri, Apr 15, 2011

