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**THE CHALLENGE OF JOB CREATION IN FRAGILE SITUATIONS:
A CASE STUDY OF KASHMIR, INDIA**

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“Understanding what went wrong in the past is important retrospectively. But it is perhaps even more important prospectively, as we prepare for the future.”

(Dani Rodrik, 1997, 'Globalization, social conflict and economic growth')

Outline

- ▶ Existing literature
- ▶ Analytical framework
- ▶ Empirical context
- ▶ Challenges (beyond fragility)
 - ▶ Traditional sectors
 - ▶ Modern economy
- ▶ Way forward

Existing literature

- ▶ More normative than empirical
 - ▶ Data systems are weak
 - ▶ Difficulty of longitudinal / evaluation / impact assessment studies in FCAS
- ▶ Predominant focus on private sector development in a modern sense and challenges to it
- ▶ Little focus on structural challenges to job creation
- ▶ Unit of analysis has been countries, rarely subnational units, let alone situations or people
- ▶ Our approach
 - ▶ Develop an analytical framework to understand structural dynamics and challenges and evaluate the efficacy of existing interventions based on
 - ▶ Available data and studies, supplemented by
 - ▶ Multi-stakeholder interactions in Kashmir

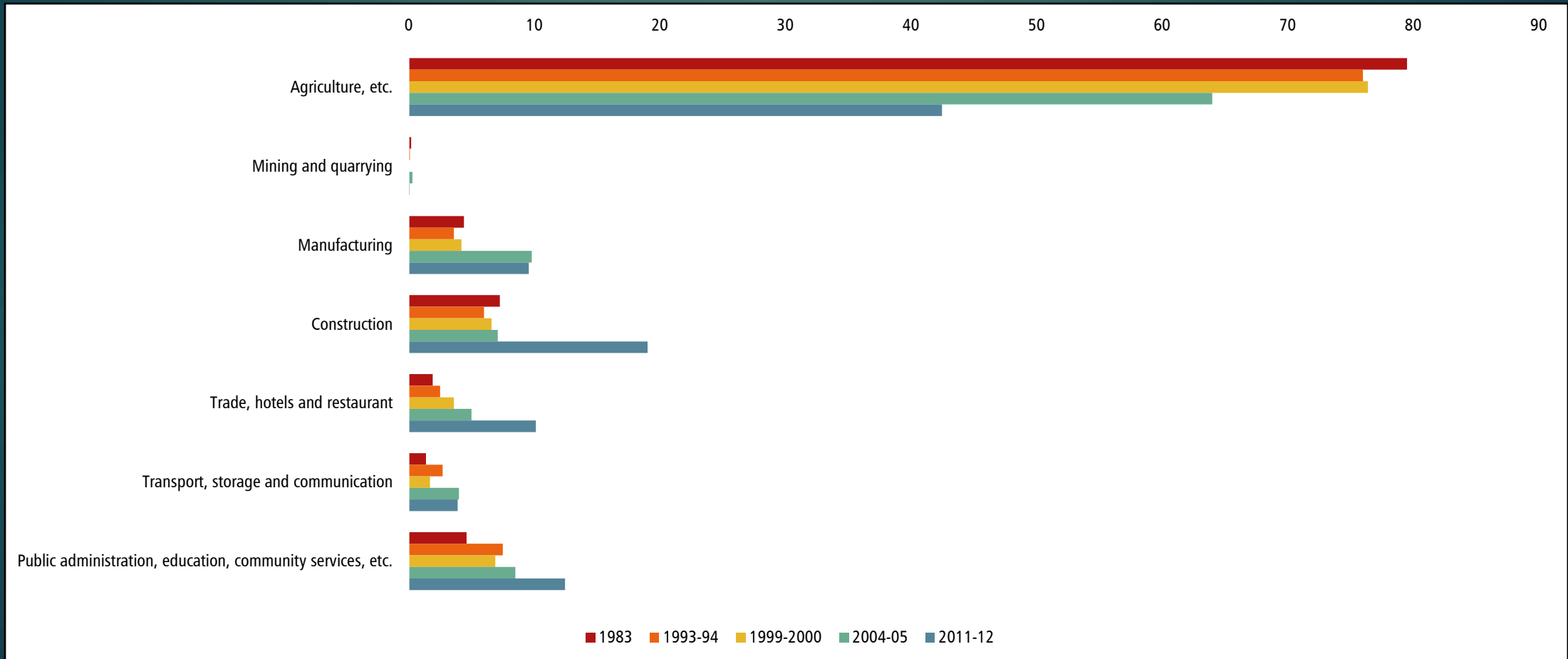
Analytical framework



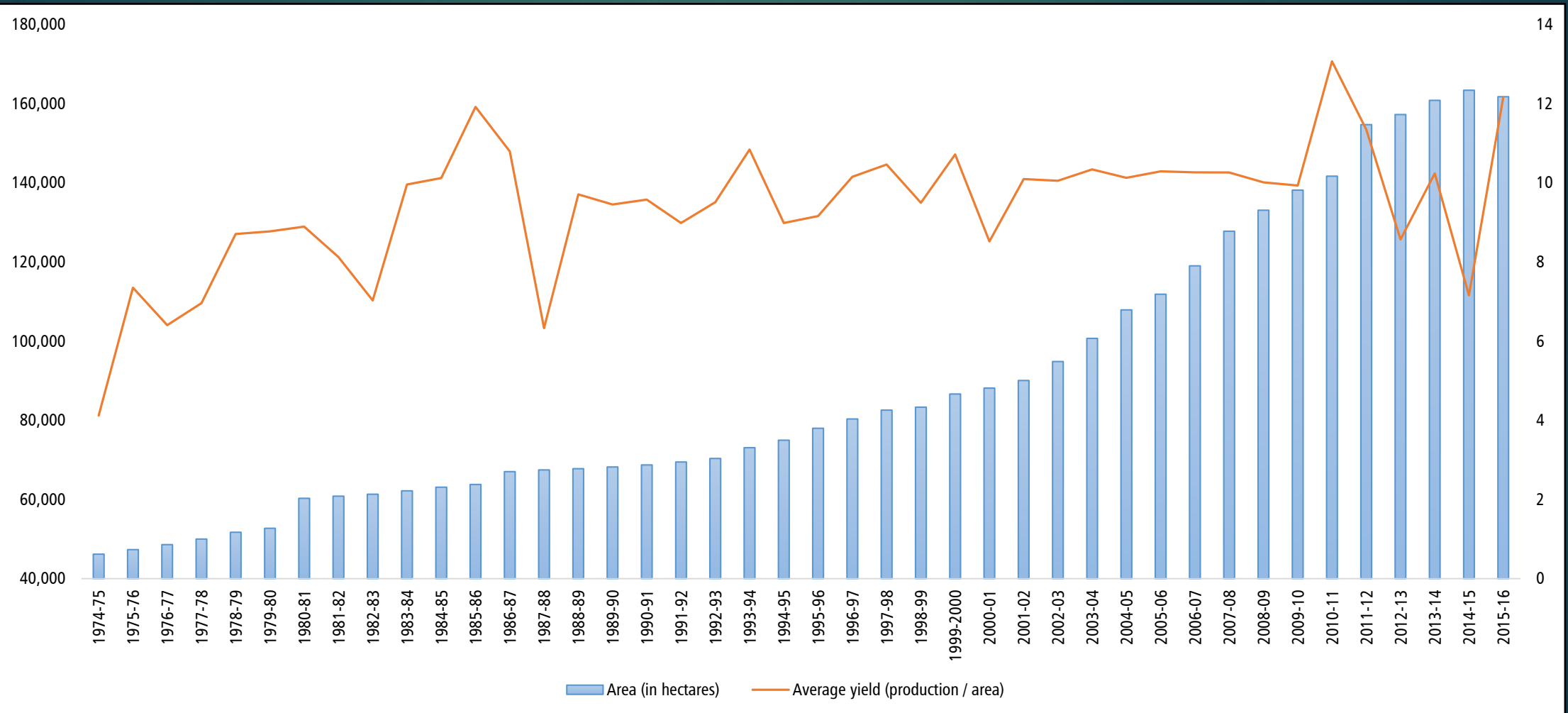
Empirical context

- ▶ Multi-dimensional fragility
 - ▶ International – India, Pakistan and China have fought 5 wars over Kashmir
 - ▶ Political
 - ▶ Proactive engagement of Central government
 - ▶ Patron-client relations in state government
 - ▶ Weak fiscal and technical capacity as well as legitimacy of state government
 - ▶ Limited democracy, civil liberties and public accountability
 - ▶ Human – literacy and professional / vocational education among lowest in Indian states, mental health
 - ▶ Ecological – mountainous and landlocked terrain prone to floods and earthquakes
 - ▶ Economic
 - ▶ Declining competitiveness of traditional economy (horticulture, handicrafts, tourism)
 - ▶ Bloated, inefficient, partial, illiberal public sector
 - ▶ Near absence of modern economy (with the limited exception of construction and banking)

Occupational distribution of workers in usual status (ps + ss), J&K, 1983-2012



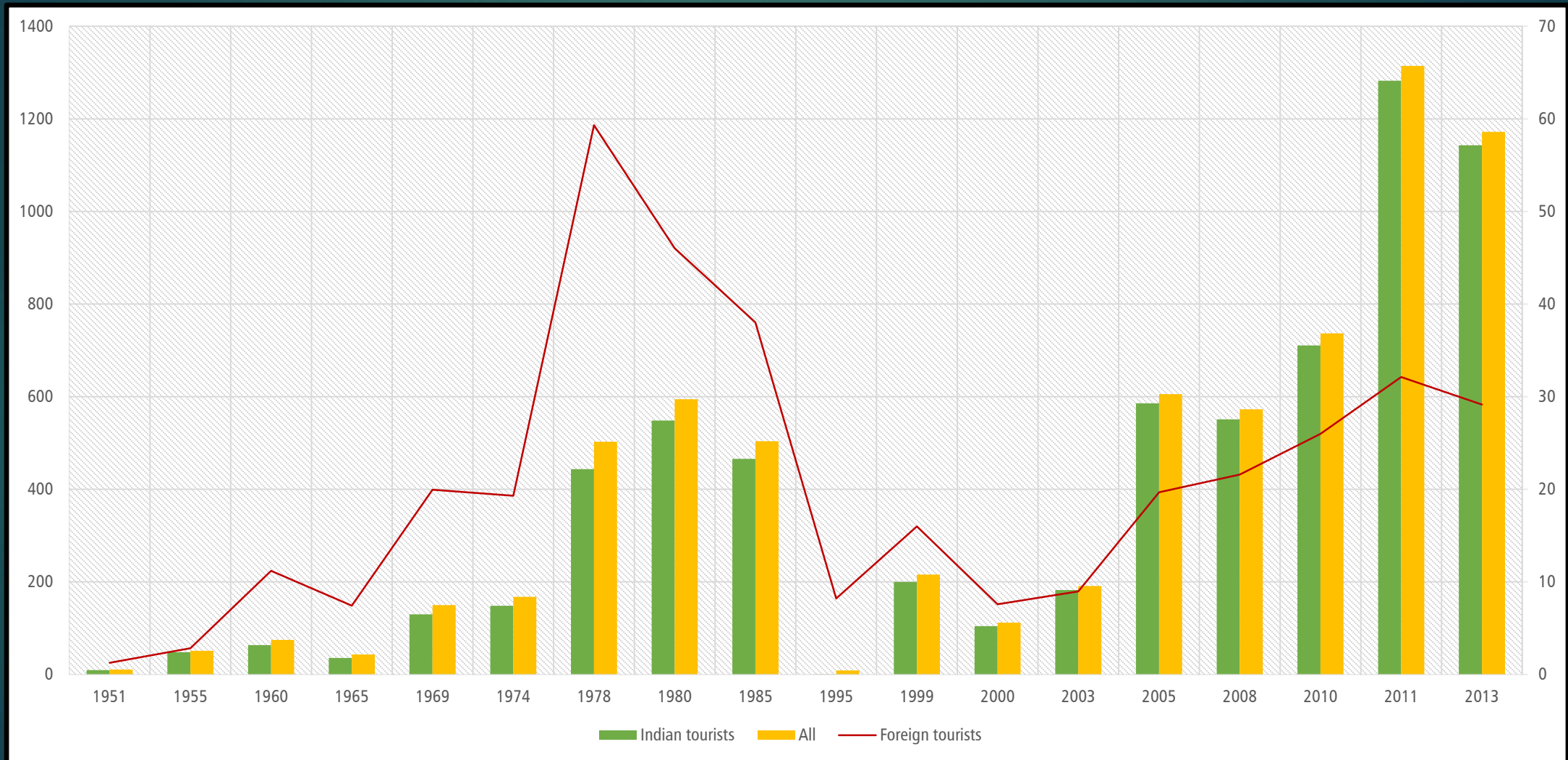
Apple production in J&K, 1974-2016



Apple production and trade (mt), India

- ▶ India's apple production
 - ▶ 6th largest in the world (1.6%, 2013) – China 32.9%, USA 3.4%, Turkey and Poland 2.6%, Italy 1.8%
 - ▶ 1,915,380 (2012-13) to 1,884,730 (2014-15)
 - ▶ J&K state – 70.3% (2012-13) to 62.1% (2014-15)
- ▶ India's apple trade
 - ▶ Imports grew from 71,203 (2008-09), 175,355 (2013-14), 200,161 (2015-16)
 - ▶ 80% from 3 countries – USA (47.3), China (23.3), Chile (10)
 - ▶ Exports fell from 4,076 (1987-88), 36,098 (2013-14), 19,198 (2015-16)
 - ▶ 99.8% to 2 countries – Bangladesh (57.8), Nepal (42)
- ▶ Key challenges in Kashmir:
 - ▶ Lack of modernization in production and storage, skills, government support, access to credit and markets, emergence of modern food processing industry

Tourist visits to Kashmir Valley (in '000), 1951-2013



Challenges – Traditional sectors

- ▶ Declining competitiveness
 - ▶ Primary sector (horticulture)
 - ▶ Modernization in production, supply and value chains
 - ▶ Skill upgradation
 - ▶ Increasing literacy and aspirations for white-collared jobs
 - ▶ Secondary sector (handicrafts)
 - ▶ Modernization
 - ▶ Access to international investments and markets
 - ▶ Increasing literacy and aspirations for white-collared jobs
 - ▶ Tertiary sector (tourism)
 - ▶ Investments in infrastructure (general and specific)
 - ▶ Development of new tourist spots
 - ▶ Marketing
 - ▶ Bad press

Challenges – Modern economy

- ▶ Political
 - ▶ Weak state capacity
 - ▶ Bureaucratic hurdles
 - ▶ Patron client relations
 - ▶ Deep distrust of private sector due to historical socialist legacy
- ▶ Economic
 - ▶ Productivity and profitability
 - ▶ Availability of land and electricity
 - ▶ Access to credit and investments (both national and international)
 - ▶ Human capital (education, skills)
- ▶ Social
 - ▶ Work culture and expectations
 - ▶ Migrant labor

Way forward

- ▶ Long term
 - ▶ Sense of achievement
 - ▶ Political and economic freedoms
 - ▶ Human capital
- ▶ Medium term
 - ▶ Infrastructure development
 - ▶ Access to national and international markets
- ▶ Immediate term
 - ▶ Competitiveness of traditional sectors
 - ▶ Security of establishments through established security apparatuses
 - ▶ Access to credit and investments
 - ▶ Skill development

THANK YOU