

Peace a prerequisite for Human Development- A Study of conflict in Kashmir

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Abstract

Economic Development, human development and peace are mutually reinforcing. Peace is a key factor in determining wealth creation. Armed conflict has changed in form and intensity since the Berlin Wall came down in 1989. The events of 9/11 the wars in Afghanistan and Iraq and repeated terrorist attacks all shows that conflict can become lethal for the entire world. The Wars and conflicts we are faced with have a variety of causes: Economic inequality, Social Conflict, Religious, Sectarianism, Western imperialism, disputes over territory and over control of basic resources such as water or land. It is often said that there can be no development without peace and no peace without development, but as a matter of fact, insecurity and conflict may rise with economic growth at initial stages of development as opportunities for diversion and the size of appropriable pie expands but this relation reverses at some point in the process of economic development. Resource Management requires good governance. Numerous empirical studies make it clear that the ‘resource Curse’ is a problem for countries with governance indicators below a critical threshold. The objective of this paper is to establish a link between economic growth and diversion of resources from productive to defense or appropriative activities. The paper focuses on the global cost of Violence. Furthermore the paper reviews the impact of conflict on the general masses in Kashmir in terms of development and gross wellbeing.

This paper highlights key question-how should institutional and governance reforms and public policy intervention be structured to deliver sustained growth and better developmental outcomes? What actions lead to a durable exit from stagnation or state failure? What is appropriate mix between the provision of traditional public goods such as health and education on the one hand and the development of market supporting institutions such as legal and regulatory systems and institutions of financial and political accountability and stability on the other?

Key words:Peace, Conflict, Economic Growth, Defense Spending, Human Development, Kashmir.

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1. Introduction

Economic development, human development business and peace are mutually reinforcing. Peace advances the economic development of society by fostering conditions that are conducive to business and investment. It is often said that there can be no development without peace and no peace without development. Everybody now recognizes that the important element of strategic peace building is a strong and equitable socio-economic foundation.. "Peace" is not the absence of conflict, but the absence of the use of violence to resolve both the positive and negative forms of conflict that arise naturally in any society. The work of Collier (1998), Barro (1991), Alesina and Perotti (1993) among others, have found a significant negative empirical correlation between investment and growth rates with different measures of conflict and political instability. In poverty trap models (cf. Azariadis and Drazen, 1990) an economy may get stuck in a low level equilibrium where conflict and low economic performance coexist (Rodrik 1999, Collier 1999). Murdoch and Sandler (2004), on the other hand, find that a civil war reduces a country's growth by 85% in the short run (5 year) but, while there is some recovery, still reduces growth by 31% in the long run (35 year). (Add impact of peace on human development)

According to the human development report (1990) "people are the real wealth of a nation. Human development is significant to the growth of any society. The human development and human rights have much in common and complement one another. So peace is a prerequisite to human development Successful economic growth should carefully consider human development, conflict has an adverse impact on livelihood education and health i.e. it adversely affects the human development. We can gain sustainable economic growth when we focus on all the parameters rather than only economic development.

War is closely linked to human development in a two way vicious cycle. Firstly, war is a major threat to Human Development ;8/10 of worst Human Development Index countries have been or are at war .Secondly ,lack of Human Development is an important cause of war .

Conflict affects all the countries in one way or another. Violent conflicts cause growth to decline (Collier, 2007), damage infrastructure (Rodrik, 1998; Binzel&Brück, 2006; Brück& Schindler, 2007), destruct physical capital, reduce investment (Knight et al., 1996; Imai and Weinstein, 2000), and induce capital flight (Collier, 1999a) and lower personal savings rates (Russett and Slemrod, 1993). Both non-state and state armed forces loot and destroy housing, schools and health facilities (Brück, 2001). During violent conflicts, assets such as houses, land, labour, utensils, cattle and livestock get lost or destroyed through heavy fighting and looting (Bundervoet&Verwimp, 2005; Ibáñez & Moya, 2006; Shemyakina, 2006; Verpoorten, 2003). Farmers often suffer the worst losses (Bundervoet&Verwimp, 2005; Justino&Verwimp, 2006). The insecure socio-economic conditions force vulnerable households into

deprivation and distress and occurrence of violent conflict tend to increase insecurity further (de Waal, 1997). The violent conflicts are likely to have a considerable negative impact on individual and household's economic position due to loss of assets and disruption or loss of livelihoods (Humphreys & Weinstein, 2004).

2. Literature review

This paper is related to several recent contributions that have explored the impact of conflict on economic growth. Conflicts are inherent to human life and when handled constructively, it can spur creativity, social change and development. When managed badly, however, conflict can become violent and degenerate into war and social breakdown. The difference between constructive conflict and violent conflict often depends on how skillful government and civil society are in identifying and addressing its underlying causes. This paper will attempt to analyze the heavy cost of violence that have made human development a hostage, which in 2010®, is estimated to have been more than \$8.12 trillion. If the world had been just 25% more peaceful in 2010 the global economy would have reaped an additional economic benefit just over US \$2 trillion. This amount would pay for 2 % of global GDP per annum investment estimated by the Stern Review to avoid the worst effects of climate change, cover the cost of achieving the Millennium Development Goals, eliminate the public debt of Greece, Portugal and Ireland, and address the one-off rebuilding costs of the most expensive natural disaster in history – the 2011 Japanese earthquake and tsunami. Interpersonal violence is expensive. For instance, estimates of the cost of violence in the United States of America reach 3.3% of the gross domestic product. In England and Wales, the total costs from violence - including homicide, wounding and sexual assault - amount to an estimated \$40.2 billion annually¹

Calculating the economic costs of war is necessary to determine the relative economic benefits of investing in war avoidance rather than in post-conflict operations. NGOs and aid agencies argue that avoiding war makes economic sense. They point to cases where, *ex-post*, the cost of inaction considerably outweighs the costs of conflict prevention, certainly *successful* prevention is better than cure, and while more resources are needed for prevention *and* for peace-building. Renner (1994) for example cites the case of the Rwandan genocide where a six-month peace-keeping force would have cost \$115 million whereas, in the event, emergency humanitarian relief over the same period was to cost \$552 million. A country may be affected by the wars of its neighbors through a number of channels including domestic destabilization, refugee flows, or spillover effects on the attitudes of investors towards the risks in a region. These spillover effects increase with the intensity of conflicts in neighboring countries Murdoch and Sandler (2001a and 2001b).

3. Methodology

The research is based on secondary data and is exploratory in nature. Materials for the present study were collected from the published records available in the library of IUST, Kashmir University, Jammu university, various economic surveys , magazines, journals, annual reports and periodicals, have also been going through to derive information pertaining to the present study.

4. Estimating the costs and benefits of conflict

Studies of the effects of conflict on income and growth can be undertaken using a framework developed for the empirical study of economic growth. In this framework, three variables are considered: physical capital, human capital and total factor productivity. The last feature, total factor productivity, includes disparate features such as the level of technology, the efficiency of markets or the climatic characteristics of an economy. At any moment an economy has some quantity of each of these four variables. Typically these quantities change over time, with each one having a rate of accumulation (a savings rate, or a rate of technological progress) and a rate of destruction (a rate of depreciation). Together, these quantities and their rates of change determine both the expected wealth and the growth rate of an economy. The ways in which a conflict affects an economy can be described in terms of its impact on each of these variables.

4.1. Physical capital.

Destruction of Physical Capital. Violent conflicts result in the destruction or removal of physical capital, including bridges, buildings, and communications and energy sector infrastructure. This lowers standards of living in ways that may not be captured by GDP measures. A broad consensus has emerged that conflict reduces annual real GDP growth by 2 percentage

Reduced Investment in Physical Capital. A fall in investment (especially private rather than public investment) has also been found by researchers. Indeed, rather than money coming into a country for investment, war is likely to produce capital flight. A rise in interest rates, resulting both from increased levels of uncertainty and crowding-out due to government deficit spending is also likely to reduce investment levels.

4.2. Human capital

Destruction of Human Capital The skills and abilities of a labor force alter as a result of conflict. As with physical capital, human capital flees a country during a conflict through migration. With respect to health, Alderman, Hoddinot and Kinsey (2009), analyzing data for Zimbabwe, find that greater exposure to civil war has a negative effect on child height. Bundervoet, Verwimp and Akresh (2009), focusing on Burundi find that an additional month of war decreased children's height by 0.05

compared to non affected children. Arcand and Wouabe (2009), looking at Angola, find that conflict intensity worsens child health and decreases fertility during and after the conflict.

The human costs of conflict are not only the result of direct violence - casualties from fighting between combatants, the undisciplined behavior of troops, deliberate terrorizing of civilians and the sowing of landmines - but also arise from hunger, forced migration and the collapse of public services stemming from the wider effects of prolonged conflict on the economic and administrative structure of the country as a whole. The indirect consequences of conflict - including deaths from hunger and disease - generally far outweigh the direct destruction and battle deaths (Steward and Fitzgerald, 2000). Estimates on conflict-driven internally displaced people in 48 countries suggest that at least 25 million people were displaced by the end of 2001 (Norwegian Refugee Council, 2002). This figure greatly outnumbers conventional refugees which, as of January 2001, were estimated at 12 million (UNHCR, 2001 and 2002). Afghans constitute the largest single refugee population in the world with an estimated 3.6 million people or 30 percent of the global refugee population. Civilians from Burundi are the second largest group with 568 thousand refugees living mainly in Tanzania. At the end of 2000, Asia hosted the largest refugee population (almost 45 percent), followed by Africa (30 percent) and Europe (19 percent).

Reduced Investment in Human Capital. During war, schools close and are destroyed and students and often teachers join rebellions and armies. These effects reduce investment in human capital. However, wars are also likely to occur in countries where schooling levels are already low and where, possibly, efforts are underway in any case to raise the level of investment in human capital. If so, war may slow the rate of growth in human capital rather than actually causing declines.

4.3. Total factor productivity

Technological Innovation. There has been a long-standing belief that war induces technological innovation that will benefit the economy generally and there are many prominent examples of innovations arising during war (or as part of defense programs). The main areas of technology which saw major developments during the war times were:

- **Weaponry;** including ships, vehicles, aircraft, artillery, rocketry, small arms, and biological, chemical and atomic weapons.
- **Logistical support;** including vehicles necessary for transporting soldiers and supplies, such as trains, trucks, and aircraft.
- **Communications and intelligence;** including devices used for navigation, communication, and espionage.
- **Medicine;** including surgical innovations, chemical medicines, and techniques.

These technological innovations prolonged the war, they were used to kill the humans more effectively thus further worsen the effects of conflicts.

The paper focuses on the diversion of resources from productive to defense. All societies face an insecurity problem somebody from inside or outside can challenge the control of property or threaten the life or the material wealth of its individual members. Therefore societies must confront the decision such as how much to allocate to defense activities? Conflict is costly for societies but defense is too, as it uses in productive activities. Therefore the diversion of resources towards non-productive activities can reduce growth rate of the economy. Increasing military burden takes public resources which could have been invested in the provision of infrastructure, education health, etc many authors argue that there is an inverse relation between defense spending and growth, increased military spending crowds-out investment and may create a large fiscal burden for future generation (Deger and se, 1983; Klein, 2004)increasing military budget , siphoning off huge sums of public money to the benefit of arms industry and military-orientated scientific innovation, fuels the global insecurity. Of these enormous sums, a fraction would be enough to provide a permanent solution for the basic needs of the planet's population hence practically eliminating the causes of war and terrorism.

Andree Michel argues that this arms race is not only proceeding with vigor, it is the surest means for western countries to maintain their hegemony over the south.

5. Case study- Kashmir

In this existing analysis we focus on negative association between conflict and economic development. While this relationship is now well documented, identifying the direction of causality often remains a challenge. While conflict may lead to poor economic performance, the reverse relationship seems equally credible, and this raises challenges for the analysis. This paper focuses on the former and analyses whether conflict has a sustained effect on economic performance and human development, focusing on Kashmir. The Kashmir conflict is an extremely complex one. While conflict has taken a heavy toll of human lives, the state's economy has also suffered enormously, with traditional sources of livelihood adversely affected and no new avenues of income generation arriving to replace them. Even basic infrastructure remains poor; private investment is almost negligible. The conflict situation in Kashmir has a long history. Analysts vary frequently and widely in analyzing the partition of the Indian subcontinent and the subsequent division of the princely state of Kashmir, the four wars already fought between India and Pakistan — both now nuclear states — and the medley of treaties and agreements that have often been torn apart by fresh bickering. But almost all agree that the region needs Peace for development and, inversely, the region needs development to achieve peace. The last twenty two years of violence appear to have ended without any achievements for the people, and today the

atmosphere is ripe for the launch of sustainable development of the state, including popular participation. Violence has directly affected the economy of the state, including important spheres of livelihood like horticulture and handicrafts. Today these industries are no longer flourishing but remain survival mechanisms for many people. Agricultural production too has decreased and tourism has been declining since the late 1980s. There is a high level of dependence on government spending, with some commentators claiming subsidies are the main contributor.

The theory of “development as freedom” by Amartya Sen (Sen, 1999) argues development and freedom are intimately related. Freedom is both constitutive of development and instrumental to it. Sen delineates five freedoms that are needed to bring true development: (1) political freedoms; (2) economic facilities; (3) social opportunities; (4) transparency guarantees; and (5) protective security. In this light, it can be argued that economic underdevelopment amounts to lack of freedom. This is very much the case in Kashmir, where all kinds of freedoms that are both “means and ends of development”, to use Sen’s terms, are under constant threat. He rightly argues that “Growth of GNP or of individual incomes can, of course, be very important as means to expanding the freedoms enjoyed by the members of the society” (Sen, 1999, p. 3). The United Nations further substantiates this viewpoint. In one of its reports, the Secretary General of UN points out that, among other things, the promotion of sustainable economic development is an essential aspect of conflict prevention or resolution (Secretary General of United Nations, 1992).

The violent conflicts are likely to have a considerable negative impact on individual and household’s economic position due to loss of assets and disruption or loss of livelihoods (Humphreys & Weinstein, 2004). There have been breakdowns of customary rights and rules with predatory behavior leading to resource depletion and environment degradation (Moser & McIlwaine, 1999). Conflict may affect the role of labour in production through distortions of labour markets (Abdullah, Ibrahim & Muana, 1998), slavery (Steiner & Alston, 2000) and altering the skills and abilities (Keen, 2001). During violent conflicts assets get lost or destroyed (Verpoorten, 2003), homes and livelihoods damaged (Shemyakina, 2006), and prices of key staple commodities increased and assets depleted (Bundervoet & Verwimp, 2005), which have unaccountable impacts on livelihoods of individuals and households at micro level poverty rates in Kashmir remain lower than India’s national average. The region has an entrepreneurial history dating from ancient times, when it lay alongside the legendary Silk Route from China through Central Asia to the West. Although myopic government policies have allowed crop production to stagnate, the horticulture and handicrafts industries have recovered significantly since the uprisings in 1989–90. While there is sufficient cash in circulation, the state’s infrastructure is crumbling and development has become inordinately dependent on central government

finance because state monopolies in the forestry, power, and industrial sectors have become loss-making concerns.

Conflict situations have the effect, sometimes deliberate and sometimes incidental, of rendering normal life problematic and making survival difficult. Development activities come to a halt. The turmoil also destroys existing infrastructure that comprises

Society — homes, health, education and work systems. It also deprives civilians from satisfying their material and emotional needs by disrupting social networks and scattering family's violent conflict is likely to affect human capital, namely education and health. The disruption and destruction of infrastructure caused by violence often results in severe cutbacks in states' capacity to provide services such as education and health care (Stewart et al., 2001a, 2001b). The reductions in social services reinforce further the inability of households to fall back on statesupport in times of crises (e.g. safety-nets).. An environment of uncertainty and fear develops in which gross humanrights violations become the norm. Conflicts have adversely affected the different sectors like:

5.1. Destruction of physical capital:

Infrastructure

The state's infrastructure is in poor shape®. At 13 percent, the road density is amongst the lowest in the country and features huge inter-district variations, from 81.8 percent in Budgamto 2.6 percent in Leh. The roads, located in hilly and mountainous terrain, are risk prone, and excessive repairs are the need of the hour. The state has 2,060 habitations that have no road connectivity at all. These include 740 settlements with a population of more than 1,000; 903 habitations with less than 1,000 inhabitants; and 417others with less than 500.

Industries

J&K is an industrially backward state. One peculiarity in the case of J&K is that government owns most of the industries. These public sector units have proved to be burdens on the state exchequer. There is a dire need to make a functional policy in terms of efficient management of public sector units and their disinvestment. There are many small-scale industries that export plastic products textile items, cricket bats and other sports items, walnut and walnut kernels, bitter apricot nuts, foundry fluxes and chemicals, handicraft items etc. to various countries, especially European and Gulf countries. While there is a vast scope to increase the amount of export in these products, we need to adopt investor friendly industrial policies to modernize the existing industries and there is a need to explore and exploit other potential areas of trade. In this growth trajectory the private sector can play an important role.

Tourism

Tourism is one of the main sources of income for vast sections of the Kashmiri population. Areas like Sonmarg and Gulmarg are known internationally for winter games like skiing and mountaineering. The regions of Jammu and Ladakh also have huge tourism potential. The sector was badly hit after the insurgency intensified in 1989. At the same time, there is no coherent policy framework to guide private investment in this sector. Tourism, one of the main industries in the Kashmir valley, has suffered tremendously due to violent activities. It has declined substantially since the late 1980s when militancy gained momentum. The number of tourists visiting the state per year had gone down from around 7,000,000 in the pre-militancy days to a few thousands in the following years. It is estimated that the state lost 27 million tourists from 1989-2002 leading to tourism revenue loss of \$3.6 billion. According to the records, while as many as 557974 tourists visited the state in 1989, in 1993 the number reduced to 8026. In the year 2002, 27358 tourists visited the state. Since then the number of tourists keeps on increasing or decreasing depending on the level of violence at that particular point of time.

Agriculture

Besides tourism, Kashmir's economy is also dependent on agriculture in the fertile Valley. Traditionally the staple crop is rice. Indian corn comes next; wheat, barley and oats are also grown. Blessed with a temperate climate, unlike much of the subcontinent, the state is suited to crops like asparagus, artichoke, seakale, broad beans, beetroot, cauliflower and cabbage. Fruit trees are common, and the cultivated orchards yield pears, peaches and cherries of fine quality. Kashmiri apples are famous for their taste. The main non-fruit trees are *deodar*, firs, pines, *chinar*, maple, birch and walnut. The state came into the economic limelight when it started to export Kashmiri wool to other regions and nations, but exports have almost ceased in recent years. Kashmiris are adept at knitting and making shawls, silk carpets, rugs, *kurtas* and pottery. The state is also known for silver-work, papier-mâché, wood-carving and silk. This sector is adversely affected due to lack of marketing strategy and violence-prone image of the state. Considering the growth prospects of this sector, the state government needs to plan for higher and more quality production. The state should shift its agriculture development strategy from food security mode to that of value addition by growing certain products like high value fruits, vegetables and cash crops like saffron that can give high returns.

Forests

The state's forests have also been among the principal casualties of the violence. During the height of the unrest, no government forest official dared to venture into the forests, which had become hideouts for terrorists. Free to do as they pleased, terrorist groups exploited the timber to earn money. Denudation of the forests, already underway because of exploitation by corrupt lessees, accelerated.

Forests that cover nearly eight thousand square miles. The diversity of the region's flora is astonishing, ranging from silver birch in the sub-alpine mountain ranges to the majestic *chinar* (a richly verdant variety of the maple), walnut, conifers and deciduous trees in the valleys and plains. However, the forestry industry has not grown, largely because of the government monopoly. The forests of the state have been among the principal casualties of the violence—a forestry, power, and industrial sectors have become loss-making concerns.

Human capital:

The costs of the conflict have been increasingly unbearable for all involved. According to the official estimates, some 40,000 lives have been lost since the onset of insurgency in 1989, though other estimates put the toll much higher. Large-scale displacement from different parts of the state is an integral part of the Kashmir conflict (Shekhawat, 2006, ch. 3). An estimated one million people have been displaced in the state due to militancy. Other humanitarian costs include negative impact on women and other vulnerable groups and a noticeable increase in the psychiatric problems of the victims (Medicins Sans Frontiers, 2006). For instance, the number of patients visiting hospitals in Srinagar for psychiatric diseases in 2003-2006 amounted to a staggering 45,000.

During conflict, the households will tend to deplete their stock of human capital (Deininger, 2003), increase older children engagement in economic activities (Stewart et al., 2001a), and restrict their access to school due to security fears (Shemyakina, 2006) and increase economic and security risks (Shemyakina, 2006). Violent conflict is associated with the destruction of human lives due to violence against civilians, often children, women and the elderly (Dewhurst, 1998; Woodward, 1995) and push previously vulnerable households into extreme forms of poverty which may well become persistent if the household is unable to replace labour (Justino & Verwimp, 2006).

Reduce investment in human capital:

Health sector:

Violent conflicts affects health of children (Ghobarah, Huth & Russett, 2003), increase adult and infant mortality (Hoeffler & Reynal-Querol, 2003; de Walque, 2006), increase morbidity and psychological effects (Guha-Sapir & van Panhuis, 2002), reduce the nutritional status (Bundervoet & Verwimp, 2005), increased infectious diseases (Russett et al., 2003), high HIV infection rates (Carballo & Solby, 2001), low breastfeeding by mothers increases the risk of infecting the next generation (Machel, 2000) and arrest physical growth of children (Alderman, et al., 2004).

Destruction in human capital:

Armed conflicts have killed people and caused extensive injuries, disability and psychological damage (Ghobarah, Huth&Russett, 2003; Lacina&Gleditsch, 2005). Population levels changed due to conflict induced deaths, famine, disease and the destruction of health services (King & Martin, 2001; Stewart et al., 2001a). Violent armed conflicts are often highly correlated with increases in infant and maternal mortality rates, larger proportion of untreated illnesses, reduction in nutritional levels, and so forth (WHO, 2002). These effects are aggravated by the breakdown of health and social services and increase the risk of disease transmission (such as HIV/AIDS) in displaced camps (Grein et al., 2003), decrease food security and lower probability of children survival (Verwimp & van Bavel, 2004) and girls tend to suffer more than boys given extreme economic stress of households (Grein et al., 2003). The impact of reduction in household's economic and human capital may be long-lasting even after the end of the initial conflict (Ghobarah, Huth&Russett, 2003; Alderman et al., 2004; de Walque, 2006).

In 2003, India's National Human Rights Commission engaged the Lal Bahadur Shastri National Academy of Administration, India's top training institution for civil servants, to evaluate how well the civil administration had been protecting human rights in Jammu and Kashmir. One of its primary findings was that the health care system statewide, down to the village level, was run-down, inadequate, and in need of substantial revamping (Wajahat Habibullah). The study recommended a drastic improvement in the condition of psychiatric hospitals and the treatment of psychiatric patients. In 1990, a year after violence erupted in Kashmir, outpatient visits to the Psychiatric Hospital Srinagar soared from three thousand to eighteen thousand. The civil administration needs to do more to improve conditions at the central hospital.

Migration

About 55,476 Kashmiri Pandit families remained displaced since early 1990s. The data on number of non-Kashmiri displaced families is unavailable, which could be several thousands. The poor non-Kashmiri displaced families are concentrated in various camps. Thousands of others who had been displaced because of conflicts were not provided shelter or housed in camps. Over 45,000 border migrants living along the Line of Actual Control and displaced following the war in Kargil in 1999 had been virtually disowned and were not provided any assistance. The displacement caused by armed conflicts has severe adverse effects on the reproductive health of women, men and adolescents and increase the incidence of sexually transmitted infectious diseases (Guha-Sapir and Forcella, 2001) and increase rate of cervical cancer (Russett et al., 2003). The psychological effects of conflict induced displacement are large and persistent. The survivors of violent conflict have lost their family members, friends, livelihood, familiarity and identity. They have experienced trauma due to intimate exposure to

brutality and subsequent displacement leave them psychologically scarred and the intricate network of social interaction deeply torn and undergone low-grade but long lasting mental health problems (MacDonald, 2002).

6. Findings

The most important resource in the state is the forests. Kashmir has a long tradition of wooden furniture making. (It is no coincidence that Farooq Kathwari, CEO of Ethan Allen, the largest and most successful furniture business in the United States, is a Kashmiri.) Within today's Kashmir, a number of private entrepreneurs manufacture high-quality furniture, but the growth of their businesses is constricted by a lack of financial and marketing resources. The state government needs to take few measures to revive this industry.

Dal Lake has played a central role in Kashmir's civilization. Throughout the centuries, it has contributed to the economy of the state by providing food and water and by attracting tourists. An ecosystem unto itself with floating gardens, marshes, lagoons, and forests, Dal Lake hosts its own unique species of flora and fauna. The lake contains many fish, and its floating gardens produce fruit and vegetables. Lotus blossoms blanket parts of the lake during the summer, and the seeds of this plant when they mature make a delectable. However, the lake is now suffering from the effects of human interference: encroachments in its catchment areas; the unhindered flow of animal, agricultural, and industrial waste into what were once potable waters; the accumulation of decomposed vegetation and plankton on debris; the dumping of garbage and sewage from houseboats and adjacent hotels and homes; the denudation of plant cover, resulting in surface erosion and leaching of soil nutrients; the construction of artificial barricades such as floating gardens, dykes, and roads; an unregulated flow of tourists; and the unrestrained development of infrastructure to cater to the tourists. While the Indian government has flagged the Dal for restoration under its National Lake Conservation Plan, it has made little headway in cleaning and rejuvenating the lake.

- The literacy rate in Kashmir valley is 74% for people between the ages of 18 to 35 years –one of the highest in south Asia. However, higher education is not leading to economic success for Kashmiri youth. Although Kashmir has a large body of highly literate, educated youth, the antiquated education system actually contributes to the issue of unemployment by failing to provide young people with skills and knowledge essential to compete in today's world. Today there is a clear mismatch between supply of labour and demands of the market in Kashmir.
- Conflict and its impact on the local market have held back Kashmir's economy and growth of jobs in the Kashmiri private sector. However, there is a need to act on the supply side of the labour

market in Kashmir and examine the quality and relevance of education provided. Over past few decades, the education system in Kashmir has largely focused on preparing students for government jobs and other job-for-careers. The current educational system desperately needs to orient itself to the demands of the 21st century. The widening gap between Kashmir's education system and labour market needs to be urgently addressed .the mismatch is already quite evident and is among the factors that have contributed to the difficult reality of unemployment faced by hundreds of thousands of educated youth. Sweeping education reform should be made a top priority of the J & k government.

- Despite the existence of strong financial institutions like JK bank and the existence of numerous well-funded and well institution public sectors financing schemes, Kashmir youth find it hard to get funding they need to start up their business. These institutions need to deliver innovative financial solutions for households, small and medium enterprises.
- Corruption appears another big factor affecting the administrative and regularity environment in Kashmir. Corruption perversely incentivizes delays and inefficiency. It was ranked the third most de motivating factor by the youth surveyed by SKYE, preceded only by ongoing conflict (1st) and financial risk (2nd).

So we need to address such issues as early as possible

7. Suggestions:

- *Precautionary measures:* we need to take precautionary measures in advance of crisis, and with the objectives of building robust communities with sustainable livelihoods, and of removing the incentives driving conflict.
- *Crisis measures:* Crises measures need to be taken during a conflict in order to protect the environment from severe damage, to bring together opposing groups and to build confidence. Development policies need to take account of linkage between development and conflict despite evidence of important linkages key development projects such a Cluster development program me (CDP),Skill Development Programs (SKDP)ISO 90000/140000Reimbursement,Integrated infrastructural Development (IID) need to be taken in letter and spirit .
- We should focus on the options like expanding access to education, regional integration programs, and affirmative action and political systems that provide institutional guarantees of more broad based political representation.
- Donors should, where possible continue development oriented programs rather than focusing simply on relief. Health and social services need special support.

- We need to take certain peace building measure which fosters sustainable structures. Peace building should not focus on imposition of solution rather should create opportunities and the creation of political, economic, social spaces within which indigenous actors can indentify, develop and employ the resources necessary to build a peaceful prosperous and just society .
- We need to reconstruct new, sustainable intuition which is more democratic fair, responsive to the needs, concerns aspirations of an entire population, e.g. effective political structures which ensure human security robust, economics, judicial and social institution.
- Programmers of reconciliation, healing, education, development, conflict management skills and post conflict management skills and post conflict peace- building assessments should be integrated into all planning for recovery. Interventions focusing on youth and other vulnerable sections of society such as imparting employable skills and other critical resources, can defuse tensions and inculcated a sense of hope among them. It is important to develop and mature social technologies and skills such as negotiation dialogue for deeper level political engagement across different groups participating in conflict so that they learn to live together and work for shared purposes.
- As violent and armed conflicts create immense suffering and hardship at various level of society, it is important for national government, development agencies and people to work together to provide the support that is critical to maintain lives and livelihoods during these periods. It is also essential that the causes of conflict, including social structures attitudes and government policies be understood by relevant actors and addressed in a timely manner.
- The modernization of agricultural sectors can play a vital role in economic reconstruction of the state .Besides providing the professional guidance; there is a need to ensure availability of basic inputs such as seeds, fertilizers, pesticides, storage facilities etc. to develop agriculture and allied sectors. There is also a need to develop an aggressive sector specific marketing strategy and explore new markets.
- Kashmir could enhance its economy by further developing two existing industries. Apple juice processing is a growing industry, but given the wide variety of fruits that are native tothe region, fruit processing could expand significantly.
- Another promising sector is energy. The state’s waterways potentially could generate fifteen thousand megawatts of power. If this energy were efficiently harnessed, it could be used to supply power to northern India, to Pakistan, and even to the new republics of Central Asia. This endeavor might well attract significant investment.
- The hotel industry, which could rival the best in the world, has been crippled by government regulations designed to promote the government’s own participation.

- Key areas for investment are watershed development, the timber industry (which will first require investment to restore the forest cover), fruit processing, and power generation so we need to bring sweeping changes in our current institutions if we want to keep the pace with the development of the world. Change is easier when there is peace it become easier to move and reach our goals

Avinash Dixit in his Presidential Address to the American Economic Association on ‘Governance, Institutions and Economic Activity’ with a similar call for caution before recommending any change, you should determine whether existing institutions are there for a good reason, and how your reforms would interact with them in the short run and the long run. I am not saying that everything that is there is there for a good reason, but it is better to start with a presumption in favour of what has existed for awhile than the presumption that everything should be changed to match the successful formal institutions in advanced countries. (Dixit, 2009, p. 21)

8. Conclusion

The costs associated with conflict and reconstruction strongly suggest that conflict prevention should be viewed as an investment by as well as a high priority from a humanitarian point of view. It further argues that development activities can continue in a conflict zone, thus letting the conflict situation gradually subside as, among many other factors, poverty and underdevelopment are a cause of violence. The Organization for Economic Co-operation and Development (OECD), in its Policy Statement and Guidelines on Conflict, Peace and Development in 1997, also argues that Sustainable development cannot be achieved without peace and stability, and peace and security are not possible without meeting the basic needs of the people (OECD, 1997). The current opportunity to bring peace by means of development in the region needs to be utilized instead of waiting for the conflict to be resolved fully. In the era of globalization when political issues are guided by the economic imperatives, it is necessary to bring the same realization into Kashmir. The conflict has brought innumerable losses for both India and Pakistan but it is the people of the region who suffer the most. The current opportunity must be utilized to better the living standards of the people of this troubled region. Economic development would likely steer the ongoing peace process further and help realize a peaceful solution of the Kashmir issue. It is a three way process: addressing the underdevelopment; involving people in the development process, thus bringing empowerment and help address the issues related to alienation.

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