

A study on households assets of Jammu and Kashmir

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ABSTRACT

Household is the basic residential unit in which economic production, consumption, inheritance, child rearing, and shelter are organized. Household includes all individual who lives in the same dwelling. Households assets are important because these are the sources of well-being as well as consumption and provide the direct money income to the people because these may be easily and directly converted into cash and thus provide immediate consumption needs such as sickness, unforeseen events and needs, accidents, etc., the availability of assets can provide liquidity to the people during the time of economic crisis and stress. The purpose of the study is to examine the trends and composition of household assets in Jammu and Kashmir and any change in rural and urban areas of Jammu and Kashmir for preparing households for the future. The present study plays an important role in the process of policy formulation, planning, management and information relating to social- economic conditions of households and aspects of households in rural as well as urban area of Jammu and Kashmir.

Key Words : Households assets, Average value of assets, Jammu and Kashmir

INTRODUCTION

Household's wealth is the abundance of valuable economic resources and the monetary measures which measure the value of physical as well as financial assets and liabilities which play significant role in human life and the areas of economic analysis. Household wealth like household assets provides a means of raising long term consumption, either directly by dissaving or indirectly by the income stream of investment returns to assets. By enabling consumption smoothing, ownership of wealth helps to protect household against adverse events, especially those that leads to a reduction in income such as ill health, indebtedness etc. It provides a source of finance for informal sector and entrepreneurial activities either directly or by using as collateral for business loans.

Assets are the things which have a value and we are the beneficiary for those *i.e.*, land, house, stock, bank deposit, money received from others etc. While liabilities are things which have a value and we are the one who has to make those payments *i.e.*, salary to employees, loans etc. In financial accounting, assets are economic resource. Anything tangible or intangible *i.e.* capable of being owned to produce value and that is held to have positive economic value is considered as assets. Simply, assets represent the value of ownership that may be converted into cash. The two

major assets classes- tangible assets and in-tangible assets. Tangible assets are those that maintain a physical existence and contain various subclasses including current assets *i.e.* inventory and fixed assets such as building and equipment. As far as in-tangible assets are concerned these are non-physical resources and rights that have a value to the firm because they give the firm some type of advantage in the market place, for instance, Goodwill, copyrights, trademark, patents and computer programs and financial assets, that is, bonds and stocks. (Sullivan *et al.*, 2003). In the study, an attempt will be made to find out the trends and patterns of household assets in Jammu and Kashmir. The study enables to know and present the socio-economic conditions and aspects of the household and changing wealth levels affects household consumption patterns which is required by the government in the process of policy formulation, management, planning and programmes for the economic growth and development of the country. It enables the investigator and researcher to formulate the credit policy of financial institutions by investigating formal as well as informal credit agencies system operating in rural and urban areas. It is important to have latest information and knowledge on households assets for making various policies and plans and poverty alleviation programmes and enables to make appropriate decision for the economic development of the country. It is important for research analysis to achieve a more accurate data and any changes about household assets in rural and urban areas of various states of India for preparing household for the future consumption needs. It provides the direct money income and immediate consumption needs such as sickness, unforeseen events and needs, economic crisis and stress to the people.

Review of Literature :

The purpose of this research is not only to review the thesis but also to help the researcher to understand the issues involved in the planning and execution of the experiences of others. Amartya Sen (1981) analysed that the study of trends and magnitudes of household assets and liabilities have critical importance because it is necessary to understand the ownership pattern and the forces that help to understand the general poverty where majority of people are still below the poverty line. Lerman *et al.* (2008) concluded that for increasing family income, household diversify by increasing the number of income source and accept salaried employed in different sectors of the rural economy. Another study examined that the rural income portfolios generally cover fifty per cent of rural household incomes in low income counties are generated from-non-farm activities and transfers such as remittances and pension payment, from urban areas (Reardon, 1997). Subramanian and Jayaraj (2006) compared with alternative source of data have shown in their study the possibility of underestimation of household assets particularly in land, real estate and goods in the survey by a significant margin. Pathak *et al.* (1977) find out that there is no any relationship between the degree of inequality and the average value of assets per household. The basic pattern of asset holding has not undergone any significant change. If at all, the share of the top asset holding has registered changing increase in most of the states. The assets distribution in Tamil Nadu, Punjab and Andhra Pradesh exhibits a high degree of inequality.

METHODOLOGY

The present study is based on secondary data which is collected from Ministry of Statistics and Program Implementation (MOSPI), Department of Economics and Statistics, other allied Departments, National Sample Survey Organisation (NSSO), Reserve Bank of India (RBI) reports, All India Debt and Investment Survey (AIDIS). The data is also collected from Government of

Jammu and Kashmir Directorate of Economics and Statistics, Government of India (GOI) reports, the books, journals, magazines, dissertation, and thesis, etc. The data sources used for this study are the 1991 and 2002 Survey of National Sample Survey Organisation (NSSO) conducted by the Ministry of Statistics and Program Implementation (MOSPI), Government of India (GOI).

RESULTS AND DISCUSSION

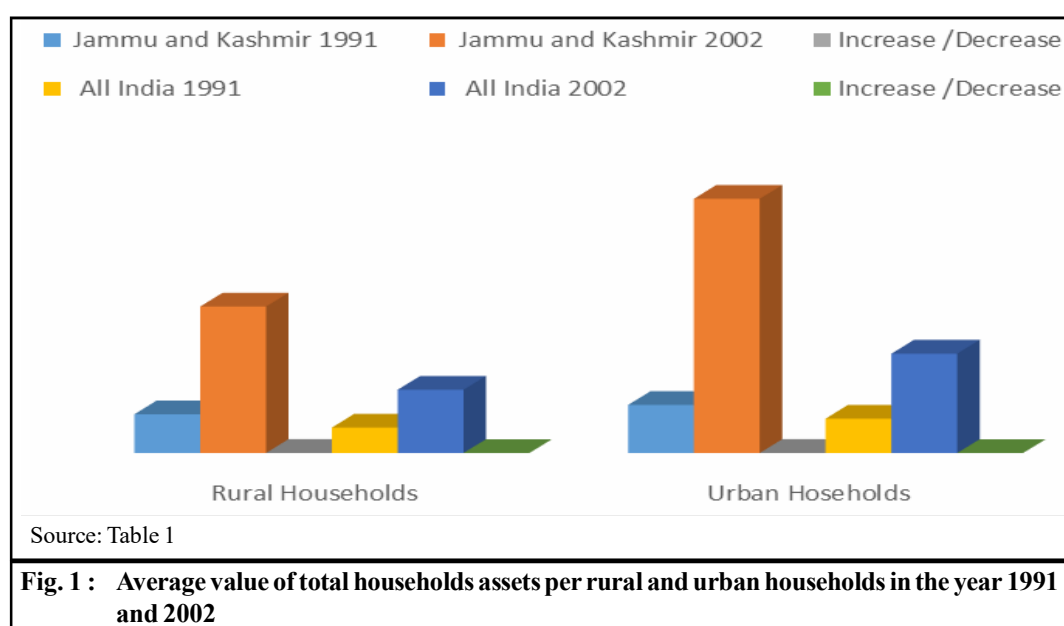
An attempt is made to present the composition of assets and the distribution of households by different groups, their shares in totals assets, average value of assets per household and different types of households. Household assets included all physical assets, financial assets and dues receivable on loans which represent all that were owned by the household and had money value. The physical assets of households comprises land, buildings, livestock, agricultural machinery, transport equipment and household's durables. The financial assets of households include shares and deposits, dues receivable in cash and in kind and cash in hand. All these assets owned by the households constitute the asset holdings of the households. The average value of assets used in this study refers to the market values as on 30th June 1991 and 30th June 2002. The average value of total assets per household are examined in two ways that is, by rural and urban households of Jammu and Kashmir and All-India.

The results clearly shows the average value of assets (AVA) in rural areas of Jammu and Kashmir was Rs. 1,62,749 and Rs. 6,14,671 during the period 1991 and 2002. The Jammu and

Table 1 :Average value of total households assets per rural and urban households in the year 1991 and 2002

Households assets	Jammu and Kashmir		Increase/ Decrease	All India		Increased/ Decrease
	1991	2002		1991	2002	
Rural Households	162749	614671	277	107007	265606	148.2
Urban Households	201967	1067081	428	144330	417158	189.0

Source: NSSO 1991 and 2002 Survey



Kashmir has 4th position in the average value of assets (AVA) of rural households in 1991 and 3rd position in the average value of assets (AVA) of households 2002 among the 21 major states (A.P., Assam, Bihar, Chhattisgarh, Gujarat, Haryana, H.P., Jharkhand, Karnataka, Kerala, M.P., Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttarakhand, U.P. and West Bengal) of India. It may be seen that there is a significant change, which is 277.66 per cent, in the average value of assets (AVA) of the rural households in the year 1991 and 2002.

The average value of assets (AVA) of the rural households in India (148.21 %) was lower than the AVA in Jammu and Kashmir (277.66 %) during the period 1991 and 2002. But in terms of relative period 1991 and 2002, the AVA in India has increased. In fact, in 1991 it was Rs. 1,07,007 and Rs. 2,65,606 in 2002. The Jammu and Kashmir state reported that the average value of assets (AVA) of the urban households was Rs. 2,01,967 and Rs. 10,67,081 during the period 1991 and 2002 among the 21 major states of India. The relative position of Jammu and Kashmir State in respect of AVA in the urban households has changed much in the year 1991 and 2002. The average value of assets (AVA) of the urban households in India was lower (189.03 %) as compare to the AVA in Jammu and Kashmir (428.34 %) in the year 1991 and 2002. The Jammu and Kashmir state managed the 4th position in rural as well as urban areas of households in 1991 and 3rd position in rural and 1st position in urban areas of household in 2002. The Jammu and Kashmir has maintained good position in average value of assets both physical and financial assets of households.

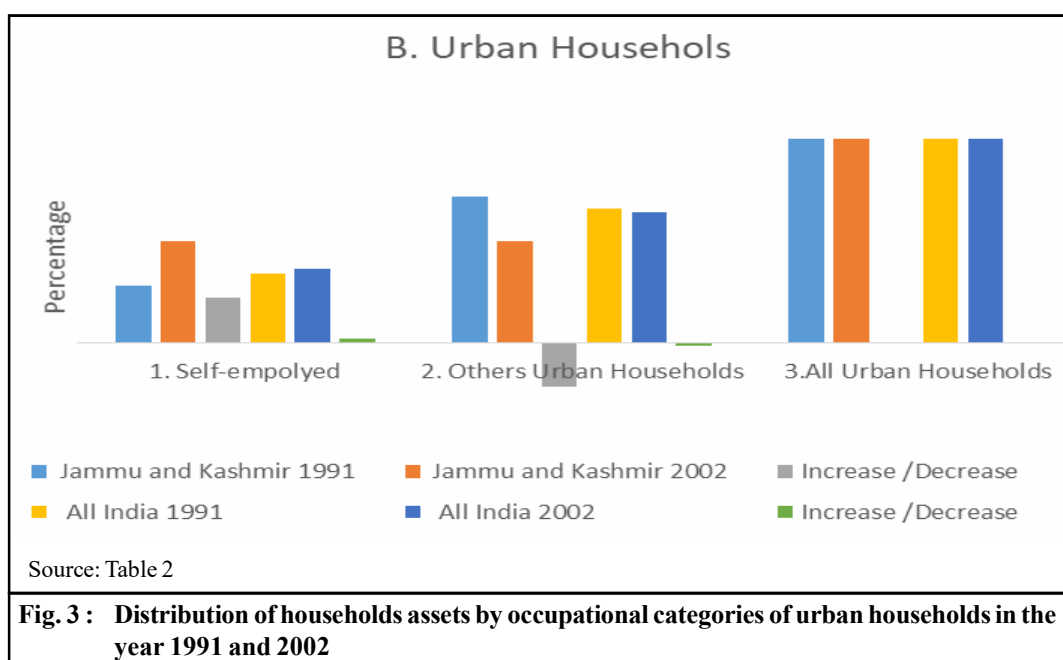
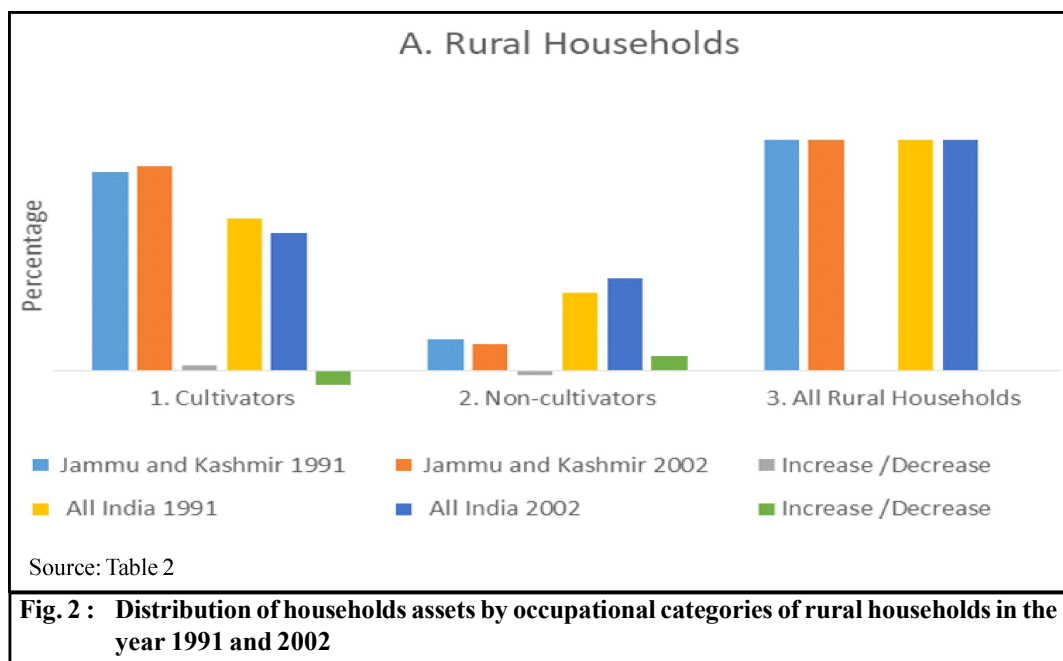
This study covers all households in both rural and urban areas of Jammu and Kashmir and All-India. The rural households are divided as cultivators and non-cultivators which includes agricultural labourers, artisans and others non-cultivator households. The urban households are classified into self-employed and others urban households. The urban self-employed which cover professional, administrative, clerical, sale workers, service workers, farmers, production and related workers. The distribution of households assets by the rural and urban areas of Jammu and Kashmir and All-India are discussed in following Table 2.

Table 2 : Distribution of households assets by occupational categories of rural and urban households in the year 1991 and 2002

Households assets	Jammu and Kashmir		Increase/ Decrease	All India		Increased/ Decrease
	1991	2002		1991	2002	
Rural						
1. Cultivators	86.3	88.6	2.3	66.1	59.7	-6.4
2. Non-cultivators	13.7	11.4	-2.3	33.9	40.3	6.4
3. All Rural Households	100	100		100	100	
Urban						
1. Self-employed	28.2	50.1	21.9	34	36	2
2. Other Urban Households	71.8	49.9	-21.9	66	64	-2
3. All Urban Households	100	100		100	100	

Source: NSSO 1991 and 2002 Survey

It may be seen from the analysis that the proportion of cultivators in rural areas has increased from 86.3 per cent in 1991 to 88.6 per cent in 2002, a slight increase of 2.3 per cent in Jammu and Kashmir between 1991 and 2002. The proportion of All-India cultivators' households has decreased from 66.1 per cent in 1991 to 59.7 per cent in 2002 in rural areas and the change is -6.4 per cent between the decadal periods. The proportion of cultivators is higher in Jammu and Kashmir as compared to the proportion of All-India in the period 1991 and 2002. The proportion of non-cultivators



rural households has declined from 13.7 per cent in 1991 to 11.4 per cent in 2002 in Jammu and Kashmir and in All-India, it has increased from 33.9 per cent in 1991 to 40.3 per cent in 2002. Moreover, the proportion of non-cultivators is less in Jammu and Kashmir than in All-India over the two decades. In the urban areas, the proportion of self-employed households has raised from 28.2 per cent in 1991 to 50.1 per cent in 2002 in Jammu and Kashmir and has also increased from 34 per cent in 1991 to 36 per cent in 2002 in All-India. The proportion of self-employed households is

higher in Jammu and Kashmir than in All-India over the two decades. Thus the proportion of others households decreased from 71.8 per cent in 1991 to 49.9 per cent in 2002 in Jammu and Kashmir and also decreased from 66 per cent in 1991 to 64 per cent in 2002 in All-India. There is a significant change in others households of Jammu and Kashmir and All-India between the two decadal periods 1991.

Conclusion :

The study infers that there is increase in the percentage of both rural households and urban households in Jammu and Kashmir and in All-India but the percentage increase is high in Jammu and Kashmir than in All-India between 1991 and 2002. The distribution of rural household assets for cultivators has a slight increase from 1991 to 2002 in Jammu and Kashmir whereas the proportion of cultivators decreased from 1991 to 2002 in All-India but the proportion of non-cultivators in rural households assets of Jammu and Kashmir shows decreasing trends and All-India has shown increasing trends. This shows reciprocity, *i.e.*, in rural areas, if one sector is increasing in Jammu and Kashmir than it is decreasing in All-India and if one sector is decreasing in Jammu and Kashmir than it is increasing in All-India. But the case of urban areas is different both the sectors are showing same trends in Jammu and Kashmir and All-India. The proportion of self-employed is increasing in both Jammu and Kashmir and All-India and the proportion of others urban household is decreasing both in Jammu and Kashmir and All-India between the two decadal periods 1991 and 2002.

Therefore, it is recommended that future government policy formulation should focus more on physical and social infrastructure rather than focusing on a poverty alleviation programmes and direct cash transfers. Hence, it is difficult to conclude beyond doubt that, the state of Jammu and Kashmir does not have those households which may be in need of direct cash transfers or poverty alleviation programmes. As mentioned above that the Jammu and Kashmir state stands 4th position in household assets in both rural and urban areas in 1991 and 3rd position in rural and 1st position in urban area in 2002 among the major state of India. It has maintained a good position in spite of worse conditions such as crisis border terrorism coupled with its strategic location, hilly terrain, social tensions and absence of real estate market due to constitutional restrictions with respect to acquisition of private property by outsiders.

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