



Deteriorating agriculture: it's reasons and impacts on socio-economic profile of J&K state

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ABSTRACT

In terms of dependence on livelihoods and employment, the state of Jammu and Kashmir can be considered as agrarian, hence the overwhelming majority of the people live in rural areas. There are many reasons that have led to a dwindling share of GDP of the sector at a time when it should have retained its role given large proportion of people depending on it. These include: Reduction in public expenditure in the sector after reforms, decrease in agricultural land due to conversion, lack of appropriate irrigation facilities, and acute lack of infrastructure, lack of quality pesticides, occasional flooding, and lack of research. This imbalance between production and employment has resulted into compromised socio-economic profile of the state which includes: Low per capita income, compromised Food security, large Capital outflow, and Low employment. Therefore, in a bid to arrest any further deterioration in its socioeconomic profile, it is imperative for the state to initiate a stream of measures that will enhance the productivity in the sector and safeguard it from undue competition from abroad.

Contribution/ Originality

In comparison with existing literature that used econometric models which at times become cumbersome, this study uses simple analytical and descriptive approach. More importantly, this study especially focuses upon the impact of deteriorating agriculture on socio-economic profile of the state. While as the former highlights the presence of myriad bottlenecks in the background of low performance, the latter underlines its significance for welfare of common masses.

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1. INTRODUCTION

The importance of the agriculture and allied sectors for the state of Jammu and Kashmir emanates from the fact that more than two thirds of its population resides in rural areas. According to the census of India statistics, in J&K among the 13.5 million people, 9.1 million resided in rural areas while as 3.4 million in urban areas. Thus, 72.8 percent of the state population resided in rural areas and the rest 27.2 percent in urban areas. While as more than 2 percent of the worker still engaged in this sector. Similarly, more than 70 percent of the state population directly or indirectly derives their livelihood from this sector. In this state, annual growth rates of agriculture are varied from different periods. The growth rate of agriculture and allied sectors slowed down to 0.7 percent after 2005-06. This rate come down from a high growth phase of 5.2 percent during 1994-95 to 1999-2000 followed by 36 percent for the period 2000-2001 to 2004-05. The progression regression in the growth rate clearly indicates a trailing agriculture sector. This deceleration can also be gauged from the change in rank of state in terms of growth in this sector. For the period 1981-82 to 1993-94, rank of state was 22nd among 25 states. A stupendous improvement was realized during next phase ad state achieved 3rd rank in period 1994-95 to 1999-2000. Subsequently for the period 2001-01 to 2004-05 and 2005-06 to 2011-12, it received to 13th position and further to 26th position among 27 states respectively. The fact that agricultural sector has failed to perform well to bring something like basic transformation in the sector. According to the economic survey report of the state for 2014-15, the yield per hectare of the different in the state is very low in comparison to other states of India. Like rice/paddy yield per hectare is only 20.85 quintals per hectare in comparison to that of 39.52 quintals per hectare for Punjab. The productivity of the state in case of rice is only half of the Punjab. Similarly, wheat yield per hectare is only 14.04 quintals for the state in comparison to 50.17 quintals for Punjab, the latter being three and half times more than the former. In case of maize the production per hectare for the state is 16.48 quintals. The same in case of Tamil Nadu is 53.72 quintal. Thus, the latter is more than three times that of the former. In case of oil seeds, the comparison with best productivity state of Gujrat is 8.24 to 17.23, that is almost half that of it. So on these basis, the importance of the sector in the overall output of the state has been decreasing. In 2004-05, the sector contributed 28.06 percent to GSDP. The same decreased to 20.22 percent in 2013-14. As such there is a decrease of 7.84 percentage points in its contribution. It needs a further reminder that all this is happening in a state whose 70 percent population is said to be directly or indirectly dependent on agricultural sector.

The paper aims to highlight the reasons and impact of deteriorating agriculture on socio-economic profile of J&K State with special reference to impact on per capita income, poverty, high unemployment, inflation and growing import burden. For this we use parameters to indicate that the agriculture sector has been facing deterioration, particularly for past decade. We first start from the simple comparative growth statistics of the state and all India level. After that compare growth of the sector with others sectors for past nine years. Additionally consider subsequently the growth of food grains in comparison to all India level from 1994-95, which represents this deterioration from a specific angle. Moreover compare the levels of productivity in different food grains with other states as well as countries. Finally we take a look into fast dwindling share of the agriculture sector in the GSDP.

The paper is organized as follows: sections 1 of this paper discuss the introduction. In section 2 discusses about the review of literature. The section 3 highlights basic reasons for the lack of performance of agriculture sector, while section 4 provides impact of deteriorating agriculture sector on socio-economic development of Jammu and Kashmir State and conclusion and policy implication in section 5.

2. LITERATURE REVIEW

In the past, hardly any issues have paying attention of economists as has the role of agriculture in socio-economic development, generating an enormous literature of both theoretical and empirical studies. Much of this literature emphasized on structural transformation of economies, from less developed economies whose economies was based on agriculture and developed countries where industry and service sectors takeover. The share of primary sector in employment and GDP decline is an expected outcome of economic progress. (Byerlee *et al.*, 2009; Timmer, 2002; Cervantes-Godoy and Brooks, 2009). It is due to higher income elasticity for non-agriculture goods and services.

Classical theorists Lewis (1954) emphasized that economic development as a process of relocating factors of production from an agricultural sector characterized by low productivity and the use of traditional technology to a modern industrial sector with higher productivity. This theory was employed to support industrialization and used to justify government policies that protects domestic industries and tax on agriculture sector (Kirkpatrick and Barrientos, 2004). This theory and its implication for policy have been discredited by later work and the degree to which economic policies of developing countries discriminate against agriculture has lessened dramatically in recent decades (Anderson and Valenzuela, 2008).

Nevertheless, the paper of DFID (2004) examine the direct relationship between different rates of poverty reduction over the past 4 years and difference in agricultural performance on rural incomes, the availability of cheaper food in both rural and urban areas. Moreover, improvement in this primary sector contributes to the growth and the generation of the economic opportunity in the non-form sectors. Likely, this sector played a fundamental role in enhancing and sustaining economic transition. Consequently this mechanism of agricultural productivity in future will reduce poverty.

The study of Bresciani and Valdes (2007), explains the link between agricultural growth and poverty in three key channels like labor market, farm income and food prices. They accomplish when both direct indirect effects of agricultural growth are taken into account, such growth is more poverty reducing than growth in non-form sectors. Further they said, agricultural contribution to poverty reduction is consistently greater than agricultural share of national income. The case study countries of this paper, the author pointed out that agricultural contribution came mainly through the labor market channel. However, they restrain that such growth strategies based on such findings may not be applied in conditions where agricultural output mix does not feature labor intensive crops and livestock activity. Equally problematic for such a strategy is that much progress in agriculture historically has come from the introduction of labor saving technical change.

The study of Ligon and Sadoult (2008) used time series and cross-section data to estimate regression coefficients between consumer expenditures by decline to agriculture and non-agriculture GDP. The findings of this paper asserts that agricultural sector growth is substantially more important than non-agricultural sector growth for the household in the lower declines of the expenditure distribution that is poor segment of the population. While as they find the opposite results for richer households that is that the expenditure elasticity of non-agricultural growth is much higher than for agricultural growth leading them to conclude that their findings are consistent with claims that agricultural sector growth is pro-poor.

Similarly, Montalvo and Ravallion (2009) pointed out that in China, primary sector as compared to secondary and tertiary sector was real driving force to reduce absolute poverty. They argue that trade-off between these sectors these sectors in terms of overall progress against poverty in China is doubtful, given how little evidence they found of any poverty impact of non-primary sector growth. While most empirical studies show that agricultural growth is relatively more important than growth in other sectors there are exceptions, underscoring the existence of potentially important differences

in the sectoral GDP elasticities of poverty across countries, depending on the structure and institutional organization of their economies (Loayza and Raddatz, 2010). A common finding is that the poverty reducing powers of agriculture declines as countries get richer (Christiaensen and Demery, 2007; Ligon and Sadoulet, 2008). Gardner (2000), for example, found that gains in income from off-farm sources was the main reason rural poverty declined in the US from the 1960s.

Ahmad (2010) used time-series analysis in Bangladesh, which shows that poverty reduction is possible by increased agricultural production. Similarly, the study of Sundarno and Asep (2003) analyze the role of agricultural growth on poverty reduction in Indonesia. They find out agricultural growth was the strongest factor in reducing poverty in Indonesia.

Loayza and Raddatz (2010) point out the potential importance of agricultural sector in determining the rate of poverty reduction and find out that rapid growth in agriculture has a favorable impact on poverty reduction. Other studies have noted that agricultural growth particularly impact on reduction in cost of food (Dercon, 2009).

Alain and Elisabeth (2010) find that rural poverty reduction has been associated with growth in yields and in agricultural productivity. Additionally, the power of agriculture comes not only from its directly poverty reduction effect but also from its potentially strong growth linkage effects on the rest of the economy. Finally, using the example of Vietnam, the author shows that rapid growth in agriculture has open pathways out of poverty for farming households.

The study of Cervantes-Godoy and Dewbre (2010), chooses 25 countries posting extraordinary success in reducing extreme poverty. These countries were compared using indicators of their macroeconomic characteristics, especially their agricultural economic characteristics. The author used time series and cross section regression analysis, which reveals that while economic growth generally was an important contribution to poverty reduction, the sector mix of growth mattered substantially, with growth in agriculture incomes being especially important.

A number of studies by contrast have concluded that the role of growth in the non-agricultural sector in poverty reduction is increasing Christiaensen *et al.* (2011) and Himashu *et al.* (2013). Warr (2001) used econometric analysis on pooled data of Indonesia, Thailand, Malaysia and the Philippines, the author found these countries experience the greatest poverty reduction due to tertiary sector. Likely Warr and Wang (1999) used time-series analysis for Taiwan, the finding of this model shows that industrial growth is most poverty reducing factor. Similarly, Ravallion and Datt (1996 and 2002) found that the elasticity of rural headcount poverty with respect to agricultural growth in India is less than half that for non-agricultural sector growth. Nevertheless, Ravallion and Chen (2007) used similar method of analysis for China, the estimated value showed that the agricultural growth has four times greater impact on poverty reduction as compared to secondary and tertiary sectors. Aforementioned research proposes that growth in agricultural sector is more effective in reducing poverty compared to other sectors because of: first, the incidence of poverty tends to be higher in agricultural and rural populations than somewhere else and second, most of the poor live in rural areas and a large share of them depend on agriculture for a living (World Bank, 2008; Christiaensen and Demery, 2007; Ravallion and Chen, 2007). However, even if the incidence of poverty is lower within the population of non-farm people (whether rural or urban) growth in income from non-farm sources could be proportionally more effective in reducing poverty. Moreover, it could be that even for poor farm families, growth in income from nonfarm sources is more important than growth in farm income.

3. DATA AND METHODOLOGY

To analyze this study, data have been collected from Directorate of Economics and Statics, Jammu and Kashmir, Reserve Bank of India, different reports of Planning Commission of India, Ministry

of Statistics and Programme Implementation, and Indian Development Reports. Being actively engaged with the economic survey, the reports on socio-economic variables released by the above agencies and institutions have been used for analysis.

The data thus collected was tabulated, analyzed and critically scanned to draw the conclusion in consonance with the objectives of the present study. The method of research in study was analytical in nature. Simple mathematical toll i.e. percentage method was in general followed to draw certain results. Annual growth rate was calculated at several places.

4. RESULTS

After reviewing all the data related with agricultural production of Jammu and Kashmir State, we found that in this state agricultural sector is not performing according to its potential and at previous growing trend. After scrutinize the Economic Survey 2014-15 of this State, we find that average growth of agriculture and allied sector from 2005-06 to 2013-14 was 2.8 percent. During the same period industry grew by 4.61 percent and service sector by 8.62 percent. Similarly, in 2014-15, an average food growth rate of India was recorded at 1.94 percent in 1994-95 to 2013-14, compared to it with the State of J and K, the growth was only 0.94 percent, which is less than half of national average (RBI, 2015). In particular, rice which is staple foods has been a serious causality. In the last ten years, the importance of this sector in all the overall output of the state has been decreasing.

4.1. Reasons

There are many reasons that have led to a dwindling share of GDP of the sector at a time when it should have retained its role given large proportion of people depending on it. Despite vast potential, agriculture sector is trailing when its performance is needed the most. It is well known that the sector is in a more messy state for the past decade: both the growth rate and productivity of the sector being abysmally low. As such, it has failed to serve the needs and aspirations of the domestic economy. Many infrastructural, institutional and market related bottlenecks, have kept much of its potential untapped. Policy interventions have not been able to bring a fundamental transformative change. While there is a positive turn around at the all India level since 11th FYP due to new policy initiatives, the state has failed to respond positively.

There are various reasons for lack of performance of primary sector in Jammu and Kashmir but in this we discuss only shrinking of agricultural land. The important reason is shrinking of agricultural land is a well observed trend. People in the state are increasingly shifting the land to other uses. Much of this is for personal or commercial purposes. A brazen lapse of law implementation is apparent. That, however, does not explain the entirety of the phenomenon. Much of what is happening falls within the domain of economic dynamics, as seen from a common person's perspective.

Economic self-interest would make people preserve as much land as seems profitable. However, when people do some rough cost-benefit analysis—which may at times be plainly wrong and lethally short-sighted—the results may turn adverse for agriculture. Wherever people find better alternatives, the next logical step is conversion.

The conversion trend is symptomatic of a progressive dwindling of agriculture value of land. To people agriculture simply is not a priority investment. Among the underlying reasons increasing input costs, uncertain output, and diminishing and uncertain profits are important. Local, national and international factors play their role in determining the possibility and viability of agriculture as an investment. More importantly, governments' inappropriate commissions and unwarranted commissions play leading role in pushing the sector to disrepute.

For years now, the growth of and productivity in the sector are pitifully low. Lack of inputs, with appropriateness to quantity, quality and time, has created aggregate bottlenecks that cannot be scaled over by individual attempts. For instance, even in a situation where water is relatively ample, there is no well-constructed network of canals. In most of the villages it is the farmers that take up the responsibility of irrigation even today. They call it ‘Kulwan’ in Kashmir. Similarly, successive governments have failed to ensure standard pesticides availability in the valley. In fact, the valley is standard example of sub-standard pests in India. Research based inputs and timely intervention in case of less perceived and understood problems have also been lacking. Further, a flood of moderate intensity or hails or pest attack, and even depressive market conditions can bring disastrous consequences. The result is simple. Agriculture becomes liability rather than a resource.

On the contrary, a building constructed on agriculture land, can earn a definite, certain and regular sum of income. There is little dependence on climatic fluctuations. There is no need of “Kulwan”, no threat of bogus fertilizers and pesticides, no major loss in case of an economic depression, and no fleecing by intermediaries. The choice to covert agricultural land to other purposes becomes rational. People who do not convert their land for non-agricultural uses are also hindered by economic reasons. Their assessment shows that the agricultural value of land is more than the available alternatives.

4.2. Impact

Agriculture sector play more important role in the livelihood of majority population in early stages of development. As we know agriculture sector directly or indirectly influences number of socio-economic factors, like poverty, per capita income, Inflation, employment and dependency. But in this paper we point out only impact of agriculture sector on per capita income, poverty, unemployment, inflation and Import Burden.

4.2.1. Per capita income

As such, a trailing agriculture sector inhibits possibilities of major enhancement of income among people. One of the chief indicators of economic wellbeing, the per capita income (PCY), in case of the state economy is lagging by a significant margin from the all India level. The per capita income for the state was \$592 against an all India average of \$717 in the period 2013-14. Thus, the state lags behind the all India average by no less than 18 percent. Comparison with neighboring states also reveals this grim reality. The state enjoys only 56.48, 66.40, and 50.52 per cent of per capita real income than that of Himachal, Punjab, and Haryana respectively as shown in table 1. Thus our per capita income ranges between half and two thirds of these states. It must be emphasized that Haryana's economy is four times larger than ours and Punjab's more than three times in real terms.

Table 1: Comparison of per capita GSDP of J & K with neighbouring states

State	Per capita GSDP 2013-14 (\$, at 2004-05 Prices)	J&K as percentage of the state
J&K	592	18.00
Himachal	1048	56.48
Punjab	891	66.40
Haryana	1174	50.52

Source: economic survey report, directorate of economics and statistics, Jammu and Kashmir, India

India being one of the poor states on the basis of per capita income, states with lower income within the federation move towards the lower extreme of the income scale. A sense of this can be gleaned from this comparison. On the purchasing parity basis, the per capita income of Indian state is considered very low. According to the UNDP's Human Development Report 2014, per capita income by PPP method for India in 2011 was \$ 5150, against \$ 13723 global average. Thus per capita income for India was only 37.5 percent of the global average. The number of countries with more income than India is more than twice than those having less income than it. Among the 187

countries for which data is published, India ranks at 129th position. With 135th HDI rank, India is falling towards lower end of the medium human development. A decrease by 18 percent to the PCY of India gives us \$ 4223 PCY for the state. This is a mere 30.7 percent of the global average. If J&K would have been separate state, then it's ranking within 188 countries would be 137, followed by 51 states which include the poorest ones of the world. Even the average per capita income of countries falling in medium human development range is 141 percent that of ours.

4.2.2. Poverty

It has been found that poverty can best be tackled when agriculture sector, on which more people depend, performs better. The table 2 given below shows gives us the incidence of poverty in the state and all India according to Lakdawala committee methodology. The data from 1973-74 to 2004-05 shows a comparative better position for the state to that of all India level not only in the initial level of poverty but more importantly in the process of reduction all along the period. As such while the incidence of poverty in the state was 48.83 percent in comparison to 54.88 percent at the all India level. More importantly, the pace of reduction at the state level has been much faster than the all India level. In 2004-05 the state has poverty incidence of 5.4 percent in comparison to 27.5 percent at the all India level.

Table 2: Lakdawala Methodology

	1973-74	1977-78	1983	1987-88	1993-94	1999-2000	2004-05
J&K	48.83	38.97	24.24	23.82	25.17	3.48	5.4
All India	54.88	51.34	44.48	38.86	35.97	26.10	27.5

Source: Report of the expert group to review the methodology for measurement of poverty, Government of India, planning commission June 2014

The golden phase for poverty reduction as per these statistics is 1993-94 to 1999-2000. Poverty in this phase decreased from 25.17 percent to 3.48 percent, the lowest incidence of poverty ever reached in the state as per the Lakdawala committee methodology. The important fact is that this is the same period when agriculture recorded highest ever growth for the state.

A decrease in agricultural growth in the state from 5.2 percent to 3.6 percent seems to have reversed the trend of poverty reduction in the post 2000 era. While On the contrary, poverty recorded an increase after 2000 from 3.48 to 5.4 percent in 2004-05. Thus, reduction in the growth rate of agriculture seems to make an impact on the efficacy poverty reduction in the state.

Since, growth rate decreased even lesser than one percent in the post 2005 period, the reduction of poverty in the state seems not only halted but at times even reversed. As per the Tendulkar methodology, incidence of poverty reduced from 13.2 percent to 10.3 percent between 2004-05 and 2011-12. In the same period, it reduced from 37.2 percent to 21.9 percent at the all India level. It needs emphasis the performance of agriculture reversed during this period. While as earlier it was the state which performed better than the all India level, in the aftermath of 2005 the all India level performed better than the state. Consequently, the poverty reduction record strengthened at the all India level while it either weakened or reversed at the state level.

The same experience is brought forth by the methodology adopted by Rangarajan committee for measurement of poverty reduction as shown in table 3. While as the state experienced a decrease of approximately five percentage points, at the all India level incidence of poverty reduced from 38.2 percent to 29.5 percent from 2009-10 to 2011-12.

Table 3: Measurement of poverty reduction

	Tendulkar methodology		
	2004-05	2009-10	2011-12
J&K	13.2	9.4	10.3
All India	37.2	29.8	21.9
Rangarajan methodology			
J&K		19.2	15.1
All India		38.2	29.5

Source: report of the expert group to review the methodology for measurement of poverty, Government of India, planning commission June 2014

4.2.3. High unemployment

The composition of GDP in Indian economy changed dramatically in last sixty five years. An agriculture dominated economy is now comprised mostly of services and industry. However, almost half of the workforce is employed in the primary sector. Despite recording excellent growth, industry and services sectors have not employed people in consonance with their high growth. Realising this, a renewed emphasis on the sector led to some improvements in productivity and growth which enhances the possibility of its employability.

However, the state's primary sector has been lagging in productivity and growth. As such its employability potential has weakened. As per the ESR, "census 2011 reveals that J&K has 5.66 lakh cultivators for whom farming is their main occupation and this number has scaled down from 9.49 lakh in 2001 (ES 2014-15, p295). Thus, low growth in agriculture has contributed to increased unemployment. As a result the state experiences high rates of unemployment.

The unemployment rate on the basis of usual principal status for the state according to the latest *Employment and Unemployment Situation in India, 2011-12*, (NSS Report No.554 GoI 2015 p.196) statistics is 4.8 percent. The same at the national level is 2.7 percent. Compared to its neighbours, Punjab (2.7 percent), Himachal Pradesh (2.0 percent), Haryana (3.1 percent) and Delhi (4 percent), the state has highest level of unemployment. Among the 35 states/union territories, J&K has the 8th position in terms of worst unemployment rate.

4.2.4. Erosion of real income by high and persistent inflation

High and persistent inflation has recently been a difficult matter to deal with. As noted in India Development Report 2015, WPI-based monthly inflation rate crossed 32 times the 8 percent mark between 2008 and January 2014. This level was crossed only three times between 1997 and 2008 (p.169). ESR 2014-15 of the state mentions an average CPI-IW value of 10.03 for six years of 2008-09 to 2013-14. The same at the state level is 8.63 percent. However, in 2014-15, state inflation (7.9 percent) was higher than the overall inflation (6.2 percent).

Inflation leads to erosion of real income. The state economy has been growing moderately in comparison to other states. The result is that relative erosion of income for its people will be higher. The state economy has been through a paradoxical low-growth-high-inflation phase which is symptomatic of multiple ailments and systemic faults.

Moderate inflation is considered good for the production side, if it is demand driven. But high levels of inflation have been considered bad not only for consumers but even for producers. The reason is that persistent high level of inflation cannot emanate from mere demand factors. In fact, it is more a function of supply constraints. Yes, sometimes government policy, for instance Minimum Support Price and excessive buffer stocking, also create artificial price hikes. Similarly hoarding and lack of information play their part.

However, low productivity, low growth and large imports of the primary products reveal inflation to be highly supply determined phenomenon. Therefore, the primary sector of our state can play a dominant role in curbing inflation and prevent erosion of real income over time. Recent studies reveal the relationship between inflation and primary sector to be very strong. It has been observed that persistent inflation emanates mainly from perishable high value fruits, vegetables, eggs, fish, meat, and milk, now lately joined by pulses. As such, the cure of the problem lies in increased productivity, growth and logistics that will increase the life span of the primary products.

4.2.5. Growing import burden

The state of J&K has emerged what some would like to call consumerist. The state produces much less than it consumes. Obviously, the additional quantities it consumes, must come from outside. As such, the state experiences large trade deficit, which is problematic. The composition of this deficit reveals even more disturbing strands. The state not only depends on imports with regard to manufactured products, where it is least developed. It importantly has high dependence on imports of food items that it has the possibility of producing itself.

For instance, as per the ESR 2015, the state imported 766100 Qtls of milk, 6610 lakh eggs, 560 lakh day old chickens, 1324058 sheep and 46697 goats in 3013-14. In monetary terms it amounts to millions of rupees. All these items fall in the domain of agriculture or primary sector. However, ill performance of the sector leaves it incapable of fulfilling the domestic demand. Ironically, the products which the state should have exported, given the natural availability of inputs, are imported. As India continues to grow as well as globalise, this burden is set to increase. One set of reasons is related with inflation (that we deal subsequently), which in case it persists and in absence of increased productivity at state level will have deteriorating impact on trade balance. Four emerging reasons need consideration for better appreciation of the nuanced nature of the problem.

4.2.6. Inflation

At the all India level, the inflation in recent times has largely been a phenomenon of food items more than non-food items. As per the India Development Report 2015, from March 2012, the former has been consistently higher than the non-food inflation. Secondly, as per the ESR 2014-15, the average consumption menu contains more of meat, poultry and milk products in the state than at that all India level. Thirdly, within the food basket it is the primary food products—including cereals, pulses, fruits, vegetables, milk, egg, meat and fish—which have experienced more inflation than others. In recent inflation, items apart from cereals have played a dominant role in its persistence. Fourthly, there is a general change in the consumption pattern. More of non-cereal food items, such as milk, egg, fish, meat, fruits and vegetables, are being consumed per capita than before. As such demand of these products in comparison to cereals and pulses will experience a growing trend.

Given the high level of import of food products by the state from outside, the impact of inflation on monetary value of imports will definitely magnify. That is to say that even when same quantity is imported, its cost in absolute monetary value as well as in relation to other products for the state will increase. Imports will play a more blood sucking role.

Importing goods is not bad. However, some semblance of equality between them and exports is needed. Excessive importing has been considered bad by posing challenge to the economic, food security and of course political aspirations of nations. The primary sector in this regard is of critical importance. For instance, from an economic perspective, some portion of money spent on imports could be employment guaranteeing to people had the sector been well functioning. Also, their income in turn would have created demand for other products in the state. This phenomenon, sometimes called multiplier effect, would create a stream of employment-income increases for other people as well. It is well known in academic circles, a net import surplus reduces the value of multiplier in domestic economy. And more imports can mean exporting employment.

5. CONCLUSION AND POLICY IMPLICATION

The paper aims to discuss about the reasons and impact of agricultural deterioration on socio-economic profile of Jammu and Kashmir State. The data used in this paper from different reliable resources. It is found that the overall contribution of agriculture sector is decreasing. Consequently, it impacts adversely on many socio-economic parameters like, per capita income of the state economy is lagging by a significant margin from the all India level. Similarly, the reduction in the growth rate of agriculture seems to make an impact on the efficiency of poverty reduction in the state. Additionally, low growth in this sector has contributed to increased unemployment. So well performing of primary sector is fundamental to meet some of the emerging economic challenges faced by the Jammu and Kashmir economy. The sector can play an important role in solving eroding agricultural land value, import burden, unemployment and inflation. In fact, the emergence of these problems has low performing agriculture as one of the main reason. A boost in growth will help overcome these. However, this sector has the potential to serve the state in myriad other ways as well. The sector has suffered due to inappropriate commissions and reckless omissions by successive governments. Policy interventions need to be optimum and appropriate. Many things are yet to be done. An increase of investment in the sector, particularly in infrastructure development, is really vital. However, the story does not end there. Quality of the inputs used for variety of products needs to be assured. Distortions in factor and product markets have to be corrected. The quality of research has to incrementally improve to the global standards. For the sake of diversification, new products possible to be produced in the state are to be introduced. Agro-industries that are not only employment generating but even productivity enhancing have to be brought in large numbers. And in an increasingly globalising world, the policy concerns have to be eclectic. Problem faced by the state products in entering global market also need to be fixed.

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