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Assessing the Factors Contributing to Farmers' Income

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ABSTRACT

A study was conducted to compare the factors contributing farmers' income in two states namely Madhya Pradesh and Uttar Pradesh of India. The average monthly income of farmers in Madhya Pradesh (₹ 5986) was higher than that of Uttar Pradesh (₹ 4924). The share of income from cultivation was higher in Madhya Pradesh (MP) than that of Uttar Pradesh (UP). The percentage share of net monthly income from livestock was same for both the states. In both the states, there was a positive correlation between share of income from cultivation and size of land. The share of income from livestock farming decreased with increase in land holding, except for category of land size of 4.01-10.00 hectares. Net receipts from non-farm business also decreased with increase in land holding, except for land size class of 1.01-2.00 ha. Income from wages/salary also followed same pattern except for land holding size of more than 10.00 ha which might be due to better employment opportunities in service sector.

Keywords: Doubling farmers' income, Sustainable Development Goals, farm income

Sustainable Development Goals (SDGs) are search-light for optimum utilization of available resources to achieve over-all socio-economic development of any country. There are 17 SDGs with 169 targets, which are interdependent and their full impact cannot be achieved in isolation. (UNO 2017). The goal two of SDGs envisage "End hunger, achieve food security and improve nutrition and promote sustainable agriculture" and its target 2.3 clearly indicates that "By 2030, the agricultural productivity and incomes of small-scale food producers, particularly by women, indigenous people, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment" is to be doubled (FAO, 2015).

Keeping in mind the SDGs, Government of India in Budget 2015-16 set target to "Doubling Farmers' Income by 2022" before eight years set by United Nations Organization (UNO) along with other goals. The Government of India launched various new programmes to achieve the targets in due course of time. The important new programmes are Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), Soil Health Card, Pradhan Mantri Fasal Bima Yojana (PMFBY), National Agriculture Market (e-NAM), Paramparagat Krishi VikasYojana (PKVY), Sub-Mission on Agro-forestry (SMAF) under National Mission for Sustainable Agriculture (NMSA) and

Mahila Kisan Sashaktikaran Pariyojana (MKSP), a sub component of the Deendayal Antyodaya Yojana-NRLM (DAY-NRLM) to improve the present status of women in agriculture and to enhance the opportunities available to empower them. Past strategies for development of agriculture sector in India has focused primarily on raising agricultural output and improving food security. However, those strategies did not explicitly recognize the need to raise farmers' income and did not mention any direct measure to promote farmers welfare (Chand, 2016; Chandrasekhar and Mehrotra, 2016).

Raising per capita income is a necessary condition for economic development of any economy. Agriculture sector plays seminal role in income generation, especially in developing country. The agriculture sector not merely contributes in production of crop and livestock but also in employment generation, demand creation and import substitution through various forward and backward linkages in economy. In the 21st century, agriculture continues to be a fundamental instrument for sustainable development and poverty reduction. Agricultural growth is at least twice as effective in reducing poverty as GDP growth originating outside agriculture (WDR, 2008). In this context, the current study is initiated to find out the different sources of monthly income of farmers in the states of MP and UP.

MATERIALS AND METHODS

To find the monthly income of farmers of MP and UP, the secondary data were collected using Report No. 576, 70th round, 2016 of National Sample Survey Office (NSSO). The title of the NSSO report no. 576 of Ministry of Statistics and Programme Implementation, Government of India was 'Income, Expenditure, Production Assets and Indebtedness of Agricultural Households in India'. The data were analysed for categorizing various sources of farm income.

RESULTS AND DISCUSSION

Categorization of household income

The average monthly income from different sources per agricultural household in the state of Madhya Pradesh and Uttar Pradesh for the agricultural year July 2012 to June 2013 for each size class of land possessed was analysed. The average monthly income of agricultural households in state of Madhya Pradesh from different sources was ₹ 5986. The income from cultivation of crops (₹ 3968) contributed highest towards overall income of farming households (Table 1).

Generally, the percent share of income from livestock farming decreased with increase in the size of land holding. However, this statement is not applicable with land size of more than 1 hectare. Net receipt from non-farm business also decreased with increase in land possession except for land size class 4.01-10.00 hectares. The custom hiring of farm machineries might be the major reason for variation among large size of land holdings. Income from wages/salary also followed same pattern due to better employment opportunities in service sector.

Table 1: Sources of monthly farm household incomes in Madhya Pradesh (2012-13) (₹/household)

Size of land holding (ha)	Net receipt from crop cultivation	Net receipt from livestock farming	Net receipt from non-farm business	Income from wages/ salary	Total
<0.01	1	549	415	2666	3631
0.01-0.40	621	564	176	1866	3227
0.41-1.00	1522	345	66	1447	3380
1.01-2.00	4578	485	85	1098	6246
2.01-4.00	6327	1108	48	559	8042
4.01-10.00	16502	2752	669	289	20212
>10.00	30219	509	77	840	31645
All sizes	3968	661	123	1234	5986

Source: *Report No. 576, 70th round, National Sample Survey Office (NSSO), 2012-13, Ministry of Statistics and Programme Implementation, Government of India.*

Table 2: Sources of monthly farm household incomes in Uttar Pradesh (2012-13) (₹/household)

Size of land holding (ha)	Net receipt from crop cultivation	Net receipt from farming of animals	Net receipt from non-farm business	Income from wages/salary	Total
<0.01	-7	513	819	2358	3683
0.01-0.40	851	377	354	1143	2725
0.41-1.00	2860	416	262	1067	4605
1.01-2.00	5892	976	542	992	8402
2.01-4.00	12591	1711	533	1025	15860
4.01-10.00	19564	1743	439	1219	22965
>10.00	56014	19	341	5231	61605
All sizes	2855	543	376	1150	4924

Source: *Report No. 576, 70th round, National Sample Survey Office (NSSO), 2012-13, Ministry of Statistics and Programme Implementation, Government of India.*

Table 3: Share of different sectors in households' incomes (%)

Size of land holding (ha)	Madhya Pradesh					Uttar Pradesh				
	Crops	Livestock	Non-farm business	Wages/ salary	Total	Crops	Livestock	Non-farm business	Wages/ salary	Total
<0.01	0.0	15.1	11.4	73.4	100	-0.2	13.9	22.2	64.0	100
0.01-0.40	19.2	17.5	5.5	57.8	100	31.2	13.8	13.0	41.9	100
0.41-1.00	45.0	10.2	2.0	42.8	100	62.1	9.0	5.7	23.2	100
1.01-2.00	73.3	7.8	1.4	17.6	100	70.1	11.6	6.5	11.8	100
2.01-4.00	78.7	13.8	0.6	7.0	100	79.4	10.8	3.4	6.5	100
4.01-10.00	81.6	13.6	3.3	1.4	100	85.2	7.6	1.9	5.3	100
>10.00	95.5	1.6	0.2	2.7	100	90.9	0.0	0.6	8.5	100
All sizes	66.3	11.0	2.1	20.6	100	58.0	11.0	7.6	23.4	100

Source: *Report No. 576, 70th round, National Sample Survey Office (NSSO), 2012-13, Ministry of Statistics and Programme Implementation, Government of India.*

Further, the average monthly income of agricultural households from different sources in the state of Uttar Pradesh was ₹ 4929. Again, the income from cultivation of crops (₹ 2855) contributed highest towards overall income of farming households (Table 2).

In the state of Madhya Pradesh, about 77 percent of monthly income contributed by farm business (cultivation and farming of animals) and about 23 percent generated by income from wage/salary employment and non-farm income. In Uttar Pradesh, out of which about 69 percent of monthly income contributed by farm business (cultivation and farming of animals) and about 21 percent generated by income from wage/salary employment and non-farm income. The improvement in income from agriculture can be possible with the adoption of entrepreneurship activity in agriculture as processing of foodgrains, pulses etc. as per the demand of consumers and seed production of different important crops as seed production is more remunerative in relation to crop production activity (Kumar 2017).

CONCLUSION

The average monthly income of farmers of Madya Pradesh (₹ 5986) was higher than that of UP (₹ 4924). The share of income from cultivation was also higher in MP than that of UP. The percentage share of net monthly income from livestock was same in both the

states. The percentage share of receipt from non-farm business was very small in both UP (7.6%) and MP (2.1%), as most farmers were engaged in traditional agricultural occupation. In general, for both the states, the income from cultivation was positively related to size of land holding. The share of income from livestock farming decreased with increase in size of land holding.

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