

Abstract

In India, agricultural land is extremely fragmented, due to the continuous division of property handed over generations. Smaller farms may hold only a limited livelihood potential, however high the productivity. Thus it is pertinent to study the various income components of an agricultural household, and learn the reasons for out-migration from agriculture, a trend that is increasing among the youth born in agricultural households in India.

With data for 15 major Indian states taken from the NSSO 77th round, it is seen that the combination of farm and off-farm diversification of income has a monotonically increasing relationship with farm size, whereas there is a U-shaped relationship between crop income and farmer's income. The share of wage income has an inverse relationship with farm size, whereas an increase in farm size is accompanied by an increase in the share of crop income.

Land consolidation is suggested to improve profitability of crop cultivation, and to facilitate migration from agriculture.

Keywords: Agriculture, Farm income, diversification, landholding size

JEL Codes: Q10, Q12, Q15