

Trend and future prospects of farm income in India

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India is an agrarian country. About 86 per cent of operational holdings are small and marginal (less than 2 hectares) and their number is increasing over time due to subdivision and fragmentation. Average size of operational holding in India is 1.3 hectares. Out of total cultivated area about 60 per cent area is still dependent on rainfall for irrigation.

The major share in the farm household income is income from farming. It has been reported in the NSSO Survey on the average monthly per capita income of farm household of Rs. 2115, 46 per cent (Rs. 969) is contributed by farming, 39 per cent (Rs. 819) by wage income, 11 per cent (Rs. 236) by non-farm business income and 4 per cent (Rs. 91) by income from animals (Prasadarao and Prakash, 2007). In the agriculturally advanced state Punjab, share of income from crops is 76.71 per cent followed by dairying 18.23 per cent, non-farm income 2.59 per cent and 2.47 per cent by other miscellaneous sources (Toor *et al.*, 2006 and Singh *et al.*, 2008).

Trends in farm income in India

The farm income in India is increasing over time. It can be seen from Table 1 that the farm business income from rice increased from Rs. 1748 in 1981-82 to Rs. 12472 in 2006-07. Similarly, farm business income from wheat has increased from Rs. 1872 in 1981-82 to Rs. 25590 in 2007-08. But if we examine their growth rates, the growth of farm business income for both rice and wheat has decelerated over the time. The growth rate of farm business income for rice declined to 1.15 per cent per annum during 1994-95 to 2006-07 from 2.56 per cent per annum during 1981-82 to 1992-93. Similarly, for wheat it declined from 3.67 per cent to 2.05 per cent per annum during the same period.

The perusal of Table 2 clearly reveals that growth rates pertaining to the growth of farm business income during the TE 1973-74 to TE

Table 1: Farm Business Income from rice and wheat cultivation in India (Rs./ha)

Year	Farm Business Income	
	Rice	Wheat
1981-82	1748	1872
1986-87	2526	2711
1991-92	5748	6443
1996-97	8551	11818
2001-02	9060	12127
2004-05	10277	12228
2005-06	10897	15086
2006-07	12472	20982
2007-08	-	25590
CGRs (per cent per annum)		
1981-82 to 1992-93	2.56	3.67
1994-95 to 2006-07	1.15	2.05

Source: Dev and Rao, (2010).

1983-84 were negative in the case of Karnataka and West Bengal. The growth rates of farm business income in respect of Karnataka, Orissa, U.P. and West Bengal were positive during TE 1983-84 to TE 1993-94 which turned negative during the TE 1993-94 to 2002-03 except Punjab and Tamil Nadu. But the rate growth has decelerated even in agriculturally advanced state like Punjab from 1.6 to 0.4 per cent per annum during the TE 1983-84 to TE 1993-94 and TE 1993-94 to 2002-03 (Table 2).

The perusal of Table 3 clearly shows that the level of income of the farmers is very low and does not even cover the consumption expenditure. In case of the medium and large farm households, the monthly per capita income was more compared to the monthly per capita consumption expenditure. In all other farm household categories, the expenditure was more than the monthly income. Even at the overall level, the expenditure was higher by Rs. 655 per month.

Due to low level of farm income, there is widespread rural distress and suicides. Around 40 per cent of the farmers do not like farming

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