

across states and segments. Since the HVA cultivation by the small farmers is influenced mainly by regional constraints, which are both physical and policy related, the primary focus should be given by the government in promoting institutions to develop infrastructure, particularly market and storage structures to ensure remunerative prices to these households on a sustainable basis. Switching to HVA production can be a catalyst for transforming the rural economy as it positively impacts income, employment, and resource utilisation, ultimately contributing to social equity and sustainability.

Understanding Income Diversification among Farmer Households across Indian States: A Herfindahl Index Analysis over Three Survey Rounds

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This paper investigates the patterns of income diversification among farmer households across 18 Indian States using the Herfindahl Index (HI). Utilising data from three rounds of the Situation Assessment Survey (2002-03, 2012-13 and 2018-19), the study analyses farm household income from four main sources: crop cultivation, animal farming, non-farm business and wage labour. The HI is calculated with and without wage income to distinguish structural diversification from distress-driven shifts. The study addresses key questions: How has the HI evolved across States over time? Has income diversification improved? Which States have performed well? Is there any association between the HI and the annual income of households? The findings show a gradual decline in HI at the national level over time, suggesting modest improvements in income diversification. State-level trends reveal considerable disparities in HI, with States like Gujarat, Rajasthan and Haryana showing significant and sustained diversification driven by increased contributions from livestock and non-farm activities. Conversely, States such as Madhya Pradesh, Chhattisgarh and Bihar exhibit high or fluctuating HI values, reflecting ongoing dependence on cultivation income. The analysis also highlights the importance of wage income in reducing HI, implying a distress-induced form of income diversification.

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