

Determinants of Income Generating Activities of Rural Households

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This study aims to identify and analyze the determinants of income generating Activities of rural households in the Jaffna district in northern region Sri Lanka. It helps to identify factors which are essential for the design of policies promoting alternative income strategies. The Jaffna district is a potential area for vegetables, cash crops and paddy. Agriculture is main sector for income generation and employment in the Jaffna district. But income from farming is low and varies with the season. The outbreak of war in Jaffna district has disrupted development in all sectors of economy such as agriculture and fisheries. The non-availability of cultivable land, middleman problems, price instability, poor harvest, and lack of marketing facility and loss of livestock by displacement are the main reasons for low income from farming. Due to the above reasons farm owners forced to find off-farm work.

Data was collected through a Standardized, formal questionnaire, 101 randomly selected households from Valikamam, Vadamaradchy Thenmaradchy area were used as a sample for this purpose. In this Analysis, the following income generating activities are considered: agricultural Self-employment, agricultural wage labour, non-agricultural self-employment, and Non-agricultural wage labour. Income generating activities from agricultural self employment category is further divided into crop production including perianial crop production and Livestock production. Probit model was developed for each income generating activities to investigate the factors that influence the particular income generating activities. Dependent variables are binary variable. If household participates in agricultural labor, non agricultural self employment and livestock labor is 1, otherwise is 0. The explanatory variables are age of household head, household size, education level, and ownership of four wheel tractor, two wheel tractor, cattle, goat and cultivable land area. The result of this study shows that when age of household head increases he or she will reduce participation in labor force. When number of family members increases household head has to participate in any of the above labour force to meet the expenses of extended family. While the education level increases the probability for participation in agricultural labor, non agricultural self employment and livestock rearing decreases. When household head owns two wheel tractors the probability for participation in agricultural labour decreases but probability in the participation in non agricultural self employment and livestock production