

Decomposition of Factors Affecting Farmers Net Income Variation of Potato Crop Production in Bangladesh

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Abstract : Farmers' environmental and economic situations are very diverse. In order to develop effective policies and technologies to improve farmers' life standard, it is important to understand which factors induce the diversity of agricultural income. Analyze both primary and secondary data, this study applied descriptive, inferential statistical tools, and econometric techniques. From the study, farmers of Sylhet Division produce potato as one of the main cash crop with other seasonal crops. The total costs of potato production per hectare varied in different districts of Sylhet division in addition seed and hired labor cost has the biggest share of the full cost. To grasp the diversity of income, the study decomposes the variance of net income into different factors of potato production. Through this decomposition, seed cost is the important factors of income variability and it is the most important sector to induce total cost disparity for potato production. The result shows that 73% of net income variation is explained by gross income. It implies that potato yield or potato price (quality) or both vary widely among farmers. This finding is important of policymaking and technology development of agricultural farming in Bangladesh.

Keywords : agricultural income, seed, hired labor, technology development

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