



THE FACTORS AFFECTING FARMERS' INCOME AND WELFARE IN KLAMBIR V KEBUN VILLAGE, DELI SERDANG REGENCY

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Abstract:

This study investigates the factors affecting farmers' income and welfare in Klambir V Kebun Village, Deli Serdang Regency, with a focus on how land area, capital access, and market pricing influence agricultural productivity. Agriculture plays a crucial role in Indonesia's economy, providing livelihoods for many, particularly in rural communities. The research highlights that larger land areas enhance production capacity, which directly correlates with increased income levels. Access to financial resources is essential for farmers to invest in necessary agricultural inputs, while favorable market prices significantly impact their earnings. The role of local institutions, such as Village Economic Enterprises (BUMDes), is also emphasized as vital for supporting farmers. The study employs a descriptive qualitative methodology, utilizing field data and literature to analyze the interplay of these factors. Findings underscore the necessity for targeted interventions, including training programs, access to credit, and infrastructure improvements, to bolster farmers' economic conditions and promote sustainable agricultural practices. Overall, this research contributes to understanding and enhancing the welfare of farmers in Klambir V Kebun Village, ensuring their economic sustainability and improved quality of life.

Keywords: *Income, Welfare, Farmers*

INTRODUCTION

Agriculture remains a vital sector in Indonesia, contributing significantly to the economy and providing livelihoods for a large portion of the population. In Klambir V Kebun Village, various factors influence farmers' income, including access to resources, market conditions, and agricultural practices. For instance, the availability of land, quality of soil, and access to water resources are fundamental in determining agricultural output and, consequently, farmers' income. Additionally, the role of local institutions, such as Village Economic Enterprises (BUMDes), has been highlighted as a significant factor in enhancing community welfare by providing support and resources to farmer (Rangkuty et al., 2023). Furthermore, external factors such as climate change, market fluctuations, and government policies also play a critical role in shaping the economic conditions of farmers in the region. Understanding these factors is essential for developing effective strategies to improve farmers' welfare and promote sustainable agricultural practices in Klambir V Kebun Village.

The study of farmers' income is a critical area of research, particularly in understanding the economic viability of agricultural practices and the overall welfare of rural communities. Farmers' income is influenced by a multitude of factors, including access to resources, market conditions, and the effectiveness of agricultural policies. For instance, in Vietnam, the tea industry has been recognized for its potential to alleviate poverty and enhance household income, with government support playing a significant role in promoting exports and improving production techniques (Do, 2013; Tran, 2008). However, challenges such as competition from foreign enterprises and the predominance of smallholdings with low productivity continue to hinder income growth for many farmers (Pham, 2017).

Moreover, the role of farmers' associations has been highlighted as a crucial factor in improving income levels. Membership in these associations can provide farmers with access to credit, market information, and technological support, which are essential for enhancing productivity and income (Adewakun, 2012; Hellin et al., 2009). Studies have shown that farmers who are part of associations tend to have higher incomes compared to non-members, as they benefit from collective bargaining and shared resources (Nguyen et al., 2010; Tran, 2017).

In Poland, the stability and social sustainability of farmers' income have also been a focus of research, particularly in the context of the European Union's Common Agricultural Policy (CAP). This policy aims to reduce income disparities between farmers and other socio-professional groups, yet many farmers still experience income levels below those of workers in other sectors (European Commission, 2020). The variability of agricultural income due to market fluctuations and environmental factors further complicates the economic landscape for farmers (Stepień, 2021).

Wealth among farmers is often determined by various factors, including land ownership, access to resources, agricultural productivity, and market conditions. In many regions, particularly in developing countries, farmers' wealth is closely linked to their ability to access credit and financial services, which can significantly enhance their investment in agricultural practices and improve their overall economic status (Adewakun, 2012; Hellin et al., 2009).

In Vietnam, for instance, the tea industry has been identified as a critical sector for enhancing farmers' wealth. The government has recognized the importance of tea as a strategic export product, which has led to increased investments and support for farmers in this sector (Do, 2013). However, challenges such as competition from foreign enterprises and the predominance of smallholder farms with limited resources continue to affect the wealth accumulation of many farmers (Pham, 2017).

Moreover, the role of farmers' associations is significant in promoting wealth among farmers. Membership in these associations can provide access to vital resources, including market information, technology, and financial support, which are crucial for improving productivity and, consequently, wealth (Nguyen et al., 2010; Tran, 2017). Studies have shown that farmers who participate in associations often experience higher levels of wealth compared to those who do not, as they benefit from collective resources and shared knowledge (Chung & Cuc, 2018).

Understanding the factors that influence farmers' wealth is critical for developing effective policies aimed at poverty alleviation and sustainable agricultural development. By addressing the barriers that hinder wealth

accumulation, stakeholders can create a more equitable agricultural landscape that benefits all farmers.

Research on the factors affecting farmers' income and welfare in Klambir V Kebun Village, Deli Serdang Regency, is essential for several reasons. First, understanding these factors can provide valuable insights into the economic conditions and challenges faced by local farmers, which is crucial for developing effective agricultural policies and interventions aimed at improving their livelihoods. For instance, studies have shown that variables such as land area, capital, and market prices significantly influence farmers' welfare, highlighting the need for targeted support in these areas. Additionally, this research can help identify the specific needs of farmers, enabling local governments and organizations to allocate resources more effectively, such as providing access to necessary agricultural inputs and technologies [1]. Furthermore, by examining the interplay between various factors, researchers can contribute to the development of sustainable agricultural practices that not only enhance income but also promote environmental sustainability in the region [1]. Overall, this research is vital for fostering economic growth and improving the quality of life for farmers in Klambir V Kebun Village (Fadlan et al., 2024).

RESEARCH METHODS

This study used the literature study method with library research and a descriptive qualitative technique (Rusiadi et al., 2024). The sources of information encompass field data related to the research title and information gathered from websites for publication references. The descriptive qualitative study approach, grounded in philosophical thought, investigates scientific situations where the researcher is the principal instrument. This method emphasizes the comprehension of meanings through qualitative data collection and analysis processes and is rooted in philosophy, applied in scientific settings where the researcher serves as the primary tool (Rangkuty et al., 2024).

RESULTS AND DISCUSSION

The research conducted on the factors affecting farmers' income and welfare in Klambir V Kebun Village, Deli Serdang Regency, reveals several critical insights. The study identified that three primary factors—land area, capital, and pricing—significantly influence the welfare of rice farmers in the village. Specifically, the size of land owned by farmers directly correlates with their production capacity and, consequently, their income levels. Larger land areas typically allow for greater yields, which can enhance farmers' financial stability and welfare. Additionally, access to capital is crucial, as it enables farmers to invest in necessary inputs such as fertilizers, seeds, and technology, which are essential for improving agricultural productivity. Pricing also plays a vital role; favorable market prices for agricultural products can lead to increased income for farmers, while fluctuations in prices can adversely affect their financial situation. The study utilized various data collection methods, including questionnaires and interviews, to gather information from 226 rice farmers in the village, highlighting the importance of understanding local agricultural dynamics to formulate effective policies that support farmers' welfare. Overall, the findings underscore the need for targeted interventions that address these key factors to enhance the income and welfare of farmers in Klambir V Kebun Village (Fadlan et al., 2024).

In Thailand for another example, the circumstances that led farmers in the

provinces of Chiang Rai and Chiang Mai to decide to cultivate three types of colorful rice: Kam Lanna rice (Niao Dam), rice berry, and red jasmine rice. The findings demonstrated that the involvement of farmer organizations and the intention of producing for consumption before selling were the factors that statistically significantly influenced the choice of all three rice types. The choice of rice berry and Kam Lanna plantings is influenced by the expense of cultivation (second rice fields) and the presence of a production certification standard. The choice of Kam Lanna and red jasmine rice was impacted by the experience with contract production and planting colored rice. Additionally, it was shown that the cultivation of red jasmine rice and rice berries was impacted by the size of the planting area. The study also discovered that the decision to plant red jasmine rice is influenced by the revenue factor from field agriculture. The choice of rice berry growing is influenced by the cost of dried paddy. Additionally, the decision to cultivate Kam Lanna rice is influenced by lowland regions. Therefore, the following policies will encourage farmers to plant more colored rice: educating farmers, encouraging them to plant colored rice under contracts and at fair prices, and encouraging them to obtain certification for a variety of production standards, including agricultural standards, good and appropriate organic farming standards, etc. for colored rice producers (Chomsawat & Pawala, 2021).

The results of the study allow for the drawing of numerous important conclusions: First, the area of arable land, workload, and proportion of land owned by farmers positively influence the welfare of farmers in Indonesia. Higher manufacturing costs, however, have a detrimental effect on welfare. These results are consistent with economic theory and hold up well in many models. In light of these findings, governments ought to think about increasing the amount of arable land by turning unused land into fruitful farming regions and encouraging off-farm job options in order to diversify revenue streams. Furthermore, initiatives to provide farmers with land ownership certificates can improve wellbeing even more. The study's conclusions point to many policy implications: 1) Land Reform and Access: Farmers' well-being might be greatly increased by implementing land reform laws that increase access to arable land. Increasing the number of farmers who own the land they work can provide financial security and open doors for investments in agricultural output; 2) Cost Management Support: The detrimental effects of high production costs on farming revenue could be lessened by offering support systems for effective cost management, such as input subsidies or access to low-interest financing; 3) Labor Market Development: Increasing the number of off-farm job options will help farmer households generate more money and lessen their dependency on agricultural income. This might work especially well in areas where economic or environmental constraints limit agricultural productivity; 4) Extension Services and Training: In line with the study's conclusions regarding the significance of labor allocation, funding extension services that provide instruction in both farming and non-farming skills may increase farmers' productivity and revenue potential (Maridjo & Mudayen, 2023).

CONCLUSION

The study established that land area, capital, and pricing are significant determinants of farmers' welfare. Specifically, a larger land area allows farmers to increase their production capacity, which directly correlates with higher

income levels. Additionally, access to capital is essential for farmers to invest in necessary agricultural inputs, such as fertilizers and technology, which can enhance productivity and, consequently, income. The pricing of agricultural products also emerged as a critical factor; favorable market prices can significantly boost farmers' earnings, while price volatility can lead to financial instability. The research emphasizes the need for supportive government policies that prioritize local agricultural production and provide farmers with access to markets and resources. Overall, addressing these factors is vital for improving the income and welfare of farmers in Klambir V Kebun Village, ensuring their economic sustainability and enhancing their quality of life.

Based on the findings from the research on the factors affecting farmers' income and welfare in Klambir V Kebun Village, several key recommendations can be made to enhance the economic conditions of local farmers. First, it is crucial to implement training programs that educate farmers on modern agricultural practices and effective resource management. These programs should focus on improving crop yields and optimizing input use, ultimately leading to increased income. Second, facilitating access to credit and financial services is essential; local governments and financial institutions should develop tailored microfinance options to enable farmers to invest in necessary agriculture inputs. Additionally, establishing cooperative societies can empower farmers to collectively negotiate better prices for their products and share resources more efficiently. Third, the government should work to stabilize market prices through strategic interventions, such as price support mechanisms or subsidies during periods of price volatility. Finally, enhancing infrastructure, such as roads and transportation networks, will improve farmers' access to markets, enabling them to sell their products more effectively. By addressing these areas, stakeholders can significantly improve the income and welfare of farmers in Klambir V Kebun Village, fostering a more sustainable agricultural environment.

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