

Jobs off the farm:

An inquiry into role of wealth, human capital, and caste in rural India

Abstract

This study analyzes the effects of wealth, human capital, and caste on occupational choice, earnings, and income of members of farm households to understand the mechanism underlying the recently increasing income diversification in rural India.¹ Results show that wealth and human capital have a positive impact on participation in high-return nonfarm activities, while being a low caste member has a negative impact on participation in some high-return nonfarm activities, which is an indication of entry barriers to high-return jobs. Results also show that there is no evidence of significant differences in earnings across caste classes within the same occupations.