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Vol XVIII
No. 1

ISSN 0019-5014

CONFERENCE
NUMBER

JANUARY-
MARCH
1963

INDIAN JOURNAL OF AGRICULTURAL ECONOMICS



INDIAN SOCIETY OF
AGRICULTURAL ECONOMICS,
BOMBAY

LEVELS OF LIVING IN RURAL AREAS OF THE PUNJAB

A. S. KAHLON

Professor of Agricultural Economics and Rural Sociology

and

S. S. JOHL

Assistant Professor of Statistics

Government Agricultural College and Research Institute, Ludhiana

The term level or content of living was used by Belshaw¹ to denote all elements, material as well as immaterial, in well-being of an individual or a group. It includes goods or services as well as immaterial benefits such as political security and pleasures of family life. Since it is difficult to quantify the immaterial benefits, the term level of living is used in this article as synonymous with levels of consumption, which has a focus on aggregate of goods and services used. In a structured society such as that of India, pattern of living including housing is socially inherited. The social matrix needs to be orientated so that it can assimilate science and technology in its content and raise the economic level of living. Some economic stimuli must be provided to change the traditional social environment. This means securing at least an irreducible minimum level of living in terms of services and goods for the rural population. Without this, advanced formal education may not be possible and attitudes, aptitudes and outlook of the population will not change substantially. This rock bottom level of income will be also necessary to orientate the family cycle in the direction of a higher standard of living. Thus, level of living is considered here predominantly as a function of family income.

The main object of this paper is to (i) analyse changes in level of living of peasant proprietors in Punjab through time and (ii) examine the application of Engle's Law of Consumption to the changes in the level of rural living.

Methodology

The Punjab Board of Economic Enquiry have published data on family budgets for 23 families representing the cross section of peasant proprietors spread all over the State. The income and expenditure series of these families were deflated by using the price index of food² and general index of price at Ludhiana. These data were then converted to male adult unit basis. The change in income and expenditure of peasant proprietors on different items was analysed over a period of ten years (1950-51 to 1959-60).

To test the application of Engle's Law of Consumption, the expenditure pattern of the 23 families was analysed for the year 1959-60. Coefficients of correlation between income and percentage expenditure on food, fuel, light, housing, and sundries³ were worked out and tested for their significance.

1. Horace Belshaw: Population Growth and Levels of Consumption, George Allen and Unwin Ltd., London, 1956.

2. Statistical Abstract of Punjab, Publication No. 32, p. 472.

3. Sundries include medicine, travel, education, religion, social, amusements and luxuries and other miscellaneous expenses.

Results and Discussion

The percentage change in deflated series of income and expenditure was worked out in Table I.

TABLE I—DEFLATED INCOME PER MALE ADULT UNIT AND PERCENTAGE EXPENDITURE ON DIFFERENT ITEMS OF CONSUMPTION OF AVERAGE PEASANT PROPRIETOR FAMILY : 1950-51 TO 1959-60

Item of Consumption	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60
Food	63.2	62.1	66.0	63.9	58.2	63.8	58.6	60.3	55.8	57.1
Clothing	13.1	12.8	12.5	10.7	12.2	11.4	12.6	11.3	12.4	11.4
Fuel	6.3	5.8	6.1	5.8	6.1	4.2	4.3	3.4	4.0	4.5
Light .. ..	.6	.5	.7	.7	.7	.7	.8	.7	.8	.6
Housing	5.1	5.2	4.9	5.7	7.3	7.2	7.9	8.4	8.6	6.4
Medicine	1.4	1.3	1.2	1.2	2.0	1.0	1.4	1.9	2.8	3.0
Travelling	2.6	2.0	1.7	2.9	2.8	2.7	2.9	3.5	3.2	2.5
Education	3.0	3.4	2.6	3.2	2.6	2.3	4.0	3.8	3.3	3.8
Religion .. ..	.8	1.5	.7	.6	1.1	.6	1.3	.8	1.2	1.1
Social	1.7	3.1	.8	2.1	3.3	1.2	1.2	1.7	2.3	2.5
Amusements and Luxuries	1.8	1.8	2.3	2.2	2.4	2.8	2.2	2.3	2.9	3.3
Miscellaneous .. ..	.4	.5	.5	1.0	.3	2.1	2.8	1.9	2.7	3.8
Income per Male Adult Unit	468.89	378.40	369.58	—	379.69	445.73	471.85	346.07	467.05	461.85

It will be seen from Table I that the percentage expenditure on all the items of consumption did not follow any systematic pattern through time. Even the expenditure on sundries behaved in an erratic fashion. This erratic behaviour in expenditure pattern could be largely attributed to instability in per capita income from year to year. Since the changes in income did not follow any trend, the peasant families could not possibly adjust their expenditure in a systematic way. It is, therefore, imperative that the farm family incomes are stabilised if the content of living in the rural areas is to be improved. It will be difficult to diversify expenditure on comforts and luxuries when the incomes fluctuated from year to year.

It was hypothesised that some shift from coarse foodgrains to fine foodgrains and from cereals to protective foods would take place with the rising levels of

income. To test this hypothesis, expenditure on various items of food was analysed in Table II.

TABLE II—PERCENTAGE EXPENDITURE ON DIFFERENT ITEMS OF FOOD FOR AVERAGE PEASANT PROPRIETOR FAMILY : 1950-51 TO 1959-60

Item Food	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60
Wheat	26	21	23	24	23	20	24	27	27	27
Maize and other Cereals	6	8	7	8	9	8	8	7	9	9
Milk and Milk Products	41	49	43	42	40	45	43	40	36	39
Oils and Vanaspati	2	1	1	1	1	1	2	1	1	1
Sugar	9	8	7	9	9	8	9	10	11	9
Rice	2	2	3	3	3	3	2	2	2	3
Meat	1	1	1	1	1	1	—	1	1	—
Pulses	4	3	5	3	3	4	3	2	2	3
Vegetables	4	3	4	3	3	4	3	2	2	3
Fruits	2	1	2	1	1	2	1	1	1	1
Miscellaneous	3	3	4	5	7	5	5	6	6	5

Table II shows that the content of the food basket remained almost unchanged over a decade. It was apparent that the food habits did not change during this period. In fact, a period of decade may not be sufficient for any substantial change in food habits unless the per capita income showed a substantial rise during this period.

Again, it was hypothesised that the proportion of purchases from outside the farm to the supplies by the farm in respect of food, fuel and clothing will increase with the rise in the levels of income. This aspect was examined in Table III.

TABLE III—PERCENTAGE PURCHASES MADE FROM OUTSIDE AND SUPPLIES BY THE FARM OF FOOD, FUEL, CLOTHING FOR AVERAGE PEASANT PROPRIETOR FAMILY IN PUNJAB : 1950-51 TO 1959-60

Year	Food		Fuel		Clothing		Total Consumption	
	Farm Supply	Purchases	Farm Supply	Purchases	Farm Supply	Purchases	Farm Supply	Purchases
1950-51	82	18	100	0	7	93	59	41
1951-52	86	14	96	4	11	89	60	40
1952-53	81	19	100	0	8	92	61	39
1953-54	—	—	—	—	—	—	—	—
1954-55	78	22	98	2	10	90	53	47
1955-56	77	23	93	7	12	88	52	48
1956-57	78	22	91	9	5	95	50	50
1957-58	77	23	98	2	8	92	50	50
1958-59	78	22	96	4	11	89	50	49
1959-60	73	27	95	5	13	87	46	54

It will be seen from Table III that no appreciable change took place in off-farm purchases in respect of the specified items of consumption. It may, therefore, be concluded that no substantial change occurred in the levels of living of the peasant population in the State since 1947, although attitudes and expectations of the people seem to be moving in this direction.

Application of Engle's Law to the Domestic Expenditure of the Families

Keeping in view the instability in family incomes and erratic behaviour of the family expenditure over time, the analysis of the domestic expenditure of the families was also made at a point of time. The domestic expenditure data for 1959-60 (Appendix I) were analysed for percentage change in expenditure on food, fuel, light, housing, clothing and sundries. Coefficients of correlation were worked out between income and different categories of consumption as under :

	Coefficient of correlation	't' Value
Income and Food Group =	— .33	1.65
Income and Clothing =	— .25	1.87
Income and Fuel, Light, Housing =	.79	6.07
Income and Sundries =	.25	1.39

These coefficients were tested for their significance and were found to be not significant except for expenditure on fuel, light and housing. Minus sign on correlation coefficient for food, though not significant, indicated that percentage expenditure on food tended to decrease with positive differentials in income. Minus sign on correlation coefficient for clothing was not significant, but indicated that percentage expenditure on clothing did not increase proportionally for the higher income families. The coefficient for fuel, light and housing was significant and indicated that high income families spent larger proportions of income on housing, may be as a result of demonstration effect. The coefficient for sundries was not significant and was indicative of the non-diversification of expenditure, because of poor levels of incomes in the countryside. Engle's Law of Consumption is not, thus, strictly speaking, applicable to the pattern of consumption of rural peasant population in the Punjab.

Conclusions

Change in level of living is a gradual process. Stability in family income is a prerequisite for improving the content of living in the rural area. Attention may, therefore, be focussed on stabilizing the incomes through crop insurance and development programmes that serve as built-in stabilizers in the agricultural economy of the country.

Pattern of consumption in terms of diversification of expenditure did not change much with higher income families. Educational activity, needs to be intensified to orientate the outlook of the rural people in this respect.

APPENDIX I
 PERCENTAGE EXPENDITURE ON DIFFERENT CATEGORIES OF CONSUMPTION AND INCOME PER
 MALE-ADULT UNIT FOR 23 PEASANT PROPRIETOR FAMILIES IN PUNJAB: 1959-60

Sl. No.	Expenditure on				Income per adult unit
	Food	Clothing	Fuel	Sundries	
1.	59.50	8.94	25.70	5.86	155.04
2.	48.66	13.44	13.02	24.88	789.91
3.	71.29	9.15	6.79	12.77	772.22
4.	50.92	3.98	13.23	31.87	614.46
5.	39.02	11.31	17.42	32.25	1150.23
6.	48.80	17.84	8.69	24.67	324.76
7.	62.61	17.31	7.88	19.50	383.96
8.	59.52	12.47	9.02	18.99	196.65
9.	64.53	12.02	6.51	16.94	325.80
10.	49.55	11.43	6.44	32.58	567.43
11.	48.12	11.91	15.32	24.65	793.20
12.	76.44	10.87	6.10	6.59	225.26
13.	72.63	13.57	9.06	4.74	610.92
14.	72.79	12.55	8.70	5.96	387.30
15.	64.06	11.71	12.88	11.35	369.73
16.	47.96	20.13	13.85	18.06	233.26
17.	50.04	8.43	26.05	15.48	169.46
18.	46.66	6.99	20.22	26.13	2311.34
19.	54.84	9.03	15.94	20.19	285.85
20.	50.16	4.08	5.51	40.25	248.23
21.	66.75	12.05	10.94	10.26	597.80
22.	64.88	15.32	5.08	14.72	202.76
23.	70.99	8.94	11.04	9.03	539.50