

An Analysis of Consumption Expenditure of Non-Farm Workers in Rural Punjab

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The study reveals that the regular workers employed in the government sector spend the highest amount on consumption than other type of workers. The proportion of expenditure on food items is the highest for the casual workers and the lowest for the regular workers in the government sector. The proportion of expenditure on non-food items is the highest for the regular workers in the government sector. The intra-group inequalities of per capita consumption expenditure have been found to be the lowest among the casual worker and the highest degree of inequalities are found in the case of regular workers in the government sector. The average propensity to consume has

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been found to be less than one for the different categories of workers. It indicates that all the categories of rural non-farm workers are able to save something out of their income. The regular workers in the government sector have the lowest average propensity to consume while it is the highest for the casual workers.

[**Keywords** : Non-farm workers, Nature of employment, Consumption, Pattern, Inequalities]

1. Introduction

The rural non-farm economy is playing important role both in terms of generating new employment opportunities and boosting means of livelihood. Non-farm employment accounts for a large percentage of the total employment in the rural economy of most developing countries of the world (Madaki and Adefila, 2014). The non-farm sector has emerged as a major source of employment in rural areas. A significant proportion of rural households are deriving their income from rural non-farm sector. Falling profitability in agriculture and almost exhausted capacity of the farm sector to further absorb the labour force appear to be the major reasons for such livelihood diversification (Vatta and Garg, 2008). The non-farm sector supports the livelihoods of rural poor by providing gainful employment, supplementing their meagre incomes and preventing them from falling further below the poverty line (Pavithra and Vatta, 2013). Improved access to non-farm sources of income is likely to be good for household food security (Holden *et al.*, 2004).

Within the rural non-farm sector, the growth of employment is largely attributed to an increase in the proportion of casual workers in the unorganized sector, rather than full time employment (Visaria and Basant, 1994; Mehrotra *et al.*, 2014). The traditional activities mainly provide employment which is casual in character while the modern ones or that require higher skills provide employment on regular basis (Fisher *et al.*, 1997). The non-farm activities appear to be strongly associated with the level of education in getting more secure and regular jobs in rural India (Kaur *et al.*, 2019). Dominance of informality also coincides with dominance of self-employment and casual employment (Samal, 1997). The informal employment, which does not cover the social security, pension, and insurance for the workers, has increased (Kaur *et al.*, 2019). Thus, the quality of rural employment has deteriorated, casualization of rural workers also increased (Jha, 2006).

Income from non-farm activities can play a vital role to smoothen household consumption expenditure and in improving the economic wellbeing of household status (Zeeshan *et al.*, 2019). So, it is important to examine the levels and pattern of the consumption expenditure of different types of non-farm workers in order to know about their living standards. In this perspective, this paper analyses the levels and pattern of consumption expenditure of different types of non-farm households in rural Punjab.

2. Methodology

For the purpose this study, the whole state has been divided into three agro-climatic regions on the basis of climate, type of soil, cropping pattern, land tenure system, culture of farming communities etc. These regions are South-West Region, Central Plains Region and Shivalik Foothills Region. The South-West Region comprises of Bathinda, Mansa, Ferozepur, Fazilka, Faridkot, Muktsar and Moga districts. The Central Plains Region constitutes Patiala, Fatehgarh Sahib, Sangrur, Amritsar, Kapurthala, Jalandhar, Nawanshahr, Tarn Taran and Ludhiana districts. The Shivalik Foothills Region comprises of Hoshiarpur, Pathankot, Gurdaspur, Mohali and Ropar districts. At the first stage, one district from each region, *i.e.*, Bathinda district from the South-West Region; Jalandhar district from the Central Plains Region; and Gurdaspur district from the Shivalik Foothills Region have been selected for the purpose of present study. One village has been selected from each development block of the selected district. There are thirty development blocks in the selected three districts. Thus, in all, the thirty villages have been selected from the three districts. Eight villages from Bathinda district, eleven villages from Jalandhar district and eleven villages from Gurdaspur district have been selected. Taking into consideration the number of variables, the numbers of households with positive responses and degrees of freedom in the form of time and resources, 659 households were selected from the three districts for the purpose of survey. Out of total selected 659 households, 238 households have been selected from Bathinda district, 238 households from Jalandhar district and 183 households from Gurdaspur district. There are total 1124 non-farm workers in all the selected households. Out of total, 407 workers are self-employed in various activities, another 395 workers are employed in regular jobs, out of which 263 workers are employed in

private sector while 132 workers are employed in the government sector and 322 workers are employed as casual workers.

3. Results and Discussion

3.1 Per Capita Consumption Expenditure by Nature of Employment

Human life is sustained by consumption. The pattern of consumption clearly indicates the living standard, poverty level and human development and nature of economic growth. Table-1 shows the per capita consumption expenditure of the rural non-farm workers by the nature of employment. It can be observed that the regular workers employed in the government sector spend the highest amount on consumption than other type of workers. The per capita expenditure for the regular workers has been found to be ₹ 58,147.47 as compared to ₹ 37,009.20 for the self-employed workers, ₹ 31,097.66 for regular workers in the private sector, and ₹ 24,769.25 for the casual workers. Thus, we have seen that per capita consumption expenditure of the regular workers in the government sector is 2.35 times higher than the casual workers, 1.57 times higher than the self-employed workers and even 1.87 times higher than the regular workers in the private sector. As we examine the item-wise consumption expenditure, the regular workers in the government sector have the highest per capita expenditure on each of the items *i.e.* food items, non-food items as well as marriages and social ceremonies. This category of workers has been found to be spending the highest amount almost on each item under the broader categories of food (except on cereals, sugar/gur etc.), non-food (except on rent and durables) and marriages and social ceremonies. The next highest per capita consumption expenditure has been recorded by the self-employed workers. As compared to the regular workers in the private sector, the self-employed workers have been found to be spending higher amount on each broader category of consumption and this is also true for every item (except on pulses, intoxicants and drugs) under these broader categories. On the other hand, the casual workers invariably spend a lower amount on each item of consumption. Their expenditure on education and health is dismally lower than the other workers' categories. The casual workers hardly spend 26 per cent, 13 per cent and 36 per cent of the expenditure on education of self-employed workers, regular workers in the govern-

ment sector and the regular workers in the private sector, respectively while in case of health expenditure, these proportions are 64 per cent, 58 per cent and 59 per cent. Ironically, the casual workers have been found to spend the second largest amount on intoxicants and drugs (₹ 566.19), next only to the regular workers in the private sector (₹ 635.48). However, the per capita expenditure on cereals has been found to be the highest for the casual workers as compared to other categories. They are spending ₹ 2,075.67 per capita as compared to ₹ 2,053.00, ₹ 2,000.76 and ₹ 1,985.65 by self-employed workers, regular workers in government sector and regular workers in the private sector, respectively. The casual workers are also found to be spending a higher amount on pulses (₹ 1,074.20) than the relatively prosperous self-employed workers (₹ 1,057.41)

Table-1 : Per capita Consumption Expenditure of Rural Non-farm Workers by Nature of Employment
(Mean Values, in Rs. Per Annum)

Sl. No.	Items of Consumption	Self Employed	Casual Labour	Regular Salaried		All Sampled Workers
				Govt.	Private	
A.	Food Items					
1.	Food grains					
i	Cereals	2053.00	2075.67	2000.76	1985.65	2037.76
ii	Pulses	1057.41	1074.20	1176.47	1152.18	1098.44
2.	Milk	5995.90	4197.45	7801.18	4918.36	5439.54
3.	Sugar/gur	1204.89	1128.41	1099.49	1050.54	1134.37
4.	Edible oils	822.95	702.28	1034.38	805.82	809.17
5.	Vegetables	2579.16	2083.96	3086.86	2397.37	2454.10
6.	Fruits, Biscuits/ bread/sweets	596.13	295.61	1290.91	508.11	571.03
7.	Condiments and spices	373.68	311.07	475.83	357.95	364.04
8.	Pickles/ jams/ juices	482.32	317.26	588.42	386.68	425.00
9.	Tea leaves	400.21	333.85	420.04	341.56	369.75
10.	Egg, Meat/ mutton/fish	147.91	125.86	194.69	105.33	137.12

11.	Intoxicants and drugs	434.02	566.19	308.04	635.48	504.30
12.	Fuel and electricity	3180.63	1626.04	4468.21	2181.58	2651.73
13.	Clothing & Footwear	2639.65	1786.70	4757.54	2129.08	2524.60
14.	Washing and toilet articles	819.44	683.13	1037.99	719.00	782.51
15.	LPG	1037.27	829.40	1271.78	985.46	993.03
16.	Others	148.43	144.46	241.06	134.57	154.96
	Sub-total (1-16)	23973.00	18281.54	31253.65	20794.72	22451.45
B.	Non-Food Items					
1.	Education	4069.94	1065.37	8390.14	2956.83	3454.90
2.	Healthcare	3002.11	1908.63	3292.04	3250.86	2780.09
3.	Entertainment	349.23	143.15	593.20	286.61	304.09
4.	Conveyance	1291.06	706.31	1713.61	1000.02	1104.66
5.	Communication	809.49	442.90	1577.89	657.13	759.02
6.	Construction, Repair and Maintenance	155.50	125.76	6956.69	48.60	923.51
7.	Rent	0.62	0.00	0.00	0.95	0.45
8.	Durables	1433.03	469.19	1095.12	419.73	879.06
9.	Other Consumer Services	594.02	468.19	724.13	536.46	559.72
	Sub-total (1-9)	11705.00	5329.50	24342.82	9157.19	10765.50
C.	Marriages & social ceremonies					
1.	Marriages & social ceremonies	1331.20	1158.21	2551.00	1145.75	1381.85
	Sub-total	1331.20	1158.21	2551.00	1145.75	1381.85
	Total	37009.20	24769.25	58147.47	31097.66	34598.80

Source : Field Survey, 2016-17

3·2 Pattern of Per Capita Consumption Expenditure by Nature of Employment

The level of living of any segment of population can be better understood by the proportion of each item of consumption in total consumption expenditure. The Engel Law says that as the level of income of a person increases, the proportion of expenditure on food

items out of total consumption declines and that of the non-food and other items increases (Engel, 1857). He says that although, the absolute level of expenditure on consumption is higher for the richer segments but in percentage terms, it declines which indicates that these segments are able to spend relatively larger shares on the other items which improves their standard of living and wellbeing. Thus, a higher expenditure by the casual workers on cereals and pulses does not mean that they are better off than the other classes, rather it shows that they are actually spending on subsistence items and hence are left with fewer resources to add other items to their consumption basket. We can see these differences in Table-2. The table shows that the proportion of expenditure on food items is the highest for the casual workers and the lowest for the regular workers in the government sector. The casual workers are spending 73.81 per cent of their total consumption expenditure on food items while this proportion is 53.75 per cent for the regular workers in the government sector and 64.78 per cent and 66.78 per cent for the self-employed workers and regular workers in the private sector, respectively. This indicates that the casual workers are left with only 26.20 per cent of their total consumption expenditure for other items out of which they spend 21.52 per cent on non-food items and 4.68 per cent on marriages and social ceremonies while the regular workers in the government sector spend 41.86 per cent on non-food items and 4.39 per cent on marriages and social ceremonies. These proportions are 31.63 per cent and 3.60 per cent for the self-employed workers and 29.45 per cent and 3.68 per cent for the regular workers in the private sector. The casual workers are found to be spending hardly 4.30 per cent on education while this proportion is 14.43 per cent, 11 per cent and 9.51 per cent for regular workers in the government sector, self-employed workers and regular workers in the private sector, respectively. Out of the food items, it has been found that the casual workers spend 12.72 per cent of their total consumption expenditure on food grains only which is only 5.46 per cent for the regular workers in the government sector, 8.41 per cent for self-employed workers and 10.1 per cent for regular workers in the private sector. Thus, we have seen that the casual workers have just a subsistence living while the consumption standards of the regular workers in the government sector is the best one among all other type of workers in the non-farm sector of rural Punjab.

Table-2 : Pattern of Per capita Consumption Expenditure of Rural Non-farm Workers by Nature of Employment
(Percentage)

Sl. No.	Items of Consumption	Self Employed	Casual Labour	Regular Salaried		All Sampled Workers
				Govt.	Private	
A.	Food Items					
1.	Food grains	8.41	12.72	5.46	10.10	9.06
i	Cereals	5.55	8.38	3.44	6.39	5.89
ii	Pulses	2.86	4.34	2.02	3.71	3.17
2.	Milk	16.20	16.95	13.42	15.82	15.72
3.	Sugar/gur	3.26	4.56	1.89	3.38	3.28
4.	Edible oils	2.22	2.84	1.78	2.59	2.34
5.	Vegetables	6.97	8.41	5.31	7.71	7.09
6.	Fruits,Biscuits/bread/sweets	1.61	1.19	2.22	1.63	1.65
7.	Condiments and spices	1.01	1.26	0.82	1.15	1.05
8.	Pickles/jams/ juices	1.30	1.28	1.01	1.24	1.23
9.	Tea leaves	1.08	1.35	0.72	1.10	1.07
10.	Egg, Meat/ mutton/ fish	0.40	0.51	0.33	0.34	0.40
11.	Intoxicants & drugs	1.17	2.29	0.53	2.04	1.46
12.	Fuel and electricity	8.59	6.56	7.68	7.02	7.66
13.	Clothing & Footwear	7.13	7.21	8.18	6.85	7.30
14.	Washing and toilet articles	2.21	2.76	1.79	2.31	2.26
15.	LPG	2.80	3.35	2.19	3.17	2.87
16.	Others	0.40	0.58	0.41	0.43	0.45
	Sub-total (1-16)	64.78	73.81	53.75	66.87	64.89
B.	Non-Food Items					
1.	Education	11.00	4.30	14.43	9.51	9.99
2.	Healthcare	8.11	7.71	5.66	10.45	8.04
3.	Entertainment	0.94	0.58	1.02	0.92	0.88
4.	Conveyance	3.49	2.85	2.95	3.22	3.19

5.	Communication	2.19	1.79	2.71	2.11	2.19
6.	Construction, Repair & Maintenance	0.42	0.51	11.96	0.16	2.67
7.	Rent	0.00	0.00	0.00	0.00	0.00
8.	Durables	3.87	1.89	1.88	1.35	2.54
9.	Other Consumer Services	1.61	1.89	1.25	1.73	1.62
	Sub-total (1-9)	31.63	21.52	41.86	29.45	31.12
C.	Marriages & social ceremonies					
1.	Marriages & social ceremonies	3.60	4.68	4.39	3.68	3.99
	Sub-total	3.60	4.68	4.39	3.68	3.99
	Total	100.00	100.00	100.00	100.00	100.00

Source : Field Survey, 2016-17

3-3 Distribution of Per Capita Consumption Expenditure by Nature of Employment

Thus, we have observed considerable inter-group differences in level and pattern of consumption expenditure among the rural non-farm workers. But we know that each category of the workers is again heterogeneous in itself. The regularity of job does not simply mean higher level of consumption as within this category, the income of a person not only depends upon the sector but also on the type of activity in which he/she is involved. There can be many low paid activities which employ the workers on regular basis. Similarly, within casual employment as well we can not generalise that all casual jobs are low paid. Hence it is important to examine the intra-group consumption inequalities as well. For this purpose, the distribution of the per capita consumption expenditure for different categories of workers has been displayed in Table 3. The table shows the highest degrees of inequalities are found in the case of regular workers in the government sector, followed by the self-employed workers. The value of Gini coefficient of distribution of per capita consumption expenditure has been found to be 0.34 for the regular workers as compared to 0.26 for self-employed workers and 0.25 for the regular workers in the private sector. The intra-group inequalities of per capita consumption expenditure has been found to be the lowest among the casual workers as the Gini coefficient is only 0.22 in this case. This indicates that this category of workers seems to be sharing its deprivation more equally than the shared prosperity among the

regular and self-employed workers. The table shows that the lowest 10 per cent of the casual workers share about 5 per cent of total consumption expenditure by this category. This proportion is only 3.32 per cent for the regular workers in the government sector, 4.07 per cent for the self-employed workers and 4.33 per cent for the regular workers in the private sector. On the other hand, the share of the top 10 per cent workers has been found to be 18.63 per cent for casual workers and 22.12 per cent, 28.64 per cent and 21.54 per cent for the self-employed workers, regular workers in the government sector and regular workers in the private sector, respectively. The table clearly shows that the inequalities are higher for the relatively well-off category of the workers and lower for the workers with low paid insecure jobs.

Table-3 : Distribution of Per Capita Consumption Expenditure of Rural Non-farm Workers by Nature of Employment

Cumulative Percentage of Workers	Cumulative Percentage of Household Consumption Expenditure				All Sampled Workers
	Self Employed	Casual Labour	Regular Salaried		
			Govt.	Private	
10	4.07	4.58	3.32	4.33	3.91
20	9.80	10.98	7.81	10.13	9.13
30	16.31	18.23	13.54	17.12	15.25
40	23.82	25.92	19.72	24.65	22.21
50	31.96	34.50	26.79	32.90	30.03
60	41.01	43.92	35.38	41.94	30.92
70	51.46	54.98	44.92	52.15	48.87
80	63.25	67.27	57.04	64.41	60.41
90	77.88	81.37	71.36	78.46	74.74
100	100.00	100.00	100.00	100.00	100.00
Gini coefficient	0.26	0.22	0.34	0.25	0.31

Source : Field Survey, 2016-17

3-4 Average Propensity to Consume by Nature of Employment

As we have observed that the pattern of consumption as well as income largely differs across different types of workers. The stream of income is regular for the self-employed as well as the regular workers

while for the casual ones it is often disrupted as per the availability of work in a certain sector/place. We have also observed that the level of consumption of the former groups is higher than the latter ones. Thus, it is important to know about the average propensity to consume of different categories of the workers. This has been displayed in Table-4. We can observe from the table that the regular workers in the government sector have the lowest average propensity to consume while it is the highest for the casual workers, followed by the self-employed workers. The average propensity to consume has been found to be 0.61, 0.68, 0.40 and 0.60, respectively for the self-employed workers, casual workers, regular workers in government and private sector, respectively. Lower average consumption than average income, or say, a less than one value for an average propensity to consume indicates that all of the different categories of workers are able to save something out of their income. We can easily deduce from this table that these savings are the highest for the regular workers and the lowest for the casual workers. The annual average surplus earnings (above their consumption expenditure) turn out to be Rs. 87,162.64 for the regular workers and only ₹ 11,683.17 for the casual workers while in case of self-employed workers and the regular workers in private sector, these are ₹ 23,669.02 and ₹20,874.25, respectively. But in monthly terms, we can notice that the casual workers are able to save less than ₹1000 per month while for the self-employed and the regular workers in the private sector, it amounts to less than ₹ 2000 per month.

Table-4 : Average Propensity to Consume of Rural non-farm Workers by Nature of Employment

Nature of Employment	Average Income (₹)	Average Consumption Expenditure (₹)	Average Propensity to Consume
Self-employed	60678.22	37009.20	0.61
Casual Jobs	36452.42	24769.25	0.68
Regular Jobs (in government sector)	145310.11	58147.47	0.40
Regular Jobs (in private sector)	51971.91	31097.66	0.60

Source : Field Survey, 2016-17

4. Conclusion and Policy Implications

The above analysis shows that per capita consumption expenditure of the regular workers in the government sector is the highest followed by the casual workers, regular workers in the private sector and self-employed workers. The proportion of expenditure on food items is the highest for the casual workers and the lowest for the regular workers in the government sector. The proportion of expenditure on non-food items is the highest for the regular workers in the government sector. The proportion of consumption expenditure on food grains is as high as 12.72 and 10.1 per cent respectively for the casual workers and regular workers in the private sector. The expenditure of the casual workers on education and health is dismally lower than the other workers' categories. Thus, we have seen that the casual workers have just a subsistence living while the consumption standards of the regular workers in the government sector is the best one among all other type of workers in the non-farm sector of rural Punjab. The inequalities of per capita consumption expenditure have been found to be the highest among the regular workers in the government sector and the lowest among the casual worker. The average propensity to consume has been found to be 0.61, 0.68, 0.40 and 0.60, respectively for the self-employed workers, casual workers, regular workers in government and private sector, respectively. It indicates that all of the different categories of workers are able to save something out of their income.

It is important that apart from encouraging the rural labour for availing the self-employment opportunities, there is a need that more of the jobs are created in the organized sector as the study has indicated that the regular workers in the government sector have the highest consumption expenditure and the lowest probability of being poor while the casual workers have the lowest consumption expenditure and the greater probability being poor. Even the consumption expenditure of the regular workers in the private sector is low. Therefore, there should be proper vigil on this sector and any violation of the minimum wage act should be strictly dealt with. This requires the implementation machinery well in place and playing an active role in the rural areas.

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