Levels of Consumption Expenditure in Rural Non-Farm Households in Punjab

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Abstract - **The study depicts that an average rural non-farm household spends Rs. 16,138.61 per year on consumption. The Bathinda district has the highest expenditure, followed by the Jalandhar and Gurdaspur districts. Rural non-farm households typically consume in a subsistence-oriented manner. Food goods account for a significant portion of these categories' overall consumer spending. Rural non-farm households in the Bathinda district spend 1.20 times as much on consumption per person as non-farm households in the Gurdaspur district, and per-household consumption expenditure in the Bathinda district is 1.05 times the per-household consumption expenditure of non-farm households in Gurdaspur district. In comparison to the other two districts, the Gurdaspur district has a higher concentration of consumer expenditures. The average propensity to spend for non-farm families is less than one, however, for the lower four-income decile groups the non-farm households' average consumption expenditure is larger than their average income.**
Keywords: **Non-Farm, Households, Consumption, Per Capita Consumption, Distribution**

I. INTRODUCTION

As economic development and structural transformation take place in any economy, there is generally expected to be diversification, specialization, a decline in the agrarian workforce and an increase in non-farm activities and employment (Basant, 1993). The same is true in the case of the Indian Economy. It has been observed from the last few decades that due to the Indian economic development and structural transformation, the rural economy of India is going through dramatic structural changes (Kumar, *et al.*, 2014). The share of agriculture in rural net domestic product sharply declined from 1980-81. Now the non-farm sector is no longer a relic industry. It is emerging as a driver of the rural Indian economy (Reddy; *et al.*, 2014). The proportion of villagers working outside of agriculture is highly and favourably correlated with agricultural wage rates in rural India. Therefore, a developing non-farm industry can contribute to reducing poverty even among individuals who are not directly working in agriculture by increasing the wage rates of agricultural workers (Saxena, 2003).

The non-farm sector, although at present accounting for a little over one-fifth of rural employment, has a crucial role to play in the future employment scene. This is due to the reason that crop production and other land-based activities taken together may not exhibit a very high rate of labour absorption (Geetha, 2014). Over time, there has been a noticeable rise in non-farm employment in India's rural areas. Among poorer households, this transition from agriculture to non-agricultural was significantly more pronounced. Despite the fact that the transition away from agriculture was occurring across all asset classes, it was primarily motivated by distress (Saha and Verick, 2016).

Furthermore, the growth of employment in the rural non-farm sector is mostly ascribed to a rise in the percentage of casual workers in the unorganised sector rather than full-time employment or increases in the number of rural non-farm producers. (Visaria and Basant, 1993; Mehrotra *et al.*, 2013). The most vulnerable and underprivileged sections of the village population were unable to access the most lucrative and desirable non-farm jobs. (Himanshu *et al.*, 2011). The level of a household consumption expenditure largely depends upon socio-economic characteristics, sector of employment, the nature of employment and hence the level of income. Therefore, it is crucial to look at the levels and distribution of rural non-farm employees' consumption expenditures in order to understand their standard of living. This paper examines levels and distribution of consumption expenditure among non-farm households in rural Punjab from this angle.

II. OBJECTIVES OF THE STUDY

The objective of this paper is to examine the levels of per-household and per capita consumption expenditure of non-farm households across the three districts. Variations in the relative shares of different items of consumption in the total consumption expenditure of non-farm households have been analyzed. The extent of inequalities in the distribution of consumption expenditure prevailing among non-farm households across the three districts has also been studied. Since the level of income is different for different non-farm activities, therefore an attempt has also been made to analyse the propensity to consume of the rural non-farm households in different districts.

III. METHODOLOGY

The study is based on primary data. The sample design is a three-stage stratified sample as the selection of districts, selection of villages and selection of households. The entire state has been divided into three agro-climatic regions on the basis of climate, type of soil, cropping pattern, the culture of land tenure and farming communities etc. for the sake of this study. These regions are as under:

1. South-West Region
2. Central Plains Region and
3. Shivalik Foothills Region.

Bathinda, Mansa, Ferozepur, Fazilka, Faridkot, Muktsar, and Moga districts are included in the South-West Region. The districts of Patiala, Fatehgarh Sahib, Sangrur, Amritsar, Kapurthala, Jalandhar, Nawanshahr, Tarn Taran, and Ludhiana are included in the Central Plains Region. The districts of Hoshiarpur, Pathankot, Gurdaspur, Mohali, and Ropar are included in the Shivalik Foothills Region. For the sake of the present study, one district from each region has been chosen randomly. Bathinda district has been chosen from the South-West Region, Jalandhar from the Central Plains, and Gurdaspur from the Shivalik Foothill. From each development block of the selected district, one village has been chosen randomly. In the three districts that were chosen, there are thirty development blocks. Thus, 30 villages have been chosen from the three districts. Eight villages from the Bathinda district, eleven from the Jalandhar district and eleven from the Gurdaspur district have been selected. One-fifteenth of the households from the total number of rural non-farm households of the selected villages under study have been selected randomly for the survey. For the survey, 659 households from the three districts were chosen. 238 households from the Bathinda district, 238 from the Jalandhar district, and 183 from the Gurdaspur have been chosen. This analysis is cross-sectional and pertains to the years 2016–17.Standard statistical tools like mean values and proportions have been used while carrying out the tabular analysis. The statistical technique of Ginni co-efficient have been used to find inequalities in the distribution of income.

IV. RESULTS AND DISCUSSION

A. District-Wise Per Household Consumption Expenditure

The average consumption expenditure of selected households is demonstrated in Table I. The table explains that the average annual consumption expenditure of non-farm households is Rs. 16,138.61. However, there are variations in the consumption expenditure across the three districts. The household consumption expenditure for the non-farm households is the highest (Rs.1,70,066.61) in the Bathinda district, followed by Jalandhar and Gurdaspur districts with the expenditure of Rs. 1,68,252.34 and Rs. 1,61,787.25, respectively.

An average sampled household incurred Rs.72,077.30 annually on food items. The Bathinda district has the largest household consumption spending on food goods, followed by the Gurdaspur and Jalandhar districts. Among food items, milk and milk products and food grains are the important items of consumption. An average sampled household spends Rs 26,031.51 and Rs 14,618.22, respectively on these two items. The amount spent on food grains, edible oils and fuel and electricity is the highest in Gurdaspur district. On all other food items, the consumption expenditure is higher in Jalandhar and Bathinda districts than Gurdaspur district.

The expenditure spent on non-food items is Rs.88,337.34 for non-farm households in rural Punjab. The household consumption expenditure on non-food products is the highest in the Bathinda district, followed by the Jalandhar and Gurdaspur districts. Among non-food goods., the expenditure on education is the highest (Rs. 19,423.47) in Gurdaspur district. In Bathinda and Jalandhar districts, the corresponding figure is Rs. 18,376.99 and Rs. 18,220.79, respectively. The Bathinda district has the largest healthcare spending, followed by the Jalandhar and Gurdaspur districts. This is because the Bathinda district has a higher prevalence of chronic diseases like cancer and hepatitis since the groundwater there is unfit for human use. The average cost of social and religious ceremonies is Rs. 6,723.97. The expenditure on socio-religious ceremonies is Rs. 11,095.08, Rs. 5,773.52 and Rs. 4,313.44, respectively in Gurdaspur, Jalandhar and Bathinda districts. The above analysis clearly reveals that the maximum amount is spent on non-food goods, followed by -food goods and socio-religious ceremonies in all the three districts.

B. District-Wise Pattern of Consumption Expenditure

Since the average consumption levels of non-farm households in different districts are not the same, the consumption pattern can better be studied by comparing the relative shares of individual items of consumption in the total consumption expenditure of non-farm households in different districts. Table II shows the pattern of consumption expenditure in non-farm households in the selected districts. According to the table, a non-farm household spends a significant amount of its consumption budget on non-food, followed by food purchases and social and religious rituals. Additionally, the data shows that an average sampled non-farm household spends 43.12 per cent of its income on food. However, the non-farm households in the Gurdaspur district spend the highest on these things, accounting for 44.85 per cent of all consumption expenditure. This percentage is 42.05 in Jalandhar and 42.92 in Bathinda district. The most important food item to consume is milk and milk products, and an average sampled non-farm household spends 15.57 per cent of its entire consumption expenditure on these. The Gurdaspur district has the highest percentage (16.32 per cent), followed by the Bathinda and Jalandhar districts. Food grain consumption, which is 8.75 per cent, comes next.

TABLE I DISTRICT-WISE ANNUAL CONSUMPTION EXPENDITURE OF RURAL NON-FARM HOUSEHOLDS
(MEAN VALUES, IN RS. PER ANNUM)

Sl. No.	Items of Consumption	Gurdaspur	Jalandhar	Bathinda	All Sampled Households
A	**Food Items**				
1	Food grains				
(i)	Cereals	11147.75	7870.00	10150.58	9604.17
(ii)	Pulses	5349.01	5629.18	4140.79	5014.05
2	Milk	26399.01	24922.67	26853.10	26031.51
3	Sugar/*gur*	5396.19	5105.63	5522.29	5336.79
4	Edible oils	4107.10	3961.93	3157.14	3711.59
5	Vegetables	10673.59	12161.44	10599.14	11184.82
6	Fruits, Biscuits/ bread/ sweets	2288.52	2797.94	2657.77	2605.85
7	Condiments and spices	1422.18	1659.24	1850.12	1662.35
8	Pickles/ jams/ juices	1762.13	2119.11	1992.14	1974.12
9	Tea leaves	1678.68	1640.75	1694.11	1670.56
10	Egg, Meat/mutton/ fish	493.78	600.84	593.69	571.11
11	Intoxicants and drugs	855.21	1549.07	3297.07	1989.41
12	Others	968.08	716.89	535.04	720.97
	Sub-total (1-12)	72541.23	70734.69	73042.98	72077.30
B	**Non-Food Items**				
1	Fuel and electricity	12979.31	12713.73	12281.93	12631.54
2	Clothing &Footwear	11680.32	12895.79	9877.31	11468.13
3	Washing and toilet articles	3310.65	3791.53	3693.73	3622.67
4	LPG	4521.54	4711.18	4531.84	4593.75
5	Education	19423.47	18220.79	18376.99	18610.99
6	Healthcare	9009.01	12771.30	16871.42	13207.97
7	Entertainment	1127.48	1643.78	1461.00	1434.40
8	Conveyance	4283.33	5475.21	5702.68	5236.66
9	Communication	3332.02	3672.35	3305.54	3445.37
10	House construction, repair and maintenance	5140.71	8597.90	6632.67	6928.55
11	Durables	1413.81	4428.06	7166.38	4584.79
12	Other Consumer Services	1929.29	2830.92	2808.70	2572.52
	Sub-total (1-12)	78150.94	91752.54	92710.19	88337.34
C	**Socio-Religious Ceremonies**				
1	Marriages & social ceremonies	11095.08	5773.52	4313.44	6723.97
	Sub- total	11095.08	5773.52	4313.44	6723.97
	Total	161787.25	168252.34	170066.61	167138.61

Source: Field Survey, 2016-17

The Gurdaspur district has the highest proportional share of food grain, followed by the Bathinda and Jalandhar districts. Vegetables account for 6.69 per cent of household spending in non-farm households. This percentage ranges from 6.23 per cent in the Bathinda district to 7.23 per cent in the Jalandhar district. An average non-farm household spends slightly more than 3 per cent of total consumption expenditures on sugar and gur. In the Gurdaspur, Bathinda, and Jalandhar districts, this ratio is 3.34, 3.25, and 3.03 respectively. Edible oils account for 2.22 per cent of household spending in non-farm households. Intoxicants and drug items contribute 1.19 per cent to the average non-farm household's total consumption expenditure. The non-farm households spend a little portion of their entire consumption budget on food products including condiments and spices, tea leaves, fruits, biscuits, bread, sweets, and others across all districts.

TABLE II DISTRICT-WISE PATTERN OF CONSUMPTION EXPENDITURE OF RURAL NON-FARM HOUSEHOLDS (IN PERCENTAGE)

Sl. No.	Items of Consumption	Gurdaspur	Jalandhar	Bathinda	All Sampled Households
A	Food Items				
1	Food grains	10.20	8.03	8.40	8.75
(i)	Cereals	6.89	4.68	5.97	5.75
(ii)	Pulses	3.31	3.35	2.43	3.00
2	Milk and milk products	16.32	14.81	15.79	15.57
3	Sugar/*gur*	3.34	3.03	3.25	3.19
4	Edible oils	2.54	2.35	1.86	2.22
5	Vegetables	6.60	7.23	6.23	6.69
6	Fruits, Biscuits/ bread/ sweets,	1.41	1.66	1.56	1.56
7	Condiments and spices	0.88	0.99	1.09	0.99
8	Pickles/jams/juices	1.09	1.26	1.17	1.18
9	Tea leaves	1.04	0.98	1.00	1.00
10	Egg, Meat/mutton/fish	0.31	0.36	0.35	0.34
11	Intoxicants and drugs	0.52	0.92	1.94	1.19
12	Others	0.60	0.43	0.31	0.44
	Sub-total (1-12)	44.85	42.05	42.95	43.12
B	Non-Food Items				
1	Fuel and electricity	8.02	7.56	7.22	7.56
2	Clothing & Footwear	7.22	7.66	5.81	6.86
3	Washing and toilet articles	2.05	2.25	2.17	2.17
4	LPG	2.79	2.80	2.66	2.75
5	Education	12.01	10.83	10.81	11.14
6	Healthcare	5.57	7.59	9.92	7.90
7	Entertainment	0.70	0.98	0.86	0.86
8	Conveyance	2.65	3.25	3.35	3.13
9	Communication	2.05	2.18	1.94	2.06
10	Construction, Repair and Maintenance	3.18	5.11	3.90	4.14
11	Durables	1.19	1.68	1.65	1.54
12	Other Consumer Services	0.87	2.63	4.21	2.75
	Sub-total (1-12)	48.30	54.52	54.5	52.86
C	Socio-Religious Ceremonies				
1	Marriages & social ceremonies	6.85	3.43	2.55	4.02
	Sub- total	6.85	3.43	2.55	4.02
	Total	100.00	100.00	100.00	100.00

Source: Field Survey, 2016-17

An average non-farm household spends 52.86 per cent of its overall consumption budget on non-food products. This proportion is 54.50 per cent in the Bathinda district and 48.30 per cent in the Gurdaspur district. The expenditure on education accounts for 11.14 per cent of the total spending. The Bathinda district has the lowest percentage of expenditure on education, followed by the Jalandhar and Gurdaspur districts. The cost of healthcare comes next, which is 7.90 per cent of total spending. The proportional share of healthcare is the highest in the Bathinda district, i.e., 9.92 per cent. An average household spends 7.59 and 5.57 per cent on healthcare in Jalandhar and Gurdaspur districts, respectively. The average non-farm household uses 7.56 per cent of its income on fuel and electricity. In Gurdaspur, Jalandhar, and Bathinda, this proportional share is 8.02, 7.56, and 7.22 per cent, respectively. An average non-farm household spends about 7 per cent of its entire consumption budget on clothing and shoes. The district of Bathinda has the lowest proportional share of clothing and shoes, whereas Jalandhar has the highest 4.14 per cent of total consumption expenditures go towards house construction for an average household. This percentage is

5.11, 3.90 and 3.18 in Jalandhar, Bathinda and Gurdaspur districts, respectively. The cost of transportation, communication, durable goods, and entertainment comes next in order of magnitude. LPG expenditure accounts for 2.75 per cent of overall consumer spending. Bathinda district has the lowest share, whereas Jalandhar district has the highest share. An average non-farm household spends 4.02 per cent of their income on socio-religious events. This percentage is as high as 6.86 per cent in Gurdaspur. This proportion is 3.43 and 2.54 per cent in Jalandhar and Bathinda districts. The above analysis provides that non-farm households tend to consume in a subsistence-style manner. Food goods account for a significant portion of these households' overall consumption spending distinctly followed by non-food items and socio-religious ceremonies.

TABLE III DISTRICT-WISE PER CAPITA CONSUMPTION EXPENDITURE OF RURAL NON-FARM HOUSEHOLDS (IN RS., PER ANNUM)

Sl. No.	Items of Consumption	Gurdaspur	Jalandhar	Bathinda	All Sampled Households
A	**Food Items**				
1	Food Grains				
(i)	Cereals	2288.4	1708.07	2196.4	2045.59
(ii)	Pulses	1147.75	1227.28	913.55	1091.89
2	Milk	5499.24	5497.06	6095.38	5713.75
3	Sugar/*gur*	1112.71	1119.04	1223.63	1155.06
4	Edible oils	872.56	890.01	724.73	825.47
5	Vegetables	2269.1	2700.64	2489.27	2504.47
6	Fruits/biscuits/bread/ sweets	476.04	628.44	636.14	588.9
7	Condiments and spices	301.39	371.23	430.47	373.23
8	Pickles/ jams / juices	373.98	514.44	467.07	458.33
9	Tea leaves	356.63	373.53	390.12	374.83
10	Egg, Meat/mutton/ fish	90.15	118.07	178.82	132.26
11	Intoxicants and drugs	169.1	324.09	876.54	480.57
12	Others	203.02	155.3	121.13	156.21
	Sub-total (1-12)	15160.07	15627.2	16743.25	15900.56
B	**Non-Food Items**				
1	Fuel and electricity	2707.6	2732.75	2915.82	2791.88
2	Clothing & Footwear	2444.49	2905.33	2377.95	2586.89
3	Washing and toilet articles	697.11	842.63	869.47	811.91
4	LPG	962.06	1050.45	2915.82	1030.08
5	Education	4030.95	3912.27	4096.44	4011
6	Healthcare	1888.62	2932.58	3563.2	2870.43
7	Entertainment	244.13	370.66	365.16	333.54
8	Conveyance	896.3	1284.48	1379.28	1210.92
9	Communication	724.58	777.22	772.68	760.96
10	Construction, Repair and Maintenance	1315.69	1439.61	1643.07	1478.68
11	Durables	310.45	966.99	1775.50	1076.67
12	Other Consumer Services	402.83	637.03	648.94	576.3
	Sub-total (1-12)	16624.81	19852	23323.33	19539.26
C	**Socio-Religious Ceremonies**				
1	Marriages & social ceremonies	2374.68	1295.24	1015.26	1493.88
	Sub- total	2374.68	1295.24	1015.26	1493.88
	Total	34159.56	36774.44	41081.87	36933.70

Source: Field Survey, 2016-17

C. District-Wise Per Capita Consumption Expenditure

So far emphasis has been on the analysis of absolute amounts and percentages of various items of consumption expenditure incurred by the non-farm households across the districts. Since the family size of non-farm households in different districts varies, it becomes relevant to study the per capita consumption expenditure of the non-farm households, across the districts. According to Table III, the average non-farm households' per capita consumption expenditure is Rs. 36,933.70. The per capita consumption spending differs significantly amongst the various districts. For instance, Bathinda district has the highest per capita consumer spending (Rs. 41,081.87), followed by Jalandhar (Rs. 36,774.44) and Gurdaspur (Rs. 34,159.56) district.

The Bathinda district has the highest per-capita consumption spending on food, non-food products, and social and religious rituals, followed by the Jalandhar and Gurdaspur districts. The distribution of per capita consumption expenditures among the districts is quite comparable. The district's geographic location is directly related to the non-farm households' per capita consumption expenditure pattern.

The range of per capita and per home consumption spending varies due to the different family sizes in different districts. The per capita consumption of non-farm households in the Bathinda district is 1.20 times higher than that of non-farm households in the Gurdaspur district, and the per household consumption in the Bathinda district is 1.05 times higher than that of non-farm households in the Gurdaspur district.

D. District-Wise Distribution of Consumption Expenditure

The non-farm sector is a heterogeneous category encompassing a range of activities which have different levels of income. It further results in inequalities in the standard of living of different non-farm households. Since the level of consumption is a good indicator of the standard of living, therefore, in order to understand the inequalities in the consumption expenditure of non-farm households, it is important to examine the distribution of consumption expenditure according to their consumption levels. Table IV provides the distribution of consumption expenditure among non-farm households throughout the districts. The table reveals significant disparities in non-farm households' consumption spending. For instance, just 3.44 per cent of the total consumption expenditure is retained by the bottom 10 per cent of non-farm households. In contrast, the richest 10 per cent of non-farm families account for 26.59 per cent of overall spending. For the various districts, a nearly identical picture can be seen. In the Gurdaspur district, the bottom 10 per cent of non-farm households account for 2.97 per cent of total consumer spending; meanwhile, in Jalandhar and Bathinda districts, those percentages are 3.66 and 3.76, respectively. In the Gurdaspur district, the top 10 per cent of non-farm households account for 30.06 per cent of total consumer spending; in Jalandhar and Bathinda districts, the equivalent percentages are 24.59 per cent and 25.98 per cent. This demonstrates that the Gurdaspur district has a higher concentration of consumption expenditures than the other two districts. The Gini coefficient in the Gurdaspur district also explains the worst pattern of distribution. In Gurdaspur, the Gini coefficient is 0.34, which is higher than the values of 0.28 and 0.31 in Jalandhar and Bathinda.

TABLE IV DISTRICT-WISE DISTRIBUTION OF HOUSEHOLD CONSUMPTION EXPENDITURE OF
RURAL NON-FARM HOUSEHOLDS

Cumulative Percentage of Households	Cumulative Percentage of Household Consumption Expenditure			
	Gurdaspur	Jalandhar	Bathinda	All Sampled Households
10	2.97	3.66	3.76	3.44
20	7.37	9.05	8.62	8.33
30	12.78	15.53	14.14	14.21
40	19.47	22.86	20.91	21.18
50	27.08	30.96	28.70	29.06
60	35.56	39.95	37.54	37.83
70	45.16	49.85	47.77	47.77
80	56.31	61.18	59.51	59.20
90	69.94	75.41	74.02	73.41
100	100.00	100.00	100.00	100.00
Gini coefficient	0.34	0.28	0.31	0.31

Source: Field Survey, 2016-17

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E. District-Wise Distribution of Per Capita Consumption Expenditure

Table V displays how per capita consumption spending is distributed among the several districts. The table shows that 3.64 per cent of the total per capita consumption expenditure is retained by the bottom 10 per cent persons of non-farm households. The wealthiest 10 per cent population of non-farm households account for 26.19 per cent of the total per capita consumption.

When we further compare the shares of bottom and top non-farm households, it is clear that the bottom 50 per cent population account for only 29.08 per cent of total per capita consumption expenditure, on the other hand, the top 50 per cent of people account for the remaining 70.92 per cent of total per capita consumption expenditure, out of which the top 10 per cent of people account for 26.19 per

cent. For different districts, a comparable picture can be seen. In the Gurdaspur district, the bottom 10 per cent persons of non-farm households retain 3.06 per cent of the total per capita consumer expenditure; in Jalandhar and Bathinda districts, the percentages are 4.27 and 3.64, respectively. In the Gurdaspur district, the richest 10 per cent population of non-farm households consume 32.72 per cent.

In Jalandhar and Bathinda districts, the equivalent figures are 24.01 and 25.51 per cent, respectively. Additionally, this analysis reveals that the Gurdaspur district has a somewhat higher concentration of per capita consumption than the Jalandhar and Bathinda districts. This assertion is also supported by the Gini coefficient value. The highest Gini coefficient value, 0.36, was found in the Gurdaspur district, whereas Jalandhar and Bathinda districts had values of 0.26 and 0.31, respectively.

TABLE V DISTRICT-WISE DISTRIBUTION OF PER CAPITA CONSUMPTION EXPENDITURE OF RURAL NON-FARM HOUSEHOLDS

Cumulative Percentage of Persons	Cumulative Percentage of Per Capita Consumption Expenditure			
	Gurdaspur	Jalandhar	Bathinda	All Sampled Households
10	3.06	4.27	3.64	3.64
20	7.40	9.96	8.34	8.60
30	12.65	16.49	13.85	14.51
40	18.84	23.80	20.37	21.34
50	25.91	31.84	28.08	29.08
60	34.03	40.74	37.00	37.00
70	43.23	50.57	47.29	47.78
80	53.99	61.92	59.42	59.39
90	67.28	75.99	74.49	73.81
100	100.00	100.00	100.00	100.00
Gini coefficient	0.36	0.26	0.31	0.31

Source: Field Survey, 2016-17

F. Average Propensity to Consume

Theoretically, the propensity to consume falls with the increase in the level of income. It also indicates the average propensity to save and hence the capacity of the households to face the vulnerabilities of life. Hence, an attempt has been made to examine the propensity to consume of the non-farm households in different districts as well as by decile classes of income. For non-farm households in rural Punjab, the average propensity to consume, defined as the percentage of income spent on consumption (Black *et al.,* 2012) has been calculated, which has been displayed in Table VI. If the average propensity to consume is high, consumers are saving less and spending more on goods or services. If the average propensity to consume is greater than one, it implies that the person must be borrowing to finance the consumption. An average non-farm household

has a predisposition to consume 0.61 on average. The Bathinda district has the highest average propensity to consume (0.63), while the Jalandhar district has the lowest average tendency to consume (0.58).

The sampled rural non-farm families had an average propensity to consume less than one, which indicates that the households in the sample generate an annual surplus of Rs. 1,07,170.80. The highest annual surplus of Rs. 1,20,781.39 is incurred by the non-farm households in Jalandhar district. The annual surplus is Rs. 1,00,021.98 and Rs. 99,157.64 in Gurdaspur and Bathinda districts, respectively for the sampled non-farm households. This demonstrates that non-farm employment in rural areas generates a sizable portion of these households' overall income.

TABLE VI DISTRICT-WISE AVERAGE PROPENSITY TO CONSUME OF RURAL NON-FARM HOUSEHOLDS

Districts	Average Income (Rs.)	Average Consumption Expenditure (Rs.)	Average Propensity to Consume
Gurdaspur	261809.23	161787.25	0.62
Jalandhar	289033.73	168252.34	0.58
Bathinda	269224.25	170066.61	0.63
All Sampled Households	274319.41	167138.61	0.61

Source: Field Survey, 2016-17

G. Average Propensity to Consume by Decile Classes

The above analysis has revealed that non-farm employment enables these households to save something for a rainy day. But it may not be true for all the classes. The non-farm households with low income may not be in a position to have enough savings. Therefore, it is important to examine the average propensity to consume by the level of average income. It has been displayed in Table VII which shows the average propensity to consume by decile classes of income.

The table demonstrates that as money income rises, the average tendency to consume decreases. Further research has shown that only households above the 5th decile can set aside any money from their overall household income. Non-farm households' average consumption expenditure is higher than their average income up to the fourth decile class. Only non-farm households in the ninth and tenth deciles are able to save more than half of their entire household income.

TABLE VII AVERAGE PROPENSITY TO CONSUME OF RURAL NON-FARM HOUSEHOLDS BY DECILE CLASSES OF INCOME

Decile Classes	Gurdaspur	Jalandhar	Bathinda	All Sampled Households
1	1.39	1.82	1.90	1.64
2	1.12	1.72	1.15	1.41
3	1.20	1.17	1.08	1.20
4	1.48	0.89	1.10	1.08
5	1.20	0.84	0.77	0.89
6	0.74	0.78	0.85	0.78
7	0.80	0.72	0.73	0.76
8	0.70	0.60	0.59	0.63
9	0.47	0.43	0.42	0.42
10	0.47	0.28	0.35	0.34
All	0.62	0.58	0.63	0.61

Source: Field Survey, 2016-17

The poorest households in district Bathinda seem to suffer the most among all the sampled districts as their average propensity to consume is 1.90, compared to 1.82 in district Jalandhar and 1.39 in district Gurdaspur. Though the lowest two decile classes of income in Gurdaspur are better than their counterparts in the other two districts, the condition of those lying in the 3rd, 4th and 5th decile classes in this district is the worst among all the districts.

Only those non-farm households in district Gurdaspur are able to save which belong to income classes beyond the 6th decile classes. In the case of district Bathinda, this threshold is achieved beyond the 5th decile classes and in Jalandhar, it is achieved beyond the 4th decile classes. This table confirms the earlier tables on the distribution of consumption expenditure (tables IV and V) in which we have seen that the inequalities of consumption are the highest in district Gurdaspur and the lowest in district Jalandhar.

V. CONCLUSIONS AND POLICY IMPLICATIONS

In rural Punjab, the average non-farm household's yearly consumption expenditure is Rs. 16,138.61. In comparison to Bathinda and Jalandhar districts, the household consumption spending and per capita spending of non-farm households are lower in the Gurdaspur district. This is a result of the district's lack of growth. In all the examined areas, the majority of consumption expenditures are made by these households on food items. Milk and milk products, as well as cereals, are crucial food items to consume. An average non-farm household spends 33.52 per cent of its overall consumption budget on non-food products. A significant portion of the non-food items are spent on healthcare and education. Social and religious rituals make up 4.02 per cent of all consumer spending. This expenditure is spent due to social compulsions. The Gurdaspur district has a slightly larger concentration of household consumption and per capita consumption than the Jalandhar

and Bathinda districts. Non-farm households have an average propensity to consume less than one, which indicates that they have an annual surplus. But it might not apply to all classes. The only households that can save money from their total household income are those above the fifth decile. Non-farm households' average consumption expenditure is higher than their average income up to the fourth decile class.

The non-farm households in rural Punjab spend a significant proportion of their income on food grains. Hence, their consumption expenditure is very low on fruits, vegetables and eggs, and Meat/mutton/ fish. So, the government should provide the consumption items like cereals, pulses etc., through the Public distribution system. To reduce the consumption expenditure on Socio-religious ceremonies, a mass campaign should be launched to create awareness about social evils like dowry etc. It is important to create a good number of employment opportunities within the rural areas as well. In addition to encouraging rural workers to take advantage of self-employment options, more jobs must be generated in the organized sector. A universal social safety system is desperately needed because rural non-farm employees who earn too little fall into poverty in the event of any unforeseen circumstance. Further, there is a need for strict implementation of the Minimum Wage Act.

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