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Standard of Living in Parambikulam—Aliyar Project Region

by

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Synopsis: In this paper an attempt is made to assess the standard of living of the people in the Parambikulam - Aliyar Project region in the pre-project survey period which may serve as a bench mark survey for the assessment of levels of living in the post-project period in the region.

Introduction: Standard of living is defined by Kirkpatrick (1928) as the measured or evaluated amounts of the different kinds and qualities of economic goods involved in meeting physical and psychic needs and wants of the different individuals composing the family. Writers from the earliest times have been interested in how their fellow human kind have lived, in what sort of houses, the kinds of clothes worn, food they consumed *etc.* Family budget enquiries serve as a valuable guide to the living conditions of the people. These surveys are specialised ones in which the bulk of the data collected relates to consumer expenditure. They also provide the basis for comparison of consumption levels at different periods and between different population groups. They also supply the basic data needed for policy making in connection with social and economic planning. Family budgets accurately drawn up are likely to give better indication of economic conditions than estimates of income.

The main object of the present paper is to study the levels of living of different income groups as well as the different categories of land holders. An attempt has also been made to study the pattern of income distribution and the expenditure elasticities for the different income groups.

Review of Literature: Thomas and Ramakrishnan (1936—37) made a resurvey of seven South Indian villages and worked out the family budgets in these villages and studied the percentage of expenditure on different items. The Ministry of Labour, Government of India, made an Intensive Agricultural Labour Enquiry in 1950—'51 and again in 1956—'57. They analysed the income and consumption expenditure of agricultural labourers during these periods. Meenakshi Malya (1961) studied the income distribution and the inequalities among villages by means of Lorenze Curve. Yeshwanth (1963) analysed the levels of living of some South Indian villages at different ranges of income. Allen and Bowley (1935) made an attempt to establish empirical Engel curves. They fitted Engel curves by simple least squares regression.

Methods: The sample upon which the study is based was drawn from the Parambikulam - Aliyar Project region in Coimbatore district. Twelve villages were selected at random in the four *taluks* of Pollachi, Palladam, Dharapuram

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and Udumalpet. In each village two holdings were selected under each of the categories namely small farmers (0 to 4·99 acres), medium (5 to 14·99 acres), large (15 acres and above), landless labourers and artisans. A total number of 120 households were interviewed for the purpose. The selected families in the different villages were contacted and the data were collected with the help of a comprehensive questionnaire.

Results and Discussion: The influence of income on the levels of living was made more precise by analysing the households with different levels of income. Thus all the 120 families were classified into four groups depending upon the total annual income namely Rs. below 500/- Rs. 501 to 1500/-; Rs. 1501 to 3000/- and Rs. 3001 and above. The income and expenditure per family per year for the different income groups and the different categories of land holders are given in Table I.

TABLE I

Particulars	No. of families	Income	Expenditure	Savings
		Rs.	Rs.	Rs.
Below Rs. 500/-	7	486	679	...
501–1,500/-	55	951	907	44
1,501–3,000/-	28	2,213	2,269	...
3,001 & above	30	7,070	4,127	2,943
Small	24	1,652	1,706	...
Medium	24	2,927	2,241	686
Large	24	7,078	6,279	799
Landless	24	918	997	...
Artisans	24	929	1,077	...

The pattern of distribution of income among the various income groups was studied by means of Pareto's curve. This was obtained by using the equation.

$$Y = ax^b$$

where Y = number of income receivers above the lower limit.

X = income group.

a and b = constants.

The curve followed a linear function when logarithmic values were used and the equation obtained is as follows.

$$\log Y = \log 1{\cdot}8461 - 0{\cdot}0126 \log x.$$

To study the distribution of income among different income groups the mean, mode and median of the income for the four income groups were worked out and the values are given in Table II.

TABLE II.

Income group	Mean	Mode	Median
Rs. Below 500/-	486	500	500
501—1,500/-	951	1,000	840
1,501—3,000/-	2,214	2,200	2,495
3,001 and above	7,070	5,000	8,650

The technique of Lorenz curve was also used to study the pattern of income among the various income groups. The curve was obtained by plotting the cumulative percentages of incomes received against the cumulative percentages of households. The values are given in Table III.

TABLE III.

Income group	No. of Households	% to total	Cumulative %	Income Rs.	% to total	Cumulative %
Rs. Below 500/-	7	5·8	5·8	3,400	1·0	1·0
501—1,500/-	55	45·8	51·6	52,299	15·9	16·9
1,501—3,000/-	28	23·4	75·0	61,959	18·8	35·7
3,001 & above	30	25·0	100·0	2,12,093	64·3	100·0

To study the standard of living of the different income groups as well as the different categories of land holders, the percentage of expenditure spent on different items namely food, clothing, fuel and lighting and miscellaneous were worked out and given in Table IV.

TABLE IV.

Particulars	Percentage of expenditure on			Miscellaneous
	Food	clothing	Fuel & light	
Rs. Below 500/-	58·4	16·1	6·9	18·6
501—1,500/-	58·6	14·1	7·0	20·3
1,501—3,000/-	61·9	13·0	4·6	20·5
3,001 & above	53·0	14·0	4·4	27·8
Small	66·3	11·5	4·9	17·3
Medium	56·4	15·5	3·9	24·2
Large	51·4	15·0	4·7	28·9
Landless	66·0	11·7	5·3	17·0
Artisans	67·1	11·7	7·8	13·4

Engel's curve represents the relationship between total expenditure and expenditure on various items. Engel's curves were linear logarithms. These curves were fitted by means of simple least squares regression. The relationship between total expenditure and expenditure on food, clothing, fuel and lighting and miscellaneous items were worked out for the different income groups by using the equation

$$\log Y = \log a + b \log x$$

where Y = total expenditure.

X = expenditure on particular item

a and b = constant.

The equation was linear in logarithms and in this equation the constant 'b' denoted the expenditure elasticity also. The expenditure elasticities of food, clothing, fuel and lighting and miscellaneous items for the four income groups are given in Table V.

TABLE V.

Income group	Expenditure elasticities of			Miscellaneous
	Food	Clothing	Fuel & light	
Rs. Below 500/-	0·53968	0·23910	0·06280	0·26283
501—1,500/-	0·97751	0·35181	0·17927	0·42178
1,501—3,000/-	0 81760	1·38699	0·04451	0·52333
3,001 & above	0·81574	0·58087	0·30179	0·36425

From the above results, it is seen that people receiving an annual income of more than Rs. 500/- saved some money but the savings were more in the income group Rs. 3001/- and above. In the case of Medium and Large land holders also the expenditure was less than the income. Regarding the distribution of income among the income groups, the Lorenz curve as well as the mean, mode and median values were worked out. The Lorenz curve was more concave to the origin revealing greater inequalities in the distribution of income among the income groups. The variation in the values of mean, mode and median was small for the first three groups and greater in the last group. This explained the fact that the inequalities in the distribution of incomes in the first three groups were little and greater in the case of the last group. The levels of living of the different income groups as well as the different categories of land holders were assessed by means of the percentage of expenditure spent on different items. From the percentages worked it was seen that the percentage of expenditure spent on food increased for the first three groups and then declined. This showed that the expenditure on food increased from subsistence level and reached saturation point in the third group. The percentage spent on miscellaneous items increased as income increased, revealing the fact that the rich spent more on items like education, medical care, recreation *etc.* Small land

holders, landless labourers and artisans spent more for their food leaving very little for other items while the medium and large land holders spent more on comforts and luxuries. This is because the medium and large land holders converted their dry lands into garden lands by digging wells which the others were not in a position to do. The values of the regression coefficients or the expenditure elasticites which were obtained from the linear function worked for the different income groups and for different items of expenditure also supported the above fact.

Conclusion : When the Parambikulam - Aliyar Project region is taken as a whole the per family income and expenditure did not reveal much difference, but the pattern of consumption and income receipts indicated difference between groups and this was mainly due to the unequal distribution of production resources. The intergroup variations, generally confirmed earlier findings which indicated that the levels of living could be determined and associated with the expenditure elasticity of food articles. This conclusion would indicate the need for the development of the region in terms of increasing the resources. This could be achieved after the completion of the Parambikulam-Aliyar Project which envisages to bring more area under irrigation. This conversion of dry lands into garden and wet lands will in turn increase the income of farmers thereby increasing the standard of living. So the present study will serve as a bench mark survey for the assessment of the levels of living in the Parambikulam-Aliyar Project region in the post-project period.

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