Chapter - 3

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INCOME EXPENDITURE AND SAVING OF LABOUR

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Introduction

Labour income is the sum of all incomes actually received by all individuals or households during one year i. e. wages or salary, agriculture, animal husbandry. Income is the most important factor in the labours livelihood. The status of the labour depends upon his income. To get daily bread everyone have to earn something. The income of the labours working in the Shahu Market Yard is described in this chapter.

3.1   Income of Labours

The labours working in the Shahu Market Yard are getting Rs. 100 to 200 per day as wages. The monthly income of the labours is Rs. 5000 – 6000. The annual income of the labours working the market yard is shown in Table No. 3.1.

Table No. 3.1

Annual Income of Labours

Sr. No.	Range of annual income	No. of labours	Percentage
1	0 – 25000	20	25.0
2	25001 – 50000	44	55
3	50001 – 75000	14	17.5
4	Above 75000	2	2.5
	Total	80	100

The table No. 3.1 reveals the income of labours working in the Shahu Market Yard. We have classified the annual income range i. e. Rs. 0 – 25000, Rs. 25001 – 50000, Rs. 5001 – 75000 and above Rs. 75000. It is clear from the table that out of 80 labours 44 (55%) labours fall in the income range of Rs. 25001 – 50000, 20 (25%) labours fall in the income range of Rs. 0 – 25000 followed by 14 (17.5%) labours are in the income range of Rs. 50001 – 75000 whereas only 2 (2.5%) labours fall in the annual income range of above Rs.75000.

The table also reveals that 55% of labours are fall in the range of income of Rs. 25001 – 50000 with an average arithmetic mean 36875.37. The standard deviation is 4204.22 and the coefficient variation is 11.40, which shows variation in the sample annual income of labours.

Wage Income of Labours

The term wage mean payments made for the services of labour. A wage may be defined, Say's Benhamn "as a sum of money paid under contract by an employer to a worker for services rendered." A wage payment is essentially a price paid for a particular commodity viz. labour service.[4]

Wage income is the principle source of labours income on which the whole family depends upon it. Therefore, the labours have to earn income for their livelihood of family. The labours earn Rs. 100 – 200 per day. We have shown the income of the labours from the sources

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[4] Modern Economic Theory, K. K. Dewett, (1992), p. 255

of wages, agriculture and animal of the labours working in the Shahu Market Yard which is shown in Table No. 3.2.

Table No. 3.2

Sources of Wages, Agriculture and Animal of the Labours

Sr. No.	Range	No. of labours			Total Income	
		Wages	Agriculture	Animal	Range	No. of labours
1	0 – 10000	8 (10.0)	32 (57.14)	32 (80.0)	0 – 25000	20 (25.0)
2	10001 – 20000	24 (30.0)	10 (17.85)	8 (20.0)	25001 – 50000	44 (55.0)
3	20001 – 30000	26 (32.5)	10 (17.85)	-	50001 – 75000	14 (17.5)
4	30001 – 40000	10 (12.5)	4 (7.14)	-	75001 – 100000	2 (2.5)
5	40001 – 50000	12 (15.0)	-	-	100000 & above	-
	Total	80	80	80		80

The above table shows that out of 80 sample of labour 26 (32.5%) fall in the wage income range of Rs. 20001 – 30000. Out of total sample 24 (30%) workers fall in the wage income range of Rs. 10001 – 20000 followed by 12 (15.5%) workers come under the range of Rs. 40001 – 50000 and 10 (12.5%) labours comes under the wage income range of Rs. 30001 – 40000. whereas only 8 (10%) labours fall in wage income range of Rs. 0 – 1000.

It is clear from the table that 26 (32.5%) labours fall in the wage income range of Rs. 20001 – 50000 with an average arithmetic mean 24750.45. Its standard deviation is 2406.93. The coefficient of variation is 9.72, which shows variation in the sample wage income of labours.

Land holder Labours

The table No. 3.3 is showing the details of the landholdings of the labours working in the Shahu Market Yard.

Table No. 3.3 (a)

Landholdings of Labours

Sr. No.	Land (in acres)	No. of labour	Percentage
1	0 – 1	34	60.71
2	1 – 2	10	17.85
3	2 – 3	4	7.14
4	3 – 4	2	3.57
5	4 – 5	4	7.14
6	5 & above	-	-
	Total	56	100

Out of 80 labours sample 56 (70%) labours have own land. Their other family members occupation is agriculture, they work for agriculture. They produce jaggery (gur), groundnut, jowar, rice and wheat and vegetables. Most of the agriculture is not irrigated. So their agriculture income is very low. Hence the rural small farmer, labour come in Kolhapur and does the hamali and works for the market.

We have classified the labours as per the landholding range i. e. 0 – 1 acre, 1 – 2 acres, 2 – 3 acres, 3 – 4 acres, 4 – 5 acres and 5 and above.

The table reveals that out of 56 labours 34 (60.71%) labours have 1 acre or less than one acre land, 10(17.85%) labours have land of more than 1 acre but less than 2 acres of land, 4 (7.14%) labours fall in the range of 2 – 3 acres and 4 – 5 acres of landholding. Whereas 2 (3.57%) labours fall in the landholding range of 3 – 4 acres. None of the sample labours have 5 or more than 5 acres of land.

Income of Labours from Agriculture

From the sample of 80 labours 56 (70%) labours are land owners. The ncome from agriculture of the labours is shown in Table No. 3.4.

The table shows that 56 (70%) labours have agricultural land. Out of them 32 (57.14%) labours have annual income of Rs. 0 – 10000, 10 (17.85%) labours fall in the income range of Rs. 10001 – 20000 and Rs. 20001 – 30000. whereas only 4 (7.14%) labours belong to the income range of Rs. 30000 – 40000. But no one is in the range of income of Rs. 40001 – 50001.

It is observed that the majority of the labours are in the range of income of Rs. 0 – 10000 with an average arithmetic mean 15357.35 and standard deviation 1860.02. The coefficient of variation is 12.11, which shows variation in the income from agriculture of the labours.

Income from Animal Husbandry

Most of labours family members have occupation of animal husbandry. It includes husbandry of cattle, buffaloes, sheep and goats etc. Their annual income of animal husbandry is shown in table No. 3.2.

The table indicates that 32 (80%) labours annual animal husbandry income is Rs. 0 – 10000 and 8 (20%) labours have annual income of animal husbandry is Rs. 10001 – 20000 with an average arithmetic mean 11000.1 and its standard deviation 180.37. The coefficient of variation is 1.63, which shows variation in the income from animal husbandry.

It is observed from the table that most of the labours are earning income from animal husbandry. It is also observed that the 32 (40%) labours have occupation of animal husbandry.

Total Income

Labours income comes from wage, agriculture and animal husbandry. These three are the components of labour income. We have calculated total income of 80 labours from wages, agriculture, animal husbandry. Classification of labour annual income is shown in Table No. 3.3

Table No. 3.3 (b)
Classification of Labour Income

Wage Income	Agriculture Income	Animal Husbandry Income	Total Income
2,074,000 (65.15%)	7,51,600 (23.60%)	3,58,800 (11.26%)	31,84,400 (100%)

The table indicates total income of 80 labours. Out of total income contribution of wage income is Rs. 2,074,000 (65.15%). The share of agriculture to the total income of labours is Rs. 7, 51,600 (23.50%) whereas contribution of income from animal husbandry is Rs. 3, 58,800 (11.26%).

It is clear from the table that total wage income contributes significantly to the total income of labours.

Chart 1
Classification of Labour Income

Animal Husbandry
Income
11%

Agriculture Income
24%

Wage Income
65%

⊠ Wage Income ▓ Agriculture Income ▢ Animal Husbandry Income
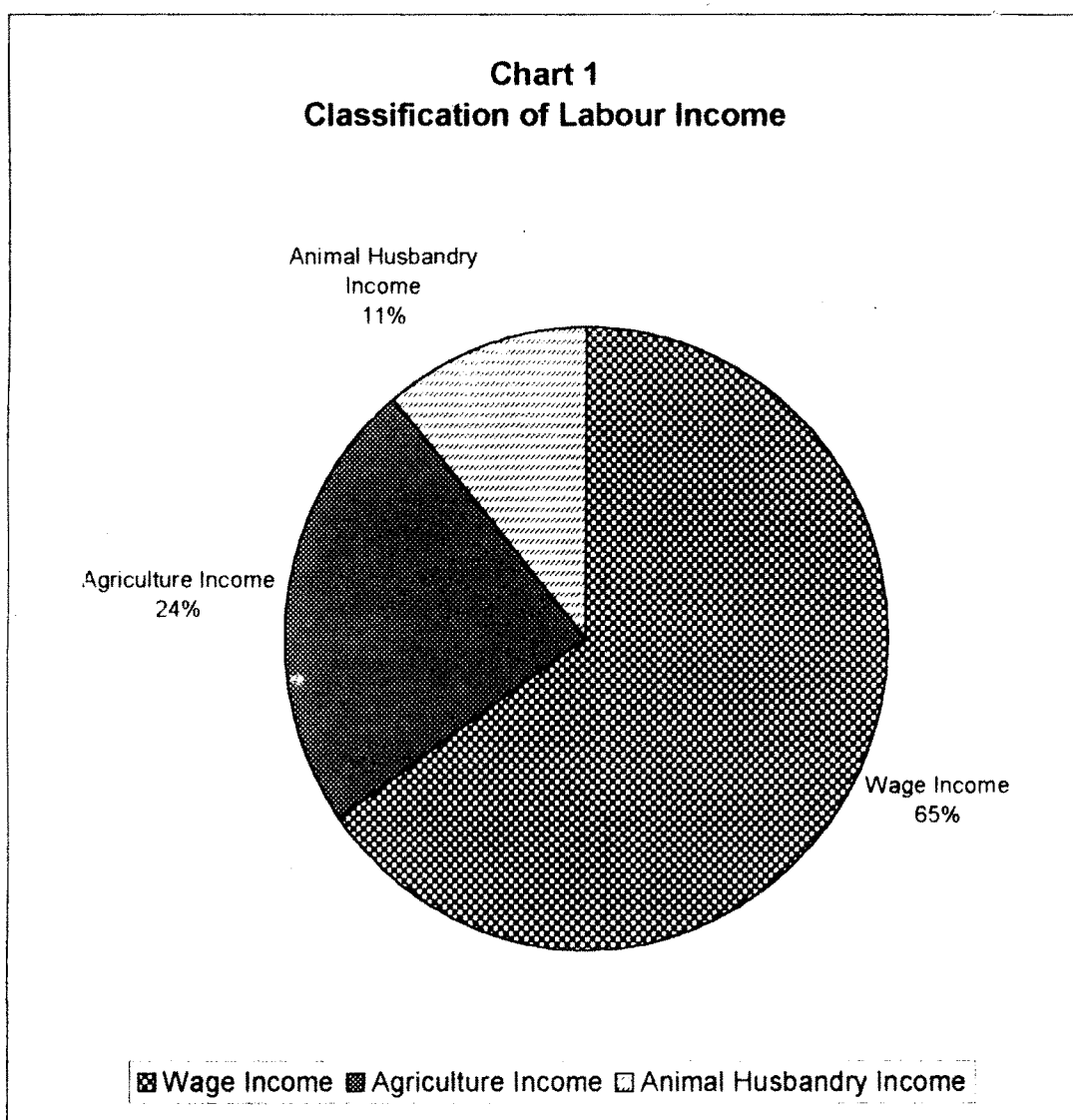
3.2 Expenditure of Labours

After discussing the structure and difference elements that constitute the total emolument of worker we now turn our attention towards analysis of their expenditure pattern. We have classified the labours according to the difference ranges of annually expenditure which are shown in Table No. 3.4.

The table shows that the sample of 80 labours classified in various expenditure ranges. Out of total labours 10 (12.5%) labours fall in Rs. 0 – 25000 annual expenditure range, 48 (60-%) labours fall in the range of Rs. 25001 – 50000. the most of the labours belongs to this range of expenditure. The 18 (22.5%) labours are in the expenditure range of Rs. 50001 – 75000 and 2 (2.5%) labours fall in the range of expenditure of Rs. 75001 – 100000. Finally only 2 (2.5%) labours belong to above Rs. 100001 expenditure range with an average arithmetic mean 43125.43 and its standard deviation 43.09.16. The coefficient of variation is 9.99, which shows variation in the annual expenditure of labours.

It is also observed from the table that mostly 48 (60%) labours are in the annual expenditure range of Rs. 25001 – 50000.

House Rent

The expenditure on rent of the selected labours is shown in table No. 3.4.

Table No. 3.4

Expenditure Pattern of Labours

Sr. No.	Expenditure range (Rs.)	House Rent		Durable Goods		Education		Health		Food		Cloth & others		Total Expenditure	No. of labours
		No. of labours	%	No. of labours	%	No. of labours	%	No. of labours	%	No. of labours	%	No. of labours	%		
1	0 – 5000	2	14.28	38	67.42	26	68.42	58	72.5	-	-	18	22.5	0 - 25000	10 (12.5)
2	5001 – 10000	10	71.42	14	25.0	8	21.5	14	17.3	16	20.0	18	22.5	25001 - 50000	48 (60.0)
3	10001 – 15000	2	14.28	4	7.14	4	10.52	4	5.0	14	17.5	24	30.0	50001 - 75000	18 (22.5)
4	15001 – 20000	-	-	-	-	-	-	4	5.0	34	42.5	10	12.5	75001 - 100000	5 (2.5)
5	20001 – 25000	-	-	-	-	-	-	-	-	14	17.5	6	7.5	100001 & above	2 (2.5)
6	25001 – 30000	-	-	-	-	-	-	-	-	2	2.5	4	5.0	-	-
	Total	14 (17.5)	100	56 (70.0)	100	38 (47.5)	100	80	80 (100)	80	80 (100)	80	80 (100)	Total	80 (100)

Note: The figures in the brackets show the percentage to total.

Out of 80 selected labours 14 (17.5%) labours have rental house. From, the selected 80 labours 2 (14.28%) labours spend in the range of expenditure of Rs. 0 – 5000 and 10 (70.42%) labours belong to the expenditure range of Rs. 5000 – 1000. The 2 (14.28%) labours belong to the expenditure range of Rs. 10001 – 15000 with an average arithmetic mean 7500.42 and its standard deviation 461-98. The coefficient of variation is 6.15, which shows variation in the house rent expenditure of labours.

It is observed from the table that 10(70.42%) labours have the annual expenditure on house rent is in the range of Rs. 5001 – 10000.

Durable Goods

Labours purchasing housing commodities such as TV, Tape recorder, Radio, CD Player, Cable, bicycle, mixer, cooker. By considering prices of these commodities we have estimated annual durable goods expenditure of the labours and the classification of this is shown in Table No. 3.4.

The table shows that out of the selected sample 56 (70%) of labours are doing expenditure on housing commodities. From the 56 labours 38 (67.85%) of labours belongs to the range of expenditure of Rs. 0 – 5000 and 14 (25%) of labours belong to the expenditure range of Rs. 5000 – 10000 and 4 (7.14%) of labours in the range of expenditure of Rs. 10001 – 15000 with an average arithmetic mean 4464.44 and

its standard deviation 963.91. The coefficient of variation is 21.59, which shows variation in the annual expenditure of labours.

It is observed from the table that mostly 67.85% of the labours expenditure is in the range of 0 – 5000 and the maximum expenditure of the labours on the housing commodities is upto Rs. 15000 annually.

Education

The expenditure on education of the selected labours is shown in Table No. 3.4.

Out of 80 selected labours 38 (47.5%) of labours doing expenditure on education for the son and daughters who are studying in the school and colleges. The spend money for the purchase of books, notebooks and other stationary items. Only 2 (5.26%) labours are doing expenditure on higher education and other labours are doing expenditure on primary and secondary education.

The table also shows that out of the selected labours 26 (68.42%) labours fall in the expenditure range of Rs. 0 – 5000 and 8 (21.05%) in the range of expenditure of Rs. 5001 – 10000. whereas 4 (10.52%) labours annual expenditure on education falls in the range of Rs. 10001-15000 with an average arithmetic mean 4605.42 and its standard deviation 1101.47. The coefficient of variation is 23.91, which shows variation in the annual expenditure on education.

Health

Now-a-days an expenditure on medicine and health care has become regular feature of the family budget. We have shown the annual expenditure on health of the selected labours in Table No. 3.4.

The table shows that out of total selected labours 58 (72.5%) labours expenditure on health is in the range of Rs. 0 – 5000 and 14 (17.5%) labours expenditure on health is in the range of Rs. 5001 – 10000. The 4 (5%) labours belong to the annual expenditure range of Rs. 10001 – 15000 and the same number of labours falls in the range of annual expenditure of Rs. 15000 – 20000 with an average arithmetic mean 4625.13 and its standard deviation 1498.81. The coefficient of variation is 32.40, which shows variation in the annual expenditure on health.

It is observe from the table that the most of the labours i. e. 7.25% are in the range of expenditure of Rs. 0 – 5000.

Food

As it is generally observed, labours give top priority to food in their budgets. The small income range of labors spends their income on food. The physical fitness of the labours depends upon the food standard they are taking in their daily meals.

We have classified the annual food expenditure of the labours in table No. 3.4.

The table reveals that out of total 80 labours 16 (20%) of labours belongs to the range of expenditure of Rs. 5001 – 10000. Nobody is in the range of Rs. 0 – 5000. The 14 (17.5%) of labours falls in the expenditure range of Rs. 15001 – 2000 and 14 (17.5%) of labours belongs to the annual expenditure range of Rs. 20001 – 25000, 2 (2.5%) of labours falls in the higher expenditure range of Rs. 25001 – 3000 with an average arithmetic mean 15750.5 and its standard deviation 870.74. The coefficient of variation is 5.52, which shows variation in the annual expenditure on food.

It is observed from the table that most 42.5% of the labours annual expenditure on food is in the range of expenditure of Rs. 15001 – 2000.

Cloth and other Goods

The table indicates that the selected sample of labours 18 (22.5%) of labours are spending on cloth and other items in the range of expenditure of Rs. 0 – 5000. The 18 (22.5%) labours expenditure on cloth and other items is in the range of Rs. 5001 – 10000, 24 (30%) labours belong to the expenditure range of Rs. 10001 – 15000. As well as 10 labours fall in the expenditure range of Rs. 15001 – 20000, the 6 (7.5%) labours fall in the expenditure range of Rs. 20000 – 25000. Whereas 4 (5%) labours fall in the higher income range of Rs. 25001 – 30000 with an average arithmetic mean 11250.38 and

its standard deviation 1978.77. The coefficient of variation is 17.58, which shows variation in the annual expenditure on cloth and other goods.

It is clear from the table that mostly 30% of labours comes in the annual expenditure range of Rs. 10000 – 15000 on cloth and other items and highest range of annual expenditure i. e. Rs. 25001 – 3000 have only 5% labours.

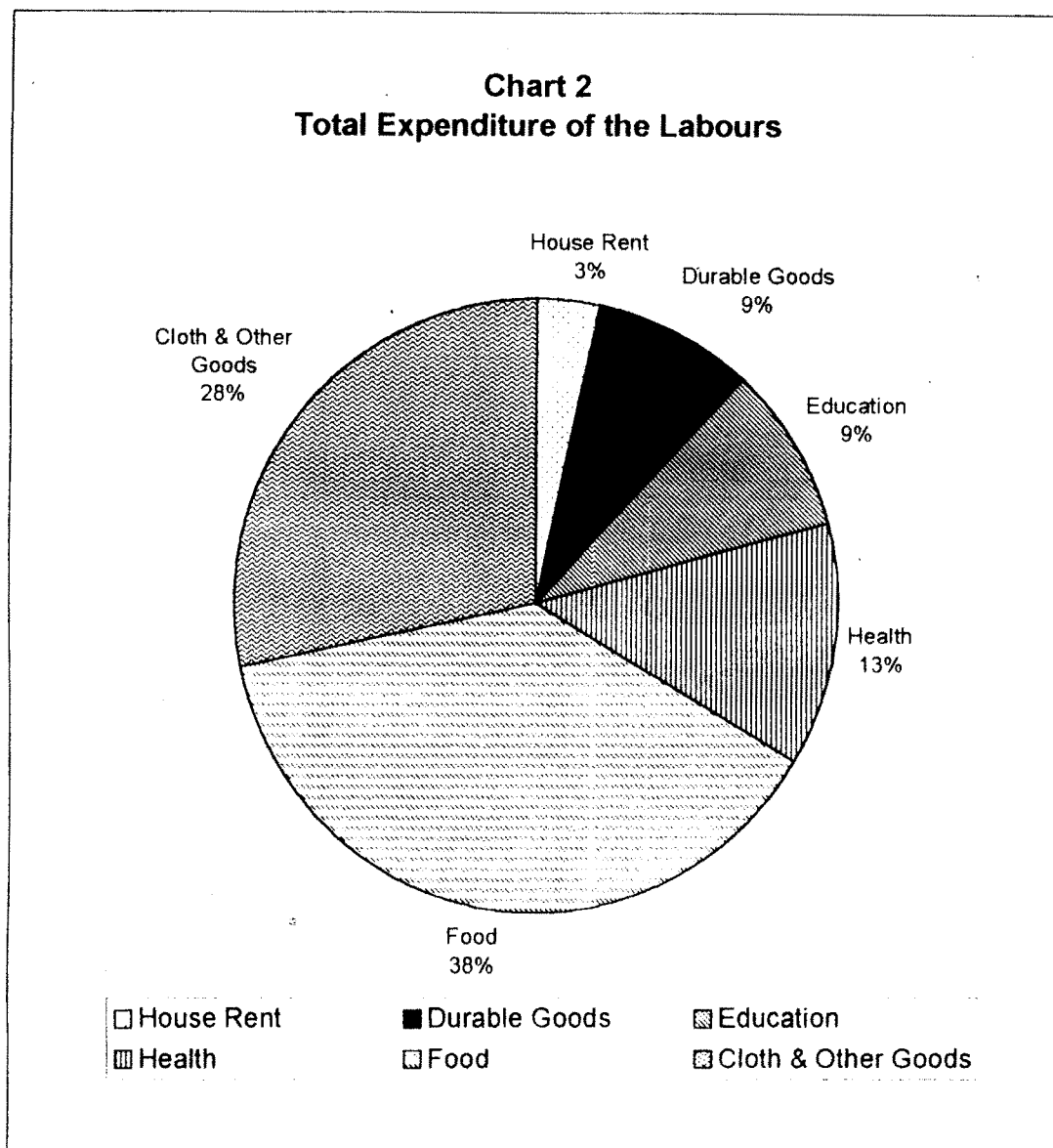**Distribution of Total Expenditure of Labours**

We have calculated the total expenditure of the labours and also shown it in the table No. 3.5.

Table No. 3.5

Total Expenditure of the Labours

House Rent	Housing Goods	Education	Health	Food	Cloth & other items	Total Expenditure
119200	306000	326000	454000	1364000	1016000	3585300
(3.32)	(8.53)	(9.09)	(12.66)	(38.04)	(28.33)	(100)

The table shows the distribution of the annual expenditure of the labours. Out of total expenditure of labours 38.04% spend on food followed by 28.33% on cloth and other items. Share of health expenditure to the total expenditure is 12.66%, contribution of education and housing commodities expenditure is 9.09% and 8.53% respectively. The expenditure on house rent is 3.32% only.

Chart 2
Total Expenditure of the Labours

House Rent
3%

Durable Goods
9%

Cloth & Other
Goods
28%

Education
9%

Health
13%

Food
38%

☐ House Rent   ■ Durable Goods   ▨ Education
▥ Health   ☐ Food   ▨ Cloth & Other Goods

3.3   Savings of Labours

The saving of the labours is shown in Table No. 3.6

Table No. 3.6

Savings of Sample Labours

Sr. No.	Classification	No. of labours	Percentage
1	Saver Labours	14	17.5
2	Non Saver Labours	66	82.5
	Total	80	100

The table reveals that out of 80 labours 14 (17.5%) labours are saving some amount for their income in the co-operative credit societies and Hamal Panchayat Co-operative Credit Society. The 66 (82.5%) labours are not saving any amount from their income.

Table No. 3.7

Classification of Labours according to Savings

Sr. No.	Saving Range	No. of labours	Percentage
1	0 - 10000	12	85.71
2	10001 - 20000	1	7.14
3	20001 - 30000	1	7.14
	Total	14	100

The table sHows that 12 (85.71%) labours have fall in the saving range of Rs. 0 - 10000 whereas only 1 (7.14%) of labours each in the range of Rs. 1000 - 20000 and Rs. 20000 - 30000 with an average arithmetic mean 8928.71 and its standard deviation 4232.72. The coefficient of variation is 47.40, which shows variation in the savings of labours.

It is observed that the most of 85.71% of labours are in the saving range of Rs. 0 - 10000.

3.4 Borrowings of Loan

The labours are taking loans for building house, marriages of son and daughters, festival expenses etc. from the credit societies. In the Shahu Market Yard the Kolhapur District Hamal Panchayat Co-operative

Credit Society and Kolhapur District Mathadi Labour Board is providing loan to the hamals, weightmans and assistant labours working in the market yard.

Table No. 3.8

Classification of Borrowing of Labours

Sr. No.	Classification	No. of labours	Percentage
1	Borrower Labours	34	42.5
2	Non Borrower Labours	46	57.5
	Total	80	100

The table No. 3.8 shows that the sample labours 34 (42.5%) labours have borrower labours and 46 (57.5%) labours are non borrowers.

The table No. 3.9 shows the classification of the labours different ranges of loans.

Table No. 3.9

Classification of Loans Range

Sr. No.	Loan Range	No. of labours	Percentage
1	0 – 20000	22	64.70
2	20001 – 40000	6	17.64
3	40001 – 60000	2	5.88
4	60001 – 80000	2	5.88
5	80001 – 100000	-	-
6	100000 & above	2	5.88
	Total	34	100

The classification of labours is shown in table No. 3.9. The table shows that out of total sample 34(42.5%) labour borrowers are in the range of loan of Rs. 0 – 20000, 6 (17.64%) labours belong to the range of loan of Rs. 20001 – 40000, 2 (5.88%) labours fall in the range of loan of Rs. 400001 – 6000 and also 2 (5.88%) labours belong to the range of loan of Rs. 60001 – 80000. Nobody is in the range of loan of Rs. 80001 – 100000 while only 2 (5.88%) labours belong to the range of loan of Rs. 100000 and above. The average arithmetic mean is 25294.25 and its standard deviation is 1727.41. The coefficient of variation is 46.36, which shows variation in the loans of labours.

3.5 Below Poverty Line Labours

The Planning Commission constituted in September 1989 an 'Expert Group'[5] to consider methodological and computational aspects of estimation of proportion and number of poor in India. Prof. D. T. Lakdawala was the Chairman of the Expert Group. The Report of the Expert Group was submitted in July 1993. Taking into account various considerations, the Expert Group recommended the following criteria for determining the Poverty Line.

1.   The Poverty Line recommended by the Task Force on projection of minimum reeds and effective consumption demand, namely a monthly per capita total expenditure of Rs. 49.09 and Rs. 57 at all India level at 1973-74 prices

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[5] Indian Economy, Ruddar Datta & K. P. M. Sundharam, 2004, pp. 366-367

be adopted as the base line. This was anchored in the recommended per capital daily intake of 2,400 calories in rural areas with reference to the consumption pattern as obtained in 1973-74. The Expert Group recommended that these norms may be adopted uniformly for all states.

2. Regarding the choice of the base year, the Expert Group was of the opinion that since much systematic work has already been done with the base 1973-74, this base year may be continued for estimating the poverty line.

3. For estimating state specific poverty lines, the standardized commodity basket corresponding to poverty line at the national level should be valued at the prices in each state in the base year, i. e. 1973-74. For updating poverty line to the current prices in a year, there is a need to generate State specific consumer price index. For this purpose, the consumer price index for the agricultural workers and non-manual employees (urban) should be used. Since prices vary between Stats and periods, the procedure calls for price adjustments for interstate variations in the base year and State specific price movements over time.

4. For the choice of the deflator, the Expert Group came to the conclusion that it would be most suitable to rely on the disaggregated commodity indices for Consumer Price Index

for Agricultural Labourers (CPIAL) to update the rural poverty line and a simple average of suitably weighted commodity indices of consumer price index for industrial workers (CPIIW) and consumer price indeed of non-manual employees (CPINM) for updating the poverty line.

According to the Planning Commission and the Expert Group (1993) the criterion of poverty line was Rs. 165.58 for urban area. The criterion of NSSO (1999-2000) was Rs. 211.30 for rural areas and Rs. 454.11 for urban areas.

All the sample labours are from rural area. As per the criterion of NSSO (1999-2000) 64 (80 %) labours are under below poverty line and 16 (20 %) labours are above poverty line. Hence, it is observed that the majority of the labours are under below poverty line.

The coefficient of variation is 11.40 of the annual income of the labours. The source of the majority of the labours is wage, agriculture and animal husbandry. The income from agriculture shows the highest variation of 12.11 secondly the income from wage shows variation of 9.72. and lastly the income from animal husbandry shows the variation of 1.63.

The coefficient of variation of the annual expenditure is 9.99. The expenditure on house rent, durable goods, education, health, food, cloth and others shows the variation of 6.15, 21.59, 23.91, 32.40, 5.52,

and 17.58 respectively. The expenditure on food shows the minimum variation and the expenditure on health shows the maximum variation.

The coefficient of variation of the annual savings of the labours is 47.40 and the coefficient of variation of the loans of the labours is 46.36.