

Rural–Urban Disparity in the Standard of Living across States of India

A Preliminary Estimate

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The rural–urban disparity in the standard of living in India is estimated on the basis of per capita consumption or use of non-durable goods, durable consumer goods, and house and living facilities enjoyed by the population of the rural and urban sectors in major states of India in 2011–12. This estimate shows that the rural–urban disparity in the standard of living is the highest in Jharkhand and Odisha and the lowest in Punjab and Kerala. The interstate variation in rural–urban disparity is negatively correlated with per capita state domestic product, degree of urbanisation, level of agricultural development, and per capita amount of remittances received by rural households. It is positively correlated with the percentage of state population below the poverty line.

In spite of the universal concern about the wide disparity in the standard of living of rural and urban sectors in India, no systematic estimate of the extent of this disparity seems to exist. The absence of separate information on the per capita income of rural and urban sectors is probably the reason for there being no study on the extent of the rural–urban disparity in the standard of living in India. In the present study, an attempt is made to quantify the gap in the rural and urban standard of living on the basis of per capita amount of goods/services consumed/used by people of the two sectors. The rural–urban standard of living disparity score estimated is an ordinal index that helps in ranking the states on a rural–urban disparity basis. It gives an approximate preliminary picture of rural–urban disparity across the states. A more accurate estimate of rural–urban disparity, of course, can be made only when separate data on rural and urban sectors' per capita domestic product becomes available. Although an all-India estimate of rural–urban disparity in the standard of living is also calculated, it is used mainly as the average situation with which the condition of each state can be compared. Given the continental size of India and the great diversity of agroclimatic, demographic, cultural, economic and political conditions of the Indian states, the more relevant—in terms of rural–urban conflict and welfare policy—dimension of rural–urban disparity in standard of living is the disparity in the standard of living of rural and urban populations in each state (Harriss 1999).

Rural–Urban Disparity: Theoretical Underpinnings

Rural–urban disparity in income and standard of living is an embedded structural feature of free-market capitalist economies. The sectoral distribution of income by uncontrolled free markets always results in relatively lower per capita income of rural population compared to the urban population. In the developed rich countries, this tendency of free markets to produce wide disparity in rural and urban incomes is corrected by active state intervention in the form of handsome subsidies and direct payments to agricultural producers, to ensure rough parity between rural and urban incomes and standard of living (*Economist* 2004a, 2004b). However, in developing economies like India, this tendency of free markets to produce disparity between rural and urban incomes and standards of living is not only not corrected by government intervention, but is rather accentuated by government policies designed to

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ensure cheap foodgrains for urban population and cheap agricultural raw materials for urban industry. Furthermore, there is a strong urban bias in the provision of living facilities like piped drinking water, proper drainage/sewerage systems, electricity, etc (Lipton 1976). As a result, rural–urban disparity in income and standard of living in these economies widens, as these economies grow (Hayami 1997).

The root cause of disparity in rural and urban incomes is the dependence of rural livelihoods, directly or indirectly, on agriculture; whereas urban population derives its income from modern industry and services. The return to resources (labour and capital) employed in agriculture is persistently lower than resources employed in modern industry and services (Tweeten 1969). The reasons for this disparity in resource returns in agriculture and industry are complex and many. Some attribute this disparity to the basic difference in the role of technology and machine process in agriculture and industry (Brewster 1950). The use of modern technology and machines in industry results in assembly-line production and economies of scale, and fuller utilisation of machines. As a result, per unit of output cost of using machines falls to a low level. In agriculture, due to the biological nature of the production process, each machine is used only for a few weeks in a year, and that results in gross underutilisation of machines and chronic overcapitalisation of farm production. The consequence is a very high per unit cost of output for using modern machinery in agriculture (Georgescu-Roegen 1969). The combined outcome of these structural factors is that return to capital invested in agriculture is much lower than the capital invested in urban industry. The fixed resource theory attributes the low return of agricultural labour compared to labour employed in urban industry, to the inability of surplus rural labour to get suitable jobs in urban industry or services because the former's skills having no use in urban occupations (Johnson 1956).

The endodermal hypothesis attributes the persistent low returns of agricultural labour to farmers' reluctance to leave their secure community living and join the anonymous urban society (Brewster 1961). The weaker labour-absorptive capacities of the modern industrial sectors of developing countries, due to the introduction of labour-saving technologies, also contributes to the chronic persistence of surplus labour in the rural sectors in these economies (Hayami 1997). The combined result of these factors is that outmigration of surplus labour from rural sector remains slower than what is required to equalise the returns to labour in the rural and urban sectors (Hathaway and Perkins 1968). In developing countries like India, this inherent tendency of rural overpopulation is further accentuated by government policies designed to discourage migration to the urban sector, and to keep the surplus rural population parked indefinitely in the rural sector itself.

The secular decline in terms of trade of agriculture in an uncontrolled free market economy is another factor that lowers the relative return to resources employed in agriculture (Schultz 1945). The main reason of this decline in terms of trade of agriculture is the slower growth of demand for agricultural products, due to their low and declining income

elasticity, compared to fast growth of demand for industrial products and services due to their higher income elasticity. In this context, Cochrane (1958) has shown how the cycle of new technology adoption, increased output, depressed prices and further search for new technology to maintain farm income in the face of falling prices, puts the farmers on a “tread mill;” they have to tread fast just to keep up.

The operation of all these factors and forces in an uncontrolled free market economy creates a wide disparity in the incomes of rural and urban population. This inherent tendency of uncontrolled free markets to produce wide rural–urban disparity in income and standard of living was recognised by economists and policymakers in developed countries (after a century-long debate) by the end of World War II. To correct this rural–urban disparity in incomes, governments of these countries have been giving huge subsidies to farmers, through various direct and indirect mechanisms, to ensure a rough parity between agricultural and non-agricultural per capita income. In the developed countries, an approximate parity between agricultural and non-agricultural incomes prevails now (Gardner 2002; Hayami 1997). However, in developing countries like India, the wide disparity in rural and urban incomes and standard of living has not only persisted, but seems to be growing as these economies continue to develop and grow.

Methodology and Data

The standard of living of rural and urban populations is compared on the basis of per capita amount of goods/services consumed or used by people. The goods/services consumed/used by people are grouped into three categories on the basis of the nature and time pattern of their use and availability of data: (i) non-durable goods, (ii) durable consumer goods, and (iii) house and living facilities enjoyed. Information on rural and urban sectors on these three categories of goods/services is gathered from the following sources. Information on monthly per capita expenditure (MPCE) on non-durable goods is taken from the National Sample Survey Office's (NSSO 2013) “Key Indicators of Household Expenditure in India, 2011–12.” Information on durable consumer goods ownership is taken from data on “Household Consumption of Various Goods and Services in India, 2011–12” (NSSO 2014). Information on house type and living facilities is taken from the 2011 Census data (GOI 2012).

The standard of living of rural and urban populations is compared by computing a standard of living composite score, in which the per capita amount of goods/services consumed or used of the three categories of goods/services is clubbed together. To calculate the per capita monthly expenditure on non-durable goods, the per capita monthly expenditure on durable goods is subtracted from the MPCE figure reported by the NSSO. The percentage of households owning the following seven durable consumer goods is used to represent the per capita use of durable consumer goods: (i) phone/mobile, (ii) television, (iii) refrigerator, (iv) washing machine, (v) air conditioner, (vi) motorcycle/scooter, and (vii) car/jeep, etc. The NSSO (2014) provides information on 15 durable consumer goods, out of which

seven are selected, as these are supposed to define the normal middle-class lifestyle. The excluded ones are either too common and loosely defined (for example, bedstead), or too exotic for most of Indian households (for example, camera and photo equipment). In the house type and living facilities group, the following six items are included: (i) house type in pucca/kutchra terms, (ii) proper drainage outlet for wastewater, (iii) piped tap water in house premises, (iv) flush latrine in house premises, (v) liquefied petroleum gas (LPG) for cooking, and (vi) electricity for lighting. The percentage of households having these six items is used to represent the per capita use of these six items.

The rural–urban disparity is first calculated separately for each of the three categories of goods and services as follows:

$$\text{Rural–Urban Disparity Score} = \left(1 - \frac{\text{Value of composite score of category for rural sector}}{\text{Value of composite score of category for urban sector}} \right) 100$$

For this purpose, a composite score of durable consumer goods is calculated by taking the simple average of percentage of households owning the seven durable consumer goods. The composite score of the six items in the house and living facilities group is calculated on the same lines. The rural–urban disparity score for non-durable goods consumption is the ratio of rural MPCE to urban MPCE, subtracted from one and multiplied by 100. The composite score of rural–urban disparity in standard of living is the simple average of rural–urban disparity scores of the three categories of goods/services consumed or used by people. The rural–urban disparity score indicates (in percentage terms) by how much the rural standard of living is lower than the urban standard of living. It ranges from zero to 100. A higher value of disparity score indicates a greater rural–urban disparity in the standard of living, and a lower value indicates a smaller disparity. It may be mentioned that the rural–urban disparity score is an ordinal index and is valid only for ranking states on rural–urban disparity, in greater or smaller terms.

The procedure used to estimate the extent of rural–urban disparity in the standard of living has many limitations. However, in the absence of separate information on the per capita domestic product of rural and urban sectors, it does give an approximate estimate of the extent of rural–urban disparity in standard of living across the states of India. A more accurate estimate of rural–urban disparity in standard of living can only be made once separate information on the per capita domestic product of rural and urban sectors is published by the Central Statistics Office or some other organisation.

Non-durable Goods Consumption

Information on the MPCE on non-durable goods in 2011–12 for 20 major states of India and for the country as a whole is presented in Table 1. In the country as a whole, the MPCE on non-durable goods (₹1,376.32) in the rural sector was lower by 45.17% than in the urban sector (₹2,490.29). On the basis of these figures, one can safely say that in the country as a whole, the per capita consumption of non-durable goods in

the rural sector was about one half of that in the urban sector. The information on the states reveals a wide variation in rural–urban disparity in the per capita consumption of non-durable goods. The highest disparity is observed in Jharkhand, where rural per capita expenditure on non-durable goods is 50.09% lower than the urban per capita expenditure. The lowest disparity is observed in the case of Punjab, where rural per capita expenditure on non-durable goods is only 16.77% lower than in the urban sector. In comparison to the all-India average, the rural–urban disparity in non-durable goods consumption was higher in Jharkhand, Karnataka, West Bengal, Odisha, Maharashtra, Assam, Chhattisgarh, Uttar Pradesh (UP) and Madhya Pradesh (MP). In the 11 remaining states, it was lower than the all-India average. In relation to the level of per capita state domestic product, one does not find any clear pattern in rural–urban disparity in non-durable goods consumption. Some states with a high per capita state domestic product show quite a high rural–urban disparity in the per capita consumption of non-durable goods; for example, Maharashtra (45.29%), Haryana (47.71%), Gujarat (38.93%) and Tamil Nadu (TN) (35.05%). On the other hand, a state like Bihar, with a very low per capita state domestic product, shows a relatively low rural–urban disparity in non-durable goods consumption. On the whole, one can say that a high rural–urban disparity in per capita consumption of non-durable goods prevails in most states in India, except Punjab and Kerala.

Durable Consumer Goods Ownership

The information on the percent of rural and urban households that own seven important durable goods is presented for all the major states in India, and the country as a whole,

Table 1: Rural–Urban Disparity in Non-durable Goods Consumption, 2011–12

| State | Monthly Per Capita Expenditure on Non-durable Goods (₹) | | Rural–Urban Disparity Score $\left(1 - \frac{\text{Rural}}{\text{Urban}} \right) 100$ (%) |
|-------------------|---|----------|--|
| | Rural | Urban | |
| Jharkhand | 980.30 | 1,964.26 | 50.09 |
| Karnataka | 1,481.13 | 2,912.23 | 49.14 |
| West Bengal | 1,249.35 | 2,440.31 | 48.80 |
| Odisha | 968.16 | 1,863.04 | 48.03 |
| Maharashtra | 1,564.33 | 3,035.06 | 45.29 |
| Assam | 1,170.54 | 2,101.45 | 44.30 |
| Chhattisgarh | 976.87 | 1,746.56 | 44.07 |
| Uttar Pradesh | 1,115.54 | 1,950.08 | 47.79 |
| Madhya Pradesh | 1,103.79 | 1,926.78 | 47.71 |
| Haryana | 2,090.99 | 3,586.96 | 47.71 |
| Gujarat | 1,464.42 | 2,398.07 | 38.93 |
| Himachal Pradesh | 1,922.43 | 3,104.23 | 38.07 |
| Tamil Nadu | 1,616.34 | 2,488.70 | 35.05 |
| Andhra Pradesh | 1,682.37 | 2,580.56 | 34.81 |
| Rajasthan | 1,538.60 | 2,343.13 | 34.34 |
| Jammu and Kashmir | 1,652.22 | 2,349.09 | 29.67 |
| Uttarakhand | 1,639.07 | 2,223.59 | 26.29 |
| Bihar | 1,086.79 | 1,455.92 | 25.36 |
| Kerala | 2,284.35 | 2,841.23 | 19.60 |
| Punjab | 2,201.47 | 2,644.92 | 16.77 |
| All-India average | 1,376.32 | 2,490.29 | 45.17 |

Modified Mixed Reference Period MPCE is used; rural–urban disparity score indicates how much (in percentage terms) rural MPCE is lower than urban MPCE. Source: NSSO (2013): “Key Indicators of Household Expenditure in India, 2011–12,” 68th round.

in Table 2. The composite score of rural–urban disparity in the ownership of the seven durable consumer goods shows the highest disparity in the case of Jharkhand, where the rural composite score of durable consumer goods ownership is 60.38% lower than the urban composite score. On the other hand, rural–urban disparity in the ownership of durable consumer goods is the lowest in Punjab (11.42%) and Himachal Pradesh (HP) (11.47%). In these two states, the percentage of rural households owning the seven durable consumer goods is only marginally lower than the percentage of urban households owning these goods. The rural–urban disparity in the ownership of durable consumer goods is higher than the all-India average (45.94%) in Jharkhand, Odisha, Chhattisgarh, Assam, MP, UP, West Bengal, and Rajasthan. In the remaining 12 states, it is lower than the all-India average. The comparison of rural–urban disparity, at the all-India level, in each of the seven durable consumer goods shows that it is lowest in the ownership of phone/mobile (15.83%) and not very high in the ownership of television (38.31%) (Table 2). Out of the remaining five durable consumer goods, the highest disparity is observed in the case of washing machine (86.38%), followed by refrigerator (78.54%), air conditioner (74.89%), car/jeep (66.23%) and motorcycle/scooter (51.32%). This all-India pattern of rural–urban disparity in each of the seven durable consumer goods is observable in each of the 20 major states as well; though in strict percentage terms, each state has its own pattern. The pattern of rural–urban disparity in the seven durable consumer goods

seems to be related to the relative prices of these goods (disparity being higher in the more expensive ones), and also to the relative usefulness of these goods to people in the two sectors. That is why rural–urban disparity is higher in the case of washing machine than in the case of motorcycle/scooter.

House and Living Facilities

The standard of living of people depends not only on the consumption of non-durable goods and use of durable consumer goods, but also on the type of house in which they live and other living facilities they enjoy. This dimension of standard of living usually gets ignored in most studies and even per capita domestic product fails to adequately reflect it. In the present study, this component of standard of living is given equal importance and weight as the non-durable goods consumption and durable consumer goods use. The information on rural–urban disparity in house type and five living facilities is detailed in Table 3 (p 48). The all-India average given in the bottom row shows that the house and living facilities composite score for rural sector was 61.74% lower than the urban sector composite score. Out of the three components of standard of living, the rural sector households lag behind the urban sector households in house and living facilities by the biggest margin, that is, 61.74% lower, compared to 45.17% lower in non-durable goods consumption, and 45.99% lower in durable consumer goods ownership/use. The biggest rural–urban disparity in house type and living facilities is observed in the case of

Table 2: Rural–Urban Disparity in Ownership of Durable Consumer Goods, 2011–12

| State | Percentage of Households Owning | | | | | | | | | | | | | | Composite Score of Durable Goods Ownership (%) | | Rural–Urban Disparity Score $(\frac{1 - \text{Rural}}{\text{Urban}}) \times 100$ (%) | |
|-------------------|---------------------------------|-------|------------|-------|--------------|-------|-----------------|-------|-----------------|-------|--------------------|-------|---------------|-------|--|-------|--|--|
| | Phone/Mobile | | Television | | Refrigerator | | Washing Machine | | Air Conditioner | | Motorcycle/Scooter | | Car/Jeep, etc | | Rural | Urban | | |
| | Rural | Urban | Rural | Urban | Rural | Urban | Rural | Urban | Rural | Urban | Rural | Urban | Rural | Urban | | | | |
| Jharkhand | 66.5 | 90.2 | 28.1 | 77.3 | 1.4 | 32.2 | 0.4 | 14.5 | 0.8 | 11.0 | 10.1 | 44.6 | 1.3 | 4.3 | 15.51 | 39.16 | 60.38 | |
| Odisha | 57.4 | 85.5 | 41.9 | 73.1 | 4.5 | 34.2 | 0.7 | 16.3 | 3.0 | 21.5 | 11.9 | 38.4 | 0.6 | 6.2 | 17.14 | 39.31 | 56.39 | |
| Chhattisgarh | 53.9 | 84.3 | 46.9 | 79.4 | 3.1 | 32.3 | 0.6 | 15.6 | 10.6 | 45.7 | 17.5 | 41.0 | 1.5 | 5.0 | 19.16 | 43.33 | 55.79 | |
| Assam | 66.6 | 90.5 | 35.2 | 72.6 | 3.1 | 33.7 | 0.8 | 12.4 | 0.2 | 4.1 | 8.3 | 34.0 | 1.8 | 10.8 | 16.57 | 36.87 | 55.06 | |
| Madhya Pradesh | 71.2 | 88.0 | 40.0 | 80.7 | 4.1 | 38.3 | 1.3 | 18.2 | 10.6 | 45.5 | 19.3 | 46.5 | 1.2 | 7.6 | 21.10 | 46.40 | 54.53 | |
| Uttar Pradesh | 80.8 | 90.7 | 28.6 | 71.0 | 3.8 | 40.3 | 1.7 | 24.7 | 4.3 | 34.0 | 17.8 | 32.2 | 1.4 | 9.6 | 19.77 | 43.21 | 54.25 | |
| West Bengal | 65.0 | 89.9 | 37.1 | 75.4 | 3.5 | 37.7 | 0.2 | 9.8 | 0.2 | 6.7 | 7.3 | 15.4 | 0.3 | 3.5 | 16.23 | 34.06 | 52.25 | |
| Rajasthan | 82.2 | 90.2 | 42.7 | 71.9 | 12.4 | 46.5 | 2.2 | 20.1 | 14.5 | 52.2 | 24.1 | 47.5 | 3.1 | 8.9 | 25.89 | 48.17 | 46.26 | |
| Bihar | 82.6 | 88.2 | 22.4 | 66.4 | 0.9 | 18.1 | 0.6 | 5.6 | 0.5 | 6.5 | 9.1 | 22.4 | 0.19 | 3.3 | 16.71 | 30.07 | 44.42 | |
| Jammu and Kashmir | 86.1 | 90.7 | 58.9 | 84.3 | 22.0 | 58.3 | 9.2 | 42.0 | 13.8 | 36.5 | 8.1 | 25.5 | 3.7 | 15.2 | 28.83 | 50.36 | 42.75 | |
| Maharashtra | 78.3 | 95.3 | 59.1 | 87.7 | 9.7 | 48.8 | 1.0 | 20.8 | 9.1 | 21.5 | 22.3 | 34.5 | 2.1 | 7.5 | 25.94 | 45.16 | 42.55 | |
| Andhra Pradesh | 79.8 | 90.3 | 72.9 | 80.7 | 6.10 | 36.5 | 1.4 | 15.4 | 6.5 | 26.9 | 15.5 | 39.1 | 0.9 | 15.4 | 26.16 | 43.47 | 39.83 | |
| Gujarat | 79.6 | 93.8 | 51.7 | 77.8 | 14.9 | 46.2 | 1.2 | 7.3 | 0.8 | 10.8 | 29.3 | 48.6 | 1.0 | 8.3 | 25.50 | 41.83 | 39.04 | |
| Karnataka | 85.0 | 93.4 | 66.4 | 81.9 | 5.0 | 37.9 | 0.9 | 20.0 | 0.5 | 3.2 | 19.1 | 41.1 | 1.8 | 8.7 | 25.53 | 40.89 | 37.56 | |
| Uttarakhand | 91.0 | 94.8 | 80.3 | 87.1 | 19.0 | 60.4 | 9.1 | 41.9 | 9.6 | 27.3 | 19.6 | 41.8 | 2.6 | 10.2 | 33.03 | 51.93 | 36.40 | |
| Haryana | 91.3 | 98.3 | 74.7 | 88.0 | 40.0 | 69.1 | 22.6 | 53.7 | 35.8 | 57.2 | 36.3 | 51.5 | 6.5 | 22.2 | 43.89 | 62.86 | 30.18 | |
| Tamil Nadu | 82.3 | 91.2 | 89.1 | 89.2 | 9.7 | 38.4 | 2.5 | 22.2 | 1.1 | 9.6 | 31.7 | 43.4 | 1.1 | 4.5 | 31.07 | 42.64 | 37.14 | |
| Kerala | 93.4 | 95.2 | 85.9 | 86.4 | 40.8 | 57.10 | 15.3 | 36.6 | 2.5 | 9.6 | 25.3 | 39.3 | 8.7 | 17.0 | 38.84 | 48.74 | 20.31 | |
| Himachal Pradesh | 92.5 | 93.6 | 83.8 | 76.3 | 39.5 | 53.7 | 14.7 | 31.7 | 4.3 | 6.4 | 14.0 | 16.1 | 6.6 | 10.7 | 36.49 | 41.21 | 11.47 | |
| Punjab | 90.9 | 96.5 | 84.6 | 83.1 | 65.8 | 68.7 | 22.1 | 41.1 | 39.6 | 51.8 | 46.6 | 49.6 | 8.0 | 12.9 | 51.09 | 57.67 | 11.42 | |
| All-India average | 77.6 | 92.2 | 49.6 | 80.4 | 9.4 | 43.8 | 2.9 | 21.3 | 5.9 | 23.5 | 18.4 | 37.8 | 2.0 | 8.0 | 23.69 | 43.86 | 45.94 | |
| | (15.83) | | (38.31) | | (78.54) | | (86.38) | | (74.89) | | (51.32) | | (66.23) | | | | | |

(1) Figures in brackets in the bottom row indicate rural–urban disparity in each of the seven durable consumer goods.

(2) Composite score of durable consumer goods ownership is the average of percentages of households owning seven consumer durable goods.

(3) Rural–urban disparity score = $(1 - \text{Composite Score Rural} \div \text{Composite Score Urban}) \times 100$.

(4) Rural–urban disparity score indicates how much (in percentage terms) rural ownership of durable consumer goods is lower than urban ownership of durable consumer goods.

Source: NSSO (2014): "Household Consumption of Various Goods and Services in India, 2011–12," 68th round.

Jharkhand, where the composite score of six items of this category is 77.25% lower than the urban composite score. The smallest rural–urban disparity, on the other hand, is observed in Kerala where the rural composite score is only 18.78% lower than the urban composite score. The rural–urban disparity in house and living facilities is higher than the national average in the case of Jharkhand, Assam, Odisha, West Bengal, MP, Chhattisgarh and Bihar. In the remaining 13 states, it is lower than the national average. In Punjab, Haryana, and HP, the rural–urban disparity in house and living facilities is relatively small; the rural composite score being about 30% lower than the urban composite score.

The figures given in brackets in the bottom row, for India as a whole, show that out of the six items of this group, the biggest rural–urban disparity is observed in ownership/use of LPG for cooking; the rural percentage of households having this facility is 82.47% lower than the percentage of urban households having one. The smallest rural–urban disparity, on the other hand, is found in the use of electricity for lighting; the rural proportion of households having this facility being 40.33% lower than the urban households. Out of the other three items, the rural–urban disparity is very high in the case of piped tap water and flush latrine in house premises; their rural–urban disparity score being 74.07% and 73.21%, respectively. The condition of rural households in terms of ownership of pucca house and having proper drainage outlet for waste water is also bad compared to urban households. The rural–urban disparity

score in pucca house ownership is 58.12% lower, and in proper drainage outlet facility is 55.06% lower than the respective score for the urban sector. The above all-India pattern of rural–urban disparity in each of the six items of this category is also observed in the case of each of the 20 states; though the exact disparity score differs from state to state.

Disparity in the Standard of Living

The rural–urban disparity scores of the three components of standard of living given in Tables 1, 2 and 3 are clubbed together to estimate the rural–urban disparity in the standard of living as a whole. The clubbing procedure has been described in the methodology section. The results of this exercise are detailed in Table 4 (p 49), and the 23 states are ranked on the basis of composite score of rural–urban disparity. The highest rural–urban disparity in standard of living is observed in Jharkhand, where the rural standard of living is 61.91% lower than the urban standard of living. The lowest rural–urban disparity in standard of living, on the other hand, is found in Punjab, where the rural standard of living is 18.46% lower than the urban standard of living. The condition of rural households vis-à-vis urban households in Kerala is almost similar to Punjab, where the rural standard of living is 19.56% lower than the urban standard of living. The rural–urban disparity in the standard of living in Jharkhand, Odisha, Assam, West Bengal, Chhattisgarh, MP, and UP is not only higher than the national average, but also high in the sense that the rural standard of

Table 3: Rural–Urban Disparity in House Quality and Living Facilities, 2011

| State | Percentage of Households Having | | | | | | | | | | | | Composite Score of Durable Goods Ownership (%) | Rural–Urban Disparity Score $\left(1 - \frac{\text{Rural}}{\text{Urban}}\right) \times 100$ (%) | |
|-------------------|---------------------------------|-------|--|-------|-----------------------------------|-------|---------------------------------|-------|-----------------|-------|--------------------------|-------|--|---|-------|
| | Pucca House | | Proper Drainage Outlet for Waste Water | | Piped Tap Water in House Premises | | Flush Latrine in House Premises | | LPG for Cooking | | Electricity for Lighting | | | | |
| | Rural | Urban | Rural | Urban | Rural | Urban | Rural | Urban | Rural | Urban | Rural | Urban | | | |
| Jharkhand | 27.09 | 77.93 | 16.31 | 70.80 | 0.87 | 28.92 | 6.21 | 64.71 | 1.94 | 42.10 | 32.31 | 87.98 | 14.12 | 62.07 | 77.25 |
| Assam | 21.89 | 60.24 | 13.77 | 56.35 | 2.17 | 24.42 | 20.59 | 71.04 | 9.90 | 67.98 | 28.36 | 84.08 | 16.11 | 60.69 | 73.46 |
| Odisha | 39.19 | 75.98 | 11.89 | 59.04 | 1.47 | 32.19 | 10.05 | 58.81 | 3.05 | 46.15 | 35.55 | 83.10 | 16.87 | 59.21 | 71.51 |
| West Bengal | 37.01 | 82.86 | 15.31 | 66.83 | 2.81 | 34.01 | 18.16 | 61.55 | 3.96 | 48.19 | 40.31 | 85.13 | 19.59 | 37.86 | 68.95 |
| Madhya Pradesh | 35.13 | 77.34 | 25.25 | 82.34 | 4.45 | 41.59 | 10.38 | 71.54 | 3.52 | 60.50 | 58.25 | 97.72 | 22.83 | 71.84 | 68.22 |
| Chhattisgarh | 27.18 | 67.14 | 11.51 | 68.90 | 2.65 | 34.86 | 10.32 | 58.66 | 1.62 | 45.00 | 70.04 | 93.73 | 20.55 | 61.38 | 66.52 |
| Bihar | 48.48 | 77.15 | 38.86 | 71.39 | 1.15 | 16.65 | 14.95 | 63.43 | 3.39 | 47.44 | 10.37 | 66.73 | 19.53 | 57.13 | 65.81 |
| Rajasthan | 68.21 | 94.27 | 27.04 | 86.04 | 15.31 | 72.81 | 12.65 | 73.67 | 7.68 | 69.38 | 58.25 | 93.88 | 31.52 | 81.68 | 61.40 |
| Uttar Pradesh | 69.58 | 91.77 | 61.80 | 93.36 | 11.74 | 45.15 | 15.91 | 71.17 | 6.39 | 61.75 | 27.77 | 81.42 | 31.53 | 74.10 | 57.45 |
| Gujarat | 62.26 | 92.28 | 17.99 | 82.63 | 39.50 | 75.80 | 26.55 | 84.63 | 14.29 | 68.32 | 84.98 | 97.19 | 40.93 | 83.43 | 50.94 |
| Karnataka | 64.51 | 86.89 | 42.54 | 82.60 | 17.10 | 60.46 | 13.44 | 71.57 | 10.97 | 64.33 | 86.72 | 96.36 | 45.88 | 77.87 | 49.64 |
| Maharashtra | 57.47 | 88.73 | 47.81 | 91.15 | 32.07 | 74.60 | 23.66 | 67.28 | 21.39 | 74.06 | 73.79 | 96.16 | 42.70 | 82.00 | 47.93 |
| Jammu and Kashmir | 80.85 | 89.52 | 35.66 | 83.12 | 25.24 | 78.06 | 20.73 | 68.53 | 16.32 | 75.69 | 80.68 | 98.04 | 43.25 | 82.16 | 47.36 |
| Tamil Nadu | 64.06 | 85.31 | 27.20 | 74.94 | 13.11 | 45.11 | 17.66 | 66.48 | 28.57 | 68.67 | 90.79 | 96.11 | 40.33 | 72.77 | 44.58 |
| Andhra Pradesh | 72.83 | 90.95 | 41.99 | 88.26 | 24.20 | 59.93 | 25.76 | 79.44 | 20.62 | 67.67 | 89.73 | 97.29 | 40.33 | 72.77 | 42.98 |
| Uttarakhand | 91.60 | 95.11 | 47.33 | 92.90 | 29.04 | 71.30 | 29.41 | 85.02 | 29.10 | 79.42 | 83.05 | 96.49 | 53.25 | 86.86 | 38.69 |
| Himachal Pradesh | 78.50 | 93.20 | 61.61 | 93.56 | 50.14 | 83.55 | 57.39 | 87.00 | 32.68 | 85.11 | 96.59 | 98.10 | 62.82 | 90.09 | 30.27 |
| Haryana | 94.40 | 95.28 | 82.83 | 92.25 | 43.34 | 69.12 | 32.65 | 80.92 | 24.15 | 77.61 | 87.16 | 96.18 | 60.76 | 85.23 | 28.71 |
| Punjab | 92.09 | 96.55 | 81.18 | 91.04 | 26.86 | 73.08 | 42.67 | 85.75 | 38.85 | 78.80 | 95.50 | 98.35 | 62.96 | 87.93 | 28.40 |
| Kerala | 81.85 | 89.88 | 44.13 | 54.55 | 16.70 | 27.14 | 59.08 | 75.29 | 24.74 | 48.41 | 92.10 | 97.01 | 53.10 | 65.38 | 18.78 |
| All-India average | 36.61 | 87.41 | 36.75 | 81.77 | 14.02 | 54.07 | 19.44 | 72.57 | 11.40 | 65.03 | 55.30 | 92.68 | 28.92 | 75.59 | 61.74 |
| | (58.12) | | (55.06) | | (74.07) | | (73.21) | | (82.47) | | (40.33) | | | | |

(1) Figures in brackets in the bottom row indicate rural–urban disparity in each of six items.

(2) Composite score of house and living facilities is the average of percentages of households having the six items of this group.

(3) Rural–urban disparity score = $(1 - \text{Composite Score Rural} / \text{Composite Score Urban}) \times 100$.

(4) Rural–urban disparity score indicates how much (in percentage terms) rural composite score is lower than urban composite score of house and living facilities.

Source: Census of India (2011): Series I: Tables on Houses, Households Amenities and Assets.

living is 50% or lower than the urban standard of living. It may be mentioned that in most of the states with high per capita state domestic products—except Punjab and Kerala—the rural standard of living is substantially lower than urban standard of living; by 45.32% in Maharashtra, 42.97% in Gujarat, 35.59% in TN, and by 33.53% in Haryana.

The regional pattern of rural–urban disparity in standard of living is also almost clearly shown by information presented in Table 4. In all the eastern states—Jharkhand, Odisha, Assam, West Bengal and Chhattisgarh—the rural–urban disparity in standard of living is very high. On the other hand, in almost all the north-western regions, except Jammu and Kashmir, rural–urban disparity in standard of living is relatively low. The only exception to this regional pattern is Kerala, where rural–urban disparity in standard of living is almost the lowest among the 20 states; the Kerala figure being almost the same as the Punjab figure, which is the lowest.

Some Correlated Factors

The composite score of rural–urban disparity in standard of living given in Table 4 being an ordinal index, it was not possible to carry out a proper regression exercise to identify the causal factors that may be responsible for the observed interstate variation in the rural–urban disparity. As a second best, rank correlation was used to find out which of the possible causal factors are significantly correlated with rural–urban disparity in standard of living across the states. These rank correlations are detailed in Table 5. The factors, being clearly

Table 4: Rural–Urban Disparity in the Standard of Living

| State | Rank | Composite Score of Rural–Urban Disparity in Standard of Living (%) | Rural–Urban Disparity Score in Components of Standard of Living (%) | | |
|-------------------|------|--|---|----------------------------------|-------------------------------------|
| | | | Non-durable Goods Consumption | Durable Consumer Goods Ownership | House Quality and Living Facilities |
| Jharkhand | 1 | 60.91 | 50.09 | 60.38 | 72.25 |
| Odisha | 2 | 58.64 | 48.03 | 56.39 | 71.51 |
| Assam | 3 | 57.60 | 44.30 | 55.06 | 73.46 |
| West Bengal | 4 | 56.67 | 48.8 | 52.25 | 68.95 |
| Chhattisgarh | 5 | 55.46 | 44.07 | 55.79 | 66.52 |
| Madhya Pradesh | 6 | 55.15 | 42.71 | 54.53 | 68.22 |
| Uttar Pradesh | 7 | 51.50 | 42.79 | 54.25 | 57.45 |
| Rajasthan | 8 | 47.33 | 34.34 | 46.26 | 61.40 |
| Karnataka | 9 | 45.45 | 49.14 | 37.56 | 49.64 |
| Maharashtra | 10 | 45.32 | 45.49 | 42.55 | 47.93 |
| Bihar | 11 | 45.20 | 25.36 | 44.42 | 65.81 |
| Gujarat | 12 | 42.97 | 38.93 | 39.04 | 50.94 |
| Jammu and Kashmir | 13 | 39.93 | 29.67 | 42.75 | 47.36 |
| Andhra Pradesh | 14 | 39.21 | 34.81 | 39.83 | 42.98 |
| Tamil Nadu | 15 | 35.59 | 35.05 | 27.14 | 44.58 |
| Uttarakhand | 16 | 33.79 | 26.29 | 36.40 | 38.69 |
| Haryana | 17 | 33.53 | 41.71 | 30.18 | 28.71 |
| Himachal Pradesh | 18 | 26.60 | 38.07 | 11.47 | 30.27 |
| Kerala | 19 | 19.56 | 19.60 | 20.31 | 18.78 |
| Punjab | 20 | 18.86 | 16.77 | 11.42 | 28.40 |
| All-India average | – | 50.97 | 45.17 | 45.99 | 61.74 |

(1) Composite score of rural–urban disparity in standard of living is average of the three components of standard of living.

(2) Composite score of rural–urban disparity indicates (in percentage terms) how much rural standard of living is lower than the urban standard of living.

Source: Author's analysis based on information presented in Tables 1, 2 and 3.

defined and described in the table itself, are not repeated here. The level of development of a state, proxied by per capita state domestic product, is significantly negatively correlated with the extent of rural–urban disparity. On the basis of this correlation, one can say that rural–urban disparity in standard of living is lower in the more developed states than the less developed states. The percentage of state population below the poverty line is significantly positively correlated with rural–urban disparity in standard of living. This correlation also supplements the above conclusion that rural–urban disparity in standard of living is lower in the more prosperous states. The level of agricultural development—proxied by state domestic product originating in agriculture, per capita of agricultural population—is significantly negatively correlated with rural–urban disparity in standard of living. On the basis of this correlation, one can say that a higher level of agricultural development results in lower rural–urban disparity in standard of living. The greater flow of remittances—from domestic and international sources—into the rural sector is found significantly negatively correlated with rural–urban disparity in standard of living; this is an outcome that is quite plausible and expected on theoretical grounds. The degree of urbanisation of a state—proxied by percentage of urban population—is significantly negatively correlated with rural–urban disparity in standard of living. The positive correlation of urbanisation with economic development and per capita income seems to account for this association.

Table 5: Rural–Urban Disparity in the Standard of Living—Some Correlated Factors

| No | Variable | Rank Correlation with Rural–Urban Standard of Living Disparity Score |
|-----|--|--|
| (1) | Per capita state domestic product (Average for triennium ending 2012–13 at 2004–05 prices) | -0.66 ^a |
| (2) | Percentage of state population below poverty line in 2011–12 | 0.87 ^a |
| (3) | State domestic product originating in agriculture per capita of agricultural population (average for triennium ending 2012–13 at 2004–05 prices) | -0.54 ^b |
| (4) | Remittances from outside the rural sector per capita of rural population in 2007–08 | -0.65 ^a |
| (5) | Percentage of urban population in total population (2011) | -0.47 ^b |
| (6) | Percentage of SCs/STs population in rural population (2011) | 0.26 |
| (7) | Percentage of non-farm workers in total rural workers (2009–10, 66th round) | -0.18 |

^a and ^b indicate significant respectively at 1% and 5% level, for a two-tailed test.

Source: Author's estimates based on data from various sources.

The proportion of Scheduled Castes (scs)/Scheduled Tribes (sts) in the rural population of a state was not significantly correlated with rural–urban disparity in standard of living. We have expected this factor to be significantly positively correlated with rural–urban disparity on the grounds that standard of living of scs/sts is, on the average, lower than that of non-scs/sts. Similarly, the proportion of rural workers in non-farm activities was not significantly correlated with rural–urban disparity in standard of living. We have expected this correlation, also, to be positively significant on the ground that greater development of non-farm activities in the rural sector provides a supplementary source of income to the

rural population, and also reduces the pressure of the population on agriculture.

Conclusions

The rural–urban disparity in standard of living across the major states of India is estimated on the basis of a composite score in which consumption of non-durable goods, ownership of durable consumer goods, and house type and living facilities enjoyed by rural and urban households in 2011–12 are included. The rural–urban disparity is measured by an index that shows how much, in percentage terms, the rural composite score of standard of living is lower than the urban composite score of standard of living in a state. On the basis of this disparity score, it is found that rural–urban disparity in standard of living is the highest in Jharkhand and the lowest in Punjab.

The rural–urban disparity is higher than the all-India average in seven states, and lower than the all-India average in 13 states. Both Punjab and Kerala show a relatively small rural–urban disparity: the rural standard of living being less than 20% lower than urban standard of living. On the other hand, in Jharkhand and Odisha, the rural standard of living is about 60% lower than the urban standard of living. The interstate variation in rural–urban disparity is negatively correlated with per capita state domestic product, and positively correlated with percentage of state population below poverty. The rural–urban disparity is also negatively correlated with the level of agricultural development of a state, and the per capita amount of remittances received by rural households. The degree of urbanisation of a state is also negatively correlated with rural–urban disparity across the states.

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