

7.1 Incidence of income distribution

Table 5.8 contains the distribution of income among small and marginal farmer households in rural areas of Sangrur district. The bottom 10 percent households share nearly four percent of the total income earned by small and marginal farming households. On the other hand, the above 10 percent households share nearly 24 percent of the income of all households. A clear contrast is obvious from the fact that the bottom 50 percent households account for about 30 percent of total income, whereas, only 20 percent of the total income is earned by all the small and marginal farming households taken together.

Table 5.8: Distribution of income

Cumulative percentage of households	Cumulative percentage of Income	Cumulative percentage of per capita
10.00	4.33	3.60
20.00	9.61	8.29
30.00	15.35	14.07
40.00	21.99	20.53
50.00	30.16	27.80
60.00	39.64	36.33
70.00	49.98	46.46
80.00	61.19	58.62
90.00	75.68	73.53
100	100	100
Concentration ratio	.289	.328

Source: Primary Survey

In case of per capita income also, the bottom 10 percent share nearly four percent of the total per capita income and top 10 percent share nearly 26 percent of total per capita income. This is nearly six times higher than the per capita income shared by the bottom 10 per cent households. The bottom 50 percent households share nearly 30 per cent of total per capita income where as the top 20 per cent share 41.38 per cent of per capita income. This shows that the inequalities in the distribution of per capita income are higher than the inequalities prevalent in the total income.

The inequalities in the distribution of households' income and household per capita income can be shown with the help of Lorenz curve. For this purpose two Lorenz curves are drawn, for income of households and per capita income of households on distributions. The graph (fig. 5.1) shows the percentile of cumulative frequency of households on X-axis and cumulative percentiles of income levels and per capita income levels on the Y-axis.

With the help of Lorenz curve the concentration ratios have been worked out, which give some interesting results. The income concentration of households is 0.289 and concentration of per capita income of households is 0.328 which clearly shows that the per capita income distribution of households is more concentrated than the income distribution of households.

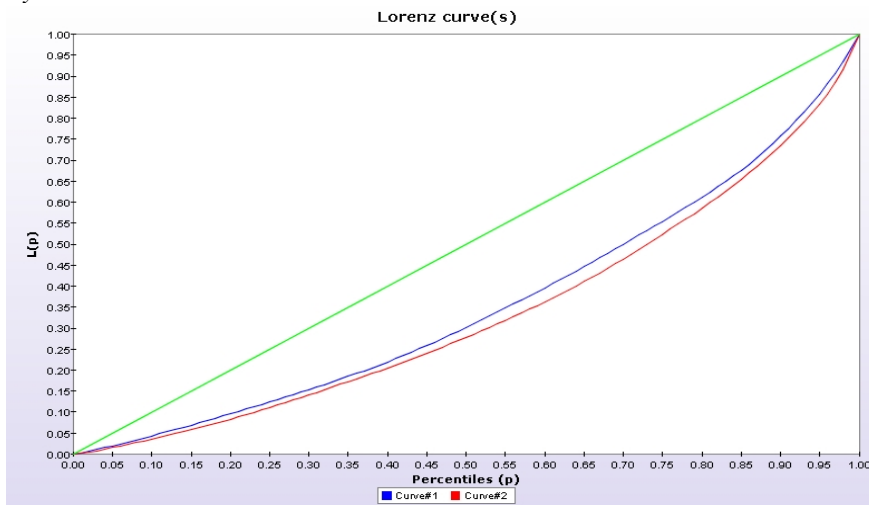


Figure 5. 1: Lorenz Curve Representing Inequalities in Total and Per Capita Income Distribution Line of Equality

Curve 1: Total Income Curve Curve2: Per Capita Income Curve Incidence of consumption distribution

The distribution of consumption among small and marginal farming households in the rural areas of Sangrur district can be seen from Table 5.9. The bottom 10 percent households share nearly four per cent of the total consumption of all small and marginal farming households. On the other hand, the top 10 per cent households share nearly 25 per cent of the consumption of all small and marginal farming households. This is nearly six times higher than the consumption of bottom 10 per cent households. A clear contrast is obvious from the fact that the bottom 50 percent households account for nearly 35 percent of the total consumption whereas, only 20 per cent of households

account for nearly 38 percent of the total consumption of all small and marginal farming households.

Table 5.9: Distribution of consumption

Cumulative percentage of households	Cumulative percentage of Income	Cumulative percentage of per capita
10.00	4.23	6.34
20.00	10.09	12.96
30.00	16.71	19.87
40.00	24.09	27.17
50.00	31.99	35.03
60.00	40.58	43.41
70.00	50.17	52.59
80.00	61.53	62.93
90.00	75.50	75.30
100	100	100
Concentration ratio	.276	.234

Source: Primary Survey

In case of per capita consumption, the bottom 10 percent share nearly six percent and top 10 percent share nearly 25 percent of total per capita consumption. This is nearly four times higher than the per capita consumption shared by the

bottom 10 percent households. The per capita share of the bottom 50 percent households is nearly 35 percent of total per capita consumption where as the top 20 percent share nearly 37 per cent of total per capita consumption.

The inequalities in the distribution of consumption of households and per capita consumption of households can be shown with the help of Lorenz curve. For this purpose, two Lorenz curves have been drawn, one each for households consumption and households' per capita consumption distribution. The graph (fig.5.2) shows the percentiles of cumulative frequency of households on X-axis and cumulative percentiles of consumption levels and per capita consumption levels on the Y-axis. With the help of Lorenz curve the concentration ratios have been worked out, which give some interesting results. The households' consumption concentration is 0.276 and households' per capita consumption concentration is 0.234.

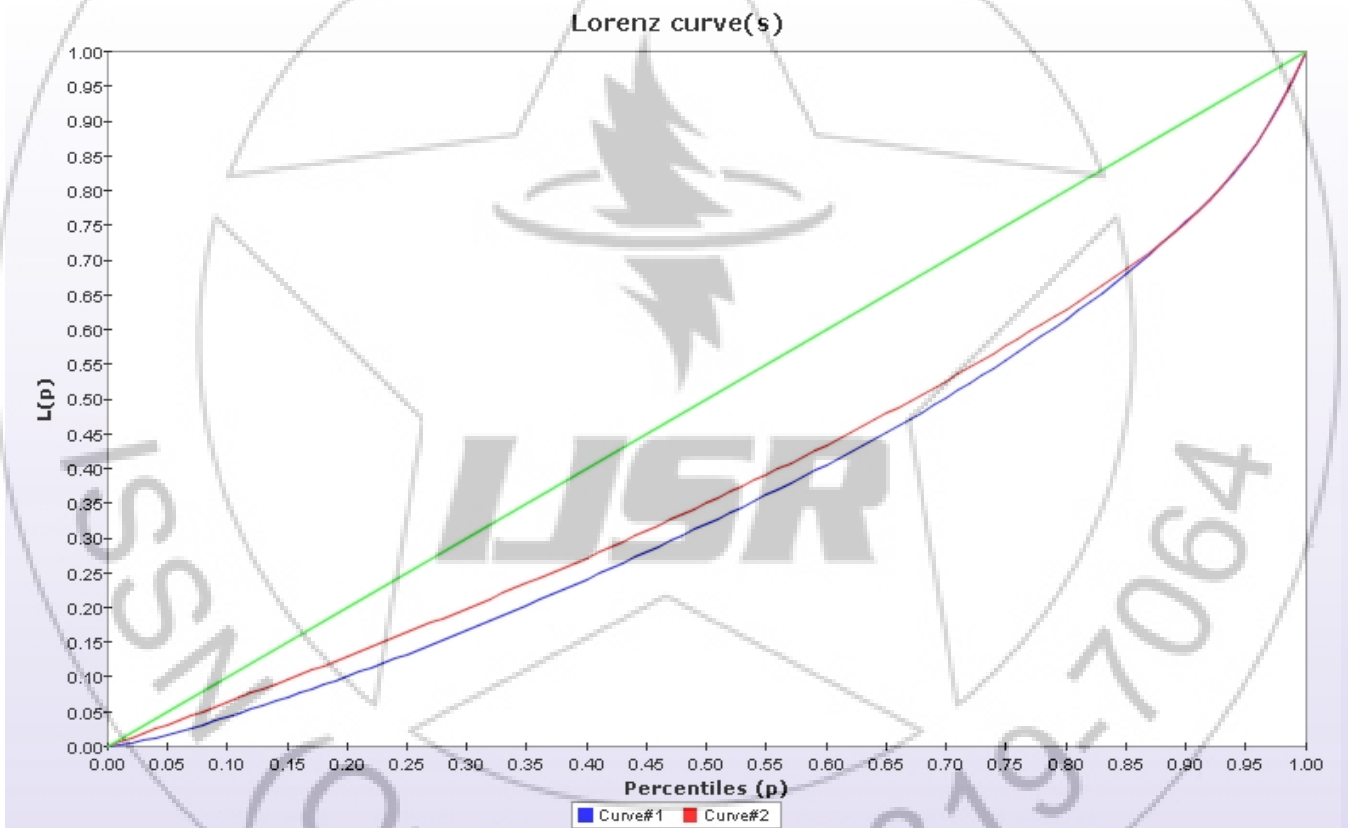


Figure: 5.2: Lorenz Curve Representing Inequalities in Total and Per Capita Consumption Distribution Line of Equality

Curve 1: Total Consumption Curve Curve2: Per Capita Consumption Curve

The above detailed poverty measurement methods show that there is inverse relationship between the population below the poverty line and farm size. In Section II, the coefficient of concentration is used to estimate the degree of inequality. The degree of inequality increases with the value of coefficient of concentration. It is 0.289 and 0.328 in households' income and per capita income. It is 0.276 and 0.234 in households' consumption and per capita consumption expenditure.

8. Future Scope of the Study

In this paper, we have based our entire analysis on the existing approaches of measuring poverty and inequality, which is the World Bank measure of poverty and the Lorenz Curve for observing the inequalities in distribution of income. If possible, the research could further be done to create an entirely new methodology to determine the line of equality which forms the basis of the assessment of the inequalities in income distribution. Also other poverty measuring indices could be created using the information generated so as to have a better analysis o region specific

poverty. Perhaps measures could be suggested to further enhance the value of this kind of work.

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