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Extent of inequalities in the distribution of household income among rural households in the rural economy of Himachal Pradesh

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Abstract

In this paper an attempt has been made to work out the extent of inequalities in the distribution of household income among the rural households in Himachal Pradesh. Economists have put a lot of time and attention into researching income inequality. The relevance of the problem has fluctuated over time, with many academics and policy professionals preferring to focus on absolute poverty rather than total income distribution. There are two broad concepts of poverty: relative poverty and absolute poverty. The relative poverty is measured in the terms of inequality in the distribution of income; whereas, absolute poverty is reckoned in terms of some kind of notion of subsistence considered appropriate to the circumstances of the country concerned. Income equality, on the other hand, is significant because of the consequences for social and political growth. Income equality is widely recognized as a means of ensuring a country's stability.

Keywords: inequality, households, income, Gini-Coefficient, distribution

Introduction

Economic inequalities relate to the unequal distribution of wealth and income among the inhabitants of the society due to which some are 'poor' and other are 'not poor'. These two disparities influence and respond to one another. As social inequalities are a major contributor to economic inequality, it follows that economic disparity also contributes to social inequality. A country's poverty is caused by these socioeconomic inequalities, and these inequalities may itself be not only a cause of the prevailing poverty, but also at the same time its consequences (Myrdal, 1970) ^[4]. Absolute poverty and relative poverty are the two main types of poverty. Inequality in the distribution of income is highly correlated with both absolute and relative poverty. Regardless of the income level or equivalent degree of deprivation of those at the bottom of the income scale, "Relative Poverty" results solely from an unequal distribution of income. On the other hand, "Absolute Poverty" conveys a collective viewpoint on poverty as it appears in certain ways physically. So, no matter where a community decides to draw the line dividing relative comfort from deprivation, individuals on the wrong side of the line are considered to be poor regardless of how comfortable or wealthy the other may be. It is not a concern related to the concept of absolute poverty, but it is very significant to the concept of relative poverty. The sensation of deprivation among the poor may also depend on how great the difference between their income and the income of those who are not poor. A measure of absolute poverty primarily depends on an exogenously defined standard or poverty line, which represents a socially acceptable minimum level of living, as opposed to a measure of relative poverty, which is inextricably linked to measures of inequality. (Bhatty, 1974) ^[2]. One of the goals of each of our five-year plans has been to achieve rapid economic growth and employment expansion, as well as to reduce income and wealth disparities, prevent the consolidation of economic power, and foster the attitudes and values of a free and equal society. One of the most apparent results of planned efforts in India is the lack of progress made by economically and socially deprived people in underdeveloped areas.

Advantages from subsequent Five Year Plans have disproportionately benefited the already wealthy and socially privileged sectors of the population, even within sub-regions, maintaining socioeconomic inequities and disparities in wealth and income distribution. From the standpoint of equitable regional development and distribution of wealth, it is undesirable for Planning's benefits to go exclusively to a chosen region and chosen population (Sinha, Pearson, Kadekodi & Gregory, 2017) [5]. The socioeconomic divide occurs when the few exploit the resources available to the society to fulfill their desires while the many go without even the most basic necessities. Our most urgent issues are generally acknowledged to be the unequal distribution of wealth and income as well as the persistent underutilization of the enormous human potential (Minhas, 1974) [3]. The unequal distribution of assets in India is the main cause of income inequality, and rising incomes just worsen the asset gap. Land is the primary productive asset in rural areas, and unequal land distribution leads to unequal income distribution, which then results in unequal access to the decision-making process (Bhat, 1993) [1].

Objectives and Methodology

The specific objectives of the present study are to work out the inequalities in the distribution of household income among the rural households on the different size of holding groups. For the present empirical investigation Mandi district has been selected purposively mainly due to the reason that the topography of the district is more or less similar to that of the state of Himachal Pradesh. Further, the district-wise percentage of poor varies from 20 percent to 54 percent, whereas this percentage in district Mandi is 20 percent. Therefore both from the topography as well as from the percentage poor point of view this selected district can represent the economic activities of the rural household in the state of Himachal Pradesh as a whole. Mandi district has ten development block viz. Mandi Sadar, Rewalsar, Drang, Chauntra, Chachiot, Siraj, Dharampur, Gopalpur, Sunder Nagar and Karsog. With the help of multi-stage random sampling a sample of 300 households was selected from Dharampur and Gopalpur development blocks. Out of the total 300 sample households, 165 households fall in the category of marginal farmers, 75 households fall in the category of small farmers, 54 households fall in the category of medium farmers and the remaining 6 households fall in the category of large farmers. In order to achieve the objective of the present study, the required information has been collected from the selected sample with the help of pre-tested scheduled by conducting personal interviews for the year 2010-11.

Tool and Techniques

The primary data collected have been tabulated by classifying into homogenous categories and the appropriate statistical tools and techniques have been applied to work out the results in order to achieve the objectives of the present study. The measures of inequalities have been proposed in the economic literature fall broadly into two categories. On the one hand there are measures that try to catch the extend of inequalities in some objective sense, usually employing some statistical measures of relative variation of income; and on the other hand: there are indices that try to measure inequalities in terms of some normative measures, notion of social welfare so that a high degree of inequality corresponds to a lower

level of social welfare for a given total of income (Sen, 1974) [6].

Objective Measures of Inequalities

In order to measure the extent of relative inequality in the area under study, the following measures have been applied.

1. Lorenz Curve

Income inequalities in different groups of sample households have been examined with the help of Lorenz Curve. In Lorenz Curve technique, the size of items and the frequencies are both cumulated and taking the total as 100, percentage, are calculated for the various cumulated values. These percentages are plotted on a graph paper. If there is proportionally equal distribution of the frequencies over various values of a variate, the points would lie in a straight line. This line is called 'line of equal distribution. If the distribution of items is not proportionately equal it indicates variability, and the curve would be away from the line of equal distribution. The farther the curve is from the line, the greater is variability in the series. A higher Lorenz implies more social welfare for the same total of income. The main drawback of Lorenz Curve is that it does not give any qualitative/ numerical value of the extent of inequality. It merely gives a picture of the extent to which a series is pulled away from an equal distribution. It serves as a supplement and should be used along with some quantitative measures of inequality (Elhance, 1973) [8].

2. Gini-coefficient

Gini-coefficient is used to attach some absolute measures to the degree of inequality or give some idea whether the inequality is large or small. Gini-coefficient is not purely statistical and it embodies implicit judgment about the weight to be attached to inequality at different points on the income scale. This co-efficient may be interpreted in two ways. First, it may be seen geometrically in terms of Lorenz curve.

$$\text{Gini - Coefficient} = \frac{\text{Area between Lorenz Curve and diagonal}}{\text{Total Area under diagonal}}$$

The co-efficient may be seen to range from zero when income is equal (the Lorenz Curve follows the diagonal) to one and at the other extreme (the Lorenz curve have $>$ shape). Secondly, it may be computed mathematically as follows (Sen, 1974) [6].

The value of Gini-coefficient for the income distribution of all sample households has been worked out with the help of following formula:

$$G(Y) = 1 + (1/n) - (2/n^2 z) \sum_{i=1}^n (n+1-i)y_i$$

Where

$G(Y)$ = Gini-coefficient of the income distribution of sample households.

N = population size

Z = mean income

y_i = income of the i th person

Analysis, Findings and Result

The extent of inequalities in the distribution of household income among the marginal, small, medium, large as well as

among all the household have been analyzed with the help of Lorenz curve and Gini-coefficient.

1. Distribution of household monthly income among the marginal farmers

The cumulated percentages of the household monthly income as well as the number of persons falling in each income groups among the marginal farmers have been presented in Table 1. The cumulated percentage of income and population of the household falling on the marginal holding group, when

plotted on a graph paper gives the resultant shape of the Lorenz curve which is evident from Fig.1, which clearly indicates that the bottom 13 per cent of the population is sharing about 7 per cent of the total income at the one end and at the other end about 22 per cent of the total income is shared by the top 13 per cent population. Thus, about 87 per cent population is living on 78 per cent income and remaining 22 per cent income is enjoyed by the top 13 per cent population.

Table 1: Distribution of household monthly income among the marginal farmers

S.N.	Income Class Group (Rs.)	Monthly Household Income(Rs.)	Cumulated Income (Rs)	Cumulated Percentage	No. of Person	Cumulated Person	Cumulated Percentage
1	0-4000	104000.00	104000.00	7.12	91.00	91.00	13.81
2	4000-7000	264633.33	368633.33	25.23	178.50	269.50	40.90
3	7000-10000	179883.33	548516.67	37.53	91.70	361.20	54.82
4	10000-13000	254900.00	803416.67	54.98	97.70	458.90	69.65
5	13000-16000	337333.33	1140750.00	78.06	115.40	574.30	87.16
6	16000-19000	143900.00	1284650.00	87.91	39.60	613.90	93.17
7	19000 and above	176700.00	1461350.00	100.00	45.00	658.90	100.00

Source: Primary data collected from households of study area

The value of Gini-Coefficient for the income distribution of the households on the marginal holding groups has been worked out with the help of following formula:

$$G(Y) = 1 + \left(\frac{1}{n} \right) - \left(\frac{2}{n^2} \right) \sum_{i=1}^n (n+1-i) Y_i$$

Where,

$G(Y)$ = Gini-Coefficient of the income distribution of sample households.

N = population size

Z = mean income

Y_i = income of the i th person

$$\sum_{i=1}^n (n+1-i) Y_i = 372919471.67$$

$$Z = 1461350/658.9 = 2217.863105$$

$$n = 658.9$$

Thus,

$$\begin{aligned} G(y) &= 1 + \left(\frac{1}{658.9} \right) - \left(\frac{2}{658.9^2} \right) \times 2217.863105 \times (372919471.67) \\ &= 1 + 0.001517681 - \left(\frac{2}{434149.21} \right) \times 2217.863105 \times (372919471.67) \\ &= 1.001517681 - (2/962883515) \times (372919471.67) \\ &= 1.001517681 - 0.774588963 = 0.2269 \end{aligned}$$

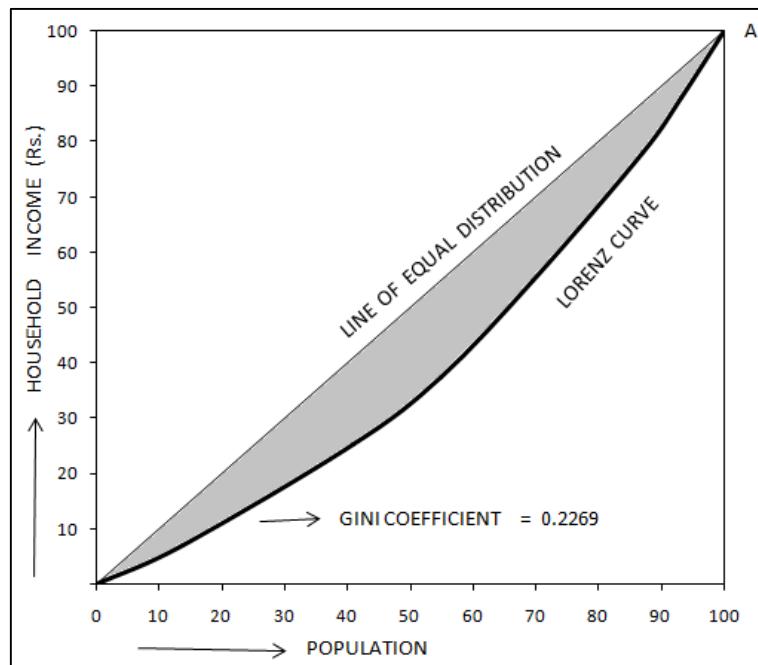


Fig 1: Distribution of the household income among the marginal farmers

The shape of Lorenz curve as well as the value of Gini-Coefficient for the income distribution of household falling on the marginal holding groups has been worked out 0.2269,

indicates the extent of relative income inequalities among them.

2. Distribution of household monthly income among the small farmers

The cumulated percentages of the household monthly income as well as the number of persons falling in each income group among the small farmers have been presented in Table 2. The cumulated percentage of income and population of the household falling on the small holding groups, when plotted on a graph paper gives the resultant shape of the Lorenz curve

which is evident from Fig.2, which clearly indicates that the bottom 28 per cent of the population is sharing about 14 per cent of the total income at the one end and at the other end about 50 per cent of the total income is shared by the top 28 per cent population. Thus, about 72 per cent population is living on 50 per cent income and remaining 50 per cent income is enjoyed by the top 28 per cent population.

Table 2: Distribution of household monthly income among the small farmers

S.N.	Income Class Group (Rs.)	Monthly Household Income(Rs.)	Cumulated Income (Rs)	Cumulated Percentage	No. of Person	Cumulated Person	Cumulated Percentage
1	0-6000	15000	15000	1.12	10.3	10.3	2.24
2	6000-7000	56000	71000	5.29	37.9	48.2	10.48
3	7000-8000	45100	116100	8.65	29.4	77.6	16.87
4	8000-9000	84630	200730	14.96	54.3	131.9	28.67
5	9000-10000	28300	229030	17.07	16	147.9	32.15
6	10000-15000	450000	679030	50.62	184.8	332.7	72.33
7	15000 and above	662480	1341510	100.00	127.3	460	100.00

Source: Primary data collected from households of study area

The value of Gini-Coefficient for the income distribution of the households falling on the small holding groups has been worked out as follows:

$$\sum_{i=1}^n (n+1-i)Y_i = 222052760$$

$$z = 1341510/460 = 2916.326087$$

$$n = 460$$

Thus,

$$\begin{aligned} G(y) &= 1 + (1/460) - (2/460^2 \times 2916.326087) (222052760) \\ &= 1 + 0.002173913 - (2/211600 \times 327760.8114) (222052760) \\ &= 1.002173913 - (2/617094600) (222052760) \end{aligned}$$

$$\begin{aligned} &= 1.002173913 - 0.7196717 \\ &= 0.2825 \end{aligned}$$

The shape of Lorenz curve as well as the value of Gini-Coefficient for the income distribution of household falling on the small holdings group has been worked out 0.2825 indicates the extent of relative income inequalities among them. If it compared with the shape of Lorenz curve and the value of Gini-Coefficient for the income distribution of household falling on the marginal holdings group i.e., 0.2269 clearly indicates relatively higher inequalities of income distribution of households falling on the small holding groups.

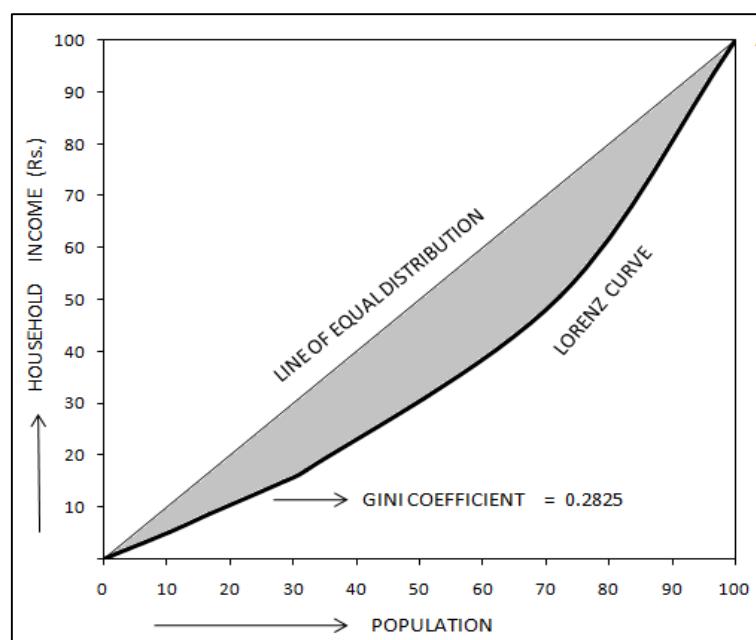


Fig 2: Distribution of the household income among the small farmers

3. Distribution of household monthly income among the medium farmers

The cumulated percentages of the household monthly income as well as the number of persons falling in each income

groups among the medium farmers have been presented in Table 3. The cumulated percentage of income and population of the household falling on the medium holdings when plotted on a graph paper gives the resultant shape of the

Lorenz curve which is evident from Fig.3, which clearly indicates that the bottom 33 per cent of the population is sharing about 18 per cent of the total income at the one end and at the other end about 41 per cent of the total income is shared by the top 17 per cent population. Thus, about 83 per cent population is living on 59 per cent income and remaining 41 per cent income is enjoyed by the top 17 per cent population.

The value of Gini-Coefficient for the income distribution of the households on the medium holding groups has been worked out as follows:

$$\sum_{i=1}^n (n+1-i)Y_i = 123688233$$

$$z = 1086680/343.4 = 3164.472918$$

$$n = 343.4$$

Thus,

$$G(y) = 1 + (1/343.4) - (2/343.4^2) \times 3164.472918 (123688233)$$

$$= 1 + 0.00291206 - (2/117923.56) \times 3164.472918 (123688233)$$

$$= 1.00291206 - (2/373165912) (123688233)$$

$$= 1.00291206 - 0.662912817$$

$$= 0.3399$$

Table 3: Distribution of household monthly income among the medium farmers

S.N.	Income Class Group (Rs.)	Monthly Household Income (Rs.)	Cumulated Income (Rs)	Cumulated Percentage	No. of Person	Cumulated Person	Cumulated Percentage
1	0-9000	8000.00	8000.00	0.74	3.90	3.90	1.14
2	9000-10000	145930.00	153930.00	14.17	86.80	90.70	26.41
3	10000-11000	42000.00	195930.00	18.03	25.00	115.70	33.69
4	11000-14000	39000.00	234930.00	21.62	16.30	132.00	38.44
5	14000-15000	255000.00	489930.00	45.09	125.00	257.00	74.84
6	15000-40000	151200.00	641130.00	59.00	30.40	287.40	83.69
7	40000 and above	445550.00	1086680.00	100.00	56.00	343.40	100.00

Source: Primary data collected from households of study area

The shape of Lorenz curve as well as the value of Gini-Coefficient for the income distribution of household falling on the medium holdings has been worked out 0.3399 indicates the extent of relative income inequalities among them. If it compared with the shape of Lorenz curve and the value of Gini-Coefficient for the income distribution of

household falling on the marginal holdings and small holdings clearly indicates relatively higher inequalities of income distribution of household falling on the medium holding groups as compare to income of household falling on the marginal and small holding groups.

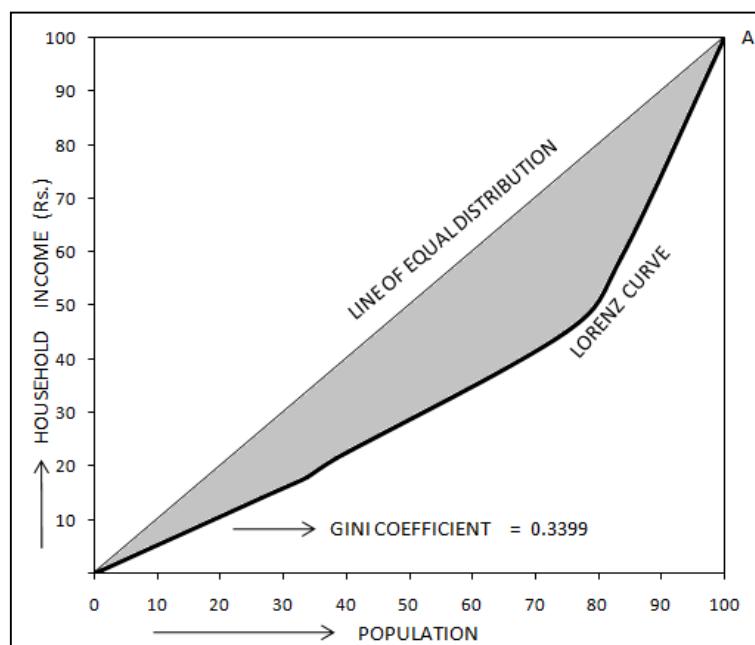


Fig 3: Distribution of the household income among the medium farmers

4. Distribution of household monthly income among the large farmers

The cumulated percentages of the household monthly income as well as the number of persons falling in each income groups among the large farmers have been presented in Table 4. The cumulated percentage of income and population of the household falling on the large holdings, when plotted on a graph paper gives the resultant shape of the Lorenz curve

which is evident from Fig.4, which clearly indicates that the bottom 38 per cent of the population is sharing about 27 per cent of the total income at the one end and at the other end about 31 per cent of the total income is shared by the top 14 per cent population. Thus, about 86 per cent population is living on 69 per cent income and remaining 31 per cent income is enjoyed by the top 14 per cent population. The value of Gini-Coefficient for the income distribution of

the households on the large holding groups has been worked out as follows:

$$\sum_{i=1}^n (n+1-i)Y_i = 1660816.67$$

$$z = 162000/31.5 = 5142.857249$$

$$n = 31.5$$

Thus,

$$G(y) = 1 + (1/31.5) - (2/31.5^2) \times 5142.857249 (1660816.67)$$

$$= 1 + 0.31746032 - (2/992.25) \times 5142.857249 (1660816.67)$$

$$= 1.031746032 - (2/5103000.105) (1660816.67)$$

$$= 1.031746032 - 0.650917749$$

$$= 0.3808$$

Table 4: Distribution of household monthly income among the large farmers

S.N.	Income Class Group (Rs.)	Monthly Household Income (Rs.)	Cumulated Income (Rs)	Cumulated Percentage	No. of Person	Cumulated Person	Cumulated Percentage
1	0-17000	44333.33	44333.33	27.37	12.1	12.1	38.41
2	17000-40000	17500.00	61833.33	38.17	6.1	18.2	57.78
3	40000-50000	50000.00	111833.33	69.03	9	27.2	86.35
4	50000 and above	50166.67	162000.00	100.00	4.3	31.5	100.00

Source: Primary data collected from households of study area.

The shape of Lorenz curve as well as the value of Gini-Coefficient for the income distribution of household falling on the large holdings group has been worked out 0.3808 indicates the extent of relative income inequalities among them. If it compare with the shape of Lorenz curve and the value of Gini-Coefficient for the income distribution of

household falling on the marginal, small and medium holdings which has been worked out, 0.2269, 0.2825 and 0.3399 respectively, clearly indicates relatively higher inequalities of income distribution of household falling on the large holdings as compare to income of households falling on the marginal, small and medium holding groups.

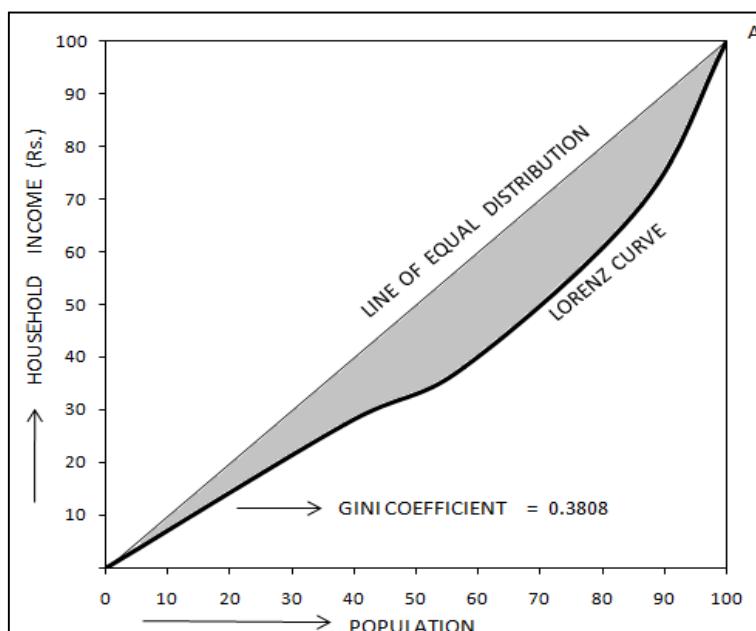


Fig 4: Distribution of the household income among the large farmers

5. Distribution of household monthly income among all the sample farmers

The cumulated percentages of the household monthly income as well as the number of persons falling on all the holding groups together have been presented in Table 5. The cumulated percentage of income and population of the household falling on all the holdings together, when plotted on a graph paper gives the resultant shape of the Lorenz curve which is evident from Fig.5, which clearly indicates that the bottom 25 per cent of the population is sharing about 13 per cent of the total income at the one end and at the other end about 34 per cent of the total income is shared by the top 16 per cent population. Thus about 84 per cent population is living on 66 per cent income and remaining 34 per cent income is enjoyed by the top 16 per cent population.

The value of Gini-Coefficient for the income distribution of

all sample households has been worked out as follows:

$$\sum_{i=1}^n (n+1-i)Y_i = 2189017954.67$$

$$z = 4051540/1493.8 = 2712.23725$$

$$n = 1493.8$$

Thus,

$$G(y) = 1 + (1/1493.8) - (2/1493.8^2) \times 2712.23725 (2189017954.67)$$

$$= 1 + 0.000669434 - (2/2231438.44) \times 2712.23725 (2189017954.67)$$

$$= 1.000669434 - (2/6052190451) (2189017954.67)$$

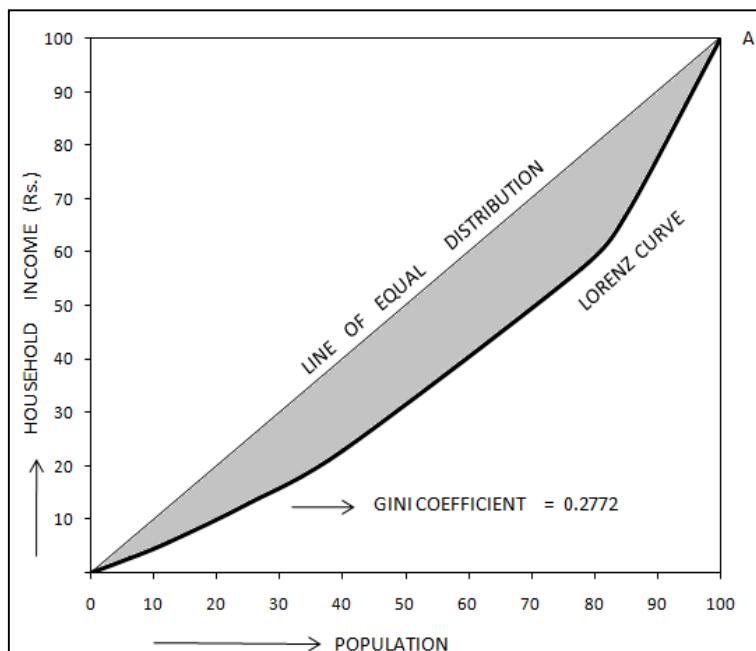
$$= 1.000669434 - 0.723380393$$

$$= 0.2772$$

Table 5: Distribution of household monthly income among all the sample farmers

S.N.	Income Class Group (Rs.)	Monthly Household Income(Rs.)	Cumulated Income (Rs)	Cumulated Percentage	No. of Person	Cumulated Person	Cumulated Percentage
1	0-4000	108000.00	108000.00	2.67	94.1	94.1	6.30
2	4000-5000	123916.66	231916.66	5.72	91.3	185.4	12.41
3	5000-8000	298400.00	530316.66	13.09	193.2	378.6	25.34
4	8000-10000	401160.00	931476.66	22.99	221.2	599.8	40.15
5	10000-15000	1375483.33	2306960.00	56.94	562.7	1162.5	77.82
6	15000-20000	385183.33	2692143.33	66.45	104.3	1266.8	84.80
7	20000 and above	1359396.67	4051540.00	100.00	227	1493.8	100.00

Source: Primary data collected from households of study area

**Fig 5:** Distribution of the household income among all the sample farmers

The shape of Lorenz curve as well as the value of Gini-Coefficient i.e. 0.2772 indicate the extent of income inequalities prevailing among the all sample households.

6. Distribution of household monthly income among the poor households

The cumulated percentages of the household monthly income as well as the number of persons falling in each income groups among the poor farmers have been presented in Table 6. The cumulated percentage of income and population of the household falling on the poor holding group, when plotted on a graph paper gives the resultant shape of the Lorenz curve which is evident from Fig.6, which clearly indicates that the bottom 23.07 per cent of the population is sharing about 16.35 per cent of the total income at the one end and at the other end about 40 per cent of the total income is shared by the top 33 per cent population. Thus, about 67 per cent population is living on 60 per cent income and remaining 40 per cent income is enjoyed by the top 33 per cent population. The value of Gini-Coefficient for the income distribution among the poor households has been worked out with the help of following formula:

$$G(Y) = 1 + \left(\frac{1}{q} \right) - \left(\frac{2}{q^2 z} \right) \sum_{i=1}^n (q + 1 - i) Y_i$$

Where,

$G(Y)$ = Gini co-efficient of the income distribution of the poor.

z = mean income of the poor

q = number of people below poverty line.

y_i = income of the i th poor person

$$\sum_{i=1}^n (q + 1 - i) Y_i = 83702622.80$$

$$z = 459631.22/414.9 = 1107.812042$$

$$q = 414.9$$

Thus,

$$G(y) = 1 + \left(\frac{1}{414.9} \right) - \left(\frac{2}{414.9^2} \right) \times 1107.812042 \times 83702622.80$$

$$= 1 + 0.002410219 - \left(\frac{2}{172142.01} \right) \times 1107.812042 \times 83702622.80$$

$$= 1.002410219 - \left(\frac{2}{190700991.6} \right) \times 83702622.80$$

$$= 1.002410219 - 0.877841506$$

$$= 0.1245$$

Table 6: Distribution of household monthly income among the poor households

S.N.	Income Class Group (Rs.)	Monthly Household Income (Rs.)	Cumulated Income (Rs)	Cumulated Percentage	No. of Person	Cumulated Person	Cumulated Percentage
1	0-4100	28933.33	28933.33	6.29	41.10	41.1	9.91
2	4100-5000	46236.67	75170.00	16.35	54.60	95.70	23.07
3	5000-7000	42500.00	117670.00	25.60	44.80	140.50	33.86
4	7000-8000	47083.33	164753.33	35.84	43.90	184.40	44.44
5	8000-10000	58333.33	223086.67	48.54	50.70	235.10	56.66
6	10000-12000	56766.67	279853.33	60.89	45.10	280.20	67.53
7	12000 and above	179777.88	459631.22	100.00	134.70	414.9	100.00

Source: Primary data collected from households of study area

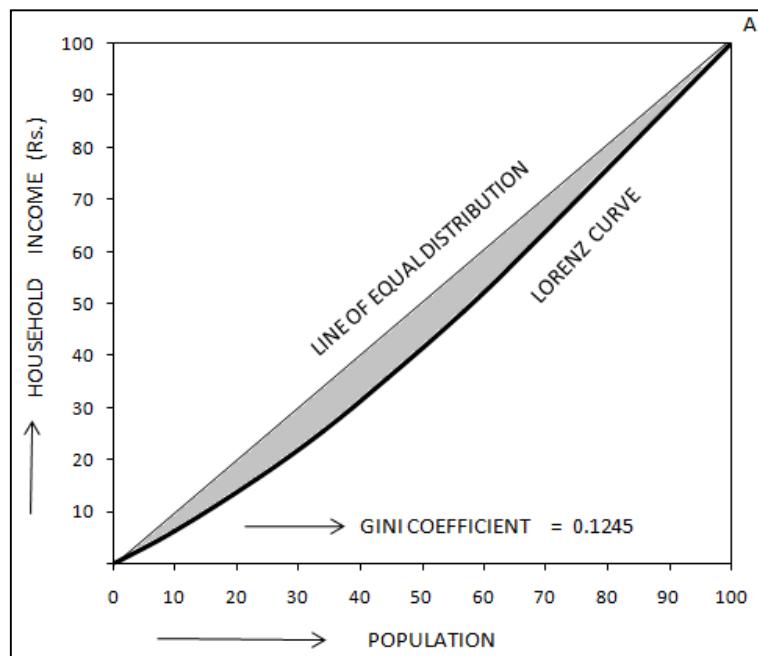


Fig 6: Distribution of the household income among the poor farmers

Both the shape of Lorenz curve (as is evident from the figure 6, which is closer to the line of equal distribution) as well as the value of Gini-Coefficient i.e. 0.1245 clearly indicates less skewed distribution of income inequalities among the poor sample households.

Summary, Conclusions and Suggestions

In the present study, the extent of inequalities in the distribution of household income have been analysed with the help of Lorenz curve and Gini-coefficient. The shape of Lorenz curve (Fig. 1) as well as the value of Gini-coefficient, i.e., 0.2269 for the distribution of household income falling on the marginal holdings indicates the extent of relative income inequalities among them. The shape of Lorenz curve (Fig. 2) and the value of Gini-coefficient, i.e., 0.2825 for the income distribution among the household falling on the small holdings if compared with the shape of Lorenz curve and the Gini-coefficient of income distribution of the marginal farmers, clearly indicates relatively higher inequalities of income distribution among the small size of holdings. The value of Gini-coefficient for the distribution of household income among the medium farmers has been worked out 0.3399. The shape of Lorenz curve (Fig. 3) and the value of coefficient of the income distribution clearly indicate the higher magnitude of relative inequalities in the distribution of household income among the medium farmers if compared to the marginal and small farmers. The value of Gini-coefficient of the income distribution for the household falling on the

large size of holdings has been worked out 0.3808. The shape of Lorenz curve (Fig. 4) and the value of Gini-coefficient of the income distribution of the large farmers, if compared with the shape of Lorenz curve and the value of Gini-coefficient of the income distribution among the marginal, small and medium farmers clearly indicates that the extent of the relative inequalities in the distribution of household income is higher on the larger size of holdings. The value of Gini-coefficient for the distribution of household income among all the sample households together has been worked out 0.2772. Thus, both the shape of Lorenz curve (Fig. 5) as well as the value of the Gini-coefficient (i.e., 0.2772) clearly indicates that there exists relative inequalities in the distribution of household income in area under study. The value of Gini-coefficient for the distribution of household income among the poor households has been worked out 0.1245. The shape of Lorenz curve (Fig. 6), which is closer to the line of equal distribution as well as the relatively lower value of the Gini-coefficient (i.e., 0.1245) clearly indicates less skewed distribution of household income among the poor sample households.

Thus, it can be concluded from the present empirical study that there exists lot of inequalities in the distribution of household income among the sample households falling on the different holding groups, which resulted in wide variations in the socio-economic conditions of the sample households. The better-off households are engaged in gainful activities on their own farms, whereas, the worst-off

households are suffering from involuntary unemployment and underemployment, the magnitude of which is very high on the marginal size of holdings and shows a decreasing tendency with an increase in the size of holding.

Therefore in order to reduce the inequalities in the distribution of household income between the rich and poor as well as to raise the socio-economic conditions of the poor rural households through rural development programmes. The emphasis should be placed on the infrastructure development, technical education, health sector, industrial sector and agricultural sector. In order to raise the socio-economic conditions as well as to reduce the gap between the rich and poor, the govt. should implements the poverty alleviation programmes more effectively in the rural area.

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