

Income and Expenditure Pattern of Agricultural Labourers: A Review

Prakalathan A^{1*}, R.Gopi²

Government Arts College, Udumalpet

Corresponding Author: Prakalathan A prahalathan@live.com

ARTICLE INFO

Keywords: Agricultural Labourers, Rural Economy, Income Pattern, Expenditure Behavior, Consumption, Seasonal Employment, Rural Poverty, Wage Labour, Food Security, Rural Development

Received : 3 April

Revised : 18 May

Accepted: 20 June

©2025 Prakalathan, Gopi : This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/).



ABSTRACT

Agricultural labourers represent a vital segment of India's rural workforce, yet they remain economically vulnerable due to irregular employment, low wages, and limited asset ownership. This review paper analyzes existing literature to understand the income and expenditure patterns of agricultural labourers, identifying the socio-economic constraints they face. The study synthesizes findings from various empirical studies, highlighting regional disparities, seasonal income fluctuations, and consumption behavior. It also explores the impact of government schemes, rising inflation, and rural indebtedness. The review reveals a consistent trend of income insufficiency, food expenditure dominance, and limited investment in education or health. The paper suggests the need for robust policy interventions, diversification of livelihood sources, and targeted welfare programs to uplift this marginalized group

INTRODUCTION

Agricultural labourers constitute a large portion of the rural workforce in India. According to the Periodic Labour Force Survey (2022–23), nearly 40% of the rural labour force is engaged in agriculture, either as cultivators or wage labourers. Unlike cultivators who possess land, agricultural labourers are often landless or marginal farmers who rely on daily wages. Their livelihoods are characterized by uncertainty, seasonal employment, and low bargaining power. Consequently, their income is not only low but highly variable. This impacts their expenditure patterns, forcing them to prioritize basic needs over education, health, or savings.

This review paper aims to collate and analyze existing research studies that have examined the income and expenditure patterns of agricultural labourers in India. By synthesizing these findings, the paper provides insights into the economic status, consumption behavior, and vulnerabilities of this group, thereby identifying research gaps and policy priorities.

LITERATURE REVIEW

Several scholars and institutions have studied the economic conditions of agricultural labourers. Key findings from notable studies include:

Income Pattern

- Rao (2015) in a study on agricultural labourers in Andhra Pradesh found that 60% of their annual income is derived from non-agricultural wage labor due to seasonal unemployment in agriculture.
- NSSO 77th Round (2019) revealed that the average monthly income of an agricultural labour household was ₹7,200, with significant variation across states.
- Sundaram & Tendulkar (2008) highlighted income inequality between different social groups, with SC/ST agricultural workers earning 25% less than others.

Expenditure Pattern

- Kumar and Sharma (2017) observed that over 60% of total household expenditure among agricultural labourers is on food.
- A study by Indira Gandhi Institute of Development Research (IGIDR) showed minimal spending on education and healthcare, attributing it to income insecurity and lack of awareness.
- Planning Commission Reports (2013) emphasized that indebtedness among agricultural labourers is high due to borrowing for consumption rather than productive purposes.

Government Interventions

- The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been praised for providing supplemental income, but studies like Ravi (2012) found that it has not significantly changed long-term expenditure behavior.

METHODOLOGY

This paper follows a systematic literature review approach. The process includes:

- Data Sources: Peer-reviewed journals, government reports (NSSO, NITI Aayog, NABARD), and working papers from academic institutions.
- Time Frame: Literature from 2000 to 2023 was analyzed.
- Inclusion Criteria: Studies focusing on income, expenditure, and livelihood patterns of rural or agricultural labourers in India.
- Analytical Method: Thematic analysis was used to categorize findings into income trends, expenditure allocation, external factors, and policy outcomes.

RESULTS AND DISCUSSION

Income Trends

- Volatility and Seasonality: Agricultural income is irregular due to seasonal farming operations. Most workers experience employment gaps during off-seasons, compelling them to seek alternative work in construction or manual labor.
- Wage Disparities: Wages differ significantly across regions. Southern states like Tamil Nadu and Kerala pay higher agricultural wages compared to Uttar Pradesh or Bihar.
- Lack of Skill Diversification: With limited access to education and skilling programs, most labourers remain dependent on unskilled jobs.

Expenditure Composition

- Food Expenditure: A majority of household income is spent on cereals, pulses, and edible oils, with little diversification in diet.
- Health and Education: Low-income households often forego medical treatment or schooling, especially for girl children.
- Debt Servicing: A substantial portion of income is used to repay informal loans taken for consumption smoothing, leading to a cycle of poverty.

Impact of Government Schemes

- Programs like MGNREGA, Public Distribution System (PDS), and PM-KISAN have provided marginal relief.
- However, exclusion errors, corruption, and irregular disbursement have limited the impact of these interventions.

Gender and Social Disparities

- Female agricultural labourers often earn less and have negligible control over household spending.
- Dalits and Adivasis are overrepresented among agricultural wage workers, often facing discrimination and informal exclusion from local job markets.

CONCLUSIONS AND RECOMMENDATIONS

The review highlights that agricultural labourers in India face persistent income insecurity and a skewed expenditure pattern driven by subsistence needs. Food dominates their consumption basket, while investment in human capital is minimal. Although welfare schemes provide a safety net, structural issues like underemployment, lack of asset ownership, and informal credit dependency continue to plague their financial stability. Going forward, integrated rural development, skill enhancement, improved access to healthcare and education, and financial inclusion are crucial for transforming the economic lives of agricultural labourers.

FURTHER STUDY

This research still has limitations so further research is needed on the topic of Income and Expenditure Pattern of Agricultural Laborers this research and increase insight for readers and writers.

REFERENCES

- IGIDR. (2016). Rural Consumption and Livelihood Study. Working Paper No. WP-2016-020.
- Kumar, A., & Sharma, R. (2017). Expenditure Behaviour of Agricultural Households in Rural India. *Agricultural Economics Research Review*, 30(2), 225-233.
- NSSO. (2019). Household Consumer Expenditure Survey 77th Round. Ministry of Statistics and Programme Implementation.
- Planning Commission of India. (2013). Report of the Working Group on Employment, Planning and Policy for the Twelfth Plan.
- Rao, M. (2015). Wage Labour and Rural Distress in Andhra Pradesh. *Journal of Rural Development*, 34(1), 45-61.
- Ravi, S. (2012). Evaluating the Impact of MGNREGA on Household Expenditure Patterns. *Brookings India Working Paper Series*.
- Sundaram, K., & Tendulkar, S. (2008). Poverty in India in the 1990s: An Analysis Based on NSS Data. *Economic and Political Weekly*, 43(4), 55-65.