

Urban-Rural Disparities in Household Expenditure Pattern: A Study of Assam

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Abstract

This study examines urban-rural disparities in household consumption pattern in Assam by analyzing the Monthly Per Capita Consumption Expenditure (MPCE) data from the National Sample Survey (NSS) rounds for selected years, spanning from 2007-2008 to 2023-24. The study reveals a persistent urban-rural disparity in MPCE, with urban households spending more than their rural counterparts due to improved access to infrastructure, income opportunities, and services. Notably, rural households allocate a higher proportion of their expenditure to food items, reflecting their economic vulnerability. Conversely, urban households exhibit more diversified spending patterns, including investments in education and healthcare. While the government of Assam has made efforts to address these disparities, their impact has been limited due to systematic barriers in rural areas. Therefore, this study underscores the necessity for targeted policies to mitigate the urban-rural divide and foster inclusive growth. This study employs a quantitative methodology utilizing secondary data from the National Sample Survey (NSS) rounds. Statistical tools employed include percentage calculations, gap analysis, and graphical representations such as graphs.

Keywords: Urban-Rural Disparities, Household Expenditure, Average Monthly Per Capita Consumption Expenditure (MPCE), Food and Non-Food

1. Introduction

Urban-rural disparities pose a substantial challenge for developing economies, manifesting in inequalities in access to resources, opportunities, and living standards. These disparities manifest in various forms, including income levels, employment opportunities, access to basic infrastructure, and household expenditure patterns. Recognizing these disparities is crucial for identifying the underlying socio-economic challenges and developing targeted policies to mitigate the gap. In the context of India, a country characterized by vast regional diversity, these inequalities are particularly pronounced, with rural areas often lagging behind urban centers in terms of economic development and consumption patterns.

The state of Assam, situated in the northeastern region of India, presents a compelling case study for analyzing urban-rural disparities. Assam's distinctive socio-economic characteristics, including its predominantly agricultural economy, diverse cultural, and varying levels of development across districts, render it a pivotal region for investigating the challenges of regional inequality. While urban areas in Assam are experiencing modernization and economic growth, rural regions continue to grapple with impediments such as inadequate infrastructure, low income levels, and restricted access to quality education and healthcare. These disparities are manifested in household expenditure patterns,

particularly in the Average Monthly Per Capita Consumption Expenditure (MPCE), which serves as a pivotal indicator of living standards and consumption trends.

Monthly Per Capita Consumption Expenditure (MPCE) is a crucial economic indicator that quantifies the average monthly expenditure incurred by an individual within a household on goods and services. It serves as a widely utilized metric for evaluating the socioeconomic status of households and comprehending variations in consumption patterns. MPCE not only illuminates the fundamental necessities of individuals, such as food and housing, but also reflects the capacity for discretionary spending on non-essential goods and services, which is often associated with elevated living standards. Consequently, MPCE functions as a surrogate for comprehending the broader economic well-being of a population. Although MPCE is computed on a monthly basis, it is frequently reported annually to facilitate comparisons with other annual economic indicators, such as Gross Domestic Product (GDP) and inflation. This annualized reporting also facilitates the adjustment for seasonal variations in household expenditure, thereby providing a more stable and comprehensive understanding of consumption trends.

In India, the National Sample Survey (NSS), conducted by the National Statistical Office (NSO), plays a pivotal role in capturing MPCE data. These surveys are conducted periodically and provide valuable insights into the consumption behavior of households across rural and urban areas. The quinquennial (five-year) rounds are particularly significant, as they capture long-term trends and provide a comprehensive understanding of household expenditure patterns. Interim surveys, conducted during specific periods, address short-term economic phenomena, such as the impact of financial crises or inflationary pressures, offering additional insights into consumption dynamics.

Despite the challenges posed by gaps in data collection and evolving survey methodologies, tracking trends in the Monthly Per Capita Consumption Expenditure (MPCE) remains crucial for comprehending the socio-economic dynamics of Assam. For instance, the 2017-18 National Sample Survey (NSS) consumption expenditure survey was withheld from public release due to concerns regarding data quality, as it revealed a decline in consumer spending for the first time in several decades. Similarly, the 2020-21 survey, intended to capture the impact of the COVID-19 pandemic, was disrupted by lockdowns, movement restrictions, and health concerns. These disruptions underscore the difficulties in maintaining consistent data collection during periods of crisis, further complicating the analysis of long-term trends and disparities.

Undeterred by these challenges, examining MPCE and its components remains essential for gaining insights into the socio-economic landscape of Assam. The expenditure composition, particularly the allocation between food and non-food items, provides valuable information about household priorities and purchasing power. For instance, rural households in Assam tend to allocate a larger proportion of their income to food, reflecting economic vulnerability and limited resources for non-essential expenses. In contrast, urban households, with higher incomes, exhibit more diversified spending patterns, allocating a greater share to non-food items, which suggests improved access to infrastructure, services, and lifestyle opportunities.

The primary objective of this study is to analyze urban-rural disparities in Assam through the lens of MPCE and expenditure composition. By examining historical trends across NSS rounds, the research seeks to elucidate the persistence of socio-economic inequalities and their implications for inclusive growth. The findings are anticipated to contribute to the broader discourse on regional inequality and inform policy interventions aimed at addressing these disparities in Assam.

2. Review of Literature

Misra and Basu (2019) delve into the phenomenon of consumption inequality in India, examining the disparities in consumption patterns across various income groups. The study employs a comprehensive approach, integrating data from national surveys with theoretical frameworks, to elucidate the influence of income inequality on consumption behavior. They draw attention to the escalating disparity in consumption, particularly highlighting the unequal access to goods and services among urban and rural populations. Their findings underscore the substantial implications of consumption inequality for the overall economic stability and growth prospects of India (Misra & Basu, 2019).

Ghosh and Das (2021) further explore regional disparities in household expenditure patterns within India, employing statistical models to assess variations across states. They identify significant discrepancies in expenditure patterns, with affluent states allocating a higher proportion of their income to non-essential goods and services, while impoverished states tend to prioritize the allocation of their income to basic necessities. Their study emphasizes the role of regional policy interventions in addressing these disparities and fostering equitable growth (Ghosh & Das, 2021).

Das and Choudhury (2020) conducted a study on food security and consumption patterns in Assam, utilizing data from the National Sample Survey (NSS). The study underscores the challenges faced by Assam in ensuring food security, particularly in rural areas. It also examines the impact of government policies on household consumption patterns. They contend that despite various intervention programs, food insecurity persists due to socio-economic factors such as low income and inadequate agricultural infrastructure (Das & Choudhury, 2020).

Sen and Himanshu (2016) analyzed the interrelationship between poverty, inequality, and economic growth in India. They argue that economic growth has not resulted in proportional reductions in poverty or inequality, as growth has been disproportionately concentrated in specific sectors and regions. The study elucidates how inclusive growth strategies can address these issues, emphasizing the necessity of policies that prioritize equitable resource distribution to foster both economic growth and social welfare (Sen & Himanshu, 2016).

Verma and Kumar (2023) investigated the evolution of household expenditure patterns in India following the COVID-19 pandemic. Their study revealed substantial alterations in spending behavior, with households prioritizing essential items and curtailing discretionary spending. They discussed the long-term implications of these shifts, suggesting that the pandemic has exacerbated inequalities and reshaped the economic landscape, particularly in terms of consumer demand for goods and services (Verma & Kumar, 2023).

Dev, S. M. (2012) investigates the escalating disparity in consumption expenditure patterns across rural and urban regions in India, elucidating the socio-economic factors that contribute to these disparities. The study employs data-driven analysis to discern temporal trends, emphasizing the significance of economic policies and structural transformations in widening the rural-urban gap. Key findings reveal that while urban areas exhibit enhanced growth in consumption, rural households experience stagnation in expenditure, particularly in non-food categories. The study underscores the imperative for targeted policy interventions to mitigate inequality and foster inclusive growth, making it a pivotal reference for comprehending rural-urban consumption dynamics (Dev, 2012).

In their 2000 study, Basu and Ray critically evaluate the debates surrounding poverty and inequality in India. They examine both theoretical frameworks and empirical data to assess the correlation between economic policies and the persistence of poverty. The study posits that inequality significantly hinders

poverty alleviation in India. They advocate for targeted policies that address both income and social disparities to foster inclusive growth. (Basu & Ray, 2000)

Chakravarty and Majumder (2012) conducted a comprehensive analysis of the interplay between consumption, income inequality, and economic growth in India. Their research delved into the impact of income distribution on consumption patterns and economic development, positing that while economic growth has contributed to an increase in overall consumption, it has simultaneously exacerbated income disparities. The study's findings underscore the paramount importance of redistribution policies in ensuring that economic growth translates into a reduction in poverty levels. (Chakravarty & Majumder, 2012)

Banerjee and Duflo (2019) provide an accessible analysis of the economic challenges confronting developing nations, with a specific focus on India. They delve into the causes of inequality and propose practical solutions, underscoring the significance of social policies in mitigating poverty and enhancing access to fundamental services. Their work advocates for a more nuanced approach to economic growth, acknowledging the interplay between market forces and the role of the state in addressing inequality. (Banerjee & Duflo, 2019)

(Jha, 2017) examines the role of agriculture and industry in India's economic development, particularly their impact on income distribution and poverty reduction. The study underscores the disparities in the benefits of industrial growth and its limited effectiveness in alleviating rural poverty. Jha advocates for more inclusive policies that integrate agricultural and industrial growth to reduce regional disparities and promote equitable economic development (Jha, 2017).

Ravallion and Datt (2002) conducted a comprehensive analysis to elucidate the disparities in the impact of economic growth on poverty reduction across Indian states. Their research revealed that the distribution of growth benefits is not uniform across regions, and various factors, including land reform, education, and health policies, influence this distribution. The study propose the necessity of targeted policy interventions to ensure that growth leads to more pronounced poverty reduction in states that are currently lagging behind. (Ravallion & Datt, 2002)

Kakwani and Son (2008) investigate the interplay between poverty, inequality, and economic growth in India. Their analysis employs a multidimensional framework to assess the impact of changes in inequality on poverty levels. The study posits that pro-poor growth is crucial for poverty reduction and underscores the significance of inclusive economic policies that foster equitable income distribution in conjunction with growth (Kakwani & Son, 2008).

3. Objectives

1. To analyze the urban-rural disparities in Average Monthly Per Capita Consumption Expenditure (MPCE) in Assam across selected years.
2. To compare the expenditure composition of food and non-food between urban and rural households, highlighting disparities.

4. Methodology

This study employs a quantitative methodology utilizing secondary data from the National Sample Survey (NSS) to analyze trends in Monthly Per Capita Consumption Expenditure (MPCE) in Assam over the period of 2007–08, 2009–10, 2011–12, 2022–23 and 2023-24. The study examines rural-urban disparities in MPCE and expenditure composition (food versus non-food). Statistical tools employed

include percentage calculations, gap analysis, and graphical representations. Descriptive and trend analyses are employed to identify patterns and disparities in consumption over time.

5. Findings and Discussion

5.1. Objective 1: To Analyze the Urban-Rural Disparities in Average Monthly Per Capita Consumption Expenditure (MPCE) in Assam across selected years.

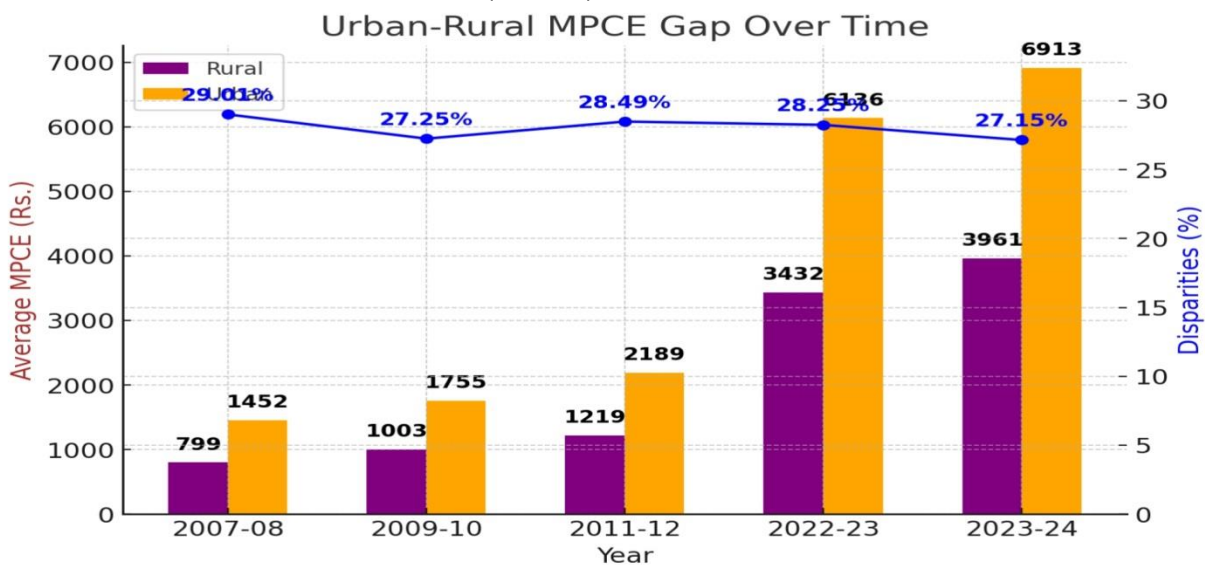
This objective focuses on understanding how the MPCE disparities between rural and urban households in Assam have evolved across the years.

Table 1: Urban-Rural Disparities in Average Monthly Per Capita Consumption Expenditure (MPCE) in Assam.

Year	Average MPCE (Assam)				Rural Urban Disparities (%)
	Rural		Urban		
	Amount (Rs.)	%	Amount (Rs.)	%	
2007-08	799	35.49	1452	64.50	29.01
2009-10	1003.28	36.37	1754.70	63.62	27.25
2011-12	1218.57	35.75	2189.15	64.24	28.49
2022-23	3432.41	35.87	6135.51	64.12	28.25
2023-24	3961	36.42	6913	63.57	27.15

Source: NSS Report: Survey on Household Consumption Expenditure:2007-08, 2009-10, 2011-12, 2022-23 and 2023-24

Figure 1 : Urban-Rural Disparities in Average Monthly Per Capita Consumption Expenditure (MPCE) in Assam



1. Persistent Urban-Rural Disparities: In Assam, Average monthly per capita expenditure (MPCE) for rural households in 2007-08 was 799, significantly lower than the expenditure of urban households,

which was 1452. This disparity resulted in a 29.01% difference. Although this gap has slightly narrowed over time, with rural MPCE increasing to 3961 and urban MPCE reaching 6913 in 2023-24, the income inequality persists at 27.18%. Despite improvements in rural spending, urban households continue to have a substantial advantage in terms of expenditure, underscoring the enduring income disparity between the two regions.

2. **Unequal Growth Patterns:** Both rural and urban MPCE of Assam has experienced growth over the years due to economic expansion and inflation. However, urban households have exhibited a faster rate of expenditure growth, leading to a widening absolute gap between rural and urban spending. Although the percentage difference in MPCE has diminished, the overall disparity in spending power has widened due to the accelerated urban growth.
3. **Structural Disparities:** Data also reveals substantial structural disparities between urban and rural areas in Assam. Cities offer greater access to better job opportunities, infrastructure, and resources, facilitating faster economic advancement and increased MPCE for urban households. Conversely, rural areas face limitations that hinder their economic progress and spending capabilities.
4. **Limited Effectiveness of Development Programs:** Various government initiatives aimed at addressing rural development challenges have demonstrated limited effectiveness in narrowing the economic gap between rural and urban households in Assam. The limited success of these programs suggests that systemic challenges faced by rural populations remain unaddressed. Consequently, there is a pressing need for more targeted and inclusive policies that directly address the unique barriers to rural development.

5.2. Objective 2: To Compare the Expenditure Composition of Food and Non-Food between Urban and Rural Households, highlighting disparities.

This objective examines differences in spending priorities between rural and urban households, highlighting their socio-economic conditions.

Table 2: Expenditure Composition of Food and Non-Food between Urban and Rural Households in Assam.

Year	Category	Rural		Urban	
		Amount (Rs.)	%	Amount (Rs.)	%
2007-08	Food	478.63	41.40	677.46	58.60
	Non Food	320.16	29.25	774.46	70.75
2009-10	Food	646.38	41.03	928.99	58.97
	Non Food	356.91	30.18	825.71	69.82
2011-12	Food	747.51	41.73	1043.63	58.27
	Non Food	471.08	29.14	1145.55	70.86
2022-23	Food	1862.36	39.39	2865.92	60.61
	Non Food	1570.04	32.44	3269.58	67.56

Source: NSS Report: Survey on Household Consumption Expenditure: 2007-08, 2009-10, 2011-12 and 2022-23

Figure 2 : Share of Food between Rural and Urban household in Assam

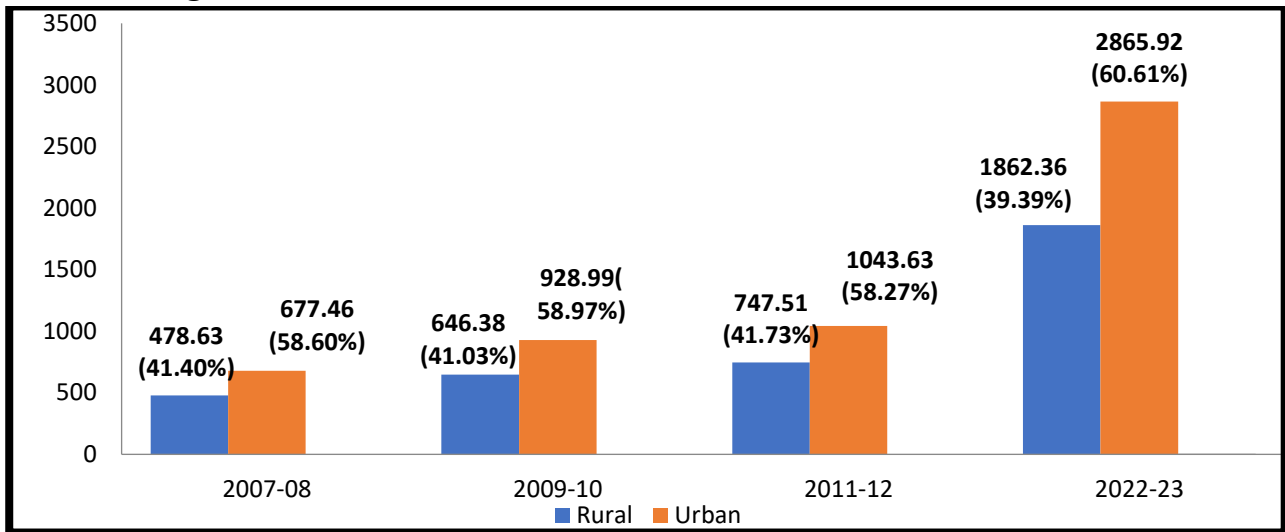
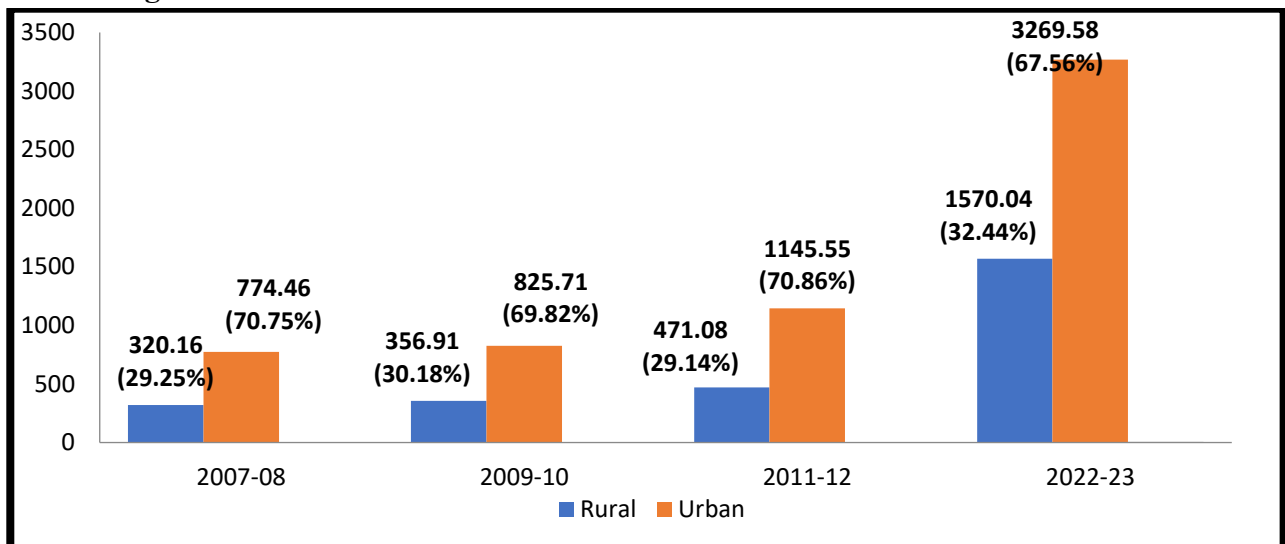


Figure 3 : Share of Non- Food between Rural and Urban household in Assam



1. **Food Expenditure Disparity:** In the 2007-08 fiscal year, rural households accounted for 41.40% of their total food expenditure, while urban households allocated 58.60%. By 2022-23, this disparity had narrowed to 39.39% for rural households and 60.61% for urban households, with urban households still spending more on food. This urban rural disparity in Assam underscores the limited purchasing power of rural households, which restricts their ability to diversify their food consumption. The data suggests that urban households tend to allocate a higher proportion of their expenditure to food, likely due to a preference for higher-value and processed food items, which indicates greater purchasing power.
2. **Non-Food Expenditure Disparity:** In the 2007-08 fiscal year, rural households accounted for 29.25% of their total non-food expenditure, compared to 70.75% for urban households. By 2022-23, this disparity had narrowed to 32.44% for rural households and 67.56% for urban households, with urban households still spending more on non-food items. This disparity reflects the higher disposable income of urban households, which allows them to allocate a significantly higher share to non-food items, such as education, healthcare, transportation, and discretionary spending.

3. **Prioritization of Basic Needs in Rural Areas:** Rural areas of Assam tend to allocate a larger portion of their income to food, highlighting their reliance on basic necessities. This leaves them with limited resources for non-food items, suggesting economic vulnerability. The focus on food expenditure indicates that rural areas prioritize essential survival needs over lifestyle or luxury purchases.
4. **Urban Modernization and Diversified Spending:** Urban households, benefiting from higher incomes, demonstrate more diversified spending patterns. A significant share of their expenditure is directed towards non-food items, which indicates better access to infrastructure and services. This shift reflects the influence of urban modernization, where households have the means to invest in a broader range of goods and services beyond basic needs.

6. Conclusion

This study underscores the enduring disparities in household expenditure patterns between urban and rural households in Assam. Despite the overall increase in Monthly Per Capita Consumption Expenditure (MPCE) for both sectors over time, the gap persists, indicating structural economic inequalities. Rural households allocate a higher proportion of their income to food, reflecting their prioritization of basic survival needs due to limited disposable income. Conversely, urban households exhibit diversified spending patterns, with a greater allocation to non-food items such as education, healthcare, and transportation, indicative of their higher living standards and improved access to resources. Furthermore, the analysis reveals that while government schemes have been implemented to enhance rural living conditions, their impact has been limited in addressing the systemic challenges faced by rural areas. These findings emphasize the necessity for targeted, inclusive, and region-specific policy interventions to bridge the urban-rural divide and foster equitable economic growth in Assam.

7. Recommendations

1. **Invest in Rural Infrastructure:** Developing rural infrastructure is crucial for bridging the urban-rural divide. Improved roads, electricity, healthcare facilities, and digital connectivity enable rural populations to access markets, education, and essential services more efficiently. Such investments enhance productivity, reduce costs, and create an environment conducive to economic growth and improved living standards.
2. **Enhance Employment Opportunities:** Promoting rural employment requires focusing on skill development, vocational training, and support for small and medium enterprises. Encouraging rural entrepreneurship and diversifying agriculture into allied sectors, such as dairy and fisheries, can increase income levels. These initiatives provide sustainable livelihoods, reducing rural dependency on subsistence farming and seasonal employment.
3. **Strengthen Social Welfare Programs:** Social welfare schemes need to be redesigned to address systemic barriers such as poor outreach, inadequate funding, and lack of monitoring. Programs should ensure equitable access to benefits, targeting marginalized and disadvantaged rural communities. Strengthening these initiatives with better implementation mechanisms can provide safety nets and effectively uplift rural populations.
4. **Promote Access to Education and Healthcare:** Expanding affordable and quality education and healthcare in rural areas is essential for improving socio-economic outcomes. Investments in schools, scholarships, telemedicine, and rural clinics can address skill gaps and healthcare deficits. These

measures empower rural populations to improve their well-being and increase their capacity to contribute to economic activities.

5. Encourage Economic Diversification: To mitigate the vulnerability of rural populations to agricultural risks, it is imperative to encourage economic diversification. This entails fostering alternative income-generating activities, such as small-scale industries, rural tourism, and service-sector jobs. By providing incentives, training, and resources for these alternative livelihoods, we can foster a more resilient rural economy. Economic diversification not only enhances household incomes but also reduces the susceptibility of rural communities to agricultural uncertainties.

By implementing these measures, policy makers can work towards reducing urban-rural disparities and ensuring a more balanced economic development in Assam.

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