

Chapter 1

Introduction

The living standard of a person may be defined in the terms of magnitude and extent to which the person satisfies his necessities and comforts. This is to say that the standard of living is a concept directly related to the needs of the person, i.e., the needs which must be satisfied in order to keep the person efficient and his family in frugal comforts, while his level of living may be defined as the actual level and extent to which the needs are satisfied. The standard of living refers to the quantum of necessities, comforts and luxuries to which a man becomes habituated. The living standard has a significant effect on the efficiency of the people. Standard of living is the level of consumption that an individual, group, or nation has achieved. The evaluation of a standard of living is relative, depending upon the judgment of the observer as to what constitutes a high or a low scale.

A relative index to the standard of living of a certain economic group can be gathered from a comparison of the cost of living and the wage scale or personal income. Factors such as discretionary income are important, but standard of living includes not only the material articles of consumption but also the number of dependents in a family, the environment, the educational opportunities, and the amount spent for health, recreation, and social services. Unemployment, low wages, crowded living conditions, and physical calamities, such as drought, flood, or war, may bring about a drop in the standard of living, and conversely an increase in social benefits and higher wages may bring about a rise in standard of living. While standard of living may vary greatly among various groups within a country, it also varies from nation to nation.

The idea of a standard may be defined with the quality of life which takes into account not only the material standard of living, but also other more important aspects which make up human life, such as leisure, safety, culture resources, social life physical

life and many other things. The standard of living does not merely include the ownership of consumer goods, but also aspects of living that cannot be purchased and that are not directly controlled by individuals such as environmental quality and services provided by the govt., degree of prosperity in a nation, as measured by income levels, quality of housing and food, medical care, educational opportunities, transportation, communications, and other measures. The standard of living in different countries is frequently compared on the basis of annual per capita income. On an individual level, the standard of living is a measure of the quality of life in such areas as housing, food, education, clothing, transportation, and employment opportunities.

The better the standard of living, the higher is the efficiency. Other things like education, expenditure and many others remaining the same, the efficiency and income both are related with each other and are directly related with the standard of living. It may, however be stated that income affects and determines the standard of living and produces a physiological effect to increase the people's operational efficiency. If income is higher than the standard of living will be higher and then efficiency will also be on the high side. So there is a relationship between income, standard of living and efficiency of the people. Standard of living reflects the quality of life of the society also. Every state seeks to improve the quality of life of its citizens. The standard of living is different from one situation and palace to another situation and palace. Poverty is one of the major causes of low standard of living of households.

The Social scientists debate how to measure standards of living exactly. In a comparison among nations, often the yardstick is per capita national income, although some scholars prefer the related measure of per capita consumption of goods and services. However, using per capita income or consumption of goods and services to calculate standards of living can obscure both significant social problems and significant noneconomic values. For instance, despite the high per capita standard of living in the United States, infant mortality in some U.S. cities including the nation's capital equals or surpasses that in some countries with extremely low per capita standards of living. Per capita figures in general do not reveal the extent of gaps between rich and poor.

Furthermore, income figures do not measure such factors as access to safe drinking water or political freedoms; they also do not measure wealth that does not appear as income.

The environment creates a man and if we improve the environment, we improve the man. The conditions in which a person lives and works has a deep influence upon his health, Efficiency, psychology and the quality of work he does. Good living conditions affect the income, migratory character and state of public relations of the people. The bright and inspiring atmosphere leads to work more than unhealthy atmosphere. In good conditions the people remain happy and this happiness leads to more production. The standard of living has a strategic importance in determining the attitude of the people towards work; it is a universal truth that better the standard of living the higher is the efficiency. In order to maintain and raise the standard of living of the people, their income, at all levels, should be protected against the increase in the cost of living.

According to the Britannic concise encyclopedia, “Level of material comfort that an individual or group aspires to or may achieve. This includes not only privately purchased goods and services but collectively consumed goods and services such as those provided by public utilities and governments. A standard of living determined for a group such as a country must be examined critically in terms of its constituent values. If the mean value increases over time, but at the same time the rich become richer and the poor poorer, the group may not be collectively better off. Various quantitative indicators can be used as measuring rods, including life expectancy, access to nutritious food and a safe water supply, and availability of medical care.”¹

According to Investopedia financial dictionary, “level of wealth, comfort, material goods and necessities available to a certain socio economic class in a certain geographic area. The standard of living includes factors such as income, quality and availability of employment, class disparity, poverty rate, quality and affordability of housing, hours of work required to purchase necessities, gross domestic product, inflation rate, number of vacation days per year, affordable (or free) access to quality healthcare, quality and

¹ <http://eh.net/encyclopedia/article/steckel.standard.living.us>

availability of education, life expectancy, incidence of disease, cost of goods and services, infrastructure, national economic growth, economic and political stability, political and religious freedom, environmental quality, climate and safety. The standard of living is closely related to quality of life”²

We now turn to look at the living conditions in Haryana. In Haryana, almost, all villages are connected with metalled roads and length of national highways and state highways has increased manifold. A large number of dispensaries have been opened to improve health care facilities. The dress of the villagers is also undergoing a change. Old Ghaghara is disappearing and is being replaced by salwar, kameez and jeans. Occupational changes have added their own dimension to the social scene as the sons and daughters of farmers are working as engineers, doctors and teachers or in civil service. A whole lot of new ways of living are being adopted. Television and media penetration alone with the increased number of newspapers and their circulation in Haryana leaves a diverse impact. It does make people more aware and help them to be better citizens in a new emerging progressive society.

The transformation of Rural Haryana was not easy and automatic. The role of the state government had also been vital. The state government had also been taking steps, initiating policies and programmes towards betterment of life in villages. Modernization has affected agriculture in a big way as today a farmer is more informed about the prevailing rates in mandies. Agriculture University in Hisar is the biggest University of Asia. The irrigation facilities have also increased due to good technology. Provisions of good quality seeds and availability of credit to farmers have improved agricultural productivity.

Mainly the green revolution brought changes in every aspect of life. The dress behavior of the people also changed with time. Now they used to wear to simple clothes, but with more money at their disposal, they became more style and brand conscious. They began to spend major chunk of their income on clothes. The living standard of people also improved drastically. Their simple house also changed into palaces with all

² <http://www.investopedia.com/terms/s/standard-of-living.asp>

the modern amenities. Now most of the villagers have access to washing machine, mixer grinders and television and mobile etc. it creates a prosperous class of farmers that means a large class of consumers, necessary for industrial development. It's also created surplus capital which led to the fulfillment of modern pleasures of easy life. But it really changed the rural Haryana life. The standard of living is directly related to development and income level. India is a developing country that is on the way to becoming developed. Its economy is growing rapidly and that is helping to raise the standard of living. The standard of living in India is constantly improving. The single most common indicator which is used to quantify standard of living is the per capita purchasing power parity (PPP) adjusted gross domestic product (GDP). In 2003, the per capita PPP adjusted GDP for India was US\$ 3100. These figures can be compared to \$33,000 for the USA, \$4,900 for China and approximately \$26,000 for most western European nations.

Rural purchasing power has grown faster than that of urban India in the last six quarters. Faster growth in rural is not limited to penetration; today the rural consumer's frequency of consumption is growing faster as well, demonstrating their entrenchment in these categories Instant noodle sales are growing nearly twice as fast in rural India compared to urban in both penetration and frequency Seemingly 'urbane' brands in categories like deodorant and fabric softener are growing much faster in rural India than urban. Currently, the rural sector of India is not only increasing its per capita income but also in its expenditure and production.

The rural economy was unaffected by the recent global financial meltdown as per the research conducted by Rural Marketing Association of India (RMAI). The research also highlights that the rural economy in India is soon to witness an increase in its earnings which will be largely triggered by the incessant expansion in agriculture for the last four successive years. Today, the rural economy in India and its subsequent productivity growth is predicated to a large extent upon the development of its 700-million strong rural population.

The research conducted by AC Nielsen, that the demand for fast moving consumer goods (FMCG) increased faster in rural areas as compared to its urban counterparts; Companies like Dabar, HUL, Godrej, etc have started recruiting more and

more deserving candidates from rural districts in an attempt to elevate their network and market. Firms like Nestle and Glaxo Smith Kline Consumer Healthcare (GSK) are all set to introduce new products for the rural areas in order to promote their brand. The level of poverty has also gone down in India over the past few years, and the level of income is also increasing for last few years .This means that people are able to purchase more goods which improve their standard of living. But still there are disparities between urban and rural areas in terms of basic amenities like health care, education and drinking water facilities. Availability of these facilities may go a long way in improving the living standards in India.

Living standard and their proxy measures

Measuring standard of living has historically been problematic because of the difficulty of defining an aggregate measure that captures the notion of well-being. Different researchers have used different types of methodology. Many researchers used the per capita income for measuring the standard of living but Sen argued that measures of standard of living must capture happiness, utility and choice: the ultimate objective being to enhance the well-being of people. Sen has particularly been very critical of the undue emphasis on income as a measure of well-being and rather advocated a basic needs approach through social indicators such as freedom of choice, the quality of the physical environment etc.

The united nation (UNDP 1990) suggested the use of a human development index (HDI), which in principal also emphasizes the basic human needs approach. The HDI places emphasis on human longevity as reflected in life expectancy, Acquisition of knowledge in terms of level of literacy and access to resources for a decent standard of living (UNDP 1990). Another methodology adopted for measuring standard of living in India is by B.N. Gangully and Devendera B.Gupta (1976), they proposed nine components of levels of living; 1.Health 2.Food Consumption and Nutrition 3.Education 4.Employment and Condition of Work 5.Housing 6.Social Security 7.Clothing 8.Recreation 9.Human Freedom.

Following the basic needs approach for measuring living standard, we have created a list of household items for measuring the living standards of Silani Village. The information collected from these households includes individual level information as education and occupation of household members, their gender, income level, saving level, loan amount, expenditure, land size, place of residence, type of building materials, availability of electricity, access to clean water, type of toilet facilities, type of cooking fuel, bathrooms facilities, kitchen availability, television, mobile , ac cooler, fan , radio, computer, laptop, livestock, washing machine, availability of basic amenities, room in the house. The households head has been taken as a unit of observation. These variables collected in each and the information about these basic material goods and other socio-economic characteristics of sample households has been collected through a schedule containing open and closed ended questions about the possession of basic households' material goods and services before filling up the schedule, each respondent was also given a comprehensive list of 29 basic material goods and services. These are; 1.fan, 2.radio, 3.black white TV, 4.color TV, 5.cooler, 6.kitchen, 7.bathroom, 8.electricity in house, 9.water connection 10.toilet, 11.mobile, 12.washing machine, 13.livestock, 14.computer, 15.LCD, 16.freeze, 17.bed, 18.Chula, 19.gas connection, 20.cycle, 21.bike, 22.car, 23.table chair, 24.sofa set, 25.sewing machine, 26.CD player, 27.tractor, 28.Air Conditioner (AC), 29. pucca house, Each households head was requested to identify the item/items which in his/her opinion is/ are basic necessary good or services to be possessed by the house.

On compilation of the responses, it was found that 9 items namely water connection, fan, table-chair, Chula, cot, electricity, watch, radio, cycle, sewing machine, were commonly identified by about 83% of the respondent as essential basic material goods. This experiment was used as a basis for devising three categories of living standards along with an assumption that the households purchase the most basic and necessary goods first and least necessary goods and services in the last. Using this as a criterion of classification, the living standards were categorized as below- normal, normal and above- normal. Accordingly, these households possessing upto 9 items belongs to the below- normal category. Those who possess upto 19 items are designated to have

normal living standard and those who possess more than 19 items are put in the above-normal category of living standard.

Objectives of the Study

- To examine the socio-economic conditions of households of Silani Village, District Jhajjar.
- To define and examine the living standard of households of Silani Village.
- To analyse the impact of socio-economic factors on the living standard of Households of Silani Village.

Chapterization Scheme

The contents of this work have been arranged in the following six chapters:

1. Introduction
2. Survey of Related Literature
3. A brief Profile of Silani Village
4. Methodology of the Study
5. Presentation and Analysis of Data
6. Conclusion