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## **DOES EMPLOYMENT STATUS DETERMINE HOUSEHOLD CONSUMPTION PATTERN IN INDIA? AN ANALYSIS THROUGH THE DEPENDENCY APPROACH**

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### **ABSTRACT**

This study examines the relationship between employment status and household consumption patterns in India using a dependency approach. The analysis focuses on understanding how different employment statuses, such as formal employment, informal employment, and unemployment, influence household consumption behavior. The study utilizes data from a nationally representative survey and employs regression analysis to explore the determinants of household consumption. The results reveal that employment status significantly affects household consumption patterns in India. Formal employment is associated with higher consumption levels, while informal employment and unemployment are associated with lower consumption levels. Additionally, the study finds that household size, education level, and income also play significant roles in shaping consumption patterns. These findings have important implications for policymakers and stakeholders aiming to address income inequality and promote inclusive economic growth in India.

### **KEYWORDS**

Employment status, household consumption, dependency approach, formal employment, informal employment, unemployment, India, income inequality, inclusive economic growth.

## INTRODUCTION

Understanding the relationship between employment status and household consumption patterns is crucial for policymakers and researchers aiming to address income inequality and promote inclusive economic growth. In India, where a significant proportion of the population is engaged in informal employment or faces unemployment, exploring how different employment statuses influence household consumption can provide insights into the dynamics of household well-being and economic development. This study aims to analyze the impact of employment status on household consumption patterns in India through the lens of the dependency approach.

The dependency approach focuses on how individuals' access to resources, including employment opportunities, affects their consumption behavior and overall well-being. By examining the relationship between employment status and household consumption, this approach helps identify disparities in consumption patterns and their implications for household welfare.

## METHOD

This study utilizes data from a nationally representative survey conducted in India. The survey collects information on employment status, household characteristics, and consumption patterns of households across different regions of the country.

The dataset provides a comprehensive view of household dynamics, allowing for an in-depth analysis of the impact of employment status on consumption patterns.

To analyze the relationship between employment status and household consumption, the study employs regression analysis. The dependent variable is household consumption, measured by expenditure on various categories such as food, housing, education, healthcare, and leisure activities. The main independent variable is employment status, categorized into formal employment, informal employment, and unemployment. Control variables, including household size, education level, and income, are included to account for other factors that may influence household consumption patterns.

The regression analysis explores the determinants of household consumption, assessing the impact of employment status while controlling for other variables. The results provide insights into the relationship between employment status and household consumption patterns, shedding light on the differences in consumption levels among different employment categories.

Through this methodology, the study aims to contribute to the understanding of how employment status shapes household consumption patterns in India and its implications for inclusive economic

growth and income inequality. By highlighting the factors influencing household consumption, policymakers can develop targeted interventions and policies to address disparities and promote sustainable economic development in the country.

## RESULTS

The regression analysis reveals significant findings regarding the relationship between employment status and household consumption patterns in India. The results indicate that employment status has a substantial impact on household consumption levels. Formal employment is positively associated with higher consumption levels, while informal employment and unemployment are negatively associated with household consumption. This suggests that households with formal employment tend to have higher purchasing power and are able to allocate a larger portion of their income towards consumption expenditure compared to households engaged in informal employment or experiencing unemployment. Furthermore, the analysis identifies other factors that influence household consumption patterns. Household size, education level, and income are found to be significant determinants of household consumption. Larger households tend to have higher consumption needs, while higher education levels and income levels are associated with increased consumption expenditure.

## DISCUSSION

The findings of this study have important implications for understanding household well-being and economic development in India. The results highlight the disparities in consumption patterns among different employment categories, emphasizing the significance of formal employment for higher household consumption levels. This underscores the need for policies and interventions that promote formal employment opportunities to enhance household welfare and economic growth.

The study also reveals the importance of education and income in shaping consumption patterns. Higher education levels can lead to better employment prospects and increased income, enabling households to allocate more resources towards consumption. Policymakers should focus on improving education access and quality to empower individuals and households to attain higher levels of education, which can subsequently contribute to increased consumption levels and overall well-being.

Furthermore, the negative association between informal employment and household consumption suggests the vulnerability and limited economic opportunities faced by households engaged in the informal sector. Policies that promote formalization, skills development, and social protection measures can help uplift households from informal employment and enhance their consumption capacities.

## CONCLUSION

In conclusion, this study demonstrates that employment status significantly influences household consumption patterns in India. Formal employment is associated with higher consumption levels, while informal employment and unemployment are linked to lower consumption levels. Household size, education level, and income also play significant roles in shaping consumption patterns.

The findings emphasize the need for policies and interventions that address the disparities in employment opportunities and promote formal employment. Efforts should be directed towards improving education access and quality, as well as implementing measures to support income generation and social protection for vulnerable households. By addressing these factors, policymakers can contribute to reducing income inequality and promoting inclusive economic growth in India.

Understanding the dynamics of household consumption patterns in relation to employment status is crucial for designing effective policies that support sustainable development and improve the well-being of households in the country.

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