

The Impact of Household Size and Structure on Household, Labour Supply, Income and Saving Behaviour in Urban India (A Case Study)

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The analysis of household structure (nuclear or extended) and its relation to family economic decision making has been largely neglected by economists¹. The focus of research on household behaviour in industrialised countries has been on nuclear families, whereas the LDCs are characterised by the extended family system. In a traditional society, it has many advantages. It allows family members to pool risks in income and consumption. In the absence of organised markets, it strengthens the economic power of larger families and permits them to carry out larger investments, to gain from greater division of family labour among members, to realise scale economies in consumption and to provide old age insurance by developing a tradition of support for family elders.

With modernisation, commodity and factor markets develop and expand, and a large number of impersonal institutions start providing services rendered hitherto primarily by the extended family organisation. This provides new opportunities for individual initiative, enterprise and achievement. The population mobility increases and the extended family system gets weakened.

This paper is an attempt to examine the relationship between changes in structure on one hand, and household income, labour supply and composition of its savings on the other. It is an exploratory exercise and the results are tentative.

DATA

The primary data were collected from 250 households in Amritsar Metropolitan Area by administering an interview schedule personally. For the selection of sample, restricted random sampling technique was used². The reference year was 30.8.1979 to 1.9.1980.

STATISTICAL MODEL

The household economic decisions in this study refer