

Determinants of Household Income: An Empirical Study of Urban Maharashtra During the COVID-19 Pandemic

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Abstract: *The COVID-19 pandemic profoundly disrupted global economies, with India experiencing an unprecedented GDP contraction during the April–June 2020 quarter. This study explores the relationship between household income and consumption expenditure in urban Maharashtra, utilizing data from the Consumer Pyramids Household Survey (CPHS) by the Centre for Monitoring Indian Economy (CMIE). Focusing on the pandemic period, the research employs regression analysis to examine the effects of both food and non-food expenditures—including health, recreation, restaurants, and vacations—on total household income. The results indicate a statistically significant relationship between income and consumption patterns, with both food and non-food spending contributing meaningfully to variations in income. Notably, food expenditure stands out as a stronger predictor of income compared to non-food categories, highlighting the essential nature of food consumption even during economic downturns. These findings suggest that household expenditure patterns, particularly on necessities, have a critical feedback effect on income, especially in times of crisis. The study contributes to the broader discourse on economic resilience and household behavior under stress, offering valuable insights for policymakers focused on inclusive recovery strategies. By identifying key spending areas that sustain household income, the research supports the formulation of targeted interventions to strengthen economic stability among urban populations. This analysis underscores the importance of understanding microeconomic dynamics in the wake of large-scale disruptions and provides a data-driven foundation for future policy development aimed at mitigating the socioeconomic impacts of such crises.*

Keywords: Household Consumption, Income Expenditure Relationship, Urban Maharashtra, COVID-19 Economic Impact, Consumer Pyramids Household Survey (CPHS).

