URBAN CONSUMERISM IN KERALA

Thesis submitted to University of Calicut

for the award of the degree of

Doctor of Philosophy in Economics

by

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CERTIFICATE

This is to certify that, this thesis titled “Urban Consumerism in Kerala “submitted for the award of the degree of Doctor of philosophy in Economics is a bonafied record of research work done by Ms.Sarada.A.P.under my guidance and supervision. No part of this work has been submitted earlier for the award of any other degree or diploma.

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DECLARATION

I SARADA A.P. do hereby declare that this written account titled “Urban Consumerism in Kerala” is a bonafied record of research done by me under the guidance of Dr.D.Retnaraj professor in Economics, University of Calicut. I also declare that this thesis has not been submitted by me earlier for the award of any degree, diploma, fellowship or any other similar title.

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Date:

SARADA A.P

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CHAPTER -1

DESIGN OF THE STUDY

1.1 Introduction

Globalization provides the opportunity of increasing international economic activities. As a result, production distribution and marketing of goods and services along with flows of finance have increased. The linkages between the growth of trade, transportation, and other services causes the structural changes in the Indian economy. The structural change in the composition of national income highlights that Indian economy faced dynamism in the service sector. With 55.2 percentage share in GDP, the sector grow by 10 percent annually and record very fast export growth through the first half of 2010-11 (27.4 percent). The spurt in growth is mainly from the increase in consumer demand. The economic effects of globalization accelerated the opening of consumer markets with wide varieties of new products.

The state Kerala also experienced significant improvements in material condition of living , reflected in indicators of social development that are comparable to many developing countries even though the state's per capita income is low in comparison (Govindan parayil, 2011)[1] . The share of primary sector declined from 39.2 percent in 1980-81 to 11.6 percent in 2010-11 and that of secondary sector declined from 24.3 percent to 20.13 percent, the share of the tertiary sector correspondingly rose from 36.5 percent in 1980-81 to 68.8 percent in 2010-11. This structural change in the composition of state income focusing the Kerala economy has made state a service oriented economy.

Though the state experienced poor economic development, the state has achieved in many spheres of social life. Education, health and demographic indicators are a few examples of the nature of social development in Kerala. Census 2011 shows Kerala's HDI of 0.920 which is greater than that of China, Russia and many developing world and placed Kerala on the top of index for achieving highest literacy rate, quality health services and consumption expenditure of people[2]. The highest per capita consumption expenditure is the major factor behind the highest HDI in Kerala (S.P Singh et al, 2006)[3]. In

addition to this, urbanization is a strengthening process in Kerala. Kerala economy has witnessed a rapid urban growth since 1980's.

As per the provisional data of census 2011, Kerala occupies 4th position among the other Indian states in respect of urbanization. Total urban population increased from 0.04 crores in 1901 to 1.59crores in 2011. The share of urban population in Kerala recorded a steady growth from 7.11 percent in 1901 to 26.39 percent in 1991. According to the provisional data of census 2011, the urban population in Kerala is 47.72 percent. The rising proportion of urban population is mainly due to the reclassification of urban settlements, rather than of rural urban migration. The number of towns increased from 159 in 2001 to 520 in 2011.

With the rapid growth of urbanization and the opening up of the economy , the purchasing power and the opportunity to purchase is increased consequently, the taste and preferences , life-style and consumption pattern of the consumers have also changed . As in the case of many other factors, Kerala preserves its uniqueness in the pattern of consumption. Keralites found to be fascinated towards modern gadgets, like vehicles and durables in particular .So Kerala is reported to be the surest market for goods produced anywhere in the world. Hence Kerala is considered to be a consumer state. Compared to most other states in India, people in Kerala allocate a considerable part of their income to the consumption of non-food and non essential items. Some of the studies (Soorya Moorthy , 1996[4], Zachariah, et.al, 2009[5], Rajnarayan gupta, 2011[6]) pointed out this and noticed that the housing and expenditure practices of the households are indicative of the consumerist culture prevailing in the state.

The term Consumerism is used in different ways but more specifically in two senses. Firstly, in the sense of indulgence in consumption, that means, rising trend of consumption or preoccupation with the acquisition of consumer goods. Secondly, it is used to mean protection of the consumer right or consumer sovereignty (Oxford English Dictionary). The present study used the term in the first sense and concentrates on both food and non food items but not much to do with food items because essential commodities are least motivated.

Consumerism should affect the non-food or non essential items. It is economically manifested in the chronic purchasing of consumer goods and services, with little attention to their practical use and as status symbols. Sufficient literature is available on consumer expenditure and consumer behaviour. But still consumerism is only an emerging area. Thus an attempt is made to review the consumer related theories, mainly coming from consumption theories and consumer behaviour.

1.2 Review of Literature

Consumption expenditure and consumption pattern are considered to be a key for monitoring and explanation of inequalities and changes in material living standards and general welfare. Consequently the subject has been widely discussed in literature. The review is done under the studies on consumption pattern related to the issues on expenditure patterns, consumption elasticity, their changes across time and their association with household characteristics and inequalities of income and expenditures in comparisons and the issues on Income V/S expenditure based on poverty.

Houthakker H.S (1957)[7] compared elasticity of food, clothing, housing and miscellaneous items with respect to total expenditure and family size using data from surveys conducted in 30 different countries. Money expenditure was used as the dependant variable rather than quantities used by households. Households were cross classified by income or total expenditure and family size. It was found that the elasticity of four main items of expenditure with respect to total expenditure as similar but not equal. The result shows conformity with Engle's Law.

Jalian L. Simon et al (1970)[8] made an attempt to show the logic of which APC can be reconciled to the short run MPC and to what extent it varies from year to year. With a given set of lag co-efficient, the investigation advocates the discrepancy between the observed MPC in cross section budget studies and the APC. The empirical judgment shows that even if aggregate MPC equals aggregate APC overtime as income grows, the true family MPC is not equal to APC.

Mahajan (1971)[9] observed the inter-regional variations in the structure and pattern of consumption in the six population zones in India. By using the NSS data,Mahajan examined the validity of the assumption of interregional homogeneity of consumer behaviour. Per capita formulation of log linear Engel curves has been fitted to data pertaining to rural and urban communities. The result reveals that considerable inter- regional variations is existed in the structure and pattern of consumption.

Mehta (1971)[10] by using the NSS data analyzed the differences in the elasticity of consumption expenditure of different commodities with respect to income groups in rural and urban India. The expenditure elasticity except for fuel and light was found more in rural areas than in urban areas. The expenditure elasticity of food grains decreases with increasing total expenditure in urban areas.

Murthy (1971)[11] analyzed consumption pattern by utilizing the NSS data on consumption expenditure. Temporal stability of Engel curves were noticed for almost all the commodity groups in rural sector with an exception of 'other non-food'. In the urban sector the instability of parameters of Engel Curve is noticed for almost all the commodity groups with an exception of milk and its products, food and clothing.

Vaidyanathan (1974)[12] has studied the pattern of inequalities in per capita consumption levels at the national levels by principal occupational and land holding categories and by household size. The changes in the degree of consumption inequality by states and all India over the period 1958- 59 to 1967-68 have been examined. Using Lorenz ratio, the study has measured the extend of inequality in rural living standards. Multiple regression analysis used to examine the relative influence of land holdings and family size on per capita consumption found a positive correlation between land holding size and per capita consumption and also a negative correlation between family size and per capita consumption.

Laumas and Laumas (1976)[13] using time series data from 1919- 1960, tested permanent income hypothesis. Their study observed that permanent income hypothesis is not a better fit for the Indian condition under the period of

study. The empirical analysis shows that marginal propensity to save out of transitory income is almost as high as compared to the marginal prosperity to save out of permanent income.

Walter Henry.H. (1976)[14] made an attempt to state the relationship between culture and buying behaviour among the consumers in American society and also tested how culture affects buyer behaviour. Empirical evidence is provided to support that culture is also a determinant of consumer behavior.

The empirical study related to the application of Duesenberry's model to the growth in the stock of consumer durables goods in Japan Takeo Nakao (1978)[15] that the determination of demand for durables is closely related to the Duesenberry's demonstration effect. The self advertising effect seems to play an important role in the growth of demand for new durable goods.

Robert E Hall (1978)[16] used an alternative econometric approach for the study of life-cycle permanent income hypothesis. The testable implication held the view that the real disposable income is not a good predictor of current consumption. The implication is tested with time series data for the post war United States. The empirical evidence shows that consumption is only weakly associated with its own past values. The underlying behavior of consumers makes both consumption and wealth evolve as random walk.

Metha B.C (1979)[17] examined the consumption expenditure elasticity in rural and urban areas in Rajasthan. The study result shows that expenditure elasticity is greater in rural areas than the urban areas. He pointed out the fact that the re-distribution of income envisaged in sixth five year plan of India in favour of poor causes substantially effective demand for not only food grains but also non food items.

Saha (1980)[18] estimated the Engel elasticity for 101 items of consumption separately for rural and Urban India using NSS budget data. In order to compute Engel elasticity of items, Iyengar's method (1960-64) has been used as a base for the use of generalized concentration curves along with the method of weighted least squares. The estimation result shows that the ordering of commodities on the elasticity scale is found to be same.

James Davies.B.(1981)[19] made an empirical analysis among the old agers under the situation of uncertain life time, consumption and dissaving in retirement. On the basis of the empirical results the study gave a support to the life cycle hypothesis and stated that a negative impact of uncertain life time which increases in proportional severity with the age in the absence of pension. The uncertainty of life time is the major reason for the decumulation of the retired.

Joher et al (1982)[20] analyzed the consumption pattern to estimate expenditure elasticity of demand for different commodity groups. The study used the data from NSS reports pertaining to 21st and 28th rounds. The study showed that the expenditure elasticity of demand for non-food items to be almost double than those of food items with in the food group relatively high elasticity were observed for quality food items. Within the non-food group the expenditure elasticity for clothing, durables etc are more elastic than for fuel and light in both areas. Both rural and urban households exhibited changes in their consumption behaviour between two periods.

Bhupal Singh et al (1982)[21] examined the food nutrients consumption pattern in different occupational groups in India. They adopted the analysis of variance and co-variance techniques for measuring the difference in consumption level of food nutrients. The analysis of covariance technique observed that, income is the only significant factor which affects the consumption of all the nutrients and considerable variation in the nutrient consumption on different income groups or occupational groups. The impact of socio- economic status and the size of families were found to be significant. The estimation of elasticities shows that the elasticity's were higher for lower income group, large family size households and among agricultural groups.

Laumar and RatiRam (1982)[22] conducted an empirical investigation about the role of wealth in consumption based wealth theories. For the investigation purpose the adjusted consumption data, along with the income and wealth series of 199-69 are used. The estimation clearly reveals that a wealth variable does belong in the consumption function. Thus it provides a support both to Friedman's permanent income hypothesis and life-cycle

hypothesis of consumption. The observed large and statistically significant income co-efficient in the presence of a wealth variable is consistent with the life-cycle hypothesis but not necessarily inconsistent with Friedman's Theory

Rao V.K (1982)[23] points out that income and occupation plays a vital role for the household's milk consumption pattern. He obtained that the labour class spent less for their milk consumption while service community and other higher income groups spent more. He concluded that milk consumption is a dependent variable on income.

M.A. King etal (1982)[24] analyzed the behavior of wealth holdings over the life-cycle by using cross section data. The empirical evidences point out that the ratio of asset to permanent income increases with age and decline after retirement.

Mahajan (1983)[25] using various rounds of NSS data examined the temporal stability of consumer behaviour. It is found that there is a significant variation of consumption expenditure among some commodities that exists over the states for both rural and urban areas. In the case of commodities, like food and non-food items, the interstate variation is observed to be smaller.

Motiur Rahman (1983)[26] conducted a discriminate analysis related to the urban- rural household expenditure pattern in Bangladesh. Discriminate functions relating to linear combination of six important household expenditure items were estimated. It reveals that, discriminations exist between rural and urban expenditure pattern. Among the selected items, fuel and lighting have a greater edge over all terms in distinguishing the urban and rural household expenditure pattern. In the case of food grains, the average percentage expenditure is higher in rural areas than the urban counterparts. Whereas the percentage expenditure on lighting and fuel as higher in urban areas.

Mondal S.K (1983)[27] found that there exists a wide gap between the consumption among the rich and poor. The average consumption of cereals has declined both in rural and urban but compared to urban, the average cereal consumption was highest in rural. The higher income group of rural and urban opt other processed goods rather than cereals. The rural poor cannot afford the consumption of other nutrient food. While the conspicuous consumption of the

urban higher income groups has been steadily increasing. The author points out the changing food habits of rural and urban counterparts.

Hamermesh (1984)[28] used panel consumption data contained in the longitudinal Retirement History Survey and estimates an annual consumption growth rate for the elderly. He discovers that the resources of the young elderly are insufficient to maintain their initial level of consumption and also find out that social security benefits are essential to maintain older person's consumption.

Ghatak (1985)[29] examined extend of regional disparities in consumer expenditure on the basis of family budget data collected by the NSS for the year 1963-64. The study used differences in per capita income, family size and average price of a commodity as factors causing a difference between a state average and the all India average consumption of two major groups of commodities food grains and clothing. The study found that difference in average price of cereals influenced the difference in average consumption of cereals. Difference in total expenditure was seemed to be significant in explaining interstate differences from all India average consumption of clothing.

Gupta (1986)[30] examined the aggregate consumption behavior and trends in consumer expenditure using C.S.O estimates of private final consumption expenditure for the time periods 1950-51 through 1978-80. The study applied the ordinary least square to estimate various parameters of different consumption functions and M.P.C. is found to vary between 0.84 and 0.90 for the reference period of 30 years. The MPC found to be very high for food items relative to those of non-food items. The computed elasticity indicates that food items were necessities while most non-food items as luxuries and semi-luxuries.

Satya Prakash Sing et al (1986)[31] found that the per capital total expenditure had a positive relation with consumption of milk and milk products in Chandigarh. It was found that the consumption rate of butter and ghee per family had an increasing trend with increasing income but in the case of butter

the rate of increase declines as income increase. They observed that a wide discrimination in consumption pattern exists between different income groups.

Sathya Prakash and Raghbir Singh (1986)[32] conducted a study for examining the household consumption and the consumption of milk and milk products was found to increase sharply with income. The average monthly consumption as well as per capita consumption increases with income for all milk products.

Behrman et, al (1987)[33] explore the case of malnutrition and the study has made use of data from international crop Research Institute. The findings showed that increase in income will result in substantial improvements in nutrients intakes.

Mukhopadyay (1987)[34] examined the nature of Inter-state differences in the expenditure pattern of rural households. The analysis covers three item groups viz cereals substitutes, all food and all non-food. To examine the nature of interstate differences in expenditure patterns, pair-wise analysis of covariance test has been applied to item-specific Engel curves for each pairs of states. The state-wise average elasticity for different items have also been examined. The study reveals that the expenditure patterns of rural household in India for cereals substitutes and all food items are reflected by Engel elasticity and ratios are considerably different across states.

Dissanayake et.al (1988)[35] estimated the Engel curves for Srilankan economy and considering expenditure on all non-durable goods and with special importance to the important category of food expenditure. The study analyzed cross section per capita household expenditure using the data of 1981-82 survey reported by Central Bank of Ceylon. The study has estimated complete Engel Systems for non-durables expenditure categories and also individual food sub categories.

Deaton et al (1989) [36] analyzed how consumption patterns are being determined by household income, household composition and other household characteristics.

Stephen (1989)[37] focused on deriving and testing implications for the consumption behaviour in the presence of borrowing constraints. By using time series cross section data on US families, the empirical results support the hypothesis that liquidity constraints have an important influence on consumption behaviour.

Batty IZ (1989)[38] observed that the consumer behaviour has shifted from cereal to non – cereal food to non-food consumer goods and from fuel to other manufactured consumer goods. The movement is from the more to the less essential.

By using a long memory fractionally integrated model Francis X Diebold et al (1991)[39] made an empirical study that discovers consumption responds to anticipated changes in income is unaffected and remain inconsistent with the theory of life-cycle because, the long run or low-frequency stochastic properties of income are decisive in determining the response of consumption to an innovation in consumption.

Maiti (1993)[40] used NSS data for the period 1953-54 to 1989-90 to study the incidence of urban poverty. The inter temporal changes in inequality in urban consumption expenditure has been analyzed on the basis of Lorenz ratios of size distribution of per capita expenditure. It is found that the average per capita expenditure in nominal terms both for the poorest and richest 20 percent of urban population has registered a substantial increase in the late 1980's compared to the early 1950's. The poverty measure head count ratio and Sen index showed that the percentage of people below poverty line increased up to the mid 1960's and then declined very sharply till latest NSS round

Sami et al (1994)[41] analyzed the nature and functions of markets and their relationship with consumer behavior in Patna urban agglomeration. They observed that the behavior of consumer is related with the shopping hierarchy and there is a strong association between the choice of market centre, income and status of the consumers. The study shows that the elite classes were ready to travel for longer distances for their shopping purposes while the poor prefer local centers on behalf of their lower income status.

Meenakshi J.V (1994)[42] examines the food consumption trends in India and the result shows the changing food preferences across the regions. The food trends reveal that the decline in the preference for cereals and the taste changes towards the more expensive foods namely, milk, poultry and meat products.

Datta.P and Choudary. H (1995)[43] observed that there has been a declining tendency in the inter region disparities in consumption level of rural areas while there is no such tendency in the urban areas. As regards all Indian level, the degree of inequalities has not changed so much in both rural and urban areas over the rounds of NSS data covering the period 1965-88. By using different measures of inequalities, they observed that the inequality in non-food per capita consumption expenditure is relatively greater in urban Assam compared to other states of North-Eastern region and also India as a whole.

Rajni Chadha (1995)[44] While examining the changing profile of urban house-wife in India and find their role for enhancing the consumption expenditure. The study reveals that the decision making by the housewife has been sharper among the middle and upper income groups. It can be noted from the study that there is a significant rise in house wife's role in decision making for purchasing commodities like household gadgets, but in the purchase of durables their role is low.

Ayubkhan Meahr (1996)[45] carried out a study to estimate the impact of household income on the use of consumer durables and attempt to empirically estimating the demand functions for major consumer durables and determinants of income in Karachi based on a simultaneous equation model using three stage least square technique and observations at the household level for 1988. The findings of the study reveal the negative relationship between monthly household income and the source of transitory income and the average household income is the major determinant of demand for durable goods.

Sooryamoorthy, (1997)[46] Observed the significance of income, occupation, education and geographical variables that have an enhancing role in the new trend of consumerism in Kerala. The consumption items like

beverages, refreshments and processed food, clothing and footwear are chosen for the analysis and expenditure incurred on these items were analyzed to find the influence of independent variables namely income, occupation, educational standard and geographical factors. The study finds out that the variables such as income, occupation and education were found to enhance the expenditure on all the chosen items. Except in the purchases of beverages refreshments and processed food, the level of consumption in both rural and urban areas of the state remain similar. The study identifies the middle income class employed in regular salaried jobs and the well educated as the category of consumers who spend conspicuously on the items under study.

NSSO (1997)[47] utilized the data from 53rd round for the analysis of consumer expenditure and employment situation in India. It was observed that at the all India level, average rural monthly per capita consumer expenditure was Rs395 and Rs645 in the urban sector. At the state level, average rural monthly per capita consumer expenditure was between Rs295 and Rs670 in 12 of the 15 major states. The three states, namely Kerala, Punjab and Haryana occupy the top position in terms of average monthly per capita consumer expenditure in rural areas. In the urban sector the same was under Rs645. Maharashtra is the highest (above Rs750) and the lowest in Bihar (Rs492). The per capita cereal consumption in rural and urban India was found to be declining.

Prabhat K Pankaj(1998)[48] discussed the pattern of consumption in the urban areas of Muzaffarpur in Bihar. The study found that the expenditure elasticities of cereals,cereals substitutes,salt and spices,edible oil,fuel and light are less than unity and the relatively superior goods like milk,milk products,egg,meat,fish,fruits and nuts etc have shown an estimation of higher than unity. The Engel –intercepts and Engel coefficient have been computed from the estimation of Linear,semilog and Double log relationship total expenditure and item expenditure. The estimate of linear function reveals that the marginal propensity to consume is higher for all non food (0.55) in comparison to all food (0.46).

Upender M. and Babu M. (1999)[49] studied the consumption pattern of tribal households. They find out that the proportion of total expenditure incurred on rice was high among the tribal in Telungana region. They spent a negligible amount for coffee/tea showing an aversion of tribal's on consumption of coffee/tea. The study pointed out that 20.46 percent of total non-food expenditure was spent on clothing (32.01 percent). Festivals and marriage claimed nearly 18.96 percent. These three groups together with medical expenditure (8.13percent) covered nearly 50 percent of total expenditure

Wahid (1999)[50] made an attempt to test whether the Canadian consumption function experienced any significant structural shift in 1974. For this purpose he estimated both simple Keynesian consumption function and Brownian consumption function with Canadian data and used standard statistical tests to determine their stability before and after 1974. The empirical analysis shows that the data produced a better fit for the Brownian function than for the Keynesian. The analysis about the stability of two functions indicates that the Brownian function overall suffered a significant structural change in 1974 where as the Keynesian function was very stable throughout the whole data period (1977-78) without having any significant structural change in 1974.

Zachariah et al (1999)[51] examined the impact of migration in Kerala economy. The study analyzed the impact of remittance on housing and on the acquisition of sophisticated household gadgets and other durables. The study found that migration has a positive influence on the ownership of consumer durables. They have estimated an index of possession of household consumer durables. The propensity to acquire household consumer durables was higher among the international migrants compared to internal migrants. Like ways, the propensity of internal migrant households was higher than non-migrant households. Study reports show about 54 percent of the emigrant households had a television set as against 34 percent of non-migrant households. 40 percent of the emigrant households owned refrigerators but it was only 13 percent in the case of non-migrant.

Jain D.K. et,al (2000)[52] observed that the mean nutrient intake across different occupational groups was higher to the Northern region than the southern region. The findings pointed out that among the occupational groups professional category, business group and cultivator households had a higher nutrient consumption than the labour and artisan category in both regions. The proportional gap between professional and unskilled labour households with respect to protein consumption was found in both the regions. The study also reveals that the mean intake of energy and other nutrients was higher in urban area than those of the rural areas. These findings point out the fact that the lower income groups are deficient in the consumption of energy and protein.

Sanjay Shobe (2001)[53] examined the impact of government spending and borrowing on private consumption in Mauritius for the period 1973-1976, using an overlapping generation model. It was observed that private consumption was negatively affected by short run fluctuations in their disposable income; this tendency is found to be more severe in the long run.

P.N. Jayakumar etal (2002)[54] made an attempt to analyze the common food habits of rural households in Kancheepuram District of Tamil Nadu. It was found that the expenditure on food items is higher at peak month (92.64). It clearly shows the significant positive relationship between income and consumption level. The study points out that the rural households spent more than 50 percent for cereal consumption. By estimating poverty gap index, they have established that the mean proportion of poverty was low for non-agricultural workers. The study concluded that employment plays a major role for the level of consumption reducing the poverty in rural areas.

Kannan and Hari (2002)[55] examined the changes in the consumption during the period 1972-73 to 1999-2000 and the study results show the fact that percapita consumer expenditure of the state is one of the highest among the Indian states during the Eighties. The propensity to consume remained well above 80 percent till the early nineties, since then declined to 50 percent. It indicates that growth in income was greater than consumption after 1997-92. The study highlights that since 1977-78, per capita consumption has exceeded the national average without corresponding increase in income.

SD Brahmankal and R.K. Shukla (2003)[56] address the evaluation process of the Indian consumer market related to consumer credit and commercialized micro finance. They pointed out that financial sector reforms cause a steady emergence of consumer finance products. They concluded that the Indian urban areas are facing the severe dynamic behaviour .

Ambika Devi, S. Gandhimathi and R. Anita (2004)[57] made an empirical analysis of aggregate consumption in India during the period 1970-2000. The regression estimation results revealed that the MPC was less than one in all three decade and the elasticity of private final consumption expenditure is also less than unity except for the decade 1991-2000. It simply means the short run MPC was relatively lower than the APC because APC declines with rising income. Their empirical findings suggested that Keynesian absolute income hypothesis proved better fit to the Indian data during the period of study.

Venkata Seshaiah et al (2004)[58] analyzed consumption and saving after and before liberalization by using liberalization index, exchange rate, saving, investment, percapita income and openness of the economy during the periods 1970-1990 and 1991- 2002. The study results observed that the liberalization plays a significant role for promoting domestic consumption and saving. The authors argued that before liberalization, the license regime adversely affected consumption but after liberalization, there is a positive and significant impact both on consumption and saving.

Andrew Mckay and Sarmistha pal (2004)[59] examined the validity of relationship between household consumption and inequality in the Indian states. It can be seen that there is strong evidence that a negative effect of initial inequality on subsequent growth. The relationship between consumption and inequality is dynamic in nature and the estimation is based on the time series data from NSS under study.

Apurba et al (2004)[60] found that all the states in India witnessed a significant improvement over the inequalities in the rural consumption expenditure during the period of globalization as compared to pre-globalization. The study pointed out that in 1983, among the major states of India Rajasthan placed the most unequal distribution but during globalization

(1999-2000) it placed the most egalitarian distribution. By using the Gini coefficient, it is found that Haryana stood at first place in terms of inequality with the highest value of Gini coefficient 0.298.

Radhakrishna R and Venkata Reddy (2004)[61] observed that, the consumption expenditure steadily increased since 1970. But it does not reflect in food expenditure. Per capita cereal consumption shows a declining trend and the decline is higher in rural areas than the urban areas.

Ashis Nandy (2004)[62] Emphasis the changing preference of food culture in India and observed the Indian cuisines and their new global context. Nandy opines that the Indian food consumption turns to become a symbol of self definition and multicultural sensitivities.

Laura Blow et.al (2004)[63] conducted a study related to the methodological issues on the analysis of consumer demand pattern over time and across countries namely France , Germany, Netherland, Spain, U.K and U.S. The study used consumer budget surveys for the empirical purposes. The study pointed out the household demographic composition and employment structure that affected the household expenditure pattern among these countries and these changes cause increase in the demand for service oriented commodities.

Pat (2005)[64] supports the view that Kerala has witnessed higher per capita consumption expenditure. The study shows that Kerala has been an immense beneficiary of the annual remittances and there by boost the consumption level. The study pointed out the significance of remittances for the higher consumption level in Kerala.

Sharma .V.K et al (2005)[65] examined the income and consumption disparities among the small farmers and agricultural labours. The results show that per capita consumption on food and non food items were higher among small farmers and lower in agricultural labours. The study results revealed that income plays a crucial role for the consumption pattern. Compared to the agricultural labourers, small farmers spent major share of their consumption expenditure on milk and its products.

Mithra (2005)[66] examined the standard of living of the slum population in terms of per capita consumption expenditure, quality of housing and the ability to save. The empirical results reported that the income of the head of the households and education level has a positive impact on the consumption expenditure. The regression analysis shows that the consumption per capita is lower among the heads of the households engaged in personal services. The study results also pointed out that the large household size and female- headed households reduce the per capita consumption expenditure.

Sairama Subramaniam.K etal (2006)[67] Conducted a micro level study relating to the income consumption pattern of Puttaparti Town. The study was based on the primary data during 2001-2002. Empirical results found that, income is the major determinant factor of consumption and the importance of occupational structure on the consumption behavior.

Anil Gupta and Mamta Shyam (2006)[68] made an empirical approach in relation to the psychological aspects of consumer behavior . They pointed out the issues related to consumer awareness and the relevance of consumer protection.

Pushpangadan (2006)[69] examines the economic growth in Kerala in the context of remittances and consumption during the period 1980-2000. With the analysis of state domestic product and the MPC calculated from the NSSO data, the author pointed out that Kerala is experiencing a consumption led growth. The study pointed out the role of migration in the expansion of consumer expenditure in favor of non food items.

Singh etal (2006)[70] examined the inter state disparity in human development and find out wide disparity existed in regard of per capita consumption expenditure. The study pointed out the top position of Kerala in terms of pe rcapita consumption expenditure and observed that the high per capita consumption expenditure is the major factor behind the high HDI in Kerala. The estimated value of coefficient of variation shows that the inter state disparity in consumption expenditure is significantly increased between 1983 and 1999-2000.

Voyce (2007)[71] Discussed the emergence of shopping malls and the new middle class consumer groups in the wake of globalization. He argued that

middle class supported the trade liberalization and is involved in the creation of new identies based on consumer goods. The study pointed out the social and economic issues of the shopping malls and these new social dividing practices strengthening the gap between rich and poor.

Verma etal, (2007)[72] seeks to assess the impact of consumerism on marketing process in India . The studies revealed the growing acceptance of consumerism and examine the involment of firms to solve the dissatisfaction of the consumers. The study has given more stress to the consumer's problems and right rather than production orientation.

Himanshu Sekhar Rout (2007)[73] examined the impact of income and education on the household health expenditure in Cuttack, Bhuvaneswar and Jaipur district. To substantiate the objectives, regression analysis is used and descriptive statistics are estimated. It shows that income of the households has significant influence on its health expenditure where as the effect of education is insignificant irrespective of rural and urban areas but, the educated person spent more than the uneducated person.

Jabir Ali (2007)[74] analyses the significant structural changes in consumption of live stock products and examine their role in nutritional security. The study observed that monthly per capita expenditure on livestock products especially milk and milk products and meat has significantly increased.

Upadhya (2008)[75] shows the social and cultural implications of the new consumption patterns among the middle class of India in the context of economic growth and globalization. The study focuses on the software professionals in the IT industry and considered them as the new middle class identity in the wake of the consumer revolution and images as a consuming class. Upadhya portraits their lavish spending habit and the major expenditure incurred by the IT professionals was on a house or flat and plot of land. The central aim of the study is focused on the cultural shifts rather than economic shifts. He concludes that the identity of Indian IT professionals is produced more through consumption of family ideology and of the Indian culture than through consumption of new consumer goods and lifestyles.

Uberoi (2008)[76] discuss about the conspicuous consumption at weddings in India and China. He emphasis the role of mass media especially the wedding / bridal magazine for promoting the commercialization of its role , functions and services especially in jewellery , cosmetics , costumes and perfumes . He argued that the lavish wedding as non – productive consumption is the product from the status display of the affluent class.

Harikumar and Dhanya sudhakar (2008)[77] discuss the positive relationship between high consumption expenditure and the health status of the people. The study compared rural and urban consumption pattern and finds much difference between the two sectors. They established the fact that Kerala economy experienced a shift in consumption pattern in favour of non good items especially in urban areas. They concluded that less expenditure on food is the main reason for high morbidity rate seen in urban areas. Through this paper they specifically stated the need for concentising the people regarding the food habits.

Bijaya kumar Panda and Prasant Sarang (2008)[78] confirm that the existence of significant inter sectoral variations in consumption expenditure pattern of food and non-food items. They emphasized that this difference is backed by significant differences in the marginal propensity to consume and the level of total expenditure. They also laid stress on the Engel ratio analysis and the observations reveal that the ratio for food items is higher in rural areas whereas the ratio for non food items is higher in urban areas. The study concluded that there is no significant variation in the consumption pattern of a few items such as pan, tobacco and intoxicants.

Fakayode S Banide et al (2008)[79] attempted to analyze the nature of rice consumption is Nigeria. By using the multinomial linguit model, they found that majority of the households (55.4percent) consume both imported and local rice. Only 18.2 percent consume local rice and about a quarter of householdes (26.4percent) consumed imported rice only. The multi nominal logit model revealed that the household size, income and educational status of the households head are influencing preference of households for a combination

of local and imported rice and the preference for imported rice was mainly due to the higher quality and upgrade of rice.

Ravichandran N (2008)[80] conducted a study among 1200 women in central India for analyzing the relationship between family ideology and food provisions behavior. He pointed out that there is strong association between the family ideology and the households consumption. The study findings reveal that the family ideology is associated with the gender division and a significant factor for the women's and men's difference in food provision.

Shoma Munshi (2008)[81] examine the role of media especially television in influencing consumer culture among the working women in domestic help and beauty parlours . The study found that television advertisement influenced their family's choices in relation to eating habits, shopping, fashion and also make-up items. The study also highlights the psychological aspects of the respondents. For them, acquisition of a television is served as token as upward mobility hence they are reducing their expenditure on other items to buy a television.

Zhou et.al (2008)[82] discuss the emergence of middle class in China and highlights their role in the economic growth. In respect to spending habits and life style, middle class community plays a crucial role for enhancing the consumption pattern in China and they created a new form of consumption habit and life style.

Harrold Whilhinte (2008)[83] observed the consumption behaviour of the south Indians in particular to the life style of Keralites and analyze the effect of global exchange and social reforms on the cultural practices and the consumption behaviour in Kerala. Whilhinte argued that both traditional and modernity aspects influence among the Keralites and a strong social friction is responsible for the new form of consumption pattern which in terms of fascination towards consumption.

Krishna Kumar.T. et.al (2009)[84] estimated consumption deprivation in India before and during reform period. For this purpose, the study used the three quinquennial rounds of NSSO. The analysis shows that cereal deprivation

exhibits a declining trend over the period 1987-88 and 1999-2000 in the rural sector while little change in the urban sector.

Jon D Wisman (2009)[85] examined the relevance of Veblen's theory of consumer behaviour for understanding the saving puzzle in United States. His study strongly advocates the hypothesis that the US economy has a higher degree of vertical mobility and the degree of inequality. The author found that social status is strongly influencing the buying behavior. Study results proved the validity of Veblen's rich Socio-economic theory and the evidences strongly agreed that the consumption behaviour, especially conspicuous consumption plays a crucial role for plummet the saving rate.

Angus Deaton etal (2009)[86] observed some facts on Indian food consumption and various puzzles especially the decline of average caloric intake. The proportionate decline was higher among the better off. They elaborated the hypothesis that the better health environment and lower level of physical activity ties are the major reasons for the declining trend of calorie requirements.

Erich et.al (2010)[87] noticed the extreme forms of consumerism. They pointed out that the consumers spend not only for purchase but supports a particular brand also and emphasis the role of advertising industry to reinforce increasing consumption.

Wang yang (2011)[88] tested the empirical validity of the Keynesian consumption function for China economy for the period from 1978 to 2009. The results show that the per capita elasticity of consumption expenditure is found to be unity. The linear and log linear per capita function shows that the proportionate change in per capita consumption expenditure is more or less equal to the proportionate change in disposable income and it confirms the fact that there is no structural shift in the per capita consumption in China during the period of study.

Rajnarayan Gupta (2011)[89] examines the levels of consumerism in different states of India on the basis of NSSO data. He treated consumption of durable goods and their share in the consumer's budget as the two indices of consumerism. The empirical findings show wide interstate variations in

consumerism and in rural and urban sectors. Gupta argued that income inequality is the main reason for the incentives of consumerism.

Amit Kundu (2011)[90] empirically tested the applicability of permanent income Hypothesis in India. The study seeks to enquire the existence of long run equilibrium relationship between permanent income and permanent consumption and the nature and direction of causality between permanent income and consumption in India. Using an annual data set for disposable income and household consumption for the period 1971-2001, the study empirically investigated that there is proportional relationship between permanent income and permanent consumption and the results point to a strong acceptance of permanent income hypothesis in India.

Shradha Srivastava and AmarnathTripathy (2011)[91] explore the changes in food consumption pattern among the poor households in BIMARU state. The study observed that the households are shifting their consumption to low value added food items to high value food items, but this change in food habit can be observed in higher and middle income group. The expenditure on food items is showing a decreasing trend both in rural and urban areas. It is interesting to note that the greater shift from cereals to non cereals has been in the poor rural areas than the urban areas of BIMARU states.

Krishnaswamy.R (2012)[92] analyzed the drought effect in 2009-10 by using information from the 2004-05, 2009-10and 2011-12 NSS surveys. The analysis revealed that the consumption expenditure showed an accelerated growth and widening the expenditure inequality in both rural and urban areas. The trends in MPCE reveal that, the rural households continue to be worse off than the urban households. The study also found that the effect of drought is different among the different income groups both in rural and urban areas. The public policy intervention is helped the rural poor to withstand the severity of drought. But the urban poor were less benefited.

Jayaraj D,and subramanian s,(2012)[93] made an analysis of onsumption expenditure over the past for decades in India and suggests distressingly little evidence of interpersonal inclusiveness in consumption growth expenditure.

The literature reveals a considerable part of research on household consumption and income as measures of living standards based on household survey. Substantial analysis focused on expenditure patterns and structural changes, inequalities, regional and interstate disparities and the poverty in terms of calorie intake. Majority of the studies concentrated on the structural changes in consumption but little comparative study has been done in the grass root level of consumption among the urban households. Hence the present study made an attempt to the micro level study of consumption expenditure among the urban households.

1.3 Statement of the problem

In Kerala state, consumerism emerged in to a phenomenon to be handled seriously and it has considerably affected on the sustainability of the state. Though Kerala ranks only sixth in per capita GSDP, it ranks first in per capita consumer expenditure in rural areas and second in urban areas. Since 1970s Kerala economy has witnessed a boom in remittance income from abroad especially from Midddle East countries and this cause a tremendous changes in the consumption pattern of the Keralites especially in favour of non food items. Some of the studies (SooryaMoorthy (1996)[94], Zachariah, et.al, 2003)[95] pointed out this and noticed that the housing and expenditure practices of the households are indicative of the consumerist culture prevailing in the state. Compared to most other states in India, people in Kerala allocate a considerable part of their income for the consumption of non-food and non essential items.

As per the Engels law (1857) with economic development and increasing income, the share of expenditure on food in households' budget has been reduced. NSS data on consumer expenditure proved this law. As per the latest NSS round (66th round)[96] the percentage expenditure on food items in the urban Kerala was 31.03 percent and non food items 68.96 percent as against the all India level of 40.7 percent and 59.3 percent respectively. The trends in consumption expenditure show that, between 1972-73 and 2009-10, the share of food in total consumption expenditure has fallen from 64 percent to 31.03

percent in urban Kerala while in the case of non food items; it increased from 35.15 percent to 68.96 percent.

The average per capita expenditure in Kerala was below the national average till 1977-78. Since then, per capita consumer expenditure in Kerala exceeded that of all India. For instance, the average Monthly Per capita Consumer Expenditure (MPCE) increased from Rs.63.33 to 1785.81 during 1972-73 to 2009-10 in urban India and from Rs.44.17 to Rs. 927.7 in rural India. Whereas in Kerala the average MPCE increased from Rs. 58.27 to Rs. 2663.45 in urban areas and from Rs 42.19 to Rs 1850 in rural areas . It is significant to note that the average urban MPCE exceeded average rural MPCE by 88.33 percent at all India level and by 27.36 percent at the state level[97].

From these evidences it is clear that the urban counter parts have a significant place in the changes of consumption expenditure. The urban consumers are the potential buyers of variety of goods and to hold the key of an expanded market with growing urbanization, the tastes and preferences and life style also have changed. Consumption pattern has termed as a marker of social prestige. In this context, studying urban consumers looks important. The average monthly per capita consumption expenditure of the state with lower per capita income is higher even that of the richest states of the country. A few attempts on consumer expenditure on Kerala economy in the context of migration have already been done. (K.P. Kannan, K.S,Hari (2002)[98], K.Pushpangadan,2006)[99]. The consumption expenditure of the Kerala state especially in favour of non-food items calls for a detailed study.

1.4 Objectives of the study

1. To examine the trends and pattern of consumption expenditure in Kerala.
2. To analyze the sources of income and the expenditure pattern of urban households.
3. To examine the trends and pattern of food expenditure in urban households.

4. To examine the trends and pattern of non food expenditure in urban households.
5. To identify the factors determining consumerism in urban Kerala.

1.5 Hypotheses

1. There is significant variation in the consumption expenditure among various items.
2. The relation between income and consumption is direct but not proportional.
3. There is significant inter- regional variation in consumption expenditure in urban Kerala.
4. There is significant association between consumption expenditure, income, occupation, education and family size.

1.6 Data source and Methodology

The study made use of primary and secondary data to analyze the objectives of the study. Secondary data were collected from various issues of Economic Review (Statistics for Planning), Economic and Political Weekly research foundation, various Census reports, and Hand book of Statistics on Indian Economy, reports of National sample survey organization, Economic survey, Central Statistical Organization, National Income Statistics of CMIE. In order to examine the level of consumption expenditure in the state as well as in national level, we have used the quinquinnial survey of NSSO. The study used the data from 27th round (1972-73) onwards to the latest round (66th round-2009-2010) for analyzing the food and non food expenditure pattern of the urban households. Primary data were collected on the basis of a field survey using a prepared survey schedule.

Multi stage sampling techniques was adopted for the selection of samples. In the first stage ,those districts with proportion of urban more than or a little less than ,state's average were selected .In the next stage, three districts, namely Ernakulam, Thrissur and Palakkad were selected. The primary data were collected from 300 households belonging to the three districts in the state,

Ernakulam, Thrissur, and Palakkad on the basis of higher urban population than the state average (25.96 percent). Ernakulum is selected as it is having the higher proportion of urban population (47.65 percent). Thrissur is considered as the central part of Kerala and in view of its features of gulf migration, cultural capital of Kerala, trends in urbanization with urban population of 28.21 percent and Palakkad with urban population of 13.62 percent.

For serving the stated objectives, the study used both analytical and statistical methods. The primary analytical structure is based on Bi-variate tables. Bi-variate tables are prepared for establishing the association between the variables. Arithmetical tools like averages and percentages are used to analyze the data. In order to determine the factors influencing consumption both tabular presentation and factor analysis are also used. The collected data were analyzed using Bi-variate table and appropriate statistical technique like consumption function and ANOVA.

1.7 Limitations of the study

- Some of the objectives of the study are analyzed by using primary data collected from sample households by survey method. Many of the respondents furnished the required information from their memory and experience. The quality of estimates depends on the reliability of the data collected on each items of expenditure. Hence the chance of inaccurate information due to memory lapse of the respondents is not over ruled.
- The study area is limited to the urban areas of Ernakulum, Thrissur and Palakkad districts and the findings may not be applicable to other areas, as vast difference exist among the households with regard to demographic and psychographics characteristics.

1.8 Chapter scheme

The study has been presented in eight chapters. In the first chapter we deals introduction with significance, objectives, methodology and review of the relevant research works related to the present study. In chapter 2 we discuss the theoretical frame work. In chapter 3 we describe the trends and pattern of

urbanization in Kerala. Income and consumption expenditure in India and state level describes in the fourth chapter. Chapter 5 outlines the profile of the study area. Sixth chapter analyzed the households' food expenditure. Non food expenditure pattern of the households are presented in chapter 7. In the last chapter we deals summary and policy implications based on the study.

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CHAPTER-2

CONSUMPTION THEORIES-AN OVERVIEW

2.1 Introduction

Consumption is the sole end process of all production. The study of consumption behaviour and the estimation of aggregate consumption have been considered to be an important exercise by macro economists for several decades. Before the theoretical review, it is appropriate to have a brief discussion on the significance of consumption among other macro economic variables such as national income, investment, saving and employment.

. National income is the most important index of a country's well being and economists have different views. Marshall's concept includes the production approach while Prof. Fisher considers the consumption approach. According to him, national income of a country is determined not by its annual production but by its annual consumption. Keynes concept of national income lies in the distinction between the Gross National Product and Net national product. Keynes argued that net income plays an important role because the community spent major portion of their income for consumption purposes. From this, it can be realized that the importance of consumption and its close association between the net incomes. Considering the post Keynesian developments or the modern concept of national income, it is more dynamic in nature. The modern view of national income concentrates on the three flows such as income, output and expenditure. Among this, Gross national expenditure is the most important factor and it is the sum total of all

consumption and investment expenditure which equals the gross national income.

According to Keynes, investment expenditure is a very strategic link which fills the gap between income and consumption. Like investment, saving is also an important factor. The classical economists held the view that people spend their whole income on consumption expenditure. The classical economists do not consider the role of saving in an economy much. According to them, saving is an alternative way of spending on capital goods. They believe that all saving is automatically transformed into investment. Hence it does not cause any shortage in aggregate spending. On the other hand, Marshall stated that saving is another form of expenditure. So consumption plus saving always equals consumption plus investment.

Both Keynes and the classical economists highlighted the role of consumption in creating the sufficient or effective demand for employment. Classical theory stated that people spent their whole income for purchasing goods and services to create sufficient demand. But Keynesian theory stated that people do not consume the whole of their income and visualize the condition of less than full employed with effective demand. From these discussions, it is found that consumption has acquired a predominant role in macro economic analysis.

Consumption means the satisfaction of human wants by the use of goods. Classical economists stated that income is fully spent on goods and services and what is produced is automatically purchased by the people. Regarding consumption, the most famous theory was offered by Keynes (General Theory of Employment, Interest and Money) in 1936. It is considered as a big boost to consumption behaviour . The main idea is that income is the most influencing factor of consumption.

$$\text{ie,} \quad C = a + by$$

This indicates that consumption level is influenced by an autonomous figure (a) and a constant fraction of income (y). Keynes theorized that the autonomous figure would always be positive and multiple of income would be between one and zero, varying according to the individuals in the economy.

Keynes further stated that relationship between income and consumption is fairly stable and with higher level of income, level of consumption as well as savings also increases. Among the Keynesian hypotheses, the theory of consumption function played a significant role in empirically estimating the relationship between consumption and current income. Keyne's psychological law of consumption consists of that (a) increase in aggregate income leads to increase in aggregate consumption but lesser amount. (b) Increased income is divided between consumption and saving and finally, increase in income leads to increase in consumption and saving.

2.2 Determinants of consumption

Consumption depends upon disposable income. Consumption expenditure is positively related with income. The empirical evidences reveal that the relationship between consumption and income is proportional in the long run. Before the availability of long run data, many economists supported the Keynesian absolute income hypothesis, that is, the non proportional relationship between income and consumption. Although consumption shows a proportional relation to income over the long run, some studies from U.S and U.K (Attansio et.al (2006)[1] reveal that household's total expenditure at least in certain periods of time exceeds their net household income. From this study it may be inferred that the process of over spending is prevalent saving among the lower income households. Hence there are some other factors also which determine consumption spending than the level of income.

The rate of interest influences the consumption expenditure severely. The high rate of interest inspired the habits of saving and the rate of interest encourage to consume more. For the rich people saving is almost automatic and a little higher rate of interest will be no attraction for the poor people. Keynes considered the effect of variations in the ratio of interest on saving is uncertain. In his view, the short period influences of the rate of interest on individual spending are important. In the long period, considerable changes in the rate of interest influence social habits which affect consumption expenditure. Changes in interest rate have more influence on the purchase of consumer durables. The neo-classical economists held the view that, the

liquidity constraints have an important role for influencing the consumption expenditure of an individual.

Distribution of income, liquid assets and consumer credit excerts an important influence on consumer purchases especially on durable items. In addition to these factors, demographic factors such as family size, age structure, place of residence, occupations etc determine the volume of consumption.

Duesenberry hypothesis also influences the consumption expenditure of the people. Prof. Duesenberry held the view that, consumption expenditure of an individual is determined not only by his current income but also his standard of living in the past. He explained this in the sense that, even if income falls, people never reduce their consumption at the same rate of reduction of income because they find it is difficult to adjust their expenditure to the changed income. He also points out the fact that the consumption of low income groups is considerably influenced by the consumption standards of high income group. This tendency and nature of demonstration cause a hike in consumption expenditure.

In addition to these factors, some other factors such as fiscal policy, changes in expectations, windfall gains or losses, are influencing the consumption expenditure. Now a days, the factors such as urbanization, availabilities of goods, globalization process etc also severely influence the consumption expenditure.

The consumption decisions both in the short run and long run is very crucial for determining aggregate demand which in turn determines employment and national income and the rate of growth of the economy. Hence prior knowledge of consumer behaviour is necessary for the analysis of consumption and consumption expenditure. The theory of consumer behaviour has two aspects, expenditure aspect and aggregate aspect. The expenditure aspect belongs to micro analysis and the latter belongs to macro analysis. The earlier consumption theories were primarily concerned with the utility and its maximization. These theories are formulated on the basis of micro economics.

Bernoulli (1738)[2] discovered the concept of marginal utility and stated the importance of the relation of income. The marginalists also emphasis the importance of marginal utility and they assumed that marginal utility must be proportional to price. On the other hand, Edge worth (1881)[3] recognized that more general utility functions could represent consumer preferences. It was shown by Parato (1906), Paul Samuelson, and Hicks and Allen (1934)[4].

Neo classical theory assumes that consumption behavior reasonably maintained the maximization of expected life time utility subject to budget constraints. An empirical study by Stephan (1989)[5] also confirmed this neo-classical view. The empirical results show that liquidity constraint has an important role for influencing the consumption behavior of an individual.

Alfred Marhsall, one of the traditional economists believe that consumers are rational beings. They are able to derive the maximum satisfaction from their limited income. Marshall held the view that marginal utility of each commodity is proportional to their price level where they get maximum satisfaction.

The Marshallian utility function was described as

$U = f(q, q_2 \ldots\ldots\ldots\ldots q_n)$

Subject to $\sum^{n} piqi \leq y : y \geq x$

x = Total expenditure of the consumer.

Y = Income

q_1, q_2, q_n = Quantities of commodities. However Marshalian analysis failed to analyze the price effect into its components income effect and substitution effect. Slutsky (1970)[6] and Louis Philip (1974)[7] have taken up the changes in income and prices and influence purchases.

2.3 Developments in consumption theory

Two approaches have been followed in the analysis of household consumption behaviour, one based on aggregate time – series data on quantities, price of commodities consumed and on aggregate income and the other based on income and expenditure of cross section of individual households. In 1857,

Ernest Engel has made an empirical study based on the family budget data which is considered the first empirical family budget study. Engel held the view that the poorer a family, greater is the proportion of total expenditure Later, this came to be known as the Engle's law which states that the proportion of income spent on food has declined as income increased. The Engels law made the distinction between the luxury and the necessary goods on the basis of elasticity. If the elasticity is greater than one, the goods are luxuries and if the elasticity is less than one, the goods are necessities

Earnest Engel's analysis shows how the consumption expenditure of a household varies with the level of income and estimated the percentage of total income spent on different categories of consumption. The main findings of his estimation shows that,

- Food is the most important item in household budgets.
- The proportion of total expenditure allocated to food decreases as income increases.
- The expenditure on luxury items increases when income increases. But the proportion devoted to clothing and housing is approximately constant.

Parris and Houthakkar (1955)[8] evaluated the Engel law by using the semi logarithmic functions. It gives the best results as far as food items are concerned and supported the Engel law. The empirical findings found that the same commodity appears to be luxury at lower income level and as a necessity at higher income level.

Household expenditures as they result from budget limitations at the one hand and choice based needs, demand, preferences and cultural factors etc. on the other hand influence the consumption. Hence the purchasing behaviour of the households is related to both economic and sociological aspects. Sociological aspects are almost qualitative in nature. Thorstein Veblen (1899)[9] initiated the study of consumption as a social phenomenon. Veblen clarified the process of emulation extended conspicuous consumption and affluent-class standards throughout the society. In his view, mainstream sociology of

consumption primarily interested in and preoccupied with the social and symbolic nature of purchasing and consuming goods and services. Max Weber (1920) also introduced the notion of a status group sharing a common life style.

Sociological aspects are almost based on qualitative in nature. It neglects the everyday consumption or the quantitative aspect of consumption. Hence only few empirical sociological studies are available. Here the discussions stick on the quantitative aspects.

2.4 Absolute Income Hypothesis

Keynes[10] absolute income hypothesis states that current consumption expenditure is highly dependable and stable function of current income. Keynes pointed out that consumption is a positive function of absolute income but does not have a proportional relationship with income. It simply meant that consumption increases as income increases but by as much as the increase in income. This is mainly due to a greater proportion of income is saved as income increases. Hence average propensity to consume falls as income increases and marginal propensity to consume is less than average propensity to consume.

Keynesian function highlights that,

- As income increases, average propensity to consume declines.
- Current consumption expenditure is highly correlated with income.
- Short run marginal propensity to consume is less than average propensity to consume. So the percentage of income saved increases with income.
- Personal consumption rises with personal disposable income but not as much in the sense that marginal propensity to consume lies between zero and unity.

Hence the absolute income hypothesis is represented as

$$C_t = a + b_{yt} + U_t$$

Where a > 0 and 0<b<1 and C_t, Y_t and U_t represent per capita consumption, per capita real disposable income and random disturbance at time t.

A serious blow to the Keynesian consumption function came with Simon Kuznets[11]. By using long run time series aggregate data for the united states from 1869 to 1938 he found that the relationship between consumption expenditure and real income is to be of proportionality, that is, the average propensity to consume remains constant over this long period of time and equal to marginal propensity to consume.

An empirical study conducted by Ambika Devi, S. Gandhimati (2004)[12] for the period 1970-2000 found that MPC was less than unity and average propensity to consume declines with rising income. The study found that Keynesian absolute income hypothesis proved to be better fit to the Indian data. Ialian L Simon and Dennis Aigner (1970)[13] also confirmed the Keynesian view of absolute income hypothesis.

2.4 Inter temporal Choice model

Since the Keynesian consumption function failed to explain the consumption phenomenon and thus emerged the theory of Inter temporal Choice. Inter temporal Choice was introduced by John Rae in 1834 in the "Sociological theory of Capital". Later Eugen von Bohm-Bawerk in 1889 and Irving Fisher in 1930 elaborated on the model. Irving Fisher developed the theory of Inter temporal Choice as contrary to Keynes, who related consumption to current income .Fisher's model showed how rational forward looking consumers choose consumption for the present and future to maximize their life time satisfaction[14] .According to Fisher, an individual's impatience depends on four characteristics of his income stream: the size, the time shape, the composition and the risk. Besides this, foresight, self control, habit, expectation of life, and bequest motive are the five personal factors that determine a person's impatience which in turn determines his time preference. In order to understand the choice exercised by a consumer across different periods of time we take consumption in one period as composite commodity.

The model argued that consumers face budget constraints during their purchase time. The consumer behaviour varies between how much to consume today and how much to save future and thus they experience an inter temporal budget constraint. Fisher stated that consumption is related to current income, wealth, expected future income, interest rates.

Suppose there is one consumer, N commodities, and two periods .Preferences are given by U (x_1, x_2) where x_t = (xt_1….xt_N). Income in period t is Yt.Saving in period 1 is S_1, spending in period t is Ct and I, the interest rate.

. The model considers the consumers income in the two periods (consumer's youth and old years) in the first period, saving equal's income minus consumption. That is, $S=Y_1-C_1$.

In the second period, consumption equals the accumulated saving including the interest earned on that saving, plus second period income that is, $C_2= (I+r) S+Y_2$.

The variable S can represent saving or borrowing and that these equations hold in both cases. A consumer may be a net saver or a net borrower. If first period consumption is less than first period income, the consumer is saving and S is greater than zero. If the consumption exceeds income, the consumer is borrowing and is less than zero. For simplicity, we assume that the interest rate for borrowing is the same as the interest rate for saving. To derive the consumer's budget constraint, combine the two preceding equations. Substitute the first equation for S into the second equation to obtain

$C_2= (I+r) (Y_1-C_1) +Y_2$

To make the simplicity bring $(I+r) C_1$ from the right hand side to the left hand of the equation to obtain

$(I+r)(C_1+C_2) = (I+r) Y_1 +Y_2$.

Now dividing both sides by (I+r) to obtain

$C_1+ C_2/ (I+r) =Y_1+Y_2/ (I+r)$.

The left hand side shows the present value expenditure and right hand side shows the present value income respectively. Multiplying the equation by (I+r) gives us the future value.

Now the consumer has to choose a C_1 andC_2 such that

Maximize U (C_1+C_2)

Subject to C_1+C_2/ (I+r) =Y_1+Y_2 (I+r)

This equation relates consumption in the two periods to income in the two periods. It shows the consumers inter temporal budget constraint. As long as the consumer can save and borrow, consumption depends on the life time resources.

. After Keynes, several consumption hypotheses were developed from the short term non-proportional to long run proportional income consumption relationship .The theory of consumption function was changed radically in the mid 1950's with the emergence of the new theories, such as Relative Income Hypothesis, the life-cycle income hypothesis and permanent income hypothesis.

2.6 Relative income hypothesis

The issue of imitating the neighbours in consumption behaviour – keeping with Joneses was taken up by James Duesenberry in the late 1940s. The main focus was that individual preferences were influenced by the consumption preferences of admired neighbours. So they try to keep up. The relative income hypothesis of Duesenberry (1949)[15] provides the analytical frame work for this view. Duesenbery considered the major determinants of consumption to be relative income and not absolute income as proposed by Keynes. The relative income hypothesis illustrates the imitative structure of consumption in the sense that, families spending depends not only on their tastes but also the tastes and expenditures of other families. This tendency arises from the pressures on the family "to keep up with joneses". Hence the relative income hypothesis is based on interdependence behaviour.

Duesenberry also emphasis that even a decline in absolute income will not cause a reduction in consumption expenditure. The main reason is that the families are trying to maintain their consumption expenditure at the highest level previously reached. If a household experiences an increase in its relative income, it immediately does not raise the consumption. Thus in the short run, changes in income do not affect consumption as much as they do in the long run. The short run MPC is smaller than long run MPC. The RIH was symbolically represented as

$$C/Y = a + b(Y/Y_O)t, b < 0 \ldots\ldots (3)$$

Where Y_o represents the peak previous income and b are parametric constants. The RIH as presented by Duesenberry is based on interdependence and irreversibility of consumption behaviour. According to the interdependence hypothesis applicable to cross section data, an individual consumes smaller proportion of his income, the higher his percentile position in the income distribution. The strength of such interdependence of consumer behaviour would depend on the degree of social mobility and strength of demonstration effect. Nakao's (1978)[16] empirical evidences on durable goods provide a support for Duesenberry's demonstration effect.

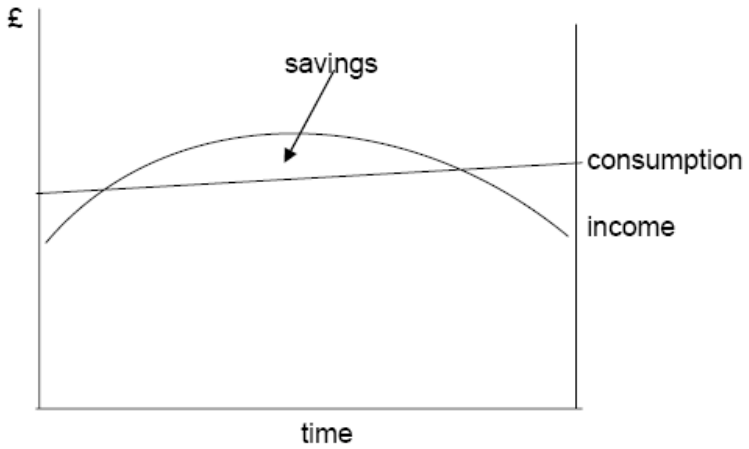
A negative coefficient of relative income in the consumption function is explained by habit persistence developed by Brown. He assumes a continuous influence of past consumption habits. According to Brown, habits, customs, standards and level of living associated with real consumption previously enjoyed become impressed on the human physiological systems[20].

2.7 Life- Cycle Hypotheses

Life- cycle hypothesis forwarded by Franco Modigliani and Albert Ando (1950)[17] assumes that permanent income is calculated over the individual's whole life span. The hypothesis explained the relationship between income and consumption with the life time income stream of a typical person. This leads to the transitory element but not by luck or wind fall, but by the occupation and status of the individual. To start with, consumption exceeds his income and individuals will borrow. In the Middle Ages, salary increases

with promotions, he will start paying his borrowings off and they will start saving when they retire. It should be noted that the amount saved and dis saved over this time will not necessarily equal as interest on borrowing will reduce the saving considerably. In the last year of his life cycle, he will spend more of his consumption, again exceeds his income; hence he has no savings at that time. In brief, while young and old generations spend a higher proportion of their income, the middle aged persons become conservative in terms of lowering the proportion of income spent. This hypothesis is also heavily influenced by wealth other than income. If life starts with a certain amount of money, this money will be spent over the life time.

The LCH makes the assumption that the income stream of an individual is relatively low at the beginning and end of their lifespan and relatively high in mid life as shown in the figure 2.2



Consumers borrow and lend in order to maintain a slightly rising level of consumption over their lifetimes.

The typical individual maintains a nearly constant or perhaps slightly increasing level of consumption over his life cycle, although a different pattern is displayed by income. He seeks to accumulate enough earnings during their earning years to maintain the same consumption standard during the years of retirement. As a result, the current consumption of the individual can be expressed as a function of his resources and the rate of return on capital with parameters depending on age.

The consumption function for each age group is assumed to be

$C^T_t = K^T (V_t^T)$

V_t Total Resources at time t.

T Age group to which the function applies.

The total resources available to the individual over his entire life span are the sum of individuals' net worth at the end of the preceding period plus his income during the current period from the non-property resources and the total of the discounted values of the non-property income expected in the future time periods. The hypothesis assumes that the household's current consumption is proportional to its resources, the factor of proportionality depending on the interest rate used to discount future income, taste and age of the household. Given the life span of an individual, his consumption is proportional to these resources. However, the proportion of the resources that the consumer plans to spend will depend on whether the spending plan is formulated during the early or later years of his life. As a rule, an individual's average income is relatively low at the beginning of his life and also at the end of his life. In the middle of his life his income is relatively high. The individual aims at zero saving during the whole life, investing at one time and disinvesting at another. Overall the average propensity to consume is falling as income increases, there by showing MPC<APC in the short run. The average propensity to consume is constant in the long run.

Davies (1981)[18] empirical evidences seem to be that the elderly do not dissave as much as predicted by life cycle models. Some savings in retirement may be attributable to the risk of a longer life span than expected. M.A. King (1982)[19] found that the ratio of assets to permanent income first increases with age and then to decline after retirement age.

2.8 Normal income hypothesis and the proportionality hypothesis

According to the normal income hypothesis current income of consumer affect consumption through its effects on normal income and the proportionality hypothesis argued that consumption is proportional to the normal income for an individual consumer. The normal income hypothesis

seemed independent of this hypothesis. But empirical evidences could not support the hypothesis. Fried and Karvis (1957)[20] gave a contrary argument challenging proportional relationship.

2.9 Permanent Income Hypothesis

Friedman (1957)[21] offered the theory of permanent income hypothesis which stated that the current consumption is a function of permanent income and both consumption and income include permanent and transitory components. Hence when there are short term changes in income, consumers do not find a reason to change their consumption habits. The permanent income is the amount of income a worker can expect to get over along period, and will vary proportionately with the actual level of income. The transitory income will fluctuate according to the fortunate of individual.

Thus permanent income Hypothesis is termed as

$Y = 1/p + Y_T$

$C = C_P + C_T$

CP and YP are the present components of consumption and income. CP and C_T are the respective transitory components.

The distinction between permanent and transitory consumption was made on two grounds. First, Friedman argued that observed consumption expenditure do not always reflect real consumption and the second, Fried man contended that consumers may deviate from normal behaviour in response to exceptional circumstances.

The differences between the permanent and transitory income was found on the existence of windfall gains or losses made by the consumers. Friedman hypothesized that the basic long run relation between permanent consumption and permanent income was one of proportionality. This proportionality depends on interest rate, tastes and preference, the ratio of non human wealth to total wealth. Considering the relation between observed consumption and observed income, Friedman's hypothesis stated that,

- Permanent consumption is proportional to permanent income.

- Permanent income and transitory income are independent.
- Permanent consumption and transitory consumption are independent.
- Transitory consumption and transitory income are independent.

A number of empirical tests support the Permanent income Hypothesis. Amit Kundu (2011)[22] using time series data for the period 1971-2001 for India, strongly accept the permanent income hypothesis. Kreinin (1961)[23] estimates the effect of windfall gains on consumption and the estimates clearly give support to Friedman's permanent income hypothesis. Flavin (1981)[24] confirmed the Friedman's view that permanent income includes human and non human wealth. Mark D Dynarski and Steven (1985)[25] explore the role of transitory income on the housing purchase decisions.

2.9 Random-walk Hypothesis

Robert E Hall (1978)[26] was the first to derive the implications of rational expectations for consumption. He combined the permanent income hypothesis with the rational expectations of the consumers on future income and suggested that consumption is only weekly associated with its own past values and the hypothesis implied that consumption follows a random walk. This argument is essentially true because the permanent income changes only when the change in GDP is on a long term basis.

2.10 Instant Gratification model

David Laibson[27] developed the behavioural model of Instant Gratification on the basis for all the work on consumption theory from Irving Fisher to Robert Hall. The theory treated psychological aspects of the consumers because people have a strong desire for instant gratification, they may exhibit time consistent behaviour and may end up saving less than they would like.

The above discussions summarized the various approaches toward income and consumption relationship and we made a quick review of various theories relating to consumption .Absolute income, relative income, permanent income or transitory income is more appropriate to associate with consumption.

However, the validity of these theories varies country to country .In the succeeding chapters, an attempt is made to access the consumption pattern, consumption- income relation and consumerism in the state of Kerala.

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CHAPTER-3

URBANIZATION IN INDIA- TRENDS AND PATTERN

3.1 Introduction

In this chapter we present the trends and pattern of urbanization. Urbanization is not only accompanied to industrialization but it also interlinked with modernization. Hence, it is directly linked with consumption. Compared to rural areas, the consumption expenditure is higher in urban areas. The urban consumers are the potential buyers of variety of goods and to hold the key of an expanded market. With growing urbanization, the tastes and preferences and life style of the urban consumers also have changed.

The term urbanization usually refers to the process of concentration of people in the densely populated settlements where majority of the people derive their livelihood from non-primary occupations (Chaudari 2001)[i]. Urbanization in recent times is treated as an index of modernization and one of the chief ingredients which reflects growth. As we mentioned earlier, urbanization reflects the transformation of labour force from agriculture to industrial and service sectors which is a necessary condition for economic development. One of the chief factors behind the urbanization is the natural growth rate in population.

Rapid urbanization has been a worldwide phenomenon in the 21st century. According to the United Nations (2011)[2], the world population is estimated to be 9.2 billion by 2050 from 7 billion in 2011. Between 2011 and 2050,the world population is expected to increase by 2.3 billion, passing from 7.0 billion to 9.3 billion(UN,2011).At the same, the population living in urban areas is projected to gain 2.6 billion, passing from 3.6 billion in 2011 to 6.3 billion in 2050.

Most of the population growth expected in urban areas will be concentrated in the cities and towns of the less developed regions. Asia, in particular is projected to see its urban population increased by 1.4 billion, Africa by 0.9 billion, and Latin America and the Caribbean by0.2 billion. Population growth is therefore becoming largely an urban phenomenon concentrated in the Developing world (David Satterthwaite, 2007)[3]

Some striking differences existed between the more developed and less developed countries with respect to their pattern of urbanization. The developed countries achieved the higher degree of urbanization to a great extent with the industrial revolution of the 19th century. In the case of developing countries, urbanization is emerged around the time of industrial revolution and keeps fastest growing compared to the developed nations. From table 3.1, it is evident that, the more developed countries have a lower rate of urbanization ranging between 0.2 percent and 0.4 percent per year which is expected to remain at 0.77 percent in 2025 and will reach 0.72 percent in 2030. In contrast, the rate of urbanization of the less developed countries, which was mostly 1.8 percent to 1.9 percent per year from 1950 to 1990, the proportion of urban population in the less developed regions would reach 20 percent by 2054 (UN,2011).

Table 3.1

Proportion of urban and rate of urbanization for the world- The more developed regions and the less developed Regions 1950-2030.

	Proportion of urban (in percentage)			Urbanization Rate (in percentage)			
Year	W	MDR	LDR	Period	W	MDR	LDR
1950	29.8	54.9	17.8	1950-1955	1.22	1.12	1.91
1955	31.7	58.0	19.6	1955-1960	1.23	1.14	1.91
1960	33.7	61.4	21.6	1960-1965	1.07	1.02	1.80
1965	35.5	64.6	23.6	1965-1970	0.68	0.92	1.23
1970	36.8	67.7	25.1	1970-1975	0.64	0.68	1.29
1975	37.9	70.1	26.8	1975-1980	0.88	0.42	1.82
1980	39.6	71.5	29.3	1980-1985	0.90	0.33	1.79
1985	41.5	72.7	32.1	1985-1990	0.95	0.29	1.76
1990	43.5	73.7	35.0	1990-1995	0.82	0.23	1.44
1995	45.3	74.6	37.7	1995-2000	0.84	0.21	1.39
2000	47.2	75.4	40.4	2000-2005	0.86	0.25	1.33
2005	49.3	76.3	43.1	2005-2010	0.86	0.29	1.24
2010	51.5	77.4	45.9	2010-2015	0.84	0.32	1.16
2015	53.7	78.6	48.6	2015-2020	0.81	0.33	1.07
2020	55.9	79.9	51.3	2020-2025	0.77	0.34	0.98
2025	58.1	81.3	53.9	2025-2030	0.72	0.32	0.90
2030	60.2	82.6	56.4	……	……	…..	…..

Note: w-World, MDR, More Region and LDR Less Developed Regions

Source: United Nations,(2001),Department of Economics and Social Affairs, Population Division(2001):World Urbanization prospects, New York.

3.2 World urbanization Pattern

The world population will reach huge mark of 1000 crore (10 billion)by the year 2100.Most of the population increase will be from high fertility countries of Asia and Africa(UN Report).Tables 3.2 and 3.3 show that Asia and Africa ,will experience a marked increase in their urban population. In Africa the urban population is likely to treble and in Asia, it will increase by 1.7 billion. Asia is turning for rapid urbanization (1.57 %). The population of Asia increased from 17 percent in 1950 to 45 percent in 2011; it would reach 55.5 percent by 2030. The main reason for such feeling is that, it has occupied almost 50 percent of the global urban population (world urbanization prospects).

Table 3.2

World Urbanization Pattern by major area

Major area	Urban population (in percentage)				
	1950	1970	2011	2030	2050
Africa	14.4	23.5	39.6	47.7	57.7
Asia	17.5	23.7	45	55.5	64.4
Europe	51.3	62.8	72.9	77.4	82.2
Latin America	41.4	57.1	79.1	83.4	86.6
North America	63.9	73.8	82.2	85.8	88.6
Oceana	62.4	71.2	70.7	71.4	73.0
World	29.0	…….	50.46	59.9	68.70

Source: United Nations, Development of Economic and Social affairs, Population Division (2011), World population Prospects: The 2010 Revision. New York.

Table 3.3

Rate of Urbanization by major Areas

Major areas	Rate of Urbanization			
	1950-1970	1970-2011	2011-2050	2030-2050
Africa	2.47	1.27	0.98	0.96
Asia	1.52	1.57	1.10	0.74
Europe	1.02	0.36	3.31	0.30
Latin America	1.61	0.80	0.28	0.19
North America	0.72	0.26	0.22	0.16
Oceania	0.66	-0.02	0.05	0.12

Source: United Nations, Development of Economic and Social affairs, Population Division (2011), World population Prospects: The 2010 Revision. New York.

The Asian Region has been very dynamic as revealed by the diversified level of urbanization. Among the Asia regions, India occupies a major position in the proportion of urban population. India's urban population is second highest in the world after China and higher than the total population of all countries (HDR 2000)[4]. In 2011, India occupies 17 percent of world population. About one third of the urban India (71 million) lives in metropolitan cities.

3.3 Urbanization in India

India's urban population is the second largest in the world after China. Natural increase, rural and urban migration have contributed to the urban growth in India. It may be noted that rural urban migration is significant in smaller cities and it is driven by poor performance of agriculture sector rather than by a pull from increased industrialization in cities (Nijman, 2012).In India, the definition of urban is substantially dynamic in nature. The major changes in the definition of urban in India took place between 1951 and 1961. As a result, about 810 towns of 1951 were declassified as rural in 1961 and since that the definition of urban place in the Indian census has remained more or less stable.

According to the 2011 census, an urban area is

i) All statutory places with a municipality, corporation, cantonment board or noticed areas exist.
ii) All other places which satisfy the following conditions
    1) Having a minimum population of 5000
    2) At least 75 percent or more male working population engaged in non-agricultural activities.
    3) Having a population density of at least 400 persons per sq. km.

In India, there has been steady increase in the size of urban population. The urban population of the country has increased by more than 10 times from 29 million in 1901 to 285 millions in 2001. According to 2011 census, urbanization has increased faster than the growth rate of the urban population during the 1980s and 1990s. According to 2011 census, urban population grew to 377 million showing a growth rate of 2.76 percent per annum during 2001-2011. The level of urbanization in the country as a whole increased from 27.7 percent in 2001 to 31.1 percent in 2011, an increase of 2.1 percent points during 1991-2001 and 2.7 percent points in 2001-2011.

The average growth rate of the urban population was 2.32 percent during 1951-61 which accelerated to 3.79 percent during 1971-81. This was the highest urban growth since independence. After 1981, the urban growth rate declined to 3.09 percent during 1981-91 and further declined to 2.75 during 1991-2001. The declining growth rate was slightly reversed during 2001-2011. Table 3.4 shows the trends in urbanization in India.

During the post independence period, India was experiencing a unique urban scenario in the sense that without much urbanization occurring, there was absolute increase in the size of urban population and the degree of urbanization was fastest during the period 1971-81. The rate of urbanization declined from 1.72% to 1.02 percent per annum during

the same period. Gupta (1996) and Premit (1991)[5] argued that, the factors like, identification of relatively fewer new towns, decline in the volume of rural migration to urban centers and increasing concentration of population in rural area are responsible for this slow down. However the declining trend of urbanization was continued even during 1991-2001 (0.82). But it shows an increased trend in 2011(3.3).

3.4 Trends in urbanization in India

Table 3.4

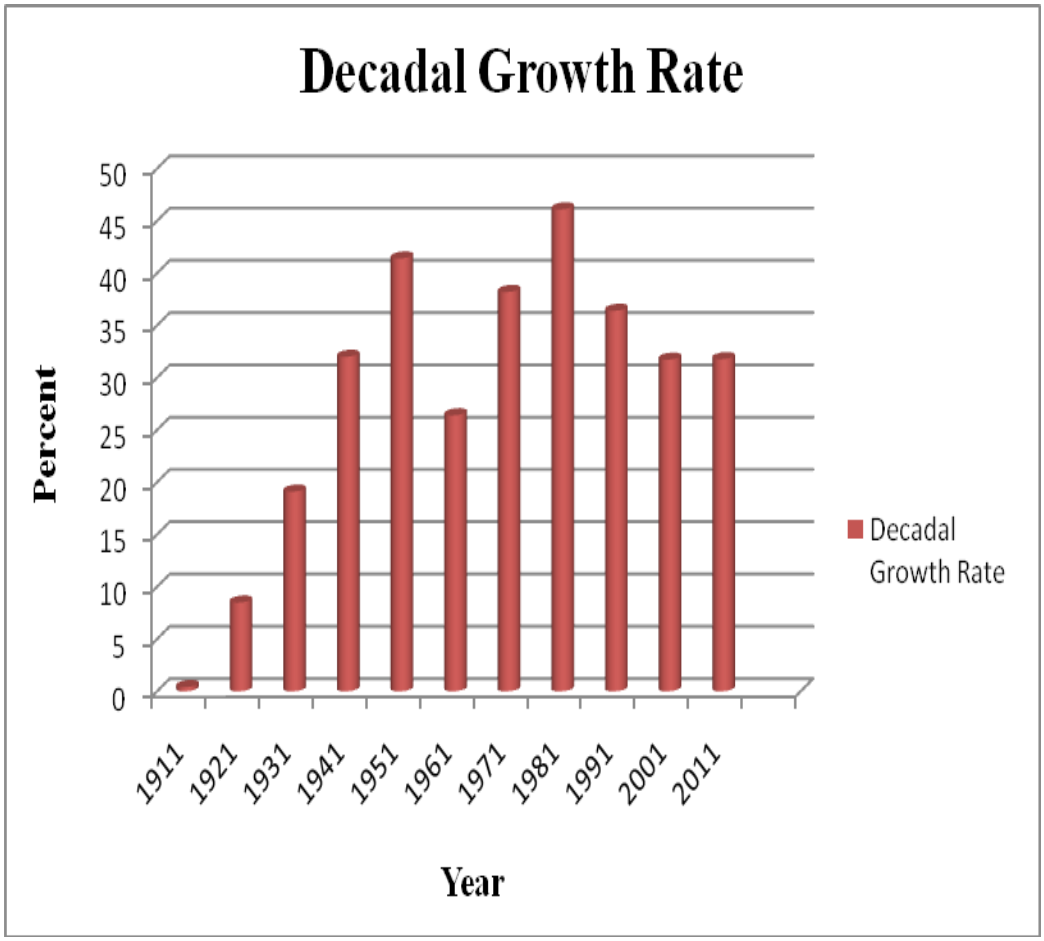
Trends in Urbanizations in India

Year	Urban population (million)	Percentage of urban to total population	Annual population growth rate	Rate of urbanization	Decadal growth rate (percent)
1901	29.9	10.8	-	-	-
1911	25.9	10.3	0.0	-0.46	0.4
1921	28.1	11.2	0.8	0.87	8.49
1931	33.5	12.0	1.7	0.71	19.1
1941	44.2	13.9	2.8	1.50	32.0
1951	62.4	17.3	3.5	2.54	41.4
1961	78.9	18.0	2.3	0.40	26.4
1971	109.1	19.9	3.2	1.06	38.2
1981	159.5	23.3	3.8	1.072	46.1
1991	217.6	25.7	3.1	1.02	36.4
2001	285.5	27.8	2.7	0.82	31.72
2011	377.1	31.16	2.76	0.81	31.77

Source: Census of India various years, Census of India, Office of the Registrar General and census Commissioner India, Ministry of Home Affairs, Government of India, New Delhi.

Figure 3.1

Decadal growth rate



As we noted, during 2001-11, the urban growth rate is slightly reversed from the declining trend of the previous decades. The natural increase, the rural urban migration and net rural and urban classification are the main reasons for this. An assessment of their relative contribution is essential to understand the dynamics of urban population growth. Table 3.5 shows the rural urban growth differentials.

3.5 rural and urban differentials

Table 3.5

Urban Rural population growth differentials (1971-2011)

Decade	Rural	Urban	Urban-rural differential(Annual exponential growth rate in percentage)
1971-1981	1.76	3.79	2.03
1981-1991	1.80	3.09	1.29
1991-2001	1.69	2.75	1.06
2001-2011	1.15	2.76	1.61

Source: Census of India various years, Census of India, Office of the Registrar General and census Commissioner, Ministry of Home Affairs, Government of India, New Delhi.

3.6 State – wise Trends of urbanization in India

In order to understand the urban scene of India we need to have a proper idea of the trends and the urban growth of Indian states. The urbanization trends are quite different among the states. All the southern states along with Punjab and Haryana, Maharashtra and West Bengal have higher urbanization level than the national average. The state Goa continues to be in the top of the list (52percent) followed by Mizoram with the share of 51.51percent. Among the major states, the rate of urbanization is considerably higher in the state of Tamil Nadu that is 48.4 percent. The proportion of urban population is lowest in the least developed states Himachal Pradesh at the bottom with 10 percent followed by Bihar (11.3percent) Assam (14 percent) Orissa (16.6 percent). Uttar Pradesh (22.28percent), Rajasthan (24.89), Madhya

Pradesh (27.63percent), continues to have lower level of urbanization than the national average of 31.16percent.

There are only 15 states and Union territories with an increased urban population growth during 2001-2011 compared to 1991-2001. Among them Kerala, Andhra Pradesh, Karnataka, Gujarat, West Bengal, Bihar are the major states. A very high growth is recorded in the state of Kerala and Andhra Pradesh. Urban population growth rate in these states has increased to 6.3 percent per annum in Kerala and 3.1 percent in Andhra Pradesh during 2001-2011. In the region wise comparison, western and southern parts are relatively more urbanized than northern, central and eastern parts. From the state-wise analysis, we have seen that Tamil Nadu is the only state experiencing an exceptionally high growth rate of urban population. During 1980s and 1990s urbanization shows declining trend but it show a faster growth during 2001-2011. The urban population increased from 286 million in 2001 to 377 million in 2011.

The higher rate of urbanization is mainly due to the net rural urban classification process of the nation. As a result of these classifications, a large number of new towns emerged and the rural urban migration also is responsible for the faster rate of urbanization.

3.7 State wise trends of urbanization

Table 3.6

State – wise trends of urbanization in India

States	Percentage of urban population				Rate of urbanization		
	1981	1991	2001	2011	1971-81	1981-91	1991-2001
Andra Pradesh	23.32	26.89	27.08	33.49	2.08	1.53	0.07
Assam	9.88	11.1	12.72	14.08	1.20	1.23	1.46
Bihar	12.47	13.14	13.36	11.30	2.47	0.54	0.17
Gujarat	31.10	34.49	37.35	42.58	1.08	1.09	0.83
Haryana	121.88	24.63	29.00	24.25	2.39	1.26	1.77
Himachal Pradesh	7.61	8.69	9.79	10.04	0.89	1.42	1.27
Jammu Kashmir	21.05	23.83	24.88	27.21	1.32	1.32	0.44
Karnataka	28.89	30.92	33.98	38.57	1.88	0.70	0.99
Kerala	18.74	26.39	25.97	47.72	1.54	4.08	-0.16
Madhya Pradesh	20.30	23.21	24.92	27.63	2.45	1.43	0.74
Maharashtra	35.03	38.69	42.40	45.23	1.24	1.04	0.96
Orissa	11.79	13.38	13.38	16.68	4.02	1.35	1.19
Punjab	27.68	29.55	33.95	37.49	1.66	0.68	1.49
Rajasthan	21.05	22.88	23.38	24.89	1.94	0.87	0.22
Tamil Nadu	32.95	34.15	43.86	48.45	0.89	0.36	2.84
Uttar Pradesh	17.95	19.84	21.02	22.28	2.80	1.05	1.98
West Bengal	26.47	27.48	28.03	31.89	0.69	0.38	0.20
India	23.34	25.71	27.78	31.16	1.72	1.02	0.81

Source: The census of India, various years, Census of India, Office of the Registrar General and census Commissioner, Ministry of Home Affairs, Government of India, New Delhi.

3.8 Causes of Urbanization

Urbanization is the outcome of the three processes namely migration to urban areas, natural increase of population and geographical extension of urban areas (World Bank 2001). Migration plays a crucial role for the growth of urban population. Low level of agricultural growth, capital accumulation and technological changes occurring in urban sector, rural –urban wage differentials etc are seen to be the most pushing factors for the migration process. During 1951-2001, India's population has increased at the rate of 3.1 percent per annum as against 1.8 percent per annum increase in the rural population. The birth rate in India in the urban areas has always been lower than those of rural areas. In 2008, urban birth rate was 18.5 percent per 1000 population as against 24.4 percent in the rural areas. Hence higher rate of population growth in the urban areas is due to migration (Misra and Puri)

Revensties (1985) in the law of migration says that migration increases with the development of commerce and trade occurring in the urban areas. Harris Todaro pointed out that the decision to migrate depends on expected rather than actual urban –rural real wage differential[6]. From the above discussions, it is clear that urbanization is strongly related to migration process and hence it is appropriate to examine the theories of urbanization process.

In 1954 famous economist prof. Arthur Lewis[7] formulated a model in which Lewis tried to explain how surplus labour can be used to promote overall development of the economy. In this model migration is linked with the process of urban development. Lewi's, concern on economic development involves the reallocation of surplus agricultural labour to industry. The capital generation in the industrial or urban sector can take place through the expansion of employment opportunities which in turn due to the re-investment of the entire profit accruing to the modern sector. This process of expansion goes on until it can take the entire surplus labour force of the subsistence sector. This will cause more

employment and this encourages the movement of labour from the subsistence sector into the industrial where their saving and standard of living increased. The model is concerned itself with the pattern of rural to urban migration which takes place in a dual economy.

Economic base theory tries to facilitate predictors about the growth of a particular city. The economic activities can be dichotomized into economic base and non-economic base. The main idea of the theory is, as the regional economy expands a fraction of income in spent locally on non-base rises, hence the share of income spent locally is not constant but it depends on the size of the regional market.

In the above paragraphs, we glimpsed through the urbanization process in India. The magnitude of urbanization varies from state to state. Out of the 28 states of the country, one of the highly urbanized states is Kerala.

3.9 Urbanization in Kerala

As per the 2011 census, Kerala, the south most states of India has to support 3, 33, 87,677 people of which 1, 74, 55,506 consisting in rural areas and 1, 59, 32,171people consisting in urban areas. The urban population in Kerala is higher than the national average of 31.16 percent, 47.72 percent of the population live in urban areas. The growth marks an increase of 14.30 percent during 1981 to 1991 and the increasing trend in urban population was reversed in 1991-2001. It declined to 9.45 percent during 1991 to 2001.Census 2011 showed an increase in urban population from 82, 67,135 to 15932171.

Table 3.7

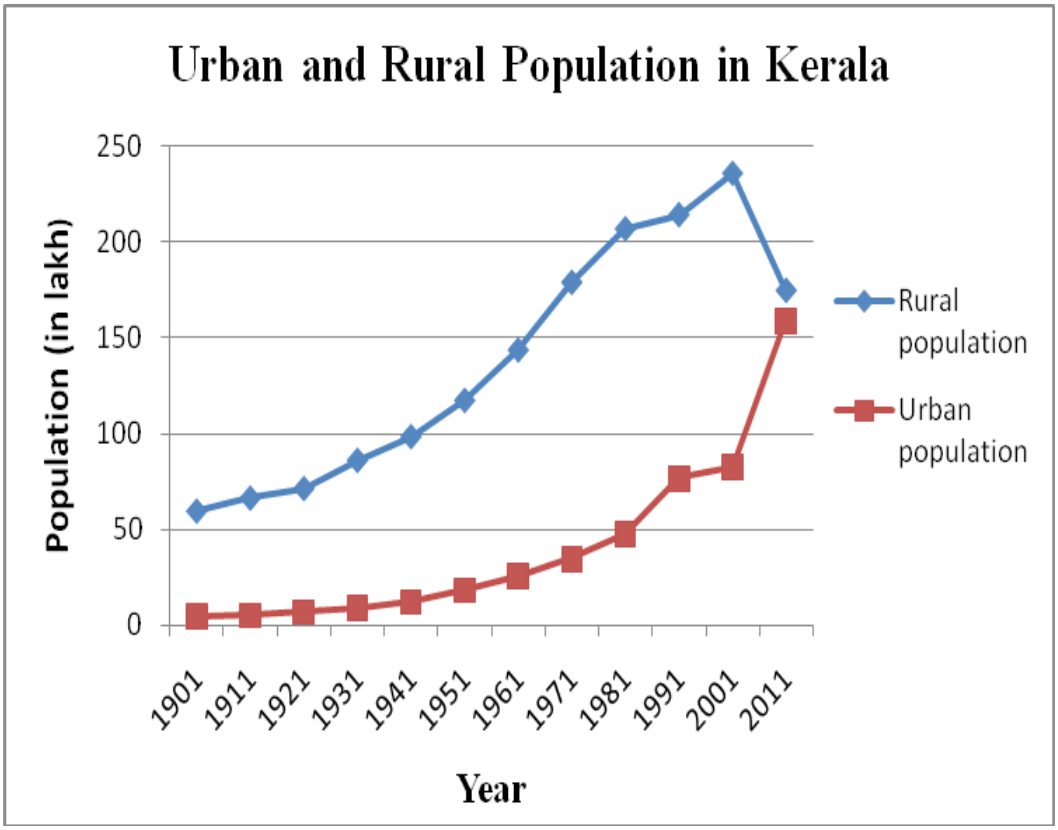
Population and its growth from 1901-2011 in Kerala

	Population (lakh)				Decadal growth rate	
	Rural	Urban	Total	Decadal	Rural	Urban

				growth rate		
1901	59.4	4.5	63.9	-	-	-
1911	66.2	5.3	71.5	11.89	11.5	17.8
1921	71.2	6.8	78.0	9.09	7.6	28.3
1931	85.9	9.2	95.1	21.92	20.6	35.3
1941	98.3	12.0	110.3	15.98	14.4	30.4
1951	117.2	18.3	133.5	22.85	19.2	52.5
1961	143.5	25.5	169.0	24.72	22.4	39.3
1971	178.8	34.7	213.5	26.33	24.6	36.1
1981	206.8	47.7	254.5	19.20	15.7	37.5
1991	214.1	76.8	290.9	14.30	3.5	61.0
2001	235.7	82.7	318.4	9.45	7.7	10.1
2011	174.6	159.3	333.9	4.86	-25.96	92.72

Source: various census reports, Census of India, Office of the Registrar General and census Commissioner, Ministry of Home Affairs, Government of India, New Delhi.

Figure 3.2



3.9.1 Decadal growth rate of urban and rural population in Kerala

The decadal growth rate of urban and rural population in Kerala is shown in table 9. The decadal growth rate of urban Kerala shows a steady increase during 1941-51. The growth rate stood at peak in the decade 1901- 1991 which constitutes 61.0 percent. But during 2001, the growth rate declined to 10.1percent, whereas the decadal growth rate of rural population shows an increasing trend, which rose from 3.5 percent in 1991 to 7.7 percent in 2001. The declassification of towns is the main reason of this. In 2011, the decadal growth rate in urban Kerala shows an increasing trend. It rose to 92.72 percent from 10.1percent in 2001.

Table 3.8

Decadal growth rate of urban population in Kerala

Year	Rural	Urban
1911	11.5	17.8
1921	7.6	28.3
1931	20.6	25.3
1941	14.4	30.4
1951	19.2	52.5
1961	22.4	39.3
1971	24.6	36.1
1981	15.7	37.5
1991	3.5	61.0
2001	7.7	10.1
2011	-25.96	92.7

Source: various census years, Census of India, Office of the Registrar General and census Commissioner, Ministry of Home Affairs, Government of India, New Delhi.

Figure 3.3

Urbanization process in Kerala is mainly due to increase in urban population growth which is positively linked with the development of service sector. The state achieved a unique nature in its development scenario of highly social development indicators backed by low per capita

income. Hence before examining the urbanization trends, it is appropriate to discuss the socio economic conditions of Kerala state.

The state's income was highly volatile during the 1980s (3.2%). The turnaround in the economy can be traced back to 1987-88. The growth rate of Net State Domestic Product at constant prices rose to 6.2 percent during the period 1987-88 to 2000-01. Growth rate of Net State Domestic Product during 1998-99-2000-01 recorded higher average growth of 6.7 percent. During the first two years of the present decade and in 2003-04, the growth rate of Kerala was lower than that of India. From 2004-05 onwards, the growth rate of Kerala seem to be higher than that of India (10.6percent in 2006-07). However, there has been a decline in Kerala's growth in 2007-08. Except for the years 2000-01 and 2003-04, the growth rate in per capita Gross State Domestic Product of Kerala (GSDP) was more than that of India. The average annual growth rate in per capita GSDP of Kerala has declined from 9.09 in 2005-06 to 8.4 in 2010-11(provisional).

The fiscal capacity of the state depends not only on the aggregate GSDP or its growth rate; it also depends upon the sectoral contribution of GDP. Growth achieved in this period was mainly due to the higher income generation in the service sector (P.D.Jeromy 2006)[8]. Table (3.9) shows the overwhelming importance of the tertiary sector. The share of this sector was much higher for Kerala. It rose from 56.40 percent in 1999-2000 to 68.80 percent in 2010-11. The share of primary sector continues to grow at lower rate. Its share declined from 22.88 percent in 1999-2000 to 11.06 percent in 2010-11. The secondary sector improved its share from 20.72 percent to 20.13 percent in 2010-11.

3.10 Structural share in GSDP

Table 3.9

The sectoral share in GSDP (at 1999-2000prices)

Year	Primary (percent)	Secondary (percent)	Tertiary (percent)
1999-2000	22.8	20.72	56.40
2000-2001	22.31	20.70	57.0
2001-2002	21.54	20.48	57.98
2002-03	20.48	20.54	58.97
2003-04	19.07	21.39	59.54
2004-05	18.23	22.80	58.97
2005-06	17.10	23.60	59.30
2006-07	14.95	24.09	60.96
2007-08	13.18	24.28	62.54
2008-09	13.07	20.98	65.95
2009-10	12	20.71	67.30
2010-11	11.06	20.13	68.80

Source: Central Statistical Organization, Ministry of National Planning and Economic Development, Government of India.

Table 3.10

Sector wise Annual growth of GSDP (at 2004-05)

Period	Primary (%)	Secondary (%)	Tertiary (%)
2008-09	2.18	0.30	8.07
2009-10	0.01	7.51	11.17
2010-11	0.64	6.12	11.57

Source: Government of Kerala (2011), EconomicReviw, State Planning Bord,Thiruvananthapuram.

Table 3.10 reveals the sector wise annual growth of Gross Domestic Product in the state. It shows that tertiary sector recorded the highest growth of 11.57 percent in 2010-11 followed by secondary sector (6.12 percent) and primary sector (0.64). From table 3.10, it is clear that Kerala economy is experienced a service sector oriented growth.

Social development and the urbanization process are also strengthening the per capita consumption Expenditure. The Kerala model of development captured the world wide attention in the sense that, its achievements in high social development indicators such as literary, life expectancy, infant mortality rate and birth rate. Kerala stood first among the Indian states by Human Development Index. Social developments in the cultural practices affect the consumption behaviour and a strong social friction is the main responsible factor for the consumption behaviour of the Keralites (Harrold Whilhinte)[9]. The state experienced high percentage of literacy which is above the national average and ranked top in life expectancy. According to 2011 census, male and female literary rates are 96.02 percent and 91.98 percent respectively, compared to the all India figure of 82.14 percent and 65.46 percent. Life expectancy rate has increased from 68 years in 1991 to 73 years in 2001 and 74 years in 2008. The state achieved a favorite infant mortality rate and birth rate also. Infant mortality rate improved from 22 in 1991 and 13 in 2001 and 12 in 2008 as compared to the national level, 59 in 1991 to 65.0 in 2001 and to 55 in 2008. The birth rate also shows an improvement. It declined from 3 17 in 1991 to 16 in 2001 and 14 in 2008 as against the national level 31 in 1991to 24 in 2001 and 22 in 2008.

3.11 Trends in development indicators

Table 3.11

Trends in Development Indicators

	India 1961	Kerala 1961	India 1991	Kerala 1991	India 2001	Kerala 2001	I India	KeKerala 2011
Literacy								
a) Males	34	54	63	94	75.85	94.20	82.14	96.02
b) Females	13	38	39	86	54.16	87.86	65.46	91.98
Birth rate (1000)	42	39	31	17	24.80	16.70	22.8*	14.6*
Infant mortality rate (1000)	165	120	58	22	60	11	50*	12*
Life expectancy(year)	42	46	59	68	65	73	63*	74*

Source: Government of Kerala (2011), Economic Review, State Planning Bord,Thiruvananthapuram, Human Development report 2011.
Note: * Denotes 2008.

3.12 Trends in Urbanization in Kerala

The urban sector in Kerala consists of five municipal corporations and 53 municipalities. More than one fourth of the population lives in urban areas. The urban population increased from 13.48 percent in 1951 to 26.39 percent in 1991 and 25.97 percent in 2001. According to the 2011 census, 47.72 percent of the population lives in urban areas. This is higher than the national average of 31.16 percent. Kerala has the second highest urban population among the big states. The share of urban population in Kerala recorded steady growth from 1901 (7.11 percent) to 2011 (47.72) Kerala witnessed rapid urbanization in the 1980s. During 1981-91 the degree of urbanization increased rapidly from 18.78 percent to 26.44 percent where as in India the increase is from 23.72 percent to

25.75 percent. The percentage decennial growth of urban population in the state was 60.89 during 1981-1991.

Table 3.12

Trends in urbanization in Kerala 1901-2011

Census year	Total population (in crore)	Total Urban population (in crore)	Percentage of urban population	Decadal growth
1901	0.64	0.04	7.11	-
1911	0.71	0.05	7.34	15.44
1921	0.78	0.07	8.73	29.78
1931	0.95	0.09	9.64	34.50
1941	1.10	0.12	10.84	30.47
1951	1.35	0.18	13.48	52.72
1961	1.69	0.25	15.11	39.89
1971	2.13	0.35	16.24	35.72
1981	2.55	0.48	18.74	37.64
1991	2.91	0.77	26.39	60.77
2001	3.18	0.83	25.96	7.64
2011	3.33	0.15	47.72	92.72

Source: Source: various census years, Census of India, Office of the Registrar General and census Commissioner, Ministry of Home affairs, Government of India, New Delhi.

Figure 3.4

3.12.1 District – Wise pattern of Urbanization in Kerala 2001

As per census 2011, the district-wise urban population in Kerala is the highest in Ernakulum district. The district has to supported 22, 32564 population followed by Thrissur (2089790) Kozhikode (20, 74778) Kannur (1642892). Among the districts, the percentage of urbanization varies from 3.8 percent in Wayanad to 68.09 percent in Ernakulam. The percentage of urban population in six districts namely, Ernakulam (68.07percent), Thrissur (67.18 percent)Kozhikode (67.15 percent) Kannur(65.04) Alappuzha (54.0 percent) and Thiruvananthapuram (53.7 percent) record higher than the state average (47.7 percent). Wayanad, Malappuram and Idukki districts record low level of urban population which is 10 percent or less.

From table 3.13 it is understood that the percentage of urban population is reduced from 26.39 percent in 1991 to 25.96 percent in 2001. But as per 2011 census, the share of urban population increased to 47.7 percent. In the two districts namely Thrissur and Malappuram, the

percentage of urban population shows an increase trend. In Thrissur district the percent of urban population increased from 28.21 in 2001 to 47.7 in 2011. In Malappuram, the percentage increased from 9.82 to 44.18 in 2011.The increment is partly due to the net rural urban classification of some municipalities.

Table 3.13

Trends and pattern of urbanization across Districts in Kerala (2011)

Districts	statutoryTowns	Urban population	Percentage of urban population
Thiruvanathapuram	5	1779254	53.7
Kollam	3	1186340	45.1
Pathanamthitta	3	131461	10.9
Alappuzha	5	1147027	54.0
Kottayam	4	565611	28.57
Idukki	1	52025	4.69
Ernakulam	9	2232564	68.07
Thrissur	7	2089790	67.18
Palakkad	4	677193	24.09
Malappuram	5	1816483	44.18
Kozhikode	3	2074778	67.15
Wayanad	1	31577	3.86
Kannur	7	1642892	65.04
Kasargod	2	505176	38.74
State	59	33387677	47.7

Source: census of India 2011, Census of India, Office of the Registrar General and census Commissioner India, New Delhi, Kerala paper of 2011 rural urban distribution

3.12.2 District wise classification of towns

Table 3.14

District wise classification of towns in Kerala

Districts	2001			2011		
	Statutory towns	Census towns	Total	Statutory towns	Census towns	Total
Thiruvananthapuram	5	….	5	5	26	31
Kollam	3	…...	3	3	24	27
Pathanamthitta	3	….	3	3	1	4
Alappuzha	5	6	11	5	33	38
Kottayam	4	2	6	4	13	17
Idukki	1	….	1	1	….	1
Ernakulam	9	16	25	9	47	56
Thrissur	7	21	28	7	128	135
Palakkad	4	1	5	4	17	27
Malappuram	5	….	5	5	39	44
Kozhikkode	3	10	13	3	48	52
Wayanad	1	….	1	1	….	1
Kannur	7	38	45	7	60	67
Kasargod	2	5	7	2	25	27
Kerala	59	99	158	59	461	520

Source: census of India 2011, Census of India, Office of the Registrar General and census Commissioner India, New Delhi, Kerala paper of 2011, rural urban distribution.

As a result of re classification, the new emerging census towns are responsible for the surge in urbanization in Kerala. The number of such towns has soared by a massive 365 percent to 461 in 2011.

Table 3.15

Ranking of districts by percentage of urban population in Kerala 2001-2011

Districts	Degree of urban population		Ranks	Ranks
	2001	2011	2001	2011
Thiruvanathapuram	33.78	53.7	4	6
Kollam	18.02	45.1	8	7
Pathanamthitta	10.03	10.9	11	12
Alappuzha	29.36	54.0	5	5
Kottayam	15.35	28.57	9	10
Idukki	5.10	4.69	13	13
Ernakulam	47.65	68.07	2	1
Thrissur	28.21	67.18	6	2
Palakkad	13.62	24.09	10	11
Malappuram	9.82	44.18	12	8
Kozhikode	38.25	67.15	3	3
Wayanad	3.79	3.86	14	14
Kannur	50.46	65.04	1	4
Kasargod	19.41	38.78	7	9

Source: census 2001, 2011, Census of India, Office of the Registrar General and census Commissioner, Ministry of Home affairs, Government of India, New Delhi.

Thrissur district witnessed a six fold growth in census towns the census towns increased from 21in 2001 to 128 in 2011. Table 3.14 shows that; the number of towns varies across the districts. Ernakulam district stood at first in the case of statutory towns. The district occupies 9 major towns and 17 census towns which accommodate 68.07 percent of its urban population followed by Thrissur with 7 major towns and 128 census towns. The districts, Idukki, Wayanad and Kasargod show least in

the number of towns. The number of towns in Kerala increased from 158 in 2000 to 520 in 2011.

Table 3.15 elicits the ranking order of the districts on the basis of percentage share in urban population. In 2011 census, the highest rank is claimed by Ernakulam district. The districts Ernakulam and Kozhikode included in the first 3 ranking both in 2001 and 2011census. Table also reveals that the districts namely, Ernakulam, Thrissur, Kozhikode and Kannur occupied first four ranks. Ernakulum and Kozhikode district retained their relative positions in both 2001 census and 2011 census.

3.13 Characteristics of urbanization in Kerala

In Kerala, the urbanization trends show a significant characteristic. Urbanization in Kerala is not an outcome of accelerated industrialization as seen in Tamil Nadu, Maharashtra and Gujarat. The urbanization trends in Kerala is not only due to rural to urban migration but also due to the transformation of the rural areas in the semi urban areas, that is, urbanization of peripheral areas of existing urban centers.

In terms of contribution of the primary sectors to GDP, the tertiary sector is the major contributor (62.56 percent). The acceleration in the tertiary sector is due to the developments in trade, hotels and restaurant, transport and tele communication. The occupational mobility of the migrant urban population has indicated straight mobility from primary to tertiary and skipping the manufacturing sector, this indicating tertiarisation based urbanization (G.S. Sasthri)[10] this is evident from the occupational pattern of urban population . The service sector led growth brings tremendous changes

In the consumption pattern of the Keralites and this growth is mainly in favour of non food items (K. Pushpangadan, 2006)[11]

3.13 Conclusion

From these discussions, we may infer some basic facts of urbanization trends. The share of urban population in developing countries is projected to increase rapidly. Urban life has become increasingly oriented around consumption. Thus urbanization plays an important role for the changes in consumption pattern. Among the major states of India, Kerala occupies a significant place in terms of urbanization. The process of urbanization is mainly due to the peripheralization backed by the development of service sector. This leads to a consumption boom in Kerala. Among the Keralites, consumption pattern has undergone a tremendous shift in favour of non food items. The changes in consumption pattern in favour of non-food items especially in durable items was observed severely in urban areas than the rural areas and it leads to consumerism.

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CHAPTER-4

INCOME - CONSUMPTION EXPENDITURE IN INDIA: AN OVERVIEW

4.1. Introduction

The purpose of this chapter is to examine the income and pattern of consumption expenditure of households on different types of commodities in India and also to examine whether there exists any change in the consumption expenditure at the national and state level and

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an attempt is also made to highlight to what extend the pattern and expenditure of Kerala are different from that of all India.

Based on purchasing power parity, India is the world's fourth largest country after the US, China and Japan and recently rated as one of the fastest growing economies. India's share in world's G.D.P has increased from 4.3 percent in 1991 to 5.5 percent in 2010. Since 1994, the economy has achieved a growth rate of 6.2 percent per annum. India's rank in per capita GDP improved from 117 in 1990 to 101 in 2000 and further to 94 in 2009. Between 1980 and 2010, India achieved a growth rate of 6.2 percent, where as the world as a whole registered a growth rate of only 3.3 percent.

4.2. GDP Growth during pre and post-Reform period

From tables 4.1 and 4.2, it is revealed that the annual average growth rate of GDP was 2.3 percent in 1951 and improved to 7.10 percent in 1960-61 and thereafter it started to decline. During the period 1965-66 the growth rate constituted only 3.65 percent. At the same time during the eighties India achieved an average growth rate of 5.8 percent, an upswing in the industrial sector and relatively better performance of agriculture are the main reasons for this.

Table 4.1

Gross Domestic product at Factor Cost at 1993-94 prices during the reform period from 1950-51 to 1990-91 in India

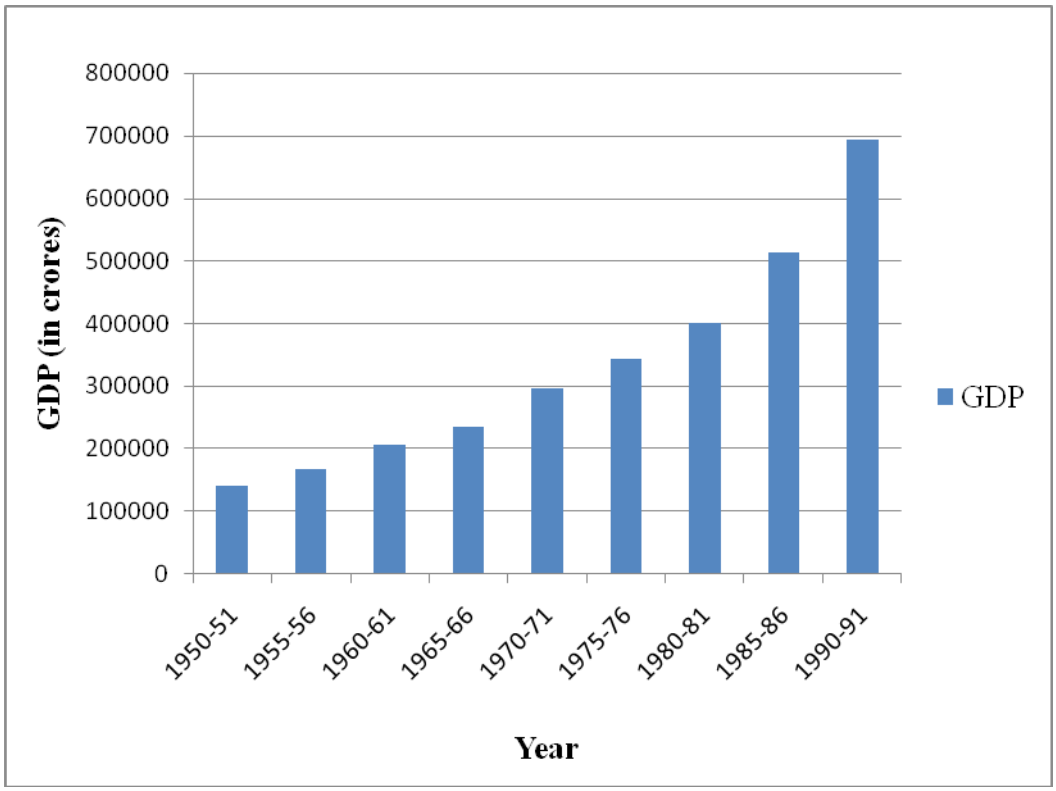
Period	GDP (in Rs. Crores)	Growth Rate (percent)
1950-51	140466	-
55-56	167667	2.56
60-61	206103	7.08
65-66	236306	-3.65

70-71	296278	5.01
75-76	343924	9.0
80-81	401128	7.17
85-86	513990	4.45
90-91	692871	5.57

Source: National income statistics, Centre for Monitoring Indian Economy, October 2004

Figure 4.1

Graph showing Gross Domestic product at Factor Cost 1993-94 during pre-reform period 1950-51 to 1990-91 in India



During the post-reform period, Indian economy has been experiencing drastic changes through an increase in employment,

reduction in poverty, increase in export etc. In 1997-98 to 2002-03, the growth of GDP showed a higher rate of 7.5 percent due to the improvement in the industrial sector. The phase from 1997-98 to 2002-03 was marked by a deceleration in the growth rate (5.3 percent) which was much lower than the average growth rate of 7.5 percent during the period 1994-95 to 1996-97. But during 2003-04 and 2004-05 the growth rate was 8.2 percent and 7.5 percent respectively. During the phase from 2005-06 to 2007-08, the growth of GDP showed a higher rate but during the period 2008-2009 the growth rate showed a declining trend. It declined from 9.3 percent to 6.7 percent in 2008-09. During the period 2009-10 to 2010-11, the GDP growth rate showed an increasing trend (8.4 percent).

Table 4.2

Gross Domestic Product at factor Cost (constant prices) during post reform period (1990-91 to 2010-11)

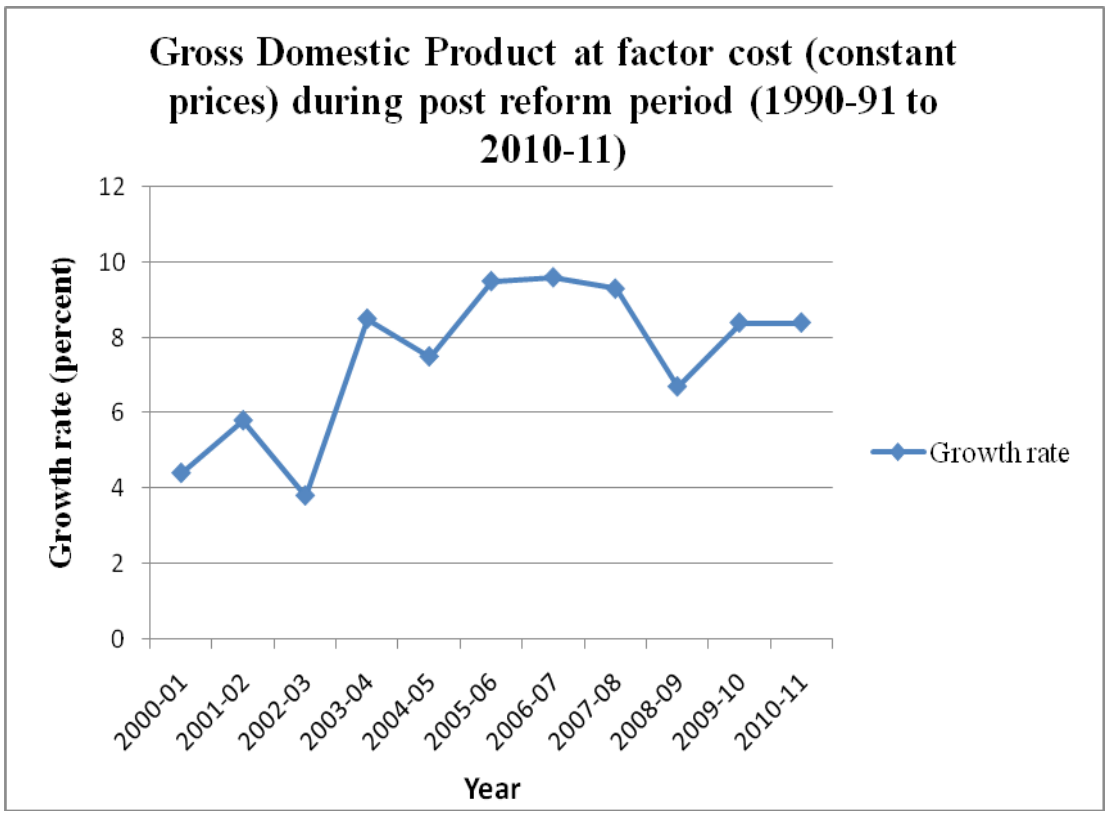
Period	GDP (in Rs. Crores)	Growth Rate (percent)
1991-92*	701863	1.3
1992-93*	737792	5.12
1993-94*	781345	5.9
1994-95*	838031	7.25
1995-96*	899563	7.34
1996-97*	970083	7.84
1997-98*	1016595	4.79
1998-99*	1082748	6.51
1999-00**	1792292	6.2
2000-01**	1870387	4.4
2001-02**	1978055	5.8
2002-03**	2052586	3.8
2003-04**	2226041	8.5
2004-05***	2971464	7.5
2005-06***	3253073	9.5
2006-07***	3564364	9.6

2007-08***	3896636	9.3
2008-09***	4158676	6.7
2009-10***	4507637	8.4
2010-11***	7157412	8.4

Note : * Estimates at 1993-94 prices, ** Estimates at1999-00 prices, ***Estimates at 2004-05,2009-10 provisional estimate, 2010-11 Quick estimate.

Source: Central Statistical Organization, Ministry of National Planning and Economic Development, New Delhi.

Figure 4.2



The increase was due to the structural acceleration .The primary sector showed a high growth of 7 percent in 2010-11 against 1 percent in 2009-10. The growth of secondary sector was 7.2 percent and that of the service sector 9.3 percent in 2010-11. The lowest growth rate was witnessed in 1991-92 (1.30 percent). The reasons for the lowest growth was growing fiscal gap, recession of industry, high rate of inflation etc.

The analysis suggests that the revival and acceleration of growth during post reform period was mainly due to the growth and structural transformation of the economy. As a consequence, the Indian economy has experienced rapid changes. The service sector contributes about 49 percent to total GDP and has risen by 6.5 percent during 2002 compared to 4.8 percent in 2001 and 9.3 percent in 2010-11.

Table 4.3

India's Real GDP Growth

Period	Annual growth rate (percent)
1970s	2
1980s	2.9
1990s	5.8
2000-06	5.8
2009-2011	8.4

Source: National income statistics, Centre for Monitoring Indian Economy, October 2004,

Figure 4.3

4.2.1 Allocation of GDP

The total output of the economy is distributed among the three major uses of private final consumption (PFCE), Government purchase of goods and services (GFCE) and Gross Domestic investment (GCF). From table (2.3) it is evident that the allocation of GDP to PFCE declined from

86.61 percent in 1950-51 to 62.27 percent in 2000-01. But considering its share, it is the most stable of all the streams of expenditure. The allocation of GDP to GFCE was increased from 6.11 percent in 1950-51 to 12.09 in 2000-01. GFCE and GCF were relatively significant during the period 1960-61.

Table 4.4

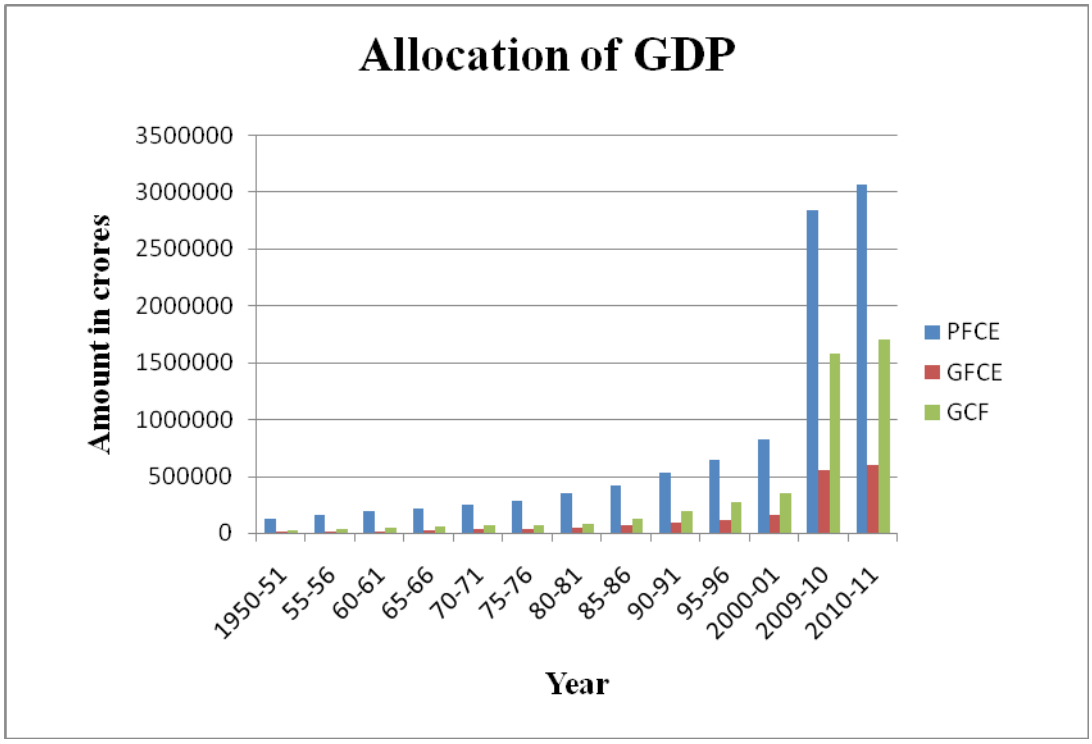
Components of GDP at Constant Prices (1950-51 to 2010-11) (Rs Crores)

Period	GDP	PFCE	Percent of GDP	GFCE	Percent of GDP	Aggregate Expenditure	Percent of GDP	GCF	Percent of GDP
1950-51	148503	128612	86.61	9067	6.11	137679	92.71	20755	13.98
55-56	180530	157301	87.13	9600	5.32	166901	92.45	30552	16.92
60-61	220560	187909	85.20	12846	5.82	200755	91.02	40942	18.56
65-66	262029	212988	81.28	23458	8.95	236446	90.24	57912	22.10
70-71	326925	250880	76.74	30453	9.31	281333	86.05	64638	19.77
75-76	376731	278563	73.94	35170	9.34	313733	83.28	71655	19.02
80-81	439201	347443	79.11	46581	10.61	394024	89.71	79719	18.15
85-86	570267	422916	74.16	66255	11.62	489171	85.78	123113	21.59
90-91	771295	525641	68.15	89601	11.62	615242	79.77	195650	25.37
95-96	993946	638938	64.28	106881	10.75	745819	75.04	271015	27.27
2000-01	1316201	819637	62.27	159194	12.09	978831	74.37	353995	26.90
2009-10*	4507637	2841675	57.6	553709	11.8	4976328	69.4	1580944	32.8
2010-11*	4885954	3072115	60.6	597154	11.2	5368656	71.7	1699387	34.4

Note:*at constant (2004-05) price

Source: Central Statistical Organization, Ministry of National Planning and Economic Development, New Delhi.

Figure 4.4



Source: National income statistics, Centre for Monitoring Indian Economy, 2011.

Domestic investment expenditure increased as the economy embarked upon a housing and plant equipment boom. During the period 2008-09 to 2010-11, the demand- led growth in GDP has shown a stronger growth in private consumption expenditure (9.3percent) and its share to GDP increased to 59.5 percent in 2008-09 to 60.6 percent in 2010-11. The nature of private final consumption expenditure did not fluctuate much. The growth rate of private final consumption expenditure has been fairly consistent even when the economy's growth rate fluctuated some what. The fixed capital formation contributed a higher growth of 11.1percent and this sector's share rose to 32.9 percent (2008-09) to 34.4 percent in 2010-11.

4.3 Item –wise expenditure during the pre-and post reform period in India

Distribution of total PFCE (private final consumption expenditure), on food and non food items in pre-reform period is presented in tables 4.5

and 4.6. Item wise analysis shows that, the share of food in total expenditure fell from 64.78 percent in 1970-71 to 54.7 percent in 1992-93. During the post reform period, the food items demonstrated a negative growth rate (-1.63 percent 1997-98, -3.3 percent in 2000-01and -1.15 percent in 2002.03). The share of clothing, rent, fuel, furniture and medical care increased marginally. The percentage growth of per capita consumption expenditure of different items reveals, food (39.56) clothing (42.15) gross rent, fuel, power (45.96), furniture (90.66) medical (175.58) transport and communication (176.23) recreation and education (107.63) and miscellaneous goods and services (170.07).

Food, clothing and gross rent, fuel and power consumed 74.19 percent of the total PFCE in 1990-91. The share of this sector reduced to 61.22 percent in 2002-03. Among the non-food expenditure, the transport and communication occupied the major share of growth. This was mainly due to the spurt in services sector. The aggregate consumption expenditure on transport and communication recorded a growth rate of 176.23 percent with the spontaneous growth in cities. Due to urbanization the life style of the Indians changed drastically. It caused an upswing in the expenditure of clothing especially a shift in readymade wearing. The aggregate consumption expenditure on clothing and footwear recorded a percentage growth of 42.15 percent. Another spurt in aggregate consumption expenditure was experienced on recreation, education and cultural services.

Table 4.5

Distribution of total PFCE on food and non food items in pre-reform period in India (1970-71 to 1992-93)

Year	Food	Clothing	Rent, fuel, power	Furniture	Medical care	Transport and communication	Recreation	Miscellaneous Expenses
1970-71 (Rs. crores)	162516	10733	32818	8292	8572	10328	6521	11100
percent of PFCE	64.78	4.28	13.08	3.31	3.42	4.12	2.60	4.42
1975-76 (Rs. crores)	174926	13898	37382	9377	10332	13571	7455	11622
Percent of PFCE	62.80	4.99	13.42	3.37	3.71	4.87	2.68	4.17
1980-81 (Rs. Crores)	211651	19552	46332	9966	14940	20025	8427	16550
Percent of PFCE	60.92	5.63	13.34	2.87	4.30	5.76	2.43	4.76
1985-86 (Rs.Crores)	247533	26111	54300	14152	16615	31569	9954	22682
Percent of PFCE	58.33	6.17	12.84	3.35	3.93	7.46	2.35	5.36
1990-91 (Rs. Crores)	293000	32740	64254	17124	18472	52975	15853	31223
Percent of PFCE	55.74	6.23	12.22	3.26	3.51	10.08	3.02	5.94
1991-92(Rs. Crores)	299285	30712	66411	16621	18879	56236	16597	32239
Percent of PFCE	55.73	5.72	12.37	3.10	3.52	10.47	3.09	6.00
1992-93 (RS. Crores)	301327	31788	68575	16524	19211	60569	17059	35775
Percent of PFCE	54.7	5.77	12.45	3.0	3.49	11.0	3.1	6.49

Source: National Income Statistics, Centre for Monitoring Indian Economy, October 2004

Table 4.6

Distribution of total PFCE on food and non food items in Post Reform period in India (1993-94 to 2003-04)

Year	Food	Clothing	Rent, fuel, power	Furniture	Medical care	Transport and communication	Recreation	Miscellaneous Expenses
1993-94 (Rs. crores)	315243	34999	68239	17610	19543	64993	17626	36519
percent of PFCE	54.85	6.09	11.87	3.6	3.40	11.31	3.07	6.35
1994-95 (Rs. crores)	325436	34178	70688	18181	21770	71783	19494	39951
Percent of PFCE	54.11	5.68	11.75	3.02	3.62	11.93	3.24	6.64
1995-96 (Rs. Crores)	340124	36181	72907	20241	24232	79568	20688	44997
Percent of PFCE	53.23	5.66	11.41	3.17	3.79	12.45	3.24	7.04
1996-97 (Rs. Crores)	369285	38231	75380	21755	26878	87748	21868	48421
Percent of PFCE	53.55	5.54	10.93	3.15	3.90	12.73	3.17	7.02
1997-98 (Rs.Crores)	363253	41498	79862	23164	29813	92295	24899	52501
Percent of PFCE	51.36	5.87	11.29	3.28	4.22	13.05	3.52	7.42
1998-99 (Rs. Crores)	393468	37265	82475	25003	33079	98209	26565	56376
	52.29	4.95	10.76	3.32	4.40	13.05	3.53	7.49

Year	Food	Clothing	Rent, fuel, power	Furniture	Medical care	Transport and communication	Recreation	Miscellaneous Expenses
Percent of PFCE								
1999-00 (Rs. Crores)	400587	42729	85824	26645	37082	106254	29162	69370
Percent of PFCE	50.22	5.36	10.76	3.34	4.65	13.32	3.66	8.70
2000-01 (RS. Crores)	387447	43035	88674	30123	41213	122910	31100	75135
Percent of PFCE	47.27	5.25	10.82	3.68	5.03	15.00	3.79	9.17
2001-02(RS. Crores)	412042	42842	91352	31023	45805	133235	32029	78649
Percent of PFCE	47.53	4.94	10.54	3.58	5.28	15.37	3.69	9.07
2002-03(RS. Crores)	404034	46756	94276	32869	50931	146873	32915	82765
Percent of PFCE	45.32	5.25	10.58	3.69	5.71	16.48	3.69	9.28
2003-04(RS. Crores)	435865	46037	97237	34804	56596	165427	37207	91692
Percent of PFCE	45.17	4.77	10.08	3.61	5.87	17.15	3.86	9.50

Source: National Income Statistics, Centre for Monitoring Indian Economy, August 2005

4.3.1 Annual growth rate and shares of Private final consumption expenditure in India from 2005-06 to 2010-11

From table 4.7, it is revealed that the growth rate of private final consumption expenditure did not fluctuate very much, while large variations existed between the various commodity groups. As against the overall growth of private final consumption expenditure which was in the range of 7.1 to 9.2 percent during the period 2005-06 to 2010-11. The rate of growth of consumption in food, beverages, fuel and tobacco have been lower but the growth rate of items of furniture, transport and communication, miscellaneous goods and services have generally been higher .

Table 4.7

Annual growth rate of private final consumption expenditure

Items	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Food, beverage and tobacco	6.3	3.4	6.4	3.3	0.3	6.2
Clothing , footwear	19.7	23.3	5.0	5.0	14.9	3.6
Rent, fuel and power	3.7	3.8	4.7	3.6	5.4	4.9
Furniture	15.1	17.1	16.1	12.2	8.7	13.0
Medical care and services	8.8	8.7	4.5	6.9	8.9	7.6
Transport and communication	5.8	9.1	7.9	7.7	12.0	12.5
Recreation ,education, cultural services	11.0	8.4	9.8	6.8	4.0	5.6
Miscellaneous goods& services	20.1	21.1	2.86	20.2	15.7	11.4
Total private final expenditure	8.5	8.7	9.2	7.1	7.4	9.2

Source: Economic survey 2011,Government of India,Ministry of Finance,Department of Economic affairs Economic Division.

Table 4.8

The percentage share of food and nonfood items in PFCE

Items	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Food. Beverages and tobacco	40.0	39.1	37.3	36.3	35.0	32.7	32.1
Clothing &footwear	6.6	7.3	8.3	8.0	7.8	8.4	8.0
Rent, fuel& power	13.8	13.2	12.6	12.1	11.7	11.5	11.1
Furniture	3.4	3.6	3.9	4.1	4.3	4.4	4.6
Medical care and services	5.0	5.0	5.0	4.8	4.8	4.8	4.8
Transport &communication	19.3	18.8	18.9	18.7	18.8	19.6	20.4
Recreation, education & cultural services	3.0	3.0	3.0	3.0	3.0	2.9	2.9
Total private final expenditure	100.00	100.00	100.0	100.00	100.00	100.00	100.00

Source: Economic survey 2011,Government of India,Ministry of Finance,Department of Economic affairs Economic Division.

It can be understood from table 4.8, that among the non- food items, clothing and foot wear ,furniture ,transport and communication showed an increasing trend during the period from 2004-05 to 2010-11 whereas fuel and power, recreation and medical care etc did not exhibit a notable change. From these discussions, we realize that the consumption expenditure occupy a prominent position in the allocation of Gross Domestic product in India. The consumption expenditure is the major indicator of the well-being and level of living of the households. The differences in the pattern of food and non-food consumption across the regions of the country are well known.

The study is based on National sample survey (NSSO) which is the only source which provides comprehensive time-series information about

monthly per capita consumption expenditure (MPCE). The NSSO has been carrying out consumer expenditure surveys since 1972-73. Till 1971-72 (26th round) NSS used to conduct consumer expenditure surveys annually. After 43rd round (fourth quinquinnial survey) the NSS was again conducted the annual survey of households budget.

4.4 Trends and pattern of consumption in Rural and Urban India

The consumption pattern of India is experiencing a tremendous shift. We have seen a change in the percentage composition of MPCE (Monthly Per capita consumption Expenditure) both in the rural and urban sectors of India. The data related to MPCE from 1987-88 to 2009-10 emphasized that the share of food was declined in India. Among all items group, cereal registered the largest decline. It declined from 26.3 percent to 15.6 percent in rural India and from 15 to 9 percent in urban India.

In urban sector, the share of almost all food items has suffered a decline but in rural areas beverages etc. show a distinct rise in food share. Among the non-food items , pan, tobacco and intoxicants exhibited a downward trend especially in urban areas but fuel and lighting show an increase over 22 years period. In rural areas, food was seen to have declined by about 10 percent points to 53.6 percent and in urban areas about 16 percent to 40.7 percent. The 66th round NSSO data pointed out that about 1 and a half point in rural and 2 percent in urban areas exhibited a declining trend of the food items. Tables 4.9 and 4 .10 elicit the pattern of consumption in rural and urban India.

Table 4.9

Trends in percentage composition of MPCE between 1987-'88 and 2009-'10 (Rural)

Item group	Rural(share in total consumption expenditure)				
Item group	1987-88	1993-94	1999-2000*	2004-05	2009-10

Cereal	26.3	24.2	22.2	18.0	15.6
gram	0.2	0.2	0.1	0.1	0.2
Cereal substitutes	0.1	0.1	0.1	0.1	0.1
Pulse&product	4.0	3.8	3.8	3.1	3.7
Milk& product	8.6	9.5	8.8	8.5	8.6
Edible oil	5.0	4.4	3.7	4.6	3.7
Egg & fish	3.3	3.3	3.3	3.5	3.5
Vegetables	5.2	6.0	6.2	6.1	6.2
Fruits &nuts	1.6	1.7	1.7	1.9	1.6
Sugar	2.9	3.1	2.4	2.4	2.4
Salt& spices	2.9	2.7	3.0	2.5	2.4
Beverages etc.	3.9	4.2	4.2	4.5	5.6
Food total	64.0	63.2	59.4	55.0	53.6
Pan, tobacco	3.2	3.2	2.9	2.7	2.2
Fuel and light	7.5	7.4	7.5	10.2	9.5
Clothing &bedding	6.7	5.4	6.9	4.5	4.9
Foot wear	1.0	0.9	1.1	0.8	1.0
Miscellaneous goods.& service Durable	14.5	17.3	19.6	23.4	24.0
Non food total	36.0	36.8	40.6	45.0	46.4
Total expenditure	100.0	100.0	100.0	100.0	100.0

Source : Level and pattern of consumption expenditure 2009-10, NSS 66th round, Ministry of Statistics and Program Implementation, Government of India. Note: * denote only MRP estimates available.

Table 4.10

Trends in percentage composition of MPCE since 1987-88(Urban)

Urban (share in total consumption expenditure					
Item group	1987-88	1993-94	1999-2000*	2004-05	2009-10
Cereals	15.0	14.0	12.4	10.1	9.1
Gram	0.2	0.2	0.1	0.1	0.1
Cereal & substitutes	0.1	0.1	0.1	0.0	0.0
Pulses& product	3.4	3.0	2.8	2.1	2.7
Milk & product	9.5	9.8	8.7	7.9	7.8
Edible oil	5.3	4.4	3.1	3.5	2.6
Egg &fish	3.6	3.4	3.1	2.7	2.7
Vegetables	5.3.	5.5	5.1	4.3	4.3
Fruits & nuts	2.5	2.7	2.4	2.2	2.1
Sugar	2.4	2.4	1.6	1.5	1.5
Salt & spices	2.3	2.0	2.2	1.7	1.5
Beverages	6.8	7.2	6.4	6.2	6.3
Food total	56.4	54.7	48.1	42.5	40.7
Pan, tobacco & intoxicants	2.6	2.3	1.9	1.6	1.2
Fuel & light	6.8	6.6	7.8	9.9	8.0
Clothing & bed	5.9	4.7	6.1	4.0	4.7
Foot wear	1.1	0.9	1.2	0.7	0.9
Misc. Service	23.2	27.5	31.3	37.2	37.8
Durable	4.1	3.3	3.6	4.1	6.7
Nonfood total	43.6	45.3	51.9	57.5	59.3

Source: 66th round, level and pattern of consumption expenditure 2009-10 Ministry of statistics and program implementation, Government of India.
*only MRP estimates available.

4.4.1 Trends in Monthly per capita consumption expenditure (MPCE) in rural and urban India

The break-up of all India rural and urban expenditure for seven different rounds of NSS from 27th to 66th rounds on some broad groups of food and non-food items and the percentage to total expenditure are presented in tables 4.11 and 4.12. It is found that in both rural and urban India, the expenditure of all items has increased substantially. It is evident that, all India average MPCE in 27th round was Rs63 and Rs44.2 in urban and rural areas respectively and further increased to Rs 1052.36 for urban India and Rs558.78 for rural India during the period of 61st round. The 66th round of NSS survey also showed an increasing trend. The MPCE in India further increased to 1785.81 for urban India and Rs 927.70 for rural India.

In both rural and urban India, the share of food in total expenditure continued to fall from 27th round to 66th round. It has fallen from 73 percent to 53.6 percent in rural areas and from 64 percent to 40.7 percent in urban areas. The expenditure on food remained higher in rural areas compared to the urban areas. Among the food items cereals registered a steady decline. The share of cereals has declined from 18.21 percent in 61st round to 15.6 percent in rural India and 10.21 percent to 19.1percent in urban India.

The shares of other food items such as, milk and milk products, edible oil and vegetable have not changed, much especially both in the urban and rural areas. Among the non-food items, pan, tobacco and intoxicants showed a downward trend especially in urban areas. The expenditure on durables increased both in rural and urban areas.

There has been a significant shift in consumption pattern witnessed in favour of non-food items both in rural and urban India. The share of non-food expenditure to total expenditure increased from 35.55 percent in the 27th round to 57.49 percent in 61st round and 59.3 percent in 66th

round. In urban area, the per capita expenditure on non-food increased from Rs 23 in 27th round to Rs 605 in 61st round and 1058.32 in 66th round. In rural areas it increased from Rs 12 to Rs 251.1 in 61st round and further rose to 430.62 in 66th round.

The miscellaneous goods and services are the major contributors in the non-food expenditure in both rural and urban areas in total non food consumption expenditure. The share of this category increased from 9 percent (27round) to 23.4 percent (61 round) and 24 percent (66thround) in rural India and from 19 percent to 37.18 percent in 61st round and further raised to 37.8 percent in urban India. The share of fuel and light in total consumer expenditure showed an increasing trend up to 61st round and the share of fuel and light declined from 10.2 percent (61st round) to 9.5 percent(66th round) in rural areas and from 10 percent to 8 percent in urban areas. In respect of durable goods, its share increased marginally. 3.4 percent (61st round) to 4.8 percent in (66th round) in rural and from 4.07 percent to 6.7 percent in urban area.

Table 4.11

MPCE (in Rs and percent to total expenditure) on broad groups of food and non-food items in rural areas of India

Item Group		27th Round	32nd Round	38th Round	43rd Round	50th Round	55th round	61st round	66th round
Cereals	MPCE	18.30	23.30	36.80	41.90	68.90	108.75	101.78	145.09
	Percent	41.47	33.82	32.80	26.50	24.70	22.37	18.21	15.64
Pulses and pulse products	MPCE	1.90	2.60	4.00	6.30	10.70	18.50	17.18	34.23
	Percent	4.43	3.77	3.50	4.00	3.80	3.81	3.07	3.69
Milk and milk products	MPCE	3.20	5.30	8.40	13.60	26.70	42.56	47.31	80.16
	Percent	7.30	7.69	7.50	8.60	9.50	8.75	8.47	8.64
Edible oil	MPCE	1.60	2.50	4.50	8.90	12.40	18.16	25.72	34.15
	Percent	3.50	3.63	4.00	5.60	4.40	3.74	4.60	3.68
Meat, Egg and Fish	MPCE	1.10	1.80	3.40	5.10	9.40	16.14	18.60	32.26
	Percent	2.50	2.61	3.00	3.20	3.30	3.32	3.33	3.48
Vegetables	MPCE	1.60	2.60	5.30	8.20	17.00	29.98	34.07	57.20
	Percent	3.60	3.77	4.70	5.20	6.00	6.17	6.10	6.17
Fruits and Nuts	MPCE	0.50	0.80	1.60	2.60	4.00	8.36	10.42	11.76
	Percent	1.00	1.16	1.40	1.60	1.40	1.72	1.86	1.27
Sugar	MPCE	1.70	1.80	3.20	4.50	8.60	11.57	13.25	22.63
	Percent	3.80	2.61	2.90	2.90	3.00	2.38	2.37	2.44
Salt and Spices	MPCE	1.20	2.80	2.80	4.60	7.40	14.41	13.90	20.28
	Percent	2.80	4.06	2.50	2.90	2.70	2.96	2.49	2.19
Beverages etc	MPCE	1.10	1.70	3.70	6.20	11.70	20.38	25.37	52.03
	Percent	2.40	2.47	3.30	3.90	4.20	4.19	4.54	5.61

Item Group		27th Round	32nd Round	38th Round	43rd Round	50th Round	55th round	61st round	66th round

Food sub total	MPCE	32.20	44.30	73.70	100.80	176.80	288.80	307.60	497.09
	Percent	72.85	64.30	65.57	63.80	63.05	59.40	55.05	53.58
Fan, Tobacco and Intoxicants	MPCE	1.40	2.00	3.40	5.00	9.00	13.96	15.03	6.80
	Percent	3.10	2.90	3.00	3.20	3.21	2.87	2.69	2.2
Fuel and Light	MPCE	2.50	4.10	7.90	11.80	20.70	36.56	56.84	87.79
	Percent	5.60	5.95	7.00	7.40	7.40	7.52	10.17	9.46
Clothing and Foot wear	MPCE	3.30	7.10	10.80	12.10	17.60	38.65	29.57	45.51
	Percent	7.50	10.30	9.60	7.70	6.30	7.95	5.29	4.91
Misc, goods and Services	MPCE	3.90	7.30	14.30	22.80	48.70	56.45	130.52	223
	Percent	8.80	10.60	12.70	14.40	16.43	11.61	23.36	24.05
Durable Goods	MPCE	0.90	4.10	2.30	5.60	8.02	12.72	19.23	44.42
	Percent	2.20	5.95	2.10	3.54	2.86	2.62	3.44	4.79
Non food subtotal	MPCE	12.00	24.60	38.70	57.30	103.60	197.36	251.19	430.62
	Percent	27.15	35.70	34.43	36.20	36.95	40.60	44.95	46.42
All		44.20	68.90	112.40	158.10	280.40	486.16	558.79	927.70

Source: NSSO Different Rounds, National Sample Survey Organization, Department of Statistics, Ministry of Planning, Government of India.

Table 4.12

MPCE (in Rs and percent to total expenditure) on broad groups of food and non-food items in urban areas of All India

Item Group		**27th Round**	**32nd Round**	**38th Round**	**43rd Round**	**50th Round**	**55thround**	**61st round**	**66thround**
Cereals	MPCE	14.80	20.10	31.68	37.60	68.90	106.86	107.43	161.88
	Percent	23.38	20.89	19.29	15.05	15.04	12.50	10.21	9.06
Pulses and pulse products	MPCE	2.20	3.40	5.65	8.40	10.70	24.25	22.51	47.61
	Percent	3.48	3.53	3.41	3.36	3.00	2.84	2.14	2.27
Milk and milk products	MPCE	5.90	9.20	15.27	23.80	26.70	74.17	83.30	138.71
	Percent	9.32	9.56	9.21	9.52	9.80	8.68	7.92	7.8
Edible oil	MPCE	3.10	4.50	7.98	13.20	12.40	26.81	36.37	46.10
	Percent	4.90	4.68	4.81	5.28	4.40	3.14	3.46	2.58
Meat, Egg and Fish	MPCE	2.10	3.30	5.93	8.90	9.40	26.78	28.47	48.03
	Percent	3.32	3.43	3.58	3.56	3.40	3.13	2.71	2.69
Vegetables	MPCE	2.80	4.20	8.17	13.10	17.00	43.90	46.84	76.66
	Percent	4.42	4.37	4.93	5.24	5.50	5.13	4.45	4.29
Fruits and Nuts	MPCE	1.30	1.90	3.48	6.30	5.00	20.68	23.65	29.53
	Percent	2.05	1.98	2.10	2.52	2.20	2.42	2.25	1.65
Sugar	MPCE	2.30	250	3.55	5.90	8.60	14.00	15.88	27.60
	Percent	3.63	2.60	2.14	2.36	2.40	1.64	1.51	1.55
Salt and Spices	MPCE	1.50	2.50	4.06	5.80	7.40	19.11	17.65	25.24
	Percent	2.37	2.60	2.45	2.32	2.00	2.23	1.68	1.41
Beverages etc	MPCE	4.80	6.10	11.26	16.80	11.70	54.28	65.31	112.97
	Percent	7.58	6.34	6.79	6.72	7.20	6.35	6.21	6.33

Item Group		27th	32nd	38th	43rd	50th	55th	61st round	66th round

		Round	Round	Round	Round	Round	round		
Food sub total	MPCE	40.80	57.70	97.33	139..80	177.80	410.84	447.41	727.49
	Percent	64.45	59.98	58.70	55.90	54.62	48.07	42.51	40.74
Fan, Tobacco and Intoxicants	MPCE	1.80	2.30	4.05	6.50	10.70	16.22	17.04	7.92
	Percent	2.84	2.39	2.44	2.60	2.34	1.90	1.62	0.44
Fuel and Light	MPCE	3.60	6.20	11.40	16.70	30.20	66.26	104.62	142.76
	Percent	5.69	6.44	6.87	6.68	6.59	7.75	9.94	7.99
Clothing and Foot wear	MPCE	3.60	7.40	14.64	17.70	25.60	61.81	49.26	83.23
	Percent	5.69	7.69	8.83	7.08	5.59	7.23	4.68	4.66
Misc, goods and Services	MPCE	12.17	17.90	33.85	58.64	126.03	188.60	391.22	674
	Percent	19.23	18.61	20.41	23.47	26.35	22.06	37.18	37.74
Durable Goods	MPCE	1.33	3.70	4.55	10.06	19.20	37.41	42.81	119.00
	Percent	2.10	4.89	2.74	4.23	4.19	5.80	4.07	6.67
Non food subtotal	MPCE	22.50	38.50	68.49	110.20	207.70	444.08	604.95	1058.32
	Percent	35.55	40.02	41.30	44.10	45.38	51.93	57.49	59.26
All		63.30	96.20	165.82	249.90	458.00	854.92	1052.36	1984

Source: NSSO Different Rounds, National Sample Survey Organization, Department of Statistics, Ministry of Planning, Government of India.

4.5 Average MPCE in rural and urban areas of major states and all India

Table (4.13) shows the average MPCE at state level for rural and urban sectors. In rural India, it ranged from Rs 681 in Bihar to Rs 1850 in Kerala while the all India average stood at Rs 927. The urban average for the country stood at Rs 1785, which is higher than the rural area. Among the major states in India, Kerala (Rs1850) had the highest rural MPCE followed by Punjab (Rs 1479.8) and Haryana (Rs 1393.59). Maharashtra (Rs 2231.9) and Kerala (Rs 2663.45) were the two major states with the highest MPCE In the urban sectors. It is noted that both in rural and urban areas, Kerala occupied a significant position among the states in respect of consumption expenditure.

Table 4.13

Average MPCE by State –2009-10.

Sl.No	State	Rural MPCE(Rs)	Urban MPCE(Rs)
1	Andhra Pradesh	1020.14	1982.23
2	Assam	863.47	1540.27
3	Bihar	681.03	1092.33
4	Chhattisgarh	689.91	1352.45
5	Gujarath	994.92	1859.01
6	Haryana	1393.59	1898.18
7	Jharkand	732.33	1390.87
8	Karnadaka	806.54	1716.38
9	Kerala	1850.68	2663.45
10	Madhya Pradesh	796.59	1469.35
11	Maharashtra	1010.93	2231.98
12	Orissa	682.80	1425.41
13	Punjab	1479.80	1992.68
14	Rajasthan	1004.48	1669.50
15	Tamilnadu	968.44	1678.69
16	Uttarpradesh	828.67	1364.99
17	West Bengal	855.10	1735.66
18	All India	927.7	1785.81

Source: Level and pattern of consumption expenditure 2009-10, NSSO 66th round, Ministry of statistics and program implementation Government of India.

Table 4.14

Ranking of the states on the basis of MPCE

66th round (2009-10) and 61st round (2004-05) Rural

Sl. No	State	2009-10	2004-05
1	Kerala	1	1
2	Punjab	2	3
3	Haryana	3	2
4	Andhra pradesh	4	7
5	Gujarath	5	5
6	Maharashtra	6	8
7	Rajasthan	7	6
8	TamilNadu	8	4
9	Karnadaka	9	12
10	Assam	10	10
11	West Bengal	11	9
12	Uttar Pradesh	12	11
13	Madhya Pradesh	13	13
14	Jharkand	14	15
15	Orissa	15	17
16	Bihar	16	14
17	Chhasttisgarh	17	16

Source: Level and pattern of consumption expenditure 2009-10, NSSO 66th round, Ministry of statistics and program implementation Government of India. .Ranking by MPCE highest= 1

Table 4.15

Ranking for major state by urban MPCE

Sl.No	State	2009-10	2004-05
1	Kerala	1	2
2	Maharashtra	2	3
3	Punjab	3	1
4	Karnadaka	4	9
5	Andhrapradesh	5	10
6	Haryana	6	4
7	Gujarath	7	6
8	West Bengal	8	5
9	Tamil Nadu	9	7
10	Assam	10	8
11	Rajasthan	11	15
12	Madhya pradesh	12	13
13	Uttar pradesh	13	14
14	Orissa	14	16
15	Jharkand	15	12
16	Chhathisgarh	16	11
17	Bihar	17	17

Source: Level and pattern of consumption expenditure 2009-10, NSSO 66th round, Ministry of statistics and program implementation Government of India. .Ranking by MPCE highest= 1

From table 4.15, it is seen that in the rural sector , the top three states retained their position in 66th round and that no state had undergone a change in the rank of more than two. In the urban sector, the ranks of four states had altered by four or more and only the ranks of the top and bottom states have remained unchanged. Kerala retained first rank both in terms of rural and urban MPCE.

4.6. Trends of MPCE from 1987-88 to 2009-10

All India average MPCE from four quinquinnial surveys of consumer expenditure including 66th round for rural India showed that real MPCE was seen to have grown from Rs158.10 in 1987-88 to 187.79 in 2009-10, an increase of only 19 percent over 22 years. In urban India,

there have been substantially higher growths in real MPCE from Rs249.92 in 1987-88 to Rs355.03 in 2009-10, an increase of 42 percent in the 22 year period since 1987-88. The growth in urban MPCE over the 16 years period since 1993-94 has been about 34 percent.

Table 4.16

Growth in MPCE at current and constant prices since 1987-88 All India

Characteristic	1987-88	1993-94	2004-05	2009-10
MPCE RURAL(Rs) current prices	158.10	281.40	558.78	927.70
MPCE Rural(Rs)base 1987-88	158.10	159.89	175.17	187.79
MPCE urban (Rs) current prices	249.92	458.04	1052.36	1785.81
MPCE urban (Rs) base 1987-88	249.92	264.76	311.35	355.03

Source: Level and pattern of consumption expenditure 2009-10, NSSO 66th round, Ministry of statistics and program implementation Government of India.

We have observed that the state of Kerala is better off compared to the national level. The per capita household consumption expenditure marked 6.2 fold increases against 7.4 fold increase in per captia income over the period of 20 years. The SDP of Kerala was lower than the GDP of the country. Growth rate in per captia Net state Domestic product (NSDP) showed that in the eighties, Kerala recorded a growth of 4.8 percent as against all India rates of 5.36 percent. But during the nineties

Kerala's economic growth was at par with the national level. During the period of 1991-92 to 2000-01, the state achieved the highest growth rate of 5.05 percent.

4.7 Trends and Pattern of consumption expenditure in Kerala

Being a consumer state, the pattern of consumption expenditure in Kerala is different from the rest of the country. Before 1970 Kerala's average per capita consumer expenditure was below the national level. Since then, the per capita consumption expenditure in Kerala exceeded that of all India. During seventies, the share of food in total expenditure was 70.4 percent and 64.85 percent in rural and urban areas respectively. A significant change has occurred from 1983 onwards. Also it is significant to note that there was a substantial fall in the percent of food expenditure (25 percent points in urban and 16 percent points in rural Kerala).

It is evident that there was a decline in the proportion of expenditure on food items in the last decade in both rural and urban areas. The proportion of non- food items has increased between 1972-73 and 2009-10, while the share of food to total expenditure fell from 70 percent to 45.94 percent in rural areas and from 64 percent to 40.20 percent in urban India. In the rural sector, expenditure on non food items stood at 55.05 percent in Kerala and 46.66 percent in India**.** This showed that rural Kerala spends more on food items than the non food items. In the urban sector, the expenditure on food items in Kerala was 37.38 percent and on non food items 60 percent against the all India expenditure of 39.96 percent and 55.62 percent respectively.

It can be observed from tables 4.13 and 4.14 that during 2009-10, the average expenditure on food items per person in the rural areas was Rs700.0 as against the all India figure of Rs600.36 and the expenditure on

non food was Rs2663 as against Rs453.29 at the national level. In the urban sector, the average food expenditure in Kerala was Rs669.76 and Rs1442.81 for non food items as against the all India figure of Rs880.83 and Rs1103.63.

The MPCE of food items in rural Kerala declined from 70.42 percent in 27th round to 30.36 percent in 66th round (2009-10) and 64.85 to 40.19 percent in urban Kerala. Compared to the food items, the non food items have shown an upward trend. The average expenditure on non food items both in rural and urban areas increased from 27th round to 2009-10(66th round), but the rate of increase was steeper in urban areas than the rural areas. The monthly per capita expenditure of non food items increased from 20.51 percent to 54.05 percent in rural areas and from 35.15 percent to 59.79 percent in the urban areas.

Table 4.17

MPCE (in Rs and percent to total expenditure) on broad groups of food and non-food items in rural areas of Kerala

Item Group		**27th Round**	**32nd Round**	**38th Round**	**43rd Round**	**50th Round**	**55thround**	**61st round**	**66th round**
Cereals	MPCE	13.62	19.84	37.75	41.09	66.46	117.33	118.91	159.13
	Percent	32.28	26.73	26	19.43	17.37	17.13	11.74	8.59
Pulses and pulse products	MPCE	0.54	1.12	2.34	3.69	7.2	13.47	15.15	30.60
	Percent	1.28	1.51	1.61	1.74	1.88	1.97	1.5	1.66
Milk and milk products	MPCE	1.52	3.07	5.97	9.76	20.39	37.88	41.28	65.67
	Percent	3.6	4.14	4.11	4.62	5.33	5.53	4.07	3.57
Edible oil	MPCE	0.82	1.58	3.96	6.76	11.3	20.22	26.62	27.55
	Percent	1.94	2.13	2.73	3.2	2.95	2.95	2.63	1.63
Meat, Egg and Fish	MPCE	1.92	4	8.97	15.59	33.01	61.33	67.87	125.12
	Percent	4.55	5.39	6.18	7.37	8.63	8.96	6.7	6.76
Vegetables	MPCE	0.94	1.73	4.13	7.48	16.27	29.53	33.8	54.0
	Percent	2.23	2.33	2.84	3.54	4.25	4.31	3.34	2.91
Fruits and Nuts	MPCE	1.79	3.86	8.12	14.38	23.9	38.51	48.58	54.08
	Percent	4.24	5.2	5.59	6.8	6.25	5.62	4.8	2.92
Sugar	MPCE	1.51	1.51	2.94	4.58	9.96	12.07	16.06	27.03
	Percent	3.58	2.03	2.02	2.17	2.6	1.76	1.59	1.46
Salt and Spices	MPCE	1.30	2.62	3.65	6.64	10.68	20.71	21.78	33.59
	Percent	2.99	3.54	2.51	3.14	2.79	3.02	2.15	2.67
Beverages etc	MPCE	4.00	6.09	11.71	16.75	29.62	60.14	65.59	124.0
	Percent	9.48	8.21	8.06	7.92	7.74	8.78	6.47	6.7

Item Group		27th Round	32nd Round	38th Round	43rd Round	50th Round	55th round	61st round	66th round
Food sub total	MPCE	29.71	45.42	89.54	126.54	228.79	411.19	455.64	700.00
	Percent	70.42	61.20	61.67	59.92	59.80	53.70	44.97	37.82
Fan, Tobacco and Intoxicants	MPCE	1.58	2.55	4.5	6.79	13.01	19.11	22.59	36.50
	Percent	3.74	3.44	3.1	3.21	3.4	2.79	2.23	1.97
Fuel and Light	MPCE	2.48	4.4	8.45	13.53	22.41	45.91	71.37	99.40
	Percent	5.88	5.93	5.82	6.4	5.86	6.7	7.04	5.3
Clothing and Foot wear	MPCE	1.83	5.64	12.33	12.33	19.84	48.68	52.65	95.62
	Percent	4.34	7.6	8.49	5.83	5.19	7.11	5.2	5.39
Misc, goods and Services	MPCE	5.41	11.7	24.09	38.78	78.39	107.34	183.49	583.92
	Percent	12.82	15.76	16.59	18.34	20.49	15.68	18.11	31.55
Durable Goods	MPCE	0.24	4.69	6.29	13.33	20.13	52.51	88.41	335.15
	Percent	0.57	6.32	4.33	6.3	5.26	7.67	8.73	18.0
Non food subtotal	MPCE	12.48	29.34	55.66	84.76	153.78	354.51	557.52	1150.59
	Percent	20.51	39.05	38.33	40.08	40.2	39.95	55.03	62.17
	All	42.19	74.76	145.44	211.47	390.40	765.71	1013.15	1850.68

Source: NSSO Different Rounds, National Sample Survey Organization, Department of Statistics,Ministry of Planning, Government of India.

Table 4.18

MPCE (in Rs and percent to total expenditure) on broad groups of food and non-food items in urban areas of Kerala

Item Group		**27th Round**	**32nd Round**	**38th Round**	**43rd Round**	**50th Round**	**55thround**	**61st round**	**66th round**
Cereals	MPCE	14.35	17.95	36.00	37.34	67.54	110.5	113.92	163.96
	Percent	24.63	21.71	20.41	14.56	13.68	13.32	8.82	6.15
Pulses and pulse products	MPCE	1.26	1.50	3.02	5.06	8.07	16.98	16.72	38.94
	Percent	2.16	1.81	1.71	1.9	1.63	2.05	1.3	1.46
Milk and milk products	MPCE	1.03	4.35	9.02	16.27	27.67	49.27	57	81.93
	Percent	1.77	5.26	5.11	6.11	5.6	5.94	4.42	3.07
Edible oil	MPCE	1.25	2.04	5.04	8.53	12.74	22.99	30.56	30.10
	Percent	2.15	2.47	2.86	3.2	2.58	2.77	2.37	1.13
Meat, Egg and Fish	MPCE	2.96	4.77	11.62	21.24	40.04	70.38	77.75	145.7090
	Percent	5.08	5.77	6.59	7.98	8.11	8.49	6.02	5.47
Vegetables	MPCE	1.28	1.98	4.99	8.97	16.92	33.22	38.34	61.69
	Percent	2.2	2.39	2.83	3.37	3.43	4.01	2.97	2.31
Fruits and Nuts	MPCE	2.46	4.6	9.76	17.54	27.1	42.08	55.46	68.51
	Percent	4.22	5.56	5.53	6.59	5.49	5.07	4.3	2.57
Sugar	MPCE	1.64	1.81	3.39	5.11	10.82	12.48	16.17	28.89
	Percent	2.81	2.19	1.92	1.92	2.19	1.5	1.25	1.08
Salt and Spices	MPCE	1.4	2.62	3.9	6.73	10.49	21.16	21.54	33.904
	Percent	2.4	3.17	2.21	2.53	2.12	2.55	1.67	1.27
Beverages etc	MPCE	7.22	9.35	18.44	25.19	44.88	78.29	88.56	172.93
	Percent	12.39	11.3	10.46	9.46	9.09	9.44	6.86	6.49

Item Group		27th Round	32nd Round	38th Round	43rd Round	50th Round	55th round	61st round	66th round
Food sub total	MPCE	37.79	50.97	104.73	151.98	266.27	457.35	516.02	826.59

	Percent	64.85	61.61	59.38	59.79	53.92	55.14	39.97	31.03
Fan, Tobacco and Intoxicants	MPCE	1.92	2.38	4.23	5.48	11.9	18.58	21.06	34.72
	Percent	3.3	2.88	2.4	2.06	2.41	2.24	1.63	1.30
Fuel and Light	MPCE	3.15	5.2	10.23	16.02	27.38	54.29	95.02	128.72
	Percent	5.41	6.29	5.8	6.02	5.54	6.55	7.36	4.83
Clothing and Foot wear	MPCE	2.98	5.79	16.04	15.55	41.02	62.4	82.06	151.67
	Percent	5.11	7.43	9.1	5.84	8.31	7.52	6.36	5.69
Misc, goods and Services	MPCE	10.81	13.55	38.13	56.87	122.61	173.74	462.69	892.85
	Percent	18.55	16.88	21.62	21.36	24.83	20.95	35.84	33.52
Durable Goods	MPCE	1.62	4.84	3.00	20.38	24.64	63.06	114.04	628.90
	Percent	2.78	5.85	1.70	7.66	4.99	7.60	8.83	23.61
Non food subtotal	MPCE	20.48	33.03	75.08	114.83	227.55	475.26	774.87	1836.86
	Percent	35.15	38.39	40.62	42.91	46.08	44.86	60.03	68.96
	All	58.27	84.10	179.81	266.81	493.50	932.00	1290.89	2663.45

Source: NSSO Different Rounds, National Sample Survey Organization, Department of Statistics, Ministry of Planning, Government of India.

Among the food items, the per capita consumption of cereals showed a declining trend. Its share to total expenditure declined from 8.82 percent in 61st round to 6.26 percent in urban areas in 66th round and from 11.74 percent to 7.94 percent in rural Kerala. In urban areas expenditure on vegetables, meat, egg, fish and beverages has increased drastically. The share of milk and milk products expenditure has decreased both in rural and urban areas.

4.8 Trends in MPCE

Table 4.19

MPCE on groups of items of consumption for rural and urban areas of Kerala and India in 66th round (2009-10)

MPCE on groups of items of consumption (Rs)						
Kerala			**India**			
Rural (1)	Urban (2)	Item Group	Rural 3	Urban 4	(5) (1-3)	(6) (2-4)
146.42	151.06	Cereals	145.09	161.88	1.33	-10.82
30.60	36.65	Pulses and pulse products	34.15	47.61	-3.55	-10.96
65.67	82.08	Milk and milk products	80.16	138.71	-14.49	-56.63
30.05	35.40	Edible oil	34.15	46.10	4.1	-10.7
159.04	172.90	Meat, Egg and Fish	32.26	48.03	126.78	124.87
83.0	90.07	Vegetables	57.20	76.66	25.8	13.41
70.39	91.83	Fruits and Nuts	14.88	37.37	55.51	54.46
26.20	27.71	Sugar	22.63	27.60	3.57	0.11
49.03	46.94	Salt and Spices	22.33	27.59	26.7	19.35
104.09	215.04	Beverages etc	52	112.49	52.09	102.55
84.3	969.76	Food Sub Total	497	727.49	346	242.27
30.36	18.72	Pan, Tobacco and Intoxicants	20.60	21.91	9.76	3.19
97.96	125.47	Fuel and Light	87.79	142.76	10.17	-17.29
99.04	111.81	Clothing and Foot wear	45.51	83.23	53.53	28.58
89	142.99	Education	98.0	110.9	-9	32.09
165.62	151.96	Medical	86.09	120.8	79.53	31.16
441.83	525.12	Miscellaneous goods and services	223	674	218.83	-148.88
16.8	264.20	Durable Goods	44.42	119.09	-27.62	145.11
992.22	1442.81	Non –Food Sub Total	430.62	1058.3	561.6	84.51
1835	2413	ALL	927.70	1785.8	907.3	627.2

Source: Level and pattern of consumption expenditure 2009-2010,NSSO Report 66th Round, Ministry of statistics and program Implementation Government of India.

We present the MPCE by broad item groups of consumption separately for rural and urban areas in table 4.19. It is evident that there is

wide disparity in rural and urban consumption levels in India than in Kerala. Rural urban gaps in the consumption of various food items tended to narrow down in Kerala. Food expenditure in urban India (Rs727.49) is higher than in rural areas (Rs 497.09). Non food expenditure per person in urban areas of Kerala is Rs1442.81, which is higher than the rural areas of Rs992.22 A comparison of rural Kerala and Rural India in columns (1) and (3) show that per capita expenditure on cereals, meat, egg and fish, fruits and nuts, salt and spices, beverages in rural Kerala exceeded rural India by Rs1.3, Rs126.78, Rs55.51, Rs26.7, Rs52.9, respectively.

From table (4.19) it is revealed that Non food expenditure per person in urban India was (59.3 percent) higher than rural India (46.4 percent) whereas, in urban Kerala it was 59.79 percent. In the case of non food expenditure in Kerala, rural urban differentials (Rs84.51) are the highest in durable goods (145.11). Compared to Kerala, the urban level of expenditure is higher in milk and milk products (56 percentage higher), and miscellaneous goods and services.

Table 4.20

Item wise percentage Distribution of Monthly per capita Expenditure of Kerala and India (2009-10)

Kerala		ITEMS	India	
Rural	Urban		Rural	Urban
7.97	6.26	Cereals	15.6	9.1
1.66	1.51	Pulses and pulse products	3.7	2.7
3.57	3.4	Milk and milk products	8.0	7.8
1.63.	1.4	Edible oil	3.7	2.6
8.66	7.16	Meat, Egg and Fish	3.5	2.7
4.52	3.7	Vegetables	6.2	4.3
3.83	3.8	Fruits and Nuts	1.6	2.1
1.42	1.15	Sugar	2.4	1.5
2.67	0.89	Salt and Spices	2.4	1.5
5.67	8.91	Beverages etc	5.6	6.3
45.94	40.19	Food Total	53.6	40.7
1.65	.78	Pan, Tobacco and Intoxicants	2.2	1.2
5.3	5.20	Furl and Light	9.5	8.0
5.39	.49	Clothing and Foot wear	4.9	4.7
4.0	.58	Education	2.0	2.8
12.0	9.0	Medical (institutional)	10.2	12.00
24.03	21.76	Misc. goods and services	24.0	37.8
9.15	10.95	Durable Goods	4.8	6.7
40.5	59.79	Non –Food Sub Total	46.4	59.3
100	100	All	100.0	100.0

Source: Level and Pattern of consumption expenditure, 2009-10, NSSO 66th round, Ministry of Statistics and Programme Implementation, Government of India.

Figure 4.5

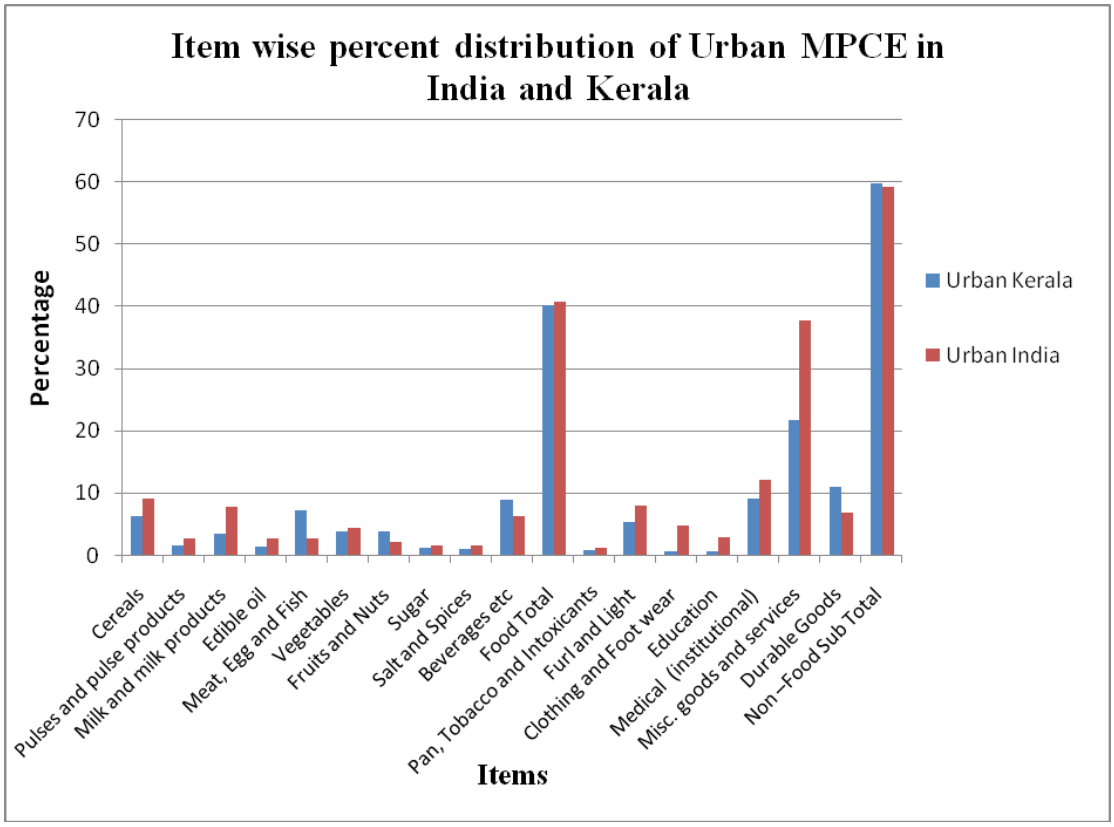
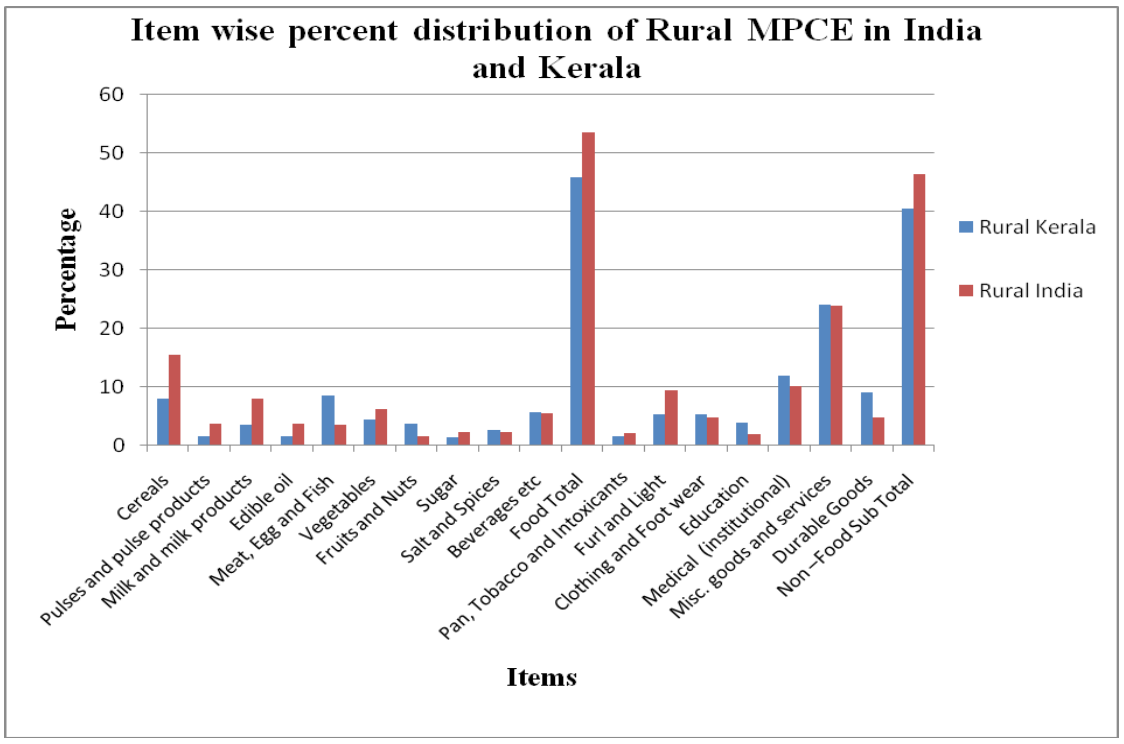


Figure 4.6



4.9 Trends in the distribution of food and non-food consumption expenditure

MPCE, expenditure on food and non-food are found to be significantly higher in Kerala. An analysis of the percentage distribution of expenditure on food and non-food items in various NSS rounds revealed that the share of food items to the total expenditure showed a declining trend. During 1970-71 (NSS 25th round), the share of expenditure on food items was high as 70.21 percent in rural areas and 63.34 percent in urban areas. But during the 66th round (2009-10), the expenditure on food items has declined to 45.94 percent in rural areas and 40.20 percent in urban areas. From the table it is evident that non-food expenditure is the fastest growing component of urban and rural Kerala. The share of non food expenditure increased from 29.79 percent to (25th round) 54.05 percent (66th round) in rural areas and in urban areas it improved to 60.01 percent in 66th round from 36.66 percent in 1970-71.

At the all India level, share of expenditure on food items exceeded non food items in all rounds in rural and urban areas and the expenditure on non food exceeded food items only from the 55th round own wards. But in urban Kerala, from the 43rd round onwards the share of non-food expenditure has shown a higher share.

Table 4.21

Trends in percentage distribution of Food and Non-food Expenditure classification in various NSS rounds

Year and Round of NSS	Rural				Urban			
	Kerala		India		Kerala		India	
	Food	Non food	Food	Non food	Food	Non food	Food	Non food
1	2	3	4	5	6	7	8	9
1970-71 (25th)	70.21	29.79	73.58	26.42	63.34	36.66	….	….
1972-72 (26th)	70.42	29.58	72.81	27.19	64.85	35.15	64.41	35.59
1977-78 (32nd)	60.75	39.25	64.35	35.65	60.61	39.39	64.49	35.51
1983-84 (358th)	61.56	38.44	65.56	34.44	58.24	41.76	58.98	40.02
1987-88 (43rd)	59.92	40.08	63.77	36.23	57.08	42.92	55.92	41.31
1990-91 (46th)	63.29	36.71	65.97	34.03	49.66	50.34	55.63	44.08
1993-98(50th)	60.45	39.55	63.21	36.79	53.90	46.10	54.62	44.37
1999-00 (55th)	53.70	46.30	59.47	40.53	49.03	5.97	48.07	45.38
2000-01 (56th)	49.63	50.37	56.29	43.71	43.22	56.78	43.80	51.93
2002-03 (58th)	50.23	49.77	55.07	44.93	40.25	59.75	42.47	56.20
2003 January to December (59th)	44.92	55.08	53.88	46.12	38.36	64.64	41.98	57.53
2004 June to 2005 July (61st)	44.97	55.03	55.0	45.0	39.97	60.03	42.51	58.02
2009-2010 (66th)	45.94	54.05	56.98	43.01	40.20	59.81	44.39	55.62

Source: Economic Review 2009, State planning Board, Government of Kerala, Thiruvananthapuram.

4.10 Expenditure on food items (proportion to total food) in rural and urban areas

The following two tables, 4.22 and 4.23 indicate the expenditure on each item of food as a proportion to total food expenditure in the urban and rural areas of Kerala. It reveals that among the food items, cereals registered a drastic decline in both rural and urban areas. The proportion of expenditure on cereals declined from 40.99 percent in 1972-73 to 15 percent in urban Kerala. A rise in the proportion of expenditure has been observed in milk and milk products, meat, egg and fish and vegetables,

fruits and nuts and beverages. Both in urban and rural areas, the share of vegetables and meat, egg and fish items increased. But compared to the urban areas, the share of beverages in rural areas shows a decreasing trend.

Table 4.22

Percent expenditure on different items of food to total food expenditure in urban Kerala

Items	27th Round	32rd Round	38th Round	43rd Round	50th Round	55th Round	61st Round	66th round
Cereals	40.99	35.22	34.37	24.95	25.37	24.16	22.08	15.60
Pulses and pulse products	2.73	2.94	2.88	3.68	3.03	3.71	3.24	3.7
Milk and milk products	8.10	8.53	8.61	10.22	10.39	10.77	11.05	8.46
Edible oil	3.31	3.92	4.42	5.36	4.78	5.03	5.92	3.65
Meat, Egg and Fish	7.83	9.36	11.08	13.94	15.04	15.39	15.07	17.83
Vegetables	3.39	3.88	4.76	5.97	6.35	7.26	7.43	9.28
Fruits and Nuts	6.51	9.02	9.31	11.62	10.18	9.2	10.75	9.46
Sugar	4.34	3.65	3.24	3.71	4.06	2.73	3.13	2.85
Salt and Spices	3.71	5.14	3.72	4.73	3.94	4.63	4.17	4.84
Beverages etc	19.11	18.34	17.61	15.82	16.86	17.12	17.16	22.17
Total	100	100	100	100	100	100	100	100

Source: NSSO different rounds, National Sample Survey Organization, Department of Statistics, Ministry of Planning, Government of India.

Table 4.23

Proportion expenditure on different items of food to total food expenditure in rural Kerala

Items	27th Round	32rd Round	38th Round	43rd Round	50th Round	55th Round	61st Round	66th round
Cereals	65.51	43.68	42.16	32.42	29.05	28.53	26.09	17.36
Pulses and pulse products	0.74	2.47	2.61	2.91	3.15	3.28	3.32	3.62
Milk and milk products	3.15	6.76	6.67	7.7	8.91	9.21	9.06	7.7
Edible oil	3.87	3.48	4.42	5.33	4.94	4.92	5.84	3.56
Meat, Egg and Fish	5.33	8.81	10.02	12.3	14.43	14.92	14.9	18.86
Vegetables	2.49	3.81	4.61	5.94	7.11	7.18	7.42	9.8
Fruits and Nuts	5.87	8.5	9.07	11.34	10.45	9.37	10.66	8.34
Sugar	2.58	3.32	3.28	3.61	4.34	2.94	3.52	3.10
Salt and Spices	3.38	5.76	4.08	5.24	4.67	5.02	4.78	5.81
Beverages etc	7.08	13.41	13.08	13.21	12.95	14.63	14.40	12.34
Total	100	100	100	100	100	100	100	100

Source: NSSO different rounds, National Sample Survey Organization, Department of Statistics, Ministry of Planning, Government of India.

4.11 Expenditure on Non food items (proportion to total nonfood) in urban and rural Kerala

Among the non-food items, durable goods show an increasing trend. The average expenditure on durables rose from 7.1 percent in 27th round to 18.32 percent in 66th round. It is evident that rural and urban households lay greater emphasis on non food items in Kerala. The following two tables show the percentage expenditure on different items of non-food to total non food expenditure in both rural and urban Kerala.

Table 4.24

Percentage Expenditure on different items of non-foods to total non-food expenditure in urban Kerala

Items	27th round	32rd round	38th round	43rd round	50th round	55th round	61st round	66th round
Pan, Tobacco and Intoxicants	9.38	7.49	5.91	4.79	5.23	4.99	2.72	1.29
Fuel and Light	15.38	16.37	14.28	14.02	12.03	14.59	12.26	8.70
Clothing and footwear	14.55	18.23	22.39	13.60	18.03	16.77	10.59	7.75
Miscellaneous goods and services	52.78	42.66	53.23	49.76	53.88	46.70	59.71	36.41
Durable goods	7.11	15.24	4.19	17.83	10.83	16.95	14.72	18.32

Source: NSSO different rounds, National Sample Survey Organization, Department of Statistics, Ministry of Planning, Government of India.

From table 4.24, it is evident that among the non-food items, the share of miscellaneous goods and services continued to increase up to the 61st round but in the 66th round it decreased from 59.71 percent to 36.41 percent. Except for the durable goods, all other non food items show a decreasing trend in rural areas and it reveals that expenditure on durable is the fastest growing item of both urban and rural areas. The share of durable goods increased from 7.1 percent to 18.32 percent in urban areas and from 2.66 percent to 16.93 percent in rural Kerala.

Table 4.25

Percentage expenditure on non-food items to total non –food expenditure in rural Kerala.

Items	27th round	32rd round	38th round	43rd round	50th round	55th round	61st round	66th round
Pan, Tobacco and Intoxicants	13.76	8.80	8.08	8.01	8.46	6.99	5.40	3.05
Fuel and Light	24.97	15.18	15.18	15.96	14.57	16.78	17.05	9.87
Clothing and footwear	10.77	19.46	22.15	14.55	12.90	17.80	12.58	9.98
Miscellaneous goods and services	47.84	40.37	45.28	45.75	50.98	39.24	43.84	44.44
Durable goods	2.66	16.18	11.30	15.73	13.09	19.20	21.12	16.93

Source: NSSO different rounds, National Sample Survey Organization, Department of Statistics, Ministry of Planning, Government of India.

4.12 Conclusion

The above discussions infer that the significant changes have taken place in the consumption pattern of Kerala. The consumption expenditure on different food and non-food items for seven rounds of NSS revealed that the expenditure has increased significantly. MPCE registered a rise in urban and rural areas of Kerala. The disparity in rural urban consumption level is negligible in Kerala. But the MPCE on both food and non-food items are higher in urban areas than the rural areas. The declining trend in Engel ratio, proportion of MPCE on cereals and cereals substitutes, rising trend in the share of non food items especially in durable items in the rural and urban areas is a reflection of better living standard in the state.

Kerala stands unique among the Indian states with higher level of Human Development with much lower Per capita income. The higher non food consumption, especially in favour of durable items has compelled the state to import wide varieties of consumer goods from the rest of the country. This indicates high degree of consumerism existing in Kerala.

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CHAPTER-5

PROFILE OF THE STUDY AREA AND SAMPLE RESPONDENTS

5.1 Introduction

In this chapter we present a brief profile of the study area and socio-economic conditions of the samples. The analysis of the secondary data in the previous chapter indicates that consumption pattern of Keralites has changed dramatically in recent years. Before analysising the main objectives, it is appropriate to discuss the socio-economic profile of the sample respondents.

5.2. Profile of the study area

The study area is limited to three districts in the state. Hence a brief profile of sample districts are given.

Palakkad is one of the five districts in Kerala with no coastal line. The district is bounded on the north by Malappuram district, in the east by Coimbatore district, in the south by Thrissur district and on the west by Thrissur and Malappuram districts. It is predominantly a rural district. There are 13 block panchayats, 91 grama panchayats and four municipal councils in the district.

Thrissur district is in the central region of Kerala bounded on the north by Malappuram and Palakkad, south by Idukki and Ernakulam districts, east by Palakkad and Coimbatore districts and west by Lakshadweep Sea. The district is known as the cultural capital of Kerala with 17 panchayat blocks, six municipal councils and one municipal corporation.

Ernakulam is bounded by Kottayam and Alappuzha districts on the south, Arabian Sea in the west, Idukki in the east and Thrissur district in the north. The district has 15 block panchayats, 88 grama panchayats, eight municipalities and one corporation.

5.2.1 Demographic particulars of the sample population

Table 5.1 : Demographic particulars of the sample population

		Ernakulam	Thrissur	Palakkad	Kerala
Area		3068	3032	4480	38860
Population	**Total**	32,79,860	31,10,327	28,10,892	33387677
	Male	16,17,602	14,74,665	13,60,067	16021290
	Female	16,62,258	16,35,662	14,50,825	17366387
Sex Ratio		1028	1109	1067	1084
Density of population		1029	1026	627	859
Share of urban population		68.07	67.19	24.09	47.72
Literacy rate		95.68	95.32	88.49	93.91

Source: Census Report 2011, Census of India, Office of the Registrar General and census commissioner of India, Ministry of Home affairs, Government of India, New Delhi.

As per the provisional figures of 2011 census, the population of three districts constitute more than one-third of state's total population. Among the three districts, Ernakulam is having the highest population. The male-female proportion in the sample districts shows a trend similar to state's population. Sex-ratio of the state as per the provisional 2011census[1] report is 1084 females per 1000 males. Thrissur (1109 females per 1000 males) is having sex-ratio higher than state average. Except Palakkad, other two sample districts is having highest share of urban population in the state.

The level of literacy is one of the indicators of the quality of population in the state. Among the Indian states, Kerala is known for its higher literacy rate. Among the sample districts, Ernakulam is having the highest literacy rate, lowest being Palakkad district.

5.2.2 Occupation pattern of the study area

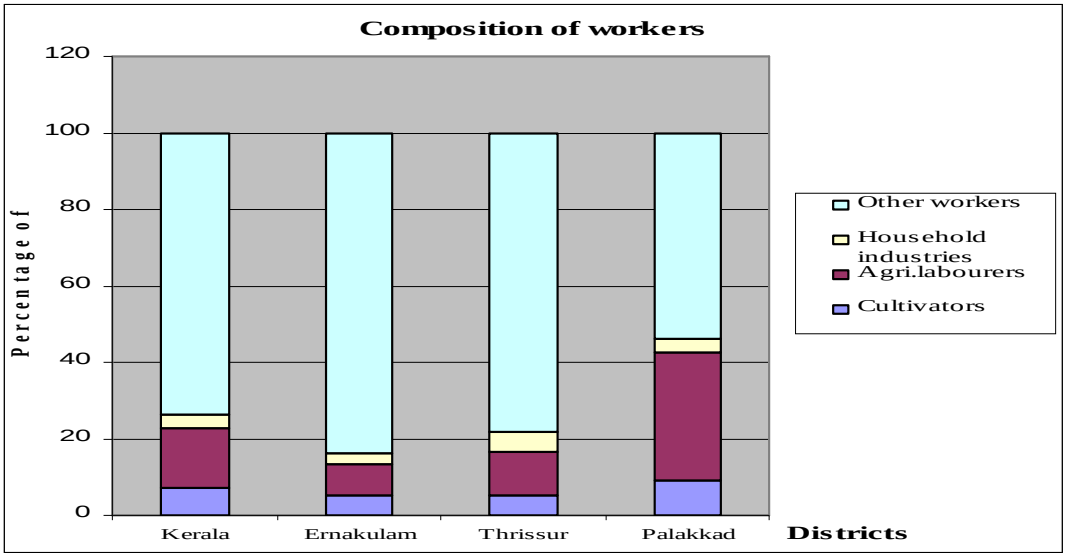
Table 5.2 : Occupation pattern of the study area

Economic activity	Ernakulam	Thrissur	Palakkad	Kerala
Work Participation Rate	35.97 percent	32.12 percent	36.11 percent	32.29 percent
Main workers	915756	808965	768620	8236973
Marginal workers	201335	146335	176432	2046914
Non-workers	1988707	2018932	1672430	21557487

Source: Statistics for planning 2009, Department of Economics and Statistics,

Among the study area, the highest work participation rate is seen in Palakkad district (36.11 percent). The proportion of main workers to total workers in all the three districts is above 80 percent. Figure 5.1 shows the composition of workers in the study areas.

Figure 5.1



Source: Statistics for Planning 2009, Department of Economics and Statistics, Kerala

Occupation pattern in the study regions is similar to that of Kerala. The proportion of workers engaged in services other than agriculture and household industries is higher in all the three districts. In Palakkad, the share of agricultural labourers is relatively high with 33.56 percent, which is the highest in the state. This is not surprising, since Palakkad's economy is primarily agriculture based. The proportion of workers engaged in household industries is greater in Thrissur district

5.2.3 Socio - Economic Profile of the Sample Respondents

Musaiger (1993)[2] pointed out that socio economic characteristics of the households have notable influence on their consumption pattern. Variables like age, sex of the members of the household, family size, education etc have significant influence in determining the consumption behaviour of the people. Hence the present section gives a brief profile of the socio-economic conditions of the sample households. The social characteristics of the sample is analysed with variables like age, gender, religion, educational qualifications etc. Economic condition is analyzed using family income, per-capita income, ownership of house, housing conditions of the sample households etc. The study is restricted to urban samples from three districts. The sample covers 300 households with 1169 members.

5.2.3.1 Sex-wise classification of the respondents

The sex ratio of Kerala is always favourable to women. It changed from 1058 females per 1000 males in 2001 to 1084 females per 1000 males in 2011. Table (5.3) reveals the sex-wise classification of the respondents.

Table 5.3

Sex-wise classification of the respondents

Sex	Thrissur	Palakkad	Ernakulam	Total
Male	49(49)	54(54)	78(78)	181(60.3)
Female	51(51)	46(46)	22(22)	119 (39.7)
Total	100(100)	100(100)	100(100)	300 (100)

Source: Primary data. Figures in brackets represent percentages

It can be noticed that 60.3 percent of the respondents represent males and 39.7 percent represents females. In Thrissur, female respondents are more than the male respondents (51 percent). This is similar to the trends in Kerala. The samples from Ernakulam and Palakkad show that males exceed females in the regions. This may be because of the preferences to report males as family heads than females.

5.2.3.2 Age wise classification of the respondents

Age is a significant factor influencing consumption behaviour of the households (Motiur Rahman, 1983)[3] table (5.4) shows the age-wise classification of respondents in the study area.

Table 5.4
Age wise classification of the respondents

Age	Thrissur	Palakkad	Ernakulam	Total
Less than10	34	40	46	120 (10.3)
10-20	45	40	32	117(10)
20-30	57	52	64	173 (14.8)
30-40	50	52	58	160 (13.7)
40-50	52	46	52	150 (12.8)
50-60	65	55	45	165 (14.1)
60-70	48	53	65	166 (14.2)
70-80	37	32	30	99(8.5)
80 & above	7	6	6	19(1.6)
Total	387	376	406	1169 (100)

Source: Primary Data. Figures in brackets represent percentages

Major share of the respondents are from the age group 60 years and above. This is followed by the samples from the age group 20-30 years. Nearly one-fourth of the respondents are aged, which is higher than the state average

(10.5 percent). This is mainly because our analysis included family heads and normally older persons are regarded as family heads. The sample profile reveals that 79 percent of the respondents came under the category of higher age group and they are matured enough to respond towards their purchase.

5.2.3.3 Religion wise distribution of the sample

Among the factors associated with consumption expenditure, religion is having a significant influence.

Table 5.5

Distribution of respondents by religion

Religion	Thrissur	Palakkad	Ernakulam	Total
Hindu	72 (72.0)	66 (66.0)	45 (45.0)	183 (61.0)
Christian	24 (24.0)	17 (17.0)	39 (39.0)	80(26.7)
Muslim	2 (2.0)	17 (17.0)	15 (15.0)	34 (11.3)
Others	2 (2.0)		1 (1.0)	3 (1)
Total	100 (100.0)	100 (100.0)	100 (100.0)	300 (100.0)

Source: Primary data. Figures in brackets represent percentages

Table (5.5) shows that majority of the respondents are Hindus (61 percent) followed by Christians (26.7 percent) and Muslims (11.3 percent). Dominance of Hindus is evident among the sample population. This is similar to the trends in Kerala. Compared to other districts, the proportion of Muslim is less in all the three sample areas. In Ernakulam and Thrissur districts, the proportion of Muslim population is less than Christian (Statistics for Planning, 2005). The survey results depict these trends. While looking into Christians, the proportion is highest in Ernakulam (39 percent). As per 2001 census, Christians constitute 38 percent in Ernakulam district.

5.2.3.4 Education qualification of the sample respondents

Education not only qualifies persons for better jobs but also creates an awareness of opportunities to earn the means of living. Educational status of the respondents widely influenced their attitude towards the selection of a product and thereby the purchasing behaviour. Table (5.6) shows the distribution of sample population based on education.

Table 5.6

Distribution of respondents on the basis of educational qualifications

Particulars	Thrissur	Palakkad	Ernakulam	Total
Primary	2 (2)	2 (2)		4 (1.3)
S.S.L.C (secondary only)	21 (21)	27 (27)	33 (33)	81(27)
Higher secondary	10 (10)	6 (6)	14 (14)	30 (10)
Graduate	34(34)	41 (41)	31 (31)	106 (35.3)
Post Graduate& Professionals	33(33)	24 (24)	22 (22)	79 (26.3)
Total	100 (100)	100 (100)	100(100)	300 (100)

Source: Primary data. Figures in brackets shows percentages

It is seen that all the sample respondents received formal education. Out of the total respondents, 27 percent have education up to S.S.L.C and 35.3 percent of them are graduates. 26.3 percent have either post graduate qualifications or professional and other technical education. The proportion of graduates is higher in all the three sample areas- 34 percent in Thrissur and 31 percent in Ernakulam. Compared to other two regions, Palakkad is having the highest share of graduates (41 percent). The table also shows that a significant percent of the respondents have achieved post graduate and other higher degrees. High literacy rate of the state is witnessed in the sample. Kerala is having the highest literacy rate in India (93.91percent) in 2011. The area wise analysis does not show much difference in the level of education even though Palakkad district is the lowest literate district in Kerala.

5.2.4 Occupation of the sample respondents

Occupation is considered as one of the determinant factors of consumption. The occupational categories in the present sample consist of wage earner, businessmen, salaried person, and persons working abroad and retired persons. We have excluded unemployed persons. Hence the present analysis includes the occupation status of 262 respondents only.

Table 5.7

Occupation-wise distribution of respondents

Occupation	Thrissur	Palakkad	Ernakulam	Total
Govt. employees	19 (19)	14(14)	7(7)	40 (13.3)
Private	10(10)	7 (7)	12 (12)	29 (9.7)
Business	16 (16)	22(22)	20(20)	58 (19.3)
Emigrants	7(7)	3(3)	5(5)	15
Pensioners	38 (38)	44 (44)	38(38)	120 (40)
Total	83(83)	87(100)	77(100)	247

Source: Primary data. Figures in brackets shows percentages

Table (5.7) shows that pensioners (40 percent) and business (19.3) are the major occupation classes. Government employees represent 13.3 percent followed by private employees (9.7 percent). 0.5 percent of the respondents represent the emigrant and 12.8 percent are unemployed. The regional wise analysis of the respondents shows that the retired members are the major category in the three sample areas whereas the proportion of the government employees are highest in Thrissur region (19 percent) and lowest in Ernakulam (7 percent).

5.2.5 Income wise distribution of sample households

Income and the expenditure of households are directly related. Income is the predominant factor determining the consumption expenditure. Most of the urban households are included in higher income group. The occupation of the head of the households is the major source of income.

Table 5.8

Income-wise distribution of Respondents

Family income	Thrissur	Palakkad	Ernakulam	Total

Less than 10000	9 (9)	5 (5)	5 (5)	19 (6.3)
10000-20000	26 (26)	37 (37)	32 (32)	95 (31.7)
20000-30000	27 (27)	32 (32)	24 (24)	83 (27.7)
30000-40000	15 (15)	12 (12)	22 (22)	49 (16.3)
40000-50000	14 (14)	10(10)	6 (6)	30 (10)
50000-60000	5 (5)	3 (3)	4 (4)	12 (4)
60000 &above	4 (4)	1 (1)	7(7)	12 (4)
Total	100 (100)	100 (100)	100 (100)	300 (100)

Source: Primary data. Figures in brackets represent percentages

Table (5.8) indicates that 32 percent of the respondents in Ernakulam district is having an income of Rs10000-Rs20000, while it was 37 percent in Palakkad and 26 percent in Thrissur. It can be noted that majority of the respondents (31.7 percent) are included in the income range of Rs10000 to Rs20000 followed by the income range of Rs20000 to Rs30000 (27.7 percent). Nearly 86 percent of the respondents reported an income between Rs10000 and Rs50000. Only 4 percent of them have the income range of Rs60000 and above. The regional wise analysis elicit that the respondents in Ernakulam district are having greater income than the other two sample areas. In Ernakulam district 7 percent of the households are having income above Rs 60000 whereas it is only 1 percent in Palakkad and 4 percent in Thrissur.

5.2.6 Per-capita income of the respondents

Per-capita income is an indicator of the standard of living. Table (5.9) shows the per-capita income of the sample households.

Table 5.9

Distribution of respondents on the basis of Per-capita income

Per-capita income	Thrissur	Palakkad	Ernakulam	Total
Less than 3000	13 (13)	13 (13)	11 (11)	37 (12.3)
3000-6000	31 (31)	28 (28)	30 (30)	89 (29.7)

6000-9000	24 (24)	36 (36)	32 (32)	92 (30.7)
9000-12000	12(12)	15 (15)	19(19)	46 (15.3)
12000-15000	9 (9)	5 (5)	2(2)	16 (5.3)
15000 & above	11 (11)	3 (3)	6 (6)	20 (6.7)
Total	100 (100)	100 (100)	100 (100)	300 (100)

Source: Primary data. Figures in brackets represent percentages

About 60 percent of the households in the study areas belong to the income group Rs3000-Rs9000. Only 6.7 percent came under the per-capita income range of Rs15000 and above whereas 12.3 percent included in the income range of less than Rs3000. The area-wise analysis reveals that the proportion of respondents having the per-capita income of Rs15000 and above is highest in Thrissur district (11 percent) while it is 6 percent in Ernakulam and only 3 percent in Palakkad district. It is clear from the table that majority of the respondent households in all three districts have the per-capita income range of Rs6000 to Rs9000.

5.2.7 Other sources of income

An enquiry was made about the income from sources other than their occupation. For each household, there could be more than one source of income. The major source of income mainly comes from the occupation of the households and the earnings of the other members of the households are considered as the supplementary income. In addition to this income, some households get income from other sources like rental income, agriculture and non agricultural income. Additional income generated may have significant effect on their living standards and consumption pattern.

5.2.7.1 Rental income of the households

Table 5.10

Distribution of households on the basis of rental income

Rent income	Thrissur	Palakkad	Ernakulam	Total
Yes	7 (21.9)	5 (15.6)	20(62.5)	32 (100)

No	93 (34.8)	95 (35.6)	80 (30.0)	268 (100)
Total	100 (33.4)	100 (33.4)	100 (33.4)	300 (100)

Source: Primary data. Figures in brackets shows percentages

Table (5.10) indicates that only 10.6 percent of the respondents earned rent income. The district wise analysis shows that the proportion of respondents earning rent income is highest in Ernakulam (62.5 percent) and lowest in Palakkad district (15.6 percent). Residential buildings are the major source of rented income. Income from rented house varied across the districts. In Palakkad, rent income range is Rs3000 to Rs6000 whereas it is Rs6000 to Rs10000 in Ernakulam district. In Ernakulam district 13 percent of the respondents earned the income range of Rs 6000 to Rs 9000 and 4 percent get the income of Rs9000 and above. 21.9 percent of the respondents in Thrissur district earned the rent income range of Rs3000 to Rs6000.

5.2.7.2 Agricultural status of the households

Table 5.11

Distribution of households on the basis of Area of land cultivated

Area of land cultivated	Thrissur	Palakkad	Ernakulam	Total
Yes	13 (13.0)	9 (9.0)	14 (14.0)	36 (12.0)
No	87 (87.0)	91 (91.0)	86 (86.0)	264 (88.0)
Total	100 (100.0)	100 (100.0)	100 (100.0)	300 (100.0)

Source: Primary data. Figures in brackets represent percentages

Table (5.11) reveals that majority of the households (88 percent) have no cultivated land and only 12 percent respondents owned cultivatable land. 14 percent of the respondents have cultivated land in Ernakulam district and 13 percent in Thrissur whereas it is only 9 percent in Palakkad. Rubber and coconut are the major cultivated crops selected by the respondents of both Thrissur and Ernakulam. Rice is the most preferred among the respondents in Palakkad.

5.2.7.3Agricultural income of the households

Table 5.12

Distribution of households on the basis of farm income

Cultivation income	Thrissur	Palakkad	Ernakulam	Total
No income	85 (85.0)	92 (92.0)	87 (87.0)	264 (88)
1000-10000	6 (6.0)	3 (3.0)	2 (2.0)	11 (3.7)
10000-20000	7 (7.0)	4(4.0)	9 (9.0)	20 (6.7)
20000-30000	2 (2.0)	1 (1.0)	2 (2.0)	5 (1.7)
Total	100 (100.0)	100 (100.0)	100 (100.0)	300 (100)

Source: Primary survey. Figures in brackets represent percentages

Table (5.12) indicates that 12.1 percent of the respondents are earning marginal income from agriculture. 6.7 percent receives income between Rs 10000 and Rs20000 from the cultivation. Only 1.7 percent gets the income range of Rs20000 to Rs30000. The analysis reveals that the proportion of respondents getting income from cultivation is very low and majority of them received within the income range of Rs10000 to Rs20000.

Table 5.13

Distribution of households on the basis of non agriculture income

Non Agricultural income	Thrissur	Palakkad	Ernakulam	Total
Yes	12 (12.1)	9 (9.0)	20 (20.0)	41 (13.7)
No	88 (88.9)	91 (91.0)	80 (80.0)	259 (86.6)
Total	100`(100.0)	100 (100)	100 (100.0)	300 (100.0)

Source: Primary survey. Figures in brackets represent percentages

Table 5.14 shows that 13.7 percent of those households who are getting income from non agricultural sources. The proportion of respondents getting non agriculture income is highest in Ernakulam (20 percent). In Thrissur district 12.1 percent of the households receive income from non agriculture. In Palakkad their proportion is 9 percent

5.2.7.4 Non agricultural income of the households

Table 5.14

Classification of sample households on the basis of non agriculture income

Non Agriculture income	Thrissur	Palakkad	Ernakulam	Total
No income	88 (88.0)	92 (92.0)	81 (81.0)	261 (87.6)
1000-10000	0	1 (1.0)	1 (1.0)	2 (.6)
10000-20000	9 (9.0)	2 (2.0)	3 (3.0)	14 (4.7)
20000-30000	2 (2.0)	4(4.0)	7 (7.0)	13 (4.3)
30000-40000	0	0	7 (7.0)	7 (2.3)
40000 &above	1 (1.0)	1 (1.0)	1 (1.0)	3 (1.0)
Total	100 (100.0)	100 (100.0)	100 (100.0)	300 (100.0)

Source: Primary data. Figures in brackets represent percentages

Data provided in the above tables clearly reveal that 13.7 percent of the respondents have non agriculture income. 4.7 percent of the households have income range of Rs10000 to Rs20000. The proportion of non agriculture

income is highest in Ernakulam district. 7 percent of the respondent households in this region earn the income range of Rs20000 to Rs40000.

We also enquired about the livestock income of the respondents. Only one percent of the total respondents were earning nominal income from livestock. Their income ranges from Rs1000 to Rs20000. Since our survey is limited to urban areas alone, the respondents having livestock income is negligible.

5.2.7.5 Status of remittance income of the households

Table 5.15

Distribution of households on the basis of remittance income

Remittance income	Thrissur	Palakkad	Ernakulam	Total
Nil	86 (86.0)	89(89.0)	82 (82.0)	257 (85.7)
Less than 100000	13 (13.0)	11 (11.0)	18 (18.0)	42(14.0)
100000-200000	1 (1.0)	0	0	1(0.3)
Total	100 (100.0)	100(100.0)	100(100.0)	300(100.0)

Source: Primary survey. Figures in brackets represent percentages

Remittance income plays a crucial role in the consumption pattern of Keralities (Zachariah and Rajan, 2004)[4]. Remittance income constitutes a major share in state's income. Altogether 14.3 percent of the sample households have received remittance with the income range of Rs100000 to Rs200000. District wise analysis reveals that 18 percent of the households in Ernakulam received remittance income of less than Rs100000 whereas it is 11 percent in Palakkad and 13 percent in Thrissur. Only 1 percent in Thrissur district received the income range between Rs100000 and Rs200000.

5.2.8 Distribution of households on the basis of Family nature

Consumption expenditure of a household is widely influenced by the nature of the family. The purchase of a family is directly related to the type of family set up. Table (5.16) shows the distribution of samples on the basis of family nature.

Table 5.16

Distribution of respondents on the basis of family nature

Family nature	Thrissur	Palakkad	Ernakulam	Total
Nuclear	65 (65)	79 (79)	57(57)	201(67.1)
Joint	35 (35)	21(21)	43(43)	99 (33)
Total	100 (100)	100 (100)	100 (100)	300 (100)

Source: Primary data. Figures in brackets represent percentages

It is seen that 67.1 percent of the respondents belong to nuclear family and 32.9 percent from joint family. The district wise details show that the proportion of nuclear family is highest in Palakkad (79 percent) followed by Ernakulam (57 percent). Area wise analysis also shows the dominance of nuclear family over joint family. This is similar to the situation witnessed in Kerala where the families are largely moving towards a nuclear setup.

5.2.9 Martial status of the respondents

The unmarried respondents are not included in the sample. We considered the status of family heads only. Hence our analysis includes only two categories- married and widows.

Table 5.17

Classification of respondents on the basis of marital status

Marital Status	Thrissur	Palakkad	Ernakulam	Total
Married	90 (90)	90 (90)	88 (88)	268(89.3)
Widow/ Widower	10 (10)	10 (10)	12 (12)	32 (10.7)
Total	100 (100)	100 (100)	100 (100)	300(100)

Source: primary data. Figures in brackets represent percentages

Table (5.17) reveals that 89.3 percent of the respondents are married. The proportion of widowed is relatively higher. They constitute 10.7 percent of the total respondents. It is also found that the proportion of women among widows is higher (78.1 percent). District wise analysis indicates that there is not much variation in all the sample areas.

5.2.10 Household size of the sample

Household size is a significant factor influencing food consumption practices (Duhaime, Chabot and Gaudreault, 2001)[5]. Table (5.18) shows the family size of respondents in the study area.

Table 5.18

Distribution of respondents on the basis of family size

Family Size	Thrissur	Palakkad	Ernakulam	Total
Less than 4	40 (40)	47 (47)	38 (38)	125 (41.67)
4-6	51(51)	43 (43)	45 (45)	139 (46.33)
6-8	6 (6)	5 (5)	12 (12)	23 (7.67)
8 & above	3 (3)	5 (5)	5 (5)	13 (4.33)
Total	100 (100)	100 (100)	100 (100)	300 (100)

Source: Primary data. Figures in brackets represent percentages

The average family size of the state is 4.8 persons per household. This is reflected in the sample also. Only 12 percent of the respondents in the study area are having family size greater than six. Majority of households (46.33 percent) are living in a household with family size between 4 and 6.The average household size of the sample area is 11.6. Regional wise analysis show that average household size is higher in Ernakulam district (4.06).

. **5.2.11 Ownership of the house**

Ownership of a house among urban population is an indicator of their economic status. Income thus saved by way of rent, can be used for other purposes.

Table 5.19

Distribution of households on the basis of ownership of the house

Ownership of house	Thrissur	Palakkad	Ernakulam	Total
Owned	92 (92)	95 (95)	88(88)	275 (91.7)
Rented	8 (8)	5 (5)	12 (12)	25 (8.3)
Total	100 (100)	100 (100)	100 (100)	300 (100)

Source: Primary data. Figures in brackets represent percentages

Table (5.19) elicits that majority of the households (91.7 percent) have owned house and the rest (8 percent) used rented house for their dwelling purpose. While looking into the district wise analysis, 88 percent of the respondents in Ernakulam district owned house and 12 percent lives in rented house. In Palakkad district, 95 percent have the ownership of house and 5 percent does not have own house. The proportion of respondent households live in rented houses is highest in Ernakulam district (12 percent) and lowest in Palakkad (5 percent). This is expected since the population density is higher in Ernakulam district (1069 persons per sq.km)

5.2.12 Ownership of the residences

Table 5.20

Ownership of house on the basis of family income

Family income	Owned	Rented	Total
Less than 10000	18 (94.7)	1 (5.3)	19 (100)
10000-20000	89 (93.6)	6 (6.4)	95 (100)
20000-30000	77 (92.7)	6 (7.3)	83 (100)
30000-40000	43 (87.8)	6 (12.2)	49 (100)
40000-50000	30 (100.0)	0	30(100)
50000-60000	12 (100)	0	12(100)
60000 & above	6 (50)	6 (50)	12 (100)
Total	275 (91.7)	25 (8.3)	300 (100)

Source: Primary data. Figures in brackets represent percentages

From table (5.20) it can be noted that 91.7 percent of the households are living in their own houses. Out of the total respondents, 95 households come under the income category of Rs 10000 to Rs 20000. Among this group, 93.6 percent lives in owned houses and 6.4 percent lives in rented houses. While looking into the relation between income level and the ownership of house, we can see that the proportion of the rented households is higher among the income group between Rs10000 and Rs30000. All the 30 households with income between Rs40000 and Rs50000 lives in owned houses. This shows a positive association between income and ownership of house.

5.2.13 Housing conditions of the sample households

Housing is considered as a prestigious or the status symbol of a society especially in urban areas. One of the priority items of disposition of an urban household is the construction and the frequent arrangements in the quality of house. The 66thNSS round survey (2009-10) result shows that 75 percent of the households in Kerala live in pucca houses. It is evident from the sample data that 99 percent of the houses in the sample areas are concrete and the households spent more money on the construction of residential building. Features like number of rooms, flooring, area of house etc give an idea about the standard of living of the households. The following tables show the living condition of the households in the sample areas.

Table 5.21

Year of construction of sample houses

Year of construction	Thrissur	Palakkad	Ernakulam	Total
Above 40	5 (5.0)	7 (7.0)	16 (16.0)	28 (9.3)
30-40	16 (16.0)	13 (13.0)	25 (25.0)	54 (18)
20 -30	16 (16.0)	31 (31.0)	17 (17.0)	64 (21.3)
10-20	37 (37.0)	27 (27.0)	22 (22.0)	86 (28.7)
Below 10	26 (26.0)	22 (22.0)	20 (20.0)	68 (22.7)
Total	100 (100.0)	100 (100.0)	100 (100.0)	300 (100.0)

Source: Primary data. Figures in brackets represent percentages

Table (5.21) shows that 28.7 percent of houses in the sample areas were constructed during the period 1990-2000. 22.7 percent of houses were built with in a period less than 10 years with modern facilities. District wise comparison reveals that 25 percent of houses in Ernakulam district is built during the period 1970-1980 and 31 percent in Palakkad is built during 1980-1990. 37 percent of houses in Thrissur district were constructed during the period 1990 to 2000.

5.2.14 Area of house of the sample respondents

Housing area is an important indicator of the economic status of the households. It is assumed that higher income group may have larger housing area.

Table 5.22

Distribution of house area on the basis of family income

Family income	1000-1500 sq.ft	1500-2000 sq.ft	2000-2500 Sq.ft	2500-3000 sq.ft	3000 &above	Total
Less than 10000	9 (12.5)	6(5.8)	2(2.81)	1(2.3)	1(8.33)	19 (6.33)
10000-20000	33 (45.8)	34(36.2)	17 (23.9)	10 (23.2)	1 (8.33)	95 (31.6)
20000-30000	18 (25)	27 (26.4)	24 (33.3)	12 (27.9)	2 (16.6)	83 (27.6)
30000-40000	4 (5.5)	17(16.6)	16(22.5)	8 (18.6)	4 (33.3)	49 (16.33)
40000-50000	6 (8.3)	9 (8.8)	8 (11.2)	5 (11.6)	2 (16.6)	30 (10)
50000-60000	0	5 (4.9)	1(1.40)	4(9.3)	2 (16.6)	12 (4)
60000 &above	2 (2.7)	4(3.9)	3(4.2)	3(6.9)	0	12(4)
Total	72(100)	102(100)	71 (100)	43(100)	12(100)	300 (100)

Source: Primary data. Figures in brackets represent percentages

Table (5.22) shows that 31.6 percent of the respondents have the family income of Rs10000 to Rs20000, of which 45.8 percent of households are living in the house with an area of 1000-1500 sq.ft 27.6 percent of the sample households included in the income range of Rs20000 to Rs30000 and 33.3 percent of household from this income group lives in the houses with an area of 2000-2500 sq.ft. It is found that as income increases, the proportion of families living in larger houses is also greater. The proportion of respondents included in the higher income group (Rs40000–Rs50000) is 10 percent. Among these households, 11.6 percent have 2500-3000 square feet area houses.

5.2.15 Status of rooms in the residences

Table 5.23

Distribution of households on the basis of number of rooms

Number of rooms	Thrissur	Palakkad	Ernakulam	Total
1.00	1 (1.0)	0	0	1 (.3)

2.00	18 (18.0)	7 (7.0)	4 (4.0)	29 (9.7)
3.00	37 (37.0)	41 (41.0)	30 (30)	108 (36)
4.00	34 (34.0)	41 (41.0)	34 (34.3)	109(36.5)
5.00	7 (7.0)	7 (7.0)	20 (20.2)	34 (11.4)
6&above	3 (3.0)	4 (4.0)	12 (12)	19 (6.3)
Total	100 (100)	100 (100)	100 (100)	300 (100)

Source: Primary data. Figures in brackets represent percentages

Table (5.23) reveals that majority of the households have more than three rooms for their dwelling purpose. 36.5 percent of the households have four rooms. The number of rooms is directly related to the household size. The households with two members (28 percent in Palakkad, 20 percent in Ernakulam, 13 percent in Thrissur) are living in more than three rooms. 11.4 percent of the households have five rooms and 6.3 percent have more than six rooms. The regional wise analysis shows that the proportion of respondents with greater number of rooms is highest in Ernakulam.

Conclusion

This chapter examined the socio-economic profile of the respondents of the study area It is observed that socio-economic characteristics of the households are influencing the consumption pattern. The sex wise classifications reveal that 60.3 percent of the samples are male and 39.7 percent are females. The age wise classifications show that 14.8 percent come under the age group of 20-30. The consumer products and its packaging are creating a major impact on this age group (Ankush Sharma et.al, 2008)[6].It may be inferred that religion plays an important role for the consumption preferences of the households especially in food items. In our sample 61 percent represent Hindu, followed by Christian (27 percent) and Muslim (11.3 percent). Educational details of the respondents show a satisfactory level. Majority of the samples are graduate (35.3 percent).Income status of the respondents reveal that majority of them(31.7) included in the income group of Rs10000-Rs20000).Only 4 percent of the respondents are included in the higher income group(Rs60000 and above).There is no significant variation in the district wise analysis. Most of the households (30.7 percent) having the per capita income range betweenRs6000

and Rs9000.Many of the respondents are getting income from agriculture, non agricultural and from remittances. Other than income consumption expenditure of the respondents' households is directly influenced by the household size and the nature of family. The housing status of the respondent samples occupy better qualities they have greater access to modern amenities of life (Ramakrishna Mandal, 2009)[7]. 91.7 percent have own house, among this 28.7 percent of the respondents houses constructed between10 to 20 years and 22 percent of houses have below 10 years. Most of the respondents are living in the house with an area of 1500-2000. It may be inferred that the socio-economic characteristics of the samples are favourable for the situation of consumption boom.

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CHAPTER - 6

FOOD EXPENDITURE PATTERN OF THE SAMPLE HOUSEHOLDS

6.1 Introduction

Consumption expenditure is commonly considered as an indicator of standard of living of the people. In the fourth chapter we discussed the expenditure pattern of households in Kerala. The data show a declining trend in food expenditure and an increasing trend in non food expenditure. The share of food expenditure to total expenditure in urban Kerala has declined from 63.34 percent in 27th round (1972-77) to 40.20 percent in 66th round (2009-10) while the share of non food expenditure has increased from 36.66 percent to 59.81 percent during the same period[1]. When we look into the district wise analysis, no significant variation is found in the proportion of food expenditure to total expenditure in urban (40.20 percent) and rural (45.94 percent) areas. But the proportion of non food expenditure to total expenditure was higher in urban areas compared to the rural areas.

The present chapter discusses the consumption pattern of the sample households on food items and also examines how the consumption expenditure is allocated and whether it brought any changes in the consumption pattern of the people.

6.2. Monthly income and food expenditure

Monthly income of the households has significant positive influence on the expenditure of food items (Begum et al, 2010). Table (6.1) shows the expenditure pattern of sample households on the basis of income.

Table 6.1

Food expenditure of the households on the basis of monthly income

Family income (in Rs.)	Food expenditure (Rs.)				
	3000-6000	6000-9000	9000-12000	12000 &above	Total
Less than 10000	15 (78.94)	2 (10.5)	2(10.5)	0	19 (6.3)
10000-20000	57 (60)	30 (33)	7 (7.3)	1 (1.0)	95 (31.6)
20000-30000	35 (42.1)	42(50.6)	5 (6.0)	1 (1.2)	83 (27.6)
30000-40000	11(22.4)	25(51.0)	12 (24.4)	1 (2.0)	49(16.3)
40000-50000	3 (10)	20(66.7)	6 (20)	1 (3.3)	30 (10)
50000-60000	2 (16.7)	7 (58.3)	2 (16.7)	1 (8.3)	12 (4)
60000 & above	1 (8.3)	5 (41.7)	5 (41.7)	1 (8.3)	12 (4)
Total	124 (41.3)	131 43.7)	39 (13)	6 (2)	300 (100.0)

Source: Primary data Figures in the brackets represents percentage

The survey data clearly shows the Keynesian view that there exists a direct and non proportional relationship between income and expenditure[2]. Majority of the households (31.67 percent) belong to the income group of Rs10000-Rs20000. Of this, 60 percent spent between Rs3000 to Rs6000 for food items. Only 8 percent is having an income above Rs50000. A strong positive relationship is experienced between income and food expenditure. Higher the income, higher is the food expenditure. The expenditure range varies between less than Rs3000 to Rs12000 and above across the different income levels. Out of the total sample, 43.7 percent of the households come under the expenditure class of Rs6000 to Rs9000 and 39 percent included in the expenditure class of Rs3000 to Rs6000 and 13 percent spent an amount between Rs9000 to Rs12000. Only 2 households included in the expenditure range of Rs12000 and above.

While we look into each income class, the proportion of households who spends less than Rs3000 on food items is higher (21 percent) among the lower income group (less than Rs10000). The proportion of income spent for food items is higher among the middle income group (up to Rs30000).

6.2.1 Per-capita income and per-capita food expenditure

To get a clear picture about the expenditure pattern, we have also analysed the expenditure pattern of individuals on the basis of their per-capita income. Table (6.2) shows the relationship between the per-capita income and per-capita food expenditure of the households in the sample areas.

Table.6.2

Distribution of household on the basis of per-capita income and food expenditure

Per-capita income(Rs)	**Per-capita food expenditure (Rs)**					
	Less than 1000	1000-2000	2000-3000	3000-4000	4000& Above	Total
Less than 3000	12 (32.4.)	23(65.7)	2(5.7)	0	0	37(100)
3000-6000	9 (10.1)	56(62.9)	21(23.6)	1(1.1)	2(2.2)	89 (100)
6000-9000	2(2.17)	59(64.1)	24(26.1)	6 (6.5)	1(1.1)	92 (100)
9000-12000	0	19(41.3)	17 (37)	9 (19.6)	1(2.2)	46 (100)
12000-15000	0	9(56.3)	7 (43.8)	0	0	16(100)
15000 & above	0	8 (40)	7 (35)	3(15)	2(10)	20(100)
Total	23(7.7)	174(58)	78(26)	19(6.3)	6(2)	300(100)

Source: Primary data Figures in the brackets represents percentages

Nearly one-third of the households in the study areas are having per-capita income between Rs6000 and Rs9000. The survey data show a positive relation between per-capita income and per-capita food expenditure. As income increases, the proportion of households spending higher amount on food increases. It is also observed that the proportion of households who spends less than Rs1000 on food items is higher among the lower per capita income group

(32.4 percent). Among the higher income group (Rs15000 and above), 40 percent spend an expenditure between Rs1000 and Rs2000.

The district wise details of average food expenditure of each income group are given in table 6.3.

6.2.2 Average food expenditure of the sample on the basis of family income

Table 6.3

Average food expenditure of the sample on the basis of family income

Family income (Rs)	Districts		
	Ernakulam	Palakkad	Thrissur
	Mean	Mean	Mean
Less than 10000	5274.00	4154.80	4513.78
10000-20000	6744.42	5183.84	5483.27
20000-30000	7771.30	6329.25	6383.44
3000-40000	8499.27	6274.00	6688.33
40000-50000	9049.67	7812.80	7655.86
50000-60000	9958.00	7231.33	7043.90
60000 &above	8967.86	4544.00	10073.50

Source: Primary Data

The mean value of the sample shows variation in food expenditure. Among all the income groups except the higher income category, the households in Ernakulam district were spending large amount on food items than households in other districts. This may be because of the availability of wide variety of consumption goods in Ernakulam district.

6.2.3 Religion and food expenditure.

Table 6.4

Religion and food expenditure

Religion of the households may have significant influence on their spending and eating habits.

Religion	Food expenditure (Rs)					Total
	Less than 3000	3000-6000	6000-9000	9000-12000	12000 & above	
Hindu	6(3.27)	80(43.7)	69(37.7)	26(14.20)	2(1.0)	183(100)
Christian	1(1.25)	26(32.5)	41(51.25)	10(12.5)	2(2.50)	80(100)
Muslim	0	11(29.73)	21(56.75)	3(8.10)	2(5.40)	37(100)
Total	7(2.3)	117(39)	131(43.7)	39(13)	6(2.0)	300(100)

Source: Primary data. figures in the brackets represent percentage

From table 6.4, it is revealed that 43.7 percent of the respondents having the food expenditure between Rs6000 and Rs9000. Of this, 52.7 percent are Hindus and 31.3 percent represents Christians and 14.5 percent are Muslims. Out of the total respondents included in the Hindu community, 43.7 percent spend an amount between Rs3000 and Rs6000 for their food consumption. The religion wise expenditure reveals that the proportion of households including Christian (51.25 percent) and Muslim (56.75 percent) come under the expenditure level of Rs6000 to Rs9000. Much variation was not noticed among the three religions in the higher expenditure range of Rs12000 and above.

6.3 Components of food expenditure

Analysis of total food expenditure may not provide clear picture about food consumption pattern. For that purpose, we have analyzed component-wise expenditure pattern of high valued and low cost food items. The main components of food items including cereals and cereals substitutes, pulses, milk and milk products, edible oil, meat, egg and fish, vegetables, fruits and nuts, sugar, salt, spices and beverages etc are examined here.

6.3.1 Expenditure on Cereals

Expenditure on cereals constitutes a major part in the food expenditure of the households. The recent trends of cereals expenditure show a declining trend. The 66th NSS round on consumer expenditure survey (2009-10) indicate that the per-capita cereal expenditure in urban Kerala was only 8.83 percent and was lowest among the Indian states. But in the case of cereal substitutes, Kerala held the highest rank. The percentage expenditure of cereals to the total food expenditure has declined from 40.99 percent in 27th round to 15.6 percent in 66th round. It is assumed that an increase in per-capita income would shift consumption expenditure from cereals to vegetables, meat, milk and milk products.

The average cereal expenditure varies across the districts. The average cereal expenditure is highest in Thrissur district (Rs1444.95) followed by Palakkad (Rs1262.24) and Ernakulam (Rs949). Table (6.5) shows cereals expenditure of the sample households on the basis of per-capita income

Table (6.5)

Per-capita income and cereals expenditure of the households

Per-capita income (Rs)	**Total** (Rs.)					
	Less than 200	200-400	400-600	600-800	800 & above	
Less than 3000	9(24.3)	24(64.8)	2(5.4)	2(5.4)	0	37(100)
3000-6000	18(20.2)	45(50.6)	22(24.7)	3(3.4)	1(1.1)	89 (100)
6000-9000	15(16.3)	43(46.7)	28(30.4)	5(5.4)	1(1.1)	92 (100)
9000-12000	2(4.3)	31(67.4)	9(19.6)	3(6.5)	1(2.2)	46 (100)
12000-15000	1(6.3)	12(75)	3(18.8)	0	0	16 (100)
15000 and above	1(5)	10(50)	4(20)	2(10)	3(15)	20 (100)
Total	46(15.3)	165 (55)	68(22.7)	15(5)	6(2)	300(100)

Source: Primary data. Figures in the brackets represent percentage

The survey data indicate that the households were spending relatively significant amount on cereals. This is expected since cereal consumption is relatively higher in Kerala due to higher consumption of rice. Majority of the households (55 percent) were spending an amount between Rs200 to Rs400. It is seen that an increase in per-capita income leads to an increase in per-capita cereals expenditure. Among the households having per-capita income above

Rs9000, a decline is noticed in the per-capita consumption of cereals. This is similar to the trends witnessed in the state. This implies that at higher level of income, there are chances for the people to shift their consumption to high valued food items (Meenakshy, 1994)[3]. In the case of income group Rs15000 and above, 2 percent of the respondents were spending an amount higher than Rs800. Among this category, around 70 percent of the respondents are pensioners and government employees.

6.3.2 District wise details of cereal expenditure

Table (6.6)

Per-capita income and cereal expenditure – District wise details (Ernakulam)

Cereals expenditure→ Percapita income↓(Rs)	500-1000	1000-1500	1500-2000	2000 & above	Total
Less than 3000	8 (72.7)	2 (18.1)	1 (11.1)	0	11 (100)
3000-6000	19 (63.3)	6 (20.0)	4(13.3)	1 (3.3)	30 (100.0)
6000-9000	21 (65.6)	9 (28.1)	0	2 (6.3)	32 (100.0)
9000-12000	9 (47.4)	5 (26.3)	2 (10.5)	3 (15.8)	19 (100.0)
12000-15000	1 (50.0)	1 (50.0)	0	0	2 (100.0)
15000 & above	3 (50.0)	2(33.3)	1 (16.7)	0	6 (100.0)
Total	61 (61.0)	25(25.0)	8 (8.0)	6 (6.0)	100 (100.0)

Source: computed from primary data Figures in the brackets represents percentages

Table 6.6 shows that most of the households (32 percent) in the Ernakulam district come under the income category of Rs6000 to Rs9000 followed by Rs3000 to Rs6000 (30 percent come under this category). Compared to Palakkad and Thrissur districts, cereal expenditure is lower in Ernakulam district. They take rice as one time as a major meals. While we consider the each income level, most of them spend an amount ranging from Rs500 to Rs1000. 72.7 percent from the per-capita income group below Rs3000 and 65.6 percent from the per-capita income group of Rs6000 to

Rs9000 and 47.4 from the per-capita income range of Rs9000 to Rs12000 are included in this expenditure group.

From table 6.6, the positive relationship between per-capita income and the cereals consumption expenditure is revealed but it is not proportional. None of the households in the higher income groups (Rs12000-Rs15000 and Rs15000 and above) spend an amount beyond Rs2000 and above. While we consider the each expenditure class, the proportion of households is higher in lower expenditure class and lower in higher expenditure class. In general, the higher income groups spend less on cereals consumption. This is mainly due to majority of the members of these households are old-aged persons. They prefer other substitutes of food items rather than cereals.

6.3.3 Per capita income and cereal expenditure in Palakkad

36 percent of the households in the Palakkad district come under the per-capita income group of Rs6000 to Rs9000, 41.7 percent from this group come under the expenditure class of Rs500 to Rs1000, 19.4 percent having the expenditure range of Rs1000 to Rs1500, 25 percent come under the expenditure class of Rs2000 and above. Only 13 percent has the per-capita income range of less than Rs3000. Of this, 46.2 percent spend an amount range with Rs500 to Rs1000 and Rs2000 and above. Table clearly indicates that among the middle income, as income level rises expenditure level also rises but in the case of higher income group the trend is reverse.

Table 6.7

Per-capita income and cereals expenditure (Palakkad)

Per-capita income (Rs)	Less than 500	500-1000	1000-1500	1500-2000	2000 &above	Total
Less than 3000	0	6 (46.2)	1 (7.7)	0	6 (46.2)	13 (100.0)
3000-6000	1(3.6)	11 (39.3)	6 (21.4)	1 (3.6)	9 (32.1)	28 (100.0)
6000-9000	1 (2.8)	15 (41.7)	7 (19.4)	4 (11.1)	9 (25.0)	36 (100.0)

9000-12000	0	6 (40.0)	4 (26.7)	4 (26.7)	1 (6.7)	15 (100.0)
12000-15000	0	4 (80.0)	0	1 (20.0)	0	5 (100.0)
15000 & above	1 (33.3)	1 (33.3)	0	0	1 (33.3)	3 (100.0)
Total	3 (3.0)	43 (43.0)	18(18.0)	10(10.0)	26(26.0)	100 (100.0)

Source: Primary data. Figures in the brackets represent percentages

6.3.4 Per capita income and cereal expenditure in Thrissur district

Table 6.8

Per capita income and cereal expenditure –District wise details (Thrissur)

Per-capita income (Rs)	500-1000	1000-1500	1500-2000	2000 & above	Total
Less than 3000	6 (46.2)	1 (7.7)	2 (15.4)	4 (30.8)	13 (100)
3000-6000	10 (32.2)	9 (29.0)	3 (9.7)	9 (29.0)	31(100)
6000-9000	4 (16.7)	5 (20.8)	2 (8.3)	13(54.2)	24(100)
9000-12000	5 (41.7)	3 (25.0)	1 (8.3)	3 (25.0)	12 (100)
12000-15000	3 (33.3)	2 (22.2)	4 (44.4)	0	9 (100)
15000 &above	4 (36.4)	1 (9.1)	1 (9.1)	5 (45.5)	11(100)
Total	32 (32.0)	21 (21.0)	13 (13.0)	34 (34.0)	100 (100)

Source: Computed from primary data. Figures in the brackets represent percentages

Table (6.8) shows that the proportion of income spend for cereal consumption is increasing as income of the households increases. 31 percent of the households have the per-capita income range of Rs3000-Rs6000. Of this, 29 percent spend an expenditure range of Rs1000-Rs1500 and Rs2000 and above. 54.2 percent of the households included in the income class of Rs6000-Rs9000, spend Rs2000 and above for their cereal consumption. 11 percent of the households are included in the higher per-capita income range of Rs15000 and above. 36.4 percent of the households from this group spend an amount between Rs500 and Rs1000 whereas 45.5 percent spend Rs2000 and above for cereal consumption. From the table, it is clear that the proportion of income spend for cereal consumption expenditure in Thrissur district increases as

income increases. Majority of the households (34 percent) in this area are included in the expenditure group of Rs2000 and above and 31 percent come under the group of Rs500-Rs1000 and 21 percent included in the group of Rs1000-Rs1500 and 13 percent come under the expenditure group of Rs1500-Rs2000.

6.3.2 Expenditure on Pulses

The overall percentage of households consuming pulse or pulse products has not increased much over years. The proportion of expenditure on pulses declined from 3.68 percent in 43rd round to 3.7 percent in 66th (2009-10) round in urban Kerala. Compared to other two districts, the average expenditure of pulses is highest in Thrissur (Rs948.48) followed by Palakkad (Rs738.7) and lowest in Ernakulam district (Rs708.50).

6.3.2.1 Per-capita income and Pulse expenditure

Studies show that consumption of pulses is inversely related to income. Table (6.9) indicates the expenditure pattern of the sample households on pulses.

Table (6.9)

Per-capita pulse expenditure of respondents on the basis of per-capita income (Rs)

Per capita Pulse expenditure→ Per-capita income↓	Less than 200	200-400	400-600	600& above	Total
Less than 3000	31(83.7)	6(16.2)	0	0	37(100)
3000-6000	40(44.9)	42(47.1)	7(7.8)	0	89(100)
6000-9000	31(33.6)	50(54.3)	11(11.9)	0	92(100)
9000-12000	11(23.91)	29(63.04)	5(10.87)	1(2.17)	46(100)
12000-15000	5(31.25)	10(62.50)	0	1(6.25)	16(100)
15000 & above	6(30)	8(40)	4(20)	2(10)	20(100)
Total	124(41.75)	145(48.3)	27(9)	4(1.35)	300(100)

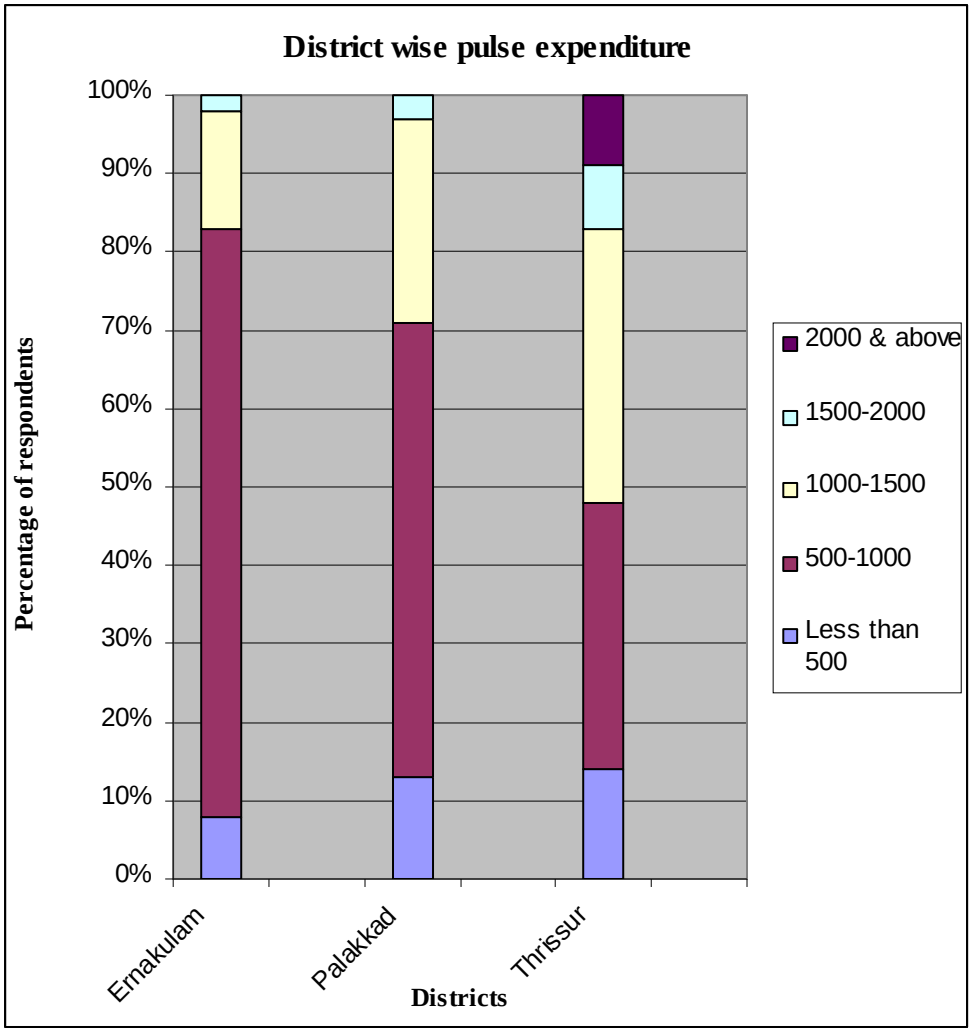
Source: Primary data. Figures in the brackets represent percentages

Table 6.9 shows that nearly half of the respondents (48.3 percent) spend Rs200-Rs400 monthly on pulses. Only 1.35 percent of respondents in the study area spend an amount of Rs600 and above monthly. Though an increasing trend is noticed in per-capita pulse expenditure with per-capita income, majority of the samples spend only less amount on pulses. It is noticed that about 23.9 percent of respondents in the income group Rs9000-Rs12000 and 30 percent of respondents in the income group Rs15000 and above were spending less than Rs200 monthly on pulses.

6.3.2.2 Distribution of pulse expenditure - District wise details

The district wise analysis of expenditure pattern of households on pulses is shown in the figure 6.1.

Figure 6.1



Source: Primary data

In Palakkad district, 58 percent of the households are included in the expenditure class of Rs500-Rs1000. In Thrissur district, 35 percent of the households come in the expenditure group of Rs1000-Rs1500. It is seen that in Ernakulam district majority (75 percent) of the households spend an amount between Rs 500 and Rs 1000 on pulses. This may be because people in this district have greater access to varied and diverse diets. Except Thrissur, none of the households in Ernakulam and in Palakkad districts spend Rs2000 or more for pulses.

6.3.2.3 Family size and Pulse expenditure

Table 6.10

Family size and Pulses expenditure

Family Size	Expenditure on pulses (Rs)					Total
	Less than 500	500-1000	1000-1500	1500-2000	2000 & above	
Less than 4	21(16.80)	73(58.40)	25(20)	3(2.4)	3(2.4)	125(100)
4-6	14(10.07)	78(56.12)	36(25.89)	7(5.04)	4(2.88)	139(100)
6-8	0	10(43.47)	10(43.47)	1(4.34)	2(8.69)	23(100)
8 and above	0	6 (46.1)	5 (38.4)	2(15.3)	0	13 (100)
Total	35 (11.7)	167(55.7)	76 (25.3)	13(4.3)	9 (3.0)	300(100)

Source: Primary data. Figures in the brackets represent percentages

From table (6.11), it is observed that family size and pulses expenditure are directly related. As the size of family increases, the expenditure also increases. Majority of the households are having 4-6 persons. Of this, 56.12 percent of the households spend between the amount of Rs500-Rs1000 and 25.89 percent spend Rs1000 and Rs1500 for pulses consumption. None of the households with large family size of 8 and above are included in the lower expenditure range of below Rs500.

6.3.2.4 Occupation and Pulses expenditure

Occupation is positively associated with the expenditure pattern of the households.

6.3.3. Expenditure on milk

As per the 66th round of NSS survey (2009-10), the average annual growth rate in monthly per-capita consumption expenditure in milk was 5.93 in urban Kerala whereas in urban India it was 8.63. The proportion of milk expenditure to the total food expenditure is increased from 8.10 percent in 27th round to 8.46 percent in 66th round. The average milk expenditure is highest

in Ernakulam district (Rs841). There is no significant difference in the average milk expenditure of Thrissur (Rs.694.04) and Palakkad districts (Rs. 690.45).

6.3.3.1 Per capita income and Milk expenditure

Table 6.11

Per-capita income and the Milk expenditure

Per-capita income (Rs)	Monthly expenditure on milk (Rs)				Total
	Less than 500	500-1000	1000-1500	1500-2000	
Less than 3000	17 (45.9)	19 (51.4)	1 (2.9)	0	37 (100.0)
3000-6000	18 (20.2)	54 (60.7)	16 (18.0)	1(1.1)	89 (100.0)
6000-9000	19 (20.7)	49 (53.3)	22 (23.9)	2 (2.2)	92 (100.0)
9000-12000	4 (8.7)	30 (65.2)	10 (21.7)	2 (4.3)	46 (100.0)
12000-15000	0	12 (75.0)	3 (18.8)	1 (6.3)	16 (100.0)
15000 &above	2 (10.0)	13 (65.0)	5 (25.0)	0	20 (100.0)
Total	60 (20.0)	177 (59.0)	57 (19.0)	6 (2)	300 (100.0)

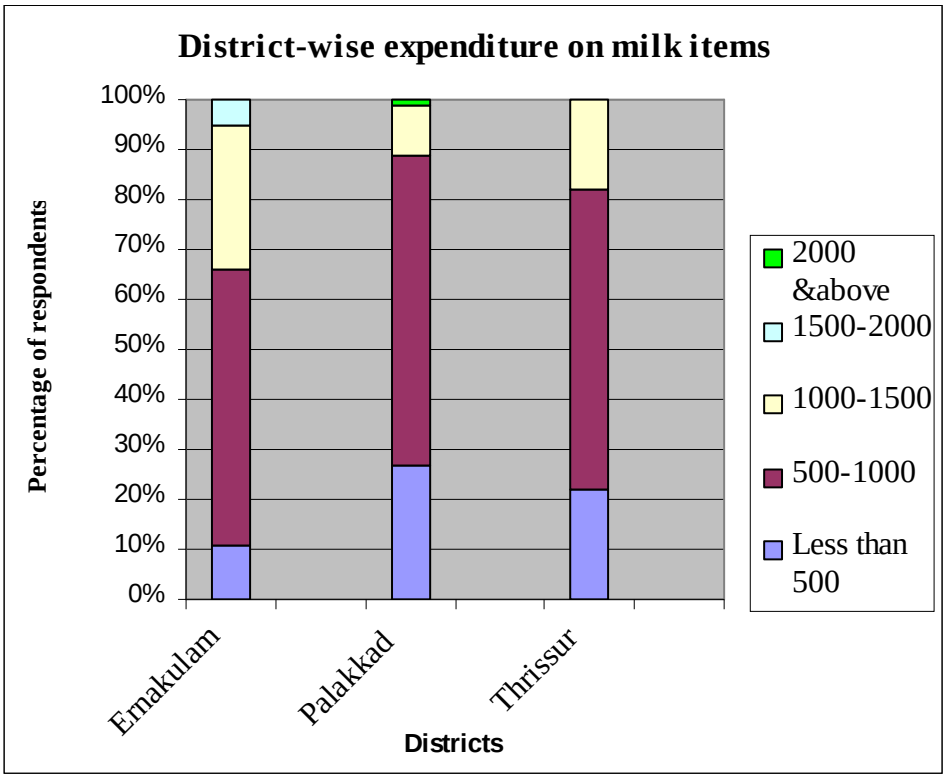
Source: Primary data. Figures in the brackets represent percentages

From table (6.11), it is observed that the consumption of milk is relatively better in the sample areas. 59 percent of the households spend an amount in the range of Rs500 to Rs1000 for milk consumption and 20 percent spend an amount less than 500. While considering the different per-capita income range, 51.3 percent from the lower income group and 65 percent from the higher income group spend an amount between Rs500 and Rs1000. As income increases the percentage distribution of households in different expenditure classes also increases. Considering the income range of Rs9000 to Rs12000, 65.2 percent spent Rs500 to Rs1000, 21.7 percent spent Rs1000 to Rs1500, 4.3 percent spent higher expenditure of Rs1500 to Rs2000 and only 8.7 percent come under the expenditure of less than Rs500. The proportion of households having lower per-capita income (less than Rs3000) is higher in

lower expenditure class and only 2.9 percent spend Rs1000 to Rs1500 for milk consumption and none of them spend beyond that level. The expenditure on milk increased with increase in income (SathyaPrakashSing, Ragbir Sing,1986)[4].

Figure 6.2

District wise details of milk expenditure



Source: Primary data

Figure (6.2) clearly shows that majority of the households in the three sample district are included in the expenditure range of Rs500 to Rs1000. Compared to other districts, the proportion of households included in higher expenditure class is higher in Ernakulam district. None of the households in Palakkad and Thrissur district come under the expenditure group of Rs1500 to Rs2000. Only 5 percent of the households in Ernakulam district is included in this expenditure class (1.5 percent of the total households). It is also noted that a small proportion of respondents from Palakkad district is spending an amount greater than Rs2000.

6.3.3.2 Family income and Milk expenditure

Table (6.12)

Family size and Milk expenditure

Family size	Monthly expenditure on milk (Rs)					Total
	Less than 500	500-1000	1000-1500	1500-2000	2000 & above	
Less than 4	40(32)	74(59.20)	11(8.8)	0	0	125(100)
4-6	18(12.9)	87(62.59)	31(22.30)	3(2.15)	0	139(100)
6-8	2(8.6)	11(47.83)	9(39.1)	1(4.3)	0	23(100)
8 and above	0	5 (38.40)	6 (46.1)	1 (7.6)	1(7.6)	13 (100.0)
Total	60 (20)	177 (59.0)	57 (19.0)	5 (1.7)	1 (.3)	300 (100.0)

Source: primary data. Figures in the brackets represent percentages

Table 6.12 indicates that larger the family size, greater will be the expenditure range. As the family size increases, the proportion of households in the lower expenditure range decreases. 32 percent of the households with less than 4 members spend an amount of less than Rs500 whereas none of them included in the expenditure range of Rs15000 and Rs2000. Majority of the households (59 percent) were included in the expenditure class of between Rs500 and Rs1000. None of the households with the family size of more than eight members spend less than Rs500 for their milk consumption.

6.3.3 Expenditure on edible oil

6.2.3.1 Per-capita income and the expenditure on Edible oil

A rise in the proportion of amount has been observed in edible oil. The average annual growth in monthly per-capita expenditure in urban Kerala is recorded as 5.79 percent as per the estimation from the various NSS rounds whereas it was 8 percent in urban India. Table (6.13) shows the expenditure trends of edible oil in the sample households.

6.3.3.2 Per capita income and expenditure on Edible oil

Table (6.13)

Per-capita income and the expenditure of Edible oil (Rs)

Per-capita income (Rs)	Less than 200	200-400	400-600	Total
Less than 3000	14 (37.8)	20 (54.0)	3 (8.1)	37 (100.0)
3000-6000	29 (32.5)	43 (48.3)	17 (19.1)	89 (100.0)
6000-9000	33 (35.8)	52 (56.5)	7 (7.6)	92 (100.0)
9000-12000	15 (32.6)	27 (58.7)	4 (8.7)	46 (100.0)
12000-15000	7 (43.7)	8 (50.0)	1 (6.3)	16 (100.0)
15000 & above	9 (45)	10 (50.0)	1 (5.0)	20 (100.0)
Total	107 (35.6)	160 (53.3)	33 (11)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

Majority of the households (53.3 percent) irrespective of their income level spend an amount between Rs200 and Rs400 for the consumption of edible oil. As income increases, expenditure on edible oil also increases, but beyond the expenditure level of Rs200 to Rs400, the percentage distribution of households in higher expenditure class is reduced. The expenditure trend is different among different income groups. The proportion of households included in lower expenditure class (less than Rs200) is higher among the lower income categories (less than Rs3000) 37.8 percent of the households from the lower income group is included in the lower expenditure class

whereas only 8.1 percent come under the higher expenditure range of Rs400 to Rs600.

It may be noted that compared to the lower and middle income groups, the proportion of higher income households in the higher expenditure class is relatively lower. Only 6.3 percent from the income category of Rs12000 to Rs15000 is included in the higher expenditure class of Rs400 to Rs600 whereas 45 percent from this income group spend less than Rs200 for their edible oil consumption. Certain diseases and high health conscious among people are the main reasons for the less consumption of this commodity. Most of the respondents prefer homemade oil and thereby reduce their expenditure.

6.3.3.3 District wise details of edible oil

Table (6.14)

Edible oil expenditure - District wise-details

Amount spent on edible oils	Ernakulam	Palakkad	Thrissur	Total
Less than 200	20(18.69)	29(27.10)	58(54.21)	107(35.6)
200-400	63(63.0)	57(57)	40(40)	160(53.3)
400-600	17(17.0)	14(14)	1(1)	32(10.7)
600& above	0	0	1(1)	1 (0.3)
Total	100(100)	100(100)	100(100)	300(100)

Source: Primary data. Figures in the brackets represent percentages

Table (6.15) shows the district wise analysis of the edible oil expenditure. Except Thrissur district, majority of the households from both Palakkad (57.0 percent) and Ernakulam (63.0 percent) districts spend an amount between Rs200 and Rs400 whereas in Thrissur 54.2 percent of households are spending an amount of less than Rs200. While analyzing the expenditure pattern, much variation is observed among the three districts, viz

18.6 percent in Ernakulam, 27.1 percent in Palakkad and 54.2 percent in Thrissur district is included in the expenditure range of less than Rs200.

. Regarding the higher expenditure range, Rs400-Rs600, 17 percent of the households in Ernakulam district and 14 percent in Palakkad district spend in the range of Rs400-Rs600. But in Thrissur district, only 1 percent is included this expenditure group. It may be realized that expenditure on edible oil is limited up to the range of less than Rs200, Rs200-Rs400 and Rs 400 to Rs 600 in both the districts of Ernakulam and Palakkad, but in Thrissur the major spread is in the expenditure range of less than Rs200 and Rs200 to Rs400.

6.3.3.4 Family size and expenditure on edible oil

Table (6.15)

Family size and the edible oil expenditure (Rs)

Family size	Less than 200	200-400	400-600	600& above	Total
Less than 4	57(45.6)	64(51.2)	4(3.2)	0	125(100)
4-6	43(30)	73(52.5)	22(15.8)	1(0.71)	139(100)
6-8	5(21.7)	15(65.2)	3(13)	0	23(100)
8 and above	2 (15.3)	8 (61.5)	3 (23.0)	0	13 (100)
Total	107 (35.6)	160 (53.3)	32 (10.6)	1 (0.3)	300 (100)

Source: primary data. Figures in the brackets represent percentages

Majority of the households (53.3 percent) have the expenditure range of Rs200 to Rs400. Of this, 68.8 percent of the family has a size of six and 49.2 percent of the households with the family size of two. The proportion of households in the lower expenditure class (less than Rs200) is less among the households with small family size where as the proportion of large family size is lower in the lower expenditure class. Regarding the larger family size, (above seven members), their proportion is higher in the expenditure class of Rs200 to Rs400. 61.5 percent of the households are included in this expenditure range and 23 percent included in the expenditure class of Rs400 to

Rs600 but only 15.3 percent spend less than Rs200 for the edible oil consumption.

6.3.5 Expenditure on vegetables

6.3.5.1 Per capita income and the vegetable expenditure

Table 6.16 shows the relationship between the per-capita income and the vegetable expenditure of the households.

Table (6.16)

Per-capita income and the vegetable expenditure (Rs)

Per-capita Income	Expenditure on vegetables					Total
	Less than 500	500-1000	1000-1500	1500-2000	2000 & above	
Less than 3000	2(5.4)	25(67.5)	6(17.1)	4(10.8)	0	37(100)
3000-6000	3(3.37)	39(43.8)	25(28.0)	11(12.3)	11(12.3)	89(100)
6000-9000	1(1.08)	41(44.5)	27(29.3)	14(15.2)	9(9.78)	92(100)
9000-12000	1(2.17)	21(45.6)	8(17.3)	8(17.3)	8(17.3)	46(100)
12000-15000	0	11(68.7)	4(25)	0	1(6.2)	16(100)
15000 &above	1(5)	9(45)	7(35)	0	3(15)	20(100)
Total	8(2.6)	146(48.6)	77(25.6)	37(12.3)	32(10.6)	300(100)

Source: Primary data. Figures in the brackets represent percentages

Nearly half of the households (48.6 percent) spend an amount between Rs500 and Rs1000 monthly. Compared to the lower income group (less than 3000) and the higher income group (Rs12000-Rs15000 and above Rs15000), the households from the middle or other income groups such as Rs3000 to Rs6000, Rs.6000-Rs9000 and Rs9000-Rs12000 spend more for consuming vegetables. None of the households from the lower income group is included in the higher expenditure range of Rs2000. It is observed that 24.6 percent of respondents in the income group of Rs3000-Rs6000 spend Rs1500

and Rs2000 monthly. Their proportion increased to 34.6 percent in the case of income group Rs9000-Rs12000. Other than income, consumer preferences are also an important factor influencing consumption.

6.3.5.2 District wise analysis of vegetable expenditure

Table (6.17)

District wise analysis of vegetable expenditure (Rs)

Expenditure	Ernakulam	Palakkad	Thrissur	Total
0-500	4 (4.0)	1 (1.0)	3 (3.0)	8 (2.7)
500-1000	34 (34.0)	49 (49.0)	63 (63.0)	146 (48.7)
1000-1500	17 (17.0)	36 (36.0)	24 (24.0)	77 (25.7)
1500-2000	19 (19.0)	13 (13.0)	5 (5.0)	37 (12.3)
2000 & above	26 (26.0)	1 (1.0)	5 (5.0)	32 (10.7)
Total	100 (100.0)	100(100.0)	100(100.0)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

Table 6.17 indicates that majority of the households (48.7 percent) are included in the expenditure range of Rs 500 to 1000. Regarding the district wise analysis, 34 percent from Ernakulam, 49 percent from the Palakkad and 63 percent from Thrissur come under this expenditure category. The percentage of households included in higher expenditure range is higher in Ernakulam district. 26 percent from this district is included in the higher expenditure class whereas it is 5 percent from Thrissur district and only 1 percent from Palakkad district. Considering the three districts, the percentage distribution of households is more or less same in all expenditure ranges in Ernakulam district compared to other two districts. The average expenditure on vegetable is higher in Ernakulam district (Rs1330.10) followed by Palakkad (Rs979.0) and Thrissur (Rs909.0).

6.3.5.3 Family size and the vegetable expenditure

Table 6.18

Family size and the vegetable expenditure (Rs)

Family size	0-500	500-1000	1000-1500	1500-2000	2000 & above	Total
Less than 4	4(3.2)	72(57.6)	29(20.8)	10(8)	10(8)	125
4-6	3(2.15)	63(45.3)	40(28.7)	18(12.95)	15(10.79)	139
6-8	1(4.3)	8(34.7)	6(26.0)	4(17.39)	4(17.39)	23
8 & above	0	3 (23.0)	2 (15.3)	5 (38.4)	3 (23.0)	13 (100.0)
Total	8 (2.6)	146 (48.6)	77 (25.6)	37 (12.3)	32 (10.6)	300 (100.0)

Source: Primary Survey. Figures in the brackets represent percentages

Table 6.18 clearly shows that as the size of family increases, the expenditure range also increases. The proportion of households with small family size is lower in the lower expenditure range. Families with larger size (above 7) are not included in the lower expenditure class of less than Rs500 and their percentage distribution is higher in the higher expenditure range. 23 percent is included in the range of Rs500 to Rs1000 and above Rs2000 38.4 percent come under the expenditure group of Rs1500 to Rs2000. While considering the small family size of two, 60.6 percent is included in the range of Rs500 to Rs1000. 8.1 percent is included in the expenditure range of Rs1500 to Rs2000 and 6.5 percent spend above Rs2000 and only 3.2 percent is included in the expenditure range of less than Rs500.

6.2.5 Expenditure on Meat, Egg and Fish

A study by Amarasinghe et al (2010) shows that an increase in income will increase the demand for non food grain products like poultry and dairy products. There are also major changes in the food intake patterns of Keralites with more preference to high fat westernized food. But NSSO data (66^{th} round, 2009-10) show a declining trend in the per-capita consumption of meat, egg and fish. The related evidences also reveal that per-capita consumption of meat has declined in urban areas whereas the proportion of households consuming chicken has increased many folds. Table 6.19 examines the consumption trends of meat, eggs and fish with respective to per-capita income of the households.

6.3.5.1 Per capita income and expenditure on Meat, egg and fish

Table (6.19)

Per-capita income and the expenditure of meat, egg and fish

Per-capita income(Rs)	Expenditure on meat, egg and fish (Rs)					Total
	Less than 500	500-1000	1000-1500	1500-2000	2000& above	
Less than 3000	9 (24.3)	18 (48.6)	10 (27.0)	0	0	37 (100)
3000-6000	26 (29.2)	28 (31.5)	22 (24.7)	9 (10.1)	4 (4.5)	89 (100)
6000-9000	32 (34.8)	32 (34.8)	11 (12.0)	6 (6.5)	11 (12.0)	92 (100)
9000-12000	12 (26)	14 (30.4)	13 (28.3)	1 (2.2)	6 (13.0)	46(100)
12000-15000	4 (25)	8 (50.0)	3 (18.3)	1 (6.3)	0	16 (100)
15000 and above	10 (50)	2 (10.0)	4 (20.0)	1 (5.0)	3 (15.0)	20 (100)
Total	93 (31)	102 (34.0)	63 (21.0)	18 (6.0)	24 (8.0)	300 (100)

Source: Primary data. Figures in the brackets represent percentages

It is evident that more than one-third of the households (34 percent) spent Rs500 to Rs1000 for consumption of meat, egg and fish. It is assumed that higher per-capita income group prefers more diverse food than lower income group. The survey data confirm that per-capita consumption of meat, egg and fish is positively related to per-capita income (Jabir Ali2007)[5]. The consumption expenditure on meat, egg and fish shows an increasing trend with per-capita income. Among those with income above Rs15000, 20 percent spend Rs1000 to Rs1500 and 15 percent spend Rs2000 and above. Most of the households prefer chicken than other meat items. High price of these commodities made majority of them purchase only in the weekend. This made their expenditure minimal.

6.3.5.2 District wise details of Meat, egg and fish expenditure

Table (6.20)

Meat,egg and fish expenditure – district wise details

Egg, fish & meat (Rs)	Ernakulam	Palakkad	Thrissur	Total
Less than 500	22 (22.0)	30 (30.0)	41 (41.0)	93 (31.0)
500-1000	32 (32.0)	42 (42.0)	28 (28.0)	102 (34.0)
1000-1500	19 (19.0)	20 (20.0)	24 (24.0)	63 (21.0)
1500-2000	9 (9.0)	5 (5.0)	4 (4.0)	18 (6.0)
2000& above	18 (18.0)	3 (3.0)	3 (3.0)	24 (8.0)
Total	100 (100.0)	100 (100.0)	100 (100.0)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

It is found that in both districts, Palakkad and Ernakulam the percentage distribution of the households is higher in the expenditure range of Rs500-Rs1000 whereas in Thrissur district majority (41percent) of the households spend an amount below Rs500. Compared to Thrissur and Palakkad (3 percent), the proportion of households spending more than Rs2000 monthly on these items is six times higher in Ernakulam district (18 percent). 9 percent of the households is included in the expenditure range of Rs1500 to Rs2000 and another 18 percent spend more than Rs2000 for their egg, fish and meat consumption but the proportion of households spending higher amount of Rs2000 and above is least in Palakkad (3 percent) and Thrissur (3 percent) districts. Regarding the expenditure class of less than Rs500, the proportion of households is higher in Thrissur district (41 percent) and least in Ernakulam (22 percent). The proportion of households included in the expenditure range of Rs500 to Rs1000 is higher in Palakkad (42 percent) and least in Thrissur (28 percent) district.

6.2.5.3 Family size and expenditure on Meat, egg and fish

Table (6.21)

Family size and the expenditure on Meat, egg and fish (Rs)

Family size	Less than 500	500-1000	1000-1500	1500-2000	2000 & above	Total
Less than 4	53(42.4)	40(32)	23(18.40)	4(3.2)	5(4)	125
4-6	34(24.4)	52(37.41)	29(20.86)	10(7.9)	14(10.07)	139
6-8	3(13))	5(21.7)	9(39.13)	3(13)	3(13.04)	23

8 and above	3 (23.0)	5 (38.4)	2 (15.3)	1(7.6)	2 (15.3)	13 (100.0)
Total	93 (31)	102 (34.0)	63 (21.0)	18 (6.0)	24 (8.0)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

. Family size and the expenditure of items like egg, fish and meat show a direct relation. Smaller the size of family, lesser the amount they spend on the consumption of such items. Family sizes up to four members spend less compared to the households having the size of more than four members. The proportion of households included in the higher expenditure class (Rs2000 and above) is less among the small size of family, 4 percent from the family size of less than four are included in this category where as the proportion of the households are higher among the large size of family 15.3, percent from the family size of eight and above and 13 percent from the family size of six to eight. The proportion of households from the medium size of family is less in the lowest expenditure class of less than Rs500 and their proportion in higher expenditure group (Rs2000 and above) is higher than the small family size and lower than the larger family size households.

6.3.6 Expenditure on Fruits and Nuts

It is observed that the expenditure on fruits and nuts over different rounds of NSS recorded a steady increasing trend. The consumption of fruits is higher in urban areas (68.51 percent) as compared to rural areas (54.08 percent) in the 66th round (2009-10). The average annual growth rate in MPCE on fruits and nuts recorded 5.6 percent in urban Kerala but in urban India it was recorded as 9.49 percent. Table 6.22 analyzes expenditure on fruits and nuts in the sample areas and to examine its variations with reference to the different variables such as per-capita income, occupation and the size of family.

6.3.6.1 Percapita income and Expenditure on Fruits and Nuts

It is assumed that people with higher income include fruits and nuts in their diet (Padilla.L, 2001)[6].

The expenditure on fruits and nuts are classified into five expenditure groups which range between less than Rs500 and above Rs2000. Irrespective of

the per-capita income level, most of the households in the sample areas (37.3 percent) spend less than Rs.500 for their fruits and nuts consumption and 31.6 percent spend an amount range between Rs500-Rs1000. As income increases, the proportion of households included in the higher income groups is increasing. Among the lower income groups, the proportion of households is higher in the lower expenditure range and their proportion is decreased in the higher expenditure groups. 67.5 percent of the households from the lower per-capita income group (less than Rs3000) spend less than Rs500 and 5.4 percent spend an amount between Rs1000 and Rs1500 and 2.7 percent come under the expenditure range of Rs1500 to Rs2000 and none of them spend more than Rs2000 for their fruits consumption. The reason is that most of them prefer only seasonal fruits. But in the case of higher income groups (Rs15000 and above) majority of the households (30 percent) are included in the expenditure range of Rs1000 to Rs1500 and 10 percent are included in the higher expenditure range of Rs1500 to Rs2000 and above Rs2000 .

Table (6.22)

Per-capita income and expenditure on fruits and nuts

Per-capita income(Rs)	**Expenditure on fruits and nuts (Rs)**					**Total**
	Less than 500	500-1000	1000-1500	1500-2000	2000 & above	
Less than 3000	25 (67.5)	9 (24.3)	2 (5.4)	1 (2.7)	0	37 (100.0)
3000-6000	44 (49.4)	26 (29.2)	10 (11.2)	5 (5.6)	4 (4.5)	89 (100.0)
6000-9000	23 (25)	34 (36.9)	22 (23.9)	8 (8.6)	5 (5.4)	92 (100.0)
9000-12000	11 (23.9)	17 (36.9)	8 (17.3)	6 (13.0)	4 (8.6)	46 (100.0)
12000-15000	4 (25)	4 (25)	7 (43.7)	1 (6.25)	0	16 (100.0)
15000 and above	5 (25)	5 (25)	6 (30)	2 (10)	2 (10)	20 (100.0)
Total	112 (37.2)	95 (31.6)	55 (18.3)	23 (7.6)	15 (5)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

While considering the income group of Rs6000 to Rs9000 and Rs9000 to Rs12000, their major proportion (36.9 percent) is included in the expenditure range of Rs500 to Rs1000 and also this proportion is higher than the lower income group (less than Rs500 and Rs3000 to Rs6000) and lower than the higher income group of Rs12000 to Rs15000 and above Rs15000. From this table, it is understood that lower per-capita income group spend less for fruits consumption and higher income groups spend more amount for their consumption.

6.3.6.2 District wise details of fruits expenditure

Table 6.23

District wise analysis of fruits expenditure (Rs)

Fruits expenditure	Ernakulam	Palakkad	Thrissur	Total
Less than 500	28 (28.0)	35 (35.0)	49 (49.0)	112(37.3)
500-1000	25(25.0)	45 (45.0)	25 (25.0)	95 (31.7)
1000-1500	19 (19.0)	17 (17.0)	19 (19.0)	55 (18.3)
1500-2000	15 (15.0)	2 (2.0)	6 (6.0)	23 (7.7)
2000& above	13 (13.0)	1 (1.0)	1 (1.0)	15 (5.0)
Total	100 (100.0)	100(100.0)	100(100.0)	300(100.0)

Source: Primary data. Figures in the brackets represent percentages

Table (6.23) indicates that most of the households from Ernakulam (28 percent) and Thrissur districts (49 percent) spend less than Rs500 for fruits consumption. In Palakkad district 45 percent of the households come under the expenditure range of Rs500 to Rs1000. The consumption pattern of fruits among three districts shows that the proportion of households included in the higher expenditure class is higher in Ernakulam, compared to other two districts. 15 percent of the households from this district spend between the expenditure of Rs1500 to Rs2000 and another 13 percent spend more than Rs2000 for their fruits consumption. It is observed that 6 percent of the households from Thrissur district and only 2 percent from the Palakkad district spend the higher expenditure of Rs1500 to Rs2000, but their proportion in higher expenditure class (Rs2000 and above) is very low. Only 1 percent of the households spend more than Rs2000 from both of the districts for their fruits consumption.

6.3.6.3 Family size and fruits expenditure

Table 6.24

Family size and fruits expenditure (Rs)

Family size	Less than 500	500-1000	1000-1500	1500-2000	2000 &above	Total
Less than 4	51(40.8)	34(27.2)	23(18.4)	10(8)	7(5.6)	125(100)
4-6	54(39)	46(33.09)	26(18.7)	8(5.7)	5(3.5)	139(100)
6-8	2(8.69)	11(47.8)	5(21.7)	4(17.39)	1(4.34)	23(100)
Above8	5 (38.4)	4 (30.7)	1 (7.6)	1 (7.6)	2 (15.3)	13(100.0)
Total	112 (37.3)	95 (31.6)	55 (18.3)	23 (7.6)	15 (5)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

It is observed that the percentage of households is higher in the lower expenditure range. 37.3 percent of the households is included in this expenditure class. Most of the households from this expenditure group come from the small family size. Compared to the small family size, proportion of households with large family size is lower in the lower expenditure class. While noticing the expenditure range of Rs500 to Rs1000, most of the households are from this class, from the large family size. The proportion of households with the family size of above eight was higher in the expenditure range of less than Rs500. But compared to other family size, their proportion was higher in the expenditure range of Rs2000 and above (15.3 percent).

6.3.7 Expenditure on Salt and Spices

Monthly per-capita expenditure of salt and spices in the urban Kerala shows an increasing trend. It rises from 1.4 percent from the 27th round to 10.4 percent in 50th round and to 33.90 percent in the 66th round. But its proportion to total expenditure has declined from 2.4 percent in 27th round to 1.27 percent in the 66th round. The average annual growth rate in MPCE by

salt and spices in urban area between 27th and 66th round was 5.49 whereas it was 8.01 in urban India. The growth rate in rural Kerala (9.54 percent) was higher than the urban Kerala and in the rural India, it constitutes 7.96 percent. .

6.3.7.1 Per capita income and expenditure on salt and spices

Table 6.25

Per-capita income and the expenditure on salt and spices (Rs)

Per-capita income(Rs)	Less than 300	300-400	400-500	500 & above	Total
Less than 3000	18 (51.4)	14(37.8)	5 (13.5)	0	37(100.0)
3000-6000	32 (38.9)	29(32.6)	24(27.0)	4 (4.5)	89 (100.0)
6000-9000	28 (30.4)	42 (45.7)	18 (19.6)	4 (4.3)	92 (100.0)
9000-12000	16 (34.8)	12(26.1)	15(32.6)	3 (6.5)	46 (100.0)
12000-15000	8 (50.0)	7(43.8)	0	1 (6.3)	16 (100.0)
15000& above	9 (45.0)	5(25.0)	5 (25.0)	1 (5.0)	20 (100.0)
Total	111 (37)	109 (36.3)	67 (22.3)	13 (4.3)	300 (100.0)

Source: primary data. Figures in the brackets represent percentages

From the sample, the expenditure of households on salt and spices is classified into four expenditure categories such as less than Rs300, Rs300 to Rs400, Rs400 to Rs500 and finally Rs500 and above. Compared to other food items, households spend less for the consumption of salt and spices. The proportion of households from each of the per-capita income group is higher in the lower expenditure class of less than Rs300. 37 percent of the households spend less than Rs300 for the consumption of salt and spices and 36.3 percent spend an amount range between Rs300 and Rs400. Only 4.3 percent spend more than Rs500. There is not much variation among the different per-capita income groups. Most of the households spend more or less the same with the expenditure range mentioned above and none of the households from the lower per-capita income groups spend more than Rs500 for their salt purchases. The

consumption expenditure of salt and spices is not proportionally increased with the increase in income.

6.3.7.2 District wise details of salt and spices expenditure

Table 6.26

District wise details of salt and spices expenditure (Rs)

Expenditure of salt and spices(Rs)	Ernakulam	Palakkad	Thrissur	Total
Less than 300	1 (1.0)	44 (44.0)	66 (66.0)	111 (37)
300-400	43 (43.0)	42 (42.0)	24 (24.0)	109 (36.3)
400-500	47 (47.0)	14 (14.0)	6 (6.0)	67 (22.3)
500 & above	9 (9.0)	0	4 (4.0)	13 (4.3)
Total	100 (100.0)	100 (100.0)	100 (100.0)	300 (100.0)

Source: primary data. Figures in the brackets represent percentages

Table 6.26 reveals that the proportion of households including lower expenditure range (less than Rs300) is higher in Thrissur district (66 percent) and lower in Ernakulam district (1percent). The percentage of households spending large amount is higher in Ernakulam district, that is 43 percent spent the expenditure range of Rs300 to Rs400, 47 percent spend the expenditure range of Rs400 to Rs500 and 9 percent spend the higher expenditure range of Rs500 and above for the consumption of salt and spices. In Thrissur district most of the respondents (66 percent) are included in the expenditure class of less than Rs300 and their proportion is very least in other expenditure ranges as compared to other two districts.

6.3.7.3 Family size and expenditure on salt and spices

Table (6.27)

Family size and the expenditure on salt and spices (Rs)

Family size	Less than 300	300-400	400-500	500 & above	Total
Less than 4	54(43.2)	46(36.8)	23(18.4)	2(1.6)	125(100)
4-6	50(35.9)	51(36.6)	30(21.5)	8(5.7))	139(100)
6-8	4(17.3)	9(39.1)	7(30.4)	3(13.0)	23(100)
8 & above	3 (23.0)	3 (23.0)	7 (53.8)	0	13 (100.0)
Total	111 (37)	109 (36.3)	67 (22.3)	13 (4.3)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

From table 6.27 it is understood that the proportion of households from the small size of family (including two and three members) is higher in the lower expenditure class of less than Rs300 and their proportion is lower in higher expenditure class. Only 1.6 percent spend Rs500 and above. Compared to small and the medium size of families, the proportion of households from the large family size is lower in the lower expenditure class and their proportion is higher in the higher expenditure class and is higher than the small and medium size of families. 13 percent of the households from the family size of 6-8 and only 1.6 percent from the family size of less than four are included in the expenditure class of above Rs500 rupees.

6. 3.8 Expenditure on Beverages and Processed food

6.4.8.1 Per capita income and expenditure on Beverages and processed food

Table 6.28

Per capita income and Beverages and Processed food (Rs)

Percapita income	Expenditure on beverages and processed food				Total
	Less than 300	300-600	600-900	900 & above	
Less than 3000	10 (27.0)	19 (51.3)	8 (21.6)	0	37 (100.0)
3000-6000	15 (16.8)	45 (50.6)	26 (29.2)	3(3.4)	89 (100.0)
6000-9000	18 (19.5)	48 (52.2)	21 (22.8)	5 (5.4)	92 (100.0)
9000-12000	5 (10.9)	24 (52.2)	14 (30.4)	3 (6.5)	46 (100.0)
12000-15000	2 (12.5)	11 (68.8)	3 (18.8)	0	16 (100.0)
15000 & above	5 (25.0)	10 (50.0)	3 (15.0)	2 (10.0)	20 (100.0)
Total	55 (18.3)	157 (52.3)	75 (25.0)	13 (4.3)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

As higher per-capita income (Rs15000 and above), the proportion of households spend higher expenditure of Rs900 and above (10percent). None of the households in the lower per-capita income group spend more than Rs900 whereas compared to all other per-capita income groups, the proportion of households among the higher income groups is higher in the higher expenditure group of Rs900 and above (Mondal, S.K, 1983)[7]. As per the 66th round (2009-10) of the consumption expenditure survey, it is said that, the expenditure on beverages and processed food has shown an increasing trend. It increased from 19.11 percent in 27th round to 22.17 percent in 66th round.

6.4.8.2 District wise details o expenditure on beverages and processed food

Table (6.29)

District wise details of expenditure on beverages and processed food (Rs)

Expenditure of beverages and processed food	Ernakulam	Palakkad	Thrissur	Total
Less than 300	12 (12.0)	14 (14.0)	29 (29.0)	55 (18.3)
300-600	57 (57.0)	57 (57.0)	43 (43.0)	157 (52.3)
600-900	25 (25.0)	28 (28.0)	22 (22.0)	75 (25.0)
900 & above	6 (6.0)	1 (1.0)	6 (6.0)	13 (4.3)
Total	100 (100.0)	100 (100.0)	100 (100.0)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

A comparison of three sample districts clearly reveals that there is no significant variation in expenditure among the households. The proportion of households spending less than Rs300 is higher in Thrissur district and least in Ernakulam district. But compared to other two districts, the proportion of households in Thrissur district is lower in the expenditure range of Rs300 to Rs600 (43 percent) and Rs600 to Rs900 (22 percent). The largest portion of households from both Ernakulam (57 percent) and Palakkad (57 percent) districts come under the expenditure range between Rs300 and Rs600.

6.4.8.3 Family size and expenditure on Beverages and processed food

Table (6.30)

Family size and expenditure on beverages and processed food (Rs)

Family size	Less than 300	300-600	600-900	900 & above	Total
Less than 4	35(28)	68(54.4)	20(16)	2(1.6)	125(100)
4-6	16(11.5)	73(52)	42(30.2)	8(5.7)	139(100)
6-8	4(17.3)	11(47.8)	7(30.4)	1(4.34)	23(100)
8 &Above	0	5 (38.4)	6(46.1)	2 (15.3)	13(100.0)
Total	55 (18.3)	157 (52.3)	75 (25.0)	13 (4.3)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

Table 6.30 shows that large family size has larger expenditure. The proportion of households from the largest family size is higher in the expenditure range of Rs 600 to Rs900 (46.1 percent) and none of them included in the lower expenditure class of less than Rs300. Considering the higher expenditure class of Rs900 and above, the proportion of households from the small family size up to four members is very least. The proportion is higher among the larger family size (15.3 percent).

6.4.9 Expenditure on Sugar

The available data related to sugar consumption expenditure shows a declining trend. Average annual growth rate in monthly per-capita consumption expenditure on sugar between 27th and 66th round in urban Kerala was only 5 percent whereas it was higher in urban India (6.2 percent) and in rural Kerala it was 9.42 percent which is much higher than the urban areas in Kerala. The percentage expenditure of sugar to total food expenditure in urban Kerala in the 66th round was only 2.85 percent. The following table reveals the sugar expenditure trends of the sample households. The survey data show that sugar expenditure constitutes 2.1 percent of total food expenditure in the study areas.

6.4.9.1 Per capita income and sugar expenditure

Table 6.31

Per capita income and sugar expenditure (Rs)

Per-capita income	Less than 100	100-200	200 and above	Total
Less than 3000	5 (13.5)	30 (81.0)	2 (5.4)	37 (100.0)
3000-6000	11 (12.3)	71 (79.8)	7 (7.9)	89 (100.0)
6000-9000	7 (7.6)	77 (83.7)	8 (8.7)	92 (100.0)
9000-12000	3 (6.5)	37 (80.4)	6 (13.0)	46 (100.0)
12000-15000	4 (25.0)	12 (75.0)	0	16 (100.0)
15000 and above	2 (10.0)	15 (75.0)	3 (15.0)	20 (100.0)
Total	32 (10.6)	242 (80.7)	26 (8.7)	300 (100.0)

Source: Primary data. Figures in the brackets represent percentages

Table (6.31) reveals that most of the households come under the income group of Rs6000 to Rs9000. From this group, 83.7 percent of the households spend an amount range between Rs100 to Rs200, 8.7 percent spend an amount above Rs200 and 7.6 percent spend less than Rs100 for their sugar consumption. While considering the all income categories, the large proportion of households (80.7) come under the expenditure range between Rs100 and Rs200. 10.6 percent of respondents is included in the expenditure range less than Rs100. Only 8.7 percent come in the higher expenditure range of Rs200 and above. Irrespective of the income groups, the sugar consumption patterns of the households are more or less same. This may be because sugar is an item included in the category of necessary goods.

6.4.9.2 Family size and Sugar expenditure

Table 6.32

Family size and sugar expenditure (Rs)

Family size	Less than 100	100-200	200 & above	Total
Less than 4	20(16)	101(80.8)	4(3.2)	125(100)
4-6	12(8.63)	116(83.45)	11(7.91)	139(100)
6-8	0	19(82.60)	4(17.39)	23(100)
8 & above	0	6 (46.1)	7 (53.8)	13 (100.0)
Total	32 (10.66)	242 (80.7)	26 (8.7)	300 (100.0)

Source: Primary data. Figures in brackets represent percentages

It is observed from the table that the family size and sugar expenditure show a positive relationship. Most of the households are included in the expenditure range between Rs100 and Rs200 (80.7 percent). None of the households having larger family size of eight and above is included in the lower expenditure range of less than Rs100 and their proportion is higher in the expenditure range of Rs100-Rs200 and above Rs200. While comparing the expenditure of small and large family size households, we can feel some variations. Majority of the households with family size of 4-6 spend an amount range between Rs100 and Rs200 (83.45 percent), 10.6 percent spend less than Rs100 and none of them spent beyond Rs100 for their sugar consumption. When we consider larger family size with more than seven, most of them spend above Rs200 (53 percent), 46.1 percent spend between Rs100 and Rs200 and none of them spend below the amount of Rs100.

Consumption Function of Food expenditure

In this chapter we discussed the trends and pattern of food expenditure in urban Kerala with the help of sample respondents. A close look into the Bi-variate tables indicates that the rate of food increase is coming down. This may due to the increased income of the respondents over the years. To ascertain further, what we discussed above, linear consumption function is of fall.

$$C_F = \alpha + \beta Y$$

Where $C_{F=}$ Expenditure on food and

Y is disposable income.

The results are presented in table (6.33).

Table 6.33

$C_F = \alpha + \beta Y$

District	α	β	R^2
Ernakulam	654	0.52	0.68
Thrissur	752	0.61	0.59
Palakkad	855	0.58	0.67
Kerala	618	0.55	0.69

From the table it is found that the marginal propensity to consume on food alone is relatively low. In other words, this indicates that for any change in income, there is an increase in expenditure on food but less than proportionate. Even though the R^2 value is significant, it is not exorbitantly high. In short the consumption function estimates clearly reveal a fall in food expenditure. This is relatively true for all the districts and the state level also.

Table 6.34

ANOVA

Source of variation	Sum of sq. Between samples	Sum of sq. within samples	Df between samples	Df within samples	Mean sq .between samples	Mean sq within samples	F ratio
Education	26	219	7	158	3.71	1.3	2.85
Income	31	418	6	161	5.1	2.59	1.96
Occupation	29	316	8	173	3.62	1.82	1.98
Age	30	286	7	149	4.2	1.91	2.19
Religion	28	271	8	152	3.5	1.78	1.96
Gender	29	256	9	138	3.22	1.85	1.74

To identify the determinants of demand for food expenditure that too in different districts was attempted with the help of ANOVA. Six indicators education, income, occupation, age, religion and gender were considered for

the purpose. It is very interesting to observe that F ratio is significantly low in all the cases. This shows that there are no significant variations in the behaviour in different districts but at the same time the identified variables significantly influence food expenditure. It is also found that when the education, occupation or the income status improve the food composition changes.

Conclusion

It may be inferred from this chapter, the food expenditure of the sample respondents are directly influenced by their income but it is not proportional. The per capita income of the sample respondents is Rs6976.47 whereas the food consumption expenditure is Rs1711.31only. The allocation of income for food items is lower among the sample respondents (28.65 percent).The less expenditure on food especially cereals is responsible for high morbidity rate in urban areas (Harikumar, Dhanya sudhakar, 2008)[8]. Other than income, occupation of the head of the households, size of the family is also positively influenced by the food consumption expenditure. Among the food items, the district wise variation is seen in the expenditure on Cereal, vegetables and meat, egg and fish. Cereal expenditure is highest in Thrissur whereas the meat, egg and fish expenditure is higher in Ernakulam district. Not significant variation is found in the milk expenditure among the samples. Compared to Ernakulam district, the trends in food expenditure in palakkad and Thrissur districts is more or less similar. This may mainly be due to the similarities of food habits .Majority of the respondents spend an expenditure range between Rs500 andRs1000. Among the sample areas, the per capita consumption expenditure is lower in Ernakulam (Rs5544.54) district.

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CHAPTER-7

EXPENDITURE ON NON FOOD ITEMS: HOUSEHOLD EXPERIENCES

7.1 Introduction

In this chapter we present the expenditure pattern of households on non-food items. The recent trends in consumption expenditure show a considerable shift from food to non-food items. The non-food category includes medical expenditure, education, transport and communication, recreation, durable etc. It is estimated that the share of non-food items in consumer expenditure in the study area is 71.34 percent, which is higher than the share of urban Kerala. The share of non-food expenditure in total consumption expenditure is 54 percent in 2009-2010 (NSSO, 2011)[1].

7.2 Medical Expenditure

Kerala is experiencing an increase in medical expenses leading to a situation of mediflation. Information on medical expenditure was collected in terms of institutional and non institutional. The 66th round (2009-10) NSSO data reported a greater share of institutional medical expenditure in urban India (28 percent) compared to rural India (26 percent).

Table 7.1

Per-capita income and Preference of Medical institutions

Per-capita income (Rs)	Private	private and govt.	Total
Less than 3000	27 (73)	10 (27)	37 (100)
3000-6000	77 (86.5)	12 (13.4)	89 (100)
6000-9000	86 (93.5)	6 (6.5)	92 (100)
9000-12000	46 (100)	0	46 (100)
12000-15000	16 (100)	0	16 (100)
15000 and above	20 (100)	0	20 (100)
Total	272(90.3)	28(9.3)	300 (100)

Source: Primary data. Figures in the brackets represent percentages

It is evident from table 7.1 that 90 percent of the sample households prefer private medical institutions. 9 percent prefers both government and private institutions for their medical treatment. Considering the per-capita income level, the proportion of households preferring both government and private institutions were higher among the lower income group (27 percent). It is noticed that households with income above Rs9000 mostly prefer private medical centre. Easy accessibility of private institutions in urban areas and the feeling of better health care services provided by them increased their preference for private institutions.

The district wise analysis also indicates the dominance of private institutions in the field of medical preferences of the households. Considering the district wise analysis, it is noticed that preferences of both private and government institutions is higher in Ernakulam (15 percent) and least in Thrissur (4 percent).

7.2.1 Preference of Medical institutions

Table 7.2

Preference of Medical institutions – District wise analysis

Preference of medical institution	Ernakulam	Palakkad	Thrissur	Total
Private	84 (84)	91 (91)	96 (96)	271 (90.3)
Govt.	1 (1)	0	0	1 (0.3)
Both	15 (15)	9 (9)	4 (4)	28 (9.3)
Total	100 (100)	100 (100)	100 (100)	300 (100)

Source: Primary data. Figures in the brackets shows percentages

7.2.2 Chronic disease – District wise analysis

Among the sample households, 41.67 percent is suffering from chronic diseases. District wise details show that 36.3 percent of the households from both Ernakulam and Palakkad districts have chronic diseases and 27.4 percent of the respondents are having chronic disease in Thrissur district.

Table 7.3

Chronic disease details

Chronic disease	Private	Govt	Both	Total
Yes	117(93.6)	0	8 (6.40)	125(100)
No	154(88)	1(0.05)	20 (11.43)	175 (100)
Total	271 (90.33)	1(0.3)	28 (9.33)	300 (100)

Source: Primary data. Figures in brackets represent percentages

Table (7.3) shows that 93.6 percent of those suffering from chronic diseases prefer private institutions for treatment. Limitations in the public health care system to satisfy the basic health care needs of the people may be the reason for it (Ashokan and Ibrahim, 2008)[2]. An enquiry about the type of diseases of the samples shows that most of them were diabetic patients

(61.5 percent). 17.2 percent suffer from heart disease. This is in conformity with the findings of Panikar (1999)[3]. Among them, 24.2 percent regularly go for medical check up to private hospitals only and 14.3 percent prefer both private and government hospitals.

7.2.3 Per capita income and mode of treatment

Table 7.4

Per-capita income and Mode of treatment

Percapita income (Rs)	Allopathy	Ayurveda	Homeopathy	Allopathy & Ayurveda	Allopathy& Homeopathy	Total
Less than 3000	26 (70.2)	2 (5.7)	3 (8.6)	5 (14.3)	1(2.9)	37 (100)
3000-6000	61 (68.5)	3 (3.4)	3 (3.4)	19 (21.3)	3 (3.4)	89 (100)
6000-9000	67 (72.8)	2 (2.2)	1 (1.1)	16 (17.4)	6(6.5)	92 (100)
9000-12000	39 (84.8)	0	1 (2.2)	6 (13)	0	46 (100)
12000-15000	12 (75)	0	0	4 (25)	0	16(100)
15000 & above	14 (70)	0	0	2 (10)	4 (20)	20(100)
Total	219 (73)	7 (2.3)	8 (2.7)	51 (17)	15 (3.3)	300(100)

Source: Primary data. Figures in the brackets represent percentages

Table (7.4) clearly indicates that 73 percent of the households prefer allopathic treatment and 17 percent prefers both allopathic and ayurveda. Only 2.3 percent and 2.7 percent of total sample prefer ayurveda and homeopathy respectively. No positive relation has been found between the level of income and the mode of treatment. The proportion of households preferring allopathic is more or less the same among all income groups. The preference for the

combination of allopathic and ayurveda is higher among the income group of Rs 12000 to 15000 (25 percent).

7.2.4 District wise details of Mode of treatment

Table 7.5

Mode of treatment – District wise details

Mode of treatment	Ernakulam	Palakkad	Thrissur	Total
Allopathy	75 (75)	77 (77)	67 (67)	219 (73)
Ayurveda	1(1)	4(4)	2 (2)	7(2.3)
Homeopathy	1(1)	4(4)	3 (3)	8(2.7)
Allopathy &Ayurveda	15(15)	14(14)	22 (22)	51(17)
Allopathy &Homeopathy	8(8)	1 (1)	6 (6)	15(5)
Total	100 (100)	100 (100)	100 (100)	300 (100)

Source: Primary data. Figures in brackets represent percentages

District wise trends also show a similar picture with majority of the households prefer allopathic treatment. 77 percent of the households in Palakkad, 75 percent in Ernakulam and 67 percent in Thrissur districts prefer allopathic treatment. Other than allopathic, another important preference goes to the combination of allopathic and ayurveda and it was higher in Thrissur (22 percent) and its share was least in Palakkad (14 percent) and Ernakulam (15 percent).

Here we examine the relation between per-capita income and the chronic disease. Table 7.6 indicates that the proportion of the patients having chronic diseases like cardio vascular diseases, cancer, hypertension and diabetes have emerged among the higher income groups. This is mainly due to their life styles.

7.2.5 Per capita income and the health status

Table 7.6

Per capita income and the health status

Per-capita income (Rs)	No .of patients having chronic disease	Excluded from diseases	Total
Less than 3000	15 (40.5)	22 (59.4)	37 (100)
3000-6000	33 (37.1)	56 (62.9)	89 (100)
6000-9000	41 (44.6)	51 (55.4)	92 (100)
9000-12000	19 (41.3)	27 (58.7)	46(100)
12000-15000	7 (46.7)	8 (53.3)	15 (100)
15000 and above	9 (45)	11 (55)	20 (100)
Total	124 (41.5)	175 (58.5)	300 (100)

Source: Primary data. Figures in brackets represent percentages

7.3 Expenditure on education

The impact on education and per capita expenditure is positively related (Arup Mitra, 2005)[4]. Expenditure on education is higher in urban areas. As per the 66th round of NSS report (2009-10), it is said that the expenditure on tuition and other educational expenses in urban areas has reached two and a half times its earlier level.

7.3.1 Per capita income and education expenditure

Table 7.7

Per-capita income and education expenditure (Rs)

Per-capita income	Less than 1000	1000-2000	2000-3000	3000-4000	4000-5000	5000-6000	6000-7000	Total
Less than 3000	22 (59.4)	6(17.1)	4(11.4)	4(11.4)	0	0	0	37(100)
3000-6000	47 (52.8)	12(13.)	9(10.1)	7(7.9)	3(3.4)	4(4.5)	0	89 (100)
6000-9000	55(59.8)	9(9.8)	8(8.7)	10(10.9)	4(4.3)	3(3.3)	1(1.1)	92(100)
9000-12000	32 (69.6)	1 (2.2)	2(4.3)	1(2.2)	4(8.7)	1(2.2)	3(6.5)	46(100)
12000-15000	12(75)	1(6.3)	2(12.5)	1(6.3)	0	0	0	16(100)
15000 & above	14 (70)	1(5)	0	1(5)	0	2(10)	1(5)	20(100)
Total	182 (60.7)	30(10)	25 (8.3)	24(8)	11(3.7)	10 (3.3)	5(1.7)	300(100)

Source: Primary data. Figures in brackets represent percentages

Majority of the households in the sample areas spend less than Rs.1000 for education purposes (60.7 percent) and 10 percent spend an expenditure range of between Rs1000 and Rs2000. Expenditure of households having lower per-capita income (less than Rs3000) was not spending beyond the expenditure level of Rs4000. 11.4 percent from this group spend between Rs3000 and Rs4000. Compared to all other income groups, this proportion is very high. Considering the higher income group of Rs9000-Rs12000, Rs12000-Rs15000 and Rs15000 and above, the proportion of households from this category is higher in the higher expenditure range as compared to other income group. 10 percent from the income group of Rs15000 and above spend between Rs5000 and Rs6000 and 5 percent spend Rs6000 to Rs7000 for their education purposes. Most of the students of the respondents are studying secondary and higher secondary levels and only a few students are for studying professional courses. Hence the expenditure on fees is quite less where as the tuition amount and vehicle charge is very high in our sample areas.

7.3.2 Education expenditure - District wise details

The district wise analysis shows that 56 percent from Ernakulam, 65 percent from Palakkad and 61 percent from Thrissur districts spend less than Rs1000 monthly for education purposes. Compared to Palakkad and Thrissur districts, education expenses were higher in Ernakulam. The proportion of households included in higher expenditure range was also higher in that district. Among the total households from the expenditure range of Rs5000 to Rs6000, 5 percent represents from Ernakulam district only 2 percent represents from Thrissur and none of them from Palakkad are included this category. From the sample, it is interested to note that the proportion of students among the sample population is lower in Palakkad as compared to other two districts. This may be because of the limitation of better educational opportunities in Palakkad district which would have made the people to migrate to other districts.

Table (7.8)

District wise details of education expenditure (Rs)

Education expenditure	Ernakulam	Palakkad	Thrissur	Total
Less than 1000	56 (56.0)	65 (65.0)	61 (61.0)	182 (60.7)
1000-2000	10 (10.0)	4(4.0)	16(16.0)	30 (10.2)
2000-3000	13 (13.0)	6(6.0)	6(6.0)	25 (8.3)
3000-4000	9(9.0)	11(11.0)	4(4.0)	24(8.0)
4000-5000	3(3.0)	2(2.0)	6(6.0)	11 (3.7)
5000-6000	5(5.0)	3(3.0)	1(1.0)	9(3.0)
6000-7000	3(3.0)	0	2(2.0)	5 (1.7)
7000 &above	1(1.0)	9(9.0)	4(4.0)	14 (4.6)
Total	100 (100)	100 (100)	100 (100)	300 (100)

Source: Primary data. Figure in brackets represent percentages

7.3.3 Expenditure of education to the total non-food expenditure

It may be noted that expenditure on education plays a significant share in the total non food expenditure. From the table (7.9) it is observed that majority of the households spent 50 to 60 percent for their children of the total

non food expenditure (31 percent) and another 30 percent spent 60 to 70 percent.

Table (7.9)

Expenditure on education to total non food expenditure (Rs)

Education	Less than 40	40-50	50-60	60-70	70-80	80-90	90 &above	Total
Primary		1(25)		1(25)	2(50)	0	0	4(100)
Secondary	1(1.2)	5(6.17)	31(38.27)	21(2.6)	10(12.3)	12(14.81)	1(1.2)	81(100)
Higher secondary	1(1.3)	3(10.01)	10(33.3)	11(36.7)	2(6.7)	2(6.7)	1(3.3)	30(100)
Graduate	4(3.8)	7(6.6)	37(34.9)	29(27.4)	21(19.8)	4(3.8)	4(3.8)	106(100)
Post graduate and professionals	3(3.79)	9(11.39)	15(19)	28(35.4)	13(16.4)	8(10.12)	3(3.8)	79(100)
Total	9 (3.0)	25 (8.3)	93(31.0)	90(30.0)	48(16.0)	26(8.7)	9(3.0)	300 (100)

Source: Primary data.

Figures in brackets represent percentages

7.3.4 Occupation and Education expenditure of the samples

Table (7.10)

Occupation of sample and Educational expenditure (Rs)

Occupation	Less than 1000	1000-2000	2000-3000	3000-4000	4000-5000	5000-6000	6000-7000	7000 & above	Total
Govt. employee	15(37.5)	5(12.5)	4(10.0)	4(10.0)	2(5.0)	1(2.5)	2(5.0)	7(17.5)	40(100)
Private	9(33.3)	4(15)	5(8.5)	7(26).		2(7.4)	0	0	27(100)
Business	26(44.8)	6(10.3)	6(10.3)	9(16)	3(5.2)	4(6.9)	1(1.7)	3(5.2)	58 (100)
Pensioners	92(76.7)	10(8.3)	7(5.8)	3(2.5)	4(3.3)	0	0	4(3.3)	120 (100)
Total	142(47.3)	25(8.3)	22(7.3)	23(7.6)	9(3)	7(2.3)	3(1)	14(4.6)	245 (100)

Source: Primary data. Figures represent percentages

Table 7.10 reveals that the proportion of households spending higher expenditure of Rs7000 and above was highest among the Govt employees (17.5 percent) followed by business category (5.2 percent). The proportion was least among the pensioners group and none of the households from private occupation categories come under this expenditure range. Considering each occupation category, major proportion come under the expenditure range of less than Rs1000, followed by the expenditure range of Rs1000 to Rs2000. The proportion of households in the expenditure range between Rs3000 and Rs4000 comprises 10 percent from Govt employees, 26 percent from private, 16 percent from business, and only 2.5 percent from the pensioners' categories.

7.3.5 Family income and education expenditure

Table (7.11)

Family income and education expenditure (Rs)

Family income	Less than 1000	1000-2000	2000-3000	3000-4000	4000-5000-	5000-6000	6000-7000	7000& above	Total
Less than 10000	15(71.4)	3(14.2)	0	2(9.5)	0	0	0	1(4.7)	21(100.0)
10000-20000	63(67.0)	9(9.6)	9(9.6)	4(4.3)	1(1.1)	2(2.1)	1(1.1)	5(5.3)	94(100)
20000-30000	49(59.8)	9(11.0)	5(6.1)	8(9.8)	5(6.1)	3(3.7)	0	3(3.7)	82(100)
30000-40000	26(53.1)	5(10.2)	4(8.2)	5(10.2)	3(6.1)	1(2.0)	3(6.1)	2(4.1)	49(100)
40000-50000	15(50.0)	1(3.3)	6(20.0)	3(10.)	2(6.7)	0	1(3.3)	2(6.7)	30(100)
50000-60000	8(66.7)	1(8.3)	1(8.3)	1(8.3)	0	1(8.3)	0	0	12(100)
60000 &above	6(50.0)	2(16.7)	0	1(8.3)	0	2(16.7)	0	1(8.3)	12(100
Total	182(60.7)	3(10.3)	25(8.3)	24(8.)	11(3.7)	9(3.0)	5(1.7)	13 (4.3)	300(100)

Source: Primary data. Figures in brackets represent percentages

The proportion of households spending less than Rs1000 for education is higher among the lower income category. 94 percent of the sample households are having the income range of Rs10000-Rs20000. Of this, 67 percent spend less than Rs1000 and 9.6 percent spend between Rs1000 and Rs3000 and only 1.1 percent spends higher range between Rs6000 and Rs7000. On the other hand, considering the higher income range of Rs60000 and above (12 percent of the sample) 50 percent spend less than Rs1000 and 16.7 percent spend between Rs5000 and Rs6000 and 8 percent spend higher expenditure of Rs7000 and above. When we consider the middle income range of Rs30000 to Rs40000 and Rs40000 to Rs50000, their proportion is quite high in the higher expenditure range of Rs7000 and above. We may conclude that, higher income groups spend more compared to the lower income groups.

7.4 Expenditure on clothing

The expenditure on clothing includes garments and readymade. The percentage expenditure on clothing and foot wear generally showed a declined trend. It is reduced from 14.5 percent in 27th round to 7.75 percent in 66th round. Table (7.12) examines the expenditure on clothing of the sample households.

7.4.1 Family income and the clothing expenditure

Table (7.12)

Family income and clothing expenditure (Rs)

Family income	Less than 500	500-1000	1000-1500	1500-2000	2000 & above	Total
Less than 10000	12(57.1)	8(38.0)	0	0	1(4.76)	21(100.0)
10000-20000	20(21.2)	57(60.6)	6(6.3)	6(6.3)	5(5.3)	94(100.0)
20000-30000	10(12.1)	43(52.4)	13(15.8)	13(15.8)	3(3.6)	82 (100)
30000-40000	4(8.16)	18(36.7)	15(30.6)	10(20.4)	2(4.0)	49(100.0)
40000-50000	0	10(33.3)	6(20)	8(26.6)	6(20)	30(100.0)
50000-60000	0	1(8.3)	5(41.6)	6(50)	0	12(100.0)
60000 & above	1(8.3)	5(41.7)	3(25.0)	3(25.0)	0	12 (100.0)
Total	47(15.6)	142 (47.3)	48(16)	46(15.3)	17(5.6)	300(100.0)

Source: Primary data. Figures in the brackets represent percentages

Expenditure on clothing was categorized into five. The least bottom was less than Rs500 and upper top most were Rs2000 and above. Here we can see that irrespective of their income level, majority of the households spend monthly an expenditure range of between Rs500 and Rs1000 (47.3percent). The proportion of households having lower income of less than Rs10000 were higher in the lower expenditure range of less than Rs500 (57.1 percent) and 38 percent spend between Rs500 and Rs1000 and 4.1 percent spend Rs2000 and above, whereas the proportion of households from other income groups are

lower in the lower expenditure range of less than Rs500 and higher in other expenditure category.

Considering the higher income group of Rs60000 and above, majority of the households is included in the expenditure range of Rs500 to Rs1000 (47.3 percent), only 8.3 percent is included in the lower expenditure range and 25 percent spent an range between Rs 1500 to Rs2000 and none of them included in the higher expenditure range of Rs2000 and above. It can be noted that the proportion of households from higher income group is higher in the higher expenditure group and lower in the lower expenditure group. But in the case of lower income group, their proportion is higher in lower expenditure range.

7.4.2 District wise details of clothing expenditure

Table (7.13)

Expenditure on clothing - District wise details (Rs)

Expenditure on clothing	Ernakulam	Palakkad	Thrissur	Total
Less than 500	7(7.0)	12(12.0)	24(24.0)	43(14.3)
500-1000	52 (52.0)	45(45.0)	45(45.0)	142(47.3)
1000-1500	19(19.0)	16(16.0)	14(14.0)	49(16.3)
1500-2000	16(16.0)	18(18.0)	12(12.0)	46(15.3)
2000 & Above	6(6.0)	9(9.0)	5(5.0)	20(6.6)
Total	100 (100)	100(100)	100(100)	300 (100)

Source: Primary data. Figures in the brackets represent percentages

Table (7.13) shows the district wise variations of expenditure on cloth. Expenditure wise details reveal that, the proportion of households including lower expenditure range of less than Rs500 are higher in Thrissur (24 percent) and least in Ernakulam (7 percent) and 12 percent in Palakkad district . It can be noticed that, the proportion of households included in the expenditure range of Rs500-Rs1000, Rs1000-Rs1500 and Rs1500-Rs2000, are higher in Ernakulam district compared to other two districts. It can be concluded that

compared to Ernakulam and Palakkad districts, the households from Thrissur district spend less for clothing.

7.4.3 Per capita income and clothing expenditure of the sample households

Table (7.14)

Per-capita income and Clothing expenditure (Rs)

Percapita income	Less than 500	500-1000	1000-1500	1500-2000	2000 & Above	Total
Less than 3000	9(24.3)	19(51.3)	2(5.4)	4(10.8)	3(8.1)	37(100.0)
3000-6000	16(17.4)	41(46.0)	14(15.7)	13(14.6)	5(5.6)	89(100.0)
6000-9000	7(7.6)	51(55.4)	17(18.4)	12(13.0)	5(5.4)	92(100.0)
9000-12000	6(13.0)	17(37.0)	10(21.7)	10(21.7)	3(6.5)	46(100.0)
12000-15000	2(12.5)	7(43.7)	4(25)	3 (18.7)	0	16(100.0)
15000 & Above	3(15)	9(45)	4(20)	2(10)	2(10)	20(100.0)
Total	43(14.3)	144(48)	51(17)	44(14.6)	18(6)	300(100.0)

Source: Primary data. Figures in brackets represent percentages

Most of the households in the sample areas are included in the per-capita income range of between Rs6000 and Rs9000 (30.6 percent). Among this group, 55.4 percent is included in the expenditure range of between Rs500 and Rs1000 and 18.4 percent come under the expenditure class of Rs1000 to Rs1500. Table clearly highlights that the percentage share of households in all per-capita income groups is higher in the expenditure range of Rs500-Rs1000 (48 percent). Compared to higher income group, the proportion of households among the lower income groups are higher in lower expenditure range (24.3 percent) but their share is quite high in higher expenditure range of Rs2000 and above (8.1 percent). It may be noted that compared to lower income groups, the proportion of households included in higher expenditure range is higher among the higher income groups.

7.5 Expenditure on Communication

As per the 66th round of NSS report (2009-10), expenditure on Communication shows a rising trend. Among the communication expenditure,

telephone charges paid per person played a significant role. The proportion of urban households incurring expenditure on telephones has risen from 25 percent in 27th round to 63 percent. Our sample also supports this trend. Majority of the households spend more on telephones and internet. The expenditure on news papers and periodicals are also increased.

7.5.1 Expenditure on communication and family income of the households

Table (7.15)

Family income and communication expenditure (Rs)

Family income	Less than 500	500-1000	1000-1500	1500-2000	2000 & above	Total
Less than 10000	2(9.5)	10(47.6)	6(28.5)	1(4.7)	2(9.5)	21(100)
10000-20000	4(4.3)	37(39.4)	37(39.4)	7(7.4)	9(9.6)	94(100)
20000-30000	1(1.2)	26(31.7)	30(30.6)	10(12.2)	15(18.3)	82(100)
30000-40000	0	8(16.3)	25(51.0)	6(12.2)	10(20.4)	49(100)
40000-50000	0	5(16.7)	11(36.7)	7(23.2)	7(23.2)	30(100)
50000-60000	0	2(16.7)	5(41.7)	3(25.0)	2(16.7)	12(100)
60000 & Above	0	1(8.3)	7(58.3)	3(25.0)	1(8.3)	12(100)
Total	7(2.3)	89(29.7)	121(40.3)	37(12.3)	46(15.3)	300(100)

Source: Primary data. Figures in brackets represent percentages

Table reveals that most of the households from the sample is included in the expenditure range of between Rs1000 and Rs1500 (40.3 percent). 28.5 percent of the households from the lower income group of less than Rs10000 and 58.3 percent from the higher income range of Rs60000 and above are included in this expenditure range. From the table, it can be realized that family income and the communication expenditure are positively related. Compared to higher income group, the proportion of households among the lower income group is lower in higher expenditure category and higher in lower income group. But in the case of higher income group, their proportion

is lower in lower expenditure range and higher in higher expenditure range. None of the households beyond the income level of Rs30000 is included in the expenditure range of less than Rs500.

7.5.2 District wise details of communication expenditure

Table (7.16)

Communication expenditure – District wise analysis (Rs)

Communication expenditure	Ernakulam	Palakkad	Thrissur	Total
Less than 500	2(2)	0	5(5)	7(2.3)
500-1000	28(28)	20(20)	41(41)	89(29.7)
1000-1500	38(38)	47(47)	36(36)	121(40.3)
1500-2000	11(11)	13(13)	13(13)	37(12.3)
2000 & above	21(21)	20(20)	5(5)	46(15.3)
Total	100 (100)	100(100)	100 (100)	300(100)

Source: Primary data. Figures in the brackets represent percentages

District wise analysis of the communication expenditure elicited that most of the households from both Ernakulam (38) and Palakkad(47) spend an expenditure range of between Rs1000 and Rs1500 whereas the major proportion of households from Thrissur district is included in the expenditure class of Rs500-Rs1000 (41 percent) .

7.5.3 Education and Communication expenditure

Table (7.17)

Education and Communication expenditure (Rs)

Education	Less than 500	500-1000	1000-1500	1500-2000	2000 & above	Total
Primary	1(25)	1(25)	1(25)	0	1(25)	4(100)
Secondary	3(3.70)	29(35.80)	29(35.80)	7(8.64)	13(16.04)	81(100)
Higher secondary	0	7(23.5)	19(63.3)	3(10.0)	1(3.3)	30 (100)
Graduate	1(.9)	35(33.0)	42(39.6)	14(13.2)	14(13.2)	106(100)

Post graduate and professionals	2(2.53)	17(21.5)	30(37.97)	13(16.45)	17(21.5)	79(100)
Total	7(2.3)	89 (29.7)	121(40.3)	37(12.3)	96(15.3)	300(100)

Source : Primary data. Figures in the brackets represent percentages

7.6 Expenditure on Transportation

Expenditure on transportation is comparatively high in urban areas. Table 7.18 shows the direct relationship between family income and transportation expenditure.

7.6.1 Family income and expenditure on transportation

Transport expenditure of the urban households show that majority of them spend between Rs500 and Rs1000 (30 percent) and 24 percent spent Rs2000 and above. 21.3 percent spend between Rs1000 and Rs1500. Expenditure on transportation among the lower income group of less than Rs1000 is least. Their proportion is least in the higher expenditure range (9.5 percent) and higher in the lower expenditure range of less than Rs500 (47.6 percent) whereas this trend is reversely seen in the case of higher income group. None of the households having the range beyond Rs30000 is included in the lower expenditure range and their proportion is higher in the higher expenditure range. From table (6.18) it is understood that households having higher family income spend more on travelling than the lower family income group.

Table (7.18)

Family income and transportation expenditure (Rs)

Family income	Less than 500	500-1000	1000-1500	1500-2000	2000 & above	Total
Less than10000	2(9.52)	10(47.6)	6(28.5)	1(4.7)	2(9.5)	21 (100)
10000-20000	4(4.3)	37(39.4)	37(39.4)	7(7.4)	9(9.6)	94 (100)
20000-30000	1(1.2)	26(31.7)	30(30.6)	10(12.2)	15(18.3)	82 (100)
30000-40000	0	8(16.3)	25(51.0)	6(12.2)	10(20.4)	10 (20.4)

40000-50000	0	5(16.2)	11(36.7)	7(23.2)	7(23.3)	7 (23.3)
50000-600000	0	2(16.7)	5(41.7)	3(25.0)	2(16.7)	2 (16.7)
60000 & above	0	1(8.3)	7(58.3)	3(25.0)	1(8.3)	1 (8.3)
Total	7(2.3)	89(29.7)	121 (40.3)	37(12.3)	46(15.3)	300 (100)

Source: Primary data. Figures in brackets represent percentages

7.6.2 Proportion of travel expenditure to total expenditure

It is evident from the table that about 56 percent of the sample from Ernakulam district has been spending 5 to 10 percent for their travelling and 30 percent spend less than 5 percent, only 4 percent spend 15 and above percent for this purpose. It can be seen from the table that the proportion of households spending 15 percent and above to total expenditure is higher in Thrissur district (6 percent) than the other sample areas of Palakkad (2 percent) and Ernakulam (4 percent). It is to be observed from the table that most of the respondents (42.7 percent) spend 5 to 10 percent of the total expenditure. Considering the district wise analysis, the proportion of households who spend less than 5 percent are higher in Palakkad district (49 percent). Majority of the respondents use own vehicles and their purpose is job related. They reported that the expenditure on petrol was high and hence many of them depend on public vehicles and only 12.7 percent depend other vehicles.

Table (7.19)

Travel expenditure to total expenditure (Rs)

Travel to total expenditure (in percentages)	Ernakulam	Palakkad	Thrissur	Total
Less than 5	30(30.0)	49(49.0)	46(46.0)	125(41.7)
5-10	56(56.0)	37(37.0)	35(35.0)	128(42.7)
10-15	10(10.0)	12(12.0)	13(13.0)	35(11.7)
15 & above	4(4.0)	2(2.0)	6(6.0)	12(4.0)
Total	100 (100)	100 (100)	100(100)	300(100)

Source: Primary data. Figures in brackets represent percentages

7.7 Expenditure on recreation

7.7.1 District wise details of recreation Expenditure

Table (7.20)

Recreation expenditure – District wise details (Rs)

Recreation expenditure	Ernakulam	Palakkad	Thrissur	Total
Less than 500	79 (79.0)	75(75.0)	72(72.0)	226(75.3)
500-1000	7(7.0)	10(10.0)	12(12.0)	29(9.7)
1000-1500	6(6.0)	9(9.0)	10(10.0)	25(8.3)
1500-2000	6(6.0)	3(3.0)	4(4.0)	13(4.3)
2000 & above	2(2.0)	3 (3.0)	2(2.0)	7(2.3)
Total	100 (100.0)	100(100.0)	100(100.0)	300(100.0)

Source: primary data. Figures in brackets represent percentages

From table (7.20) it is understood that the expenditure on recreation ranges from less than Rs500 to Rs2000 and above. A large number of households from all the sample areas are spending less than Rs500 (75.3 percent). District wise data reveal that 79 percent households from Ernakulam district, 75 percent from Palakkad district and 72 percent of the households from Thrissur district are included in this expenditure category. It is noticed that compared to Palakkad and Thrissur, the proportion of households included in the expenditure range of Rs500-Rs1000 , Rs1000-Rs1500 are lower in Ernakulam and also higher in the lower expenditure range of below Rs500. The proportion of households spending higher expenditure is reported in Thrissur district, 12 percent included in the expenditure range of Rs500-Rs1000 and 10 percent included in Rs1000-Rs1500 and 4 percent included in the range of Rs2000 and above.

7.7.2 Per capita income and recreation expenditure

Table (7.21)

Per-capita income and the expenditure on recreation (Rs)

Per-capita income	Less than 500	500-1000	1000-1500	1500-2000	2000 &above	Total
Less than	31 (83.7)	3(8.1)	2(5.4)	1(2.9)	0	37(100.0)

3000						
3000-6000	69(77.5)	8(9.0)	6(6.7)	3(3.3)	3(3.3)	89(100.0)
6000-9000	72(78.3)	6(6.5)	7(7.6)	4(8.6)	3(3.2)	92(100.0)
9000-12000	29(63.0)	8(17.4)	4(8.7)	4(8.6)	1(2.1)	46(100.0)
12000-15000	13(81.3)	1(6.3)	2(15.2)	0	0.	16(100.0)
15000& above	12(60.0)	3(15.0)	4(20.0)	1(5)	0	20(100.0)
Total	226(75.3)	29(9.7)	25(8.3)	13(4.3)	7(2.3)	300(100.0)

Source: Primary data. Figures in brackets represent percentages

Per-capita income and the recreation expenditure have shown a positive relationship. The proportion of households from higher per-capita income group is higher in the higher expenditure range than the lower income group. However, a large proportion of households from all per-capita income groups spend less than Rs500 (75.3 percent). Among the lower income category, a noticeable percentage of the households are included in the higher expenditure range of Rs2000 and above (3.3 percent from the income group of Rs3000 to Rs6000 and 3.2 percent from the group of Rs6000 to Rs9000) and none of the households from the higher income groups are included this category. Their representation is limited to the expenditure range of Rs1500 and Rs2000.

As per the NSS reports(2009-10), among the recreation expenditure cable TV expenses increased more and it is about 9 times high as rural areas. It is also revealing from the sample areas that those who are willing to go for cinema is relatively low. It is noted that nearly 20 percent of the households are engaged in family tour once or twice in a year.

7.7.3 Family income and the expenditure on recreation

Table (7.22)

Family income and the recreation expenditure (Rs)

Family income	Less than 500	500-1000	1000-1500	1500-2000	2000 & above	Total

Less than 10000	19(90.4)	1(4.7)	1(4.7)	0	0	21(100.0)
10000-20000	86(91.4)	4(4.2)	1(1.0)	2(2.1)	1(1.0)	94(100.0)
20000-30000	59(72)	9(11)	8(9.7)	3(3.6)	3(3.6)	82(100.0)
30000-40000	29(59.1)	8(16.3)	8(16.3)	2(4.0)	2(4.0)	49(100.0)
40000-50000	20(66.6)	2(6.6)	4(13.3)	4(13.3)	0	30(100.0)
50000-60000	7(58.3)	2(16.6)	1(8.3)	1(8.3)	1(8.3)	12(100.0)
60000 & above	6(50)	3(25)	2(16.6)	1(8.3)	0	12(100.0)
Total	226 (75.3)	29(9.7)	25(8.3)	13(4.3)	7(2.3)	300(100.0)

Source: Primary data. Figures in brackets represent percentages

7.7.4 Occupation and the recreation expenditure

Table (7.23)

Occupation and the recreation expenditure (Rs)

Occupation	Less than 500	500-1000	1000-1500	1500-2000	2000 &above	Total
Govt. employees	28(70)	7(17.5)	5(12.5)	0	0	40(100)
Private	20(74.0)	3(11.1)	2(7.4)	1(3.7)	1(3.7)	27(100)
Business	38(65.5)	5(8.6)	7(12.0)	4(6.8)	4(6.8)	58(100)
Pensioners	98(81.6)	10(10.2)	6(5)	4(3.3)	2(1.6)	120(100)
Total	184(61.3)	25(8.3)	20(6.6)	9(3)	7(2.3)	245(100)

Source: Primary data. Figures in brackets represent percentages

Table 7.23 indicates that the recreation expenditure pattern of the households from all occupational groups and it does not show significant variations in the expenditure on recreation. Majority of the households from all occupational categories spend less than Rs500 and the proportion of households among this expenditure class is highest among the pensioners (81.6 percent). But the percentage distribution of households in all expenditure categories is higher among the business households, compared to all other

occupation categories. Their percentage distribution is higher in higher expenditure range of Rs2000 and above (6.8 percent) whereas, it is 3.7 percent among the private category and only 1.6 percent among the pensioners. None of the households from govt. employees, unemployed and migrant categories come in these expenditure categories. The expenditure range of households among the migrant categories is limited to the expenditure range of Rs1000-Rs1500, their percentage share in this range is 13.3 percent and this proportion is higher among all other occupational groups included in this expenditure range.

In addition to the analysis of expenditure on non-food expenditure, consumerism is also associated with the purchasing behaviour of the consumers. However the purchasing behaviour of the sample households is examined.

7.8 Purchasing behaviour of the respondents

In the previous chapter we discussed the expenditure pattern on food and in this chapter we discussed the expenditure pattern on non food. Other than the issues discussed so far, purchasing behaviour which includes pre purchase, purchase and post purchase is also important in determining consumerism. Below a brief attempt is made to access the purchase behaviour with respect to food and non-food items.

7.8.1 Source of purchase of food items (cereals)

The research findings show that the households prefer super bazaars and cooperative stores as place for their purchase. 45.8 percent of the households prefer super markets or super bazaars and 27.6 percent cooperative stores for their purchases. A subtle change has seen in the frequency of buying. Most of the households (52 percent) claimed to buy only once a month and 45.6 percent reported that they have no specific time for purchasing cereals. Among the households, those who purchase once in a month largely prefer supermarkets. 47.4 percent has preference to this source and 28.8 percent prefer cooperative stores and 9.6 percent general provision store for their purchase and only 3.8 percent buy from the wholesale stores. The proportion of households opting daily purchase is only marginal.

Occupation wise details of the purchase frequency reveal that cereal would become less frequent among the Govt. employees and pensioners and majority of them purchase only once a month (75 percent from former and 72.5 percent from the latter categories). Among the business group, 82.1 percent has no specific time to purchase and only 16 percent buy monthly, like that 59.2 percent from the private employees groups have no specific time to purchase

Table 7.24

Purchase frequency and purchase source of cereals

Purchase frequency	**Purchase source**						
	General provisions	Whole sale	Super market	Cooperative stores	All	Super market &co operatives	Total
Weekly	0	0	1(14.2)	2(28.5)	1(14.2)	3(42.8)	7(100)
Monthly	15(9.6)	6(3.8)	74(47.4)	45(28.8)	4(2.5)	12(7.7)	156(100)
No specific time	18(13.1)	3(2.2)	61(44.5)	35(25.5)	6(4.3)	14(10.2)	137(100)
Total	33(11.1)	9(3.0)	136(45.8)	82(27.6)	11(3.6)	29(9.6)	300(100)

Source: Primary data Figures in the brackets represent percentages

7.8.2 Family income and purchase frequency of cereals.

Table 7.25

Family income and purchase frequency of cereals

Family income (Rs)	monthly	No specific time	Total
Less than 10000	8 (42.1)	11(57.8)	19 (100.0)
10000-20000	54(56.8)	41(43.1)	95(100.0)
20000-30000	44(53.0)	39(47)	83(100.0)
30000-40000	23(46.9)	26(53.0)	49(100.0)
40000-50000	14(46.6)	16(53.3)	30(100.0)
50000- 60000	9(75)	3(25)	12(100.0)
60000 & above	9(75)	3(25)	12(100.0)

Total	161(53.6)	139(46.3)	300(100.0)

Source: Primary data. Figures in the brackets represent percentages

It can be noted that the fall in the frequency of purchase is more noticeable among the upper income class. The proportion of households preferring monthly purchase is higher among the higher income class of Rs50000-Rs60000 (66.6 percent) and above Rs60000 (75). Among the lower income groups, majority of them have no specific time to purchase (57.8 percent).

The relation between family income and the form of cereal consumption also reveals the significant position of the upper income class. The large proportion of households with higher income used branded items (53.3 percent) whereas the proportion of households opting loose and un branded cereal products are higher among the lower income group of less than Rs10000 (47.3 percent). It can be noted that when income increases, the proportion of the households opting loose unbranded is lower, whereas the proportion of households preferring branded products is higher which correspondents to the increase in income range. Irrespective of the income level, 22.3 percent is opting packed unbranded cereal products

District wise analysis shows that the proportion of the households preferring loose un branded was higher in Thrissur (46.9 percent) and lower in Palakkad (3.0), while the proportion of households opting branded was highest in Palakkad (47.5 percent) and lowest in Thrissur (30.6 percent) and 41 percent in Ernakulam district.

7.8.3 Frequency of purchase and source of Pulses

Frequency and source of pulses is more or less the same as cereals purchase. Majority of the households prefer monthly purchase (53.9 percent) and among them most of the households opt supermarkets for their buying purpose (60.9 percent).

The analysis of the form of pulse purchase shows that 60 percent of the households are buying loose un packed pulses and 33.3 percent buying packed

pulses. There is not much significant difference found in the cross tabulation of family income and the form of pulse purchase.

7.8.4 Frequency of purchase and source of Milk purchase

Table (7.26)

Frequency of purchase and source of Milk purchase

Frequency of purchase	Source of purchase (General provisions)	Total
Weekly	1 (.3)	1(.3)
Daily	280(94.3)	280(94.3)
Monthly	5(1.6)	5(1.6)
No specific time	14(4.6)	14(4.6)
Total	300(100.0)	300(100.0)

Source: Primary data. Figures in the Brackets represent percentages

The frequency of purchase of milk in the sample households shows that 94.3 percent of the households are daily buying the milk and 4.6 percent has no specific time to purchase. A small share of the households buys weekly (.3 percent). With the growing commercialization of milk, the role of home grown consumption has declined.

7.8.5 Purchase mode of clothes

It can be observed that the items like cloth and foot wear have lower frequency. It is entirely the individual wearer oriented and more flexible to the trends in fashion. But in our sample, the respondents opine that joint decision making is not possible on these items, but interestingly, most of the households (56.7 percent) with older age group, housewives admitted that they jointly decide the purchase and are not highly influenced with the latest fashion trends.

From table (7.27) it is understood that the clothes are not frequently purchased. Majority of the households are opting seasonal purchase (37.3 percent), 33 percent prefer occasional and 26.6 percent prefer frequent purchase.. The district wise analysis shows that 38 percent from Ernakulam and 46 percent from Palakkad districts purchase seasonally whereas in Thrissur district most of the households are opting for occasional purchase. It can be realized from the comparison of three districts that, seasonal buying was higher

in Palakkad and lowest in Thrissur district (28 percent) and in the case occasional purchase, the proportion of households is highest in Thrissur but the percentage of households opting considerable purchase is higher in Ernakulam.

Table (7.27)

Purchase mode of clothes – District wise details

Purchase mode	Ernakulam	Palakkad	Thrissur	Total
Seasonal	38(38)	46(46)	28(28)	112(37.3)
Occasional	27(27)	24(24)	48(48)	99(33)
Monthly	2 (2)	0	3(3)	5(1.6)
Considerable	33 (33)	30(30)	17(17)	80(26.6)
Seasonal& considerable	0	0	4(4)	4(1.3)
Total	100(100)	100(100)	100(100)	300(100)

Source: Primary data. Figures in the brackets represent percentages

7.8.6 Clothing expenditure and purchasing mode of clothes

The expenditure range of cloth is classified into five classes such as less than Rs.500, Rs500-Rs1000, Rs1000-Rs1500, Rs1500-Rs2000 and finally Rs 2000 and above. 46.6 percent of the households are spending the range between Rs500 and Rs1000 and 18 percent come under the expenditure range of Rs1000 to Rs1500. The analysis of purchase frequency and the expenditure on cloth show that the proportion of households spending less than Rs500 and Rs500-Rs1000 is higher in the seasonal purchase category. The proportion of households opting considerable buying is higher among the expenditure group of Rs1000-Rs1500 (37.0 percent) and Rs1500-Rs2000 (48.8 percent). The percentage distribution of the households having higher expenditure of Rs2000 and above is higher in the category of considerable purchase mode (57.8 percent) and occasional (42.1). Only 4.6 percent of the households is included in the expenditure range of Rs1500 to Rs2000 prefer monthly purchase.

Table (7.28)

Expenditure and purchasing mode of clothes

Expenditure on clothing(Rs)	Purchase mode of clothes					
	(1) Seasonal	(2) Occasional	(3) Monthly	(4) Considerable	(1)&(2) Seasonal &con	Total
Less than 500	31(75.6)	7(17.1)	0	3(7.3)	0	41(100)
500-1000	65(45.4)	49(34.2)	0	25(17.4)	4(2.7)	143(100)
1000-1500	9(16.6)	19(35.1)	0	20(37.0)	6(11.1)	54(100)
1500-2000	5(11.6)	15(34.8)	2(4.6)	21(48.8)	0	43(100)
2000& above	0	8(42.1)	0	11(57.8)	0	19(100)
Total	110 (38.5)	98(32.6)	2(.6)	80(26.6)	10(3.3)	300(100)

Source: Primary data

Figures in the brackets represent percentages

7.8.7 Expenditure on clothing and preferences of place of purchase

Compared to expenditure nature, preference of place of purchase or type of shops favored is important to determine whether it had any impact on households' attitudes towards consumerism. The table shows the households preference of clothes purchase.

Table (7.29)

Clothing expenditure and preference of cloth purchase

Clothing expenditure (Rs)	Venders	Shops/ street venders	Malls	Next urban centre	Branded shops	Opts more than one place	Total
Less than 500	15(36.6)	16(36.6)	0	1(2.4)	9(22.0)	0	41(100)
500-1000	45(31.4)	20(13.8)	3(2.09)	3(2.09)	65(45.4)	7(4.8)	143(100)
1000-1500	9(16.6)	1(1.85)	1(1.85)	4(7.4)	35(65)	4(7.4)	54(100)
1500-2000	5(11.6)	2(4.6)	0	0	23(53.4)	13(30)	43(100)
2000 and above	0	0	0	0	16(84.2)	3(15)	19(100)
Total	74(24.6)	39(13.0)	4(1.3)	8(2.8)	148(49.3)	27(9)	300(100)

Source: Primary data. Figures in brackets represent percentages

The household behaviour towards clothing purchase reveals the influence of branded shops. Majority of them opted branded shops (49.3 percent) and 24.6 percent purchase clothes from venders, 13 percent prefer both venders and shops. It is also to be noted that 5.3 percent of the sample households prefer next urban centre or branded shops for their cloth purchase. While considering the expenditure pattern and preference, most of the households from the lower expenditure range of Rs500 opt shops and vendors (36.6 percent). But most of the households, spending Rs2000 and above are opting branded shops (84.2 percent). The households who opt malls were spending between Rs500 and Rs1500 among the sample households. Only 1.3 percent prefers malls for purchasing.

7.9 Awareness of samples about the consumer laws

Table (7.30)

Awareness of consumer laws

Awareness about consumer laws	Ernakulam	Palakkad	Thrissur	Total
Yes	74(74)	75(75)	76(76)	225(75)
No	26(26)	25(25)	24(24)	75(25)
Total	100(100)	100(100)	100(100)	100(100)

Source: Primary data. Figures in brackets represent percentages

Consumerism implies in two senses, an indulgence in consumption and the protection of consumer right. The present study is aiming at the first sense but there is a need to understand the awareness of the consumer law among the sample respondents. From the table it is clear that 75 percent of them have awareness about the consumer law. Considering the consumer association details, it is observed that most of the respondents have no idea about such an association. 47 percent opines that they are not joining the association due to lack of interest and 50.2 percent reported that they are ignorant about the association and its membership details.

7.10 Reasons for increase in consumption expenditure

Now a days, the consumption expenditure of the households increased leaps and bound. There are large numbers of factors behind this. Table (6.31) reveals some reasons as pointed out by the sample households.

Table 7.31

District wise details of reasons for increase in expenditure

Reasons	Ernakulam	Palakkad	Thrissur	Total
Price hike	29 (29)	31(31)	42(42)	102(34)
Increased availability of goods	41(41)	36(36)	31(31)	108(36)
Lavish spending on property , houses	3(3)	2(2)	2(2)	7(2.3)
Buying quality products	2(2)	8(8)	0	10(3.3)
Increased cost of living	21(21)	18(18)	8(8)	47(15.7)
All	4(4.0)	5(5.0)	17(17.0)	26(8.6)
Total	100(100.0)	100(100.0)	100(100.0)	300(100)

Source: Primary data. Figures in brackets represent percentages

All the respondents admitted a hike in their consumption expenditure. We enquired the reasons for the increase in consumption expenditure. Majority of the respondents (36 percent) pointed out that increased availability of goods as the main reason. Similar trend is noticed in all the sample districts except Thrissur. Majority of the respondents in the Ernakulam district reveal that, increased availability of goods is the major reason for their higher consumption expenditure. The transformation of traditional markets into the new formats such as hyper markets, super markest, and specialty stores are highly attracted them to purchase (J.K Sachdeva and Tripathy, 2008)[6].29 percent pointed out the reason of price hike. Another 21 percent reported the increased cost of living as the major reason for their increased consumption expenditure. Majority of the households from Palakkad district also highlight the reasons of increased availability of goods (36 percent) percent). But in Thrissur district most of the households reported that the price hike was the main reason (42 percent). Purchase of quality products was higher among the respondents in Palakkad (8 percent).

7.11 Influence of Urban area

This section seeks to examine whether consumerism is present or influencing the sample households. The main focus is given in the sense that consumerism can affect more than purchasing habits and personal and family life. Here an attempt is made to assess whether the accessibility of global product is expanding rapidly among the urban consumers or they fully or partly engaged into the working of consumerism.

Table 7.32

Influence of urban culture and Family nature

Influence of urban culture	Joint family	Nuclear	Total
Yes	55(55)	104(52)	159 (52.3)
No	45 (45)	96(48)	141 (47.7)
Total	100 (100)	200(100)	300 (100)

Source: Primary data. Figures in brackets represents percentages

The survey results indicate that urban culture influences consumers in the study area widely. For instance, 52.3 percent of the sample households responded positively. It may be noted that 55 percent of the households from joint families and 52 percent of households from nuclear families reported an influence of urban culture in their life style. Even the samples in joint families reported that they are partly enjoying the urban life. Many of the sample respondents reported that they are forced to follow these life styles.

Table 7.33

Influence of urban culture, age- wise analysis

Age of sample	Influencing	Not influencing	Total
20-30	1(1)	0	1(100)
30-40	11(78.5)	3(21.4)	14(100)
40-50	23(57.5)	17(42.5)	40(100)
50-60	44(58.7)	31(41.3)	75(100)
60-70	49(53.2)	43(46.7)	92(100)
70-80	26(39.4)	40(60.6)	66(100)
80-90	3(25.0)	9(75.0)	12(100)
Total	157(52.3)	143(47.7)	300(100)

Source: Primary data Figures in brackets represent percentages

Age–wise details are required to analyze the influence of urban culture. Age wise analysis shows that, urban culture is mostly influencing among the age group of 30-40 headed households.78.5 percent of the samples from this age group reported that they are highly attracted and follow urban life style (Ankush Sharma and Brahmbhat, 2008)[5].

Table 7.34

Influence of urban, age of sample – District wise details (Ernakulam)

Age of sample	Influencing	Not influencing	Total
20-30	1(100)	0	1(100)
30-40	4(100)	0	4(100)
40-50	8(53.3)	7(46.6)	15(100)
50-60	13(72.2)	5(27.7)	18(100)
60-70	13(38.2)	21(61.7)	34(100)
70-80	9(39.1)	14(60.8)	23(100)
80-90	2(40)	3(60)	5(100)
Total	50(50)	50(50)	100(100)

Source: Primary data .Figures in the brackets represents percentages

This is quite natural since younger population will be more attracted to urban culture. As age advances, the proportion of population attracted to urban culture is less. Among the age group of 70-80, and 80-90, their proportion is higher among the not influencing category (60.6 percent). It may be inferred from the table that age is an influencing factor of urban culture.

The district wise analysis shows that the proportion of respondents both influencing urban culture and not influencing category was equally distributed.. Among the different age groups, urban life was highly influencing among the age groups of 20-30, 30-40. Up to the age group of 50-60, the proportion of households attracting towards urban life style is higher than the not attracting category. But beyond age groups such as 60-70, 70-80 and 80-90, the proportion of households not influencing the urban culture was higher than the influencing groups. Most of the households in the Ernakulam district are included in the age group of 60-70. Among this group, 38.2 percent reported that they are influenced by urban culture and 61.7 percent reported that they are not attractive to urban life style.

Table 7.35

Influence of urban culture age basis – District wise details (Palakkad)

Age of the sample	Influencing	Not influencing	Total
20-30	0	0	0
30-40	4(80.0)	1(20.0)	5(100)
40-50	8(66.6)	4(33.3)	12(100)
50-60	16(64.0)	9(36.0)	25(100)
60-70	23(71.8)	9(28.1)	32(100)
70-80	8(38.0)	13(61.9)	21(100)
80-90	1(20.0)	4(80.0)	5(100)
Total	60(60)	40(40)	100 (100)

Source: Primary data .Figures in the brackets represents percentages

From table (7.35), it is understood that 60 percent of the respondents from Palakkad region reported that their life is influenced by the urban culture. While analyzing the age groups, it may be noted that the proportion of the household influencing urban culture is higher among the age group of 30-40 (80 percent) and 60-70 (71.8 percent). It can be observed that age and the

influence of urban life style are closely related. Higher age groups are not much influenced by urban culture. The proportion of households included in not influencing category is higher among the higher age group of 70-80 (61.9 percent) and only 38 percent from this group reported their influence towards urban culture.

Table 7.36

Influence of urban culture age basis –District wise details (Thrissur)

Age of sample	Influencing	Not influencing	Total
20-30	0	0	0
30-40	3(60)	2(40)	5(100)
40-50	7(53.8)	6(46.1)	13(100)
50-60	1(46.8)	17(55.1)	32(100)
60-70	13(50)	13(50)	26(100)
70-80	9(40.9)	13(59)	22(100)
80-90	0	2(100)	2(100)
Total	47(47)	53(53)	100(100)

Source: Primary data. Figures in brackets represent percentages

53 percent of the households in Thrissur district opined that urban culture does not have any influence on their consumption pattern. Like other two districts, the samples from Thrissur district also show a direct relationship between age and the influence of urban culture. Among the samples, the age group of 30-40 is highly influenced. 60 percent of the households among the age group of 30-40 is influenced by urban culture whereas it is only 40.9 percent from the age group of 70-80.

Table 7.37

Influence of urban culture – Gender wise details

Influence of urban culture	Male	Female	Total
Influencing	86(47.5)	71(59.6)	157(52.3)
Not influencing	95(52.5)	48(40.3)	143(47.6)
Total	181(100)	119(100)	300(100)

Source: Primary data. Figures in brackets represent percentages

Table shows a clear gender difference in following the urban culture. 59.6 percent of the females and 47.5 percent of the males were influenced by the urban culture. Based on the responses given by the housewives, their participation in the decision making for all items is very high and it shows their emerging influence on urban culture. The major proportion of males is not influenced towards the urban culture (52.5 percent) whereas the female proportion was lower in not influencing group (40.3 percent).

7.13 Income wise distribution of households on the basis of their influence on urban culture

Table 7.38

Family income and influence of urban culture

Family income (Rs)	**Influencing**	**Not influencing**	**Total**
Less than 10000	6(28.5)	15(71.4)	21(100)
10000-20000	41(43.6)	53(56.4)	94(100)
20000-30000	49(59.8)	33(40.2)	82(100)
30000-40000	28(57.1)	21(42.9)	49(100)
40000-50000	22(73.3)	8(26.7)	30(100)
50000-60000	5(41.7)	7(58.3)	12(100)
60000 & above	6(50)	6(50)	12(100)
Total	157(52.3)	143(47.7)	300(100)

Source: Primary data. Figures in brackets represent percentages

The financial status of the family plays an important role in the influence of urban culture. A significantly higher percentage of families appear

to be in salaried employment. From table 7.38, it may be noted that most of the households from the lower income group (less than Rs10000) are not influenced by the urban culture. Only 28.5 percent of respondents from this group are influenced by the urban culture. This is quite natural since low income prevents them from buying these goods. Like this, the proportion of the higher income group (Rs50000-Rs60000) is lower in the influencing category (41.7 percent). It is reported that the urban influence was notable among the middle income groups such as Rs20000-Rs30000, Rs30000-Rs40000 and Rs40000-Rs50000. Their proportion is higher in the influencing category. It is found that middle class will be more influenced by urban culture. By following the consumption pattern of rich, they can generate a psychological feeling.

Table 7.39

Influence of urban culture - religion wise analysis

Religion	Influencing	Not influencing	Total
Hindu	81(44.2)	102 (55.7)	183(100)
Christian	50(62.5)	30(37.5)	80(100)
Muslim	24(70.6)	10(29.4)	34(100)
Others	2(66.6)	1(33.3)	3(100)
Total	157(52.3)	143(47.7)	300(100)

Source: Primary data. Figures in brackets represent percentages

The district wise analysis shows that urban culture in the state has not created any impact on more than half of the households (55.7 percent) among the Hindu community. The higher proportion of households having the greater influence of urban culture is reported among the Muslim community (70.6 percent). For Christian community, their proportion is 62.5 percent and for others 66.6 percent.

Consumption function of non food expenditure

The last part of the previous chapter we worked out the consumption function and attempted ANOVA a similar attempt is made in this chapter also.

Table 7.40

$C_{NF} = \alpha + \beta Y$

District	α	β	R^2
Ernakulam	1020	0.86	0.82
Thrissur	988	0.74	0.91
Palakkad	987	0.71	0.68
Kerala	1053	0.79	0.78

From the table it is seen that

$C_{NF} = \alpha + \beta Y$

Where C_{NF} = Consumer expenditure on non food

Y = Disposable income

From the table it is seen that the MPC with respect to non food expenditure is relatively high. The highest MPC is recorded in Ernakulam district (0.386) followed by Thrissur and Palakkad districts. At the all Kerala level also the rate is high and above the national average. The MPC with respect to non food expenditure is relatively high compared to food expenditure. This reassures our claim that in recent years, there is a tremendous les in non food expenditure. One of the probable reasons for this trend may be the high level of income. When income increases, definitely there is a limit for the use in food items. So in short, we can infer that there is a spectacular increase in non food also to ascertain whether there are difference in districts or variables ANOVA was attempted and found that in all cases the F ratio is significantly low which infer that respective of districts the trends were almost similar.

Source of variation	Sum of sq.Between samples	Sum of sq.within samples	Df between samples	Df within samples	Mean sq.between samples	Mean sq.within samples	F ratio
Education	117	208	5	147	23.4	1.41	16.59
Income	163	219	7	178	23.2	1.23	18.86
Occupation	114	318	9	164	12.66	1.93	6.55
Age	179	376	9	196	19.88	1.91	10.40

Religion	96	197	7	185	13.71	1.06	12.93
Gender	58	114	9	178	6.44	0.64	10.06

Conclusion

The analysis of non-food expenditure revealed the preference of urban households towards non-food items. The allocation of income among the respondents' households for non-food items (71.34) is higher than that of food items (28.65 percent). Income and non-food expenditure is positively related. The higher income groups spend more on non-food items than the lower income groups. Majority of the respondents (60.7 percent) spend less than Rs1000 (monthly per capita expenditure) for education. But 10 percent of the respondents among the higher income groups (Rs15000 and above) spend an amount range between Rs5000 and Rs6000.District wise analysis reveals that the respondents in Ernakulam and Palakkad districts allocate higher amount of income on each item than that of Thrissur district. Globalization, technological advances and deregulation enabled them to decide what and where to buy. 36 percent of the respondents admitted that increased availability of goods is the major reason for their increase in consumption expenditure.

Top most MPCE classes show preference towards non-food expenditure and conspicuous consumption. Possession of durable goods reflects improvement in socio economic status of households. It is reported that 52.3 percent of the respondents is influenced by the urban culture. Among this 78.5 percent represent the age group of 30-40. In addition to this, the purchasing behaviour, preference of place of purchase is also reflected the changing scenario of the society in favour of the existence of consumerism in the state.

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CHAPTER-8

SUMMARY, FINDINGS AND POLICY SUGESTIONS

8.1 Introduction

The composition of consumption of household goods are growing and changing rapidly in India. It is believed that the domestic consumption changes its level as well as its pattern due to the opening of the economy, as new variety of consumption opportunities is available to the consumers. In terms of overall consumer spending, consumption expenditure in Kerala is higher than in any other state in India. Kerala's high consumption and low economic growth reveal that there is also an increasing culture of consumerism. The emergence of this consumption pattern in the state is the result of a number of indigenous and cultural factors. In this regard, it seems that factors like the higher social developments, increase in urbanization, breaking up of joint family system, desire for quality food, increase in per capita income, the higher level of education, change in life style and increasing the level of affluence in the middle income played a major role.

The consumption pattern in the state has been changing since 1970s, showing a clear indication a clear shift in consumption preferences of the Keralites. The trends in budget shares reflect the changing preferences of consumers, which clearly show a reduction in the consumption expenditure on food items and a rise in expenditure on non food items. The rising trend in consumption expenditure is also considered to be a reflection of the emerging trends of consumerism in the state. The higher consumption forced the state to depend the rest of the country for importing the consumer goods there by turning in to a consumer state. Compared to rural areas, the urban life has been transformed with a newly found consumer spirit because the economic reforms have affected the life style of the urban dwellers rather than the

rural households. In this context, the present study made an attempt to analyze the consumption pattern of the urban households in Kerala.

The study has set the following specific objectives to analyze in detail.

1. To examine the trends and pattern of consumption expenditure in Kerala
2. To analyze the sources of income and the expenditure pattern of urban households
3. To examine the trends and pattern of food expenditure in urban households.
4. To examine the trends and pattern of non food expenditure in urban households
5. To identify the factors determining consumerism in urban Kerala.

Hypotheses

1. There is significant variation in the consumption expenditure among the various items.
2. The relation between income and consumption is direct but not proportional.
3. There are significant inter regional variations in consumption expenditure in urban Kerala.
4. There is significant association between consumption expenditure, income, occupation, education and family size.

The study is based on both primary and secondary data. Primary data were collected on the basis of household survey using a pretested survey schedule from 300 households belonging to the three districts in the state Thrissur, Ernakulam and Palakkad. For serving the stated objective, the study used both analytical and statistical methods. Bi-variate tables are prepared for establishing the association between the variables. Arithmetical tools like averages, proportions and percentages are used to analyze the data collected.

The second chapter discussed various theories and hypotheses towards income and consumption relationship. Large number of arguments were developed on consumption behaviour and empirically tested by the prominent economists like, Keynes, Duessenberry, Friedman, Brumberge, Ando and Modigliani. Absolute income, relative income, permanent income or transitory income is more appropriate

to associate with consumption. However, the validity of these theories and concepts varies from country to country.

In the third chapter we tried to analyze the trends and pattern of urbanization in Kerala. Urbanization is considered as one major determinant for the rising consumption level of Keralites. Urbanization is accompanied by higher per capita income and high standard of living. This enables the urban consumers to be the potential buyers. Urbanization process in Kerala is mainly due to the increase in urban population growth which is positively linked with the development of service sector. The percentage of the population live in urban areas (47.75 percent) was higher in Kerala than the national level (31.16 percent). Kerala has the second highest urban population among the big states in India. The new emerging census towns are also responsible for the spurt in urbanization process in Kerala. Such towns increased from 99 in 2001 to 461 in 2011 whereas the number of town increased from 158 to 520. The degree of urban population varies from district to district. `The percentage of urbanization varies from 3.8 percent in Wayanad to 68.09 percent in Ernakulum. The Urban rural ratio also shows an increasing trend over the states.

In the fourth chapter we analyzed the household consumption expenditure on different food and non food items. The study used data from 27 th round (1972-73) onwards to the latest round (66th round during 2009-10) for analyzing the expenditure pattern of the rural and urban households. The different rounds of NSS data revealed that the proportion of food expenditure has reduced sharply whereas the expenditure on non food items showed an increasing trend. Among the major states, the consumption expenditure is higher in Kerala. The monthly per capita expenditure is increased both in rural and urban areas. The major findings from the 66th round of NSSO are summarized into (1) the trends in average monthly per capita expenditure and (2) the movement in budget share.

1) Trends in Average Monthly per capita consumption Expenditure (MPCE)-The Indian experience

The trends in MPCE showed that the rural households continue to be worse off than the urban households and the rural urban divergence in expenditure has widened over period. The poorest 10 percent of India's rural population had an average MPCE of Rs 453. The poorest 10 percent of the urban population had an average MPCE of Rs599.The top 10 percent of the rural population ranked by MPCE, had an average MPCE of Rs2517, about 5.6 times that of the bottom 10 percent. The top 10 percent of the urban population had an average MPCE of Rs5863, about 9.8

times of the bottom 10 percent. About 70 percent of the urban population of India had MPCE above Rs1100, nearly 30 percent had MPCE above Rs2100 and 20 percent had MPCE above Rs1650. The average MPCE was Rs1054 and Rs 1850.68 in rural India and rural Kerala and Rs1984 and Rs2663.45 in urban India and urban Kerala respectively. Average MPCE in rural Kerala exceeded rural India by 97.80 and in urban area by 35.12 percent**.** Nearly 60 percent of the rural population of India had MPCE below Rs1000 and about 70 percent of the urban population had MPCE above Rs1100. But in Kerala 80 percent of the rural population had MPCE exceeding Rs977 and nearly 10 percent of the urban population in Kerala had MPCE below Rs850**.** In Kerala during the period 2009-10, urban consumers spent 68 percent of their income on non food items than the rural consumers (62.17 percent) and the percentage expenditure on food items were higher in rural areas (37.82 percent)than the Urban Kerala(31.05 percent). The trends in MPCE clearly revealed the widening inequality in the consumption expenditure across the sectors. This probably due to the urban sectors gained more from the reforms than the rural areas.

2) Trends in Budget share Kerala Experience

As observed earlier average monthly per capita expenditure of Kerala was higher than the national level. In urban areas households spent 31.03 percent on food and 68.96 percent on non food items as against the national level of 40.74 percent were spent on food items and 59.26 percent on non food items.

The per capita monthly expenditure on food in the state declined much steeper than the country as a whole. In rural area, it declined from 70.42 percent in 1972-73 to 37.82 percent in 2009-10, showing a fall of about 27 percent over the two periods and 64 .8 percent to 31.03 percent in urban areas. Among the food items, the per capita monthly expenditure on cereals registered a drastic decline in both rural and urban areas. In urban Kerala, cereals declined from 24.63 percent to 6.15 percent and from 34.28 percent to 8.59 percent in rural areas. A rise in the percentage expenditure on food items observed in the items like milk and milk products (from 1.8 percent to 3.07 percent in urban and from 3.6 to 3.49 percent in rural area), meat, egg and fish (5.08 to 5.47 percent in urban area and from 4.55 to 6.76 percent in rural Kerala).

In the case of non –food items, the percentage expenditure shares in the state showed a rising trend. In urban Kerala the share of non-food to total expenditure has increased from 35.15 percent during 1972-73 to 68.96 percent and 20.51 percent to 62.17 percent in rural Kerala. Among the non-food items, the expenditure share on

durable goods showed a remarkable growth over the 36 years. The share of durable goods increased in urban area from 2.78 percent in 1972-73 to 23.61 percent in 2009-10 and 0.57 percent to 18.0 percent in rural area. The percentage expenditure on miscellaneous goods and services and clothing and foot wear were increased in both urban and rural area. The expenditure share on education and the share on medical expenditure in the state showed a tendency to increase.

8.2 Rural urban differences in Kerala consumption pattern

The consumption pattern of rural and urban Kerala shows significant changes. Compared to the national level, there is no significant disparity exists between the rural and urban sectors of Kerala. The movement in budget share reflects the existence of consumerism in rural areas also. In rural areas, the expenditure on fuel and light, durable goods are found to be consumed at an increasing rate. The higher level of social development, improvement in infrastructure facilities, increase in the per capita income, and commercialization of rural markets etc may reduce the disparities between the sectors. The above evidences reveal that disparity in rural urban consumption level is meager in Kerala.

8.3 Evidences from micro level Data

Of the 300 households, there is a population of 1169, which constituted 50.47 percent males and 49.52 percent females. The analysis of the socio economic back ground and the consumption expenditure pattern of the sample urban households gave the following findings

1. Size distribution of the households reveals that the average household size of the sample was 11.69. Majority of the households (46.33 percent) had a family size between 4 and 6. Among the sample regions the average household size was higher in Ernakulam (4.06) compared to Thrissur(3.87) and Palakkad(3.76).
2. Nature of family is an influencing factor for determining consumption expenditure.67.1 percent of the households is included in nuclear family. Breaking up of the traditional joint family system has also brought about changes in food habits. Thus the hypothesis there is significant association between consumption expenditure, income, occupation and family size is valid.

3. The survey revealed that a sizable percent of population(14.2 percent) belong to the age group of 60-70 followed by the age group of 30-40 (13.7), which implies that more people belong to the old age group.
4. The religion wise distribution showed that 61 percent of the population Hindu, 26.7 percent Christian and only 11.3 percent Muslim. The caste wise distribution showed that majority belongs to forward community. It may be noted that none of the households from the backward communities are included in the sample. This may probably due to their proportion is meager among the urban dwellers.
5. The higher level of education is considered to be one of the push factors for the spread of consumerism. 35.3 percent of the sample respondents are graduates and 26.3 percent have post graduation and professional. Only 1.3 percent of the sample belongs to the educational level of primary. The improvement in education system and concession given by the Govt etc. are the main reasons for this.
6. The respondent households in the sample areas belonging to five types of occupational categories viz regular salaried(13.3percent), business(19.3),self and professional employed(9.7 percent),emigrants(5 percent), pensioners(40 percent). The dependents population is the major earning category. Majority of the households are headed by the old aged parents.
7. The per capita income of the samples was Rs 6976.47 compared to Palakkad (6218.05) and Ernakulam (6848). The monthly per capita income of the respondents households are higher in Thrissur (7848.06).This may probably due to the remittance income is higher in Thrissur district.
8. About 60 percent of the households in the study areas belong to the per capita income group of Rs 3000-Rs 9000. The area wise analysis reveals that the proportion of respondents having the per capita income of Rs15000 and above was highest in Thrissur district (11 percent).
9. The supplementary income of the households would promote consumerism. Among these, income from rental buildings was higher in Ernakulam because of the demand for rental dwellings were higher in this district compared to other two districts. Whereas the agricultural income

was higher in Palakkad The agricultural background of the district helps the households to earn more from cultivation.

10. Ownership of a house in urban area is an indicator of the economic status of the households. The survey showed that 91.7 percent of the respondents had their own houses. The general features of a house like number of rooms, flooring and year of construction indicate that houses were well built. Housing and its premises seems to be the major sources of emulation which played a decisive factor of consumerism. The tendency was seen in the sizes as well as the style of houses. 22.7 percent of houses were built within a period less than 10 years with modern facilities.

8.4 Food expenditure-Evidences

- Per capita consumption expenditure of the sample districts was Rs5971.65. Of this food expenditure constitutes Rs1711.31 and non food constitutes Rs4260.3 The regional wise analysis shows that Thrissur district has the highest per capita expenditure (Rs.6147.41)
- It was found that higher MPCE levels are associated with higher income, higher level of education, better occupational status and the area of residents. Thus we may accept the hypothesis that the relation between income and consumption is proportional.
- Significant differences exist in the consumption pattern of the lower and upper segment of the households.
- The monthly per capita expenditure of Thrissur(Rs.6147.41) Palakkad (Rs. 6251.9 and Ernakulam (Rs.5544.54) districts are more or less same.
- There is no significant difference between the shares of food expenditure in Thrissur (26.84 percent) and palakkad (25.30 percent) districts. But in Ernakulam district the share was 34.08 percent. This may probably due to most of the sample respondents in Ernakulam district consumed highly expensive and quality food items and they are purchased from the specialized malls.
- The average food expenditure was highest among the family income group of Rs50000-Rs60000 in Ernakulam. The reason is that, the higher income groups spend more on qualitative food like oats, milk

and milk products etc where as the average food expenditure was highest among the income group of Rs40000-Rs50000 in Palakkad and Thrissur.

- The households in Ernakulam district were spending large amount on food items than the households in other two districts. This may be due to the availability of highly qualitative and wide variety of food items in that district. .
- The average cereal expenditure was highest in Thrissur district (Rs1444.95) followed by Palakkad (Rs1262.24) and Ernakulam(Rs949). This is mainly due to the frequency of cereal consumption was higher in Thrissur and Palakkad districts .Most of the households from these districts took rice two or three times as their major meals.
- Religion of the households may have significant influence on their spending and eating habits. Food expenditure is higher among the Christian and Muslim communities. They are spending more on meat, egg and fish items compared to the Hindu community.
- Family size and food expenditure are positively related. The survey revealed that the food expenditure of the households with larger family size was higher than the smaller family size.
- The average milk expenditure was higher in Ernakulam district (Rs841). As we mentioned earlier, the change in food habits in favour of qualitative food is the main reason for this. There is no significant difference in the average milk expenditure of Thrissur (Rs694.04) and Palakkad (Rs690.45).Most of the households in Palakkad depends on home-made milk and their purchasing quantity was very less.
- The vegetable expenditure of the households reveals that majority of the households from lower and higher income groups spend an amount between Rs 500 and Rs1000. The average expenditure on vegetable is higher in Ernakulam because of majority of the respondents purchase from the specialized malls for fresh vegetables. It is interesting to find that compared to lower and higher income group the middle income groups, spend more. The middle income groups are consuming more

expensively. The survey reveals the role of middle income class to promote consumerism.

- Compared to lower income groups, the expenditure on fruits and nuts were higher in higher income groups and middle income groups. They were regularly included fruits and nuts in their food basket. This tendency is found out in both Thrissur and Ernakulam but the respondents in Palakkad district mostly preferred seasonal fruits and most of the respondents preferred to buy fruits on a weekend basis.
- There is no significant variation in the expenditure on beverages and processed foods across the districts.
- Majority of the households (53.3 percent) irrespective of their income level spend lesser amount (between Rs200 and Rs400) for the consumption of edible oil. This is mainly due to the health problems and their health consciousness.
- The expenditure on sugar is very low in the sample areas. The sugar expenditure constitutes 2.1 percent of total food expenditure in the study areas.

8.5 Non-Food Expenditure -Evidences

- The share of non- food expenditure is lower in Ernakulam (65.91 percent) compared to Thrissur(73.15 percent) and Palakkad (74 percentage). The rachet effect is found working in Ernakulam that is, once they achieved higher level of consumption it cannot easily be reversed. But in Palakkad, the higher level of non- food expenditure is a symbol of the emergence of consumerism.
- The proportion of medical expenditure to total non- food items was higher in Ernakulam district. The health expenditure was higher among the middle income groups because they are going to more expensive doctors and probably buy more of the medicines and get more tests done.
- Education is considered as a status symbol in Kerala. Expenditure on education is a clear index of consumerism.31 percent of the households spent 50-60 percent of their income on education and only 3 percent spent less than 40 percent for the educational purposes. The proportion

of households spending higher expenditure of Rs7000 and above was highest among the govt. employees (17.5 percent). Income wise analysis reveals that higher income groups were spending higher amount for education.

- 47.3 percent of the households spent the expenditure range of between Rs.500-1000 for clothing. It can be noted that compared to Ernakulam and Palakkad districts, the expenditure of households from Thrissur district were least for clothing because most of them (48 percent) purchase occasionally.
- Majority of the households (40.3) spend the monthly expenditure range between Rs1000 and Rs1500 for communication purposes. This justifies the states improvements in infrastructure facilities and developments.
- Transport expenditure of the households shows that majority of the households spent between Rs500 and Rs1000 (30 percent) and 24 percent spend Rs2000 and above. 42.7 percent of the households spent 5 to 10 percent for travelling.
- Per capita income and the recreation expenditure had shown a positive relationship. Among the higher per capita income group of Rs15000 and above, 20 percent spent between the expenditure ranges of Rs1000-Rs1500. Compared to all other occupation category the percentage distribution of households in all expenditure categories is higher among the business households.
- The movement in budget share of durable goods is an index of consumerism. It is seen that as per capita income increases the percentage of respondents possessing consumer durables increases. 8 percent of the respondents having per capita income less than Rs3000 posses consumer durables with a value of Rs4 lakh and above while their proportion increases to 44.4 percentages in the case of income group Rs12000 to Rs15000.
- Only 27.3 percent from the higher income group of Rs15000 and above possess consumer durables with a value of Rs400000 and above.
- Occupation wise details revealed that professionals and emigrants possess greater share of consumer durables while the govt. employees

possess lower share of durables. The survey reveals that migration plays a major role for promoting consumerism.

- Based on the study it may be inferred that the per capita income, family size, education and occupation play a major role in determining consumerism in urban Kerala.

8.6 Purchasing behavior of the households

- The changes in market system play a crucial role for the purchasing behaviour of the consumers. Traditional markets are transforming in to the hypermarkets and specialty markets. Western style malls in the urban areas attracted the households to a new shopping culture and experience. 45.8 percent of the households prefer supermarkets and 28 percent prefer co-operative stores for their purchase.
- Purchasing mode of clothing reveals that 37.3 percent seasonal purchase, 33 percent prefer occasional and only 1.6 percent prefer once in a month. The purchasing behaviour of cloth reveals the influence of branded shops.
- Purchase frequency of the purchase of food items reveals that most of the households (53 percent) prefer monthly and 45 percent have no specific time to purchase. Occupation and frequency of purchase is related. Pensioners and regular salaried (Govt) employees purchase monthly because they receive salary on a monthly base whereas the business households have no specific time to purchase and expenditure of this category is relatively high.
- Most of the sample households (31.3 percent) opined that increased availability of the goods is responsible for their higher consumption expenditure. 41 percent of the responds from Ernakulam 36 percent from Palakkad and 31 percent from Thrissur districts admitted this.
- It can be observed that age and the influence of urban life style is closely related .The proportion of the households influencing urban life style was higher among the age group of 30-40 (80 percent) and thereby promoting consumerism. The influence of Media is the main reason for it.

- Females are more influenced by urban culture than males. 59.6 percent of the females and 47.5 percent of the males were influenced by the urban culture. The higher level of education among the women and increased participation in the purchasing decisions are the major reasons behind it.
- The financial status of the family and the urban life style is positively associated. The proportion of lower income group(less than Rs10000) and higher income group (Rs50000-Rs60000) not much influence urban lifestyle. The influence on urban life style was highly observed among the middle income groups (Rs20000-Rs30000, Rs30000-Rs4000).
- Majority of the households from Hindu religion (55.7 percent) are not influenced the urban culture whereas the households from Christian (62.5 percent) and Muslim (70.6 percent) are influenced the urban culture.
- 75 percent of the respondents had awareness about the consumer laws.
- The analysis validated the hypothesis there is significant variation in the consumption expenditure among the various items.
- ANOVA revealed that even though there are differences between districts, they are not statistically significant. Thus the hypothesis that there are significant inter regional variations in consumption expenditure in urban Kerala cannot be accepted.

8.7 Policy suggestions

- . Consumerism strengthens the state's dependency in different ways. Namely, people of Kerala developed a consumerist life style where the production of such consumer goods was neglected on the grounds of "inconveniences". The major task is to bring the favourable environment for the development of a consumer goods production technologies and thereby reduce the financial leakages from the state.
- The state needs to invest more in the production sectors as well as improve the efficiency of the production of consumer appliances.

- Consumerism encourages social tensions. There is need to broad based policy to reduce both the consumption and income inequalities among the different segments of the society and stabilize the price level of consumer goods.
- There should be relevance of the Government measures to increase the quality and food security through the reforms in the public distribution system and thereby protect the lower income consumers in the urban areas from the rising price level.
- The necessity of packages to stimulate demand for domestic appliances.
- Black money boom positively affect consumerism. There is a need for control over black money.
- Policies leading to raising the purchasing power of the poor, generating employment opportunities etc, are the alternatives to enable the lower income people to afford the available food items.
- To create new form of taxation among the higher income groups as the solution to the hyper consumerism.
- A strong effort is relevant to expand the quality and availability of public goods such as schools, transportation etc. Privatized consumption will remain the preferred alternative for many people.
- The quantities of cereals and pulses consumed declined over the two periods. But the monthly per capita expenditure on these two food items showed an increase. The price rise appears to be the root cause for the fall in the quantities of cereals and pulses consumed. Cereals and pulses being an essential component of food, the price rise needs to be kept under control.
- The rising consumption level of non cereal based food and processed food implying that there is a great demand for these products in urban areas. But high price is acting as constraint in the consumption of these items. Therefore production, processing and distribution of processed foods should have priority in the policies of the state.

8.8 conclusion

Kerala economy is witnessing an unprecedented consumption boom. The economic growth in the state resulting improvements in income dynamics along with the factors like favourable demographics and spending patterns are driving the consumption demand and consequently the emergence of consumerism in the state. Consumerism negatively affected the sustainability of the state. This study attempted to know the trends and pattern of consumption expenditure in the state so as to justify the real life observations. The study found that consumption pattern in the state showing a clear indication of shifting consumption preferences of Keralites and the consequent shift from items to items took a conspicuous form tending to consumerism. The consumption standards of the Keralites are found to be much higher. These findings emphasize the necessity of packages comprising policy measures and social awareness programs to safeguard the economy and to protect its ecological and social balance.

8.9 Contribution made by the researcher

A number of studies have been conducted in the area of consumption. They are focused on some specific issues related to migration and remittances, occupation and some selected items of food and non- food items. The present study is focused on the analysis of consumption expenditure on urban areas. But none of the previous studies examined the trends and pattern of consumption expenditure in urban area specifically. The present study tried to bridge this research gap and the same is the most important contribution of the researcher.

8.10 Area of further Research

The major focus of this study was to analyze the consumption expenditure in Kerala. A dedicated and systematic work will help the researcher to identify further areas of research. Some of them are:

- By using the unit level data, examine the changes in calorie intake that have occurred due to the diversification of food items especially cereals to highly expensive food items.

- There could be several other factors like psychology of the people; habitual tendencies etc which could affect consumption expenditure. This behavioral type of analysis will helps to the market policies.
- The further scope of research is that the visual cues and their effect on the purchasing of consumer goods.
- The role of women and children for promoting consumerism is another research area concerned.
- Consumerism adversely affected the saving potential of the households especially the lower and middle income groups. Studies of related issues are relevant.

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URBAN CONSUMERISM IN KERALA

Household consumption survey schedule

General Particulars

1. Name of the respondent :
2. District: 1 Thrissur
   2 Palakkad
   3 Ernamkulam
3. Religion 1 Hindu 2 Christian 3 Muslim 4 Others \
4. Sub caste : 1 SC , 2 ST, 3 OBC, 4 General
5. Nature of the family 1 Joint family
   2 Nuclear family
6. Ownership of house : 1 Owned, 2 Rented ,3 Govt. accommodation
   4Inherited Aany other (specify) :
7. Type of house 1 Tatched
   2 Tiles
   3 Asbestos
   4 Concrete
   5. Any other (specify)
8. Area of house (in sq.ft.) :
9. Nature of floor 1 Cement
   2 Mosaics
   3 Tiles
   4 Marbles
   5 Others (specify)
10. Nature of wall 1 Bricks of stone pastered
    2 Bricks or stone non pastered
    3 Any other (specify)
11. Number of rooms :
12. Do you have separate kitchen: 1 Yes, 2 No
13. Year of purchase/construction :
14. Total amount spent for construction :
15. Whether it constructed with the aid of Govt. : 1Yes 2 No
16. If yes, nature of aid : 1 Housing loan 2Others

Name of the Department :

17. Amount :

. Is the house electrified : Yes/No

18. Availability of drinking water : 1 Own well

2 Borewe

3 Neighbouring

4 public tap/ public well/

5 any other (specify)

19. Particulars of household members 6 Borewell&public

Sl.No.	Name (head)	Relation To head	Sex	Age	Marital Status	Education	Occupation	Income Per month

Codes

I. Relation to head : 1. Head 2. Spouse of head

3 Son /Daughter 4. Son/daughter in law

5. Grand children

6. Father/mother/father in law & mother in law

7. Brother/sister in law 8Other relatives

9.Grant parent 10 others

II. Marital status 1. Married

2. Unmarried 3. Widowed/widower

4. Separate 5 divorse

III. Education : 1. Illiterate 2. Primary 3. Secondary

Graduate and above

IV. Occupation status 1. Unemployed 2. Salaried

3. Labourer 4. Govt. employee

5. Self employed 6. Professional

7. Business 8. Emigrant 9. Student

10 others

20 Household assets /possession of land 1 Yes 2 No

21 If yes, area of land 1 Less than 5 cent

2) Less than 10 cent

3) 10-20 cent 4)20-50 cent

5) 50 cent 6)1-2 acres

7) Above 5 acres

22. Possession of consumer durables

Sl.No.	Items	1 Yes 2 NO	Number &mkt price	Year of purchase
1	Cycle			
2	Two wheeler			
3	Four wheeler			
4	Fridge			
5	Television			
6	L.C.D. Monitor			
7	Computer (L.C.D)			
8	Oven and cooking range			
9	D.V.D			
10	Telephone			
11	Vaccum cleaner			
12	Water purifier			
13	Washing machine			
14	Air conditioner			
15	Pressure cooker			
16	Music system			
17	Mobile Ipod			
18	Water heater			
19	Induction cooker			
20	Sewing Mechine			

Other household asset if any

Sources of Income

23 II Rental income : 1 Yes 2 No

. Area of building rented out :

23.1. Nature of building : 1 Residential 2) Non-residential

23.2. Monthly rent (in Rs.) :

24 Income from cultivation of land (including plantation gardens, orchards during the last 365 days)

24.1.1. Area of land cultivated : 1 Up to 50 cent 2) Up to 1acre

3)1&Above (Cents specify) :

24.1.2. Name of product : 1) Rice 2) coconut 3) Rubber 4) others

. Quantity :

24.1.3. Income :

25. I ncome from live stock : 1) Yes 2) No

25. 1.1 Name of product (if yes) : 1) Diary ☐ 2) Fishery

3) F orestry ☐ 4) others

25. 1.2 . Monthly income :

26 Income from non-agricultural : 1) Yes 2) No

26.1.1 If yes, category : 1) Manufacturing 2) Communication

26.1.2 Monthly income 3) Transport 4) Trade/Hotel/Restaurant

5) Service earnings 6) others

27. Monthly income of the household :

28. Yearly income from remittances : 1) less than 100000

2) 100000- 200000

Abroad : 3) 200000-300000

4) 300000 and above

29. Income from other sources if any : 1 Yes 2 No

Specify :

30 Details of food Expenditure :

Items	30.1.1 Own sourse / Purchase	30.1.2 Expenditure	30.1.3 Frequency of purchase	30.1.4 Form of consumption	30.1.6 Source of purchase
Cereals&cereals Substitute					
Pulse&pulse products					
Milk&Milk product					
Edible oil					
Vegetables					
Fruits&Nuts					
Egg,Fish&Meat					
Salt&spices					
Sugar					
Beverages,Refreshment &processed food					
Pan,Tobacco&Intoxicants					
Hotel&Restaurant					

31 Primary sours of fuel 1) firewood 2) L.P.G
3) Kerosene 4)Electricity7)1&2

32 Expenditure :

Expenditure on medical care and health service during the last 30 days

33. Mode of treatment :1. Allopathy
2. Ayurveda
3. Homeo 4) Others 5)1&2
Others 5. Allopathy & Ayurveda

Allopathy	Ayurveda	Both	Homeo

34. Expenditure on medicine (in Rs.) :

35. Preference of medical institution : 1) Private 2) Govt.

36. Do you regularly go for check up : 1) Yes 2) No

37. Is there any chronic diseases : 1) Yes 2) No

38. If yes type of disease :

39. In case of children, feel under weigh: 1 yes 2 No

40 Is there any medical aid centre within 3km;

Transport expense during the last 30 days

41. Aim of journey : 1 Occasional
2 Job related
3 Education 4 Others

42. Mode of conveyance : 1. Own
2. Hire
3. Public 4 All

43. Monthly expenditure :

. Is there any medical aid centre within 3 Km.
of your residence: Yes/No

. If no, expenditure on travel :

44 Communication expenditure during the last 30 days

	Name of Expenditure					
	News paper	Periodicals	Annuals	Books	Telephone	Letters
Monthly Amount in Rupees						

45 Education expenditure during the last 30 dyas

Name (Sl.No.)	StudyingCourse	unaidedAided or	FeesMonthly	Unifroms expense	Books expense	anyStipend received if	Hostel fee	Any other	expenseTransportation

46. Recreation and entertainment expenditure

Items	**Amount**
Films Tours Cable T.V. Subscription CDs, Audio and videos	

Any other (specify)	

47 . Expenditure on sanitary goods, personal care cosmetics

Item of expenditure	**Amount spent (in Rs.)**
Toilet soap Tooth paste Washing powder & detergents Face powder & cream Cometics Sanitary napkins Cleaning lotion Hair oil Hair dressing & sharing Any other	

48. Electricity bill :

49. Water bill :

50. Expenditure on servants,

Gardner and other labour charges

50.1 Number of servants

50.2 1) Full time 2) part time

51. Expenditure of clothing & bedding,

(Redy mades garmets), foot wear :

51.2. Mode of purchase 1) Seasonal 2) Occasional 3) Monthly
4) Considerable/ 5) discounts/new Fashion trends

51.3 . Conveyance of buying 1) Installment 2) ready cash

51.4. Preference 1) Venders 2) street venders/shops/
3) Retailers/malls 4) Next urban centre
5) Branded shops 6) All

52 Expenditure on durable goods during the last 365 days

52.1.1 Mode of purchase : 1) first hand 2) second hand

Sl.No.	Items	Purchase value	Repair cost
1	Furniture and fixtures		
2	Utensils		
3	Jewllery & oraments		
4	Household appliances Household appliances Including kitchen equipment		
5	Personal transport equipment (vehicles)		
6	Clock & Watches		
7	Video, audio equipments		
8	Residential building		
9	Other durables		

53 Expenditure on miscellaneous goods and services (Electric bulb, etc)

54 Donation

. Expenditure on religious matters :

. Expenditure on cultural activities :

. Expenditure on gifts, complements etc. :

. Expenditure on poor relief :

. Any other :

. Expenditure on marriages

55) Ceremonial expenditure

:. Buying behavior related to consumption expenditure rank your preference

Item	Motivational forces for consumption				
	Basic needs	Custom made wants	Fashion made wants	Imitative wants	Producer made wants
Food Medical expenses					

Vehicles Communication Education Recreation Cosmetics Clothing Consumer durables Donations					

. Factors influencing the purchase ((Rank in the order)

Items	**Price**	**Income**	**Previous consumption**	**Individual (age)**	**Family**	**Neighbour Hood**	**Society**	**Life style**
Food Medical expense Communication Vehicles Education Recreation Cosmetics Clothing Durables Donations								

56. Is there any increase in your consumption expenditure compared to your parents and grandparent? 1) Yes 2) /No.

57. If yes, rank the reasons.

1) Price hike ☐
2) Increased availability of goods ☐
3)Lavish spending on property, house, best education ☐
4) Buying quality products ☐

5) Purchase of latest household ☐
6) Globalization and liberalization of market ☐
7) Increased cost of living (expenditure) ☐

58 Do you believe that the urban culture encourage or forced to change your preference 1) Yes 2)/No

59. Are you aware about the consumer protection laws: Yes/No If yes, source of knowledge?

60 Do you have membership in consumer associations? 1) Yes 2) No

60.1 If No, Rank the reasons

1) Lack of interest and desire
2) Lack of courage
3) Ignorant about the importance of association

61 Whether you check the privileges can you make purchase?

1) Yes 2) /No

62. Whether you have noticed any problem? 1) Yes 2) No.

63 If yes, whether you taken appropriate form?

If yes where?

63.1 If no why?

64. Do you enjoy credit facility for purchasing durable goods? :

1) Yes 2) No

If yes, which all the sources:

65. Do you have any financial liabilities for the purchase of durable goods?

1) Yes 2) No.

If yes which items:

66. Where do you get money spend to or the source of Spending:

1) Own salary 2) wife's salary

3) Sons/daughters

4) Other members salary

5) Business profit

6) Income from land

7) Borrowed money

<u>Pattern of borrowing</u>

67. Total liabilities (principal & interest):

Sl.No.	Nature of loan	Source	Purpose	Amount outstanding including interest on

				date of survey

Codes

i. Nature of loan
1. Hereditary loan
2. Loan contracted in cash 3) borrowing

ii. Source
1. Government
2. Co-operative society
3. Bank
4. Professional money lender
5. Relatives/Friends
6. Others (specify)

iii. Purpose
1. Durable consumption
2. Medical expense
3. Educational expense
4. Marriage and other ceremonial expenses
5. Purchase of land/construction of building
6. Productive purpose
7. Repayment of debt
8. Others

68. Whether completed or not :

69. Year of borrowing :

70. Do you have any savings : Yes/No

70.1 If yes, state the institutions : 1 Commercial banks ☐
2 Co-operative banks ☐
3 Other financial institutions ☐

Institutions Name	Purpose	Duration	Amount in paid Monthly/Yearly	Total remittance
Bank Deposits Chitties of kuries Small savings (Post office – RD) Insurance P.F Govt. Securities Shares and debentures Company shares				

71 Purpose of savings: 1) Old age security 2) Education & marriage of children 3) Business 5) Consumer durable

72 Duration :

73 Amount in paid : Monthly/Yearly

74 Total remittance:

75. Any other form of savings/investments :

1. Gold 3) Flat/building

2. Land 4) Other 5) Nill

76. Are you satisfied with the existing PDS shops : 1)Yes 2) No.

76.1 If no, state the reason : 1) Inadequate quota
2) Irregular supply (3) Inferior quality
4) Black marketing by dealer

76.2 If yes, specify items

77 Who introduce new product : 1) self 2) Husband/wife 3) Children
4) Relatives &Neighbours

78 Method by which you get familiar with the product

1) Advertisement 2) Neighbours
3) Relatives &Friends 4) children
5) own shopping

79 Point at which your purchasing decision formed; 1) Home 2) at shop

80 Do you influence the availability of goods at shop? 1) Yes 2) No

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