

**TRENDS, CAUSES AND  
CONSEQUENCES OF  
CONSUMERISM IN KERALA**

**Thesis  
Submitted to the University of  
Calicut for the award of the Degree of  
DOCTOR OF PHILOSOPHY IN ECONOMICS**

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## **CERTIFICATE**

Certified that this written account on 'Trends, Causes and Consequences of Consumerism in Kerala' submitted for the award of the degree of Doctor of Philosophy of the University of Calicut is a bonafide record of research work done by Mr. Abdulla M.P, under my guidance and supervision. No part of this work has been submitted earlier for any other purpose.

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## **DECLARATION**

I, Abdulla MP, do hereby declare that this written account titled "**Trends, Causes and Consequences of Consumerism in Kerala**" is a bonafide record of research done by me under the guidance of Dr. A. Abdul Salim.

I do declare that this thesis has not been submitted by me earlier for the award of any degree, diploma, title or recognition.

Thrissur,

**Abdulla M.P.**

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# **Chapter One**

## **INTRODUCTION**

- 1.1 Consumerism – Various scenarios**
- 1.2 Significance of the study**
- 1.3 Objectives of the Study**
- 1.4 The Hypotheses**
- 1.5 Scheme of the work**
- 1.6 Limitations of the study**

## **INTRODUCTION**

Consumption is the ‘starting point’ of economic activity and thus forms the very basis of the entire economic process of an economy. It directs the production process, shapes the business structure and determines the welfare standards of the community. The totality of arrangements that economies evolved are meant to help their people in this process. The consumption is determined by the level of income of the people and, the level of consumption is taken as the indicator of standards of living of the society. It is quite possible that individuals desire to make their life easier and comfortable. Accordingly, an increase in purchase of goods and services and, a consequent improvement in consumption standard are also natural.

In its course of change, consumption passed through different stages and took various forms. Two forms, in particular, have been identified in literature. Conspicuous consumption was one form of much significance. This form, historically, has showed its existence in all erstwhile societies of the world – from primitive to modern. This form of consumption, in general, was considered as a high-class behaviour and so such practices were mostly confined to the

spending habits of the rulers, aristocrats and such other elite classes. The intention of this type of consumption behaviour was public recognition and so was targeted at audience respect. Consequently, this behaviour was not expected to produce any harmful effect on the society in general. Rather, in certain cases such behaviour appeared as an expression of benevolence and charity and thus might have served as a boon to the community. Thus the negative impact, if any, of such behaviour seemed to be internalized to a great extent.

The second form of consumer behaviour that has been identified, which also is the subject of the present study, was that of consumerism. The term represents an irrational pattern of consumption. At this phase, the consumption basket was seen to have enlarged drastically with the inclusion of a number of non-essential items and highly expensive products. This shift in consumption pattern had been geared by new technologies and propelled by emerging outlets for selling new goods. The deliberate attempts and persuasive efforts of producer-adviser front presented an added momentum to the phenomenon. The sophisticated technology, media and new global apparatus together worked successfully in creating a new consumer culture throughout the world.

The state of Kerala is unique in many respects. This uniqueness has had its own repercussions on various sectors of the economy. The peculiarities the state exhibited have invited world-wide attention and, its nature as well as consequences has been the subject of wide discussions. As theories suggest, in the case of an economy, the process of economic development proceeds through certain definite path from primary to secondary sector and then to tertiary sector. Departing from this accepted principle, the state of Kerala followed a distinct form in the process of its development also i.e. development of tertiary sector bypassing the other sectors. In its course, the state exhibited the social indicators of a well developed region simultaneous with the poor performance in the economic indicators. Consumerism may be considered as one distressing phenomenon that crept in to this development model.



Keralites are fascinated by consumer goods, modern gadgets like vehicles and durables in particular. The items of vehicles produced anywhere in the world are reported to be suitable to the urban roads of Kerala. The new items of luxurious foreign cars can be found in the cities of Kerala on the very day its advertisement appears in the television channels. Kerala is reported to be the surest market for the goods produced anywhere in the world. In the housing sector, one might have observed the thorough changes that occurred in its very concept and the new trend that has set in. The shelter needs of the people have changed with newer trends from dwelling places to palatial houses and again to pleasure resorts. Similarly, in the business sector, we may observe that shops are replaced by super markets as well as shopping malls that have become the dream world of material luxury. The housing and shopping practices that society follows are indicative of the consumerist culture prevailing in the state.

The state of Kerala is known for its early and effective implementation of land reform measures. Under its provisions, title of ownership was conferred on a large section of people owning no property which is regarded as a progressive move to enhance economic power of the depressed groups in the society. The measures, in turn, contributed to a large extent in bringing equitable distribution of income and wealth among the individuals. Observing the formulations of Mason (1981), we may deduce that wealth and income distribution play a decisive role in shaping and nurturing consumerism. The broader the distribution of income and wealth, the wider is the opportunity it offers for consumerist behaviour. The state has shown remarkable progress in the social spectrum as well. The advent of social reform measures and their effect have played an important role in emancipating people from the clutches of many societal taboos and restrictions that hindered social mobility in the state.

Economic reasoning asserts that in a society where social mobility exists, people may resort to various measures in order to acquire recognition within the class as well as among the classes. Social mobility gives ample scope for

consumerism since the individuals may resort to this behaviour in order to gain recognition of aspirant groups and to identify themselves with them. The greater the importance that the society puts on wealth and its disposition as a mark of distinction, the higher would be the spending spree among the individuals. Social reasoning suggests that spectators and audience respect create favourable atmosphere for consumerist behaviour. The phenomenon became widespread with the advent of the gulf factor during the nineteen seventies and received further fillip by the new economic policy that was initiated in the country during the nineties. As society starts to condone wealth over other variables as a means of status and recognition, the spending spree operates as a rewarding system and then people may respond positively through this type of behaviour. The admiration for the cost of outdoing behaviour may prompt individuals to resort to consumerism. The state is found to have evolved a set up that produced the required spectators and audience respect in the consumerist game.

## **1.1 Consumerism – Various scenarios**

### **Global scenario**

Historians seem to be debating the ‘origin’ of consumerism and its flowery stage. Some components of European consumerism pre-dated the eighteenth century. However, this stage was considered more as a preparatory stage rather than the flowery stage. But, the economic historians were united over the opinion that a consumer society had existed in Europe by the mid eighteenth century. In its early stages, consumerism was centered in regions such as Britain, France, Germany and Italy. The development of commercial economy in these regions and the rapidly expanding access to global products might be the dominant reasons for this.

In the case of America, consumerism was considered as an imitation at its initial stages. The colonies that became United States had to copy consumerism from Western Europe. The Atlantic colonies of North America formed close

trade relations with Western Europe in general and England in particular. They also developed a close cultural link with them. The possible reason might underlie here. In course of time, the American economy became more commercial and that led it to become a consumer giant and a world leader.

Consumerism in Western Europe and United States were subjected to a great explosion in the next stage with the introduction of new apparatus of various kinds. This caused the spread of consumerism to new regions like Eastern Europe, Asia, Africa and the Latin America. But, the global spread of the phenomenon was not even or uniform. It had to receive religious or ideologically oriented restrictions as well. The observers found that one of the most fundamental changes involved in western or the American consumerism is its extension to activities not previously considered part of consumer life. It entered new areas including politics, higher education, art and memory, etc. Even marriage became a consumer game for some people. “With half of all marriages ending in divorces in the United States, and a third in Great Britain, some marriage partners clearly viewed their spouses in consumerist terms. Commitment was fine as long as the product gave pleasure, but when this lessened one could always trade in on a new model” (Stearns, 2001). The ultimate effect was the disappearance of the distinction between consumerism and non-consumerist activities. The commitment to consumerism has introduced a new precariousness to the material life of people.

### **National scenario**

In the case of our country, the new pattern of consumption began to show its active presence with the nineteen seventies. At present a large consumer oriented middle class has emerged in the country along with the growth of cities and development of industries. Despite higher levels of poverty, consumer items have spread surprisingly in the country. The situation that has emerged in the country is indicative of the fact that the Gandhian vision, spiritualistic attitude, nationalistic goal of promoting handicrafts, and the like have receded in favour

of consumerist tendencies. The new urban spaces and tourist centers are supposed to have played an instrumental role in promoting the new trend. As a result, the country experienced a structural change in the pattern of consumption with a tendency to raise the expenditure on consumer items. This might be taken as an indication of the shift in tastes, habits and preferences of the people in association with the changed situation as well as rising income and process of economic development. It is believed that 20 percentage of the population in the country is consuming half of all goods that were available. In the case of consumption pattern that exists in the country, significant regional differences are observed along with rural-urban differences. Considering the country as a whole, it may be deduced that consumerism as a phenomenon concentrated mainly in the cities and urban centers and, that it is confined mostly among the high and middle income groups. As per expert views, the country is predicted to be one of the 'consumer market power houses' of the world.

### **Regional scenario**

The state of Kerala is said to be a pioneer among Indian states in the matter of consumerism. Its early contacts with the outside world might have contributed in shaping its consumption behaviour as well as its cultural and socio-economic settings. The state is supposed to have inherited many of the consumption practices and tastes from the west. Initially consumerism might have originated as a craze for goods, and then transformed to an accepted fashion of social life. The trend received momentum in its growth during the seventies of the last century during which the gulf factor got introduced in to the Kerala economy. Contrary to the general nature of the country as a whole, the phenomenon grew at an alarming rate in the state. The existence of some characteristics peculiar to the state might have contributed to this a lot. Urban-rural continuum, progressive social atmosphere, rise of the neorich, high proportion of middlemen, etc, could be included among the characteristics peculiar to the state.

The new economic policy that the country adopted since the nineties was another factor requiring attention. Receiving further fillip from such policy measures it is expected that the 'spending spree' would continue to march on unless properly intervened.

## **1.2 Significance of the study**

The land of Kerala is very rich in its diverse treasures required for the smooth progress of an economy. In spite of having the required inputs like better transport and communication system, high literacy, industrious labour, technical know-how, etc, which are sufficient for economic growth, the state is lagging behind other states in the case of state domestic product and other economic indicators.

Despite its low income, the state exhibits the characteristics of a well developed nation. This paradox renders it unique among other states of India. In the case of consumption also, it exhibits characteristics which are alien to the rest of India and the world. The average monthly per capita expenditure of this state with lower per capita domestic income is higher even than that of the richest states of the country. The state consumes items which are produced elsewhere. Having access to any new items produced anywhere in the world, even in the interior areas of the state, houses are filled with foreign utensils. At the same time, the items it produces are meant for others. People make purchases as a habit. The tendency was seen strengthened during the seventies and eighties in particular, and it has adversely impacted the economy.

The new shape in consumption pattern totally misled the production sector of the state. It led to the collapse of traditional industries, deterioration of agricultural sector, dwindling of land under food grains and total lack of control over manufacture sector. The thorough change that occurred during these years in the production of items and purposes they served were not favourable for the overall interests of the state. Consequently, the state at present, is importing

almost all of its requirements either from other states or from other parts of the world. The state also exhibits a dichotomy between high overall growth rate and stagnation in the primary sector.

The phenomenon of consumerism grew in its magnitude and entered into new dimensions. The new culture that it has brought about is supposed to have far-reaching effects on the sustainability of the economy. People do shopping as a craze and middle class households have converted their kitchens to distribution centers of processed foods. Marriage, education and even medical treatments have become flowery aspects of consumerist life. A notable feature of these changes is that all these developments veer round products which are produced elsewhere.

Consumerism has emerged as a social malady that extends its claws to every walk of human life. This phenomenon has specific relevance in the context of a state like Kerala. The state, in fact, was concealing so far its economic drawbacks under the glorified banner of 'Kerala Model' which projected only a few social indicators. Now, this cover has been removed and the economy has begun to expose its in-capabilities and problems one by one. The problems the state faces are aggravated under the consumption culture that it has developed over the years. The prevailing pattern of consumption is most likely to jeopardize the economic programmes of the state.

Changes in the pattern of consumption as well as the rate of change of this phenomenon in different regions of the state deserve serious attention. The alarming situation that prevailed in the state invited the concern of administrators, policy makers and social scientists. Very little was done in explaining and analyzing the phenomenon in Kerala and whatever had been done was found insufficient. A detailed study of the problem is felt necessary so that it would help the policy makers in chalking out their programmes to counter the adverse fallouts associated with it, the planners in devising their projects and the administrators in implementing measures to contain the bad effects of the

problem, or at least, to reduce them to its minimum. An in-depth study on the causes that led to the emergence of consumerism in the state, the impacts it had on the economy and society, the peculiar form of its development in the state, the trend and nature of consumption pattern in the state, etc, was considered worth undertaking. The present study is a humble attempt towards this noble end.

### **1.3 Objectives of the Study**

In the state, consumerism has emerged into an important social problem that affects all walks of life. In order to study the stimuli that it received for its formation and its expansion, and the impacts of new patterns and culture on the economy, we set the following specific objectives to be analyzed in detail.

1. To examine the trends & patterns of consumption expenditure in Kerala.
2. To compare and contrast the income - consumption expenditure relation in the state.
3. To identify the factors determining consumerism in Kerala.
4. To examine the impact of consumerism on the economy of Kerala.

### **1.4 The Hypotheses**

1. There is an increase in consumption expenditure on consumer goods in Kerala.
2. There is no strong relationship between consumerism and migration.
3. The impact of consumerism on the economy of Kerala is negative.

### **1.5 Scheme of the work**

The present study is arranged in seven chapters. The introductory chapter highlights the problem, its significance and objectives of the study.

The second chapter summarizes the related theories and offers an extensive review of literature.

The third chapter makes a detailed discussion on the methodology and sample design. It covers areas like concepts & definitions, research approach and the profile of the sample area.

The fourth chapter is devoted for the discussion of the trends and patterns of consumption expenditure in Kerala. It extends its examination on various areas of consumption viz. food and non-food expenditure, expenditure on durables and non durables, etc. It also tries to relate consumption-income nature in the state and among the states.

In the fifth chapter, an extensive discussion on the causes of consumerism in the state is made with the help of data and appropriate statistical tools.

The sixth chapter discusses the repercussions of the phenomenon on the economy and society of Kerala.

The last chapter summarizes the discussions and offers conclusion.

## **1.6 Limitations of the study**

- A major limitation in undertaking empirical research on consumerism lies in the difficulty of its objective examination. Thus, as an alternative, the study has relied on consumption expenditure and its trend as a proxy for the phenomenon.
- The study being basically done at micro level, it has limitations for the generalization of results in a wider perspective.
- Non-response to attitudinal questions makes the predictions incomplete.



# **Chapter Two**

## **THEORETICAL AND EMPIRICAL BASES OF THE STUDY**

**i Theoretical framework of the study**

**ii Empirical basis of the study**

**Section A Studies on consumer behaviour**

**Section B Studies on irrational consumption behaviour**

## **THEORETICAL AND EMPIRICAL BASES OF THE STUDY**

Economic theories are formed on the basis of rationality assumption. Men are expected to be rational in purchasing behavior and try to maximize utility of money they expended. Once this assumption is relaxed, the theory falls into the group of ‘irrational consumer behavior’. In the literature, there are instances of attempts to explain and analyze such behavior.

The present study focuses on Kerala economy in the context of the consumerist tendencies it developed over the years. In this chapter, we seek to relate the aforesaid ‘irrational consumer behavior’ to the tendencies of consumption currently existing in Kerala economy. This chapter is divided into two distinct parts. Part one summarizes the theories of consumption and, in part two, an extensive review of literature is attempted.

### **1. Theoretical framework of the study**

The current study is an attempt to analyze certain aspects of peculiar consumption behavior that Kerala exhibits. Though we proposed to confine our focus on the irrational behavioral pattern, a discussion of the main stream theories of consumer behavior may be of great value for such a study. Thus, we

make a brief discussion of the major theories of consumption so that it may serve as the theoretical basis for our present study.

Being the predominant component of aggregate demand in an economy, consumption has become a subject of wide discussion in the literature. Accordingly, consumption behavior occupies a central position in modern macro theory.

The early developments in consumption behaviour are found in microeconomic theories. In these theories, the consumption behaviour is derived on the postulate of utility maximization subject to a linear budget constraint.

i.e.,  $\text{Max } U(x_1, \dots, x_n)$ ;  $X = \sum p_n q_n$ : where,  $X$  = total consumption expenditure.

### **The Absolute Income Hypothesis**

The post-war efforts to re-specify the consumption theory are found in macro-economic formulations of consumption function. The first serious formulation of the consumption function was Keynes' "fundamental psychological law". Instead of relying on statistical analysis, Keynes made conjectures about the consumption function based on introspection and casual observation.

First and most important, Keynes conjectured that the marginal propensity to consume is between zero and one. He wrote that the "fundamental psychological law, upon which we are entitled to depend with great confidence, ... is that men are disposed, as a rule and on the average, to increase their consumption as their income increases, but not by as much as the increase in their income" (Keynes' General theory). That is, when a person earns an extra dollar, he typically spends some of it and saves some of it.

Second, Keynes posited that the ratio of consumption to income, called the Average Propensity to Consume, falls as income rises. To him, saving was a

luxury and so he expected the rich to save a higher proportion of their income than the poor.

Third, Keynes believed that income is the primary determinant of consumption and that the interest rate does not have an important role – a conjecture which contrasts with the beliefs of his predecessors in classical thought.

On the basis of these conjectures, Keynesian consumption function is often written as:

$$C = f(Y) \quad ; \quad C = a + bY \quad \text{or} \quad C = a + bY + u, \quad a > 0; \quad 0 < b < 1$$

Where C is consumption; Y is disposable income; a is a constant; and b is the MPC. Due to its focus on observed income as the driving force behind consumption, the Keynesian consumption relation is termed as absolute income hypothesis.

Soon after Keynes proposed the formulation, economists began to expose it to data on consumption behavior. These efforts to expose the theory with the empirical data produced certain apparently conflicting sets of evidences. The credibility of the theory was weakened by two developments in post war II period, viz., the failure of secular stagnation hypothesis (a failure in predicting the course of post war growth) and the findings of Kuznets that the APC is fairly constant over long period of time.

These developments produced evidence for having two consumption functions - one for short run and another for long run. The situation presented a puzzle that motivated subsequent work on consumption. The consequent research in the analysis of consumer behavior was directed to the reconciliation of these apparently conflicting evidences and the result was a series of new theories, each replacing absolute income with another variant of income.

## **Relative Income Hypothesis**

The Relative Income Hypothesis was first propounded by Dorothy, Brady and Rose Friedman. This hypothesis states that the consumption expenditure does not depend on the absolute level of income but instead on the relative level of income. It was James Duesenberry (1949) who lent it empirical and psychological support.

While developing his model Duesenberry addressed to the problems associated with two implicit assumptions of Keynesian consumption function, viz., the presumption of independence of consumer behavior and the assumption of symmetry in the reaction of consumption to increase (decrease) in income during short term cyclical fluctuations. He developed the proposition that ratio of income consumed by an individual does not depend on his absolute income; instead it depends upon his relative income – upon his percentile position in the total income distribution.

According to Duesenberry, there is a strong tendency for the people to emulate and imitate the consumption of their neighbors and at the same time, to strive constantly towards a higher standard of living. This indicates the persistence of a strong ‘demonstration effect’ in the consumption decision where the behavior of one consumer would depend upon the behavior of those consumers with whom he associates. Duesenberry remarked that “there are societies in which prestige is gained by the acquisition of some sort of good which is completely useless in fulfilling any need whatever” (1967). This hypothesis allowed Duesenberry to reconcile the results of both budget studies and Kuznet’s study. In his model, the shape of the schedule depicting the relationship between family income and family consumption is such that, within a distribution of income the APC declines as we move from low to high family income, but, when income of all families increase proportionally in the next period, then the consumption schedule itself will be shifted to the higher levels.

With regard to the second assumption, Duessenberry offered the assumption that “over the time, the relation between aggregate consumption and aggregate income is not completely reversible. As income increases secularly, consumption will grow proportionally; but over the cycle, as income falls from its peak, consumers will attempt to maintain consumption standards set previously.”

The theory also tells us that the level of consumption spending is determined by the households’ level of current income relative to the highest level of income earned previously. The model implies a ‘ratchet effect’ in that when income falls off, consumption drops less than it rises as income grows along trend. This shows people’s reluctance to revert to previous low levels of consumption by reducing the level once attained. Relative income hypothesis can symbolically be represented as:

$$C = aY + b [Y_h / Y] Y$$

Where, C & Y are current levels of consumption and income; and  $Y_h$  is the highest level of income previously earned.

### **The Permanent Income Hypothesis**

Milton Friedman (1957) formulated his theory of consumption function by introducing a new variant of income, i.e., permanent income instead of measured income. According to him, observed consumption expenditure does not always reflect real consumption. He also argued that consumption purchases resulting from the deviation from ‘normal’ behavior that may occur in response to exceptional circumstances cannot be treated as a reflection of the basic consumption-income relation. Accordingly Friedman contended that both income and consumption include ‘permanent’ and ‘transitory’ components. Therefore observed values of consumption and income are:

$$C = C_p + C_t \quad \text{and} \quad Y = Y_p + Y_t$$

Permanent income ( $Y_p$ ) is the part of income that people expect to persist into the future or it is the average income. Transitory income ( $Y_t$ ) is the part of income that people do not expect to persist or it is the random deviation from the average income. Friedman reasoned that consumption should depend primarily on permanent income, because consumers use saving and borrowing to smooth consumption in response to transitory changes in income.

Friedman hypothesized that the basic long run relation between permanent consumption and permanent income was one of proportionality. Symbolically,  $C = \alpha Y_p$  where,  $\alpha$  is a constant that measures the fraction of permanent income consumed. This factor  $\alpha$  depends on interest rate ( $i$ ), the ratio of non-human to total wealth ( $w$ ) and variable  $u$  reflecting age and taste, i.e.,  $\alpha = f(i, w, u)$ .

Friedman developed his operational model and succeeded in reconciling the results of early empirical studies with the help of three assumptions of independency between permanent income and transitory income, permanent consumption and transitory consumption as well as transitory consumption and transitory income.

### **The Life-Cycle Hypothesis**

In their efforts to solve the puzzle generated in consumption theory, writers Franco Modigliani, Albert Ando and Brumberg developed a hypothesis which suggests that in consumption decisions, the consumer considers the profile of the stream of income during his whole productive life and paces his consumption expenditures accordingly. The model is termed as MFA hypothesis.

Modigliani's interpretation that 'income varies systematically over people's lives and that saving allows consumers to move income from those times in life when income is high to those times when it is low' formed the basis for the model. Accordingly, the model makes consumption depend upon consumer's whole life income.

The consumer will arrange his income and expenditure in such a manner as to maintain a certain standard of living which he desires. People expect a fall in their income after retirement. But, they do not want a large drop in their standard of living. Thus to maintain consumption after retirement, people must save during their working years.

Consider a consumer who expects to live another  $T$  years, has wealth of  $W$ , and expect to earn income  $Y$  until he retires  $R$  years from now. The consumer's life time resources are composed of initial wealth  $W$  and life time earning,  $R \times Y$  (i.e.,  $W + RY$ ). A consumer, who wishes to achieve the smoothest possible path of consumption over his life time, divides his total resource equally among the  $T$  years and each year consumes  $C = (W + RY) / T$ . This person's consumption function can be written as  $C = (1/T) W + (R/T) Y$ , which says that consumption depends on both income and wealth. If every individual follows the same consumption pattern, then the economy's consumption function is:  $C = \alpha W + \beta Y$ , where  $\alpha$  and  $\beta$  are MPCs out of wealth and income respectively.

The underlying argument of this consumption function is that consumption depends on the resources available to the consumer over his entire life span, the rate of return on capital and the age of the consumer. This consumption function analyses the long run implications of consumption behavior using aggregate data and hence concentrating on time series data.

### **Conspicuous Consumption**

Apart from the pure theories of consumption, certain attempts have also been made to explain the extraordinary behavior in consumer spending. Thorstein Veblen (1989) in his classic book 'The theory of the Leisure Class' used the term 'conspicuous consumption' for the leisure class consumption behavior and attempted to explore the nature and incidence of such behavior. Sticking on the ideas of Veblen, Roger S. Mason (1981) attempted to construct a



theoretical framework for understanding the phenomenon of conspicuous consumption. We may resort to a brief summary of the attempts.

Two conflicting explanations for conspicuous behavior can be drawn from the literature. One view is that 'such behavior is in essence motivated by exclusively personal considerations and owes little or nothing to the social and economic environment in which men live'. The second argument, in contrast to the first, is that 'ostentatious economic display is generated by specific socio-economic conditions which make the conspicuous display of wealth a necessary activity for those seeking higher personal status and prestige within the community'.

Conspicuous consumption, by definition itself, is a form of consumer behaviour in which third party opinion of the action is the principal source of satisfaction for the individual consumer. The very acts of making purchases and consumption socially visible as well as their display prove their target at 'social audience'. Accordingly, the first argument, which emphasizes innate personality traits, was challenged on the ground that 'personality develops and redevelops over an individual's life span according to the social influences to which he is exposed'. Subsequently, Veblen and Smith, in their attempt for an aggregate theory, argued that far from being determined by independent personality traits, the incidence of conspicuous economic display is decided by social and economic environment and the propensity to conspicuously consume is seen to be decided by the values and norms of the societies in which men live. They argued that it is the social circumstances that provide impetus for conspicuous consumption. If social circumstance is favourable, then, it will motivate any individual to adopt such behavior without fear of social condemnation.

Veblen considered the impressive influence of conspicuous expenditure in the behavioral patterns of upper classes. But, at the same time, he viewed it a phenomenon that extends to all levels of society and to all social classes, though with differences in types and intensity. He also contended that conspicuous

consumption may be directed towards achieving either 'horizontal' status gain or 'vertical' status gain, depending on the degree of social mobility and the extent to which revealed wealth can secure such mobility. This view of ostentatious display (the Veblen effect) has been widely accepted as offering the most plausible explanation of observed conspicuous consumption.

Mason listed certain factors which Veblen indirectly referred to and which may be considered of prime importance in determining the 'climate' in which social and economic consumption takes place. They are: i) community's cultural values - which mould society's system of belief and social acceptance, and thereby people's outlook, ii) social class structure – which sets the basic variables and scope for mobility, and iii) differences in class membership – of membership groups and aspirant groups.

Then Mason argues that the strength of a person's motivation to conspicuously consume will be directly related to the 'mix' of the groups of which he is a member or to which he aspires, and secondly to any rank order of preferences between groups which the individual is forced to make. Again he argues that conspicuous consumption is created and encouraged by various forms of social and economic stratification of society, which in turn is stemming from inequalities between individual members – inequalities in income and wealth, in power, or in status.

From the discussion of these theories, we may observe that the formulations of absolute income and permanent income as well as the life cycle hypothesis are based on income or its variant as the decisive factor of consumption behavior. Deviating from this general pattern, Duesenberry's model was an attempt to emphasize the distributional aspect. The shift from absolute income and its variants to relative levels of income seem to be an attempt to incorporate the importance of non-economic factors as well. The explanation as to the role of emulation in consumer behavior and the idea of 'ratchet effect' in spending habit discloses the influence of non-economic factors in consumption

behaviour. This attempt of habit persistence hypothesis seems to be a significant departure from the pure rationality sense. Similarly, departing from the main stream thoughts of rationality settings, Mason devised a framework that offers explanations about reference group behavior. The behavioural pattern that the model expected from the aspirant groups may fall under the category of irrational consumer behaviour.

Any one who observes the consumption pattern in the state may realize the fact that among the states of India, Kerala occupies a unique nature that it may be difficult to explain simply in terms of income or other economic factors. Rather we may find that the factors other than income exerted their significant influences in rendering it unique. Accordingly, it seems that Duesenberry's hypothesis, which gives due emphasis on emulative nature of consumption behavior as well as to the uni-directional (upswing) movement in consumer spending, is more appropriate with our present study.

## **ii. Empirical basis of the study**

Consumption pattern and its implications has been the subject of several studies with theoretical as well as empirical perspectives. This section attempts to review these studies so that it will serve the empirical basis for our present study. We divide this section in to two parts. In part one, we examine the discussions of consumer behaviour as such and, part two is exclusively devoted for the discussion of irrational consumption behaviour.

### **Section A: Studies on consumer behaviour**

Based on the study in USA during 1954-55, Eva Mueller (1957) observed that the contribution of attitudinal variables (people's optimism and confidence) towards the explanation of fluctuations in consumer spending is significant only under certain conditions.

In an attempt to study consumer behaviour in relation to environment, Woods (1981) examined two alternative approaches to consumer behaviour – buyer behaviour perspective and ecological perspective. The study found that, even for fundamentally important sets of products, people differ in their needs both for environmental reasons and for genetic reasons. The variation in need is due to the factors such as adapting, dependency, skills and intelligence, sex differences, age, race, location, stage in life cycle, income, education and other physical differences (hair colour, height, body weight, body type, medical and health care, etc).

Addressing the historical context in which the modern relationship between culture and consumption was fashioned, Cracken (1988) made a very different treatment. The large number of scholarly books and articles are integrated into a single overview of the history of consumption. The study gave due concern to the transformation of culture that took place in the consumer revolution. The study noted that the “great transformation” of the west included not just an industrial revolution but also a ‘consumer revolution’ and this consumer revolution represents a fundamental shift in the culture of the early modern and modern world. The study reveals:

- Modern consumption was the cause and consequence of so many social changes.
- Three episodes which can be distinguished in the history of consumption are:
  - i). Consumer boom in 16<sup>th</sup> century England where Elizabeth 1 used expenditure as an instrument of government.
  - ii) Consumption in the 18<sup>th</sup> century where the world of goods expanded dramatically, and

iii) Consumption in the 19<sup>th</sup> century where a permanent and continual dynamic relationship between social and consumer changes ensured perpetual transformation.

- The consumer revolution is seen to have changed western concepts of time, space, society, the individual, the family, and the state.

Howes's (1996) study on the fate of commodities when they cross cultural borders sketched out some of the more pressing analytical and ethical issues raised by the globalization of the consumer society. The views compiled from various sources were arranged in such a way as to examine how goods exported from 'the west' are received in other regions of the globe and to explore what happens to goods which are imported to the west. The study focused on the strategies of resistance and accommodation different peoples have devised in an effort to contain the commodification of their 'way of life'. The study delved into the pressing ethical issues raised by the globalization of the consumer society, namely cultural dumping, trans-national advertising and environmental degradation.

From the views expounded by prominent writers like Veblen, Corrigan (1997) explored the theoretical approaches to consumption. The study observed a notable shift in the system of shopping. The system which was designed with the comforts of staff and factory thoroughly changed to provide maximum comforts and pleasure to the customers. In due course, shopping has developed into a cultural practice that can take up quite a bit of one's time. Along with providing pleasures, shopping produces frustrations in the society.

Warde (1997) observed that the changing consumption could be explained in the light of 'release of individual preferences from the constraints of social group approval'.

Lyssiottou, et.al (2002) sought to investigate the effects of age and expenditure on consumer demand using an additive Partially Linear Regression

(PLR) model. The study estimated the effects of these variables using data from UK family expenditure survey. The study found that age of household head has complicated effects and that households with younger heads tend to behave differently from other households.

Baudrillard (2003) made a study on myths and structures of consumer society. The observations of the study include:

- The affluence (possession of ever more goods) is accompanied by serious environmental nuisances.
- The major cost of the consumer society is the sense of generalized insecurity it engenders.
- Production and consumption beyond the needs of survival are waste.
- Consumption forms part of a communication system, i.e., effort to indicate social distinction through the use of goods.
- Planned obsolescence is a system by which goods are produced with an eye to its death.
- Consumers as such are unorganized and lacking in consciousness.
- Consumer sovereignty is a myth since consumers are enjoying sovereignty till they are attempting to exercise it.

Cowan, et.al (2004) attempted to study the development of consumption when there are interactions between consumers. The study made a categorization of consumers into three reference groups and found:

- The interplay of aspiration and distinction can lead to ‘waves’ in consumption.
- It is the tension between the objective properties of the good and the externalities in consumption that determines the final pattern of consumption across the social spectrum.
- The nature of the externalities determines the properties of the evolution.

Marcus Noland (2005), in his study on the relationship between economic performance and religion, attempted to verify the claim that Islam is inimical to growth. On the basis of three types of evidences and econometric analysis at the cross-country and within the country level, the study found that contemporary Islam, as practised in the sample countries does not appear to be a drag on growth.

Martin Browning and M.Dolores Collado (2007) attempted to examine the demand behaviour of inter-temporal dependencies using Spanish panel data. The study found that there is both state dependence and correlated heterogeneity in demand behaviour. They also found that food outside the home, alcohol and tobacco are habit forming, whereas clothing and small durables exhibit durability. They suggested that demand analysis using cross section data should consider these effects.

National Council of Applied Economic Research (NCAER) undertook an all India consumer expenditure survey in 1967 in order to compare and contrast the pattern of consumer expenditure and the differences in the socio-economic behaviour of the population in the developed and non-developed areas. The survey observed a shift in taste away from cereals and a higher per capita expenditure on manufactured consumer goods as a compliment of development. The survey also noted a positive effect of education on the demand for durable and semi-durable goods.

In an attempt to examine the possibility of inter-regional variations in consumer behaviour in India, Gupta (1968) made a comparison of Utter Pradesh and Madras -- two states having economic, social and cultural differences. The study of these states on the basis of expenditure levels, expenditure elasticities and household elasticities suggested the existence of significant inter-state differences in consumer behaviour in India. The study observed a high expenditure and levels of living among urban households. The study also

observed differences in states with regard to inclination that they lay emphasis on different items.

In order to understand the inter-regional variations in consumption pattern in India D B. Gupta (1973) examined the influence of various determinants on the pattern of consumption. Using Engel functions, analyses were carried out for six regions of India in respect of food grains and clothing. He applied co-variance tests to investigate the existence of regional variations in the consumer behaviour. The study observed important differences in the consumption of food grains and clothing in different regions. Variation is also found between rural and urban households of the same region.

In an econometric study, Mahajan (1980) estimated indifference surface with the help of available data. Using modified version of Mathur's method, he approximated indifference surfaces for the purpose of consumer behaviour analysis. The study found that the quality of consumer behaviour analysis could be improved by bringing the factors like household occupation, size and composition into consideration.

Addressing to the Indian Economy during the period 1962 – 74, Surya Narayana (1980) attempted a study on the trends in inter and intra-sectoral distribution of income in a slow growing economy. The study noted a significant trend increase in consumption in the urban sector of Kerala.

In order to examine the aggregate consumption behaviour and trends in consumer expenditures in India, Anil Gupta (1986) applied econometric tools to CSO data. Various consumption functions are estimated and tried them to relate expenditure to variables like disposable income, price level, factor shares and the sectoral distribution of output. The study observed a fair degree of stability in consumption behaviour in India for the period 1951–80. The analysis revealed a shift in MPC for food and non-food items during the last 15 years. The movement in MPC, which was relatively lower for food expenditure and higher



for non-food items, exhibited the structural shift in the behaviour of consumption expenditure.

Using the tools of time series data and trend path, Sethi (2001) studied the nature and speed of structural transformation in India's private final consumption expenditure along its growth path. The findings of the study are:

- With the introduction of liberalization / globalization measures, the Indian masses tend to lead a rather luxurious style of living.
- Activities like medical health and services, and education have become costly affairs that are affordable to the rich.
- Public infrastructural investment is insufficient to meet the educational and health service needs of middle and lower income groups.

Chattopadhyay and Ghosal (2004) made a study on changes in the degree of inequalities in consumption in rural India during the period of globalization. The study found that the degree of inequalities in the distribution of rural consumption expenditure has declined both at the national and state levels.

Ambigadevi, et.al (2004) conducted a test of various consumption theories for the Indian Economy. Findings of the study are:

- The value of marginal propensity to consume was less than average propensity to consume and less than unity in all the three decades.
- Absolute income hypothesis is the best fit to the Indian data during the period of study.
- Among various consumption theories, Brown-Davis-Friedman's permanent income hypothesis had best predictive ability.

Based on their study on the effects of liberalization on consumption and saving in India, Venkata Seshiah and Srivyal (2004) found that openness of the

economy had a positive and significant influence on both consumption and saving.

In a migration study held in 1988, Nair observed that the major part of the remittances which flowed into Kerala seeped into other regions through the mechanism of trade in consumption goods and construction materials.

Sunny (1988) made a study on 'consumer behaviour in Kerala' using NSS data pertaining to the period 1965/66 – 1983. Along with share analysis, the study used elasticity tools to ascertain the responsiveness of price and income changes on consumer behaviour. Employing three functional forms, the study attempted to verify the validity of Engels law in the context of Kerala. The major findings of the study include:

- The consumption pattern of Kerala differs significantly from that of all India.
- In the state, unlike the rest of India, the relationship between per capita income and per capita expenditure is not significant.
- Urban–rural difference in the matter of consumption is disappearing in the state.
- The spread of consumerism is very fast in the state.

Nair (1994) along with Pillai examined the nature and impact of external transfers on the economy of Kerala. The study observed that:

- Foreign remittance as a significant source of funds became important to Kerala only from the mid 1970s.
- Remittances have gone mainly to sustain increasing levels of consumption, acquisition of consumer durables and purchase of construction materials--almost all of which had to come from other states of India.
- The qualitative improvement of dietary patterns in Kerala resulted in increased dependency on imported items such as vegetables, meat, milk, eggs and processed foods.

- The credit-deposit ratio of bank funds in Kerala declined from 65% (mid 70s) to less than 50% (1992).
- Consumption level in Kerala, which was lower than the all India average, improved steadily from 1970s and exceeded the national average by 1983-84.
- The average value of household assets, which was much lower than elsewhere, exceeded all India levels and stood as the second highest by 1980-81.

In 2001, Zachariah et.al (2001) conducted a study on various aspects of returnee emigrants in Kerala. Major conclusions of the study are:

- Majority of returnee emigrants lacks resources (human & material) to play any significant role in the development programme of the state.
- Construction of buildings and wedding celebrations are the priority sectors in the utilization of savings.
- Return migrants are striving to keep up the relatively higher level of living they accustomed to, following migration.

Zachariah and others (2002) attempted to measure the magnitude of remittances from abroad to the Kerala economy and its macro economic impact. The observations of the study are:

- The remittances to the Kerala economy started assuming significance from the early eighties.
- Per capita consumer expenditure in Kerala is one of the highest among Indian states since the mid eighties.

Pushpangadan (2003) observed that Kerala's growth during the period 1980-2000 is mainly due to the growth and structural changes in the consumer expenditure brought by migration and financial sector reforms.

The pattern of utilization of remittances and its impact on the economy was looked into by Zacariah et.al (2003). Comparison between migrant and non-migrant households revealed that:

- The value of goods received from the emigrants comes about 1/7<sup>th</sup> of cash remittances.
- The factors that contributed to a rise in consumer durables in the households of migrants are increase in household income, exposure to the use of consumer durables at the destination, and sheer necessity of labour saving appliances in the changing social and demographic set up.
- A significant association is found between emigration and the number of household consumer durables possessed by the households.
- A positive correlation is also found between the duration of emigration and proportion of households possessing certain items of consumer durables.

Studying the growth scenario of Kerala economy during the period 1970-2000, Pillai & Shanta (2005) observed that Kerala economy continues to remain a consumer / trading state and not a producer state.

### **Section B: Studies on irrational consumption behaviour**

The existence and consequences of conspicuous consumption had been recognized long before the publication of Veblen's 'The theory of Leisure class' and the end of the 19<sup>th</sup> century (Mason, 1981). In its early phase, the treatment of this behaviour was ethical or moral, and it was only after 1600 that the issue received economic considerations. The treatment became effective only when Adam Smith attempted to explain the phenomenon.

Smith (1776) considered ostentatious consumption as an attempt by men to acquire symbols necessary for identifying their status in society. Smith observed that wealth will become an effective instrument of status improvement only after its conversion to consumables. He also observed that the rich needed to purchase many goods simply because they were expensive and therefore were

“objects for which nobody can afford to pay but themselves.” In a stratified society, conspicuous consumption serves as a functional tool for creating incentive among the poor. Smith is seen to have followed an ambivalent attitude towards conspicuous consumption. He considered conspicuous consumption a factor necessary for maintaining social stability.

With the example of leisure class, Veblen (1899) attempted to explore the nature and incidence of irrational consumer behaviour or conspicuous consumption. Main observations of the study include:

- Leisure class sets the standard for others to follow.
- Status and prestige are the driving forces behind conspicuous behaviour
- Reputation is sought through display of superior individual ownership and wealth.
- Possession is regarded as a badge of superiority.
- Continued acquisition to maintain already achieved standard and superiority created an accelerated ratchet effect on pecuniary emulation.
- Esteem is awarded only on evidence and so status is brought by display and not by possession.
- Two (wasteful) ways by which superiority of ownership and achievements can be transmitted are affluent life style (conspicuous leisure) and conspicuous consumption.
- The relative importance of conspicuous consumption increased with the social transformation of society.
- Pecuniary emulation, invidious distinction, honour, esteem and social prestige constitute the prominent motives of conspicuous consumption.

Rae (1905) found ‘vanity’ the only motivation for the excesses and luxury expenditure of his time. He did not recognize any legitimate or understandable social need for conspicuous consumption.

Marshall (1964) accepted the ‘vanity’ argument in principle and shares a moral or refinement view. He acknowledged that the desire for distinction through consumption “comes with us from the cradle and never leaves us till we go to the grave” and believed this desire to be “the most powerful of human passions”. He recognized the futility of laws and effectiveness of moral sentiments in inducing people to reduce or suppress ostentatious display.

Francis William, et.al (1977) tried to show the possibility of consumer detriment by the spending extravaganza of the rich. They found that poor gets worse values for their money in such conditions.

In his study, Mason (1981) undertook the task of constructing wide theoretical frameworks to understand the phenomenon of conspicuous consumption as applicable to societies in its various socio-economic settings. The study found that the wealth distribution is an important factor which determines the overall desire and opportunity for conspicuous consumption. The study also observed that social and economic stratification of society plays an important role in creating and encouraging conspicuous consumption. The study examined the conspicuous behaviour of three forms of societies – traditional societies, achieving societies and affluent societies. Main conclusions of the study are:

- Lack of surplus hinders conspicuous consumption in traditional societies. Social advancement and consequent stratification create opportunities for conspicuous consumption in these societies but, it is reserved for privileged elite.
- Achieving societies offer social and economic flexibility for individuals to achieve status by one’s own efforts and merit. Opportunities for competition for personal prestige and position encourage conspicuous consumption in such societies. This period is treated as ‘golden age’ of conspicuous consumption.

- In the case of affluent societies, there are factors to work both for and against the strength of conspicuous consumption as a way of securing status gain. In due course, conspicuous consumption becomes a middle class phenomenon in affluent societies. Educationally and occupationally privileged, though with reluctance, resort to display their social stand through appropriately 'conspicuous' expenditure pattern. At the same time, the lower middle classes imitate the consumption pattern and life style of the privileged in order to 'disguise' their educational and occupational shortcomings.

The study also found that:

- The tendency of conspicuous consumption is strengthened by deliberate technique of 'want creation' practiced by manufacturers and traders.
- In order to maintain an acceptable level of repeat business, technology and advertising industry together works for shortening the conspicuous 'life' of socially visible products.
- Conspicuous consumption has historically shown a remarkable power to survive social and political change, by adapting to new conditions.

In a study titled 'Consumerism in World history' Stearns (2001) attempted a historical exposition of the phenomenon. In order to provide a better perspective of international issues, the study considered three phases in the development of consumerism, viz., emergence in Western Europe, its explosion and spread to United States and, spread to the rest (goes global).

The main observations of the study are:

- Initial signs of consumerism found in growing market for sugar and spending on household furnishing.
- The explosion of shops and marketing methods like consumer credit and gifts to notables were the most important apparatus of consumerism in the first phase.

- Apart from departmental stores – which were symbolic to the phase, product modification and planned obsolescence contributed towards explosion of consumerism.
- Commercial leisure was one of the huge growth areas of consumerism in the second phase – (professional sports, amusement parks, etc.).
- The factors contributed towards the spread of modern consumerism in various regions and societies are: proliferated western contacts through growing trade and colonialism, finding models in western businessmen and diplomats and, the spread of western tourism.
- In its spread consumerism was received differently by different societies and nations. There were cases of resistances as well as cautious embraces based on ideological and political grounds.
- Consumerism crossed the boundaries of Japan and China, but they did not surrender totally to the western values.
- Consumerism in the contemporary world is strengthened by new international linkages, vehicles such as MTV, online purchases over the internet and, novel communication technology.
- Presently, consumerism extends its presence into walks of life like politics, higher education, art and, even marriage - the spheres not known for consumer behaviour earlier.

M. Zeelenberg, et.al (2003) verified the option attachment consequent on deliberating on choices and showed the possibility of undesirable consequences. The study found that the option attachment produces effects which are in conflict with the common sense notion that close consideration enhances satisfaction with decisions. The conclusion that ‘deliberating enhances attachment and thus consumers experience post-choice discomfort as and when they choose one option’ is an important aspect of psychology of choice – an aspect in conflict with psychological theory. This discomfort is accompanied by an increase in the post-choice attractiveness of the forgone options.



In the light of death-ritual consumption experiences of consumers in Asante (Ghana, West Africa), Bonsu and Belk (2003) tested the proposition that a person's identity construction project ceases upon death. The study found that bereaved Asante consumers engage in conspicuous ritual consumption in pursuit of newer social identities for their deceased and themselves, and that funerals involve a reciprocal and continuing relationship between the living and the dead.

Mansvelt (2005), in a study titled 'Geographies of consumption' treated consumption as a complex field of social and spatial relations. The observations of the study include:

- Consumption is constituted in contexts which are connected to other practices, processes and people.
- The employment of factory based waged labour and the consequent availability of commodities contributed to the rise of consumerism.
- The new civic spaces and privately owned 'public' spaces provided places for individuals to engage in 'conspicuous' consumption.
- New technologies and associated cultural changes helped to promote a 'modern' world view and influenced the geographical spread of consumerism.
- Those in the lower echelons of society sought to emulate the life style choices of the upper and middle classes through fashion, travel and food tastes.
- The development of consumerism has been linked to Romanticism.
- Forms of consumerism existed in Asia and Africa long before Western forms emerged.

Juan D. Carrillo (2005) attempted to explore why individuals do not moderate the consumption of goods subject to self control problems. Looking in to the strategy of a dynamically inconsistent agent who has incomplete information about his own preferences and can only learn them through

consumption, the study showed that even if moderate current consumption and moderate future consumption are always better than abstinence, the agent may decide not to consume as a commitment against inefficient learning that would lead to future excesses.

Based on her enquiry on 'the changing nature of Dowry practices in south India', Sharada Srinivasan (2005) opined that in its course of development, dowry has become a euphemism for strategies to acquire higher standards of material life, status and security with negative consequences to women's status, including their survival.

In a migration study, Nair (1986) found that a substantial part of remittance income is utilized for the purposes like construction and repairs of buildings, conduct of marriages, purchase of ornaments & jewellery and consumer durables. The study observed a weakness of migrants towards the sophisticated gadgetry of consumer durable goods. Exposure to the affluent way of life abroad changed the level of aspirations and they are reflected in the life habits of the returnee migrants.

Sooryamoorthy (1997) examined the sociological aspect of consumption and its transformation in the light of Kerala experience. The study made a distinction between conspicuous consumption and consumerism. The former denotes the consumption meant for fulfilling the status and prestige considerations, whereas the latter denotes consumption as a response to need creation. Main observations of the study are:

- There is a connection between cultural component and the Keralites' propensity to expend conspicuously.
- Consumerism is all pervasive but, motive forces varied among different sections of the society.
- The seeds of consumerism can be traced in modern education.
- Consumerism drains the limited resources of poor consumers.

- The social ambience that brought a change in consumption includes mass markets, proximity, proliferation of products and services, massive advertisements, credit purchasing facility, exposure to modern living and things, etc.

Taking two gulf pockets, each from Malappuram and Thrissur districts, Sekher (1997) made a study on changes that were brought by returnee migrants at the places of origin. The findings of the study are:

- The gulf money permeated into all walks of life.
- The “nouveau riche” showed an inclination for ostentatious display of wealth by various means.
- Inflow of foreign money led to the development of consumerism in the society.
- Rising levels of consumption found expression in wasteful indulgence and unwise extravagance in food habits and clothing.
- Migrant families became eager to purchase consumer durables.
- Non emigrant families changed their life styles and habits under the force of demonstration effect.

Based on her study using primary data, Vidya Prakash (2002) concluded that the remittance incomes were squandered on ostentatious non-productive consumption, social ceremonies and dead asset.

Irudaya Rajan and Zachariah (2004) made a study on the social and economic consequences of emigration on Kerala society. The study which compared the situations in the years 2004 and 1999, made certain references about consumerism in the state. Main findings of the study include:

- Rabid spending was reflected in housing, acquisition of modern household gadgets and fancy household durables.

- Kerala has emerged as the best market for new products from all over India and even from abroad.
- With increase in remittances and consequent increase in disposable income of households, consumerist tendencies have reached alarming proportions in Kerala.
- Majority of the households in the state are exposed to the ill effects of emigration.
- Development potentials of remittance receipts in the state are drained off by consumerism.
- Consumerism leading to financial ruin and even suicide.
- Average expenditures on health care and education are higher among non-resident Keralite families.
- “Replacement migration” is an important adverse consequence of emigration.

## **Conclusion**

The review reveals that the consumer behaviour under rational settings has been the subject of wide discussions. A few attempts were made in the field of irrational behaviour also. The sociological as well as historical aspects were given prominence in such discussions.

Some studies on Kerala economy, especially in the context of migration, made references to the presence of consumerism in the state and its alarming growth. In the state, consumerism emerged into a phenomenon to be handled seriously and cautiously. Though the sociological and historical aspects of the problem have already been addressed, serious efforts that delve into the economic grounds on which the phenomenon developed and its consequences on the economy of Kerala can hardly be found. The present study is an attempt at bridging this gap.

# **Chapter Three**

## **METHODOLOGY AND SAMPLE DESIGN**

- 3.1 Concepts and definitions**
- 3.2 Research Approach**
  - i Secondary data**
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  - iv Analytical frame**
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- 3.5 Survey Details**

## **METHODOLOGY AND SAMPLE DESIGN**

### **3.1 Concepts and definitions**

Consumerism, consumption, conspicuous consumption and materialism are the terms very often used interchangeably. In fact, these terms interact and overlap in many ways. Yet, all of them cluster around one key theme – the interaction of people, ideas and material objects. In this context, a brief explanation of the terms is made so that each may clearly be distinguished from the other.

#### **Consumption**

Consumption is the process of extracting satisfaction from a thing, and is the principal source of satisfaction for the individual consumer. The term is often associated with its Latin root – to waste, to decay, to be used up. According to Ackley, “Consumption clearly involves the drawing of physical or psychological satisfaction from the use or ownership of consumer goods and services, not their mere purchase” (Ackley, 1978). The factors which influence the purchasing decisions of an individual, as mentioned by him are: demographic characteristics

(which affect its “needs), Education (which affect the “values” it places on various goods and services), Income (which affects its ability to buy), ownership of durable goods (which determine the services it gets without purchase), relative prices (which determine its ability to trade off), purchase of other consumers which provide “social” or competitive pressures to consumer) and persuasive efforts of sellers. Consumption implies a process or means by which consumer goods and services move through the general economy. Thus the study of consumption ranges widely to include the institutions that produce, market, and retail these goods and services.

### **Conspicuous Consumption**

Conspicuous consumption means the use of consumer goods in such a way as to create a display for the purpose of impressing others rather than for the satisfaction of normal consumer demand. Veblen argued that the leisure class is chiefly interested in this type of consumption, but, that to a certain degree, it exists in all classes. According to him, conspicuous consumption of goods is an ideal way of displaying one’s pecuniary strength to those who know nothing of one apart from what they see’ (Veblen, 1899). According to Adam Smith, in the eyes of people who like to possess those distinguishing marks of opulence that nobody but them can possess, the merit of an object is greatly enhanced by its scarcity or the huge amount of labour required accumulating them. As buyer’s assessment of third party opinion and reaction play the determining role in the decisions, the normal proposition based on the pattern of ‘exclusive personal preference formation’ fails to accommodate such exceptional behaviour. It was John Rae (the Canadian economist) who used the term first. His explanation of the nature and effects of luxury was based on the meaning of vanity in human life.

### **Consumerism**

‘Consumerism is the cultural relationship between humans and consumer goods and services including behaviour, institutions and ideas’ (Martin, 1993). It is economically manifested in the chronic purchasing of new goods and services, with little attention to their true need, durability, product origin or the environmental consequences of manufacture and disposal. Consumerism is driven by huge sums spent on advertising designed to create both a desire to follow trends, and the resultant personal self-reward system based on acquisition. Consumerism interferes with the workings of society by replacing the normal common-sense desire for an adequate supply of life's necessities, community life, a stable family and healthy relationships with an artificial ongoing and quest for things and the money to buy them with little regard for the true utility of what is bought. An intended consequence of this, promoted by those who profit from consumerism, is to accelerate the discarding of the old, either because of lack of durability or a change in fashion. Consumer societies are those “in which choice and credit are readily available, in which social value is defined in terms of purchasing power and material possessions, and in which there is a desire, above all, for that which is new, modern, exciting and fashionable”(Benson,1994 quoted in Sterns,1997).

### **Materialism**

Materialism is one of the end results of consumerism. It suggests a value system in which goods play a central role. When materialism is greatest, people believe that possessions provide the greatest satisfaction and dissatisfaction in life. Such beliefs have serious moral implications. The term often has a pejorative or judgment tone that suggests a society obsessed with the material – as opposed to the spiritual – world. Social critics have decried materialism throughout history and every major religion has denounced it.



### **Demonstration effect**

The effect explains the tendency of consumers to emulate the life style and spending behaviour of their neighbours, an important cause of consumerism. Under such conditions, the behaviour of one consumer would depend on the behaviour of those with whom he associates. The effect shows how people base their expenditure on the tastes and pattern of expenditure of the neighbours rather than those of their own. Demonstration effect is very explicit in the consumption patterns when the poor imitate the living style of the rich and people in under developed countries try to follow the consumption pattern of the affluent nation.

### **Ratchet effect**

The effect denotes the irreversible nature of consumption function which explains the inability of consumers to go back from a standard of living he is accustomed to. According to its reasoning, the tendency of consumption is either to maintain or to increase along with increase in income. Ratchet effect highlights an important facet of consumerism that explains how consumers try hard to maintain previous standards when income falls in order to conceal their financial weaknesses from the neighbours.

### **‘Horizontally- directed’ conspicuous expenditure**

Conspicuous expenditure is intended to maintain existing social status within a particular social class or superior status within the group. This denotes the expenditure meant to achieve recognition from others in his existing membership groups or in parallel aspirant groups. Such form of expenditure takes place when conspicuous consumption is approved by an individual’s own social class but is condemned by high class groups.

### **‘Vertical’ status gain seeking expenditure**

This form of expenditure denotes the expenditure meant to achieve recognition from higher class groups that he should be classified as an equal in terms of social position and prestige. Such forms of expenditure occur when classes are prepared to accept the conspicuous display of wealth for ranking purposes.

### **Aspirant group**

Those groups to which the individual may wish to belong but of which he is currently not a member. All acts of expenditure reflect a concern to gain the recognition of such groups.

### **Social isolation**

People who are living in close geographic proximity to one another may have little or no knowledge of their respective occupations and educational standing. The situation produces idle conditions for the ‘unqualified’ status seekers to use conspicuous consumption as a (false) surrogate for a social position he does not, in theory, merit.

### **Planned obsolescence**

Commodities which possess high status attributes for short period made outdated by the more sophisticated version of the product. This is a deliberate activity adopted as part of efforts to promote continuous sale.

### **Carrying capacity**

Carrying capacity refers to the number of individuals who can be supported in a given area within natural resource limits, and without degrading the natural social, cultural and economic environment for present and future generations. The carrying capacity for any given area is not fixed. It can be altered by improved technology, but mostly it is changed for the worse by

pressures which accompany a population increase. As the environment is degraded, carrying capacity actually shrinks, leaving the environment no longer able to support even the number of people who could formerly have lived in the area on a sustainable basis. No population can live beyond the environment's carrying capacity for very long.

### **Ecological Footprint**

All the resources which people use for their daily needs and activities come from somewhere, even if not from their immediate surroundings. Based on the relationship between humanity and the biosphere, an ecological footprint is a measurement of the land area required to sustain a population of any size. It measures the amount of arable land and aquatic resources that must be used to continuously sustain a population, based on its consumption levels at a given point in time. This measurement incorporates water and energy use, uses of land for infrastructure and different forms of agriculture, forests, other forms of energy and material "inputs" and, the land area required for waste assimilation.

## **3.2 Research Approach**

The study was designed so as to use primary as well as secondary data. Both random and non-random sampling methods are used to collect data from the households. Primary data are supplemented by whatever secondary data available.

### **i. Secondary data**

Our present study is on the state as a whole and over the trend in behavioural pattern. Therefore, secondary data may be resorted to a great extent. Accordingly, we have derived necessary data from various sources like:

**NSSO:** National sample survey organization conducts nation wide sample surveys on monthly per capita consumption expenditure and publishes their findings in various rounds. So far the organization has published sixty one

rounds including six quinquennial rounds relating to 27<sup>th</sup>, 32<sup>nd</sup>, 38<sup>th</sup>, 43<sup>rd</sup>, 55<sup>th</sup> and 61<sup>st</sup> rounds. We extensively depended on these data to analyze and compare the trends of consumption expenditure in the state.

**CSO:** Central statistical organization, the official agency of Government of India publishes the data on national income and state domestic products of various states both in constant and in current series. We have made use of these data for analyzing expenditure-income relation in the state and to compare it with other states.

**DES:** Department of Economics and Statistics, Thiruvananthapuram releases data relating to various sectors of economy as well as various Government departments. This included data on gross district domestic products and we have relied on them whenever felt necessary.

**CMIE:** Centre for Monitoring Indian Economy Publishes their journal, 'CMIE' regularly. The monthly, quarterly and annual issues of the journal contain data relevant for our purpose.

## **ii. Primary data**

As the secondary sources were insufficient for satisfying the objective, an in-depth field survey was proposed to supplement it. An observation about the life habits of the people in the state and the trend in their consumption expenditure reveals that consumerism is a phenomenon having a state wide spread. It is argued that the huge inflow of foreign remittances is one among the causes that led to the development of consumerism in the state (Shekhar, 1997). Various studies found that remittances flown to Kerala have gone mainly to sustain increasing levels of consumption, acquisition of consumer durables, wedding celebrations, etc (Nair and Pillai, 1994; Zacariah, et.al, 2001; Pushpangadan, 2003) and unproductive use of money and conspicuous consumption are the negative impacts associated with it (Thomas Isaac, 1997; Zacariah et. al, 2004).

Along with emigration, the predominant reasons that are attributed to the phenomenon include contacts with the outside world and emulation. Kerala in general and Malabar in particular are known for its emigration and constant contacts with the outside world. Migration related studies concluded that Gulf is the main destination for Kerala emigrants. As per the study, Kerala emigrants are estimated to be 35.75 percent of the total Indian emigrants in the Gulf countries (Kannan & Hari, 2002). From the observation, it could be perceived that Malabar is the most consumerist region of the state. Regarding the social dimension of the phenomenon, it could be observed that consumerist tendencies are more among Muslims compared to the rest. Migration studies came out with clear evidence of the highest concentration of emigrant population in Malabar region. Four districts of this region, namely, Malappuram, Kannur, Kozhikkode and Palakkad constitute about 45 percent of the state's emigrant population (Zacariah & Irudaya Rajan, 2004).

As per Human Development Report, 2005, more than half the number of emigrants in the state comprises Muslims. Malappuram is a Muslim dominated district that claims a major share of emigrant population i.e. 14.8 percent (Ibid). Even now the district is sending out the largest number of emigrants (Pushpangadan, 2003). In the case of remittances, the district ranked next only to Thrissur and the remittances that it earns come to about 46 percent of the district domestic income (Ibid). Though the impacts of factors like migration, contacts with the outside world, emulation, etc, are distributed throughout the state, their influence is felt to be more explicit in the Malabar region in general and Malappuram district in particular. Considering the facts in their entirety, the researcher chose the district as the sample area. The three areas so selected for collecting primary data are one each from two municipalities (Manjeri and Perinthalmanna) and one from Vengara panchayat – all of Malappuram district. Data are collected from different economic and occupational groups as well as from emigrants and non emigrants. This data base has been used widely in the discussions on the causes and consequences of the problem under study.

### **iii. Framework of the study**

The present study confines itself to Kerala economy, especially the changes that were taking place in the consumption pattern among the people in the context of the new trends which were strengthened since the nineteen seventies. The study is divided in to two broad areas. In order to make the understanding of inter-temporal movement of consumption expenditure in the state easier, the study arranges a period analysis of 37 years starting from 1967 to 2004. For the purpose of analysis, this total period is sub-divided in to five periods with a ten year break-up as 1967, 1977, 1987, 1997 and 2004. Such a break-up is deliberately made to study the decadal movement of the trend. It is believed that the phenomenon got its strength with the introduction of gulf factor in the economy during the seventies. So this break-up will also facilitate an observation about the overall association of the trend with various sub periods such as pre-emigration, emigration, and liberalization periods. A share analysis is carried out since it was deemed appropriate for the purpose. The study also tries to explore the relationship between per capita income and per capita consumption expenditure in the state and, tries to compare the nature of the state with that of neighboring as well as the wealthy states of India. In the second part, the study seeks a deeper understanding of the stimuli that prompted the phenomenon in the state and how they impact our economy.

The secondary data pertaining to the period from 1960 to 2006 have been reviewed. Data on Kerala scenario of consumption expenditure and income are mainly collected from those published by National Sample Survey Organization through its various rounds and Central Statistical Organization respectively. Other sources of data such as CMIE data, Reports of Economic Survey, data from EPW Research foundation and the publications of various departments of Government of Kerala have been widely used for the study. The available secondary data are supported with the primary data received from the sample

survey. First hand information collected by conducting a direct investigation on select areas is extensively used for satisfying the objective.

The facts observed on the basis of a pilot survey we conducted were sufficient to consider the areas as a replica of the state in the case of consumerist behavior that it exhibited. Accordingly, we selected three areas from Malappuram district for conducting our primary survey. Then we carried out our survey using a detailed schedule. The survey schedule was framed in such a way as to group questions into various sub-sectors such as demographic particulars, housing characteristics, possession status of durables and household appliances, particulars of income, saving and investment, asset pattern, land utilization pattern, special expenditure on various items, etc. All such questions were designed to get information on features and data that existed. Besides these, two more additional sections were incorporated relating to new aspects as to the behavioural and attitudinal responses. The behavioural questions relating to schooling, health, market consumption, etc. were included in such a way as to capture the strength of behavioural pattern and their future trend. The attitudinal questions were designed to facilitate prediction and evaluate the policy responses to certain variables in advance (See Appendix).

#### **iv. Analytical frame**

For serving the stated objective, the study uses both analytical and statistical methods. Bi-variate and multi-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. Graphs are used mainly to examine the trend of variables over time. Regression models are used for analyzing rate of growth and for measuring the power of explanatory variables. Statistical methods of splicing, extrapolation and projections are used for manipulating the available data. The analytical tools used include:

## Log-Lin Model

A semi log model is fitted to capture the strength of growth (or decay) of variables over time. The rate of growth analysis is done with the semi log function of the form

$$\ln Y_t = \beta_1 + \beta_2 t + U_t \quad \text{where,}$$

$\beta_2$ : is instantaneous (at a point in time) rate of growth.

Then the compound (i.e., over a period of time) rate of growth is derived as:

$$[(\text{Antilog}(\beta_2)) - 1] \times 100$$

Y = Dependent variable (monthly per capita consumption expenditure share on a specific item) and

t = Independent variable (year).

## Multiple Linear Regression Model

Multiple linear regression models (MLRMs) are used to identify the variables that influence consumption expenditure and to measure the extent of their influences on it. Two MLRMs are carried out separately. One for total expenditure on consumption and another for expenditure on non-food items separately. In the multiple regression analysis, consumption expenditure of the respondent family is taken as the dependent variable. The explanatory variables are income of the family (Y), emigrational status of the family (M), educational status i.e. years of schooling of the head (E), size of the family (F), Religion (D<sub>1</sub>) and advertisement (D<sub>2</sub>). Cable connection is taken as the proxy for advertisement. Among the explanatory variables, emigrational status, religion and advertisement are employed as dummy variables. The models thus framed are:

$$C = a_0 + a_1 Y + a_2 M + a_3 E + a_4 F + a_5 D_1 + a_6 D_2$$

$$E_{NF} = a_0 + a_1 Y + a_2 M + a_3 E + a_4 F + a_5 D_1 + a_6 D_2$$



### **Annual growth rate**

Annual growth rate is computed by using the formula

$$X_i = [(X_1 - X_0)/X_0] \quad \text{Where,}$$

$X_i$  = rate of change       $X_1$  = present value of the variable      and,

$X_0$  = previous value of the variable.

### **3.3 Profile of the Study area**

The state of Kerala, located in the south-west part of India, got its present form in 1956 when Indian states were re-organized on linguistic basis. The erstwhile princely states of Travancore and Cochin and the Malabar district of Madras presidency were the three Malayalam speaking regions that were merged together for its formation.

The state has an area of 38,863 sq. Km which forms only 1.1percent of the total land area of the country. Its population of 318 lakh accounts for 3.01 percent of the national population. The density of 819 persons per sq. Km made Kerala one of the densely populated states in India (Gok, 2006).

Among the three predominant religions, Christians and Muslims, with their respective shares of 19 and 24.7 percentages, account for a greater share than that seen in other Indian states and even in the whole of India. With regard to its physical nature, Kerala has a richly green land with geographical diversity. Converse to the general trend in the country, the state shows a more egalitarian growth with minimum disparity among the districts as well as between the rural and urban sectors. But, the persistence of social group differential may be considered one of the failures of the social development that the state achieved.

The state has many firsts to its credit on various accounts. It is placed the highest among Indian states in the cases of Human Development Index (HDI) and Gender related Development Index (GDI). It is the only state where the sex ratio is favourable to women. Its better standing in economic and social

**Table 3.1 Economic and social indicators of Malappuram District, the State of Kerala and the Country as a whole**

<b>Feature</b>	<b>All India</b>	<b>Kerala</b>	<b>District(MPM)</b>
Area of land (sq. Kms)	32,87,263	38,863	3,550
Share of the region	2.42%	1.1%	9.13%
Total Population	102. 7 crores	318.39 lakh	36,25,471
Population Share of the region	17 % of global	3.01 %	11.39 %
Density of population	342	819 (3 <sup>rd</sup> H)	1022
Sex ratio (F/M per 1000)	933	1058	1066
GDP (Current Prices): 2003-04	25,43,396 crs	9688336 lakh	775733 lakh
NDP (Current): 2003-04	22,86,826 crs	8822370 lakh (State Income)	712607 lakh (Dist.Income)
Per Cap.Income (current-03-04)	Rs.21142	Rs.26971	Rs.19110 (L)
PerCapitaConsn.Exp.(rural)-'04	Rs.6776	Rs.11883	--
PerCapitaConsn.Exp.(urbn)-'04	Rs.12722	Rs.16458	---
HDI	0.611(126 <sup>th</sup> R)	0.773 (1 <sup>st</sup> )	0.749 (L)
GDI	0.591(96 <sup>th</sup> R)	0.746	0.689 (L)
Literacy rate	65.38 %	90.9 %	88.6 %
Female literacy rate	54.16 %	87.9 %	86 %
Life expectancy at birth (yrs)	63.6	73.3	75.6
Infant mortality rate (per 1000)	71	14	10
Institutional delivery	33.6 %	97 %	88 %
Mean age at marriage (M)	24.9	28.7 (1 <sup>st</sup> )	24.7 (L)
Mean age at marriage (FM)	19.7	22.7 (1 <sup>st</sup> )	18.7(L)
Suicide rate (per lakh)	11	30 (1 <sup>st</sup> )	13.3 (L)
Per capita consn. of alcohol	4 liters	8.3 liters (1 <sup>st</sup> )	--
Proportion of women with obesity	11 %	21 % (2 <sup>nd</sup> in India)	--

Source: Kerala Human Development Report, 2005, Kerala Economic Review (2004 & 2006), State Domestic Products – New Series 1999-00 to 2005-06, DES (2007) & Human Development Report, 2006.

Note: MPM: Malappuram; H: Highest; L: Lowest; R; Rank

indicators like literacy, longevity, high age at marriage, slow growth rate of population, falling rate of infant mortality etc add to this positive side. The state also projects its top position in some of the negative indicators like suicide rate, morbidity, alcohol consumption, women obesity, etc. Kerala stands first in the per capita consumption of liquor and the age at which youngsters begin to consume liquor has come down from 19 in 1986 to 14 in 1994. Most of the drunkards in the state are in the age group of 21 to 40 (Kerala Human Development Report, 2005). A comparative picture of the state with all India

position may better be perceived from the summary figures given in the table (Table 3.1).

### 3.4 Profile of sample area

Malappuram is one of the districts in the state of Kerala which was formed in June 1969 by carving out portions of the erstwhile Palghat and Kozhikode districts. The district is bounded by the Nilgris of Tamilnadu in the east, Arabian Sea in the west, Kozhikkode and Wayanad districts in the north and Palakkad and Thrissur districts in the south. The district has a geographical area of 3550 sq. kms which is 9.13% of the total land area of the state. The total

**Table 3.2 Category-wise distribution of Population (Kerala & the district of Malappuam)**

Feature	Kerala	Malappuram
Number of households	67,26,356	6,12,413
Total Population	3,18,41,374	36,25,471
Male Population	1,54,68,614	17,54,576
Female Population	1,63,72,760	18,70,895
Hindu Population	1,78,83,449	10,57,418
Muslim Population	78,63,842	24,84,576
Christian Population	60,57,427	80,650

Source: DES, Statistical Hand book Kerala, 2005

population of the district as per 2001 census is 36.3 lakh which is the highest among all the districts and, that accounts for 11.4 % of the state's population (see Table 3.1). This Muslim dominated district is basically an agricultural district. Hindus form 29 percent of the district whereas the share of Christians is 2 percent (Table 3.2). The district is placed lowest in the cases of HDI, GDI, the level of work participation and also the suicide rate.

The district became backward due to historical reasons, especially due to colonial rule and neglect of the Madras presidency under British. One of the prominent reasons that made the district backward, as per expert argument, was peoples' resentment towards English language as the language of the invaders.

The district once known for hard working farm hands now attracts attention as the district which has sent out the largest number of emigrants and as the recipient of the largest amount of remittances from abroad. In addition, most of the emigrant returnees in the state live in Malappuram district (Zachariah et.al, 2001).

The district once kept away foreign culture and their goods as part of their love for the nation and that tradition has now given way to one that is chasing foreign goods and the alien culture. The situation is indicative of consumerist tendencies that influence the life practices of the people.

### **3.5 Survey Details**

As part of the study, a survey has been carried out in three select areas of the district. A total of 232 households comprising 1149 individuals were surveyed. Religion wise, the survey covered 170 (73.28 %) households of Muslims, 55 (23.71 %) households of Hindus and 7 (3.02 %) households of Christians (Table 3.3).

**Table 3.3: Religion wise distribution of respondent households**

Religion	Locality			Total households	percentages
	I	II	III		
Muslim	74	58	38	170	73.28
Hindu	2	15	38	55	23.70
Christian	1	1	5	7	3.02
Total	77	74	81	232	100.00

Source: Primary survey, 2006

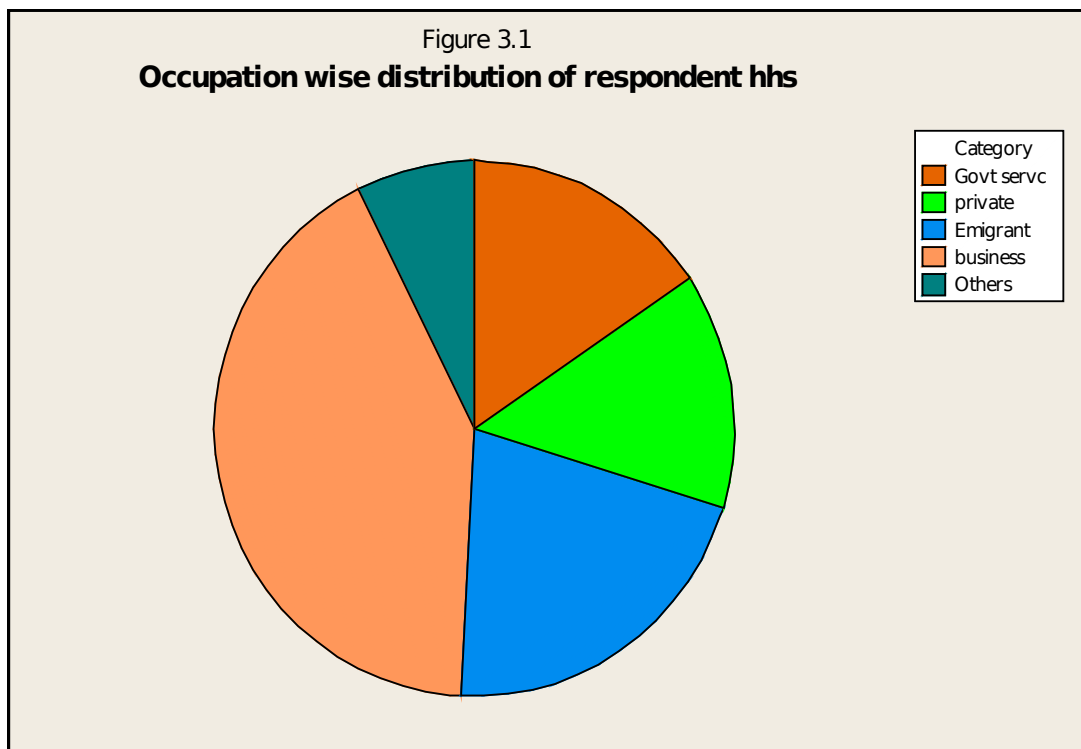
With regard to occupational categories of respondent households, there were 36 (15.52%) government servants, 33 (14.22 %) private sector employees, 49 (21.12 %) emigrants, and 98 (42.24 %) households having business related activities (Table 3.4 and Figure 3.1).

**Table 3.4: Distribution of respondent households by occupational status**

Category	Locality			Total households	percentages
	I	II	III		
Government service	4	13	19	36	15.52
Private service	4	6	23	33	14.22
Emigrant	32	10	7	49	21.12
Business related	34	37	26	97	41.81
Others	3	8	6	17	7.33
Total	77	74	81	232	100.00

Source: Primary Survey, 2006

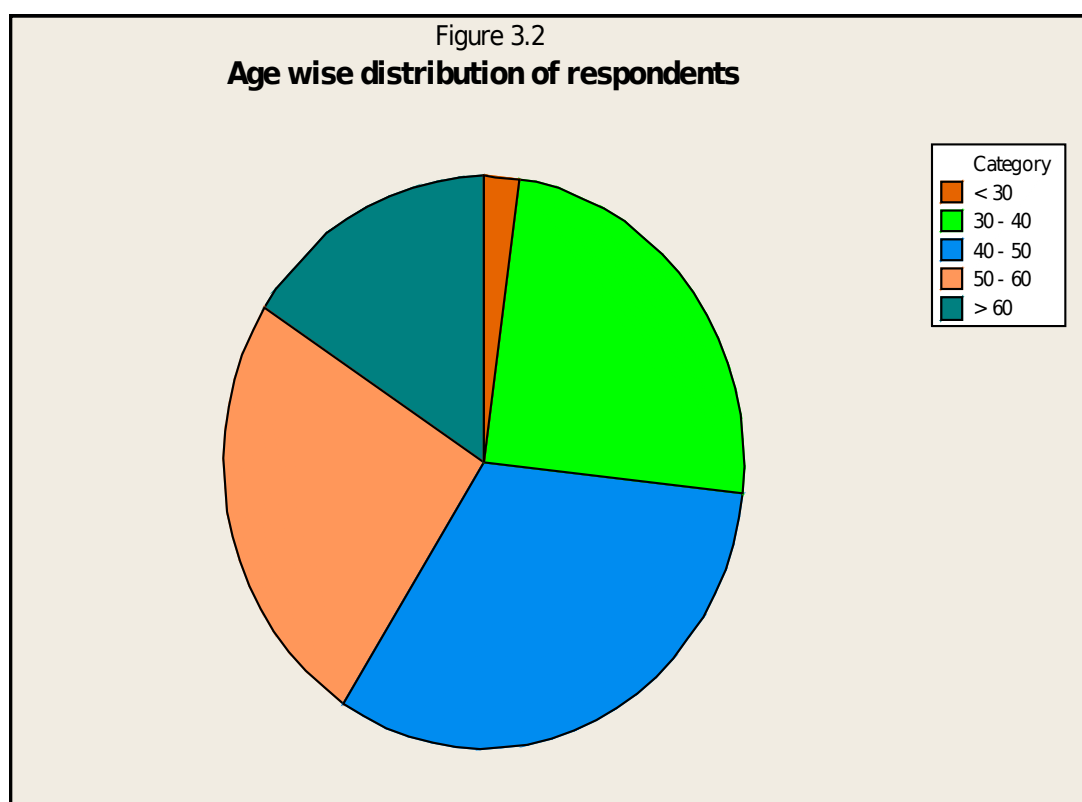
Regarding the ages of the household heads, major share of respondents (81.9 percent) were in the age group of 31 to 60 years (Table 3.5 and Figure 3.2).



**Table 3.5: Age wise distribution of respondent households (heads)**

Age slab	Locality			Total households	percentages
	I	II	III		
Less than 30	1	1	3	5	2.15
30 - 40	21	16	20	57	24.57
40 - 50	29	21	25	75	32.33
50 - 60	16	24	18	58	25.00
Above 60	10	12	15	37	15.95
Total	77	74	81	232	100.00

Source: Primary Survey, 2006

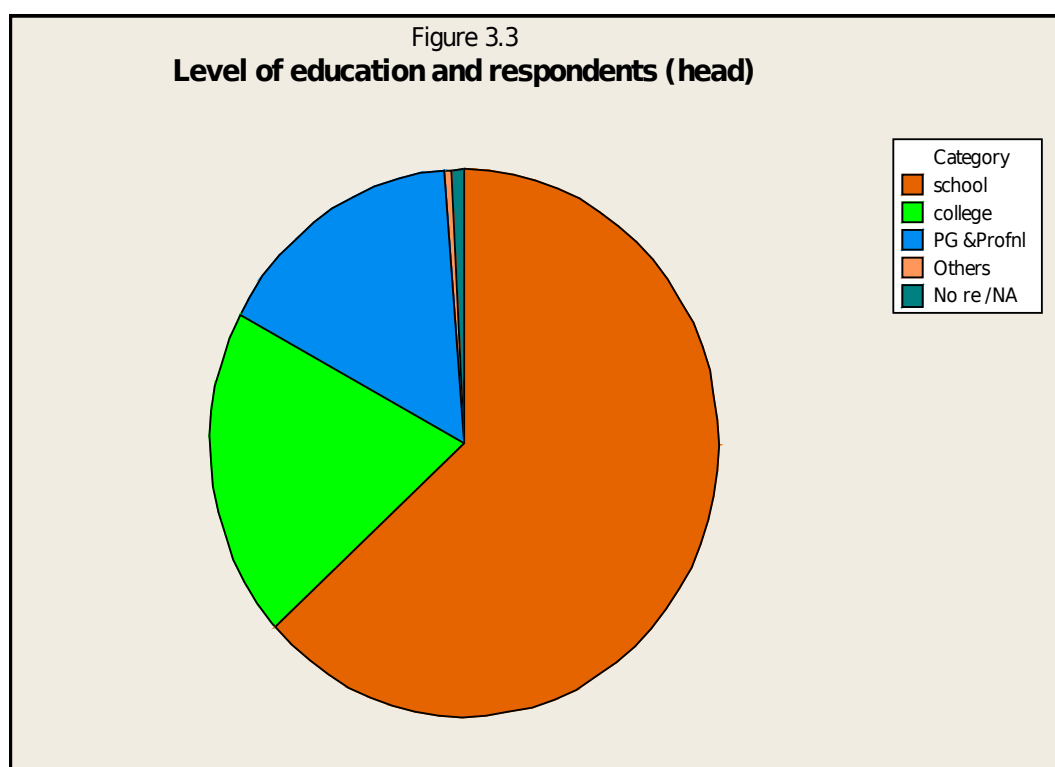


**Table 3.6: Distribution of respondents by level of education**

Level of education	Household head		First child		Second child	
	Frequency	percent	Frequency	percent	Frequency	percent
No formal edn.	0	0	0	0	0	0
School	147	63.36	106	45.69	102	43.96
College	45	19.40	87	37.50	78	33.62
PG/ professional	37	15.95	25	10.78	15	6.47
Others	1	0.43	0	0.00	0	0.00
Not responded	2	0.86	14	6.03	37	15.95
Total	232	100.00	232	100.00	232	100.00

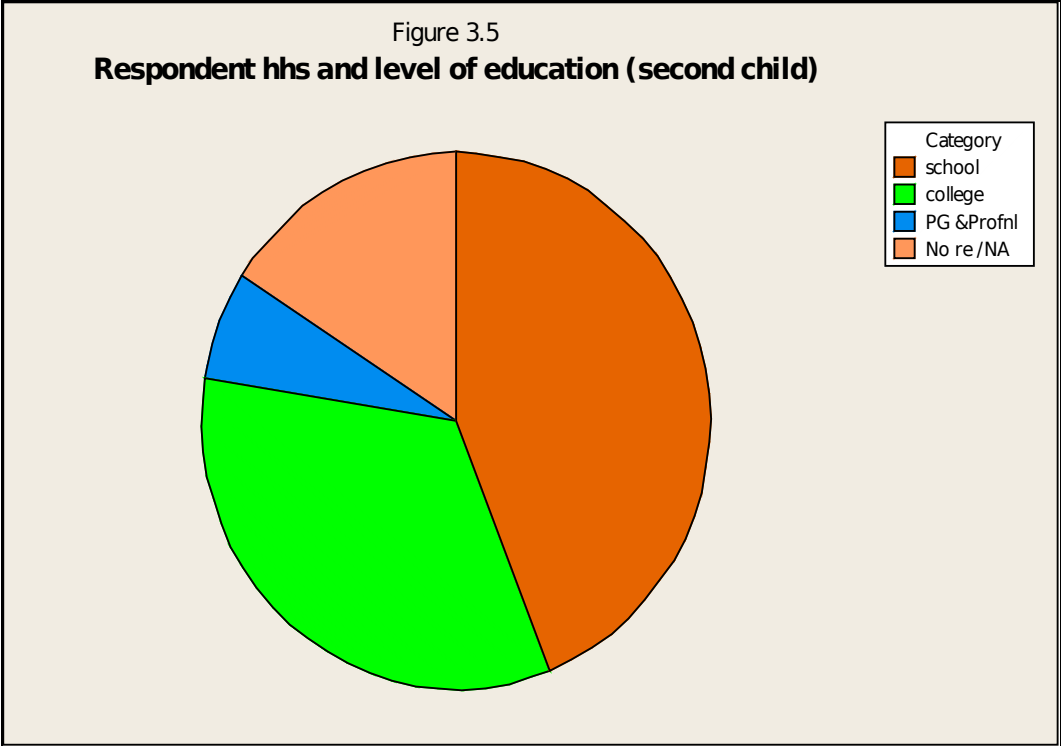
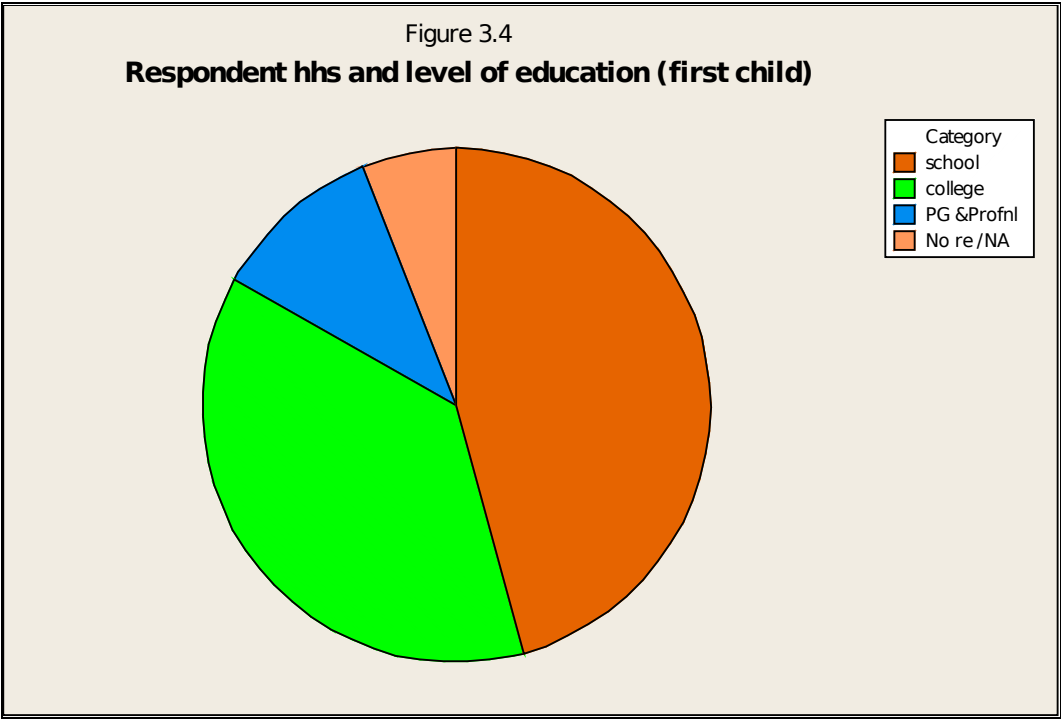
Source: Primary Survey, 2006

In the case of the level of education, 63 percent has school education, 19.40 percent has college education and 15.96 percent consists of post graduates or professional degree holders. The corresponding shares in respect of first child in the family were 45.69 (school), 37.50 (college) and 10.78 (PG / professional degree). The second child proportions were 43.97 percent, 33.62 percent and 6.47 percent respectively (Table 3.6 & Figures 3.3, 3.4 and 3.5).



A large proportion of the households (60.77 percent) were having family sizes with four to five members (Table 3.7 & Figure 3.6). The proportion of households with at least one emigrant was 32.75 percent (Table 3.8 & Figure 3.7). The income wise distribution of the respondent households shows that 20.26 percent of them had income below Rs.20, 000 per month, where as 7.33 percent had more than Rs.50, 000 (Table 3.9 & Figure 3.8). The sex wise distribution of respondent heads and their marital status are shown in Tables 3.10 and 3.11 respectively.

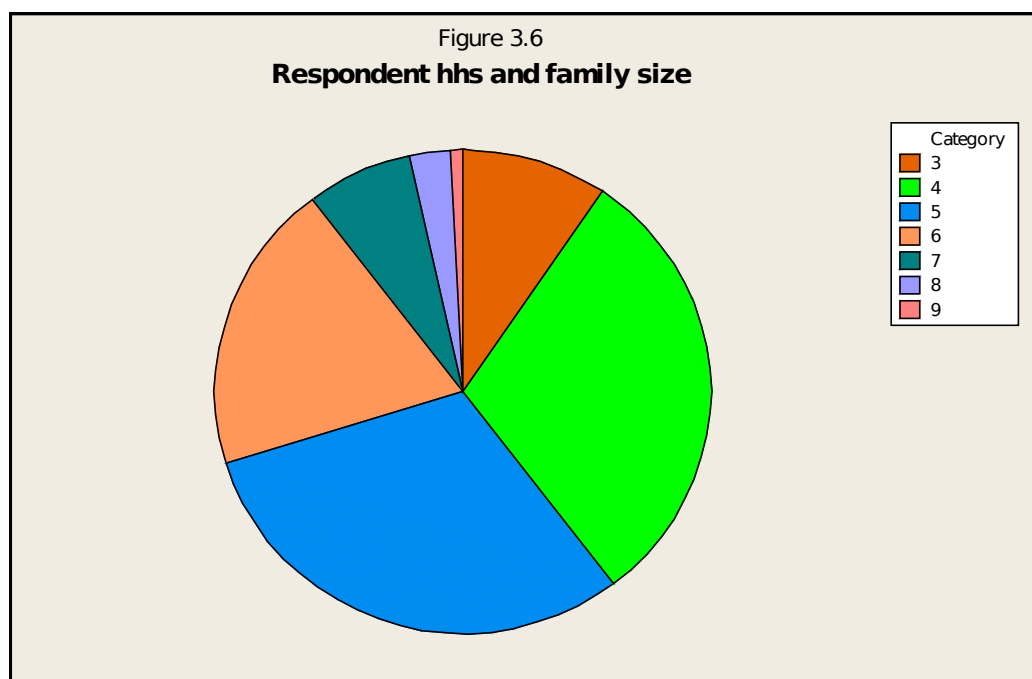




**Table 3.7: Distribution of respondent households by family size**

Family size	Locality						Total hhs	Percent of hhs	Total persons
	I		II		III				
	hhs	persons	hhs	persons	hhs	persons			
3	3	9	9	27	10	30	22	9.48	66
4	13	52	13	52	44	176	70	30.17	280
5	18	90	32	160	21	105	71	30.60	355
6	32	192	11	66	2	12	45	19.4	270
7	6	42	7	49	3	21	16	6.9	112
8	3	24	2	16	1	8	6	2.59	48
9	2	18	0	0	0	0	2	0.86	18
Total	77	427	74	370	81	352	232	100	1149

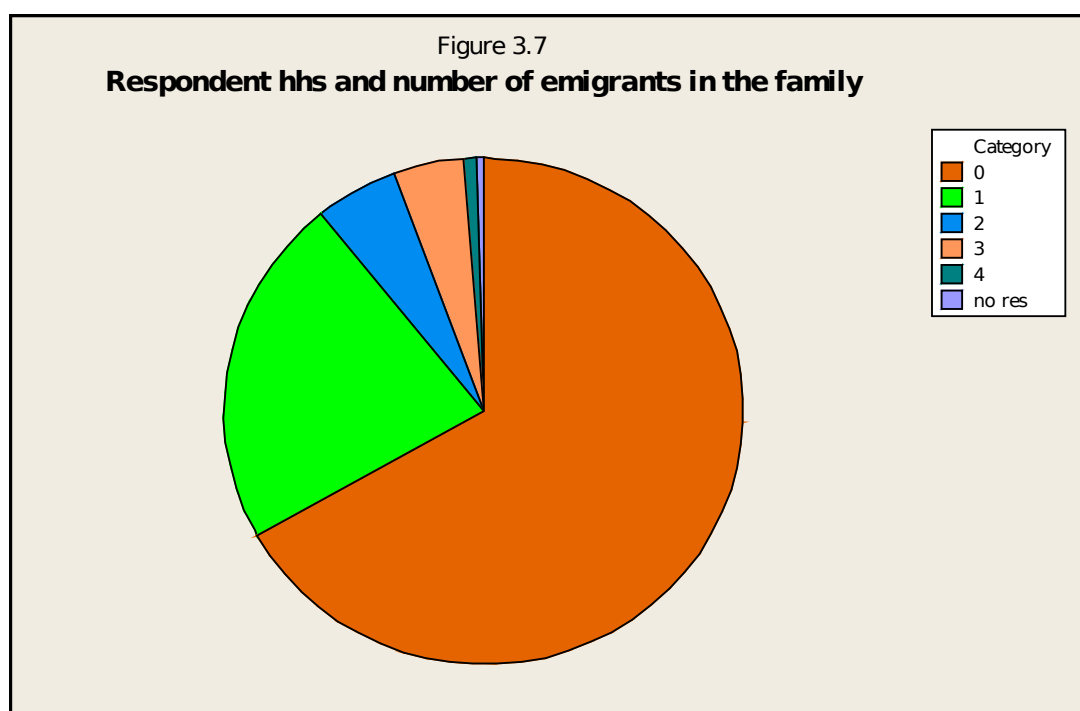
Source: Primary Survey, 2006



**Table 3.8: Distribution of respondent households by number of emigrants in the family**

Number of emigrants	Locality			Total households	Percentages
	I	II	III		
0	34	52	69	155	66.81
1	28	13	11	52	22.42
2	7	4	1	12	5.17
3	7	3	0	10	4.31
4	1	1	0	2	0.86
Not responded	-	1	-	1	0.43
Total	77	74	81	232	100.00

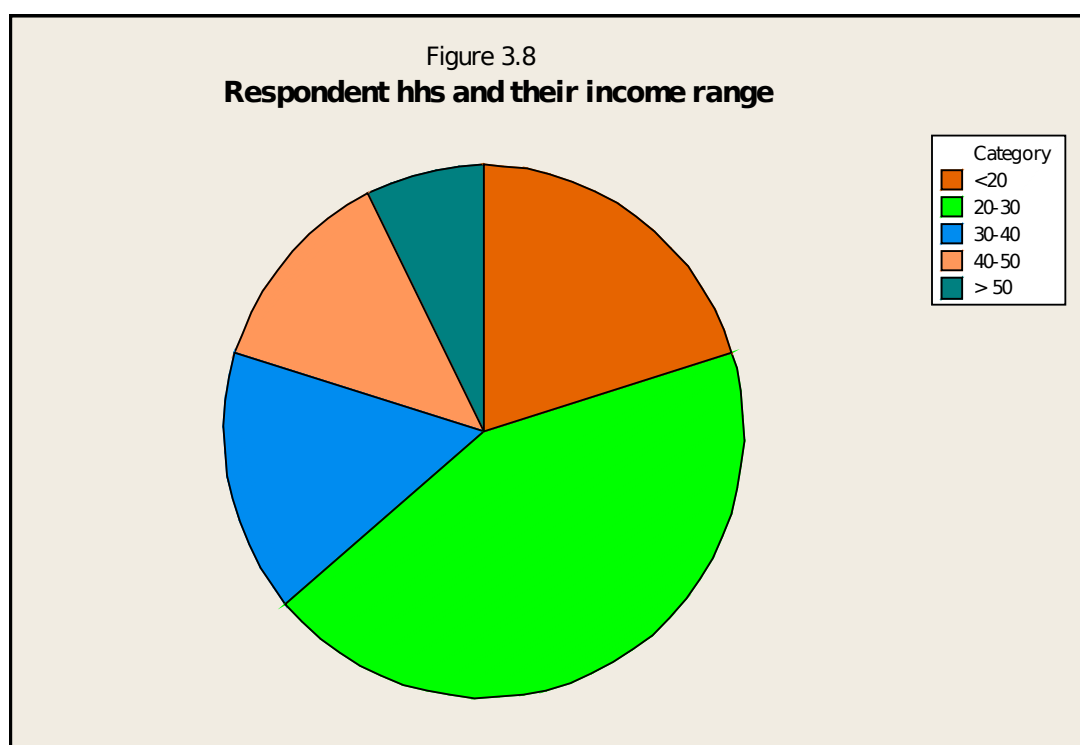
Source: Primary Survey, 2006



**Table 3.9 Distribution of respondent households by range of income**

Income slab (Rs. '000')	Locality			Total household s	percentages
	I	II	III		
Less than 20	8	20	19	47	20.26
20 to 30	38	33	30	101	43.53
30 to 40	15	7	15	37	15.95
40 to 50	9	9	12	30	12.93
More than 50	7	5	5	17	7.33
Total	77	74	81	232	100.00

Source: Primary Survey, 2006



**Table 3.10 Distribution of respondent households by sex (head)**

Sex	Locality			Total households	Percentages
	I	II	III		
Male	75	73	77	225	96.98
Female	2	1	4	7	3.02
Total	77	74	81	232	100.00

Source: Primary Survey, 2006

**Table 3.11 Distribution of respondent households by marital status (head)**

Marital status	Locality			Total households	Percentages
	I	II	III		
Married	76	74	79	229	98.71
Widow	1	0	2	3	1.29
Total	77	74	81	232	100.00

Source: Primary Survey, 2006

Thus we find that the district departs from the state in respect of certain socio-economic indicators. The infant mortality rate and suicide rate in the state are below that of the state as a whole. At the same time, the state shows its backwardness in respect of PCI, HDI, GDI and density of population. The mean age at marriage of this district is the lowest in the state and is comparable to that of the country as a whole.

It is also found that the major sources of income in the study area are emigration, business and tertiary sector related activities. Again we can observe that while majority of household heads are school educated, the proportion of college educated has shown an improvement in the case of first child in the family.

# **Chapter Four**

## **Trend and pattern of consumption in Kerala**

### **Section 1**

- 4.1 Expenditure on Food and Non-food items**
- 4.2 Expenditure on Durable and Non-durable goods**
- 4.3 Components of Expenditure on Non-food items**
- 4.4 Components of Expenditure on Food items**

### **Section II**

- 4.5 Comparison among various states**
  - 4.5.1 Per capita income and Expenditure difference**
  - 4.5.2 The growth rates**
- 4.6 Acceleration analysis**

**Summing up**



## **TREND AND PATTERN OF CONSUMPTION IN KERALA**

In this section we examine the consumption expenditure in Kerala so as to obtain a deeper understanding of the development of consumerism in the state. Through this enquiry, we specifically look into:

- i) The inter-temporal movement of consumption expenditure in Kerala with special reference to periods of importance.
- ii) The relationship between consumption expenditure in Kerala and per capita income of the state and its changes over the years. And
- iii) The comparison and contrast of consumption expenditure in the state with that of All India – over the years and on specific groups of items.

Raising the standard of living of the people above poverty line has been one of the most important objectives of all five year plans in the country since its inception in 1951. Planning commission has defined poverty line in terms of calorie intake per person per day. The required calorie intake was fixed at 2100 for urban areas and 2400 for rural areas. Pattern of food consumption has been a subject in poverty studies as food consumption determines calorie intake and



thereby standard of living of the people. Consumption pattern and its trend reflect the way people live, their behaviour towards goods and services and attitude towards economic activities. Thus the analysis of consumption pattern in the state has special significance in the study of consumerism.

In this section we used data published by NSSO through its various rounds from 22<sup>nd</sup> to 60<sup>th</sup> covering the period 1967-2004. We have made a ten-year break up in the total periods and identified certain specific periods such as 1967-68, 77-78, 87-88, 1997 and 2004. Accordingly, for analyzing the general trend and pattern of consumption, we have confined to the data of NSS rounds 22<sup>nd</sup>, 32<sup>nd</sup>, 43<sup>rd</sup>, 53<sup>rd</sup> and 60<sup>th</sup>. In the absence of separate data for certain items in the earlier rounds, we used data of rounds 51<sup>st</sup> to 60<sup>th</sup>, covering the period 1994-2004, for analyzing expenditure pattern in respect of items like medical services, education, non-durable consumer goods, consumer services, etc.

In order to capture the strength of growth (or decay) of variables over time we have made a rate of growth analysis. For this purpose we used semi log function of the form:  $\ln Y_t = \beta_1 + \beta_2 t + U_t$  where,  $\beta_2$  is instantaneous (at a point in time) rate of growth. Then the compound (i.e. over a period of time) rate of growth is derived using the method:  $[(\text{Antilog } (\beta_2)) - 1] \times 100$ . For obtaining a deeper understanding of the movement of expenditure pattern, we have resorted to a comparative analysis. The monthly per capita consumption expenditure (MPCE) pattern of the state is compared with all India pattern covering both rural and urban areas.

## Section 1

### 4.1 Expenditure on Food and Non-food items.

#### 4.1.1 Expenditure on Food Items

The monthly per capita consumption expenditure (MPCE) share on food to total consumption expenditure in Kerala which stood as high as 72.56 percent in 1967-68 declined to 61.31 percent in 77-78 and to 41.64 percent in 2003 (see Table 4.1 and Figure 4.1). The data further reveal that between 1967-68 and 2004, MPCE share on food in the state declined by 29 percent. The decline in the proportion of expenditure on food items could be attributed to the Engel's law. From the data, we can observe that out of this 29 percent change, the first decade (67-77) contributed the largest share with 11 percent. Out of the remaining portion, 11 percent change was during the 5 years of the last decade (1998-2003). Various economic and social reasons may be attributed to this pattern of change. This pattern of movement in food expenditure share was almost the same through out the state irrespective of urban-rural difference, indicating an urban-rural convergence in consumption preference.

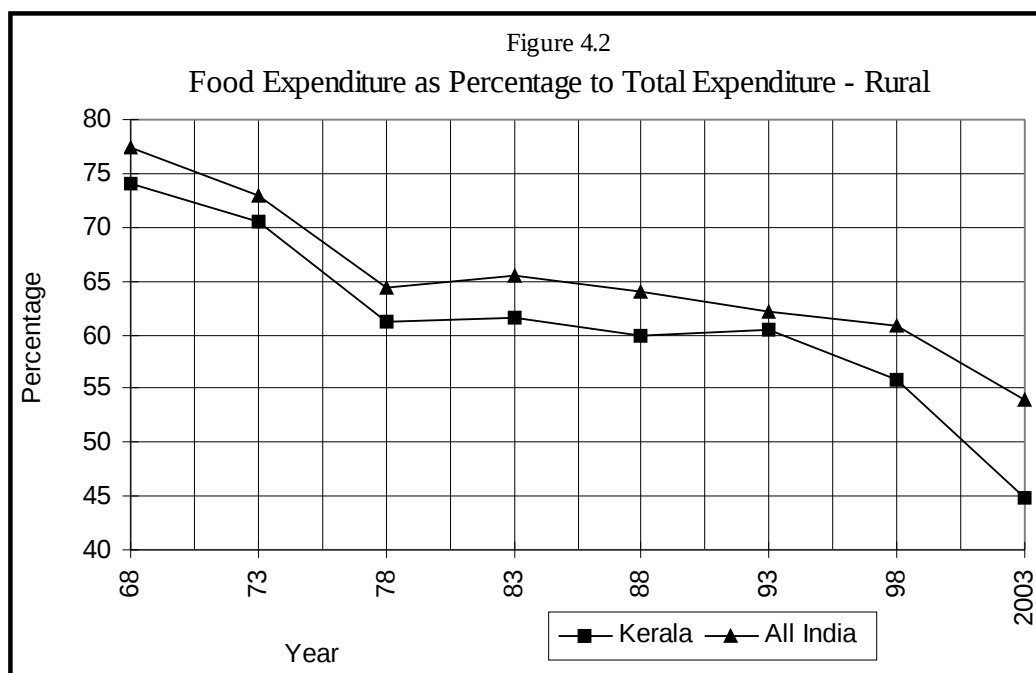
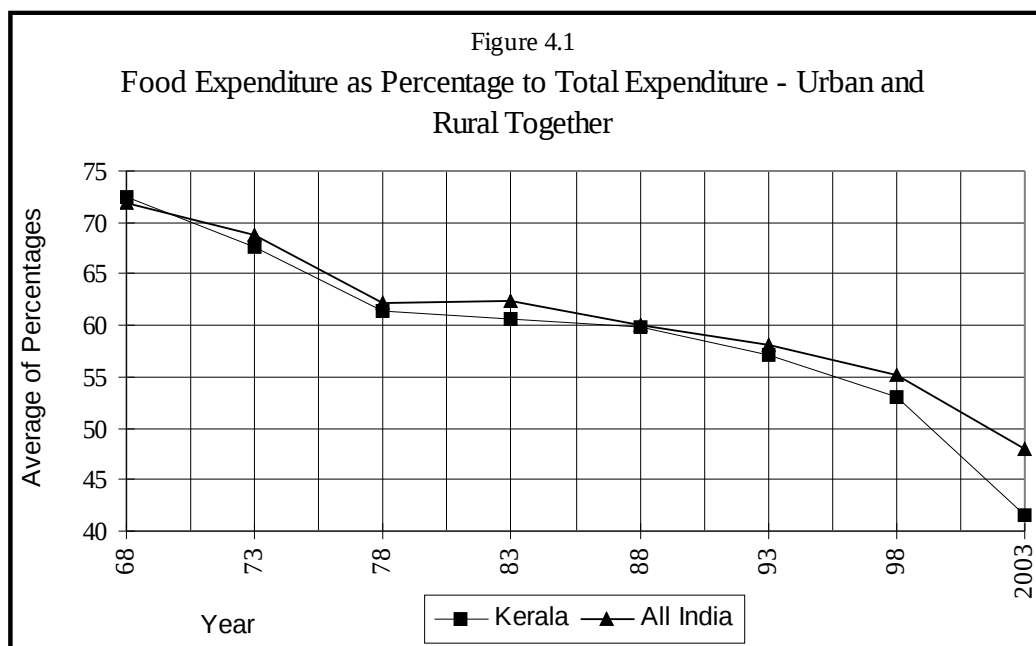
**Table 4.1 Share of MPCE on food to total expenditure during 1967/8 - 2004**

year	KERALA			ALL INDIA		
	Rural	Urban	Average	Rural	Urban	Average
1967-68	74.13	70.98	72.56	77.34	66.55	71.95
1977-78	61.00	61.61	61.31	64.34	59.99	62.17
1987-88	59.94	57.08	58.86	64.00	56.40	60.20
1997	56.33	49.59	52.96	58.73	49.62	54.18
2003	44.92	38.36	41.64	53.88	41.98	47.93
2004	46.54	40.76	43.65	53.94	41.64	47.79

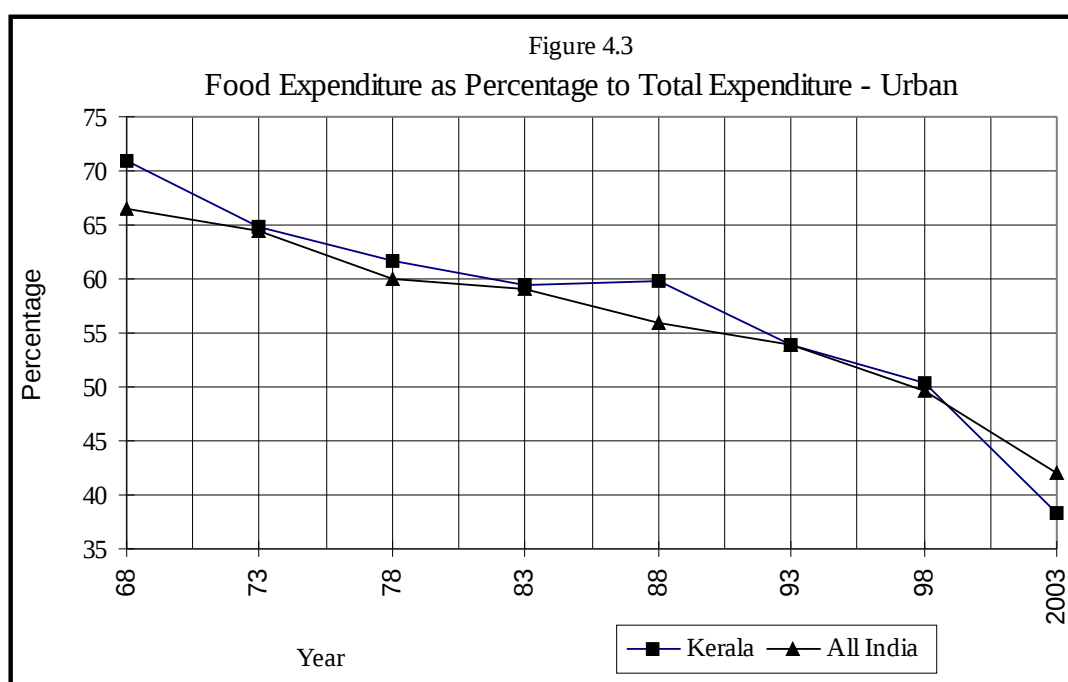
Source: Various rounds of NSSO

Though Kerala showed an expenditure pattern similar to that of all India, the decline in the share was much steeper in the state compared to the country as a whole. MPCE share on food declined in Kerala from 72.56 percent to 43.65

percent against that of 71.95 percent and 47.79 percent for the country as whole. In the rural sector, the share declined from 74.13 percent to 46.54 percent as against the all India figures of 77.34 percent and 53.94 percent. In the urban sector, the decline was from 70.98 percent to 40.76 percent as against 66.55 percent and 41.64 percent for the country as a whole.



The Table further reveals that in Kerala, there is not much rural-urban difference in expenditure on food during 1967/8 – 87/8; but differences are observed since 1997. Again at All India level, difference in food expenditure is significant since 1977/8. In both Kerala and All India, rural people spend more in food through out the period (see also Figures 4.2 & 4.3).



The rate of growth analysis suggests that over the period 1967-2004, the MPCE on food to total consumption expenditure in Kerala declined at the rate of 2.82 percent per year. At 5 percent confidence level, the regression explains 65 percent of the variation in total food expenditure. We have computed the compound rate of decay as 2.86 percent. Thus, during the period, the compound rate of decay of per capita expenditure on food was about 2.86 percent per year in Kerala whereas the rate of decay for the country as a whole (0.41) was insignificant at 5 percent confidence level.

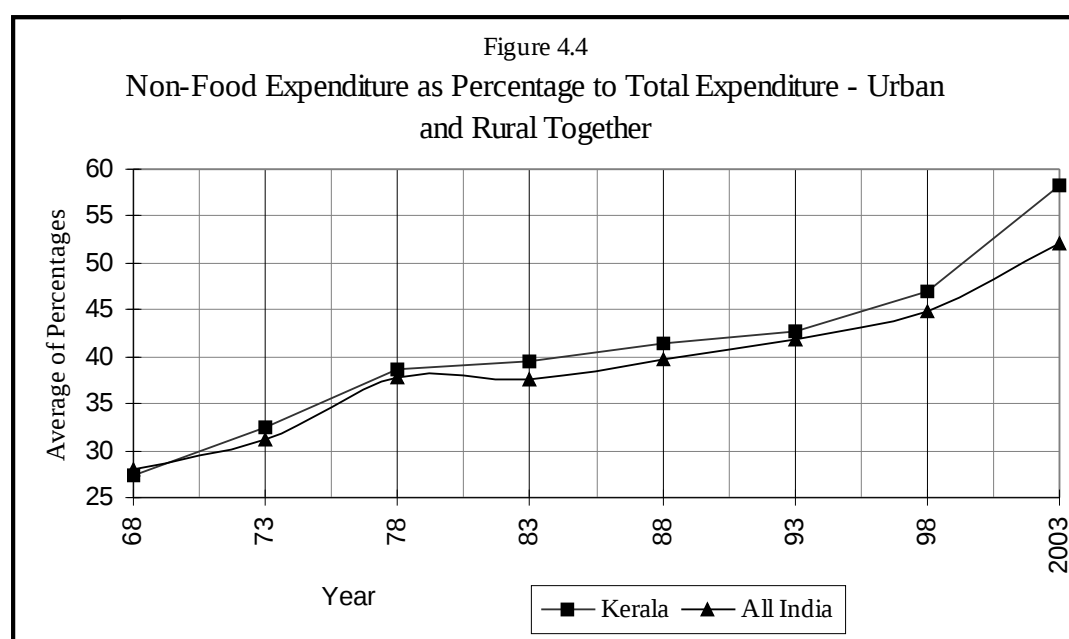
#### 4.1.2 Expenditure on Non-food Items

The MPCE on non-food items to total expenditure shows a trend opposite to that of food total. For the state, it grew from 27.45 percent in 67-68 to 38.70 percent in 77-78, 42.81 percent in 93-94, and to 58 percent in 2003. The trend was similar both in urban and in rural areas. Non-food expenditure share in Kerala was higher than that of the all India figures in respect of rural sector as well as for the state as a whole. (see Table 4.2 and Figure 4.4).

**Table 4.2 Share of MPCE on Non-food to Total Expenditure, 1967/8 - 2004**

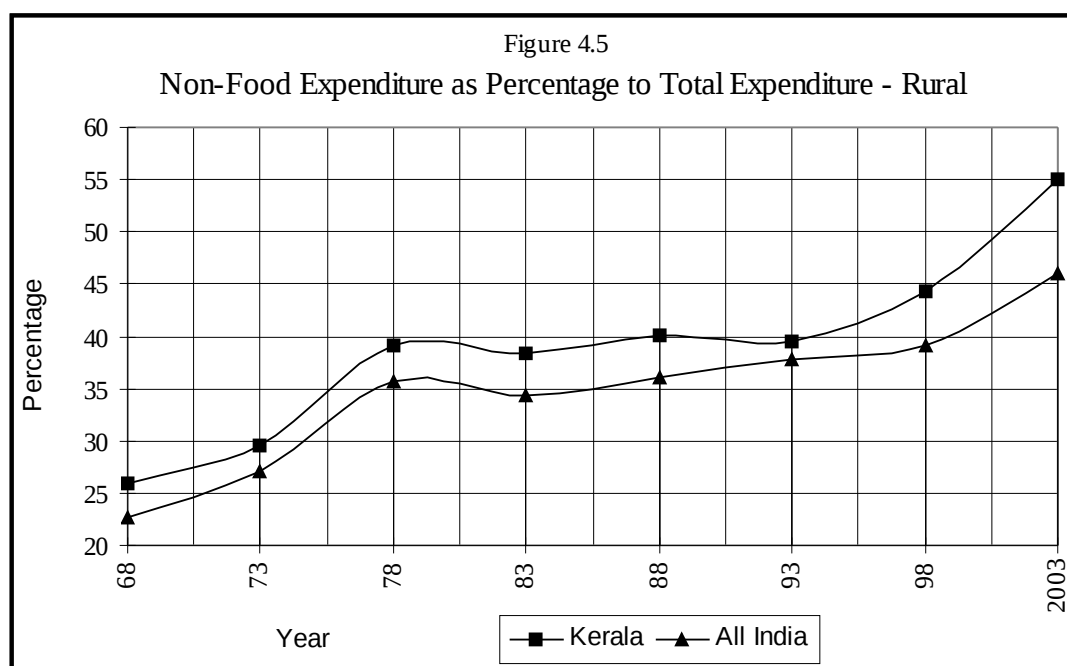
Year	KERALA			ALL INDIA		
	Rural	Urban	Average	Rural	Urban	Average
1967-68	25.87	29.02	27.45	22.66	33.45	28.06
1977-78	39.00	38.39	38.70	35.66	40.01	37.84
1987-88	40.06	42.22	41.14	36.00	43.60	39.80
1997	43.67	50.41	47.04	41.27	50.38	45.82
2003	55.08	61.64	58.36	46.12	58.02	52.07
2004	53.46	59.24	56.35	46.06	58.36	52.21

Source : NSS, various rounds.

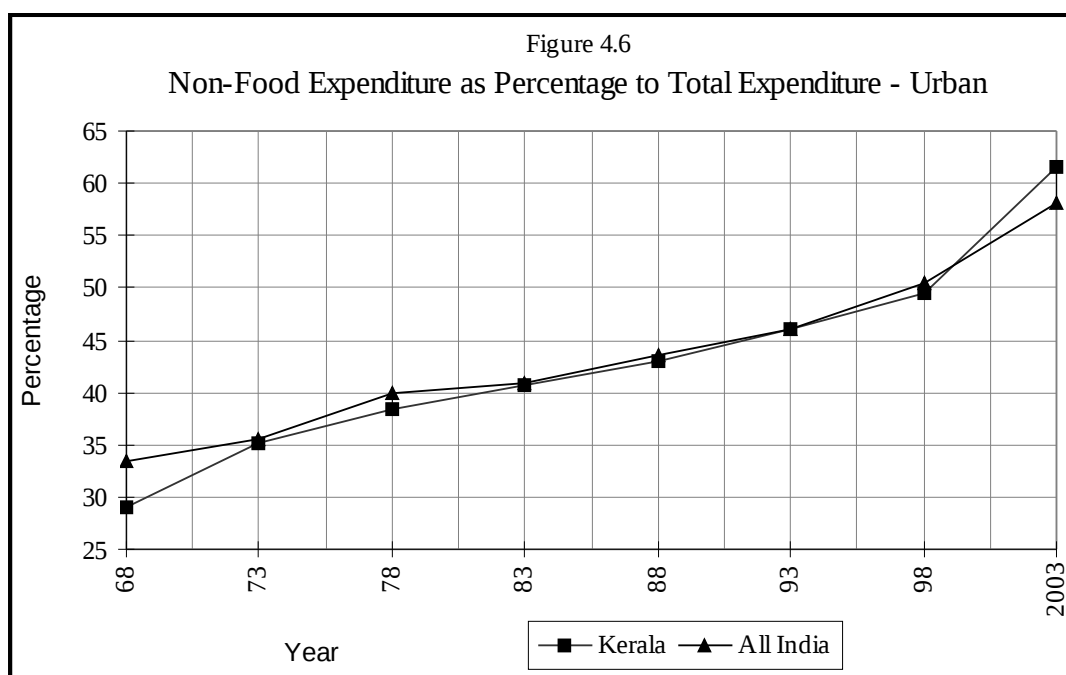


In the rural sector of Kerala, non-food share increased from 25.87 percent in 1967-68 to 55.08 percent in 2003. The corresponding all India figures were 22.66 and 46.12. In the urban sector, the movement was from 29.02 percent to 61.64 percent against the all India figures of 33.45 percent and 58.02 percent. For the state as a whole the growth was from 27.45 percent to 58.36 percent as against 28.06 percent and 52.07 percent of all India. The movement is shown in Figures 4.5 & 4.6.

The rate of growth analysis shows that the MPCE share on non-food total in Kerala grew at the rate of 2.708 percent per year and the regression explains about 82 percent of the variation. Our analysis suggests that over the period 1968-2004, the compound rate of growth of MPCE share on non-food total in Kerala was about 2.745 percent per year whereas it was about 2.286 percent for the country as a whole.



The movements in expenditure shares on food and non-food total as well as that of per capita income in the state are shown in Table 4.3.



**Table 4.3 Expenditure shares and Per capita income**

Period	Percentage change in the share on food expenditure	Decadel growth rate of PCI	Annual growth rate in PCI during the decade
1968-78	11.25	7.13	0.71
1978-88	2.45	3.44	0.34
1988-98	5.9	64.74	6.47
1998-03	11.32	15.64	5.21

Source: Expenditure – NSSO, various rounds ; Income – EPW Research Foundation.

As per theories of consumer behaviour, it is believed that the level of income determines the level of consumption. As income increases, the households generally diversify their food consumption patterns by shifting towards more expensive and high-quality food. They also re-distribute consumption expenditure from food to non-food items. Accordingly, when economy proceeds through the path of development, consumption pattern changes and the level of living improves with more expenditure on non-food

items. At the same time, economic theories uphold the assumption that consumers are rational in income-expenditure behaviour.

Thus an examination of the trend in the distribution of shares of consumption over the past 37 years in Kerala reveals that relative shares of expenditure on food items has declined considerably, i.e., from 72.56 percent to 43.65 percent, and that of non-food items has risen from 27.45 percent to 56.35 percent. This substantial reduction in the share of food in consumption expenditure indicates that Kerala economy has been moving along the right path of development. A major change in this food expenditure occurred during the decade 1968-78. Large scale migration to the Middle-east and the consequent increase in the remittances might have contributed much for this trend. Members of middle class families were a major constituent of emigrants during this period. Their marginal propensity to consume might have reflected in the trend. Influence of green revolution and the resultant improvement in agricultural income might be the other factors that contributed to the trend. The strength of the movement was weak during the decade 1978-88. This might have been a reflection of slippage that the decadal growth rate of per capita income has shown. With the recovery of growth rate in per capita income, the trend picked up during 1988-98. In addition to emigration, the liberalization that came into existence as part of economic reforms might have contributed a significant role during the period. Five years of the last decade (1997-03) again has shown an enhanced strength in the movement. Weakening of protest against global capital as well as opening up of economy for foreign investors and consumer goods might have been the possible reason.

## **4.2 Expenditure on Durable and Non-durable goods**

### **4.2.1 Durable goods**

The MPCE share on durable goods in the state grew from 2.51 percent in 1972-73 to 6.97 percent in 1987-88 and, to 8.3 percent in 2003. From the data, we observe that both the areas of the economy followed the same trend with

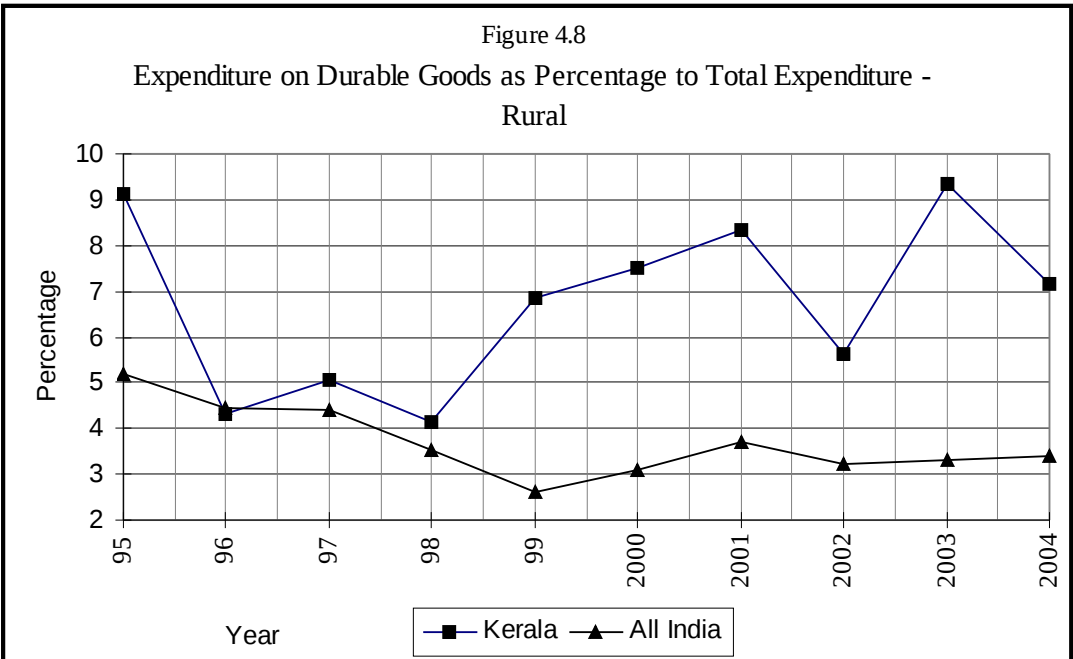
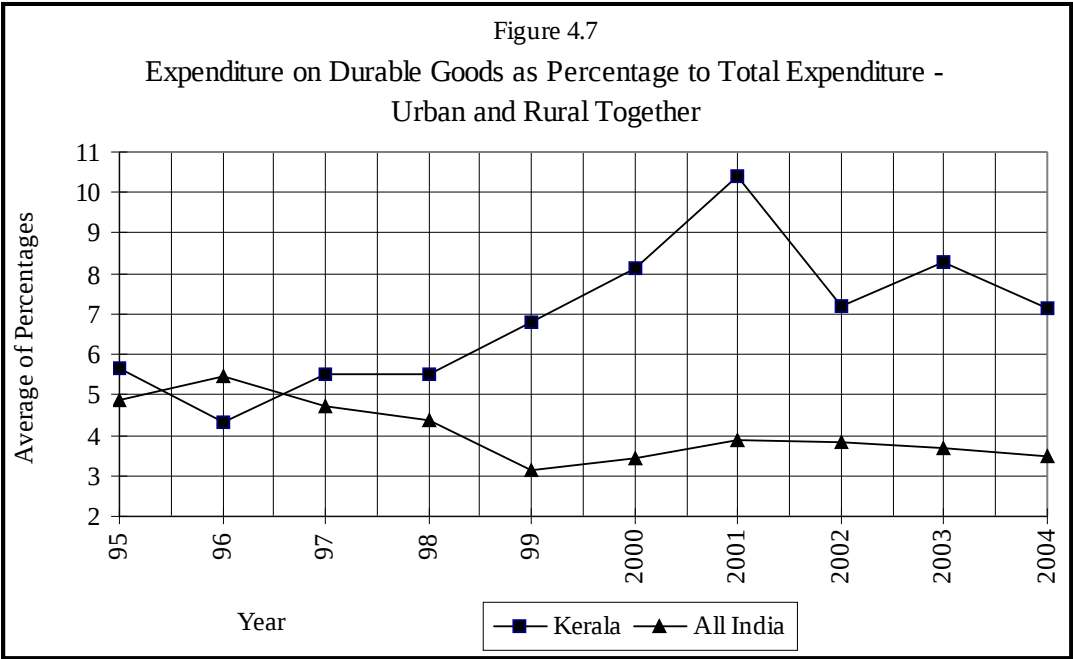


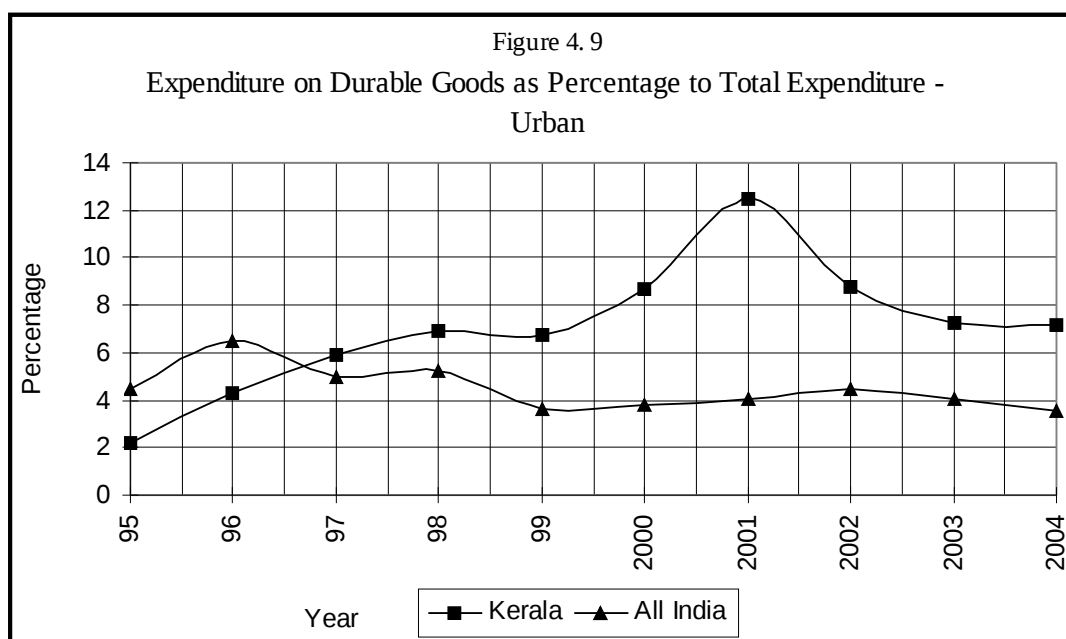
corresponding figures of 2.23, 6.3 & 9.35 (rural) and 2.78, 7.64 & 7.24(urban) (Table 4.4 and Figures 4.7, 4.8 & 4.9). However, the all India figures have shown a significant growth during the period 1972-73 to 1977-78. The expenditure share has risen from 2.18 percent to 7.95 percent during this period. The figures for rural and urban shares corresponding to this period were 2.15 & 2.21 & 2.18 respectively. The expenditure share showed a decline from 7.95 percent to 3.68 percent from 1977-78. Thus in the case of MPCE share on durable goods, Kerala contrasts with the country as a whole – both in rural and in urban sectors. An examination of the expenditure share on durable goods suggests that over the period 1973-2003, MPCE share grew at the rate of 3.68 percent per year in Kerala whereas it was insignificant in respect of the country as a whole.

**Table 4.4 MPCE share on Durable goods**

Year	KERALA			ALL INDIA		
	Rural	urban	average	rural	urban	average
1967-68	--	--	--	.06	.02	.04
1972-73	2.23	2.78	2.51	2.15	2.21	2.18
1977-78	6.32	5.41	5.87	7.00	8.89	7.95
1983	5.79	1.7	3.75	2.27	2.25	2.26
1987-88	6.3	7.64	6.97	3.6	4.1	3.85
1993-94	5.18	5.00	5.09	2.3	2.6	2.45
1999-00	6.86	6.76	6.81	2.62	3.61	3.12
2003	9.35	7.24	8.30	3.29	4.06	3.68
2004	7.15	7.17	7.16	3.41	3.56	3.49

Source : NSS, various rounds





The compound rate of growth of MPCE share on durables goods, over the period, was about 3.74 percent per year in Kerala as against the insignificant rate for the country as a whole at 95 percent confidence level. The regression explains 32 percent of the variation in respect of Kerala where as it was 4 percent for the country as a whole. Again the 't' value was very high for Kerala compared to All India.

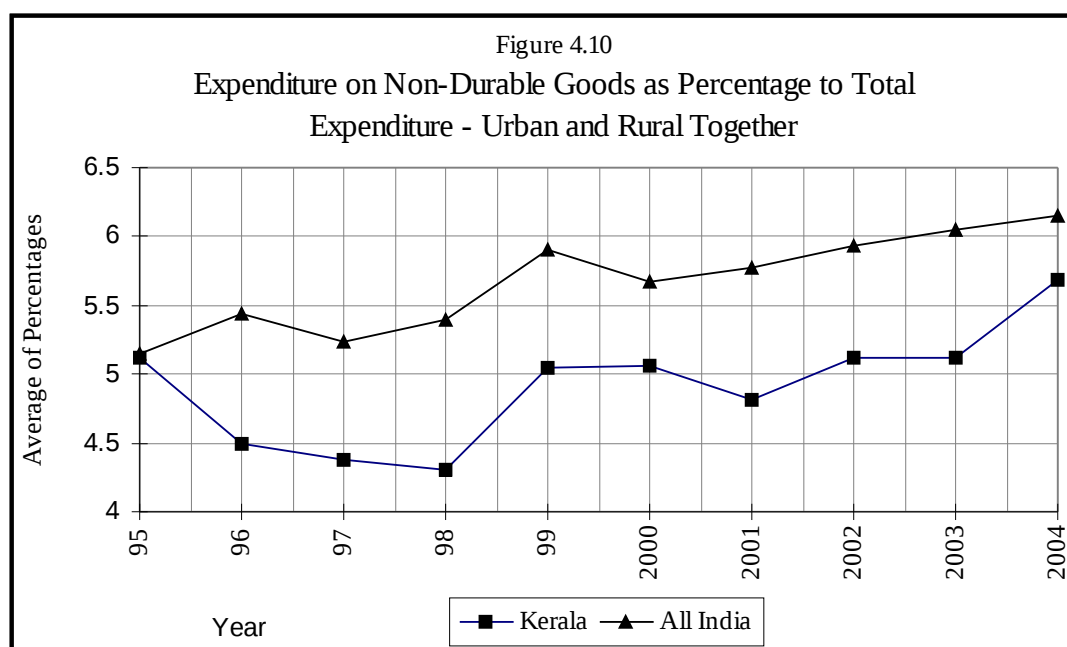
#### 4.2.2 Non-durable goods.

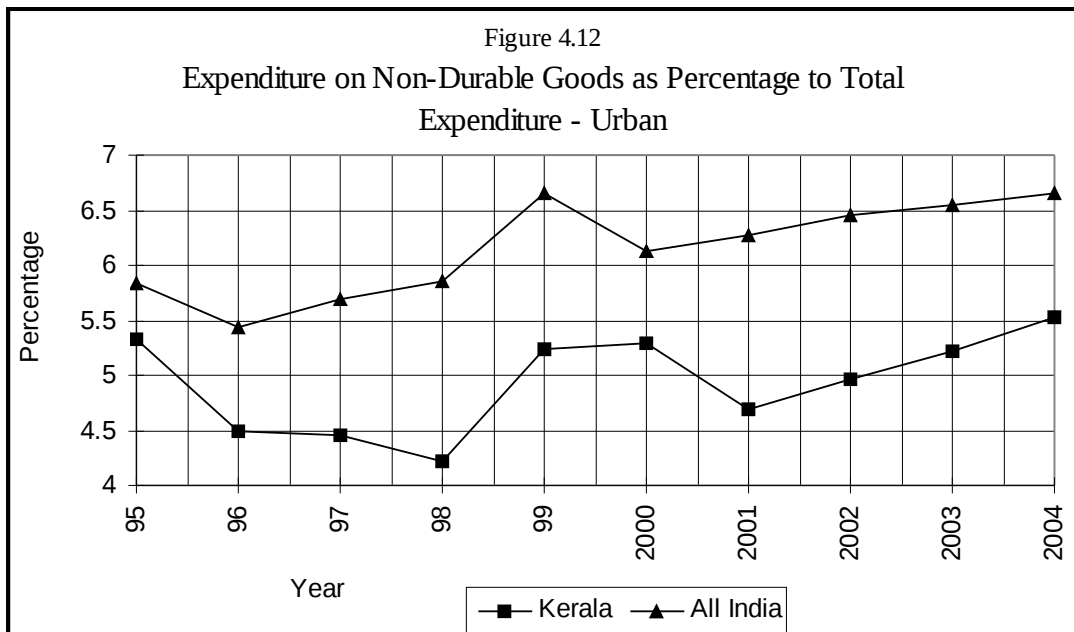
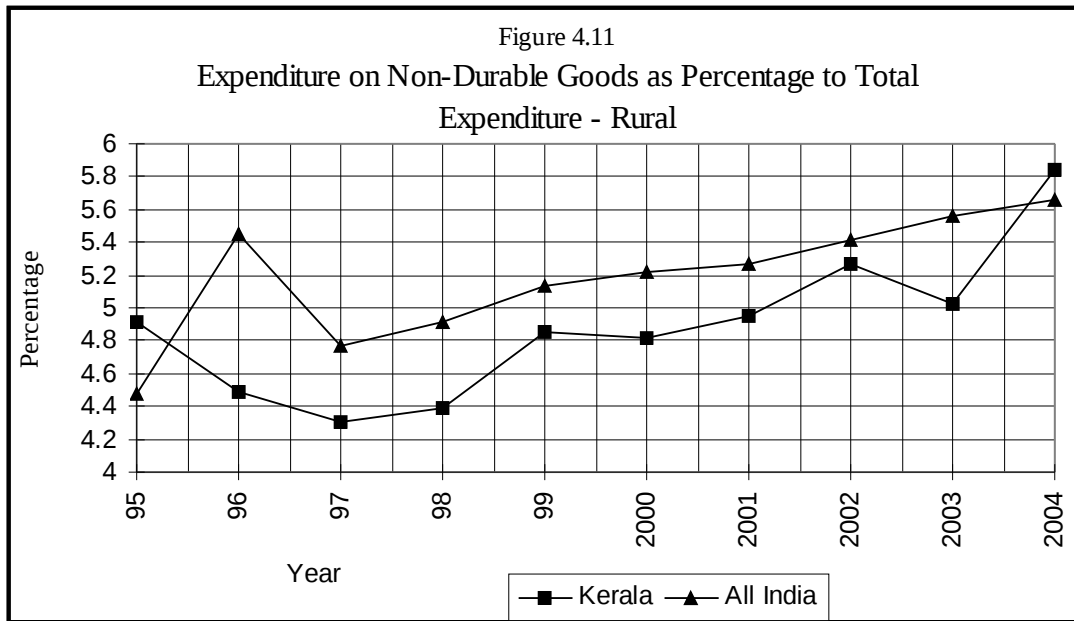
In the case of non-durable consumer goods, the share of MPCE in Kerala grew from 5.12 Percent in 1994-95 to 5.68 Percent in 2004 (see Table 4.5 and Figures 4.10, 4.11, & 4.12). We observed an urban-rural convergence in the expenditure pattern of non-durable goods in Kerala. The respective shares were 4.92 & 5.84 (rural) and 5.32 & 5.53 (urban). The trend of expenditure pattern in Kerala was similar to that of all India. However, the share grew from 4.47 percent to 5.66 percent in rural sector, from 5.83 percent to 6.65 percent for urban sector and, from 5.15 percent to 6.16 percent for the country as a whole.

**Table 4.5 Expenditure share on Non-Durable goods**

year	KERALA			ALL INDIA		
	Rural	Urban	Average	Rural	Urban	Average
1994-95	4.92	5.32	5.12	4.47	5.83	5.15
1995-96	4.49	4.49	4.49	5.45	5.43	5.44
1996-97	4.31	4.45	4.38	4.77	5.69	5.23
1998	4.39	6.21	5.3	4.92	5.86	5.39
1999-00	4.85	5.23	5.04	5.14	6.66	5.9
2000-01	4.82	5.29	5.05	5.22	6.12	5.67
2001-02	4.95	4.69	4.82	5.27	6.27	5.77
2002	5.27	4.97	5.12	5.42	6.45	5.93
2003	5.03	5.21	5.12	5.56	6.54	6.05
2004	5.84	5.53	5.68	5.66	6.65	6.16

Source: NSS, various rounds





An analysis of the expenditure share on non-durable goods suggests that, over the period 1994-2004, the compound rate of growth of MPCE on non-durable goods was about 1.49 percent per year in Kerala and was about 1.92 percent in the country as a whole. The regression at 5 percent confidence level explains 84 percent of the variation in the case of India as a whole and 23 percent of variation for the state.

Thus the expenditure share on durable goods showed a remarkable growth over the last 31 years (i.e. from 2.51 percent in 1973 to 8.3 percent in 2003). A quinquennial break-up of the data reveals that the increasing trend got greater momentum during 1977-78. After a slippage in 1983, it again picked up during 87-88 and enhanced through the remaining periods. From the year 1983 onwards, the shares of expenditure on durable goods as percentage to total expenditure stood at higher levels in the state compared to the country as a whole. Situation was indicative of consumerism that was set in the state during the period. Large scale migration and exposure to the life habits at the destination might have contributed much towards the trend. Another possible reason might be that of the increased availability of durable goods.

In the case of non-durable goods, the expenditure shares in the state were below those of all India figures. At the same time, a rural-rural comparison reveals that the state surpassed all India levels during the year 2004. This might be an evidence of the inclination that rural Keralites have shown to keep up the tendency of consumerism on par with urban life.

### **4.3 Components of Expenditure on Non-food Items**

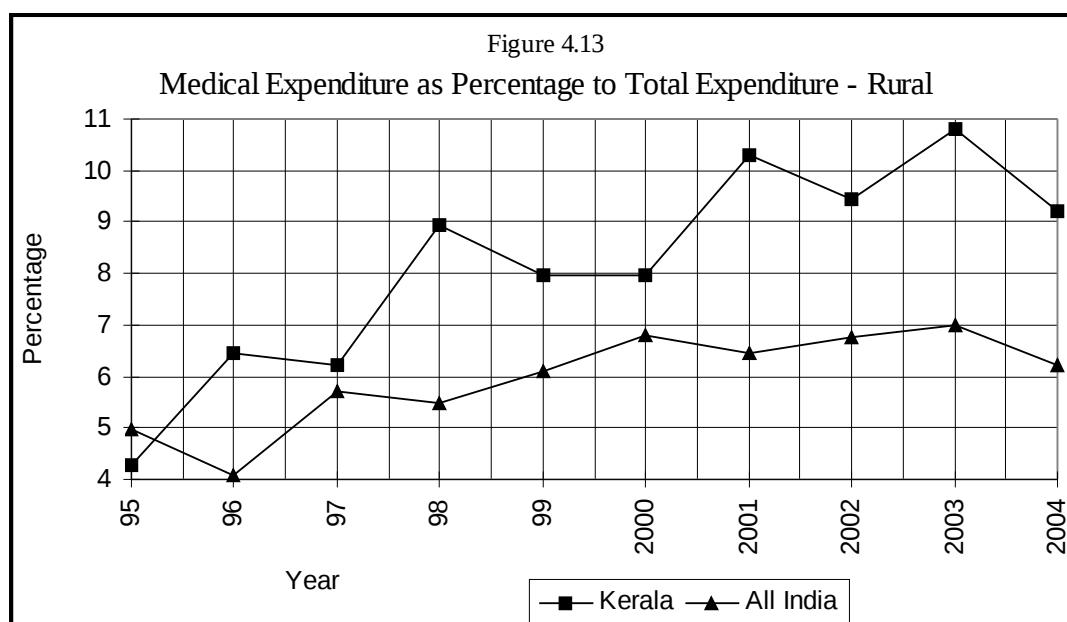
#### **4.3.1 Medical expenditure**

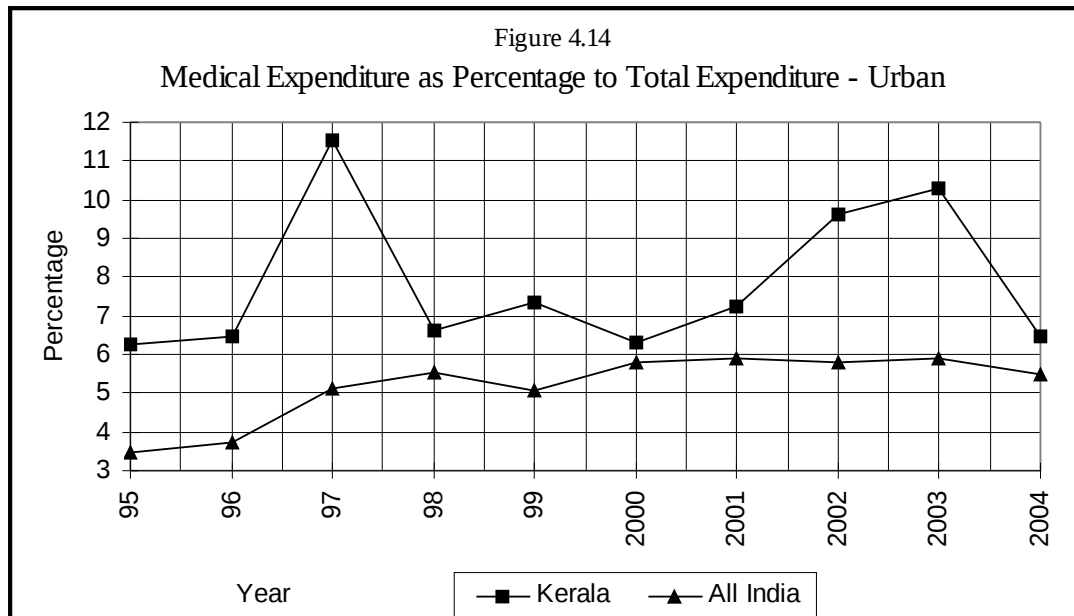
The share of MPCE on medical expenditure in Kerala increased from 5.29 percent in 1994-'95 to 10.54 percent in 2003. During 2004, the share declined to 7.84 percent. The rural and urban sectors followed the rising trend and the corresponding movements were from 4.29 percent to 10.8 percent in the case of rural sector and, 6.28 percent to 10.27 percent in the case of urban sector (Table 4.6 & Figures 4.13 and 4.14).

**Table 4.6 Medical Expenditure share as percentage to total expenditure.**

year	KERALA			ALL INDIA		
	Rural	Urban	Average	Rural	Urban	Average
1994-95	4.29	6.28	5.29	4.98	3.46	4.22
1995-96	6.46	6.46	6.46	4.07	3.73	3.9
1997	6.22	11.53	8.88	5.71	5.11	5.41
1998	8.94	6.62	7.78	5.46	5.52	5.49
1999-00	7.95	7.33	7.64	6.09	5.06	5.58
2000-01	7.98	6.32	7.15	6.81	5.78	6.29
2001-02	10.31	7.26	8.79	6.45	5.88	6.17
2002	9.43	9.64	9.54	6.76	5.77	6.27
2003	10.8	10.27	10.54	7.01	5.89	6.45
2004	9.21	6.47	7.84	6.21	5.48	5.85

Source: NSS rounds from 51 to 60.





The MPCE share on medical expenditure in Kerala stood very high compared to all India shares where it rose from 4.22 percent in 1994-1995 to 6.45 percent in 2003. The corresponding rural and urban figures for the country as a whole were 4.98 & 7.01 (rural) and 3.46 & 5.89 (urban). We can observe that, over the period 1994-2004, the compound rate of growth of MPCE on medical expenditure was about 4.73 percent per year in Kerala and 4.74 percent per year for the country as a whole. This shows that Kerala's expenditure share maintained the initial higher level throughout the period and kept pace with the general growth rate (see Table 4.7).

The share on medical expenditure in the state has more than doubled in nine years from 1994 to 2003. The figures showed that the shares in the state were comparatively higher than those of all India. An interesting feature observed in this respect was the fast growth in expenditure share in rural sector compared to the urban sector of the state. Thanks to social movements and consequent awareness that developed in the state, Kerala had achieved a better health status



**Table 4.7 Summary Results: Regression of Expenditure shares (Non-food items)**

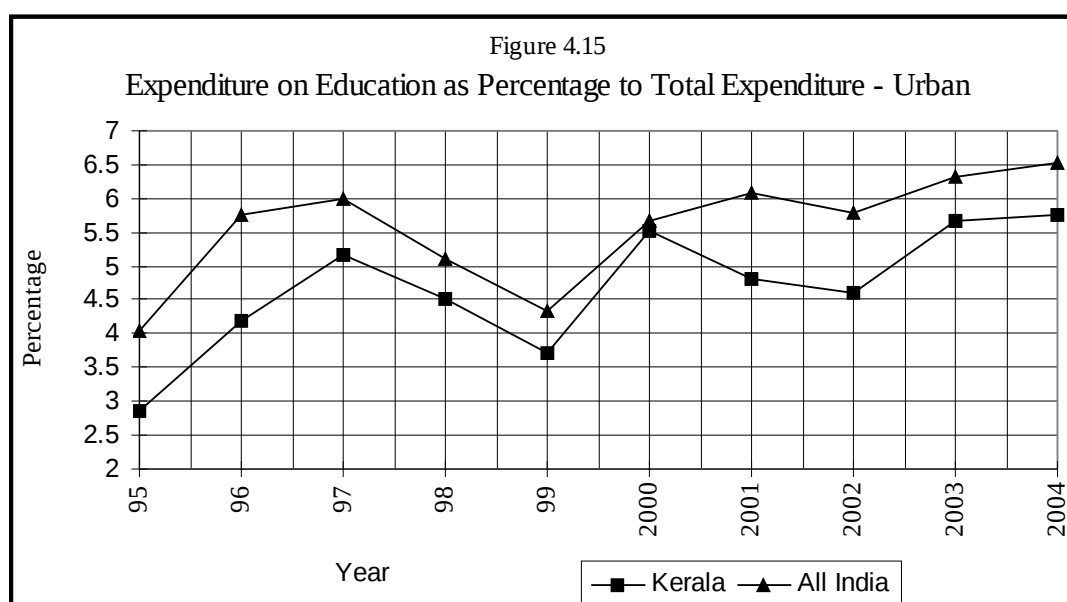
Dependent Variable ln(variable)	Kerala/ All-India	Co-efficients		Instantaneous rate of gr/dcy (%)	Compound rate of Gr/dcy (%)	't' ratio	R <sup>2</sup> value	Year
		B <sub>1</sub>	B <sub>2</sub>					
Pan, tobacco intoxicants	Kerala	1.207008	_.0260597	2.6059	2.6402	_.8227	.7693	1967-2004
	All-India	1.141004	_.016694	1.6694	1.6834	_.5481	.5804	1967-2004
Fuel and light	Kerala	1.721736	.0080158	0.8015	0.8048	2.929	.2748	1967-2004
	All-India	1.780468	.0190062	1.9006	1.9188	8.366	.7666	1967-2004
Cloths and footwear	Kerala	1.793856	.0035209	0.3521	0.3527	0.573	_.0347	1967-2004
	All-India	1.929025	.0047539	0.4754	0.4765	1.031	_.0030	1967-2004
Education	Kerala	1.249292	.0314627	3.1463	3.1962	1.463	.1123	1994-2004
	All-India	1.212175	.0364719	3.6471	3.7145	2.497	.3677	1994-2004
Medical	Kerala	1.852695	.0462403	4.6240	4.7326	2.802	.4322	1994-2004
	All-India	1.494544	.0464029	4.6402	4.7496	4.008	.6260	1994-2004
Non-durable Cnstr.goods	Kerala	1.545085	.0143024	1.4302	1.4405	1.955	.2387	1994-2004
	All-India	1.647494	.0190622	1.9062	1.9245	6.953	.8403	1994-2004
Consumer services	Kerala	2.06589	.0846281	8.4628	8.8312	5.603	.7715	1994-2004
	All-India	2.0932	.0480455	4.8045	4.9218	2.680	.4073	1994-2004
Misc.consr.goods	Kerala	2.852774	.0026024	0.2602	0.2606	0.343	_.0461	1967-2004
	All-India	3.324638	_.0293188	2.9318	2.9753	_.980	.0019	1967-2004
Durable goods	Kerala	1.410407	.036765	3.6765	3.7449	2.974	.3295	72/73-2004
	All-India	1.274597	.0045822	0.4582	0.4593	0.408	_.0435	72/73-2004
Non-food Total		3.522008	.0270875	2.708	2.7457	9.394	.8135	1967-2004
		3.499574	.0226083	2.2608	2.2865	11.215	.856	1967-2004

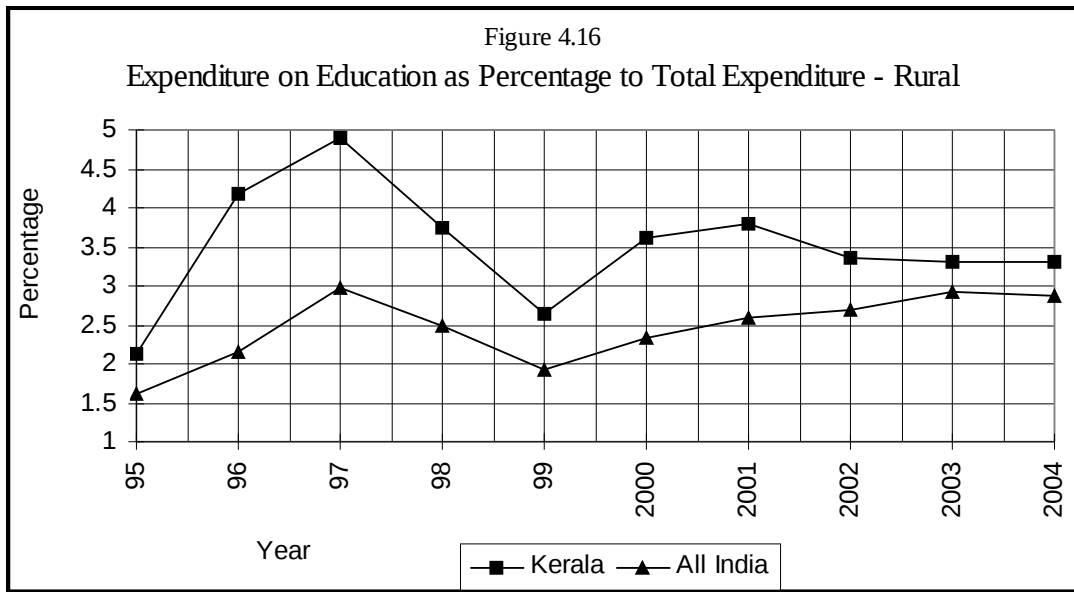
Note: Critical value at 5 percent significance level is 2.0 for 20 df, 2.09 for 19 df, 2.1 for 18 df and, 2.3 for for 8 df (2 tail)

far earlier. Accordingly, less should have been the share in Kerala that expended on medical sub-sector as a proportion to total expenditure. But the share has not declined, instead it increased considerably. The strive to maintain already achieved status might have been a possible explanation. But the ongoing hospital practices and ‘super speciality’ culture have provided ample evidence to the existence of elements of consumerism. This might have reflected in the growth of shares on medical expenditure.

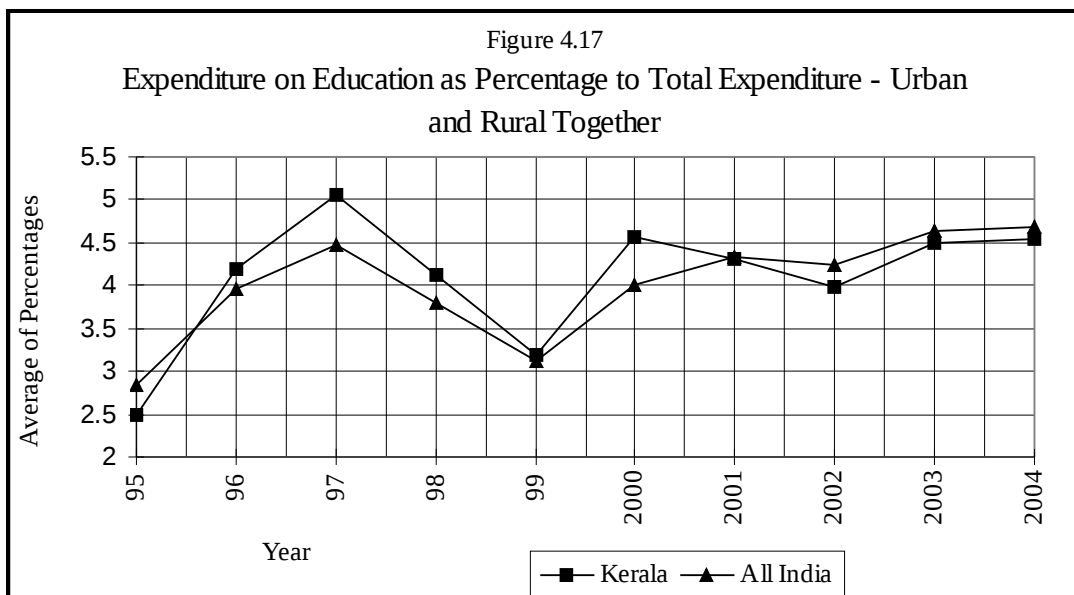
### 4.3.2 Education

The MPCE share on education rose from 2.49 percent (1994-95) to 4.55 percent (2004) in the state. From the data we observe a higher share in urban sector compared to rural sector. In urban area, the growth was from 2.85 percent to 5.77 percent. The corresponding rise was from 2.13 percent to 3.32 percent in rural areas. For the country as a whole, the expenditure on education moved from 2.83 percent to 4.69 percent from 1994-95 to 2004. Here also, the urban dominance was exhibited with figures 4.04 and 6.52 against that of 1.62 and 2.86 for rural sector (see Figures 4.15, 4.16 and 4.17).





A close examination of the trend of MPCE shares in urban and rural sectors of Kerala reveals that urban areas of the state departed from rural sector with a higher share during the year 1977 and kept the tempo throughout the remaining years of the period.



From urban-urban comparison, we observe the dominance of all India figures. Again, a comparison of state figures with All-India figures showed All-India's lead in share from the year 2001 onwards. The rate of growth analysis suggests that over the period 1994-2004, the compound growth of MPCE share on education grew at the rate of 3.71 percent per year in the case of the country as a whole; whereas, the rate in Kerala was insignificant at the level of 5 percent confidence.

Converse to the phenomenon observed in the developed countries, shares of additional income that spend on education is increasing with income in developing countries. In the case of Kerala, education was a sector that received enough attention even from the earlier periods itself. The remarkable progress that the sector achieved might be due to the contributions of missionaries and the efforts of social reformers. In its progress the education sector of Kerala compares with that of the developed countries. The expenditure share on education in the state was declining up to the year 1999 and was almost stagnant from 2001 onwards. In contrast to this, the shares in respect of the country as whole were increasing throughout the period. This contrasting nature was apparent in the case of rural sectors. Some reflections of the developed characteristics that Kerala achieved could be observed in this movement.

Though the trend was declining, the share expended on education was not the least in the state. Moreover, recently it has shown a tendency to increase. Insufficient facilities in the public sector might be one possible reason. We may observe the elements of consumerism that were strengthening in the education sector of the state. For many, 'schooling' has become a badge of recognition and thus an object of emulation. We may observe a clear manifestation of consumerism from the mushrooming growth of unaided schools and the wider acceptance they received in the state. Despite all its deficiencies as to faculties, libraries, laboratories, etc., people send their wards to such institutions and spend huge amounts of money as fee and other expenses. Possibly it might have a mode

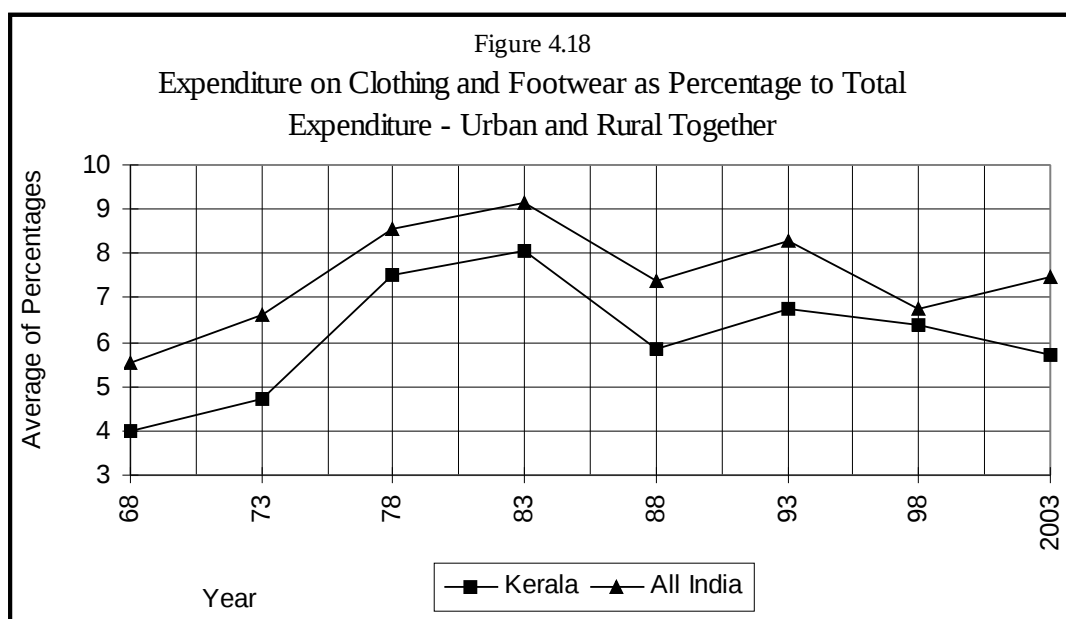
of ostentatious display. The extension of the 'unaided culture' even to the higher education has become cause of tensions especially among those belonging to the lower echelons of the society. In the state, the education system has submerged its prime motto of imparting knowledge and the sector is being converted to a profit making business. Consumerism might have played a significant role in this transition. Letting the sector unabated, the repercussions that it produces may culminate in the total collapse of the social life.

#### **4.3.3 Fuel and Light**

The MPCE share on fuel and light in the state increased from 6.02 percent in 1967-68 to 7.1 percent in 2004. For the country as a whole, the growth was from 5.67 percent to 9.32 percent. From the comparison between state and all-India, we observe that the share in Kerala stood high over all-India up to 1977-78 and, all-India figures gained dominance during the remaining years. The analysis gave a compound rate of growth of 0.8 percent per year for the state against 1.92 percent per year for the country as whole.

#### **4.3.4 Clothing and Footwear**

In the state, the expenditure share on clothing and footwear increased from 4.04 percent (1967-68) to 7.52 percent (1977-78) and then declined to 5.67 percent (in 2004). In the case of this item, Kerala shared the same trend with All-India. At the same time, we observe that All-India figures for the share stood high over Kerala's figures throughout the period. In the case of All-India, the share increased from 5.52 percent to 8.54 percent and declined to 7.3 percent (see Figure 4.18). The rate of growth analysis gave insignificant 't' ratios for the state as well as for the country which implies that rates of growth of MPCE shares on clothing and footwear were not significant at 5 percentage confidence level.



#### 4.3.5 Pan, Tobacco and Intoxicants

The MPCE share on these items has declined from 3.59 percent (1967-68) to 1.98 percent (2004) in the state. The declining trend exhibited was similar in the country as a whole where it declined from 2.82 percent to 2.03 percent. The expenditure share of the state was high up to 1977-78, but kept below the All-India figures from 1977-78. In the case of the share on this item, the compound rate of decay was about 2.64 percent per year for the state whereas it was 1.67 percent per year for the country as a whole.

#### 4.3.6 Consumer Services

The share of MPCE on consumer services, which dominated among non-food items, rose from 6.65 percent (1994-95) to 16.39 percent (2004). The urban and rural sectors of the state followed the general trend. But, the strength of growth was high for the urban sector. The urban-rural figures corresponding to the period were 6.03 and 12.45 for rural areas and 7.27 and 20.32 for urban areas. The share in respect of the country as a whole increased from 9.11 percent (1994-95) to 13.18 percent (2004). The corresponding figures for rural and urban sectors were 4.71 and 7.79 for rural and 13.5 and 18.56 for urban areas.

During the initial years, Kerala's position in respect of the share was far below that of the All-India, especially in the urban sector. But, in course of time, the state's share improved and it held its dominance over All-India. The rate of growth analysis substantiates the remarkable growth of Kerala in respect of MPCE share on consumer services. Over the period 1994-2004, the compound rate of growth of MPCE on consumer services was about 8.83 percent per year in Kerala whereas it was 4.92 percent in the country as a whole. The regression explains 77 percent of the variation in the case of Kerala at 5 percent confidence limit.

Among non-food items, fuel and light as well as clothing and footwear sectors have shown marginal increases in their respective shares during the period. These sectors might have achieved sufficient growth during the earlier stages. The already acquired better position might have made a phenomenal growth unnecessary. Despite this, it has shown a trend to increase exhibiting consumerist tendencies. Shares on pan, tobacco and intoxicants recorded a reduction during the period and, consumer services emerged as a prosperous area. This may possibly be due to the changes in the life styles of the people.

#### **4.4 Components of Expenditure on Food Items**

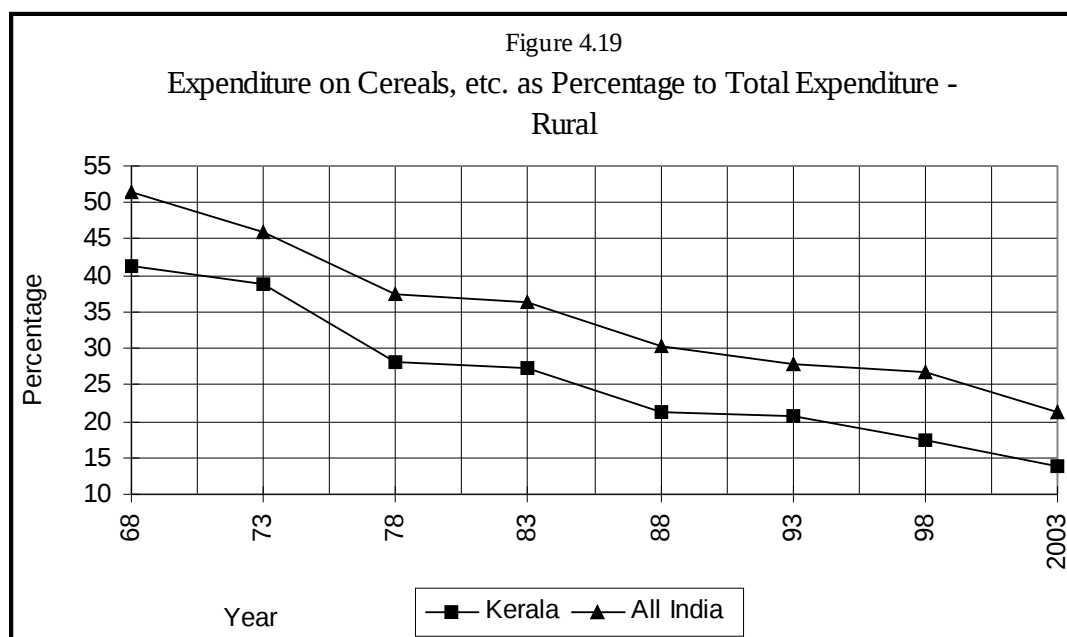
##### **4.4.1 Cereals, etc.**

In the food total, expenditure on cereals, etc., occupied a major portion throughout the period and its share declined to a great extent from 35.75 percent in 1967-68 to 12 percent in 2004 (Table 4.8 and Figure 4.19). The declining trend shown in Kerala was similar to the pattern of the country as a whole where it declined from 40.49 percent to 16.69 percent.

**Table: 4.8 Expenditure on cereals etc., as percentages to total expenditure.**  
**(Figures in parentheses represent changes in between two periods).**

year	KERALA			ALL-INDIA		
	Rural	Urban	Average	Rural	Urban	Average
1967-68	41.26 (13)	30.24 (7)	35.75 (10)	51.44 (14)	29.55 (5)	40.49 (10)
1977-78	28.24 (7)	23.52 (8)	25.88 (7)	37.35 (7)	24.37 (6)	30.86 (6)
1987-88	21.17 (3)	15.93 (3)	18.55 (3)	30.40 (5)	18.50 (2)	24.45 (3)
1997	18.08 (5)	12.94 (2)	15.51 (3)	25.92 (4)	16.34 (4)	21.13 (5)
2003	13.74 --	10.25 --	11.99 --	21.15 --	12.36 --	16.76 --
2004	13.47 --	10.53 --	12.00 --	21.29 --	12.10 --	16.69 --

Source: NSS – various rounds.





The table shows that Kerala's expenditure share on cereals etc., declined to the extent of 24 percent over the period 1967-2004. The total change of 24 percent points was distributed among different decades as 10 points during the first, 7 points during the second, 3 points during the third and, 4 points during the fourth decade. No striking difference was observed among rural- rural sectors. But, the rural- urban difference was very high during the first decade for both Kerala and All-India.

The analysis shows that over the period 1968-2004, the compound rate of decay of expenditure share on cereals etc. was about 4.73 percent per year in Kerala whereas it was 3.37 percent per year in the country as a whole. The regression explains about 85 percent of the variation in expenditure share on cereals etc. at 5 percent confidence limit for both Kerala and All India (see Table 4.9).

#### **4.4.2 Milk and their products**

The share on milk and milk products remained almost same through out the period with a marginal increase during 1987-88 and 1993-94. Though it followed the pattern similar to that of All-India, the share in Kerala on milk and milk products was just half that of All- India through out the period. The rate of growth analysis gives insignificant 't' ratios which suggests that over the period 1968-2004, the compound rate of growth of share on milk and its products was insignificant both in Kerala and in the country as a whole (see Table 4.9).

#### **4.4.3 Edible oil**

The share of MPCE on edible oil also remained more or less the same with an exception during the year 1993-94. In the case of edible oil, the MPCE share of All-India was little higher than that share in Kerala. The rate of growth analysis provides insignificant 't' ratio for Kerala. But, the growth was significant

**Table 4.9 Summary Results: Regression of Expenditure shares (food items)**

Dependent variable ln(variable)	Kerala/ All-India	Co-efficients		Instantaneous rate of gr/dcy (%)	Compound rate of gr/dcy (%)	't' ratio	R <sup>2</sup> value	Year
		B <sub>1</sub>	B <sub>2</sub>					
Cereals etc.	Kerala	3.361606	_.0462114	4.621	4.7295	_.10.619	.8482	1968-2004
	All-India	3.492808	_.331631	3.3163	3.3719	_.11.230	.8563	1968-2004
Milk & products	Kerala	1.6646624	_.0033689	0.3369	0.3375	_.0.667	_.0285	1968-2004
	All-India	2.224642	_.002711	0.2711	0.2715	_.1.066	.0065	1968-2004
Edible oil	Kerala	1.066637	_.0072814	0.7281	0.7308	_.0.867	_.0125	1968-2004
	All-India	1.568279	_.0118442	1.1844	1.1914	_.2.266	.1644	1968-2004
Egg, fish & meat	Kerala	1.828537	_.010883	1.088	1.0942	1.625	.0758	1968-2004
	All-India	1.207208	_.0026545	0.2655	0.2658	0.939	_.0057	1968-2004
Vegetables	Kerala	1.000728	_.0167459	1.6745	1.6886	3.632	.3788	1968-2004
	All-India	1.518121	_.0117871	1.1787	1.1856	3.478	.3457	1968-2004
Fruits	Kerala	1.767911	_.0165302	1.653	1.6667	_.2.974	.2818	1968-2004
	All-India	.5547622	_.0083053	0.8305	0.8339	2.272	.1655	1968-2004
Beverages	Kerala	2.306086	_.0172834	1.7283	1.7433	_.4.719	.5153	1968-2004
	All-India	1.64002	_.0018229	0.1823	0.1825	0.907	.0085	1968-2004
Other food	Kerala	1.805642	_.0320232	3.2023	3.2541	_.9.848	.8275	1968-2004
	All-India	1.806804	_.0232937	2.3293	2.3567	_.10.422	.8367	1968-2004
Food Total	Kerala	4.260283	_.0282312	2.8231	2.8633	_.6.234	.6543	1968-2004
	All-India	4.186393	_.0040622	0.4062	0.407	0.138	_.0490	1968-2004

Note: Critical value at 5 percent significance level is 1.73 for 19 df (two tail).

in the case of All-India where the share over the period grew at the rate of 1.97 percent per year.

#### **4.4.4 Egg, fish and meat**

The MPCE share on egg, fish and meat showed an increasing trend up to the year 1993-94 and a decreasing trend from that year. Though the trend resembled the All-India pattern, the shares in the state were more than double of that of All-India. Rate of growth analysis provides insignificant 't' ratios both for the state and for the country.

#### **4.4.5 Vegetables**

The MPCE share on vegetables in Kerala was lower than that of All-India. The share in Kerala showed an increasing trend though it stood below All-India level through out the period. The rate of growth analysis provided a compound rate of growth of 1.68 percent for Kerala over the period 1968-2004. The corresponding rate for All-India was 1.18 percent per year.

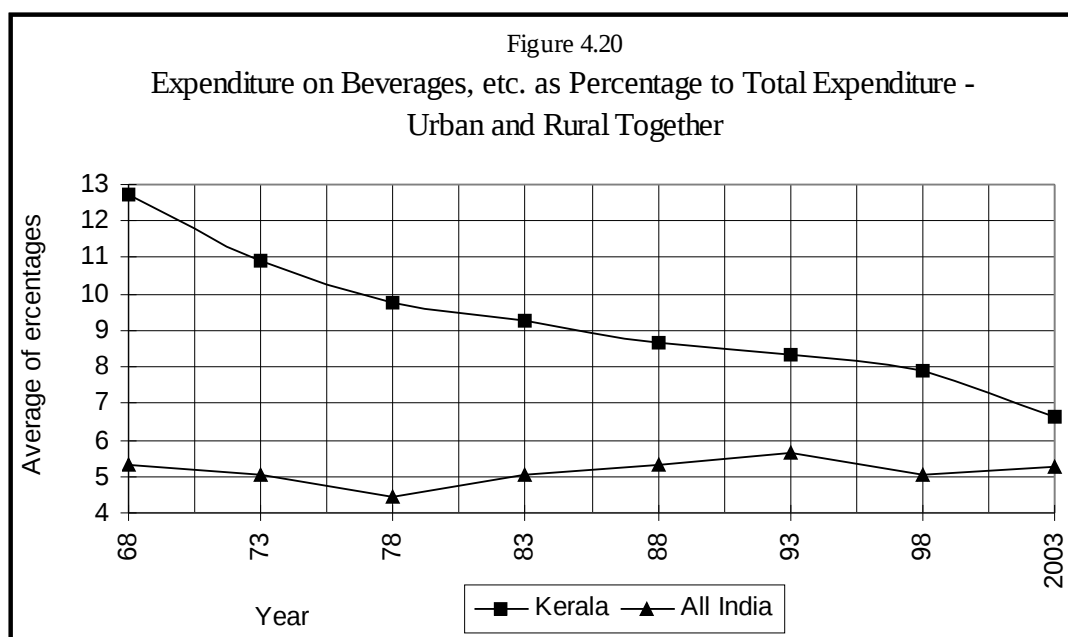
#### **4.4.6 Fruits**

The share of MPCE on fruits in Kerala was 4 to 6 percent during the period. The proportion of expenditure in Kerala was two to three times higher than that of All-India. The share was very high during 1978, 1988 and 1994. The rate of growth analysis shows that over the period 1968-2004 the compound rate of growth of MPCE share on fruits was 1.66 percent per year in the state whereas it was 0.83 percent in the country as a whole.

#### **4.4.7 Beverages, etc.**

The share of MPCE on beverages, which occupied second rank among food items, declined from 12.7 percent (1967-68) to 7.82 percent (2004) in Kerala (Figure 4.20). The All-India figures showed a more or less constant movement through out the period 1968-2004, with a share of around 5 percent. The rate of

growth analysis suggests a compound rate of decay of about 1.74 percent per year in Kerala whereas the rate of decay was insignificant for the country as a whole.



#### 4.4.8 Other food items

The share of MPCE on other items of food in the state declined from 6.08 percent in 1967-68 to 3.2 percent during 2004. All-India expenditure share declined from 5.96 percent to 3.69 percent during the same period. Except in the year 1967-68, the All-India expenditure shares were higher than those of Kerala. Based on the rate of growth analysis, we observe that the share of MPCE on other food items grew at the rate of 3.25 percent per year in Kerala. Over the same period 1967-2004, the compound rate of growth in All-India expenditure share was 2.36 percent per year.

**Table 4.10 Average monthly per capita consumption expenditures on food and non-food items (in rupees), and their percentages over various years -- Rural.**

Periods	NSS Rounds	Food		Non-food		Total expenditure	
		Kerala	All-India	Kerala	All-India	Kerala	All-India
1967-68	22 <sup>nd</sup>	20.46 (74.13)	25.88 (77.34)	8.08 (25.87)	7.52 (22.66)	28.54 (100)	33.40 (100)
1977-78	32 <sup>nd</sup>	45.42 (61.20)	44.33 (64.34)	28.98 (39.04)	24.56 (35.66)	74.22 (100)	68.89 (100)
1987-88	43 <sup>rd</sup>	126.75 (59.94)	100.82 (64.00)	84.76 (40.08)	57.28 (36.00)	211.47 (100)	158.10 (100)
1997	53 <sup>rd</sup>	321.43 (56.33)	231.99 (58.73)	247.14 (43.47)	163.02 (41.27)	568.57 (100)	395.01 (100)
2003	59 <sup>th</sup>	440.82 (44.92)	298.57 (53.88)	540.59 (55.08)	255.59 (46.12)	981.41 (100)	554.15 (100)
2004	60 <sup>th</sup>	460.84 (46.54)	304.60 (53.94)	529.38 (53.46)	260.10 (46.06)	990.22 (100)	564.7 (100)

Source: NSS -- various rounds

(Note: Figures in parentheses are shares in percentages)

Among food items, sub-sectors like cereals, beverages and other foods registered a declining tendency whereas the egg-fish sub-sector as also vegetables showed a tendency to increase. The shares of milk and milk products as well as that of fruits showed a tendency to decrease marginally, and that of edible oil to increase marginally. In all these movements, one might observe the change that was occurring in the life habits of Keralites.

The average monthly per capita expenditure in rupees on food and non-food items and their percentages over the period are consolidated in Tables 4.10 and 4.11.

**Table 4.11 Average monthly per capita consumption expenditures on food and non-food items (in rupees), and their percentages over various years -- urban.**

Periods	NSS Rounds	Food		Non-food		Total expenditure	
		Kerala	All-India	Kerala	All-India	Kerala	All-India
1967-68	22 <sup>nd</sup>	23.75 (70.98)	29.82 (66.55)	11.06 (29.02)	15.0 (33.45)	34.81 (100)	44.82 (100)
1977-78	32 <sup>nd</sup>	50.99 (61.61)	57.97 (59.99)	31.76 (38.39)	38.18 (40.01)	82.73 (100)	96.15 (100)
1987-88	43 <sup>rd</sup>	151.97 (57.08)	139.75 (55.90)	114.26 (42.92)	110.18 (43.60)	266.23 (100)	249.93 (100)
1997	53 <sup>rd</sup>	393.78 (49.59)	320.26 (49.62)	400.33 (50.41)	325.19 (50.38)	794.11 (100)	645.45 (100)
2003	59 <sup>th</sup>	498.58 (38.36)	429.01 (41.98)	801.09 (61.64)	592.88 (58.02)	1299.67 (100)	1021.89 (100)
2004	60 <sup>th</sup>	559.06 (40.7)	441.48 (41.67)	812.45 (59.24)	618.68 (58.36)	1371.51	1060.16

Source: NSS -- Various rounds  
(Note: Figures in parentheses are shares in percentages).

## Section II

### 4.5 Comparison among various states

This section is devoted to explore the relationship among states of India in respect of income and consumption expenditure. Using Per capita income (PCI) and Per capita consumption expenditure (PCEE) data pertaining to the period from 1972-73 to 2004-05, an attempt is made to examine and compare various states. Six states comprising three rich states (Maharashtra, Gujarat and Punjab) and three neighbouring states (Tamil Nadu, Andhra Pradesh and Karnataka) are considered for the purpose. Two bases employed for the comparison are: i) PCI – PCCE difference and ii) The growth rates of PCI and PCCE over the period.

#### 4.5.1 Per capita income and consumption expenditure difference

A rural - rural comparison based on PCI-PCCE difference among the seven states considered shows that Kerala's position has weakened gradually from fourth in 1972-73 to fifth in 1977-78 and, again to sixth in 1987-88. The state's position in this regard has become lowest among the states during 2004-05 (Table 4.12).

Considering the rural - urban sectors together, the trend was more or less similar where the state's position slid down from fourth in 72-73 to sixth in 87-88 and, again to seventh in 2004-05 (Table 4.13).

The urban – urban comparison revealed certain differences in the trend where Andhra Pradesh is positioned below Kerala through out the period. Here we also see that the position of Andhra Pradesh in respect of PCI was also far below that of Kerala in all these periods. This may be the possible reason for the lower PCI-PCCE difference in respect of that state (Tables 4.14 and 4.15).

**Table 4.12 PCI-PCCE difference (in Rs.) of states and their position – rural**

Period → state ↓	PCI-PCCE difference					Position of States				
	197 2 -73	197 7 -78	198 7 -88	1997 -98	2004 -05	197 2 -73	197 7 -78	198 7 -88	199 7 -98	2004 -05
Gujarat	192	781	192 2	1077 1	2099 6	7	3	3	2	2
Maharashtra	424	843	277 6	1438 3	2534 4	1	2	1	1	1
Panjab	352	865	269 0	1072 0	1933 9	3	1	2	3	3
<b>Kerala</b>	<b>291</b>	<b>489</b>	<b>103 6</b>	<b>7700</b>	<b>1516 5</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>7</b>
Tamil Nadu	390	520	190 1	1010 1	1872 4	2	4	4	4	4
Andhra Pradesh	229	243	102 1	6601	1646 8	5	7	7	7	6
Karnataka	217	485	162 9	8700	1792 6	6	6	5	5	5

Source: PCI – EPW Research Foundation; PCCE – NSSO, Various rounds

**Table 4.13 PCI-PCCE differences of states and their position – rural and urban**

**together**

Period → state ↓	PCI-PCCE (Rs) difference					Position of States				
	197 2 -73	197 7 -78	198 7 -88	1997 -98	2004 -05	197 2 -73	197 7 -78	198 7 -88	199 7 -98	2004 -05
Gujarat	156	597	144 5	9557	1812 4	5	3	3	3	3
Maharashtra	224	642	206 3	1206 2	2120 3	3	2	2	1	1



Panjab	333	821	253 5	1022 2	1866 7		1	1	1	2	2
<b>Kerala</b>	<b>195</b>	<b>439</b>	<b>707</b>	<b>6347</b>	<b>1287 8</b>		<b>4</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>7</b>
Tamil Nadu	292	383	133 4	8799	1556 1		2	5	4	4	4
AndhraPradesh	130	102	597	5384	1320 0		7	7	7	1	6
Karnataka	137	349	118 8	6749	1531 3		6	6	5	5	5

Source: PCI – EPW Research Foundation; PCCE – NSSO, Various rounds

**Table 4.14 PCI-PCCE difference of states and their position – urban**

Period → state ↓	PCI-PCCE difference					Position of States				
	1972	1977	1987	1997	2004	1972	1977	1987	1997	2004
	-73	-78	-88	-98	-05	-73	-78	-88	-98	-05
Gujarat	121	413	968	834	1525	3	3	3	3	3
Maharashtra	24	442	135	974	1706	7	2	2	1	2
Panjab	313	778	238	972	1799	1	1	1	2	1
<b>Kerala</b>	98	389	379	499	1059	<b>4</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>6</b>
Tamil Nadu	194	246	767	749	1239	2	5	4	4	5
Andhra Pradesh	30	-40	173	416	9932	6	7	7	7	7
Karnataka	57	213	746	479	1270	5	6	5	6	4

Source: PCI – EPW Research Foundation; PCCE – NSSO, Various rounds

**Table 4.15 PCI (Rs.) of different states and their comparative position**

Period → state ↓	PCI					Position of States				
	1972	1977	1987	1997	2004	1972	1977	1987	1997	2004
	-73	-78	-88	-98	-05	-73	-78	-88	-98	-05
Gujarat	812	162	385	1658	2835	4	3	3	3	3
Maharashtra	922	176	470	1901	3217	2	2	2	1	1
Panjab	124	223	562	1876	3070	1	1	1	2	2
<b>Kerala</b>	<b>798</b>	<b>138</b>	<b>357</b>	<b>1452</b>	<b>2704</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>4</b>
Tamil Nadu	842	128	375	1538	2596	3	5	4	4	5

		0	3	8	5					
AndhraPradesh	707	1079	2943	11650	23153		7	7	7	7
Karnataka	751	1264	3419	12832	23945		6	6	6	6

Source: EPW Research Foundation

Observing the overall nature, it may be deduced that among the states considered, the expenditure behaviour of Kerala is stronger compared to the remaining states, indicating the elements of consumerism.

#### 4.5.2 The growth rates

A comparison of states on the basis of growth rates revealed that Kerala ranks first in respect of PCCE, in the rural and urban sectors as well. During the period from 1972-73 to 2004-05, the growth rates for the state were 9.86 percent in the rural sector, 10.31 in the urban sector and 10.11 for the state as a whole. In all these cases, the state maintained a clear margin over the remaining states (Table 4.16).

A rural – rural comparison shows that Kerala maintained a margin of 1.09 percent over Tamil Nadu, the state next in rank to Kerala and, 1.16 percent over Maharashtra, one of the richest states in the country. In the case of urban sector, the margins that Kerala maintained were 0.59 over Tamil Nadu and 0.83 over

**Table 4.16 Growth rates of states from 1972-73 to 2004-05**

State	PCI	PCCE		
		Rural	Urban	Rural +Urban
Gujarat	11.07 (55.92)	8.49 (61.34)	9.38 (61.60)	9.02 (68.87)
Maharashtra	11.19 (57.93)	8.25 (53.84)	9.48 (72.91)	9.04 (72.67)
Panjab	10.46 (69.83)	8.11 (37.49)	8.88 (72.50)	8.53 (65.14)
Kerala	11.19 (54.76)	9.86 (94.62)	10.31 (59.34)	10.11 (81.45)
Tamil Nadu	11.58 (57.69)	8.77 (70.60)	9.72 (68.68)	9.35 (77.19)
AndhraPradesh	11.42 (52.45)	8.31 (76.07)	9.41 (99.09)	8.97 (108.39)
Karnataka	11.13 (61.17)	8.17 (58.94)	9.39 (62.59)	8.91 (64.83)

Note :1. Coefficients are significant at 1 % level.

2. Figures in parentheses are t values.

Maharashtra. Taking rural-urban sectors together, the state maintained a margin of 0.76 percent and 1.07 percent respectively over the states of Tamil Nadu and Maharashtra.

Converse to the trend that is shown in PCCE, Kerala's position in the case of growth rate in PCI (11.19 percent) is third among the states we have considered (Table 4.17). Tamil Nadu, which is first in the case of growth rate in PCI (11.58 percent), has placed only next to Kerala in the case of growth rate in PCCE. Another neighbouring state, Andhra Pradesh which comes next to Tamil Nadu in the case of growth rate of PCI, occupied the fifth position in respect of PCCE (8.97 percent). The state of Maharashtra, though shares the same rank with Kerala in the case of growth rate in PCI (11.19 percent), is placed below Kerala and Tamil Nadu in respect of growth rate in PCCE.

**Table 4.17 States' position in growth rates (1972-73 to 2004-05)**

State	PCI	PCCE		
		Rural	Urban	Rural +Urban
Gujarat	6	3	6	4
Maharashtra	3	5	3	3
Panjab	7	7	7	7
Kerala	3	1	1	1
Tamil Nadu	1	2	2	2
AndhraPradesh	2	4	4	5
Karnataka	5	6	5	6

All these observations are indicative of the over emphasis that the state has given to consumption expenditure and the state's tendency to surpass the remaining states in this respect. In short, we may deduce that the facts observed about the income-consumption expenditure relations among the states and the

conclusions derived on their basis substantiate our hypothesis regarding the existence of consumerism and its strength in the state.

#### 4.6 Acceleration Analysis

In order to have a better perception of the trend in growth rate, we have resorted to an acceleration analysis. For the purpose, we used per capita income

**Table 4.18: Summary result – acceleration analysis**

Variable	Coefficients	
	$\beta^1$	$\beta^2$
$F_r$	9.11658 * (92.33)	-0.0629 * (-5.42)
$F_u$	9.07151 * (69.61)	-0.04411 * (-2.88)
$F_c$	9.09224 * (83.48)	-0.05267 * (-4.11)
$NF_r$	11.33945 * (60.24)	.00276 (0.12)
$NF_u$	11.93807 * (43.33)	0.04545 ** (1.40)
$NF_c$	11.68442 * (59.19)	0.02774 (1.19)
$TE_r$	9.09091 * (16.77)	-0.08286 (-1.30)
$TE_u$	10.32754 * (18.29)	0.18498 * (2.79)
$TE_c$	9.65909 * (16.79)	0.06207 (0.92)
PCI	11.19652 * (20.85)	0.06238 (0.99)

Note: 1) \* Significant at 1% level; \*\* Significant at 10% level

2)  $R^2$  is above 90% in all the cases. (Figures in brackets show 't' values)

3) F: food; NF: non-food; TE: total expenditure r: rural; u: urban; c: combined.

and per capita consumption expenditure data of the state pertaining to the period from 1972 to 2005. We employed a non-linear function of the form  $\ln E = \beta_0 + \beta_1 t + \beta_2 t^2$  and the coefficients for  $\beta$ s thus derived are shown in Table 4.18.

We find that the expenditure on food items showed a tendency to decline over the period with a compound rate of decay of more than 9 percent. The expenditure on food items also showed a tendency to decelerate in rural and urban areas as well. Converse to this trend, the tendency was to grow in the case of non-food expenditure. Though the compound growth rate was more than 11 percent in all the sectors, only urban sector has shown a tendency to accelerate. In other sectors, the tendency was neither to accelerate nor to decelerate. It is also found that the compound growth rate in the case of urban sector is higher than that in the rural sector. In addition, a close association is found between growth rate in per capita income and that in per capita consumption expenditure on non-food items. It is also found that the growth rate in per capita consumption expenditure on non-food items exceeds that of per capita income in both rural and urban areas. The situation provides clear indication of consumerism.

It all shows that the consumption expenditure pattern in the state reveals a common trend which is indicative of the existence of rural-urban continuum. More over, the movement of consumption expenditure in the state substantiates the Engel relation for income and expenditure.

### **Summing up**

Thus we find that consumption pattern in the state has been changing since 1970s, showing a clear indication of shifting consumption preferences of Keralites. This shift was in response to changing aspirations of the people in the state.

Various reasons are attributed to this change in aspirations of the society. Exposure to the outer-world, contacts with the western culture and life styles and increase in disposable income are the major factors which might have contributed significantly to this trend. Globalization might have also contributed to this. It is argued that the advancement of communication system has put its vital impact on the preference shaping process. The world today has been reduced into a village where the happenings at one corner may easily be diffused into the other parts within no time.

The 'preference shifting process' and the consequent shift from items to items took a conspicuous form in the state. The trend in the movement of MPCE shares expended on various groups of items such as food, non-food and durable goods substantiates the argument.



# **Chapter Five**

## **CAUSES OF CONSUMERISM IN KERALA**

- 5.1 Waves of windfall in Income**
- 5.2 Emigration**
- 5.3 Social and cultural changes**
- 5.4 Emulation**
- 5.5 Urbanization**
- 5.6 Openness of society**
- 5.7 Increased availability of consumer goods**
- 5.8 Print and Visual Media**
- 5.9 Bewitching advertisement and disarming marketing strategies**
- 5.10 Credit facilities aplenty**
- 5.11 Tourism**
- 5.12 Spaces**
- 5.13 Government policy**

**Summary of data analysis**

## **Summing up**

### **CAUSES OF CONSUMERISM IN KERALA**

Consumption requirements of the people are moulded by both hereditary and environmental factors. The instinct directed-drives inherent in human beings give ample scope for the emergence of consumerist tendencies. These personal traits are shaped and re-shaped by various social and environmental changes. “Important elements of human nature are open to delight in the acquisition of new goods. Add growing prosperity and money earnings, which allowed these elements to shine through. Add attractive new goods and marketing methods that provided new opportunities to manipulate ordinary folks and build on their natural impulses and their new earnings. And the result is assured: consumerism will emerge and grow” (Stearns, 2001). The development of modern technology puts its impressive influence on the society and its culture, which, in turn, create an environment for the spread of consumerism through out the world. “New technologies and associated cultural changes, the production and dissemination of prints, increases in literacy and the advent of news papers helped to promote a

‘modern’ world view, and influenced the geographical spread of consumerism” (Cressy, 1993 cited in Mansvelt, 2005).

An investigation into the causes of this phenomenon would lead us to a multitude of factors ranging from idiosyncrasies of the consumer to the context in which decisions are made. In this section, we examine the important factors that caused the emergence of consumerism in the state and its modifications over time.

### **5.1 Waves of windfall in Income**

Income is one of the major determinants of consumerism. Considering its decisive role, some people might try to explain consumerism simply in terms of income. The argument follows like this: If propensity becomes greater, an increase in the margin of money earning above subsistence makes a person consumerist. The explanation might be seen as an oversimplified one since there is ample evidence that many people in the past, who did have a margin over subsistence, did not behave like consumerists. However, higher earnings act as a pre-condition for consumerism to exist and, it is true that an increase in prosperity was vital to consumerism’s advent. ‘New forms of money earnings are always involved in the rise of consumerism, around the world’ (Stearns, 2001). A sense of new necessities may develop with increase in income, particularly among middle income class people.

Considering the importance of income as a determinant, Mason (1981) writes: ‘Conspicuous leisure and consumption are therefore seen as desirable objectives in all social groups but it is economic – i.e. the absolute and relative levels of income and wealth – which ultimately decides to what extent they can be undertaken’.

From the early period itself, the state was known for its spices and spices-related foreign trades. Foreign demand promoted cultivation of such products

and, their trade enriched those who dealt in them. People extensively used to produce such goods as a supplementary source of income.

New items like cashew and rubber came into the forefront with the arrival of Europeans during sixteenth century. The consumer items they brought with them generated interests in the natives, which possibly might have sowed the seeds of consumerism at its earlier stage. Due to difficulty in procuring enough forest resources and exploiting them at its maximum, Britishers diverted their interest towards cash crops. As such, colonial rule followed the policy of commercialization of agriculture. Owing to their policy measures, a considerable part of Kerala's agricultural sector came under cash crops leading to an increase in the disposable income of the people.

As part of their attempts to get rid of unemployment and allied problems, industrious individuals of the state sought out to West Asia as their destination for their stakes at home. The stories of success in such early attempts soon spread and, the positive responses that it brought made emigration a phenomenon in the state. The consequence was an inflow of large remittances that produced a wave of windfall increase in disposable income in the state. At its earlier stages, the remittances were mainly used in construction sector. The housing boom, thus created, caused large scale demand for skilled as well as unskilled workers leading to an increase in the wage level, again a way of increase in disposable income. Attracted by huge wage differentials and better working conditions, rural labourers collectively migrated from the farming sector causing a dearth of agricultural labourers. The wage of agricultural labourers had to be raised for retaining sufficient number. Thus, huge remittances through its multi-faceted action became instrumental in shifting disposable income to higher levels.

The construction sector remains to be one of the promising sectors even today. Building of new structures as well as renovation of existing ones according to recent tastes & trends, necessitate large scale absorption of youngsters as unskilled labourers, where they consider this as an opportunity to

make money. In the absence of any family responsibilities to be discharged, the youngsters use a major share of such income in satisfying consumerist practices.

At present, the IT related employments, though limited to the IT educated individuals, have emerged as a huge income earning source for youngsters. The number so employed is becoming larger, producing yet another wave in disposable income that may manifest in boosting consumerism. Two more areas that assumed importance along with housing sector as employment providers in the state are automobiles and consumer durables. These sectors, with their potentiality, create a series of employment –both at the executive and at the floor levels and, absorb youths at various levels. This may, again, result in an increase in the disposable income of the people. These waves, no doubt, are the necessary outcome of economic development. But, such increases in income may, at least for a transitional period, rest with those having high spending habits and thus might have manifested in shaping consumerism that Kerala experiences. Keynes said that if a man is enjoying a windfall increment in the value of his capital, it is natural that his motives towards current spending will be strengthened.

Malappuram is basically an agricultural district. But, the influence of commercialization of agriculture in the district could be seen from the land utilization pattern of the study area. About 27 percentage of the respondents revealed that they have land put under plantation or rubber. Another 10 percentage revealed to have land being used for agriculture. In our survey we found that out of the total households, 32 percent were emigrant households.

**Table 5.1 Decadal distribution of emigrants based on their first emigration**

<b>Decade</b>	<b>Number of households</b>	<b>Percentage</b>
1960s	2	3.85
1970s	6	11.54
1980s	20	38.46

1990s	23	44.23
others	1	1.92

Source: Primary Survey, 2006

Regarding the time dimension of emigration, 4 percent of the households revealed to have made their first trip in the 1960s. The shares of emigrants who emigrated during other decades are 12 percent in 70s, 39 percent in 80s and 44 percent in 90s (Table 5.1).

**Table 5.2 Distribution of houses according to the period of construction**

Period	Number of households	Percentage
1970 – 79	1	0.43
1980 – 89	3	1.29
1990 – 99	35	15.09
2000 – 05	113	48.71
After 2005	65	28.20

Source: Primary Survey, 2006

The survey shows that the number of houses constructed in various periods was continually on the rise from decade to decade (Table 5.2). From this observation, we could perceive that the commercialization of agriculture, emigration and construction activities were sufficient enough for producing waves of income in the study area. The reflection of these waves can be found in the levels of income of the households. In the study area we found that the households with monthly income of more than rupees twenty thousand were 79.7 percent and those with income higher than rupees thirty thousand were 36 percent (see Table 3.9).

## 5.2 Emigration

Kerala society experienced drastic changes in its socio-economic environment due to large scale migration. Gulf migration began on a large scale from the year 1973. The total number of persons working abroad was 1.35 lakh

in 1977. The figure rose gradually to 2.08 in 1980, 9.57 in 1987, 13.6 in 1999 and reached up to 18.4 lakh in 2004.

The number of non-resident Keralites (NRKs), defined as the sum of emigrants and return emigrants, was 27.3 lakh in 2004 (Zachariah & Irudaya Rajan, 2004). Out of the total emigrants in 2004, 90 percent was in Gulf with a majority in UAE and Saudi Arabia. Large scale migration resulted in huge inflow of remittances to the Kerala economy. 'Among the different states in India, Kerala occupies a unique position as the largest recipient of foreign remittances from residents abroad' (Gopinathan Nair & Mohanan Pillai, 1994). During the seventies, the annual remittances to the state were calculated to be somewhere between 4 and 5 billion rupees (Sooryamoorthy, 1977). The remittances to the Kerala economy started assuming significance from the early eighties. During the eighties the share of remittance in state income ranged between 9 to 14 percent. Since 1991-92, the share increased to 17-24 percent with an average of 21 percent for the period (Zachariah et. al, 2002). Total remittances for the year 2004 were 18,465 crores which was 22 percent of net state domestic product. Share of remittance was the highest in Thrissur district followed by Malappuram district.

One of the inevitable consequences of emigration is the substantial increase in the disposable income at the household level. This increase has had considerable impact on the consumption pattern of Kerala households (Zachariah and Irudaya Rajan, 2004). An increase in the availability of disposable income of families can naturally lead to a corresponding change in the life style of the people.

The remittances thus accrued to the state have gone mainly to sustain increasing levels of consumption, acquisition of consumer durables and purchase of construction materials. The impact of Gulf migration and subsequent foreign remittances on consumption patterns of 'malayalies' is seen to be more severe than in any other region in India. The outcome that remittances created was

double sided. First, the enhanced capacity of migrant families to spend led them to an overall change in the existing consumption pattern. Secondly, this change served as a reference pattern for others to emulate.

The study by Gopinathan Nair and Pillai (1994) found that the consumption level in Kerala, which remained lower than all India average till early 1970s, steadily improved and exceeded the national average by 1983-84. The continuous increase in the ratio of consumption expenditure to the state domestic product and its exceeding over 'unity' in the year 1986-87 was possible due to remittance income. Zachariah and Kannan (2002) pointed out that per capita consumer expenditure in Kerala is one of the highest among Indian states since the mid-eighties. It is observed that the expenditure incurred on every item of consumption by migrants' households has reached three times that of the non-migrant households (Gulati, 1993). Regarding the consumption behaviour of families of emigrants, Sooryamoorthy (1977) observed that the changes in spending behaviour were conspicuous and it was characterized by consumer expenditure at a higher level than their income and erstwhile pattern of consumption.

Migration has also resulted in considerable increase in the number and variety of household consumer durables possessed by households of migrants. Consumers got chance to be exposed to new consumables. As a result, durables of various kinds gained some social appeal and consumers began to display a fancy for them. The study by Zachariah and Irudaya Rajan (2004) has found a significant contribution of emigration towards possession of consumer durables. The survey they conducted among migrants has shown a remarkable growth in the possession of items like TV, Telephone and refrigerators. Sharp increase has occurred in the number and variety of consumer durables in households of Kerala in recent years. It is widely believed that this increase is associated mostly with the increase in the number of migrants. The study by Zachariah et.al, (2003) observed that consumer durables of the latest vintage has become



available within the state itself and so households with migrants abroad and high disposable income at home tend to buy more of them. Increase in household income, exposure to the use of these goods at the destinations and sheer necessity of labour saving appliances in the changing social and demographic set-up are the factors that contributed to the rising demand for consumer durables in the households of migrants. The study demonstrated the effect of migration on the possession of household consumer durables in two ways. First, the study showed that the incidence of possession of household consumer durables is much higher among the migrant households compared to that of the non-migrant households. Secondly, a comparison of emigrant households among themselves by the duration of emigration has shown a positive association between possession of household consumer durables and duration of migration.

Housing is another important sector in which emigration seems to have had a significant effect. Emigration has a significant effect on the quality of houses as well as their sizes. It also contributed significantly towards the fittings and furnishings such as electrification, toilet facilities and cooking fuel. The study by Zachariah and Irudaya Rajan (2004) found that about 58.3 percentage of the houses of the Non-resident keralites (NRKs) in 2004 were either 'luxurious' or 'very good'. The corresponding proportion was only 17 percent among the non NRKs. Sooryamoorthy (1977) has noticed extravagance of emigrant families in spending, especially on constructing elegant mansions and on luxuries. Massive expenditure in housing sector contributed towards consumerism in another way also. Housing expenditure caused a remarkable rise in the wage of labourers. A hike in their income has improved their living conditions followed by an increase in the consumption level.

An examination of these facts suggests that remittances are used mainly to acquire a variety of consumer goods as well as land and houses, vehicles and household accessories. These findings substantiate a strong positive relation between remittances and consumerism in Kerala. As Zachariah and

Irudaya Rajan (2004) observes: “With the increase in remittances and the consequent increase in disposable income at the household level, consumerist tendencies have reached alarming proportions in Kerala. People back home have no qualms to spend money earned by their relatives abroad on festivals and celebrations, on ornaments and jewellery, on costly apparels and various other items of conspicuous consumption. Rabid spending was reflected most in housing, acquisition of modern household gadgets and fancy household durables”.

It is found that Malappuram district is one of the largest contributors of the emigrant population to the state and is standing ahead among the districts as the second largest recipient of the remittances. With regard to the emigration, we found that the households with at least one emigrant in the sample area are 32 percent. Of this, 31 percent have more than one emigrant. The influence of emigration is reflected in the purchase of durables and spending habits of the locality. The regression analysis we undertook has substantiated a strong positive relation between emigration and consumption expenditure.

### **5.3 Social and cultural changes**

The economic behaviour and attitude towards commodities are moulded by the beliefs and customs of the people and which, in turn, are shaped by the social philosophy and values they adhered to and the cultural environment they were accustomed to. Eighteenth Century witnessed massive social and economic changes, especially those that originated in the West. These changes were favourable for creating an environment conducive for consumerism.

Eighteenth Century changes brought new levels of confusion regarding status and introduced strong potential for embracing new atmosphere. Consumerism, in effect, emerged as a compensation for these social changes. Merchants, who made huge fortunes, emerged as a group with upper-class power and attributes. Ambitious peasants, who expanded their holdings, used to keep

away from ordinary peasants. Such developments contributed towards status disruptions and, which was supplemented by two other developments namely, the spread of urban influences and the rapid growth of population. The ultimate effect of these changes was the decline in the hold of tradition and the power of family supervision. The new exposure to urban values might have strongly influenced in disseminating consumerism. In the changing social climate, commodities offer new functions as badges of identity, apart from the pleasure it brings.

Considering the class and age differentials, the young people picked up consumerism faster than older adults. Similarly, the social differences were rapidly disappearing in consumer styles and habits. Many observers of the eighteenth and nineteenth century have pointed out the impossibility to tell a person's social status from the way he or she dressed. Given the wide gaps in earnings, we can't expect the same quality of clothing that people wear, but, people were democratizing the styles of their clothing – that too with an urban flavour, irrespective of class differences. With regard to the role of gender relations in the pattern of disruptions, it is argued that, there are hints that consumer items did mean more to women than to men.

Along with these social changes, certain cultural changes also occurred during the age. European culture was changing rapidly with stress on secular values. The intellectual movement of Enlightenment thinking was received with enthusiasm and has contributed in boosting middle-class purchases, especially the items like children's books and other pedagogical aids. The spread of enlightenment ideas sowed the seeds of consumerism and nurtured its growth. Romanticism was another cultural current which praised emotion and individualism. Romantic writers praised moral and physical beauty, and particularly female beauty. 'People saw in consumerism a means of expressing their individual essence, and possibly also a way to stimulate love' (Stearns, 2001).

All these movements in the west produced their reflections in the rest of the world and caused repercussions in the existing socio-economic circumstances. Some reflections of the kind of developments, though urban centric in nature, took place in the country as a whole. Kerala had contacts with various parts of the world from time immemorial. These ancient contacts were mainly commercial. But, they played an important role in the formation of a Kerala culture which was a symbiosis of various religion and ideologies. Ancient Kerala had been famous for her spices. It was this fame that attracted foreign people and their culture to this land ever since 3000 BC. As per historical sources, Arabs and Phoenicians were the first to come and enter into trade relations with Kerala. They were followed by Greeks and Romans and then by the Chinese. Such relations might be the reason for the economic prosperity of the state during the early centuries of the Christian era. At the same time, these contacts had its own influence on the culture and behaviour of the people. The life and culture of 'Sanga' age was a clear evidence of the state's prosperity as also the splendid life of the rulers.

The end of trade relations with Arabs and Egypt, and the beginning of new relations with Europe was actually the opening up of a new epoch in the economic history of Kerala. This new relations has resulted in the spread of Western culture and luxury goods in the state. It was the Portuguese who started constructing ornamental architectures and bungalows in the state. The extensive world wide contacts of this land have been portrayed well by the foreign visitors of that period. Pyrard De Laval who visited Calicut in 1607 qualified it as the "busiest and fullest of all traffic and commerce in the whole of India" (Menon, 1984). In his accounts, Ibn Batuta, described this region as "one of the great parts of the district of Malabar where merchants from all parts of the globe are found". Though the nature of relations as well as the centre of their focus has changed, history gives evidence of its continuity and its constant influence on the culture and behaviour of the society.

The study area had once shown its resentment to western culture and the education system they introduced. But, the constant contact with the outside world and different cultures broadened their outlook and made their mindset totally changed so as to embrace the new atmosphere. The reflection of these changes could be seen in their purchases and life habits as well. In our sample, the respondents having more than 5 items of durable goods were 99 percent. About 62 percent of them revealed their practice of using ready made dresses.

To a question regarding the reason for increase in the consumption expenditure, about 38 percentage of the respondents revealed that the changes in the life habits of the people is the main reason. All these observations are indicative of a democratized trend in consumption pattern which was set in with the changes at socio-cultural front.

#### **5.4 Emulation**

Emulation plays an important role as a decisive factor of consumerism. It oils its pace and determines its extent. History provides many instances that societies and individuals have emulated the lifestyles and consumption habits of upper classes as well as alien culture. Emulation has been considered a way of achieving status in the society. “It is proposed that those in the lower echelons of society sought to emulate the life style choices of the upper and middle classes through fashion, travel and food tastes” (McKendrick et al.,1982 cited in Mansvelt, 2005). History of seventeenth century gives the example of aristocrats who had tried to outdo each other with fancy costumes, luxurious coaches and elegant furniture and their life style became the target of emulation for those with new money. By emulation, new consumers sought to demonstrate their worth and class in the society. Europe – the then most powerful region in the world – was treated as the model and tempted to imitate its consumerism as the sign of success. Accordingly, the consumerist society of Europe provided a model for other regions to imitate. It is the existence of European consumerism that added to the drive for consumerism elsewhere.

In order to indicate their power and status as well as their difference from others wealthy people engaged in conspicuous displays and practices of consumption. The act of emulating such group nurtured a race between upper classes that used to distinguish and immediate lower classes that used to chase through imitation. “The historical struggle for existence thus became one of ‘keeping up appearances’ in which emulation of the consumption practices of the leisure classes by the lower classes in society was seen by Veblen as a principal mechanism for historical changes in consumption” (Mansvelt, 2005). The rich ‘lead the way’ and the spending habits are soon emulated by the lower echelons of the society.

Housing and its premises are the major source of emulation in Kerala society. The rich, with their fortune, went on outdoing others and the middle as well as the lower income groups tended to emulate them quickly. Multiplicity of huge houses and mansions found throughout the state may be the offshoots of this behavioural pattern.

The facts revealed by our survey provided ample evidence for the existence of outdoing as also the emulative behaviour in the housing sector of Kerala. The sizes as well as the styles of houses were totally detached from any rational basis. The very culture of housing structure has thoroughly changed and, single-storied buildings extensively gave way to multi-storied buildings. Our survey found that 221 houses (95 %) out of 232 were multi- storied buildings (Table 5.3).

Increasing the number of rooms, with enough space has become a fashion of the day. 91.38% (212) of the houses we surveyed have more than 7 rooms. About 50% of the total houses have 8 rooms, 11% have 9 rooms and 14% have 10 rooms. The percentage of houses having more than 10 rooms was 17.24.

**Table 5.3 Distribution of respondents by stories of their houses**

Stories	Locality			Total	Percentage
	I	II	III		
1	0	1	2	3	1.29
2	67	71	76	214	92.24
3	1	1	0	2	0.86
4	4	1	0	5	2.16
No response	5	0	3	8	3.45
Total	77	74	81	232	100

Source: Primary survey, 2006.

Emulation and outspending behaviour were also explicit in the costly materials used for the flooring of the houses. Leaving traditional materials in its antiquity, modern materials came into prominence, that too with a chase for the ultra-modern.

Another mode of emulation we found is in the case of furnishing of the houses. Along with expensive electrification and ornamental fittings, the present tendency is flooring carpets, decorating rooms with costly wooden furniture and installing air conditioners. As we found in our survey, the houses floored with carpets were 12 percent (Table 5.4). Again, we found that 99 households

**Table 5.4 Distribution of respondents based on carpet using status**

Floor carpet	Locality			Total	Percentage
	I	II	III		
Yes	7	11	10	28	12.07
No	69	63	70	202	87.07
No response	1	0	1	2	0.86
Total	77	74	81	232	100

Source: Primary survey, 2006.

(42.67% of the total households) together spent Rs. 457200 towards purchasing furniture for their houses in 2006 (Table 5.5). It is surprising to find that the share of households in the area who installed air conditioners in their houses was 41.8 percent (Table 5.6). The observation on the attitude of respondents towards this equipment was rather surprising. While 76 percent of the 97 households who

**Table 5.5 Distribution of respondents based on the amount of money they spent on furniture, 2006**

Amount (Rs '000')	Locality			Total hhs	Percentage
	I	II	III		
0 – 1	4	1	10	15	15.15
1 - 2	10	2	12	24	24.24
2 - 5	21	9	9	39	39.40
5 - 10	3	9	1	13	13.13
10 - 15	0	4	2	6	6.06
15 - 25	0	1	0	1	1.01
25 – 50	1	0	0	1	1.01
All	39	26	34	99	100
Total Amount	166500	195800	94900	457200	

Source: Primary survey, 2006.

**Table 5.6 Distribution of respondents on the basis of air conditioner installed**

Air conditioner	Locality			Total	Percentage
	I	II	III		
Yes	23	40	34	97	41.81
No	52	34	47	133	57.33
No response	2	0	0	2	0.86
Total	77	74	81	232	100.00

Source: Primary survey.

installed A/C in their houses responded that air conditioner was a luxury, only two percent considered it a necessity in their locality. The remaining, 10.31



percent treated it as a comfort. Twelve percent did not respond to this question (Table 5.7). The observation on the operational status of this equipment was also interesting. Eighty five percent of the A/C installed respondents answered that their air conditioners are operated either rarely or occasionally (Table 5.8).

**Table 5.7 Distribution of A/C installed respondents by their attitude towards it.**

Attitude	Locality			Total	Percentage
	I	II	III		
Luxury	19	26	29	74	76.29
Comfort	0	9	0	9	9.28
Necessary	1	0	1	2	2.06
not mentioned	3	5	4	12	12.37
total	23	40	34	97	100.00

Source: Primary survey, 2006.

**Table 5.8 Distribution of A/C installed respondents and the working status of A/C**

working status	Locality			Total	Percentage
	I	II	III		
Rarely	7	13	20	40	41.24
Occasionally	13	19	10	42	43.30
Regularly	0	3	0	3	3.09
not mentioned	3	5	4	12	12.37
total	23	40	34	97	100.00

Source: Primary survey, 2006.

As part of beautification of premises and exhibiting their affluence, people used to spend huge amounts of money on interlocking, courtyard, lawns, etc. In our survey, the households who paved interlocking tiles were 55.6 percent (Table 5.9). Regarding the area of interlocking they paved, 54.27 percent households

interlocked more than 10 meter front space, 24 percent paved less than 25 meters of the front space. Though nominal in number, the cases of interlocking with 150 meters had also been found. About 21percent of the respondents were silent about the length (Table 5.10).

**Table 5.9 Distribution of respondents on the basis of interlocking they made**

Inter Locking	Locality			Total hhs	Percentage
	I	II	III		
Yes	31	44	54	129	55.60
No	45	29	26	100	43.10
No response	1	1	1	3	1.30
Total	77	74	81	232	100.00

Source: Primary survey, 2006.

**Table 5.10 : Distribution of respondents who paved interlocking based on their area**

Area of interlocking	Locality			Total	Percentage
	I	II	III		
below 10 mts	22	5	5	32	24.80
10 to 25 mts	1	29	9	39	30.23
25 to 50 mts	4	3	19	26	20.16
75 Meters	0	0	1	1	0.78
100 Meters	0	0	2	2	1.55
150 Meters	0	1	1	2	1.55
Not mentiond	4	6	17	27	20.93
total	31	44	54	129	100.00

Source: Primary survey, 2006

Gates that consume huge amounts of money were assuming importance in modern housing culture. In our survey, we found that 96.55 percent of the households have expensive ornamental gates in front of their houses (Table 5.11). The practice of making lawns in front of the houses is becoming

prominent in these days. About 10 percent of the houses we surveyed had lawns in their housing premises.

**Table 5.11 Distribution of respondents on the basis of gates they made.**

Gates	Locality			Total hhs	Percentage
	I	II	III		
Yes	74	70	80	224	96.55
No	2	3	0	5	2.16
No response	1	1	1	3	1.29
Total	77	74	81	232	100.00

Source: Primary survey, 2006.

Barring the houses, the major source of emulation and of spending extravaganza was found in vehicles. As disclosed by our survey, 97 percent of the 232 households have at least one vehicle of their own. Among them, 112 households (49.56%) have at least two vehicles; whereas, the households with more than two vehicles were 33 (14.6%) in number (Table 5.12). With regard to the items of vehicles possessed as well as their uses, we have noticed some

**Table 5.12 Distribution of respondents based on number of vehicles possessed**

Number of vehicles	Locality			Total hhs	Percentage
	I	II	III		
1	50	29	35	114	50.44
2	14	29	36	79	34.96
3	4	9	8	21	9.29
4	3	5	0	8	3.54
5	2	1	0	3	1.33
6	0	0	1	1	.44
Total	73	73	80	226	100
0	4	1	1	6	

Source: Primary survey, 2006

features with economic implications. A major share of vehicles comprises Cars (178) and two wheelers (111). The survey revealed that 76.72 percent of the respondents (178) possess cars of their own. Among them, 18.54 percent (33) have more than one car (Table 5.13). As the cars possessed were meant mainly for private purpose, the investments in this sector must be deemed unproductive. The number of households who were using their vehicles for income earning purpose was nominal. In our survey, we found only 4 buses, 6 trucks and one autorikshaw that are used exclusively as source of income. In addition, we found 33 jeeps, which are used partly for hiring purposes (Table 5.14).

**Table 5.13 Distribution of respondents based on number of cars they possessed.**

Number of cars	Locality			Total hhs	Percentage
	I	II	III		
0	31	10	13	54	23.28
1	42	50	53	145	62.50
2	4	12	15	31	13.36
3	0	2	0	2	0.86
total	77	74	81	232	100.00

Source: Primary survey, 2006

**Table 5.14 Distribution of households based on items of vehicles**

Item of vehicle	Number of households	percentages
Bus	5	2.16
Trucker/ Lorry	6	2.59
Auto rikshaw	1	0.43
Jeep	33	14.22
Car	178	76.72
Two Wheelers	111	47.84

Source: Primary survey, 2006

Dressing has become another important object of emulation. Coping up with emerging novel fashions, the patterns of dressing as well as their materials are changing very fast in the state. Costly ready-made dresses have become the

current fashion in the state. Youngsters follow certain brand loyalty in shaping their preferences. A casual observation in this respect shows the signs of north-south divide that seems to exist in the state. It is felt that the craze for costly materials and attractive styles has not been so strong in the southern parts when compared to the northern and central parts of Kerala. Early migration from Malabar and constant contact with the outside world may possibly be the reason.

**Table 5.15 Distribution of respondents based on the use of ready-made dresses.**

Ready-made use	Number of households	percentages
Y	143	61.64
N	77	33.19
No response	12	5.17
Total	232	100

Source: Primary survey, 2006.

Our survey revealed that 61.64 percent of the respondents were using ready-made dresses (Table 5.15). Of this, 41.43 percent of the respondents have shown brand loyalty in their choices. While 12.14 percent of respondents have shown their fashion attachment, only 7.14 Percent have given due consideration to the qualitative aspects. About 31 percent of the ready-made users prefer them to avoid stitching botherations (Table 5.16).

**Table 5.16 Reason-wise distribution of ready-made users**

Reason	Brand	Fashion	quality	difficulty	fasn+brnd	total	No resp
number	58	17	10	43	12	140	92
percentage	41.43	12.14	7.14	30.71	8.57	100	--
%of sample	25	7.33	4.31	18.53	5.17	60.34	39.66

Source: Primary survey, 2006

Regarding dresses, a general tendency noticed was that of keeping multiple pairs of dresses at a time. In our survey, the percentage of respondents having 8 to 9 pairs was found to be 47.84. The percent corresponding to the

range 6-7 was 35.77. The respondents with less than 5 pairs were only 3 percent whereas 12.5 percent have more than 10 pairs (Table 5.17). Marriages, festivals and receptions are some other major areas where spending extravaganza is very extensive indicating emulative behaviour.

**Table 5.17 Distribution of respondents based on pairs of dress they kept**

Pairs of dress	< 5	6 - 7	8 – 9	10 - 11	> 12	No resp	Total
Number of hhs	7	83	111	23	6	2	232
Percentages	3.02	35.78	47.84	9.91	2.59	.86	100

Source: Primary survey, 2006

The facts we observed in our survey and discussed so far substantiate the strong positive influence of emulation as a contributor of consumerism in the state.

## 5.5 Urbanization

Urbanization is a global phenomenon. It is a measure of the process by which the proportion of the total population concentrated in the urban settlements increases. The process has been considered as a major instrument for promoting agricultural and industrial development as well as implementing antipoverty programme in backward areas. Kerala has become one of the fastest urbanizing regions in the country. As elsewhere, urbanization is not limited to the designated cities and towns in the state. Unlike other parts of the country, the increase in urban population growth rate in the state is not resulted by over population in the existing cities, but mainly due to increase in the number of urban areas and also urbanization of the peripheral areas of the existing major urban centers. The entire state of Kerala depicts the picture of an urban-rural continuum where the rural–urban distinction is almost nonexistent. The Kerala society by and large can be termed as urbanized.

Urban growth will naturally be followed by a highly concentrated and accessible mass market. Concentration of markets generates new needs among people and accessibility encourages consumption of variety of items. Proliferation of products and services can very well attract and increase the number of consumers. The growth of urban population in Kerala was from 7.1 percent in 1901 to 18.78 percent in 1981. Then it jumped to 26.44 percent in 1991. Converse to the nature of other states, urbanization was not linked to industrialization in Kerala. Town density (number of towns per 1000 KMs) has made a quantum jump during 1981-91 i.e. from 85 to 109. The number of class I towns rose from 6 (1981) to 14 in 1991. As per Census of India 2001 record, urban population of the state is about 26 percent of the total population which is spread over 159 census towns in the state. In its growth process, Kerala has become one among the most urbanized places in India.

Urbanization might have had its own impact on the consumption habits of the people. Markets concentrated in urban centers and things became more accessible. Close proximity of modern amenities may have worked towards effective need creation and its modifications. Instead of searching for the things, things reach the consumers. Contacts with urban environment might have acquainted people with the possibilities of need fulfillment. Closeness of urban centers together with motorable roads and public transport facilities might have enhanced the frequency of market visits and thereby helping people to gather knowledge about new possibilities. Shopping malls with huge displays of products at urban centers provide exposure to a variety of goods as well as chances for bargaining. In addition, it may be partly owing to the urban-rural convergence in the state that the well equipped Kerala villages have created a congenial atmosphere for the emergence and growth of consumerism in the state.

In the study area it is found that almost all amenities that are available in urban centers also exist in rural areas. Moreover, the existing road network makes the rural areas closely connected with nearby urban centers. As in the case

of schooling and health care practices, the nature of market visiting practices by the people also provide a clear indication regarding the urban influence. In the survey, we found that while 25 percent of the respondents are visiting markets daily, it is a weekly practice for 71.12 percent. No striking difference is found among the regions in this regard.

## **5.6 Openness of society**

The transition of the traditional closed society to an open society is another prominent determinant of consumerism. The social structure that existed in the state was caste oriented. The principles of social equality or freedom were not at all considered. Slavery, in its crude form, prevailed even at the dawn of 19<sup>th</sup> century. Having reserved the prerogatives for the upper caste, caste hierarchy put many restrictions on the life activities of the less privileged. It was caste affiliation that determined social position and so individuals were never allowed to pursue their own interests in matters related to obtaining education, choosing occupation or gaining deserving social recognition. Caste ridden society that existed in Kerala, assigned certain strict norms to its members with regard to consumption of things, wearing of clothes and building of houses. A case in point is the ‘right to cover breasts’, which was a privilege of upper class women. Even after relieving some groups from certain restrictions in the matters of housing, jewellery, covering upper portion of the body, etc, there were strict prescriptions as regards life style and consumption to the extent that an individual’s caste could be identified from his appearance and dress.

The then existing traditional social life is said to have received a shock treatment from the Tippu’s attack since it smashed the illusionary social supremacy of the Caste-Hindu and made lower class conscious of their status and self respect (Menon, 1992). The beginning of the 19th century witnessed many reform measures to change the social environment that existed then. The efforts of missionaries and the advent of modern education were instrumental in this change. The great efforts of social reformers like Sree Narayana Guru and



Ayyankali as also the attempts from various social reform movements against the age-old and outdated customs and practices sowed the seeds of change in the society. As a result, restrictions withered away, society lost its rigid nature and prescriptions ceased to influence the consumption of people. The result was the rise of a new class of community based on income and occupation. It did a lot in raising the general standard of the people and multiplying their wants. Education, also contributed towards freedom of occupation. 'Eventually, the influence of caste affiliation of social intercourse, food habits, dress pattern and shelter weakened' (Sooryamoorthy, 1997).

In its course, society changed in such a way that opportunities and environment enabled them to consume things without any restrictions. Educated elite showed their inclination in taste towards western style, dress and housing. In due course, consumption became the yardstick to gauge one's socio-economic status. In order to secure a better social standing, people resorted to consumption on par with others. Accordingly, consumption of things which bear a demonstrative and luxurious appeal earned acceptance in the society. "The modern individual within consumer culture is made conscious that he speaks not only with his cloths, but with his home, furnishings, decoration, car and other activities which are to be read and classified in terms of the presence and absence of taste" (FeatherStone, 1987). People's propensity to consume luxury things continued with the transformation of society, and the conducive environment which set in helped them to increase luxury consumption leading to consumerism.

A clear picture of this phenomenon could be perceived from the pattern of general education. Hitting on caste restrictions, western system of education contributed towards the formation of a general trend in the system of schooling. In our survey, 63.79 percent of the respondents have shown their preference towards the medium of English for schooling their children (Table 5.18). Similarly, among various systems of medicine, 79.31 percent of respondents

have shown their preference towards Allopathy. No striking difference among the community is observed in the matters of schooling, dressing etc. To a question regarding this, 97 percent of the respondents revealed that their youngsters are mingling freely without any social discrimination.

**Table 5.18 Distribution of respondents based on their preference towards schooling**

Type of school preferred				Medium of instruction preferred			
Government		Private		Malayalam		English	
Hhs	percentage	hhs	percentage	hhs	percentage	hhs	percentage
69	29.74	163	70.26	84	36.21	148	63.79

Source: Primary Survey, 2006

### 5.7 Increased availability of consumer goods

Another factor that contributed to the rise and expansion of consumerism is the availability and accessibility of factory produced commodities that suit all tastes and persons. A shift in the emphasis of production in favour of consumer goods – ranging from cosmetics to sophisticated electronic devices, is apparent in consumer societies. Normally such industries flourish in advanced countries where manufacturing of goods aiming at satisfying secondary needs gain precedence over others. Such industries sustain due to the combined effect of increased purchasing power and effective (but misleading) marketing propaganda.

Kerala is known for its industrial backwardness and retarded economic growth. But, all modern products available for human consumption are marketed in the state. Keralites, as a rule, do not produce goods but are keen on consuming those produced elsewhere. More than 85 percent of the commodities for daily consumption in Kerala come from other states. Keralites are fond of modern merchandise and amenities and thus they are prospective consumers for the consumer durables anywhere in the country.

Gulf migrants on their return, brought home modern gadgets of high quality and luxurious appearance which caused sensation among the population. As a result, possession of durables has become a craze and people used to accumulate their earnings to purchase foreign gadgets. The absence of major consumer goods industries in Kerala doesn't seem to be putting any restraint on the consumption habits of Keralites. Rather, it offers a viable market for the things manufactured in other parts of the country and elsewhere.

Losing of emphasis in Nehruvian and Gandhian philosophy which favoured core industries, and subsequent liberalization in the 1980s helped the advent of consumer goods industry and they soon achieved high growth rates. The rate of growth of production in the case of cars, two wheelers, refrigerators, electronic goods, etc was very impressive in the country. Kerala offered a good market for such items.

The marked increase in the availability of consumer goods in the state is visible in the stock of durables that have piled up in the houses of Keralites. The survey, based on the list of durables we have prepared (Television, Micro-Wave Oven, Dish Washer, Vacuum Cleaner, Washing Machine, Sewing Machine, Electric Iron Heater, Fridge, Cooker, Stove, VCP, VCR/VCD, Personal Computer and Mobile Set), reveals that the families having five or less items were only 0.86 percent (two out of 232). 170 households (73.28%) were

**Table 5.19 Distribution of respondents based on the items of appliances they possessed.**

Range of Items	Locality			Total hhs	percentage
	I	II	III		
below 5	1	1	0	2	0.86
6 to 10	65	50	55	170	73.28
11 to 15	10	21	24	55	23.71
16 to 20	0	2	2	4	1.72
above 20	1	0	0	1	0.43

Total	77	74	81	232	100.00
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Source: Primary survey, 2006

possessing items in the range 6 – 10 and, 55 households (23.71%) are placed in the range 11 – 15. Mobile phone, an item extensively used, has not included in the list (Table 5.19).

An item-wise examination revealed that 97 percent of households possessed Televisions, 89 percent has Dishwashers and 97 percent has Fridges in their houses. The possession status of other items of appliances were: Microwave oven – 23.7%, Vacuum cleaner – 19.4%, Washing machine – 68.97%, Sewing machine – 77.16%, Electric iron heater – 25%, Cooker – 99%, Stove – 98.71%, VCP – 20.69%, VCD – 63.36%, Personal Computers – 55.17% and Mobile Set – 97.41% (Table 5.20).

**Table 5.20 : Percentage distribution of respondents based on possession of durables.**

Item	Locality			Total households	Percentages
	I	II	III		
Television	74	73	80	227	97.84
M.W.Oven	8	29	18	55	23.71
Dish Washer	74	57	76	207	89.22
Vcm.Cleaner	13	19	13	45	19.40
W.Machine	38	56	66	160	68.97
Sew.Machine	54	57	68	179	77.16
El.I.Heater	9	21	28	58	25.00
Fridge	74	74	79	227	97.84
Cooker	76	73	81	230	99.14
Stove	76	72	81	229	98.71
VCP	3	28	17	48	20.69
VCR/VCD	58	38	51	147	63.36
Psnl.Computer	32	47	49	128	55.17
Mobile Set	77	70	79	226	97.41

<b>Total respds</b>	<b>77</b>	<b>74</b>	<b>81</b>	<b>232</b>	<b>--</b>
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Source: Primary survey, 2006

We have also noticed an extensive practice among Kerala households to procure multiple sets of various durables. For instance, our survey found that about 40 percent of households with mobile sets and 4 percent of households with Televisions possess more than one set. The respective shares of certain other items we found were: Stove – 11.35%, Electric iron heater – 5.17%, Fridge – 2.2%, Microwave oven – 1.82%, etc. The share of Pressure cooker in this regard was about 74% (Table 5.21).

**Table 5.21 Share distribution of respondents based on multiple use of various items**

	Item								
	Tele- vision	M.W oven	Wshg. machine	El.In heater	Fridge	Cooker	Stov e	Pl. Comp	Mbl.. Set
Item users	227	55	160	58	227	230	229	128	226
Multipl.users	8	1	2	3	5	169	26	2	89
percentage	3.52	1.82	1.25	5.17	2.20	73.48	11.35	1.56	39.38
hhswith>2set	1	0	1	1	1	23	0	0	20
percentage	0.44	0.00	0.63	1.72	0.44	10.00	0.00	0.00	8.85

Source: Primary survey, 2006

From the data presented, it may reasonably be concluded that the abundance of goods as well as their proliferation have contributed much to the growth of the durable stock among Keralites that nurtured consumerism.

The consumption habit of the Keralites has sufficiently changed to receive the items like ready wears (those too costly types) and bottled drinks as an inextricable part of their life. In this regard, we may recall an authentic observation: “Prior to the establishment of a ‘consumer society’ mass produced commodities were often unavailable, or were too expensive for the

general population. Over time, goods and services no longer existed as the province of the wealthy but were accessible to those on lower income” (Mansvelt, 2005).

## **5.8 Print and Visual Media**

Media is a fast expanding industry in the country. With its sophisticated techniques, media exercises a very impressive influence in framing and re-shaping the preference pattern of the people. It deeply penetrates into the minds and its pressure determines the likes and dislikes of the people. ‘Indian news papers and journals now-a-days regularly bring out posh supplements with multi-coloured illustrations on glossy paper.....Looking at them one wonder whether India is a poor country’ (Srinivas, 1993). Television and its numerous channels impose newer tastes on the population. TV watching has become an addiction among a large number of people. It is alleged that priests hurry through their services and worship in the temples and, go home to watch their favourite programmes.

Through Star TV broad casts, global marketers intended to motivate spectators to imitate western style and create the need for a whole new range of consumer products. In India, though western style public displays of affection are considered improper, people are not prevented from watching them. Regular contact with American movies and TV shows might have made its reflections in the minds and thereby demands of youngsters, crossing the cultural frontiers. We may recall the words of a transnational business executive which follows: ‘when you want to be physically closer to people a lot, then you tend to want to look better, smell better. So the market (in India) will grow for cosmetics, perfumes, after shaves, mouth washes and so on (Dyer, 1994 cited in Howes, 1996). The leading manufacturers have their own channels and the media found in advertisement a source for its sustenance.

In a country like India where even democracy has become a sponsored campaign, the role of media is so pervasive that it leaves neither any individuals nor any actions untouched. In the media, the advertising industry found a better channel to reach consumers. Film stars and world famous models are extensively employed for advertisement purposes. At present, almost all stars from films as well as sports were totally engaged as brand ambassadors of various groups. The influence of such a strategy is often reflected in the demand for specific items and brands associated with the stars and models at their media performances. The cordial relation between media and advertising is so strong that media spares most of its time for advertisement, putting aside all other useful programmes. One of the best examples is the schedule of programmes that doordarshan and other television channels telecast. Whenever there is a cricket match, anywhere in the world, then the channel will be devoted almost completely for its telecasts – first it's live, then the highlights and, finally the commentary on performances. Despite growing criticisms from various angles, the schedule goes on uninterrupted. The main intention behind the strategy may be the exploitation of the scope for advertisement to its maximum advantage. Being a day long programme, cricket telecasts provide a high propagation value for the advertisers. The specific schedule may be born by the strategy of advertisers and may be devised so as to capture the minds and change the tastes of thousands who are patiently sparing their days on watching the programme. Any modes other than this might not be so effective in pursuing the objective.

The 'Cookery show', which some television channels telecast every day, could be cited as another example to show how visual media is promoting consumerism. One might wonder why channels telecast it as a routine programme which may give one the impression that Keralites have learned to cook only recently. Through television, advertisements target women and children in such a way that it becomes the prime motivating force in deciding the product and choosing their brand. In a cent percent literate state like Kerala, the

role of media is very impressive. Kerala is ahead of other states in respect of news paper and journal subscribers.

With regard to the time allotted for watching television programme, our survey found that the percentage of households who devoted more than four hours a day comes to 20.25. Those who devoted at least two hours a day for the purpose was 65.08 percent.

### **5.9 Bewitching advertisement and disarming marketing strategies.**

Advertisement has a very significant role in promoting sales in a market economy. Manufacturers use advertisement as a means to change the current tastes and preferences of the consumers and creating new needs in them. The persuasive and manipulative effect of advertisement is so powerful that it displaces the desires and exerts a psychic pressure on consumers to buy things, disregarding their utility aspect. As disclosed in periodicals, the yearly sale of gold through various jewelleries in the state exceeds 250 tonnes. Jewellery groups, with their own brands and designs, are lavish in spending crores of rupees for penetrating into the minds of people. While opening new show rooms, huge amounts ranging from Rs 50 lakhs to one crore is supposed to be spent for advertisement alone. As per one estimate, one third of the total jewellery sold in the country is in Kerala (Jeena TS, 2007). Owing to the persistence of propaganda, consumers become vulnerable to the motivating forces and they emulate the style and preferences of the alien culture. We may observe the views of a marketing consultant which follows: 'Marketers have succeeded in loading people with redundant goods, creating superficial and vulgar wants, and generating the kind of opulence that turns luxuries into necessities' (Puckard, 1967 cited in Moorthy, 1997). Advertisement acted as the dominant method in the process of familiarization of the product.

Our survey found that it was the only mode in the case of 80.6 percent (187 out of 232) of the respondents. In addition, 15.95 percent of respondents revealed advertisement as partially influencing the process of familiarization.



While shopping contributed 8.19 percentage of the share, other modes comprising friends, neighbors, relatives, etc worked in the case of 13.79 percent households (Table 5.22). The success of such enormous techniques in the sector is apparently clear from the practice of market visits that the people followed in the state. Our survey found that 58 out of 232 respondents (25%) considered market visiting as a daily practice. In addition, 165 respondents (71.12%) took it as a compulsory practice at least once in a week (Table 5.23).

**Table 5.22 Contributions of various methods in familiarizing the product.**

Mode of familiarisation	Locality			Total households	Percentages
	I	II	III		
Advert.only	67	58	62	187	80.60
Advtmt +	6	15	16	37	15.95
Shopping	1	1	3	5	2.16
Shopping +	2	5	7	14	6.03
Others	7	11	14	32	13.79

Source: Primary survey, 2006.

**Table 5.23 Distribution of respondents by the frequency of market visits.**

Market visits	Locality			Total households	Percentages
	I	II	III		
Daily	7	34	17	58	25.00
Weekly	67	37	61	165	71.12
Others	3	3	3	9	3.88

Source: Primary survey, 2006.

In order to enhance consumption, manufacturers adopt various techniques such as window display, design, departmental stores, etc. 'New' has become the 'keyword' and consumers constantly go for the novelty. The deliberate obsolescence adds momentum to the trend. 'Technology and the advertising industry work together to produce an acceptable level of repeat business by seeking to shorten the conspicuous 'life' of socially visible products. Planned

obsolescence ensures that goods bought for ostentatious display possess high status attributes for only a short period of time and are rapidly outdated by later more 'sophisticated' versions in the same product class. The idea of 'fixed-price stall' has developed beyond the imagination that Woolworth – the inventor of the technique – could have. In addition, the concepts like 'self' service shop has got acceptance in the country. In order to provide essential commodities at fair prices, state government itself has ventured into the marketing through self service shops. 'Civil supplies shop' was the beginning of an era of consumer self service culture in the state which made status distinction of the shops evaporate.

A host of techniques are being designed and practised in the market for boosting sale. Such techniques include clearance sale, reduction sale, duty-free shops, margin-free shops, etc. Massive display of items, beautification of shops and premises, parking facilities and conspicuous consumption of shop owners create a pleasant atmosphere for consumers and attract them. The method of attaching price tags with the products also is a method to facilitate sale. It provides chance for assessment, makes decision easy and ensures immediate choice. In this connection, a worth mentioning case is that of the Mega Wedding Programme 'Vivah – 2007' which was proposed to be held at Cochin and designed to bring all wedding related activities – from letter of invitation to the honey moon, under its shelter as one package. In his discussion on consumption, Peter Corrigan (1997) has documented the existence of shops in France that put a sign in their windows saying "entrée libre" which means that one can enter without being obliged to make a purchase. We may observe massive employment of such business tactics in the cities of Kerala. The shop men persuade the pedestrians, though they are in urgency, to step into their shops.

#### **5.10 Credit facilities aplenty**

Demand will be effective only when want is supported by desire and purchasing power. Manufacturers and sellers resort to various techniques for creating wants among the people. Such efforts may not come to fruition without

enhancing the purchasing power of the people. In this regard, credit facilities play a decisive role in the market. Putting income constant in its antiquity, credit facilities make things affordable and boost their purchase. Credit makes price of the product a matter of least importance in shaping aspirations. Affordability of a thing is no more an aspect to be bothered under installment system or credit finance system. Credit finance facilities make the market atmosphere more conducive for low income classes and thus may scatter the class nature of things. Under such a market situation, there may not be any relevance for the feeling 'that certain groups of things are meant for the rich'.

Credit facilities and hire purchase system together with other similar schemes worked towards arresting the postponement of purchases and fostered immediate purchase. Credit financing arranged by the manufacturers, credit loans supplied by nationalized and private banks and the activities of various private funding agencies might have contributed much in this regard. 'Buy now and pay later' has become the accepted market practice. At present, it is aspiration, not money that may matter in the market. But, the real problem is the repayment of loans thus taken.

In the organized sector, the banks that were present in the state include State Bank group (6 banks), Nationalized Banks (19), Private sector Banks (20), Foreign Banks (3), Regional Rural Banks (2) and state level Co-operative Banks (2). All these banks together had 3617 (Gok, 2005) branches operating in the state during the year 2004. In addition, NBFIs have become an integral part of the economic life of Keralites and they offer a variety of services. Besides this, the multiplicity of money lending institutions and their growth in the state have supposedly overtaken the organized banking sector. As per the available statistics, there were 5696 money lending institutions working in the state during 2003 – 2004 (Gok, 2004). Above all, there is a vast informal sector with numerous unregistered institutions operating at many places in the state. At present, the 'volume of credit' that these firms disburse has emerged into an

important determinant of business reputation as well as strength of the financial institutions. Being the criterion to judge their business, credit sale at its maximum is considered one among the main objectives of financial institutions. Accordingly, they are devising various programmes as part of their efforts to attract customers and boost demand for credit. It has become a fashion to conduct 'loan melas' and offer loans with minimum procedural formalities. Another practice that was prevailing in this sector was that of making tie-ups with manufacturers and sellers in their credit (installment) purchase scheme. Such institutions operate their special branches in their tied-up business concerns and arrange for spot loans. This is a practice found especially during festival seasons. In certain cases, out of social obligations as well as governmental directives to this effect, banks have liberalized many of their processes and required formalities bypassing even the basic principle of security.

Major shares of such loans are used up in housing, in vehicles or in purchasing durables. In our survey, we found that out of a total amount of Rs.222.4 lakh that was received as loans during the year, 64.47 percent (Rs.143.375 lakh) was used to buy vehicles and 0.27 percent (Rs.0.6 lakh) was used for purchasing durables. As an amount of Rs.49.925 lakh (22.45%) was expended on housing, the share devoted for income earning activities (business) was only Rs. 28.5 lakh (Table 5.24). Comparing the piled up stock of durables that we found in the survey, the share reported seems to be too small. This might

**Table 5.24 Distribution of loans based on the purpose they served**

Purpose	Total households		Loan availed of loan	
	Number	Percentage	Amt.(Rs.Lakh)	Percentage
Vehicles	22	44.9	143.375	64.47
Housing	17	34.69	49.925	22.45
Business	8	16.33	28.5	12.81
Durables	2	4.08	0.6	0.27
Total	49	100	222.4	100

Source: Primary survey, 2006

possibly be due to the emigrant income that is used extensively for the purpose. Another possible reason for the low share may be the increased importance that the respondents had given to vehicles. Out of 49 respondents who received loans, 22 (44.9%) used them for the purchase of vehicles. The numbers of respondents who received loans for other purposes were 8 (16.33%) for business and 17 (34.69%) for housing.

With regard to the sources (Table 5.25) we found that credit was availed from the branches of various nationalized and private banks along with new generation banks and other financial institutions. An observation of the sources of these shares of credit reveals the contributions of Rs.103.6 lakh by traditional banks, Rs.77.25 lakh by ICICI, Rs.33.8 lakh by HDFC, Rs.0.5 lakh by LIC and Rs.4.25 lakh by others. The contributive share of relatives in this regard was Rs.3 lakh. In fact “consumer credit was widely extended, again, to help people buy what they did not need” (Stearns, 2001).

**Table 5.25 Source based distribution of loans availed.**

Source	Amount (Rs. Lakh)	percentages
Traditional Banks	103.6	46.58
ICICI bank	77.25	34.73
HDFC	33.8	15.2
LIC	0.5	0.22
SMGP	0.25	0.11
Chitty Company	2	0.9
Society	2	0.9
Relatives	3	1.35
Total	222.4	100

Source: Primary survey, 2006.

## **5.11 Tourism**

Tourism today is an economic activity of immense global importance which has found a niche for itself as a very effective instrument for generating employment, earning foreign exchange and thereby facilitating overall development. Liberalisation has brought Indian economy much closer to the international economic scene - creating the right backdrop for the growth of tourism. The physical quality of life and literacy comparable to developed nations along with the richly green land where a tourist can experience geographical diversity within the smallest area possible elsewhere made Kerala an alluring tourist destination. Beaches, backwaters, wildlife sanctuaries, evergreen forests, the diverse flora and fauna, the moderate climate, the rich art and culture, a happy co-existence of tradition and modernity, the native colour and character of our festivals are the positive factors that foster its development. Kerala's tourism policy aims at exploiting its potential to the maximum.

In order to encourage small scale entrepreneurs, the state declared tourism as an industry as early as 1986 and announced various concessions and incentives. As part of its efforts to create required awareness and a conducive climate, tourism has been given due emphasis as a subject of study in schools and colleges. Tourism clubs were organized in colleges. Besides, various efforts of tremendous promotional value have been implemented in the areas relating to infrastructure, marketing and human resource development. The recent attempts to promote tourism include measures like fair on health tourism, implementation of responsible tourism, launching of 'My village – Tourism friendly village' programme, the setting up of investment promotion cell and single window clearance for encouraging investments in the tourism sector, eco-tourism projects, etc.

The promotional activities have created much tourist interest among the people of the state. Tour has become an important yearly programme of business concerns and establishments as well as that of religious groups. In the case of educational institutions, it is being treated as a routine programme. The cases of

students, even at primary level, who are constantly pressing their parents for permission and financial support for tour trips, are commonly seen these days in the state. Some individuals as well as institutions seem to have treated it as a mark of distinction and status and, thus made it an object of competition. The situation has made tourism an important facet of consumerism in the state.

The foreign tourist arrivals in the state during the year 2006 was 4, 28,534. Comparing to the arrivals in the year 2005, the increase was about 23.68 percentages. The visits recorded in previous years were 2.1 lakhs in 2000 and 2.33 lakhs in 2002. The number of domestic tourists that arrived during the same period was 62, 71,724, which registered an increase of 5.47 percent from that of the previous year. The state received an amount of Rs.91260 million as tourist revenue during the period. Kerala's share of international tourism has showed a steady increase from 3.87 percent in 1990 to 7.93 percent in 2000 (Nalini Netto in Prakash, 2004). As per Tourism Satellite Accounting (TSA) for Kerala, the growth rate of travel and tourism demand per annum over the coming decade for Kerala (11.6 percentage) is higher than, not only that of India (9.7 percentage) but also of Turkey (10.2 percentage), which has so far been the highest (WTTC, 2002).

Tourism is an important factor which positively influences the consumerist practices. Tourism gives scope for every one to understand each other's way of communicating differences through their practices of production, consumption and representation. Tourist sites are the places of amalgamation of practices and cultures of various groups and classes with varied life styles. Constant contacts with such sites provide room for emulation and leading to choice options which would ultimately end up in the formation of entirely new demands and consumption patterns.

Tourism has been an emerging industry in Kerala, especially in the light of the falling importance to other sectors as a source of income. Tourist resorts and medical tourism are the sectors growing very fast in the state. But, tourism

is a sector to be approached and handled cautiously since its adverse effect may be detrimental to social entity and traditional values. Anthropologists argue that when cultures come in to contact with each other, it is usually the strong culture which influences the weaker one. The permanent and continuous contacts with foreign culture usually cause changes in norms, values and standards of host communities which may pass on to subsequent generations. Tourism is an important way of cultural interaction and so its impact may manifest itself in changes in the indigenous society's traditions, through acculturation as well as cultural drift process. The youth who are interacting with the tourists may be keen to adopt their forms of behaviour, leading to 'demonstration effect.'

**Table 5.26 Distribution of respondents based on the tourist trips they made**

<b>Trips a year</b>	<b>Number of hhs</b>	<b>percentage</b>
0	16	6.90
1	104	44.83
2	62	26.72
3	31	13.36
Not responded	19	8.19
Total	232	100

Source: Own survey, 2006

In our sample, about 85 percent of the respondents revealed that their youngsters show great concern towards tourism and make at least one trip a year. The percentage who reported to have 2 trips a year was 26.72 and that of 3 trips was 13.36 (Table 5.26). They also revealed that the cost per trips amount to rupees ten to twenty thousands.

## **5.12 Public Spaces**

Public spaces play an important role in moulding consumerism. Such 'pseudo' (Mansvelt, 2005) public spaces are deliberately designed places for nurturing and promoting consumerism. The spaces like theatres, restaurants, dance halls, museums, tourist sites, fair ground attractions and shopping precincts are privately owned public spaces for individuals to engage in



‘conspicuous’ consumption: to purchase, use and display commodities and to actively participate in the creation of commercial culture. The media, marketing and advertising industries jointly venture into the activities for promoting such places as centers of modern business.

Recently, setting up of amusement centers has become a profitable business and huge investments are diverted to such ventures. Such places have emerged as the centers of attraction for children and, in this regard, media advertisements are so effective that even poor families are forced to arrange trips to such centers. The slogans like ‘Veega land is amusement’ may have their adverse impact on the minds of youngsters. Another important development in this area was that of shopping festivals which offers chances for parlour gossip. Such festivals continue for days and the media blitz about them may continue for months. Malabar festival and Dubai festival are cases in point.

In our survey, those who reported to have visited amusement centers during the year are 158 (68.10 %). In addition, 187 respondents (80.60 %) revealed their fondness in visiting festivals and making purchases from there. To a question regarding the expenditure pattern during tourist trips, the survey disclosed that the expenditure on purchase amounts to rupees five thousand on an average.

### **5.13 Government policies.**

As an attempt to encourage industry, government initiated a policy of liberalization during 1980s which had a bearing on the advancement of consumer durable industry. The best example can be found in the growth of electronics industry, which has grown at an annual rate of 33 percent during the post-1980 period. The industrial sector received further fillip with the introduction of New Economic Policy in 1991. The policy furthered the consumption and demand for consumer durables.

New Economic Policy was devised in the context of market friendly approach. The core measures of new economic policy included lifting of restrictions and control, and de-licensing of industries as well as structural adjustment programmes to attract foreign investments. Foreigners were allowed equity even beyond fifty percent in their Indian subsidiaries and, various tax-duty concessions were also granted to them. Opening up of the doors and facilitating foreign investment created an amicable environment for industrial sector. The bulk of investments thus motivated was in consumer goods industry. The result was a spectacular growth of consumer goods – both in volume and in variety. Liberalization gave ample scope for Multi National Corporations to extend their activities in the country. They worked to change the tastes and preferences of the people. As a result, people started to increase the use of various consumer items which were not so common and essential. Children began to prefer soft drinks to fruit juices or tea. The increasing demand might be sufficient to maintain the growth of consumer goods industry in the country. The attempts of manufacturers were effectively supported by advertising industry, which seemed to be one of the biggest beneficiaries of these reforms. While examining the nature and speed of structural transformation in India's private final consumption expenditure and its growth, it is observed that 'with the introduction of liberalization/globalization measures, the Indian masses have shown a tendency to consume relatively more of the items that qualify a rather luxurious style of living' (Sethi, 2001).

Kerala is arguably the earliest and most globalised of Indian States. As noted earlier, it has a long history of commercial and cultural contact with the outside world. Traders from various parts of the world sought out Kerala for spices long before globalization. Besides, the social life of the state has been influenced by various religions. The erstwhile global relations were not forced by any binding programme and so the parties concerned gave respect to each other and carried their business in a smooth manner. Occasional conflicts were settled within the then existing framework. The economic policy that the country

followed till the nineties was that of import substitution and protection of domestic industries. Under its shield, the state had enjoyed a fairly comfortable position during the early years as it received a reasonable price for its agricultural products as well as sufficient demand for its output.

Thanks to the social awareness that Kerala witnessed and various political-legal measures it implemented, the wage level in the state rose to a level higher than the remaining states. In addition, the policies of emphasizing social service sectors to the subordination of commodity-producing sectors and the extreme departmentalism created the vicious circle of higher wages and higher prices in the state. Consequently, the state became a high-cost non-competitive economy, which stood in the way of attracting investors from within and outside the state.

Accordingly, investors opted to neighbouring states for their establishments where costs and terms were favourable. The market gaps created by the lack of home produced goods on the one side and the changed mindset of the people on the other were effectively utilized by the establishments of other states. The market and the consumerist tendencies have become even wider with the inflow of remittances. Gradually crises crept into the political and financial administrations of the state. The process got accentuated during the liberalization regime where the protection was lifted and controls on foreign goods were dismantled. As far as globalization is concerned, Kerala is considered as one of the worst affected states in the country. The new measures seem to pose a serious threat to the economy, especially with regard to the agricultural sector. At present, the state has become the hottest market for foreign as well as indigenous consumer goods as also for food articles, of which, many are adulterated. The recent efforts to launch tourism as an alternative industry and the promotional measures that it follows may add a further fillip to the already existing consumerist practices in the state. K.Ajitha (2005), a crusader for women's rights in Kerala, is of the opinion that the emergence of sex racket gangs in Kerala is very closely connected with the introduction of policies related to globalization.

The thrust of the development policy of any government that comes to power in the state is now tourism. The target group is mainly the working and middle class of Europe and America and the offer is an attractive package of liquor, drugs and women.

**Table 5.27 Distribution of preferences of respondents and their percentages**

<b>Preference Rank → ↓ Area</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
Vehicles	hhs (% )	22 (9.48)	79 (3.05)	74 (31.90)	33 (14.22)	13 (5.60)	4 (1.72)	4 (1.72)	3 (1.29)
House	hhs (% )	16 (6.9)	33 (14.22)	67 (28.88)	64 (27.59)	28 (12.07)	20 (8.62)	1 (0.43)	3 (1.29)
Education	hhs (% )	138 (59.48)	37 (15.95)	23 (9.91)	15 (6.47)	10 (4.31)	1 (0.43)	4 (1.72)	4 (1.72)
Bankdeposit	hhs (% )	27 (11.64)	50 (21.55)	24 (10.3)	38 (16.38)	28 (12.07)	46 (19.83)	16 (6.90)	3 (1.29)
Agri. Land	hhs (% )	17 (7.33)	12 (5.17)	18 (7.76)	37 (15.95)	74 (31.90)	61 (26.29)	10 (4.31)	3 (1.29)
Fincl.Assets	hhs (% )	3 (1.29)	2 (0.86)	2 (0.86)	7 (3.02)	11 (4.74)	38 (16.38)	165 (71.12)	4 (1.72)
Jewellery	hhs (% )	9 (3.88)	16 (6.90)	20 (8.62)	34 (14.66)	65 (28.02)	58 (25.0)	26 (11.21)	4 (1.72)

Source: Primary survey, 2006

The absence of an adequate government policy to divert hard-earned foreign remittances and other income of Keralites to productive areas can be perceived even from the purchasing habits of people and the piled up stock of durable goods at their houses. To an attitudinal question regarding the future course of expenditure, purchasing of vehicles was the second preference for

34.05 percent households and third preference for 31.90 percentage (Table 5.27). Those who revealed their first and second preference towards agricultural land were only 7.33 and 5.17 percentages respectively. While the percentages of households who revealed their first and second preference towards financial assets are only 1.29 and 0.86, those of jewellery were 3.88 and 6.90 percentages respectively. The percentages of households who revealed their preferences towards jewellery underwent a continual increase from 3.88 (first preference) to 28.02 (fifth preference). 27.59 percent of respondents revealed their fourth preference towards housing. The trend is indicative of preference towards unproductive assets and lesser importance to productive areas including agriculture.

### SUMMARY OF DATA ANALYSIS

As part of the analysis, the study has used Multiple Linear Regression Models to identify the determinants that influence consumption expenditure and also to assess the explanatory power of such variables. Two models have been simultaneously tried: one to examine the influence on consumption expenditure as such and another to examine the influence on the expenditure on non-food total (see section 3.2.iv). Model I explains 77.9 percentage of variation in the dependent variable. This level is satisfactory under our model. In the model, all the variables are significant at 5 percent level and all except  $D_1$  is significant at 1 percent level also.

#### Model - I

$$E_C = 3992 + 0.299 Y + 2645 M + 254 E + 543 F + 1068 D_1 + 1630 D_2$$

$$(2.79) \quad (22.01) \quad (5.81) \quad (3.04) \quad (2.85) \quad (1.83) \quad (3.04)$$

$$R^2 = .779 \quad \text{Adj } R^2 = .773$$

The Model has a strong autonomous consumption element of Rs 3992 denoting that a level of consumption expenditure exists irrespective of the determinants we considered. This is plausible and could be explained in terms of

biological necessity. Among the explanatory variables, income (Y) is the most influential with the co-efficient 0.299. This shows that one unit change in Y, holding other variables constant, can bring about 0.299 unit change in consumption expenditure. In other words, every increment of rupees 1000 in income can bring about an increase of rupees 299 in consumption expenditure, assuming the influence of other variables constant.

The co-efficient 2645 of the dummy variable M (emigration) denote that a change in the category of families from non-emigrants to emigrants brings about a change of rupees 2645 in consumption expenditure. This implies that monthly consumption expenditure among emigrant households are higher than that of non-emigrants by an amount of rupees 2645. The co-efficient of E (education) shows the influence of education of the head of the family on consumption expenditure. The total expenditure increases by rupees 254 with every additional year of schooling. The co-efficient F (family size) denotes that the consumption expenditure of families are getting changed by rupees 543 for every new entry in the family. The model employed a proxy for advertisement and the co-efficient 1630 of this dummy variable (D<sub>2</sub>) indicate the strong influence of advertisement in shaping consumption. A difference of rupees 1630 has been found in the consumption expenditure of families with and without cable connection. Religion was another determinant we found significant. The co-efficient 1608 of this dummy variable (D<sub>1</sub>) reveals that Muslim families as a category have shown a tendency to expend on consumption more than others and, it maintains a difference at the level of rupees 1608.

Thus the model clearly depicts the dominance of income, emigration and advertisement as determinants of consumption expenditure, a general tendency that prevails in the state.

### **Model - II**

$$E_{NET} = 3600 + 0.267 Y + 2945 M + 238 E - 77 F + 816 D_1 + 1396 D_2$$

(2.69)   (21.11)   (6.93)   (3.04)   (-0.44)   (1.50)   (2.78)

$$R^2 = .750 \quad \text{Adj } R^2 = .743$$

Similarly, Model II explains 75 percentage of the variation in the dependent variable. In the model, the variables Y, M, E, and  $D_2$  are significant both at 1% and at 5 % levels whereas F and  $D_1$  are not found significantly different from zero. This model also has a strong autonomous element. The Y coefficient of the model is 0.267 which denotes that every thousand rupee increment in income can bring about an increase of rupee 267 in consumption expenditure on non food total, provided the influence of other variables are assumed constant. The coefficient of dummy variable M is 2945 showing that emigrants as a category differ from non-emigrants in the case of consumption expenditure on non-food total by a margin of rupees 2945. The variable  $D_2$  has a coefficient 1396 revealing the difference of households with and without cable connection in the matter of consumption expenditure on non-food total. The coefficient 238 of E denotes the influence of education.

The autonomous element in the model is indicative of a level of consumption irrespective of determinants we have considered. The existence as well as the magnitude of this positive constant itself is indicative of the strong consumerist tendencies that prevail in the state. From the observation, it could be concluded that emigration and advertisement exert their strong influence in shaping and nurturing consumerism in the state.

Comparing the two models, we could observe that the autonomous element as well as the income coefficient is stronger in the first model. In the second model, the coefficient of E is small and, the influence of variables  $D_1$  and F are insignificant. These facts again indicate the consumerist tendencies that prevail in the society irrespective of religion or education and the greater influence of advertisement in its spread.

### **Summing up**

To conclude, the emergence and evolution of this injudicious practice of consumption in the state is the result of a number of factors ranging from indigenous and cultural factors to global and technical factors that were operating concurrently. Again it may be possible to categorize the factors based on the strength of influence that they exerted on the phenomenon at its various stages of development. In this regard, it is found that factors like openness, social as well as cultural changes and urbanization have greatly influenced its emergence. The group of factors such as emigration, windfall increase in income, availability of goods and credit and policy aspects has shown strong influence on its shape. The factors like tourism, visit to public spaces, media, advertisement and emulation provide strong impetus for its phenomenal growth.



# **Chapter Six**

## **CONSEQUENCES OF CONSUMERISM IN KERALA**

**6.1 Wastage of Resources**

**6.2 Mis-direction of the resources.**

**6.3 Adverse effects on Saving and Investments**

**6.4 Indebtedness of the State**

**6.5 Sluggish Economic growth**

**6.6 Increased dependency of the State**

**6.7 Environmental Degradation**

**6.8 Social insecurity**

*Testing for Engel relations*

**Summing up**



## **CONSEQUENCES OF CONSUMERISM IN KERALA**

‘Consumerism can affect more than buying habits and personal and family life’ (Stearns, 2001). It is widely believed that consumerism produces detrimental effect on the economy that it incorporates. The negative impacts that are expected to be associated with it may endanger the sustainability of the economy and may pose a serious threat to its future. Being a social illness and a massive phenomenon, its impact is supposed to extend to the areas of economic, social and political life as well. Accordingly, it may profoundly influence the political process as well as economic decisions. This section is devoted to examine the impact of consumerism that is prevailing in the state.

### **6.1 Wastage of Resources**

Waste – whether individual or organized – has been an important part of affluent societies. Waste had been treated as a mark of status and prestige in the primitive societies and is being considered to play such roles even in the present societies. ‘All societies have always wasted, squandered, expended and consumed beyond what is strictly necessary for the simple reason that, it is in the consumption of a surplus, of a superfluity that the individual – and society – feel

not merely that they exist, but that they are alive' (Baudrillard, 2003). Down the ages, aristocratic classes and elites resorted to 'wasteful expenditure' as a means to show their pre-eminence and ranks in the society. Waste is linked with the affluence of rich societies. History has given instances of individuals who threw their goods away or changed them to comply with the whims of prestige or fashion. 'Waste' is an instrument which works better in affluence to distinguish 'too much' from the 'enough' and also to create and maintain significant difference between the necessary and the superfluous.

Kerala society is not an aberration to this type of behaviour. Rather, the consumerist life style in the state provided the atmosphere conducive to its growth and existence. The extinction of royal kingdoms and its patronage has reduced scope for many splendid activities, especially those related to ceremonies. Abolition of zamindari system has also reduced its scope. But, the rich found their own ways for performing the practice of wasteful expenditure. The 'newly-rich' was very keen in expanding such practices to almost all aspects of life. The areas which received more attention in this respect were marriage functions and rituals. Despite the highest rank in education and literacy, the waste associated with marriage functions existing in the state is too much. Days' long marriages, tens of thousands of participants, hundreds of cars, video coaches for trips, etc, are considered even now as the criteria of distinguishability of the function. We may realize the situation by recalling certain incidents as narrated by Mr. P.M Ashref, a social worker. "I was at Thiruvananthapuram yesterday. There I witnessed a wedding function. The very invitation letter for the function; three sheets of paper in an envelope, were in fact studded with gems. Tens of thousands of guests participated in the three day long marriage function. The chairs used for seating the guests are said to cost around Rs.2000/- each for its decoration alone. The pandal was erected at a cost of about three lakh rupees". "A similar marriage extravaganza took place at Kozhikode five years ago. The function was arranged in hotel Taj Residency. Two video coaches from Ernakulam were running shuttle services for guests from Kozhikode who had no vehicles of their own" (Thejas, 2006). These incidents clearly illustrate the

wasteful extravaganza in the state irrespective of regional differences. It is found that twenty households (8.62%) of the selected villages together spent a total amount of Rs.1, 84, 75,000 for marriages during the year (Table 6.1).

**Table 6.1 Distribution of respondents based on their expenditure on marriage.**

Amount Rs '000'		<25	25- 50	50 - 100	100- 200	200- 500	500- 1000	1000- 1500	1500- 2500	Total hhs	Total amount
Locality	I	1	0	0	0	0	6	3	1	11	10425000
	II	0	0	0	0	0	3	0	1	4	4400000
	III	0	0	0	2	2	0	0	1	5	3650000
<b>Total</b>		1	0	0	2	2	9	3	3	20	<b>18475000</b>

Source: Primary survey, 2006

**Table 6.2 Distribution of respondents based on their expenditure during festivals.**

Amount Rs '000'		< 1	1 to 2	2 to 5	5 to 10	10 to 20	> 20	Total hhs	Total amount
Localit y	I	1	40	33	0	0	1	75	222200
	II	2	13	35	9	2	0	61	259300
	III	4	21	45	6	0	0	76	259500
<b>Total</b>		7	74	113	15	2	1	212	<b>741000</b>

Source: Primary survey, 2006

**Table 6.3 Distribution of respondents based on their expenditure on reception.**

Amount Rs '000'		< 1	1 - 2	2 - 5	5 - 10	15 - 25	Total hhs	Total amount
Localit y	I	0	12	8	1	0	21	56500
	II	2	11	8	0	2	23	91900
	III	7	7	3	0	1	18	43600
<b>Total</b>		9	30	19	1	3	62	<b>192000</b>

Source: Primary survey, 2006

As seen earlier, festivals and receptions of various kinds are the other major areas where spending extravaganza are found among Keralites. Our survey

reveals that 212 families (91.38%) together spent an amount of Rs.7, 41,000 as special expenditure during festivals (Table 6.2). Again, 26.72% spent Rs.1, 92,000 on reception (Table 6.3). The expenditure on education incurred by 38 households (16.38%) was 14, 68,302 Rupees only (Table 6.4). However, the total telephone bill of 223 families was Rs 44, 85,960 (Table 6.5).

**Table 6.4 Distribution of respondents based on their expenditure on education.**

Amount Rs '000'		< 1	1 -2	2 - 5	5 - 10	10 - 25	25 - 50	50 - 100	1 - 2 Lakh	Total hhs	Total amount
Locality	I	0	0	1	0	4	5	0	0	10	287500
	II	0	0	4	0	2	2	3	1	12	622500
	III	1	0	4	1	3	5	1	1	16	558302
<b>Total</b>		1	0	9	1	9	12	4	2	38	<b>1468302</b>

Source: Primary survey, 2006

Health care is found to be another area of extravagant spending. It may be seen that people have developed hospitalizing as a culture without sufficient reasons at all. The practice of admitting pregnant women in hospitals months before the date of delivery is widely seen in certain parts of the state. In spite of

**Table 6.5 Distribution of respondents based on their expenditure on Telephone.**

Amount Rs '000'		5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	> 30	Total hhs	Total amount
Locality	I	4	18	15	33	2	1	73	1423560
	II	13	21	20	10	3	5	72	1384800
	III	2	17	18	30	4	7	78	1677600
<b>Total</b>		19	56	53	73	9	13	223	<b>4485960</b>

Source: Primary survey, 2006

all facilities to meet emergent situation at homes, people get their pregnant women admitted in hospitals as an established custom. Educated young people are often harried by the queries of neighbours and relatives as to the hospitalization of their pregnant wives.

## 6.2 Mis-direction of the resources

Consumerism has had its adverse impact on the resource utilization pattern in the state. **Land** became one of the seriously affected areas. Though a food-deficient state, the area of land under food cultivation became progressively smaller in the state (Table 6.6).

**Table 6.6 Area under food grains in Kerala.**

Year	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
Area '000 hectares	454	430	389	379	376	340	322

Source: CMIE, March 2006.

The area under food cultivation has been reduced from 454 thousand hectares in 1996-97 to 322 thousand hectares in 2002-03. In the case of Punjab – the state which performed well in agriculture, the area under food crops rose from 5693 thousand hectares (1996-97) to 6287 thousand hectares (2003-04). In the case of **rice** – the staple-food of Keralites, the area and production as well as productivity have fallen through the years. The total area under rice cultivation reduced from 322368 hectares (2001-02) to 287340 hectares (2003-04). In the case of production, the decline was from 703504 million tones to 570045 million tones. The productivity also reduced from 2182 kg / hectare to 1984 kg / hectare. The productivity of rice was too low in the state compared to that of the remaining states. The tendency of diversion of farm land for non-farm uses is one of pressing problems in the state. Land under non-agricultural uses increased from 9.10 Percent (1999-2000) to 9.98 percent (2003-04). Out of gross cropped

area, food crops occupy only 13.7 percent (Gok, 2004). During the period from 1990-91 to 2001-02, the proportion of land put to non-agricultural use increased from 7.65 percent to 10.10 percent (P.M Thomas in Prakash, 2004) showing an overall increase of 32 percent and an annual growth rate of 2.34 percent.

Compared to the first half of the 1990s, land put to non-agricultural use has shown relatively higher growth rate since 1996-97. During the period from 1990-91 to 2001-02, the proportion of area under rice declined from 18.38 percent to 10.77 percent showing an overall decrease of 42.38 percentage and an annual decay rate of 5.51 percentage. Area under tapioca also has shown a decreasing trend. The low base in food production and the tendency to decrease its area can be attributed to many reasons. The structural transformation that took place since 1970s made other crops more remunerative and this might have resulted in the shift. Growth rate differentials in the farm prices might also have contributed to the trend. Among the non-price factors, shortage of farm labourers and rapid increase in their wages tempted farmers to shift from labour intensive food crops to commercial crops. Another reason which might have worked towards such a massive conversion of land was the expectation of enhanced property value. The value of land under non-agricultural use is higher compared to land under agricultural use. In order to obtain higher value, land under food crops is converted to cash crops and, then, progressively, to non-agricultural use. Increased employment in secondary and tertiary sectors along with large scale migration resulted in an increase in the number of absentee land owners. Since food crops need more care and personal supervision, the absentee land owners found it convenient to convert their land to cash crops.

Housing boom following the large scale remittances and consequent increase in the demand for land has contributed towards the trend. From the labour front, the workers available for agricultural purposes declined in the state. Owing to various sources of income other than farming, either farmers themselves or their family members were seldom prepared to work on land. As



the financial position of households improved, their women members did not have to work as they did earlier. Even the available workers were diverted towards construction sector. These changes in the social spectrum led to the dearth of workers in farming sector. The treatment of land as an asset rather than as a means of production might have also contributed its impact on the trend. Land has been a safe asset with fair liquidity.

In our survey, we found that out of a sample of 232, only 101 (43.53 percentage) responded to have land for various agricultural purposes. Of them, land put under paddy was only 17.82 percent. Plantations including rubber accounted for 57.42 percent and coconut's share was only 2.97 percentage (Table 6.7). The findings of the survey reveal that as in the case of paddy, coconut also seems to have ceased as a prospective cropping in the state. With regard to the area put under paddy, 66.67 percent of the total croppers had less than 50 cents of land under paddy and only 22.2 percentage had more than one acre (Table 6.8). These figures indicate the mis-direction of land resources which is detrimental to the state. This has serious implications in the light of the ever increasing need for and use of rice in the state As per legislative reports, the area under paddy in the state had dwindled from 7, 30,379 hectares in 1985 to just 2, 76,742 hectares in 2007 (The Hindu, 25<sup>th</sup> may, 2007).

**Table 6.7 Item wise distribution of agricultural land**

	Plantation	Coconut	Paddy	Agriculture	Total
No. of hhs	58	3	18	22	101/232
Percentages	57.42	2.97	17.82	21.78	43.53

Source: Primary survey, 2006

**Table 6.8 Area wise distribution of paddy land**

Area	< 25 cent	25c - 50c	50c - 1acr	1 to 2 acrs	2 to 4 acrs	Total
No. of hhs	6	6	2	3	1	18
Percentage	33.33	33.33	11.11	16.67	5.56	100

Source: Primary survey, 2006

**Housing:** consumerist style in ‘housing sector’ has had an adverse impact on the economy and the society. The very concept of ‘house’ has thoroughly changed in the state from that of dwelling places to pleasure resorts. In many areas of the state, housing - its size and style – has become an object of competition and a ‘mark’ of distinction. The number of members in the house and the requirements of the family were normally neglected in the decisions as regards the number of rooms and total plinth area of houses. Thanks to the literacy the state has achieved and the favourable atmosphere it experienced, the tendency in the state at present is to opt for either one or two children. The natural result was a considerable reduction in the size of the family. As per economic logic and rationality, this should have been reflected in the sizes of housing as well as the area that consumed. But, we have noticed a trend reverse to this logic through out the state. As per statistics, 31.87 percentage of dwelling units in rural sector and 38.57 percentage in urban sector have more than three dwelling rooms (Gok, 2004).

In our survey, we found that the share of family with less than 6 members was 70.26 Percentage (Table 6.9). At the same time, the share of houses having less than 7 rooms was only 3.45 percent (Table 6.10). The households with size

**Table 6.9 Distribution of households based on the size of family**

Number of Members	Locality			Total households	Percent
	I	II	III		
3	3	9	10	22	9.48
4	13	13	44	70	30.17
5	18	32	21	71	30.60
6	32	11	2	45	19.40
7	6	7	3	16	6.90
8	3	2	1	6	2.59
9	2	0	0	2	0.86
Total hhs	77	74	81	232	100

Source: Primary survey, 2006

of more than 5 members were 29.75 percentage, whereas, the houses with more than 6 rooms were 93.1 percentage. The households having the size more than 7 were 3.45 percent, while those with more than 10 rooms were 17.24 percent.

**Table 6.10 Distribution of respondents' houses based on the number of rooms.**

Number of Rooms	Locality			Total households	Percentages
	I	II	III		
3 - 6	2	2	4	8	3.45
7 - 8	53	27	39	119	51.29
9 - 10	11	25	21	57	24.57
> 10	6	20	14	40	17.24
Not respd	5	-	3	8	3.45
Total	77	74	81	232	100

Source: Primary survey, 2006

These facts are indicative of huge sizes as well as large rooms that resulted in enormous amounts of money that was wasted in this sector. Adding to its seriousness, we come across the cases of many individuals whose life long earnings and savings were totally exhausted by houses. This practice was extensively found among the low income earning and unskilled emigrants. In many cases, this group of emigrants had to return home with no income left for their future and creating a burden for themselves and the society as well. Those who returned mid-way had to face the challenge of even completing semi-built structures along with finding their means of living. This situation is indicative of how Keralites use their fortunes irrationally, having no perspective for the future. Such irrational practice that presented a miserable future to many individuals may best be exemplified in the reported story of Tunku Majeed, a millionaire who sought shelter in an 'old age home' after his splendid life (Risala, October 2006). Mr. Majeed is an early emigrant from Kannur who migrated to Dubai during the sixties.

The behavioral pattern towards housing was not different in the case of non-migrants. It was common that most employees in the organized sector owe huge amounts to financial institutions where the repayment may last till their retirement. In certain cases, the burden extended even to their retired life and thus may consume a major portion of their pensionary benefits. Very often, educated people aver that the pressure of the situation made them helpless in doing away with huge structures that consume their entire earnings and make their remaining life indebted to financial institutions. In the decision regarding the sizes and structures of buildings, the resource availability of the state as well as its sustainability were totally neglected. Even the requirements of the family and their financial resources received little consideration. The size and conditions of dwelling units in general are far better in the state compared to the all-India situation and neighbouring states. Dwelling units with one room in the rural sector of Kerala is only 11.58 percent whereas the percentage is 37.98 in the case of all-India, 52.2 in Andhra Pradesh and 48.7 in Maharashtra, one of the richest states in the country. Of the total dwelling units in the state, 31.87 percent in rural sector and 38.57 percent in urban sector are units having more than three rooms. Again, 6.24 percentage of dwelling units in rural sector and 8.89 percent in urban sector have more than 5 rooms (see Table 6.11).

**Table 6.11 Households and dwelling rooms in Kerala (in percentages).**

Number of rooms	Rural (percentage)	Urban (percentage)
Less than Two	13.29	10.18
Two	27.72	23.37
More than Two	58.99	66.45
More than Three	31.87	38.57
More than Four	14.15	18.52
More than Five	6.24	8.89

Source: Economic Review, 2004.

The area covered by house and premises are comparatively larger in Kerala. The large courtyard together with the excessive plinth area consumes a major portion of cultivable land in the state. In addition, the inter-locking system might have done its detrimental effect on the normal system of water reserve in land.

**Table 6.12 Distribution of residential houses by predominant materials used (in %)**

		1961	1991	2001
<b>Roof</b>	Traditional Materials	74.1	25.2	11.2
	Modern Materials	25.9	74.8	88.8
<b>Wall</b>	Non-Durable Materials	63.7	35.4	30.4
	Durable Materials	36.2	62.7	68.5
	Others	0.1	1.9	1.1
<b>Floor</b>	Mud,Wood,Brick,Stone	--	--	26.1
	Cement,Mosaic,Tiles	--	--	72.8
	Others	--	--	1.1

Source: Economic Review, 2004.

The spending extravaganza is also found in the case of the **materials** used for the construction of the houses. The materials that are under use have undergone rapid changes from traditional materials to modern materials (see Table 6.12).

Further, survey reveals that only 6.89 percentage of the total houses used either cement or mosaic for flooring purposes. At the same time, tiles and marbles together constitute about 88.36 percent (Table 6.13).

Another serious form of waste associated with housing was with regard to the life of the built structures. A good many houses in the state are supposed to be demolished as part of reconstruction or redesigning according to changed styles. The housing culture and the boom in the sector were supposed to have

**Table 6.13 Distribution of respondent's houses by materials used for flooring**

Material	Locality			Total	Percentage
	I	II	III		
cement	1	1	1	3	1.29
Mosaic	0	12	1	13	5.60
Tiles	41	14	40	95	40.95
Marble	30	45	35	110	47.41
Granite	0	2	1	3	1.29
non-resps	5	0	3	8	3.45
total	77	74	81	232	100.00

Source: Primary survey, 2006

**Table 6.14 Distribution of houses based on the year of construction / re-construction**

Year	Locality			Total households	Percentages
	I	II	III		
After 2005	28	14	23	65	28.02
2000-2005	36	38	39	113	48.71
1990-2000	9	13	13	35	15.09
1980-1990	0	2	1	3	1.29
1970-1980	0	0	1	1	0.43
before1970	0	0	0	0	0.00
not mentd	4	7	4	15	6.47
Total	77	74	81	232	100.00

Source: Primary survey, 2006

dealt a great blow to the durability of the houses. The fact may be deduced from the number of houses built or re-built recently. Out of the total of 232 houses surveyed, we found that 28.02 percent was constructed or reconstructed after the year 2005. The share corresponding to the period 2000 – 2005 was 48.71 percent and, for the period 1990 – 2000, it was 15.09 percentage. But, for the period 1970 – 80 and 1980 – 90, the share was 0.43 and 1.29 respectively. This observation is indicative of the vigour the tendency received during 1990s and

got strengthened thereafter (see Table 6.14). Again, we have seen certain interesting facts with regard to re-construction or modification of existing houses. Out of 232 houses, 97 houses (41.81%) were either re-constructed or modified. Out of this 97, 85.57 percent were re-constructed (see Table 6.15). Of the re-constructed houses 18.07 percent were within 6 years of their construction. While 30.12 percent reported to have re-constructed within 6 to 10 years and 40.96 percent included in the range 10 to 20 years, the re-construction within the range of 20 to 25 years were only 8.43 percent.

These facts substantiate our argument that the present tendency is to shorten the durability of houses that opened a new realm of waste in the state.

**Table 6.15 Year-wise distribution of re-constructed/modified houses**

Re-constructed	Locality			Total households	Percentages	**
	I	II	III			
within 2 yr	0	1	1	2	2.41	2/83
3 to 5 yrs	4	4	5	13	15.66	13/83
6 to 10	8	7	10	25	30.12	25/83
11 to 15	5	12	2	19	22.89	19/83
16 to 20	4	5	6	15	18.07	15/83
21 to 25	0	3	4	7	8.43	7/83
above 25	0	2	0	2	2.41	2/83
Total reconstd	21	34	28	83	35.78	83/232
modified	2	4	8	14	6.03	14/232
Total(Re/Md)	23	38	36	97	41.81	97/232

Source: Primary survey, 2006

In their appearance and facility, many of the houses in the state excel that of royal mansions. A huge amount of money is required for yearly maintenance of such houses. Maintaining such houses in its original dignity has become a real burden and a source of personal grief for many of the owners in the state. We

found that an amount of Rs. 29, 68,700 was expended exclusively on maintaining the existing houses during survey year (Table 6.16).

**Table 6.16 Distribution of families based on maintenance expenditure.**

Range of Expenditure(Rs )	Locality			Total households
	I	II	III	
10 thsd & below	21	24	20	65
10 to 20 thsnds	45	36	49	130
20 to 30 thsnds	2	0	4	6
50 thsnds	1	0	2	3
1 lakh	0	1	1	2
Total families	69	61	76	206
Total amt (Rs)	965500	757200	1246000	2968700
Families without spending	8	13	5	26

Source: Primary survey, 2006

**Manufacturing sector:** The state of Kerala has been regarded as an industrially backward state. In the case of number of factories and total employment that create, Kerala ranks 10<sup>th</sup> in the country. The state with a share of 3.43 percent of the total Indian population accounted for only 2.19 percentage of the gross output and Gross Value added in the factory sector of industry during 1990s. The growth rate of the industrial sector showed an improvement during the liberalized regime, i.e., from 4.5 percentage in 80s to 6.9 percentage in 1990s in the case of secondary sector as a whole and from 4.5 percentage in 80s to 6.0 percentage in 90s in the case of manufacturing sector. The growth slipped again and has shown a declining trend after 2001-02. The traditional industries continued to exhibit its poor performance. But, the recently emerged information technology and the wider scope of the already established tourism are the two sectors which provide hopes in the state.



Along with other factors, consumerism has contributed substantially to the decay of Kerala's industrial sector. Consumption pattern and life style of Keralites have worked to arrest the growth of the traditional as well as modern industries. The fashion and style of life that Keralites followed were not conducive for promoting traditional industries. People of Kerala who emigrated to the West and West Asia easily and quickly emulated the life practices they experienced in the foreign countries and their demands tended to disfavour commodities produced in the state. This emulation transmitted very quickly to the members of gulf families and they preferred foreign made goods to traditional goods. Thus the home industry lost necessary impetus for its development. The cost factor also might have contributed to the decay of the state's manufacturing sector. The opportunities that the state should have utilized were actually bypassed to the advantage of the nearby states. Many production and trading centers were developed in the boarder districts of such states. Out of their consumerist tendencies, Keralites found it more convenient to procure goods from other states than to produce them here. At present, the policy makers claim that the socio-economic changes that occurred in Kerala have made its industrial environment favourable to the industrialists and viable to the investors. But, the ground reality here does not warrant this sort of an optimism.

### **6.3 Adverse effects on Savings and Investments**

Consumerism has its detrimental impact on the saving as well as investment sectors of the economy. The existing consumption pattern with ever increasing importance on areas and items of lesser importance is affecting saving potentials adversely. A study by Zachariah, et.al (2001) examined the consumption pattern of emigrants and found that the returnee emigrants have very little financial savings left with them for investment, or to start a business with. They had spent most of their savings on other purposes of greater priority in their reckoning. Our survey found that the total savings of the households in the survey year was Rs. 6, 71,311 (Table 6.17). The figure was lower than even

the expenditure spent on house maintenance during the year. The savings on an average was Rs 2894 whereas; average expenditure on maintenance was Rs 12796.

**Table 6.17 Savings distribution of respondents**

Range (Rs '000)	Locality			Total	Percent
	I	II	III		
Below 1	33	24	24	81	34.91
1 to 2	21	9	17	47	20.26
2 to 5	10	9	15	34	14.66
5 to 10	1	5	8	14	6.03
> 10	0	7	0	7	3.02
Total hhs	65	54	64	183	78.88
Total amt (Rs)	105950	401700	163661	671311	--
Householdswith no savings	12	20	17	49	21.12

Source: Primary survey, 2006

The pattern of investment in the state was totally misdirected and misleading. The existing pattern may not be conducive for the growth and sustenance of the economy. The required investments were not forthcoming in the production areas, especially in industrial sector. In our survey, we found only 15 cases of investments in small scale business where, 12 of them were workshops. At the same time, most of the investments we found were in lands or buildings. Out of 232 households, we found 103 (44.4%) had investments in lands and 89 (38.36%) had their investments in buildings. Respondents having investments in hotels & bakeries were 20 (8.62%) and those with investments in transport vehicles were 9 (3.88%). We also found only 8 (3.45%) cases of investments in live stocks (see Table 6.18).

**Table 6.18 Asset (physical) distribution of respondents**

Assets	Locality			Total households	Percentages
	I	II	III		
Land	36	26	41	103	44.40
Building	32	32	25	89	38.36
Hotel, bakery	7	5	8	20	8.62
Trans. vehicle	0	6	3	9	3.88
W/s,Lathe,mil l	5	6	6	17	7.33
Livestock	0	1	7	8	3.45
Theatre	0	1	0	1	0.43

Source: Primary survey, 2006

These findings were indicative of the greater importance on land & buildings and lesser on entrepreneurial sectors. One important fact we observed in this regard is that the land except that put under plantations were mainly used either for construction purposes or for re-sale. The lesser importance on live stock may also be indicative of the declining importance on cultivation, especially of food crop. The findings on this pattern may also be an evidence of the boom in real estate business that emerged in the state along with the boom in housing sector.

With regard to the investments on financial assets, we found that huge amounts of money were expended on jewellery. In addition to marriage expenditure whose major share may be on jewellery, our survey found that an amount of Rs.59, 75,000 (an average amount of Rs.25754) was spent exclusively on jewellery as investment. The share on purchasing stocks & shares was Rs.6, 70,000 (Table 6.19).

The importance given to business sector may be understood from the figures we received from the survey and depicted here. The amount invested in this area during the year was Rs.3, 93, 50,000 and this was the contribution of 47 households (20.26%) (Table 6.20).

**Table 6.19 Asset (financial) distribution of respondents**

Item	Locality						Total	
	I		II		III			
	hhs	Amount (Rs'000)	hhs	Amount (Rs'000)	hhs	Amount (Rs'000)	hhs	Amount (Rs'000)
<b>Jewellery</b>	3	930	20	3885	5	1160	28	5975
<b>PF</b>	0	0	1	15	1	54	2	69
<b>Shares</b>	0	0	3	270	2	400	5	670
<b>Dpt.(Bank)</b>	13	2223	29	8218	12	3700	54	14141
<b>Not spcfd</b>	11	22554	6	862	11	1483	28	24899

Source: Primary survey, 2006

**Table 6.20 Distribution of investments (Rs '000) in business**

Item	Locality						Total	
	I		II		III			
	hhs	Amount (Rs'000)	hhs	Amount (Rs'000)	hhs	Amount (Rs'000)	hhs	Amount (Rs'000)
<b>Business</b>	27	20350	2	1500	18	17500	47	39350

Source: Primary survey, 2006

#### 6.4 Indebtedness of the State

Consumerism is supposed to cause increasing indebtedness to the state. In the absence of sufficient growth in production sector and consequent insufficiency of revenues that could have been raised otherwise, the state had to depend more on debt in order to perform its obligatory functions. Observed from the angles like Debt/GDP ratio, Per Capita Debt, etc, the state showed its weak position when compared to other states of India. Internal debt, small savings/PF and, loans and advances from the central government were the three main components of the debt and liabilities of the state. The outstanding debt of the state increased from Rs.10113.54 crore in 1995-96 to Rs.55320.49 crore in 2006-2007, leading to an average annual growth rate of 17 percent (Table 6.21).

**Table 6.21 Debt position of the state.**

Year	Debt total (in Rs.crores)	Growth rate (in %)
1995 - 1996	10113.54	--
1996 - 1997	11420.91	12.93
1997 - 1998	12868.14	12.67
1998 - 1999	15700.27	22.01
1999 - 2000	20176.10	28.51
2000 - 2001	23918.97	18.55
2001 - 2002	26950.57	12.67
2002 - 2003	31060.27	15.25
2003 - 2004	37452.23	20.58
2004 - 2005	41877.88	11.82
2005 - 2006	45929.05	9.70
2006 - 2007	55320.49	22.62

Source: Finance Department, Government of Kerala.

The debt/GDP ratio of the state was 26 in 1997 and grew to 40 in 2004. These ratios in the case of neighboring states of Tamil Nadu and Andhra were 16 & 28 and 19 & 32 respectively. The corresponding figures for all the states in India were 18 & 32 (Table 6.22). The per capita debt in the state was 3630 in

**Table 6.22 Debt/GDP Ratio of various states**

State	Debt/GDP Ratio (%)							
	1997	1998	1999	2000	2001	2002	2003	2004
Kerala	26	26	28	31	32	35	39	40
All States	18	18	18	22	24	-	31	32
TamilNadu	16	16	16	19	21	22	25	28
AndhraPradesh	19	21	21	24	26	28	31	32
Karnataka	17	18	18	20	21	25	28	-

Source: Economic Review, 2006 & Budget in brief, Government of Kerala, 2006-07.

1997 and it rose to 10922 in 2004. The per capita debt figures for Tamil Nadu (2352 & 7382), Andhra (2303 & 7290) and, for all the states (2543 & 7405) were far below than that of our state (see Table 6.23).

**Table 6.23 Per Capita Debt position of various states.**

State	Per Capita Debt (Rs)							
	1997	1998	1999	2000	2001	2002*	2003*	2004*
Kerala	3630	4090	4940	6285	7414	8388	9723	10922
All States	2543	2944	3522	4257	4996	5639	6402	7405
TamilNadu	2352	2701	3216	3877	4644	5211	6207	7382
AndhraPradesh	2303	2722	3223	3882	4724	5542	6420	7290
Karnataka	2256	2754	3029	3623	4254	5073	5838	6587

Source: Economic Review, 2006 & Budget in brief, Government of Kerala, 2006-07.

## 6.5 Sluggish economic growth

The state of Kerala occupies a better position with regard to social and human development indicators. The state is placed at the top in HDI with 0.638 and has been maintaining its rank among the states from the year 1981 onwards. Thanks to the progressive social movements that Kerala witnessed and the contributions of missionaries as well as those of the then existing rulers, Kerala had followed a growth pattern based on distributive justice. Such a development made the state a model which explains how social development can be achieved even without economic growth.

Though it achieved a better standing in social indicators, the state lags behind other states in respect of production base as well as per capita net domestic product. The state witnessed large scale outflow of labour and corresponding inflow of foreign remittances from the 1970s onwards. As per economic logic, it was expected that the remittances might have contributed to the growth of the economy. Unfortunately, the economy failed to divert these

remittances to strengthen its production base. Due to the large scale remittances, the consumption basket of Keralites had thoroughly changed during the 1970s (Nair & Pillai 1994). The basket filled with new items and it boosted the demand for various goods. Normally the persistence of higher demand might have resulted in investment and an improvement in production sector. Here also, the economy failed to respond positively and the resulting undersupply caused rise in the prices of goods. Even the price rise has not benefited the production sector of the economy. The continuous failure of the economy to create necessary positive response to the economic indicators and signals resulted in the formation of a wider gap in the market. It is this wider gap that offered the trade sector a profitable business and traders began to bring the goods from nearby states. This development might have contributed much towards the flourishing trade and the present dominance of tertiary sector in the state. Thus it is the profiteering attitude and consumerist tendencies of the people that worked together to bypass the growth potentials of the state to the advantage of the neighboring states. The access to the production centers of the neighboring states strengthened the process. In order to manipulate the environment, neighboring states strengthened their production sector and began to produce output meant especially for Kerala. While neighbouring states were developing their production base, people in Kerala were strengthening the process of deterioration of their base by following the practices like massive conversion of land, shifting the life styles and changing the pattern of demand. The process still continues and the state is becoming increasingly dependent on other states for almost all of its requirements.

The recorded growth rate of the economy during the last one and a half decade has been 5.8 percent. This is an improvement over the rates recorded during previous decades (2.27 percent in 70s and 1.16 percentage in 80s). However, what makes the situation serious is that this growth is mainly a contribution of tertiary sector. Both the primary and the secondary sectors showed poor performance. As per accepted economic logic, the growth of the

tertiary sector and decreasing share of primary and secondary sectors in national income is the sign of economic development. But, economic logic also requires that such re-distribution in the sectoral contribution should start only after sufficient development in primary and secondary sectors. Kerala's development process is not obeying the second part of the logic. Instead, it exhibits a structural transformation heavily biased in favour of service sector. The other sectors are becoming stagnant even at the initial stages of development. This development clearly damages the production sector of the economy.

The available sources for growth – both internal and external – have been extensively bypassed for the promotion of tertiary sector at the cost of other sectors. While examining the impact of foreign remittances on Kerala economy, Nair (1994) observed that state's position in respect of net state domestic product has not improved even after large scale migration to the West Asia. Again, we could see that the observation that State Planning Board made about commodity producing sector in the year 1984 was almost same as it made in the year 1978. A six-year lapse of time had not produced any favourable improvement. Though the primary and secondary sectors continued to be stagnant, the increased consumerism provided much incentive to trade and this resulted in an increase in the number of business establishments.

**Table 6.24 Sectoral Distribution of State Income (percentages) (1993 – 94 prices)**

Sector	2001 - 02	2002 – 03 <sup>p</sup>	2003 – 04 <sup>q</sup>
Primary	19.80	18.80	17.10
Secondary	19.80	19.50	19.30
Tertiary	60.40	61.70	63.60

Source: Economic Review, 2004. Note: p – provisional; q - quick estimate

In spite of the changes in economic environment and structural transformation from 1990s, there was not much change in the nature of



production in the state. Table 6.24 depicts the growing importance of tertiary sector as the contributor to state domestic product.

Comparing two sub-periods 1981-91 and 1991-2001, we can observe that the first two sectors have shown a decreasing trend and the tertiary sector has shown an increasing trend (Table 6.25).

**Table 6.25 Sectoral Contribution of Net State Domestic Product**

Year Sector	1981 - 1991		1991 - 2001	
	percentage	Growth rate	percentage	Growth rate
Primary	34.0	3.6	28.9	3.9
Secondary	19.3	4.5	20.4	6.9
Tertiary	46.7	4.4	50.7	7.8

Source: Kerala's Economic Development, Prakash (Ed).

At present, the state is increasingly depending on the products from neighbouring states and even those imported from abroad. The mushrooming growth of business establishments exclusively meant for foreign goods and that of foreign bazaars throughout the state clearly indicate both the strength of consumerism and the direction in which Kerala's production sector moves.

From the data on the small scale industrial units that are registered in the district during 2001-2006, we can observe that the number as well as the associated employment opportunities was on the decline. While a total of 824 units were registered during the year 2001-02, the number has fallen to 209 during 2005-06. During this period, the associated employment opportunities are also reduced from 2942 to 1129 (Table 6.26). As cited earlier, our primary survey reveals that majority of respondents in the study area have invested their savings either in land or on buildings. While only 7.33 percent of the respondents reported to have investments in small scale industrial units, 20.26 percent have investments in business (see Tables 6.18 & 6.20). The facts substantiate the slow

growth in the manufacturing sector and are indicative of the behavioural pattern against manual labour.

**Table 6.26 Trend of Development in Small Scale Industries sector in Malappuram District**

<b>Period</b>	<b>Units Registered</b>	<b>Investment (in lakh Rs)</b>	<b>Employment</b>
2001-02	824	1486.08	2942
2002-03	569	1750.27	2336
2003-04	247	906.12	1074
2004-05	229	1169.31	1186
2005-06	209	1202.9	1129

Source: District Industries Center, Malappuram, 2007

Data on power consumption in the district shows that 63.44 percent of average monthly consumption was for domestic purposes. While commercial sector claimed a share of 12.27 percent, it was 11.57 percent for industrial sector and 3.51 percent for agricultural sector (Table 6.27).

**Table 6.27 Sector wise distribution of power consumption**

<b>Sector</b>	<b>Share</b>
Domestic Purpose	63.44 %
Commercial Sector	12.27 %
Industrial Sector	11.57 %
Agricultural Sector	3.51 %
Public lights, Water works	2.64 %
Others	6.57 %

Source: District Industries Center, Malappuram, 2007

## **6.6 Increased dependency of the State**

Increased dependency of the state for its very existence seems to be one of the direct outcomes of consumerism. Consumerism might have strengthened

the state's dependency in two ways. First, owing to factors including remittances, the dietary pattern of the people have improved qualitatively. As a result the demand for vegetables, meat, milk, eggs and processed foods increased in the state. Second, people developed a consumerist life style where production of such goods was neglected on grounds of inconvenience. The result was the deterioration of production sector at home and strengthening of state's dependency. Consequent to the new life styles and culture, markets were extensively resorted to as the most convenient sources. The non-profitability of production at home added momentum to the trend.

The state, at present, has to depend on neighbouring states for almost all its requirements. It has to depend on Andhra Pradesh and Punjab for rice, Tamil Nadu for milk & vegetables, and Karnataka as well as Tamil Nadu for meat. The dependency was not confined to food items alone. The construction materials were extensively brought from Rajasthan. The tendency has grown to such an extent that the state depends on the neighboring states even for its labour requirements. As per statistics, 65 percentages of the meat requirements of the state is met from animals of neighbouring states (Gok, 2004).

The volume of goods carted from the neighbouring states as well as the long queue of trucks that may be found waiting for clearance at check posts depict a clear picture of the dependency of our state in this regard. The situation has assumed such alarming proportions in the state that social tensions leading to bandhs / hartals, strikes by truck owners, or even a road accident may totally jeopardize normal life in the state.

The situation has become more serious in the light of massive malpractices in the handling of goods, food items in particular. The ever increasing demand for goods coupled with lack of sufficient checking facilities prompt many to resort to unhealthy practices including adulterations. It is alleged that some of the goods that are brought for sale to the state are poisonous and dangerous to health. The issue has become a subject of concern in the state assembly that forced the

members to raise a demand for evolving a suitable mechanism to check adulteration of milk, fruits and vegetables being brought from the neighbouring states (The Hindu, 17<sup>th</sup> July 2007).

Our survey reveals that, for almost all goods that are required, the Malappuram district depends on other states. It is found that the wholesale and retail outlets in the district are dealing in goods that are brought from outside the state. Even the vegetable items are brought from other states to this district. As revealed by sellers of wholesale shops, almost all items of vegetables are brought either from Tamil Nadu or from Karnataka. The items that are produced within the state are rarely found even in the retail shops. The trends that exist in the commodity market as a whole are indicative of the state's higher dependence on other parts of the country and even other countries for its very existence.

## **6.7 Environmental Degradation**

Consumption is more an interactive process than a personalized activity. It reflects the behaviour and outlook of a society. Consumer behaviour comprises the entire 'repertoire of acts' (Woods, 1981) that people engage in when using resources. The impact that consumption puts on the eco-system and environment is very crucial, especially when resources are getting decayed. 'In a world of increasing number of people and dwindling resources, each and every consumer is individually influenced by the consumption of all others' (Woods, 1981). Considering the extravaganza that society follows in using resources, the logic necessitates a re-setting of utility notion 'in the light of a much more general social logic than that of rationalistic and economic origins' (Baudrillard, 2003). Consumption devoid of such a social notion may result in wastage of resources and may damage the existence and continuity of society. In fact, 'consumation' (Baudrillard, 2003), concealed under the name affluence, proves dangerous to the environment. The possession of increasing number of goods and amenities (individual as well as collective) is being accompanied by increasingly serious environmental disturbances. Improvement in production

techniques and sophisticated technology provide ample scope for mass production and the chase for possession may lead to the degradation of our 'shared space'. Noise, air and water pollution, environmental destruction, destruction of residential zones for the development of new amenities, etc, are some of the nuisances associated with development. The World Bank (1995) in its study on economic cost of environmental degradation in India found that the average values for the estimated environmental impact are \$ 570 million by health impact of water pollution, \$ 1310 million by health impact of air pollution, \$ 328 million by loss of livestock carrying capacity due to land degradation and \$ 214 million by deforestation.

Kerala has achieved a better rank in Human Development Index (HDI) and stands ahead among other states in the case of PQLI. The state achieved this enviable status with the help of Kerala model which gave more emphasis on social development. But the present environment in Kerala makes even the optimists to be skeptical about the sustainability of the economy. The health scenario- the sector that might have contributed much for achieving the highest rank in HDI, is showing the signs of reverse movements at present. The environment has been seriously polluted and the trend is still continuing. About 657 vehicles are newly added to vehicle population every day in this small state. Of this, 402 are two wheelers. The necessary efforts to improve existing road network and strengthening the public transportation system are not forthcoming from the authorities. Instead, they are planning to erect exclusive ways (express ways and the like). Such attempts may create motivations among the people to have vehicles of their own which will increase the number of vehicles on the roads. Again, public health system has become sick due to the negligence from the authority and the public as well. Thanks to consumerist tendencies, the 'middle class' increasingly prefers the costly super speciality hospitals and the treatment in government hospitals is a sector reserved exclusively for the poor. Now a days, super speciality is considered normal and others seem to be meant for the have-nots. At present, the disposal of solid wastes has become a serious

problem in the state. Along with factories, the hospitals have contributed a major share in this regard. Rivers and canals are extensively used as points of waste disposal. Ground water levels in the state are depleting alarmingly. The ruthless extraction of water by giant companies has become a serious environmental problem in the state. Plastic materials and carry bags have become a part of modern life and its disposal poses serious environmental problems.

The polluted air, depleted drinking water, degraded environment together with other factors make the biological environment of the state so sensitive that it receives shocks from almost all types of diseases that are present in the world as well as those unknown to humanity. The health problems that the state faces at present include high rate of morbidity, growing prevalence of life style diseases, increasing prevalence of respiratory infections and diseases of the elderly. 'Kerala has been reported to have the highest rate of morbidity among all Indian states' (Sen, 1997 cited in Prakash, 2004). In the state, dengue fever incidence increased to 3861 in 2003 from 263 in 2002. Similarly, typhoid cases rose from 8408 in 2002 to 12996 in 2003. As the famous writer Mukundan said: 'the state is today known as the land of fever' (Hindu daily, 7.8.2007). Studies by various agencies indicate that prevalence of life style diseases like diabetes, high blood pressure, etc, is much higher in the state than elsewhere. A recent survey reveals that one out of three adults in Kerala tends to be hypertensive, a main contributor of heart attacks and strokes. After all, Kerala has an estimated HIV population between 70,000 and 1, 00,000 (Gok, 2004).

Tourism is a fast emerging area of economic development and so various policies are followed to promote tourism in the state. Along with a positive economic effect, tourism has a deteriorating impact on the environmental, social and cultural life of the society. Under the guise of expansion and development, the sector is resorting to ruthless exploitation of environment. The role of private enterprise and their profiteering efforts may cause massive damages to the ecosystem of the state. The development and expansion of tourist centers without

considering their 'carrying capacity' are proving detrimental not only to the society but even to their own survival. Massive construction activities may reduce tourist centers to mere trade centers. The transferring of public spaces to the hands of private individuals and gradual shifting of such places to restricted centers may result in the formation of vulgar consumerist centers. Such centers, devoid of direct governmental control, may not be conducive to the general health of a society. It is because of this negative aspect, especially those associated with excesses on nature, that the government is changing focus towards eco-tourism. If approached and managed properly, tourism could prove to be a very beneficial sector in the state. In 2002, government of Kerala proclaimed its Tourism Vision 2025 with the slogan "conserve culture and promote tourism". The slogan involved the idea of developing tourism in accordance with its carrying capacity (environment, sustainability, culture, host society, value, etc.). But the thing which is more important than the slogan is the way it works and the commitments required for its implementation. Tourism can easily be mismanaged in the consumerist society that Kerala has.

## **6.8 Social insecurity**

Consumerism is found to have produced dangerous consequences on the social life of Keralites. Youngsters seem to have developed hedonism as the philosophy of their social life. Very often, they resort to undesirable means for achieving their objectives. Money making 'at any cost and by whatever means' seems to have become the accepted philosophy of economic life. A kind of 'mammon worship' is found to have re-emerged in the society. Accordingly, ruthless exploitation of fellow beings is no longer considered a 'sin'. The attitude of the people to a large extent has become 'money is the be all and end all' of life. The outcome of 'fast buck' seems to manifest itself in the form of increasing number of crimes, cases of dowry deaths, aggressive activities of quotation groups, etc. A large chunk of the young generation seems to consider activities

like liquor consumption, using of drugs and narcotics, immoral sex, etc as the accepted form of pleasure.

Statistics showed that the **crime rate** (crime per one lakh population) in the state is on the rise. The number of crimes registered under Indian Penal Code increased from 86141 in 1996 to 104200 in 2002. The crimes registered under Special and Local Laws also have shown an increase from 14675 to 34954. As per records, atrocities against women have increased by 300 percent in the state during the period 1991 – 2003 (Table 6.28). It is to be noted that the increase in population growth in the state during this period was only 14.58 percent.

**Table 6.28 Extent of selected offences against women in the state.**

Offences	Year		
	1991	2002	2003
Rape	211	499	377
Molestation	569	2123	2007
Kidnapping	99	91	121
Eve-teasing	5	102	80
Dowry deaths	13	17	23
Cruelty by husbands & relatives	237	2836	2866
Others	733	1833	1748
Total	1867	7501	7222

Source: Economic Review, 2004.

It is found that during the period 2001–06, the average number of offences related to cruelty by husbands and relatives in Malappuram district was 460 per year (Table 6.29). During the last three years (2005-2007), 39 cases of dacoity, 77 cases of robbery and 1011 cases of burglary were reported from the district. The number of vehicle thefts during this period was 660 (see Table 6.30)

**Table 6.29 Offences related to cruelty by husbands and relatives in Malappuram District.**

Year	2001	2002	2003	2004	2005	2006
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<b>No. of cases</b>	448	431	460	516	449	458
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Source: District Crime Records Bureau, Malappuram, 2008

**Table 6.30 Theft related cases in the district of Malappuram during 2005-07.**

<b>Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>Total (05-07)</b>
<b>Dacoity</b>	10	12	17	39
<b>Robbery</b>	22	23	32	77
<b>Burglary</b>	258	247	506	1011
<b>Vehicle Theft</b>	239	216	205	660

Source: District Crime Records Bureau, Malappuram, 2008

The per capita **consumption of liquor** is said to be very high in the state. Kerala has been increasingly becoming a state of 'drunkards'. 'Liquor tragedies' which take hundreds of lives are common in this small state. Almost every celebration in the state leaves sorrowful memories. 'As per the available statistics, per capita liquor consumption is the highest in Kerala. The consumption of other banned drugs and narcotics is also on the rise in the state' (Dr. Abdul Bari, Superintendent, Mental health care, Thiruvananthapuram, 2006). The youngsters are seemed to have developed a craze for liquors and drugs and, the campuses – even those of schools, have become the raring places of such habits. The intensity of such habits and its expansion, defying any controlling measures, has become a challenge for the very existence of the society and a threat to the future generation. At present, there are 4362 Toddy shops in the state. The retail show rooms and Beer parlors run by Beverages Corporation and Consumer Fed are 355 and 70 respectively (Madhyamam Daily, 14.3. 2007).

At present, there are 23 bar hotels and 13 retail outlets for foreign liquors in Malappuram district. The average monthly sales of liquors in this district (based on data for the months of June, August and October, 2007) were 432687 litres of Indian made foreign liquors, 543 litres of wine and 168447 litres of beer (Divisional Excise Commissioner office, Malappuram, 2008). The liquors sold through the toddy shops are to be included in the monthly liquor consumption of the district. The district has 302 toddy shops whose sales come to about 75 litres per shop a day.

In liquor and narcotics, we may observe the roots of many **vices**. In their search for money, youths may have been attracted towards various anti-social groups like theft groups, quotation groups or the camp of smugglers. The quotation groups have become more active these days in the state. We may not deny the role of politics in the emergence and existence of such anti-social groups. It is either by political 'support' or by 'neglect' that such groups became prominent in the state. 'Muscle power' and 'criminalization' have become the distinguishing marks of present day politics. Whatever is the cause, the existence of such groups and their growth has become a social nuisance. The underground activities of such groups as well as the rivalry among various groups, and the consequent 'fights and deaths' have become a threat to the peaceful social life in the state. What is pitiable is that such activities are getting wider respect in the present social environment and such groups are being used extensively.

**Dowry** has become a 'necessary evil'. This social nuisance has become a source for and force of consumerism. Considering the social spectrum of the country, we could see that, out of greed for acquiring products of western culture, expensive consumer goods are increasingly demanded as part of bride's dowry by the grooms. The failure to produce such demanded goods might have resulted in the killing of women – very often being set on fire by husbands or in-laws. In the case of Kerala, huge amounts of money along with vehicles and consumer goods are demanded as dowry. A shortage in this amount or putting away a part of its payment may lead to the total collapse of the marital relations. The compulsion to obtain the consumer goods whatever its cost and also for additional money may very often lead to the dowry related deaths. In Kerala, twenty three cases of dowry deaths are reported even during the year 2003. Actual cases of deaths and harassments may be higher than those reported. In this connection, let us recall a shocking incident that happened in Malappuram a couple of months ago. A girl who was married off with a hefty dowry of 40 lakh rupees, a Lancer car and 317 sovereign of gold committed suicide following harassment from in-laws for more dowry. The root cause of such harassments

and following cruelties may be found in the expectation of society that ‘men can re-marry and receive another dowry elsewhere’. To aggravate the situation, the mindset of the youth today has radically changed so as to expose even their family life to the realm of consumerism. J. Mohan Raj, principal counselor of a family court and a researcher on divorce cases, has pointed out that the average divorce cases that are filed in the state comes to around 70 a day. The situation is indicative of the radical change that has come about in the thinking of the youth today. Justice D. Sreedevi, the chair person of commission for women, is of opinion that the options before the present day generation are numerous and hence the youth today are not prepared to wedge an inch from their stand (Mathru bhumi Daily, 15<sup>th</sup> July, 2007).

‘**Suicide**’ is another important problem that invites social concern in Kerala. As per Economic review, 2004, the suicide rate in Kerala is 28.8 per one lakh which is almost three times the national average of 11.6 per lakh. The state with a population of 3 percent of the country contributes about 10 percent of all suicides in India. Definitely, we may observe the role of consumerism contributing to the deterioration of mental health among Keralites. The situation may be looked into from different angles. Consumerism that developed in the state may have enhanced the aspiration levels of people far ahead of their capacities. The continuous failure to cope up with the enhanced targets, even after resorting to all foul means, might have made them desperate. Suicide might be a natural outcome of this desperation. Secondly, in order to lead a consumerist way of life, individuals borrowed loans from various credit agencies – both institutional and non-institutional. Prompted by the advertisement and persuasion from the sellers who arranged credit loans, the purchase expanded and the liabilities further aggravated. The ceasing of loan facilities at the time when they are accustomed to consumerist life style may lead them to borrow money from money lenders. The ‘amalgamated liability’ they had to pay back and the impossibility of getting source to maintain acquired level of living might have led to the cases of suicide.

In the year 2006, 447 cases of suicides were reported in the district. While one incident was due to dowry disputes, the causes reported for another 164 cases were family problems (DCRB, Malappuram, 2008). As dowry related cases are not normally reported as such, many of such cases might have been included in the category of family problems. Mental problems, diseases, bankruptcy, drug abuse, divorce and cancellation of marriages are other prominent reasons reported.

At present, Kerala is shocked by massive suicide among the farmers. A total of 942 such suicide cases were reported during the period 2001-2007 (Assembly reports, Mathrubhumi, 27 March, 2007). The main reason reported was that of non-profitability in farming sector. But consumerism might have played prominent role in such incidences. The reports showed that the houses of many of such farmers were filled with consumer durables and, had made huge liabilities in the form of credit loans. Another element that may be attributed to suicide in the state is that of drug habit. The consumerist environment that prevails in the state gives respect to alcohol as a sign of social status. Out of the pressure of situation, people are attracted towards drinking habits. Gradually, they fall prey to drugs. The diseases associated with drug addiction and the resultant depression might have led them to resort to suicide. As per statistics given by economic review, 2004, the total HIV cases reported in the state was 1995. Out of this, 617 were AIDS death cases. Kerala has an estimated HIV population between 70,000 and 1, 00,000. The alarming rate of such diseases and their expansion is mainly the contribution of life habits such as immoral sex, using of narcotic drugs and alcohol – all of them are the elements of consumerism. Kerala has a top in rank in the case of life style diseases like diabetes, mellitus and high blood pressure. Every one out of three adults in the state tends to be hypertensive, which is a contributory factor for the increasing occurrence of heart attacks and strokes in the state (Gok, 2004).

In sum, we can conclude that consumerism brings insecurity to the social life of the Keralites. We may re-call the words of Baudrillard (2003) “... The major cost of the consumer society is the sense of generalized insecurity it engenders”.

### TESTING FOR ENGEL RELATIONS

In this section, an attempt is made to verify the Engel relations using the income and expenditure data we have collected through our sample survey. In order to serve the purpose, we have used scatter plots first and then resorted to regression technique as an alternative.

**i) Scatter plot:** The scatter plots for food and non-food expenditure in relation to income level have been obtained separately for three sample areas (see Figures 6.1 to 6.6).

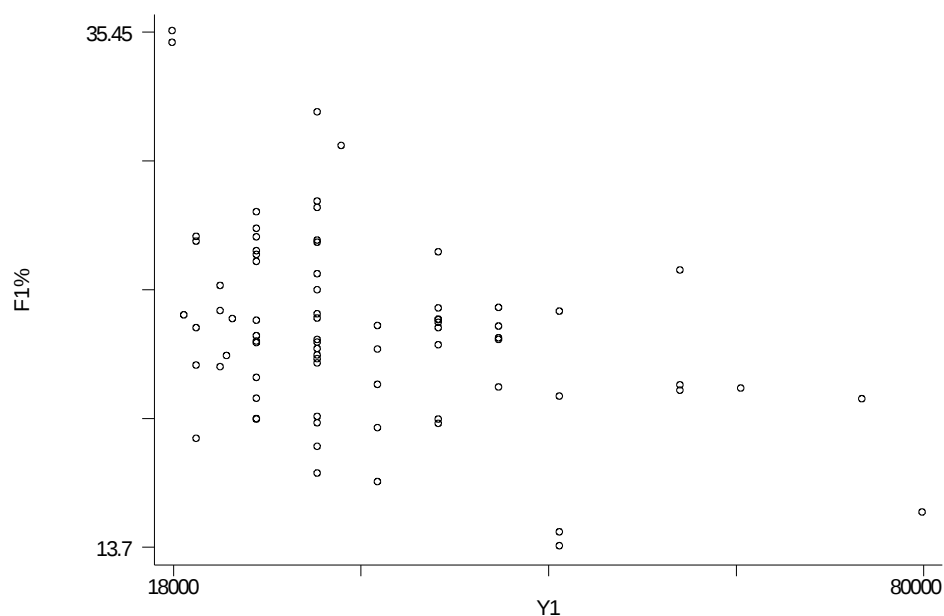


Figure 6.1 Income ( $Y_1$ ) and Percentage expenditure on food ( $F_1$ ) in area one

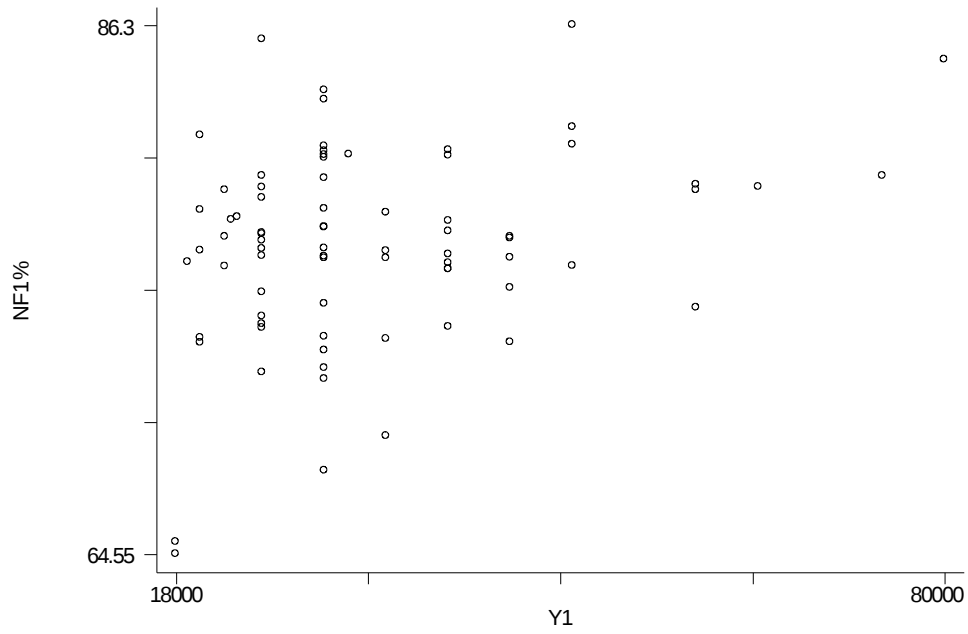


Figure 6.2 Income ( $Y_1$ ) and Percentage expenditure on non-food ( $NF_1$ ) in area one

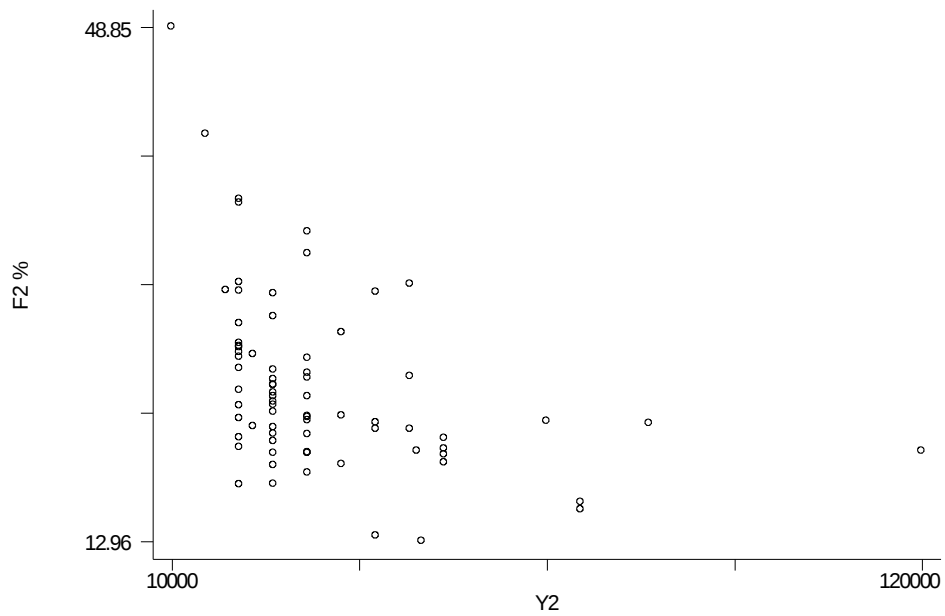


Figure 6.3 Income ( $Y_2$ ) and Percentage expenditure on food ( $F_2$ ) in area two.

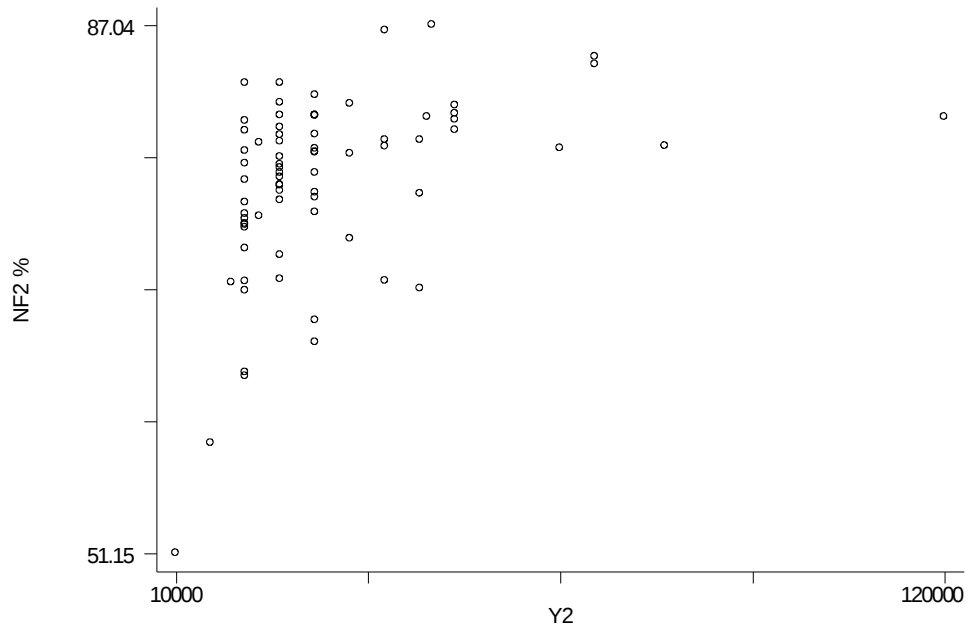


Figure 6.4 Income ( $Y_2$ ) and Percentage expenditure on non-food ( $NF_2$ ) in area two.

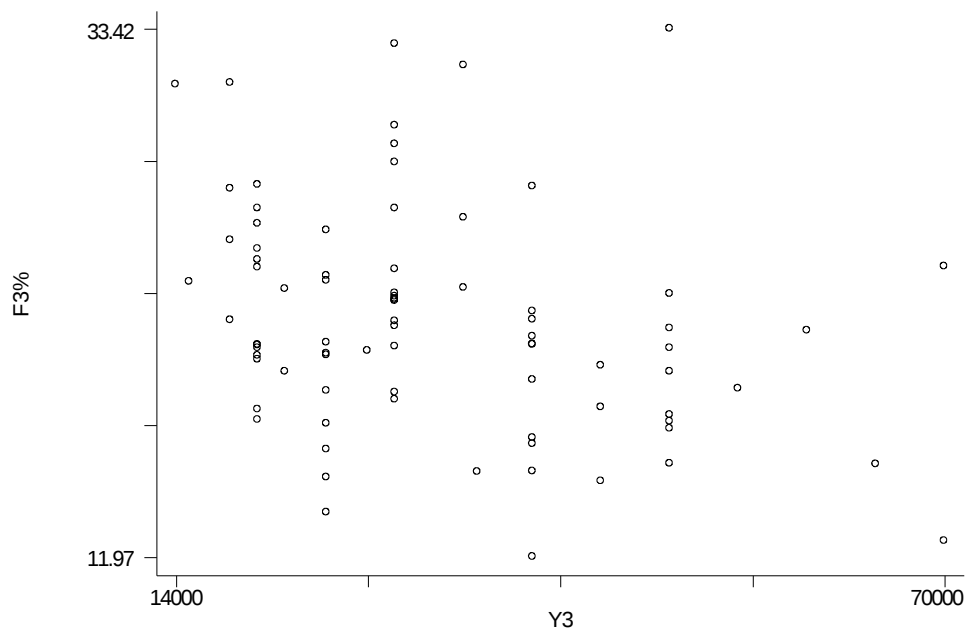


Figure 6.5 Income ( $Y_3$ ) and Percentage expenditure on food ( $F_3$ ) in area three.



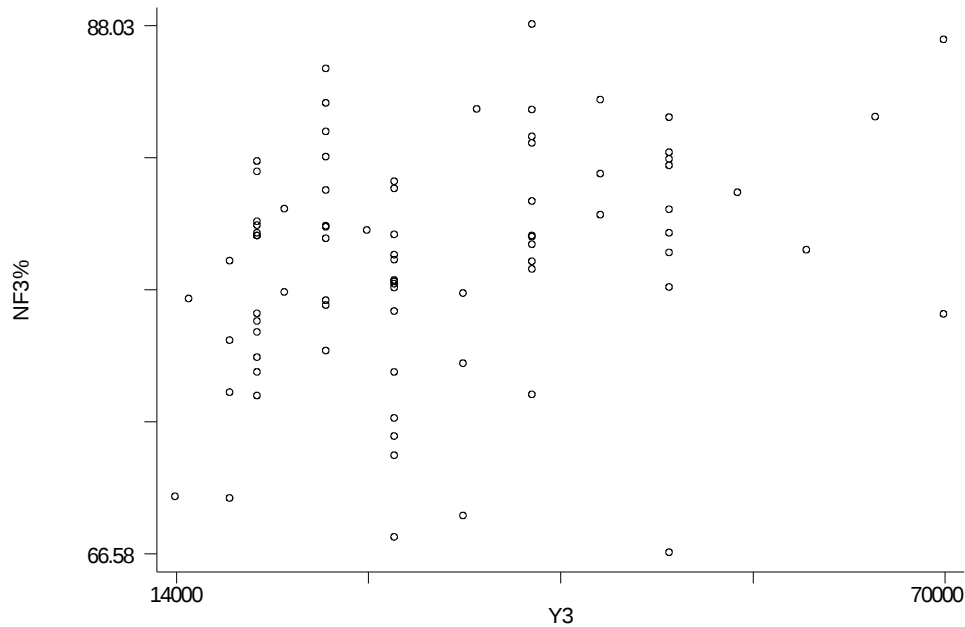


Figure 6.6 Income ( $Y_3$ ) and Percentage expenditure on non-food ( $NF_3$ ) in area three

As the set of figures depicts, the income – expenditure relation in the case of food items is negative and that of non-food items is positive. This relation is in conformity with the theoretical postulates and thus implies that the sample units observe the behavioural pattern that we expected from a cross section.

### ii) Regression of Expenditure on Income

For scientific verification of the relation, we have done statistical estimation based on regression. Accordingly, the sample data relating to income and expenditure have been regressed as  $E_i$  on  $Y_i$ , where  $i= 1, 2 \&3$  (see Table 6.29).

Economic theory holds that as income level goes up the proportion of incremental income consumed in food expenditure will go on declining and that of non-food expenditure will be on the rise. The regression result for the sample data clearly establishes this theoretical relation between income and

**Table 6.31 Summary result for Engel relations**

Variable	Co-efficient
F1 on Y1	-0.0123 (-3.73) *
NF1 on Y1	0.00954 (2.77) *
F2 on Y2	-0.01463 (-3.73) *
NF2 on Y2	0.01463 (3.73) *
F3 on Y3	-0.01082 (-2.87) *
NF3 on Y3	0.01082 (2.87) *

Note: 1. \* Significant at 1% level

2. Fi: Expenditure on food items in  $i^{\text{th}}$  Area; NFi: Expenditure on non-food items in  $i^{\text{th}}$  Area; Yi: Income level of  $i^{\text{th}}$  Area.

-Figures in parentheses are 't' values.

expenditure pattern in respect of the study area. The income elasticity coefficients in the model are negative for food expenditure and positive for non-food expenditure. Though we have observed a trend in conformity with the theory, the strength of reverse movement of expenditure on food is found to be too less. The lesser value for elasticity coefficients in the model might be a reflection of the new trend in consumption pattern of people. As part of changes in the food habits, processed food items occupy a dominant position in the dietary pattern of Keralites. When food consumption pattern shifts from home made items to market items, it is natural to have an increase in the cost of food items. The observation about the type of relations is similar in all the three areas we have studied, indicating a general trend in consumption pattern.

## **Summing up**

Thus it is found that the phenomenon of consumerism that existed and the situation that it created in the state pose a serious threat even to the sustainability of the state's economy. Its growth and extension to various spheres of family and social life necessitate serious consideration and demands effective policy measures. Abysmal growth in primary sector, predominance of construction over manufacturing in the secondary sector, wastage and mis-direction of resources, camouflaged deprivation and destitution, alarming diseases and health problems, increasing threat to food security, rising social insecurity, increasing per capita debt, increasing dependency on other states and their products and the paradox of unemployment with shortage of labor supply are the major challenges that the economy faces. If allowed to continue uninterrupted, many of these problems are likely to be aggravated in the near future. A search for the roots of these dismal situations may lead us to the unsound and injudicious consumption practices in the state. Consumerism affects almost all walks of life including politics, higher education, art and, even the institution of marriage. 'The impacts of consumerism, positive or negative, are very significant to all aspects of our lives, as well as our planet' (Stearns, 2001).

# **Chapter Seven**

## **SUMMARY AND CONCLUSION**



## **SUMMARY AND CONCLUSION**

Consumerism is the product of the new consumer culture that has developed under the pressure of sophisticated technology, media and new global apparatus. 'Consumerism is the cultural relationship between humans and consumer goods and services including behaviour, institutions and ideas' (Martin, 1993). It is economically manifested in the chronic purchasing of new goods and services, with little attention to their true need, durability, product origin or the environmental consequences of manufacture and disposal. The term is used to denote the phase of consumption having a consumption basket which is enlarged drastically with the inclusion of a number of non-essential items and highly expensive products. Thus, the term represents the irrational pattern of consumption.

As in the case of many other factors, the state of Kerala preserves its uniqueness in the pattern of consumption also. The average monthly per capita consumption expenditure of this state with lower per capita domestic income is higher than even that of the richest states of the country. Keralites are found to be fascinated towards consumer goods, modern gadgets like vehicles and durables in particular. Kerala happens to be the hottest market for the goods produced anywhere in the world. Even in the interior areas of the state, houses are filled

with foreign utensils. The state of Kerala is found to be the pioneer among Indian states in the matter of consumerism. Its early contacts with the outside world might have contributed in shaping its consumption behaviour as well as its cultural and socio-economic settings. The housing and shopping practices that society follows are indicative of the consumerist culture prevailing in the state. The distinct path in the process of economic development that the state experienced might have also contributed much to its growth. The spending spree among the individuals that became widespread with the large scale flow of gulf remittances during the nineteen seventies received further fillip by the new economic policy that was initiated in the country during the nineties. The existence of features like rural-urban continuum, progressive social atmosphere, rise of the neo rich, high proportion of middlemen, etc, is strengthening the process. The state has evolved a set up that produces the required spectators and audience respect in the consumerist game.

The phenomenon of consumerism has grown in magnitude and has assumed new dimensions. The new culture that it has brought about has a far reaching effect on the sustainability of the economy. Marriage, education and even medical treatments have become flowery aspects of consumerist life. The structural growth that took place in the state and the situation that was prevailing aggravated the problems and created frustrations among the people and policy makers as well.

Some studies on Kerala economy, especially in the context of migration, made references to the presence of consumerism in the state and its alarming growth. Though the sociological and historical aspects of the problem have already been addressed, no serious efforts have been made to delve into the economic grounds on which the phenomenon developed and its consequences to the economy of Kerala. The administrative efforts and policies intended to address the problem should be supported by sufficient knowledge and in-depth understanding of the problem. Thus a detailed study on the aspects referred to

was considered worth undertaking. The present study is devised under this broad framework, hoping that it may be useful in addressing the problems in its right context.

Accordingly, the study proceeded with four specific objectives viz, i) To examine the trends & patterns of consumption expenditure in Kerala, ii) To compare and contrast the income - consumption expenditure relation in the state, iii) To identify the factors determining consumerism in Kerala and iv) To examine the impact of consumerism on the economy of Kerala.

### **Trend and pattern of consumption**

The study examined the consumption expenditure in Kerala so as to obtain a deeper understanding of the development of consumerism in the state.

### **Expenditure on food & non-food items**

- Regarding the inter temporal movement of expenditure on food and non-food items, it is found that Between 1967-68 and 2004, monthly per capita consumption expenditure share on food in the state declined by 29 percent, i.e. from 72.56 percent in 1967-68 to 41.64 percent during 2003. The rate of decline was 2.82 percent per year and the trend did not exhibit any urban-rural divide. Though Kerala showed an expenditure pattern similar to that of the country as a whole, the decline in the share was much steeper in the state compared to the country as a whole. During this period, the per capita expenditure on non-food items rose from 27% to 56%. Non-food expenditure share in Kerala was higher than that of the all India figures in respect of rural sector as well as for the state as a whole.
- A major change in the decline in relative share of food to non-food expenditure has occurred during the decade 1968-78, i.e. during the period of large scale migration. Members of the middle class families



were a major constituent of emigrants during this period. Their marginal propensity to consume might have reflected in the trend.

- After a slippage in 1978-88., the trend picked up its strength during 1988-98. In addition to emigration, the liberalization that came into existence as part of the economic reforms might have played a significant role during the period.
- Five years of the last decade (1997-2003) again has shown an enhanced strength in the movement. Weakening of resistance against global capital as well as opening up of economy for foreign investors and consumer goods might have been the possible reasons.

#### **Trend of expenditure on durable and non-durable goods**

- In the case of MPCE share on durable goods, Kerala contrasts with the all India situation- in both rural and urban sectors. The expenditure share on durable goods showed a remarkable growth over the last 31 years (i.e. from 2.51 percent in 1973 to 8.3 percent in 2003). This increasing trend got greater momentum during 1977-78, since gulf migration. The increased availability of such goods might be another possible reason.
- In the case of non-durable goods, the expenditure shares in the state showed clear evidence of inclination that rural Keralites have shown to keep up the tendency of consumerism on par with urban life.

#### **Trends in major components of expenditure**

- The share on medical expenditure in the state has more than doubled in nine years from 1994 to 2003. An interesting feature that could be observed in this respect was the fast growth in medical expenditure share in rural sector compared to the urban sector of the state. The trend shows the striving of the state to maintain the already achieved status in this regard. The hospital practices that prevail in the state and the 'super

speciality' culture that has come to stay are indicative of the consumerist tendencies.

- The expenditure share on education has shown a tendency to increase recently. The elements of consumerism that are strengthening in this sector are the possible reasons. Insufficiency of facilities in the public educational sector is another contributor to the trend.
- Consumer services emerged as a prosperous area of consumption expenditure in the state, which is an indication of the changes in the life styles of the people.

### **Comparison among the states**

- Among the neighbouring states, the difference between per capita income and per capita consumption expenditure is the lowest in Kerala. Among seven states considered the position of the state has slid down from fourth in 1972-73 to seventh in 2004-05.
- The consumption expenditure behaviour of the state is stronger than that of the rich states in the country.
- In the case of per capita consumption expenditure growth rate, Kerala maintained a clear margin over the remaining states of the country. This is indicative of peoples' over emphasis on consumption expenditure. The rates of growth in per capita consumption expenditure in the state were 9.86 in the rural sector, 10.31 in the urban sector and 10.11 for the state as a whole.
- The expenditure on food items showed a tendency to decelerate in the state. The rate of growth in per capita consumption expenditure on non-food items exceeds that in per capita income.

## **Causes of Consumerism**

Consumption requirements of the people are moulded by both hereditary and environmental factors. The instinct-directed drives inherent in human beings give ample scope for the emergence of consumerist tendencies. These personal traits are shaped and re-shaped by various social and environmental changes. The development of modern technology exerts its impressive influence on the society and its culture, which, in turn, creates an environment for the spread of consumerism throughout the world. “New technologies and associated cultural changes, the production and dissemination of prints, increases in literacy and the advent of news papers helped to promote a ‘modern’ world view, and influenced the geographical spread of consumerism” (Mansvelt, 2005). The study has attempted to identify the causes of consumerism in Kerala.

- It is found that waves of windfall in income acted as one of the major determinants of consumerism in the state. Such waves have developed a sense of new necessities, particularly among people of middle income classes. Such waves that occurred in the state were the offspring of policy measures that were adopted at various times and socio-economic changes that the society experienced. The important waves that led to higher disposable income among the people in the state were mainly those associated with commercialization of agriculture under colonial rule, development of cash crops, large scale migration to the Middle East and the inflow of huge remittances, housing boom and higher demand for labourers, new trend in construction sector and massive absorption of youngsters as laboureres, and the emerging possibilities of IT related employments.
- Kerala society experienced drastic changes in its socio-economic environment due to large scale migration. The outcome that remittances created was double sided. First, the enhanced capacity of migrant families

to spend led them to an overall change in the existing consumption pattern. Secondly, this change served as a reference pattern for others to emulate.

- The massive social and economic changes that eighteenth Century witnessed have created a conducive environment for consumerism. Changes in culture with stress on secular values, the spread of progressive ideas and romanticism were the major constituents of these changes. Such changes paved the way for some progressive views regarding social position and status. In the changed social climate, commodities offered new functions as badges of identity, apart from the pleasure it brought. Similarly, the social differences were rapidly disappearing in consumer styles and habits.
- Kerala, with her ancient contacts outside the country and the exposure to the outer world culture, acquired many of the ideas and patterns that were prevailing at that time. Accordingly, these extensive relations resulted in the spread of Western culture and luxury goods in the state.
- Emulation played an important role as a decisive factor of consumerism. By emulation, new consumers sought to demonstrate their worth and class in the society. The act of emulating such groups nurtured a race between upper classes that used to be a privileged group and the immediate lower classes that used to chase the upper class ways through imitation.
- Housing and its premises are found to be the major source of emulation in Kerala society. The rich, with their fortune, went on outdoing others and the middle as well as the lower income groups showed a tendency to emulate them. The tendency is visible in factors like sizes as well as the styles of houses, number of rooms and their spaciousness, type of materials used, fittings of houses and their furnishings. The survey found

that about 41 percent of households have installed air conditioners knowing very well that it is a luxury.

- Kerala has become one of the fastest urbanizing regions in the country. The entire state of Kerala depicts the picture of an urban rural continuum where the rural–urban distinction no longer exists. Urban growth and its resultant market concentration generated new needs among people and accessibility encouraged consumption of a variety of items.
- The transition of the traditional closed society to an open society is another prominent determinant of consumerism. Social reform measures worked together with modern education in bringing about drastic changes in society to such an extent that members have become free from caste prescriptions in the matters of consumption. The result is the rise of a new class of community based on income and occupation. In due course, consumption has become the yardstick to gauge one’s socio-economic status.
- The availability and accessibility of factory produced commodities that suit all tastes and purses have contributed towards the rise and expansion of consumerism in the state. All modern products available for human consumption are marketed in the state. The survey, based on the list of durables we have prepared, revealed that the families having five or less items were only 0.86 percent. 73.28 percent of them were possessing items in the range 6 – 10 and, 23.71 percent were in the range 11 – 15. In addition, we have noticed an extensive practice among Kerala households to procure multiple sets of various durables.
- With its sophisticated techniques, media has exercised a strong influence in framing and re-shaping the preference pattern of the people. It has deeply penetrated into the minds and its pressure determines the likes and dislikes of the people.

- Manufacturers used advertisement as a means to change the current tastes and preferences of the consumers and creating new needs in them. The persuasive and manipulative effect of advertisement is so powerful that it displaces the desires and exerts a psychic pressure on consumers to buy things, disregarding their utility aspect. Technology and the advertising industry work together to produce an acceptable level of repeat business by seeking to shorten the conspicuous 'life' of socially visible products. Our survey found that advertisements acted as the sole mode in familiarizing the product in the case of 80.6 percent of the respondents. The models we used in the study have depicted strong influence of advertisement on consumption expenditure.
- The various techniques that are being designed and practised in the market for boosting sales mainly include clearance sale, reduction sale, duty-free shops and margin-free shops. The success of such techniques might be seen in the response of people regarding shop visits. The study found that 25 percent of the respondents considered market visit as a daily practice. In addition, about 71 percent took it a compulsory practice at least once in a week.
- Credit finance facilities in the state made the market atmosphere more conducive for low income groups and thus have been seen to scatter the class nature of the things. Credit facilities and hire purchase system together with other similar schemes worked towards arresting postponement of purchases and fostered immediate purchase.
- The increasing importance given to tourism and the wide acceptance that it received in the state have contributed much in shaping the consumption practices of the people.
- The policy of liberalization that was initiated in the country during 1980s and the new economic policy that was introduced in 1991 have promoted

consumer goods industry. The lifting of restrictions and controls as part of market friendly approach have motivated Multi National Corporations to extend their activities in the country. All these resulted in the proliferation of consumer goods and their massive use in the state. .

- Among the explanatory variables, income is the most influential. Monthly consumption expenditures among migrant households are higher than that of non-emigrants. Among the communities, Muslim families show a tendency to spend more on consumption expenditure.

### **Consequences of Consumerism**

‘Consumerism can affect more than buying habits and personal and family life’ (Stearns, 2001). It is widely believed that consumerism produces detrimental effect on the economy that it incorporates. The negative impacts that are associated with it may endanger the sustainability of the economy and may pose serious threat to its future. Being a social illness and a massive phenomenon, its impact is supposed to extend to the areas of economic, social and political life as well. The following section summarises the major consequences of consumerism.

- Wastage of resources is one of the serious consequences of consumerism. The consumerist life style in the state provide the atmosphere conducive to its existence and growth. Despite its high status in education and literacy, the waste associated with marriage functions existing in the state is indeed lamentable. Days’ long marriages, tens of thousands of participants, hundreds of cars, video coaches for trips, etc, are considered even now as the criteria of distinguishability of a function. Festivals, receptions of various kinds and health care are the other major areas where spending extravaganza is visibly manifest among Keralites.
- The prevailing consumption practice in the state has its crucial impact on the echo system and environment. The polluted air, depleted drinking

water, degraded environment together with other factors make the biological environment of the state so sensitive that it receives a share of almost all types of diseases that are present in the world as well as those unknown to humanity.

- Consumerism seems to have exerted an undesirable influence on the social life of Keralites. The tendency of making ‘fast buck’ manifests itself in the form of increasing number of crimes, cases of dowry deaths, aggressive activities of quotation groups, etc. Increasing crime rate, recurrence of ‘Liquor tragedies’, existence of dowry as a necessary evil, frequency of suicides, frequent incidence of diseases and their spread are associated with consumerist tendencies that prevail in the state.
- The existing consumption pattern with ever increasing importance on areas and items of lesser importance is affecting the saving potentials adversely. The difference between PCI and PCCE in the state and its comparison with other states depicts the picture. Emigrants spend most of their savings on other purposes of greater priority in their reckoning and return with very little financial savings left with them for any kind of investment.
- The required investments were not forthcoming in the production areas, especially in the industrial sector. The findings of the study are indicative of the greater importance on land & buildings and lesser on entrepreneurial sectors.
- Land property except that put under plantations, is mainly used either for construction purposes or for re-sale. This is evident from the boom in real estate business that has emerged in the state along with the boom in housing sector. With regard to the investments on financial assets, we found that huge amounts of money are expended on jewellery.



- Though a food-deficient state, the area of land put under food cultivation has become progressively smaller in the state. In the case of rice – the staple-food of Keralites, the area and production as well as productivity have fallen over the years.
- The housing practices that prevail in the state are indicative of irrational utilization of resources. In this case, we have seen a generalization of the trend that was set by the fortunate emigrants and prospective employees which was emulated by the majority.
- A trend of re-construction of the houses or redesigning them according to changing styles is seen in the state. In the survey we found that about 41 percent of the houses were either re-constructed or modified.
- Consumption pattern and life style of Keralites have worked to arrest the growth of the traditional as well as modern industries. The fashion and style of life that Keralites followed were not conducive to promoting traditional industries. Owing to emulation and consequent diversion of demand, the home industry lost the much needed impetus for its development.
- The economy failed to divert the remittances that it received to strengthen its production base and the available resources and impetus were sucked by trade and business.
- The mushrooming growth of business establishments exclusively meant for foreign goods and that of foreign bazaars throughout the state clearly indicate both the strength of consumerism and the direction in which Kerala's production sector is moving.
- Consumerism has strengthened the state's dependency in two ways. First, owing to factors including remittances, the dietary pattern of the people have improved qualitatively. As a result the demand for vegetables, meat, milk, eggs and processed foods increased in the state. Second, people

developed a consumerist life style where production of such goods was neglected on grounds of inconveniences.

- Consumerism strengthens the state's indebtedness. Observed from any angles like Debt/GDP ratio and Per capita debt ratio, the state shows its weak position when compared to other states of India.
- The statistical estimation for income elasticity gives negative coefficients for food expenditure and positive coefficients for non-food expenditure. At the same time, the strength of reverse movement in expenditure share on food was too weak and thus reflected the new trend in consumption practices of Keralites.

Thus we find that the consumption pattern in the state has been changing since 1970s, showing a clear indication of shifting consumption preferences of Keralites. This shift was in response to changing aspirations of the people in the state. The 'preference shifting process' and the consequent shift from items to items took a conspicuous form in the state. The trend in the movement of monthly per capita consumption expenditure shares expended on various groups of items substantiates our stated hypotheses. Kerala's consumption pattern is characteristically different from that of the rest of India and it exhibits symptoms of a well advanced consumerist society in relation to other states. The facts observed about the difference in per capita income and per capita consumption expenditure and the growth rate of per capita consumption expenditure in the state as well as their comparison among the states also substantiate the hypotheses.

The emergence and evolution of this particular form of consumption pattern in the state is the result of a number of factors ranging from indigenous and cultural factors to global and technical factors that were operating concurrently. The facts that we observed in our survey have substantiated the strong positive influence of emulation as a contributor to consumerism in the

state. The model used in the study also establishes the significant influence of emigration and advertisement on consumption expenditure.

Consumerism produces detrimental effect on the economy that it incorporates. The negative impacts that are associated with it may endanger the sustainability of the economy and may pose a serious threat to its future. Being a social illness and a massive phenomenon, its impact is supposed to extend to the areas of economic, social and political life as well. Abysmal growth in primary sector, predominance of construction over manufacturing in the secondary sector, wastage and mis-direction of resources, alarming incidence of diseases and health problems, increasing threat to food security, rising social insecurity, increasing per capita debt, increasing dependence on other states and their products and the paradox of unemployment with shortage of labour supply are the major challenges that the economy faces. A search for the roots of this dismal situation invariably leads us to the unsound and injudicious consumption practices in the state.

These findings emphasize the need for intervention from the state and society in general. The situation calls for stringent measures to safeguard the economy and to protect its ecological and social balance. Such a package should comprise policy measures, promotional measures and social awareness programmes. The following measures are suggested towards this end.

- Health care and education, two major constituents of HDI are being converted to the modes of consumerism in the state. The insufficiency of facilities in the public sector and its low performance might be the possible reasons. As the costs in this sector have grown beyond the paying capacity of even the middle class, a policy of strengthening public sector with more attention on their qualitative improvement may be devised and implemented.

- Traditional industry is one of the seriously hit areas by consumerism. A double faceted policy may be adopted to handle the problem. First, make the purchase of locally produced goods mandatory. The households may be allotted a quota in this regard. Second, promote identified production units and ensure the quality of their products. A comprehensive survey on the local needs and locally suited production bases will be a pioneering attempt in this area. Such a policy seems to be fit for the state especially in the light of its peoples' plan experience.
- A 'small house' culture has to be encouraged so that the tendency of spending huge amounts of money on houses may be reduced. The policy has special significance in the light of the fact that the state is considered vulnerable to earth quakes. This attempt calls for a massive move with people's participation as in the case of the total literacy programme. In addition, the tendency of re-building houses which are still quite usable may be discouraged.
- Attempts shall be made to create social awareness against this social malady. The futility of huge investments on housing, irrationality of spending extravaganza related to marriages and similar functions, social and environmental impacts of such actions, necessity of consuming home produced goods, etc shall be the areas of focus.
- People, particularly those belonging to the middle income group may be motivated to increase the level of their saving rather than spending lavishly on luxurious items.

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## APPENDIX

Department of Economics

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### **TRENDS, CAUSES AND CONSEQUENCES OF CONSUMERISM IN KERALA**

#### **Schedule**

**For Research Purpose Only**

**Code No.**

#### **Block I. Identification Particulars**

Name of Respondent : Living Area : Urban/Rural  
Caste & Religion : Locality :  
District/Taluk : Panchayat/ward :  
House No:

#### **Block II. Demographic and Other Particulars of Household Members**

Sl. No.	Name	Relation to head	Sex 1. Male 2. Female	Age (years)	Marital status (code)	Educational status (code)	Occupational status (code)	Migrational status (code) and Year	Income per month
1									
2									
3									
4									

#### **Code Nos:**

Marital Status : 0. Unmarried 1. Married 2. Widow  
Edl. Status : 0. No formal education 1. School 2. Degree  
3. PG and above 4. Others

Ocpnl. Status : 1. Employed in state/central government  
 2. Semi-Government 3. Private sector  
 4. Business 5. Self employed  
 6. Agricultural labour 7. Non-Agrl. labour  
 8. Emigrant 9. Others  
 10. Unemployed 11. Student

Migrational Status : 0. Non migrant 1. Emigrant  
 2. Return migrant 3. Out migrant

### III. Housing Characteristics

	Year	Number of rooms	Stories	Material used for flooring	Material used for roofing	Material of wall	Average expenditure for maintenance (painting, etc.)
Initial construction							
Modification							

Area of house (in sq. ft.) :  
 Do you use floor carpet? :Y/N  
 Have you paved interlocking/tiles : Y/N If yes, length :  
 Do you have a gate for your house : Y/N If yes, material used :  
 Whether maintain Lawn : Y/N If yes, area :  
 Total area covered by house and premise:

### IV. Possessions

#### A. Durable Goods

Sl. No.	Item	No.	Year of purchase	make-model (company / brand, etc.)	Form of purchase 1. Original 2. Second hand	Market price	Source of finance (code)
1	Two wheelers						
2	Four wheelers (car, Jeep, Taxi, Truck, Lorry, etc)						

Source of finance : 0. Out of savings 1. Emigrant income



2. Loan from bank
3. Loan from hire purchase institutions
4. Loan from private money lenders
5. Gift

No. of cars owned by your family :

Whether you have changed the model recently?

Within 3 years : Y / N

Within 6 years : Y / N

If so, the model you had earlier :

The reason why you changed the model : fuel economy / speed / fashion /

additional facility / others

The average duration you keep a model (in years)

Do you possess the latest vintage? : Y/N

If so what type? :

## B. Household Appliances

Sl. No.	Item	No	Form of purchase 1 <sup>st</sup> /2 <sup>nd</sup>	Value	Source of finance
1	Cooker		-		-
2.	Stove		-		-
3.	Microwave oven				
4.	Electric iron heater		-		-
5.	Fridge				
6.	Washing machine				
7.	Dish washer				
8.	Vacuum cleaner				
9.	VCP				-
10.	VCR				-
11.	TV (B & W)				
12	TV (Colour)				
13	Sewing machine				
14	Personal computer				
15	Mobile Set				
16	Others				

Whether there is air cooler / air conditioner in your house? : Y/N

Give its operating status : Working regularly/  
Occasionally/  
Rarely  
To which category A/c belongs in  
your locality : Necessity/comfort/luxury

### C. Cooking Range

Fire wood / Keroscene / Electricity /  
LPG / Others

## Block V

### Income Particulars

Main occupation/income earning source : Salary, Agriculture, Business,  
Emigrant income, etc.

Monthly income of family	:	Salaries	-	Rs.
		Business	-	Rs.
		Agri.	-	Rs.
		Income from Remittance	-	Rs.
		Total		

### Saving Particulars : (for last 30 days)

#### Form of Saving

S.B.	Rs.
R.D.	Rs.
LIC	Rs.
Chitty	Rs.
Others	

### Investment Particulars (Asset Pattern):

#### A. Physical Asset: (investment during last 365 days)

- |  |                      |
|--|----------------------|
| 1. Land (Purchase/impvt)                                     | 2. Building          |
| 3. Live stock  | 4. Transport vehicle |
| 4. SS Industry ( Lathe, Mill, Hotel, Workshop, Bakery, etc.) |                      |

#### B. Financial Asset: (during last 365 days)

- |                        |   |     |
|------------------------|---|-----|
| 1. Shares & Securities | : | Rs. |
| 2. P.F.                | : | Rs. |
| 3. Jewellery           | : | Rs. |
| 4. Bank Deposit        | : | Rs. |

C. Investment in Business ( 365 days ) : Rs.

## Block VI. Consumption

**A. Consumption of Food** (during last 30 days)

Sl. No.	Items	Quantity	Value (Rs)
1.	Cereals & cereal substitutes		
2.	Pulse and Pulse products		
3.	Milk & Products		
4.	Edible oil		
5.	Meat, fish and egg		
6.	Vegetables		
7.	Fruits & nuts		
8.	Beverages		
9.	Bakery items		
10.	Pickles, Jam, Squash		
11.	Others (Sugar, salt, spices)		
	Food total		

**B. Expenditure on non food items** (during 30 days)

Sl. No.	Items	Quantity	Value of consumption
1.	Pan, tobacco Intoxicants		
2.	Fuel & light		
3.	Clothing and footwear		
4.	Expenditure on medical care & health services		
5.	Education		
6.	Entertainment		
7.	Toilet articles		
8.	Cosmetics		
9.	Transport Expenses		
10.	Communication expenditure		
11.	Expenditure on durable goods		
12.	Donation, Gift, etc.		
	Non food total		

**C. Expenditure on the following items during the last year (365 days)**

Marriages :  
 Purchase of furniture :  
 Expenditure on festivals :  
 Expenditure on Reception : House warming :  
 Others:  
 Treatment of diseases :  
 Expenditure on Education (Capitation etc):

**Block VII Particulars of Land Utilisation :**

Type of Land	Area	Present Use	Earlier Use	Housing plot, Shopping complex, Agriculture, plantation etc.
Garden Land				
Paddy field				
Hilly area				

### **Block VIII Live stock and poultry**

Sl. No.	Item	No.	Average availability of milk/egg
1	Cow		
2	Hen		

### **Block IX Credit facilities availed during last year :**

Amount received:                      Agency / Institution :                      Purpose for which loan is used:

## **X. Behavioural questions**

### **A: Schooling**

1. Type of school where you are educating your children : Govt. school (Malayalam/English medium) / Private school (Malayalam/ English medium) / Unaided schools (Mal/English)
2. Reason for your preference? :

### **B: Health**

1. Type of treatment you prefer or usually receive? : Homeopathy/Ayurveda/ Allopathy / Others
2. Type of hospitals you go? : Govt. Hospital/ Private Hospital/ Speciality Hospital
3. Reason for your preference? :

### **C: Media and Communication**

1. Have you internet facility? :

2. Telephone connections in your family Land: \_\_\_\_\_  
Mobile: \_\_\_\_\_

3. Average amount you are paying as telephone charges (Rs. Per month) \_\_\_\_\_ :

**D: Market**

1. Distance to the next market? : ..... Kms
2. How often do you go to market? : Daily/weekly/monthly/occasionally
3. Intention for shopping? : To make purchases/  
To see new items/ others
4. Method by which you get Advertisement/Neighbours/familiar with the products : Relatives/ Shopping
5. Point at which your purchasing decisions are formed? : At home/ at the shop
6. What factor you consider most important in purchasing an item? : Price/quality/  
fashion/brand reputation

**E: Clothing**

1. How many pairs of dress do you possess at a time? :
2. Do you use readymade garments? :
3. For how long have you been using readymade garments? :
4. Reason for your preference? : Fashion/quality/ difficulty in stitching/brand addiction, others
5. What you feel about the price of priced/costly readymade garments? : Cheap/reasonably
6. Average amount (Rs) you spent per each piece  
Pants :  
Shirts :  
Sarees :  
Kids items :

**F: Consumption**

1. Is there any increase in your consumption expenditure as compared to Expenditure : Y/N  
five years ago :
2. If Yes, what is the reason? : Change in spending  
habit/market  
liberalisation/availability of modern  
goods/price hike/others (specify)

**Hypothetical question**

1. State your order of preference in case you have an increase in your income:

- Purchase vehicle :
- Improve the house :
- Educate children :
- Deposit in bank :
- Purchase agricultural land :
- Invest in financial assets :
- Purchase jewellery :

Date:

Name and  
Signature  
of Investigator