

## AN ANALYSIS OF FOOD CONSUMPTION EXPENDITURE PATTERN IN RURAL KERALA

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**Abstract:** Consumption expenditures are considered a primary indicator of economic-wellbeing. It has an important place both in macroeconomic theory and empirical studies carried out in this field. The standard of living of a household can be understood from the consumption pattern and the quality of consumption budget clearly indicate the level of welfare of the household. Food consumption pattern of household is an important barometer of individual welfare and well-being in any country. Being the largest rural urban continuum in the country, Kerala stands in the first position in rural Monthly Per capita Consumption Expenditure (MPCE) on food (GOI, 2011). This paper identifies the factors that influence the household food consumption and the trend highlights the facts that there is a shift of expenditure from food to non-food across the rural and urban sectors of Indian economy. Both in the national and state estimates, the proportion of total expenditure on food shows a marked decline and that of non-food shows a significant upward movement. But in the case of Kerala the food consumption expenditure is above the National average.

**Keywords:** consumption expenditure, MPCE, Food consumption expenditure.

**Introduction:** World consumption has expanded at an exceptional pace during the 20th century; the benefit of this consumption has spread far and wide. These achievements relate to human development through consumption. Consumption clearly contributes to human development when it enlarges the capabilities and enriches the lives of people without adversely affecting the well-being of others. From Vedic times and later from Roman times, food has been mentioned as the first among the hierarchical needs of a human being. Infact the Roman philosopher Seneca mentioned, 'a hungry person listens neither to reason nor to religion; nor is bent by any prayer'. He wants food today and not just assurance of food for tomorrow. Mahathma Gandhi articulated this basic human need by mentioning in Noakhali in 1946, that 'to those who are hungry, God is bread'. He also felt that the God of bread should be present in every home and hut of our country (M.S.Swaminathan)<sup>2</sup>. Food is the most important item of the consumption basket, an analysis of the changes in food consumption pattern over time has a special significance which is the most important component for low and middle income groups. Food expenditure pattern is an excellent indicator of economic well-being of people. Consumption in economic theory means the final use of goods and services to satisfy human wants, needs and desires. It is a process of deriving utility from goods and services. Consumption patterns provide the structure of every day material life, and this structure creates economic distance across classes. People belonging to different classes of income have different structure of consumption. Rich people spend low percentage of income for food other needs and more for each class of item in absolute terms. Poor people spend more on food and other basic needs. In short, the propensity

to consume will be higher for poor and propensity to save will be higher for rich (Glen and Kenneth 1986). The state of Kerala has been ranked as number one state in consumption in India. The state consumer expenditure data from NSSO has indicated that it is the rural sector of the state which plays a significant role in pulling up the states consumer expenditure.

**Objectives:**

1. To understand what are the factors that influence household food consumption expenditure
2. To analyze the trend and pattern of food consumption expenditure in rural Kerala

**Methodology:** The study is mainly based on secondary data, the vital secondary data source proposed for the study is Consumer Expenditure Survey reports provided by the NSSO for the last five quinquennial rounds (2009-10). Additional secondary data will be collected from the data sets of National Council for Applied Economic Research, Census of India, Economic review of the Government of Kerala, books and journals etc.

**Statement of The Problem:** Kerala stands unique among other Indian states with a consistently higher level of consumption expenditure in the post liberalized regime. Kerala is found to be a leading state among the major states of India in the MPCE on food as well. There are not many studies available relating to the consumption levels of the rural people at the macro level. This is because the NSSO, which is the only official agency that collects such data for the whole country. Household consumption expenditure pattern is very important as it is related to poverty and standard of living of our society. An analysis of trend and pattern for Food consumption expenditure over time would help in designing appropriate policies related to food production and distribution.

It is an excellent indicator of economic wellbeing of people. So the present study is more relevant.

#### **Factors That Influence Food Consumption**

**Expenditure:** India, a rapid developing and agrarian dominant economy has been bringing many changes in the socio economic life of her population since independence. Food consumption is a dynamic process and is greatly influenced by size and composition of household, number of earning hands, prices of food items, educational level, geographical, cultural and climatic conditions in the region, etc. Such diverse socio-economic, demographic and cultural factors are reflected in the inequality in the distribution of consumption expenditure as it is revealed by the national sample survey organization data on consumption expenditure in India. The main factors which influence food consumption expenditure are;

**Income:** Income gives people the ability to buy diverse, nutritious foods instead of eating only their own crops, to pay for motorized transport instead of walking, to pay for health care and education for their families, to pay for water from a tap instead of walking for many hours to collect it from a well. The increasing dependence of much consumption on private income means that changes in income have a dominant influence on changes in consumption. When income increases consumption also increases for most of the population.

**Education:** The level of education of the head of the household and that of other members of the family determines the nature of occupation they are involved in, the level of income that they get and the motivations for saving. Also the level of education of the female members of the community is likely to have a positive influence on the saving rate.

**Demographic Characteristics:** The demographic characteristics have an important bearing on the level of income, consumption expenditure and saving of the society. Features like rate of growth of population, educational level of the head of the household and other members, the age of the members of the household, the size of the family are some of the factors which have a direct effect on the consumption and saving of the community, especially in the rural areas.

**Size and Pattern of Assets:** For any economic unit wealth reflects the net result of accumulated saving, revaluation of assets and capital transfers ever since the unit came into existence. The size and pattern of assets held by the households determine the income and consumption expenditure.

**Time use:** Opportunities to consume can be severely limited by lack of time. Women, spend many hours a day meeting the household's needs and have no time left for education, better health care or community activities. Similarly, overworked laborers may receive

an adequate wage. But they often work long hours and are denied the opportunity of regular leave.

**Information:** Information is the key to raising awareness of the range of consumption options available and enabling the consumer to decide which choices is best. Without information, there is no way of knowing what goods and services are available in the market and what services are being provided by the state and are, by right, available to all. Advertising and public information campaigns play an important role in this respect.

**Social barriers:** Income cannot always remove barriers to access to opportunities. This is particularly so when considerations of gender, class or ethnicity limit people's freedom to consume the good and services they want.

**Technological Advancement:** Another important factor that has changed the rural consumption pattern in recent years is the technological advancement in agriculture which has in turn raised the income of the rural population. The increased income is likely to be used for consuming more of the items which are already in their commodity basket. This may increase their choices of falling on goods with sensory appeal such as sweets, tobacco, drugs and intoxicants and also those goods and services associated with prestige and status.

**Shifts in Budget from Food to Non Food Items – Trend:** The state of Kerala has been ranked as topmost consumer state in the country. Literature on consumption that there are certain shift in the consumption pattern which mark an improvement upon the existing standard of living. Of these shifts, a shift of expenditure from food to non food item is indexed as a prominent one. The table.1 highlights the facts that there is a shift of expenditure from food to non-food across the rural and urban sectors of Indian economy. Both in the national and state estimates, the proportion of total expenditure on food shows a market decline and that of non-food shows a significant upward movement. But in the case of Kerala the food consumption expenditure is above the National average. (R. Santhosh)

In the 43<sup>rd</sup> round, the food consumption expenditure of rural India was 63.77, it declined to 52.2% in the 66<sup>th</sup> round. It shows a declining trend of food consumption expenditure of rural India. But in the case of non-food items it was 36.23 in the 43<sup>rd</sup> round and it increased to 47.8 in 66<sup>th</sup> round. In the urban area also shows the same declining trend from food to non-food. In rural Kerala the food consumption expenditure in the 43<sup>rd</sup> round was 59.2, it decreased to 39.2 in the 66<sup>th</sup> round. In the case of non-food items it was 40.8 in the 43<sup>rd</sup> round and it increased to 60.3 in the 66<sup>th</sup> round. The state level data also shows the same declining trend on food items and

increasing trend on non-food items as in the case of India.

**Table.1:** Trends in the Percentage break-up (o.oo%) of AMPCE on Food and Non-Food in Rural and urban Kerala

NSS Rounds with years	Rural				Urban			
	India		Kerala		India		Kerala	
	Food	Non-food	Food	Non-Food	Food	Non-food	Food	Non-food
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(43 <sup>rd</sup> ) 1987-88	63.77	36.23	59.20	40.80	55.92	44.08	57.08	42.92
(50 <sup>th</sup> ) 1993-94	63.21	36.79	60.45	39.55	54.62	45.38	53.90	46.10
(55 <sup>th</sup> ) 1999-00	59.47	40.53	53.70	46.30	48.07	51.93	49.03	50.97
(61 <sup>st</sup> ) 2004-05	55.05	44.95	44.97	55.03	42.51	57.49	39.97	60.03
(66 <sup>th</sup> )* 2009-10	52.20	47.80	39.70	60.30	39.20	60.80	36.50	63.50

Source: NSS Reports, (thick samples) various Rounds.\* MPCE<sub>MRP</sub> (mixed reference period),U=urban  
AMPCE=Average Monthly Per capita Consumer Expenditure

**Food Consumption Expenditure Pattern in Kerala:**

**Table.2:** Food consumption pattern in Kerala

Sl.no.	Item	Rural (Rs)	Urban (Rs)
1	Cereals and cereal substitute	.10	.07
2	Egg, fish, meat	.07	.08
3	Beverages, refreshments and processed food	.06	.07
4	Milk and milk products	.04	.04
5	Fruits	.04	.03
6	Vegitables	.03	.03

7	Others	.06	.04
	<b>Total</b>	.40	.34

Source; Economic review.2009,GOK

Out of every rupee spent for consumption by an average Keralite in 2006-2007, 40 paise was spent on food. Of this 10 paise was spent on cereals and cereals substitute, 7 paise on egg, fish, meat, 6 paise on beverages and processed food. Change in the taste of the household members is the main reason behind the change in the consumption pattern of major food items. Changes in the age composition, and craving for better health, change in price, level of income, life style and better standard of living are the other prominent reasons for the changing expenditure pattern of the households.

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