

TREND AND PATTERN OF CONSUMPTION IN KERALA- A MACRO LEVEL ANALYSIS



Economics

KEYWORDS : Consumption, Kerala, non food, durables

HIMA HARI U

Research Scholar, Department of Economics, University of Calicut, Dr. John Matthai Centre, Aranattukara, Thrissur Dist, Pin 680618, Kerala, India

ABSTRACT

Consumption is the basis on which all economic activities are revolving in an economy. Consumption boom can be witnessed across the world resulting from fast progress of technology and business management. The Consumption pattern in India underwent a sweeping structural change since the introduction of liberalization policies initiated in 1991 and this paved the way for a number of multi branded cheap products available in Indian markets. This affects the consumption, particularly, of durable electronic goods in the country. Among the Indian states, Kerala is considered to be a Consumer state. The objective of this paper is to examine the trend and pattern of consumption in Kerala. In the case of consumption, Kerala exhibits the characteristics which are alien to the rest of India and exhibits the features of high mass consumption stage which are similar to a developed country. Kerala's fascination towards durable goods revealed that it has entered into a new phase of consumption called commodity fetishism.

Introduction

Consumption is the basis on which all economic activities are revolving in an economy. A Country's consumption pattern reveals a clear picture of its standard of living, level of poverty, material well being and economic development. Consumption boom can be witnessed across the world resulting from fast progress of technology and business management. The Consumption pattern in India underwent a sweeping structural change since the introduction of liberalization policies of 1991 and this paved the way for a number of multi branded cheap products available in Indian market. This affects the consumption, particularly, of durable electronic goods in the country. Among the Indian states, Kerala is considered to be a Consumer state. Statistical evidences have shown that Keralites, who form just three percent of India's population are said to consume fifteen percent of consumer goods manufactured in the country.

The objective of this paper is to examine the trend and pattern of consumption in Kerala. In the case of consumption, Kerala exhibits the characteristics which are alien to the rest of India and exhibits the features of high mass consumption stage which are similar to a developed country. In order to examine the level of consumption expenditure in the state, we have used the Quinquennial survey of NSSO from 27th Round (1972-73) to the 66th Round (2009-10).

Kerala has become an enigma and a paradox to many economists and development experts at the national as well as international level. It presents a paradoxical picture of high social development with uneven economic growth which is the so called "Kerala Model of Development." Consumption is a distinctive factor which stands out among the several socio economic characteristics that make the state of Kerala distinct in all aspects compared to other states of India.

Trend and Pattern of Consumption in Kerala

Kerala occupies first place on the basis of rural Monthly Per capita Consumption Expenditure (MPCE), among other states of India. But in the case of urban MPCE, Kerala got 2nd place in 2004-05 where as it occupied 1st place in 2009-10. The MPCE of Urban Kerala has shown an increasing trend from Rs.1291 in 2004-05 to Rs.2663 in 2009-10. In the case of Rural Kerala, the MPCE has increased from Rs.1013 in 2004-05 to Rs.1850 in 2009-10.

The NSSO data reveals that among the other states of India, the percentage share of food in total expenditure is very less as far as Kerala is concerned. Kerala is spending less on food consumption both in rural (37.83%) and in urban areas (31.03). When we analyze different Rounds of NSSO we can see the percentage share of food expenditure in urban Kerala is reducing rapidly from 59.79% in 1987 - 88 to 31.03 in 2009 - 10. In the case of rural Kerala, it is also decreased from 59.94% in 87-88 to

37.83 in 2009-10. But non food consumption expenditure is increasing tremendously in the recent years.

Table 1 is about here

When we analyze the percentage share of food and non food items in rural Kerala (table 1), we can see that the food items like cereals, edible oil, fruits and nuts, sugar, Salt and spices and beverages have shown a falling trend. The share of Non food items like pan, tobacco and intoxicants and fuel and light have also shown a declining trend. The food items like pulses, milk, meat and egg, fish, vegetable and non food items like clothing and foot wears shows a slightly increasing trend in its percentage share in the budget. But in the case of miscellaneous goods and durable goods we can see a huge increase in the percentage share of expenditure. Miscellaneous goods share increased from 13.69% in 27th round to 31.55 in 66th round. Similarly the percentage share of durable goods increased from 0.60 in 27th round to 18.12% in 66th round.

Table 2 is about here

When we consider the non food consumption expenditure of urban Kerala, (table 2) we can see a tremendous growth in Monthly Per capita Consumption Expenditure and the percentage share of budget from 2004-05 to 2009-10. In the case of rural Kerala, the Monthly Per capita Consumption Expenditure of non food has increased from Rs.557.52 in 2004-05 to Rs.1150.59 in 2009-10. But in the case of urban Kerala, we can see a huge increase in the Monthly Per capita Consumption Expenditure from Rs.774.9 in 2004-05 to Rs.1837 in 2009-10. When we analyze the budget share of durables in Kerala, we can see that urban people have contributed more amounts towards durables. The percentage share of durables in rural Kerala has increased from 55.03% in 2004-05 to 62.17% in 2009-10. The percentage share of durables in urban Kerala has increased from 60.03% in 2004-05 to 68.97% in 2009-10.

Conclusion

From the foregoing analysis, we can conclude that Keralites are spending more of their income towards durables. The average monthly per capita expenditure of the state of Kerala is higher even than that of the richest states of India. The existence of some characteristics peculiar to the state might have contributed a lot. High urbanization, emergence of new rich middle class having demonstration effect in their consumer behaviour, high literacy and high social development of Kerala along with highly developed service sector would accentuated the extravagant consumer behaviour of Kerala.. They purchase goods not only for their practical use but also as a status symbol and to keep up with the Joneses. This demonstrative attitude of the people towards the possession of durable goods and wealth shows that Kerala has entered in to a new phase of 'Commodity Fetishism'

consumption scenario.

Table 1 MPCE (in RS& % to Total Expenditure) on Broad Groups of Food and Non-food Items in Rural Kerala from 27th to 66th NSSO Round

Item groups		27	32	38	43	50	55	61	66
Cereals	MPCE	13.62	19.84	37.75	41.09	66.46	117.33	118.91	159.13
	% share	34.48	26.73	26.00	19.43	17.37	17.13	11.74	8.60
Pulses	MPCE	0.54	1.12	2.34	3.69	7.2	13.47	15.15	30.99
	% share	1.36	1.51	1.61	1.74	1.88	1.97	1.50	1.67
Milk& products	MPCE	1.52	3.07	5.97	9.76	20.39	37.88	41.28	64.6
	% share	3.84	4.14	4.11	4.62	5.33	5.53	4.07	3.49
Edible oil	MPCE	0.82	1.58	3.96	6.76	11.3	20.22	26.62	27.55
	% share	2.07	2.13	2.73	3.20	2.95	2.95	2.63	1.49
Meat, egg & fish	MPCE	1.92	4	8.97	15.59	33.01	61.33	67.87	125.12
	% share	4.86	5.39	6.18	7.37	8.63	8.96	6.70	6.76
Vegetables	MPCE	0.94	1.73	4.13	7.48	16.27	29.53	33.8	54
	% share	2.37	2.33	2.84	3.54	4.25	4.31	3.34	2.92
Fruits & Nuts	MPCE	1.79	3.86	8.12	14.38	23.9	38.51	48.58	54.08
	% share	4.53	5.20	5.59	6.80	6.25	5.62	4.80	2.92
Sugar	MPCE	1.51	1.51	2.94	4.58	9.96	12.07	16.06	27.03
	% share	3.82	2.03	2.02	2.17	2.60	1.76	1.59	1.46
Salt & spices	MPCE	1.3	2.62	3.65	6.64	10.68	20.71	21.78	33.59
	% share	3.29	3.54	2.51	3.14	2.79	3.02	2.15	1.82
Beverages	MPCE	4.00	6.09	11.71	16.75	29.62	60.14	65.59	124
	% share	10.12	8.21	8.06	7.92	7.74	8.78	6.47	6.70
Food Sub Total	MPCE	27.96	45.42	89.54	126.76	228.79	411.19	455.64	700.09
	% share	70.78	61.20	61.67	59.94	59.80	60.05	52.12	37.83
Pan, Tobacco & intoxicants	MPCE	1.58	2.55	4.5	6.79	13.01	19.11	22.59	36.5
	% share	4.00	3.44	3.10	3.21	3.40	2.79	2.23	1.97
Fuel & light	MPCE	2.48	4.4	8.45	13.53	22.41	45.91	71.37	99.4
	% share	6.27	5.93	5.82	6.40	5.86	6.70	7.04	5.37
Clothing & Footwear	MPCE	1.83	5.64	12.33	12.33	19.84	48.68	52.65	95.62
	% share	4.63	7.60	8.49	5.83	5.19	7.11	5.20	5.17
Miscellaneous Goods	MPCE	5.41	11.7	24.09	38.78	78.39	107.34	322.52	583.92
	% share	13.69	15.76	16.59	18.34	20.49	15.68	31.83	31.55
Durable Goods	MPCE	0.24	4.69	6.29	13.33	20.13	52.51	88.41	335.15
	% share	0.60	6.32	4.33	6.30	5.26	7.67	8.73	18.12
Non Food Sub Total	MPCE	11.54	28.98	55.66	84.76	153.78	273.55	557.52	1150.59
	% share	29.21	39.05	38.33	40.08	40.20	39.95	55.03	62.17
All Total		39.50	74.4	145.2	211.47	382.57	684.74	1013.16	1850.68

Source: Computed from Various NSSO Rounds

Table 2 MPCE (in RS& % to Total Expenditure) on Broad Groups of Food and Non-food Items in Urban Kerala

Item groups		27	32	38	43	50	55	61	66
Cereals	MPCE	14.35	17.95	36	37.34	67.54	110.5	113.9	164
	% share	24.63	21.71	20.41	14.56	13.68	13.32	8.82	6.16
Pulses	MPCE	1.26	1.5	3.02	5.06	8.07	16.98	16.72	38.94
	% share	2.16	1.81	1.71	1.90	1.63	2.05	1.30	1.46
Milk& milk products	MPCE	1.03	4.35	9.02	16.27	27.67	49.27	57	81.93
	% share	1.77	5.26	5.11	6.11	5.60	5.94	4.42	3.08
Edible oil	MPCE	1.25	2.04	5.04	8.53	12.74	22.99	30.56	30.13
	% share	2.15	2.47	2.86	3.20	2.58	2.77	2.37	1.13
Meat, egg & fish	MPCE	2.96	4.77	11.62	21.24	40.04	70.38	77.75	145.7
	% share	5.08	5.77	6.59	7.98	8.11	8.49	6.02	5.47
Vegetables	MPCE	1.28	1.98	4.99	8.97	16.92	33.22	38.34	61.69
	% share	2.20	2.39	2.83	3.37	3.43	4.01	2.97	2.32
Fruits & Nuts	MPCE	2.46	4.6	9.76	17.54	27.1	42.08	55.46	68.51
	% share	4.22	5.56	5.53	6.59	5.49	5.07	4.30	2.57
Sugar	MPCE	1.64	1.81	3.39	5.11	10.82	12.48	16.17	28.89
	% share	2.81	2.19	1.92	1.92	2.19	1.50	1.25	1.08
Salt & spices	MPCE	1.4	2.62	3.9	6.73	10.49	21.16	21.54	33.9
	% share	2.40	3.17	2.21	2.53	2.12	2.55	1.67	1.27
Beverages	MPCE	7.22	9.35	18.44	25.19	44.88	78.29	88.56	172.9
	% share	12.39	11.30	10.46	9.46	9.09	9.44	6.86	6.49
Food Sub Total	MPCE	37.79	50.97	104.7	159.2	266.27	457.4	516	826.6
	% share	64.85	61.61	59.38	59.79	53.92	55.14	39.97	31.03
P a n , T o b a c c o o & intoxicants	MPCE	1.92	2.38	4.23	5.48	11.9	18.58	21.06	34.72
	% share	3.30	2.88	2.40	2.06	2.41	2.24	1.63	1.30
Fuel & light	MPCE	3.15	5.2	10.23	16.02	27.38	54.29	95.02	128.7
	% share	5.41	6.29	5.80	6.02	5.54	6.55	7.36	4.83
Clothing & Footwear	MPCE	2.98	5.79	16.04	15.55	41.02	62.4	82.06	151.7
	% share	5.11	7.43	9.10	5.84	8.31	7.52	6.36	5.69
Miscellaneous Goods	MPCE	10.81	13.55	38.13	56.87	122.61	173.7	462.7	892.9
	% share	18.55	16.88	21.62	21.36	24.83	20.95	35.84	33.52
Durable Goods	MPCE	1.62	4.84	3	20.38	24.64	63.06	114	628.9
	% share	2.78	5.85	1.70	7.66	4.99	7.60	8.83	23.61
Non Food Sub Total	MPCE	20.48	31.76	71.63	114.3	227.55	372.1	774.9	1837
	% share	35.15	38.39	40.62	42.91	46.08	44.86	60.03	68.97
All Total		58.27	82.73	176.4	266.2	493.83	829.4	1291	2663

Source: Computed from Various NSSO Rounds

REFERENCE

Abdulla M.P (2014)"Emigration and Consumerism - A Regional Experience " IOSR Journal of Economics & Finance Vol.2, Issue 4 Pp41-44 | | Ret-naraj .D (2011) , "Consumerism Snowballing into Commodity Fetishism and Black Money Boom- The Emergence of a New Trend in Kerala" En-visionings pp88-93 | Sarada A.P (2014) "Non-Food Expenditure in Kerala- Experiences from Urban Households in Kerala" Asia Pacific Journal of Research Vol.1 issue XIII | | NSSO (2004-05): "Level and Pattern of Consumption Expenditure" based on 61st Round Data, Report No.508. | NSSO (2009-10): "Level and Pattern of Consumption Expenditure" based on 66th Round Data, Report No.538 |