



CHANGING TREND IN HOUSEHOLD CONSUMPTION EXPENDITURE PATTERN OF KERALA

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ABSTRACT

The objective of the present study was to analyze the average consumer expenditure pattern in Kerala. The household consumer expenditure data from 57th (2001 -02), 59th (2003), 62th (2005 -06), 64th (2007 -08) and 66th (2009 – 10) rounds of NSSO, was used as the main source of (secondary) data for the study. Percentages were calculated to analyze the data. The average consumer expenditure per person for a period of 30 days was ₹ 1105 for rural and ₹ 1628 in urban sectors of Kerala respectively during 2001-02. This has gone

up to ₹1550 and ₹ 2199 for rural and urban sector respectively in 2009-10. The state consumer expenditure data from NSSO while analyzed indicate that it is the rural sector of the state which plays a significant role in pulling up the state's consumer expenditure. The gap between rural and urban sector expenditure is also found to be decreasing in the last decade and the faster rate of urbanization of the rural sector may be a reason for this changing consumer pattern of Kerala.

Keywords: Rural urban consumption, household expenditure, Kerala consumption, standard of living.

INTRODUCTION

The state of Kerala has been ranked as top most consumer state in the country (Padma et.al., 2013). As a part of analyzing the reasons or parameters which have promoted Kerala as the top consumer state in the country the household consumption pattern of the state was studied. An enquiry in to the household consumer expenditure generates a very important indicator of living standards called MPCE (Monthly per capita consumer expenditure). The pattern of consumption

symbolizes the status of welfare and economic development of a society. Hence the study on consumption pattern or expenditure pattern becomes highly significant. For the complete understanding of the standard of living in any part of the country more micro level estimates beyond state level is necessary. In this context, the present study analyses MPCE of urban and rural sectors of Kerala in order to understand the consumption trend of the state. Objectives of the current study are:

- i. To study the pattern of average MPCE in rural and urban sectors of all 14 districts of Kerala.
- ii. To trace out the extent of gap between rural and urban average MPCE at district level in Kerala.



METHOD

An assessment of the extent of consumption pattern in rural and urban areas of Kerala state with reference to its 14 Districts is the specific objective of this study. For this a summary of district level estimates on average MPCE, both at rural and urban sectors were taken into account. The study was based on secondary data from household consumer expenditure surveys conducted by NSSO (National Sample Survey organization, Govt. of

Kerala), for the period of 2001-2010. The data sets used in our analysis are from the 57th round (July 2001 to June 2002); 59th round (January to Dec 2003); 62th round (July 2005 -June 2006), 64th round (July 2007 -June 2008) and 66th round (July 2009 – June 2010) of the NSSO. All the consumption figures are monthly figures. Percentage analysis was the statistical technique applied in the data analysis.

ANALYSIS AND DISCUSSION

Status of Consumption Pattern: To study the expenditure pattern in 14 districts of Kerala over the time span from 57th, 59th, 62th, 64th and 66th rounds of NSSO survey, average total expenditure per person per 30 days was worked out and the same was ranked in district wise (Table 1). The average consumer expenditure per person for a period of 30 days was ₹ 1105 and ₹ 1628 for rural and urban sectors of Kerala respectively in 2001-02. It has gone up to ₹ 1550 and ₹ 2199 for rural and urban sectors respectively in 2009-10. The districts have been grouped in to two categories: those districts spending more and rest spending lesser than the state average (Table 1). Accordingly in 2001-02 there were nine districts where rural sector was spending more than the state average and this number has come down to seven districts in 2009-10. Similarly in urban sector also the number of districts spending more

has declined from four to three during the study period (2001-10). While comparing rural and urban sectors more number of districts (7) remains as the ones spending more than the state average in their rural sectors in 2009-10 while only three districts show more expenditure than the state average in urban sector. This is a significant observation leading to the conclusion that it is the rural sector which spend more - rather consume more - than the urban sector in the state of Kerala. The same point is further clarified while analyzing the data presented in Table 2, where the changes in rural and urban expenditure (in percentage) of each district in a span of ten years (2001-10) are presented. Accordingly, rural sectors in all 14 districts have shown a progressive change, that is their expenditure has increased in ten years while the urban sectors all except two districts

Table 1: Average total expenditure (₹) per person per 30 days and district wise rank for the period of 2001-10

Districts	Rural				
	2001-02	2003	2005-2006	2007-2008	2009-2010
Thiruvananthapuram	1272.4 (4)	1635.6 (3)	1209.8 (3)	1658.7 (2)	2003.9 (1)
Kollam	1175.3 (8)	1217.1 (9)	1216.2 (2)	1552.3 (5)	1578.7 (6)
Pathanamthitta	1392.9 (3)	1301.9 (7)	1084.5 (7)	1554.4 (3)	1611.0 (5)
Alappuzha	1499.8 (1)	1354.6 (6)	1125.3 (6)	1553.4 (4)	1672.3 (3)
Kottayam	1177.5 (7)	1718.1 (2)	1194.4 (4)	1542.7 (6)	1617.9 (4)
Idukki	849.7 (14)	898.4 (14)	979.3 (10)	1068.9 (12)	1489.4 (8)
Ernakulam	1201.0 (6)	1390.9 (5)	1216.7 (1)	1982.2 (1)	1823.2 (2)
Thrisur	1245.6 (5)	1781.8 (1)	1144.3 (5)	1292.3 (8)	1561.3 (7)
Palakkad	1396.1 (2)	1101.3 (11)	1003.7 (9)	1169.8 (11)	1433.5 (9)
Malappuram	902.7 (12)	1169.7 (10)	960.2 (11)	1342.6 (7)	1139.4 (14)
Kozhikkode	1015.9 (11)	1472.3 (4)	1068.0 (8)	1220.4 (10)	1327.1 (11)
Wayanad	1099.1 (10)	1265.7 (8)	739.6 (14)	1025.6 (13)	1211.7 (12)
Kannur	1164.6 (9)	1017.9 (13)	906.2 (12)	1261.4 (9)	1358.9 (10)
Kasaragod	866.4 (13)	1061.6 (12)	755.6 (13)	798.5 (14)	1201.5 (13)
State Average	1105.1	1276.8	1068.9	1382.71	1550.9
No of districts above the state average	9	7	7	6	7

Districts	Urban				
	2001-02	2003	2005-2006	2007-2008	2009-2010
Thiruvananthapuram	2622.4 (1)	2421.6 (1)	1648.7 (2)	2381.4 (2)	4363.9 (1)
Kollam	1364.0 (12)	1434.0 (10)	1398.1 (7)	1763.9 (6)	2120.0 (6)
Pathanamthitta	1472.6 (7)	1304.1 (11)	1508.9 (4)	2025.8 (4)	2181.8 (5)
Alappuzha	1740.6 (3)	1507.7 (9)	1504.0 (5)	1721.1 (7)	2205.9 (3)
Kottayam	1406.3 (11)	2198.9 (2)	1530.7 (3)	2175.8 (3)	2185.9 (4)
Idukki	1039.7 (14)	NA	1095.0 (10)	1381.8 (12)	1809.2 (8)
Ernakulam	1904.4 (2)	1509.2 (8)	1964.3 (1)	2499.5 (1)	2600.5 (2)
Thrisur	1441.7 (8)	1745.1 (4)	1484.1 (6)	1814.3 (5)	1994.5 (7)
Palakkad	1739.5 (4)	1607.6 (5)	1188.3 (8)	1522.9 (9)	1792.2 (9)
Malappuram	1096.0 (13)	1531.8 (7)	1047.5 (12)	1686.7 (8)	1170.8 (14)
Kozhikkode	1516.7 (6)	1576.1 (6)	1096.2 (9)	1461.8 (10)	1464.8 (11)
Wayanad	1590.5 (5)	NA	917.5 (13)	1379.4 (13)	1444.3 (12)
Kannur	1428.7 (10)	1138.1 (12)	1080.3 (11)	1457.4 (11)	1632.4 (10)
Kasaragod	1438.3 (9)	2190.9 (3)	876.0 (14)	1236.1 (14)	1301.4 (13)
State Average	1628.2	1579.7	1568.7	1941.1	2199.6
No of districts above the state average	4	6	2	4	3

Note: Figures in bold indicates above the state average; Figure within parenthesis indicates the rank of each districts in the state; NA – Not Available

Table 2: Percentage changes in average MPCE in 14 districts of Kerala during 2001-10

Districts	Rural		% change	Urban		% change
	2001-02	2009-2010		2001-02	2009-2010	
Thiruvananthapuram	1272.41	2003.87	57	2622.4	4363.87	66
Kollam	1175.29	1578.7	34	1364.03	1809.15	33
Pathanamthitta	1392.89	1611.02	16	1472.57	2185.93	48
Alappuzha	1499.82	1672.29	11	1740.59	1792.24	3
Kottayam	1177.51	1617.85	37	1406.28	2205.95	57
Idukki	849.73	1489.38	75	1039.73	2120.03	104
Ernakulam	1201.04	1823.21	52	1904.35	2600.48	37
Thrisur	1245.57	1561.26	25	1441.7	1994.47	38
Palakkad	1396.1	1433.47	3	1739.5	2181.78	25
Malappuram	902.66	1139.42	26	1096.03	1170.78	7
Kozhikkode	1015.98	1327.11	31	1516.71	1464.84	-3
Wayanad	1099.05	1211.72	10	1590.54	1301.42	-18
Kannur	1164.57	1358.94	17	1428.68	1632.42	14
Kasaragod	866.39	1201.49	39	1438.31	1444.26	0.4
Kerala state	1105.14	1550.96	40	1628.16	2199.6	35

Note: '-' indicates reduction in consumption

- Kozhikkode and Wayanad - have shown an increased expenditure. More than 50% increase in expenditure could be observed in the rural sectors of Idukki (75%), Thiruvananthapuram (57%) and Ernakulam districts (52%) while Idukki (104%) and Thiruvananthapuram (66%) districts come under top spending districts in urban sector. It can also be noted that in both rural and urban sectors of Idukki and Thiruvananthapuram districts have occupied top two positions.

Extent of gap between rural and urban sector:

Per capita expenditure of the urban population over rural was calculated in order to trace out the extent of deviation between urban and rural sectors of 14 district of Kerala during 2001-10 and the same is present in the Table 3. Accordingly the gap between urban and rural sectors has widened in six districts (indicated by an upward arrow in Table

3) while in eight districts the gap has narrowed down (downward arrow). This observation also supports the point that in most of the district the gap between rural and urban sectors is narrowing down, in other words the rural sectors spend more which can be attributed to that the faster rate of urbanization taking place in the last decade in the state of Kerala.

Table 3: Extent of urban average MPCE over rural average MPCE of 14 district of Kerala during 2001-10 (%)

Districts	2001-02	2003	2005-06	2007-08	2009-10	% Increase () / decrease () in consumption
Thiruvananthapuram	106	48	36	44	118	12
Kollam	16	18	15	14	15	1
Pathanamthitta	6	0.2	39	30	36	30
Alappuzha	16	11	34	11	7	9
Kottayam	19	28	28	41	36	17
Idukki	22	NA	12	29	42	20

Ernakulam	59	9	61	26	43	16
Thrisur	16	-2	30	40	28	12
Palakkad	25	46	18	30	52	27
Malappuram	21	31	9	26	3	18
Kozhikkode	49	7	3	20	10	39
Wayanad	45	NA	24	34	7	38
Kannur	23	12	19	16	20	3
Kasaragod	66	106	16	55	20	46
All	47	24	47	40	42	5

Note; ‘-’ indicates rural expenditure is higher the urban expenditure; NA – *Not Available*.

CONCLUSION

The state of Kerala has been ranked as number one state in consumption in India. The analysis of 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 state’s consumer expenditure. The gap between

rural and urban sector expenditure is also found to be decreasing in the last decade and the faster rate of urbanization occurring in the state of Kerala can be attributed as one of the reasons for the changing consumer pattern of its rural sector.

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