

CHANGING TREND IN HOUSEHOLD CONSUMPTION EXPENDITURE PATTERN OF KERALA

by

P. Padma^{1*}, E.V Ramasamy², Muralivallabhan T V³and A.P Thomas ¹



1. **Advanced Centre of Environmental Studies and Sustainable Development-
An inter university centre (ACESSD),
Mahatma Gandhi University, Kottayam, Kerala, India**
2. **School of Environmental Sciences, Mahatma Gandhi University, Kottayam,
Kerala, India**
3. **SVR NSS College, Vazhoor, Kottayam, Kerala, India**

❖ Kerala with only 1.0 % of land area and 2.8 % population of the Nation has been ranked as top most consumer state in the country

❖ 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 has been attempted in this study.

❖ 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.**
- **The present study analyses Monthly Per Capita Consumer Expenditure [MPCE] of urban and rural sectors of Kerala in order to understand the consumption trend of the state.**

Objectives of the study

1. To study the pattern of average MPCE in rural and urban sectors of all 14 districts of Kerala.

2. To trace out the extent of gap between rural and urban average MPCE at district level in Kerala.

Methodology

Study area : India and Kerala

Data source : Secondary data from NSS

(National Sample Survey Organization) Kerala

Study period :2001-2010.

57th round (July 2001 to June 2002)

59th round (January to Dec 2003)

62th round (July2005 -June 2006)

64th round (July2007 -June 2008)

66th round (July 2009 – June 2010)

(All the consumption figures are monthly figures.)

Statistical tool: Percentage of analysis





Analysis and discussion

Status of Consumption Pattern

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To study the expenditure pattern in 14 districts of Kerala over the time span from 2001-10 average total expenditure per person for 30 days was worked out & the same was ranked in district wise (Table 1).

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

Districts	Rural				Urban			
	2001-02	2005-2006	2007-2008	2009-2010	2001-02	2005-2006	2007-2008	2009-2010
TVM	1272 (4)	1209 (3)	1658 (2)	2003 (1)	2622 (1)	1648 (2)	2381 (2)	4363 (1)
Kollam	1175 (8)	1216 (2)	1552 (5)	1578 (6)	1364 (12)	1398 (7)	1763 (6)	2120 (6)
P.thitta	1392 (3)	1084 (7)	1554 (3)	1611 (5)	1472 (7)	1508 (4)	2025 (4)	2181 (5)
Alappuzha	1499 (1)	1125 (6)	1553 (4)	1672 (3)	1740 (3)	1504 (5)	1721 (7)	2205 (3)
Kottayam	1177 (7)	1194 (4)	1542 (6)	1617 (4)	1406 (11)	1530 (3)	2175 (3)	2185 (4)
Idukki	849 (14)	979 (10)	1068 (12)	1489 (8)	1039 (14)	1095 (10)	1381 (12)	1809 (8)
Ernakulam	1201 (6)	1216 (1)	1982 (1)	1823 (2)	1904 (2)	1964 (1)	2499 (1)	2600 (2)
Thrisur	1245 (5)	1144 (5)	1292 (8)	1561 (7)	1441 (8)	1484 (6)	1814 (5)	1994 (7)
Palakkad	1396 (2)	1003 (9)	1169 (11)	1433 (9)	1739 (4)	1188 (8)	1522 (9)	1792 (9)
Malappuram	902 (12)	960 (11)	1342 (7)	1139 (14)	1096 (13)	1047 (12)	1686 (8)	1170 (14)
Kozhikkode	1015 (11)	1068 (8)	1220 (10)	1327 (11)	1516 (6)	1096 (9)	1461 (10)	1464 (11)
Wayanad	1099 (10)	739 (14)	1025 (13)	1211 (12)	1590 (5)	917 (13)	1379 (13)	1444 (12)
Kannur	1164 (9)	906 (12)	1261 (9)	1358 (10)	1428 (10)	1080 (11)	1457 (11)	1632 (10)
Kasaragod	866 (13)	755 (13)	798 (14)	1201 (13)	1438 (9)	876 (14)	1236 (14)	1301 (13)
State Average	1105	1068	1382	1550	1628	1568	1941	2199
No of districts above the state average	9	7	6	7	4	2	4	3

1 The average consumer expenditure per person for a period of 30 days was 1105 & 1628 for rural & urban sectors of Kerala respectively in 2001-02. It has gone up to **1550** & **2199** for rural & urban sectors respectively in 2009-10.

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

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State Average	1105	1068	1382	1550	1628	1568	1941	2199
No of districts above the state average	9	7	6	7	4	2	4	3

2 The districts have been grouped in to two categories

- Districts which **spends more** than the state average
- Districts **spending lesser** than the state average

3 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.

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

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TVM	1272 (4)	1209 (3)	1658 (2)	2003 (1)	2622 (1)	1648 (2)	2381 (2)	4363 (1)
Kollam	1175 (8)	1216 (2)	1552 (5)	1578 (6)	1364 (12)	1398 (7)	1763 (6)	2120 (6)
P.thitta	1392 (3)	1084 (7)	1554 (3)	1611 (5)	1472 (7)	1508 (4)	2025 (4)	2181 (5)
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Ernakulam	1201 (6)	1216 (1)	1982 (1)	1823 (2)	1904 (2)	1964 (1)	2499 (1)	2600 (2)
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Palakkad	1396 (2)	1003 (9)	1169 (11)	1433 (9)	1739 (4)	1188 (8)	1522 (9)	1792 (9)
Malappuram	902 (12)	960 (11)	1342 (7)	1139 (14)	1096 (13)	1047 (12)	1686 (8)	1170 (14)
Kozhikkode	1015 (11)	1068 (8)	1220 (10)	1327 (11)	1516 (6)	1096 (9)	1461 (10)	1464 (11)
Wayanad	1099 (10)	739 (14)	1025 (13)	1211 (12)	1590 (5)	917 (13)	1379 (13)	1444 (12)
Kannur	1164 (9)	906 (12)	1261 (9)	1358 (10)	1428 (10)	1080 (11)	1457 (11)	1632 (10)
Kasaragod	866 (13)	755 (13)	798 (14)	1201 (13)	1438 (9)	876 (14)	1236 (14)	1301 (13)
State Average	1105	1068	1382	1550	1628	1568	1941	2199
No of districts above the state average	9	7	6	7	4	2	4	3

4 Similarly in urban sector also the number of districts spending more has declined from four to three during the study period (2001-10).

5 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.

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

- 1 Rural sectors in all 14 districts have shown an increased expenditure in ten years while the urban sectors all except two districts - Kozhikkode and Wayanad - have shown an increased expenditure.
- 2 More than 50% increase in expenditure could be observed in the rural sectors of Idukki (75%), TVM (57%) and ERN districts (52%) while Idukki (104%) and TVM (66%) districts come under top spending districts in urban sector.
- 3 Both rural and urban sectors of Idukki and Thiruvananthapuram dts have occupied top two positions.

**Extent of gap between rural and
urban sectors**

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

Districts	2001-02	2005-06	2007-08	2009-10	% Increase (↑) / decrease (↓) in consumption	
TVM	106	36	44	118	12	↑
Kollam	16	15	14	15	1	↓
P.thitta	6	39	30	36	30	↑
Alappuzha	16	34	11	7	9	↓
Kottayam	19	28	41	36	17	↑
Idukki	22	12	29	42	20	↑
Ernakulam	59	61	26	43	16	↓
Thrisur	16	30	40	28	12	↑
Palakkad	25	18	30	52	27	↑
M.puram	21	9	26	3	18	↓
K.kkode	49	3	20	10	39	↓
Wayanad	45	24	34	7	38	↓
Kannur	23	19	16	20	3	↓
K.god	66	16	55	20	46	↓
All	47	47	40	42	5	↓



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



Accordingly the gap between urban and rural sectors has widened in six districts (*indicated* ↑ in *Table*) while in eight districts the gap has narrowed down (↓).



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 spends more which may be due to the faster rate of urbanization taking place in the last decade in the state of Kerala.

Conclusions

-  **The state of Kerala has been ranked as number one in consumption , 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 consumption pattern of its rural sector.**

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March 2013.**

A photograph of a sunset over the ocean. The sun is a large, bright orange circle positioned in the upper center of the frame, partially obscured by a thin layer of clouds. The sky is a deep, dark blue, and the water below is dark with some ripples. The text "THANK YOU" is overlaid in the center of the image in a bold, white, sans-serif font. The letters have a slight shadow effect, making them appear to float above the water.

THANK YOU