

SYNOPSIS OF THE THESIS ENTITLED

CHANGING CONSUMPTION PATTERN IN KERALA

Introduction

Human life is nourished and sustained by consumption. The abundance of consumption is the life blood of human development. Consumer is the king or sovereign in the economic empire. Consumption habits and pattern are determined by a complex set of socio-economic, cultural, religious, psychological, ethical and environmental factors. Typically, a country's consumption pattern reveals a clear picture of its standard of living, poverty level, human development and the nature of its economic growth.

Statement of the Problem

The world consumption has expanded at an unprecedented pace over the 20th century. Consumption boom could be witnessed across the world resulting from phenomenal progress of technology and business management.

The consumption pattern in India underwent a sweeping structural change and now it tends towards assuming a new mobility (Sooryamoorthy, 2007). India has been projected as the next consumer powerhouse. The economy witnessed structural and compositional changes in the consumption basket of rural and urban sectors and across income groups over the last three decades.

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. With regard to social development the state has successfully tackled the first generation problems like illiteracy, high infant mortality rate, low life expectancy and related indicators of under development when other states are still grappling with them.

Amidst several socio-economic, demographic and geographic characteristics that make the state distinct, consumption is a factor which stands out. Consumption pattern of the people in Kerala exhibits some interesting features. There is a significant increase in the level of consumption of both food and non food commodities. Competitive spending and conspicuous consumption has become the order of the day. Kerala has been experiencing an unprecedented consumption boom and increasing standard of living. (Ibrahim, 2002) The state ranks at the top among Indian states in per capita consumption expenditure though its rank in terms of per capita Net State Domestic Product (NSDP) is relatively lower. With only 3.4% of the country's population, it accounts for 10 % of the total consumption. The value of consumer articles flowing into the state is estimated to be in the range of 50-60 billion Indian rupees. For the past two decades, Kerala's market has been witnessing the domination of Multi National Corporations (MNCs) with their branded products and services. As the world trade is opening up more and more, there are numerous big groups targeting the Kerala market for the past few years. MNCs have invested heavily in financial and managerial resources in India and particularly in Kerala to develop the market for their products.

Emigration has become the striking feature of the Kerala economy. The economic consequences of migration and migrant remittances have found an increase in the household income of Keralites and changes in income distribution. Money mainly from NRI remittances, is flowing steadily into Kerala. The majority of migrants belongs to poor families from rural areas. A sudden spurt in their income has given rise to a rising per capita household expenditure in the state. (Harilal and Joseph, 2000) Real estate prices are booming as NRIs and their families are buying land as an investment or building houses as that is now being seen as a glittering status symbol. Conspicuous consumption has become the hallmark of an emigrant, especially a Kerala emigrant. Moreover

migration and migrant remittances have made profound influence on the phenomenal increase in income from salary/wages. Consumerism found favour with people especially among the middle and low income groups. The people in Kerala recognise consumption as a yardstick to measure socio economic status and prestige. Demonstrative and luxurious consumption has resulted in heavy financial commitment for the people .Unable to pay back the loans taken from individuals and financial institutions, many are driven to suicide.

During the last few decades, dramatic changes have taken place in habits, items and quantum of food consumption. There has also been a change in the lifestyle of the people. Households equipments like the mixer, washing machines, vacuum cleaners, fridge etc and facilities like lifts & elevators, automobiles, flats, mobile phones etc. have contributed to the decreased activity levels in all age groups. The increased food intake coupled with a sedentary lifestyle, restricted play areas, unregulated TV watching etc have resulted in an increasing incidence of overweight and obesity. (Gopalakrishnan, 2005)

Relevance of the Study

The present study is an attempt to analyze the changing consumption pattern in Kerala. An enquiry has been made to find whether there is any change in the consumption of food and non-food items among different socio economic groups .Changes in category, quantity, mode of purchase, place and frequency of purchase are also analysed. The changes that have taken place during the last 10 years are highlighted. The study also analyses the nature of rural urban divide with regard to the consumption pattern of households.

Objectives

General

To study the changing consumption pattern of rural and urban households in Kerala .

Specific

1. To examine the changes *in* the consumption pattern in India and Kerala as per NSSO reports
2. To trace the item-wise changes in the consumption pattern of food and non-food items in central Kerala and also to find out the specific reasons behind it.
3. To analyse the changes in the consumption pattern in rural and urban areas and also by economic categories of households.
4. To examine the association between consumption pattern and socio economic profile of the households and also the psycho- social factors affecting consumption.

Hypotheses

- There is no significant difference in the consumption pattern of households between 2000 and 2010.
- There are no wide rural urban differences in the consumption pattern of households.
- There is no significant association in the age, size and level of income of the household with consumption pattern.

Methodology and Data Sources

The study is both empirical and descriptive. Primary and secondary data are made use of in the analysis. Primary data has

been collected from Kottayam and Alappuzha districts and secondary data from books, research journals, periodicals, newspapers, various issues of RBI bulletin, Economic Reviews, Census Reports, Reports of NSSO and Central and state Statistical Organizations, different websites etc. The prices of the commodities were collected from Economics and Statistics Department.

Coverage

The study covers two districts - Kottayam and Alappuzha of central Kerala. Change in the consumption pattern during the period 2000-2010 is analysed.

Sample Design

A multistage sampling procedure has been adopted for selecting sample households.

In the first stage, two Districts from central Kerala, Kottayam and Alappuzha are selected - they exhibit the rural and urban trends in consumption pattern similar to other districts of Kerala. Factors such as industrialisation, urbanisation, Gulf migration, mushrooming of shops, increasing sales of vehicles, consumer durables etc influence consumerism which is manifested in abundance in Kottayam.

Alappuzha, the smallest district in Kerala with the highest density of population has a vast coast line with a large chunk of the population belonging to the fishermen community. The source of income and its potential varies to a great extent as the majority of the population depends upon fishing and agriculture for their livelihood. The vagaries of monsoon have significant impact in determining income and purchasing power of the population.

In the second stage, two municipal Corporations and two Grama Panchayats are selected from the two districts according to simple random sampling method - Changanacherry Municipal

Corporation and Paippad Grama Panchayat from Kottayam and Alappuzha Municipal Corporation and Kainakary Grama Panchayat from Alappuzha .

The sample size (600) is based on the proportion of households in the rural and urban areas of the two districts. 300 households are selected from each district. Out of the 368727 rural households and 65719 urban households of Kottayam district, 240 households are from Paippad Grama Panchayat (rural) and 60 households are from Changanacherry Municipal Corporation (urban). Similarly out of 345928 rural households and 138032 urban households of Alappuzha district 216 households are from Kainakary Grama Panchayat (rural) and 84 households are from Alappuzha Municipal Corporation (urban). These households are selected from the local bodies list using a systematic random sampling procedure.

Data Collection

Interview schedule has been prepared and pretested for the collection of data from the sample households for a period of 10 years. Out of the 10 sections of the interview schedule, 1 to 7 deals with socio, economic and demographic profile of the households. 8 and 9 sections consider the changing consumption pattern of food and non-food items of the households. Households' perspectives on consumption is included in Section 10.

Data Management and Analysis

Statistical package of social science (SPSS) is employed for analysis of data and testing of hypothesis. Simple statistical tools like simple averages and percentages, various tests - Chi square test, Paired t test and z test have been used. Factor analysis has also been used.

Limitations of the Study

The study analyses only two districts of Kerala regarding

changing consumption pattern. The data collected may have errors due to memory lapse and the reluctance of the respondents to give the correct information regarding past 10 years and also the hesitation of a few to disclose their income, savings, asset holdings etc. It was very difficult to collect the actual data of expenditure for previous years.

Scheme of Study

The first chapter introduces the research problem, its objectives, hypothesis, methodology, sample design, tools of analysis, limitations, scheme of study and theories on consumption. The second chapter contains the review of various related studies. The third chapter deals with the consumption pattern—the scenario in India and Kerala. The fourth chapter is devoted for analysing the socio economic and demographic profile of the sample households. The fifth chapter deals with changing trends in consumption pattern of households in Kerala - region- wise, economic category- wise, item- wise and reasons -wise. Association between variables affecting consumption are also analysed. The last chapter deals with the findings and conclusions of the study.

Major Findings

The NSSO data reveal that in Kerala during 70s the share of food in total expenditure was as high as 70.04% and 64.85% in rural and urban area respectively. But it showed a declining trend from 1983 onwards. Different components in the food basket show almost similar trends in both Kerala and the whole of India. However the monthly expenditure on non food items has increased.

Item wise Changes in Consumption Pattern

It is found that the total expenditure on food and non-food items has increased over the years..During a period of ten years ie, between 2000 -2010,a change in consumption took place in both food and non-food items. As regards food consumption meat, egg,

fish, milk and milk products, tea and coffee etc have turned into preferred items as evidenced by their increased consumption in 2010. Non food items such as petrol and diesel, recreational expenses, social obligations etc have increased substantially in 2010.

Area wise Changes in Consumption Pattern

The percentage increase in food and non-food expenditure in rural area remains more or less the same in both periods, but in urban area the increase is more in favour of non food items..Within the food basket a change is visible in rural areas from cereals to non cereal items such as fish, meat, egg, fruits ,milk and milk products which shows consumers have shifted to healthy nutritious items of consumption. Similarly among the non food items, expenditure on petrol/ diesel/ LPG, education, and recreational expenses have increased more than two fold in 2010. In the urban sector also substantial increase is noticed in all items. Thus a shift is visible in the consumption pattern of both rural and urban households from food to non-food items and the change is more pronounced among the urban dwellers.

Changes by Economic Categories

Among the BPL category the proportion of food expenditure to total expenditure has increased only marginally in 2010 whereas non-food expenditure remains more or less the same .In the case of APL categories the share of food and non-food items in total expenditure have increased 4% and 5% respectively in 2010.

Association between Profile of the Household and Changing Consumption Pattern

Consumption pattern of any household is determined by factors like age, size, income, education etc. It is seen that the consumption

pattern of the households have changed as a result of the increase in income. Monthly income of households has shown 1.78 times increase in 2010 when compared to 2000. Similarly expenditure on food and non-food items have increased 2.15 times and 1.98 times respectively in 2010. So it is found that there is association between income and the consumption pattern. Similarly the consumption pattern of the households has changed as a result of change in the size of the household and age composition.

Changes and Reasons in the Category of Consumption

There are mainly three categories of food- packaged, non packaged and home produced. When compared to 2000 increasing use of packaged goods are seen in 2010 in rice, other cereals, gram, pulses, sugar, salt, condiments and spices, edible oils, milk and milk products tea, coffee etc. 5.3% of the households used packaged meat in 2000 which has increased to 8.5% in 2010. In the case of fish none of the households used packaged one in 2000 but in 2010 4.4% of the households used the same. The same trend is visible in rural and urban region and also among the BPL and APL categories. No wide rural urban difference is visible in the category of food items consumed. Change in the taste of the household members is the main reason behind the change in the category. Change in the level of income, seeking better quality of product, lack of home production, convenience and labour effectiveness of new products are the other reasons for changing the category of food items

Quantity of Purchase

It is seen that a significant difference is visible in the quantity of purchase between 2000 and 2010. In the case of cereals the average quantity of purchase increased more than 36% in 2010, whereas cereal substitutes increased only by 26.3%. A notable increase is visible in the case of non cereal items such as meat, fish, egg, fruits, vegetables etc. No rural urban difference is noticed regarding the quantity of purchase. The quantity of purchase of tea and coffee declined among the APL category in 2010.

Changes and reasons in the Expenditure pattern of households: Food and Non food items

a) Food items :

Expenditure on all food items has shown a substantial increase during the period 2000- 2010 in both rural and urban areas and among the BPL and APL categories. Paired t test shows that there is statistically significant difference in the expenditure on all food items between 2000 and 2010. 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 between 2000 and 2010.

Place of purchase

Majority of the households shifted their purchase preference from local stores, Govt. owned shops, PDS and the open market to supermarket and co-operative stores in 2010. Same trend is visible in rural and in urban regions. Among the BPL category, purchase from PDS, Govt shops and co-operative stores have shown a declining tendency in 2010. Among the APL category a shift is visible in favour of margin free market

Frequency of purchase

With regard to the frequency of purchase majority of the households preferred to purchase major food items most frequently ie. weekly, fortnightly, daily and as per convenience. In the rural area weekly and fortnightly purchase have increased. Monthly purchase has declined in certain items. In the urban area no significant difference is observed in items such as gram, pulses, sugar, salt, spices, condiments, edible oil, fish, coconut, fruits, vegetables milk and milk products beverages, other food items. Monthly purchase declined in cereals and cereal substitutes. Daily purchase has shown

a decreasing trend in the purchase of meat, tea and coffee in 2010. Only an increasing trend is visible in the weekly purchase of food from outside. Among the BPL and APL categories, monthly purchase has shown a decreasing trend, while fortnightly, weekly and daily purchase have shown an increasing trend in 2010 .

Mode of Purchase

Regarding the mode of purchase no significant difference is visible regarding the cash purchase, personal loan, exchange, others between 2000 and 2010. It is found that credit purchase system which was more prominent in 2000 in certain commodities, showed a declining trend in 2010. No significant difference is visible in cash purchase, credit/debit card, personal loan, exchange in both periods in the rural area. Similarly in the urban area credit purchase showed a declining trend in 2010. There is no significant difference in the mode of purchase between the two periods. Among the BPL category, cash purchase is more dominant. Among the APL category credit purchase system was more prominent in 2000 , but it showed a declining trend in 2010. Credit and debit card mode of purchase has shown an increasing trend in 2010 .

Changes and Reasons in the Expenditure Pattern of Households:

(b) Non food items.

The paired t test results shows that expenditure on non food items have shown significant difference and it has more than doubled in 2010. Expenditure on petrol/ diesel/ LPG ,education has increased in the rural region whereas expenditure on petrol/ diesel/LPG has increased substantially in the urban region. Items like petrol/diesel, housing and recreation expenditure has increased among the BPL category in 2010, while expenditure on education and petrol/diesel has increased among the APL category. Change in the price is the major reason for the change in the expenditure of the households.

Change in income and the life style of the households, influence of advertisement, desire for upkeep status in the society, consideration for better health and better living standard etc are the other reasons for the changing consumption pattern of non food items.

Place of Purchase

People shifted their place of purchase from local store and supermarket to margin free market and co-operative stores in 2010. No significant difference is visible among the rural and urban and also among the BPL and APL categories in the place of purchase

Frequency of Purchase

In the case of the frequency of purchase of non food items, it is seen that the purchasing behaviour of the households has shifted from yearly /half yearly, quarterly, monthly to fortnightly , weekly, daily and as per convenience in 2010.

Mode of Purchase

As far as mode of purchase is concerned cash purchase is predominately used by the households. The other modes such as credit/debit card, credit purchase, personal loan, exchange are rather insignificant which is less than 10% taken together in all the cases in 2010. No significant difference is visible among the rural and urban region Among the APL category substantial increase is visible in the credit/debit card purchase in 2010.

Psycho Social Factors behind the Changing Consumption Pattern

Through factor analysis major psycho social factors which influence consumers in the consumption pattern have been identified.

Suggestions & Policy Implications

Efforts should be directed towards improving the income

earning capacity of the households as current income is a major determinant of consumer expenditure. Particularly people belonging to the middle income group need to be motivated to increase level of savings rather than spending lavishly on luxurious items. Consumerism in its growing phases without corresponding increase in income becomes a major drain on the limited resources. Consumerism would continue to exert pressure on the precious but shrinking natural resources. Though consumption has increased our welfare, it is not sustainable as it entails a lot of adverse effects which needs an urgent attention in the Kerala context. Awareness regarding precious and depleting resources must be created. There is need for state intervention through the adoption of stringent measures to safeguard environmental and ecological balance.

Unlimited consumption will lead to too much debt for the households which adversely affect the welfare of the people. Awareness among the people for pursuing a balanced spending habit is the need of the hour. Eating culture has changed over the years. Fast food, restaurant meals, easy availability of all items and lack of time tempt the people to opt for readymade food. The increased food intake coupled with sedentary life style has resulted in the incidence of overweight, obesity and lifestyle diseases. Hence guidelines to healthy eating habits are necessary so that people can consume better quality of food items for a better life.

Conclusion

The study reveals that there has been a significant change in the consumption pattern of households between 2000 and 2010 in Kerala. A significant increase is visible in the quantity and expenditure on both food and non-food items among the rural and urban households and also among the BPL and APL categories. The composition of the consumption basket has been changed in favour of non food items. A significant shift in the consumption of food basket from cereals to non cereal items has been observed both in

rural and urban areas and among the BPL and APL households.. Among the non-food items housing, education, petrol/diesel, LPG, recreational and miscellaneous expenditures have shown a prominent increase in rural and urban region. Expenditure on housing, cooking gas, petrol/diesel/recreational expenses, personal habits etc have more than doubled among the BPL, whereas among the APL pronounced increase is noticed in housing, education, petrol/diesel, LPG, recreational expenses etc. Change in price, taste of the household members, income, size and age composition of the households etc are the main reasons behind the changing consumption pattern of households. The study reveals that a, shift has been taken place in category, place of purchase, mode and frequency of purchase,. Majority of the households have changed their category from non- packaged to packaged one and shifted their purchase preference from local stores, open market and door delivery to super market and margin free market. Yearly, half yearly, monthly and quarterly purchase has shown a declining tendency while fortnightly, weekly, and convenience purchase has increased .The use of credit/ debit card increased in the period covered. Changes in lifestyle and standard of living, pressure from colleagues and neighbours, craving for recognition and acceptance from others etc are the major psycho social factors which influence consumers in purchasing commodities.

References

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