

**Consumption Pattern Among Households A Case Study With Special
Reference To Kottayam Municipality.**

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Abstract

Understanding behaviour of consumer is a key to the success of business organization. Marketing personal are constantly analyzing the patterns of buying behaviour and purchase/decision to predict the future trends. The consumption pattern of Kerala shows a trend of high expenditure on non food items among different expenditure classes. The consumption pattern of the people in Kerala across the state exhibits some interesting features. Amidst several socio economic demographic and geographic characteristic that make the state district, consumption has turned out to be another unique quality The methodology used is convenient sampling.

Keywords : Consumption pattern, Engel's Law

INTRODUCTION

In economics, consumption is defined as the final use of goods and services by economic agents to satisfy their needs, as opposed to providing for future production. Consumption function is a function showing how the consumption of an individual on a country as a whole is determined. Individual consumption is an increasing function of income, for individuals whose income is exogenously determined. Consumption is also affected by many other factors, including size of dependent family, total assets and factor affecting permanent income, such as job security and pension prospects. Aggregate consumption is an increasing function of the national total of disposable incomes; it is also affected by factors such as total assets, the age distribution of the population and the distribution of incomes.

Human life is nourished and sustained by consumption. The abundance of consumption is the life blood of human development consumer is the king on 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.

Abundance of consumption is the life blood of development, consumption habits are determined by complex set of socio economic cultural, religious, psychological and environment factors. Typically a country's consumption and its effects reveal a clear picture of its standard of living, income, knowledge about product brand, price, consumer expenditure is the total amount spent by the consumer on produced goods and service and consumer on produced goods and service and consumer expenditure is influence to a great extent.

1. SIGNIFICANCE OF THE STUDY

The consumption pattern of Kerala shows a trend of high expenditure on non food items among different expenditure classes. The consumption pattern of the people in Kerala across the state exhibits some interesting features. Amidst several socio economic demographic and geographic characteristic that make the state district, consumption has turned out to be another unique quality. There is a significant increase in the campus of both food and non food commodity. Keraliteis seem to be spending a lot of money on consumer doubles and luxuries.

Consumption need not imply consumers. It refers to the final state of production whether in use, water on usability. Consumers do imply consumption, but in conditions of scarcity and limited choice, their degree of conscious activity might be minimal consumerism is not the same as consumption and consumers, into as capitalism is not the same as capital on capitalist. It was not a total system but was a more on less dominant. Context on the process of production distribution and consumption. Consumption as denotation and fact may be defined extensively as a set of interlocking, social institutions and concomitant attitudes shaping the economy.

Country wise models may not be useful for studying the consumption habits of particular regions (Radhakrishnan et, al. 1979), and also intra regional studies due to the underlying variations of cultural, climate conditions presence of natural resources etc. so a study of the consumption pattern of the international, national and regional level is attempted.

3. OBJECTIVES

The specific objectives of the study are as follows:

1. To analyse the socio-Economic profile of households in the consumption pattern and to examine factors determining consumption pattern of households.
2. To test the validity of Engels's Law in the consumption pattern.

4. METHODOLOGY

The work is based on empirical investigation among the households. Since a census study was unmanageable within the stipulated time 20% of the total households were chosen as representatives at random. The data for the study is collected from both primary and secondary sources. Questionnaire (both structured and unstructured) and observation were the main tool of collecting primary data. The list of satisfied random sample of 50 households has been used for the survey. It is taken from Kottayam.

The secondary sources of data were reports and the publications of various agencies and experts. Information regarding the municipality has been obtained from municipal office. The geographical area of land and various other information's were obtained from Economics and statistics department data was collected is analysed using simple statistical tools like frequency tables, averages, percentages etc. The sampling respondents will be selected on the basis of convenient sampling.

5. THEORETICAL FRAMEWORK

Theories of Consumption:

It is generally attempted to accept that consumer behaviour theory is a post second world war phenomenon. Since consumption is perhaps the most fundamental aspect of economic activity. It is not surprising that the study of consumer behaviour has occupied a pre-eminent position in economic science. Since consumption is the predominant component of aggregate demand in an economy, consumer behaviour occupies a central position in modern macro theory.

Engels Law

Ernest Engel, celebrated German Statistician who did solve of the most influential early work on consumer behaviours as reveals by the budget studies proposed a law known as Engles law. “The poorer a family, the greater the proportion of its total expenditure that must be devoted to the provision of food”. More precisely as income rises, the proportion spent one stays the same on perhaps rises slightly. Finally as income rises, the proportion spent on luxuries rises.

6. DATA ANALYSIS

6.1 To analyse the socio-Economic profile of households in the consumption pattern and to examine factors determining consumption pattern of households

6.1.1 SOCIO- ECONOMIC PROFILE

Kottayam municipality in Kottayam district is selected for an intensive survey to analyse the consumption pattern of the household. Majority of the people in the municipality are private workers and drives. A few professionals, government employers ruminates etc are also found in the village. In the municipality out of which 1/4th of the total were surveyed ie.50 households were selected for the deeper and intensive study.

The personal family background of the households include their age, marital status, religion, education, occupation, income, type, size and decomposition of the family etc.

Table 6.1.1.A
Age –wise Distribution of the Sample Population

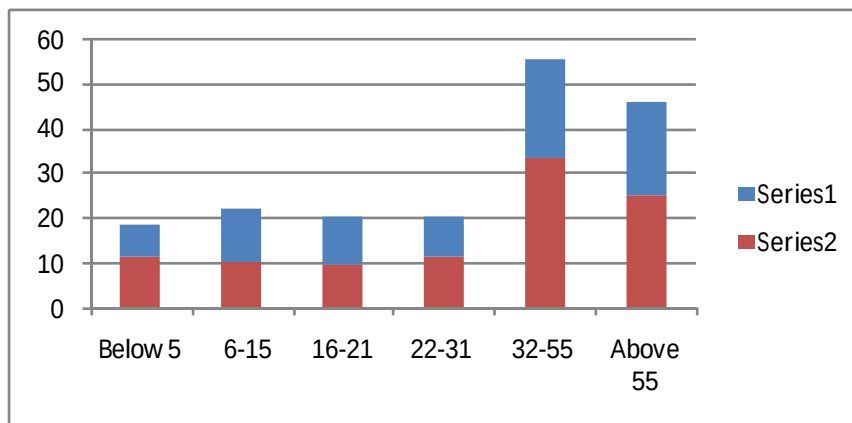
Age	Number of persons			
	Male	Female	Total	Percentage
Below 5	7	11	18	11.25
6-15	12	4	16	10
16-21	11	4	15	9.37
22-31	9	9	18	11.25
32-55	22	31	53	33.13
Above 55	21	19	40	25
Total	82	78	160	100

Source : Survey data

It can be seen from the table 6.1.1.A that 11.25 per cent belongs to the 0-5 age group, 10 percent falls in the 6-15 age group between 22-31 has 11.25 per cent. The age group of 32-55 have the highest percentage of 33.13. The study of age composition is helpful in determining the consumption pattern of different age groups.

A better picture of the age group division of the sample of the sample population is obtained from figure 6.1.1.A.

Figure 6.1.1.B
Age-wise Distribution of the sample population



Religion

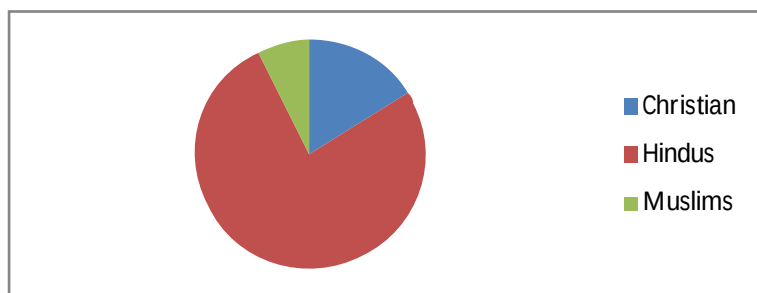
Religion –wise distribution of the sample population is given in the table 6.1.1.2

Table 6.1.1.2A
Religion –wise Distribution of the Population

Religion	No. of Persons	Percentage
Christian	26	16.25%
Hindus	122	76.25%
Muslims	12	7.5%
Total	160	100

Source : Survey data

It can be seen from the table 6.1.1.2 that the Hindus outnumbered Christians. Hindus constitute 76.25 per cent and the Christians are 16.25 percent and only 7.5 percent belongs to Muslims.

Figure 6.1.1.2B**Religion –wise Distribution of the Population****Table 6.1.1.3A****Classification of the Population According to the Level of Education**

Level of Education	Male		Female		Total	
	No.	%	No.	%	No.	%
Illiterate	2	3.12	4	4.16	7	4.38
Primary	10	15.62	4	4.16	14	8.75
SSLC	16	25	23	23.95	39	24.38
Pre-Degree	12	18.15	32	33.33	44	27.5
Graduation	16	25	18	18.75	34	21.25
Post graduation	1	1.56	3	3.13	4	2.5
Other certificates	7	10.93	12	12.5	19	11.88
Total	64	100	96	100	160	100

Source : Survey data

It is seen from the table that the total literacy rate in the municipality is 96 per cent which is lower than the district average 97.72, but higher than the state average of 89.90. Male literacy is 96.88 per cent which is lower than the district average of 97.66. Literacy rate of female is 95.79, which is higher than the rate average of 86.17 per cent and the district average of 94 per cent.

Occupational Pattern

The table reveals the occupational pattern among the household.

Table 6.1.1.4A

Occupational Pattern among Households

Occupational	Male		Female		Total	
	No	%	No	%	No	%
Agricultural farmers	2	2.63	-	-	2	2.10
Private workers	22	28.94	4	21.05	26	27.36
Rubber Cultivation	-	-	-	-	-	-
Construction	6	7.89	-	-	6	6.31
Trade	5	6.57	2	10.52	7	7.36
Government service	10	13.15	2	10.52	12	12.63
Driver	15	19.73	-	-	15	15.78
Gulf countries	13	17.10	5	26.3	18	18.94
Others	3	3.94	6	31.57	9	9.47
Total	76	100	19	100	95	100

The table reveals the occupational pattern among the households. It is evident that the largest numbers of people are engaged as workers in private firms. People employed in gulf

countries are mainly men. Most of men worked as drivers. Then some men are government job holders and only a few women have government job. Notable feature of this municipality is that only 2.10 per cent population engaged in agriculture.

Distribution of sample households according to the source of income

Details regarding the distribution of household according to the source of income is presented in the table. While estimating the work force, persons falling in the age group of 18 to 60 who are not students or disabled are considered.

Table 6.1.1.5A

Source of Income

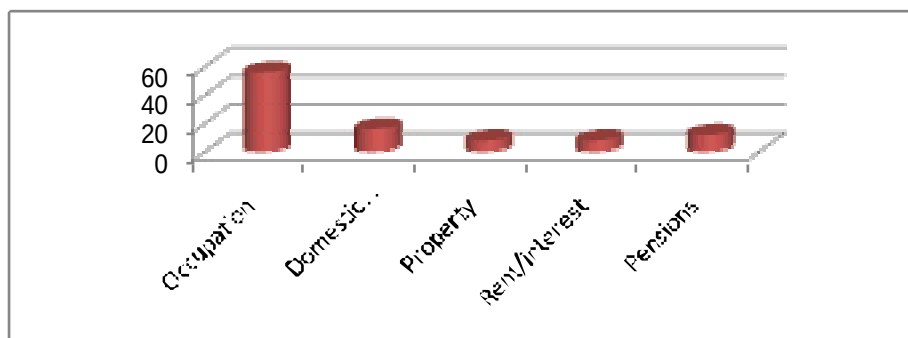
Source of Income	No. of families	Percentage
Occupation	28	56
Domestic animal	8	16
Property	4	8
Rent/interest	4	8
Pensions	6	12
Total	50	100

Source : Survey data

An analysis of the above table reveals that a substantial portion of income is derived from occupation, i.e. 56%. 16% families earn their income from rearing animals. 12% of the families depend on pensions for their living.

Table 6.1.1.5B

Source of Income



Distribution of families based on their level of income

Details regarding the distribution of monthly income of the sample population is presented in the table.

Table 6.1.1.6A**Income of the Family per Month**

Range of Monthly Income (Rs.)	No. of Families	Percentage
0-1000	-	-
1001-2000	2	4
2001-4000	7	14
4001-5000	13	26
5001 and above	28	56
Total	50	56

Source : Survey data

The survey established the fact that 56% of the household belongs to the monthly income group of 5001 above 26 percent falls in to the range Rs. 4001-5000. The notable feature is that all the survive household have the income above 1000.

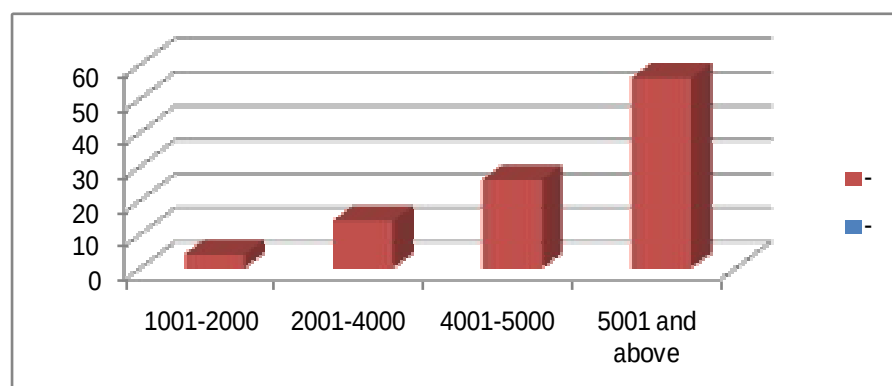
Table 6.1.1.6B**Income of the Family per Month**

Table 6.1.1.7A**Classification of Facilities According to the Area of Land Possessed**

Area in cents	No. of household	Percent
Below 5 cent	4	8
5-10 cent	18	36
Above 10 cent	28	56
Total	50	100

Source : Survey data

From the table it is clear that 56% of the households possess the land above 10 per cent and 36% possess 5-10 cent. Except very few, almost all households have their own land. Some possess wet paddy land, but this no invitation in it.

6.2 To test the validity of Engels's Law in the consumption pattern.**6.2.1 Consumption Pattern**

The chief of expenditure are classified as food, clothing, fuel and light, medicine and education.

Food

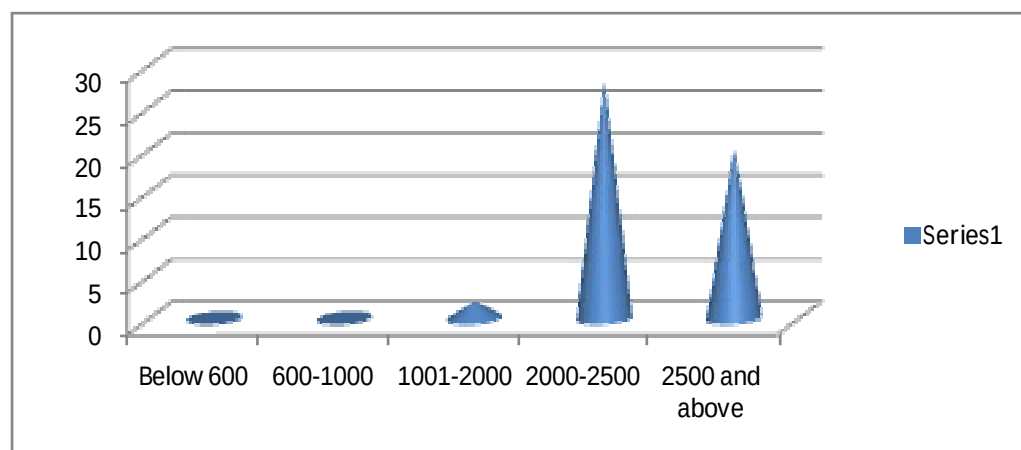
The basic food items consumed by the families are cereals, vegetables, pluses, milk, egg, meat, fish, tea, coffee, sugar etc. Rice is the major stable food item. The fair price shops under the pps, open market supply this basic food items.

Table 6.2.1A**Expenditure on Food per Month**

Amount (Rs.)	No. of families	Percentage
Below 600	-	-
600-1000	-	-
1001-2000	2	4
2000-2500	28	56
2500 and above	20	40
Total	50	100

Source : Survey data

Table 6.2.1A shows that more than half percent people ie, 56% spend Rs. 2500 and above on food per month. 40% spend 2000-2500 for their food items. Notable feature is that every one spend above 600 and 600-1000 for food items.

Figure 6.2.1B**Expenditure on Food per Month****Table 6.2.2A****Consumption of Nutrients by Sample Families**

Item	Daily	Weekly	Monthly
Egg	8	15	46
Milk	46	48	50
Meat	4	12	35
Fish	31	44	47
Vegetables	36	42	50

Source : Survey data

From the table it is evident that consumption of fish milk and vegetables are comparatively higher among people. Rearing of cows, hen, duck etc provides milk and egg not only for consumption but also is a source of income.

Clothing

Lower income group spent more on food and hence they spent less on clothes. When income increases people spent more on clothes. The expenditure of people on clothes is price

elastic as any other commodity. Nowadays readymade clothes are available at cheaper prices, laborers especially men spent a substantial portion of their income for clothes. Table shows expenditure on clothing/ month.

Table 6.2.3A**Expenditure on Clothing per Month**

Amount (Rs)	No. of Families	Percentage
500-1000	12	24
Above 1000	16	32
Total	50	100

Source : Survey data

Education

The economically well off are no longer interested in spending their children to any government school. The middle income and upper strata of the society spend their children to unaided English medium school. The expenditure for education in these schools is comparatively higher than the government school. A few poor families sent their children to government schools.

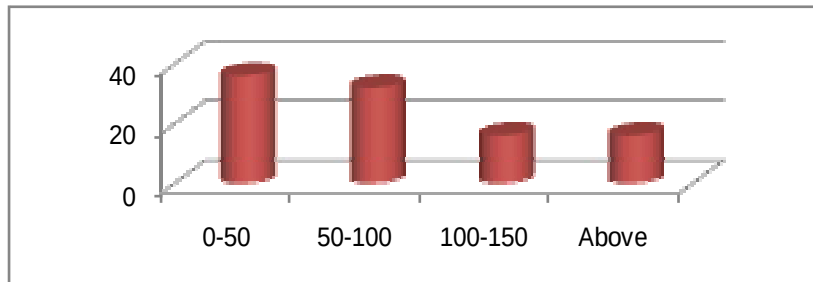
Medicine

With regard to the expenditure on treatment and medicine, the entire household reported that they do incur the considerable amount of expenditure on these items. Both government as well as private hospitals are situated very nearer to municipality.

Table 6.2.4A**Expenditure on Medicine per Month**

Amount (Rs)	No. of Families	Percentage
0-50	18	36
50-100	16	32
100-150	8	16
Above	8	16
Total	50	100

Source : Survey data

Figure 6.2.4B**Expenditure on Medicine per Month****7. MAJOR FINDINGS**

The data collected from 50 households in Kottayam municipality were analyzed and arrived at following findings.

1. About 33% of sample population belongs to age group between 32-55
2. About 76% of sample population are to Hindus.
3. When checking education qualification around 30% qualified up to pre-degrees and around 18% have graduation.
4. Most of the people employed in private firms, govt. services and some are gulf remittance. A very few belongs as agricultural workers.
5. The main source of income of sample population came from occupation.
6. Most of the people belong to above poverty line.
7. Low income group consumer more food than non food items while expenditure of high income group. Mostly for non food items than food items. Thus the sample population consumption validated the Engles law.
8. Expenditure on education is high among high income group as well as in middle group.

8. CONCLUSION

The important observations and findings derived from the survey are encapsulated in this concluding section. The socio-economic profile for the study area shows that a very few percent households are living below the poverty line, in this municipality, the

study area shows that most of the households possess their own land with an average size of 10 cent.

The survey disclosed that the low income groups spend more on food. When the income increases the proportion spent on non food items increases. So in this municipality the consumption pattern of the people keeps in confirming with the 'Engles law'. Rice is the major staple food items of the municipality.

Regarding education, it is a fact that people consider, English medium education as a status symbol as well as an investment for their children in the future. The prospect of getting an employment within the state being a distance possibility, the parents with high income send their wards to English medium schools. Another constitution factor to this situation is the small size of the family with one or two children.

Kerala has made notable achievements in health which are reflected in the attainment of low infant mortality rate, low death rate, high life expectancy etc, These achievements have been made possible through a wide network of health infrastructure, general health consciousnesses and clean health habits of the people in village also a similar trend is observed.

India in an era of liberalization in the nineties the impact of globalization greatly comes to the market and household. It offers consumers access to international quality product, thus giving local manufactures a run for their money. The flooding of the market with consumer goods and keen competition among the manufactures has reduced the prices considerably. The impact of this phenomenon is visible in the municipality too.

Engle's law of consumer expenditure, the food is the major items of expenditure in the household and as increase the percentage of expenditure turn on food decreases is empirically valid current income and size of the family are major determinants of consumer expenditure.

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