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RURAL URBAN INTERFACE: A STUDY ON CONSUMPTION PATTERN WITHIN RURAL AND URBAN HOUSEHOLDS IN INDIA

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ABSTRACT

This paper investigates consumption pattern of both rural and urban households in India. Over the years, Indian economy has undergone highly significant structural shifts. Millions of households have experienced huge welfare transformation which has caused substantial changes in their consumption pattern. The objective of this research paper is to assess the factors affecting the income of households and to analyse whether these factors differ significantly between rural and urban areas. The data required for the study was collected from the factsheet of household consumption expenditure survey. There are substantial differences within rural and urban areas but there is quantitative evidence for the reduction in the differences when compared earlier years. Thus, bridging the gap between the rural and urban population.

KEYWORDS: Consumption, Expenditure, Rural Urban Spending, Addiction, Households.

Introduction

Consumption in general, is the act of satisfying needs. Consumption is the using of goods and services in an economy, or the amount of goods and services used. (Definition of consumption from the Cambridge Academic Content Dictionary © Cambridge University Press).

According to Orçan, Consumption has social and economic associations also connected to time and space, depending on demands such as needs, wants and desires; goods, services and money or some value substituting money that are necessary for fulfilling demands. (2008, p.23).

The patterns of consumption tend to change both at macro and micro level. The changes can be attributed to a consumer's change in taste and preferences at micro level. At macro level, these changes may occur due to structural shifts in their environment which in turn affects the lifestyle, values, behaviour and needs. These changes will finally bring changes in the consumption patterns, however it may diverge among different countries and culture based on their value-systems (Karwala, 2005)

According to Glenn and Kenneth, Consumption patterns displays a structure or pattern which leads to economic distance among the classes. People belong to different classes of income with different pattern of consumption. Poor people spend more share of their income towards basic needs but the rich spend more but the percentage of income spent for food and basic needs is very less. It can be said that the tendency to consume is higher for poor and the tendency to save will be higher for rich (Glenn and Kenneth, 1987).

As a matter of fact, we see that the rural people show highest inclination towards food as it is the first basic need of rural people. Access to food affordability of poor people depends on their income and its price. The diminishing growth in income than prices lowers the purchasing power which will lead to inadequate access to food and consumption. Price and income decides the styles of consumption.

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Styles of Consumption

Conspicuous Consumption

People who fall to the lower level tend to satisfy their basic (food & beverage & housing) and security needs by consuming the required products and services. However, there are people in the society who consume products in order to impress others. This style of consumption is called as conspicuous consumption. According to American sociologist and economist Veblen, people enhance their level of status by increasing their financial power. The main motive behind such behavior is imitating others and that wealth grants honor (Solomon, 2006, p.474). This type of Consumption influences not only the upper classes but also the lowest and the poorest classes to ensure status and increase prestige.

Addictive Consumption

Addictive consumption means to get addicted to certain products such as alcohol, drug, nicotine, etc or services which will lead to psychological or physiological dependence. They are consumed in order to overcome problems or satisfy a need with extreme value. Internet and mobile addiction is common addictive consumption among people who tend to give more importance to their virtual lives which is harmful.

Sacred Consumption

As the word sacred suggests, this consumption contains products and services which are served with a degree of respect. It may be related to religious beliefs, holy elements or events as sacred.

General Background of India

India, being the greatest civilizations of the world with a unique culture, is the 7th largest country in the world with a distinct geographical entity.

• People

India occupies 2.4 percent of the world's land area with over 15 percent of the world's population. India has the youngest population (i.e., less than 15 years of age) which is about 40 percent which will a boon for the country in future. More than 70 percent of the people live in villages, and the rest in more than 200 towns and cities. Caste, religion and language are major determinants of social and political India.

Economic Background

India's population continues to grow at about 1.8 percent per year which is estimated at one billion. Majority of the population depends directly on agriculture. Industry and services sectors are also growing in importance. More than 35 percent people live below the poverty line, but 150-200 million middle class have disposable income for consumption.

About the Indian Education System

Education system in earlier days had Gurukula system, which was later modified and modernised. After India's independence, the constitution executed Right to Education as its fundamental right which allowed free education for every child from the age group of 6 -14 years.

Review of Literature

The study of consumption from the macroeconomic perspective has its own importance as it governs to savings, national output, etc. In emerging markets like India, the need for analyzing the consumption expenditure pattern is felt mainly to assess whether the pattern brings any changes in the size and structure of population. The studies are also conducted to understand the attitude and aspirations of various social classes (Kamal, Vatta and Sidhu, 2007). An increase in per capita income is usually followed by an increase in the demand for various commodities which will bring a rapid growth in the demand for consumer goods. Thus, production should be accordingly planned so that it matches the future demand which will get reflected in future consumption pattern. Thus, designing appropriate policies related to production is possible only through proper analysis of changing household consumption pattern over the period of time (Rao and Saheb, 2012).

The Central Statistical Organisation and the National Sample Survey Organisation (NSSO) operates under the Department of Statistics. NSSO accumulates data which are related to a wide variety of aspects of the Indian economy through large scale sample surveys. These surveys contribute

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important information which helps the decision makers in socio-economic planning and policy making. India is second largest populated country in the world and agriculture is the primary occupation which covers about 64 percent of the total population. The consumption expenditure data available from NSSO reports reveal that India is also witnessing an unprecedented consumption boom. This gradual transformation since 1970 has led to urbanization, income growth and globalization which in turn has changed the Indian diets. The use of advanced technologies on production and supportive schemes from government during green revolution had pushed the consumption from low to high value commodities (Kumar and Kumar, 2004). There are studies which found a decline in traditional food consumption due to diverse methods of food production, change in taste and preferences, ease of access towards high value commodities and reduction in price of cereals in relation to other food commodities (Kumar, 1998; Radhakrishna, 2005). The changed pattern was more likely to occur among the urban population where wealthy and rich people are highly concentrated and also literate people who were considered as the most interested ones to incline towards a new trend than the rural population. The NSSO data had also revealed the changes in pattern of consumption expenditure of rural people which has shifted from low value commodities to high value added commodities. The shift is more in those regions of rural areas which are experiencing greater development in infrastructure (Rao, 2000).

NSSO surveys gives the time series data of expenditure of different income groups and region which includes both food and non food items. NSSO computes and reports household level of consumption of different food items considering the cost of food in corresponding year for comparison.

The study identifies the importance of analyzing the pattern of expenditure and thus, examines the changing consumption pattern of expenditure in both rural and urban areas of India. It shows the consumption habits of people. In the present study, it is tried to analyse whether the country shows same trend in changing consumption pattern in rural as well as urban areas.

Objectives of the Study

- To assess the trends in consumption expenditure towards food and non-food items in India.
- To examine the changes in consumption pattern of people.
- To compare the consumption expenditure of items over the time period.
- To study the development of those sectors which have gained importance over the years.

Research Methodology

The methodology includes both Quantitative and Qualitative research. The analysis mainly consists of a descriptive statistics and trends of averages of national importance from different data sources. The averages are compared over the years, for both rural and urban areas of India. (e.g. in the case of food consumption patterns). Sources of data mainly includes reports from Ministry of Statistics and Programme Implementation, Government of India and National Sample Survey Organisation.

The secondary data is also collected from various other sources, such as, website sources, journals, books, etc. In this study, the consumer expenditure data of 55th, 61 st, 66th, 68th and latest round survey of NSSO pertaining to the periods 1999-2000, 2004-05, 2009-2010, 2011-12 and 2022-2023 for analysis and thus study period covers from 1993-94 to 2009-10.

The survey of 2022-23 titled "Household Consumption Expenditure Survey" has included the whole of the Indian Union except a few inaccessible villages in the Andaman and Nicobar Islands. The data has been collected from 8,723 villages with 2,61,746 households (1,55,014 in rural areas and 1,06,732 in urban areas). The items in consumption basket has been broadly divided into three categories, namely, (i) Food items, (ii) Consumables and Services items, and (iii) Durable goods in HCES: 2022-23.

A multistage stratified sampling design, considering villages/urban blocks as the first stage units has been used in the survey. The households are the ultimate stage units. Simple Random Sampling Without Replacement (SRSWOR) method is used for selecting the samples. The questionnaire used in the survey HCES: 2022-23, includes 405 items. The survey details which included tables are taken for the study. A hypothesis is framed to find whether the region is independent of their expenditure. With the Chi-square test, we can determine if there is a significant association between the region (Urban vs. Rural) and the share of expenditure on food vs. non-food items. This helps in understanding if the patterns of expenditure differ significantly between urban and rural areas beyond what might be expected by chance.

Analysis and Discussions

The summary of level of household consumption expenditure, as measured by Monthly Per Capita Consumption Expenditure (MPCE) during 2022-23 are presented below.

	Urban India		Ru	ral India
Item Group	Average MPCE	Share in total MPCE	Average MPCE	Share in total MPCE
	(Rs.)	(%)	(Rs.)	(%)
Food	2,530	39	1,750	46
Non-food	3,929	61	2,023	54

Table 1: Average MPCE (Rs.) and Share of Food and Non-Food Items: All-India

Source: Collected from Household Consumption Expenditure Survey 2022-23

Urban vs. Rural MPCE shows that Urban India has a higher average MPCE compared to Rural India. But Food Expenditure Share when compared shows that Higher percentage of MPCE is spent on food in Rural India compared to Urban India. The bottom 5 percent of India's rural and urban population. ranked by MPCE, has an average MPCE of Rs. 1,373 while it is Rs. 2,001 for the same category of population in the urban areas. The top 5 percent ranked by MPCE, has an average MPCE of Rs. 10,501 and Rs. 20,824, respectively.

We have categorical data for the share of food and non-food items in total MPCE for both Urban and Rural India. Chi-square test is used to test the independence of categorical variables. In this case, we can test if the distribution of expenditure share (food vs. non-food) is independent of the type of region (Urban vs. Rural).

The hypothesis to test here is, if there is no association between the region and expenditure type.

The null hypothesis in this case is that the distribution of expenditure categories is independent of the region. Since the **P-Value** ≥ 0.05, we fail to reject the null hypothesis and conclude that there is no statistically significant association between region and expenditure type.

Sector		Average MPCE (Rs.) over different period					
	1999-'00 NSS (55th Round)	2004-05 NSS (61st Round)	2009-10 NSS (66th Round)	2011-12 NSS (68th Round)	2022-23		
Rural	486	579	1,054	1,430	3,773		
Urban	855	1,105	1,984	2,630	6,459		
Difference as % of Rural MPCE	75.9	90.8	88.2	83.9	71.2		

Table 2: Average MPCE (Rs.) Over Different Period

Note: For the years 1999-00 & 2004-05, estimates are based on Mixed Reference Period (MRP) and for the years 2009-10, 2011-12 and 2022-23, these are based on Modified MRP (MMRP).

MRP: The estimate of MPCE is based on household consumer expenditure on - (i) clothing and bedding, footwear, education, institutional medical care, and durable goods recorded for a reference period of "last 365 days", and (ii) expenditure on all other items recorded for a reference period of "last 30 days". MMRP: The estimate of MPCE is based on household consumer expenditure on edible oil, egg, fish and meat, vegetables, fruits,

spices, beverages, refreshments, processed food, pan, tobacco and intoxicants recorded for a reference period of

"last 7 days", and for all other items, recorded for the same reference period as in case of Mixed Reference Period.

Source: Collected from Household Consumption Expenditure Survey 2022-23

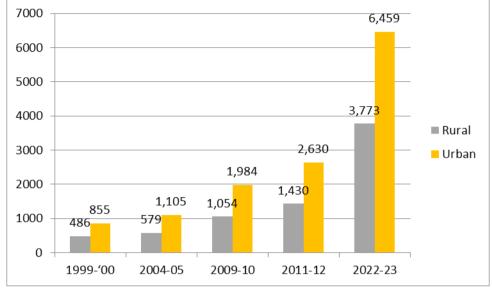
Among the states, MPCE is the highest in Sikkim for both rural and urban areas (Rural - Rs. 7,731 and Urban - Rs. 12,105). It is the lowest in Chhattisgarh (Rural - Rs. 2,466 and Urban - Rs. 4,483).

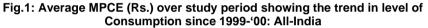
The rural-urban difference in average MPCE, among the states is the highest in Meghalaya (83%) followed by Chhattisgarh (82%).

Trend in level of consumption (average MPCE): All-India

The statement below shows a comparison of the estimates of all-India average MPCE from the last four guinguennial surveys of consumption expenditure and HCES: 2022-23.

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The rural urban difference is 75.9 percent in 1999-00 which increased to 90.8 percent in 2004-05 and then reduced to 88.2 percent in 2009-10 and 83.9 percent in 2011-12. In 2022-23 the rural urban gap has reduced to 68.9 percent which means that the rural households are developing and increasing their consumption expenditure.

Trend in share of consumption of cereals and food items in average MPCE: All-India

The statement below shows the percentage share of 'cereals' and 'all food items together' in average MPCE at all-India level since 1999-00.

Table 3: Trend in Share of Consumption of Cereals and Food items since 1999-'00: All-Indi

Period	Rural	Urban
	% share of food in avg.	% share of food in avg.
	MPCE	MPCE
1999-00	59.40	48.06
2004-05	53.11	40.51
2009-10	56.98	44.39
2011-12	52.90	42.62
2022-23	46.38	39.17
Note: For the years 19	999-00 & 2004-05, the percentage shares are based on M	RP estimates and for the vears 2009-10. 2011-12

Note: For the years 1999-00 & 2004-05, the percentage shares are based on MRP estimates and for the years 2009-10, 2011-12 and 2022-23, these are based on MMRP estimates.

Source: Collected from Household Consumption Expenditure Survey 2022-23

Trend in percentage composition of MPCE by item groups: All-India

Percentage composition of MPCE by item groups since 1999-'00 is provided below separately, for rural India and urban India in Table 4 and 5, respectively.

Table 4: Trend in Percentage Composition of MPCE since 1999-'00: Rural India

Item group	% share in total MPCE					
	1999-00 NSS (55th round)	2004-05 NSS (61st round)	2009-10 NSS (66th round)	2011-12 NSS (68th round	2022-23	
Cereal	22.16	17.38	13.71	10.69	4.89	
Cereal substitutes	0.07	0.07	0.06	0.06	0.02	
Gram	0.13	0.13	0.13	0.14	0.24	
Pulses and pulse products*	3.81	2.97	3.19	2.76	1.77	

Sugar & salt	2.60	2.48	2.34	1.83	0.93
Milk and milk products	8.75	8.17	7.64	8.04	8.33
Vegetables	6.17	5.88	8.29	6.62	5.38
Fruits (fresh)	1.42	1.46	1.93	2.25	2.54
Fruits (dry)	0.30	0.34	0.49	0.58	1.17
Egg, fish & meat	3.32	3.21	4.74	4.79	4.91
Edible oil	3.74	4.44	3.69	3.74	3.59
Spices	2.74	2.21	3.36	3.50	2.98
Beverages, processed food# etc.	4.19	4.38	7.40	7.90	9.62
Food: total	59.40	53.11	56.98	52.90	46.38
Pan, tobacco & intoxicants	2.87	2.60	2.95	3.21	3.79
Fuel and light	7.52	9.81	8.03	7.98	6.66
Toilet articles & other household	4.73	4.83	4.02	4.01	5.12
consumables					
Education	1.93	3.12	3.59	3.49	3.30
Medical (hospitalization)	1.37	1.62	1.65	2.15	2.36
Medical (non-	4.72	4.65	3.75	4.50	4.77
Hospitalization)					
Conveyance	2.94	3.63	3.45	4.20	7.55
Consumer services excluding	2.98	3.66	4.21	3.99	5.08
conveyance					
Entertainment	0.42	0.60	0.79	0.99	1.09
Rent	0.39	0.48	0.46	0.45	0.78
Other taxes & cesses	0.16	0.19	0.21	0.25	0.13
Clothing & bedding	6.85	6.74	5.30	5.99	5.24
Footwear	1.10	1.01	0.92	1.02	0.86
Durable goods	2.62	3.95	3.69	4.85	6.89
Non-food: total	40.60	46.89	43.02	47.10	53.62
Total expenditure	100.00	100.00	100.00	100.00	100.00

*excludes gram #includes purchased cooked meals Source: Collected from Household Consumption Expenditure Survey 2022-23

Table 5: Trend in Percentage Composition of MPCE since 1999-'00: Urban India

Item group	% share in total MPCE					
	1999-00	2004-05	2009-10	2011-12	2022-23	
	NSS (55th	NSS (61st	NSS (66th	NSS (68th		
	round)	round)	round)	round		
Cereal	12.35	9.58	8.12	6.61	3.62	
Cereal substitutes	0.04	0.05	0.04	0.05	0.02	
Gram	0.11	0.10	0.10	0.11	0.18	
Pulses and pulse products*	2.84	2.04	2.37	1.93	1.21	
Sugar & salt	1.80	1.57	1.49	1.15	0.60	
Milk and milk products	8.68	7.54	6.90	7.01	7.22	
Vegetables	5.13	4.24	5.67	4.63	3.80	
Fruits (fresh)	1.95	1.68	2.54	2.64	2.50	
Fruits (dry)	0.47	0.46	0.63	0.78	1.31	
Egg, fish & meat	3.13	2.58	3.63	3.65	3.57	
Edible oil	3.14	3.29	2.66	2.66	2.37	
Spices	2.07	1.47	2.21	2.42	2.13	
Beverages, processed food# etc.	6.35	5.91	8.03	8.98	10.64	
Food: total	48.06	40.51	44.39	42.62	39.17	
Pan, tobacco & intoxicants	1.90	1.54	1.53	1.61	2.43	
Fuel and light	7.75	9.47	6.94	6.69	6.26	
Toilet articles & other household consumables	5.50	4.65	3.88	3.88	4.98	

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Education	4.33	6.67	8.09	6.90	5.78
Medical (hospitalization)	1.44	1.44	1.83	1.96	1.91
Medical (non-hospitalization)	3.62	3.76	3.16	3.58	4.00
Conveyance	5.52	6.21	5.63	6.52	8.59
Consumer services Excluding	4.73	6.71	6.25	5.60	5.92
conveyance					
Entertainment	1.16	1.79	1.60	1.61	1.58
Rent	4.46	5.38	5.79	6.24	6.56
Other taxes & cesses	0.69	0.77	0.79	0.82	0.24
Clothing & bedding	6.05	5.60	4.85	5.37	4.64
Footwear	1.18	1.03	0.96	1.00	0.77
Durable goods	3.61	4.46	4.31	5.60	7.17
Non-food: total	51.94	59.49	55.61	57.38	60.83
Total expenditure	100.00	100.00	100.00	100.00	100.00
*excludes gram#includes purchased cooked mea	als				•

*excludes gram#includes purchased cooked meals Source: Collected from Household Consumption Expenditure Survey 2022-23

• Trend in share of consumption of cereals and food items since 1999-'00: All-India Table 6: Number of households considered for the sample study and

estimated for the population which is shown as estimated in '00

State/UT/all-India	Number of Households					
	Sam	nple	Estimate	ed (00')		
	Rural	Urban	Rural	Urban		
Andhra Pradesh	6,245	4,025	95,813	45,443		
Arunachal Pradesh	2,581	1,440	1,953	602		
Assam	6,045	2,517	63,174	9,279		
Bihar	13,602	3,564	1,98,464	18,955		
Chhattisgarh	2,867	2,141	47,120	12,298		
Delhi	305	2,931	510	30,965		
Goa	360	323	1,569	2,270		
Gujarat	5,726	5,560	73,816	58,955		
Haryana	2,796	2,472	33,394	22,330		
Himachal Pradesh	1,406	1,036	17,260	2,601		
Jharkhand	3,927	2,458	55,031	14,021		
Karnataka	6,688	5,701	89,231	61,965		
Kerala	3,870	3,507	46,172	42,846		
Madhya Pradesh	8,551	5,644	1,14,334	41,241		
Maharashtra	11,596	11,163	1,50,360	1,19,824		
Manipur	2,572	2,261	4,440	1,767		
Meghalaya	2,132	1,079	5,610	1,112		
Mizoram	1,439	2,157	1,229	1,033		
Nagaland	1,996	1,079	2,341	979		
Odisha	6,732	2,453	87,449	15,796		
Punjab	3,076	2,754	40,039	24,166		
Rajasthan	8,724	4,438	1,10,176	39,106		
Sikkim	1,411	720	1,189	608		
Tamil Nadu	7,447	6,917	1,10,296	1,01,180		
Telangana	3,553	3,233	58,055	52,002		
Tripura	3,222	1,800	7,032	2,083		
Uttarakhand	1,700	1,073	18,136	5,353		
Uttar Pradesh	19,611	10,627	3,07,870	85,072		
West Bengal	10,715	7,421	1,68,057	67,825		
Andaman & N Islands	644	356	625	498		
Chandigarh	360	360	82	2,521		
Dadra & Nagar Haveli and Daman & Diu	350	324	716	1,389		

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Jammu & Kashmir	1,761	1,772	18,123	6,347
Ladakh	359	360	371	79
Lakshadweep	252	355	26	80
Puducherry	359	711	1,137	2,437
All-India	1,55,014	1,06,732	19,48,954	8,95,030

Source: Collected from Household Consumption Expenditure Survey 2022-23

Changing Pattern of Consumer Expenditure in India

The changes in the pattern of consumption expenditure in rural and urban areas of India have been evaluated by taking the Monthly Per Capita Consumption Expenditure (MPCE) at current prices. The data highlights that the all India average MPCE has been increasing over the years in rural and urban areas.

The data of NSSO has shown a decline in the proportion of expenditure on food items in last three decades in both urban and rural areas. However the expenditure on food remained higher in urban areas when compared to rural areas. The proportion of expenditure on non -food items has increased from 39 percent to 61 percent. The study shows that the trend in level of consumption has seen three times growth in rural and urban areas. India's growth has raised per capita income and has significantly impacted its food consumption pattern. The top 5 percent of India's population has an average expenditure of Rs. 10,501 and Rs. 20,824 in rural and urban areas respectively.

The percentage of final consumption expenditure on food items is 46 percent and on non- food items is 39 percent. The level of consumption has shown an increasing trend but the share in consumption of all food items together in average is decreasing for both urban and rural areas from 1999-00 to 2022-23.

The decline in consumption of cereal items and increase in the consumption of non cereal items in the food basket shows that the real income of the people may have increased over the period and it is been poured on the intoxicants and processed food items. Among the various categories of food items, 'Pulses and pulse products' has shown a declining trend from 2.6 percent to 1.77 percent during the study period. The consumption of egg, meat and fish has also been slightly decreased but the dry fruits consumption has increased from 0.58 to 1.17 percent during the period of 1999-00 to 2022-23. Though milk and milk products have shown fluctuating trend and see slight decline from 8.4 to 8.33 percent in recent survey. Majority of the items show declining tendency. The percentage share of vegetables, fruits and nuts have reduced or remained stagnant but beverages have increased drastically from 7.9 to 9.6 percent in last two study periods. The expenditure on all the non- food item such as foot wear, fuel and light, goods and services, clothing and other durable goods has recorded a sharp increase during the period 2022-23. However, pan, tobacco and intoxicants, is the item for which the percentage of MPCE has declined till 2011-12 but again has increased to 2.43 percent which is highest during the study period.

In urban areas, food habits are different when compared to rural areas. Fast and processed food is highly consumed in urban areas. The percentage of consumption expenditure allotted for cereals and other cereal items is comparatively lower in urban areas. Further, this percentage is declining over the years. Most of the food items have shown a declining trend or a fluctuating trend. However, the proportion of expenditure on non-food items have been increasing during the study period in both urban and rural areas.

Various rounds of NSSO data shows that the share of non-food articles like intoxicants, conveyance, consumer services, etc are increasing for both urban and rural areas. Clothing and footwear shows an overall decline but the share of durable goods found to be picking up. Consumption of food items are declining however, except cereals, other food items does not show much variation. It has drastically declined from 12.35 percent to 3.62 percent in urban areas and from 22.16 to 4.89 percent in rural areas during 1999-00 and 2022-23 respectively.

Rural Urban Interface

The impact of consumption expenditure on urban inflation is lower than rural, as the decline in food spending is smaller for urban areas compared to villages. The ratio of food items to total consumption remains high. As per the survey, the consumption of cereals declined from 10.7 percent in 2011-12 to 4.9 percent in rural areas during 2022-23. Pulses, which had witnessed high inflation over the last few months, have a lower share in the year 2022-23 at 1.77 percent compared with 2.76 percent

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earlier. The share of processed food and beverages has gone up nearly 2 percent points in both regions. Rural spending on food was down 6.5percent points and urban spending fell 3.5 percent points in 2022-23 when compared to 2011-12. It is found that the average per capita spending per day is Rs.46 in rural areas by the poorest with a 5 percent change in their spending habits with the help of social welfare schemes. The gap between different social classes also has reduced in rural and urban areas. The bottom 50 percent (which includes per capita monthly expenditure) show faster rise in spending in 2022-23 than the top 50 percent when compared to 2011-12. Thus, the study found the reduction in the spending inequality between different income groups in relative terms.

Conclusion

From the above analysis, the following salient results were obtained: first of all the percentage share of monthly per capita consumption expenditure of cereals was higher in rural areas than urban areas and has been reducing steadily in both the areas. This decline and increasing expenditure on non-cereal items in urban areas may be due to increased income levels of consumers and increased availability of processed food items. A continuous decline in the share of food expenditure accompanied by a tremendous increase in the share of non-food items were observed in both rural and urban areas.

Changing demographic patterns are responsible for changes in the demand for food items over the years. Education is also an important factor influencing food consumption pattern. Educated people usually consume more nutritious commodities. Examining the changes in expenditure pattern in rural and urban areas of India, we understand that the demand pattern of various food and non-food items has changed. An increase in the demand for non cereal and non-food commodities will provide incentive for producers to diversify production. Diversification will raise the income of producers. This will help the policy makers to plan for the changing investment pattern in various productive and other service sectors. Thus, India's poorest households and those at the bottom of socio-economic standing have seen their per-capita spending grow faster than better off households compared to last survey.

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