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Changing Consumption Pattern

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Abstract:

Consumption usually considered as a stable function of income but now a day consumption pattern undergoes vast change. Today's world consumption depends on many subjective and objective factors. Subjective factor includes ensure liquidity, successful management, financial prudence's, more money for future business development etc. Objective factors include change in general price level, fiscal policy and it impact on economy, rate of interest, stock of wealth, windfall gain and losses, income distribution, change in expectation. Majority of the people are influenced by advertisement, trends, fashion etc. That is psychological factor ruling the consumption behavior. These behavior of consumer are exploited by MNCs and cooperate world. The study tries to analyses the consumption behavior among the rural and urban youth and middle age group. This study also tries to make an analysis on consumption differences among male and female.

1. Introduction

How do households decide how much to consume and how much to save the decision is crucial because of its role in economic growth. Many economists have Witten about the theory of consumption behavior and suggested alternative ways of interpreting the data on consumption and income. The study of consumption starts with John Maynard Keynes consumption function, Keynes made conjectures about the consumption function based on introspection and casual observation. Keynes conjectures the marginal propensity to consume (MPC) and average propensity to consume (APC). Keynes thought that income is the primary determinant of consumption and interest does not have soon after Keynes proposed the consumption function economist began collecting and examining data to test his analysis. Although the Keynes consumption function met with early success., two events happened one second world war and second Simon Kuznets construed new aggregate on consumption and income. After Keynes theory new theories like permanent income, relative income hypo thesis, Life cycle hypothesis were introduced to economic theory. The theory of consumption function is greatly important both in theory and practices.

2. Objectives of the Study

- i. To find out consumption behavior of male and women
- ii. To find out consumption behavior youth and middle age group

3. Methodology

The sample households have been grouped into different comparable expenditure class. Sampling is concerned with the selection of a subset of individuals from within a population to estimate characteristics of the whole population since the data set is smaller it is possible to ensure homogeneity and to improve the accuracy and quality of the data. In order to analysis the consumption pattern among the youth {18-40} and middle aged group {40-60} data were analyzed separately.

Review of Literature

Kwang (1972) in his study "Consumption pattern among different age groups: An econometric study of family budget", had revealed that the age of family member showed statistically significant influence on household allocation of expenditure among broad categories of consumption items such as food, clothing etc.

Cain, Rana, Rhoda and Tandon, (2010) utilize household-level consumption expenditure data to examine the evolution of inequality during 1983-2004 in India. Various measures of inequality show that inequality levels were relatively stable during 1983-93, but increased during 1993-2004. The increases in inequality have not precluded reductions in poverty, however. They are also more of an urban phenomenon and can be accounted for by increases in returns to education in the urban sector to a considerable extent, especially among households that rely on income from education-intensive services and/or education-intensive occupations.

Singh (2010), in her study examined and analyzed the disparities in level of living as measured by monthly per capita consumption expenditure across different income groups in various states in India based on 61st round survey of NSSO. Various measures like gini coefficient and rank for the states in rural and urban areas has been calculated. Disparities in MPCE across income groups are observed in Punjab.

4. Findings

Consumption is one of the most important activities of any household / individual. Given level of development there is a significant differences in the consumption pattern across the region and the differences comes from various economic, social, political and natural factors. 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 equipment's like the mixer, washing machines, vacuum cleaners, fridge etc. consumption has increased a lot it is found that the total expenditure on food and non-food has increased over the years. Between 2010 -2016a change in consumption took place in both food and non-food items. The percentage increase in food expenditure among males and females are more or less same. But expenditure on non-food item women's spent more than male. Likewise, youth spent more on non-food items than middle aged people, though they are dependent population their consumption pattern is entirely different. Most amazing fact that male preferred more branded products than female they considered this has symptom of dignity. Youth use more branded products than middle-aged group. The main reason for preferring branded products are change in the taste of the household, change in the level of income, seeking better quality of product, lack of substitutes...Mode of purchase is concerned cash purchase is not predominately used by the other modes such as credit/debit card, credit purchase, personal loan, exchange is rather significant, youth mostly used these type of mode of payment. Savings capacity among the youth are comparatively less as they are not bothered about future. Similarly, women are also less bothered about future.

5. References

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