

Research Article

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## Urbanisation and its impact on the pattern of Consumption: Evidence from Kerala

Prajitha V V<sup>1</sup> and Dr.Vipin Chandran K P<sup>2\*</sup>

<sup>1</sup>Assistant Professor, Department of Economics, Co-operative Arts and Science College, Madayi, Kannur district, Kerala, India.

<sup>2</sup>Assistant Professor and Research Guide, Department of Economics, Krishna Menon Memorial Government Women's College Kannur, Kerala, India.

\*Corresponding Author: [kpvipinchandran@gmail.com](mailto:kpvipinchandran@gmail.com)

### Keywords

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Consumption,  
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### Abstract

Rapid urbanisation is advantageous as well as disadvantageous for the society to a large extent; urbanisation affects the consumer behaviour and lifestyle of people in general. Kerala is the one of the important consumer states in India. According to the NSSO data found that, the urbanisation imparts a significant role in pulling up the consumer demand of the state. The household sector plays a prominent role in the changing pattern of consumption. Kerala when compared to other states of India, the percentage share of food in total expenditure is very less. People of Kerala are spending less on food items both in rural (45%) and in urban areas (40%). The percentage share of non-food expenditure is high in both rural (55%) and urban areas (60%) in 2011-12. The paper is aimed to analyse the issues of rapid urbanisation and its effect on influence urban pattern of consumption in Kerala.

## 1. Introduction

Urbanisation is a world-wide phenomenon, as a product of urbanization people is shifting from rural to urban areas, that results in the growth of cities. It is defined "as a method which exposes itself through chronological, spatial and sectorial variations in the social, demographic, technological, economic and environmental aspects of lifecycle in a particular society. It is a Progressive attention of population in urban unit (Kingsley Davis, 1965). During the last century, the urbanisation in India was relatively slow compared to other developing countries, the total population was 23.84 crores in 1901 and it increased to 121.7crores in 2011. The urban population, it raised from 2.58 crores in 1901 to 37.71 crores in 2011.

As per The UN-HABITAT 2006 Annual Report, shows that the continents like Africa and Asia, mainly two Asian countries India and China would have 93 percent urban growth in future. It is expected that by 2050 over 6 billion people, two-thirds of people, will start migrating to town area. Kerala is a state located in the south west part of India. Kerala's performance is very remarkable in the world level because of high human development with low per capita income, highest literacy rate, highest life expectancy, highest ratio of females to males and lowest population growth when compared to other states in India. The main role of Kerala is towards the tertiary sector and deprived performing in industrial and agriculture

sector. As there is a movement towards gulf countries, there is a great inflow of gulf money which naturally makes the Kerala population strengthen their purchasing capability. In the case of urbanization trend Kerala has its own exclusiveness. The number of towns and cities in the state is increasing and also the peripheral areas of the existing major urban centres are moving to urbanisation. Urbanisation has great influence upon Kerala's lifestyle and pattern of consumption. The pattern of changing consumption in urban Kerala reflects that there is a change of expenditure from traditional food to processed or value-added food; the degree of this shift is more prevalent especially in the post-reform period.

The pattern of urban food consumption is completely mismatched from rural consumption pattern. The urban centres are more purchasing capacity, people are very busy with their work, very high propensity to consume, and most of the women in urban Kerala is employed women and diverse source of income. They were very busy during her life period. So, they depend more on value-added or processed food items. The undesirable impacts are increasing expenditure and cost of food, increasing the calorie intake inequality among different socio-economic groups, and prevalence in lifestyle diseases etc. An observation of NSSO report 68<sup>th</sup> round (2011-12), on the pattern of urban food consumption reveals that in actual terms the expenditure on food is increasing but the rate of increase in calorie absorption is not match with the rate of growth of expenditure. From these evidences verified that the urban counter parts have a significant place in the changes of consumption expenditure. The urban consumers are the potential buyers of variety of

goods and to hold the key of an expanded market with growing urbanization, the tastes and preferences and life style also have changed.

## 2. Objectives of the Study and Data Sources

The main objectives of the study are to analyse the pattern and trend of urbanisation in Kerala from the period of 1901 to 2011; to examine the pattern and trend of expenditure on food in urban household and to analyse the state wise detailed description of monthly percapita expenditure in cereals in India particularly in Kerala mainly consider the NSSO round of 50<sup>th</sup> (1993-94) and 68<sup>th</sup> round (2011-12). The present work is mainly based on secondary data, the vital secondary data source proposed for the study is Consumer Expenditure Survey reports provided by the NSSO, additional secondary data got from census report, various reports and article works

## 3. Discussion: Urban Population in Kerala

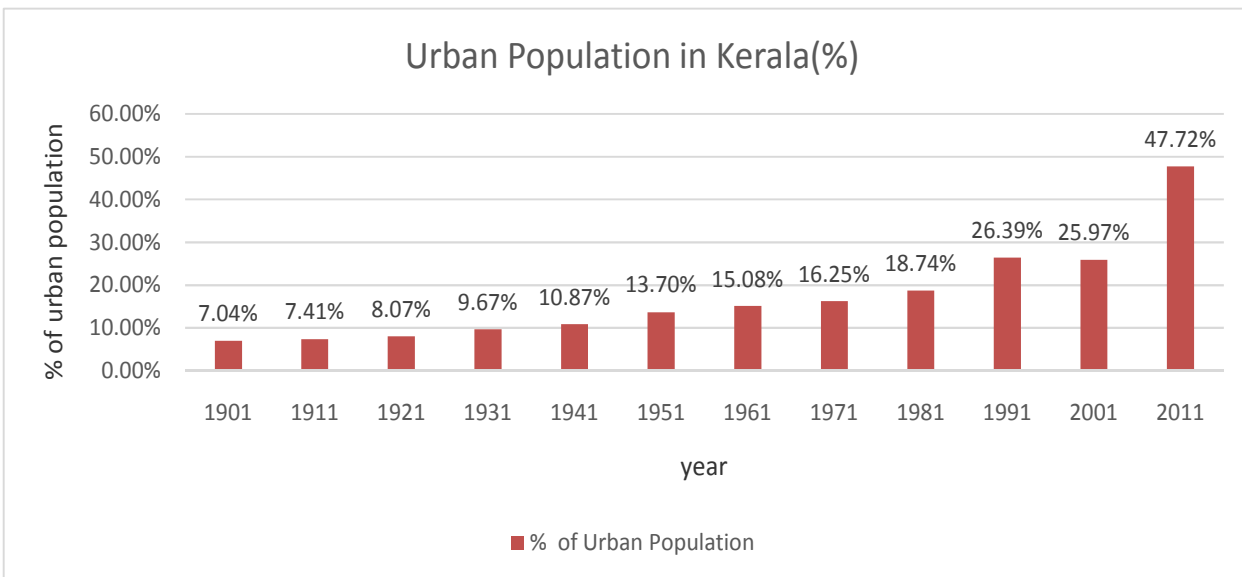
Urbanization has led to a very meagre agriculture income in Kerala, high pressure in land, and the cities and towns increases. The urban Kerala is divided into 6 municipal corporations and 87 municipalities. The 2011 census report shows that state's population was 3.38 crores and the urban population was 47.72 percent. The rate was very high compared to previous census report. From this it is clear that about 50 percent of the people of Kerala are living in towns and cities.

**Table 1: Rate of Urban population in Kerala**

Census Years	% of Urban Population
1901	7.04
1911	7.41
1921	8.071
1931	9.67
941	10.87
1951	13.70
1961	15.08
1971	16.25
1981	18.74
1991	26.39
2001	25.97
2011	47.72

Source: Various Census Reports

**Figure 1: Variations in the Percentage of Urban Population in Kerala**



Source: Various Census Reports.

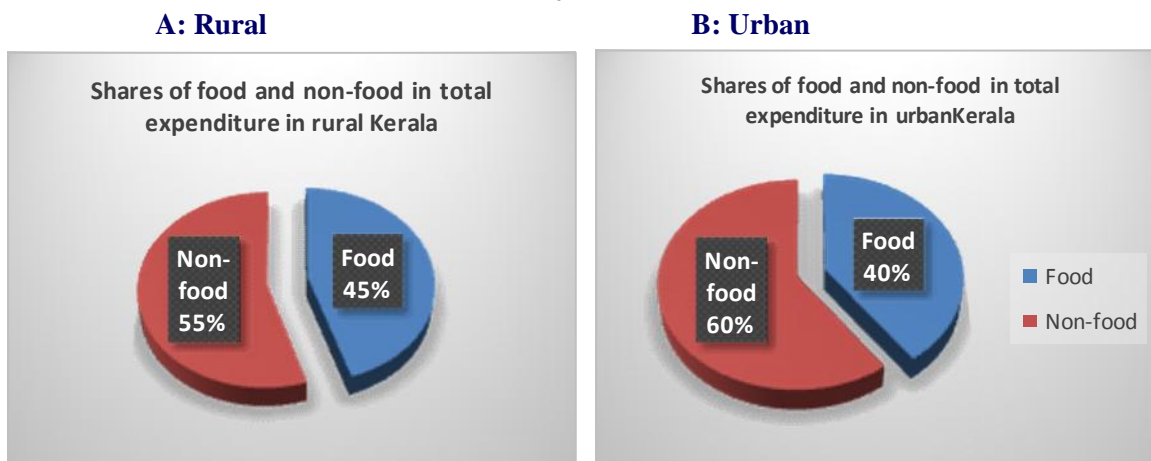
#### 4. Urbanisation and Pattern of Consumption in Kerala

The factors affecting Consumption behaviour has been divided into two: firstly, of inherent aspects consist of education, attitudes, culture, values etc., which regulate consumer preferences; Secondly, a set of extrinsic aspects such as time availability, disposable income, and family composition, which control the individual's ability to fulfil his preferences. The number of towns in the State is increasing, due to the transformation of peripheral regions of prevailing urban centres in to urban areas. The boom in the service sector in Kerala is mainly the impact of the urbanisation. Many people are moving from rural to urban areas in search of employment in tertiary sector which also contributed to the growth of urbanization.

The pattern of consumption Keralites exhibits some interesting figures. Kerala is ranked as No.1 consumer state in the country. Various study on consumption show that there are certain shift in the pattern of consumption which mark an improvement upon the existing standard of living.

The urban MPCE of Kerala stands on first place among other states of India in 2009-10. The MPCE of urban Kerala in 2004-05 was rs.1291, it is increased to rs.3156 in 2011-12. We can see that among the other states of India, the percentage portion of food in total expenditure is very less as far as Kerala is concerned. Kerala is spending less on food consumption in rural (45%) and also in urban regions (40%). The percentage share of non-food in total expenditure is high in both rural (55%) and urban (60%) in 2011-12.

**Figure 2: Shares of Food and Non-Food Consumption in total expenditure in rural and Urban Kerala in 2011-12**



Source: Various Census Reports.

Of these shifts, a change of expenditure from food item to non-food item is indexed as a prominent one. The table 2 shows that there is a change of expenditure from food items to non-food items across the rural and urban regions of Indian economy. Both in the national and state estimates, the share of total expenditure on food items shows a market decline and that of non-food shows a significant upward movement. But in case of Kerala the expenditure on food consumption is above the National average. In the 43<sup>rd</sup> round (1987-88), the expenditure on food consumption in rural India was 63.77 percent, it declined to 52.76 percent in the 68<sup>th</sup> round (2011-12). It shows a declining trend of food consumption expenditure of rural India. In the 43<sup>rd</sup> round (1987-88), the food consumption expenditure of urban India was 55.92 percent, it declined to 42.46 percent it was also declining trend in urban area in India. In the case of non-food items, it

was 36.23 percent in the 43<sup>rd</sup> round (1987-88) and it increased to 47.24 percent in 68<sup>th</sup> round (2011-12). In the urban area it was 44.08 in the 43<sup>rd</sup> (1987-88) round and it increased 57.54 percent in 68<sup>th</sup> round (2011-12), it shows the declining trend in food and rising trend in non-food. In rural Kerala the expenditure on food consumption in the 43<sup>rd</sup> round (1987-88) was 59.2 percent, it decreased to 45.06 percent in the 68<sup>th</sup> round (2011-12). In the case of urban Kerala, 43<sup>rd</sup> round (1987-88) was 57.08 percent, it decreased to 40.45 percent. In the case of non-food items in rural Kerala it was 40.8 percent in the 43<sup>rd</sup> round (1987-88) and it increased to 54.93 percent in the 68<sup>th</sup> round (2011-12). in urban Kerala it was 42.92 percent in 43<sup>rd</sup> round (1987-88) and it increased to 59.55 percent. The state level data also shows the same declining trend on food items and increasing trend on non-food items as in the case of India.

**Table 2: Trends in the Percentage of AMPCE on Food and Non-Food in Rural and Urban Kerala**

NSS Rounds with years	Rural				Urban			
	India		Kerala		India		Kerala	
	Food	Non-food	Food	Non-Food	Food	Non-food	Food	Non-food
(43 <sup>rd</sup> ) 1987-88	63.77	36.23	59.20	40.80	55.92	44.08	57.08	42.92
(50 <sup>th</sup> ) 1993-94	63.21	36.79	60.45	39.55	54.62	45.38	53.90	46.10
(55 <sup>th</sup> ) 1999-00	59.47	40.53	53.70	46.30	48.07	51.93	49.03	50.97
(61 <sup>st</sup> ) 2004-05	55.05	44.95	44.97	55.03	42.51	57.49	39.97	60.03
(66 <sup>th</sup> )* 2009-10	52.20	47.80	39.70	60.30	39.20	60.80	36.50	63.50

Source: NSS Reports, (thick samples) various Rounds(43<sup>rd</sup>, 50<sup>th</sup>, 55<sup>th</sup>, 61<sup>st</sup>, 66<sup>th</sup>)MPCE<sub>MRP</sub> (mixed reference 4period), U= urbanAMPCE=Average Monthly Per capita Consumer Expenditure

The table 3 shows that the variations in average monthly per capita consumption of cereal in physical terms since 1993-94 in the major states of India. The Compound Annual Growth Rate (CAGR) of Monthly per Capita Expenditure of Cereals in rural Kerala was -3.32 and urban Kerala was -2.92 respectively during 1993-93 to 2011-12. Moreover, the CAGR of Monthly per Capita expenditure of Cereals of rural India was -3.47 and urban India was -2.54 respectively during the

same period. It is pointed out that reduction in monthly per capita expenditure of Cereals was high in rural area than to urban area. Both India and Kerala, the expenditure on cereals has declined but the declining rate is higher in India compared to Kerala during the same period. In all the states of India, there is negative growth of monthly per capita expenditure of Cereals during 1993-94 to 2011-12.

**Table 3: State Wise Monthly Per capita Expenditure of Cereals in India (Quantity in Kg)**

State	50 <sup>th</sup> round (Jul.1993-Jun.1994)		68 <sup>th</sup> round (Jul.2011-Jun.2012)		CAGR (%)	
	Rural	Urban	Rural	Urban	Rural	Urban
Andhra Pradesh	13.3	11.3	11.79	10.49	-2.38	-1.48
Assam	13.2	12.1	12.46	11.04	-1.15	-1.82
Bihar	14.3	12.8	12.02	11.38	-3.41	-2.32
Gujarat	10.7	9	8.74	7.99	-3.97	-2.35
Haryana	12.9	10.5	9.49	8.39	-5.96	-4.39
Karnataka	13.2	10.9	9.84	8.7	-5.71	-4.41
Kerala	10.1	9.5	8.53	8.19	-3.32	-2.92
Madhya Pradesh	14.2	11.3	11.8	10.31	-3.64	-1.82
Maharashtra	11.4	9.4	9.94	8.42	-2.7	-2.18
Orissa	15.9	13.4	13.47	11.58	-3.26	-2.88
Punjab	10.8	9	9.29	8.5	-2.97	-1.14
Rajasthan	14.9	11.5	11.84	10.08	-4.49	-2.6
Tamil Nadu	11.7	10.1	9.59	8.6	-3.9	-3.16
Uttar Pradesh	13.9	11.1	11.5	9.77	-3.72	-2.52
West Bengal	15	11.6	11.93	9.6	-4.48	-3.71
India	13.4	10.6	11.23	9.32	-3.47	-2.54

Source: NSSO different rounds (50<sup>th</sup> round 1993-94) and 68<sup>th</sup> round (2011-12)

The MPCE of cereals declined from 10.1 kg to 8.53 kg in rural Kerala and urban Kerala was 9.5 kg to 8.19 kg respectively during 1993-94 to 2011-12. The MPCE of cereals is declined from 13.4 kg to 11.23 kg in rural India and urban India, it was 10.6 kg to 9.32 kg during 1993-94 to 2011-12. From NSSO data it is clear that richer people are purchasing variety of foods. They are consuming better both in terms of quantity (e.g., calorie intake) and in terms of quality (e.g., intake of animal protein, vitamins, minerals and so on) and reducing the intake of cereals.

## 5. Conclusion

The study reveals that there has a great variation in the consumption pattern of Kerala in the recent years. With the variation in lifestyle and urbanisation, the pattern of consumption of people are also changing. As more people are moving to the urban areas there has a tremendous change in the food habits of the people. People have far moved from the traditional food habits and the demand fast and processed food is increasing. This is having negative impact on the health. With increase in the social esteem and quality of life the need for quality products have also increased. This have great influence on the non-food consumption of the State. The need for various durable goods and conspicuous consumption are also

increasing. The urbanisation is indeed very essential for the progress of the society. It increases the pattern of consumption and thereby influence the standard of comfort of people.

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