

Chapter - IV

Pattern of Consumption Expenditure: An Overview

4.1 Introduction

The pattern of consumption expenditures on food and non-food items determines the standard of living of the people. The pattern of consumption expenditure pattern and its trend reflect the people's economic activities and their behaviour towards goods and services. The purpose of this chapter is to illustrate the changes in pattern of consumption expenditure of households on different goods and services in India and Assam on the basis of the data on consumer expenditures surveys of National Sample Survey Organisation (NSSO). Moreover, how consumption expenditure in Assam differs from that of All India will also be highlighted this chapter.

Indian economy registered a high growth of 7.2 percent in 2014-15 and 7.6 per cent in 2015-16 decelerated to 7.1 percent in 2016-17 and again decelerated to 6.5 percent in 2017-18 which is attributed to the lingering impact of demonetisation in the last quarter of the year 2016 and introduction of goods and service tax (GST)¹ in the beginning of 3rd quarter of 2017. However, the implementation of GST has brought a little bit of improvement in the overall revenue collection of the government and a lot of improvement is expected in near future. India still continues to be the one of the growing economy in the world despite subsequent reforms in monetary and fiscal policies. Economic developments not only bring about significant changes in the socio-economic and cultural life of an inhabitant but it also influences the level of living in the long run. Indian economy has been bringing many changes in the socio-economic life of her population since independence because of rapid development in the economy. The rise in per capita income levels

¹ GST is the Goods and Services Tax (GST) introduced by the government of India in the last quarter of the year 2016. It has three components-CGST (Central GST), SGST/UTGST (State GST/Union Territory GST), IGST (Integrated GST).

that have taken place in the post-reform period are likely to have been accompanied by significant changes in the pattern of consumption expenditure.

Consumption is the biggest component of aggregate demand in an economy and is determined by a complex set of socio-economic, cultural, religious, psychological and environmental factors. According to Human Development Report of 1998, “consumption clearly contributes to human development when it enlarges the capabilities and enriches the lives of people without adversely affecting the wellbeing of others”. It is an excellent indicator of living standards, poverty level, human development and the nature of its economic growth. The study in spending pattern provides knowledge regarding the structure for everyday material life of an individuals or households and this is very important to know the economic distance across classes as well as for the evaluation of the impact of various programmes launched to lift the standard of living of the poor households.

The analysis of household consumption expenditure on food and non-food items is examined from the consumer expenditure statistics collected by the National Sample Survey Organization on consumer expenditure. During the recent years due to rise in per capita income, changing lifestyles and rise in the middle class income households, strong changes are taking place in the pattern of consumption expenditure. The changes in consumption have been taking place in different states of India and this need to be studied.

4.2 Consumption expenditure pattern on food and non-food items among the 15 major states in India

Consumption expenditures on food and non-food are the indicators of living standard of the people and this has been determined by the extent of per capita income of the individuals. The Indian is economy is one of the major growing economy in the world. This has increased per capita income and consequently raises the per capita consumption expenditure. The raised in per capita expenditure significantly influences the consumption patterns by causing a change in the structure of food and non food consumption.

Table 4.1(A) presents the food and non-food consumption expenditure of rural India of different states on the basis of 51st, 55th, 61st, 66th, and 68th rounds

reports of National Sample Survey Organisation (NSSO). It reveals that there is a tremendous increase in monthly per capita consumption expenditure in both food and non-food in all the states. In 51st and 55th round in all the states food expenditure was greater than non-food expenditure. In 61st, 66th and 68th round the situation drastically changed in the composition of expenditure from food to non-food in the state.

The food expenditure in the state of Assam has a gradual changing trend over the period in rural areas. The per capita consumption of food in percentage share which was 95.73% in 1994-95 raised to 67.63% in 1999-2000 to 65.99% in 2004-05 to 64.43% in 2009-10 and to 61.34% in 2011-12. Whereas for the country as a whole it declined from 61.04% in 1994-95 to 59.41% in 1999-2000 to 55.05% in 2004-05 to 56.98% in 2009-10 and 52.90% in 2011-12.

Table 4.1(A) *Percentage breakup of Monthly Per capita Consumer Expenditure (MPCE) on broad groups of food and non-food items in major states of rural India (at current prices)*

States	51 th round (1994-95)		55 th round (1999-2000)		61 st round (2004-05)		66 th round (2009-10)		68 th round (2011-12)	
	Food	Non-food	Food	Non-food	Food	Non-food	Food	Non-food	Food	Non-food
Andhra Pradesh	61.35	38.65	60.50	39.50	55.19	44.18	58.08	41.92	51.40	48.6
Assam	65.73	34.27	67.63	32.37	65.99	34.01	64.43	35.57	61.34	38.66
Bihar	69.79	30.21	66.54	33.46	64.79	35.21	64.71	35.29	59.25	40.75
Gujarat	62.40	37.60	59.82	40.18	57.95	42.05	57.68	42.32	54.89	45.11
Haryana	56.72	43.28	55.51	44.49	48.60	51.40	53.99	46.01	52.08	47.92
Karnataka	61.13	38.87	59.08	40.92	55.67	44.33	56.51	43.49	51.35	48.65
Kerala	58.50	41.50	53.70	46.30	44.97	55.03	45.93	54.04	42.98	57.02
Madhya Pradesh	58.67	41.33	58.09	41.91	52.88	47.12	55.78	44.22	52.90	47.1
Maharashtra	58.93	41.07	54.71	45.29	51.66	48.34	54.01	45.99	52.42	47.58
Orissa	67.55	32.45	64.11	35.89	61.57	38.43	61.91	38.09	57.16	42.84
Punjab	63.91	36.09	52.29	47.71	49.18	50.82	48.21	51.79	44.05	55.95
Rajasthan	63.84	36.16	59.50	40.50	54.83	45.17	54.82	45.18	50.48	49.52
Tamil Nadu	62.81	37.19	58.74	41.26	52.39	47.61	54.71	45.29	51.48	48.52
Uttar Pradesh	53.24	46.76	57.42	42.58	53.45	46.55	57.93	42.07	52.96	47.04
West Bengal	68.57	31.43	65.90	34.10	58.69	41.31	63.45	36.55	58.24	41.76
All India	61.04	38.96	59.41	40.59	55.05	44.95	56.98	43.02	52.90	47.1

Source: 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

The per capita consumption expenditure for non-food in Assam exhibited a changing trend over the period. It was very slow and considerably meagre for the state of Assam. The MPCE of non-food in Assam was 34.23% in 1994-95, 32.37% in 1999-2000, 34.01% in 2004-05, 35.57% in 2009-10 and 38.66% in 2011-12. Likewise, for the country as whole per capita expenditure on non-food increased from 36.8% in 1993-94 to 40.59% in 1999-2000 to 44.95% in 2004-05 to 43.03% in 2009-10 and to 47.1% in 2011-12.

Thus, an examination of the trend in the distribution of percentage shares of consumption expenditure on food in rural area among the 15th major states shows that Assam spent highest percentage of expenditure on food and is followed by Bihar, Orissa, West Bengal and Gujarat. Whereas in case of percentage share of expenditure on non-food among the 15th major states it is observed that Kerala spent highest percentage on non-food and is followed by Punjab, Haryana, Maharashtra and Karnataka.

It is observed from the table that during the period of 1994-95 to 2011-12 the rural Assam spent more than the national average on food and spent less than the national average so far as the expenditure on non-food is concerned. It has been also noticed that among the 15th major states the state Assam spent highest percentage of MPCE on food and non-food during the same period and is closely followed by other states such as Bihar, Orissa and West Bengal etc.

Rural India is a major consumer of goods and services. Since economic reform rural spending in the country has outpaced urban. According to the data released by NSSO between 2009-10 and 2011-12, rural consumer per person grew annually at 19% or at two percentage points higher than its urban counterpart. Such rise in consumption is due to the increase in the level of income of rural households as a result of increase in job opportunities, increase agricultural income and government initiated rural employment generation scheme such as Mahatma Gandhi National Employment Guarantee Act (MGNREGA)² and other social welfare schemes. Of course, with growing urbanization, people migration from rural to

² Mahatma Gandhi National Employment Guarantee Act (MGNREGA) is a social security measures that aims to guarantee the right to work for all.

urban areas has increased households remittances and this has shifted the pattern of consumption in rural areas. The increase in income levels, improved infrastructure (power, road network) and growing awareness due to improved penetration of media/TV has shifted consumption pattern in rural India towards durables goods.

However, these developments have had a differential impact on rural consumption across the States. In Assam with low growth of state domestic product and low per capita income caused by slow growth of service sector though percentage shares of food to non-food is increasing, it is much below the changes happened in other developed states like Kerala, Punjab, Maharashtra etc.

Table 4.1(B) *Percentage breakup of Monthly Per capita Consumer Expenditure (MPCE) on broad groups of food and non-food items in major states of urban India (at current prices)*

States	51 st round (1994-95)		55 th round (1999-2000)		61 st round (2004-05)		66 th round (2009-10)		68 th round (2011-12)	
	Food	Non-food	Food	Non-food	Food	Non-food	Food	Non-food	Food	Non-food
Andhra Pradesh	50.65	49.35	47.44	52.56	41.55	58.45	44.79	55.21	42.41	57.59
Assam	60.27	39.73	55.38	44.62	49.50	50.50	52.94	47.06	47.67	52.33
Bihar	60.19	39.81	57.24	42.76	51.13	48.87	52.93	47.07	50.52	49.48
Gujarat	56.76	43.24	49.58	50.42	44.87	55.13	46.22	53.78	45.23	54.77
Haryana	57.13	42.87	45.87	54.13	41.38	58.62	43.13	56.87	39.16	60.80
Karnataka	56.10	43.90	46.32	53.68	43.21	56.79	42.33	57.67	40.08	59.92
Kerala	62.63	37.37	49.04	50.96	39.97	60.03	40.20	59.80	36.97	63.03
Madhya Pradesh	55.84	44.16	47.60	52.40	38.90	61.10	41.66	58.34	42.20	57.80
Maharashtra	47.67	52.33	45.31	54.69	40.43	59.57	41.15	58.99	41.56	58.44
Orissa	56.04	43.96	56.95	43.05	49.93	50.07	48.38	51.62	45.43	54.57
Punjab	45.54	54.46	47.12	52.88	37.63	62.37	44.26	55.74	40.98	59.02
Rajasthan	56.51	43.49	50.85	49.15	41.61	58.39	47.99	52.01	44.77	55.23
Tamil Nadu	57.23	42.77	45.61	54.39	42.69	57.31	44.99	55.01	42.69	57.31
Uttar Pradesh	53.03	46.97	50.49	49.51	47.13	52.87	46.28	53.72	44.00	56.00
West Bengal	58.47	41.53	52.28	47.72	43.40	56.60	46.15	53.85	44.24	55.76
All India	53.44	46.56	48.06	51.94	42.51	57.49	44.39	55.61	42.62	57.38

Source: 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

Table 4.1(B) reflects the pattern of food and non-food consumption expenditure of urban India among 15th major states basing on 51st, 55th, 61st, 66th, and 68th rounds reports of NSSO. It reveals that there is shift in composition of consumption in favour of both food and non-food but the increase in per capita consumption of non-food is higher than food in all the states in urban areas. This shows a trend opposite to that of total food.

The food expenditure in the state gradually declined over the period in urban areas. The per capita consumption of food in percentage share which was 60.27% in 1994-95 declined to 55.38% in 1999-2000 to 49.50 in 2004-05 again increased to 52.94% and declined to 47.67% in 2011-12. Whereas for the country as a whole it declined from 53.44% in 1994-95 to 48.06% in 1999-2000 to 42.51% in 2004-05 to 44.39% in 2009-10 and 42.62% in 2011-12.

In case of per capita consumption expenditure for non-food in the state grew from 39.73% in 1993-94 to 44.62% in 1999-2000 to 50.50% in 2004-05 to 47.06% in 2009-10 and 52.33% in 2011-12. Likewise, for the country as whole per capita expenditure on non-food increased from 46.56% in 1994-95 to 51.94% in 1999-2000 to 57.49% in 2004-05 to 55.61% in 2009-10 and to 57.38% in 2011-12.

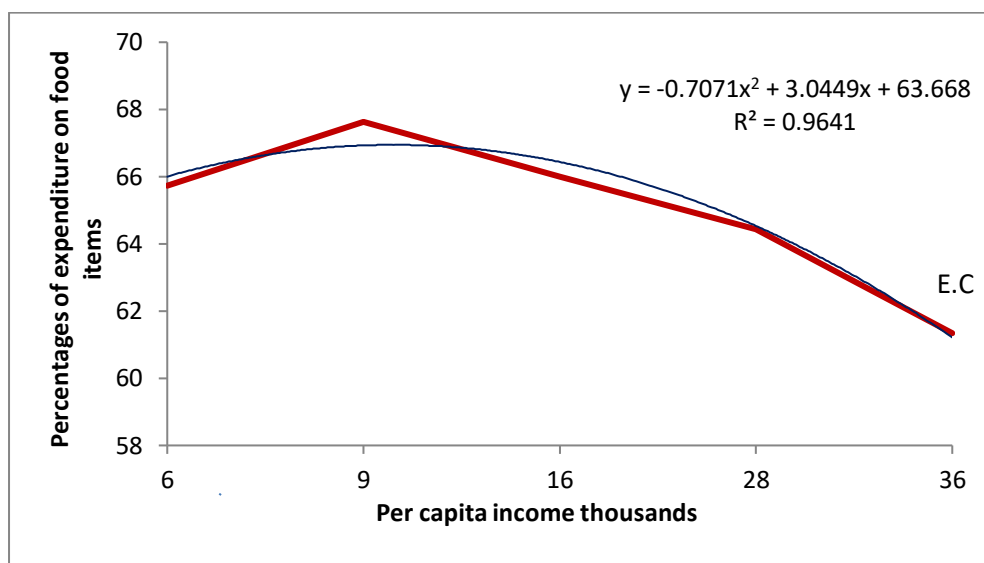
Thus, a close examination of the trend in the distribution of percentage shares of consumption expenditure on food in urban area among the 15th major states shows that the Bihar spent highest percentage of expenditure on food and is followed by Assam, Orissa, West Bengal and Gujarat. Whereas in case of percentage share of expenditure on non-food among the 15th major states it is observed that the Kerala spent highest percentage on non-food and is followed by Maharashtra, Punjab, Madhya Pradesh and Haryana.

It is observed from the above table that during the period of 1994-95 to 2011-12 the proportion of income spent on purchase of non-food items increased gradually over the periods in Assam but the rate of increase is far below the national average or other developed states like Kerala Maharashtra, Punjab, Madhya Pradesh, Haryana and Karnataka etc. The reasons for low growth of per capita consumption expenditure on non-food can be cited for the failure of the state to provide employment opportunities due slow growth of industrialization, slow growth of service sector.

4.3 Engel curve for food and non-food in rural and urban areas of the country

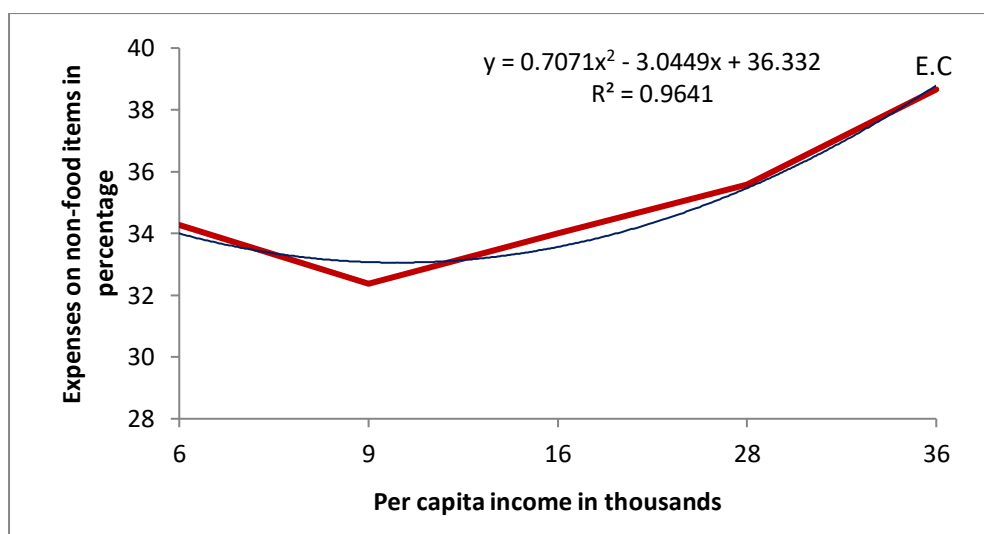
The Engel curve explains the relation between the demands for the consumption goods of the household in response to the change in income of the household. The Engel curve for the broad group of food and non-food items under the different NSSO round under study in rural and urban areas of the country are -

Fig. 4.1 Engel curve for food in rural Assam



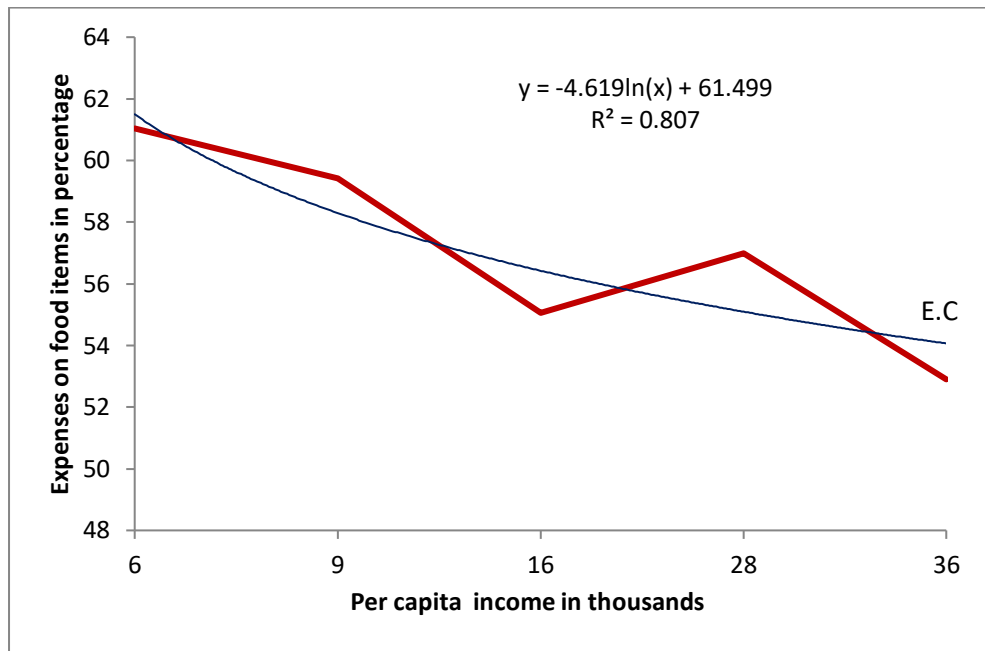
Note: The red line is the household consumption data on food items. The dark blue line is the Polynomial regression trend line.

Fig. 4.2 Engel curve for non-food in rural Assam



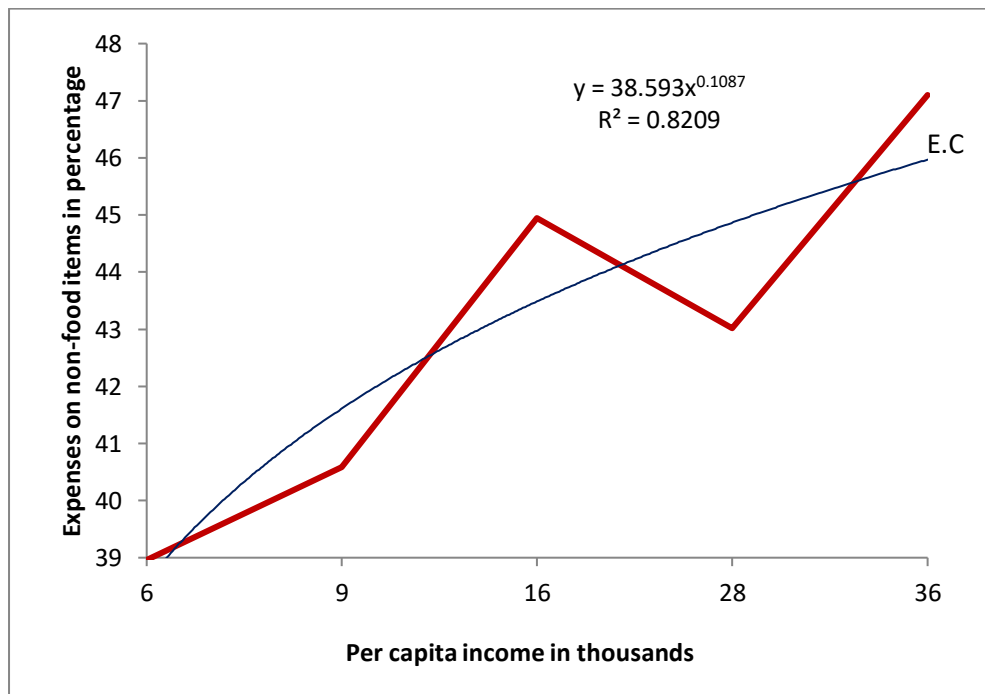
Note: The red line is the household consumption data on non- food items. The dark blue line is the Polynomial regression trend line.

Fig. 4.3 Engel curve for food in rural India



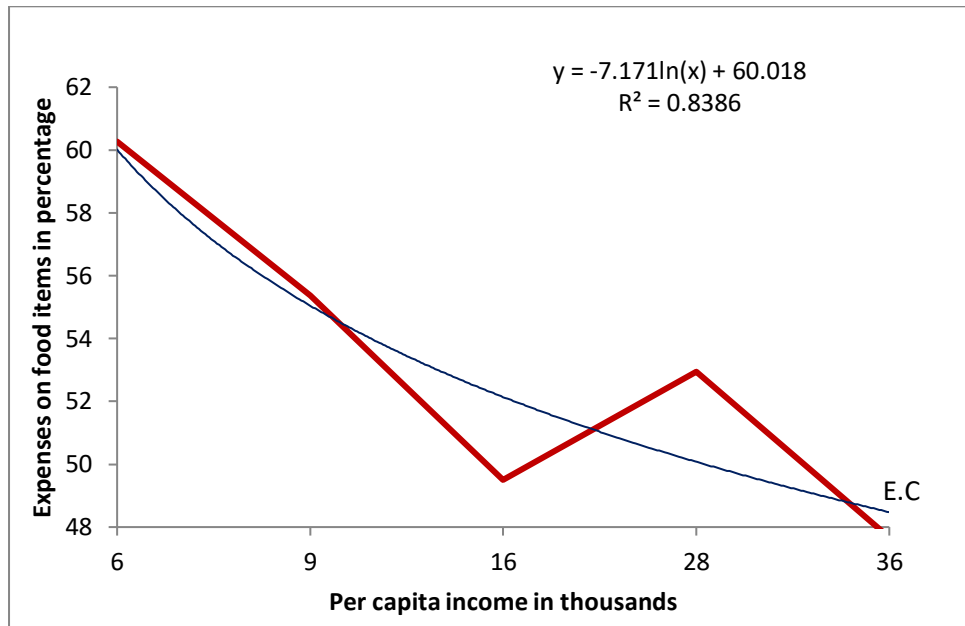
Note: The red line is the household consumption data on food items. The dark blue line is the Logarithmic regression trend line.

Fig. 4.4 Engel curve for non-food in rural India



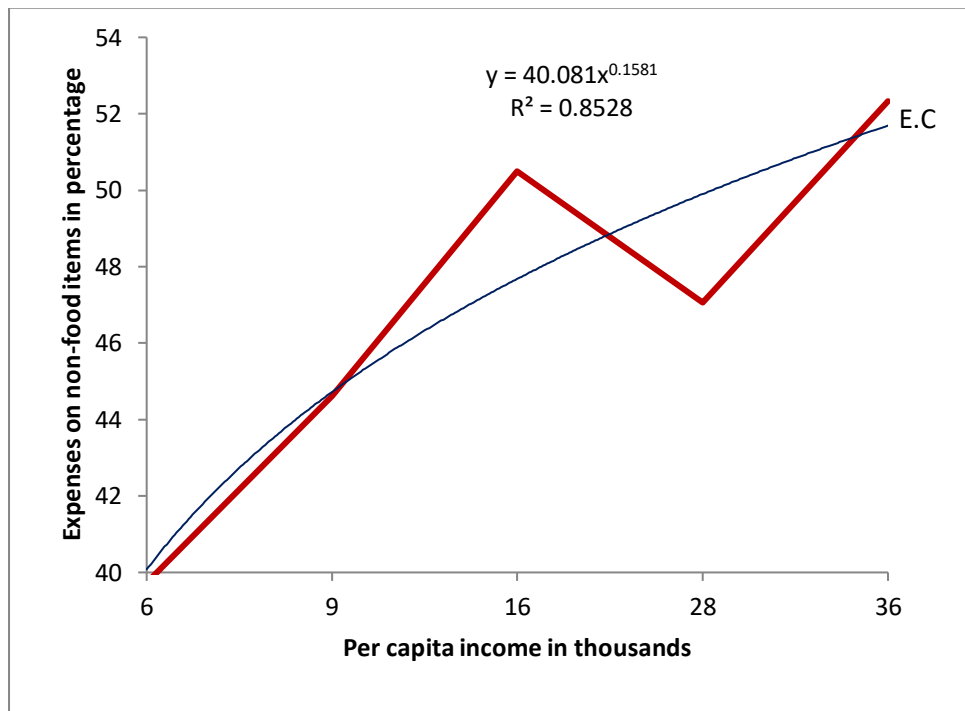
Note: The red line is the household consumption data on non-food items. The dark blue line is the Power regression trend line.

Fig. 4.5 Engel curve for food in urban Assam



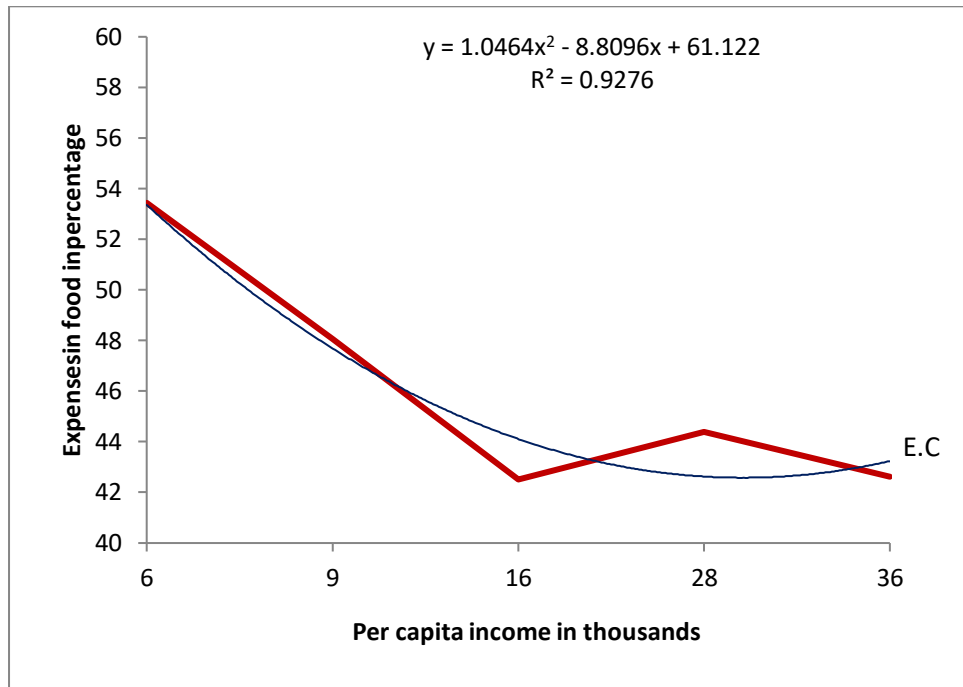
Note: The red line is the household consumption data on food items. The dark blue line is the Logarithmic regression trend line

Fig. 4.6 Engel curve for non-food in urban Assam



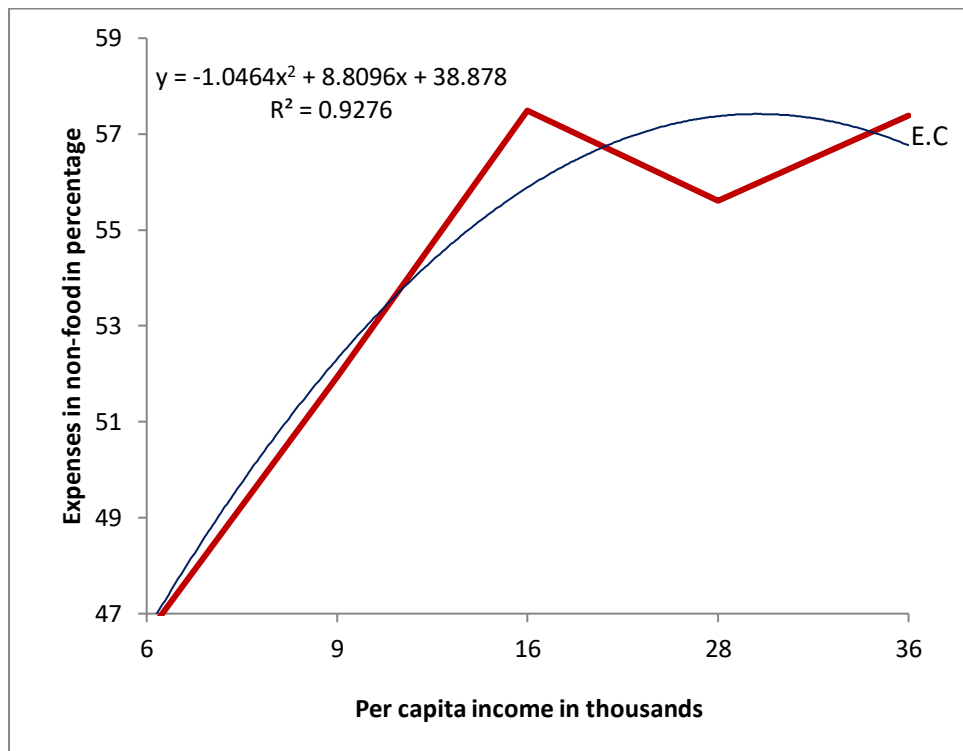
Note: The red line is the household consumption data on non- food items. The dark blue line is the Power regression trend line.

Fig.4.7 Engel curve of food in urban India



Note: The red line is the household consumption data on food items. The dark blue line is the Polynomial regression trend line.

Fig. 4.8 Engel curve for non-food in urban India



Note: The red line is the household consumption data on non-food items. The dark blue line is the Polynomial regression trend line

4.4 Changes in the average MPCE of major states in India

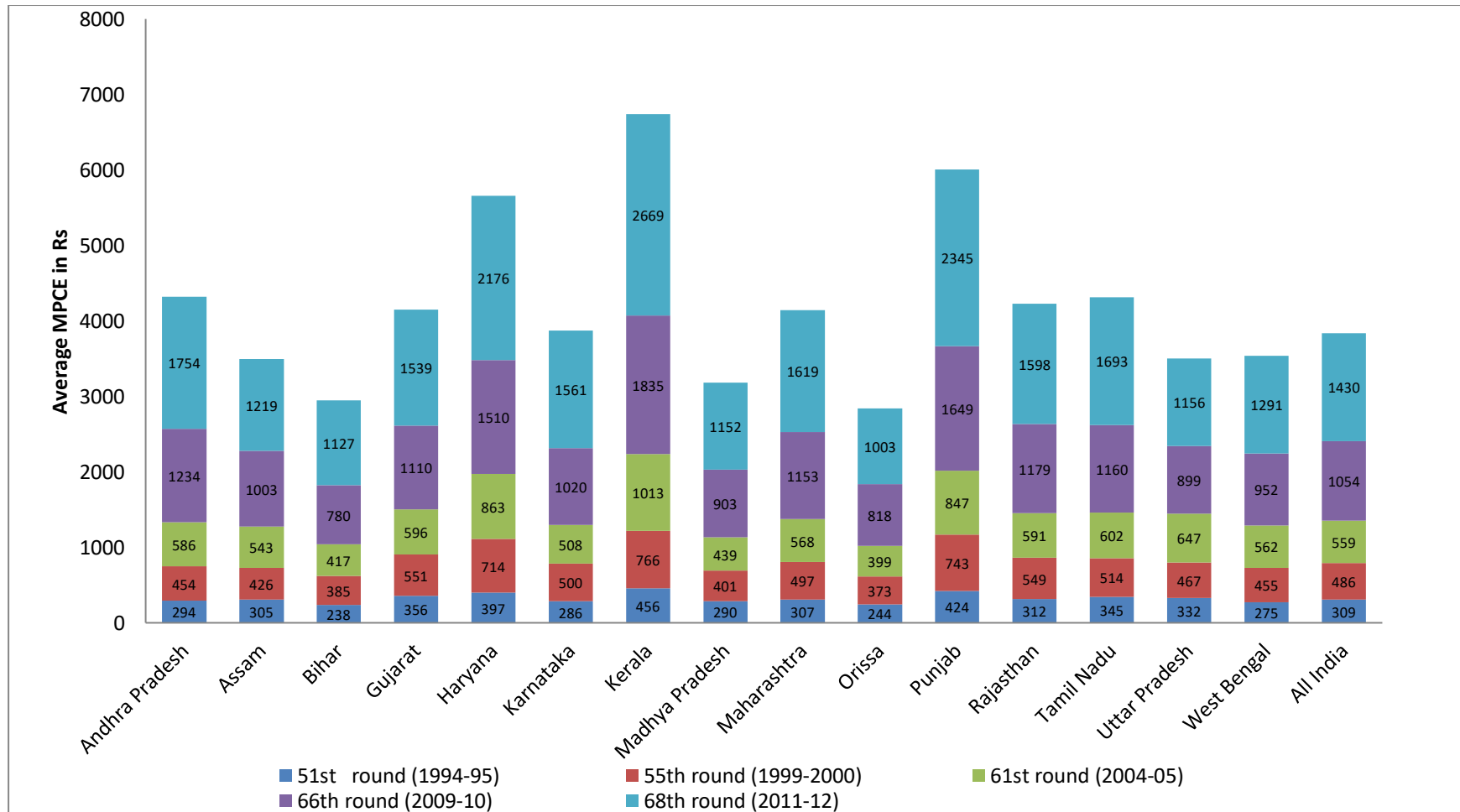
The performance of any economy is measured in terms of the trends and pattern of macroeconomic variable which include national income, consumption, saving, investment and employment. The per capita income and consumption pattern are the indicators of human development welfare. The growth in Indian economy has increased per capita income and consequently raised the per capita consumption expenditure. This raised per capita expenditure significantly influences consumption patterns by causing a change in the structure of food and non food consumption.

Table 4.2(A) Average MPCE (Rs) in rural India of 15 major states (at current prices)

States	51 st round (1994-95)	55 th round (1999-2000)	61 st round (2004-05)	66 th round (2009-10)	68 th round (2011-12)
Andhra Pradesh	294	454	586	1234	1754
Assam	305	426	543	1003	1219
Bihar	238	385	417	780	1127
Gujarat	356	551	596	1110	1539
Haryana	397	714	863	1510	2176
Karnataka	286	500	508	1020	1561
Kerala	456	766	1013	1835	2669
Madhya Pradesh	290	401	439	903	1152
Maharashtra	307	497	568	1153	1619
Orissa	244	373	399	818	1003
Punjab	424	743	847	1649	2345
Rajasthan	312	549	591	1179	1598
Tamil Nadu	345	514	602	1160	1693
Uttar Pradesh	332	467	647	899	1156
West Bengal	275	455	562	952	1291
All India	309	486	559	1054	1430

Source: 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

Fig. 4.9 Average MPCE of 15 major states in rural India (at current prices)



The average rural MPCE of 15 major states in India in 1994-95, 1999-2000, 2004-05, 2009-10 and 2011-12 are presented in table 4.2(A). Table exhibits that throughout the year the average rural MPCE of all states witnessed an increasing trend, but the proportion of this trend is different in each state. Among the 15 states, the states Assam, Bihar, Madhya Pradesh and Orissa presented below the national average rural MPCE of Rs, 309, Rs, 486, Rs, 559, Rs, 1054 and Rs, 1430. The states above the national average MPCE in all rounds of NSS in rural area were Kerala, Punjab, Haryana, Gujarat, and Tamil Nadu. And the states Andhra Pradesh, Karnataka, Maharashtra, Uttar Pradesh and West Bengal had irregular up and down MPCE in comparison to the average national MPCE.

Table 4.2(B) *Average MPCE (Rs) in urban India of 15 major states (at current prices)*

States	51 st round (1994-95)	55 th round (1999-2000)	61 st round (2004-05)	66 th round (2009-10)	68 th round (2011-12)
Andhra Pradesh	517	773	1019	2238	2685
Assam	464	814	1058	1755	2189
Bihar	411	602	696	1238	1507
Gujarat	479	892	1115	1909	2581
Haryana	489	912	1142	2321	3817
Karnataka	478	911	1033	2053	3026
Kerala	437	933	1291	2413	3408
Madhya Pradesh	359	693	904	1666	2058
Maharashtra	682	973	1148	2437	3189
Orissa	439	618	757	1548	1941
Punjab	681	899	1326	2109	2794
Rajasthan	457	799	964	1663	2442
Tamil Nadu	460	972	1080	1948	2622
Uttar Pradesh	407	690	978	1574	2051
West Bengal	427	867	1124	1965	2591
All India	508	855	1052	1984	2630

Source: 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

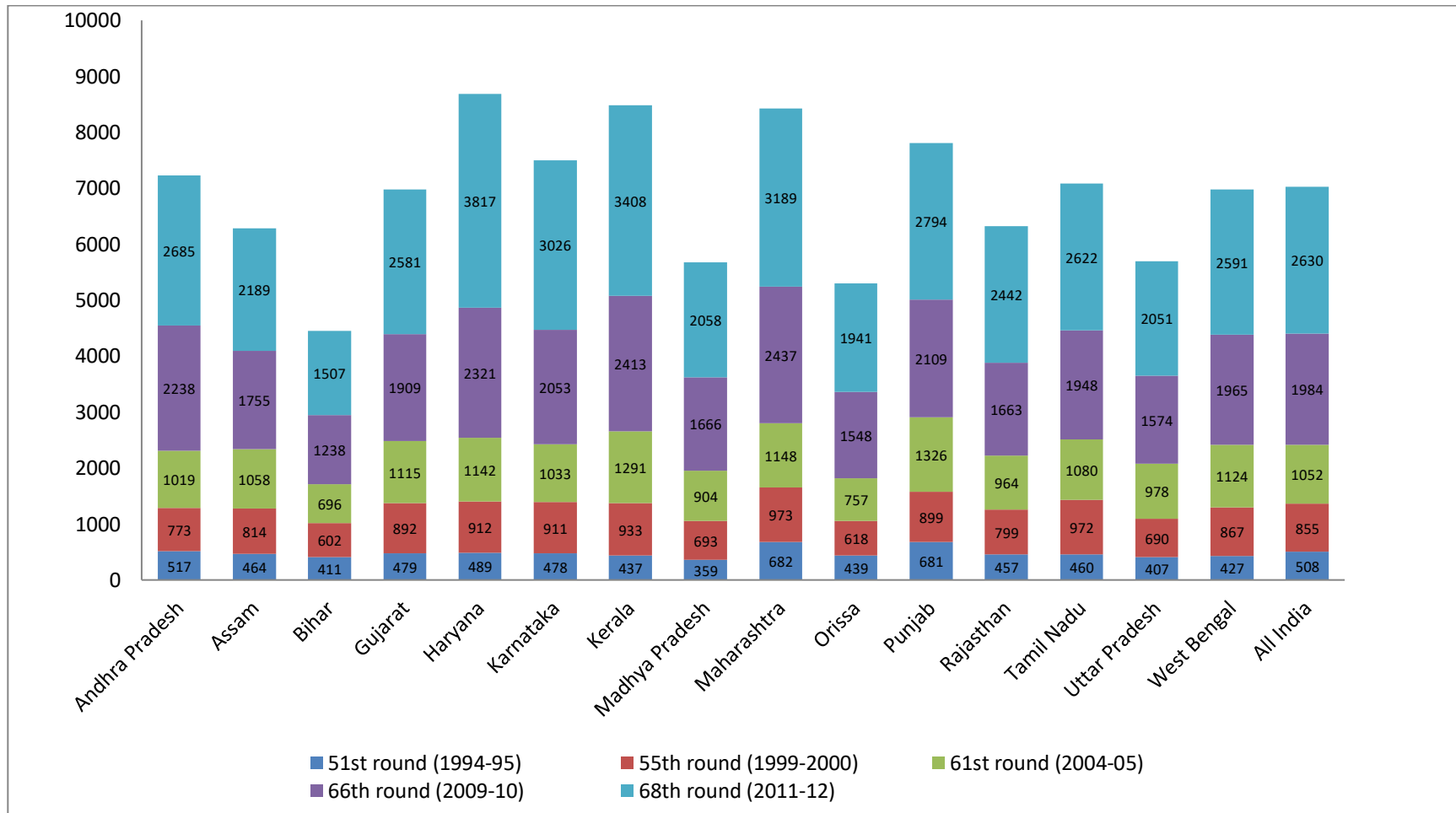
Table 4.2(B) reveals that in 1994-95 (51st round) out of the 15 major states only three states Maharashtra, Punjab and Maharastra had the average MPCE more than the national average of Rs, 508 in urban sector and all other states including Assam had the average MPCE less than the national average. In 1999-2000 (55th round) among the 15 states 8 states Maharashtra, Tamil Nadu, Kerala, Haryana, Karnataka, Punjab, Gujarat and West Bengal had the average MPCE value more than the national average of Rs, 855 and remaining 7 major states had the average MPCE less than the national average. Likewise, in 2004-05 (61st round) Maharashtra, Kerala, Haryana, Punjab, Gujarat, West Bengal, Tamil Nadu and Assam had the average MPCE more than the national average value Rs, 1052. During 2009-10 to 2011-12 (66th and 68th round) the states crossing national average were Kerala, Haryana, Maharashtra, Karnataka and Punjab.

It is observed from table that average MPCE of Assam during 1994-95 to 2011-12 increased from Rs. 464 to Rs. 2189. But the increase in MPCE is less than the increase at the national level. Assam had the average MPCE marginally more than the national average in 2004-05.

With the growth in the economy of the country, the average MPCE of different states both in the rural and urban areas improved incessantly. For the state of Assam whose average MPCE was Rs. 305 and Rs. 464 in rural and urban areas respectively in 1994-95 increased to Rs. 1219 and Rs. 2189 in rural and urban areas respectively during 2011-12. However, among the 15 states the rise in average MPCE was much higher in Kerala, Haryana, and Punjab both in the rural and urban areas than the state of Assam.

Thus, it is noticed from the study that the trend of rise in average MPCE of rural and urban Assam was lower than the average MPCE of some states within the country as well as of the country as a whole during the period of 1994-95 to 2011-12 which is attributable to low rate of growth of the state's economy in comparisons to other states of the country.

Fig. 4.10 Average MPCE of 15 major states in urban India (at current prices)



4.5 Percentage break-up of Monthly Per capita Consumer Expenditure (MPCE) of broad groups of food and non-food items in Assam

Table 4.3(A) *Percentage composition of Monthly Per capita Consumer Expenditure (MPCE) of broad groups of food and non-food items in rural Assam since 1994-95 to 2011-2012(at current prices)*

Item group	Percentage share in total consumption expenditure				
	1994-1995	1999-2000	2004- 05	2009-10	2011-12
Cereals and substitutes	32.54	32.39	24.87	20.72	16.08
Pulses and pulse products	2.35	3.10	3.32	3.00	2.76
Milk & milk products	4.51	3.53	4.37	3.60	3.61
Edible oil	3.70	3.47	4.89	1.27	1.03
Egg, fish & meat	7.40	8.31	10.13	0.27	0.24
Vegetables	7.05	8.22	9.34	3.24	3.63
Fruits and Nuts	0.96	0.94	0.98	11.97	21.04
Sugar	1.64	1.71	1.59	1.52	2.06
Salt and spices	1.66	2.01	2.20	2.39	2.97
Beverages and refreshments	3.92	3.96	4.31	6.44	7.90
Food total	65.73	67.63	65.99	64.43	61.34
Entertainments	4.44	4.40	4.32	4.13	4.50
Fuel and light	5.98	7.08	10.09	7.95	8.42
Clothing	4.90	6.13	4.44	5.03	5.64
Footwear	0.79	1.01	0.69	0.80	0.85
Education	5.54	1.38	1.47	2.36	1.50
Healthcare	3.04	2.40	1.85	2.08	2.40
Misc. goods & services	7.05	8.06	10.01	10.14	11.41
Durable goods	2.53	1.91	1.15	3.09	3.94
Non food total	34.27	32.37	34.01	35.57	38.66
Total expenditure	100.00	100.00	100.00	100.00	100.00

Source: 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

Table 4.3(B) *Percentage composition of monthly per capita consumer expenditure (MPCE) of broad groups of food and non-food items in urban Assam since 1994-95 to 2011-12(at current prices)*

Item group	Percentage share in total consumption expenditure				
	1994-1995	1999-2000	2004- 05	2009-10	2011-12
Cereals and substitutes	22.00	18.99	13.74	12.80	10.07
Pulses and pulse products	2.75	2.41	2.19	2.38	1.98
Milk & milk products	7.06	5.29	4.73	3.41	3.84
Edible oil	4.41	3.15	3.65	0.85	0.80
Egg, fish & meat	6.53	8.49	7.79	0.19	0.14
Vegetables	6.19	5.99	6.06	2.73	2.93
Fruits and nuts	1.63	1.59	1.45	19.03	14.45
Sugar	1.80	1.26	1.13	2.60	2.37
Salt and spices	0.47	1.74	1.53	2.19	2.72
Beverages and refreshments	6.34	6.41	7.24	6.77	8.38
Food total	60.27	55.38	49.50	52.94	47.67
Entertainments	3.03	2.95	2.89	2.99	3.10
Fuel and light	5.96	6.66	9.88	7.44	7.01
Clothing	3.75	6.04	2.58	4.60	4.80
Footwear	0.52	1.17	0.40	1.05	0.89
Education	4.87	3.05	4.57	5.74	4.74
Healthcare	2.35	5.55	5.79	2.13	5.30
Misc. goods & services	16.93	17.38	23.83	20.01	22.48
Durable goods	2.31	1.82	0.58	3.10	4.01
Non food total	39.73	44.62	50.50	47.06	52.33
Total expenditure	100.00	100.00	100.00	100.00	100.00

Sources: 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

Consumption expenditures in India are split up into different food and non-food items. The food items includes cereals, gram, cereal substitutes, pulse and pulse products, milk and milk products, egg, fish & meat, vegetables, fruits, sugar, salt spices and beverages etc and non food items includes entertainments (pan, tobacco

intoxicants and recreations), fuel and light, clothing and bedding, footwear, education, healthcare, durable goods and other goods and services. Table 4.3(A) & 4.3(B) indicates that the percentage change in monthly per capita consumers expenditure on food and non-food during the period of 1994-95 to 2011-12 both in rural and urban areas of the state of Assam. The table depicts that although no remarkable changes has taken place in the MPCE on food in rural sector yet one could see little bits of ups and downs during the period from 1994-95 to 2011-12 in the MPCE of food items.

The monthly per capita expenditure on food increases from 65.73% to 67.63% and then declined to 65.99% again declined to 64.43% and then to 61.34% which represented a shift of meagre 4.39% of MPCE from food to non-food in the rural sector of the state of Assam. Whereas in urban areas of the state the MPCE on food declines from 60.27% to 47.67% and the MPCE on non-food rises from 39.73% to 52.33% for non food during the same period representing 12.6% shift in monthly per capita expenditure from food to non food. It is observed that both in rural and urban areas of Assam the MPCE on food is declining but the rate of shift in the pattern of consumption from food to non-food is lower in rural areas than in urban areas of the state during the periods

4.6 Percentage composition of Monthly Per capita Consumers Expenditure (MPCE) of broad groups of food and non-food items in India

The percentage change in monthly per capita consumers expenditure on food and non food during the period of 1994-95 to 2011-12 both in rural and urban areas of the country have been presented in table-4.4(A) & 4.4(B). The table shows that MPCE on food in rural sector of the country as a whole declines from 61.04% to 52.90% and that of non-food rise from 38.96% to 47.10% representing a shift of 8.14% in MPCE from food to non-food in the rural sector of the country. Whereas in urban areas of the country the MPCE on food declines from 53.44% to 42.62% and rises from 46.56% to 57.38% for non food during the same period representing 10.82% shift in monthly per capita expenditure from food to non food.

Table 4.4(A) *Percentage composition of Monthly Per capita Consumer Expenditure (MPCE) of broad groups of food and non-food items in rural India since 1994-95 to 2011-12(at current prices)*

Item group	Percentage share in total consumer expenditure				
	1994-1995	1999-2000	2004- 05	2009-10	2011-12
Cereals and substitutes	24.56	22.36	18.21	13.9	10.89
Pulses and pulse products	3.65	3.81	3.07	3.19	2.76
Milk & milk products	8.87	8.75	8.47	7.64	8.04
Edible oil	4.60	3.74	4.60	2.15	1.66
Egg, fish & meat	3.18	3.32	3.33	0.19	0.17
Vegetables	5.61	6.17	6.10	3.69	3.74
Fruits and nuts	1.43	1.72	1.86	13.03	11.41
Sugar	2.85	2.38	2.37	1.93	2.25
Salt and spices	2.53	2.96	2.49	3.85	4.08
Beverages and refreshments	3.75	4.19	4.45	7.40	7.90
Food total	61.04	59.40	55.05	56.98	52.90
Entertainments	2.95	2.87	2.69	2.95	3.21
Fuel and light	7.00	7.52	10.17	8.03	7.98
Clothing	7.04	6.85	4.53	5.30	5.99
Footwear	0.97	1.10	0.76	0.92	1.02
Education	1.62	1.93	2.67	3.59	3.49
Healthcare	4.98	6.09	6.61	5.4	6.65
Misc. goods & services	9.18	11.61	14.08	13.37	14.22
Durable goods	5.21	2.62	3.44	3.46	4.52
Non food total	38.96	40.60	44.94	43.02	47.10
Total expenditure	100.00	100.00	100.00	100.00	100.00

Sources: 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

Table 4.4(B) *Percentage composition of Monthly Per capita Consumer Expenditure (MPCE) of broad groups of food and non-food items in urban India since 1994-95 to 2011-12(at current prices)*

Item group	Percentage share in total consumer expenditure				
	1994-1995	1999-2000	2004- 05	2009-10	2011-12
Cereals and substitutes	14.55	11.85	10.21	8.26	6.77
Pulses and pulse products	3.04	1.82	2.14	2.37	1.93
Milk & milk products	9.72	5.28	7.92	6.90	7.01
Edible oils	4.51	2.47	3.46	1.37	1.05
Egg, fish & meat	3.41	7.55	2.71	0.12	0.10
Vegetables	4.85	3.56	4.45	2.66	2.66
Fruits and nuts	2.47	4.51	2.25	9.30	8.28
Sugar	2.17	1.34	1.51	2.54	2.64
Salt and spices	2.00	2.27	1.68	2.84	3.02
Beverages etc	6.61	8.39	6.21	8.03	8.98
Food total	53.44	49.04	42.51	44.39	42.62
Entertainments	2.05	1.99	1.62	1.54	1.61
Fuel and light	6.68	5.82	9.94	6.94	6.69
Clothing	5.53	5.77	4.00	4.85	5.37
Footwear	0.97	0.92	0.68	0.96	1.00
Education	4.04	3.72	5.01	8.09	6.90
Healthcare	3.46	7.03	5.19	4.99	5.54
Misc. goods & services	19.33	18.63	26.99	24.14	24.98
Durable goods	4.50	6.76	4.07	4.10	5.30
Non food total	46.56	50.96	57.49	55.61	57.38
Total expenditure	100.00	100.00	100.00	100.00	100.00

Sources: 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

It is observed that both in rural and urban areas of the country the MPCE on food is declining while the MPCE on non food showed an increasing trend but the percentage change in MPCE from food to non food were higher in urban areas during 1994-95 to 2011-12.

4.7 Components of Expenditure on food items

i) Cereals and cereals substitutes

Expenditures on cereals include the expenditures on rice, chira, muri, wheat/atta, maida, bajra, maize, suji, bread, jowar, barley and other cereals. In rural Assam, total food consumption expenditure increased from 65.73% in 1994-95 to 67.63% in 1999-2000. However, it declined from 65.99% in 2004-05 to 61.34% in 2011-12. But in rural India as a whole, total consumption expenditure decreased from 32.43% in 1994-95 to 15.97% in 2011-12. The percentage share of cereals consumption in rural Assam declined from 32.43% in 1994-95 to 15.97% in 2011-12 and in rural India it declined from 24.56% to 10.89% during the same period. However, the declining rate of cereal consumption in rural Assam was 11.21% which is lower than rural India (13.67%).

The percentage share of cereals consumption in urban Assam declined from 21.28% in 1994-95 to 10.07% in 2011-12 and in urban India it declined from 14.55% to 6.77% during the same period. However the declining rate of cereal consumption in urban Assam (11.21%) was greater than urban India (7.78%).

ii) Pulses and pulse products

It includes the expenditures on moong, masur, peas, khesari, besan, and other pulse products. In rural Assam the percentage share of expenditure on pulse and pulse products increased from 2.35% in 1994-95 to 2.76% in 2011-12 and in rural India share of expenditure on pulse and pulse products continuously decreased from 3.65% to 2.76% during the same period.

In urban India, the percentage share in total food expenditure declined from 3.04% in 1994-95 to 1.93% and in urban Assam, the percentage share to total expenditure declined from 2.75% to 1.98 percent. It is thus observed that consumption of pulse and pulse products in rural areas of Assam showed a slight increase whereas in rural India it was declined but both in urban Assam and Urban India it was found a slight declining trend during these periods.

iii) Milk and Milk Products

This includes milk, baby food, curd, ghee, butter, ice-cream and other milks products. The percentage share of expenditure on milk and milk products marginally declined among the rural and urban sectors of Assam and India during 1994-95 to 2011-12. In rural Assam its share declined from 4.51% in 1994-95 to 3.61% in 2011-12 and in the rural India as a whole it declined from 8.87% to 8.04% during the same period.

In urban Assam, the percentage share of expenditure on milk and milk products declined from 7.06% in 1994-95 to 3.84% 2011-12 and in urban India declined from 9.72% to 7.01% during the same period. It is found from the table that per capita consumption expenditure on milk and milk products in rural areas of Assam and India declined by 0.9% and 0.83% respectively. Whereas in urban Assam and urban India it declined by 3.22% and 2.71% respectively. The decline in rural and urban Assam was more than the rural and urban India.

iv) Edible oils

The edible oils includes vanaspati, mustard oil, groundnut oil, coconut oil, refined oil and others edible oils. The share of edible oil in total consumption expenditure showed a declining trend over the period of 1994-95 to 2011-12 in rural and urban areas of Assam and the country as a whole. In rural areas of Assam it declined from 3.07% in 1994-95 to 1.03% in 2011-12 and in rural areas of the country it declined from 4.60% to 1.66% during the same period.

In urban areas of Assam, it declined from 4.41% to 0.08% during 1994-95 to 2011-12 and in urban India its share declined from 4.51% to 1.05 percent during the same period. The rate of decline in the share consumption expenditure in edible oil in rural India (2.94%) was higher than rural Assam (2.04%) and in urban India its share declined by 3.46% and in urban Assam it declined by 4.33%.

v) Egg, fish and meat

The share of egg, fish, meat in total consumption expenditure among the rural and urban sectors of Assam and the country as a whole declined. In rural areas of Assam its share declined from 7.40% to 0.24% during 1994-95 to 2011-12 and in

India the percentage share to total consumption expenditure declined from 3.18% to 0.17%. Whereas in the urban Assam it declined from 6.53% in 1994-95 to 0.14% in 2011-12 and in urban India it declined from 3.41% to 0.10% during the same period.

This shows that share of decline in the rate MPCE on egg, fish and meat in both rural (7.16%) and urban (6.39%) Assam were slightly higher than the rural (3.01%) and urban (3.31%) India.

vi) Vegetables

The share of per capita consumer expenditure (PCE)³ on vegetables were found slow and steadily declining from 7.05% in 1994-95 to 3.63% in 2011-12 in rural Assam and in rural India the share declined from 5.61% to 3.74% during the same period.

In urban Assam it declined from 6.19% to 2.93% in urban India the share declined from 4.85% to 2.66% during this period. The rate of decline in percentage share in the country as a whole was lower than the Assam both in rural and urban areas during 1999-2000 to 2004-05.

vii) Fruits and nuts

It includes the fresh and dry fruits. The share of per capita consumer expenditure (PCE) on fruits and nuts in rural Assam grew from 0.96% in 1994-95 to 21.04% in 2011-12 and in rural India it grew from 1.43% to 11.41% during the same period.

Whereas in urban Assam it grew from 1.66% in 1994-95 to 14.45% in 2011-12 and in urban India it grew from 2.47% to 8.28% during the same period.

The per capita consumer expenditure of fruits in rural and urban Assam was more than the rural and urban India. It is observed that share of fruits on monthly per capita expenditure were almost double in Assam than the overall share in the country as a whole.

³ PCE is the Per capita Consumer Expenditure. It is obtained by dividing total expenditure made by the household by the total number of person of a household.

viii) Sugar

The share of sugar on MPCE in rural Assam decreased from 1.64% in 1994-95 to 1.52 in 2009-10 and then increased to 2.06% in 2011-12 and in rural India decreased from 2.85% to 2.25% during the same period.

Whereas in urban Assam the share decreased from 1.80% to 1.26% to 1.13% during 2004-05 to 1999-2000 and then increased to 2.37% during 1994-95 to 2011-12 and in urban India the share increased from 2.17% to 2.65% during 1994-95 to 2011-12.

ix) Salt and Spices

The share of MPCE on salt and spices marginally increased from 1.66% in 1994-95 to 2.97% in 2011-12 in rural Assam and in rural India increased from 2.53% to 4.08% during the same period.

Whereas in urban Assam this increased from 0.47% to 2.72% during 1994-95 to 2011-12 and in urban India the share increased to 2% to 3.20% during the same period.

The overall increase in share of MPCE in salt and spices both in rural and urban Assam was much lower than rural and urban areas of the country as a whole.

x) Beverages and refreshments

It includes tea, coffee, mineral water, cold beverages, fruit juice and snacks and other beverages like cocoa, chocolates etc. The share of MPCE on beverages etc., occupied an important place among the consumption items with its increasing trend over the periods. The share on beverages in rural Assam increased from 3.92% in 1994-95 to 7.90% in 2011-12 and in rural areas of the country as a whole the share on MPCE increased from 3.75% to 7.90% during the same period.

Whereas in urban areas of the state of Assam it increased from 6.34% 1994-95 to 8.38% 2011-12 and in urban India its share increased from 6.61% to 8.98% during the period of 1994-95 to 2011-12. It is observed that increase in the share of MPCE on beverages etc., were higher in rural areas of the country as a whole.

Thus it is observed that among the different food items the food items like cereals and cereals substitutes, milk and milk products, edible oil, egg, fish and

meat, vegetables and other foods registered a declining trend whereas pulse and pulse products, sugar, salt and spices, beverages and showed a tendency to increase. These movements indicate the changes in the consumption habits of Assam.

4.8 Components of expenditure on non -food items

i) Entertainments

The expenses on entertainments include the expenditures on pan, tobacco, intoxicants and recreations. The share of MPCE on pan, tobacco, intoxicants and recreations is still an important component of the country as a whole. The percentage share of entertainments in rural Assam increased marginally from 4.44% in 1994-95 to 4.50% in 2011-12 and in rural areas of the country as a whole it increased from 2.95% to 3.21%.

Whereas in urban Assam it declined from 3.03% in 1994-95 to 2.95% to 2.89% and then to 2.99% in 1999-2000, 2004-05 and 2009-10 but again increased to 3.10% in 2011-12. The share declined from 2.05% in 1994-95 to 1.61% in 2011-12 in urban areas of the country as whole. The declining trend and pattern of Pan, tobacco and intoxicants to the share of total consumption expenditure was not similar in between rural and urban areas of the country as a whole. The rate of decline in urban areas of the country as whole was higher than the urban areas of Assam.

ii) Fuel and light

The share of MPCE on fuel and light in rural Assam increased from 5.98% in 1994-95 to 10.09% in 2004-05 and then declined to 8.42% in 2011-12 and in rural areas of the country as a whole it marginally increased from 7% to 7.98% during the same period.

In urban areas of the state it increased from 5.96% in 1994-95 to 9.88% in 2004-05 and declined to 7.01% in 2011-12 and in urban areas it increased from 6.68% in 1994-95 to 9.94% 2004-05 and then declined to 6.69% in 2011-12.

From the comparison between rural Assam and rural India it observed that increase in the share of MPCE on fuel and light is higher in rural Assam than rural India and similar was the case in between urban Assam and Urban India.

iii) Clothing

The share of MPCE on clothing in rural areas of Assam increased from 4.90% in 1994-95 to 6.13% in 1999-2000 and then gradually declined over the periods and then reached to 6.64% in 2011-12 and in the country as a whole in rural areas the share of MPCE decline from 7.04% in 1994-95 to 5.99% in 2011-12.

In urban areas of the state Assam it increased marginally from 3.75% in 1994-95 to 4.80% in 2011-12 and in urban areas of the country as a whole this exhibited a decline from 5.53% to 5.37% during the same period.

The comparison between rural and urban in Assam and all India, it showed that the pattern of consumer expenditures on clothing has been improving in rural areas of the state of Assam than the other parts of the country as a whole.

iv) Footwear

The share of MPCE on footwear in rural Assam marginally increased from 0.79% in 1994-95 to 1.01% in 1999-2000 and then declined to 0.85% in 2011-12 and in rural India the share increased from 0.97% in 1994-95 to 1.02% in 2011-12.

In urban Assam the share increased from 0.52% in 1994-95 to 0.89% in 2011-12 and in urban areas of the country as a whole the increased in share of expenditure on footwear was almost same during these periods.

v) Education

This includes the expenses on incurred on payment for school or college fee, tuition fee, text books, news paper and magazines etc. The share of MPCE on education in rural of Assam declined from 5.54% in 1994-95 to 1.50% in 2011-12 and in rural India as a whole the share of MPCE on education steadily rose from 1.62% in 1994-95 to 3.49% in 2011-12.

Whereas urban areas marginally rose from 4.87% in 1994-95 to 5.74% in 2009-10 and then declined to 4.74% in 2011-12 and in urban India it rose from 4.04% in 1994-95 to 8.09% in 2009-10 and then declined to 6.90% in 2011-12.

The rural-urban comparison of educational expenditure in the state of Assam and the country as a whole indicated that the trend of change in educational expenditure is higher in urban areas than in rural areas of the country as whole.

vi) Healthcare

The consumers expenditure on healthcare includes both the institutional and non-institutional medical expenses. The institutional medical expenses are the expenditures incurred by the household while admitting the patient in medical institution or nursing home for treatment and non-institutional expenses are the expenditure incurred on payments made for medicine, medical goods and clinical tests. The share of MPCE on healthcare in rural Assam declined from 3.04% in 1994-95 to 2.4% in 2011-12 and in rural India as a whole the share rose from 4.98% in 1994-95 to 6.65% in 2011-12.

Whereas in urban areas of Assam the share rose from 2.35% in 1994-95 to 6.55% in 1999-2000 and then declined to 5.30% in 2011-12 and in urban areas of the country as a whole the share increased from 3.46% to 5.54% in 2011-12.

A close examination in the trend of share of MPCE on healthcare expenditure in rural and urban areas of Assam and all over the country as a whole reveals that the share of medical expenditure were the highest in urban areas of the country during the periods.

vii) Miscellaneous goods and services

It includes the items of consumption other than food, entertainments, fuel and light, education, footwear, clothing, healthcare etc. The share of MPCE on miscellaneous goods and services dominated among the non-food consumption items in rural areas of Assam. It rose from 7.05% in 1994-95 to 11.41% in 2011-12 and in rural India the share increased from 9.18% to 14.22% during the same period.

In urban Assam the share rose from 16.93% in 1994-95 to 22.48% in 2011-12 and in urban areas of the country as a whole the share rose from 19.33% in 1994-95 to 26.99% in 2004-05 and then declined to 24.98% in 2011-12.

The rural-urban comparison shows that the strength of growth in the share of MPCE on miscellaneous goods and services was more in urban areas than in rural areas of the country as a whole.

viii) Durable goods

It includes the expenditure incurred on items having a long expected lifetime use roughly one year or more. The share of MPCE on durable goods in rural areas of Assam increased from 2.53% in 1994-95 to 3.94% in 2011-12 and in rural areas of the country as a whole the share declined from 5.21% to 4.52% during the same period.

In urban areas its share rose from 2.31% in 1994-95 to 4.01% in 2011-12 and in urban India the share increased from 4.5% to 6.76% in 1999-2000 and then declined to 5.30% in 2011-12. From the table it is observed that the rural economy of Assam followed the same trend with urban India so far the share of MPCE on durable goods was concerned during these periods.

Among the non-food items fuel and light, clothing and bedding, footwear, healthcare, miscellaneous goods and services in both the rural and rural areas marginally increased during the period of 1994-95 to 201-12. However, the percentage share of MPCE on entertainments continued to increase slowly both in rural and urban areas of Assam and in the rural areas of the country as a whole.

4.9 Engel Ratio on food and non-food items of rural Assam

The Engel ratio on different food and non-food items under the different round of NSSO report on household consumer expenditure is presented in the followings tables.

Table 4.5(A) which shows the Engel ratio of food items in rural Assam indicates that among food items the Engel ratio for cereals and substitutes constituted the highest and the expenditure on egg, fish & meat continued to be the second highest consumption item among different food items in each round of the study. The average Engel ratio for cereals and substitutes alone accounted 38.7%, Pulse and pulse product accounted 4.47%, milk and milk products accounted 6.04%, edible oils accounted 5.82%, Egg, fish & meat accounted 15.6%, vegetables

Table 4.5(A) Average MPCE on different food and non-food items and Engel ratio in rural Assam since 1994-95 to 2011-2012(at current prices)

Food												
Item group	1994-1995		1999-2000		2004- 05		2009-10		2011-12		Average MPCE	Engel Ratio
	MPCE	Engel Ratio	MPCE	Engel Ratio	MPCE	Engel Ratio	MPCE	Engel Ratio	MPCE	Engel Ratio		
Cereals and substitutes	99.3	49.5	138.04	47.9	135.07	37.7	207.94	32.2	195.94	26.2	155	38.7
Pulses and pulse products	7.17	3.57	13.20	4.58	18.02	5.03	30.07	4.65	33.62	4.5	20.4	4.47
Milk & milk products	13.77	6.87	15.05	5.22	23.75	6.63	36.15	5.59	44.03	5.89	26.6	6.04
Edible oil	11.28	5.62	14.78	5.13	26.58	7.42	32.48	5.02	44.27	5.92	25.9	5.82
Egg, fish & meat	22.59	11.3	35.41	12.3	55.01	15.3	116.51	18	156.63	21	77.2	15.6
Vegetables	21.52	10.7	35.01	12.1	50.71	14.1	103.92	16.1	99.85	13.4	62.2	13.3
Fruits and Nuts	2.92	1.46	4	1.39	5.31	1.48	16.28	2.52	26.58	3.56	11	2.08
Sugar	4.99	2.49	7.30	2.53	8.62	2.4	12.73	1.97	12.59	1.68	9.25	2.21
Salt and Spices	5.05	2.52	8.53	2.96	11.96	3.34	25.73	3.98	37.73	5.05	17.8	3.57
Beverages etc	11.97	5.97	16.89	5.86	23.42	6.53	64.57	9.99	96.28	12.9	42.6	8.25
Food total	200.56	100	288.20	100	358.44	100	646.38	100	747.52	100	488	100
Non-food												
Entertainments	13.57	13	20.35	14.8	26.16	14.2	58.40	16.4	66.63	14.14	37	7.4
Fuel and light	18.25	17.5	30.16	21.9	54.80	29.7	79.75	22.3	102.6	21.77	57.1	11.4
Clothing	14.95	14.3	26.12	18.9	24.10	13	50.49	14.1	68.76	14.59	36.9	7.38
Footwear	2.40	2.29	4.3	3.12	3.76	2.04	8.01	2.24	10.36	2.198	5.77	1.15
Education	4.60	16.2	5.89	4.27	7.96	4.31	23.67	6.63	18.24	3.87	12.1	2.41
Healthcare	9.2.	8.8	9.52	6.9	10.06	5.45	20.92	5.86	29.26	6.208	14	2.79
Toilet article	3	2.94	8.48	6.15	13.14	7.11	18.31	5.13	22.49	4.771	13.1	2.62
Misc. goods & services	18.51	17.7	24.99	18.1	38.53	20.9	66.33	18.6	104.98	22.27	50.7	10.1
Durable goods	7.72	7.38	8.12	5.89	6.23	3.37	31.03	8.69	48.03	10.19	20.2	4.05
Non food total	104.58	100	137.93	100	184.74	100	356.91	100	471.35	100	246.79	100

Sources: Calculated from 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

Table 4.5(B) Average MPCE and the Engel Ratio of food and non-food items in urban Assam since 1994-95 to 2011-2012(at current prices)

Food												
Item group	1994-1995		1999-2000		2004- 05		2009-10		2011-12		Average MPCE	Engel Ratio
	MPCE	Engel Ratio	MPCE	Engel Ratio	MPCE	Engel Ratio	MPC E	Engel Ratio	MPCE	Engel Ratio		
Cereals and substitutes	102.27	36.6	154.6	34.3	145.35	27.8	224.57	24.2	220.35	21.1	169.4	28.8
Pulses and pulse products	12.22	4.38	19.63	4.35	23.20	4.43	41.78	4.5	43.33	4.15	28.03	4.36
Milk & milk products	32.77	11.7	43.07	9.55	50.05	9.56	59.81	6.44	84.13	8.06	53.97	9.06
Edible oil	20.48	7.34	25.64	5.69	38.62	7.37	47.98	5.16	64.13	6.14	39.37	6.34
Egg, fish & meat	30.29	10.9	69.15	15.3	82.38	15.7	199.78	21.5	195.1	18.7	115.3	16.4
Vegetables	28.72	10.3	48.78	10.8	64.05	12.2	134.01	14.4	121.27	11.6	79.37	11.9
Fruits and Nuts	7.73	2.77	12.97	2.88	15.38	2.94	52.83	5.69	62.68	6.01	30.32	4.06
Sugar	8.34	2.99	10.53	2.34	11.91	2.27	14.90	1.6	17.47	1.67	12.63	2.17
Salt and Spices	6.85	2.45	14.21	3.15	16.19	3.09	34.57	3.72	51.81	4.96	24.73	3.47
Beverages etc	29.39	10.5	52.22	11.6	76.55	14.6	118.75	12.8	183.36	17.6	92.05	13.4
Food total	279.60	100	450.82	100	523.68	100	928.99	100	1043.63	100	645.2	100
Non-food												
Entertainment	14.05	7.62	31.4	8.64	51.78	9.69	90.14	10.9	106.82	9.32	58.84	9.23
Fuel and light	27.63	15	54.18	14.9	104.48	19.6	130.58	15.8	153.45	13.4	94.06	15.7
Clothing	17.42	9.45	49.14	13.5	27.26	5.1	80.70	9.77	105.11	9.18	55.93	9.4
Footwear	2.40	1.3	9.52	2.62	4.18	0.78	18.49	2.24	19.5	1.7	10.82	1.73
Education	22.59	12.3	24.84	6.84	48.37	9.05	100.70	12.2	103.83	9.06	60.07	9.89
Healthcare	10.92	5.92	45.24	12.5	61.31	11.5	37.36	4.52	69.41	6.06	44.85	8.1
Toilet article	6.07	3.29	18.40	5.06	25.23	4.72	40.42	4.9	50.14	4.38	28.05	4.47
Misc. goods & services	72.50	39.3	115.79	31.9	205.60	38.5	272.99	33.1	449.59	39.2	223.3	36.4
Durable goods	10.73	5.82	14.79	4.07	6.09	1.14	54.33	6.58	87.7	7.66	34.73	5.05
Non food total	184.31	100	363.30	100	534.30	100	825.71	100	1145.55	100	610.6	100

Sources: Calculated from 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure .

accounted 13.3%, fruits and nuts accounted 2.08%, sugar accounted 2.21%, salt and spices accounted 3.57% and beverages and refreshment accounted 8.25%.

The Engel ratio of non-food items signify that among the different non-food items the Engel ratio for fuel and light exhibited the highest as an individual item of consumption and the expenditure on entertainment followed. The average Engel ratio of entertainment accounted 7.4%, fuel and light accounted 11.4% , clothing accounted 7.38%, footwear accounted 1.15%, education accounted 2.41%, health care accounted 2.79%, toilet article accounted 2.62%, miscellaneous goods accounted 10.1% and the household durable goods accounted 4.05% to the total non-food monthly consumption expenditure per person in rural areas of the state

4.10 Engel Ratio on food and non-food items for urban Assam

Table 4.5(B) the Engel ratio of food items in urban Assam. Like in rural Assam, among food items the Engel ratio for Cereals and substitutes constituted the highest and the expenditure on egg, fish & meat continued to be the second highest consumption item among different food items in each round. The average Engel ratio for cereals and substitutes constituted 28.8%, pulse and pulse product constituted 4.36%, milk and milk products constituted 9.06%, edible oils constituted 6.34%, egg, fish& meat constituted 16.4%, vegetables constituted 11.9%, fruits and nuts constituted 4.06%, sugar constituted 2.17%, salt and spices constituted 3.47% and beverages and refreshments constituted 13.4% to the average total monthly consumption expenditure per person.

Similarly, on an individual item of consumption, the Engel ratio for fuel and light exhibited the highest and is followed by entertainment throughout the different round of the study. The average Engel ratio for entertainment accounted 9.23%, fuel and light accounted 15.7% , clothing accounted 9.4%, footwear accounted 1.73%, education accounted 9.89%, healthcare accounted 8.1%, toilet article accounted 4.47%, miscellaneous goods accounted 36.4% and the household durable goods accounted 5.05% to the total non-food monthly consumption expenditure per person in urban areas of the state.

4.11 Engel Ratio on food and non-food items for rural India

Table 4.6(A) the Engel ratio of ten types of food items in rural India on the basis of 51st, 55th, 61st, 66th and 68th round of the NSSO report on household consumer expenditure is presented. Table reveals that in rural India the Engel ratio for Cereals and substitutes constituted the highest and the Engel ratio on milk and milk products constitutes the second highest among different food items in each round. In rural areas of the country as a whole, the Engel ratio for Cereals and substitutes accounted 31.2%, Pulse and pulse product accounted 5.76%, Milk and milk products accounted 14.6%, edible oil accounted 7.15%, Egg, fish& meat accounted 6.84%, vegetables accounted 11.5%, fruits and nuts accounted 3.65%, sugar accounted 3.98%, salt and spices accounted 5.37% and beverages and refreshment accounted 9.87% to total average monthly consumption expenditure per person.

Likewise, on an individual item of consumption for non-food items, the Engel ratio for fuel and light exhibited the highest and the Engel ratio for healthcare constituted the second highest. The average Engel ratio for entertainment accounted 8.14%, fuel and light accounted 18.9%, clothing accounted 14%, footwear accounted 2.24%, education accounted 6.12%, healthcare accounted 13.8%, toilet article accounted 4.84%, miscellaneous goods accounted 22.9% and the household durable goods accounted 9.04% to the total non-food monthly consumption expenditure per person in rural areas of the country as a whole.

4.12 Engel Ratio on food and non-food items for urban India

Table 4.6(A) reveals that in urban India the Engel ratio for Cereals and a substitute constituted the highest and is followed by milk and milk products. The Engel ratio for Cereals and substitutes alone accounted 22.4%, Pulse and pulse product accounted 5.3%, Milk and milk products accounted 17.4%, edible oil accounted 7.07%, Egg, fish& meat accounted 7.2%, vegetables accounted 10.8%, fruits and nuts accounted 6%, sugar accounted 3.31%, salt and spices accounted 4.7% and beverages and refreshment accounted 15.9% to total monthly consumption expenditure per person on food.

Likewise, on an individual item of consumption for non-food items, the Engel ratio for fuel and light exhibited the highest and the Engel ratio for healthcare constituted the second highest. The Engel ratio on entertainment constituted 5.14%, fuel and light constituted 14.2%, clothing constituted 9.73%, footwear constituted 1.8%, education constituted 10.4%, healthcare constituted 9.34%, toilet article constituted 4.62%, miscellaneous goods constituted 36.4% and the household durable goods constituted 8.06% to the total non-food monthly consumption expenditure per person in urban areas of the country as a whole.

However, tables 4.5(A), 4.5(B), 4.6(A) and 4.6(B) depicted variations in the Engel ratio of different food and non-food items in rural and urban areas of the state and the country. The overall Engel ratio calculated on the basis of average consumption expenditure per person under different periods of the study revealed that the Engel ratio on essential food items like cereals and substitutes constituted 38.7% in rural and 28.8% in urban area of the state and 31.2% in rural and 22.4% in urban area of the country. In the case of pulse and pulse products, the Engel ratio accounted 4.47% and 4.36% in rural and urban areas of the state of Assam respectively and 5.76% and 5.3% in rural and urban areas of the country as a whole. In case of vegetable, the Engel ratio accounted 13.3% in rural and 11.9% in urban Assam, 11.5% in rural and 10.8% in urban India. In respect of salt and spices, the Engel ratio constituted 3.57% and 3.47% respectively in rural and urban Assam whereas it constituted 5.37 and 4.7% for rural and urban areas of the country. Similarly, for sugar, Engel ratio accounted 2.21% and 2.17% respectively in rural and urban areas of the state of Assam on the other hand, it accounted 3.98% and 3.31% in rural and urban areas of the country as a whole.

The Engel ratio for the luxury goods like on milk and milk products accounted 6.04% and 9.06% in rural and urban Assam respectively, 14.6% and 17.4% in rural and urban India. In the case of edible oil, Engel ratio constituted 5.82% and 6.34% in rural and urban areas of the state respectively. Similarly, the Engel ratio on egg, fish & meat was 15.6% in rural and 16.4% in urban Assam, 6.84% in rural and 7.2% in urban India. The Engel ratio on fruits and nuts accounted 2.08% and 4.06% in rural and urban areas of the state and 3.65% and 6% respectively in the country as a whole. The Engel ratio on beverages and

refreshments was 8.25% in rural and 13.4% in urban Assam, 9.87% in rural and 15.9% in urban India.

The Engel ratio on essential non-food items like fuel and light constituted 11.4% in rural and 15.7% in urban area of the state and 18.19% in rural and 14.2% in urban area of the country. Like this, the Engel ratio on clothing was 7.38% in rural and 9.4% in urban Assam, 14% in rural and 9.73% in urban India. For the footwear the Engel ratio accounted 1.15% and 1.73% in rural and urban Assam and 2.24% and 1.8% in case of rural and urban areas of the country as a whole. For toilet articles in rural and urban areas of the state the Engel ratio accounted 2.62% and 4.47% respectively and in the rural and urban areas of the country it accounted 4.84% and 4.62% respectively.

In respect of entertainment, the Engel ratio accounted 7.4% in rural and 9.2% in urban Assam, 8.14% in rural and 5.41% in urban India. Similarly, the Engel ratio on education alone accounted 2.41% and 9.89% in rural and urban Assam respectively, 6.12% and 10.4% in rural and urban India. The Engel ratio on miscellaneous goods and services accounted 10.1% in rural and 36.4% in urban Assam, 22.9% in rural and 36.4% in urban India. In the case of durable goods the Engel ratio accounted for 4.05% in rural, 5.05% in urban Assam, 9.04% in rural and 8.06% in urban India

The observations depicted from tables – showed that a considerable change in the pattern of consumption expenditure in rural-urban areas of state and the country. The comparison between rural - urban of the state and the country depicts that on overall basis of the average MPCE, the Engel ratio on food items of Cereals and substitutes is the highest and likewise, for the individual non-food items the Engel ratio on fuel and light is found highest irrespective of rural and urban areas of the country because these are everybody consumption item.

Moreover, the study found that in case of essential good components of various food items, the overall variations Engel ratios is low whereas higher variations in overall Engel ratios are observed in the case various luxurious food items over the periods of study in the rural and urban areas of the state and similar were the case of different essential components of non-food and luxury components of non-food items.

Table 4.6(A) Average MPCE and Engel ratio of food and non-food items in rural India since 1994-95 to 2011-12(at current prices)

Consumption items	Food										Average MPCE	Engel Ratio
	1994-1995		1999-2000		2004-05		2009-10		2011-12			
	MPCE	Engel Ratio	MPCE	Engel Ratio	MPCE	Engel Ratio	MPCE	Engel Ratio	MPCE	Engel Ratio		
Cereals and substitutes	76	40.2	108.75	37.7	101.77	33.1	146.54	24.4	155.69	20.6	117.8	31.2
Pulses and pulse products	11.31	5.99	18.50	6.41	17.18	5.59	33.60	5.6	39.51	5.22	24.02	5.76
Milk & milk products	27.46	14.5	42.56	14.7	47.31	15.4	80.55	13.4	114.9	15.2	62.56	14.6
Edible oil	14.24	7.54	18.16	6.29	25.72	8.36	38.92	6.48	53.44	7.06	30.1	7.15
Egg, fish & meat	9.83	5.2	16.14	5.59	18.60	6.05	49.89	8.31	68.46	9.05	32.58	6.84
Vegetables	17.37	9.2	29.98	10.4	34.07	11.1	87.33	14.5	94.62	12.5	52.67	11.5
Fruits and Nuts	4.42	2.34	8.36	2.89	10.42	3.39	25.57	4.26	40.52	5.36	17.86	3.65
Sugar	8.82	4.67	11.57	4.01	13.25	4.31	22.61	3.77	23.69	3.13	15.99	3.98
Salt and Spices	7.85	4.16	14.41	4.99	13.9	4.52	37.42	6.23	52.72	6.97	25.26	5.37
Beverages etc	11.60	6.14	20.38	7.06	25.37	8.25	77.92	13	112.94	14.9	49.64	9.87
Food total	188.89	100	288.80	100	307.60	100	600.36	100	756.49	100	428.4	100
	Non-food											
Entertainment	9.14	7.58	15.98	8.1	18.49	7.36	39.46	8.71	60.14	8.93	28.64	8.14
Fuel and light	21.67	18	36.56	18.5	56.84	22.6	84.60	18.7	114.11	16.9	62.76	18.9
Clothing	21.78	18.1	33.28	16.9	25.33	10.1	55.82	12.3	85.68	12.7	44.38	14
Footwear	3.00	2.49	5.37	2.72	4.24	1.69	9.66	2.13	14.61	2.17	7.376	2.24
Education	5.00	4.15	9.37	4.75	14.90	5.93	37.79	8.34	49.97	7.42	23.41	6.12
Healthcare	15.43	12.8	29.60	15	36.96	14.7	56.91	12.6	95.18	14.1	46.82	13.8
Toilet article	0	2.9	11.62	5.89	14.96	5.96	22.65	5	29.99	4.45	15.84	4.84
Misc. goods & services	28.40	20.7	42.82	21.7	60.24	24	109.93	24.3	159.15	23.6	80.11	22.9
Durable goods	16.12	13.4	12.76	6.47	19.23	7.66	36.47	8.05	64.64	9.6	29.84	9.04
Non food total	120.54	100	197.36	100	251.19	100	453.29	100	673.47	100	339.2	100

Sources: Calculated from 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

Table 4.6(B) Average MPCE and Engel ratio of food and non-food items in urban India since 1994-95 to 2011-12(at current prices)

Consumption items	Food										Average MPCE	Engel Ratio
	1994-1995		1999-2000		2004- 05		2009-10		2011-12			
	MPCE	Engel Ratio	MPCE	Engel Ratio	MPCE	Engel Ratio	MPCE	Engel Ratio	MPCE	Engel Ratio		
Cereals and substitutes	74.41	27.4	106.87	26	107.44	24	164	18.6	177.95	15.9	126.1	22.4
Pulses and pulse products	15.46	5.69	24.25	5.9	22.51	5.03	47.06	5.34	50.76	4.53	32.01	5.3
Milk & milk products	49.39	18.2	74.17	18.1	83.3	18.6	137.01	15.6	184.31	16.4	105.6	17.4
Edible oil	22.93	8.45	26.81	6.53	36.37	8.13	52.85	6	70.03	6.25	41.8	7.07
Egg, fish & meat	17.33	6.38	26.78	6.52	28.47	6.36	71.98	8.17	95.99	8.56	48.11	7.2
Vegetables	24.65	9.08	43.9	10.7	46.84	10.5	112.44	12.8	121.7	10.9	69.91	10.8
Fruits and Nuts	12.18	4.49	20.68	5.03	23.65	5.29	62.76	7.13	90.12	8.04	41.88	6
Sugar	11.01	4.06	14	3.41	15.88	3.55	27.16	3.08	27.35	2.44	19.08	3.31
Salt and Spices	10.16	3.74	19.11	4.65	17.65	3.94	46.19	5.24	66.49	5.93	31.92	4.7
Beverages etc	33.61	12.4	54.28	13.2	65.31	14.6	159.37	18.1	236.18	21.1	109.8	15.9
Food total	271.49	100	410.84	100	447.41	100	880.83	100	1120.88	100	626.2	100
Non-food												
Entertainment	10.39	4.39	21.1	4.75	40.45	6.69	62.15	5.63	84.54	5.6	43.73	5.41
Fuel and light	33.95	14.4	66.26	14.9	104.62	17.3	137.72	12.5	175.86	11.7	103.7	14.2
Clothing	28.11	11.9	51.76	11.7	42.09	6.96	96.2	8.72	141.09	9.35	71.85	9.73
Footwear	4.91	2.08	10.05	2.26	7.17	1.19	19.06	1.73	26.34	1.75	13.51	1.8
Education	20.54	8.68	37.06	8.35	52.69	8.71	160.51	14.5	181.5	12	90.46	10.4
Healthcare	17.56	7.42	43.28	9.75	65.74	10.9	99.06	8.98	145.71	9.66	74.27	9.34
Toilet article	12	5.07	26.34	5.93	27.84	4.6	42.54	3.85	55.39	3.67	32.82	4.62
Misc. goods & services	86.23	36.4	157.38	35.4	221.54	36.6	405.03	36.7	558.99	37	285.8	36.4
Durable goods	22.89	9.68	30.85	6.95	42.81	7.08	81.36	7.37	139.36	9.24	63.45	8.06
Non food total	236.58	100	444.08	100	604.94	100	1103.63	100	1508.78	100	779.6	100

Sources: Calculated from 51st, 55th, 61st, 66th and 68th rounds report of NSSO on household consumer expenditure

Fig. 4.11 Trend lines of average monthly consumption expenditure on food items of rural –urban Assam (Engel Ratio)

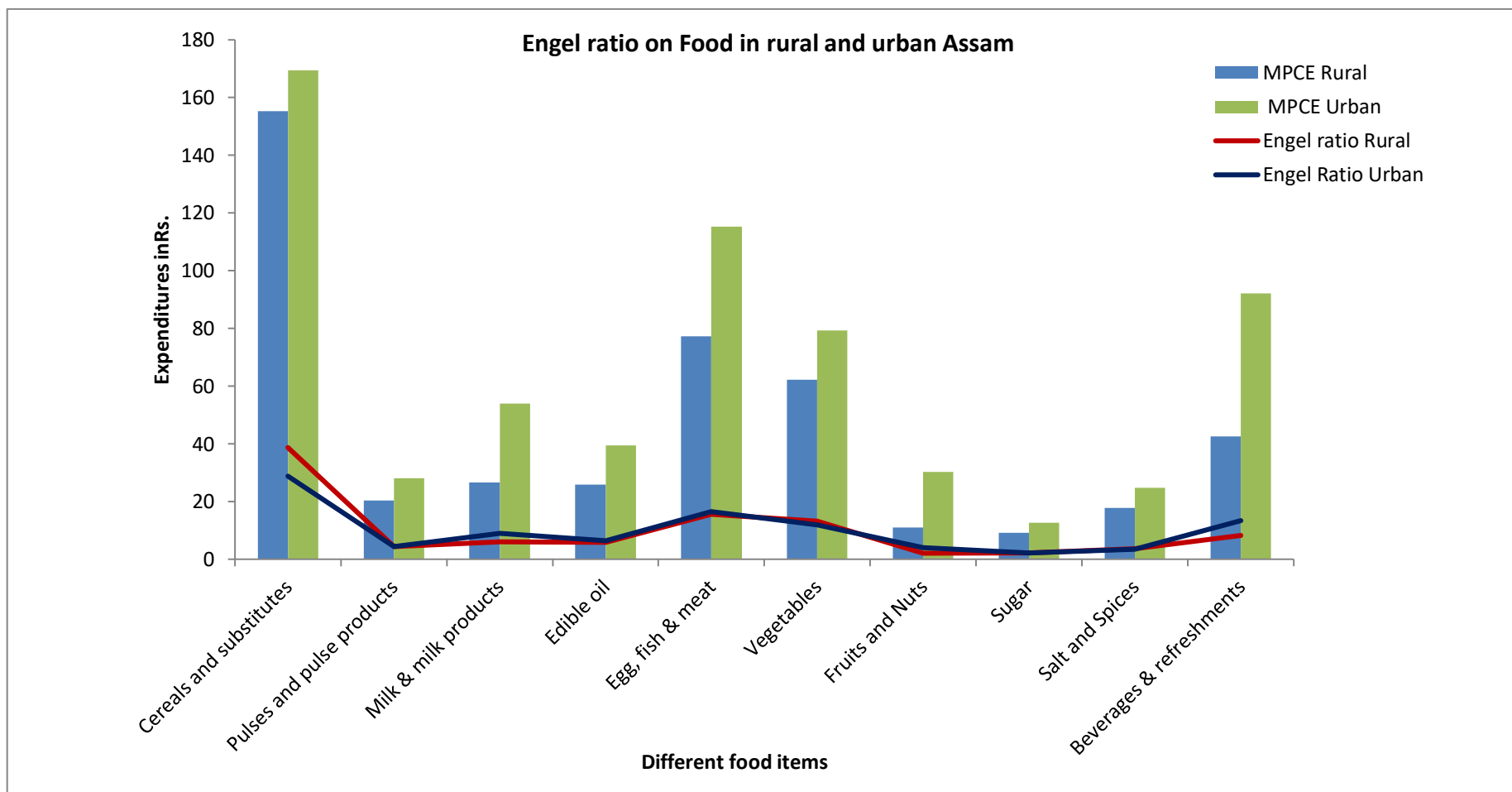


Fig. 4.12 Trend lines of average monthly consumption expenditure on non-food items of rural-urban Assam (Engel Ratio)

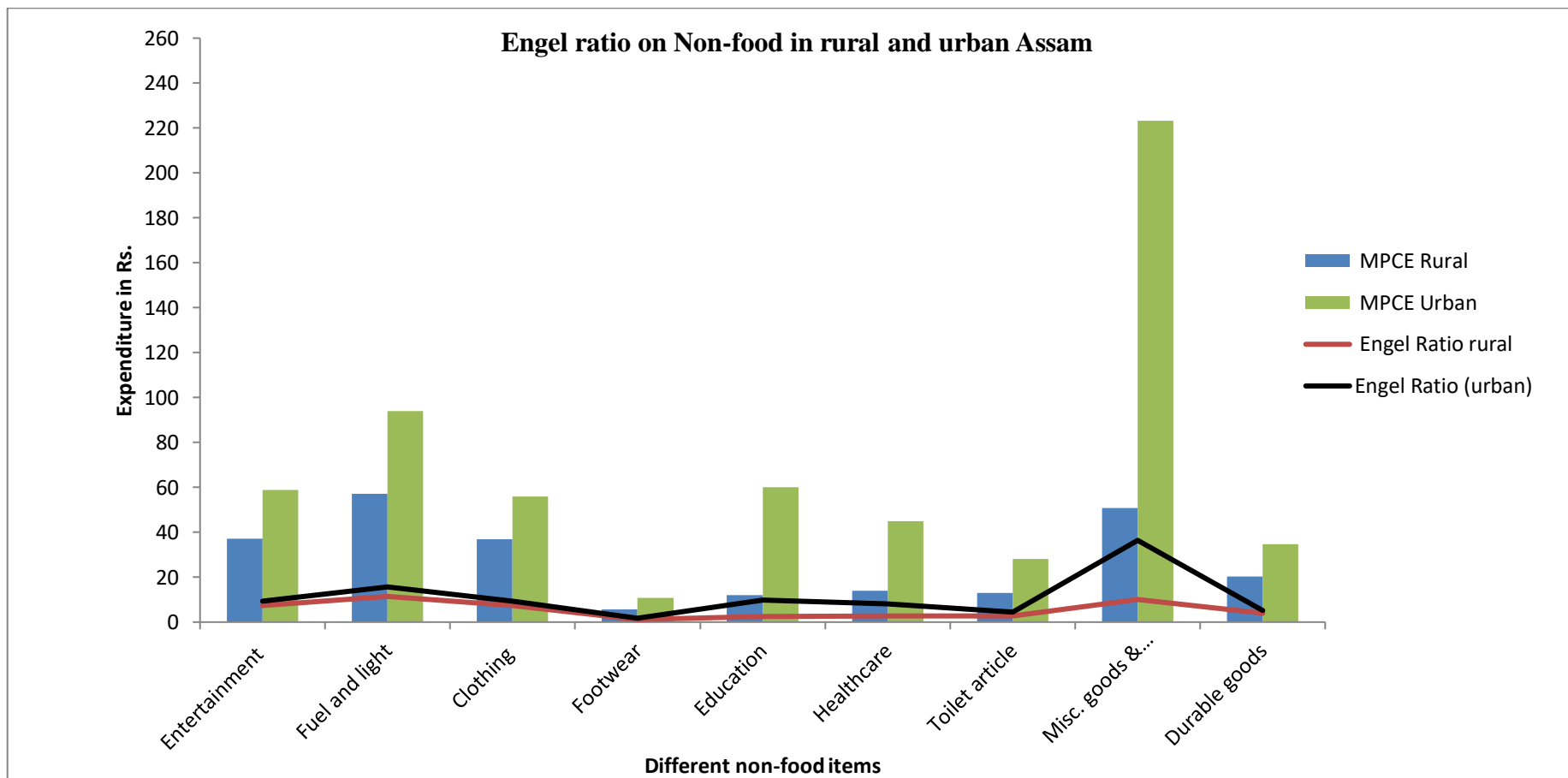


Fig. 4.13 Trend lines of average monthly consumption expenditure on food items of rural-urban India (Engel Ratio)

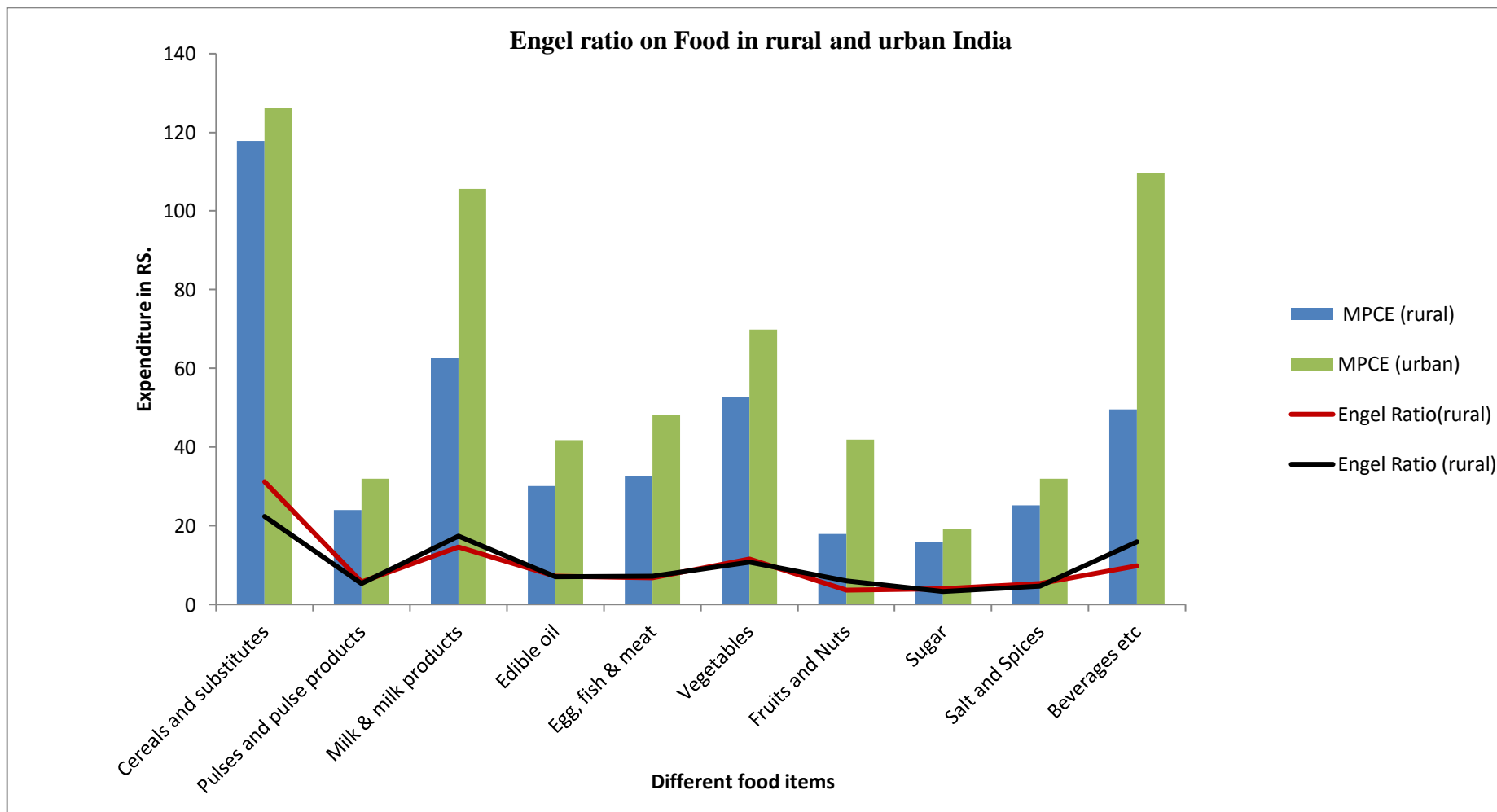
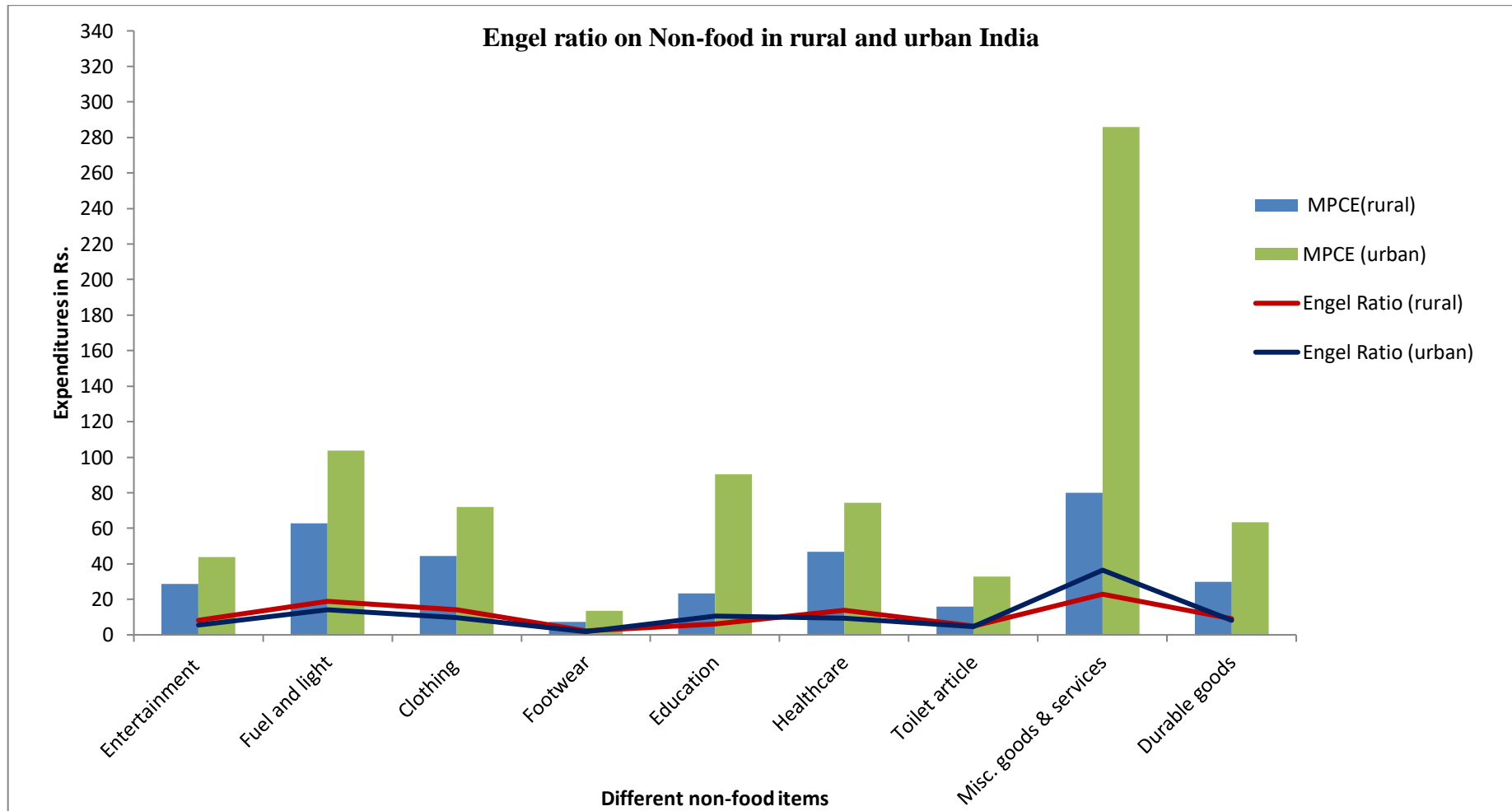


Fig.4.14 Trend lines of average monthly consumption expenditure on non-food items of rural-urban India (Engel Ratio)



4.13 Chapter Summary

Consumption expenditure pattern in India and Assam has been changing throughout the years. The percentage composition of consumer expenditure in urban and rural sectors shows a changing trend over the different periods on food and non-food items. In urban sector of the country, the share of expenditure on food which was 53.44% in 1994-95 declined to 38.5% in 2011-12. Whereas, the percentage share of consumer expenditure on non-food items which was 46.56% in 1994-95 increased to 61.5% in 2011-12. This showed a 14.94% rise in non-food expenditure. Similarly, in rural sector, expenditure on food declined from 61.04% in 1994-95 to 48.6% in 2011-12. The share of expenditure on non-food items rise from 38.96% to 51.4% in during the period. This exhibited 12.44% rise in the share of non food expenditure.

On the contrary, in Assam share of consumer expenditure over the period on food items declined from 60.27% in 1994-95 to 47.67% in 2011-12 and in case of non-food items increased from 39.73% to 52.33% during the same period. It showed 12.6% rise in non food expenditure in urban Assam. In rural sector, expenditure on food declines from 65.73% in 1994-95 to 61.34% in 2011-12 whereas the expenditure on non food increased from 34.27% to 38.66% during the same period. This indicated 4.39% increase in non food consumption expenditures.

The Engel ratio analysis of the group of food and non-food items under different rounds undertaken in the present study reveals that, on overall basis of the average MPCE, the Engel ratio on food items of cereals and substitutes is the highest and likewise, for the individual non-food items, the Engel ratio on fuel and light is found highest irrespective of rural and urban areas of the country because these are everybody consumption item. Moreover, the study found that in the case of essential good components of various food items, the overall variations of the Engel ratios is lower and it is higher in the case various luxurious food items over the periods of study in the rural and urban areas of the state and similar were the case of different essential components of non-food and luxury components of non-food items.

Thus, it is find that consumption expenditure pattern is changing both in urban and rural sector of the country. However, the shift in the pattern of consumption from food to non food is different among states and between rural and urban within state. Various reasons are attributed to these changes in consumption pattern such as growth of service sector, increase in disposable income, increase in number of educated members of the family, changes in people's outlook, life style, globalization, development of transport and communication and other advertising media. Thus these changes are in response to the changing aspirations of the people of the state.

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