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## CHANGING CONSUMPTION PATTERN IN HIMACHAL PRADESH

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### ABSTRACT

The study is based on NSS secondary data collected for the years 1977-78, 1987-88, 1993-94 and 1999-00. The study showed that in rural areas the major portion of expenditure was spent on total food items which decreased from 65.66 per cent in 1977-78 to 56.00 per cent in 1999-00. Cereals dominated the food expenditure followed by milk & milk products. The nonvegetarian food items were given the least priority over the years. The results for urban areas for all the NSS rounds under investigation indicated that the expenditure on food items was highest and cereals accounted for the largest share. However, the expenditure on food items dropped from 57.97 per cent in 1977-78 to 31.92 per cent in 1999-00. The expenditure on milk & milk products showed a decreasing trend over the years under study. The percentage expenditure on cereals was higher in rural areas. Reverse trend was observed for fruits and nuts. Within non-food items, consumers gave first priority to miscellaneous goods & services followed by clothing, fuel & light and durable goods in both the areas. The findings depicted that the expenditure on non-food items was higher in urban areas. The expenditure on education was 2.84 per cent and 4.11 per cent in rural and urban areas respectively during 1999-00. The percentage change in expenditure in urban areas was higher as compared with rural areas over the same period. The expenditure in urban households in 1977-78 was 59 per cent higher over their rural counterparts which rose to 65 per cent in 1987-88, 113 per cent in 1993-94 and 158 per cent in 1999-00 thereby indicating that the gap between rural and the urban households increased over time. The study, thus, suggests that to increase expenditure (income) in the rural sector there is need to improve farm productivity through better infra-structural facilities in terms of input availability, marketing facilities etc. which will vary significantly due to diverse agro-climatic conditions; improvement in the non-farm sector; higher emphasis on technical education etc.

### I. INTRODUCTION

Changes in food consumption and expenditures have been a topic of much research throughout the twentieth century since it is well known that income (or expenditure) influences food expenditure pattern. Furthermore, programs that increase the purchasing power of low-income households also positively affect food expenditure (McDowell *et al.*, 1997). Growing human population, rising per capita income and urbanisation are some of the important factors causing rapid changes in the food consumption pattern in India. During 1990s while per capita consumption of food grains has almost stagnated, consumption of fruits, vegetables and animal products has been rising fast.

New technologies for the processing, packaging, and marketing of food products were introduced during 1970s and 1980s. Over the same period, consumers increasingly demanded highly processed convenience-type products (Goodwin and Brester, 1995). Consumption of processed food items forms an insignificant portion of the menu in rural areas due to poor economic access and preference for fresh produce. But in urban areas the pattern is changing gradually due to rising real income, media and advertisement, increasing quality consciousness, wider choice of available food in urban markets, urban resident's exposure to the dietary patterns of foreign cultures, urban lifestyles leading to preference for foods which require less time to prepare, etc. (Chengappa, 2004, Kumar and Mathur, 1996). Industry response to consumers changing lifestyles and preferences has seen a plethora of prepared foods (e.g., ready-to-cook and ready-to-eat items) introduced in the marketplace over the past twenty years. The presence of teenagers in a household is positively associated with expenditures of prepared meals (Park *et al.*, 1997).

During the last three decades Indian agriculture has witnessed a lot of technological changes which have caused tremendous impact on the production of various commodities. This has affected the availability and consumption of different commodities in the country. Per capita cereal consumption in India is following a declining trend which is quite sharp in the case of rice and wheat. The consumption levels of poor for the animal products are much below the consumption levels of the rich. The gap, however, is narrowing down (Kumar *et al.*, 2004). Other things remaining the same increase in income shows an inverse relationship with the intake of coarse cereals and positive effect on the intake of total cereals and rice and wheat (Chand and Kumar, 2002).

In Himachal Pradesh, a hilly state, more than 92 per cent of population reside in the rural areas and is dependent on agriculture for their livelihood. There has not been significant change in the farm income due to many factors like rainfed agriculture, small, scattered and fragmented land holdings, rising population, decreasing net cultivated area etc. However due to the cultivation of high value cash crops in some of the niches of the state, there has been increase in the income in the rural sector in the specific areas. This led to changes in the consumption pattern of the households in the state. Over the period the change in the consumption pattern has been observed in both rural and urban areas. In this backdrop, an attempt has been made to study the changing pattern of consumer expenditure in the Himachal Pradesh, with following specific objectives.

1. To study the changing consumption behaviour in rural and urban areas of Himachal Pradesh.
2. To compare the food and non-food expenditure pattern among rural and urban households of Himachal Pradesh.

### **Hypotheses**

1. The expenditure on food items will decrease over time in both rural and urban sector
2. The increase in expenditure in urban area is much faster than the rural area and thus the disparities in both types of households are increasing.
3. The expenditure on different items by rural and urban households are different from each other.

**II. METRIALS AND METHODS**

The present study is based on secondary data. The data were collected for Himachal Pradesh from the publication of National Sample Survey Organization, "Level and Pattern of Consumer Income". Since the survey is conducted after five years thus the present study used the data for the years 1977-78, 1987-88, 1993-94 and 1999-00. The expenditure classes given in the NSS data were 12-13 in number. To make comparatively homogeneous groups, these classes were further grouped into five groups viz. Group I, Group II, Group III Group IV and Group V. The range of these groups has been given in the respective table. The range varied because of different income levels between rural and urban households. Similarly these also varied with rising income over time.

**Analytical Framework**

To meet out the objectives of the study tables and percentages have been worked out and discussed.

To find out the differences in the mean values of different items of consumption between urban and rural households, following procedure was adopted.

To begin with  $H_0 = \sigma_1^2 = \sigma_2^2$  was tested by applying 'F' test

$$F_{cal.} = \frac{S_1^2}{S_2^2} \quad (S_1^2 > S_2^2) \quad \text{at } (n_1-1, n_2-1) \text{ degrees of freedom. Further in}$$

those cases where  $H_0$  is accepted i.e.  $\sigma_1^2 = \sigma_2^2$ , Fisher's 't' test was applied

$$t_{cal.} = \frac{|X_1 - X_2|}{\sqrt{S^2(1/n_1 + 1/n_2)}} \quad \text{at } n_1 + n_2 \text{ degrees of freedom.}$$

$$S^2 = \frac{(n_1 - 1)S_1^2 + (n_2 - 1)S_2^2}{n_1 + n_2 - 1}$$

In cases, where  $H_0$  was rejected i.e.  $\sigma_1^2 \neq \sigma_2^2$ , Cochran and Cox test was applied

$$t_{cal.} = \frac{|X_1 - X_2|}{\sqrt{S^2/n_1 + S_2^2/n_2}}$$

**III. RESULTS AND DISCUSSIONS**

The findings based on the different NSS rounds covering the years, 1977-78, 1987-88, 1993-94 and 1999-00 are presented In the proceeding paragraphs.

**Monthly Per Capita Consumption Expenditure in Rural Areas**

**1977-78**

Table 1 showed the percentages of consumption of broad items per person for a period of 1977-78 in rural areas. The table depicted that the major percentage of consumer expenditure was on food items for all the expenditure groups. It decreased from 78.61 per cent for the

Group I to 42.92 per cent for the Group V. Amongst food items, total cereals (28.70 per cent) accounted for the major consumer expenditure followed by milk & milk products (14.07 per cent). The percentage expenditure on total cereals, vegetables and pulses decreased with the increase in total expenditure whereas meat, egg & fish and fruits & nuts had shown the reverse trend.

The percentage of consumer expenditure on non-food items increased from 21.39 per cent in group I to 57.8 per cent in group V. Within non-food items, the consumption expenditure on durable goods increased consistently from 0.44 per cent for the Group I to 12.48 per cent for the Group V. Total expenditure on food items was 65.66 per cent and on non-food items it was 34.34 per cent for the overall situation. The average expenditure in Group I was estimated to be Rs 35.60 which increased to Rs 71.88 (Group II), Rs 119.95 (Group III), Rs 171.04 (Group IV) and Rs 321.51 (Group V). The overall per capita monthly expenditure was found to be Rs 81.68.

**Table 1. Monthly consumption expenditure per capita in rural areas, 1977-78.**

Expenditure Group (Rs.)	Group I (< 50)	Group II (50-100)	Group III (100-150)	Group IV (150-200)	Group V (> 200)	Overall Situation
Food Items						
Total cereals	47.10	32.42	22.37	18.30	12.07	28.70
Pulses	5.67	5.17	4.51	4.02	3.21	4.77
Milk & products	10.74	14.41	16.05	15.74	10.37	14.07
Edible oils	3.64	4.32	3.87	3.33	3.29	4.08
Meat, egg, fish	1.14	1.45	1.85	1.82	2.39	1.57
Vegetables	3.79	3.81	3.26	2.88	2.32	3.53
Fruits & nuts	0.51	0.67	0.87	1.23	1.36	0.80
Others	6.02	8.12	8.21	9.04	7.91	8.13
<b>Food total</b>	<b>78.61</b>	<b>70.37</b>	<b>60.99</b>	<b>56.36</b>	<b>42.92</b>	<b>65.66</b>
Non - food items						
Pan, tobacco & intoxicants	2.35	2.94	2.81	2.66	1.96	2.81
Fuel & light	10.46	9.24	7.23	6.50	4.27	8.36
Clothing	1.56	6.05	12.58	12.66	23.43	9.01
Footwear	1.00	1.42	2.48	2.61	2.40	1.76
Miscellaneous goods & services	5.58	8.72	11.43	14.67	12.52	9.75
Durable goods	0.44	1.26	2.48	4.54	12.48	2.65
<b>Non-food total</b>	<b>21.39</b>	<b>29.63</b>	<b>39.01</b>	<b>43.64</b>	<b>57.08</b>	<b>34.34</b>
Total expend.	35.60	71.88	119.95	171.04	321.51	81.68

**1987-88**

Table 2 depicted that the consumer expenditure on milk & milk products increased with increase in expenditure level except in case of the Group V. The expenditure on total cereals, pulses and vegetables declined with increase in expenditure. The table further indicated that the expenditure on non-food items increased from 24.62 per cent for the Group I to 56.28 per cent for the Group V. Miscellaneous goods & services accounted for the major consumer expenditure followed by expenditure on clothing (15.7 per cent) in group V. Fuel and light was another important item of expenditure ranging from 5.78 per cent (high expenditure group) to 11.41 per cent (Group II). For group IV, the expenditure on durable goods was estimated to be 1.49 percentage points higher than the

**Table 2. Monthly consumption expenditure per capita in rural areas, 1987-88.**

<b>Expenditure Group (Rs.)</b>	<b>Group I (&lt; 65)</b>	<b>Group II (65-125)</b>	<b>Group III (125-215)</b>	<b>Group IV (215-385)</b>	<b>Group V (&gt; 385)</b>	<b>Overall Situation</b>
Food Items						
Total cereals	57.61	31.88	25.44	16.48	12.13	20.38
Pulses	7.71	6.12	5.10	4.45	3.26	4.67
Milk & products	-	10.53	14.75	15.38	9.91	13.80
Edible oils	2.33	6.34	5.75	5.54	4.13	5.39
Meat, egg, fish	-	0.71	1.43	1.66	2.21	1.55
Vegetables	6.03	5.34	5.10	4.52	3.18	4.57
Fruits & nuts	0.42	0.45	0.98	1.01	1.36	1.04
Others	1.28	9.06	9.29	8.57	7.55	8.75
<b>Food total</b>	<b>75.38</b>	<b>70.44</b>	<b>67.84</b>	<b>57.62</b>	<b>43.72</b>	<b>60.15</b>
Non - food items						
Pan, tobacco & intoxicants	0.84	3.62	3.32	2.85	2.07	2.98
Fuel & light	7.02	11.41	9.69	7.96	5.78	8.47
Clothing	-	1.89	3.96	10.70	15.74	8.30
Footwear	-	1.77	2.41	2.84	3.55	2.77
Miscellaneous goods & services	16.76'	10.82	12.33	16.09	20.86	15.01
Durable goods	-	0.05	0.45	1.94	8.29	2.32
<b>Non-food total</b>	<b>24.62</b>	<b>29.56</b>	<b>32.16</b>	<b>42.38</b>	<b>56.28</b>	<b>39.85</b>
Total expenditure (Rs)	38.15	107.60	160.60	260.60	574.71	209.61

Group II. The overall situation showed that total cereals were the major item of expenditure followed by miscellaneous goods & services and milk & milk products. Average expenditure was estimated to be Rs 209.61. it was as low as Rs 38.15 for the lowest class and as high as Rs 574.71 for the highest class.

**1993-94**

The monthly per capita expenditure was estimated to be Rs 350.65 on the overall situation (Table 3). 60 per cent of it was spent on food items and the rest on non-food items. During this year the highest per cent expenditure on miscellaneous goods & service followed by cereals and milk & milk products. The average

**Table 3. Monthly consumption expenditure per capita in rural areas, 1993-94.**

Expenditure Group (Rs.)	Group I (< 120)	Group II (120-210)	Group III (210-300)	Group IV (300 - 560)	Group V (> 560)	Overall Situation
Food Items						
Total cereals	39.28	32.73	25.34	16.94	8.75	18.67
Pulses	5.79	5.88	6.12	5.07	3.36	5.03
Milk & products	5.97	10.58	14.32	16.34	12.93	14.47
Edible oils	5.34	5.93	5.92	4.74	3.23	4.80
Meat, egg, fish	1.10	1.24	1.07	1.40	0.99	1.19
Vegetables	5.19	5.01	5.13	4.54	3.60	4.56
Fruits & nuts	0.76	0.53	0.90	1.54	1.97	1.39
Others	10.25	9.64	10.36	10.36	8.45	9.91
<b>Food total</b>	<b>73.68</b>	<b>71.54</b>	<b>69.16</b>	<b>60.93</b>	<b>43.28</b>	<b>60.02</b>
Non - food items						
Pan, tobacco & intoxicants	2.40	4.02	3.99	3.01	2.00	3.11
Fuel & light	11.71	10.88	9.90	7.42	4.67	7.77
Clothing	-	0.93	<b>1.22</b>	5.74	9.80	4.99
Footwear	0.47	0.72	1.25	2.30	3.09	2.00
Miscellaneous goods & services	11.68	11.84	14.10	19.19	27.23	19.05
Durable goods	0.06	0.07	0.38	1.41	9.93	3.06
<b>Non-food total</b>	<b>26.32</b>	<b>28.46</b>	<b>30.84</b>	<b>39.07</b>	<b>56.72</b>	<b>39.98</b>
Total expenditure (Rs)	108.14	177.21	253.54	396.64	885.06	350.65

expenditure was estimated to be Rs 108.14 for group I which increased significantly to Rs 885.06 for group V. The percentage expenditure on cereals decreased significantly from 39.28 per cent for Group I to 8.75 per cent for the Group V. The percentage of consumption expenditure on food items has declined from 73.68 per cent to 43.28 per cent. Milk and milk products, fruits (dry & fresh) showed the reverse trend with the expenditure level. The percentage expenditure on vegetables was found to be around 5 per cent up to group III but declined for higher expenditure classes. In case of non-food items, the percentage expenditure on clothing, miscellaneous goods & services, footwear and durable goods had shown an increasing trend with the consumption expenditure level.

**1999-2000**

The food items continued to dominate the consumption expenditure and within these food items cereals were found to be the main item of expenditure during 1999-00 as indicated by Table 4. However, the percentage on food items dropped from 63.82 to 47.80 between Group

I and Group V. The table further depicted that the expenditure on pulses & pulse products decreased whereas expenditures on milk & milk products, egg, fish & meat and fruits (dry & fresh) were found to be increasing with increase in expenditure level. The expenditure on vegetables ranged from 3.97 per cent to 4.63 per cent. Rest of the items within food items did not show significant change. The percentage expenditure on non-food items, for Group V, was found to be almost 4.4 percentage points higher than the expenditure on the food items. The expenditure on education for the Group I was calculated to be 3.63 per cent which declined to 2.24 per cent for Group II and then increased to 3.13 per cent for the Group V. It can be further seen that the expenditure on durable goods and health increased with increase in expenditure.

In case of the Group I, out of total expenditure of Rs. 202.73, 63.82 per cent was on food items and 36.31 per cent on non-food items whereas for the Group V out of Rs. 1334.62 per month, the percentage expenditure on food and non-food items was worked out to be 47.80 and 52.20, respectively. The table indicated that for overall situation the highest percentage expenditure was on cereals followed by milk & milk products. The average expenditure was calculated to be Rs 684.53.

**Table 4. Monthly consumption expenditure per capita in rural Areas, 1999-00.**

Expenditure Group (Rs.)	Group I (< 225)	Group II (225-380)	Group III (380-525)	Group IV (525-950)	Group V (> 950)	Overall Situation
Food Items						
Total cereals	<b>30.71</b>	28.99	23.68	17.39	10.04	17.12
Pulses	5.26	6.37	5.82	4.86	3.48	4.75
Milk & products	6.53	9.00	13.31	14.71	13.90	13.92
Edible oils	6.05	4.75	4.56	4.14	3.08	3.94
Meat, egg, fish	0.00	0.76	1.06	L21	1.63	1.28
Vegetables	4.60	4.47	4.63	4.48	3.97	4.37
Fruits & nuts	1.15	0.54	0.86	L29	2.16	L42
Others	9.52	9.22	9.09	9.01	9.54	9.20
<b>Food total</b>	<b>63.82</b>	<b>64.10</b>	<b>63.01</b>	<b>57.09</b>	<b>47.80</b>	<b>56.00</b>
Non - food items						
Pan, tobacco & intoxicants	0.66	3.34	2.67	2.38	2.22	2.44
Fuel & light	0.34	9.51	8.65	7.69	5.65	7.36
Clothing	7.58	7.54	6.76	7.53	7.16	7.27
Footwear	1.56	2.39	2.36	2.44	2.23	2.37
Education	3.63	2.24	2.45	2.90	3.13	2.84
Health	.87	1.45	3.49	5.15	7.92	5.42
Durable goods	0.00	0.56	0.86	L85	6.10	2.80
Misc. goods & services	12.55	8.86	9.75	12.97	17.79	13.50
<b>Non-food total</b>	<b>36.18</b>	<b>35.90</b>	<b>36.99</b>	<b>42.91</b>	<b>52.20</b>	<b>44.00</b>
Total expenditure (Rs)	202.73	322.68	456.25	696.33	1334.62	684.53

It has been observed that in rural areas the major portion of consumer expenditure was spent on total food items which had shown a decreasing trend over the years from 65.66 per cent in 1977-78 to 56.00 per cent in 1999-00 for the overall situation. The results indicated that for all the expenditure classes, cereals dominated the food expenditure followed by milk & milk products. The non-vegetarian food items like meat, egg and fish products were given the least priority over the years. The expenditure on these items declined from 1.57 per cent in 1977-78 to 1.19 per cent in 1993-94 and then marginally increased to 1.28 per cent in 1999-00. The results further depicted that milk & milk products clearly dominated over the nonvegetarian food. This was because of the fact that the financial status of rural people was low. In the rural areas of Himachal Pradesh almost every house maintained a cow/buffalo and thus milk supply was sufficient. At the same time they were having less access to non-vegetarian diet compared to milk & milk products. It has also been observed that with the rise in consumer expenditure over the years, the expenditure on cereals declined. This was mainly due to changes in consumer's tastes and preferences although there was increase in consumer expenditure in absolute term. The results were found to be in concurrence with economic theory that the food expenditures are income (expenditure) inelastic. At lower levels because of necessity of food items the percentage expenditure are higher. But with rise in income (total expenditure), the expenditure increased in absolute terms to some extent but the percentage expenditure declined. Similar observations were found by Chattopadhyay *et al.* (1989) who found that beyond a critical level of income, consumption expenditure was not much dependent on income as on other factors like taste, culture, customs and habits. The expenditure on other items within food did not show much variation.

The results revealed that the expenditure on non-food items had increased from 34.34 per cent in 1977-78 to 44.00 per cent in 1999-00 for overall situation. Amongst the non-food items, miscellaneous goods & services such as entertainment, toilet articles, conveyance, sundry articles etc. accounted for major portion of expenditure followed by clothing, fuel & light and durable goods. All these items showed increasing trend with rise in expenditure level. The increase in expenditure over the years can be attributed to rise in income level in the state. Further the rise in expenditure during 1990s may be due to globalization effect. The good quality items at reasonable prices were available in the state and the households had the requisite purchasing power. There was a significant increase in the agricultural income also because of commercialization. The cultivators in rural areas had put more area under commercial crops like vegetables, fruits etc. The marketing had improved leading to higher remunerative prices and thus higher income. The revision of the pay scales of the government employees during late 1990s, who formed the major junk of the consumers in the state, also helped in high non-food expenditure.

### **Monthly Per Capita Consumption Expenditure in Urban Areas**

#### **1977-78**

Table 5 showed the percentages of consumption expenditure of broad items per person for a period of 1977-78 in urban areas. The table depicted that in urban areas, too, the expenditure on food dominated the consumption expenditure. The percentage of consumption expenditure on food items was 65.82 per cent for the

**Table 5. Monthly consumption expenditure per capita in urban areas, 1977-78.**

<b>Expenditure Group (Rs.)</b>	<b>Group I (&lt; 50)</b>	<b>Group II (50-100)</b>	<b>Group III (100-150)</b>	<b>Group IV (150-200)</b>	<b>Group V (&gt; 200)</b>	<b>Overall Situation</b>
Food Items						
Total cereals	39.31	26.30	14.93	10.62	6.43	14.79
Pulses	3.93	4.99	3.85	3.53	2.21	3.63
Milk & products	8.30	15.10	15.19	14.70	13.14	14.46
Edible oils	4.98	5.94	4.63	4.22	2.90	4.40
Meat, egg, fish	1.56	1.48	2.00	1.51	2.14	1.82
Vegetables	1.62	4.39	3.70	3.75	2.89	3.64
Fruits & nuts	-	0.89	1.41	1.68	2.40	1.57
Others	6.12	11.35	14.03	14.39	15.44	13.66
<b>Food total</b>	<b>65.82</b>	<b>70.44</b>	<b>59.74</b>	<b>54.41</b>	<b>47.55</b>	<b>57.97</b>
Non - food items						
Pan, tobacco & intoxicants	2.49	2.14	2.96	2.73	3.39	2.73
Fuel & light	6.45	9.06	7.39	6.55	4.77	6.93
Clothing	3.89	2.42	6.28	6.31	10.12	6.16
Footwear	3.77	0.55	1.42	1.17	1.79	1.26
Durable goods	9.83	3.79	6.85	10.42	9.58	7.44
Misc. goods & services	7.75	11.59	15.35	18.42	22.81	17.50
<b>Non-food total</b>	<b>34.18</b>	<b>29.56</b>	<b>40.26</b>	<b>45.59</b>	<b>52.45</b>	<b>42.04</b>
Total expenditure (Rs)	40.37	76.80	128.60	183.63	299.08	129.78

Group I which increased to 70.44 per cent for the Group II and significantly declined to 47.55 per cent for the Group V. The table further revealed that expenditure on fruits & nuts had shown increasing trend whereas on meat, egg & fish no specific trend was observed. On vegetables, it was calculated to be 1.62 per cent for the Group I which increased to 3.70 per cent for Group III. Amongst the non-food items, the miscellaneous goods & services accounted for a major portion of consumption expenditure followed by durable goods, fuel & light and clothing. For Group I, the expenditure on clothing was 3.89 per cent which declined to 2.42 per cent for Group II but increased to 6.28 per cent, 6.31 per cent and 10.12 per cent for group III, group IV and the Group V, respectively. As far as durable goods are concerned, no specific trend was observed.

### 1987-88

Table 6 depicted that the percentage expenditure on meat, egg & fish and fruits (dry & fresh) increased with the increase in expenditure level whereas on milk & milk products no consistent behaviour was observed. For Group II, the percentage expenditure on pulses & products was found to be highest and minimum for group V. The percentage expenditure on vegetables was 5.30 for Group II which increased to 5.94 for Group III but dropped afterwards. The table further showed that for Group V out of Rs. 998.61 per month the expenditure on food items was 40 per cent and the rest on non-food items. The percentage expenditure on miscellaneous goods & services accounted for a major portion of consumer

expenditure within non-food items followed by clothing. The percentage of consumer expenditure on clothing increased significantly from Group I to Group V. On the overall situation, the average expenditure was Rs 345.70. Miscellaneous goods & services followed by cereals and milk & milk products were other important items of expenditure.

#### 1993-94

Table 7 showed that the expenditure on meat, egg & fish and fruits (dry & fresh) increased with the increase in consumption expenditure whereas the trend was

**Table 6. Monthly consumption expenditure per capita in urban areas, 1987-88.**

Expenditure Group (Rs.)	Group I (< 110)	Group II (110-185)	Group III (185-310)	Group IV (310-700)	Group V (> 700)	Overall Situation
Food Items						
Total cereals	-	25.02	18.52	9.71	4.39	12.43
Pulses	-	5.07	5.16	3.33	1.81	3.77
Milk & products	-	13.22	11.59	12.01	11.00	11.93
Edible oils	-	6.04	7.55	4.84	3.06	5.45
Meat, egg, fish	-	1.10	1.55	2.22	3.25	2.09
Vegetables	-	5.30	5.94	4.71	3.37	4.97
Fruits & nuts	-	0.84	1.85	2.06	2.43	1.93
Others	-	10.52	9.56	9.34	10.81	9.84
<b>Food total</b>	-	<b>67.11</b>	<b>61.72</b>	<b>48.22</b>	<b>40.12</b>	<b>52.41</b>
Non - food items						
Pan, tobacco & intoxicants	-	3.71	3.79	3.94	5.02	3.82
Fuel & light	-	9.01	8.09	6.24	4.65	6.79
Clothing	-	1.80	3.50	11.63	16.75	9.48
Footwear	-	2.06	2.40	3.57	4.27	3.25
Misc. goods & services	-	15.94	20.41	25.36	24.17	22.60
Durable goods	-	0.37	0.09	1.05	5.01	1.65
<b>Non-food total</b>	-	<b>32.89</b>	<b>38.28</b>	<b>51.78</b>	<b>59.88</b>	<b>47.59</b>
Total expenditure (Rs)	-	159.90	246.44	437.85	998.61	345.70

reverse for pulses & pulse products. It is interesting to note that the expenditure on milk & milk products (5.65 per cent) were higher than cereals (2.14 per cent) for the Group V. The expenditure on vegetables was around 6 per cent except for the Group V (1.47 per cent). The expenditure on non-food items was 58 percentage points higher than the expenditure on food items for the Group V.

V. The percentage expenditure on clothing increased consistently with increase in expenditure level. For overall situation, the expenditure on milk was found to be higher than cereals. Durable goods and miscellaneous goods & services were important items of expenditure under non-food expenditure.

**Table 7. Monthly consumption expenditure per capita in urban areas, 1993 – 94.**

<b>Expenditure Group (Rs.)</b>	<b>Group I (&lt; 160)</b>	<b>Group II (160-310)</b>	<b>Group III (310-490)</b>	<b>Group IV (490-1055)</b>	<b>Group V (&gt;1055)</b>	<b>Overall Situation</b>
Food Items						
Total cereals	37.31	28.13	16.47	9.09	2.14	8.78
Pulses	11.30	6.54	5.26	3.32	0.79	2.83
Milk & products	6.40	14.83	14.49	13.36	5.65	10.71
Edible oils	3.84	5.58	5.38	3.77	1.03	3.07
Meat, egg, fish	-	1.04	1.27	1.33	0.59	0.92
Vegetables	6.08	6.04	6.50	4.59	1.47	3.75
Fruits & nuts	-	0.93	2.64	2.93	1.38	2.07
Others	8.26	10.21	11.46	12.97	8.05	10.31
<b>Food total</b>	<b>73.19</b>	<b>73.29</b>	<b>63.47</b>	<b>51.37</b>	<b>21.09</b>	<b>42.45</b>
Non - food items						
Pan, tobacco & intoxicants	3.84	2.46	2.55	2.83	0.91	1.84
Fuel & light	18.92	9.65	7.01	5.18	1.62	4.29
Clothing	-	0.53	3.03	6.39	10.21	7.01
Footwear	-	0.35	1.86	2.70	3.90	2.86
Misc. goods & services	4.05	13.59	20.83	29.91	15.50	20.93
Durable goods	-	0.14	1.24	1.63	46.77	20.61
<b>Non-food total</b>	<b>26.81</b>	<b>26.71</b>	<b>36.53</b>	<b>48.63</b>	<b>78.91</b>	<b>57.55</b>
Total expenditure (Rs)	156.35	251.44	389.91	755.23	2942.65	746.94

**1999-2000**

The food items continued to be the major items of expenditure during 1999-00 also (Table 8). It decreased from 45.81 per cent for Group II to 23.73 per cent for the Group V as the average expenditure increased from Rs.458.60 to Rs.2717.12. Amongst the food items, milk & milk products dominated the expenditure followed by cereals. The expenditure on meat, egg & fish remained constant around 1 per cent of the total expenditure. In case of non-food items, the expenditure on miscellaneous goods & services, clothing, durable goods and education had shown an increasing trend, whereas the expenditure on fuel & light showed the reverse trend. The table 8 further

**Table 8. Monthly consumption expenditure per capita in urban areas, 1999-00.**

<b>Expenditure Group (Rs.)</b>	<b>Group I (&lt; 300)</b>	<b>Group II (300-575)</b>	<b>Group III (575-1120)</b>	<b>Group IV (1120-1925)</b>	<b>Group V (&gt; 1925)</b>	<b>Overall Situation</b>
Food Items						
Total cereals	-	17.05	9.96	5.64	3.33	6.30
Pulses	-	3.83	2.90	2.06	1.11	1.99
Milk & products	-	9.21	9.66	9.42	6.70	8.56
Edible oils	-	3.06	2.73	1.94	1.11	1.92
Meat, egg, fish	-	0.64	1.34	1.18	0.64	1.00
Vegetables	-	3.90	3.47	2.66	1.85	2.59
Fruits & nuts	-	0.53	1.36	2.00	2.01	1.76
Others	-	7.59	9.30	6.99	6.98	7.80
<b>Food total</b>	<b>-</b>	<b>45.81</b>	<b>40.72</b>	<b>31.89</b>	<b>23.73</b>	<b>31.92</b>
Non - food items						
Pan, tobacco & intoxicants	-	4.18	2.91	2.70	1.69	2.33
Fuel & light	-	6.60	4.90	3.56	2.25	3.55
Clothing	-	5.18	5.43	5.57	6.11	5.70
Footwear	-	1.80	2.08	1.85	1.60	1.84
Education	-	2.80	3.39	3.64	5.01	4.11
Health	-	2.32	2.64	2.09	3.09	2.70
Durable goods	-	1.21	1.33	1.59	6.94	3.28
Misc. goods & services	-	30.10	36.60	47.11	49.58	44.57
<b>Non-food total</b>	<b>-</b>	<b>54.19</b>	<b>59.28</b>	<b>68.11</b>	<b>76.27</b>	<b>68.08</b>
Total expenditure (Rs)	-	458.60	898.52	1449.54	2717.12	1765.62

revealed that on the overall situation, the expenditure on non-food items had almost 36 percentage points higher than food items.

The results for urban areas for all classes over the years from 1977-78 to 1999-00 indicated that the expenditure on food items was highest and with in food items the expenditure on cereals and milk & milk products accounted for the largest share. However, the expenditure on food items had dropped from 57.97 per cent in 1977-78 to 31.92 per cent in 1999-00. The corresponding figures for cereals were worked out to be 14.79 per cent and 6.30 per cent. The results further indicated that the expenditure on milk & milk products had shown a decreasing trend over the years under study. This may be because of the fact that milk prices did not increase at pace with income levels. The expenditure on meat, egg & fish was shown the least priority by the households. The low expenditure on non-vegetarian food can be attributed to the fact that in Himachal Pradesh, most of the females were purely vegetarian. Because of this the non-vegetarian food was cooked occasionally causing low expenditure on these items. Further the higher prices of meat, egg and fish were also the cause of low consumption. Similar pattern was observed for fruits & nuts, mainly because of high prices of these commodities. The results concluded by Jain and Subramanian (1999) are in line with the present study.

The results showed that the percentage of consumer expenditure increased from 42.04 per cent in 1977-78 to 68.08 per cent in 1999-00 for the total non-food items due to changing life style of the urbanites. Amongst non-food items, miscellaneous goods & services accounted for major consumer expenditure over the years under study. The expenditure on durable goods showed wide fluctuations over the time under study. This was due to the change in the consumers requirements over the period. Himachal Pradesh has a severe cold during winter (Nov - March) and households had to spend a significant amount of money on clothing and this led to non significant change on clothing over time. With the development of private education in the state the education became costly over time and thus it was shown independently only during 1999-00. Higher expenditure on durables during 1993-94 was mainly because of availability of these items and increased paying capacity of urban households during early 1990s. The results are well supported by Chattopadhyaya *et al.* (1989); Radhakrishna *et al.* (2004).

### Comparison of rural and Urban Consumption Pattern, 1999-00

The average consumption for different items for rural and urban households was taken and tested for statistical difference. The results are presented in Table 9. It can be seen from the table that the average consumption per capita on cereals was estimated to be **Rs. 117.16** in rural areas and it was almost the same in urban areas (Rs. 111.19). For all other items of expenditure, the average expenditure was estimated to be higher in urban areas in comparison

**Table 9. Mean values per capita and t-values for differences in of expenditure between rural and urban households during 1990-00.**

Terms of expenditure	Mean expenditure/ capita (Rs)		t-values	
	Rural	Urban	Variance same	Variance
Cereals	117.16	111.19	-	0.0032
Milk & milk products	95.29	151.21	-	0.0024
Egg, meat & fish	8.77	17.62	0.3504	-
Vegetables	29.94	45.77	-	0.0009
Fruits	9.70	31.09	0.1444	-
Total food	383.33	563.49	-	-
Clothing	49.77	100.62	0.0564	-
Education	19.44	72.61	0.0882	-
Misc. consumer goods	36.21	75.49	0.0866	-
Non - food	301.20	679.75	0.0080	-
Total expenditure	684.53	1243.25	0.0051	-

to their rural counter parts. In both the categories of households minimum expenditure was observed to be for non-vegetarian diet (egg, fish and meat). The total expenditure on food items was found to be 47 per cent higher in urban areas over rural areas. The corresponding values for non-food items and total expenditure were found to be 126 per cent and 82 per cent. In case of education the expenditure was low in terms of absolute values in both rural and urban areas. The results showed that the percentage of consumer expenditure increased from 36.79 per cent in 1977-78 to 68.08 per cent in 1999-00 for the total non-food in both types of households but the percentage expenditure in urban areas was very high. Similar

trend was observed in case of clothing. It is important to examine that the average consumption expenditure in all the items of expenditure was found to be non-significant for rural and urban households as indicated by 't' values. This was mainly because of high variances.

#### Change in Consumer Expenditure: 1977-78 through 1999-00

The table 10 showed that in rural households the total expenditure was Rs. 81.68 in 1977-78 which increased by about 7 times in 1999-00. The total expenditure increased by 1.57 times in 1987-88 and 3.29 times in 1993-94 over 1977-78. The table further indicated that with respect to 1987-88, the expenditure increased by over 67 per cent in 1993-94. The percentage increase in 1999-00 over 1993-94 was worked out to be 95 per cent. In urban households the total expenditure increased by 1.66 times, 4.76 times and 12.60 times in 1987-88, 1993-94 and 1999-00 over 1977-78, respectively. The increase in expenditure was estimated to be more than 4 times in 1999-00 over 1987-88 and 1.36 times over 1993-94. The percentage increase in expenditure was estimated to be much higher in urban households as compared to rural households. It is interesting to examine the changes in expenditure between food and non-food items. In all the years, the results indicated that non-food expenditure increased at a much faster rate than food items in both types of households. The spectacular changes in the non-food items were observed during 1990s. This revealed that the globalization

**Table 10. Change in consumer expenditure in rural and urban areas: 1977-78 to 1999-00.**

Particulars	Rural				Urban			
	1977-78	1987-88	1993-94	1999-00	1977-78	1987-88	1993-94	1999-00
Total expenditure (Rs)	81.68	209.61	350.65	684.53	129.78	345.70	746.94	1765.62
Food	53.63	126.08	210.46	383.33	75.23	181.18	317.08	563.59
Non-food	28.05	83.53	140.19	301.20	54.55	164.52	429.86	1202.03
% change over 1977-78	-	157	329	738	-	166	476	1260
Food	-	137	292	615	-	141	471	649
Non-food	-	198	400	973	-	202	688	2103
% change over 1987-88	-	-	67	227	-	-	354	411
Food	-	-	67	204	-	-	75	211
Non-food	-	-	68	261	-	-	161	631
% change over 1993-94	-	-	-	95	-	-	-	136
Food	-	-	-	82	-	-	-	78
Non-food	-	-	-	115	-	-	-	180

and liberalization in the country did affect the consumption behaviour in the state also. Himachal Pradesh economy is affected by the commercial crops particularly apple and offseason vegetables. During 1990s there was, in general, good harvest of all these crops. In addition to this with the revision of pay scale the income of employees, who account for a

significant number of households, led to substantial increase in the gross household income particularly in the urban areas. All these factors led to the changes in the non-food sector. In case of food items, there was shift from coarse cereals (maize) to fine cereals (wheat and rice). The consumption of milk & milk products also increased particularly in absolute terms. However because of lower income elasticity of food items as compared to non-food items, the consumption expenditure of food items increased at a lesser rate. The table further indicated that the expenditure in urban households over their rural counterparts in 1977-78 was 59 per cent higher which rose to 65 per cent in 1987-88, 113 per cent in 1993-94 and 158 per cent in 1999-00 thereby indicating that the gap between rural and the urban households increased over time. This may be attributed to better job opportunities in urban households and higher concentration of service sector. Moreover in Himachal Pradesh, the employment in rural households is generally unskilled, low paying capacity, low agricultural productivity etc. which ultimately led to low expenditure.

### **Conclusions**

The findings revealed that within food items, total cereals accounted for major expenditure followed by milk & milk products. The findings showed that percentage of expenditure on consumption of cereals was higher in rural areas than in urban areas which are in line with the study conducted by Jain and Subramanian (1999). Reverse trend was observed for fruits and nuts. Within non-food items, consumers gave high priority to clothing, fuel & light and durable goods in both rural and urban households.

The findings further depicted that the expenditure on non- food items was higher in urban areas mainly because the standard of living among urban households was higher as compared to rural counterparts. The higher standard of living was because of higher income, higher social requirements of urban life, nuclear families, better access to various items of life, etc. Education plays pivotal role for development of any society. Amongst non-food items, the expenditure on education was 2.84 per cent and 4.11 per cent in rural and urban areas, respectively during 1999-00 for overall situation mainly because of expensive public/private schools/institutions along with trend of tuitions in the urban areas. In the rural areas most of the children were studying in the government schools which were less expensive.

The percentage change in consumer expenditure during 1977-78 to 1999-00 had shown an increasing trend both in rural and urban areas. The percentage change in expenditure in urban areas was higher compared to that of rural areas over the same period for overall situation. This may be due to high non-farm income, migration of rich rural persons to urban areas for education, health, etc. and better standard of living in urban areas. The lower percentage change in consumption expenditure in rural areas might be due to the fact that the majority of persons in villages relied on agriculture which resulted in low income due to factors like low productivity, rainfed agriculture, uneconomic, fragmented and small land holdings, etc. The other factors included were larger size of families, low worker-dependent ratio, poor infrastructure facilities, unemployment due to low education, poor development of non-farm sector, etc. The study, thus, suggests that to increase expenditure (income) in the rural sector there is need to improve farm productivity through better infra-structural facilities in terms of input availability, marketing facilities etc. which will vary significantly in different areas of state due to diverse agro-climatic conditions; improvement in the non- farm sector; higher emphasis on technical education etc.

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