CHAPTER II

STUDIES ON CONSUMPTION PATTERN

The individual consumer forms the ultimate unit to be reckoned with in a consumption study. However, it is not possible to reach it, as the data consist of family budgets. The ultimate unit, therefore, has to be the households. It is generally observed that the average consumption per consumer of a particular commodity varies from household to household as also from one point of time to another for the same household. This is due to changes in the size of family budget itself. The variation arises also due to environmental differences distinguishing the different households.

Pattern study involves the study of factors that give rise to such variations. Again, it involves, the study of the direction of shifts experienced by the average households over time and with a constant change in income.¹

2.1 The Analysis of Family Budgets

Ernest Engel (1857), the first student of family budgets, proposed an empirical generalisation: the larger a family’s (or a nation’s) income, the smaller the fraction spent up on food. Engel asserted that F/Y falls as Y increases, if F is expenditure on food and Y is income. This is equivalent to asserting that the income elasticity of food is less than unity: ¹

\[
\frac{d(F/Y)}{dY} = \frac{F}{Y} \left( n_{FY} - 1 \right)
\]

So if the expression is negative, \( n_{FY} < 1 \).

Engel’s law was deduced from budgets of Belgian working men’s families, and for a century it has had the good fortune to be mostly true, as a description of both rich vs. poor families and rich vs. poor nations.²

Carroll Wright (1870) produced four distinct propositions of the Engel’s Law:

1. That the greater the income, the smaller the relative percentage of outlay for subsistence.
2. That the percentage of outlay for clothing is approximately the same, whatever the income.
3. That the percentage of outlay of loading or rest, and for fuel and light is invariably the same, whatever the income.
4. That as the income increased in amount, the percentage of outlay for luxury items becomes greater.

### 2.2 A Priori Analysis of the Consumption Function

Almost without exception budget studies show a relationship between family income and total family consumption like that which J. M. Keynes postulated for the total economy: low-income families typically dissave, high-income families typically spend less than income. The idea that consumption is a stable function of income was given its first full and clear statement by J. M. Keynes.³

Keynes specified his consumption demand function as

\[ C = C(Y, A), \quad 0 < \frac{\partial C}{\partial Y} < 1, \quad \frac{\partial^2 C}{\partial Y^2} < 0, \quad \frac{\partial C}{\partial A} > 0, \]

where consumption expenditure and income are measured in real terms and where \( A \) is assets.

Keynes also noted that

\[ A = A(x), \quad \frac{dA}{dx} < 0, \]

and hence

\[ \frac{\partial C}{\partial x} < 0; \]

Consumption increases as the interest rate decreases.

Keynes consumption function hypothesis was based on an extended chain of reasoning from *a priori* postulates that

1. Real consumption expenditures are a stable function of real income.
2. The marginal propensity to consume is positive, but less than one.
3. The marginal propensity to consume is less than the average propensity (which means that the later declined with rising income),
4. The marginal propensity, itself, probably declines as income rises.

In Keynes formulation, the marginal propensity to consume is positive, less than one, and declines as income rises.

2.3 Habit Persistence and the Consumer

The inability of specification of the consumption function uncovered by Simon Kuznet's (1942) with the publication of time series estimates of consumption and national income in the United States for overlapping decades from 1879 to 1938. Kuznet's (1946) also published alternative estimates for a longer historical period, 1869 to 1938, and these data suggested that the average propensity to consume remained roughly constant over the long period of time and equal to the marginal propensity. The findings by Kuznet's, led to intensive work to reconcile the divergent pieces of data.

The first major attempt at reconciling the consumption income data was undertaken by James Duesenberry (1949). To reconcile the short and long run consumption functions, Duesenberry uses the argument that consumption expenditure is habit-forming. Duesenberry approach abandoned the Keynesian assumption of the reversibility in time of spending patterns and rejected the notion of independence of consumer spending patterns, present consumption is influenced by previous time income level as well as by current income, and Duesenberry contends that it is the higher level of the previous cyclical peak that is the influential factor.

The Duesenberry consumption function can be expressed as

$$C_t = f(Y_t, Y_t / Y_0)$$

where $Y_0$ is the highest income attained previous to $Y_1$, that is the last cyclical peak as compared to the Keynesian consumption function

In Duesenberry's theory, consumption depends on relative income in two senses:
1. Current income relative to the highest income reached in the past (the ratchet effect)

2. Income relative to the incomes of one’s neighbours and associates—
the demonstration effect.

2.4 Consumption in an Intertemporal Framework

Two major contemporary theories of consumption function, the Life Cycle Hypothesis of Franco Modigliani (1954) and various associates and the Permanent Income Hypothesis of Milton Friedman (1957), are explicitly cost in an intertemporal framework that was much to the seminar work of Irving Fisher (1930).

The Life-cycle theory of consumption and saving views individuals as planning their consumption and saving behaviour over long periods with the intention of allocating their consumption in the best possible way over their entire life-times.

The consumption function is of the form –

\[ C = aWR + cYL \]

Where ‘WR’ is real wealth, ‘a’ is the marginal propensity to consume out of wealth, ‘YL’ is labour income, and ‘c’ is the marginal propensity to consume out of labour income.

Lifetime consumption equals lifetime income. This means that the planned level of consumption C, which is the same in every period, times the number of years in life NL equals lifetime income:

\[ C \times NL = YL \times WL \]

where WL is working life. Lifetime income is equal to (YL x WL), by dividing through NL, the planned consumption per year C, which is proportional to labour income:

\[ C = WL / NL \times YL \]
The following features of the consumption function are noted in the Life-cycle model:

1) Consumption is constant over the consumer's lifetime.
2) Consumption spending is financed by lifetime income plus initial wealth.
3) During each year a fraction of wealth will be consumed.
4) Current consumption spending depends on current wealth and lifetime income.

The most basic point in the life-cycle model shows that both (life-time) income and wealth as determinants of consumption spending.

Friedman's Permanent Income Hypothesis led to the following specified relationships:

1) The expected level of consumption is some proportion of the level of permanent income regardless of the level of that income, and
2) This proportion varies with the ratio of nonhuman wealth to permanent income, interest rates, the composition and age of the spending units, etc.

Friedman's permanent income hypothesis is specified by the following three equations:

\[ C_p = F(Y_p) \]
\[ C_t = C_p + C_T \]
\[ Y_m = Y_p + Y_T \]

where \( C_m \) is interpreted as measured consumption, \( C_p \) permanent consumption, \( C_T \) transitory consumption, \( Y_m \) measured income, \( Y_p \) permanent income and \( Y_T \) transitory income.

The functional relationship between permanent income and permanent-consumption is defined as:

\[ C_p = k (i, w, u) Y_p \]

the value of the parameter \( k \) is independent of the size of permanent income \( Y_p \). But it does depend on other factors, which are summarised by the notations \( i \), \( w \) and \( u \): the rate of interest at which the consumer can borrow or lend (i), the relative importance of property and non-property of income relative to current
receipts (w), and the propensity of the consuming unit to add to consumption rather than to wealth (u).

Friedman makes permanent consumption as a function of permanent income. For the application of his hypothesis Friedman makes the following three assumptions:

1) Permanent income and transitory income are uncorrelated.
2) Permanent consumption and transitory consumption are uncorrelated.
3) And most importantly, transitory consumption and transitory income are uncorrelated, or

\[ P_{yt} = P_{ct} = P_{yt} = 0, \]

where \( P \) is the correlation co-efficient between the variables designated by the subscripts.

2.5 Select Theoretical Works:

There are very few aspects of economic policy that do not require some knowledge of household or individual consumer behaviour. The close interplay between theoretical and empirical considerations together with the rapid expansion in the availability of different types of data have continued to make the analysis of consumer behaviour an attractive area for research. For some policy questions the importance of empirical evidence on consumer behaviour is indisputable. Amongst these stand the optimality and impact of tax proposals, the effect of credit constraints, real interest rate changes and uncertainty on savings behaviour and the appropriate choice of cost of living indices. The methods of analysis in modern consumer theory and empirical research are applicable to a much wider set of problems.

Consumer emotions and desires to predict and control events appear open to exploitation by corporate marketing managers who can, and often do, try to show consumers that, if they do not buy a particular product, they will find life less easy to control. Firms can try to improve sales by offering no-quibble guarantees, user-friendly designs, and images of friendly staff. A threatened
consumer might purchase a product to prove himself/herself relative to a sales person (or to avoid embarrassment) but, then again, he/she tries to remove the threat by getting out of the selling situation altogether.  

Additive linear models, still popular in many policy based studies, not only rule out complementarity but essentially tie substitution effects directly to income effects allowing little independent role for relative prices or real wages in forecasts of consumer behaviour. Theoretically consistent dynamic consumption models are often surprisingly simple. However, this simplicity is usually a result of particularly strong underlying assumptions, namely intertemporal separability; perfect credit markets and separability of consumption and labour market decisions. The specification of theoretically consistent models that relax these assumptions requires considerable ingenuity. Unless the implications of a general theoretical process determining the consumer's behaviour are fully understood, estimated models may often unknowingly rule out plausible types of behaviour.  

A brief review of theoretical research by Adam Smith, Jeremy Bentham, Thorstein Veblen, Max Weber, Marcel Mauss, John Maynard Keynes, Paul A. Samuelson, John. R. Hicks, James Duesenberry, Franco Modigliani, Gary Becker, Kelvin J. Lancaster, W. M. Gorman and R. A. Pollak, T. M. Brown, Rothenberg, Tibor Scitovsky, Mary Douglas, and Amartya Sen were made in the present work.

2.6 CONCEPT OF CONSUMPTION: From Smith To Sen

Classical economics has long asserted the primacy of consumption, a claim that can be traced back at least to Adam Smith's proposition (1776 [1937], p.625): “Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer.” All did not share this perspective.

Adam Smith introduced the theory of consumer behaviour in his Wealth of Nations, which has occupied a central role in microeconomic theory, does not make important contributions. The recent modern treatment of the subject is a
revolt from the traditional theory, which sees its untenable assumption that the consumer behaviour is only an economic phenomenon.

Jeremy Bentham the leader of the utilitarian school and the author of the concept of utilitarianism in the nineteenth-century assumed that man was essentially hedonistic and acts to maximize his pleasure and to minimise his pain, where pleasure yield utility and pain yields disutility. He derives a social ethics and a principle of government from the principle of utility. The crux of the theory of consumer behaviour is that, the consumer attempts to maximize his utility. His concept of 'The Principle of Utility' is known as the principle of greatest happiness, which considers the highest good, the greatest happiness of the greatest number.

Thorstein Veblen initiated the study of consumption as a social phenomenon and the way individual tastes are influenced by others. He clarified the influence of the relatively small leisure class extended its influence through its tastes through the means of the extension of conspicuous consumption and Upper class standards throughout the society, which was due to the process of emulation, by which each group seeks to copy those above itself.

Max Weber introduced the notion of a "Status Group" sharing a common life style. Incorporating criteria based on consumption patterns rather than just property ownership and incomes was provided by him for a wider framework for analysing class and social differentiation.

Marcel Mauss saw reciprocity in exchange and consumption of goods as the social glue binding individuals and communities to one another.

John Maynard Keynes mainly looked at consumption from a macro-economic perspective. He viewed an increase in a person's income, will generally be divided between added consumption and added saving. He saw aggregate consumption expenditure as important components of national income. Keynes argued that with rise in income, consumption would also increase, but not as fast. When income rises, the marginal propensity to consume would go down as
consumer needs are satisfied. Keynes regarded effective demand by the consumer as the principal vehicle of economic growth. He tells that consumption depends on the size of income and propensity to consume, where the latter is one of the remedies for solving unemployment.

Paul A. Samuelson viewed that from the starting of the neoclassical theory, the impossibility of observing and measuring the utility of consumption was an awkward feature. By showing that the theory could still be derived without actually measuring utility, economists sought to escape this embarrassment. Paul Samuelson's revealed preference hypothesis is a classic example of this thinking. His analysis asks the consumer to reveal the nature of his preferences by showing which goods he prefers in a set of circumstances. He believed that no utility function, cardinal or ordinal, was required; it was enough for consumers to reveal their preferences through their purchases in the market place.

John. R. Hicks presented the systematic treatment of the indifference approach to the explanation of consumer behaviour. Measurement of utility on an ordinal scale was stressed in his approach.

James Duesenberry in the late 1940s had taken up the issue of copying the neighbours in consumption behaviour keeping up with the Joneses. The notion is that individual's preferences are influenced by the consumption preferences of admired neighbours. His relative income hypothesis provides the analytical framework for this view. He considered the major determinant of consumption to be relative income—not absolute income, as proposed by Keynes. His hypothesis is based on consumer preferences—which are interdependent and consumption spending is emulative.

Franco Modigliani's thesis asserts that even if there is a long run tendency for employed persons to consume a constant proportion of their income, the ratio of consumption to income will rise when there is growing unemployment because unemployed persons consume even though they have no
incomes. He agrees with Duesenberry that a constant proportion of income will be consumed once the economy moves beyond the highest income level. He explains it by the continuous appearance of new products and the improvement of old commodities.

Gary Becker developed the household production approach to consumer behaviour, which has considerable descriptive appeal in modelling the decisions of households. This approach derives from the observation that households frequently purchase market goods that do not yield utility directly, but are combined to produce commodity service flows which the household values. Thus observed behaviour is determined by household production technology as well as by tastes.

Kelvin J. Lancaster emphasises that goods are not only the direct objects of utility, but the properties or characteristics of the goods also governs the derivation of it. He ignores selective perception and use of information in dealing with perceived risk by individuals. He assumes that consumers' tastes and preferences are constant. Yet, a question arises whether this approach is really different from the long-standing view expressed by so many economists that consumers value goods not for themselves but for the services they provide - these services are transformed into a explicit characteristics. From a practical point of view, the measurement of durable goods consumption in terms of service flows is one manifestation of this concept.

Rothenberg has noted that Ricardo and his followers tended to ignore if not actually to disparage the role of the consumer in the economy – but it does weave its way through much of nineteenth century economics, culminating in the neoclassical emphasis on subjective demand.

W.M. Gorman and R. A. Pollak recently explored the theoretical role of habit formation on demand functions. Pollak used this concept to distinguish between long run and short- run demand functions.
T. M. Brown\textsuperscript{25} suggests that the influence of habit formation on consumption is continuous. People try to maintain the expenditure levels to which they are habituated. He represents this phenomenon by including consumption (or income) lagged one period in his consumption equation as

$$C_t = a + b Y_t + c C_{t-1}, \quad 0 < c < 1,$$

where the subject $t$ refers to time.

Tibor Scitovsky\textsuperscript{26} distinguishes between comfort and stimulation and emphasizes in particular the role of culture in generating durable pleasure from stimulation. He emphasises the need for acquiring the consumption skills that will give people access to society's accumulated stock of past novelty and so enable them to supplement at will and almost without limit the currently available flow of novelty as a source of stimulation.

Mary Douglas\textsuperscript{27} describes consumption of goods as a medium of communication particularly central to the establishment of people's personal identity and social standing.

Amartya Sen\textsuperscript{28} focuses not on the ownership of commodities but on the uses to which they can be put in extending people's capabilities. Living standard is often seen in terms of utilities. Seeing living standard in terms of people's capabilities is a good case. The capability views differ from the utility and commodity view.

Commodities are important for enriching human lives, but their effectiveness depends on personal characteristics and social circumstances, variations in which contribute to inequalities in a society. Capabilities are inherently heterogeneous. The perspective of capabilities as the basis of living standard provides the theoretical underpinning of a less arbitrary approach. In this way, the theoretical framework developed above, serves as a foundation for understanding the consumer behaviour.

George Katona\textsuperscript{29} argued that an important influence on consumer spending is exerted by consumers' attitudes: their feelings of confidence,
security, well-being, optimism, or the opposites of these. According to him, consumer purchases, especially of important postponable items, depend not only on consumers' ability to buy (represented by income, assets, availability of credit) but also, and very significantly, on consumers' willingness to buy (represented by the presence of favourable expectations and attitudes).

Katona 30 and his associates assessing the state of consumer confidence and related attitudes through systematic sample surveys of consumers, their assessments whether this is a "good time to buy" durable goods, and whether they have plans to buy various categories of these. The studies of consumer attitudes serve primarily to enable to understand and predict the direction, rather than the magnitude, of changes in demand does not detract greatly from the value of such studies.

Consumers demand the services of durable goods. If the services of assets of different durabilities are identical, a consumer is indifferent between assets of different durabilities provided that the service prices are identical.

Parks attempts to analyse durability in several directions by presenting a simple model of the demand for consumer durable goods. The choice of durability is related to the operating cost of providing services—and the relationship between durability and parameters of the operating cost structure is developed. Park considered 'durability' as an important problem in his study. The previous studies assumed that the market would determine a single optimal durability, whereas Park observes many durabilities being offered simultaneously. 31

Traditional economists stop thinking when the consumer maximizes his utility function given his wealth profile. If the propensity to consume of an individual were consistent with the system of moral values, it would be considered as ethical consumption. The traditional theory of consumption function deals with an individual's consumption behaviour in relation to their current or expected lifetime incomes. The traditional economists
consider this type of consumption behaviour rational. In brief, the consumption theory, as developed by J. M. Keynes or by Prof. Modigliani and Prof. Milton Friedman, deals with his current consumption in relation to his current income/wealth, as well as his expected future income/wealth. It is assumed that the individual is maximizing his utility. Thus, the system stays in equilibrium.

In poor countries there are pockets of rich people who indulge in excessive spending. It is common people in a rich country spending too much on food, clothing, on home and home furnishings and in big-ticket items such as cars, televisions, electronics etc.

A brief review of the array of the above theoretical contributions served two very useful purposes: First, it indicated that how complex the whole question of consumer behaviour really is; and second, it provided a framework to limelight the numerous concepts developed over time, on the basis of which the present study is designed.

2.7 Select Empirical Works:

Consumption pattern in a free economy was evolved in the historical process of scientific discovery and its application to industrial technology. In reality the consumption goods came to be used by the majority in those countries in part determined the industrial structure in these countries. In a controlled economy, the planning authority decides this i.e., the government in power.

In India the decision with regard to the consumption pattern was generally left to the private sector under a mixed economy adopted after independence. Before that the tilt was already towards a Western pattern. The leaders identified Independence with freedom to attain such a standard particularly in conspicuous items despite professions of a simple life when the political struggle was on.32

R. Blundell in his survey points out areas where analysing the interplay between theoretical and empirical considerations has either produced or is likely
to produce new insights into consumer behaviour. He considered the loosely related aspects of consumer theory and testing that have more distinct bearing on welfare analysis and public policy. Choice of functional form for the representation of consumer preferences must stand as one of the most important issues in any aspect of the empirical analysis of consumer behaviour. The widespread use of the consumer’s cost or indirect utility function as a representation of preferences in empirical analysis has produced a number of attractive specifications. 33

The ratio of different commodities in which the consumer consumes them, is called consumption pattern. 34


This survey of empirical studies of the demands for domestic durable goods were chosen because they represent interesting approaches to the understanding of the influence of the economic parameters of the demand for, and ownership of, domestic durable goods.

A brief review of the array of above empirical contributions served two very useful purposes: First, it indicated that how complex the whole question of consumer behaviour really is; and second, it provided a framework to limelight the numerous concepts developed over time, on the basis of which the present study is designed.
2.8 Studies Abroad:

On the matter of consumer durable goods Hicks[^35] notes that if the individual is using up his existing stock of durable consumption goods, and not acquiring new ones, he will be worse off at the end of the week if he can only plan the same stream of purchases as he could at the beginning. He is clearly aware of the value change due to the consumption of durables and its effect on the measurement of income. Income should be adjusted both for the value change on liquid assets and on durables.

Economic theorists have not ignored the implications of changes, typically improvements, in the quality of existing durable goods, and the innovation of new ones. Duesenberry[^36] has noted that the innovation of new goods, and particularly of durable goods, may be a factor in explaining the stability of the savings ratio.

Theil, Farrell, and Cramer[^37] interested in the empirical analysis of the demand for domestic durable goods have considered a reformulation of the classical theory in which stock holding, rather than consumption, is the primary activity of households. Farrell stated that the main characteristic of a consumer durable is that utility is derived from owning it rather than from consuming it.

The study by Stone and D.A. Rowe[^38] represents the highest levels of achievement, which have been reached by the modification of the traditional economic theory of consumer behaviour so as to accommodate consumer durable goods.

A direct consequence of trying to build a model of the demands for durable goods, which takes into account the problems of choice confronting a household stresses the need for a model, which yields consistent estimates of the demands for individual durable goods was developed by Stone and Rowe and Stone.[^39]
Stone and Rowe\textsuperscript{40} proposed the priority pattern model, where the demands for durables are expressed as linear functions of the differences between current ownership levels and the ownership levels desired after the next purchase have been made. Priority pattern analysis is a means of estimating the parameters of linear functions from survey data, and of generating estimates of what desired ownership levels would be after the next purchase.

The results of Cramer’s\textsuperscript{41} analysis not permit him to say which of the two variables income and net worth is the more important determinant of ownership. He finds that the aggregate income and net worth elasticities of ownership for the four durables he considers are very similar. This negative conclusion was due to the fact that the problems of choice facing a household in deciding which durable good to purchase next are ignored.

The classical demand theory is essentially a theory about choosing. In deciding which durable good to purchase next, a household has to make a choice, which is virtually irrevocable until such times as the durable dies. Common sense suggests that the act of choice amongst durable goods is, therefore, the subject of more serious deliberations than the allocation of expenditure over consumption goods. This contention is supported by the measure of success achieved in field surveys of consumers’ intentions to purchase durable goods.

Katona\textsuperscript{42} develops an approach, which is concerned not only with durable goods but also with the role that attitudes and expectations play in consumers’ more general expenditure patterns.

F. G. Pyatt\textsuperscript{43} viewed that much attention has been given by econometricians to the problems of explaining and predicting consumers’ demands for household durable goods.

The attempt by Brown, Buck and Pyatt\textsuperscript{44} is to indicate methods, which based on similar material, to a considerable extent, involves the use of consumer purchases in terms of brands, sizes, types, subsections and total market.
The existing durables in the hands of consumers can be regarded as the living population of goods. Their age distribution and their average age can be measured. Two powerful determinants of the replacement market are the total population of goods, which itself is dependent upon the pattern of the past demand, and the life expectancy of this population. The choices, which a household makes, manifest themselves in an ordering, over time, of the durable goods it accumulates.

The analysis introduced by Brown, Buck, and Pyatt suggests that considerable insight into the durable accumulation process can be gained by breaking down the probability.

Walter says buyer behaviour is the process whereby individuals decide, what, when, where, how, and from whom to purchase goods and services.

An alternative way of recognizing the existence of durable consumption goods is to define income net of the depreciation, or value loss of the consumer durables as well as net of the value loss on liquid assets. Stone fits consumption equations for non-durables using an income measure, which has netted out depreciation on consumers' durables. He notes, in the stationary state 'nothing needs to be saved since the maintenance of assets is taken care of by provision for depreciation.' The depreciation allowance in the stationary state is consistent with replacing the depreciable part of the service flow from durables.

Cox's research study involved cross-sectional analysis of the family decision-making process. The study hypothesized that the preferences of husbands and wives for automobiles would be more similar for couples who had been married longer. The findings indicated that couples who had been married longer gave more similar automobile preference than couples married a shorter length of time. It was found that the family life cycle was a better explanatory variable than length of marriage.

Kendall and Russ have felt and expressed that "warranties are promises of complaint resolution and they often encourage dissatisfied customers to return."
They concluded that expectations of warranty services are greater for durable goods than non-durable goods.”

George Schert et.al.49 have researched consumer’s perception of prices and quality of products and tested post-purchase conditions in their study. Respondents were asked to rate: (a) Satisfaction with purchase price, (b) Components of quality performance and durability, and (c) husband-wife involvement in buying decision-making in respect of both durables and non-durables. The results obtained from sample of married couples indicated that all quality and price perceptions remain highly correlated in the post-purchase situations tested. The associations work stronger among the wives than among the husbands.

A study on by Rena Bartos50 indicates that working women differ demographically, psycho graphically, in media behaviour and in shopping behaviour, from their counterparts, the full time housewives.

Ariehg Goldman 51 through his study found that lower income consumers do not restrict their purchases to a small subset, and they do not concentrate their purchases on smaller or lower quality store.

Gilbert et.al. 52 investigated on necessity for including disconfirmation as an intervening variable affecting satisfaction and to find out whether the effect of disconfirmation is adequately captured by expectation and perceived performance. Their comparative experimental study undertaken for the two products viz., the durable product and the non-durable product finally made them to conclude that the direct performance-satisfaction link accounts for most of the variation in satisfaction. Their research shows no relationship between disconfirmation of expectations and satisfaction.

Patterson in this study, 53 considered related potential improvements to the widely used consumption functions concerns with durable goods, which recognizes the existence of depreciation. He considered wealth to be composed of consumer durables and liquid assets. Consumer durables have a life exceeding
one ‘accounting’ period and suffer physical depreciation at a rate, which is assumed as constant.

Patterson (1984)\(^\text{54}\) has shown that in assessing the effect of a change in the growth rate of real (net) income on consumption, in the steady state, there is a direct effect and an indirect effect if expenditure on consumer durables is dependent on income.

John G. Udell\(^\text{55}\) in his study showed that the shopping behaviour of consumers is different for durables than for non-durables. The nature of this difference is that shopping for non-durables, the consumer gains information by purchasing and trying out the product in use, but in the case of durables the consumer typically engages in extensive search behaviour prior to purchasing any durable.

Consumption is viewed as a societal good and the goal of national economic policy: but consumption has a large environmental cost. The solution to the problem of maintaining a sustainable environment may be in reducing consumption among the consumer class and tempering aspirations among the middle income and poor. Durning\(^\text{56}\) viewed that the goal is living by efficiency rather than excess. The substitute for a happy consumer society is a shift to fulfilment in leisure, human relationships, and other nonmaterial pursuits and high quality, low input durable goods.

Potter et.al,\(^\text{57}\) have argued that television in Brazil has influenced ideas and values about family structure and women’s role in society, promoted a strong positive image for consumption, and prompted new ways to think about the relationship between sex and reproduction. Their findings are reported from an empirical analysis of the association between the spread of television ownership and fertility control in Brazil. This research found that television, arguably indirectly, promoted family planning and contraceptive use in Brazil. The effect occurred mainly by heightening aspirations for the consumption of durable goods; promoting beauty, youth, and sensuality; and presenting modern gender
roles and intergenerational family relations to remote and less developed areas of the country.

Appropriate marketing strategies to capitalize on the changing needs of the consumers, their values, and consumption patterns become very important in situations of the changes in the economic environment due to the Asian crisis. This study by Swee et al. examines the impact of economic crisis on Asian consumers and businesses, and discusses the adjustments they have made in addressing their new reality. The general observation suggests that Asian consumers have become less wasteful, taking purchasing decisions more carefully and engaging in comparative shopping. On the price front, aggressive bargaining and more frequent pre-purchase checking are noticed. Preference for durability and value for money still remain more important for the Asian consumers. Promotion adjustments are reflected in their reduced attention to free gifts and their preference for informative rather than imagery-based products. To survive, upgrade, and expand during the crisis situation, the authors suggest that businesses should withdraw from weak markets and fortify in markets where brand is strong; they should acquire weak competitors, and consider youth markets and resale markets for durable products.

2.9 Studies in India

The review of works with the different Indian studies tended to explain different aspects of consumer behaviour choosing different variables and different regions. It lacked comprehensiveness of approach and coverage. An individual researcher cannot take up his study beyond a limit due to limited resources and energy. A good number of studies were done in the field of consumer behaviour for rural areas with its possible time trend and on inter-regional variations. The review of previous studies provided evidences that the results improve reliability when undertaken for a small micro-region.

In the wake of liberalised economic policy of the government the market is flooded with consumer items of various kinds. These items would be targeted
towards consumers as potential buyers. The actual purchase would depend on the buying capability of consumers and also his future preferences.

Studies on Consumer-behaviour particularly in the Indian context are scanty. Empirical studies on consumption patterns in India began in a moderate way from 1950 onward. Hardly any attempt was made to analyse consumption pattern as such, owing to the general stability of consumption patterns and the non-availability of relevant data on household consumption. It was only after the nation-wide availability of data on household consumption by the National Sample Survey Organisation (NSSO), the development of statistical studies at the Indian Statistical Institute (ISI), Calcutta and the need to project demand in connection with the formulation of the Second Five Year Plan (Mahalanobis, 1954) numerous studies relating to the Indian consumption pattern were attempted. 59

Pranesh Mishra 60 of “Pathfinders, India, a marketing research organization”, conducted a survey on Indian house-wives by drawing working and non-working women in towns and cities across the country. The findings of the survey reflect the perception among marketing and advertising professionals of increasing the importance of housewife in taking decision regarding the purchase of consumer goods.

According to the All India House Survey conducted by the National Council for Applied Economic Research 61 for the country as a whole, expenditure on consumer durables accounted for 50 percent of the disposable income. The proportion was the highest (3.9 per cent) for the income group Rs. 7,000 to 10,000. In the rural areas, households spent 1.25 per cent of their disposable income on consumer durables, whereas it was 2.3 per cent for urban households.

Subash Mehta 62 has done some pioneering work on various aspects of consumer behaviour.
J. D. Singh conducted a survey on 'A study of Brand Loyalty in India'. The primary objective of this study was to examine the state of art regarding brand loyalty among consumers in India. The study was conducted with educated families belonging to middle and upper income groups living in Delhi. The main conclusions drawn by him from the study is: Indian consumers are becoming more and more brand loyal. Depending upon the nature of the product, viz., basic necessities, or luxuries, they have single or multi-brand loyalty. The various factors that influence brand loyalty are reported to be 'quality of product', 'habit of use,' and 'ready and regular availability' of the product. Retailers continue to have an influence over the brand choice and loyalty behaviour of the consumers as store loyalty has contributed in a big way to brand loyalty in the case of a large majority of the consumers surveyed.

Ramaswamy and Namakumari viewed that the term “consumer” includes any person who uses the goods with the permission of the buyer though he is not himself a buyer. Exposure and economic status have changed the attitudes of the upper middle-class consumer to brands. He lives in an ever-changing world of multiple choices.

Subramanyam, Ramakrishna Rao and Krishna Mahon conducted a study on Brand Loyalty: A Case Study of Selected Consumer Non-durables in Visakhapatnam. They found that the involvement of housewife is overwhelming with regard to the purchasing decision, followed by the head of the family. Majority of the consumer's purchases confined to a single shop as well as a single brand. An overwhelming majority of the respondents have been using a particular brand for more than five years and are reluctant to switch over to other brands under any circumstances.

Pranesh Mishra conducted a survey on ownership levels of consumer durables in three metropolises-Bombay, Delhi, and Madras. The survey was conducted to make a comparative analysis of the findings with the findings of an earlier study conducted by a Market Research Organisation. The main
conclusion of the survey was the standard of living as judged by the level of ownership of durables has improved between 1978 and 1985 in three metros.

Ramakrishna Rao, Rama Raju, and Ram Prasad conducted a survey on ‘Husband-Wife involvement in Buying Decision Making’. The study was conducted by selecting households equally distributed between employees and business people. Three durable products and three consumable conveniences were studied. The major findings of the study is that husbands, who are young, highly educated and belong to the high-income group are relatively less dominant than their older, less educated, and low-income group counterparts.

Rao viewed that ever since India started its first tentative efforts towards liberalization in the mid-eighties, the booming middle class has been the focus of much attention. The household consumption surveys conducted by the National Council of Applied Economic Research (NCAER) between 1985-86 and 1989-90, helped in assessing the size of the Indian middle class. These surveys found that the highest growth of population was among the middle and high-income groups; and the next highest among the lower middle. The low-income group in rural India during the period of the survey showed a decline in numbers, though, overall, the figures showed little change. Lower levels of income, however, did not automatically mean lack of buying power for various products. For a variety of goods, the lower middle class could be safely clubbed with the middle class, together. For products as transistors, radios, and the like, the low and lower middle - income classes accounted for more than 75% of the total purchases.

Rural India has a dominant share in some consumer durables. From the surveys, it became clear that the middle class in India is not comparable to the middle class in developed countries. It has just started to buy and own staple consumer products and consumer durables.

S L Rao showed that decisively that the urban and the rural consumer trusted advertised products and associated them with quality. Branding a good
product and offering it at an affordable price even in a special small pack size was a lesson to manufacturers of consumer durable products.

Schiffman and Kanuk\textsuperscript{70} viewed behaviour as that consumer display in searching for purchasing, using, evaluating, and disposing of product and services that they expect will satisfy their needs.

The study by Jaya Lakshmi Srikumar\textsuperscript{71} used the Kuznet’s hypothesis that ‘inequalities showed a tendency to decline as development went apace’ as the starting point in three districts of Thanjavur, Coimbatore and Dharmapuri in rural TamilNadu. The study was based on time series data on consumption expenditure of the National Sample Survey between the years 1960-61 to 1983. The study found that no significant evidence to support the hypothesis that inequalities would decrease with development. For the state as a whole, there was no significant decrease or increase over time in either rural or urban inequalities.

An attempt by Sharma\textsuperscript{72} to study a few essential steps in the marketing activities to define market or consumer characteristics in connection with a consumer durable (Moped), found that Need, Motive and Personality and Awareness determines the type of the good and a particular brand which are the basic determinists, having direct impact on the final purchase decision.

Family influences the people. ‘Friends’ and ‘relatives’ influences the buying decisions, social influences result from all personal contacts other than family. Cultural influence innate beliefs. Economic influence, the most important consideration, determines the choice. Business influences the consumer through store or personal selling and advertising. Income, an important factor, influences consumer purchase decision.

The study shows that leading brands are popular in all the income groups of the respondents. The buyers in higher income groups are more brands conscious than buyer in lower income groups. The influence of friends, relatives, neighbours, and advertisements play a big role in purchase decisions throughout the income groups. Effect of advertising is having an opposite trend. It increases
with income. The print media is the most effective media in all the groups among the various instruments of advertisements about the durable good. This study indicates respondents in lower income groups depend more on information from friends (reference group), than in higher income groups while buying the durable good.

Naik and Reddy in their study on consumer behaviour in relation to durable products provides the needed guidance for the decision makers.

Reddy et al. in their empirical study with regard to bike owners concluded that the gap between customers’ expectations and warranty terms was wide.

Ramesh Kumar in his study had argued that intense competition among the makers of consumer durables, and the increasing awareness of customers about their own needs, is making a major difference to attempts by companies to ensure customer satisfaction.

Lele et al. stated that “Expectations of customers regarding after-sales report as warranties, part availability and other post-purchase services will be a factor determining customer satisfaction particularly for durables”.

The urban consumer notwithstanding their regional, linguistic, and cultural diversities generally falls into a certain common life style, buying behaviour and consumption pattern. A rural consumer is considered to be a laggard due to reasons like being lack of information; media sources, illiteracy and the proximity to urban areas prevent him in levelling his status along with the urban consumer. The advent of consumer credit in the country has benefited the middle class consumer to a very large extent. The very availability of credit facility acts on him as an inducement to buy. His desire to possess more and more material comforts’ is accomplished through credit purchases.

Rakhee et al. in their study dealt with the consumer behaviour patterns of a tribal group of people known as Jaintias in the state of Meghalaya to
highlight the level of disparities amongst them. In the rural sector it is found that, the elasticity values are high for all food and non-food items. It was observed that some of the non-food items are demand responsive. Along with these, durables have greater than high values of unit elasticity. In case of the urban sector it was found that for the non-food items, the demand is expenditure elastic, satisfying the usual pattern of consumer behaviour in the Indian context. For almost all the items there exist the same kind of behavioural patterns and attitudes.

The author concluded that the empirical results show that there exists very little differentiation in consumption patterns amongst the people in the district irrespective of rural-urban distinction.

The process of development is accompanied by improvements in the real incomes of the consumers, changes in the institutional features of the economy and changes in preferences; all this, in turn, influences the consumption patterns. In India, studies report shifts in consumption patterns away from food items in general to non-food items. The study by Viswanathan improves upon the methodology and the framework to analyse the consumer behaviour in India over a period of time. It tests the structural breaks in consumption pattern in a demand system framework, as revealed by the National Sample Survey (NSS) data, explores the underlying causes of the changes, and re-estimates the demand system incorporating these changes.

The issue of shifts in consumption pattern is addressed at the all-India level for four ordinal groups of population and all-groups combined, at the three-commodity classification, for the rural and the urban sectors separately. The tests for structural breaks in consumption pattern indicated multiple break points, which are not uniform across commodity groups, population groups and also across commodity groups.

Further, the results indicate that the breaks could often be induced by the changes in the data collection methodology of the survey and not due to changes in consumer behaviour alone. There is a shift in the consumption pattern during
the mid-1980s in both the rural and the urban sectors. For the lowest expenditure class, the shift is away from food items with the rural sector showing a change in the price response and the urban sector showing a change in the total expenditure co-efficient. For the middle and upper expenditure classes, the shifts are from the food items towards non-food items. The causes are believed to be changes in preferences as well as the income effect.

Losarwar in his study made an analysis of decision-making procedure adopted by consumers towards selected durable products residing in the Marathwada region of Maharashtra state. The major findings derived by him from this study are: 1. There is no significant difference between social status of consumers in urban and rural areas, 2. Income of the family and occupation of the consumer respondents are uniform among urban and rural population, 3. There is no casual relationship between the educational level of respondents and their occupations irrespective of the area of habitation, 4. Newspaper readership is more in urban areas as compared to rural areas, 5. Magazine readership is more in urban areas than rural areas, 6. People in the rural area are listening to the radio more as compared to urban area, 7. Television viewership habit of urban and rural population is uniform, 8. Attention to advertisement in newspapers and magazines is more in urban areas, 9. Attention to advertisements on radio is more in rural areas, 10. The attention habit of the urban and rural population, in respect of radio is not homogenous, 11. Almost equal numbers of urban and rural respondents are television viewers, 12. The advertisement attention habit towards television of urban and rural population is uniform, 13. There is no significant difference in brand awareness of durable products among urban and rural respondents, 14. There is considerable positive correlation between urban and rural population with reference to selection of brands of durables, 15. Level of income is uniform among the urban and rural respondents, 16. Majority of the consumer respondents have purchased durables from authorized dealers and retailers, 17. Company’s advertisement, reputations, price, and quality of the products are some of the factors influencing the choice of consumer durables, 18. Friends and relatives advice, retailers advice, joint decision of the family and
credit facility are responsible for purchase of consumer durables. Price and reputations of manufacturers of consumer durables are the major factors influencing purchase decisions of consumer in lower income group. Most of the consumer respondents irrespective of their educational level were conscious about price and they have given importance to the manufacturing company. Consumer respondents have purchased the preferred brand. There is no significant difference between urban and rural respondents on the basis of lifestyle; and Majority of consumers are concerned with the quality of the product.

In the Indian context where the shopper does not have much variety in store format, the type of store is recognized by the kind of product the store deals in. The study by Sinha et al. about store choice behaviour among consumers indicates that image and perceptions along with individual characteristics have significant impact on the final outcome. A major finding is the influence of the type of product sought and its influence on the nature of stores patronized. With better disposable incomes and improved infrastructure, consumers have a wide choice of stores to shop at, while shopping for durables, consumers attach more importance to merchandise, referral, and ambiance. The customer service provided by the stores where durables were purchased was high. This is probably representative of the buying behaviour of the shoppers who would require a lot of pre-purchase information and rely partly on in-store service to acquire relevant information towards minimizing the risk from the purchase.

Consumer durable stores are chosen clearly based on merchandise and personal referrals available with ambience slightly affecting choice. In the case of consumer durable stores, most purchases seem to be planned. Sinha et al. (2002) discovered that, in many cases, stores were providing more amenities than was required to drive choice. Store characteristics that positively influence shopping behaviour have been found to vary based on demographics, individual values, and nature of products purchased. The study identifies the relationship between true drivers of store choice to the type of store, which is more generalizable and amenable to managerial decision-making.
The new consumer will try to simplify complexity by dropping into routine behaviour. It is tough to define the emerging new consumer in a country of one billion people spanning so many socio-economic and regional groups. M. Sabnavis attempts to define trends in the upper middle class family in urban India. The idea is to identify new characteristics that could emerge in the future.

In a simple, stable world of limited choice of product categories and brands, 'security', 'obligation' and 'family' are the key motivators. The strong winds of change India experienced in the 1980s and 1990s due to economic liberalisation - paves a simple, stable world of limited choices, into a complex, turbulent world of multiple choices; were 'capitalism,' 'pragmatism' and 'worldview' are the hallmarks of the society. 'Freedom,' 'entitlement' and 'individuality' are the key drivers of consumers' behaviour. The new consumer, has experienced all the material comforts of life. He has experienced change as a part of life. He is part of a global family – in terms of opportunities and accessibility to products. Experience, Exposure and Economic – give him a very different perspective to life.

The socio-political environment is trying to balance war and peace, socialism and capitalism, ideals and pragmatism. And it is this 'balance' that will be the key driver of his attitudes, beliefs and behaviour. If the traditionalist was about 'moderation' and the transient about 'excesses', the millennium consumer is about 'balance'.

As the country is marked by great diversity in climate, religion, language, literacy level, customs and calendars, lifestyles and economic status, the consumers of India present a complex and bizarre group. T. Satyanarayana Chary and T. Moses Christopher think that e-commerce in India is going to affect the beliefs, values, culture, preferences and fashions of the consumers. Their research indicates that the Indian consumer is extremely sceptical of paying by credit card because of increasing threat of hackers.
Trehan, et al, \(^8^4\) in their study found that the behaviour of urban and rural consumer is significantly different in considering brand image, guarantee, warranty, credit availability, foreign collaboration, latest technology and after sale service and there is no significant difference between the two populations in considering durability and price while making purchase decisions for durables. Price, credit availability and durability in rural market and price, latest technology and durability in urban market are the first three important specific factors considered while making purchase decisions for durables.

Rural India has a good potential for the marketing of modern domestic appliances. The article by Raman and Suganthi\(^8^5\) touches upon certain causes, reasons, and contributory factors that have given way to the Multi-national Corporations (MNCs) in rural India to have their own footage. The growth and success of the MNCs depends on how, they adopt strategies of cultural, sociological, economic and psychological background in marketing their products. They presented a picture of the consumption pattern of rural people in the following exhibit 2.1. This expected penetration levels per 1000 household.

Chart-2 1. Consumption Pattern in India


Sampathkumar\(^8^6\) made a study to highlight the findings of consumer behaviour on selected consumer products carried out in urban places of Hyderabad city and in rural areas of Nalgonda district. The study revealed that a majority of consumers now a day are a highly enlightened lot. There are concerned with the quality of the products. Companies are trying to attract consumers and their loyalty. The study emphatically revealed that the
consumers uniformly, both in urban and rural areas desire to have quality products at reasonable prices and they trust more the advice of retailers.

Ramesh Kumar in his study using contemporary brands as coat hangers discussed consumer behaviour linkages with branding, celebrity advertising, loyalty, net marketing and so on. Products and brands have proliferated in the post-liberalisation era. A durable national brand may have thousands of retail outlets in which it is offered and a majority of these are likely to be multi-brand outlets. The preference strategy should ensure that the brand is viewed positively even after it is bought.

From 1951 to 1985, India was an economy that discouraged consumption in preference to saving and investment. Any kind of consumption, especially of manufactured consumer products, was subjected to severe restrictions. These restrictions pertained to factory location, production capacity, equipment imports, raw materials that could be used, labour intensity (which had to be high), pricing (which was often administered or controlled or subject to government regulation), line extensions, expenditure on advertising and promotion, penal taxation of incomes as well as duties on end-products available to the consumer, and the severely restricted disposable incomes with consumers. There were conceptions about Indian consumer attitudes and behaviours that were related to this context. Indians were considered to be uninterested in consumption. The poorest and illiterate Indian family was interested in using manufactured products if they were offered in a form that the family could pay for without difficulty.

All buyers are consumers and all consumers are not buyers. Buyers’ having different tastes likes and dislikes and adopt different behaviour pattern while making buying decision.

Consumers are at the heart of the current economic boom. Their changing tastes are defining the speed and shape of growth. There are enough indications of a spending spree since 1998. Indians will buy an estimated 8.7 lakhs cars, 53 lakhs two-wheelers, and over 20 lakhs PCs in 2003-4. A recent A.C Nielsen
survey of consumer confidence among Asia Pacific countries found Indians to be the most optimistic consumers in the region. Consumer spending was always the mainstay of the Indian economy—classified as private final consumption expenditure by the government—that accounts for over two-thirds of India's economic activity.

The boom in spending in 2001 and onwards indicates some fundamental shifts in consumption patterns, financing of purchases and the demographics of Indian consumers. Consumption is no longer merely a function of monthly income. Affordability of most consumer products has increased by a combination of factors—easier and cheaper loans, stagnant or falling prices and wide-ranging tax cuts (income tax, customs and excise duties). The Confederation of Indian Industry observed that, “People are going for purchases they have held back for some time. There is a buoyancy in the demand for big-ticket consumer items.”

The kind of products being bought (mobile phones and PCs) and the way the purchases are being funded (through loans) hold out hope that in future, people will replace the products they buy much faster. The low replacement demand for consumer durables in India is finally set to rise. There are differences over how widespread the surge in consumer spending is. The age profile of Indian consumers has also changed, especially in the metros. A rise in interest rates and a spike in the rate of inflation take some steam out of the current spending boom.

Expenditure on maintenance of assets and consumer durables works out to a significant figure (in percentage terms). The village-wise variations are partly due to the differences in the nature of economic activities and partly due to the possession of assets in the villages studied by Borah.

Consumption expenditure comprises all expenditure by the households incurred exclusively on domestic account including consumption out of homegrown produce. The expenditures on household enterprise, capital expenditure and other large expenditure on durable consumer goods are excluded from consumption expenditure by Borah in his study. According to NCAER, assets possessed by the households may be classified as (1) tangible and
reproducible, (2) tangible but not reproducible, and (3) intangible and reproducible.

In his study Borah treated consumer durables as an investment in durables and non-wasting assets. This is strengthened on the ground that in rural areas, where current money income is insignificant, investment made on consumer durables is mostly out of savings. The concept of assets treated by Borah includes durable capital (fixed assets), consumer durables, and intangible capital.

Durable capital represents an effort of a household to keep aside a part of the current income, the fruits of which in the current year are not commensurate. The investment in consumer durables and in tangible capital is identical to durable capital. Capital expenditure covers a number of items in the rural areas include consumer durables. Borah classified assets into: fixed assets, consumer durables, and intangible capital. Consumer durables comprise furniture, brass and aluminium utensils, heating and lighting articles, and apparatuses, modern durables and bicycles.

According to NSS capital formation estimates includes all expenditure incurred on purchase, construction and improvements of physical assets used for productive purpose. As per NSS, physical assets comprise land and building used for domestic purposes, tools and implements, machinery, transport equipments and other physical assets like power generating equipments, furniture and other durable goods for productive use. Assets include both new and used assets.

A survey conducted by the Reserve Bank of India on Rural Debt and Investment in India for the year 1971 – 72 included under assets “all items owned by the household which had money values such as durable household assets, land, building, agricultural implements, etc., and deposits in companies, banks, post offices and with the individuals, etc.”

An important conceptual issue that arises while estimating investment and saving is the treatment of consumer durables which are sometimes taken as
capital expenditure and hence investment and sometimes as current expenditure. Consumer durables are not treated as capital expenditure as they are not normally considered directly helpful in the generation of income in the way as other capital goods do. They are not consumed entirely within the same accounting period. There exists some difference of opinions among economists on the appropriate treatment of such goods. In one of the notable studies, conducted by Lydall, expenditure on consumer durables is treated as investment.

In a study on 'Saving in India' conducted by NCAER, the inclusion of consumer durables was an investment supported because as consumer durables are included under national wealth, they have to be included in saving also if the tie up between saving and national wealth has to be maintained. Many consumer durables like cars, are now as essential to the functioning of the economy as producer durables. Output will be affected adversely in a modern economy if consumer durables like cars are not available. Hence their inclusion in saving. Consumer durables render services over a relatively longer period than ordinary articles of consumption.

The main arguments for excluding consumer durables from investment can be obtained from the UN National Accounts Statistics. Expenditure on consumer durables is excluded from saving partly on account of statistical reasons, arising from the difficulty in estimating depreciation on stock of durables, and partly on conceptual ground that expenditure on such goods have a high degree of substitutability with those of non-durable goods and services.

Only in villages, which are close to urban areas, or in very large feeder-villages specialised shops like radio-shops, jewellers, hardware shops, etc, are seen. The reason for this seems to be that items such as consumer durables, jewellery and clothes are bought once in a way on special occasions like marriages, festivals, or after the harvest, and the rural folk prefer to visit a town or a village to buy these items.
Dogra in his study found that rural households possess different consumer durables as are possessed by their counterparts in urban centres of India. The various consumer durables and household appliances with a prosperous rural household are almost similar to that of equally prosperous household in any urban centre. This is evident from the ‘All-India Household Survey’ on consumer expenditure and purchasing pattern both in the urban and rural areas, conducted by the National Council for Applied Economic Research.98

According to the survey, for the country as a whole expenditure on consumer durables accounted for 1.5 per cent of the disposable income. The proportion was highest (3.9 per cent) for the income group Rs. 7, 000 to Rs. 10, 000. In rural areas, households spent 1.25 per cent of their disposable income on consumer durables, whereas this proportion was 2.3 per cent for urban households.

The present attempt is made to fill up the gap in research pertaining to class-wise consumer behaviour based on economic criterion in select areas of rural and urban economy of Nagappattinam district in Tamil Nadu with particular reference to consumer durables.

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