APPENDIX

SOME OBSERVATIONS ON CONSUMPTION PATTERNS

This chapter surveys some of the emerging patterns of consumption among rural households in the study region and how these might be related to the patterns of accumulation in the regional economy, especially in its manufacturing and services sectors. The consumption pattern of landless households is an important issue in itself, obviously relevant to the present study of rural labour. But if the object is to link consumption ('demand') with accumulation, an integrated view of consumption across the various income classes is essential. Secondly, the discussion is concerned not with the quantification of consumption,¹ but the broad patterns of it as being important elements in the accumulation process. While the survey and analysis are based on field observations and interviews, they do not flow from any exhaustive household budget surveys. Among the issues touched upon are the impact of monetization of farm wages and agricultural labour process on consumption, the penetration of urban goods into the villages, the demand for services, and public goods.

A relevant analytical issue concerns the role of consumption, or broadly demand, in economic theory. The alleged neglect of demand in the classical and Marxian value theory is true, but it emanates from the sequential determination of prices and quantities in the classical theory, as against their simultaneous determination in the neoclassical theory. In the classical value theory, the size and composition of social output is taken as given for purposes of determining relative

---

¹. As is well-known, there is now a surfeit of quantitative studies of consumption inspired by the analysis of rural poverty since the 70's in India, using survey data.
prices. In the analysis of growth, demand is seen as shaped by a wide range of historical and institutional forces including prices and tastes. The size and composition of demand, in turn, impinge on the rate and pattern of growth. In the neoclassical value theory demand and supply functions play a symmetric role in the determination of equilibrium prices. The structures of preferences of consumers are assumed to be given, without a theory of how these get formed. In the present study concerned with the patterns of interrelations between accumulation and exchange processes, an account of the patterns and sources of 'final' consumption is necessary to 'close' the system, as it were.

Among the determinants of rural consumption, the size of household income, size and composition of household, occupational category and prices are well-known and much discussed. There are at least five other determinants that are equally important:

(a) the type of income (e.g. kind and cash);
(b) the regularity of income flow (e.g. weekly wage of regular non-farm worker and the daily wage of casual farm labour);
(c) source of supply (e.g. market, homegrown stock and gifts);
(d) the degree of development of marketing channels (e.g. village fairs, retail outlets, itinerant trading, urban centres and so on); and
(e) the slowly but steadily shifting values and tastes (caused by education, media and demonstration effects.)

In the next three sections, conditions of consumption will be examined in respect of three income classes:

---


4. In the context of growth moreover, only 'exogeneous' changes in preferences are admissible.

5. It is noteworthy how in official surveys on consumption useful information on items such as sources of supply is collected, only to be lost in the estimation of a scalar quantity like consumer expenditure. See for example, "Results of NSS 43rd round on Consumer Expenditure, 1983" in Sarvekshana, 1987.
(1) Labour households,
(2) Cultivator households, and
(3) 'Bureaucracy' (a loose category including certain professionals).

For each of these three classes, seven broad items of consumption are considered, as follows:

(i) food,
(ii) fuel and fodder
(iii) clothing,
(iv) housing,
(v) other goods (including durables),
(vi) services (including education and health) and
(vii) ceremonials.

Consumption of Labour Households

The rising casualisation of farm labour, coupled with the complete monetization of farm wage in the '80s (Chap.III) has undoubtedly been the most important development shaping the consumption of labour households in the region. The replacement of kind incomes and gifts by cash wages introduces a problem of expenditure choice even among lower income groups, all the more so if real incomes improve over time. And real incomes have improved, more or less, following steadily rising money wages-- at least for peak operations -- and a successful subsidised rice programme. 7

The relief on foodgrain outlay was, however, partly eroded by the new demand for arrack promoted, paradoxically, by the state Government itself which in the '80s, undertook the manufacture and sale of arrack through a chain of excise contracts, on grounds of augmenting its revenues. Arrack thus became easily available in villages at retail outlets (notified as 'Government Arrack Shops') in small polythene

---

5. Include perquisites as part of farm wage, and payments in the form of grain, fodder, firewood and dead animals for variousjalmani services.

7. See chap. V.
packets priced at Rs.7. The safety (spurious liquors consumed in the 'dry' days were often fatal) and the new respectability (everybody, without caste distinctions, can drink in the open now) associated with arrack consumption has placed it firmly in the labour household's consumer budget. Yet the ruinous impact of arrack on the household economy led, to a powerful womens movement in the State in 1992 that forced the government to ban arrack.

The relief on foodgrain outlay as a result of the subsidised rice programme is, however, not unqualified. For one thing, the monthly allocation of subsidised rice (at a maximum of 25 kg per household) is not always adequate for the labour household and supplementary market purchases are common. Secondly, casualisation of farm labour has meant that it is a little hard for the labour household to mobilise the required money to purchase rations at one go, especially in the lean agricultural months. Both these features, together with absence of grain wages, imply that dependence on private retail market persists. The need for credit purchases in fact enhances the role of village grocers and itinerant vendors.

New demands of the agricultural labour process have also affected in important ways the food consumption pattern of labour households, with marked dependence on the eateries. The greater length of the work-day, especially during harvest and transplantation, and the need to be present at the labour 'centre' by dawn (see Chap. III) make it too early for the labourers to eat their first meal at home. Invariably, the day begins with a morning tumbler of tea from a village

---

8. See chap. V.

9. Credit is normally not allowed by sellers in the village fairs and periodic markets.

10. The second meal is cooked and carried to the fields.
eatery, while breakfast food is bought and eaten at the eateries around the labour 'centre' itself, once the hiring process is complete. A work-day on the field also includes one or two tea-breaks with a worker specially appointed to fetch tea from the nearest shop.\textsuperscript{11} The habit of 'eating out' is now so strong among labour, it extends to the lean months as well.\textsuperscript{12} There is a mushrooming of eateries in the villages of delta and the uplands and in many cases they cater to different petas (caste settlements) within the same village. There is not much change, however, in the types of home-cooked foods, with ganji (gruel), charu (a traditional soup made of tamarind) and green gram dominating the regular fare. In the monsoon months fish is cheap and very popular among the labour households, although country beef and pork are generally always eaten by Scheduled Caste households. In Singampalli, vegetable curries are more popular.\textsuperscript{13} Labour households in both the villages and across all caste groups are also making an effort to raise milch cattle in order to cut down on market purchases of buttermilk and firewood. Also, with the growth of the poultry industry and hatcheries, keeping fowls (especially layers) is becoming popular.

But domestic fuel and fodder are straining the consumer budgets of labour households. In the delta, with the extension of area under wet paddy, trees that had been a source of firewood have largely disappeared while refuse from coconut trees (bark, twigs and sapwood) which makes good firewood material is no longer available \textit{gratis} to the labourers. Owners of coconuts now sell the refuse in small lots. The same is true for palmyrah waste in the upland village. Delta labour

\textsuperscript{11} It is no longer 'understood' that the employer pays for tea, although in practice many may arrange for tea through farm servants or family workers.

\textsuperscript{12} In the lean months, the work-day is shorter but begins at the same morning hour.

\textsuperscript{13} As noted in Chap.I, vegetable cultivation shifted to upland plains and peri-urban zones.
has therefore to rely on commercial procurement of firewood, although
dung-cakes offer a supplementary source. In the upland village the
fuel crisis as such is less pronounced among cultivators, with crop
wastes (like the stem of tapioca and red gram) being available.
Firewood is bought by landless households from local shops at Rs. 5 to
10 per 5 kg., while dung-cakes sell at Rs.3 to 6 per 100 cakes. Prices
of both go up in the monsoon months. The important point is that much
of the fuel material originating in the villages or from outside is
sold and bought.

The same process of commercialisation attends fodder for
animals.14 With hay and crushed sugarcane in great demand from paper
and board mills, there is heavy reliance now on green grass, plant
material of fodder crop, and manufactured feeds for feeding animal
stock. The struggle for common pasture lands in the delta village --
which is gaining political colour -- and the development of commercial
lease market in the upland pastures were noted elsewhere.15 As for
clothing, a clear shift in favour of synthetics is visible among women,
save those of the older generation. Synthetic sarees are longer
lasting and easier to manage.16 Men are increasingly taking to
tailored clothing (e.g. pants or shirts) on ceremonial occasions or
when freed from farm work. Although retail cloth stores are rare in
villages,17 itinerant traders selling sarees and cut-piece material are
ubiquitous. Delta Reddy are becoming active in this trade and cater to

15. See chap. III.
16. This is important for female farm labour. Note, for example, that village washermen do not
    wash the clothes of Scheduled Castes.
17. Machavaram is an exception. It has emerged as a major wholesale centre in cloth thanks to
    the Devangus of the village. See Chapter II and Chapter III.
the upland areas as well. It is interesting to note that supplies of cloth originate at distant centres of Gujrat and Maharashtra while local weavers produce handlooms for cooperatives, which seem to be on the look out for urban markets.

Thanks to a vigorous government programme for housing the weaker sections in the '80s, labour households belonging to BCs and SCs are by and large, all provided with permanent houses. These simple but well laid-out 'colonies' form a new basis for household production by the labour households. Dairying, coconut trees, fish nets, fowls and so on are catching up in the delta village as are palmyrah products and cigar rolling in the upland village. The new colonies also encourage the setting up of grocery units and eateries mainly catering to them. However, a large and growing population in the delta has led to the growth of an active house-lease market. Several upper caste labour households in Machavaram have either rented their houses or have built 'own' houses on government lands or village common sites for which they expect to be given pattas. The monthly rentals range from Rs.20/- for a thatched house to Rs.70/- for tiled (pucca) houses. Not surprisingly, the possibility of buying up house sites or houses cheaply in Singampalli has been a primary motive behind recent migration into the village. Clearly, housing is on top of the agenda of labour households in both the villages. All possible finance — wife's dowry money, own savings and debt — is mobilised for the purpose, especially if the labour household also happens to have marriageable daughters (more on this below).

18. For details of the scheme, see Chapter V.

19. Significantly, labour households belonging to upper castes complain of 'lack of adequate space' to pursue similar activities.

Consumer durables, other than an occasional transistor radio, a wrist watch (especially with non-farm regular workers) and a piece of furniture (usually a stringed cot and a chair or two) are rare among the labour households, as would be expected. But steel and brass utensils as also plastic goods are widely held. Traders from Tamil Nadu are active in marketing steel utensils, while brassware is made in the district towns like Rajahmundry. Aluminium utensils are relatively more popular in the upland villages.

The low level of schooling among children of labour households in both the study villages was noted earlier. Only a few BC and SC households reported their children taking advantage of 'welfare hostels' specially designed for them. Several labour households reported a rising share of health expenditure in their budgets. The inadequate public health system is forcing the labour to buy health services from the market. In both the study villages where there are no public dispensaries, landlord - doctors of doubtful medical training have established 'dispensaries' and 'nursing homes' that are doing extremely well. Minor illness is treated in the dispensaries and increasingly babies are delivered in the nursing homes by traditional mid-wives employed there. The fees for this is upto Rs. 400/-. In cases requiring surgery, the landlord-doctors 'arrange' everything with qualified doctors (mostly kinsmen) practising in the towns.

---

21. These are low on price but cheap in quality as the sheet is prone to cracks. And these are also exchanged with rags and other recyclable cloth. The mode of marketing is itinerant vending.

22. For the poor households brassware provides convenient collateral material for borrowing small sums from village pawn-brokers.

23. See chap.IV, Section 4.6.

24. Where free board and room besides reading material, are provided for the inmates.
There are also clear trends of commercialisation of school education at the village level. Many non-farm workers, especially the regular and salaried workers, prefer to send their children to 'convents' and 'English medium schools' -- euphemisms for teaching shops generally run by the educated unemployed belonging to upper caste households. In Machavaram which has one primary and one upper primary school run by the local bodies, three 'convents' are operating. Singampalli has one 'convent' in addition to one upper primary school of the local bodies. A school uniform is usually insisted upon for 'convent' children, and where the children have to travel to the neighbouring village or small town, rickshaw transport is arranged.

Cinema and marriage expenditure constitute the other major elements of consumption of labour households in East Godavari. Cutting across all distinctions, the cinema has become a part of the cultural ethos of the people of coastal Andhra. Rising cash incomes, the decline of traditional forms of entertainment (e.g. traditional theatre and wide-ranging folk forms), an affordable fare and, above all, the dominant position that Andhra capital and entrepreneurship in the film industry at Madras and increasingly at Bombay, have all combined to make cinema the chief medium of regular mass entertainment in the region. In Machavaram which has one cinema house, labour households reported they saw a movie once a week in the village or the nearby towns of Mandapeta and Ramachandrapuram. Singampalli has no cinema house but people travel to the delta and upland towns for the purpose. The institution of dowry, which until recently was initially confined to the landed and trading castes, has caught on over the decades and today the practice is common even among Scheduled Castes.

25. The Panchayat and the Mandala Praja Parishad, respectively.

26. In recent years, the number of Telugu films produced exceeded that of Hindi films. Even so, the Telugu films are not particularly known for their quality.
households. In fact, dowry is now offered as a standard explanation for female child labour among labour households, and considerable effort is made by the parents to furnish their houses in the hope that it would gain them respectability and advantage in the matrimonial market.\textsuperscript{27} Marriage of a daughter, housing and illness were given in the survey as the chief reasons for indebtedness even when the borrowed sums pass for the so-called consumption loans.

Consumption of Cultivator Households

The development of consumption among bigger cultivator households must be understood in conjunction with the way households as units of consumption are formed. A peculiar system of 'extended households' operates among the \textit{Reddys of Machavaram}, whereby the constituent households headed by married sons are formally independent as regards day-to-day consumption but draw from a common pool of provisions (e.g. grain and pulses) annually purchased or drawn from the home grown stock. Basic annual clothing requirements may be similarly met. Buffaloes may be formally owned by the constituent households but are raised in a common cattle shed and the milk yield is shared. Similar arrangements are made for use of vehicles like two-wheelers, and of course, a whole range of farm equipment. The constituent households may be all located within the village or some may be located in the towns. The extended household comes into being either because distinct non-farm enterprises are operated by different households (sons) in which case some centralised control over the lands is necessary (although the titles to the lands are formally separate) or because of the practice among smaller landholders not to transfer the land titles

\textsuperscript{27} In more than one instance in the course of field survey the seeming mismatch between the (good) housing condition and reported incomes and activities was eventually resolved by the number of marriageable daughters in the household.
to sons until after all daughters have been married. In the latter case, the sons must be 'compensated' in small ways for the delayed transfer of property in land to them. In general, the greater the involvement in non-farm enterprise, the greater the need for extended households. This does not, however, mean that the constituent households do not have autonomy in other spheres of consumption e.g. in educating the children, in furnishing the houses or in buying a whole range of durable items.

The older generation of landlords and other cultivators is, as a rule, very frugal and believes in simple living. Even today some Reddys are seen wearing a loin cloth and living modestly. But the new generation, involved in non-farm enterprises, and exposed to the towns, is adopting consumerist life styles. While big landlords invariably have farm houses, other cultivators live in comfortable, self-contained houses, with two-wheelers, TVs, gas stoves and sofas being common furnishings. The younger generation frequents the towns for routine personal services e.g. a hair-cut, a movie, a meal at an airconditioned restaurant, a visit to the tailor or to an auto servicing station, not to say banks, offices, doctors and trading centres even while some of these services may be available in the villages. Indeed, it is difficult to visualize the thriving tertiary sector of urban coastal Andhra without this regular stream of floating population. This class of consumers appears, therefore, to promote rural-urban linkages of a significant dimension.

Consumption of the 'Bureaucracy'

A small but influential component of rural consumption demand comes from the ranks of rural bureaucracy, loosely defined to include salaried employees and professionals. In the village of Machavaram one
could easily count 17 such persons including revenue and Panchayati Raj functionaries, teachers and independent professionals like lawyers, insurance agents, and document writers. Apart from these personnel at the village level, there has been a sharp growth of 'development bureaucracy' at the Mandal and district level (e.g. the District Rural Development Agency as well as banking and cooperative sectors mainly dealing with rural development. Another important segment consists of the staff of irrigation department. The impact of this income class on the volume and pattern of demand in the regional economy lies in the bribe money they earn overtly and covertly (as for example, mamools or in the parlance of North India, bakshis). Thus an IRDP application form reportedly sells at Rs.100/- although it is supposed to be free. Every cultivator in the delta pays Rs.40/- per acre per year as bribe to the irrigation staff (apart from the irrigation cess paid to the revenue authorities). A caste certificate issued by the Mandal office costs money. A bank loan received, an electricity connection given, a bed in government hospital have all their price tags attached. Within the village a new breed of political functionaries referred to elsewhere (see chap.V, Sec. 5.1) represent a class of political wheeler-dealers whose job is mainly nurture a caste-vote bank in the village for local leaders and parties. In the bargain they gain monetarily from the political patrons and the village clientele. These persons have distinctive life styles, sometimes comparing with those of cultivator households, even when they belong to BC and SC communities.

This appendix has sought to take a synoptic view of the evolution of major income classes and their emerging consumption patterns. To recapitulate the major trends analysed, it was noted that the casualisation of farm labour and monetization of farm wage coupled with improvement in real incomes has led to a qualitative shift in the
consumption pattern of labour households, with the result that demand for a range of goods and services -- e.g. arrack, food, entertainment and transport -- have encouraged expansion of the rural and urban tertiary sectors. Secondly, the changing life-styles of 'surplus' households are steadily creating demand for consumer durables and urban services, especially in the private educational and health sectors. Finally, an expanding new class of bureaucrats and political functionaries, not all of whom come from the propertied classes, is fast emulating the consumerism of 'surplus' households. An important dynamic aspect of these developments is the penetration of urban goods and services into the village economy. Not surprisingly, the corporate sector in India is looking upto the rural consumer. An extract from the recent proceedings of a big business house appears to capture the new political economy of rural consumptions:

"Government expenditure is undoubtedly one of the major factors promoting consumption. Present measures to check runaway growth in such expenditure have served to decelerate urban consumption pattern. Satisfactory performance in the agricultural sector, supported by continued increases in the prices of primary articles, has helped sustain growth in rural consumption levels. Rural consumption patterns in India are significantly different from urban ones, but conversion has been accelerated under the growing spread of the organised media and the marketing efforts of various large scale distributors." (Speech delivered by the Chairman of Hindustan Lever Ltd., at the Company's Annual General Meeting in Bombay on April 30, 1992).