ABSTRACT

The analysis of the state level performance in terms of GDP under economic reform (1980-1998) indicates that Kerala, which is only seventh in ranking in per capita SDP, tops the list in per capita consumption. In the wake of modernisation and modern thinking the orthodox nature of the society vanished. The people of Kerala are under the grip of demonstration effect. Kerala stands unique among the Indian states with a higher level human development comparable with that of many advanced countries but with a much lower per capita income. Kerala model of development has led to higher consumption over lower production and low level of output. Being a consumer state the pattern of consumption expenditure in Kerala is unique. The crucial remedy therefore lies in capital formation which is conducive to economic development. Generation of domestic saving and direct saving to productive channels is inevitable. This in fact necessitates reduction in the rate of growth of private final consumption expenditure. Consumption therefore needs to be restrained to release resources for capital formation which in turn necessitates the knowledge of consumption pattern of the state.

Thus realising the significance of consumption expenditure at the state level the present study is undertaken with the following specific objectives. a) To examine the sources of income and consumption of households in rural and urban Kerala. b) To examine the trends and pattern of consumption among the rural and urban consumers in Kerala. c) To identify and analyse the determinants of household consumption expenditure in Kerala. d) To identify the urban and rural consumption expenditure disparities in Kerala.

The study was based on field research and made use of both primary and secondary data. Primary data were collected from 300 households, 200 urban samples were collected from Kochi and Thrissur municipal corporations and 100 samples from rural areas of the two corporations. Secondary data were used to make a comparison of PFCE at the national and state levels.
The major findings emerged from the study includes: Kerala is a consumer state and consumerism is very significant in the state. Consumerism is determined by various socio, economic and cultural factors. Consumers on the average enjoy a higher level of consumption in Kerala. Share of expenditure on food items has registered a remarkable decline. There is no significant difference between urban and rural areas with respect to expenditure on food and non-food. Consumerism can be restricted either by making the consumption baskets rational or reducing the supply demand gap by improving production. Government, non government organisations, substance forums, educational institutions etc can do a lot in this direction.

Keywords: Consumption, Household, Consumption Expenditure, Monthly Per Capita Expenditure, Food Expenditure, Non- Food Expenditure