## CONTENTS

**ACKNOWLEDGEMENT**

**CONTENTS**

**LIST OF TABLES**

**LIST OF FIGURES**

### CHAPTER I DESIGN OF THE STUDY 1-50

- **1.1** Introduction 1
- **1.2** Significance of consumption 2
- **1.3** Review of literature 3
  - **1.3.1** Empirical studies abroad 3
  - **1.3.2** Empirical studies (India) 12
  - **1.3.3** Kerala based studies 28
- **1.4** Background of the study 32
- **1.5** Statement of the problem 33
- **1.6** Objectives 37
- **1.7** Hypotheses 37
- **1.8** Scope of the study 38
- **1.9** Methodology 38
- **1.10** Data and sampling frame 39
- **1.11** Schedule of enquiry 39
- **1.12** Concepts and definitions 40
- **1.13** Tools of analysis 41
- **1.14** Limitations of the study 41
- **1.15** Scheme of study 42
### CHAPTER II  
**Theoretical Framework 51-83**

- **2.1 Development of modern Macroeconomics** 52
- **2.2 Circular flow of income and expenditure** 53
- **2.3 Concept of consumption** 58
- **2.4 Inter temporal models of consumption function** 61
- **2.5 Almost Ideal Demand** 66
- **2.6 Absolute Income Hypothesis** 67
- **2.7 Relative Income Hypothesis** 69
- **2.8 Habit Persistence Hypothesis** 70
- **2.9 Permanent Income Hypothesis** 71
- **2.10 Life Cycle Hypothesis** 73
- **2.11 Modern Models of Consumption** 76
- **2.12 Rational Expectations** 76
- **2.13 Consumption Euler Equation** 78
- **2.14 New Model** 79

### CHAPTER III  
**Income and Consumption Behaviour in India-Trends and pattern 84-115**

- **3.1 Growth of Gross domestic product (GDP) during the pre reform period** 84
- **3.2 GDP growth during the post reform period** 87
- **3.3 Growth in terms of Net National Product (NNP) and percapita NNP** 90
- **3.4 Allocation of GDP** 93
- **3.5 Household expenditure relationship** 97
- **3.6 Allocation of expenditure on food and nonfood items** 99
3.7 Item wise expenditure during pre and post reform period

3.8 Growth of state domestic product (SDP), percapita income (PCI) and consumption expenditure in Kerala

3.9 Compositional change in consumption expenditure

3.10 Concluding observations

CHAPTER IV  Household Consumption Expenditure in Kerala-Arguments  116-151

4.1 Demographic Features

4.2 Distribution of persons by MPCE

4.3 Allocation of MPCE on different items of consumption

4.4 Average MPCE in rural and urban areas of major states and all India

4.5 Trends in consumption expenditure pattern in India

4.6 Rural urban disparity

4.7 Trends and pattern of consumption expenditure in Kerala

4.8 Changing consumption pattern in urban and rural areas of Kerala

4.9 Growth in MPCE

4.10 Arguments based on survey report of NSS 61 \textsuperscript{st} round

4.11 Conclusion
CHAPTER V  Socio Economic Profile of Sample Households  152-176

5.1 Thrissur municipal corporation  152
5.2 Mulakunnathukavu Grama Panchayath  153
5.3 Kochi Municipal Corporation  154
5.4 Eloor Panchayath  154
5.5 Demographic Features Of Sample Households  155
5.6 Sex wise distribution Of Sample Households  156
5.7 Distribution Of Sample Population According To Age  157
5.8 Earners And Non-Earning Dependents  158
5.9 Distribution Of Sample Population Based On Education  159
5.10 Distribution Of Sample Population Based on Occupation  161
5.11 Religion Wise Distribution  162
5.12 Nature Of Family  163
5.13 Nature Of Ownership  164
5.14 Housing Details  165
5.15 Source Of Drinking Water  167
5.16 Liabilities Of Households  168
5.17 Sources Of Income  171
5.18 Concluding Observations  174
### CHAPTER VI  HOUSEHOLD CONSUMPTION EXPENDITURE IN KERALA – EVIDENCES  177-208

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Introduction</td>
<td>177</td>
</tr>
<tr>
<td>6.2</td>
<td>Distribution Of MPCE</td>
<td>177</td>
</tr>
<tr>
<td>6.3</td>
<td>Household Expenditure Based On MPCE</td>
<td>178</td>
</tr>
<tr>
<td>6.4</td>
<td>Average MPCE in Urban and Rural Areas</td>
<td>179</td>
</tr>
<tr>
<td>6.5</td>
<td>Breakup of Expenditure into Food And Nonfood</td>
<td>180</td>
</tr>
<tr>
<td>6.6</td>
<td>Allocation of average monthly percapita expenditure (MPCE) on Broad groups of Food and Nonfood Items</td>
<td>182</td>
</tr>
<tr>
<td>6.7</td>
<td>MPCE and Engel Ratio</td>
<td>185</td>
</tr>
<tr>
<td>6.8</td>
<td>Rural Urban Discrepancy</td>
<td>186</td>
</tr>
<tr>
<td>6.9</td>
<td>Percent Expenditure on Broad Groups of Food and Nonfood Items to Total Expenditure</td>
<td>187</td>
</tr>
<tr>
<td>6.10</td>
<td>Consumption Pattern by MPCE Class in urban and Rural Areas</td>
<td>190</td>
</tr>
<tr>
<td>6.11</td>
<td>Expenditure Elasticity For Major Food and Nonfood Items For the Urban and Rural Households</td>
<td>198</td>
</tr>
<tr>
<td>6.12</td>
<td>Inequalities In Consumption Expenditure</td>
<td>201</td>
</tr>
<tr>
<td>6.13</td>
<td>Concluding Observations</td>
<td>205</td>
</tr>
</tbody>
</table>

### CHAPTER VII  DETERMINANTS OF HOUSEHOLD CONSUMPTION EXPENDITURE  209-244

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Introduction</td>
<td>209</td>
</tr>
<tr>
<td>7.2</td>
<td>Size of Household and Consumption Expenditure in the Urban and rural areas</td>
<td>212</td>
</tr>
</tbody>
</table>
7.3 Effect of Age of Head of Household on Average consumption expenditure

7.4 Effect of Education Of Head of Household On household Expenditure

7.5 Effect of Occupation of Head of Household on Consumption Expenditure

7.6 Association between Non-food Consumption Expenditure And Independent Variables

7.6.1 Educational Level and Expenditure on Non-Food items

7.6.2 Occupation and Expenditure on Non-food Items

7.6.3 Household Size and Expenditure on Non food Items

7.6.4 Urban Rural Factor and Expenditure on Nonfood Items

7.6.5 Income and Expenditure on Non-food Items

7.7 Lessons

7.7.1 Kerala A Consumer State

7.7.2 Consumption Pattern Based On Income

7.7.3 Prevalence of Consumerism

7.7.4 Expenditure inequality among the lower and upper strata of households

7.7.5 Dynamic Nature of Consumption

7.7.6 The changing scenario of the consumption pattern of Kerala

7.7.7 Lavish expenditure on durable goods
CHAPTER VIII SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

8.1 Introduction. 245
8.2 GDP Growth - The Indian Experience 248
8.3 Trend And Pattern of Private Final Consumption Expenditure (PFCE) 248
8.4 Consumer Base 249
8.5 MPCE And distribution of Households 249
8.6 Average MPCE 250
8.7 Proportion Of Expenditure On Food And Non-Food 250
8.8 Level And Pattern Of Consumption Expenditure 251
8.9 Movement In Budget Share 251
8.10 Evidences From Micro Level Data 252
8.11 Policy Implications 256
8.12 Contribution of the researcher 257
8.13 Areas for further research 257

BIBLIOGRAPHY

APPENDIX I
APPENDIX II