

# CHANGING CONSUMPTION PATTERN IN INDIA WITH SPECIAL REFERENCE TO ASSAM

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**Abstract:** Consumption is one of the most important components of growth and development of an economy and, therefore, changing consumption patterns have significant impact. This paper attempts to highlight the trend and pattern of food and non-food consumption expenditure in rural and urban areas in India and Assam during the period from 1972-73 to 2011-12. The present study is based on secondary data collected from NSSO reports. The findings of the study reveals that consumption expenditure pattern has changed from staple food commodities to processed and high value commodities. Food consumption is declining because of shift in consumption away from cereals to high calorie commodities such as milk & milk products, meat, fish, egg and fruits etc. An increasing share of expenditure has been going to non-food sector in both rural and urban areas; but the proportion of expenditure on food items has shown a declining trend. This decline is higher in urban areas than rural areas. During the study period, it is observed that among all the expenditure categories 'miscellaneous goods and services' have greater weightage that includes non-food essentials like education and health care in both rural and urban areas.

**Index Terms:** Consumption Pattern, Consumption Expenditure, Food and Non-Food, Rural and Urban.

## INTRODUCTION

Consumption is an integral part of all human beings to sustain life. We buy, eat and take advantages of different goods and services. In common parlance, the term 'Consumption' refers to the act of using up the resources, whereas in economic theory it means the final use of goods and services to satisfy human wants, needs and desires. It is a process of deriving utility from goods and services which are not intended to be an investment of some sort. Consumption is defined as the total value of expenditures on goods and services for the current use by the household sector (Henderson and Poole, 1991). Consumption clearly contributes to human development when it enlarges the capabilities and enriches the life of people without adversely affecting the well beings of others. Variations in consumption habits are visible as there exist difference in set of socio-economic, cultural, religious, psychological and environmental contexts. A country's consumption habit reflects a clear picture of its standard of living, human development and the nature of its economic growth. Household consumption pattern is an important barometer of individual welfare and well being of a country.

Consumption is one of the most significant components in all economies. As a dominant part of the Gross Domestic Product the change in consumption carries weight in determining the growth and success of the economy. The level of consumption, per capita income, the standard of living are some of the prominent determinants of economic status of a society. Increase in per capita income and per capita consumption expenditure are some of the macro level indicators of development and the household expenditure is a micro level indicator. According to Simon Kuznets (1995), economic growth of a nation involves industrialisation, urbanization and change in the relative economic position within the nation. These changes, on the other hand, influence the consumption level in an economy; which indicates a close relationship between consumption and economic growth. There are so many economic theories which explain the relationship between consumption change and economic growth. In various growth models also consumption takes a key parameter role. J.M. Keynes keeps consumption function at the very heart of economic system. The benefit of consumption has spread far and wide; today more people are better fed and housed than ever before.

Human beings eat a wide variety of food and their food basket changes with change in their economic and demographic status. Dynamic nature of human wants leads to change in consumption pattern. Variation in consumption habits are visible in different regions, as there exist a difference in environmental, social, economical, cultural and psychological contexts. No doubt, consumption is an individual matter; but their desires and satisfaction are dependent to the society which they belong. An individual's consumption pattern is more or less influenced by the habits of their ancestors and neighbours also (Sethi, 2001).

## CONSUMPTION PATTERN

Consumption pattern is one of the most important drivers of development pattern of a country. It is that aspect of livelihood which relates to the nature and amount of the different goods and services that the household consider as adequate for fulfilling their needs. If a livelihood can be defined as manner of living that reflects a household's values and attitudes, a consumption pattern is the relation to goods and services that characterize that lifestyle. Consumption patterns provide the structure for everyday material life. It is a symptom of attitudes, values and motives of a group of consumers. Consumption pattern expressed in terms of demands for increasing variety, quality and individuality in goods purchased. Consumption pattern describes how consumers allocate their income among various alternative choices; how loyal they are to various advertisement of goods and services and how they react to new products and services.

An individual has gone through various stages before purchasing products or services for his final use so as to satisfy needs and desires. Consumer's behaviour which refers to the actions of consumers in the market place are not same. Consumption of a similar commodity also varies from household to household. Thus consumption pattern involves a study of variations in consumption of different consumers. Food consumption pattern refers to the arrangements of consumption in accordance with the types and quantities of food items (Gerbens Leenes & Nonhebel, 2002).

## DETERMINANTS OF CONSUMPTION PATTERN

The economic growth, change in tastes and preferences and urbanization has resulted in changing consumption pattern away from traditional food commodities to processed and high value commodities (Murty, 2000; Meenakshi, 1996; Rao, 2000). A study conducted by Praduman Kumar and Madan M. Dev reveals that a change in consumption pattern of a group, i.e., structural shift is because of consumption diversification in taste and preferences and change in relative prices. On the other hand, changes in consumption as one moves from poor to non-poor group in the same year which has been designated as pure income effect. This change is the result of increase in the income level of the consumer. The factors responsible for change in consumption are known as determinants of consumption pattern (Kulkarny, 1991). There is common perception, we have from the basics of choice theory is that the consumption pattern of any individual over a vector of commodities available before him is influenced by a lot of factors, such as tastes, habits and preferences of the family, size of the family, income of the household, standard of living, price of the commodity, price of relative commodities, education of family members, nature and occupation of family, lifestyle, availability of consumer goods, influence of advertisement, interest rates, changing wage level, consumer credit, attitude towards savings, fiscal and monetary policy of the government, geographic and climatic condition of the society where the individual lives, social and religious structure such as caste, tradition etc. and also by some structural factors like degrees of urbanization, distribution pattern of income, infrastructure of market, role of media etc. Therefore, any changes of these factors will surely result in change of consumption pattern of the consumer.

Geographical location of the population also plays some role in the consumption function (Anthony, 1974). The urbanization of a country may be accompanied for more consumption and less saving (Edwin, 1993). Propensity to consume is affected by the size of the family. With an increase in family size the propensity to consume increases due to increased demand for food, clothing and other necessities of life (Ashok and Jagadeswara, 1985). Household consumption behaviour is correlated with the number of children in the household. Children affect the allocation of a family budget; they affect the household demand pattern in a well defined way (Martin and Anna Maria, 1996). Globalization is also integrating consumer markets around the world and opening opportunities with a constant flow of new and attractive products at comparatively low prices, which affects consumption choice. Globalization of nutrition includes shifts from local markets towards global trade in commodities and processes in which people and ideal spread throughout the world (Lang, 2002). The gradual expansion of cities and increasing global connectedness after 1990s, resulted in a drastic shifts towards high value energy dense foods such as superior cereals, meat, dairy products, temperate vegetables and fruits (FAO, 1993; Joshi, 2002). At the same time, increased number of working woman caused in shift towards processed food which requires less time for preparation.

## STATEMENT OF THE PROBLEM

Consumption pattern has been studied at different places all across the world and a remarkable change has been observed over a period of time. Both developed and developing economies have exhibited significant change in consumption behaviours, which is an outcome of changing lifestyle. Better quality of life is an indicator of economic development and consumption pattern has changed with escalation in quality of life proving its significance. During the last few decades, the world consumption has expanded at an unprecedented pace. The benefit of consumption has spread far and wide today; more people are better fed and housed than ever before. In the words of Muellbauer and Latimore (1994), "Consumption expenditure accounts for between 50% and 70% of spending in most economies. The consumption function has been the most studied of the aggregate expenditure relationships' and has been key element of all the macro-economic model building efforts since the seminal work of Klein and Goldberg (1955)".

The study of consumption is important from the macroeconomic perspective as it governs to total savings, economy's long term productive capacity, national output etc. It is confirmed from various studies that consumption transition has been taking place throughout the world at different stages and forms in which people shift towards more affluent types of consumption pattern. In developing countries like India, the need for studies on consumption expenditure pattern is felt especially because development brings about significant changes in the size and structure of population, urbanization, attitudes and aspirations of various social classes and in the patterns of consumption (Kamal, Vatta and R.S. Sidhu, 2007). As per the basic objective of economic planning in developing countries, a rise in real per capita income is usually accompanied by an increase in the demand for different commodities. The increased income in the hands of the people will generate a rapid increase in the demand for consumer goods. Therefore, production of goods and services should be planned in such a way that the level of production should match the future demand reflected by future consumption pattern. Hence, the studies on consumption expenditure pattern in India are very useful in order to build up the planning strategies effectively. In this regard, the analysis of changing household consumption pattern over time would help in designing appropriate policies related to production and distribution (Venkateswara Rao.A and B.B. Sahep, 2012).

Prior to independence in 1947 Consumer Behaviour in India did not get its due importance. The legacy data collection methods left behind by the colonial rulers was inadequate to study and unable to provide the elementary data required for estimation of national income. However during 1950's, the foundation of a strong statistical base was laid. Today, in the official statistical system the Department of Statistics set up by the Government of India is the apex body. In terms of the organisational structure the Central Statistical Organisation and the National Sample Survey Organisation operate under the Department of Statistics. NSSO collects data relating to a wide variety of aspects of the Indian economy through large scale sample surveys'. These surveys contribute vital information that helps decision makers in socio-economic planning and policy making.

India is the second largest populated country after China. Agriculture occupies nearly 45% of total geographical area and is the primary occupation of 64 % of the total population. The consumption expenditure data available from National Sample Survey Organization (NSSO) reports reveal that India is also witnessing an unprecedented consumption boom. This kind of transformation in consumption pattern has happened in India since 1970. Rapid urbanization, income growth and globalization have led to dramatic shift in Indian diets during the past 40 years. Improved technologies on production and government supportive schemes in late 1960s during green revolution, led consumers to choose fashionable and water-intensive foods like rice and wheat instead of traditional millet. The consumption of food is falling because of shift in consumption away from cereal to high calorie commodities such as, milk, meat, fish etc. In other words from low value to high value commodities (Kumar and Kumar, 2004). The decline in cereal consumption can be attributed towards the diversification of food production, easy access of high value commodities, change taste and preferences and reduction in price of cereals relative to other food commodities (Radhakrishna, 2005; Kumar, 1998; Murthy, 2000). It was observed that changes in consumption pattern were more likely to occur among the urban population where the most important

concentration of wealthy and literate people are found and they were considered the most interested to introduce a new trend than the rural population. The NSSO data during the last one or two decades reveal that the consumption expenditure pattern of rural people also has diversified from low value commodities to high value added commodities. It is observed to move away from cereals and pulses to edible oil, dry fruits and beverages and other processed products. In rural areas the shift in consumption pattern is more in those regions that are experiencing greater improvement in infrastructure (Rao, 2000). The changing consumption pattern has resulted in decline in per capita household demand for food grains (Radhakrishna and Ravi, 1992; Kumar and Mathur, 1996).

NSSO surveys provide time series data of expenditure on food and non food items in different income groups, residence (rural and urban) and state. Taking into account the cost of food in the corresponding year, NSSO computes and reports household level of consumption of different food items. The consumer expenditure data of NSSO has shown a decline in the proportion of expenditure on food items in last three decades in both urban and rural areas. The proportion of expenditure on non-food items has increased from 24% to 37.7%. However the expenditure on food remained higher in rural areas as compared to urban areas. Between 1972-73 and 2011-12, the share of food in total consumer expenditure has fallen from 73% to 48.6% in rural areas and from 64% to 38% in urban areas. India's faster economic growth over 1990s has raised per capita income and has significantly impacted its food consumption pattern. The percentage of private final consumption expenditure on food items has declined from 53.7% to 48% and on non-food items it showed fluctuating trend and has increased from 46.3% to 51.6% in the pre reform period. While in the post reform period it has declined from 49.9% to 35.4% in case of food items and increased from 50.1% to 64.6% in case of non-food items (Sethia, 2005). According to NSSO Report No.558, monthly cereal consumption per person fell from 12.12 kg to 11.23 kg in rural India and from 9.94 kg to 9.32 kg in urban India between 2004-05 and 2011-12.

A little attempt has been made to assess the changes in consumption pattern by value added products. It permits not only to understand the consumption pattern but also reveals the future consumption habits. The focus of this study relates to the changing consumption pattern in both rural and urban areas of Assam state of India. Assam has lagged behind many other states of the country in overall development. The infrastructure facilities like roads and transport, communication, industries, health care are still inadequate specially in rural areas. Majority of population is still dependent on agriculture and allied land based activities. In the present study it is tried to analyse whether Assam shows same trend in changing consumption pattern in rural as well as urban areas



like the country taking into account the food and non-food items. This study intends to examine the nature and extent of the changes in consumption pattern in the study region. It is important to understand that to what extent the consumption of value added products has increased? What is the extent of shift? Is the shift observed along all income groups of the society or only for the rich sector? Is this shift occurs in the rural areas also at the same degree or not? If not, then why? To find out solution to these questions we have tried to explain the change in Consumption pattern separately for rural and urban areas across time and place covering the post reform era.

### THE SPECIFY OBJECTIVES OF THE STUDY

- To study the trends in consumption expenditure of food and non-food items in India.
- To examine the changes in consumption pattern in India and Assam as per NSSO reports.
- To suggest measures for development of those sectors which have gained importance over the years.

### SURVEY DATA

The present study is based on secondary data collected from various sources, such as, Central Statistical Organisation, reports of National Sample Survey, various websites on internet, articles of journals and books, newspaper etc. In this study, we have planned to use the consumer expenditure data of 50th, 55th, 61st and 66th round survey of NSSO pertaining to the periods 1993-94, 1999-2000, 2004-05 and 2009-2010 for analysis and thus study period covers from 1993-94 to 2009-10.

### CHANGING PATTERN OF CONSUMER EXPENDITURE IN INDIA

The structural changes in the consumption expenditure in rural and urban areas of India have been assessed by taking the Monthly Per Capita Consumption Expenditure (MPCE) at current prices. NSSO has completed eight quinquennial surveys from 1972-73 to 2011-12. The following table shows that the all India average MPCE has been increasing over the years in rural and urban areas.

**Table: 1**  
**Pattern of MPCE among Food and Non-food items in Rural and Urban areas in All India.**

| Year/Round                    | Rural             |                   |                 | Urban              |                    |                  |
|-------------------------------|-------------------|-------------------|-----------------|--------------------|--------------------|------------------|
|                               | Food              | Non-Food          | Total           | Food               | Non-Food           | Total            |
| 1972-73<br>27 <sup>th</sup>   | 32.16<br>(72.81)  | 12.01<br>(27.19)  | 44.17<br>(100)  | 40.84<br>(64.49)   | 22.49<br>(35.51)   | 63.33<br>(100)   |
| 1977-78<br>32 <sup>nd</sup>   | 44.33<br>(64.35)  | 24.56<br>(35.65)  | 68.89<br>(100)  | 57.67<br>(59.98)   | 38.48<br>(40.02)   | 96.15<br>(100)   |
| 1983-84<br>38 <sup>th</sup>   | 73.63<br>(65.56)  | 38.68<br>(34.44)  | 112.31<br>(100) | 97.31<br>(58.69)   | 68.49<br>(41.31)   | 165.80<br>(100)  |
| 1987-88<br>43 <sup>rd</sup>   | 100.82<br>(63.77) | 57.28<br>(36.23)  | 158.10<br>(100) | 139.73<br>(55.91)  | 110.18<br>(44.09)  | 249.92<br>(100)  |
| 1993-94<br>50 <sup>th</sup>   | 177.77<br>(63.18) | 103.64<br>(36.82) | 281.40<br>(100) | 250.32<br>(54.65)  | 207.72<br>(45.35)  | 258.04<br>(100)  |
| 1999-2000<br>55 <sup>th</sup> | 288.80<br>(59.41) | 197.28<br>(40.59) | 486.08<br>(100) | 410.86<br>(48.06)  | 444.10<br>(51.94)  | 854.96<br>(100)  |
| 2004-05<br>61 <sup>st</sup>   | 307.60<br>(55.05) | 251.19<br>(44.95) | 558.78<br>(100) | 447.41<br>(42.51)  | 604.95<br>(57.49)  | 1052.36<br>(100) |
| 2009-10<br>66 <sup>th</sup>   | 497.09<br>(53.58) | 430.62<br>(46.42) | 927.70<br>(100) | 727.49<br>(40.74)  | 1058.32<br>(59.26) | 1785.81<br>(100) |
| 2011-12<br>68 <sup>th</sup>   | 756.49<br>(52.87) | 673.51<br>(47.13) | 1430<br>(100)   | 1120.88<br>(42.62) | 1509.22<br>(57.38) | 2630.00<br>(100) |

Values in the parameters are percentage to total.

Source: Key Result on Household Consumption Expenditure, 1993-94, Report No.401

In rural area, the average MPCE has increased from Rs 44.17 in 1972-73 to Rs. 1430 in 2011-12. This increase is because of growing economic development as well as the inflationary pressure. From the above table it is also evident that the percentage share of food expenditure has decreased from 72.81% in 1972-73 to 52.87% in 2011-12. The decline in the percentage of food expenditure indicates that there has been enormous increase in the expenditure allotted for non food items. This proportion of non-food items has increased from 27.19% in 1972-73 to 47.13% in 2011-12.

Same is the case in urban areas also. In urban India, the MPCE has increased from Rs. 63.33 in 1972-72 to Rs. 2630 in 2011-12. The proportion of food expenditure has declined from 64.49% in 1972-73 to 42.62% in 2011-12; whereas the percentage of non-food expenditure has gone up from 35.51% to 57.38% in 1972-73 and 2011-12 respectively.

From the above result it has been observed that an increasing share of expenditure is going to non-food items in both rural and urban India. But the share of expenditure for food items has been decreasing in both the areas. Furthermore, the decline in the share of expenditure for the food items was higher in urban areas than rural areas of India.

On the basis of the NSSO reports data, in this study, all the food and non-food items are classified into eighteenth categories. The following table shows that considerable changes have been taken place in the consumption pattern in both rural urban areas of Assam. In rural Assam, cereals and cereal substitutes constitute a major food expenditure. However, the percentage to total monthly per capita consumption on cereals and cereal substitutes experienced a sharpe decline from 35.1% in the year 1993-94 to 15.97% in 2011-2012. This is because of the tendency of consumers to shift from cereals to non cereals food items.

**Table: 2**  
**Percentage Distribution of MPCE over Broad Groups of Consumption Items in Rural Assam.**

| Items                          | 50th Round  | 55th Round   | 61st Round   | 66th Round   | 68th Round   |
|--------------------------------|-------------|--------------|--------------|--------------|--------------|
| Cereals                        | 35.1        | 32.35        | 24.82        | 20.66        | 15.97        |
| Gram                           | 0.1         | 0.04         | 0.04         | 0.06         | 0.11         |
| Cereal Substitutes             | 0.0         | 0.00         | 0.01         | 0.00         | 0.00         |
| Pulse & Pulse products         | 2.6         | 3.10         | 3.32         | 3.00         | 2.76         |
| Milk & Milk Products           | 4.5         | 3.53         | 4.37         | 3.60         | 3.61         |
| Edible Oil                     | 3.7         | 3.47         | 4.89         | 3.24         | 3.63         |
| Meat, Egg & Fish               | 8.4         | 8.31         | 10.13        | 11.61        | 12.85        |
| Vegetables                     | 8.1         | 8.21         | 9.34         | 10.36        | 8.19         |
| Fruits & Nuts                  | 1.2         | 0.94         | 0.98         | 1.63         | 2.18         |
| Sugar                          | 2.0         | 1.71         | 1.59         | 1.27         | 1.03         |
| Salt & Spices                  | 1.8         | 2.00         | 2.20         | 2.56         | 3.09         |
| Beverages                      | 4.7         | 3.96         | 4.31         | 6.44         | 7.90         |
| <b>Food Total</b>              | <b>72.3</b> | <b>67.63</b> | <b>65.99</b> | <b>64.43</b> | <b>61.34</b> |
| Pan, Tobacco                   | 5.0         | 4.40         | 4.32         | 4.13         | 4.50         |
| Fuel & light                   | 7.7         | 7.08         | 10.09        | 7.95         | 8.42         |
| Clothing                       | 3.1         | 6.16         | 4.44         | 5.03         | 5.64         |
| Footwear                       | 0.5         | 1.01         | 0.69         | 0.80         | 0.85         |
| Miscellaneous goods & services | 10.2        | 11.85        | 13.33        | 17.67        | 15.32        |
| Durable goods                  | 1.4         | 1.90         | 1.15         | 3.09         | 3.94         |
| <b>Non Food Total</b>          | <b>27.7</b> | <b>32.37</b> | <b>34.02</b> | <b>35.57</b> | <b>38.67</b> |

The decline in the consumption of cereal items and the increase in the consumption of non cereal items in the food basket suggested that the real income of the people may have increased over the period. Among the various categories of food items, 'Sugar' has shown a declining trend from 2% in 1993-94 to 1.03% in 2011-2012. 'Pulses and pulse products' has shown a increasing trend during the 2004-05 from 2.6% to 3.32%, after then it started to decline and reached 2.76% in the year 2011-12. The consumption of meat, egg and fish has been increased from 8.4% to 12.85% during the period of 1993-94 to 2011-12. Though milk and milk products have increased in 2004-05, later these showed a declining tendency. The percentage share of other food items like vegetables (8.1% to 8.19), fruits and nuts (1.2% to 2.18%), beverage (4.7% to 7.90%) etc. have increased during the three decades.

The expenditure on all the six classes of the non- food item has recorded an increase. The proportion of expenditure on 'fuel and light', 'foot wear', miscellaneous goods & services' and durable goods', clothing have recorded a sharp increase during the period of 1993-94 to 2011-12. However, 'pan, tobacco and intoxicants, is the item for which the percentage of MPCE has declined.

**Table: 3**  
**Percentage Distribution of MPCE over Broad Groups of Consumption Items in Urban Assam.**

| Items                          | 50th Round  | 55th Round   | 61st Round   | 66th Round   | 68th Round   |
|--------------------------------|-------------|--------------|--------------|--------------|--------------|
| Cereals                        | 20.1        | 18.90        | 13.61        | 12.75        | 9.99         |
| Gram                           | 0.2         | 0.09         | 0.06         | 0.05         | 0.08         |
| Cereal Substitutes             | 0.0         | 0.00         | 0.07         | 0.00         | 0.00         |
| Pulse & Pulse products         | 2.3         | 2.41         | 2.19         | 2.38         | 1.98         |
| Milk & Milk Products           | 5.6         | 5.29         | 4.73         | 3.41         | 3.84         |
| Edible Oil                     | 3.7         | 3.15         | 3.65         | 2.73         | 2.93         |
| Meat, Egg & Fish               | 8.2         | 8.49         | 7.79         | 11.39        | 8.91         |
| Vegetables                     | 6.4         | 5.99         | 6.05         | 7.64         | 5.54         |
| Fruits & Nuts                  | 2.2         | 1.59         | 1.45         | 3.01         | 2.86         |
| Sugar                          | 1.8         | 1.29         | 1.13         | 0.85         | 0.80         |
| Salt & Spices                  | 1.4         | 1.74         | 1.53         | 1.97         | 2.37         |
| Beverages                      | 7.6         | 6.41         | 7.24         | 6.77         | 8.38         |
| <b>Food Total</b>              | <b>59.7</b> | <b>55.38</b> | <b>49.50</b> | <b>52.94</b> | <b>47.67</b> |
| Pan, Tobacco                   | 4.1         | 2.96         | 2.89         | 2.99         | 3.10         |
| Fuel & light                   | 5.8         | 6.65         | 9.88         | 7.44         | 7.01         |
| Clothing                       | 4.6         | 6.04         | 2.58         | 4.60         | 4.08         |
| Footwear                       | 1.0         | 1.77         | 0.40         | 1.05         | 0.89         |
| Miscellaneous goods & services | 22.5        | 34.48        | 34.19        | 27.88        | 32.52        |
| Durable goods                  | 2.3         | 1.82         | 0.58         | 3.10         | 4.01         |
| <b>Non-Food Total</b>          | <b>40.3</b> | <b>44.62</b> | <b>50.50</b> | <b>47.06</b> | <b>52.33</b> |

In urban Assam also food habits are almost similar to the rural Assam. The percentage of expenditure allotted for cereals and cereals substitutes is comparatively lower than the rural Assam. Further, this percentage is declining from 20.1% in 1993-94 to 9.99% in 2011-12. All other food items have shown a declining trend except meat, egg, fish, vegetables and fruits & nuts which show a fluctuating trend.

Unlike the food items, the proportion of expenditure on non-food items have been increasing during the study period in urban areas of Assam. Various rounds of NSSO data shows that the share of non-food articles like pan, tobacco and intoxicants are declining, while fuel and light shown increase in share in urban area. Clothing shows an overall fall and the share of durable goods appears to be picking up. Among all, the expenditure category, "miscellaneous goods & services" that includes non-food essentials like education and health care, stands in the first position. The proportion of expenditure on this item has increased from 22.5% in 1993-94 to 32.52% in 2011-12. A shift in consumer preference from public to private for acquiring the human development related services like education and health is the major factor for the high expenditure on 'miscellaneous goods and services'. Meanwhile, consumption of footwear does not show much variation.

## CONCLUSIONS

From the above analysis the following salient results were obtained: first of all the percentage share of monthly per capita consumption expenditure of cereals was higher in rural areas of Assam as compared to urban areas and declining continuously in both the areas. The reason for declining expenditure on cereal items and increasing on non-cereal items in urban areas may be due to increased consumer income levels and increased availability of non-cereal items. Regarding consumption of pulses there is a marginal increase in the proportion in rural Assam. Edible oil and milk has been increasing over the years, but the consumption is higher in urban areas compared to rural areas. Sugar consumption has been declining in both rural and urban areas. A continuous decline in the share of food expenditure accompanied by a tremendous increase in the share of non-food items were observed in both rural and urban areas of Assam. Further, continuous increasing in the share of expenditure on 'miscellaneous goods and services' in both rural and urban areas indicates a greater consciousness on health, education for their children and other human development related issues.

Changing demographic patterns are responsible for changes in the demand for food items over the years. Education is also an important factor influencing food consumption pattern. Educated people usually consume more nutritious commodities.

Examining the changes in expenditure pattern in rural and urban areas of India, one should understand that the demand pattern of various food and non-food items has changed. An increase in the demand for non cereal and non-food commodities will provide incentive for producers to diversify production. Diversification will raise the income of producers. This will help the policy makers to plan for the changing investment pattern in various productive and other service sectors.

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