

CHAPTER 3

CONSUMER EXPENDITURE

3.01 The expenditure incurred by a household to meet its domestic consumption of various groups of items including miscellaneous goods, services and durable articles is the household's consumer expenditure. The level of consumer expenditure is a measure of the economic well being of the household. Data on private consumption is also useful for observing changes in the quality of life over a period of time.

3.02 Data on average monthly per capita consumer expenditure (MPCE) on different food and non-food items for Orissa and at the all-India level based on the results of 58th Round of National Sample Survey (July, 2002 to December, 2002) are presented in Table 3.1. The data reveal that :

i) The average MPCE in rural areas of Orissa was Rs.390.48 as against the all-India average of Rs.531.49. The MPCE in rural Orissa under food items was higher being 58.71% of the total expenditure as against 55.00% at the all-India level. The expenditure under non-food items was 41.29% of the total expenditure in rural Orissa as against the all-India average of 45.00%. This indicates that the average living standard in rural Orissa is lower than the average living standard in rural India.

ii) In urban Orissa, the average MPCE was Rs.868.68 as against the all-India average of Rs.1011.95. Here again, the percentage of expenditure under food items in Orissa was higher (44.37) as compared to the corresponding all-India figure (42.47). The expenditure under non-food items to total expenditure in urban Orissa was 55.63% as against the all-India level of 57.52%. This shows that the living standard in urban Orissa also lags behind the average living standard in urban India.

iii) The gap between urban and rural MPCE in Orissa was of the order of Rs.478.20, of which as much as Rs.156.20 accounted for food and Rs.322.00 for non-food items. Cereals alone accounted for 46.39% of the total expenditure under food items in rural areas and 29.33% in urban areas of Orissa as against 33.10% and 23.42% in the rural and urban areas respectively at all-India level.

iv) The percentage of expenditure under food and non-food items to total expenditure was 44.37 and 55.63 respectively in urban Orissa against 58.71 and 41.29 in the

rural areas. This is indicative of the quality of life in urban areas being better than that of rural areas.

Table 3.1
Average Monthly Percapita Expenditure on Groups of Items of Consumption for Rural and Urban Areas of Orissa and at All-India Level during July - December, 2002
(58th Round NSS)

Sl. No.	Item	ORISSA					
		Rural			Urban		
		Amount [Rs.]	% to expenditure on food/non-food	% to total expenditure	Amount [Rs.]	% to expenditure on food/non-food	% to total expenditure
1	2	3	4	5	6	7	8
Food Items :							
1	Cereals	106.35	46.39	27.23	113.04	29.33	13.01
2	Gram	0.14	0.06	0.04	0.51	0.13	0.06
3	Cereal substitutes	0.06	0.03	0.01	0.03	0.01	0.00
4	Pulses and their products	10.63	4.64	2.72	19.13	4.96	2.20
5	Milk and milk products	8.81	3.84	2.26	43.21	11.21	4.98
6	Edible oil	12.46	5.44	3.19	22.01	5.71	2.53
7	Meat, fish and eggs	16.93	7.38	4.34	24.68	6.40	2.84
8	Vegetables	37.24	16.24	9.54	55.76	14.47	6.42
9	Fruits (fresh)	4.01	1.75	1.03	9.76	2.53	1.12
10	Fruits (dry)	0.21	0.09	0.05	1.07	0.28	0.12
11	Sugar	5.64	2.46	1.44	10.94	2.84	1.26
12	Salt	1.10	0.48	0.28	1.55	0.40	0.18
13	Spices	7.02	3.06	1.80	10.04	2.60	1.16
14	Beverage etc.	18.67	8.14	4.78	73.74	19.13	8.49
Food Total		229.27	100.00	58.71	385.47	100.00	44.37
Non-food Items :							
15	Pan	3.23	2.00	0.83	6.86	1.42	0.79
16	Tobacco	2.83	1.76	0.73	3.06	0.63	0.35
17	Intoxicants	3.54	2.20	0.91	4.89	1.01	0.56
18	Fuel and light	38.99	24.19	9.99	80.98	16.76	9.32
19	Clothing	29.78	18.47	7.63	63.90	13.22	7.36
20	Footwear	2.06	1.28	0.53	6.88	1.42	0.79
21	Education	8.71	5.40	2.23	63.55	13.15	7.32
22	Medical (institutional)	3.60	2.23	0.92	3.61	0.75	0.42
23	Medical (non-institutional)	23.91	14.83	6.12	26.29	5.44	3.03
24	Entertainment	0.86	0.53	0.22	10.96	2.27	1.26
25	Goods for personal care & Effects	0.95	0.59	0.24	2.39	0.50	0.27
26	Toilet articles	9.76	6.05	2.50	24.33	5.04	2.80
27	Sundry articles	7.19	4.46	1.84	18.57	3.84	2.14
28	Consumer Services	4.15	2.58	1.06	40.55	8.39	4.67
29	Conveyance	6.50	4.03	1.66	36.90	7.64	4.25
30	Rent	0.58	0.36	0.15	66.15	13.69	7.61
31	Taxes and Cesses	0.01	0.01	0.00	0.84	0.17	0.10
32	Durable goods	14.56	9.03	3.73	22.50	4.66	2.59
Non-food Total		161.21	100.00	41.29	483.21	100.00	55.63
TOTAL CONSUMER EXPENDITURE.		390.48		100.00	868.68		100.00

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Table 3.1 (Contd.)

ALL- INDIA	
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		ALL- INDIA					
		Amount	Total	% to	Amount	% Urban	% to total
		[Rs.]	expendi- ture on food/ non-food	total expen- diture	[Rs.]	expenditure on food/ non-food	expenditure
1	2	9	10	11	12	13	14
Food Items							
1	Cereals	96.74	33.10	18.20	100.64	23.42	9.95
2	Gram	0.65	0.22	0.12	1.07	0.25	0.11
3	Cereal substitutes	0.39	0.13	0.07	0.49	0.11	0.05
4	Pulses and their products	17.36	5.94	3.27	22.86	5.32	2.26
5	Milk and milk products	45.34	15.51	8.53	78.19	18.19	7.73
6	Edible oil	21.23	7.26	3.99	31.32	7.29	3.09
7	Meat, fish and eggs	18.31	6.27	3.45	27.07	6.30	2.67
8	Vegetables	35.19	12.04	6.62	48.34	11.25	4.78
9	Fruits (fresh)	7.31	2.50	1.38	16.09	3.74	1.59
10	Fruits (dry)	1.73	0.59	0.33	5.50	1.28	0.54
11	Sugar	11.05	3.78	2.08	13.59	3.16	1.34
12	Salt	1.04	0.36	0.20	1.38	0.32	0.14
13	Spices	11.43	3.91	2.15	14.74	3.43	1.46
14	Beverage etc.	24.52	8.39	4.61	68.51	15.94	6.77
Food Total		292.29	100.00	55.00	429.79	100.00	42.47
Non-food Items :							
15	Pan	2.23	0.93	0.42	3.06	0.53	0.30
16	Tobacco	7.99	3.34	1.50	8.39	1.44	0.83
17	Intoxicants	4.72	1.97	0.89	5.74	0.99	0.57
18	Fuel and light	47.78	19.97	8.99	91.22	15.67	9.01
19	Clothing	37.68	15.75	7.09	60.83	10.45	6.01
20	Footwear	5.22	2.18	0.98	10.52	1.81	1.04
21	Education	14.33	5.99	2.70	58.57	10.06	5.79
22	Medical (institutional)	9.47	3.96	1.78	16.69	2.87	1.65
23	Medical (non-institutional)	26.45	11.06	4.98	41.68	7.16	4.12
24	Entertainment	2.94	1.23	0.55	15.36	2.64	1.52
25	Goods for personal care & Effect	1.15	0.48	0.22	2.23	0.38	0.22
26	Toilet articles	13.41	5.61	2.52	26.75	4.59	2.64
27	Sundry articles	11.33	4.74	2.13	20.91	3.59	2.07
28	Consumer Services	16.60	6.94	3.12	56.00	9.62	5.53
29	Conveyance	17.03	7.12	3.20	58.82	10.10	5.81
30	Rent	2.70	1.13	0.51	52.76	9.06	5.21
31	Taxes and Cesses	0.95	0.40	0.18	7.72	1.33	0.76
32	Durable goods	17.22	7.20	3.24	44.91	7.71	4.44
Non-food Total		239.20	100.00	45.00	582.16	100.00	57.52
TOTAL CONSUMER EXPENDITURE.		531.49		100.00	1011.95		100.00

3.03 The MPCE on food and non-food items for rural and urban areas of Orissa as well as at the all-India level over different NSS Rounds is presented in Table 3.2. It is observed from the table that the expenditure on food items has always been higher than the expenditure under non-food items, in rural areas of Orissa as well as at the all-India level. However, in urban areas of Orissa, the expenditure on food items was higher than non-food

items in all the Rounds except 56th, 57th and 58th Round. The percentage of expenditure on food items to total expenditure in Orissa has generally declined over the years. The expenditure on food items to total expenditure was around 71% in rural areas and 66% in urban areas in the year 1977-78 (32nd Round NSS) which declined to around 59% in rural areas and 44% in urban areas in the year 2002-03 (58th Round NSS). This is indicative of a gradual improvement in the living standards of the people both in rural and urban Orissa. However, a comparison with all-India average indicates that the percentage of expenditure on food items is always more and that on non-food items is always less in Orissa both in rural and urban areas. Also the amount of consumption expenditure in Orissa has always been less than the amount at all-India level both in rural and urban areas. This is indicative of the fact that the average living standard in Orissa has always remained below the all India average.

Table 3.2
Value (Rs.) of Consumption of Food and Non-Food Items of a Person for a Period of 30 Days in Rural and Urban Areas over different Rounds of NSS for Orissa and at All-India level

Sl. No.	NSS Round and Period	ORISSA					
		Rural			Urban		
		Food	Non-food	Total	Food	Non-food	Total
1	2	3	4	5	6	7	8
1	32nd Round (1977-78)	37.47 (71.41)	15.00 (28.59)	52.47 (100.00)	57.43 (66.02)	29.56 (33.98)	86.99 (100.00)
2	38th Round (1983)	72.72 (73.64)	26.03 (26.36)	98.75 (100.00)	98.89 (65.31)	52.51 (34.68)	151.40 (100.00)
3	42nd Round (1986-87)	79.19 (69.35)	35.00 (30.65)	114.19 (100.00)	135.52 (62.47)	81.42 (37.53)	216.94 (100.00)
4	47th Round (1991-92)	149.70 (69.82)	64.72 (30.18)	214.42 (100.00)	204.57 (61.76)	126.64 (38.24)	331.21 (100.00)
5	53rd Round (1997)	192.62 (64.53)	105.86 (35.47)	298.48 (100.00)	306.72 (54.55)	255.57 (45.45)	562.29 (100.00)
6	54th Round (January-June, 1998)	194.80 (64.74)	106.08 (35.26)	300.88 (100.00)	354.28 (55.23)	287.21 (44.77)	641.49 (100.00)
7	55th Round (July, 1999 -June, 2000)	239.25 (64.11)	133.92 (35.89)	373.17 (100.00)	352.24 (56.95)	266.25 (43.05)	618.49 (100.00)
8	56th Round (July, 2000 -June, 2001)	246.66 (62.85)	145.82 (37.15)	392.48 (100.00)	372.67 (48.23)	400.00 (51.77)	772.67 (100.00)
9	57th Round (July, 2001 -June, 2002)	193.98 (63.04)	113.71 (36.96)	307.69 (100.00)	359.47 (48.83)	376.64 (51.17)	736.11 (100.00)
10	58th Round (July, 2002 -Dec., 2002)	229.27 (58.71)	161.21 (41.29)	390.48 (100.00)	385.47 (44.37)	483.21 (55.63)	868.68 (100.00)

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Table 3.2 (Contd.)

Sl. No.	NSS Round and Period	ALL-INDIA		Per capita expenditure for

No		Rural			Urban			Orissa as percentage to All-India average	
		Food	Non-food	Total	Food	Non-food	Total	Rural	Urban
11	2	9	10	11	12	13	14	15	16
1	32nd Round (1977-78)	44.33 (64.35)	24.56 (35.65)	68.89 (100.00)	57.67 (59.98)	38.48 (40.02)	96.15 (100.00)	76.16	90.47
2	38th Round (1983)	73.73 (65.57)	38.71 (34.43)	112.44 (100.00)	96.97 (59.12)	67.06 (40.88)	164.03 (100.00)	87.82	92.30
3	42nd Round (1986-87)	92.55 (65.67)	48.38 (34.33)	140.93 (100.00)	128.97 (57.93)	93.66 (42.07)	222.63 (100.00)	81.03	97.44
4	47th Round (1991-92)	153.59 (63.08)	89.91 (36.92)	243.50 (100.00)	207.77 (56.10)	162.57 (43.90)	370.34 (100.00)	88.06	89.43
5	53rd Round (1997)	231.99 (58.73)	163.02 (41.27)	395.01 (100.00)	320.26 (49.62)	325.19 (50.38)	645.44 (100.00)	75.56	87.12
6	54th Round (January- June,1998)	232.40 (60.83)	149.67 (39.17)	382.07 (100.00)	339.70 (49.64)	344.57 (50.36)	684.27 (100.00)	78.75	93.75
7	55th Round (July,1999-June,2000)	288.80 (59.40)	197.36 (40.60)	486.16 (100.00)	410.84 (48.06)	444.08 (51.94)	854.92 (100.00)	76.76	72.34
8	56th Round (July,2000-June,2001)	278.57 (56.29)	216.33 (43.71)	494.90 (100.00)	400.57 (43.80)	514.00 (56.20)	914.57 (100.00)	79.30	84.48
9	57th Round (July,2001-June,2002)	276.35 (55.46)	221.92 (44.54)	498.27 (100.00)	402.31 (43.13)	530.48 (56.87)	932.79 (100.00)	61.75	78.91
10	58th Round (July,2002-Dec.,2002)	292.29 (54.99)	239.20 (45.01)	531.49 (100.00)	429.79 (42.47)	582.18 (57.53)	1011.97 (100.00)	73.47	85.84

* Figures in bracket indicate percentages.

3.04 The average monthly per capita consumer expenditure in Orissa vis-à-vis other major States as per 56th, 57th and 58th Rounds of NSS in rural and urban areas is presented in Table 3.3.

Table 3.3

Average Monthly Per capita Consumer Expenditure in Orissa vis-a-vis Other Major States as per 56th, 57th and 58th Rounds of NSS in Rural and Urban Areas.

Sl. No.	State	Average Monthly Percapita Consumer Expenditure (Rs.)					
		56 th Round (2000-01)		57 th Round (2001-02)		58 th Round (July,02-Dec.,02)	
		Rural	Urban	Rural	Urban	Rural	Urban
1	2	3	4	5	6	7	8
1.	Punjab	771.24	973.20	761.25	1009.01	788.18	1110.46
2.	Haryana	682.28	897.91	705.77	1040.14	702.62	1123.17
3.	Maharashtra	506.84	1033.93	589.32	1208.90	544.57	1163.63
4.	Tamil Nadu	525.73	969.47	552.03	898.33	542.12	1071.62
5.	Karnataka	531.02	900.47	525.42	973.15	512.82	968.95
6.	Andhra Pradesh	490.15	928.43	537.80	858.74	579.92	989.02
7.	Kerala	841.30	1203.65	839.78	1240.20	880.57	1266.64
8.	Uttar Pradesh	452.70	737.75	422.63	729.37	486.36	878.93
9.	West Bengal	473.07	902.17	506.01	966.52	492.79	1065.50
10.	ORISSA	392.48	772.67	307.69	736.11	390.48	868.68
11.	Rajasthan	538.25	793.40	577.54	804.79	574.32	830.03
12.	Madhya Pradesh	389.99	727.39	401.44	737.14	436.27	708.58
13.	Gujarat	591.20	953.19	621.09	953.56	590.20	1229.16
14.	Bihar	396.33	595.40	399.73	625.28	423.58	691.66
15.	Assam	457.27	789.40	537.32	883.29	531.67	947.47
ALL- INDIA		494.90	914.57	498.27	932.79	531.49	1011.97

3.05 The average MPCE of rural areas was the lowest in Orissa amongst the 15 major states of the country both in 57th and 58th round of NSS whereas in the 56th Round it was the second lowest. Similarly, the average MPCE in urban areas was lowest in Bihar in all the above three mentioned NSS Rounds. Further, the average MPCE for Orissa in all the three Rounds in rural as well as urban areas were lower than the corresponding figures at all-India level.

3.06 Engel's ratio, which is calculated as the proportion of consumption expenditure under food items to total consumer expenditure, is an index of the standard of living of the people. The smaller the ratio, higher is the standard of living. Engel's ratio in respect of fifteen major states of the country is presented in Table 3.4.

Table 3.4
Statewise Engel's Ratio of major States as per 56th, 57th and 58th Rounds of NSS in Rural and Urban Areas

Sl. No.	State	Engel's Ratio					
		56 th Round (2000-01)		57 th Round (2001-02)		58 th Round (July,02-Dec.,02)	
		Rural	Urban	Rural	Urban	Rural	Urban
1	2	3	4	5	6	7	8
1.	Punjab	48.66	43.02	48.19	42.16	47.27	39.23

2.	Haryana	52.79	45.30	51.27	40.99	52.86	40.05
3.	Maharashtra	53.51	42.27	49.46	39.74	51.63	40.25
4.	Tamil Nadu	55.35	42.87	54.62	44.32	55.17	40.67
5.	Karnataka	54.27	43.34	52.91	43.10	53.48	42.45
6.	AndhraPradesh	55.73	41.29	54.99	43.34	53.48	41.66
7.	Kerala	49.63	43.22	46.70	40.06	50.26	40.25
8.	Uttar Pradesh	54.14	44.83	55.51	45.71	54.14	42.73
9.	West Bengal	61.60	47.34	60.20	45.28	60.90	45.73
10.	ORISSA	62.85	48.23	63.04	48.83	58.71	44.37
11.	Rajasthan	56.66	46.75	54.81	45.59	55.97	45.42
12.	Madhya Pradesh	53.12	42.90	55.00	42.24	53.69	45.69
13.	Gujarat	58.59	45.41	57.06	43.78	55.10	42.28
14.	Bihar	61.60	51.45	60.51	49.81	61.52	49.21
15.	Assam	65.58	52.82	63.72	50.49	64.13	49.21
	ALL- INDIA	56.29	43.80	55.46	43.13	54.99	42.47

3.07 Engel's ratio in Orissa, both in rural and urban areas, was higher than that at the all-India level in all these three Rounds. This is indicative of a generally lower standard of living in Orissa as compared to the national level. However, among the 15 major States, it was highest in Assam both in rural and urban areas in 56th and 57th Round. But in 58th Round, although it was highest in Assam in rural areas, but in urban areas Bihar's Engel's Ratio was exactly equal to Assam.

3.08 Table 3.4 also reveals that as per the 58th Round of NSS conducted during July, 2002 to December, 2002, the standard of living in rural areas of Orissa was better than the standard of living in rural areas of Assam, Bihar and West Bengal. In respect of urban areas, the standard of living in Orissa was better than Bihar, Assam, Madhya Pradesh, Rajasthan and West Bengal.

3.09 It is evident from the above table that the Engel's ratio has increased from 57th Round to the 58th Round in case of both rural and urban areas for the major states like Maharashtra, Kerala and West-Bengal. However, in some other States like Haryana, Tamilnadu, Karnataka, Bihar and Assam it has increased for rural areas only and in Madhya Pradesh for urban areas only. In case of Orissa this ratio improved with a declining trend from 63.04 to 58.71 in rural areas and from 48.83 to 44.37 for urban areas in 58th Round as compared to 57th Round of NSS. At all-India level, the Engel's ratio marginally improved during 58th Round in both rural and urban areas as compared to 57th Round of NSS.

3.10 Distribution of rural and urban population by MPCE classes indicates the change in the standard of living of the people and the magnitude of poverty. A higher concentration of population in the lower expenditure classes is indicative of a higher

proportion of population living in poverty. The distribution of number of persons by MPCE classes in rural and urban areas separately for Orissa and India as a whole based on the results of the 58th Round of NSS (July, 2002 – Dec., 2002) is presented in Table 3.5.

Table 3.5

**Percentage Distribution of Population by MPCE Classes
(NSS 58th Round, July, 2002 –Dec., 2002)**

Sl No	MPCE Class	Percentage of Population			
		Rural		Urban	
		ORISSA	ALL-INDIA	ORISSA	ALL-INDIA
1	2	3	4	5	6
1.	Less than Rs.300	42.10	14.60	7.70	2.40
2.	Rs. 300-775	52.70	72.20	48.70	47.50
3.	Rs. 775 & above	5.20	13.20	43.60	50.10
All Classes		100.00	100.00	100.00	100.00

3.11 The percentage of population in the MPCE class of less than Rs.300 in both rural and urban areas of Orissa was much higher than the corresponding all-India figures in this class. For the MPCE class of Rs.300 to Rs.775, the proportion of population in rural areas of Orissa was much lower than the all-India figure, whereas for urban areas, this was marginally higher for Orissa than the all-India figures. The total percentage of population in these two lower MPCE classes comes to 94.80 in rural areas and 56.40 in urban areas of Orissa as compared to 86.80 and 49.90 respectively at the all-India level which indicates a higher concentration of population in Orissa in the lower consumption expenditure classes. For the highest MPCE class, i.e. Rs.775 and above, this percentage was much higher in case of all-India level for both rural and urban areas. This indicates a lower concentration of population in higher expenditure brackets in Orissa compared to the national level.

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