

CHAPTER 3

CONSUMER EXPENDITURE

3.01 Monthly Per-capita Consumer Expenditure (MPCE) is an important socio-economic indicator and is used for calculation of poverty ratio. Engel's ratio which speaks about the ratio of expenditure on food and non-food items is a well recognized indicator of the standard of living of people. Various rounds of National Sample Survey (NSS) throw light on consumer expenditure of families of different income levels separately for rural and urban areas. This is being utilized for estimating the population that are Below Poverty Line (BPL). The percentage of rural, urban and total population below poverty line for Orissa stood at 48.01, 42.83 and 47.15 respectively for the year 1999-2000, as against the corresponding values of 27.09, 23.62 and 26.10 at all-India level of the same year. Poverty in Orissa declined sharply between 1999-2000 and 2004-05. The percentage of rural, urban and total population below poverty line for Orissa stood at 39.80, 40.30 and 39.90 respectively for the year 2004-05 as against the corresponding value of 21.80, 21.70 and 21.80 at all India level.

3.02 The 63rd Round of NSS (July 2006 – June-2007) reveals that about 43% of rural and 31% of urban population of Orissa were living below the specific level of MPCE viz. below Rs. 365/-PM in rural and Rs. 580/- PM in urban

areas, as against 44.4% for rural and 37.6% for urban areas estimated in 62nd Round (July,2005–June,2006).

Table – 3.1
Percentage of Rural & Urban population below specified level of MPCE in Orissa and some major states as per 62nd & 63rd Round NSS
(Current Price)

State	62nd Round		63rd Round	
	% of rural popn. with MPCE below Rs.365 (=Rs.12 /day)	% of urban popn. with MPCE below Rs.580 (=Rs.19 /day)	% of rural popn. with MPCE below Rs.365 (=Rs.12 /day)	% of urban popn. with MPCE below Rs.580 (=Rs.19 /day)
1	2	3	4	5
Orissa	44.40	37.60	43.00	31.00
Chhatisgarh	44.10	23.10	25.60	32.20
Madhya Pradesh	33.60	29.40	23.70	35.90
Bihar	29.60	56.20	16.50	39.00
Jharkhand	31.80	24.60	20.70	19.30
Uttarpradesh	19.80	36.60	13.00	25.40
Karnataka	18.80	21.60	12.20	21.90
Maharashtra	10.20	16.20	7.50	11.90
Tamil Nadu	16.20	16.60	8.20	16.30
Andhra Pradesh	13.20	20.70	11.00	16.00
west Bengal	18.30	21.11	12.00	17.00
Gujarat	10.50	13.30	4.30	5.70
Assam	9.10	8.40	8.00	10.50
Rajasthan	8.70	21.20	4.70	14.00
Harayana	7.00	18.90	1.30	8.70
Kerala	3.50	13.70	1.80	11.70
Punjab	2.10	7.70	0.20	4.10
All India	18.70	21.80	12.70	17.40

3.03 As per 62nd round of N.S.S., the percentage of population below specific level of MPCE at all India level stood at 18.7 for rural and 21.8 for urban areas which were declined to 12.7% & 17.4% respectively in 63rd Round and were much below the corresponding percentage of Orissa. Table 3.1 shows the State wise percentage of rural and urban population below specific levels of MPCE.

3.04 Table 3.2 indicates the average MPCE on different food and non-food items for Orissa and at all India level based on the results of 62nd Round NSS (July 2005-June 2006) and 63rd Round (July, 2006-June 2007). The data reveals that -

i) Higher the level of income, lower is the percentage of income spent on food items and vice-versa.

ii) Both the Rounds of N.S.S. implies that the average MPCE in Orissa (both rural & urban) is lower than the all India average. In 62nd Round of N.S.S., the average MPCE of rural and urban Orissa stood at Rs. 460.32 and Rs. 900.20 respectively as against Rs. 624.53 and Rs. 1170.60 at all India level. Similarly in 63rd Round, the average MPCE for rural and urban Orissa stood at Rs.458.56 and Rs. 1072.13 respectively as compared to Rs. 695.16 and Rs. 1312.50 at all India average.

iii. Further, it is revealed from the Table 3.2 that the average MPCE on food items constitutes 57.86% and 42.15% of the total expenditure pertaining to rural & urban Orissa respectively in 63rd Round, while the corresponding percentage stood at 52.28% & 39.41% respectively at all India level. This shows that the average per-capita expenditure on food item in rural areas is higher than the urban areas and exceeds more than half of total MPCE.

iv. Per-capita expenditure on cereals and cereal substitutes is not much different for rural and urban house holds. For other items, the urban figure has been higher than the rural figures. This difference is found to be highest for house rent followed by education and consumer services. The per-capita urban consumption is about double the per-capita consumption in rural areas. These findings are also observed between rural and urban India.

v. The monthly per-capita consumption of Cereals in rural Orissa was 13.3 kg out of which rice constituted 94% and wheat 4% as against 11.7 kg at all India level out of which rice constituted 56% and wheat 34%. In urban areas, the monthly per-capita consumption of cereals in Orissa stood at 11.8 Kg out of which rice constituted 82% and wheat 18% as against per-capita

consumption of 9.6 kg at all India level, constituting 50% Rice and 46% Wheat.

vi. In rural areas the monthly per capita consumption of cereals is highest in Assam (13.6 kg) followed by Orissa (13.3kg) & Bihar (13.1kg). Lowest consumption has been recorded as 9.4kg in Kerala during 2006-07 (63rd Round NSS). Similarly in urban areas, the monthly per-capita consumption of Cereals at all India level recorded as 9.6kg, while highest consumption recorded in Assam (12.6kg) followed by Bihar (12.4kg). The lowest consumption has been recorded as 8.1 kg in Gujarat. The per-capita monthly consumption of Cereals in urban Orissa found to be 11.8 kg during 2006-07.

vii. At all India level, the share of food on total expenditure was 52% in the rural sector and 39% in the urban sector of the Country. For the rural sector, the share of food was higher in

Assam (57%), Bihar (60%), West Bengal (59%) and Orissa (58%) and lowest in rural Kerala (40%). For the urban sector, the share of food was highest in Bihar (50%). It was also high (46%) in Assam and Jharkhanda, where as the same was the lowest in Kerala (34%). The share of food to total consumption in urban Orissa was 42.15% during 2006-07.

viii. Further, Table 3.2 reveals that the monthly per-capita consumption of pulses & their products in Orissa is too less as compared to urban Orissa and at all India average. As per 63rd Round of NSS (2006-07), the average MPCE on pulses & their products was Rs. 13.56 in rural Orissa which is about 58.3% of the monthly per-capita consumption in urban Orissa and 59.8% of the consumption in rural areas at all India level.

Table 3.2

**Average MPCE on Groups of Items of Consumption for
rural and Urban areas of Orissa and all India**

62nd Round(in Rs.)
63rd Round

Sl.No.	Item	Orissa		India		Orissa		India	
		Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
1	2	3	4	5	6	7	8	9	10
Food Items									
1	Cereals	115.63	129.94	106.30	109.79	116.26	132.25	114.80	118.80
2	Gram	0.39	0.37	0.96	1.23	0.45	0.48	1.18	1.68
3	Cereal substitutes	0.25	0.00	0.42	0.52	0.01	0.01	0.46	0.50
4	Pulses and their products	11.73	21.21	20.02	25.57	13.56	23.26	22.67	30.06
5	Milk and milk products	12.24	38.26	50.94	84.94	11.70	44.74	56.23	97.49
6	Edible oil	15.78	25.97	25.46	35.02	16.84	27.84	27.22	37.52
7	Meat, fish and eggs	17.99	32.70	24.31	32.28	19.56	36.07	24.32	34.20
8	Vegetables	38.41	56.63	37.88	49.73	41.74	63.42	43.06	56.87
9	Fruits (fresh)	5.32	12.90	9.46	20.11	5.63	14.82	10.02	21.97
10	Fruits (dry)	0.21	0.82	2.29	5.41	0.35	1.55	2.45	6.03
11	Sugar	7.09	11.58	14.83	17.45	6.85	11.35	14.04	17.25
12	Salt	1.31	1.90	1.21	1.57	1.47	1.86	1.34	1.66
13	Spices	8.43	11.99	12.97	15.87	9.61	13.35	14.96	18.82
14	Beverage etc.	25.66	58.29	26.10	68.32	21.26	80.84	30.67	74.42
	Food Total	260.45	402.57	333.15	467.82	265.30	451.85	363.42	517.25
Non-food Items :									
15	Pan	3.17	6.07	2.47	2.89	3.29	6.74	2.64	3.12
16	Tobacco	3.39	5.26	8.19	8.78	5.29	5.22	8.70	9.22
17	Intoxicants	4.57	4.74	5.20	5.54	7.67	2.96	6.36	6.24
18	Fuel and light	46.06	89.58	60.41	109.55	52.89	96.50	66.07	117.44
19	Clothing	28.43	53.16	39.25	63.77	32.58	67.06	42.42	70.25
20	Footwear	2.64	6.57	6.22	11.90	2.77	8.40	6.53	13.07
21	Education	11.26	45.09	16.98	72.85	9.30	65.66	22.16	91.60
22	Medical (institutional)	6.63	7.82	10.75	18.62	5.04	18.74	15.55	24.35
23	Medical(non-institutional)	34.47	40.83	32.85	52.09	19.43	45.57	36.74	58.23
24	Conveyance,entertainment & others	21.60	52.56	34.22	75.59	22.45	73.84	38.89	84.84
25	Consumer Services	19.36	86.72	48.60	158.59	16.83	108.28	54.86	180.20
26	Rent	0.53	62.47	2.92	66.76	0.56	68.62	3.00	66.96
27	Taxes & Cesses	0.08	2.56	1.39	9.03	0.11	3.18	1.65	10.52
28	Durable goods	17.68	34.21	21.95	46.83	15.06	49.53	26.18	59.21
29	Non-food Total	199.87	497.63	291.38	702.78	193.27	620.29	331.75	795.25
TOTAL CONSUMER EXPENDITURE		460.32	900.20	624.53	1170.60	458.56	1072.13	695.16	1312.50

3.05 Table 3.3 presents MPCE on food & non-Food items for Orissa as well as all India in different rounds of N.S.S. It is also observed from the Table that MPCE on food items in rural Orissa always remains higher than the non-food expenditure as well as expenditure of food items in urban Orissa. But it is quite reverse in case of urban Orissa. The MPCE on food items in urban Orissa is always less than the non-food items since 56th round. The similar observation has also observed at all India level. During 2006-07, out of total MPCE of Rs. 458.56 in rural Orissa, Rs.265.30 (57.9%) expended for food items while in urban Orissa, out of total MPCE of Rs. 1072.13, Rs.451.85 (42.1%) were spent for food items. At all India level the

corresponding percentages stood at 52.28% and 39.41% respectively.

3.06 Table 3.4 reflects the average MPCE for Orissa vis-à-vis other fifteen major states for 55th, 60th to 63rd round of NSS. It is observed that average MPCE for rural Kerala is all time highest among all states, but incase of urban areas, urban Kerala remained highest in 60th round, 62nd round and 63rd round of N.S.S. while urban Punjab remained top during 61st round of NSS. In 63rd round (2006-07), the average MPCE in rural Orissa was Rs. 458.56 & Rs. 1072.13 in urban Orissa as compared to Rs. 695.16 and Rs. 1312.50 at all India average.

Table 3.3
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 all-India level.

NSS Round & Period	ORISSA					
	Rural			Urban		
	Food	Non food	Total	Food	Non food	Total
1	2	3	4	5	6	7
55th Round (July,1999 -June, 2000)	239.25	133.92	373.17	352.24	266.25	618.49
%	64.11	35.89	100	56.95	43.05	100
56th Round (July,2000 -June, 2001)	246.66	145.82	392.48	372.67	400	772.67
%	62.85	37.15	100	48.23	51.77	100
57th Round (July,2001 -June, 2002)	193.98	113.71	307.69	359.47	376.64	736.11
%	63.04	36.96	100	48.83	51.17	100
58th Round (July,2002 –Dec., 2002)	229.27	161.21	390.48	385.47	483.21	868.68
%	58.71	41.29	100	44.37	55.63	100
59 th Round (January,2003-Dec.,2003)	230.93	166.96	397.89	392.24	439.4	831.64
%	58.04	41.96	100	47.16	52.84	100
60 th Round (January – June, 2004)	241.98	172.11	414.08	415.53	456.56	872.09
%	58.44	41.56	100	47.65	52.35	100
61 st Round (July,2004-June,2005)	245.56	153.33	398.89	378.13	379.18	757.31
%	61.57	38.43	100	49.93	50.07	100
62 nd Round (July, 05 – June 06)	260.45	199.87	460.32	402.57	497.63	900.20
%	56.58	43.42	100	44.72	55.28	100
63 rd Round (July 06 – June 07)	265.30	193.27	458.56	451.85	620.29	1072.13
%	57.85	42.15	100	42.15	57.85	100

Contd.

Table 3.3 (Contd.)

NSS Round & period	ALL-INDIA							
	Rural			Urban			Per capita expenditure for Orissa as percentage to all-India average	
	Food	Nonfood	Total	Food	Nonfood	Total	Rural	Urban
1	8	9	10	11	12	13	14	15
55 th Round (July,1999 –June, 2000)	288.8	197.36	486.16	410.84	444.08	854.92	76.76	72.34
%	59.4	40.6	100	48.06	51.94	100		
56 th Round (July,2000 –June, 2001)	278.6	216.33	494.9	400.57	514	914.57	79.3	84.48
%	56.29	43.71	100	43.8	56.2	100		
57 th Round (July,2001 –June, 2002)	276.4	221.92	498.27	402.31	530.48	932.79	61.75	78.91
%	55.46	44.54	100	43.13	56.87	100		
58 th Round (July,2002 –Dec., 2002)	292.3	239.2	531.49	429.79	582.18	1012	73.47	85.84
%	54.99	45.01	100	42.47	57.53	100		
59 th Round (January,03-Dec.,2003)	298.6	255.59	554.15	429.01	592.88	1021.9	71.8	81.38
%	53.88	46.12	100	41.98	58.02	100		
60 th Round (January – June, 2004)	304.6	260.1	564.7	441.48	618.68	1060.2	73.32	82.26
%	53.94	46.06	100	41.64	58.36	100		
61 st Round (July,2004-June,2005)	307.59	251.19	558.78	447.42	604.94	1052.36	71.39	71.96
%	55.05	44.95	100	42.52	57.48	100		
62 nd Round (July, 2005 – June 2006)	333.15	291.38	624.53	467.82	702.78	1170.60	73.71	76.90
%	53.34	46.66	100	39.96	60.04	100		
63 rd Round (July 2006 – June 2007)	363.42	331.75	695.16	517.25	795.25	1312.50	65.96	81.69
%	52.28	47.72	100	39.41	60.59	100		

Table 3.4

**Average Monthly Per Capita Consumer Expenditure in Orissa vis-à-vis
some Other Major States as per 55th, 60th to 63rd Rounds of NSS**

State	Average Monthly Per capita Consumer Expenditure (Rs.)									
	55th Round (July 99 – June 2000)		60th Round (Jan.,04-June,04)		61st Round (July,04-June,05)		62nd Round (July 05 - June 06)		63rd Round (July 06 - June 07)	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
1	2	3	4	5	6	7	8	9	10	11
Punjab	742.82	898.82	946.86	1058.82	846.75	1326.09	1009.79	1520.08	1198.13	1609.16
Haryana	714.38	912.08	878.68	1050.27	962.89	1142.35	742.65	1156.02	1012.73	1336.09
Maharashtra	496.77	973.33	568.85	1258.92	567.76	1148.27	696.78	1341.84	776.09	1673.48
Tamil Nadu	514.07	971.63	603.40	1130.53	602.17	1079.65	687.91	1170.64	728.78	1227.19
Karnataka	499.78	910.99	501.60	937.06	508.46	1033.21	573.18	1154.49	624.27	1160.16
Andhra Pradesh	453.61	773.52	557.11	1101.71	585.55	1018.55	704.17	1303.95	727.14	1360.68
Kerala	765.71	932.62	990.22	1371.51	1013.15	1290.89	1055.61	1565.59	1250.35	1681.48
Uttar Pradesh	466.63	690.33	538.18	826.96	532.63	857.05	569.64	907.87	653.18	996.38
West Bengal	454.80	866.59	580.18	1133.40	562.11	1123.61	582.62	1232.82	629.86	1371.26
ORISSA	373.17	618.49	414.08	872.09	398.89	757.31	460.32	900.20	458.56	1072.13
Rajasthan	548.88	795.81	580.47	994.81	590.83	964.02	700.68	1004.46	767.39	1184.70
Madhya Pradesh	401.50	693.56	437.34	793.36	439.06	903.68	487.12	982.41	514.93	1001.70
Gujarat	551.33	891.68	613.21	1092.00	596.09	1115.20	683.57	1105.35	796.58	1421.96
Bihar	385.10	601.90	422.49	784.02	417.11	696.27	465.48	683.60	541.33	864.96
Assam	426.13	814.12	531.69	1019.47	543.18	1057.99	625.99	1351.69	721.37	1368.88
ALL- INDIA	486.16	854.92	564.70	1060.16	558.78	1052.36	624.53	1170.60	695.16	1312.50

3.07 Table 3.5 represents the Engel's ratio in respect of fifteen major states in different rounds of NSS which reveals that the Engel's ratio in respect of Orissa (both in rural and urban areas) is generally higher than all-India level. As per 63rd round N.S.S. (2006-07), the Engel's ratio for rural Bihar (59.68) is the

highest while rural Kerala being the lowest rank with 40.43. Similarly, in urban areas, Bihar (50.36) occupies the first rank while Kerala occupies the lowest rank (34.43). As per 63rd round, rural Orissa occupies the 3rd highest ratio while in urban area, it is 5th among fifteen major States.

Table 3.5

State wise Engel's Ratio for major States as per 55th, 60th to 63rd Rounds of NSS

State	55th Round		60th Round		61st Round		62nd Round		63rd Round	
	(July 99 - June,00)		(Jan-June,2004)		(July,04- June,05)		(July 05-June 06)		(July 06 - June 07)	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
1	2	3	6	7	8	9	10	11	12	13
Punjab	52.27	47.12	45.60	39.44	49.18	37.63	43.80	35.53	42.67	37.06
Haryana	55.51	45.87	49.98	41.71	48.60	41.38	50.91	39.78	47.40	39.37
Maharashtra	54.71	45.31	50.97	39.26	51.66	40.43	47.86	37.31	47.88	35.13
Tamil Nadu	58.73	45.61	52.42	38.67	52.39	42.69	50.35	39.95	50.50	39.64
Karnataka	59.08	46.32	54.39	43.47	55.67	43.21	51.29	38.95	52.37	39.68
Andhra Pradesh	60.50	47.44	55.89	37.81	55.19	41.55	55.31	36.40	52.34	37.31
Kerala	53.70	49.04	46.54	40.76	44.97	39.97	43.95	37.38	40.43	34.43
Uttar Pradesh	57.42	50.49	52.07	44.05	53.45	47.13	54.03	43.94	52.19	43.88
West Bengal	65.86	52.28	59.75	45.51	58.69	43.40	59.29	39.76	58.91	40.21
ORISSA	64.11	56.95	58.44	47.65	61.56	49.93	56.58	4.76	57.86	42.15
Rajasthan	59.50	50.85	54.42	43.34	54.83	41.61	52.71	43.20	52.83	42.88
Madhya Pradesh	58.09	47.60	43.60	42.36	52.88	38.90	51.34	38.23	51.24	40.84
Gujarat	59.82	49.58	54.48	43.65	57.95	44.87	55.72	42.93	54.27	39.63
Bihar	66.47	57.24	58.89	47.89	64.79	51.13	61.00	50.99	59.68	50.36
Assam	67.63	55.38	62.40	46.80	65.99	49.50	60.13	43.99	56.76	46.23
ALL- INDIA	59.40	48.06	53.94	41.64	55.05	42.51	53.34	39.96	52.28	39.41

3.08 Table 3.5 also indicates that the standard of living in rural as well as in urban areas showing an improving trend over the rounds. As per 63rd round of NSS, the standard of living of rural Orissa is in the path of improving and is better than Assam, Bihar and West Bengal while in 61st round (2004-05) it was better than Assam and Bihar only. Similarly, the standard of living in urban Orissa which was better than Bihar only during 61st and 62nd rounds, in 63rd round, it is

better than Assam, Bihar, Rajasthan and Uttar Pradesh.

3.09 Distribution of rural and urban population by MPCE classes indicates standard of living of the people and magnitude of poverty. A higher percentage of population in the lower MPCE group means lower standard of living. A higher percentage of population in the lower MPCE class also indicates higher poverty ratio. Distribution of rural and urban population by MPCE classes

in Orissa and India based on 63rd round NSS is presented in Table 3.6.

Table 3.6
Percentage Distribution of
Population by Specific MPCE classes
(63rd Round NSS, July 2006- June 2007).

MPCE Class	Percentage of Population			
	Rural		Urban	
	ORISSA	ALL-INDIA	ORISSA	ALL-INDIA
Less than Rs.580	80.4	50.3	31.1	17.4
Rs. 580 & above	19.6	49.7	68.9	82.6
All Classes	100.0	100.0	100.0	100.0

Source: - 63rd Round N.S.S.

3.10 Table 3.6 reflects the concentration of rural and urban population in different MPCE classes. The percentage of population in the MPCE class of less than Rs.580 in both rural and urban areas of Orissa was much higher than the corresponding all-India figures. For the MPCE class of Rs.580 & above, the proportion of both in rural and urban areas of Orissa was lower than all-India figure. This indicates a higher concentration of population in Orissa in the lower consumption expenditure classes. It also indicates lower standards of living in Orissa in comparison to all-India average.

