

Research Paper

Patterns and Determinants of Household Consumption Expenditure in Kerala: A Comparative Analysis Across Regions, Economic Categories, and Asset Endowment

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Abstract

Kerala has witnessed a remarkable transformation in its consumption structure since the 1970s, largely triggered by the inflow of remittances from abroad, particularly from the Middle East. This rise in income has significantly altered household expenditure behaviour, shifting preferences from essential food items to a diversified basket of non-food consumption. The present study analyses monthly per capita consumption expenditure (MPCE) across regions (coastal, midland and hilly), area categories (urban and rural), economic groups (APL and BPL), and cluster-based asset endowment categories. Household expenditure is classified into food, non-food and non-consumption categories such as loan repayment and insurance. The findings reveal that while regional and area-based variations in food expenditure remain minimal, sharp disparities emerge across economic categories, with APL households demonstrating diversified consumption choices influenced by lifestyle changes, market access and purchasing power. Cluster-wise analysis shows that 'less endowed' households allocate a higher share to basic food consumption, whereas 'better endowed' clusters spend more on non-food items and financial commitments such as insurance and loan repayment. The patterns observed in primary data closely align with secondary data trends from NSSO reports, confirming the representativeness of the sample and highlighting the structural transition of Kerala towards a non-food-dominant consumption economy.

Keywords: Kerala Economy; Consumption Expenditure; MPCE; Food and Non-Food Expenditure; Remittances; Household Consumption Pattern; APL and BPL Households; Regional Disparities; NSSO Data; Asset Endowment; Consumer Behaviour; Rural-Urban Variation

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I. Introduction

There are many factors which contributed to rising consumption expenditure of Kerala. Since 1970s Kerala economy has witnessed a boom in remittance income from abroad especially from Middle East countries and this caused tremendous changes in the consumption pattern of the Keralites especially in favour of non-food items. A sudden spurt in their income has given rise to a rising per capita household consumer expenditure in the state (Harilal and Joseph, 2000). The average per capita expenditure in Kerala was below the national average till 1977-78. Since then, per capita consumer expenditure in Kerala exceeded that of all India. The average Monthly Per capita Consumer Expenditure (MPCE) increased from Rs.63.33 to Rs.1785.81 during 1972-73 to 2009-10 in urban India and from Rs.44.17 to Rs.927.7 in rural India. This study examines the monthly per capita expenditure on various items of food and non-food expenditure across region, area and economic category.

Household Monthly per capita Expenditure

In this study, we classify household monthly per capita expenditure into five broad expenditure groups. The total household expenditure is classified into consumption and non-consumption expenditure. The consumption expenditure includes expenditure on food and non-food items and the non-consumption expenditure includes loan repayment and insurance. Table 1 shows household monthly per capita expenditure across region, area, economic category and cluster membership. Region and area wise analysis of monthly per capita

consumption expenditure for food and non-food shows that there is not much variation. Across economic category there exists wide variation in food expenditure. The share of non- food expenditure for BPL and APL categories is almost the same.

It is observed that the APL households spent a higher amount for loan repayment and insurance premium than BPL households. This is reflective of the fact that they spend more on consumer durables, asset purchases (house, land, vehicles), health care, education, etc. Household monthly per capita consumption expenditure across cluster membership shows that the proportion of total expenditure spent on food was more among the 'less endowed' across cluster membership. While the non-food expenditure was higher for the 'moderately endowed'. Proportion of expenditure on loan repayment and insurance premium was least for the 'less endowed' and more for the 'better endowed.'

Table 1: Household monthly per capita expenditure across region, area, economic category and cluster membership

		Food Expenditure	Non Food Expenditure	Loan Repayment	Insurance Premium	Total Expenditure
Region	Coastal	32.54	59.45	5.78	2.23	100.00
	Midland	35.14	52.16	8.20	4.51	100.00
	Hilly	36.95	50.56	7.56	4.92	100.00
	Total	34.88	54.06	7.18	3.89	100.00
Area	Rural	36.02	54.38	6.67	2.93	100.00
	Urban	33.74	53.73	7.69	4.84	100.00
	Total	34.88	54.06	7.18	3.89	100.00
Economic Category	BPL	43.38	53.31	2.77	.53	100.00
	APL	26.37	54.80	11.59	7.24	100.00
	Total	34.88	54.06	7.18	3.89	100.00
Cluster Membership	Less Endowed	42.09	53.80	3.57	.54	100.00
	Moderately Endowed	34.75	57.43	5.91	1.91	100.00
	Better Endowed	26.88	50.18	12.83	10.12	100.00
	Total	34.88	54.06	7.18	3.89	100.00

Source: Primary data

Consumption expenditure on food items

In this study food items consumed by the households are broadly classified as follows: rice and rice products, wheat and wheat products, other cereals/substitutes, gram and pulses, sugar, salt, condiments and spices, edible oils, meat, egg, fish, coconut, fruits and vegetables, milk and milk products, tea and coffee, beverages (fruit juice, soft drinks, etc), other food items (which include food and food supplements, health drinks and tonics, baby food, food and supplements for pets, etc.), food from outside (which include food from hotels, restaurants, wayside eateries, bakery items, etc.) and pan, tobacco and intoxicants.

Table.2. reveals that across region and area the average per capita monthly expenditure for food items does not differ widely whereas across economic category wide differences are observed. Hilly region spend more on cereals and substitutes, gram and pulses, salt, condiments and spices, edible oils and milk and milk products. This is because most of these items were basic food ingredients and were easily available. In midland, average per capita monthly consumption expenditure was more for wheat and wheat products, fruits and vegetables. This shows a shift in tastes and preferences of household's consumption from consuming more of traditional food items particularly rice owing to higher income, health consciousness and changing lifestyles. Meanwhile in the coastal region for rice and rice products, egg, coconut and beverages average per capita monthly consumption expenditure was higher. Across economic category, the average per capita monthly consumption expenditure for all food items for APL was more compared to BPL.

The APL households owing to better income consumed a wide variety of food items hitherto not very popularly used which were mostly influenced by increasing incomes, changing lifestyles, eating habits, peer pressure and health awareness among others. Some of these items were available only in the open market and prices were higher. The BPL households owing to their low income purchased most of the food items mainly from

government owned stores, local shops and local markets.

Table 2: Mean average per capita monthly consumption expenditure on food items across region, area and economic category

		Region				Area			Economic Category		
		Coastal	Midland	Hilly	Total	Rural	Urban	Total	BPL	APL	Total
Rice and Rice Products	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	148.99	128.52	144.33	140.61	143.23	138.00	140.61	29.94	251.28	140.61
Wheat and Wheat Products	Valid N	112	113	119	344	170	174	344	165	179	344
	Mean	44.57	60.28	58.93	54.70	57.83	51.63	54.70	8.71	97.08	54.70
Other Cereals/Substitutes	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	60.16	52.53	64.87	59.19	60.91	57.46	59.19	25.87	92.51	59.19
Gram and Pulses	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	82.61	69.64	85.71	79.32	78.51	80.13	79.32	40.70	117.94	79.32
Sugar	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	24.93	22.39	25.38	24.23	23.08	25.39	24.23	15.02	33.45	24.23
Salt, Condiments and Spices	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	75.07	68.15	78.45	73.89	61.88	85.91	73.89	50.19	97.59	73.89
Edible Oils	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	71.22	76.39	96.01	81.21	77.58	84.83	81.21	56.98	105.44	81.21
Meat	Valid N	114	115	120	349	175	174	349	180	169	349
	Mean	209.47	231.89	295.08	246.29	247.11	245.47	246.29	120.85	379.90	246.29
Egg	Valid N	109	115	120	344	175	169	344	180	164	344
	Mean	79.00	53.26	62.57	64.66	66.52	62.74	64.66	79.47	48.41	64.66
Fish	Valid N	104	117	120	341	176	165	341	180	161	341
	Mean	185.69	483.11	544.05	413.85	335.88	497.01	413.85	133.02	727.81	413.85
Coconut	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	125.52	87.35	115.31	109.39	108.31	110.48	109.39	102.41	116.38	109.39
Fruits and Vegetables	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	98.50	176.32	173.54	149.45	144.84	154.06	149.45	48.56	250.34	149.45
Milk and Milk Products	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	225.60	209.55	254.37	229.84	220.56	239.12	229.84	144.70	314.98	229.84
Tea and Coffee	Valid N	116	120	120	356	180	176	356	180	176	356
	Mean	39.67	40.82	48.54	43.04	40.09	46.07	43.04	32.19	54.14	43.04
Beverages	Valid N	77	115	112	304	151	153	304	180	124	304
	Mean	110.68	107.14	102.44	106.30	91.31	121.10	106.30	78.35	146.88	106.30
Other Food Items	Valid N	100	114	116	330	169	161	330	180	150	330
	Mean	135.97	155.26	200.25	165.23	152.91	178.16	165.23	130.63	206.75	165.23
Food from Outside	Valid N	78	109	114	301	143	158	301	180	121	301
	Mean	220.67	330.94	366.68	315.90	263.88	362.98	315.90	173.66	527.51	315.90
Personal habits (Pan, Tobacco, Intoxicants)	Valid N	60	76	71	207	107	100	207	110	97	207
	Mean	169.39	115.26	158.70	145.85	145.25	146.50	145.85	85.60	214.18	145.85

Source: Primary data

Consumption Expenditure on Non-Food Items

This study includes 18 broad groups of non-food items. These are : housing (rent and maintenance), electricity, water, telephone and mobile charges, fuel for cooking (cooking gas, kerosene, logs), fuel for vehicle (petrol, diesel, auto LPG) clothing, footwear, cosmetic items, hygienic and toilet items, health care, education, transport charges, newspapers, periodicals and books and recreational expenses. All the 360 sample households consumed the following non-food items: electricity, cooking fuel, clothing, footwear, hygienic and toilet items, health care, others and housing rent and maintenance. The remaining items and the total number of households (given within brackets) who consumed each item is given as follows: water (209), telephone and mobile charges (358), fuel for vehicle (254), cosmetic items (349), education (266), transport charges (328), newspapers, periodicals and books and recreational expenses (258).

A close observation of table 3 reveals that the mean average of household monthly per capita consumption expenditure of non-food items was higher in coastal region for housing, water, fuel for cooking, clothing, education and transport charges. In midland it was higher for telephone and mobile charges, footwear, cosmetic items and health care. In the case of electricity, fuel for vehicle, hygienic and toilet items, newspapers and periodicals and recreational expenses the mean average expenditure was higher in hilly region.

A perusal of area category reveals that the mean average of monthly per capita consumption expenditure of non-food items was high in urban area. In the case of economic category the mean average of monthly per capita consumption expenditure of non-food items was high for APL households as compared to BPL. The higher purchasing power made it possible for APL households to afford higher priced non- food items as compared to BPL households.

Table 3: Mean average of household monthly per capita consumption expenditure of non-food items across region, area and economic category

		Region				Area			Economic Category		
		Coastal	Midland	Hilly	Total	Rural	Urban	Total	BPL	APL	Total
Housing (Rent & Maintenance)	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	595.06	472.75	592.19	553.34	443.61	663.07	553.34	486.38	620.29	553.34
Electricity	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	140.14	158.57	161.11	153.28	138.07	168.48	153.28	28.95	277.60	153.28
Water	Valid N	115	46	48	209	92	117	209	107	102	209
	Mean	23.27	14.31	18.45	20.19	21.32	19.30	20.19	16.59	23.97	20.19
Telephone and Mobile charges	Valid N	118	120	120	358	179	179	358	178	180	358
	Mean	172.33	273.61	271.40	239.49	228.81	250.17	239.49	46.51	430.32	239.49
Fuel for cooking (Cooking Gas/Kerosene/Logs)	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	148.97	101.28	125.86	125.37	124.54	126.20	125.37	85.14	165.60	125.37
Fuel for vehicle (Petrol/Diesel/Auto or LPG)	Valid N	83	85	86	254	135	119	254	82	172	254
	Mean	346.50	336.25	403.15	362.25	350.51	375.57	362.25	98.10	488.18	362.25
Clothing	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	322.97	317.02	294.78	311.59	278.56	344.62	311.59	136.00	487.18	311.59
Footwear	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	102.27	127.36	111.86	113.83	101.45	126.21	113.83	44.42	183.24	113.83
Cosmetic items	Valid N	111	118	120	349	174	175	349	173	176	349
	Mean	40.69	73.64	63.58	59.70	51.40	67.96	59.70	4.94	113.53	59.70
Hygienic and Toilet items	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	55.21	55.91	57.48	56.20	56.10	56.31	56.20	25.56	86.84	56.20
Health Care	Valid N	120	120	120	360	180	180	360	180	180	360
	Mean	176.67	180.16	171.56	176.13	168.80	183.46	176.13	65.84	286.43	176.13
Education	Valid N	69	104	93	266	140	126	266	125	141	266
	Mean	692.10	435.43	482.82	518.58	527.85	508.28	518.58	234.81	770.14	518.58
Transport charges	Valid N	105	113	110	328	165	163	328	169	159	328
	Mean	202.66	147.09	185.04	177.61	189.50	165.57	177.61	168.29	187.51	177.61

Newspapers/Periodicals/Books	Valid N	65	77	72	214	112	102	214	50	164	214
	Mean	97.30	87.81	101.96	95.45	89.16	102.36	95.45	46.49	110.38	95.45
Recreational expenses	Valid N	81	88	89	258	121	137	258	99	159	258
	Mean	271.72	311.68	350.01	312.36	299.14	324.03	312.36	168.90	401.68	312.36

Source: Primary data

Table 4: Percentage share of total food expenditure and total non-food expenditure on total consumer expenditure in rural and urban Kerala

Rounds	% of total food expenditure		% of total non-food expenditure	
	Rural	Urban	Rural	Urban
27 th	68.76	66.27	31.23	33.72
32 nd	68.77	61.61	38.87	38.38
38 th	61.67	59.38	38.32	60.61
43 rd	59.92	57.08	40.08	42.91
50 th	59.84	53.92	40.05	46.07
55 th	60.05	55.09	39.94	44.86
61 st	45.37	41.27	54.62	58.72
66 th	38.32	42.5	61.68	57.5
68 th	37.74	33.94	62.25	66.05

Source: Various NSSO rounds

From the analysis of the secondary data from NSSO Rounds 2011-12 (table 4) we have come across the fact that percentage of food and non-food expenditure in rural Kerala is 37.74 for food and 62.25 for non-food while in urban Kerala it was 33.94 percent for food and 66.05 percent for non-food. The same trend is observed in the percentage of food and non-food expenditure of Kerala from our primary data. From the table 6.1 it is observed that percentage of food expenditure is 36 percent in rural and 33.74 percent in urban. When we include all the other items excluding food expenditure, we get non-food expenditure. The percentage of non-food expenditure in rural is 64 while in urban it is 66. This is an indication of the fact that our sample is a representative of that of Kerala.

II. Conclusion

The analysis clearly indicates that Kerala's household consumption expenditure has undergone a structural shift, driven by rising income levels, urbanisation, lifestyle changes and increasing exposure to market-based consumption. While food expenditure remains relatively stable across regions and areas, it is the non-food component—comprising health, education, housing, communication and lifestyle services—that shows significant variation, particularly among APL households and better endowed clusters. The higher share of expenditure on loan repayment and insurance among asset-rich households reflects aspirations for asset acquisition, social security and upward mobility. In contrast, BPL and less endowed households exhibit a consumption pattern rooted in necessity rather than choice, with greater dependence on subsidised markets and limited diversification in their consumption basket. The alignment between primary data and NSSO secondary data suggests that Kerala is moving towards a consumption pattern typical of high human development economies, where non-food expenditure dominates household budgets. These findings underline the need for policy frameworks that address consumption inequality and ensure that rising expenditure patterns translate into improved welfare outcomes across all social and economic segments of Kerala.

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