

CONSUMPTION PATTERN AMONG THE SELECTED URBAN SLUM HOUSEHOLDS IN COIMBATORE CITY

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ABSTRACT

Consumption, in economic theory, 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. 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). Food being the foremost basic need gets priority in the patterns of expenditure of people, especially the poor classes. Access to food demands affordability which depends upon two factors, namely, income of the people and prices prevailing in the country. The study throws light on the impact of socio-economic determinants on consumption expenditure and to identify the determinants which distinguish the poor households from the non-poor households. Seventy five households were selected by adopting purposive sampling technique and Data were collected from primary source during the period November to December 2014 at Ukkadam in Coimbatore City. Data was analysed by using critical ratio test, step-wise regression analysis, Gini coefficient and discriminant analysis. The study found that poor households were characterised by poor socio-economic status reflected in low income, low literacy, low paying occupation and unhealthy living conditions.

Key Words: Consumption, Expenditure, Non Poor Households, Per capita Income and Poor Households

Introduction

Consumption of goods and services is a constant activity in daily life, yet it is not the ultimate end of life that individual lead. People consume for a given purpose or various purposes simultaneously. Thus, the role of consumption in human life cannot be comprehended without understanding the ends that are pursued through consumption activities. Individual's ends are diverse ranging from nourishment to amusement, from living long to living well, from isolated self-fulfilment to interactive socialization (Human Development Report, 1998). Human life is ultimately nourished and sustained by consumption. Consumption, in economic theory, 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. 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 patterns provide the structure for everyday material life, and this structure creates economic distance across classes. People belonging to different classes of income have different structures of consumption. Rich people spend more for each class of items in absolute terms, but they spend low percentage of income for food and basic needs and poor people spend higher percentage of income on food and other basic needs. In short, the propensity to consume will be higher for poor and the propensity to save will be higher for rich (Glenn and Kenneth, 1987).

According to Marshall (1949), consumption expenditure is divided into three categories: basics, variety and status. These categories are socially determined and changed overtime. 'Basics' are required for healthful living and for integration into the society and economy; 'variety' is consumption that reduces drudgery, provides comfort or make other tangible improvement; 'status' is consumption that marks one's social position. Both variety and status increase the family's consumption options; as such both improve the family's control over its daily life. A commonly used classification identifies 10 classes of expenditure: food, clothing and footwear, housing, heating and energy, health, transport, household appliances, communication, cultural and schooling and entertainment (Human Development Report, 1998).

Food being the foremost basic need gets priority in the patterns of expenditure of people, especially the poor classes. Access to food demands affordability which depends upon two factors, namely, income of the people and prices prevailing in the country. Slower growth in income than prices would undermine the purchasing power resulting in inadequate access to food and calorie consumption. Food grains, which account for about 1/4th of the calorie intake of the poor, are sensitive to market prices. The dietary changes that characterize the "nutrition transaction" include both qualitative and quantitative changes in the diet. Income, prices, individual preferences and beliefs; cultural traditions as well as geographical, environmental, social, and economic factors all intersect in a complex manner to shape the dietary consumption pattern (WHO, 2003).

The long-term trend in the consumption pattern at the household level show that per capita direct consumption of food grains have been declining and that livestock products and fruits and vegetables has been increasing for a fairly long time. There has been a marked decline in the consumption of all cereal items over the period 1987-88 through 2001-02 in nearly all the states and in both rural and urban areas, with the reduction being particularly sharp in case of cereal items like barley, maize and cereal substitutes such as tapioca. There has been a switch in preferences towards non-cereal items such as meat/fish and fruit/vegetables (Ray 2005). This necessitates an analysis on the magnitude of food consumption over the reform period in India, in view of their strong implications for food and nutrition securities. The present study provides evidence on the magnitude and patterns in food consumption among urban households in Coimbatore city.

Objectives

The specific objectives of the study are:

- To analyse the socio- economic profile of the selected households in urban areas.
- To ascertain the impact of socio-economic determinants on consumption expenditure.
- To identify the determinants which distinguish the poor households from the non-poor households.

Hypothesis

In the course of the study the following hypotheses were tested:

- Poor and non-poor differentials were evident in the socio- economic profile of the selected sample group.
- Per Capita monthly consumption expenditure is significantly associated with income, family size, occupation, household size and educational status.
- Per Capita income, household size, Per Capita expenditure and presence of children below 14 years were the major factors that distinguish poor from non-poor households.

Earlier Studies

Ngullie and Sudhanshu Kumar Mishra (2006) examined the structural relationship between household income and consumption expenditure in the township of Kohima, based on the primary data collected from 209 households inhabiting 19 wards of the township. It was found that about 56 percent of households are in the percapita monthly income class below Rs. 4000. About 61 percent of the household income was drawn from salaries and pension while about 22 percent of the same was drawn from self-employment. About one third of the income was spent on food items and about one fifth of the income was spent on clothes, shoes and housing-related items. About 11 percent of income was spent on education. The average propensity to consume was about 63 percent of income. The marginal propensity to consume was about 0.55. Percapita income explains about 85 percent of variance in percapita consumption expenditure. Distribution of income and expenditure over the households was mildly unequal as the Gini coefficients for them were 0.367 and 0.312 respectively. On the basis of income elasticity of consumption expenditure on different items it has been found that rented house was an inferior good. Most of the food items, clothing, fuel, electricity, toiletries and education are normal necessity goods. Addictive items, medicine, newspaper, telephone, cable TV, travel, etc. fall in the superior goods category. Attending to social obligations was a strongly superior item of expenditure. Increase in family size affects consumption of superior goods adversely. Family size and income are positively correlated.

Satyaki Roy (2011) in his paper primarily aims to capture the changing patterns of consumption expenditure of three broad classes, namely, the 'upper' 'middle' and 'bottom' classes in the rural and urban India. In contrast to what is generally held that differences in consumption of necessities across classes' decline more the economy grows, this paper argues that there had been hardly any sign of convergence. Furthermore, in the cases of most of the food and non-food items, especially, education and medical services the consumption expenditure in real terms was showing trends of a widening gap between the upper and the bottom classes.

Sharma Vinod Kumar (2011) analyzed changes in food consumption pattern and estimate expenditure elasticities of demand for food in both rural and urban India. The secondary data used

for the study were collected from various issues of National Sample Survey Organization (NSSO) publications. The expenditure elasticities for different food items were derived by estimating the expenditure functions separately for rural and urban areas. The estimated expenditure elasticity of demand for all food items was positive. The elasticities were less than one for all the food items in urban areas, whereas the expenditure elasticities were more than one for edible oil, egg fish group, vegetables, and beverages in rural India. The expenditure elasticity was highest for pulses and beverages (0.85) and was lowest (0.45) for edible oil in urban India. The per capita consumption of non-cereal based food and processed foods was increasing implying that there was a great demand for these products in the urban India. Increase in income, education and easy availability of ready-to-eat foods may bring about enormous changes in the food consumption pattern in the near future. Therefore production, processing and distribution of processed foods should have priority in the policies of the government. Cereals being an essential component of food, the price rise need to be kept under control.

Geetha, (2011) analyzed the consumption pattern of the households in rural and urban areas to understand the changes that is taking place in the consumption habits among the population. The required data was collected by administering a pre-tested questionnaire to 50 households residing in Boluvampatti village and 50 households in Ganapathy town in Coimbatore city. The findings reveal a significant differentials in consumption expenditure not only between the groups (rural vs. urban) but also within the group. Low expenditure elasticity for cereals and high expenditure elasticity for other food items signifies a shifting food consumption pattern in both rural and urban areas as income increases. For improving the consumption pattern of the households especially rural households, the planning strategy for development should be judicious mix of beneficiary-oriented programmes, human resource- and infrastructural development.

Heena Upadhyayand, Rajni Pathania (2013) investigated the Consumer Expenditure Behaviour in India. The data used in this study were collected from the period of 1987 to 2002. The regression analysis technique was used to identify the relationship between household income and household consumption expenditure in India. The model for the study was estimated using the ordinary least square (OLS) technique. Compound Average growth Rates (CAGRs) were estimated by fitting an exponential function. Finding of research reveal that during 1987-2002 in both rural and urban Indian household percentage share of food expenditure has decreased, on the other hand non-food expenditure has increased in both rural and urban India. The compound growth rate of food expenditure was observed higher in the urban India rather than rural. The compound rate of growth of non-food expenditure showed higher in rural India than urban India. The regression result showed that there was positive relation between household income and consumption expenditure in rural part of India.

Methodology

The universe of the study consisted of all households residing in Washerman colony and Kovarthana colony in Ukkadam. From this universe, 75 households were selected by adopting purposive sampling technique as not all the households were willing to cooperate with the investigator and due to time constraints. Data were collected from primary sources by administering a pre-tested interview schedule to the selected households during the period November to December 2014. Data collected was analysed by using chi-square test, critical ratio

test, step-wise regression analysis, gini coefficient and discriminant analysis. For the purpose of comparisons, the households have been classified into two groups, namely: poor households (PHHs), and non-poor households (NPHHa).

Results and Discussion

Socio-Economic Profile of the Head of the Family

An attempt is made in this section to analyse the socio-economic characteristics of the head of the family as it is presumed that the factors like sex, age, and marital status, educational status, occupation, income and percapita income significantly influence the consumption behaviour of the household.

Gender: Out of 75 families surveyed, the proportion of female headed households was marginally more in the non-poor households (54 percent) when compared to poor households (50 percent). The death / desecration by the spouses may have forced the women to take care of their families. While there are equal distributions of male and female-headed households among poor households (PHHs), thus, there was predominance of female-headed households among the selected sample households.

Age: The elderly members (more than 60 years) were predominant in PHHs (17 percent) than NPHHs (2 percent). The average age of the head of the family in PHHs was 47 years while in NPHHs it was 42 years. Thus head of the family belong to the productive age group.

Educational Status: The educational status of the respondents in PHHs was quite low and heavily concentrated on the lower ends of the educational scale while opposite was the situation in non-poor households with heavier concentration in the upper ends of the educational scale.

Occupation: The nature of occupation of the head of the family is also a significant factor that determines the living standards of the people and their accessibility to better consumption standards. Being more educated the respondents in NPHHs were able to get better jobs when compared to the respondents in PHHs.

Marital Status: The marital status of the surveyed respondents revealed that all the respondents belonging to PHHs were married and 17 percent of the respondents were widow / widower. In contrast in non-poor households 77 percent were married, 21 percent were unmarried and 2 percent were widow / widower.

Monthly Income: Income earned from economic activities is an indicator that determines the consumption levels of an individual. Income disparity was evident among the poor and non-poor with distribution being more skewed towards lower income slabs for the poor than non-poor households. Percapita income was also lower for PHHs (Rs.3507.22) than NPHHs (Rs. 5478.07). Thus PHHs enjoyed a lower standard of living than NPHHs.

Savings and Borrowings: Every household would like to save a certain portion of their income to provide for the future expenses or to meet unforeseen expenses. However their low income and the rising cost of living, prevent the households from saving for the future. Sometimes they are forced to dis-save or resort to borrowing for fulfilling many of their needs. The percentage of borrowers (77 percent) was equal in both PHHs and NPHHs. The high incidence of borrowing may be attributed to low income and high cost of living.

Household Consumption Expenditure

Consumption is one of the most important activities of any household / individual. Given the level of development there is a significant differences in the consumption pattern across the region and the differences comes from various economic, social, political and natural factors. This justifies the expectation of sizeable variations in the consumption pattern with respect to different consumer goods in different regions and between different social groups. Hence, in the study the consumption pattern is analysed under the following heads:

- a. Distribution of households in different expenditure classes
- b. Distribution of budget share across commodity groups
- c. Elasticity of consumption expenditure
- d. Determinants of consumption behaviour

Distribution of households in different expenditure classes

Table 2 shows the distribution of households in different expenditure classes. Instead of using household expenditure as the criterion of classification, we have used monthly percapita expenditure to account for the differences in family size.

Table 2
Distribution of Households in different Monthly Per Capita Expenditure Classes

Expenditure class (in Rs.)	PHHs		NPHHs		ALL	
	Number	Percent	Number	Percent	Number	Percent
1000-2000	8	44.4	0	0.0	8	10.7
2001-3000	10	55.6	15	26.3	25	33.3
3001-4000	0	0.0	26	45.6	26	34.7
4001 and above	0	0.0	16	28.1	16	21.33
Total	18	100	57	100	25	100
Median Expenditure	8594.17		11424.0		10884.67	

Source: Based on field survey, 2014.

A perusal of table 4.6 shows that nearly 56 percent of PHHs were in the expenditure class of Rs.2001-3000 and the remaining 44 percent were in the expenditure class of Rs. 1000-2000. However, NPHHs were better placed with a significant proportion of the households (46 percent) were in the expenditure class of Rs.3001-4000, 28 percent in Rs. 4000 and above class, 26 percent in the expenditure class of Rs.2001-3000 and none in the bottom class of Rs.1000-2000. Thus there was heavy concentration of poor households at bottom pyramid of the expenditure class while the non-poor households were concentrated at the top pyramid of the expenditure class. The median percapita monthly expenditure for the PHHs was Rs.8594.17/ and for the NPHHs Rs.11424/. This indicates the poor households were poorer relative to non-poor households.

Gini Coefficient

The Gini coefficient is a measure of statistical dispersion commonly used in economics as a measure of inequality. In Consumer Pyramids it is used to measure the inequality in household income and the inequality in household expenses. If there is no inequality, then the Gini coefficient is zero. This implies that all households have the same income. On the other hand, if only one household held all the income, then the area of inequality is equal to the total and thus Gini coefficient is 1. The Gini coefficient thus varies between 0 (complete equality) and 1 (complete inequality). A coefficient closer to 0, means the distribution is more equally spread. Correspondingly, if the coefficient is closer to 1, it implies that the distribution is less equally spread. In the present study, the Gini coefficient was calculated for monthly percapita consumption expenditure of PHHs, NPHHs and all households to study the inequality in the distribution of consumption expenditure and the estimated values are shown in Table 3

Table 3
Gini Coefficient

S.No.	Type of Households	Gini Coefficient
	PHHs	0.338
	NPHHs	0.305
	All	0.5697

Source: Estimation based on field survey, 2014.

The Gini coefficient varied from a low value of 0.31 (NPHHs) to 0.57 (all households). Within the group, there was lesser inequality in the distribution of percapita consumption expenditure among non-poor households (0.31) than in poor households (0.34). However when the entire sample households was taken the Gini coefficient was very high (0.57) implying there was greater inequality in the distribution of consumption expenditure between the groups.

Distribution of Budget Share across Commodity Groups

The study of household budget allocation (i.e.) how the budget of a household is allocated to buy different commodities assumes significance as it helps to establish the well-being of the surveyed population and the differential that exist among rural-urban households in household budget allocation. Table 4 and figure 1 shows the average budget share of the selected poor and non-poor households on both food and non-food items.

It can be observed from the table that the expenditure share on food items in poor households was higher than that of non-poor households. Similarly, the share in case of non-food item was less in poor households. Among the food items, the share of expenditure on cereals in the total expenditure was 10 percent in poor households and 8 percent in non-poor households indicating its importance in the total expenditure of the households. Other significant expenditure for both PHHS and NPHHs were milk and milk products (6.28 percent and 4.60 percent respectively), Egg, fish and meat products (4.68 percent and 3.39 percent respectively) and vegetables (2.76 percent and 2.44 percent respectively). It is interesting to note here that the

budget share on various items of food expenditure was higher for poor households than non-poor households.

Table 4
Average Budget Shares in Poor and Non-Poor Households

S.No.	Commodity group	PHHS	NPHHS
1.	Cereals	9.54	7.57
2.	Pulses	2.54	2.07
3.	Milk and milk products	6.28	4.60
4.	Egg, fish and meat	4.68	3.39
5.	Fruits	1.75	1.54
6.	Vegetables	3.62	3.04
7.	Edible oils	2.76	2.44
8.	Sugar	0.65	0.50
	Total Food Expenditure	31.82	25.15
9.	Fuel and electricity	8.56	6.24
10.	Rent	4.20	5.53
11.	Clothing	3.82	4.24
12.	Education	2.94	3.15
13.	Medical	5.57	11.08
14.	Transport	15.53	19.37
15.	Entertainment (including telephone, cable)	1.45	1.61
16.	Alcohol	3.50	3.01
18.	Other non-food item	22.62	20.61
	Total of Non-food Expenditure	68.19	74.85
	Total Consumption expenditure	100.0	100.0

Source: Based on field survey, 2014

Among the non-food items, the non-poor households spent a larger proportion of their income on miscellaneous items (20.61 percent), followed by transport (19.37 percent), medical expenses (11.08 percent), entertainment (7.38 percent) and fuel and electricity (6.24 percent). For the poor households, the proportion of expenditure was maximum on miscellaneous items (22.62 percent), followed by transport (15.33 percent), fuel and light (8.56 percent) and medical expenses (5.57 percent). The proportion of percapita expenditure on non-food items of PHHS did not exceed NPHHS for all non-food items excepting fuel and light, intoxicants and miscellaneous items. The poor households spend a large percentage on intoxicant (3.50 percent) than non-poor households (3.01. percent).The increased expenditure on transport may also be due to their compulsions to

move larger distance in search of employment in the absence of land (Singh and Vatta, 2013). Table 5 gives the percentage expenditure of each food item to total food expenditure in both poor and non-poor households.

Table 5
Percentage Expenditure on Selected Items of Food to Total Food Expenditure (in Percentage)

Items	PHHs	NPHHs
Cereals	29.94	30.12
Pulses	6.95	8.51
Milk and milk products	19.03	18.52
Egg, fish and meat	14.54	13.55
Fruits	6.38	5.86
Vegetables	11.78	11.95
Edible oil	9.31	9.50
Sugar	2.07	1.99
Total	100.0	100.0

Source: Based on field survey, 2014

Among the food items poor households spend the highest percentage of 29.94 on cereals while this was 30.12 percent for non-poor households. Expenditure on milk and milk products constituted 19.03 percent of total food expenditure for NPHHs and 15.99 percent for PHHs. PHHs spend 14.54 percent of their monthly percapita expenditure on fish, egg and meat, while the NPHHs spent 13.55 percent. Other food items attracting more expenditure in both PHHs and NPHHs are vegetables, edible oil and pulses. Expenditure on fruits constitutes 6.38 percent of total food expenditure in PHHs and 5.86 percent in NPHHs. A comparative study of poor and non-poor households reveals that the percentage of expenditure by poor households on milk and milk product, egg, fish and meat, fruits and sugar was higher than those of NPHHs, while for remaining items like cereals, pulses, vegetables and edible oil non-poor spend more than poor households. Table 6 gives details on the percentage expenditure of selected non-food items to total non-food expenditure in both PHHs and NPHHs.

Table 6
Percentage Expenditure on Selected Items of Non-Food to Total Non-Food Expenditure
(in Percentage)

S.No.	Items	Rural	Urban
1.	Fuel and light	12.55	8.33
2.	Rent	6.16	7.39
3.	Clothing	5.60	5.66
4.	Education	4.31	4.22
5.	Medicine	8.16	14.80
6.	Transport	22.77	25.88
7.	Entertainment	2.13	2.15
8.	Intoxicants	5.14	4.03
9	Other non-food items	33.18	27.54
	Total	100.00	100.00

Among the non-food items, other expenses had the highest share in both NPHHs (33.18 percent) and PHHs (27.54 percent). The other important items of expenses in NPHHs were transport (25.88 percent), medicine (14.80 percent), fuel and light (8.33percent) and rent (7.39 percent), while in PHHs it was transport (22.78 percent), followed by fuel and light (12.55 percent) and rent (6.16 percent). The poor households spend a large percentage on intoxicant (5.14 percent) than non-poor households (4.03 percent). A comparative analysis reveals that the NPHHs spend a higher proportion than PHHs on rent, medicine, transport, entertainment and clothing, while on remaining items such as fuel, education, intoxicants and miscellaneous items, the budget share was higher for PHHs than NPHHs.

Table 7
't' Values and Level of Significance

S.No	Variable	Group	Mean expenditure	't' value
1	Cereal	PHHs	9.6317E2	2.330**
		NPHHs	1.1791E3	
2	Pulses	PHHs	2.2356E2	2.912*
		NPHHs	3.3296E2	
3	Milk & Milk Products	PHHs	6.1222E2	-1.206
		NPHHs	7.2511E2	
4	Egg, Fish and Meat	PHHs	4.6794E2	-0.970
		NPHHs	5.3033E2	
5	Fruits	PHHs	2.0536E2	-0.985
		NPHHs	2.2928E2	
6	Vegetables	PHHs	3.7889E2	-2.188**
		NPHHs	4.6789E2	
7	Edible Oil	PHHs	2.9967E2	-1.859
		NPHHs	3.7202E2	
8	Sugar	PHHs	66.6111	-0.988
		NPHHs	77.8421	
9	Total food expenditure	PHHs	3217.42	3.158*
		NPHHs	3914.55	
10	Total non-food expenditure	PHHs	7518.7	3.286*
		NPHHs	11376.0	
11	Total expenditure	PHHs	10736.0	3.846*
		NPHHs	15291.0	

Source: Estimation based on Field Survey, 2014.

Note: * Significant at 1 percent level.

** Significant at 5 percent level.

't' Test

The 't' test was carried out to find out if there was significant difference between poor and non-poor households with respect to expenditure on food, expenditure on non-food and total expenditure. The null hypothesis framed was:

H_0 : There are no significant differences among the poor and non-poor households on various items of food expenditure, non-food expenditure and total expenditure.

H_a : There is a significant difference among the poor and non-poor households on various items of food expenditure, non-food expenditure and total expenditure. The results are given in Table 7.

A significant 't' value indicates that the mean consumption was different for PHHs and NPHHs. There were significant differences in the average monthly percapita food consumption between the two groups (PHHs and NPHHs) with regard to consumption of cereal (5 percent level), pulses (1 percent level) and vegetables (5 percent level). The consumption of these items was higher in non-poor households than poor households. For remaining food items no significant differences was seen between PHHs and NPHHs. The average monthly percapita food expenditure, non-food expenditure and total expenditure was higher in non-poor households compared to poor households. The 't' value was also found to be significant at one percent in the case of food, non-food and total expenditure. Thus, if food expenditure pattern is an indicator of well-being it can be inferred from the above analysis that, poor households were placed in a disadvantageous position than their counterpart's non-poor households.

Determinants of Consumption Expenditure

It is widely accepted in literature that various economic and demographic factors strongly influence the consumption expenditure of the households. The households covered in this study cannot be an exception to this phenomenon. To find out the association between individual characteristics such as gender (G), education(EDN) and occupation(OCC) of head of the family, family size (FS), presence of children below 14 years(PC), number of earners (E) and percapita income(PCI) on percapita consumption expenditure(PCE) of the households, multiple regression analysis was done. For empirical analysis, step-wise regression method was adopted. The analysis was done for the entire sample households. The estimated results are shown in table 8.

Table 8
Determinants of Per Capita Consumption Expenditure

Model	Constant	PCI	EDN	G	OCC	FS	PC	E	R ²	'F' ratio
I	291.534	0.465* (11.522)	-	-	-	-	-	-	0.645	132.76*
II	77.769	0.463* (11.834)	51.202** (2.320)	-	-	-	-	-	0.670	73.058*

Source: Estimation based on field survey, 2014. . * and ** Significant at 1 and 5 per cent level respectively.

Figures in brackets denote 't' value of the parameter estimate.

Dependent variable: Percapita Consumption Expenditure.

The explanatory power of the model for all selected households improved from 65 percent to 77 percent with the entire percentage being explained by percapita monthly income, and education of head of the family. Both the regression coefficients had positive sign and the level of significance was one percent for percapita income and five percent for educational level of the head of the households. The households were found to increase their consumption with increases in their income and educational status of the head of the family. Step-wise analysis also highlight the fact that the single most important factor explaining the variation in household calorie intake was percapita income (65 percent) for the selected households and the educational status of the head of the family accounted for the remaining 3.5 percent. Similar findings were reported by Cellinkutty (2003) who observed that higher MPCE was associated with higher income and higher levels of education. Sekhampu (2012) and Sdrali (2012) observed income and educational attainment of the households to be significant factors determining household consumption expenditure.

Discriminant Analysis

Discriminant analysis was used to identify the variables that distinguish the poor households from that of non-poor households. The poverty status of the household was hypothesized to be a function of age (A), education (EDN), Occupation (OCCN) and gender (G) of the head of the household, monthly percapita income of the household (PCI), monthly percapita expenditure (PCE), household size (HS), presence of children below 14 years (PC) and number of earners in the family (E). For type of family, occupation, gender and presence of children below 14 years, dummy variables were used as follows.

Occupation OCCN	= 1; if informal sector; = 0; otherwise
Gender G	= 1; if male = 0; otherwise
Presence of children below 14 years PC	= 1; if there are children = 0; otherwise.

Table 10 shows the group means, Wilk's lambda and univariate 'F' ratio for each independent variable. The group means besides profiling the two groups, also identifies the variables with largest differences in the group means. The Wilk's lambda and univariate ANOVA is used to identify the variables with the largest differences in the group means.

Table 10
Group Descriptive Statistics and Tests of Equality of the Group

Particulars	A	EDN		PCI	PCE	HS	OCCN	PC	E
PHHs	43.944	10.333	0.333	3.507E3	3.124E3	4.000	0.056	0.389	1.667
NPHHs	45.842	8.965	0.456	5.478E3	4.634E3	3.439	0.123	0.211	1.754
All	45.387	9.293	0.427	5.005E3	4.272E3	3.573	0.107	0.253	1.733
Wilks' lambda	0.992	0.973	0.989	0.862	0.933	0.911	0.991	0.969	0.997
Univariate 'F' ratio	0.623	2.051	0.830	11.720	5.281	7.148	0.638	2.310	0.222
Significance	0.433	0.156	0.365	0.001	0.024	0.009	0.427	0.133	0.639

Source: Estimation based on Field Survey

Review of the significance of the individual variables reveal that on an univariate basis, only three variables, namely, monthly percapita income, monthly percapita expenditure and household size display significant differences between the group means. Based on the above group means, the standardized canonical discriminant function, which represents a linear composition of the original data variability to within group variability, was estimated as follows.

$$Z = -0.163 A - 0.366 EDN + 0.085 G + 0.546 PCI + 0.207 PCE - 0.426 FS + 0.264 OCCN - 0.123 PC + 0.249 E$$

Eigen value = 0.274
 Canonical correlation = 0.464
 Wilks' lambda = 0.622
 Chi-square = 16.596**
 (*Significant at 5 percent level)

In the above function the variables monthly percapita income, monthly expenditure, gender, occupation and number of earners had positive sign indicating that these variables had higher discriminating power between the groups. In short, it was these variables which distinguish poor households from non-poor households. The remaining variables had negative sign implying that these variables acted as suppresser variables. The Wilks' lambda and chi-square value indicated that the function was significant at one percent level. The canonical correlation associated with the discriminant function was 0.464 implying that nearly 46 percent of the variation in the dependent variable was accounted for by the model.

The relative importance of each independent variable in discriminating between the groups was assessed in terms of their factor loadings and is shown in Table 11.

Table 11
Potency Indices of the Predictors

S.No.	Variables	Factor loading	Percentage of variation	Rank
	Age	0.176	3.10	
	Education	-0.320	10.24	
	Gender	0.204	4.16	
	Per capita income	0.765	58.52	
	Per capita expenditure	0.514	26.42	
	Household Size	-0.598	35.76	
	Occupation	0.178	3.17	
	Presence of Children below 14 years.	-0.340	11.56	
	Number of Earners	0.105	1.10	

Source: Estimation based on Field Survey

While evaluating the variables on the basis of their factor loadings, any factor is considered to be substantive discriminators if the factor loadings are either equal to or greater than ± 0.30 . Evaluating the factor loadings on the basis of the above criterion, the variables that distinguish poor household from non-poor households were monthly per capita income, household size, and monthly per capita expenditure, presence of children below 14 years and educational level of the head of the household. While monthly per capita income accounted for nearly 59 percent of the variation in the poverty status of the households, the extent of variation explained by household size, monthly per capita expenditure, presence of children below 14 years and educational level of the head of the household were 36 percent, 26 percent, 11 percent and 10 percent respectively. Thus unless efforts are directed by the government to enhance the income of the rural households by undertaking employment-oriented welfare measures, the poverty of the rural household will continue to be the bane of Indian economy.

The validity of the above discriminant function was evaluated at group centroid (group means) and the results are shown in Table 12

Table 12
Classification of sample cases

Variable	Predicted		1	2	Total
	Actual				
Poor	1		83.3	16.7	100
Non-poor	2		24.6	75.4	100

Source: Estimation based on Field Survey

The classification accuracy percentage of the discriminant function for the sample households was 77.3 percent. Thus the discriminant function was quite efficient in classifying the households on the basis of their per capita monthly expenditure into poor and non-poor households.

Conclusion

To be concluded that it is evident that poor households were characterised by poor socio-economic status reflected in low income, low literacy, low paying occupation and unhealthy living conditions. The consumption pattern has under gone a visible change as was evidenced in this study. The share of different food items have changed appreciably and the declining share of cereals and pulses in favour of meat, egg and fish and other items imply a distinct change in dietary that may have a distinct impact on the nutrition level of poor households. The new basket being more expensive could not secure the nutritional requirements at least for the poor. This is because maintaining the same level of nutrition with a declining cereal intake requires quite a high supplementary consumption of meat, fish, egg, fruits and vegetables and since these replacements in adequate amount are beyond the capacity of the poor, the change is likely to result in a fall in their nutrition.

In the light of the above findings, the following recommendations are for improving the consumption pattern and living conditions of the poor households in the urban area.

- The consumers have been found to shift their budgetary allocation from cereals based food towards high-value commodities like fruits and vegetables, milk, fish, meat and meat products, etc. Such a transition has significant implications on resource allocations and research priority setting and the state policy needs to be reoriented towards meeting the challenges arising from this structural change in food consumption.
- Efforts should be directed towards improving the income earning capacity of the households as current income is a major determinant of consumer expenditure.
- Creating awareness and making them self-sufficient in modifying food behaviour and life style pattern within their accessible environment should be included as an intervention strategy in the regional programmes.

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