

**A STUDY OF SOCIO-ECONOMIC CHARACTERISTICS AND  
PATTERN OF CONSUMPTION EXPENDITURE IN JALAH  
REVENUE CIRCLE OF BAKSA DISTRICT OF ASSAM**

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**ABSTRACT**

Household's consumption expenditure is the income spent by the consumer on consumption of various produced goods and services. The pattern of consumption expenditure of household describes how a household acts, how they allocate their income among various alternatives. These consumption patterns varies across regions and are determined by a complex set of socio-economic, cultural, religious, psychological and environmental factors. In this paper attempt has been made to study on the various socio-economic factors like level of education, occupation, size of the family, size of land holdings, value of assets and income of the households in determining consumption expenditures.

Key words: household, consumption expenditure, socio-economic, food, non-food.

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## Introduction

Consumption is the beginning of all human economic activities. It is the direct and final use of goods and services for the satisfaction of human wants. The consumption of a household constitutes various durables and non-durables items. The important constituents of non durables items are food grains, edible oils, milk, sugar, footwear, intoxicants, clothing, fuel and light, tea leaves and many other items of daily use. The durables items include electric fans, refrigerators, televisions, radio, bicycle, vehicles, cooking utensils and so on. And others expenditures includes expenditure on education, health care, transportations, telephone, and entertainment.

The expenditure made by households on these various durables and non-durables goods and services depends on the socio economic characteristics and various sources of income possessed by the households either in the form of ancestors or earned by the family members themselves by rendering their physical and non physical labors. The consumption pattern of the rural households depend on many factors like value assets, level of education, occupation, size of the family, size of land holdings and income of the households.

## Significance of the study

The present study is an attempt to analyze the various socio economic determinants of consumption expenditure in the rural area. In contemporary world the consumption habits and pattern are determined by a complex set of socio-economic, cultural, religious, psychological, ethical and environmental factors. The consumption of various food and non food is a maker of social status and hierarchy among peoples. The consumption pattern of households distinctly reveals its socio economic characteristics like financial position, standard of living, poverty level and human development etc.

Moreover, the present study assumes importance because in presence of social diversity and inequality, consumption of food and non food often becomes an important aspect of the boundaries between social groups

## Objectives of the study

The main objective of our study is to investigate the various socio-economic determinants of consumption expenditures among the different social groups of Jalah Revenue Circle of Baksa District of Assam. To achieve this objective the following exercises will be carried out:

a) To assess the socio economic characteristics of the sample households in general.

b) To analyse the income and consumption expenditure patterns of food and non-food items.

### Study area and demographic profile

The area of the present study is Jalah Revenue Circle of Baksa district of Assam. The Baksa district is located in the North Western part of Assam. The geographical area of the district is 2400 Sq. Km (approx). As per 2011 census, the total number of population in the district is 950075. There are 481330 males and 468745 females in the district. The literacy rate in the district is 60.3 percent. The district is mainly inhabited by Bodo, Assamese, Adibashi, Nepali, Sarania- kachari, Bengali and Religious minorities. The district as a whole has 191701 number of households. In the district 34.84 percent belongs to Scheduled Tribe and 7.69 percent belongs to scheduled caste. Majority of population around 98.7 percent live in rural are and 1.3 percent of total population live in urban.

The district has 6 revenue circles as per recent reorganization ( Baska Rev. Circle, Baganpara revenue circle, Barma revenue circle, Jalah revenue circle, Tamulpur revenue circle and Goreswar revenue circle). For the present study Jalah revenue circle has been selected. The Jalah revenue circle has 17125 numbers of households.

### Methodology of data collection and analysis

For the present study data has been collected from revenue villages - Koklabari, Odalguri and Kamardwicha lying in the northern part adjacent to precious Manas. After selection of the revenue villages an interview scheduled was conducted in each selected village. Using the multistage stratified random sampling a total of 150 samples were collected from the three revenue villages comprising 50 from each elected village. The study covered total 787 numbers of persons which represented an average family size of 5.2 of the sample households.

The study is based on both primary and secondary data. Through intensive interviews various information were collected on households' socio- economic characteristics like on education, occupations, asset of the households, size of land holdings, and consumption expenditures on various food and non-food items.

### Data analysis and interpretations

#### I. Level of Education

The level of educational attainment of a household either head or the other members of the family is an important parameter of the well being of that family. Education determines the nature of one's occupation, income and then the consumption and savings of the households. The percentage of households and their level of education are shown in the table.

**Table No-1**, Distribution of person of sample household on the basis of education:

Educational Qualification	No. of person	Percentage
Illiterate	275	34.94
Lower Primary	63	8
Upper Primary	56	7.12
High School	201	25.54
Intermediate	119	15.12
Graduate	61	7.75
Post Graduate	12	1.53
Total	787	100

Source: Field works and author's calculation

The table shows that 34.94 percent of the sample is illiterate. 8 percent lower primary level, 7.12 upper primary level, 25.54 percent high school level, 15.12 percent intermediate level, 7.75 graduate level, and only 1.53 percent possessed post graduation.

The level of education is one of the deciding factors of occupation and then income. The higher rate of illiteracy of the head of the households and other family members affects the nature of occupation and consumption expenditure pattern of the households. Generally it is observed that those households who have higher educational qualifications members in the family are engaged in higher income occupations as compared to households having less educational qualifications members. In the study area 72.67 percent of the households are engaged in agricultural activities and most of them are illiterate or have less educational qualifications compared to other engaged in salaried, business and other professionals.

## II. Size of Land Holding

Land is an important asset. The size of land holdings of the households is an important asset in rural area. The people in the rural areas basically depend directly or indirectly on the amount of output they can produce from their farm lands or by selling their labour in the agriculture sector. As such, their level of consumption is generally determined by the subsistent agricultural production. Therefore, the size and pattern of agricultural land holdings determine the income enjoyed by the household as also the amount of income saved and the pattern of investment. The size of land holding by the sample households are shown in the table.

**Table No-2, Size of land holdings of the sample households:**

Size of land holdings( In acre)	No. of households	Percentage
Landless	03	2
1 - 3	61	40.67
3 - 6	52	34.67
6 - 9	28	18.66
9 - 12	6	4
Total	150	100

*Source: Field works and author's calculation*

The above table shows the distribution of land among the sample households. It shows that there are great disparities in the distribution of land. The table shows that 2 percent of the sample households are landless. 40.67 percent of the households possess land ranging from 1 to 3 acres, 34.67 percent possessed land ranging from 3 to 6 acres, 18.66 percent of the households possessed land ranging from 6 to 9 acres and 4 percent of the households possessed land from 9 to 12 acres.

### III. Value of Assets of the Sample Households

The value of assets is an important determinant of consumption expenditure. The households possess both physical and financial assets. The income and expenditure of households depends on the utilization of their assets for various purposes. In rural areas the proportion of assets available in the form of financial assets are less than the assets available in the form of physical assets. In rural physical assets are available in the form of land, agricultural tools and implements, buildings, livestock and other household durable goods. The estimation of value of most of these assets involves a lot of problems. However, the value of asset like that of land changes with the change of location and its average value of the area for each type of land is considered through the consultation of the local people while deciding their values. Besides this, in rural areas households possess a good amount of livestock. For estimating the value of livestock prevailing market rates is considered through the consultation of the family members and for the valuation of agricultural tools and implements and other durables adequate discounting is made at the time of deciding their values. For estimating the value of buildings, the year of construction, type of construction, materials used are all considered.

In rural areas financial assets are available in the form of bank deposits, post office savings deposit and life insurance, jewellery and chit funds. The major portion of asset is available in the form physical assets in rural area and the assets available in the form of financial assets are the least.

#### IV. Income Distribution in the Sample Households

Income is the most important determinant of consumption and then living standard of a household. In rural areas households derive their income from various sources like agriculture, wage, animal husbandry, poultry, fishery, bee-keeping and other self employed activities like plantation of rubber, tree, coffee, and tea etc. for the calculation of distribution of income, income from all sources of all members of the household are collected and made average on monthly basis.

**Table No-3**, Distribution of household by Monthly Per capita Income of Households:

Category of Income	No. of Households	Percent
upto2000	26	17.34
2001- 4000	45	30
4001 - 6000	32	21.33
6001 - 8000	17	11.33
8001 - 10000	5	3.33
10001 - 12000	3	2
12001 - 14000	3	2
14001 - 16000	7	4.67
>16000	12	8
Total	150	100

*Source: Field works and author's calculation*

The above table reveals that 17.34 percent of sample households have income upto 2000 in a month. 30 percent of the households have income ranging from Rs, 2001 - 4000, 21.33 percent of the households have income of Rs, 4001 – 6000, 11.33 percent of the households have income of Rs, 6001 – 8000, 2 percent of the households have income of Rs, 8001 – 10000 and another 2

percent have income of Rs, 12001 – 14000, 4.67 percent of households have income of Rs, 14001 – 16000 and 8 percent have income of above Rs, 16000 per month.

#### V. Average annual Income and Consumption Expenditure of different Occupation Group:

There is a distinct relation between income, occupation and consumption expenditure. Out of the total sample households 72.6 percent are dependents on agriculture and rest depends on business, various self employment and employment under private and government sector. In the following table data on expenditure pattern of different occupation groups on various food and non food consumption including expenditure on durables are collected on a monthly basis and then derived for the year. Data on food items includes those items which are purchased by the households for daily consumption and are quite non durable in nature. While data for expenditure on non food items includes clothing and footwear, transportations expenses, education, expenditure on medical and health services, entertainment and communication etc.

**Table No-4,** Average income of different occupations:

Occupation	NO. of Households	Average income	Average Consumption Expenditure			Consumption income Ratio	Percentage of food expenditure	Percentage of non food expenditure
			Food	Non-food	Total			
Cultivator	109	49000	21698	23500	45198	.92	48	52
Salaried	16	327000	39427	80695	120122	.36	32.9	67.1
Business man	9	350000	33056	61368	94424	.26	35	65
Professional	10	135000	28965	47185	76150	.56	38	62
others	6	97000	37759	42803	80562	.83	46.9	53.1
Total	150							

*Source: Field works and author's calculation*

The table reveals different average income for different occupation group's, different average consumption expenditure, different income consumption ratio and thus different share of

percentage of expenditure on food and non food. The cultivators with an average income of Rs, 49000 spends 48 percent for food and 52 percent for non food showing  $C/Y = .92$ . The salaried group with an average income of Rs, 327000 spends 32.9 percent for food and 67.1 percent for non food showing  $C/Y = .36$ . The other occupation groups like business, professional, and others shows consumption income ratio of .26, .56 and .83 respectively. The consumption income ratio of cultivator is the highest and it is lowest for business man.

## VI. Size of the households and consumption expenditures

There is a significant relationship between the size of household and expenditure on consumption of the family. As the household size increases the consumption expenditure also increases. It is a crucial factor determining the division of income between consumption and saving.

**Table No-5**, Average annual household's income and consumption expenditure:

Size of household	Average annual income	Consumption expenditures			APC
		Food	Non-food	Total	
Up to 3	49850	17694	20354	38048	.76
4	85237	28214	37875	66089	.77
5	110078	34742	49256	83998	.76
6	100586	37451	52120	98571	.89
7	146071	42851	61417	104268	.71
Above 7	136924	45318	68274	113592	.82

*Source: Field works and author's calculation*

The above table reveals along with the increase in the size of the household the income of the household also increases. When the household family size is 3 than total expenditure is Rs, 38048, this increase to Rs, 66089, when the family size is 4. In this way when family size increases to 5, and then 6, 7 and above 7 the expenditure also increases from Rs, 83998 to Rs, 98571 to Rs, 104268 to Rs, 113592 and the income consumption ratio increases from .76 when family size is 3 to .82 when family size is above 7.



**Conclusions and findings:**

The pattern of consumption expenditure is the proportion of income spent on various goods and services. Primary data reveals that income and consumption pattern of the rural households depend on many socio-economic factors like level of education, occupation, physical and financial assets, size of the family etc.

- It is found that educational level of the head of the household and others members of the family has a significant influence on expenditure on food and non-food. It is noticed from the survey data higher the level of education of the head of the household lead to a higher level of non-food expenditure.
- Occupational differences profoundly influence consumption expenditure. The table no-4 reveals that among the different occupation groups like agriculture, salaried, business, professional and others. Among sample households number of households with salaried income is higher compared to other categories and some relationship between occupation and expenditure on non-food is noticed.
- The size of the households play a significant influence on both food and non-expenditure. the study found a significant difference between the size of the households and average propensity to consume. The table No – 5 indicates that in the study area that family size upto 3 spent 35.49 percent on food and 40.83 percent on noon food that showed 0.76 APC. Family size with 4 persons indicated that they spent 33 percent of income on food and 44.43 percent of income on noon food which showed consumption income ratio of 0.77. Family size with 5 person spent 31.56 percent of income on food and 44.74 percent of income on noon food indicated APC 0.76. Family size with 6 persons spent 37.23 percent of income on food and 51.82 percent of income on noon-food income consumption ratio of .89. family size with 7 persons spent 29.33 percent on food and 42.04 percent on noon food showing an income consumption ration of 0.71. the family size above 7 persons spent 33.09 percent on food and 49.86 percent on noon food showing an income consumption ratio of 0.82. Moreover, it is also found that greater the size of the household greater is the household income and expenditure but the consumption income ratio of large family size is smaller than small size family.

- Financial assets of the household have significant influence on the pattern of expenditure of the household for food and non-food. In the study area majority of the households are dependent on cultivation and their financial assets are very poor. Their financial assets depend on the amount of output they can produce from their farm lands or by selling their labour in the agricultural sector.

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