

CHAPTER TWO

RESEARCH FRAMEWORK: SOCIO-ECONOMIC ENVIRONMENT, RURAL-URBAN DIVIDE, CHOICE OF STATES, AND PRODUCTS

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A. The Indian Context

In India, industrialization and technological progress is most evident in the manufacturing and the service sectors of the economy, which though has yet to match the standards of the developed countries; while mechanization of agricultural activities is not as widespread. **Inspite of the changes in the economic sphere of life, changes have yet to permeate, to the same extent as was evident in the Western countries, into the social sphere of life. Which is to say that inspite of imbibing industrialization and technological innovations for production purposes, they have had a relatively lesser impact on the social life of the peoples.**

The caste system in India had determined the kind of work that a person could engage for livelihood, and also her/his social interactions, which in other words imply that all aspects of life, for an individual were controlled by the system of castes and sub-castes. Changes though, have been occurring in the hitherto rigid social system. These changes have been manifest through the emulation of the lifestyles of the higher castes by the peoples of the lower castes. But yet inspite of these changes, which has been termed as sanskritization,¹ the social structure has been left largely intact,² meaning by which that caste is still a dominant factor in determining the lifestyles of the individuals, and more importantly castes determine to a large part the opportunities that are available to an individual.

1. Changing Economic Scenario

For nearly four decades since independence, successive governments have been implementing policies aimed at bringing about social change in a planned manner through the adoption of planned economic development. This planned model of economic development was to ensure high economic growth through the participation of both the private and the public sector.

In 1985 the government initialized freeing the economy from a planned model to liberalizing the norms and conditions for greater private sector participation (though in a sense such winds of change were evident even in 1977). This liberalization between 1985-87, resulted in an increase in the production of consumer durables along with an increase in consumer spending. Between 1982 and 1988, color TV set production skyrocketed from a mere 70,000 units to over 1.3 million units. In the last 10 years, motor car production rose from 30,000 to 180,000; two- wheeler production quadrupled to over 17 lakhs. In the seven years upto 1990, refrigerator manufacture quadrupled to nearly 10 lakh. The advertising business burgeoned to Rs 1300 crore, double the amount spent just six years ago.³ The changes in the Indian economy and society were unprecedented. The push came through industrial reforms, small doses of liberalization, relaxed norms for industry. By the late eighties, the economy was witnessing- a modest boom, a sustained expansion of five percent and

the emergence of a new breed of consumers. To quote The Economist, "For most of the third world, the 1980s were a troubled decade. In India, industrial production and national income grew faster during the 1980s than for 20 years."⁴

Since 1991 the Indian government too, like other developing countries, is adopting a strategy of broad based restructuring aimed at the marketisation of its economy. The success of the structural reforms plan eventually hinges on spurring consumption, investment, production, employment, in that order; the fiscal and monetary policies being the two most important tools to achieve these. The economy, termed as a "caged tiger" by The Economist, (London : 4th May, 1991) is being gradually opened up to international competition. The stated object being to modernize and to integrate the economy with the rest of the world, leading to a more open, efficient, and quality-conscious industrial sector able to face international competition. However, whether the Indian industry can gear itself up to meet these challenges, having been long used to a protected environment is the question.

By April 1993, a two-pronged strategy for ensuring economic growth has been adopted- one, of ensuring growth through exports, and the second, by stimulating domestic consumption. Monetary and fiscal policies are subjected to continuous re-evaluation and taxes are re-adjusted downwards to facilitate the development of a market economy. The government has made it known to the industry that it expects the reliefs offered to the industry be passed to the consumers. Price is a penetrating force in a market economy, which was demonstrated by the Ford Motor Company's policy in the early years of this century. The price of Model 'T', a motor car model, was slashed to USD 440, which meant that profit per car went down to USD93 as compared to USD200 two years earlier. But sales went up from 78,440 cars to 248,307; and so did net income. Mr. Henry Ford Sr., was quoted as saying, "Every time I reduce the charge of our car by one dollar, I get a thousand new buyers."⁵ Hence, manufacturers selling durable products can hope to tap a deeper stratum of demand with a slash in prices.

Although the larger objective of the government, that of a societal transformation wherein the spirit of change be inculcated into its system remains intact, the means of achieving this has now changed. The environment has now been created for greater domestic consumption, and therefore a greater incentive for increased investment.

2. The Market Economy- The Neglected Rural Consumer

The environment in which the Indian firms will now operate has undergone dramatic changes. The Indian manufacturers will have now to meet the challenges that are implied through greater competition. Although there exists a vast potential to create, expand, and develop the market, the manufacturers will not only have to concentrate on improving the product quality but as well as monitor the markets to identify the

needs of the consumer. **Creation and development of the market for consumer goods could also be made possible through paying greater attention to the needs of the rural market.** A gulf exists between the rural and urban areas not only in geographic terms, but in consumption terms too. This may not only be due to the fact that there is lesser purchasing power among the rural consumers. The products so far on offer in the markets have all been addressed to the urban buyer. This is, inspite of more than 70 percent of the population residing in the rural areas. Hitherto, scant attention has been paid to tapping this market. This could have been because of a vast potential that existed in the urban market too. But, with the gradual saturation of the urban markets, marketers have to necessarily address the needs of the rural market in order to enhance their profitability and market share.

The importance of the rural market has been stressed by Dr.A.S.Ganguly in his Chairman's speech a decade earlier, at the Annual General meeting of Hindustan Lever Limited when he said, "The rural market in India is made up of two broad compartments : a) The market for consumption goods including both fast moving consumer goods and durables; and b) the market for agricultural inputs and other investment goods". Not surprisingly, a survey carried out recently, indicates that the entire demand potential for manufactured goods that exists in this country has largely been untapped. The truth, however, is that not even a fraction of the rural market has been serviced by the industries in the organized sector."⁶

An analysis of the National Council of Applied Economic Research (NCAER) survey also points to the growing potential of the rural market. The analysis points out that for a number of products the rural market has emerged as the one that is growing at a pace faster than the urban. The study suggests that consumer durables are used by income groups covering at least 500 million people i.e., virtually all groups above the poverty line. The data show that rural consumers are as keen on durables as urban ones. Rural areas account for a major share of purchase of items like mechanical watches (71%), radios (72%), mono cassette players (61%), and table fans (54%). Rural areas even account for as much as 45% of motorcycle, 48% of mopeds, 44% of quartz watches and 35% of 14 inch black & white television sets.⁷ Table 2.1 in Annexure A shows the share of purchase of consumer durables by income and the percentage share in the rural for a selected number of durables.

The potential of the rural market is also reiterated by a study that Operations Research Group (ORG) had carried out on the rural consumers titled, "Growing rural markets." This five year study carried out between 1984-89 says that demand for packaged consumer products rose from Rs.733 crores in 1984 to Rs.2083 crores in 1989. The share of the rural market in the all-India market has, over the period, moved from 28 percent to 37 percent; and according to ORG, "The market was not so adversely affected during the drought years as might have been expected."⁸

The marketing strategies employed that translate into product and brand purchase in the urban might not produce the same in the rural areas. This could be due to the differing needs, priorities and attitudes of the rural consumer vis-a-vis the urban. What is imperative while marketing products to the rural consumers is to understand them, and thereafter market the products. It cannot be assumed that s/he buys products for the same reason as her/his urban counterpart. What needs to be analyzed is her/his preference, the motivations for buying the product. All of these can be considered to be the function of social system. But again, the social system that is prevalent in the rural might not be similar to that in the urban. The life styles of these consumers and that of the urban could be widely variant. Life style, which could be determined by the level in the social system to which the consumer belongs could, in turn, determine the kind of products the rural consumer desires and uses, as also the extent to which s/he uses them and their importance to her/him in making known her/his worth. It may be probable that a product that matches a need of a particular social level among the urban consumers may match the need or desire of none among the rural social system. Differing life- styles, occupations, social interactions all could possibly lead to a different set of values and needs for the rural consumers. Adaptation of products to serve the needs of the rural market hence assumes importance.

Marketers, therefore while addressing their products and services to the rural consumers should therefore not only take the potential purchasing power of the rural consumer into consideration, but also adapt, if need be, the products and/or marketing strategies, in order to fulfill the needs of the rural consumer.

In the final analysis what emerges is that, while the government on its part has taken steps to boost demand and thereby created opportunities for the growth of the market, the onus of ultimately translating demand and desire for consumption to product purchase lie in the hands of the individual firms: through comprehending the motivations of the wide and disparate markets, and matching products to fulfill these desires. It is therefore against such a background that the potential of the rural consumer is to be viewed and hence the orientation of the study in understanding the rural consumer vis-a-vis the urban is stressed.

Having examined the relevance of the study to the Indian market realities, what now requires elaboration is on the terms, "urban" and "rural."

B. Rural-Urban Characteristics

There is no standard definition to identify an area as either rural or urban. Although, all countries define an area as either rural or urban by its population size and/or population- density, the cut-off point is country specific, though. For instance, Canada defines an area as urban if the population density is at least 1000,

while Japan defines an area urban only if the population density is as high as at least 30,000.⁹

Although understanding of the terms 'rural area' or 'rural community' has been less than perfect, most definitions nevertheless, involve the use of either ecological, occupational or socio-cultural dimensions.¹⁰ The ecological definition of rural alludes to such areas as those which have large open spaces and where the density of population is thin. Such areas are characterized by the open country side, and large open spaces between houses. The ecological concept hence, emphasize the spatial characteristics of the area. By the occupational definition of areas, rural is termed for those, where agrarian and related activities are pre-dominant. Rural communities by this definition rely extensively on land-use and natural resources for their livelihood. On inspection of the socio-cultural dimensions of a community or society, such areas or societies are characterized as urban where there is a pre-dominance of secondary over primary contacts, a high division of labor, high rates of vertical mobility, a formal mechanism of social control, and where communication is through the mass media.

Therefore, it can be concluded that not only is there no agreed upon definition to delineate a given area or community as either rural or urban; moreover, a single dimension to define an area might not be taking into consideration all aspects of the given area. **Ideally, therefore a composite definition may be more representative of an area and hence has more widespread appeal. Moreover, equally important is the fact that this rural-urban concept is dichotomous, meaning thereby, that an area if defined as "urban" is not "rural", and if "rural" then it is not "urban".** Therefore, what is not 'urban' becomes 'rural' and vice versa. That is, a given area or community would be classified as either "rural" or "urban", irrespective of whichever definition is employed. Thus, the need to understand the changes that occurred in a community or area, the consequence of which would have been the segregation of the community as either rural or urban, as known in recent times, gains importance. The following two sub-sections elaborate on the changes that have taken place in societies, specifically due to the process of industrialization.

1. Impact of Industrialization

The changes are traced back from the period of industrialization because understanding such changes would help throw light on the kind of adjustments that would be required for manufacturers to broadly adapt and be in tune with the changing social milieu; especially in view of the fact that the country is hoping and making attempts to join the ranks of the newly industrializing countries. **At the onset, it needs to be reiterated that the social changes, resulting from the process of industrialization have not been as visible as in Western countries.** But, as mentioned, with hopes of rapid

industrialization given the current economic policies, it is to be expected that, before long, the social set up of the country would witness sweeping changes.

The process of industrialization set in motion the process of urbanization, as evident in recent times. Industrialization in the initial stages was manifest through the mechanization of manufacturing. Settlements were formed around these manufacturing facilities, which mainly consisted of the workers employed at these factories. Migration of greater number of people from rural areas to join the labor force in the factories, resulted in the spread of these settlements, also aided by more number of factories being established with greater mechanization of production activity. With such rapid strides as was being made in the field of manufacturing, the standard of living and also the income levels of those employed in these factories were relatively higher than of those in the countryside employed in agrarian and related activities. This improvement led to inventing way and means to improve the lifestyle of the population in such areas. The growth of such urban settlements made its impact on the lives of the people in the rural areas. The effect of industrialization on rural lives can be summarized in the following manner:¹¹

i) Growth and expansion of urban settlements areas resulted in greater number of villages being included as part of the urban center. With continued rural migration the areas around factory premises began to get crowded. Improvements made in the technological front was reflected by the improved communication and infrastructural facilities available within the urban settlements. These two factors resulted in the shift of certain population from around the factory areas to the periphery of the urban settlements. Thus the movement towards the suburban areas was initiated as a rule, by people who were better off in terms of income and education as compared to those living around the factory areas- the inner city. The growth of the suburban regions therefore paved the way for inclusion of those villages that were initially at the fringe of the urban settlements, into these urban areas.

ii) Modernization and mechanization although in the initial stages was evident only in the field of manufacturing, mechanization of agriculture though was eventual. Transformation to mechanized agriculture improved productivity through modernization in every sphere of farming. The result was an improvement in the levels of income and standards of living among the rural population.

iii) Development of rural areas and the growth of urban areas opened up channels of communication between the two regions. Moreover, there was a tendency on both the regions to depend upon the other to meet their needs. Urban areas depended on the rural to meet their requirements for food and raw materials; while, on the other hand, rural regions as a result of accessibility to mass media depended on the urban regions for further improvements in their life style and also for the various goods that were manufactured in the urban regions. Thus the linkages between the rural and the urban regions were established.

2. Rural Transformation

It was but inevitable that these changes, ushered in mainly by industrialization would lead to changes in the rural characteristics; for technological and economic changes have an influence on the culture and the social structure of the region.¹² It needs to be cautioned again that though changes have swept the rural regions of this country, the social structure though has been left largely intact. But, nevertheless it is important to view the changes that have occurred in the other rural regions of the world, if only to understand the changes that have occurred in these regions. Social changes that rural communities undergo cannot be considered to be evenly distributed between the various rural areas. That is, not all rural areas or communities might have adapted changes into their life and society to the same extent. Changes as experienced by any community, be it rural or urban, can be viewed within a continuum.¹³ A method devised by Reismann placed a rural area on a rural-urban continuum based on the measurement of the area on seven factors which were used to measure the adaptability of that area to change.¹⁴ The two extreme ends of the scale indicated the extreme situation: traditionally rural or completely urbanized.

Change processes in rural communities can also be viewed through the concepts of social classes, life cycle, and mobility patterns.¹⁵ Lewis and Maund cite that due to a series of population movements that have been effected in the countryside, the changes that are taking place in the rural regions should be analyzed with this in mind: for, according to them such structural and value-system changes have a marked effect upon the behavior of the population, both inside and outside the community. A conceptualization of rural social change has also been extended by Rogers and Burdge¹⁶ with their identification of the factors controlling the differential levels of favorable orientation towards change.

3. Rural-Urban Differences

But yet, inspite of the changes taking place in the rural communities, and the increased pace of urbanization of these areas, there are certain distinctive features of the two communities, which can be explained in the following manner:¹⁷

i) The rural areas are predominated by cultivators and their families. The community has, in general few representatives of the non-agrarian pursuits. On the other hand, urban people are principally engaged in commerce, trade, or such other non- agrarian activities. That is to say that, while the mainstay of the economic activity in the rural areas is in the primary sector, the urban peoples are engaged in the secondary and tertiary sectors of the economy.

ii) The rural people live in an environment which is predominantly natural. They have a more direct commune with nature while the urban folks live in a more man-made environment; an environment which is quite isolated from the natural surroundings.

iii) The size of the rural community is smaller than the urban community. There is lesser division of labor among the rural communities than among the urban. This implies that the proportion of people engaged in any particular activity is greater among the rural communities. Therefore, in this sense it could be considered that the size of a community is negatively correlated to the pursuit of the community. And moreover since, it is already agreed that the majority of the rural community are employed in agrarian activities, it could be considered that the size of the community is negatively correlated to agrarian pursuits.

iv) The density of population in the rural areas is lower than in the urban. The rural community is characterized by larger spaces between houses and open countryside. Therefore the density of population and the rural area is negatively correlated.

v) Compared to the urban population, the population of the rural communities is more homogeneous in racial and psychological traits. The community is more homophilous and more cohesive in nature than the urban communities. But at the same time, the rural community can be said to be more local¹⁸ in nature while the urban community can be considered to have a more national¹⁹ character. It is local in the sense that each rural community might have characteristics which are unique to the area in which the rural setting is, the economic activity of the rural population, and certain other factors which are purely local in color. Whereas on the other hand the urban community may be diverse but one urban community might not be much different from any other urban community. Hence it is said to be more national than the rural community.

vi) The differences in the rural social life are not as marked as in the urban communities. Social stratification also is not as marked in their stratum as in the urban areas. Social stratification is much more varied and much more important in the urban setting.

vii) Mobility is also less intense among the rural population than among urban. Mobility may either take the form of territorial, occupational or social mobility. Which is to say that rural folks are more likely to pursue their same occupations at a given place throughout their lives and with not much improvement or degradation in their social standing in the community. Whereas in the urban setup, mobility is more intense and may take any or many forms such as mentioned.

viii) The systems of interaction in the rural and urban areas also differ. In the rural communities, there is lesser contacts between men. The emphasis is on primary contacts. The relations are mainly personal in nature and relatively durable, with comparatively more sincerity and simplicity in them. Whereas in the urban communities there is wider access of interaction per person and on the aggregate level. It can be termed less personal, more short-lived, and casual. There may be greater complexity, superficiality, and formality in the relationships as compared to rural relationships.

4. Implications

Therefore, it can be summarized that indeed rural areas are not stagnant but are adapting to changes. But such changes seem to be quite dependent on the adaptation of technology for improved productivity, proximity to urban regions, the accessibility to mass media communications, and the demographic characteristics of the population. As a consequence the extent of adaptability to change would not be uniform throughout the rural regions.

While analyzing the behavior of the rural people, especially their buying behavior, these changes need to be carefully studied; since such changes might have a bearing on the kind and the extent of influence they exercise on the purchase and usage of products. As rural transformation has been agreed to be occurring at varying rates within the rural regions, it would be more meaningful therefore to view a particular rural area on a rural continuum. For purposes of simplicity, a rural area can be segregated into three distinct regions on a continuum : 1) Those that are engulfed by the changes in the urban areas, 2) those that are yet to be swept by the changes in the urban areas that is, those that are traditionally rural, and 3) those that are in the twilight zone, which is to say that they are beginning to feel the winds of changes blowing from the urban centers while at the same time not really rural in the traditional sense.

Similarly, urban regions too can not be considered to be completely uniform in their development stage. There are urban regions too which may not have completely shed their rural character- that is, those that are in transition. Since this is a study on the rural consumer and on how s/he differs from her/his counterpart, the exercise would be more fruitful if only such urban areas are chosen which can be considered to be truly urban, that is which has no shades of their rural character anymore.

Having discussed the rural and urban characteristics, we now turn our attention to the country. The country comprises of twenty-five States and eleven Union Territories. Therefore, in a way the complexity and magnitude of the study are forbidding from the point of view of generalizing for a whole country. What is attempted here is an analysis of the typical rural-urban divide in two states sharing to

a large degree the same politico-socio- cultural identity. The following section describes the criterion employed for the selection of these two states.

C. Methodology for Choice of States

1. Methodology Rationale

Measures of economic development have been employed to select the states from among the twenty-five in the country. Economic development has been employed to select the states only because of the connotations of "development." Development, implies more than rising real income levels. Development as an objective and as a process both embrace a change in the fundamental attitude to life and work and in the social and cultural setting of any community or country. Development of a country or society is its adaptability to change. Development also implies that innovations and progress are built into the country's system because of its receptivity to change.

Moreover, development measures provide the basic framework in analyzing the economic growth, and the well beingness of a society or country. Economic development and the well beingness of a society are closely inter-related with the attitude, the values, and the needs of the people. Well- being, of course, is purely a subjective term; since measures of well being would differ among societies or countries. This is due to the fact that well-being is a process, never an end, since there is always room for improvement in the quality of life for the citizens of a country or community. Post- industrialized societies measure their extent of development, by qualitative measures having already formed the infrastructure required to improve the income levels of its citizens. Developing countries on the other hand, are beset with problems of allocating scarce resources to improve productivity and income level of its peoples.

Hence, development measures for the developing countries would have to measure the extent to which it has been successful in meeting the basic needs of its citizens. Moreover, it should also be indicative of the potential of the country in continuing and sustaining the process of development. Hence, it would also necessitate the analysis of the rate of economic growth.

There are a number of development measures advocated by eminent economists. But, for the purpose of this study two well-known measures of development have been chosen. One of the measures, indicate the extent to which each of the states in the country has been able to provide the basic needs of its citizens.²⁰ The second measures the industrial backwardness of the states.²¹ This measure of industrial backwardness has been employed in order to measure the potential of the economic growth of the state. The basic needs criterion measure provides with an indication of

how productive the work force can be, since what the basic needs criterion measures, are the education levels, and the health of the populace. Education is necessary to be productive, and health is important for continued productivity. Therefore, this measure of a basic needs criterion is employed. The potential of industrialization to induce changes have already been discussed elsewhere, and is not repeated here. Therefore, a measure indicating the industrial backwardness of the different states of the country was employed.

2. Description of the Measures

Towards achieving an outward-looking society the main criterion is that there should be improvements in the physical quality of life. In fact, the quality of life is generally viewed as a primary criterion for development. As is stated by Hicks and Streeten, "To give an indication, however, of the indicator (for development) which might be included, the following have been identified as a preliminary set :

- Health - Life expectancy at birth
- Education - Literacy
Primary school enrollment (as % of population aged 5-14)
- Food - Calorie supply per head or calorie supply as a percent of requirements.
- Water Supply - Infant mortality (per thousand births).
Percent of population with access to potable water.
- Sanitation - Infant mortality (per thousand births).
Percent of population with access to sanitation facilities.
- Housing - None."²²

The criteria for identification of industrial backwardness were developed during the Fourth Plan by a committee that was formed under the Chairmanship of Mr.B.D.Pande. The committee offered guidelines for identifying industrially backward states/union territories and also for identifying industrially backward districts. The following was the criteria adopted by the Pande committee for identifying industrially backward states/union territories:²³

- i) Per capita income (together with the contribution by industry and mining).
- ii) Industrial workers engaged in registered factories per lakh of population.
- iii) Length of surfaced roads (a) per lakh of population, and (b) per 100 sq.kms. of area.

- iv) Length of railway track (a) per lakh of population, and (b) per 100 sq.kms. of area.
- v) Per capita annual consumption of electricity.

3. Amalgamation of Measures

On the basis of both, the Hicks and Streeten's indicators of development, and the Pande committee's report on industrial backwardness, the following criteria were adopted to select the states :

- i) Life Expectancy at birth.
- ii) Infant mortality rate (per thousand births).
- iii) Percentage of population below poverty line.
- iv) Literacy rate.
- v) Percentage of villages electrified.
- vi) Number of workers engaged in registered factories per lakh of population daily.
- vii) Length of surfaced roads per lakh of population.

4. Analysis and Conclusions

The data have been collected from the Family Welfare Programme Year Book(1988-89) and from India - A Statistical Outline (1987). The data are shown in the tabular form in Table 2.2 in Annexure A. Only the major states have been analyzed for their development status. The physical quality of life, generally measured by such indicators as life expectancy, infant mortality rate, and literacy rate are much better in the state of Kerala. The table shows the ranking of each state for each of the variables measured. Kerala ranks the highest from among all the other state with respect to quality of life offered to its residents. Moreover, infrastructural facilities too are much better developed in Kerala as is evident by its ranking in the number of villages with power supply and the length of road per lakh of population. Gujarat, on the other hand, has a poor record for the quality of life offered to its citizens. Moreover, even the infrastructural development of the state seems to be inadequate, on analysis of two basic infrastructure requirements: the power supply availability to villages and the communication facilities, i.e., the proportion of road length to the population of the state. But, inspite of these glaring anomalies, the state of Gujarat ranks the highest with regard to the proportion of industrial workers to the population of the state. Both the states have almost equal number of people living below the poverty line.

Therefore, the conclusion drawn is that, while the physical quality of life is quite high in Kerala; in fact much higher than the national average, the industrial growth is highest in Gujarat; while at the same time poverty in both the states seems to be almost equal, as measured by the number of people living below the

poverty line. Kerala and Gujarat present therefore, two different aspects of development- the former being a front runner in providing an individual opportunities to be equipped with a long, healthy, literate life; while the latter being a leader in industrial growth. Since the states present such a divergent view especially with the poverty rate not being much different, the two states were selected for analyzing the behavior among consumers of these two states. Moreover, the researcher is familiar with these two states. Familiar in terms of its language, culture, and social norms.

The selection of these two states would also enable a comparison from the point of view of which has a greater impact on behavior, between the characteristics of the regions, that is, the characteristics of the rural and the urban regions, and the macro level environment, that is the state level development. That is to say that, the study would enable to underscore the relative importance of either the regional characteristics, irrespective of the kind of development that is occurring at the macro level; or the relative importance of the kind of macro level development irrespective of the characteristic of the region, in determining the behavior of the consumers.

The criteria therefore for selecting the states were based on the merits of observing any behavioral differences/ similarities given these two developmental aspects on the consumers of the rural and urban regions; and by the limitation imposed on the researcher in terms of those mentioned above.

The entire study is based on the 1981 Census. This in a way is a limitation of the study, since the 1981 Census was recorded more than a decade earlier. Therefore, the changes that have resulted in the populations in the decade following the 1981 Census have not been taken into consideration. In order to minimize these shortcomings, the next section deals with the decadal qualitative changes that have taken place in the two states.

C. Decadal Change in the Quality of the Population

Economic development implies more than the passage from poor to rich, from traditional rural economy to a sophisticated urban one. It carries with it not only the ideas of economic betterment, but also of greater human dignity. Measurement of economic development though, is subject to much debate among economists, since it is dependent on the kind of definition employed in describing the development process.

The common link among the various definitions is that, economic development requires the improvement of the productive capacity of society through better organization and mobilization of productive forces, education and training, and utilization of new technologies to enhance productivity and efficiency.

The two states viz. Gujarat and Kerala have been analyzed for the changes that have occurred in the past decade on the following factors: 1) the proportion of main workers to total population; 2) the literacy rate; and 3) the proportion of urban population to total population. For this purpose, data from the 1981 Census and the provisional data of the 1991 Census have been applied. The data of each of the districts in both the states have been employed. Gujarat has nineteen districts, while in Kerala a new district had been formed after the collection of the 1981 Census. Therefore, now the state of Kerala comprises of fourteen districts. The decadal changes in this new district have not been analyzed, since such data was not available for 1981. Tables' 2.3 and 2.4 in Annexure A depict the changes on the three factors.

The rate of change in the literacy rate of both the states is almost the same, though Kerala does have a slightly higher rate. All the districts in both the states have made a steady improvement in this regard. The rate of change in the proportion of main worker population is higher in Gujarat than in Kerala, although in Kerala only two districts have recorded a negative rate, while in Gujarat negative rate is evident in five districts. The rate of urbanization is by far the fastest growing factor in both the states, although the pace of urbanization is much faster in Kerala than in Gujarat. In both the states, a single district was completely rural in 1981, but changes are occurring in these districts of the two states; although, in Gujarat, this completely rural district is now urbanizing at a rate faster than its' counterpart in Kerala.

The conclusion that can be drawn from the analysis is that, the regions are transforming and improving, which therefore augurs well for the manufacturers, since the implications of increased urbanization, higher rate of employment, and a more literate population imply that the market for a wide range of goods is expanding.

The subsequent section deals with the kind of goods that were selected for the study.

D. Choice of Goods

All goods and services produced in an economy are either consumer goods or industrial goods. Industrial goods, as the name suggests is for use of industries only. The reasons that go into purchase of such goods are by far quite variant from those that go into purchase of consumer goods. The scope of the thesis is restricted to a study for consumer goods only.

Consumer goods are categorized into two sections: durable and non-durable. By and large, durable goods are relatively more expensive than non-durable ones. Moreover, the perceived risk of making a wrong purchase in the durable product category is higher than in the non-durable category. Due to these two factors the amount of time and energy spent in making a decision in the durable category

is quite large. Moreover, the consumer is involved to a greater extent in the decision making process for this category of products. Therefore, the behavioral patterns are quite distinct while making a purchase of a durable product.

This study is therefore restricted to analyzing the patterns of behavior in the purchase of a durable product. There are a host of durable products which are used by various people for various reasons. In making a selection of products from such a vast array of products, a functional approach to them was adopted. Hence products that were selected performed either the function of: i)Personal Transport, ii)Entertainment, iii)Personal Effect/Use, iv)Home Convenience, or v)Kitchen Appliances.

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