

CHAPTER VI

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***** THE CONSUMPTION PATTERN OF
THE AFFLUENT GROUP

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In the preceding chapter an attempt has been made to give a bird's eye view of the socio-economic and demographic characteristics of the sample of the affluent households under investigation. With this chapter we commence with the description and discussion of what really constitutes our findings. The focus of attention in this chapter is to present the broad spectrum of household consumption expenditure, characteristic of this affluent group, thus fulfilling a primary objective of our study.

Consumption patterns are customarily depicted in terms of Engel ratios, namely the proportion of total expenditure spent on various commodities and services. The per capita percentage allocation to different food and non-food items also reveals the relative importance

of different goods and services in the wants-hierarchy of the group, the revelation of which also reflects overtly to some extent the value structure of the concerned group, i.e. value for health, social prestige, security, and self-development. Briefly the chapter concerns itself with the following aspects of consumption :

- I The spending pattern of the typical affluent household.
- II The trend of outlay on 'total food' and 'total non-food' within the sample with rising affluence.
- III Homogeneity of the consumption pattern within the affluent group.

I The Spending Pattern of the Typical Affluent Household

The average household in the sample spends Rs. 2,305 p.m. on aggregate household expenditure (including insurance). The standard deviation for the entire sample of 185 households was Rs. 1446, giving a coefficient of variation of 0.50. The food bill \approx Rs. 740 (s.d. 417.0), Non-food Rs. 1452, (s.d. 1037.0), Insurance Rs. 193 (s.d. 193.4). The per capita aggregate monthly expenditure was Rs. 606.80 (s.d. Rs. 307.99) out of which Rs. 185.30 (s.d. 77.72) went towards meeting the food bill. Insurance accounted for Rs. 52.89 (s.d. Rs. 58.87), the total expenditure on

check?

other non-food items being the balance Rs. 368.31

(s.d. Rs. 221.00).

The percentage allocation on miscellaneous goods and services, that is, excluding that on food, clothing and shelter, can be taken as an index of the level of living the household. Table (6.1), col. 5 shows the Engel ratios for food, clothing, housing and miscellaneous items for the current sample of 185 affluent households. We may note

Table :6.1: Proportionate Expenditure on Commodity Groups of Middle Class Households from Four Cities and Affluent Households of Baroda City

Category	Middle Class Households				Affluent Households
	Ahmedabad (1)	Calcutta (2)	Kanpur (3)	Madras (4)	Baroda (5)
Food	.44	.42	.45	.42	.30
Clothing	.15	.09	.13	.12	.05
Housing	.19	.22	.16	.19	.17
Miscellaneous	.22	.27	.26	.27	.48

(Source : Figures in cols. 1 to 4 from : Dipanker Coondoo, 'A Comparison of Consumer Expenditure Patterns of Indian Middle Class and Working Class Families,' Sankhya, Vol. 37, Series C, pt. 2, June 1975, pp. 81-101.)

that the ratio for miscellaneous category is .48, i.e. 48 % of total expenditure is spent on this category. The table

also gives comparative figures for the cities of Ahmedabad, Calcutta, Kanpur and Madras, for socially defined middle class samples (white - collar workers with per capita monthly income ranging from Rs. 10 to Rs. 150). Since corresponding figures for Baroda City middle class are not available we may use the figures relating to Ahmedabad etc. for a gross comparison. Though the said cities all have population of over one million, in urbanization and industrialization the city of Baroda is quite comparable with them.

Assuming then that the middle class of Baroda would have an Engel ratio falling within the range .22 to .27 (or close thereto) for the expenditure on miscellaneous items, the affluent group's ratio at .48 is strikingly high.

Expenditure on Individual Commodities and Services

A total of fifty-two commodities and services was included in the questionnaire-cum-schedule to elicit information on household expenditure. For items which are stored customarily annually or bi-annually in this region, e.g. rice, wheat, the information recorded related to the annual period, while monthly consumption was noted down in the case of other items. In Table (6.2) the Engel ratios for the commodities and services have been given as

What is the difference?

Last month & year

Table 6.2: Consumption Pattern of the 195 Households, the
Items Ranked according to the Engel Ratios
(per capita, per month)

Rank	Commodity	P. capita per month Exp. in Rs.	%	s.d.	Coefficient of Variation
(1)	(2)	(3)	(4)	(5)	(6)
1.	Rent	Rs. 99.29	16.32	74.78	0.75
2.	Insurance	52.89	8.76	58.71	1.11
3.	Conveyance	44.46	7.32	53.83	1.71
4.	Milk	36.48	6.01	16.05	0.44
5.	Clothing	30.41	5.01	24.50	0.81
6.	School Fees	26.66	4.59	38.65	1.45
7.	Servants	21.70	3.57	26.50	1.22
8.	Vegetables	19.91	3.28	14.79	0.74
9.	Vacation	18.62	3.07	24.25	1.30
10.	Oil	13.25	2.18	6.93	0.52
11.	Entertainment	13.04	2.15	15.99	1.30
12.5	Fruits	12.00	1.98	11.58	0.98
13.5	Cosmetics	12.05	1.98	12.53	1.04
14.	Medical	11.45	1.89	11.90	1.04
15.	Rice	11.24	1.85	6.86	0.61
16.	Electricity	11.18	1.84	8.45	0.76
17.	Gifts	10.81	1.78	30.30	2.80
18.	Ghee	10.09	1.66	7.29	0.72
19.	Debts	9.70	1.60	24.74	2.55
20.	Sugar	9.41	1.56	6.72	0.71
21.	Beverages	9.26	1.53	9.45	1.02
22.	Wheat	9.12	1.56	4.50	0.49
23.	Eating out	8.47	1.39	14.66	1.73
24.	Fuel, gas	7.17	1.17	3.99	0.56
25.	Newspaper	6.77	1.11	5.86	0.87
26.	Footwear	5.56	0.92	5.97	1.07

(continued...)

(Table 6.2 continued)

Rank	Commodity	P. capita per month Exp. in Rs.	%	s.d.	Coefficient of Varia- tion
1	2	3	4	5	6
27.	Pocket allowance	5.18	0.85	9.92	1.88
28.	Charities	5.06	0.83	9.37	1.81
29.	Maintenance	4.98	0.82	12.45	2.50
30.	Dal	4.72	0.78	2.78	0.59
31.	Meat	4.69	0.77	9.52	2.03
32.	Professional Services	4.54	0.75	14.01	3.26
33.5	Bread	4.44	0.75	5.06	1.14
34.5	Eggs	4.43	0.73	6.66	1.50
35.	Butter	4.20	0.69	8.26	1.97
36.	Pan	4.15	0.68	9.06	2.18
37.	Postage	3.90	0.64	5.48	1.41
38.	Pickles	3.84	0.63	6.14	1.70
39.	Telephones	3.79	0.62	12.63	3.33
40.	Corporation Tax	3.36	0.55	11.61	2.98
41.	Liquor	3.12	0.51	13.59	4.35
42.5	Spices	3.03	0.50	4.30	1.41
42.5	Functions	3.03	0.50	4.77	1.57
44.	Fish	2.94	0.45	7.35	2.50
45.	Pets	2.40	0.35	7.83	3.26
46.	Proc. Food	1.86	0.31	9.57	5.15
47.	Other Milk Products	1.81	0.30	4.36	2.41
48.	Licence Fee	1.78	0.29	3.52	1.98
49.	Other delicacies	1.75	0.29	4.86	2.78
50.	Other Ceremonies	1.36	0.22	1.83	1.35
51.	Other rents	1.28	0.21	8.01	6.88
52.	Library	1.07	0.18	2.64	2.47

percentages and shown in descending order to bring out clearly the relative importance of the commodities in terms of allocation. The accompanying Figure on page 102 shows even more vividly how non-food items appropriate a major share of the available budget. The items shown, numbering 25, all have Engel ratio greater than 0.01. (Vide Table 6.3)

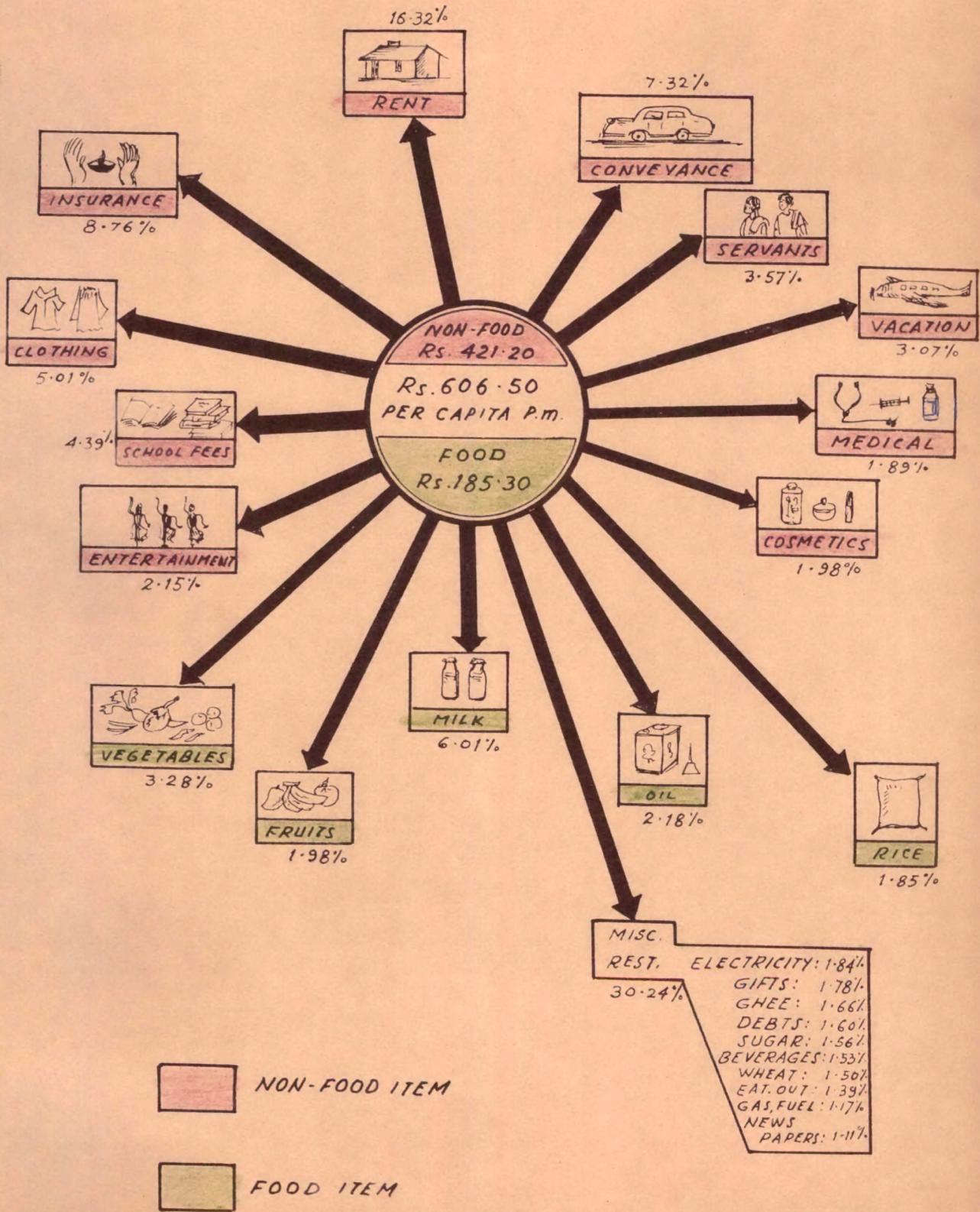
Table 6.3: Engel Ratio for 18 Major* Items of Expenditure for 185 Households (per Capita per Month)

Non-Food	Engel Ratio	Coefficient of Variation	Food	Engel Ratio	Coefficient of Variation
1	2	3	4	5	6
Rent	.1630	0.75	Milk	.601	0.44
Insurance	.676	1.11	Vegetables	.328	0.74
Conveyance	.732	1.71	Oil	.218	0.52
Clothing	.501	0.91	Fruits	.499	0.98
School Fees	.439	1.45	Rice	.185	0.61
Servants	.3577	1.22	Ghee	.166	0.72
Vacation	.357	1.39			
Entertainment	.215	1.39			
Cosmetics	.199	1.04			
Medical	.169	1.04			
Electricity	.194	0.76			
Gift	.178	2.89			

* Items with per capita per month expenditure, at least Rs.10/-.

(S.J.Prais and H.S.Mouthaker, The Analysis of Family Budget, Cambridge, 1955, p.104, 105 give the proportionate distribution of expenditure on various items in the British inquiries. The first ten ranks are held by : Clothing, Meat, payment to pension funds, utilities, rent, education, bread, milk, doctor, domestic help. It might be due to cold climatic conditions that clothing and meat dominate here.)

CONSUMPTION PATTERN OF THE AFFLUENT HOUSEHOLDS



In Table (6.3) on the previous page Engel ratios for eighteen top items have been shown separately for food and non-food categories. These are items on which the per capita allocation is Rs. 10 or more. We note that of the eighteen, twelve belong to the non-food categories and account for 58.98 % of aggregate expenditure. The remaining six food items account for only 16.96 %, while together for the eighteen commodities account nearly seventyfive percent of the total expenditure of the household. We note also that among food items milk, vegetables, oil and fruits take precedence over the staple foods rice and wheat. The local propensity for frying seems to be reflected in the consumption of oil, but the outlay on milk, oil and fruits may be taken as an indication of the high level of living of the affluent group. Ganguli has treated the preferences for more expensive protein-rich foods as an indicator of higher level of living.¹

A scrutiny of the relative measure of dispersion, namely the coefficient of variation for the top eighteen items (column no. 3,6 of Table 6.3) shows that the dispersion is relatively less for food items than for non-food items. Within food category milk (0.44) has comparatively minimum scatter followed by oil (0.52), rice (0.61), ghee (0.72), vegetables (0.74) and fruits (0.98). Within the non-food

¹B.N.Ganguli, Levels of Living in India (An Inter-state Profile), Delhi, S.Chand & Co., 1976.

category the coefficient of variation is relatively low for rent (0.75), clothing (0.81) and electricity (0.76), the rest showing decidedly larger scatter. The figures show that for basic essentials, food, clothing and shelter, as well as electricity, the consumption expenditure of the households are more closely bunched towards the respective mean values than for other items.

II Expenditure on Total Food and Total Non-Food

The well-known law of Engel states that with increasing income the relative outlay for subsistence (i.e. food) decreases. According to Engel the proportion of the outgo used for food, other things being equal, is the best measure of the material standard of living of a population. The poorer a family the greater must be the percentage of income necessary for the maintenance of physical sustenance (food, clothing, shelter), wherein a greater portion would go towards food. In order to verify this law the current sample has been divided on the basis of net disposable income, and the necessary computations carried out. Table (6.4) shows the frequency of households falling in the different income classes and the outlays on food and non-food respectively in the different classes. The percentage spent on food decreases with increasing income being the highest for the lowest income class, namely 37.0 % of the aggregate

Why do you expect this to hold if you affluence?

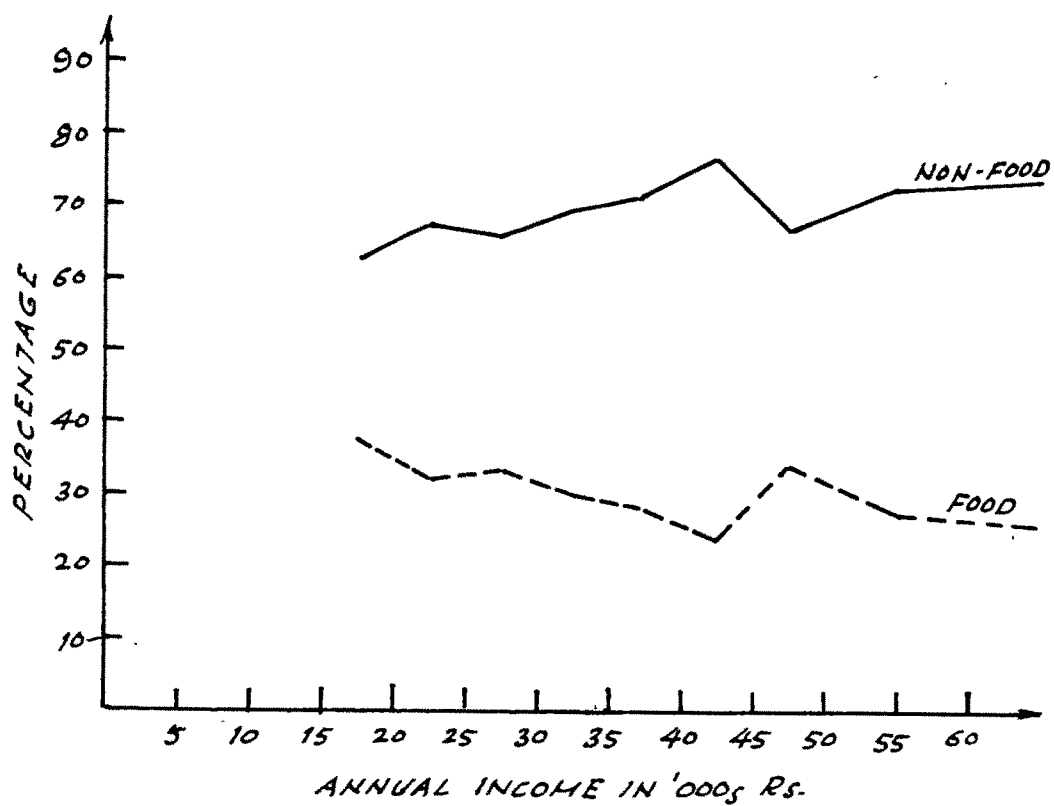
expenditure. Graph No. 6.1 p. 106 clearly portrays this decreasing trend. The corresponding Engel curve for non-food shows an increasing trend.

Table 6.4: Total Monthly Expenditure of Households on Food and Non-Food Items Respectively, absolute Values and as Percentages of aggregate Monthly Expenditures in the Different Income Classes

Income p.a. in '000s Rs.	No. of House- holds	Expenditure in Rs.		Total	Percentages of Total Expend.	
		Food	Non-Food		Food	Non-Food
1	2	3	4	5	6	7
15 - 20	56	566.71	962.39	1529.10	37.05	62.95
20 - 25	43	624.90	1285.52	1910.42	32.71	67.29
25 - 30	25	712.76	1414.08	2126.84	33.50	66.50
30 - 35	13	743.92	1722.38	2466.30	30.18	69.82
35 - 40	13	737.15	1880.23	2617.38	28.19	71.81
40 - 45	12	770.67	2485.92	3256.59	23.66	76.34
45 - 50	5	1419.00	2832.00	4251.00	33.38	66.62
50 - 60	6	1075.83	2850.83	3926.66	27.39	72.61
Over 60	12	1479.17	4145.75	5624.92	26.30	73.70

The same trend is clearly discernible when the sample is divided not on the basis of net income but on the basis of aggregate monthly expenditure of the households and again when per capita figures are taken to compensate for family size. Tables 6.5 and 6.6, pp.107 , 108 , give the relevant figures. The percentage spent on food by the households

GRAPH: 6.1
PERCENTAGE EXPENDITURE ON FOOD & NON-FOOD
IN THE DIFFERENT INCOME CLASSES



drops from 48.70 (lowest expenditure class) to 27.83 (for highest expenditure class) and from 46.11 to 26.73 in the case of per capita figures.

Table 6.5: Mean Monthly Expenditure of the Households Classified according to Aggregate Monthly Expenditure, on Total Food and Non-Food Items

Expenditure Class (in Rs.)	No. of Households	Monthly Expenditure		Aggregate Expenditure	Percentage of Aggregate Expen.	
		Food	Non-Food		Food	Non-Food
1	2	3	4	5	6	7
650 - 950	4	397.75	419.00	816.75	48.70	51.30
950 - 1250	19	483.95	634.00	1117.95	43.29	56.71
1250 - 1550	30	556.23	869.77	1425.00	39.03	60.97
1550 - 1850	26	999.27	1109.62	1707.89	35.09	64.91
1850 - 2150	28	661.50	1340.96	2002.46	33.03	66.97
2150 - 2450	11	693.73	1564.73	2258.46	30.72	69.28
2450 - 2750	13	767.46	1819.46	2586.92	29.67	70.33
2750 - 3050	19	747.78	2139.44	2887.22	25.90	74.10
3050 - 3350	4	822.25	2371.25	3194.50	25.74	74.26
3350 - 3650	8	964.13	2496.38	3460.51	27.85	72.14
3650 - 3950	8	1044.50	2773.63	3818.13	27.36	72.64
3950 - 4250	7	1064.43	3008.14	4072.57	26.14	73.86
Over 4250	9	1938.56	5026.00	6964.56	27.83	72.17

Should not cols. 6 & 7 in table 6.5
and cols. 5 & 6 in table 6.6 be the same?
Why show differences at all?

Table 16.6: Per Capita Expenditure on Food and Non-Food Items by Expenditure Classes (in Rs.)

Expenditure Class (in Rs.)	Food	Non-Food	Total	Percentage of Total	
				Food	Non-Food
1	2	3	4	5	6
650 - 950	133.50	156.00	289.50	46.11	53.89
950 - 1250	130.60	183.05	313.74	41.66	58.34
1250 - 1550	154.30	254.30	408.60	37.76	62.24
1550 - 1850	182.70	370.40	553.10	33.03	66.97
1850 - 2150	182.20	339.30	571.50	31.90	68.12
2150 - 2450	176.10	412.40	588.50	29.92	70.08
2450 - 2750	185.90	503.40	689.30	26.97	73.03
2750 - 3050	197.00	584.40	782.00	25.27	74.73
3050 - 3350	207.10	596.30	803.40	25.78	74.22
3350 - 3650	208.40	546.40	754.80	27.61	72.39
3650 - 3950	262.00	609.40	962.00	27.33	72.70
3950 - 4250	213.50	592.00	805.50	26.51	73.49
Over 4250	311.90	854.80	1166.70	26.73	73.27

III Heterogeneity of the Consumption Pattern Within The Affluent Group

Spending Patterns at Different Income Levels

So far the entire discussion has been based on the affluent group as a whole in order to depict the consumption pattern of a typical affluent consumer. The one hundred and

of
the
total

eightyfive households which provided data for this belong however to different income levels ranging from Rs. 15,000 to Rs. 20,000 to over Rs. 60,000 per annum. It was necessary to verify whether the consumption patterns differed within this group at different income levels. For this purpose the sample was divided into thirteen classes on the basis of income and the consumption figures for individual commodities and services have been calculated for the sub-samples belonging to these classes separately. The data are presented in Tables 6.7 and 6.8 (pp. 110 - 111).

In Table 6.7 the household's expenditure on food items is presented as percentage of aggregate expenditure, for the different income classes, while Table 6.8 concerns itself with non-food items. In Table 6.9 and 6.10 the commodity outlays are shown as percentages of Total Food Expenditure in the case of food items and of Total Non-Food Expenditure for the rest, the income classes being the same, as in Tables 6.7 and 6.8.

Among all food items milk is seen to be the most important from the point of view of percentage outlay, for all the income classes, the percentage varying from 2 % for the lowest income class to 3.8 % for the highest. Milk is followed by vegetables, with oil generally taking the

Table :6.7: Mean Monthly Household Expenditure on Food Items for Different Categories of Income as Percentage of Aggregate Monthly Expenditure

Commodity	Income Classes in '000s Rs.								
	15-20	20-25	25-30	30-35	35-40	40-45	45-50	50-60	Over 60
1	2	3	4	5	6	7	8	9	10
Milk	8.05	6.88	6.05	6.16	5.27	3.93	7.62	3.72	3.37
Vegetables	3.54	3.28	4.05	3.30	3.08	3.12	5.43	2.08	3.09
Oil	2.98	1.99	2.49	1.95	1.94	1.55	2.64	1.55	1.91
Rice	2.52	2.86	2.39	1.72	1.88	1.27	1.34	1.93	0.99
Wheat	2.38	1.96	1.39	1.21	1.10	1.06	1.27	0.80	1.75
Sugar	2.32	2.01	1.83	1.52	1.38	1.00	1.45	0.85	1.16
Chae	2.20	1.92	1.62	1.82	2.02	1.14	0.92	1.46	0.98
Beverages	2.10	1.62	1.66	1.31	1.32	1.45	2.72	0.83	1.02
Fruits	2.09	1.62	2.26	1.48	1.91	1.76	2.19	2.33	2.93
Dal	1.23	0.99	0.91	0.82	0.76	0.61	0.54	0.47	0.33
Bating Out	1.15	1.54	1.54	1.01	1.15	1.17	1.51	1.59	1.85
Meat	0.89	0.95	0.59	1.23	0.17	1.04	0.87	0.49	0.15
Dread	0.83	0.96	0.82	0.83	0.47	0.42	1.04	0.65	0.49
Pan	0.79	0.65	0.50	0.65	0.53	0.86	0.54	0.76	0.55
Eggs	0.64	0.76	1.09	1.04	0.42	0.98	0.33	0.72	0.88
Pickles	0.58	0.72	0.53	0.37	0.85	0.19	0.44	0.29	0.97
Butter	0.52	0.59	0.86	1.71	1.17	0.28	0.71	0.39	0.40
Spices	0.45	0.49	0.42	0.35	0.35	0.30	0.52	1.45	0.42
Fish	0.30	0.44	0.64	0.57	0.18	0.26	0.20	1.67	0.02
Other Cereals	0.27	0.31	0.18	0.23	0.21	0.04	0.22	0.15	0.24
Liquor	0.24	0.21	0.20	0.16	0.21	0.77	0.47	2.21	1.11
Other Milk Products	0.21	0.30	0.17	0.42	0.08	0.12	0.15	0.34	0.73
Other Delicacies	0.16	0.10	0.42	0.23	0.15	0.03	0.00	0.54	0.53
Proc. Food	0.18	0.14	0.21	0.07	1.49	0.01	0.26	0.32	0.62
Total	36.25	32.70	33.50	30.18	28.09	23.35	33.38	27.33	26.30

Table :6.8: Monthly Expenditure on Non-Food Items for Different Categories of Income as Percentage of Aggregate Monthly Expenditure (Per Household)

Commodity	Income Classes in '000 Rs.								
	15-20	20-25	25-30	30-35	35-40	40-45	45-50	50-60	Over 60
1	2	3	4	5	6	7	8	9	10
Rent	13.98	14.53	13.50	22.49	17.72	20.55	20.94	16.13	14.00
Insurance	6.00	8.86	9.71	9.23	12.60	13.47	4.80	8.86	4.04
Conveyance	4.99	6.45	6.65	4.44	8.35	7.01	6.35	9.76	10.75
Clothing	6.02	5.91	5.23	3.48	3.98	4.82	3.75	4.77	3.70
School Fees	4.15	5.41	4.23	4.40	3.11	5.43	2.40	1.87	5.90
Vacation	2.23	3.09	3.23	2.49	3.20	2.97	1.45	3.71	2.45
Gifts	2.30	0.88	2.84	0.55	0.80	0.06	0.57	1.40	5.26
Cosmetics	2.33	2.87	2.51	1.72	1.68	1.73	2.82	1.19	1.13
Debts	2.63	1.41	2.12	3.35	2.56	0.00	0.14	1.66	0.52
Electricity	1.67	1.72	2.08	2.05	2.08	2.22	2.14	1.63	1.60
Medical	2.08	2.75	1.98	1.59	1.74	0.88	0.99	1.49	1.23
Entertainment	2.47	2.49	1.63	1.61	1.70	2.87	1.86	1.02	1.63
Newspaper	1.14	1.14	1.61	0.91	1.15	1.27	0.80	0.73	0.67
Gas, Fuel	1.64	1.47	1.29	1.10	0.79	0.95	0.54	0.53	0.69
Dosmetics	2.49	3.06	1.26	1.95	3.62	3.25	4.96	7.11	7.70
Back.allow.	0.92	0.97	1.07	1.40	0.41	1.51	1.88	0.59	0.82
Footwear	1.07	0.96	0.85	0.85	0.26	0.84	1.53	0.65	0.82
Maintenance	0.68	0.61	0.79	0.00	1.15	0.44	0.00	2.14	1.48
Postage	0.76	0.52	0.67	0.66	0.44	0.59	0.59	0.41	0.65
Functions	0.50	0.42	0.53	0.20	0.52	0.49	1.19	0.53	0.47
Charities	0.91	0.87	0.49	1.32	0.42	1.58	2.30	1.02	0.68
Telephones	0.11	0.30	0.44	0.94	0.18	0.83	1.39	1.87	2.11
Licence Fees	0.22	0.29	0.42	0.17	0.15	0.33	0.08	0.65	0.20
Pets	0.31	0.14	0.38	0.03	0.19	0.77	0.38	0.55	0.81
Library	0.24	0.12	0.35	0.15	0.11	0.21	0.01	0.06	0.03
Corp. Tax	0.44	0.25	0.35	1.12	0.57	0.94	0.68	0.65	0.96
Prof. Servi.	0.32	0.60	0.25	0.84	1.40	0.31	1.98	0.81	2.93
Other Rents	0.34	0.01	0.00	0.00	0.00	0.00	0.00	1.70	0.44
Total	63.75	67.30	63.50	69.82	71.91	76.65	66.62	72.61	73.70

Table 16.9: Monthly Expenditure on Food Items for Different Categories of Income as Percentage of Total Expenditure on Food (Per Household)

Commodity	Income Classes in '000 Rs.								
	15-20	20-25	25-30	30-35	35-40	40-45	45-50	50-55	Over 60
1	2	3	4	5	6	7	8	9	10
Milk	21.71	21.05	20.45	20.43	19.04	16.61	22.82	13.57	14.72
Vegetables	9.66	10.04	12.09	10.95	10.90	13.19	16.28	7.59	11.74
Oil	7.76	6.07	7.26	6.48	6.89	6.56	7.92	5.65	7.26
Rice	6.79	6.91	6.97	5.69	6.71	5.37	4.02	7.05	3.76
Wheat	6.42	6.00	4.16	4.02	3.91	4.49	3.82	2.91	6.64
Sugar	6.25	6.15	5.45	5.04	5.28	4.32	4.34	3.11	4.41
Ghee	5.93	6.07	4.83	6.02	7.16	4.80	2.76	5.34	3.74
Beverages	5.68	4.90	4.96	4.34	4.69	6.13	8.15	3.02	3.89
Fruits	5.63	4.94	6.75	4.89	6.73	7.45	6.57	8.52	11.14
Del	3.32	3.03	2.70	2.71	2.68	2.58	1.62	1.72	1.24
Eating Out	3.12	4.71	4.60	3.34	4.07	4.92	4.51	5.81	7.04
Meat	2.41	2.90	1.76	4.08	0.59	4.42	2.61	1.80	0.56
Bread	2.24	2.92	2.44	2.74	1.68	1.76	3.10	2.35	1.86
Pen	2.14	1.99	1.50	2.17	1.90	3.62	1.62	2.79	2.08
Eggs	1.71	2.32	3.24	3.45	1.49	4.15	0.99	2.63	0.34
Pickles	1.84	2.21	1.59	1.22	3.01	1.09	1.31	1.05	3.71
Butter	1.56	1.80	2.56	5.66	4.14	1.27	2.11	1.41	1.51
Spices	1.41	1.50	1.26	1.19	1.25	1.28	1.56	5.30	1.58
Fish	1.21	1.35	1.90	1.88	0.63	1.19	0.59	5.36	0.09
Other Cereals	0.81	0.96	0.53	0.77	0.75	0.52	0.79	0.56	0.93
Liquor	0.74	0.63	0.61	0.51	0.73	3.24	1.41	8.06	4.23
Other Milk Products	0.65	0.99	0.51	1.40	0.28	0.81	0.45	1.24	2.78
Other Delicacies	0.58	0.39	1.26	0.78	0.54	0.18	0.00	1.98	2.20
Processed Food	0.52	0.42	0.62	0.24	4.87	0.14	0.78	1.16	2.59

Table :6.10: Mean Monthly Expenditure on Non-Food Items for Different Categories of Income as Percentage of Total Expenditure on Non-Food (per Household)

Commodity	Income Classes in '000s Rs.									
	15-20	20-25	25-30	30-35	35-40	40-45	45-50	50-60	Over 60	
	1	2	3	4	5	6	7	8	9	10
Rent	22.21	21.59	20.30	32.20	24.65	26.91	31.43	22.22	19.00	
Clothing	9.56	8.79	7.86	4.99	5.53	6.32	5.64	6.57	8.02	
Insurance	9.53	13.17	14.62	13.22	17.51	17.65	7.20	12.21	5.48	
Conveyance	7.92	9.59	10.00	6.36	11.60	9.19	9.53	13.45	14.59	
School Fees	6.59	8.04	6.36	6.20	4.32	7.12	3.60	2.58	8.01	
Debts	4.17	2.09	3.19	4.80	3.56	0.00	0.21	0.00	0.70	
Servants	3.96	4.55	1.89	2.79	5.04	4.26	7.45	9.79	10.45	
Entertainment	3.92	3.70	2.45	2.30	2.36	3.75	2.79	1.40	2.22	
Cosmetics	0.70	3.08	3.78	2.47	2.34	2.26	4.24	1.64	1.54	
Gifts	0.65	1.32	4.27	0.78	1.11	0.08	0.06	1.92	7.14	
Vacation	3.54	4.59	4.36	3.57	4.45	3.69	2.18	5.12	3.33	
Medical	3.30	4.09	2.93	2.26	2.42	1.16	1.48	2.05	1.67	
Gas and Fuel	2.60	2.18	1.94	1.58	1.10	1.25	0.81	0.74	0.93	
Electricity	2.65	2.55	3.12	2.94	2.89	2.92	3.21	2.24	2.17	
Newspaper	1.81	1.69	2.42	1.30	1.59	1.66	1.33	1.01	0.91	
Footwear	1.71	1.42	1.26	1.22	1.76	1.11	2.30	0.89	1.12	
Pocket Allow.	1.48	1.44	1.61	2.01	0.57	1.98	2.82	0.82	1.12	
Charity	1.45	1.30	0.74	1.89	0.61	2.08	3.45	1.40	0.92	
Postage	1.21	0.77	1.01	0.95	0.62	0.77	0.88	0.56	0.88	
Maintenance	1.08	0.91	1.19	1.14	1.62	0.57	0.00	2.95	2.01	
Functions	0.80	0.63	0.80	0.30	0.75	0.65	1.79	0.73	0.64	
Corp. Tax	0.71	0.37	0.93	1.60	0.81	1.23	1.02	0.91	1.31	
Other Rents	0.54	0.00	0.00	0.00	0.00	0.00	0.00	2.94	0.60	
Prof. Services	0.51	0.89	0.38	1.21	1.95	0.41	2.97	1.11	3.97	
Pets	0.49	0.21	0.57	0.04	0.26	1.01	0.58	0.76	1.11	
Library	0.38	0.18	0.53	0.21	0.15	0.28	0.01	0.09	0.04	
Licence Fees	0.35	0.43	0.64	0.24	0.20	0.44	0.13	0.90	0.20	
Telephones	0.18	0.45	0.66	1.34	0.25	1.09	2.03	2.16	2.06	

third position. There is a decreasing trend for all items in the percentage outlay with increasing income level. Another notable feature is the fact that the percentage values are very low for most of the food commodities. At the 15-20000 income level for instance, only nine commodities (milk, vegetables, oil, rice, sugar, ghee, beverages and fruits) command over 2% outlay, the remaining sixteen fall below two percent.

Among non-food category (vide Table 6.8) the maximum allocation is seen to go towards rent in all income classes. This has been the finding in respect of other social classes too. (vide Table No. 6.1, p. 97). The downward trend in percentage outlay which was noticed in the case of food items is conspicuous by its absence in the case of rent and other non-food items.

The prominent positions taken by milk in the food list and by rent among non-food items can be seen in Tables 6.9 and 6.10 respectively. Nearly twentytwo percent of the total outlay on food bill is taken up by expenditure on milk (for the lowest income class). Similarly twentytwo percent of total outlay on non-food goes towards rent for the lowest income class.

The figures of the above mentioned tables relate to households as unit and thus serve to give an idea of the

expenditure incurred by an average household at various income levels on different goods and services. While these figures thus represent the financial resource allocation of household they cannot be utilised for deriving economic relationships as the size of the household has not been taken into account. Nevertheless they give a broad picture of the nature of the spending pattern of an average affluent household.

The Hierarchy of Preferences

In the above discussion reference has been made to the ^{of} importance rent and milk as items of household expenditure. Table 6.11 shows the top eighteen commodities ranked in a similar manner in terms of relative importance, for each of the thirteen income classes. (These eighteen items are those which attracted Rs.10 & over per capita p.m. on the average for entire sample). The lowest income class, 15-20000 Rs. p.a. has been taken as base and the commodities have been ranked 1 to 18 for this class in the order of preference. The preference ranking for a commodity of course varies with the income class except for rent which dominates in all classes. Could there be any association between income and the hierarchy of preference shown ? In order to answer this question the income classes ^{were} taken together into two groups, the low income group (Rs. 35000 p.a.

Table :6.11: The Eighteen Items Consumed most by the Households, under the Different Income Groups (Ranked according to Percentage of Total Expenditure)

Commodity	Income Range in '000s Rs.									
	15-20	20-25	25-30	30-35	35-40	40-45	45-50	50-60	Over 60	
1	2	3	4	5	6	7	8	9	10	
Rent	1	1	1	1	1	1	1	1	1	
Milk	2	3	3	3	4	6	2	6	7	
Clothing	3	5	5	6	5	5	7	5	8	
Insurance	4	2	2	2	2	2	6	3	6	
Conveyance	5	4	4	4	3	3	3	2	2	
School Fees	6	6	6	5	8	4	11	12	4	
Vegetables	7	7	7	8	9	8	4	10	9	
Oil	8	15	11	11	13	15	10	19	16	
Rice	10	12	12	14.5	15	19.5	23	11	25	
Servants	11	9	25	12	6	7	5	4	3	
Entertainment	12	11	19	17	17	10	17	26.5	17	
Cosmetics	14	13	10	14.5	18	13	8	24	22	
Gifts	16	29	9	40	30	48	33	21	5	
Vacation	17	8	8	9	7	9	20.5	7	12	
Medical	21	10	16	19	16	29	27	19	20	
Fruits	20	18.5	13	30	14	12	13	8	10.5	
Utility	22	17	15	10	11	11	16	14	18	
Chee	18	16.5	18	13	12	21	28	20	26	

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and below) and the high group (over Rs. 35000 p.a.) and the rankings of each commodity were averaged for the two groups.

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Spearman-Brown's rank correlation test was applied to the two sets of rankings thus obtained in order to find out if there was any significant difference between the two income groups in the

ranks they assign to the top commodities. The test actually shows whether there is good agreement between the two rankings, a high correlation coefficient indicating very good agreement and low coefficient poor agreement. The test can therefore serve as overall measure of the homogeneity of the sample with regard to the consumption pattern. The calculated r -value was 0.73, which is much higher than the critical value of 0.58 at 0.01 level for 17 degrees of freedom. We have therefore to conclude that there is broad agreement in the sample with respect to the allocation on important food and non-food items even though income varies considerably from low to high level. It appears that the affluent group has similar preferences as far as some important commodities and services are concerned. In order to determine finer difference due to income effect other statistical tests are required like the t -test and F -tests.

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Before proceeding to the next chapter we may briefly summarize the findings discussed in this chapter. The salient features which characterize the consumption pattern of the affluent group are :

- (1) The average household in the group spends Rs. 2385 p.m., out of which Rs. 740 goes towards the food bill, Rs. 1452 towards the non-food bill and Rs. 193 towards insurance. The mean per capita monthly expenditure is Rs. 606.50, food accounting for Rs. 195.30, non-food Rs. 368.31 and Insurance Rs. 52.69.

The percentage allocation towards the miscellaneous category, an indicator of affluence, is as high as 48 % for this group. Out of the total list of fifty-two commodities and services, eighteen items appropriate nearly 70 % of the total outlay. Among these eighteen items, twelve belong to the non-food category, the remaining to food. The maximum allocation is to rent (16.32%) followed by insurance (8.76 %) conveyance (7.32 %), and clothing (5.01 %), the other non-food items attracting less than 5 % allocation. Among food items milk takes the first place (6.01 %), followed by vegetable (3.23 %). Oil, fruits, rice and ghee though high on the list, account for less than 3 % outlay each.

(ii) Total outlay on Food and Non-food respectively are found to follow Engel's law of consumption, the former showing a decreasing trend with increasing income and the latter vice-versa.

(iii) The subdivision of the sample into different classes according to income did not show any statistically significant difference in the hierarchy of preferences among the goods and services. Rent and milk occupied high ranks in all the income classes. Spearman-Brown's rank correlation test showed high correlation in the ranking of the commodities by households belonging to the different income levels. This shows that in respect of hierarchy of preferences the affluent group forms a homogeneous group.

Too much
reliance
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In the next chapter we devote ourselves to a discussion of our analysis of the effect of social, occupational and regional factors on consumption of goods and services by this affluent group.