

Paradigm shift of household consumption pattern in India: A brief study of current trends

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Abstract

The aim of this research paper is to study the current status of household consumption pattern in India. Secondary data has been used for this study which has mainly taken from the household consumption expenditure survey of 2022-23. In addition, the household consumption expenditures survey (HCES) of 55th, 61st, 66th and 68th rounds of NSSO have been also used in the study. To examine the trend of household consumption expenditure pattern (HCEP), the share of average monthly per capita consumption expenditure (MPCE) and other factors related to consumption has been calculated and analysed by using time series data from 1999-2000 to 2022-23. The biggest thing that has come out of this study is that the paradigm of the consumption pattern has now shifted to both rural and urban areas. The importance of non-food items has increased in consumption expenditure. This study has highlighted that inequality of income distribution has increased inequality of consumption expenditure. There is a need to change our policies in accordance with the drastic changes in consumption pattern so that we can achieve rapid economic growth without increasing inequality.

Keywords: Household consumption expenditure, consumption pattern, consumer behaviour

Introduction and background of the study

Globally, Gross domestic product and GDP growth rate are known as benchmark indicators to measure the economic strength of any nation in the world. GDP is made up of four components-(i) consumption (ii) investment (iii) government expenditure (iv) net exports

Thus, consumption is a most important component in any economy which contributes its major share in GDP. Changes in consumption as a major part of GDP play an effective role in determining the growth of the economy. In economics, consumption refers to the use of goods and services by households which is not intended to be any kind of investment unless the goods or services are used with the intention of selling them in future. The amount of goods and services purchased for use is called consumption expenditure. The terms consumption, final consumption and consumption expenditure are commonly used interchangeably during economic studies and have the same meaning as the amount is spent on the purchase of final goods and services.

Consumer expenditure ranges between 50% and 70% in most economies. (Muellbauer & Lattimore, 1994) This is the reason why consumption has been studied mainly regards to total expenditure relationships. The study of consumption from macro-economic aspect is important because it controls aggregate savings,

long term productive capacity of the economy and national production. In addition, it is equally important for the microeconomics to focus on consumption behaviour because this is how the distribution of wealth can be measured. Since, consumer behaviour combines the concepts of behavioural science to understand human behaviour so it is recognised as an applied field. In addition to economics this also useful in developing their marketing strategy for organisations. In economics it is very useful for institutions to develop marketing tools and for government authorities to formulate policies to influence consumption behaviour. In fact, consumer behavior is the study that deals with the various stages before the consumer buys products or services for his final consumption. (Agrawal, A. 2014). Consumption behavior is the study of the processes in which individuals or groups select, purchase, use or dispose of products, services, innovations or experiences in order to satisfy needs and wants. (Baker, M. J., & Hart, S. 2015).

In India there was a complete lack of proper system to know behavior of the consumer and consumption pattern before independence. In the colonial period, the data collection methods of the British rule were inadequate to study consumer behavior because their rule did not take interest in the primary data required for the estimation of national income. After independence the foundation of a strong statistical base was led by the first elected government which is known as central statistical organization. The NSS is a permanent survey organization of India that collects data related to various aspects of the Indian economy through large-scale simple surveys across the country, On the basis of which governments formulate policies related to economic and social planning.

literature review

The rise of digital platforms has had a significant impact on decisions of consumer purchasing in India. Digitalization has broadened reach to information, transforming how Indian consumers involve with brands. The large-scale use of mobile phones and internet connectivity has triggered the growth of online shopping, allowing consumers to access a wide range of goods and services at their fingertips. (Singh & Dey, 2019, p. 85) This shift is widely observed in young consumers and urban populations, where e-commerce market platforms provide convenience, time-saving, and a variety of choices, all contributing to a drastic change in buying behaviour. Traditionally consumer behaviour of India has been dominated by urban areas but there has been a growing trend of rural consumers becoming significant players in the market. Rural India has witnessed a paradigm shift in consumption patterns, with increased demand for products such as processed foods and electronic gadgets. (Nair, R 2018, p. 123) This shift is driven by rising incomes, improved infrastructure, and government efforts to bridge the urban-rural divide.

Indian consumers are known for being highly price-sensitive and value-driven, with many preferring cost-effective solutions. Indian consumers exhibit a strong inclination towards value-for-money products, making pricing one of the most critical factors in their buying decisions. (Gupta & Sharma) This behaviour can be seen particularly in low-to-middle income groups and is reflected in the popularity of budget-friendly and discount-driven purchases.

Social media and online convenience of review have emerged as key influencers in Indian consumer expenditure pattern. As Chakraborty et al. (2019) argue, “Social media platforms significantly shape consumer perceptions and decision-making processes by allowing easy access to reviews and influencer endorsements” (Chakraborty, S., Patel, V., & Agarwal, A.2019). This phenomenon is most eminent among younger population who are influenced by social media advertisement and content.

The fast-paced lifestyle of urban Indians has resulted in a growing preference for convenience foods and ready-to-eat products. Sinha and Singh (2020) highlight that “Convenience foods, particularly in metropolitan cities, have seen significant consumption growth, particularly among the young working population, due to time constraints and a preference for easy meal options” (Sinha & Singh, 2020, p. 334). The trend of ordering food items on online platforms has increased rapidly in the metropolitan cities of India. Today, there are many online platforms available for demand of food items among the youth. Online apps like Zomato and Swiggy are on the lips of all the youth.

There has been an increase in demand for luxury goods among India’s emerging affluent class. As Sharma and Bansal (2021) mention, “India’s luxury market is experiencing rapid growth, driven by increasing disposable incomes and changing aspirations among the young and wealthy consumers” (Sharma & Bansal, 2021, p. 45). Luxury consumption is now viewed as a status symbol and a reflection of modern lifestyle preferences.

Indian consumers are often caught between traditional values and the influence of globalization. According to Desai and Patel (2017), “The Indian consumer exhibits duality in consumption patterns: while there is an adherence to traditional values, such as family-oriented purchases, there is also a growing attraction to modern, globalized products” (Desai & Patel, 2017, p. 197). This duality influences how products are marketed, as businesses need to balance these contrasting desires in their advertising strategies.

The existing literature review explains many dimensions of the consumption expenditure pattern and its effect in India, but the survey related to the current consumption expenditure has not been published after 2011-12. After the last one decade, the household consumption expenditure survey has been conducted by NSSO for the year 2022-23. On the basis of this survey there is a need to understand the current trend of consumption expenditure pattern so that we can make policies accordingly and strengthen the economy of India.

Theoretical framework

Maslow said that a person's efforts to meet five basic needs—physiological, security, social, and, Regards, self-realization—are what lead to inspiration. According to Maslow, certain wants might result in bodily weights that can affect a man's behaviour. Physiological needs include those that are necessary for human survival, such as air, food, drink, shade, clothes, and rest. Security needs include those that endow an identity with a sense of wealth and security. Security requirements include private protection, healthy finances, excellent health, and insurance against errors, harm, and their negative effects. Social needs are also known as connection, having a place, the desire to perceive an emotion having a place, and recognition. In order for people to not feel alone, friendless, or helpless, human needs are vital. Relationships, friendships, and kinships all serve to meet social demands. Regard needs relate to the need for respect and dignity, with the former being considerably more important than receiving respect and adulation from others. Self-realization needs relate to a person's need to touch their entire torpid. Maslow was confident that these needs exist in a multi-level hierarchy. This movement strategy implies that lower priority demands must be satisfied before higher priority needs in terms of amount. Since it takes effort to satisfy unmet obligations, the lack of legislation mandates that once a need is met, assistance ceases to be provided.

Hawkins Stern (1962) had complete faith in the concept of motivational behaviour. According to Stern, irrational buying reasons can be illustrated by the typical buyer as being near to rational buying decisions. Impulsive-buying are mostly sparked by external shocks and are unrelated to core leadership principles. Consumer behaviour hypotheses predict the decision-making processes of consumers and outline the most effective strategies for advertising to profit in predictable ways. Drive purchases are, in any event, the fundamental component of a buyer's buying strategies; standard basic leadership forms stifle consumer behaviour and affect marketing hypotheses.

Consumer buying behaviour was studied by Engel, Blackwell, and Kola (1968). When it comes to acquiring a product or service, they said, the consumer buying behaviour is a sum total of the buyer's views and choices. Pre- and post-buying choices are affected by several variables. Individual consumer behaviour is broken down into four sections by this model. These are Decision process stage, Information input stage, Information processing stage and Variable influencing the decision process. Problem identification, search, alternative assessment, buy and consequences were all included in this model's depiction of the decision-making process. The basic principle of Engel's Law suggests that as income increases, the proportion spent on basic necessities like food decreases, while spending on discretionary items like entertainment rises.

In the 1950s Franco Modigliani and his student Richard Brumberg developed a new theory for saving. The life cycle hypothesis argued that people seek to maintain roughly the same level of consumption throughout their lifetimes by taking on debt or liquidating assets early and late in life (when their income is low) and saving during their prime earning years when their income is high. This hypothesis predicts that wealth accumulation will follow a "hump-shaped" pattern — that is, low near the beginning of adulthood and in old age, and peaking in the middle. Modigliani and Brumberg's theory has important implications for the broader economy. In contrast to the Keynesian view that a country's aggregate saving rate is driven by its total level of income, the life cycle hypothesis implies that the savings ratio depends on the growth rate of income. When income in a country is growing, each new generation has higher consumption expectations than the previous one. To maintain their higher consumption when they get older, prime-age workers in a growing economy will save more than past cohorts of prime-age workers, and the dissaving of those past cohorts (who are now retirees) will be less than the current workers' savings rate.

Methodology

To study the trend of household consumption expenditure pattern (HCEP), the share of average monthly per capita consumption expenditure (MPCE) and other factors related to consumption has been calculated and analysed by using time series data from 1999-2000 to 2022-23. The study has also examined the relative share of food and non-food items in MPCE for both rural and urban areas. The inequality of income distribution and its impact on household consumption expenditure has been studied by data analysis of the different fractile class and their average MPCE. The regional differences in the consumption pattern in both urban and rural areas have been analysed in this study. The regional consumption pattern differences have been studied by dividing different states of India into six regions. These six regions have also been divided into rural and urban areas to analysis for their consumption expenditure pattern. The household consumption expenditures survey of the year 2022-23 has been used

mainly for the study of this research paper, along with this the household consumption expenditures survey of 55th, 61st, 66th and 68th rounds of NSSO has been also used in the study.

Household consumption expenditure survey of 2022-23

The national sample survey office of India has released the household consumption expenditure survey (HCES) for the year 2022-23 after approximately 11 years. The last household consumption expenditure survey was published in 2011-12. Information in the survey has been collected from 8,723 villages and 6,115 urban blocks spread over the entire country covering 2,61,746 households (1,55,014 in rural areas and 1,06,732 in urban areas). This version of the survey uses three questionnaires in a different and broader perspective from previous surveys. Prior to this survey where only one questionnaire was used in household consumption expenditure surveys while there are three questionnaires used in this consumption survey to determine the consumption pattern are-(i) food items (ii) consumables and service items (iii) durable goods. The questionnaire used in HCES:2011-12 (NSS 68th round) had around 347 items. In HCES: 2022-23, the questionnaire has been updated by inclusion of new items and merging some of the obsolete items together. The questionnaire of HCES: 2022-23 contains 405 items. It has been a practice in NSS household consumption expenditure surveys to impute the value figures at the time of collection of data in the field for consumption out of (i) home-grown/home-produced stock and (ii) gifts, loans, free collection and goods received in exchange of goods and services etc. The same practice has been continued in HCES: 2022-23 and accordingly, estimates of MPCE has been generated. the data of HCES provides budget shares of different commodity groups that is used for preparation of the weighting diagram for compilation of official Consumer Price Indices (CPIs). The data collected in HCES is also utilized for deriving various other macroeconomic indicators. (Source-fact-sheet of Survey report HCES 2022-23 page.4-5)

Trends of Average MPCE(Rs.) over different period in rural and urban India

If we assess the household consumption expenditure survey of previous rounds and of the current time 2022-23 then a trend of average MPCE can be understood easily. (Table 1)

Table 1: Trend of consumption pattern in rural and urban India

Sector	Average MPCE(Rs.) over different period				
	1999-00 NSS (55 th round)	2004-05 NSS (61 st round)	2009-10 NSS (66 th round)	2011-12 NSS (68 th round)	2022-23 (HCES)
Rural	486	579	1054	1430	3773
Urban	855	1105	1984	2630	6459
Difference as percentage of rural MPCE	75.9	90.8	88.2	83.9	71.2

Source: NSSO Survey on Household Consumption Expenditure (Fact Sheet 2022-23)

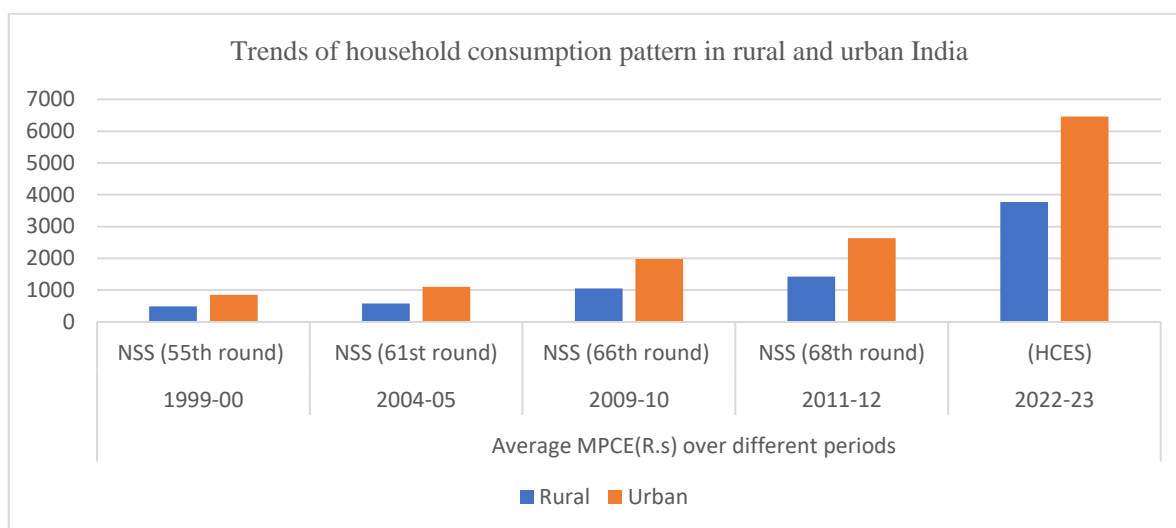


Figure 1

Source: Author's Compilation based on Table 1

Based on the household consumption expenditure survey of 2022-23, we can see in table 1 and figure 1 that the average monthly per capita consumption expenditure in rural areas of India is INR 3773 while in urban areas is approximately INR 6459. In rural India, average monthly per capita consumption expenditure has been very low compared to urban India. However, between 2004-05 and 2022-23, there has been a gradual improvement in the average monthly per capita consumption expenditure in rural India. On the basis of the data displayed in table 1, we can see that the rural-urban difference as percentage of rural MPCE in 2004-05 was 90.8% which has come down to 88.02% in 2009-10. This rural-urban gap as percentage of rural MPCE declined further to 83.90% in 2011-12 and thereafter it has declined the rapidly in the last ten years to 71.20 % in 2022-23.

The following reasons are responsible for increase in consumption expenditure in rural areas of India on the behalf of existing literature-(a) respectable increase in rural wage rate (b) expansion of infrastructural development primarily in construction and manufacturing work (c) implementation of various types of social welfare government schemes(d) sending remittances by rural laborers to their home in rural areas being engaged in employment work in big cities (e) steady urbanization in India.

Consumption pattern of India has shifted from food items to non-food items

Table 2 which is based on the HCES (Household consumption expenditure survey) of 2022-23 shows the consumption pattern according to food and non-food items in Rural and urban areas of India.

Table 2: Average Monthly Per Capita Consumption Expenditure (MPCE) in 2022-23

Item Group	Rural India		Urban India	
	Average MPCE (Rs.)	Share in total MPCE (%)	Average MPCE (Rs.)	Share in total MPCE (%)
Food	1750	46	2530	39
Non-food	2023	54	3929	61

Source: NSSO Survey on Household Consumption Expenditure (Fact Sheet 2022-23)

In rural India, the average monthly per capita consumption expenditure on food items is INR 1750 while in urban India it is INR 2530. Thus, the average monthly per capita consumption expenditure on non-food items in rural India is INR 2023 while in urban India it is INR 3929. The consumption pattern is confirming that the consumption expenditure of food items in rural India is 7% more than the expenditure on their total MPCE as compared to urban areas while consumption expenditure of non-food items in urban India is 7 % more than the expenditure on their total MPCE as compared to rural areas. Contrary to traditional perceptions, rural India is emerging as a significant consumer market. Studies indicate that rural areas are experiencing faster spending growth compared to urban areas with a notable shift towards processed foods and non-food items. This trend is attributed to increased income levels, improved infrastructure, and targeted government policies.

Rising private income have a cascading effect on private consumption pattern

As table 3 shows a major chunk of consumption expenditure in rural households in India goes to food stocks while urban households spend more on non-food items mainly on durable goods, luxurious goods, conveyance, transport, rent, property etc. The per capita income in the urban India is higher than the rural India. With the increase of private income, the tendency to consume essential goods becomes less elastic while the tendency to become more elastic towards luxurious and durable goods and other services. That is why with the urbanization, private consumption expenditure moves from food items to non-food items whereas in rural areas low income-level induced the consumption of essential commodities especially in food items as cereals. However, an exception to this is also seen during the demonstration effect, when an individual's consumption expenditure is not determined by his personal income but it is determined by others higher consuming class of society.

Table 3: Absolute and percentage break-up of MPCE by item group in 2022-23: All-India

Item group	Average MPCE (R.s)		% share in total MPCE	
	Rural	Urban	Rural	Urban
cereals & cereals substitutes	185	235	4.91	3.64
Pulses & their products	76	90	2.01	1.39
Sugar & salt	35	39	0.93	0.60
milk & milk products	314	466	8.33	7.22
Vegetables	203	245	5.38	3.80
Fruits	140	246	3.71	3.80
egg, fish & meat	185	231	4.91	3.57
Edible oil	136	153	3.59	2.37
Spices	113	138	2.98	2.13
beverages, refreshments & processed food	363	687	9.62	10.64
food total	1,750	2,530	46.38	39.17
Pan, tobacco & intoxicants	143	157	3.79	2.43
fuel and light	251	404	6.66	6.26
Education	125	374	3.30	5.78

Medical	269	382	7.13	5.91
Conveyance	285	555	7.55	8.59
Consumer services excluding conveyance	192	382	5.08	5.92
misc. goods, entertainment	234	424	6.21	6.56
Rent	30	423	0.78	6.56
taxes and cesses	5	16	0.13	0.24
clothing, bedding & footwear	230	350	6.10	5.41
durable goods	260	463	6.89	7.17
non-food total	2,023	3,929	53.62	60.83
all items	3,773	6,459	100.00	100.00

Source: NSSO Survey on Household Consumption Expenditure (Fact Sheet 2022-23)

From the data presented in table 3, we can see how the average monthly per capita expenditure is being divided into rural and urban India for different item groups. People in rural India spend more of their average MPCE on basic food items such as cereal, cereal substitutes, pulse, sugar, salt, edible oil and vegetables etc. as compared to urban India. The consumption expenditure of fruits, beverages, refreshments and processed foods is higher in urban areas than in rural areas. Consumption of pan, tobacco and intoxicants is more in rural areas due to lack of awareness. The consumption expenditure on education is much lower in rural areas than in urban areas. In rural areas, only 3.30% of its average MPCE is spent on education, while in urban areas it is 5.78%. Governments need to pay more attention to the spread of education and its importance in rural areas. The consumption expenditure on conveyance, consumer services excluding conveyance, misc. goods, durable goods and entertainment is higher in urban areas due to higher income levels. The consumption expenditure for rent is naturally much higher in urban areas than in rural areas due to higher population density in urban areas. Since India adopted progressive tax system, so the consumption expenditure on taxes and cesses is almost double in urban areas as compared to rural areas.

These survey-based estimations are sought to gauge trend in consumption patterns, but more importantly, they provide an idea of the direction and status of inflation in the coming years. Rapid urbanization can be the main reason for increasing inflation rate in the economy especially in non-food items. These estimations are also helpful in formulating policies related to production in agriculture, industry, manufacturing and service sectors of the country.

Increasing inequality of income distribution drives consumption inequality

Table 4 shows average monthly per capita expenditure for rural and urban India based on the fractile class of MPCE. This table confirms how wide the consumption expenditure varies across different fractile class in India. The 5% of the population with the highest MPCE consumes about 10 times more than the population with the lowest 5% MPCE, Yet it is not enough to bridge the gap in income. The richest 10% population of India consumes about 60% of GDP while the rest of 90% consume only 40% of GDP.

Table 4: Average MPCE (Rs.) across fractile classes in 2022-23: All-India

Fractile class of MPCE	Average MPCE (R.s)	
	Rural	Urban
0-5%	1373	2001
5-10%	1782	2607
10-20%	2112	3157
20-30%	2454	3762
30-40%	2768	4348
40-50%	3094	4963
50-60%	3455	5662
60-70%	3887	6524
70-80%	4458	7673
80-90%	5356	9582
90-95%	6638	12399
95-100%	10501	20824
All Classes	3773	6459

Source: NSSO Survey on Household Consumption Expenditure (Fact Sheet 2022-23)

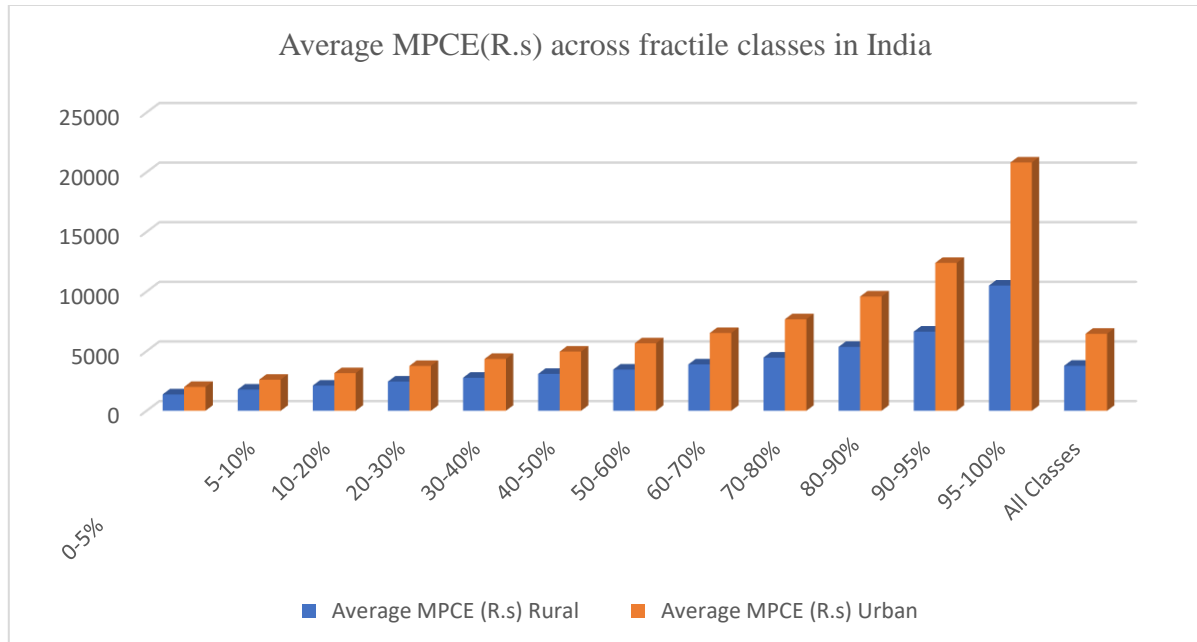


Figure 2

Source: Author's Compilation based on Table 4

Despite the growth in GDP the large inequality of income distribution in India is the most considerable aspect of the Indian economy. As we know that consumption is a function of income and amount of consumption expenditure depends on income level. The economic growth of any country depends to a great extent on the private consumption expenditure of the country especially a country with large

population like India. India attracts global investment due to its large consumer market. An important principle of consumer behavior in economics is that the elasticity of consumption expenditure to rising levels of income decreases. The marginal propensity to consumption decreases with increasing income and marginal propensity to saving increases with increasing income. Individuals in the lower income group tend to spend a large part of their income. But they spend almost the entire part of their income in the consumption of essential commodities which reduces the incentive to invest in the secondary and tertiary sector in the economy. Increasing inequality in income distribution reduces the share of people in the lower income group, which further reduces the total consumption expenditure in the economy. India must reduce the widening inequality of income distribution. If we are able to effectively reduce the inequality of income distribution, then we can utilize the potential of the consumption expenditure of our country.

Regional differences of consumption expenditure in India

Table 5: Regional differences of average MPCE in 2022-23

Regions of India	Average MPCE (R.s)	
	Rural	Urban
North India	4650	6702
South India	5190	7551
East India	3163	5103
West India	3948	6657
Central India	2867	4784
North-East India	5141	7775

Source: NSSO Survey on Household Consumption Expenditure (Fact Sheet 2022-23)

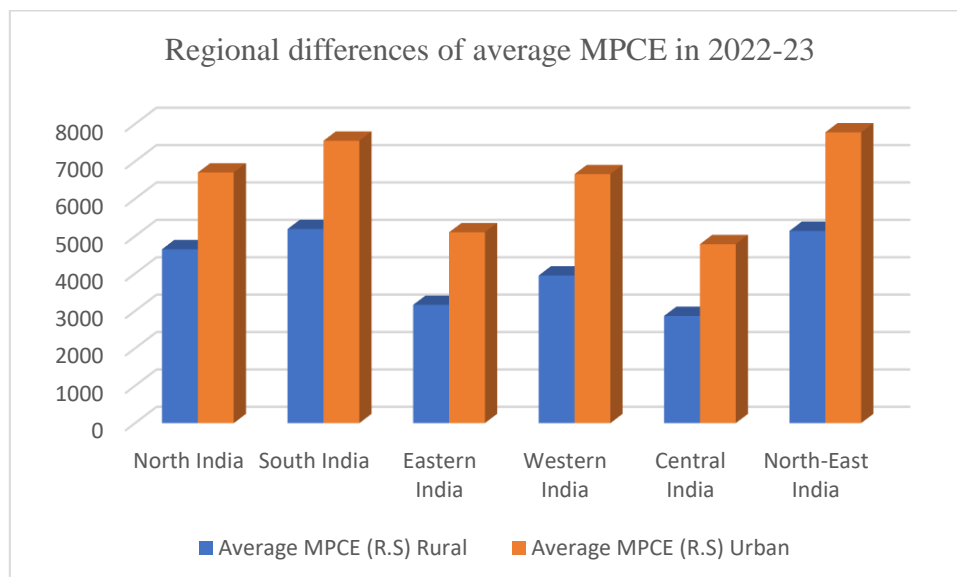


Figure 3

Source: Author's Compilation based on Table 5

Through given above table 5 and figure 3, we can see the differences of average MPCE on a regional basis in India by HCES 2022-23. If we analyze the consumption pattern on the basis of regions in India, we find that the average monthly per capita expenditure in rural areas of North India is INR 4650 while in urban area it is INR 6702. Among the North Indian states Uttar-Pradesh has the lowest average MPCE in both the rural and urban areas. The average MPCE in the rural areas of Uttar Pradesh is INR 3277 while in the urban area it is INR 5104. Himanchal Pradesh has the highest average MPCE in North India with both rural and urban areas. The average MPCE in the rural areas of Himanchal Pradesh is INR 5573 while in the urban area it is INR 8083.

Among the most developed South Indian states of India, the rural average MPCE is INR 5190 while the urban average MPCE is INR 7551. In the region of South India, the highest rural average MPCE is in Kerala with INR 5960 while highest urban average is in Telangana with INR 8251. Andhra Pradesh has the lowest average MPCE among the states of South India.

The average rural MPCE in the region of East India is INR 3163 while the average urban MPCE is INR 5103. In the region of East India, the highest rural average MPCE is in Bihar with INR 3454 while highest urban average is in West Bengal with INR 5426. The average MPC E in urban areas of Odisha is INR 5223 while in Bihar it is INR 4819.

Among the most rich and industrial west region of India, the rural average MPCE is INR 3948 while the urban average MPCE is INR 6657. Average MPCE in rural areas of Gujarat is INR 3820 while in urban areas is INR 6630. Average MPCE in rural areas of Maharashtra is INR 4076 while in urban areas is INR 6683. Thus, there is almost a similarity in the consumption expenditure pattern of Gujarat and Maharashtra.

Among the central region of India, the rural average MPCE is INR 2867, while the urban average MPCE is INR 4784. Average MPCE in rural areas of Madhya Pradesh is INR 3158 while in urban areas is INR 5011. The average monthly per capita expenditure of Uttar Pradesh and Madhya Pradesh is almost equal on the basis of both rural and urban areas.

Among the North-East region of India, the rural average MPCE is INR 5141, while the urban average MPCE is INR 7775. Sikkim has the highest average MPCE in North-East India with both rural and urban areas. The average MPCE in the rural areas of Sikkim is INR 7787 while in the urban area it is INR 12125. Consumption expenditure is effectively high in all the northeast states except Manipur.

Average monthly per capita consumption expenditure is highest in Southern region and North-East region of India, while the average MPCE is the lowest in the Central and Eastern region of India. The Average MPCE of Northern and Western region is of medium level.

Conclusion and policy recommendations

The consumption behaviour pattern in India is undergoing a significant transformation, driven by digitalization, price sensitivity, rural market growth, and increasing aspirations for luxury and convenience. Understanding these shifts, as well as the impact of social media and traditional versus modern values, is essential for businesses targeting the Indian market. These studies provide valuable insights for marketers and business leaders to align their strategies with the evolving consumer preferences.

India with its rapidly growing population, urbanization, and expanding middle class, has witnessed a significant shift in consumption expenditure patterns in recent years. The consumption landscape has evolved in terms of sectors, income distribution, and consumer preferences. A comprehensive understanding of these patterns and their implications on the economy is essential for policymakers to design effective intervention. The consumption expenditure patterns in India reflect the broader socio-economic changes that are taking place across the country. As the nation grapples with challenges such as income inequality, urban-rural divide, and sustainability concerns, targeted policy interventions are necessary to ensure that the growth in consumption is both inclusive and sustainable. By fostering equitable growth, supporting sustainable consumption, and enhancing digital accessibility, India can position itself for long-term, balanced economic development that benefits all its citizens.

The predominance of basic consumption needs in rural India, policies aimed at boosting rural incomes through agricultural reforms, rural employment schemes, and infrastructure development would stimulate demand for goods and services in these areas. Additionally, expanding rural access to financial services and encouraging the growth of rural e-commerce can help create a more robust rural consumption market.

One of the most pressing issues in India's consumption expenditure pattern is the widening income inequality. The government should focus on implementing policies that promote inclusive economic growth. This can be achieved through increasing investments in rural development, skill development programs, and creating more equitable job opportunities. Enhancing rural infrastructure and increasing access to markets will also help boost consumption in rural areas. Moreover, improving income redistribution mechanisms, such as progressive taxation and targeted social welfare programs, can help reduce disparities and promote more balanced consumption growth across different income groups.

As consumer preferences shift toward sustainable and environmentally friendly products, the government can encourage sustainable consumption by introducing incentives for eco-friendly industries. Policies that promote green manufacturing, waste reduction, and energy efficiency in production can align with the growing demand for sustainable goods. For encouraging responsible consumption through awareness campaigns and providing subsidies for renewable energy products (like solar panels and electric vehicles) could help steer consumers toward more sustainable choices. Additionally, the government can regulate the production and disposal of plastics, which would positively impact consumption patterns while benefiting the environment.

The digital transformation is reshaping consumption patterns. To capitalize on this trend, the government must focus on enhancing internet connectivity, particularly in rural and underserved areas, to ensure equitable access to e-commerce platforms and online services. Incentivizing digital transactions through tax breaks or cashback schemes can further encourage the adoption of digital payments. Moreover, supporting small and medium-sized enterprises (SMEs) in the e-commerce space through training, subsidies, and access to digital tools will help them tap into the growing online consumer base.

In light of the increasing consumer spending on healthcare and education, the government must continue to invest in these sectors. Policies that expand access to quality education and affordable healthcare, particularly in rural and underserved regions, will foster a more resilient consumer base. Public-private partnerships can play a significant role in bridging gaps in these sectors, offering affordable options for consumers across income groups.

Abbreviations

HCES- Household consumption expenditure survey

MPCE- Monthly per capita consumption expenditure

HCEP- Household consumption expenditure pattern

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