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## EXPENDITURE ON FOOD AND NON-FOOD ITEMS IN COIMBATORE AND PALAKKAD

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#### ABSTRACT

A study was conducted in Coimbatore and Palakkad with 200 sample households to analyse the expenditure pattern on food and non-food items. The results indicated that the average monthly expenditure on food items in Coimbatore was Rs. 3379.47 and in Palakkad it was Rs. 3668.49. Among the components, the major share was accounted by milk and milk products, followed by cereals, vegetables and non-vegetarian items. For non-food items, the average monthly expense was Rs. 11084.05 in Coimbatore and Rs. 10716.76 in Palakkad, the major components are education, clothing, housing and services.

**KEY WORDS:** Expenditure, Food, Non-food, Services.

As agricultural development takes place, it relaxes the constraints of availability of raw materials to related industries particularly agro-based industries. It also relaxes the demand constraints for processed products through increase in income above survival level of agriculturists and other low income population whose income elasticity of demand for these products is very high. Desai *et al.*, (1991) observed that with the development of agricultural sector and with the concomitant development of other sections, there occurs a systematic change in the demand structure especially when the growth in income above a certain minimum level is achieved.

Agro-processing industries have been appropriately accorded the due importance in the form of thrust industries. Government policy for agro-processing in general and food processing industries in particular has become much favourable in recent years. N.N.S. (1997) stated that the food processing business in India is currently undergoing rapid transformation into a hightech, high volume and export oriented industry. According to statistics provided by the Ministry of Food Processing Industries, from August 1991 to December 1996, 3885 Industrial Entrepreneur Memoranda (IEM) envisaging an investment of Rs. 45,752 crores have been received for various activities in the post harvest food

chain. Export of food products has also grown up substantially from just Rs. 2823 crores in 1991-92 to over Rs. 10,000 crores in 1995-96.

Cherian (1995) reported that change in food habits and practices can be attributed to changing attitudes of house-wives towards cooking task, reduced dependence on servants, increased usage of appliances, non-traditional foods or easy to prepare snacks entering the menu, change initiated by children and status factor. Environmental factors, which add impetus to the above factors are liberalization of economy, globalization of business and special concessions to food industry. Though number of studies were conducted in the past on expenditure on food and non-food items, the changing scenario of economic liberalization

warrants more and more studies. Hence a study was conducted in Coimbatore and Palakkad to analyse the expenditure pattern on food and non-food items.

## MATERIALS AND METHODS

For this study, Coimbatore city and Palakkad town were purposively selected. Coimbatore is an industrially well-developed city, cosmopolitan in nature with people of different categories. In contrast, Palakkad is a predominantly agrarian district with more than 65 per cent of the workers engaged in agriculture. To select the sample respondents for this study, two stage random sampling technique was adopted, Coimbatore city has 72 wards. In the first stage, 10 wards were

Table 1. Average monthly household expenditure on food items in Coimbatore.

(in Rupees)

Food items	Income Group				Average
	Lower middle	Middle	Upper middle	High	
Cereals	369.85 (17.90)	416.12 (16.12)	496.21 (13.45)	560.85 (10.83)	460.81 (13.64)
Pulses	165.96 (8.03)	203.47 (7.88)	269.03 (7.28)	336.40 (6.50)	242.72 (7.21)
Oil	181.61 (8.79)	234.09 (9.06)	303.27 (8.22)	413.10 (7.98)	283.01 (8.37)
Sugar	90.74 (4.39)	133.25 (5.16)	164.93 (4.47)	201.60 (3.89)	147.63 (4.37)
Vegetables	270.21 (13.08)	284.22 (11.00)	384.83 (10.43)	614.25 (11.86)	388.38 (11.49)
Fruits	87.89 (4.26)	134.53 (5.21)	238.45 (6.46)	374.20 (7.23)	208.77 (6.18)
Spices and condiments	85.63 (4.14)	107.84 (4.18)	129.49 (3.51)	178.81 (3.45)	125.44 (3.72)
Milk and milk products	316.97 (15.34)	513.05 (19.86)	725.26 (19.65)	1215.88 (23.48)	692.79 (20.49)
Non-vegetarian items	201.49 (9.75)	226.66 (8.77)	429.99 (11.65)	541.30 (10.46)	349.86 (10.35)
Beverages	117.37 (5.68)	133.31 (5.16)	244.37 (6.62)	363.10 (7.01)	214.53 (6.35)
Others	178.53 (8.64)	196.41 (7.60)	304.69 (8.26)	378.50 (7.31)	264.53 (7.83)
Total	2066.25 (100.00)	2583.15 (100.00)	3690.49 (100.00)	5177.99 (100.00)	3370.47 (100.00)

Figures in parentheses indicates percentage to total

Table 2. Average monthly household expenditure on food items in Palakkad

Food items	Income Group				Average
	Lower middle	Middle	Upper middle	High	
Cereals	412.36 (18.68)	436.96 (15.38)	462.06 (11.13)	511.78 (9.35)	455.79 (12.42)
Pulses	129.61 (5.87)	168.25 (5.92)	262.18 (6.31)	270.14 (4.94)	207.55 (5.66)
Oil	180.14 (8.16)	207.00 (7.29)	338.18 (8.14)	372.65 (6.81)	274.49 (7.48)
Sugar	97.71 (4.43)	123.84 (4.36)	228.09 (5.49)	253.43 (4.63)	175.77 (4.79)
Vegetables	283.21 (12.84)	332.20 (11.69)	453.87 (10.93)	558.21 (10.20)	406.87 (11.09)
Fruits	67.86 (3.07)	141.50 (4.98)	280.68 (6.76)	393.57 (7.19)	220.90 (6.02)
Spices and condiments	121.13 (5.49)	144.45 (5.08)	156.51 (3.77)	197.34 (3.61)	154.85 (4.22)
Milk and milk products	372.86 (16.89)	654.88 (23.05)	751.91 (18.11)	1009.29 (18.44)	697.24 (19.01)
Non-vegetarian item	305.09 (13.82)	332.05 (11.69)	565.66 (13.62)	971.57 (17.75)	543.58 (14.82)
Beverages	78.50 (3.56)	101.42 (3.57)	112.27 (2.70)	157.36 (2.88)	112.38 (3.07)
Others	158.78 (7.19)	198.91 (6.99)	541.66 (13.04)	776.97 (14.20)	419.07 (11.42)
Total	2207.25 (100.00)	2841.36 (100.00)	4153.07 (100.00)	5472.29 (100.00)	3668.49 (100.00)

Figures in parentheses indicates percentage to total

selected randomly. Then, from each selected ward 10 sample households were randomly drawn. Similarly, in Palakkad municipality, among 32 wards, 10 wards were selected randomly and from each of these wards 10 households were selected. Thus, the total respondents was 200 from both the study areas together.

The study was conducted during November 1997 to January 1998. Households rather than individuals were considered as a units of measurement for two reasons. First the household is the frame of reference for consumption decision. Secondly, the household acts as an economic unit on the income side. The sample households were post-stratified into four income groups. The mean and standard deviation of monthly income of the sample households were found out, then the

standard deviation was added and subtracted from the mean to arrive at the class interval and thereby classify the respondents into different income groups. Accordingly, four groups were identified and are given below.

Monthly income range (Rs.)	Income group
<8500	Lower Middle Income Group (LMIG)
8500-15000	Middle Income Group (MIG)
15001-21500	Upper Middle Income Group (UMIG)
>21500	High Income Group (HIG)

**Table 3. Average monthly household expenditure on non-food items in Coimbatore.**

Non-Food items	Income Group				Average
	Lower middle	Middle	Upper middle	High	
Clothing	740.45 (15.82)	1131.43 (13.95)	1764.53 (14.05)	2664.15 (14.03)	1575.14 (14.21)
Housing	678.23 (14.49)	989.65 (12.21)	1445.05 (11.51)	1980.47 (10.43)	1273.35 (11.49)
Education	760.35 (16.25)	1350.75 (16.66)	2111.15 (16.81)	2781.93 (14.65)	1751.05 (15.80)
Fuel and lighting	319.58 (6.83)	560.25 (6.91)	807.54 (6.43)	1195.12 (6.29)	720.62 (6.50)
Health care	212.92 (4.55)	389.99 (4.81)	643.02 (5.12)	1160.31 (6.11)	601.56 (5.43)
Transportation	667.56 (14.27)	941.54 (11.61)	1101.12 (8.77)	1853.56 (9.76)	1140.95 (10.29)
Services	302.27 (6.46)	739.44 (9.12)	1465.32 (11.67)	2298.82 (12.11)	1201.46 (10.84)
Cosmetics	231.28 (4.94)	428.04 (5.28)	680.66 (5.42)	1046.37 (5.51)	596.58 (5.38)
Social and religious functions	165.60 (3.54)	378.63 (4.67)	629.21 (5.01)	962.35 (5.07)	533.95 (4.82)
Recreation	296.11 (6.33)	633.38 (7.81)	993.25 (7.91)	1650.71 (8.69)	893.36 (8.06)
Others	304.74 (6.52)	564.75 (6.97)	918.06 (7.30)	1396.56 (7.35)	796.03 (7.18)
Total	4676.09 (100.00)	8107.85 (100.00)	12558.91 (100.00)	18990.35 (100.00)	11084.05 (100.00)

Figures in parentheses indicates percentage to total

## RESULTS AND DISCUSSION

The details of average monthly household expenditure on food in Coimbatore and Palakkad are presented in Tables 1 and 2. On an average the expenditure on cereals was 13.64 per cent in Coimbatore and 12.42 per cent in Palakkad. Among food items the highest expenditure incurred was for milk and milk products at 20.49 per cent and 19.01 per cent in Coimbatore and Palakkad, respectively. This may be due to higher cost of milk and milk products. For vegetables and fruits, there was uniformity in average spending between the two study areas and it was 11 per cent for vegetables and about 6 per cent for fruits. Also, the households of Coimbatore spent an equal amount for both vegetarian and non-vegetarian items that is about 10.35 per cent, whereas in

Palakkad, the average expenditure on non-vegetarian was higher at 14.82 per cent. Percentage expenditure on miscellaneous items like Pasta foods, Jams, Jellies and others were high in Palakkad at 11.42 per cent. On the contrary only 7.83 per cent was spent on this category by the sample households of Coimbatore. Households in Coimbatore spent more than two times for beverages than the households in Palakkad. Average expenditure for beverages was 6.35 and 3.07 per cent in Coimbatore and Palakkad, respectively. For spices, households in Palakkad spent a little higher proportion of 4.22 per cent as against 3.72 per cent by the households in Coimbatore. In the case of pulses, oil and sugar, average expenditure was 7.21, 8.37 and 4.37 per cent, respectively in Coimbatore and 5.66, 7.48 and 4.79 per cent respectively in Palakkad.

Table 4. Average monthly household expenditure on non-food items in Palakkad

Non-Food items	Income Group				(in Rupees)
	Lower middle	Middle	Upper middle	High	Average
Clothing	599.95 (13.01)	1110.62 (13.53)	1623.58 (13.78)	2467.69 (13.51)	1450.44 (13.53)
Housing	513.98 (11.15)	909.14 (11.08)	1015.62 (8.62)	1536.08 (8.41)	993.71 (9.27)
Education	694.42 (15.06)	1277.25 (15.56)	1972.19 (16.74)	3101.39 (16.98)	1761.31 (16.44)
Fuel and lighting	339.87 (7.37)	609.07 (7.42)	894.27 (7.59)	1307.77 (7.16)	787.75 (7.35)
Health care	268.35 (5.82)	522.88 (6.37)	825.93 (7.01)	1386.31 (7.59)	750.86 (7.01)
Transportation	588.39 (12.76)	613.99 (7.48)	900.84 (7.65)	1052.07 (5.76)	809.49 (7.55)
Services	308.05 (6.68)	696.65 (8.49)	960.25 (8.15)	1658.92 (9.08)	885.30 (8.26)
Cosmetics	251.65 (5.46)	461.86 (5.62)	654.36 (5.55)	1079.46 (5.91)	611.82 (5.71)
Social and religious functions	194.17 (4.21)	396.56 (4.83)	593.16 (5.03)	994.53 (5.45)	544.60 (5.08)
Recreation	256.46 (5.56)	526.17 (6.41)	794.30 (6.74)	1304.12 (7.14)	720.25 (6.72)
Others	596.20 (12.92)	1084.35 (13.21)	1547.66 (13.14)	2376.74 (13.01)	1401.26 (13.08)
Total	4611.49 (100.00)	8208.54 (100.00)	11782.16 (100.00)	18264.98 (100.00)	10716.79 (100.00)

Figures in parentheses indicates percentage to total

Income-wise analysis showed that the percentage expenditure on cereals was high for lower middle income group and it was low for high income group. It varied from 17.90 per cent for lower middle income group to 10.83 per cent for high income group in Coimbatore and from 18.68 to 9.35 per cent in Palakkad. For pulses, the average expenditure varied between 4.94 and 6.31 per cent in Palakkad. In the case of sugar for both the study areas, it hovers around 4 per cent. For vegetables, the expenditure varied between 10.20 and 12.84 per cent in Palakkad and 10.43 and 13.08 per cent in Coimbatore. Expenditure on milk and milk products increases from 15.34 per cent for lower middle income group to 23.48 per cent for high income group in Coimbatore. In the case of Palakkad, even though the amount spent on milk

and milk products increases from lower middle to high-income group, the expenditure was higher for middle income group at 23.05 per cent. For upper middle and high income group it was 18.11 and 18.44 per cent. In the case of non-vegetarian items expenditure by upper middle and high income groups were highest at 11.65 and 10.46 per cent in Coimbatore and 13.62 and 17.75 per cent in Palakkad. Expenditure on miscellaneous items increases with increase in income. The income group-wise analysis revealed the fact that though the actual amount in absolute terms on each food item increases with increase in income, their share contribution was found to be decreasing with increase in income.

## CONSUMPTION PATTERN OF NON-FOOD ITEMS

The average monthly household expenditure on non-food items is presented in Tables 3 and 4. The tables revealed that the average expenses on non-food items was Rs. 11084.05 in Coimbatore and Rs. 10716.79 in Palakkad. Among the components, education accounted for 16.44 per cent in Palakkad and 15.80 per cent in Coimbatore. The expenditure on clothing for lower middle income group was 15.82 per cent in Coimbatore which decreased marginally to 14.03 per cent for high income group. Corresponding figures for Palakkad was 13.01 per cent for lower middle income group and 13.51 per cent for high income group. On an average, 10.84 and 8.26 per cent were spent in Coimbatore and Palakkad for services. Services include telephone related expenses, banking and insurance charges etc. For lower middle income group it was 6.46 per cent in Coimbatore and 6.68 per cent in Palakkad. The percentage increased substantially to 12.11 per cent for high income group in Coimbatore and 9.08 per cent in Palakkad, which means as the income increases the percentage expenditure also increases. In the case of cosmetics, there was marginal increase from lower middle to middle income group then it remained constant. For social and religious activities, fuel and lighting and miscellaneous items, there was only marginal difference in percentage expenditure among different income groups, even though the actual amount spent increased with increases in income.

Zeaudeen *et al.*, (1989) reported in their book that Ernst Engel ; (1857) in his investigations of family budgets concluded that the percentage of income on clothing varies only slightly from rich to poor, the percentage of income on rent, fuel and lighting is invariably the same for all income groups and on recreation, health etc. increases with

increases in income. In the present study, it could be observed that percentage expenditure on fuel and lighting for different income groups was 6.83, 6.91, 6.43 and 6.29 per cent in Coimbatore and 7.37, 7.42, 7.59 and 7.16 per cent in Palakkad. Thus confirming Engel's conclusions. In the case of recreation, the percentage expenditure varied from 6.33 for lower middle income group to 8.69 per cent for high income group in Coimbatore and from 5.56 to 7.14 per cent in Palakkad. In the case of health care also, the expenditure increases from 4.55 to 6.11 per cent in Coimbatore and from 5.82 to 7.59 per cent in Palakkad. Thus the results are in conformity with Engel's propositions.

## CONCLUSION

The study showed that the highest expenditure among the food items in both the study areas of Coimbatore and Palakkad was accounted by cereals with 13 per cent and vegetables at 11 per cent. The average monthly expenditure on food was found to be Rs. 3379.47 in Coimbatore and Rs. 3668.49 in Palakkad.

Regarding non-food items, the average expenditure was Rs. 11084.05 in Coimbatore and Rs. 10716.79 in Palakkad. Among the various items, education accounted for highest expenditure with 16 per cent, followed by clothing at 14 per cent. Other major items are housing, transportation, services and miscellaneous components.

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