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Changes of Consumption Pattern in India Villages: Snippets from The Household Consumption Expenditure Survey 2023-24

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Abstract

This study aims to analyse the changes in consumption patterns of Indian villages. The money devoted on food and nonfood items has changed considerably during the study period of 1972-73 and 2023-24. Cereal consumption has decreased dramatically from 42 percent to five percent. Marginal increase of consuming milk, egg, fish, and meat items on food categories was observed. Spending more money on education, health care and durable goods indicates economic development. Income inequality across Indian villages needs policymakers' attention. The average monthly per-capita consumption expenditure was the highest in the southern zones and the lowest in the central zones. The study warrants further research in role of public distribution system in provision of nutritional security of rural India.

JEL Classification: E60, E64, E66

Keywords: Consumption Pattern, Average Monthly Per Capita Consumption Expenditure, Income Inequality, Regional Disparities, Rural India, NSSO

Introduction

Consumption is the fundamental economic activity, and consumption patterns reflect the tastes and preferences of people and their economic well-being. In parlance, it reveals the demand for commodities, and the factors attributed to the consumption level depend on disposable income, availability of substitute commodities, family size, merchandising practices, and buyer's literacy. The variations in consumption patterns across the country indicate the standard of living in the regions. A country's progress depends on the quality of consumption. Unsustainable consumption patterns affect the health of consumers as well as the environment. Based on the recommendations of the National Statistical Commission (NSC), the Survey on Household Consumption Expenditure: 2023-24 was submitted by the National Statistical Office (NSO) to assess consumption behaviour, standard of living, food security, nutritional intake, poverty level, and income inequality across various groups. Based on census of 2011, the major Indian States which had a population of 25 million or more than 25 million are taken into account for the selection of sample households. The outcome of the study is excerpts from the NSO report with appropriate statistical tools.

Across the globe, studies are conducted to assess the consumption pattern of households Rulon D. Pope (2009) and Frank Fuller, John Beghin and Scott Rozelle, (2007). Some studies (Shivani et al., Debjani (2011); Natti (2024); Sharma (2024) have highlighted changes in consumption patterns in India, but none of these studies focused on rural India. Hence, to fill this research gap, the present study has been undertaken.

The objectives of the study are analyzing the consumption behaviour of rural India in terms of changes in the consumption pattern, income inequalities and zonal differences in average monthly expenditure.

The study also compares the two household surveys 1972-73 and 2023-24 and analysed the changes in the tastes and preference of the rural Indians. It relies on secondary data, the 'NSS Report no. 592: Survey on Household Consumption Expenditure: 2023-24'.

The Household Consumption Expenditure Survey (HCES)

The Household Consumption Expenditure Survey (HCES) has been conducted by the National Sample Survey Organization since 1950, and the most recent survey was completed in 2023-24. The

HCES collects data on household expenditure and consumption patterns of selected goods and services. The information was elucidated across Indian households, accounted 154357 (8,684 villages) rural habitations, 107596 (6,143 blocks) urban habitations, and a total of 261953 households, enumerated by three types of questionnaires: food items, consumables and services, and durables. Data on rice, Wheat/Atta, Jowar, Bajra, Maize, Ragi, Barley, Small Millets, Pulses, Gram, Salt, Sugar, Edible Oil and (ii) non-food items: Laptop/PC, Tablet, Mobile Handset, Bicycle, Motor Cycle/Scooty, Clothing (school uniform), and footwear (school shoe etc.) received free of cost by the households were imputed.

Changes in Tastes and Preferences on Foods and Non-Foods

Since the 1970s, consumer behaviour in rural India has changed dramatically. The amount spent on food items has declined from 72.81 percent to 47.04 percent in between 1972-24, and meanwhile the money spent on non-food items has increased from 27.19 percent to 52.96 percent during the same period. The amount devoted for the consumption of food and non-food products among the Indian villages is shown in Table 1.

Table 1 Changes in Tastes and Preference of the Rural India

Description	1972-73		1999-00		2023-24	
	Rs.	% share	Rs.	% share	Rs.	% share
Cereals and its Substitutes	18.41	41.68	108.75	22.37	206	4.99
Pulses and its allied products	1.89	4.28	18.50	3.81	84	2.04
Sugar and Salt			12.66	2.60	37	0.89
Sugar	1.66	3.76				
Milk and Milk Products	3.22	7.29	42.56	8.76	348	8.44
Vegetables	1.59	3.6	29.98	6.17	248	6.03
Fruits	0.45	1.02	8.36	1.72	158	3.85
Egg, Fish and Meat	1.09	2.47	16.14	3.32	203	4.92
Edible Oil	1.55	3.51	18.16	3.74	114	2.77
Spices			13.32	2.74	135	3.27
Spices and Salt	1.23	2.78				
Beverages, Refreshments and Processed Food	1.07	2.42	20.38	4.19	406	9.84
Total (Food)	32.16	72.81	288.81	59.42	1939	47.04
Pan, Tobacco and Intoxicants	1.36	3.08	13.97	2.87	158	3.84

Fuel and Light	2.49	5.64	36.56	7.52	252	6.11
Education	-	-	9.37	1.93	133	3.24
Medical	-	-	29.59	6.09	282	6.83
Conveyance	-	-		0.00	313	7.59
Consumer Services excluding Conveyance	-	-	24.97	5.14	217	5.25
Miscellaneous and entertainments	3.89*	8.81*	28.79	5.92	256	6.22
Rent	-	-	1.89	0.39	23	0.56
Taxes and Cesses	-	-	0.80	0.16	9	0.21
Clothing, bedding and foot wear	3.32	7.51	38.61	7.94	273	6.63
Durable goods	0.95	2.15	12.72	2.62	267	6.48
Total (Non-Food)	12.01	27.19	197.27	40.58	2183	52.96
Aggregate Total	44.17	100	486.08	100.00	4122	100

Source: NSSO Reports, Various years.

*Including Medical, education, entertainment, minor durable goods, toilet articles, other household consumables, consumer services, conveyance.

The amount spent on cereals and their substitutes was 41.68 percent during 1972-73, which was drastically reduced to 4.99 percent during 2023-24, accounted a reduction of 36.69 percent. Pulses and their products also reduced from 4.28 percent to 2.04 percent. Despite accessing food securities via public distribution system can reduce the AMPCE, the food items distributed under fair price shops are limited. The money spent on Milk and its related items was increased marginally at 1.15 percent. The increased consumption of milk, fruits, fish, meat, eggs, and spices indicates the intake of protein-rich and nutritional food items in rural Indian villages. Similarly, sugar, salt, and edible oil consumption decreased considerably, indicating a conscious intake of healthy foods.

The growth of social inputs, such as education, medical, taxes, durable goods, fuel and light, and entertainment, shows the economic progress of Indian villages. The rural people have increased their standard of living. Beverages, Refreshments and Processed Food consumption has increased considerably from 2.42 percent to 9.84 percent, which indicate growth of comfortable life of rural India. According to the NSSO report, milk products are largely consumed by Gujarat, Punjab, Rajasthan, Haryana and Uttar Pradesh. Egg, fish and meat was largely consumed by Kerla. Availability, accessibility and affordability of these products

raise the consumption of rural people (Kapoor and others 2024). The amount spent on pan, Tobacco and Intoxicants has increased from 3.08 percent to 3.84 percent despite decreased during 1999-2000, evidencing the erosion of health and moral hazards of rural people, needs attention to endeavor the awareness about the health issues.

Kumar and Others (2007) observed the intake of cereals consumption has changed towards high value commodities. The reduction of intake of cereals and coarse cereals affects the nutritional status of rural people. Changes in the dietary preference for cereals were more pronounced in the bottom 20% of rural households, reflecting the effectiveness of government policies on food security.

Engel's law of family expenditure and consumption states that if the income increases the amount spent on food items would decreases and increased amount is diverted towards consumption of education, health and other luxuries items (Richard Anker 2011). In this context, spending more amount towards the nonfood items reflects growth of income of the Indian villages and rural prosperity.

Change in Consumption Level at Nominal and Real Prices

The average monthly per capita consumption expenditure (AMPCE) at nominal prices has increased from Rs. 486 in 1999-00 to Rs. 4122 in

2023-24. During the same period, the expenditures on real prices has increased from Rs 1,430 to Rs. 2,079 in Indian villages. The percentage change shows 194 percent during 68th round and 188 percent in 79th round of NSO in terms of nominal

price. During the same period, the percentage change of real prices was 46 percent and 45 percent respectively. The table shows the trend in nominal and real values of AMPCE.

Table 2 Trend in Nominal and Real Values of AMPCE in Rural India (In rupees)

Year	NSS Rounds	Nominal Price	Percentage change	Real price (Base year 2011-12)	Percentage change
1999-00	55	486	-	978	-
2011-12	68	1,430	194	1,430	46
2023-24	79	4,122	188	2,079	45

Source: computed by the author from NSSO Report 2023-24

According to the NSSO round 79, among the selected major 18 states, the AMPCE was lowest in Chhattisgarh and Kerla has the highest level. The states Kerala (Rs. 6,611) Punjab (Rs.5,817), Tamil Nadu (Rs.5,701), Telangana, (Rs.5,435), Haryana, (Rs.5,377), Andhra Pradesh, (Rs.5,327), Karnataka, (Rs.4,903), Rajasthan, (Rs.4,510), Maharashtra, (Rs.4,145) lied above the national average of Rs 4122. The states Chhattisgarh, (Rs.2,739), Jharkhand, (Rs.2,946), Odisha, (Rs.3,357), Madhya Pradesh, (Rs.3,441), Uttar Pradesh, (Rs.3,481), West Bengal, (Rs.3,620), Assam, (Rs.3,793), Gujarat, (Rs.4,116) lied below national average level of AMPCE. It reflects the prevalence of income inequality across the Indian states. Creation of economic opportunities and accessibility of education, health, and employment will bring national equity among all rural villages. Necessary policy implications are needed in various sectors, and reducing the income gap helps balance the growth of the economy.

Current Scenario of Income Inequalities in Rural India

The average MPCE across fractile classes ranges from Rs. 1677 to Rs. 10,137 and overall average of Rs. 4,122 in rural areas during the reference period 2023-24. The following chart 1 revels the AMPCE of various income groups in rural villages. Keynesian psychological law of consumption states that consumption is the function of income, as income increases the consumption also increases but less than proportionate. Despite, marginal propensity to consume is relatively higher for lower income group

than higher income group of population, the top five percent of higher income group of the population had 6 times more than the bottom five percent of lower income group of population.

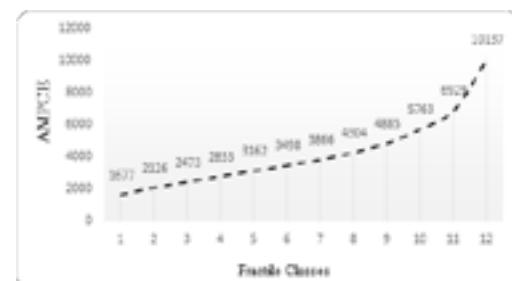


Chart 1 Average MPCE of various income groups in Rural India 2023-24

Source: computed by the author.

House Hold Types of Indian Villages and AMPCE

India has classified into six zones – North, East, West, South, Central and North East zone. North zone comprises Himachal Pradesh, Punjab, Uttarakhand, Uttar Pradesh, and Haryana, East zone has Bihar, Jharkhand, Odisha, and West Bengal, West zone has Rajasthan, Gujarat, Goa, and Maharashtra, South zone has Andhra Pradesh, Karnataka, Kerala, and Tamil Nadu, Central zone has Madhya Pradesh and Chhattisgarh, North East zone has the boundary of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura. Among these states, NSSO takes sample of 18 major states to analyse the AMPCE of different household types. Table 3 shows the household type and AMPCE.

Table 3 Household Type and AMPCE in 2023-24 (in Rs)

Zone	States	Agriculture			Non-Agriculture				
		self-employment	Regular Wages/ Salaries	casual labour	self-employment	Regular Wages/ Salaries	casual labour	others	All
NZ	Haryana Uttar Pradesh Punjab	5527	4567	4496	4886	5052	4346	5689	4967
EZ	Bihar Jharkhand Odisha West Bengal	3411	3550	3210	3899	4095	3332	3825	3542
WZ	Gujarat Rajasthan Maharashtra	4368	4474	3613	4736	5032	3849	5519	4355
SZ	Andhra Pradesh Karnataka Kerala TN Telangana	5806	5724	5043	5791.6	6548	5370	6189	5765
CZ	Chhattisgarh Madhya Pradesh	3175	3494	3087	3507	3932	3037	3739	3225
NEZ	Assam	3857	3406	3574	4072	4639	3765	4957	3961

Source: Authors' computation.

The above Table reveals the zonal differences on AMPCE across the rural India. It was observed that Southern zone has relatively higher AMPCE in terms of self-employment, regular casual labour on both agriculture and non-agriculture sectors, and all other household types. Within this zone, Kerala has highest level of AMPCE. North zone has obtained second position in AMPCE and Punjab has relatively higher level of consumption level in particular zone. The Central Zone has the lowest AMPCE among the six zones. Chhattisgarh has least AMPCE among the selected 18 sample states of India. AMPCE depends upon not only income level, but also cost of living, price variations, and social environments.

Conclusion

This study explores the changes in the pattern of consumption across Indian village households. Snippets from the 79th round of the NSSO report were analysed to provide valuable insights for nutritionists and policymakers. Reduction of intake of nutritional food items like cereals and pulses indicates changes of consumer behaviour and tastes

and preference of the rural village people. Changes in consumption of cereals intake from 42 percent to five percent between the study period of 1972-3 to 2023-4 indicates dramatic changes in consumption pattern of rural India. Provision of rice and coconut oil via fair price shops (Gandhimathy, 2024 and 2025) helps obtain nutritional security and stimulates the paddy growers and coconut economy. The marginal increase in the consumption of egg, fish, and meat items indicates a healthy sign for rural India.

The impact of the growth of packaged food consumption needs to be focused on health perspective, human capital, and physical quality of life. There is a need to frame the efficient strategies to improve the health and well-being of the people because the amount spent on medical expenses increased over a period. Substantial variations in AMPCE reveals availability of liquid cash and economic conditions. Outlays on education, well-being and durability's indicate prosperity of the economy. Income inequality and regional disparities among the Indian states needs to be focused for balanced growth of economy. Sustainable

consumption is essential for reducing environmental degradation and securing future generation. The study warrants further research in role of fair price shops for securing nutritional security.

The NSSO conducts Situation Assessment Survey (SAS) of agricultural households and the household consumption survey in two different time periods. Simultaneous assessment of these two surveys at one time period helps to assess the income and expenditure pattern of rural India, particularly agricultural household income levels of farmers and their expenditure patterns.

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