
C H A P T E R IX

FAMILY CONSUMPTION EXPENDITURE AND SAVINGS

The present chapter deals with the pattern of income distribution and savings of selected industrial households. Savings have been worked out by deducting total family consumption expenditure from total income obtained from various industries. Before arriving at savings, the family consumption expenditure was worked out. The details have been given as below:

Family consumption expenditure per household:

Fooding, clothing, housing, fuel and light, health and medicine, education and social ceremonies formed the main items of family consumption expenditure. Total family expenditure and its item wise break up for different rural cottage & small scale industrial households have been worked out in table IX-1, on per family household basis.

Table IX-1, shows that the average family consumption expenditure per household per annum varied from Rs. 7531.25 to Rs. 8464.75 in different rural cottage industries. Amongst different items of expenditure, fooding accounted for the highest share varying from 62.14 percent to 66.60 percent, followed by social ceremonies from 8.15 to 9.50 percent,

Table IX-1: Family consumption expenditure for different industrial households (in Rs. per annum)

Industrial households	Average family members per household	Fooding	Cloth- ing	Hous- ing	Fuel and light medicine	Health and medicine	Educat- ion	Social ceremonies	Miscell- aneous	Total
A. Rural cottage industries:										
1. Woollen dari	6.00	4853.40 (61.87)	408.70 (5.21)	247.10 (3.15)	235.34 (3.05)	498.50 (6.29)	445.57 (5.69)	647.17 (8.25)	508.74 (6.56)	7844.52 (100.00)
2. Wooden furniture	6.60	5239.81 (65.30)	311.34 (3.88)	203.81 (2.54)	192.58 (2.40)	444.54 (5.54)	388.37 (4.84)	755.88 (9.42)	487.88 (6.08)	8024.21 (100.00)
3. Pottery	6.00	4872.15 (61.12)	462.34 (5.80)	298.93 (3.75)	248.72 (3.12)	287.85 (6.12)	428.86 (5.38)	649.67 (8.15)	522.93 (6.56)	7971.45 (100.00)
4. Red soil toys	6.43	5369.94 (65.15)	325.58 (3.95)	227.49 (2.76)	206.06 (2.50)	449.21 (5.45)	384.92 (4.67)	770.67 (9.35)	508.56 (6.17)	8242.43 (100.00)
5. Wooden toys	6.14	4679.92 (62.14)	350.20 (4.65)	255.06 (3.40)	248.53 (3.30)	463.19 (6.15)	421.75 (5.60)	649.19 (8.62)	462.42 (6.14)	7531.25 (100.00)
6. Glass beads	6.33	5076.47 (66.60)	247.73 (3.25)	169.98 (2.23)	164.64 (2.16)	430.66 (5.65)	333.09 (4.37)	724.12 (9.50)	475.63 (6.24)	7622.32 (100.00)
7. Channel pots	6.00	5349.72 (63.20)	359.75 (4.25)	270.87 (3.20)	179.45 (2.12)	528.20 (6.24)	468.95 (5.54)	740.67 (8.75)	567.14 (6.70)	8464.75 (100.00)
B. Small scale industries:										
1. Loom	6.00	6960.82 (54.67)	920.56 (7.23)	553.87 (4.35)	695.19 (5.46)	1156.10 (9.08)	789.41 (6.20)	937.12 (7.36)	719.38 (5.65)	12732.44 (100.00)
2. Rice mill	6.00	6947.31 (54.00)	1011.22 (7.86)	604.67 (4.70)	784.79 (6.10)	1179.76 (9.17)	836.25 (6.50)	959.70 (7.46)	541.63 (4.21)	12865.39 (100.00)

(Figures in brackets show the percentages to the respective totals.)

**Fig. No. 6: FAMILY CONSUMPTION EXPENDITURE PER ANNUM
(IN PERCENTAGE).**

Scale-1c.m.=10 PERCENT.

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- 3. HOUSING. 4. FUEL & LIGHT.
- 5. HEALTH & MEDICINE
- 6. EDUCATION.
- 7. SOCIAL CEREMONIES.
- 8. MISCELLANEOUS.

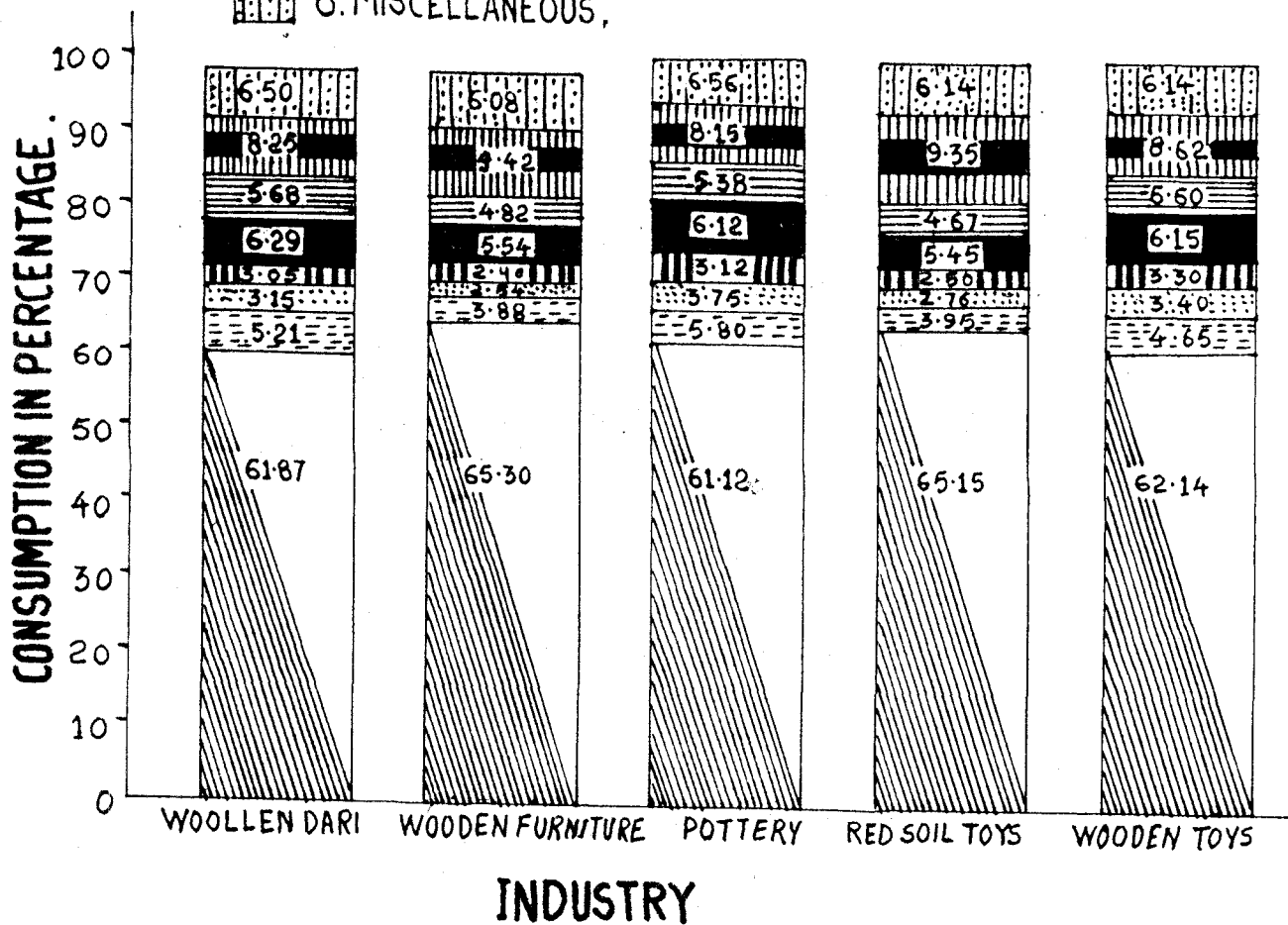








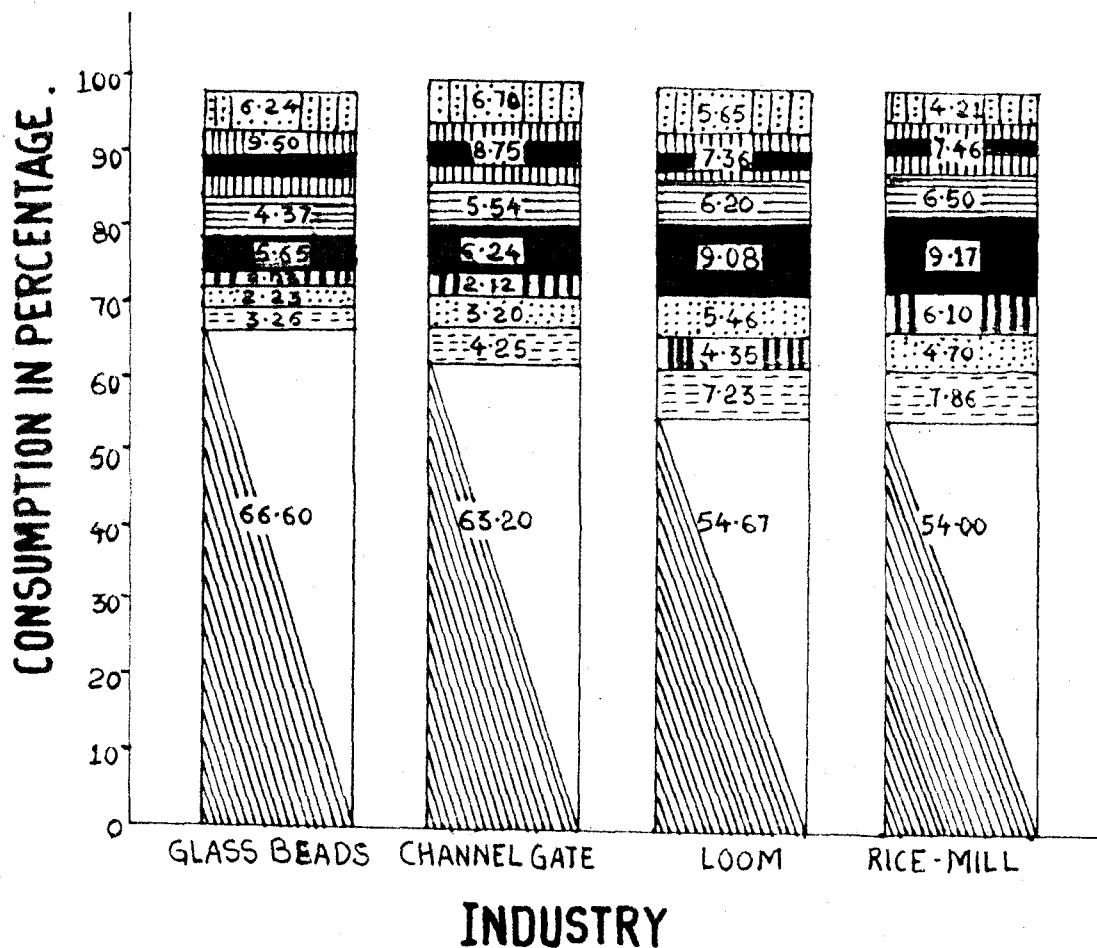


Fig. No.7: FAMILY CONSUMPTION EXPENDITURE PER ANNUM
(IN PERCENTAGE).

Scale - 1c.m. = 10 PERCENT.

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health and medicine 5.45 to 6.29 percent, education from 4.37 to 5.65 percent and clothing from 3.25 to 5.80 percent to total family consumption expenditure. In case of small scale industries, total family consumption expenditure varied between Rs. 12732.44 to Rs. 12865.39 per household per annum. In this case fooding shared for the highest expenditure followed by health and medicine, social ceremonies, clothings, education and fuel and light.

The analysis of family consumption expenditure agrees with the Engle's Law of family consumption expenditure which indicates that if the income of a household increases, the percentage expenditure on fooding decreases, on education, health and social ceremonies increases and on fuel and light, it remains constant. In our case the income of the households adopting small scale industries is higher in comparision to those of rural cottage industrial households. The percentage expenditure on fooding comes around 54 percent, on education and health it comes nearly 6.50 percent and 9.00 percent respectively as compared to households adopting rural cottage industries, where the percentage expenditure on fooding in

different industries comes more than 60 percent. It concludes that higher the income the lesser is the percentage expenditure on feeding, but is higher on education, health, etc.

Per capita family consumption expenditure:

Per capita family consumption expenditure for the study year have for the various industrial households have been given in table IX-2.

Table IX-2 reveals that the average per capita family consumption expenditure ranged from Rs. 1204.15 to Rs. 1410.79 in different rural cottage industries. An item-wise expenditure shows that feeding accounted for the highest share followed by social ceremonies, health and medicine, education and clothings. In case of small scale industries, per capita average family consumption expenditure came to Rs. 2122.07 and Rs. 2144.33 in the loom and Rice mills respectively. The expenditure came higher on feeding followed by health and medicine, clothing and social ceremonies.

Income groupwise distribution of family expenditure:

Income groupwise distribution of total family consumption expenditure for different industrial households have been given in table IX-3.

Table IX-2: Percapita family consumption expenditure (in Rs. per annum).

Particulars	Fooding	Clothing	Housing	Fuel and light	Health and medicine	Education	Social ceremonies	Miscellaneous	Total
A. Rural cottage industries:									
1. Woollen dadi	808.90	68.13	41.18	39.22	83.08	74.26	107.86	84.79	1307.42
2. Wooden furniture	793.91	47.17	30.88	29.19	67.35	58.84	114.52	73.92	1215.78
3. Pottery	812.03	77.06	49.82	41.45	81.30	71.48	108.28	87.16	1328.58
4. Red soil toys	835.14	50.38	35.38	32.05	69.86	59.86	119.86	79.09	1281.87
5. Wooden toys	762.20	57.04	41.70	40.48	75.44	68.69	105.69	75.31	1226.59
6. Glass beads	801.97	39.14	26.85	26.00	68.03	52.63	114.39	75.14	1204.15
7. Channel gate	891.62	59.96	45.15	29.90	88.03	78.16	123.45	94.52	1410.79
B. Small scale industries:									
1. Loom	1160.14	153.43	92.31	115.87	192.68	131.57	156.17	119.90	2132.07
2. Rice mill	1157.89	168.54	100.78	130.80	196.63	139.38	159.96	90.25	2144.23

Table IX-3: Income groupwise distribution of expenditure
(in Rs. per household).

Particulars	Income groups (in Rs.)				Average
	Below Rs.8000	Rs.8001- Rs.12000	Rs.12001- Rs.16000	Rs.16001 & above	
A. <u>Rural cottage industries</u>					
1. Woollen dari	7345.37	7920.63	8115.34	-	7844.52
2. Wooden furniture	7240.45	8193.37	8300.50	-	8024.21
3. Pottery	7478.35	8793.28	-	-	7971.45
4. Red soil toys	7545.26	8546.53	8420.36	-	8242.43
5. Wooden toys	7206.01	8344.35	-	-	7531.25
6. Glass beads	7151.39	8564.18	-	-	7622.32
7. Channel gate	-	8364.18	8565.32	-	8464.75
B. <u>Small scale industries</u>					
1. Loom	-	-	-	12732.44	12732.44
2. Rice mill	-	-	-	12865.39	12865.39

Table IX-3, shows that in case of rural cottage industries the concentration of family consumption expenditure was higher in the first two lowest income group of Rs. below 8000 and Rs. 8001 to Rs. 12000. However, in case of small scale industries the family consumption expenditure was concentrated only in the highest income group of Rs. 16001 & above.

Concentration of family consumption expenditure:

The concentration of family consumption expenditure of different rural cottage and small scale industrial households in different incomegroups has been worked out in table IX-4.

Table IX-4: Concentration of family consumption expenditure in incomegroups (in Rs. per household).

Incomegroup	Percentage of consumption expenditure	Cumulative percentage	Percentage of household	Cumulative % of household
1	2	3	4	5
<u>A. Rural cottage industries:</u>				
<u>1. Woollen dari</u>				
Below Rs.8000	18.73	18.73	20.00	20.00
Rs.8001-Rs.12000	60.58	79.31	60.00	80.00
Rs.12001- Rs.16000	20.69	100.00	20.00	100.00
Rs.16001 and above	-	-	-	-
<u>2. Wooden furniture</u>				
Below Rs. 8000	18.05	18.05	20.00	20.00
Rs.8001-Rs.12000	61.27	79.32	60.00	80.00
Rs.12001-Rs.16000	20.68	100.00	20.00	100.00
Rs.16001 and above	-	-	-	-
<u>3. Pottery</u>				
Below Rs.8000	58.63	58.63	62.50	62.50
Rs.8001-Rs.1200	41.37	100.00	37.50	100.00
Rs.12001-Rs.1600	-	-	-	-
Rs.16001 and above	-	-	-	-

table contd..

1	2	3	4	5
4. <u>Red soil toys</u>				
Below Rs.8000	26.16	26.16	28.57	28.57
Rs.8001-Rs.12000	59.25	85.41	57.14	85.71
Rs.12001-Rs.16000	14.59	100.00	14.29	100.00
Rs.16001 and above	-	-	-	-
5. <u>Wooden toys</u>				
Below Rs.8000	68.34	68.34	71.43	71.43
Rs.8001-Rs.12000	31.66	100.00	28.57	100.00
Rs.12001-Rs.16000	-	-	-	-
Rs.16001 and above	-	-	-	-
6. <u>Glass beads</u>				
Below Rs.8000	62.55	62.55	66.67	66.67
Rs.8001-Rs.12000	37.45	100.00	33.33	100.00
Rs.12001-Rs.16000	-	-	-	-
Rs.16001 and above	-	-	-	-
7. <u>Channel gate</u>				
Below Rs.8000	-	-	-	-
Rs.8001-Rs.12000	49.41	49.41	50.00	50.00
Rs.12001-Rs.16000	50.59	100.00	50.00	100.00
Rs.16001 and above	-	-	-	-
B. <u>Small scale industries:</u>				
1. <u>Loom</u>				
Below Rs.8000	-	-	-	-
Rs.8001-Rs.12000	-	-	-	-
Rs.12001-Rs.16000	-	-	-	-
Rs.16001 and above	100.00	100.00	100.00	100.00

table contd..

1	2	3	4	5
<u>2. Rice mill</u>				
Below Rs.8000	-	-	-	-
Rs.8001-Rs.12000	-	-	-	-
Rs.12001-Rs.16000	-	-	-	-
Rs.16001 and above	100.00	100.00	100.00	100.00

Table IX-4 reveals that the family consumption expenditure of rural cottage industrial households like woollen dari, wooden furniture, Red soil toys was highly concentrated in the second lowest income group of Rs. 8001 to Rs.12000. In case of Pottery, Wooden toys, Glass beads it was highly concentrated in the first lowest income group. As regards small scale industrial households, the expenditure was concentrated in the big income group of Rs.16001 and above.

Savings:

Savings for different industrial households were worked out by deducting family consumption expenditure from total income per industrial household. It has been presented in table IX-5.

Table IX-5, reveals that the rural cottage industries like Glass beads, Wooden toys and Pottery were having no

Table IX-5: Savings/dissavings of different industrial household, per annum (in Rs.).

Particulars	Total ^{net} income per year per household	Total consumption per year per household	Total savings or dissaving per year per household
A. <u>Rural cottage industries:</u>			
1. Woollen dari	9112.33	7844.52	1267.81
2. Wooden furniture	9694.83	8024.21	1670.72
3. Pottery	7569.17	7971.45	-402.28
4. Red soil toys	9708.00	8242.43	1465.57
5. Wooden toys	7045.33	7531.25	-485.92
6. Glass beads	7007.33	7622.32	-614.99
7. Channel gate	13496.00	8464.75	5031.25
B. <u>Small scale industries:</u>			
1. Loom	26930.00	12732.44	14197.56
2. Rice mill	30767.50	12865.39	17902.11

savings with them due to higher family consumption expenditure than income. On an average, they were in a loss varying from Rs.402.28 to Rs.614.99 per annum per household. As regards other rural cottage industries like woollend dari, wooden furniture, Red soil toys and channel gate, they were found to have savings varying from Rs.1267.81 to Rs. 5031.25 per annum per household. In case of small scale industries both Loom and Rice mill were

Fig. No. 8: SAVINGS PER HOUSE HOLD IN DIFFERENT INDUSTRIES.

Scale - 1 c.m. = Rs 200.00

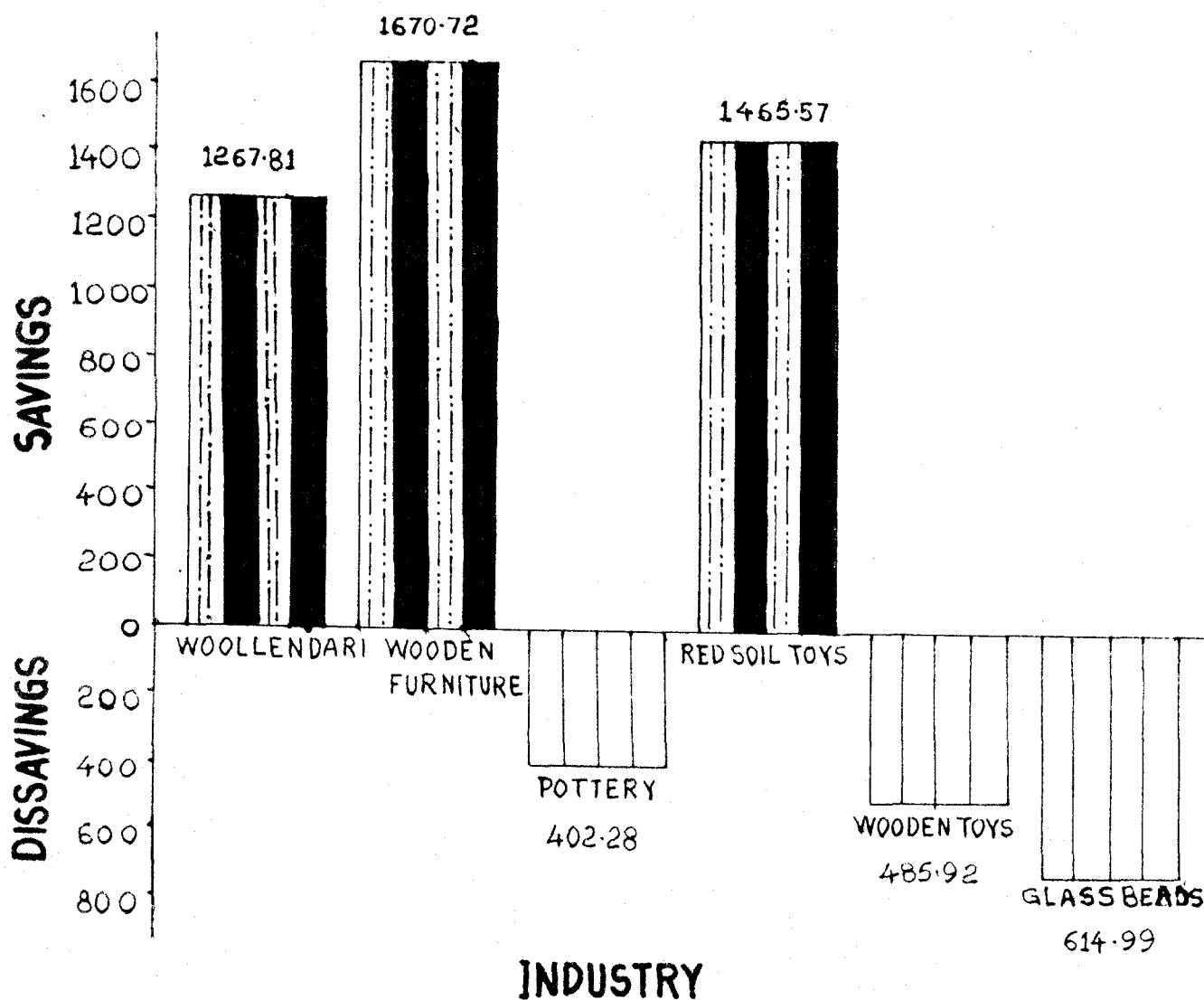
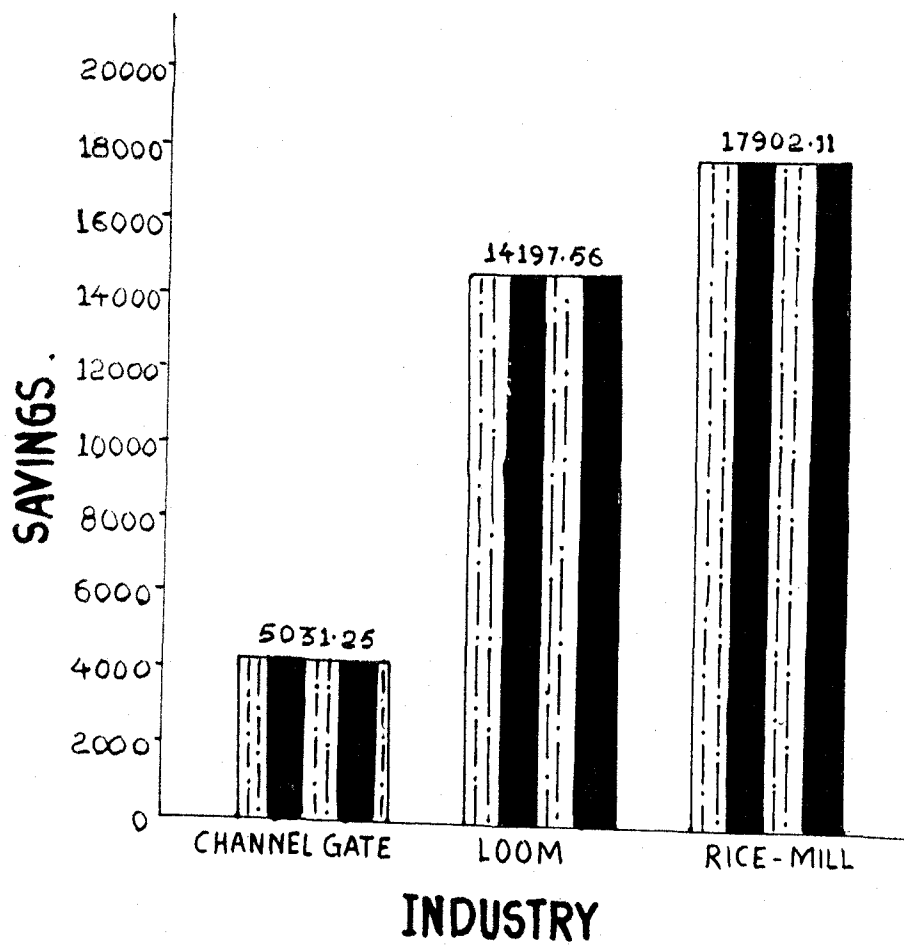


Fig.No.9: SAVINGS PER HOUSEHOLD IN DIFFERENT INDUSTRY.

Scale - 1c.m. = Rs.2000.00



having annual saving for Rs. 14197.56 and Rs. 17902.11 per household respectively.

Savings/dissavings according to incomegroup:

Incomegroup-wise savings/dissavings for different rural cottage and small scale industrial households have been given in table IX-6.

Table IX-6: Savings/dissavings incomegroup-wise:

Particulars	Incomegroups (inRs.)				Average
	Below Rs.8000	Rs.8001- Rs.12000	Rs.12001- Rs.16000	Rs.16001 and above	
A. <u>Rural cottage industries:</u>					
1. Woollen dari	201.37	705.89	4020.00	-	1267.81
2. Wooden furniture	237.80	1391.81	3939.87	-	1670.62
3. Pottery	-512.71	-218.23	-	-	-402.28
4. Red soil toys	300.09	1441.45	3895.14	-	1465.57
5. Wooden toys	-588.33	-229.89	-	-	-485.92
6. Glass beads	-740.64	-363.68	-	-	-614.99
7. Channel gate	-	3211.32	6851.18	-	5031.25
B. <u>Small scale industries:</u>					
1. Loom	-	-	-	14197.56	14197.56
2. Rice mill	-	-	-	17902.11	17902.11

It is evident from table IX-6 that income has a positive relationship with the savings. In all the four rural cottage

industrial households the savings came positive, i.e. the savings showed an increasing trend with the increase in income groups.

Percentage of consumption to income:

The per capita average income and consumption expenditure and percentage of consumption to income has been worked out in table IX-7.

Table IX-7: Percentage of consumption to income.

Particulars	No. of house- hold	Average size of family numbers	Per household Income	Consum- ption	Per Capita Income	Con- sum- on	Perce- ntage of con- sum- ption to income
<u>A. Rural cottage industries:</u>							
1. Woollen dari	5	6.00	9112.33	7844.52	1518.72	1307.42	86.09
2. Wooden furniture	5	6.60	9694.83	8024.21	1468.21	1215.78	82.77
3. Pottery	16	6.00	7569.17	7971.45	1261.53	1328.58	105.31
4. Red soil toys	7	6.43	9708.00	8242.43	1509.80	1281.87	84.90
5. Wooden toys	7	6.14	7045.33	7531.25	1147.45	1226.59	106.90
6. Glass beads	6	6.33	7007.33	7622.32	1107.00	1204.15	108.78
7. Channel gate	2	6.00	13496.00	8464.75	2249.33	1410.79	62.72
<u>B. Small scale industries:</u>							
1. Loom	1	6.00	26930.00	12732.44	4488.33	2122.07	47.28
3. Rice mill	1	6.00	30767.50	12865.34	5127.92	2144.23	41.81

It is evident from table IX-7, that the percentage of consumption to income varied from 62.72 percent to 108.78 percent in different Rural cottage industrial household. The percentage figures which came above 100 percent indicates that the consumption expenditure is higher in relation to income. In case of small scale industrial households, it ranged between 41.81 to 47.28 percent only. It concludes that a higher portion of the income is being spent on consumption expenditure by the rural cottage industrial households in comparison to small scale industrial households.
