Consumption and Saving Patterns in the Households of an Urban setting: A special reference to Fishermen Community

A study under the supervision of

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Consumption and Saving Patterns in the Households of an urban setting: A special reference to Fishermen Community

**Key words:** Consumption, Financial saving, Household, Monthly per capita consumer expenditure. National sample survey organisation (NSSO), Physical saving, Saving, Traditional fishermen

Consumption has increased worldwide during 20th century. Temporal changes in consumption provide insights into the status of welfare. Food consumption pattern of household is an important barometer of individual welfare and well-being in any country. Further, reforms led to increase in well being and thereby saving and consumption. Together with the exposure to modern ways and the availability of modern consumable goods and services in the market, non-food consumption became prominent in the consumption basket of Keralites. Growth in the consumer goods industries and a shift in the policies of the government towards a market oriented economy have further accelerated a change in the consumption pattern. The various channels of saving promoted saving habits of households over the last three decades. Consumption and saving pattern have become interesting topics for academicians, policy researchers, and government.

**Review of Literature**

The economic growth, changes in taste and preferences and urbanization have resulted in changing consumption pattern away from traditional food commodities to processed and high value commodities (Murty, 2000; Meenakshi, 1996; Rao, 2000). The consumption of food is falling because of shifting consumption away from cereals to high calorie commodities such as meat, milk, fish, etc. In other words, consumption is shifted from low value to high value commodities (Kumar and Kumar, 2004; Meenakshi, 1996). It is established that food expense trends have been stagnant in most economies of the world while non-food consumption patterns have contributed increasingly to the increase in total consumption expenditure (Basole and Basu, 2015).

As a measure of inequality, the share of consumption by various groups is taken as an indicator of inequality. The analysis of NSSO statistics reveals that among rural and urban populations, inequality among food expenses is decreasing (Basole and Basu, 2015). However, the fact that they wish to bring to our attention is that while inequality itself is rising, food consumption inequality is decreasing. It is concluded, therefore, that expenses or the ability to spend on non-food items is, thus, the chief cause of inequality (Basole and Basu, 2015). It is found that even when the members of rural communities are not as nourished as they ought to be, non-
food consumption still went up by 247 percent between 1987-88 and 2011-2012 (Basole and Basu, 2015). This finding can lead us to conclude that while food consumption is essential, non-food items and services are seen by consumers as being equally important to maintain a healthy life.

Literature on saving trends in India suggests that in rural areas, 73 per cent of savings is in land and 21 per cent in buildings. This is the same scenario in urban areas with 77 per cent of savings in land and 18 per cent in buildings. After investing in land and building people prefer to invest in livestock and poultry, agricultural machinery and equipment, non-farming business equipment before thinking of investing in financial assets.1 Data shows an overwhelming preference for household savings in physical assets rather than financial ones owing to better returns. For instance physical savings increased from 52.5 per cent in 2009-2010 to 67.6 per cent in 2012-2013. Financial savings as a percentage of Gross Domestic Product (GDP) fell from 10 per cent in 2004-2005 to 7 per cent in 2012-2013. Reasons for this included lower returns from financial assets as well as a sharp rise in inflation which eroded the real return in financial assets. This position was corroborated by The Centre for Monitoring Indian Economy (CMIE). Data from the National Housing Board also indicates a rise in real estate index in most cities which shows a preference in saving in buildings (Bakshi 2014). Other research shows that household financial savings in India remained low in 2013-2014. This was grossly because of inflation, making people to save more in physical rather than financial assets in India.2 In short, it shows that people in both the rural and urban areas prefer to save more in physical assets rather than fiscal assets in Asia (Jha et al, 2009).

How far the consumption and saving pattern is true in respect of particular communities like fishermen is to be explored.

**The Broad Investigative Question**

What are the trends in consumption and saving pattern and whether the general trend observed is reflected in particular outliers like traditional fishermen?

**Methodology**

The study tries to look into the consumption behaviour and saving patterns of households in an urban local context. A unique methodology is adopted to conduct the study. Three wards have been selected from the Thevara, Kochi. Three teams have been designated to carry out the study in each ward. While the first team was asked to examine the consumption behaviour of households in a ward, the second team was to look into the saving behaviour of households in

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1 Key Indicators of Debt and Investment in India (2013) p 13-14.
another ward. The third team analysed the consumption and saving behaviour in a special environment i.e. among the fishermen community who reside in a particular ward. Naturally the report is presented in three parts, each touching upon the consumption behaviour in general, saving behaviour in general and finally consumption behaviour and saving behaviour among fishermen community respectively.
Secondary data have been collected from NSSO, Kerala Fisheries, Economic review, and other relevant published sources. Primary data have been collected by adopting suitable sampling technique. The first team adopted simple random sampling for the selection of households and the sampling size is 5 per cent with the minimum number of 30 households in ward X local community. They could, however, collect data from 29 households. The second team adopted judgment sampling to select the households due to unavailability of genuine list of households. The third team adopted purposive sampling to reach those households whose primary economic activity is fishery within Thevara.

A structured questionnaire was administered among the key decision maker who makes financial decisions in the household. Information was collected by the first team on consumption pattern of households primarily divided into food and non-food components through close-ended questions. Further information through two open-ended questions was also gathered to understand the perspective of households towards shift in consumption pattern.
The second team adopted structured interview schedule so as to capture the information relating to saving pattern. The third team employed structured interview schedule and case study techniques to be able to gather the information.
The data collected in the month of July, 2015 and the reference period was the last 30 days of the data collection period.

Limitations

The study is restricted to the case of Thevara as an example for urban setting due to time constraints. Moreover, the sample size is kept as 30, which is small, due to the time constraints.

Glossary
Physical Savings is considered as investment in fixed assets of construction and machinery and equipment, and change in stocks.³ Thus physical assets like; land, buildings, gold, machinery and livestock will fall under the category of physical savings.

Financial Savings would refer to currency, bank deposits, non-banking deposits, life insurance fund, provident and pension fund, claims on government, shares and debentures.⁴

Monthly savings refers to the fraction of disposable income kept aside for either future use or additional wealth generation for the month.⁵

Household: A group of persons normally living together and taking Food from 3 common kitchen constitutes a household.

Household Consumer Expenditure: the expenditure incurred by a household on domestic consumption during the reference period is the household's consumer expenditure. The household consumer expenditure is the total of the monetary values of consumption of various groups of items, namely (i) Food and (ii) Non-Food

Monthly per capita consumer expenditure (MPCE): For a household, this is its 30 days total consumer expenditure divided by its size. A person's MPCE is understood as that of the household to which he or she belongs.

⁴ Key Indicators of Debt and Investment in India (2013) p 2.
⁵ Key Indicators of Debt and Investment in India (2013) p 2.
Consumption Behaviour of Households

Kerala is unique in India given the measures taken by the state government in a bid to achieve social development. This phenomenon, of having high levels of social development, yet, to have inadequate economic growth as exhibited by indicators such as average income, unemployment, etc., has been dubbed –the Kerala paradox (Thamaramangalam, 1998). In the midst of low or moderate income the consumption pattern of Keralites seem to be high. The contradiction between low income and high consumption has been an interesting area for researchers. The modern trend is that the consumption basket itself gets changed dynamically coupled with increase in income.

1.1 Research Problem, Research Questions, and Objectives

There is a change of consumption pattern from food items to non-food items. It has been noticed that there is a shift in consumption pattern within food items due to different factors. This invites certain research questions:

• What is the shift/change in overall consumption pattern?
• What is the shift/change in consumption pattern within food and non-food category?
• What is major expenditure item of the community?

In line with the problem stated above and research questions raised, the following objectives have been set up for the study.

1. To understand and identify the shift/change in consumption pattern of household from food to non-food items.
2. To understand and identify the shift/change in consumption pattern of household within sub-categories of food and non-food items.
3. To identify major expenditure items of household in local community.

1.2 Major Findings

At the outset the general profile of the households such as age, gender, religion, and education of the respondents have been looked into. The details are given in diagrams 1.1, 1.2, 1.3, and 1.4.
The distribution of household heads by age shows that the largest number is found against the class interval of 41-50 which means that a good proportion belonged to middle aged group. This is followed by 31-40 and 51-60. Gender wise distribution presents the fact that 90 per cent of households are headed by males, a typical feature of patriarchal society. The distribution of household heads by religion also shows the same picture. The educational level of family members is looked into and found that the highest proportion has secondary level of education, which is followed by higher secondary. Reasonably good percentage of family members i.e. 18.2 per cent are bachelor degree holders. This establishes the good education level of Kerala. The average household size was estimated at 4.13 members.

The employment aspect of household heads has been analyzed and it is presented in diagram 1.5.
It is found that 76.7 per cent of the respondents are engaged in the private sector and the rest in the government sector for their earning.

1.2.2 Consumption pattern

An initial idea regarding the average expenses have been gathered and it is presented in table 1.1.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Expenditure (in ₹)</th>
<th>Kerala (2011-2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Expenses per household</td>
<td>15789</td>
<td>16125</td>
</tr>
<tr>
<td>Monthly Expenses per household on Food</td>
<td>7650.13 (47.9%)</td>
<td>- (37%)</td>
</tr>
<tr>
<td>Monthly Expenses per household on Non food</td>
<td>8139.40 (52.1%)</td>
<td>- (63%)</td>
</tr>
<tr>
<td>Monthly Per Capita expenses on food</td>
<td>1891.18</td>
<td>1147.22</td>
</tr>
<tr>
<td>Per capita expenses on non food</td>
<td>1979.82</td>
<td>1521</td>
</tr>
</tbody>
</table>

Source: Primary survey

Figures in parentheses show percentage to total

It is evident from table 1.1 that the monthly expenditure of a household in the urban setting is ₹ 15789 in 2015 as against the State average of ₹ 16125 in 2011-12. There is a 2.08 per cent fall in the expenditure as compared to the State level data, may be attributed to the recession. The total expenditure is further divided into food and non-food expenditure. 47.9 per cent of total expenditure goes to food items and hence major chunk of the earning is spent on...
non-food items. The trend is agreeing with the State level trend but the proportion shows good
difference which may be due to the small sample size and the inclusion of poor urban people in
the sample.

The first and foremost question what determines the consumption. It is true that income is
primary determinant of consumption. Barring this what are other determinants? We tried to
understand the association between occupation, religion, and number of additional workers
and consumption. It is found that there is no association between occupation and consumption
on food items and consumption of non food items and also there is no association between
religion and the consumption expenses. Hence we identified that working members influence
the consumption. An attempt is made to regress the consumption to working members that
influence the consumption level of the households. The regression equation is stated as:

\[ C = a + B \text{WFM} \]
\[ a = \text{intercept/ autonomous consumption,} \]
\[ B = \text{Marginal propensity to consume} \]
\[ \text{WFM= working family member} \]

The results of regression are: \[ C = 7575.843 + 6484.654 \text{WFM} \]

With R Squared = 0.228 and significant at 1 per cent level (p value for WFM= 0.00758)

The conclusion is that increase in number of working family members increases the total
consumption expenditure. As the working family member is increased by one, the consumption
expenditure is increased by ₹ 6484.65. It brings our attention that efforts should be taken to
bring the unemployed people into the labour market so that consumption can be boosted and
development can be achieved.

An attempt is made to classify the total expenditure into food and non-food categories. The
distribution of expenses on food and non-food of selected households is shown in diagram 1.6.
Source: Primary Survey

It is of interest to note that the monthly per capita expenses on non-food in the sample urban setting is higher than that of State average (table1.1). This is because of the study confined to urban area.

The details of expenditure on individual items belonging to food and non-food items have been examined and it is given in diagram 1.7.

![Diagram 1.7](image)

Source: Primary Survey

The proportion of income spent on the individual items will give us a clear picture and it is shown in table 1.2.

Table 1.2
Proportion of expenses on various items

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Food Items</th>
<th>Kerala (%)</th>
<th>Thevara (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>cereals</td>
<td>8.75</td>
<td>5.39</td>
</tr>
<tr>
<td>2.</td>
<td>Pulses</td>
<td>2.45</td>
<td>3.60</td>
</tr>
<tr>
<td>3.</td>
<td>Milk and milk products</td>
<td>7.5</td>
<td>5.84</td>
</tr>
<tr>
<td>4.</td>
<td>edible oil</td>
<td>3.2</td>
<td>2.21</td>
</tr>
</tbody>
</table>
Table 1.2 makes it clear that the highest proportion of expense is directed towards education (12.6%) among all items. Taking food items separately, egg, fish, and meat occupy the largest share (9.61%). It is natural that education occupies the largest share among the non-food items, followed by transportation (9.88%). All these typically show the developed urban culture which cannot be compared with the State figures as it is composed of both rural and urban areas.

Since the number of working family member is identified as the determinant of consumption, it is necessary to see whether the consumption expenditure on food and non-food items is influenced by the same determinant and if so to what extent?

The consumption function on food items is expressed as:

\[ CF = \alpha + \beta \times WFM \]

where \( CF \) = Consumption on food items
\( \alpha \) = intercept/autonomous consumption,
\( \beta \) = Marginal propensity to consume
\( WFM \) = working family member

The regression results can be reported as:

\[ CF = 4683.317 + 2342.223 \times WFM \]

With R squared = 0.064 and p value for WFM = 0.176879 and hence the model is not found significant. It means that as the number of working family members increases, there is no
statistically significant changes in the consumption expenses on food items. The consumption function on non-food items is stated below:

\[
\text{CNF} = \alpha + \beta \text{WFM}
\]

where CNF = consumption on non-food items. The value obtained through the regression function is:

\[
\text{CNF} = 2892.525 + 4142.431\text{WFM}
\]

With R Squared = 0.2328 and p value for WFM = 0.00691 > (0.05). The model is found significant at 1 per cent level. It means that as the number of working family members increases, there are statistically significant changes in the consumption expenses on non-food items. It is seen that when one worker increases in the family, the consumption expenditure on non-food items is increased by ₹ 4142.431. Therefore, it can be concluded that the consumption expenditure is influenced by additional working members in the family but that is largely on non-food items. In the context discussed above we tried to test whether there is significant difference in the average expenses between food and non food items. The results based on ANOVA test is presented in table 1.3.1.

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>Df</th>
<th>MS</th>
<th>F</th>
<th>P-value</th>
<th>F critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and Non food Items</td>
<td>28406</td>
<td>374</td>
<td>374</td>
<td>1.739</td>
<td>0.197</td>
<td>4.182</td>
</tr>
<tr>
<td>House hold</td>
<td>8.47E+08</td>
<td>2</td>
<td>9</td>
<td>29208</td>
<td>1.788</td>
<td>0.061</td>
</tr>
<tr>
<td>Error</td>
<td>4.74E+08</td>
<td>2</td>
<td>9</td>
<td>16331</td>
<td>4.182</td>
<td>0.061</td>
</tr>
<tr>
<td>Total</td>
<td>1.35E+09</td>
<td>5</td>
<td>9</td>
<td>20000</td>
<td>1.739</td>
<td>0.197</td>
</tr>
</tbody>
</table>

*Source: Primary data*
With a p value of 0.197539 (> .05) and p value = .061624 (> .05), we fail to reject the hypothesis. That is, the conclusion is that there are no significant differences between expenses on food and non-food items across households.

Next, we tried to see whether there is any significant difference between means of various items within the food items for all the households. The results based on ANOVA are given in table 1.3.2. Since p value = 7.12E-18 (< .05), we reject the hypothesis i.e. there is significant differences between the average expenses on various items within the food category.

**Table 1.3.2**

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>D</th>
<th>MS</th>
<th>F</th>
<th>p- value</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various Food items</td>
<td>5741</td>
<td>1</td>
<td>57418</td>
<td>371</td>
<td>7.12</td>
<td>1.863</td>
</tr>
<tr>
<td></td>
<td>8594</td>
<td>0</td>
<td>59</td>
<td>26</td>
<td>E-18</td>
<td>429</td>
</tr>
<tr>
<td>Columns</td>
<td>5396</td>
<td>2</td>
<td>18607</td>
<td>090</td>
<td>4.42E</td>
<td>1.506</td>
</tr>
<tr>
<td></td>
<td>0809</td>
<td>9</td>
<td>18</td>
<td>54</td>
<td>-10</td>
<td>728</td>
</tr>
<tr>
<td>Error</td>
<td>1.35E08</td>
<td>2</td>
<td>46412</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>9</td>
<td>8.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2.46E08</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Computed from primary data*

Further, it is proposed to test whether there is any significant difference between means of various items within the non-food categories for all the households. The results are reported in table 1.4.
### Table 1.4
Results of ANOVA

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>D f</th>
<th>MS</th>
<th>F</th>
<th>P-value</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non food items</td>
<td>6453</td>
<td>921</td>
<td>920</td>
<td>4.60</td>
<td>8.33 E-05</td>
<td>2.05</td>
</tr>
<tr>
<td>House holds</td>
<td>9088</td>
<td>313</td>
<td>395</td>
<td>1.56</td>
<td>0.03</td>
<td>1.52</td>
</tr>
<tr>
<td>Error</td>
<td>4.06 E+08</td>
<td>199</td>
<td>992</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.61 E+08</td>
<td>2</td>
<td>3</td>
<td>9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Computed from primary data*

The null hypothesis in this context is that there is no significant difference between means of various items within the non-food category for all the households. Since P value = 8.33E-5 (< .05), we reject the hypothesis i.e. there is significant differences between the average expenses on various items of non-food category.

To conclude, the major share of the consumption basket is occupied by non-food categories than food categories. But statistically, the change in total consumption pattern is attributed more to the changes within sub-categories of food and non-food items, rather than the changes from food to non-food items. With increase in one earning member in household, there is more increase in non-food expenses as compared to increase in food expenses.
II

Saving Behaviour of Households

This research comes in the context of increasing concerns about the saving culture of households in India. Previous studies have shown that, house-holds in India prefer saving in physical assets like land, buildings, gold, machinery and livestock to financial assets like interest bearing accounts, debentures, and insurance schemes. Although India has not performed poorly in the area of Gross Domestic Savings (GDS), saving on average between 34 per cent of Gross Domestic Product in the last six years, this being comparable to other developing countries and only dismally less than China’s domestic situation, there is a problem in that households in India prefer savings in physical assets which are not easily monetizable.

2.1 Research Problem, Questions and objectives of the Research

Since 2008 there has been a significant change in savings channel trends in India (RBI 2013). Physical household savings approximately account for 68 per cent of total household savings. The share of financial savings has been steadily decreasing, this in itself bringing about negative externalities to the economy. The decrease in financial savings over time has posed liquidity problem for the country. The preference for physical savings has also led to a much less dynamic financial sector because wealth is tied up in physical assets. This study probes the savings preferences of households in Thevara, an urbanized village in Kochi-city Ernakulam, District, and to see whether the savings and preferences in Thevara mirrored National and state-wise data. Certain research questions that come up to investigate are:

What are the sources of saving channels?

Whether physical saving is preferred to financial savings for the investors?

What are the reasons for the changes in saving channels?

The following are the objectives set up in the study in line with the research problem and questions.

I. To identify and understand the channels of savings.
II. To identify and understand the preferences regarding the channels of savings (physical and financial savings)
III. To understand and identify the reasons for changes in channels of savings.

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2.2 Major Findings

To begin with composition of household savings based on secondary data can be analysed. Figure 2.1 shows the composition of household savings in India.

![Figure 2.1](image)

**Figure 2.1**

*Share of financial & physical savings*

![Graph showing share of financial and physical savings from 1993-94 to 2011-12.]

*Source: National Sample Survey Organisation*

Figure 2.1 shows that the share of financial savings was higher than that of physical savings 1993-94 to 1998-99 but thereafter share of physical savings exceeded the financial savings. Another way of putting the composition of savings into rural and urban share is shown in figure 2.2 and 2.3.
In this context this research sought to understand what at least at the micro level, led households to prefer certain saving channels over others. This was done through examining the saving patterns of households in Thevara in Kochi City. The savings patterns of savings in Kochi it was hoped would give insights into the general behaviour and preferences of Indian household decisions with regards to savings.

Analysis based on primary data begins with an analysis of income and expenditure of the households. Table 2.1 shows the details of the same.

**Table 2.1**

<table>
<thead>
<tr>
<th>Income and expenditure of Households</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Variables</td>
<td>In ₹</td>
</tr>
<tr>
<td>Mean monthly household income</td>
<td>21315</td>
</tr>
<tr>
<td>Mean monthly household expenditure</td>
<td>16048</td>
</tr>
<tr>
<td>Mean monthly household savings</td>
<td>5266</td>
</tr>
<tr>
<td>Mean number of members</td>
<td>4</td>
</tr>
<tr>
<td>Mean number of members (Income)</td>
<td>1.55</td>
</tr>
</tbody>
</table>

*Source: Computed from primary survey*

The mean monthly income worked for a household in the urban setting is higher than that of Kerala (₹ 18049). It is higher by 18.09 per cent. This may be attributed to the urban characteristics the difference in the period reference. While the former relates to the year 2015, the latter refers to the year 2013-14. The comparison of the income proves that Thevara people have a better household income comparatively to the general community in Kerala.
higher education level of Thevara and Thevara’s location in the urban sector could be main reasons. The average number of household members in a family of Thevara is 4 and 1.5 contributes to the income of the household. The monthly average savings is calculated as ₹ 5266 which comes to the extent of 24.71 per cent of income. This is also exhibiting the feature of urban character. Diagram 2.1 presents the data regarding the preference towards the type of savings.

![Diagram 2.1](image)

**Diagram 2.1**  
Preference towards the type of Savings

*Source: Computed from primary survey*

It is of interest to see that 61 per cent of the people of the selected urban setting prefer to save in financial channels of the saving channels. This was contradictory with the published data where the share of financial savings are declining comparatively savings on the physical assets according to NSSO research findings. Diagram 2.2 shows the reasons for the preference towards financial savings.

Liquidity is the top reason to prefer to save in financial intuitions by the people of Thevara. This is justifiable because the average monthly savings is around ₹ 5000 which are not adequate to acquire high value physical assets. The security of savings in banks is the second top reasons for savings in financial institutes and 37 per cent at an overall level prefers bank deposits over any other saving sources. Among the people who prefers saving in financial channels the higher source of preference is bank deposits weighted at 61per cent. The tax incentives or other benefits come as the tertiary level as currently no tax or any other incentives are provided to people. Also majority of the people do not fall into tax brackets and hence those reasons have minor impact.
Diagram 2.2

Reasons for selecting financial savings

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial institutes provide liquidity</td>
<td>95%</td>
</tr>
<tr>
<td>Financial institutes provide more security</td>
<td>68%</td>
</tr>
<tr>
<td>Other (tax incentives/ other benefits)</td>
<td>26%</td>
</tr>
<tr>
<td>Financial institutes provide more returns</td>
<td>16%</td>
</tr>
<tr>
<td>Tax incentives</td>
<td>5%</td>
</tr>
<tr>
<td>Favourable govt policy</td>
<td>5%</td>
</tr>
<tr>
<td>Favourable economic environment</td>
<td>5%</td>
</tr>
<tr>
<td>Favourable economic environment</td>
<td>5%</td>
</tr>
<tr>
<td>High inflation</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Computed from primary survey

Diagram 2.3 shows the reasons for selecting physical savings. Profitable returns were considered as one of the key reasons to invest in physical assets and considerable level of liquidity has also considered in investing physical assets like gold. The most preferred source of saving on physical assets was land. We also see a higher tendency of shifting of savings from physical assets to financial institutes if the liquidity, returns and security factors are assured. When investigating in savings behaviour 71 per cent strongly believes they would save more if their incomes were improved than the current income. 36 per cent are disagreeing that they would consider financial institutions in savings if their incomes are improved while 58 per cent prefers financial institutes to save given the condition their incomes are better.
Diagram 2.3

Reasons for selecting physical savings

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical assets provide more returns</td>
<td>67%</td>
</tr>
<tr>
<td>Physical assets provide liquidity (Easy to...</td>
<td>58%</td>
</tr>
<tr>
<td>Physical assets are trustworthy</td>
<td>33%</td>
</tr>
<tr>
<td>Physical assets provide more security</td>
<td>33%</td>
</tr>
<tr>
<td>Other</td>
<td>17%</td>
</tr>
<tr>
<td>Favourable govt policy</td>
<td>8%</td>
</tr>
<tr>
<td>Favourable economic environment</td>
<td>0%</td>
</tr>
<tr>
<td>Tax incentives</td>
<td>0%</td>
</tr>
<tr>
<td>High inflation</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Computed from primary survey

74 per cent i.e. majority compares the returns before they make investments decisions and but 45 per cent do not get any advices on savings who have previously saved in same sources. Only 55 per cent is aware of the current interest rates of the banks though the top ranked source of savings .We see marginal propensity to save (MPC) as 0.2 which shows the relationship between income and savings which is very low. So it is important to take more measures in improving number of household members who contributes to income to boost savings in the area.

To conclude saving pattern shows that the preference towards physical saving is not very much established in the local urban setting. The major reason for the preference towards financial savings is the low amount of saving the households have which cannot be invested in land or building. The poor MPC establishes this fact which needs redressal at policy level.
Consumption and Savings Patterns in the Fishermen Community

The fisheries economy of Kerala has two sectors: traditional and mechanised. The traditional sector has two areas: the marine and the inland. The fishing economy consists of three operations: harvesting, processing and marketing of fish. Harvesting or catching of fish contributes 66 per cent of the work force in the fisheries sector (Mathew 2000, p.24). Who are the traditional fisher folk? According to Thomas Kocherry in the paper —suggestion for improvement of socio-economic status of traditional fisher folk‖, the traditional fisher folk are all those men, women and children who earn a livelihood by involving in harvesting, handling, processing and marketing of fish and fish products. Therefore traditional fishermen folk include 1) Artisan fishermen, working on non mechanised and motorised crafts in coastal waters 2) Fishermen working on mechanised boats in coastal waters 3) Workers at fish landing centres involved in unloading, sorting and icing. 4) Workers involved in traditional methods of fish curing and drying. 5) Workers involved in prawn peeling sheds. 6) Workers in fish processing firms. 7) Workers involved in marketing of fish inside the state. They include men, women and children. They need not belong to the fishing castes as well. Even in the above stated definition, one could see anomalies if it is analysed in the context what the present situation is offering. There are middlemen proactive at the landing centres and markets and trade union — again both at landing centres, harbours and markets and so on — eating away the pie meant for traditional fishermen.

The ability to earn income is an important aspect of modern society. Traditional fishermen are having a hard time to compete with —modernized‖ fishermen not due to factors such as efficiency or ability but rather due to government impetus to focus on mechanization or —modernization‖. Government of Kerala’s Department of Fisheries in its website states, —The socio-economic condition of the fisher folk in the State is pitiable, when compared to the general section of the population. Backwardness is the hall mark of fishermen. They are in the grip of subsistence economy and indebtedness is a normal aspect of their life. This naturally leads to a poor consumption and saving levels.
3.1 Research Problem, Questions and Objectives of the Study

The traditional fisher folk are one of the outlier communities in the state and are left out of the overall development process mainly due to the marginalization of this community both in the sea and in the market due to modernization and mechanization of the sector during 1960s. These factors, together with resource depletion resulted in the backwardness experienced by the traditional fishermen compared to other communities who were reaping the benefits of the overall development scenario. Employment in this sector is seasonal in nature and technological advancement has made traditional fisher folk more marginalized from the mainstream society due to income inequality and livelihood insecurity (Rajasenan and Rajeev, 2012).

The fishermen that are referred in this study are –Artisan Fishermen‖ meaning these are fishermen —working on non-mechanized crafts! (Dhanuraj, 2004 citing Kochhery, 2000). Moreover, these are inland fishermen. Kerala has a sizeable number of inland as well as marine fishermen. These fishermen have been a part of Kerala for thousands of years; documents from as early as the 1st century CE mention of fishing communities residing in the state of Kerala (Kurien, 2001, citing Ray, 1993). With cultural roots that may be one of the deepest in the country, the fisher folk of Kerala are preservers of important indigenous knowledge and skills. In the midst of these achievements, there are certain —outliers‖ in the State economy. Scheduled tribe, scheduled caste, and fishermen etc are some examples often cited by academicians as outliers. The question is how far the Kerala’s peculiar development experience is reflected on these people, especially, fishermen community?

In a bid to find if traditional fishermen are indeed disenfranchised, this research looked at consumption patterns in a community of fishermen residing in Thevara, Kochi, Kerala. Particularly, this research looks at the differences in food and non-food consumption expenses in these fishermen households to identify if differences exist between these two aspects of consumption. Similarly, the savings pattern of these individuals was also inquired upon. In order to get a better idea of savings, dissipating or borrowing channels were also inquired upon. The figures about consumption are also compared with corresponding values of the general Kerala population, scheduled tribes, and scheduled castes.

The study aims to find out if and to what extent savings and consumption habits of Kerala fishermen households differ from the average of general Kerala Population.

*R* What is the expected income (monthly)?

*R* What are the sources of income?

*R* What are the expenditures on food items and non-food activities of households in fishermen village in Thevara?
What are the main channels of savings?

In line with research problem questions, and objectives the following broad objective has been set up for the study.

To identify the patterns of consumption and savings in the fishermen community in Kerala and compare it to entire population of Kerala.

3.2 Major Findings

To begin with certain background information about the households can be gathered. The number of family members, number of dependents, nature of dwellings, and educational levels can be understood. Diagrams 3.1, 3.2, 3.3, and 3.4 show these aspects.

Diagram 3.1 shows that the households with four members and more than four members in the family have equal proportion of members. This constitutes 35 per cent each. The rest belongs to the size less than four members in the family. Though the percentage of family with more than four members is slightly high as compared to the general picture of Kerala, it is not a major worry because majority belongs to the other two groups. Hence it can be argued that on the one hand sample in the study being outlier i.e. traditional fishermen a slightly high proportion of large size family has been noticed but on the other even this outlier class follows the family norm as majority belongs to the first two groups.

The dependent data makes it clear that number of households with more than two dependents is the highest. It is almost 50 per cent of the total. Almost 35 per cent of households have 2 dependents in the family. When it is read along with the number of family members it is understood that large family size is due to the number dependents, not because of more number of children. The dependents are either the parents of household head or parents of spouse.

The nature of house and educational level are shown in diagrams 3.3 and 3.4.
Most of the households (more than 93 per cent) reside in their own houses. The structure of the house is not RCC type for all. It is both tiled and RCC. However, the houses are of small sizes. Educational level of household heads is given in diagram 3.4 and it depicts that 39 per cent of them have 9th to 10th standard level of education. This is followed by less than 5th grade with 29 per cent. Hardly 10 per cent of the household heads have education level of above 10th standard. Kerala’s high educational level is reflected on the traditional fishermen with the exception that there are no household heads with higher level of education; the reason is that it is an outlier community. However the educational level of family members will give us an exact picture about this. It is evident from diagram 3.5 that almost 35 per cent of the family members have education of degree and above. It means that the successive generation utilizes the opportunity of higher education even among the traditional fishermen. This phenomenon cannot be generalized because this particular class resides in the urban area and quite access to educational facilities. 50 per cent of them, however, have education up to 10th standard and the rest with 11 to 12th standards of education.
Income, consumption, and saving

The households surveyed have not furnished data relating to the income level but they have reported the number of working members in the household. Diagram 3.6 depicts the details of number of working members.

Diagram 3.6
Number of working individuals in a Household

Source: computed from primary survey

Most of the families i.e. 61 per cent have one working member only. While 35 per cent families have two working members and the rest 4 per cent families have more than two working members. It is found that the most of the additional working members engage in fishing related activities or other unskilled jobs. Diagram 3.7 shows that 42 per cent of supplementary income earners (secondary income generating members) depend on fish vending.

Diagram 3.7
Secondary income generating activities of Family members of Households
This is followed by other activities, driving, and domestic services respectively. Other services include welding, polishing and sewing nets etc. They constitute 23 per cent of the total working members. The other two categories constitute 16 per cent each and only 3 per cent is employed in the government sector. It gives the impression that they are not high or even moderate income earners. They are merely bread winners in the family.

The consumption expenditure has been examined by taking data on expenditure on food items and non-food items. Consumption is defined as a household expenditure on food and non-food items. Diagrams 3.8 and 3.9 depict the expenditure on food and non-food items respectively.

**Diagram 3.8**
Expenditure on food items (weekly)

**Diagram 3.9**
Expenditure on non-food activities (weekly)

*Source: computed from primary survey*

It is made clear that the expenditure of most of the households is in the bracket of ₹ 501 - 1000 per week. This is followed by the next expenditure bracket of 1001-1500. The marginal propensity of food consumption per individual is high in case of fishermen village in Thevara. When the food expenditure stated by the respondents (traditional fishermen) was briefly compared with the information obtained from NSSO, a difference between the per capita food consumption (₹.1155) for individuals living in the community and the average per capita food consumption expenditure (₹.1260.23) for Kerala was noticed (NSSO 68th round, pg 56). Similarly, the per capita non-food consumption expenditure for Kerala was ₹.2148.22 for the 2011-2012 fiscal year (NSSO 68th round) where as it is ₹ 1272 for fishermen in the study area.

Based on our survey and information provided by the government there was a t difference between expenditure on food items in fishermen village in Kerala and food expenditure by SC and ST communities. The NSSO reports MPCE on food items of ST in Kerala were estimated at ₹ 964.92 where as it was ₹ 953.16 for SC community which are lower than that fishermen community in the urban setting. While the per capita non-food consumption expenditure for
STs and SCs are reported as being at ₹ 1228 and ₹ 1075 respectively. However, the fishermen from the community where the survey was conducted do better in terms of average Monthly Per Capita Consumption expenditure than Scheduled Tribes (ST) and Scheduled Castes (ST). However, a comparison may not be immediately possible because the community where the fishermen resided belonged in an urban area whereas the Ministry of Home Affair claims that the— the share of STs in urban areas account in a meagre 2.4 percent of their total population (censusindia.gov.in). This means, the cost of living for our survey groups may have been higher and hence, they may be consuming the same number of goods while simply paying a higher price.

A t-test was carried to compare mean weekly expenditure on food and non-food items. This test was prompted by literature which introduces the concept that inequality is increasing due to non-food consumption. Trends show that an increasing portion of consumption is composed of non-food items. Non-food items include goods such as books, clothes, shoes and services such as education and health. A mean comparison between the food and non-food consumption per capita from the fisherman community (using t-test) showed that the two values were not statistically significant. This implies that while the rest of Kerala has been showing signs of sending more percentage of their income in non-food items and activities—to be precise only 36.97 percent of the total expenditure was made on food for the whole of Kerala—the response gave no indication regarding whether fishermen residing in Thevara were exhibiting such trends.

In respect of saving it is reported that no saving is done by any fishermen community except the assets they acquired. They have small houses along with two or three cents of land, two wheelers, little amount of gold and home appliance like television etc. They have no bank deposits or any other financial form of saving. At the same time they have reported dissaving i.e. borrowing and they are depending on both formal and informal sources for the borrowing. Diagram 3.10 shows this aspect.

Diagram 3.10
Borrowing habits
It is lucky to learn from the diagram 3.11 that 42 per cent of respondents depended on formal sources only for borrowing. This is a sizeable figure as compared to other situations where more than 80 per cent of borrowing is by way of informal source of finance. 61 per cent of the respondents exclusively depended on informal sources of finance. However 29 per cent relied on both informal and formal sources of finance. It again proves that the dependence on informal finance is high among the traditional fishermen community even in the local urban setting. In the case of informal sector borrowing, one respondent stated that the local money lender charged only 5 per cent interest. This is an exceptional case. Similarly, self-help groups such as Kudumbashrees provided household loans. Hence, we can conclude that these individuals were not deprived from the financial sector. This question was relevant because of the seasonality that affects these groups. Almost all of the respondents reported to using borrowing as a means of overcoming income shortfalls during off season. Similarly, they reported to using the peak season’s higher earnings to clear their debts. This is indicative in the survey results as well as all of the respondents reported using surplus income on household expenditures. This implies that these households barely have any financial saving.
Conclusion and Policy Implications

The most important finding of the study is that major share of the consumption basket is occupied by non-food categories in general context of the urban setting. But it is not statistically proved. At the same time, there are significant changes within the food and non-food categories. When it is analysed in the context of fishermen community, same observation has been noticed slightly high weightage with food category in the consumption basket. Expenditure on education is identified as the major item among all items consumed by the households irrespective of general and particular contexts. The major determinants of consumption are income and the number of working members in the households.

The saving pattern shows that there is a preference towards financial saving rather than physical saving, contrary to the general observation. This is largely because of the inability to spend the small savings in land or building. With regard to fishermen community they have absolutely no financial saving, except the physical saving in the form of land and building they have. These inferences invite some policy implications which is taken up in the pursuing section.

Policy Implications

Adequate policy should be developed so as to have fine tune in consumption expenditure towards food and non-food categories.

The dynamics of household savings in India have been conspicuous in policy and academic studies for a long time. Over a long time, policy makers and academics have obsessed over what policies to make to either promote house-hold savings in financial form or in physical form. There should be proper awareness programs for the promotion of financial saving such as the doubt regarding risk element, safety etc.

It was found that there was no significant difference between food and non-food expenditure among the fishermen households surveyed. Over time greater shares of the total household consumption are falling under non-food category. Hopefully, this finding will help bring to light the shortcoming facing the fishing community. The alleviation of these deficiencies will help make members of this community just as viable candidates for the labour market as any other individual.

The fact that the fishermen’s children were receiving higher levels of education and were being employed in other sectors of the economy is a positive sign for the improvement of their livelihood. However, this shift in occupation is also a sign that this profession may be succumbing to mechanization and modernization. A proper trade off has to be maintained for which serious and careful thinking is required.
From the study it has been noticed increase in earnings during peak seasons of fishing and lower earnings during off peak fishing seasons. Measures to ensure income smoothing will reduce income fluctuations and create predictability among Kerala fishing community throughout the year which in turn will give a clear picture of their spending and savings patterns.

The policies relating to consumption and saving patterns play a strategic role in determining the growth trend. Both aspects take care of the sustainability of development too. Those economies with sound domestic demand (consumption) are found to be strong and sustainable economies. A wise strategy to generate adequate domestic saving will help to fuel the process of development. While doing so proper emphasis should be given excluded categories, particularly the outliers like fishermen community.

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