

Analysis Of Consumption Pattern In The Indian Market: A Study Of The Himalayan States

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ABSTRACT

Himalayan states have a burgeoning population with diverse social, ethnic and religious groups, with tourism and agriculture as the main source of income for the majority. In the latter half of the twentieth century, more than 25 million people have been added to the Himalayan landscape. This, in turn, puts more pressure on natural resources in these states. In the ever-changing world, Himalayan societies struggle between tradition and modernity. Traditionally, they lived autonomously in the mountains by hunting and gathering, possibly supplemented by slash-and-burn agriculture. Due to the demand of modern era and globalisation many localities have instilled new forms of social organizations and have forged new appraisals of life that may provide an opportunity as well as create conflict among the mountain communities. With an increase in communication with people of other regions and marketing of products and services as a status symbol- via tourism, internet, spread of television - there is significant change in consumption pattern where the consumer's demand is influenced by not just the intrinsic value but also the extrinsic value of the goods and services. Determining the nature and direction of consumption has significant economic and marketing implications in emerging markets like India. This paper is an analyse of the consumer behaviour using data from Human Development Survey 2004-05 and 2011-12 to explain the nature of consumption pattern and direction of consumer demand of the Indian households of hilly region (Himalayan States), using descriptive statistics on the consumption information of the households across 47 consumption categories.

Keywords: Consumption, Himalayan states, Indian Households-IHDS.

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INTRODUCTION

In this ever-changing world, Himalayan societies are struggling between traditionalism and modernism. People have always been on the move in the Himalayan region. Long-distance trade routes criss-cross the Himalayan ranges, linking Tibet and India, caravans exchanging salt for grain across the rugged terrain for many centuries. Shorter mercantile routes- running across tightly-bounded mountain settings connect the villages and influence the long-standing ties between highland and valley settlements. The seasonal migration of herders, which is a hallmark of high mountain culture, is an important adaption to the environment, requiring people to move considerable distances regularly. The herders trade animal products for grains and vegetables produced by sedentary farmers. Thus, migration is not an alien concept to the Himalayan societies, but the rate of migration, reasons and causes of migration have changed considerably over the years.

In the 21st century, social status is the key motivator of human behaviour and nearly 3/4th of GDP of India is steered by private domestic consumption. In this regard, as compared to other countries, Indian households have maintained a high share of savings at 22 per cent. (WEF *Future of Consumption Fast-Growth Consumers markets India report 2019*) The households aim to have a better life indicated by a pakka house, motor vehicles; all kinds of consumer durables and most importantly, better education. All these modern consumer needs and desires require a certain minimum level of income, which is only possible either in the service sector or quaternary sector (white-collar jobs) of the Indian economy. The bulk of the Himalayan states are agrarian by nature, having traditional farming systems which are not capable to absorb the growing workforce. The modern techniques of farming can absorb the growing population in the Himalayas to some extent but depleting forests and deteriorating environment are inevitable consequences of these modern techniques. The evidence of the same can be found in literature even before the beginning of the liberalisation process in India. In 1979 A. Madhava writes "The unprecedented floods of last year were an awesome reminder if one were needed that the destinies of people living in the North Indian plains are crucially affected by deforestation and deteriorating mountain environments in the Himalayan foothills. Deforestation in the hills is, in turn, the direct outcome of a certain complex of agricultural and animal husbandry practices which were relatively harmless in the context of low population density, but are proving to be highly destructive of the environment in the context of high and rising population density. The stunning realisation is beginning to dawn on a hard-hit people that what we have taken to be natural catastrophes or Acts of God are the cumulative consequences of destructive and unsustainable patterns of human livelihood. Eco- catastrophes and environmental disasters turn out to have been largely caused by untenable economic practices" (Ashish, 1979) Thus, heavy reliance on agriculture of Himalayan states leads to uncertainty of income and in turn of consumption. A similar situation prevails in other emerging markets like Kenya; "the dry land mountain area has a bimodal rainfall pattern, which leads to frequent crop failure. In recent studies, the majority of the members of the community indicated that temperatures have increased over the years, thus leading to more and prolonged drought. Due to this, farmers have had frequent crop failures and must rely on alternative sources of food and income. Additionally, there is a lack of development of basic services and infrastructure. Marketing facilities are poorly developed, which makes roads impassable during the rainy season". (Bernard Owuor, Siri Eriksen, & Wycliffe Muta, 2005a). The result of the growing population, deteriorating environment and declining opportunities is increasing the incidence of poverty.

In the mountainous regions of the Hindu Kush Himalayas, the poverty rate, on an average, is 5% higher than the country as a whole. The parameters of the poverty vary considerably, the most prominent being poor physical access and lower access to basic amenities. Self-reliance has been a key feature of mountain people in the earlier times but due to increasing uncertainties, modification of resource management, insufficient access to finance (formal institutional channels), and technology, declining natural resource

base and inadequate integration into the value chains and markets has caused marginalisation of the poor and susceptible members of the society, and hence greatly affected their capacity to effectively deal with changing scenario and take advantage of emerging opportunities to pull themselves out of poverty. Within this self-reliant framework, one of the possibilities specific to hilly states, is to have a substantial land size suitable for horticultural. However, the diminishing returns to the land due to small land size or few economic alternatives due to crowded rural settings lead to out-migration from these states to other regions out of desperation to fulfil their consumption needs. For example, many families of Ladakh migrate from rural area to the urban area of Leh, due to geographical and socioeconomic processes. The people are allured by higher living standards, better employment opportunities, higher wages, better access to basic amenities (health care, educational opportunities, communication infrastructure), and access to a larger avenue of diverse food items and manufactured goods.

Thus, the main reason behind migration in modern time is to fulfil various consumption needs, which is impossible with the traditional self-reliant way of the Himalayan societies. Hence, it is important to comprehend the changing pattern of consumption in hilly states, from the policymaking and development perspective.

OBJECTIVE AND METHODOLOGY

Globally, around 2/5th of the mountain people in developing and transitioning economies are susceptible to food insecurity, and half are chronically hungry. Himalayan states of India are the epitome of cultural and biological diversity, crucial tourist destinations and are a source of raw materials to other states. Despite providing key products, they remain amongst the least documented ecosystems, offering least accounted for services. The importance to preserve mountain environmental assets and sustain the local livelihoods of the fragile ecosystems is clearly stated in the outcomes document of Rio+20 (United Nations 2012:*FutureWeWant*.) and United Nations Conference on Environment and Development's Agenda 21 (Chapter 13, United Nations 1993:*Agenda21*). The objective of this study is to analyze the consumption pattern of the households of the three Himalayan states of India, namely Jammu and Kashmir (JK), Uttarakhand (UT) and Himachal Pradesh (HP). These three hilly states are strategically important for the overall sustainable growth and development of the Indian society as they provide with essential goods and services to the significant proportion of the population. In addition to comprehending the required policy decisions for sustainable development, studying the consumption pattern of these states provides with useful insights into the potential markets within India.

This study includes unit-level data taken from Indian Human Development Surveys (IHDS) of 2004-05 and 2011-12. Using descriptive statistics, we look at the changes in the consumption pattern of hilly states in the context of India. The data has been collected from a sample of 41,554 Indian households across all 33 states and union territories in 2014. It includes a sample of 27,010 and 13,126 households from rural and urban area respectively. The second round of interviews (IHDS II) was conducted in 2011, which consisted of a sample of 42,152 Indian households. It covered 1420 villages and 1042 urban areas across India. 83 per cent of the households were re-interviewed during the IHDS II.(Desai & Vanneman, 2015)The two surveys (IHDS I and IHDS II) provide detailed information about the consumption information of the households.(Desai & Vanneman, 2005) In IHDS I 47 categories were considered and during IHDS II 52 categories were considered at the household level, using questionnaire items well established in the literature. This data has been used to for descriptive statistics in this study, where necessary categories have been clubbed together for comparison amongst the two surveys.

Changes in the Expenditure (2004-05 and 2011-12)

Using the consumption information gathered by the IHDS surveys across 47 categories, the items have been classified under five major categories. The first classification of items is on the basis of goods which are available to the households in public distribution shops (PDS). This category includes rice, wheat, sugar, kerosene, and other cereals. Expenditure on all the other food items is categorised under Non- PDS category. This includes cereal products, pulses and pulses and pulse products, meat/chicken/other non-vegetarian food items, sweeteners, edible oil, eggs, milk, milk products, vegetables, salt & spices, other food items, pan/tobacco/other intoxicants, fruits & nuts and eating out. The third categorisation includes expenditure on medical out-patient, medical in-patient, school/ private tuition fees (including college fees), school books, and insurance premium, which reflects expenses by the household towards the human development (HD from here onwards). Insurance premium here is assumed to be either on life insurance or health insurance. The fourth categorisation is of conspicuous goods (CG). Based on prior research 12 items have been classified as conspicuous (entertainment, house rent, clothing/ bedding footwear, furniture & fixture, recreational goods, jewellery/ornaments, transport equipment, other personal goods, repair & maintenance, vacation, social functions). (Jaikumar, Singh, & Sarin, 2018) (Roychowdhury, 2017) (Khamis, Prakash, & Siddique, 2012) The 12 items meet the two criteria for defining conspicuous goods. First, being readily visible, observable by others and secondly, creating the perception that households consuming these items are on an average better off than those consuming less. All the other miscellaneous items are labelled under the head “others”. It included fuel/light, telephone/internet charges, personal care, toiletry, household items, conveyance, conveyance tax/fee, service servants, crockery, household appliances, therapeutic appliances.

Table 1: Category-wise percentage expenditure of the states

2004-05				2011-12			
States Categories	JK	UT	HP	States Categories	JK	UT	HP
PDS	12.7	13.8	10.2	PDS	5.8	10.0	8.3
Non-PDS	33.8	32.6	30.9	Non-PDS	30.5	36.0	33.8
HD	13.3	17.7	16.8	HD	16.6	17.7	17.6
CG	23.8	19.2	27.3	CG	25.1	16.6	20.2
Others	16.4	16.1	14.8	Others	21.5	19.8	20.1
Total	100	100	100	Total	100	100	100

Authors' calculation from unit-level data

The total expenditure on food items including PDS (includes kerosene which is mainly used for cooking) and a Non-PDS item as a share of the total expenditure of the household of Jammu and Kashmir (JK) has declined from 46.5% to 36.4% in the year 2004-05 and 2011-12 respectively. Food items which are available at public distribution shops show a decline with the largest decline in the expenditure on rice (Table 2). Food items which are not available at PDS show nominal changes with expenditure on meat and milk the largest in magnitude (Table 3). The total expenditure on food items as a share of the total expenditure of the household of UT has not changed between the year 2004-05 and 2011-12. There has been a decline in the expenditure on rice and wheat by 1.4 % and 1.3%, respectively (Table 2). Food items which are not available at PDS show nominal changes, with a slight increase in the expenditure on vegetables by 1.4% (Table 3). The total expenditure on food items as a share of the total expenditure of the household of HP has not changed between the year 2004-05 and 2011-12, with an increase in expenditure of only 1%. In contrast to JK and UT, there has been an increase in the expenditure of rice (slightly) and a decline in the expenditure of wheat, like others (Table 2). In the Non-PDS food items, there has been a significant increase in the expenditure on milk and vegetables with an increase of 3% and 2.3% respectively, which significant decline of 3.5% in the expenditure on milk products (Table 3).

Table 2: Percentage expenditure of the states on PDS items

STATE PDS	JK		UT		HP	
	2004-05	2011-12	2004-05	2011-12	2004-05	2011-12
Rice	8.7	3.4	5.1	3.6	3.4	3.5
Wheat	1.9	1.4	5.4	4.1	3.8	3.1
Sugar	1.2	0.7	2.5	1.7	1.8	1.3
Kerosene	0.5	0.2	0.7	0.5	0.3	0.1
O. cereals	0.4	0.2	0.1	0.1	1.0	0.2
TOTAL	12.7	5.8	13.8	10.0	10.2	8.3

Table 3: Percentage expenditure of the states on Non-PDS items

STATE NO N-PDS	JK		UT		HP	
	2004-05	2011-12	2004-05	2011-12	2004-05	2011-12
Cereal Products	1.5	0.7	0.6	0.9	0.6	0.6
Pulses & Pproducts	1.7	1.4	3.2	3.0	3.0	3.0
Meat/Chicken/Fish	3.9	3.0	1.7	2.2	1.4	1.6
Sweeteners	0.3	0.4	1.0	0.7	0.7	0.5
E. oil	3.4	2.7	4.0	3.7	3.1	3.5
Eggs	0.4	0.5	0.3	0.6	0.1	0.2
Milk	6.5	7.1	8.4	8.4	6.8	9.8
Milk products	1.7	1.7	1.9	1.6	5.9	2.4
Vegetables	4.6	4.4	4.0	5.4	2.8	5.2
Salt & Spices	2.2	2.6	1.8	2.2	1.2	1.7

Other food items	3.1	2.4	1.8	2.4	1.8	1.8
Paan/Tobacco	1.4	1.0	1.9	1.7	1.8	1.4
Fruits & Nuts	2.2	2.0	1.8	2.2	1.1	1.6
Eating out	0.7	0.8	0.3	0.9	0.6	0.6
Total	33.8	30.5	32.6	36.0	30.9	33.8

Authors' calculation from unit-level data

Notes: O. Cereal=other cereals; Cereal products includes bread, muri, noodles, maida, etc; Pulses & Pproducts= Pulses & pulse products; E. oil =edible oil and vanaspati; milk products consists of ghee, butter, ice cream, milk power, dahi, paneer, etc; Other food items= tea/coffee, processed food;

To negate the effect of globalisation processes on the marginalised mountain people, the market for milk and milk products needs to be developed, as milk is a product with commercial value, especially when processed. This creates a win-win situation as milk production is one of the core activities in most mountain regions of the world, which provides regular and sure income to the resource lacking farmers. Reider and Wyder suggest that in most developing countries, substantial rise in urban growth would provide simulating prospects for milk producers and hence higher demand for milk would improve the scenario of mountain landscape when market access would be granted. (Rieder and Wyder 1997)

Milk production is comparatively of low profitability in the hilly states. Both natural pastures and permanent fodder crops get affected by limited access to land and water constraint. Milk production is attractive only to farmers who have enough crop residues which makes up for lack of fodder as farmers tend to shift away from labour-intensive crops toward extensive ones when more land is available. Further improvement in the transportation (physical infrastructure) and favourable tax policy is most relevant in order to attract milk processors to these hilly states. (Bernet, Saal, & Walker, 2001)

Table 4: Percentage expenditure of the states on HD items

STATES HD	JK		UT		HP	
	2004-05	2011-12	2004-05	2011-12	2004-05	2011-12
Med expenses	4.9	5.0	6.5	4.3	5.4	3.9
Med (in-patient)	2.2	3.3	2.9	3.4	3.1	4.0
School/ Tut fees	3.6	5.4	3.2	6.4	2.3	4.2
School books	1.6	1.6	4.2	1.8	4.1	2.2
Ins premiums	1.1	1.3	0.8	1.7	2.0	3.3
Total HD	13.3	16.6	17.7	17.7	16.8	17.6

Authors' calculation from unit-level data

Notes: Med Expenses = Out-patient services; Med (in patient)= medical in patient; School/ Tut fees= School/ Private Tuition Fees (includes college fees); School books= School books and other educational articles; Ins Premium= Insurance Premiums.

Factors that reflect the human development of the household have been clubbed together to look at the expenditure on health and education. The three states taken into consideration are predominantly rural societies, but educational attainment is amongst the best in the country. In JK there has been a significant increase in the expenditure on education. The increases in the expenditure on school and college fee have risen by 1.8% and expenditure on health care has risen by 1.3% [0.2 of on medical (out-patient) expenses and 1.1 on medical (in-patient) expenses]. In UT and HP there has been a significant decline in the expenditure on medical out-patient services by 2.2% and 1.5 respectively over the period. The expenditure on education has increased significantly by 3.2% in UT and by 1.9% in HP on school or college fees. HP successfulness in terms of education is known from policy literature and data from the National Sample Survey (NSS) 2011-12. But expenditure on school books and other study material has declined by 2.4% in UT and 1.9% in HP. One of the plausible reasons behind the same is due to the free provision of books and school dresses under the Right to Education Act, 2009.

Table 5: Percentage expenditure of the states on Conspicuous Goods

STATES CG	JK		UT		HP	
	2004-05	2011-12	2004-05	2011-12	2004-05	2011-12
Entertainment	0.5	0.6	0.1	0.3	0.1	0.1
House rent, rent	0.1	0.2	1.1	0.6	1.2	1.1
Clothing/bedding	3.1	2.4	3.1	1.9	3.3	2.3
Footwear	1.6	0.8	1.0	0.9	1.7	0.9
Fur & Fixtures	0.5	0.8	0.1	0.4	0.4	0.4
Recreation goods	0.3	0.2	0.2	0.5	0.3	0.2
Jewelry/Ornaments	1.5	5.2	1.0	3.0	1.5	3.4
P transport equip	2.1	1.2	0.3	1.8	1.5	1.1
Other personals	0.5	0.7	0.1	0.7	0.2	0.3
Repair/maintenance	4.6	4.3	5.1	1.3	7.9	2.9
Vacations	0.1	0.6	0.5	0.7	0.3	0.7
Social functions	9.0	8.0	6.4	4.5	9.0	6.7
Total	23.8	25.1	19.2	16.6	27.3	20.2

Authors' calculation from unit-level data

Notes: Rent includes rented household applications and furniture; Fur & Fixtures= Furniture and Fixtures; P transport equip= Personal transport Equipment.

The existing literature argues that the non-increasing return to education and lack of saving routes (financial intermediaries) result in conspicuous consumption, especially in the rural area with high-income inequality. This is a general result but the three hilly states considered in this study have a peculiar nature of low inequality and low income per capita. As discussed in Scaling the heights, HP is stable, inclusive, cohesive and stands apart in many aspects from other states in Northern India.(Das, Kapoor, Tas, & Zumbyte, 2015) JK has a minor increase in the expenditure on conspicuous goods and HP and UT have a decline in the expenditure on conspicuous goods and services.

Majority of the population belongs to rural settings in these three states and the last decade there has been negligible growth in the rural income, which has resulted in a decline in the expenditure of clothing and footwear and other related conspicuous items listed in the table. The expenditure on jewelry and ornaments has increased in all the three states with the highest increase in expenditure of JK, which increased from 1.5% in 2004-05 to 5.2% in 2011-12 as a share of total expenditure. An important fact to be noted here is that the decline in repair and maintenance is due to the nature of the question asked to the respondent. The question has only enquired about repair and maintenance of the existing or the old house of the individual. A repair and maintenance enquiry does not consider the shifting of the individual to the new house. As income rose, non-productive household consumption also increased. The most impressive sight in the countryside is that most households had rebuilt their houses, replacing straw roofs with tiles. Many villas, constructed with modern building materials, also materialized along the river banks, representing a trend for the future. This can also be observed with the help of correlation between expenditure on light/fuel by the household and expenditure on the repair and maintenance. When the person moves to a new house, the expenditure on fuel and light goes up and expenditure on the repair and maintenance goes down.

Table 6: Percentage expenditure of the states on Miscellaneous Goods

States Others	JK		UT		HP	
	2004-05	2011-12	2004-05	2011-12	2004-05	2011-12
Fuel& Light	4.0	5.9	5.5	5.4	3.7	5.6
Tele, Internet	1.9	2.6	1.5	2.3	2.8	2.4
Personal care	0.3	0.1	0.1	0.1	0.1	0.1
Toilet Articles	1.4	1.3	1.2	1.6	1.0	1.4
HH items	1.4	1.9	2.0	2.5	1.8	2.1
Conveyance	5.8	7.7	4.8	6.2	3.7	6.8
Consumer tax/fees	0.4	0.2	0.3	0.5	0.9	0.4
Services	0.8	0.7	0.5	0.6	0.5	0.7
Crockery & Utensils	0.2	0.4	0.1	0.2	0.2	0.4
C HH appliances	0.2	0.5	0.2	0.2	0.2	0.2
Therapeutic app	0.0	0.1	0.0	0.1	0.0	0.0
Total	16.4	21.5	16.1	19.8	14.8	20.1

Authors' calculation from unit-level data

Note-Tele, Internet= Telephone, Cable, Internet; HH items= Household items (includes electric bulb, bucket, insecticide, etc.); Services includes domestic servants, others; HH appliances= Cooking and Household appliances; Therapeutic app= Therapeutic appliances.

Expenditure on fuel and light as a share of total spending by the household has increased in the states of JK and HP, with no change in the expenditure of UT. Expenses on the telephone, internet charges, television charges etc. have increased in the state of JK and UT due to the introduction of these at the beginning of the 21st century. In the state of HP which already had these amenities before its introduction in the other hilly states, the expenses have been on the decline from 2004-05 to 2011-12 due to the decline in the call rates, internet charges, television charges, etc. The largest change in the expenditure in this section is due to the increase in expenses on conveyance. The expenditure on conveyance has increased for all the three states with the largest increase in the state of HP by 3.2% from 2004-05 to 2011-12.

Table 7: Percentage expenditure by Rural and Urban Households.

Rural-Urban Category	Rural		Urban	
	2004-05	2011-12	2004-05	2011-12
PDS	12.7	8.4	9.5	6.0
Non-PDS	32.6	33.2	31.2	29.7
HD	15.6	16.3	16.2	18.7
CC	26.1	21.7	23.2	21.8
Left	13.0	20.4	20.0	23.7

Authors' calculation from unit-level data

According to the census of 2011-12, 90% of HP, 70% of UT and 73% of the population are in the rural area (Appendix1). In the rural areas, the share of food expenditure in total consumption expenditure declined from 45.2% to 41.6% (including kerosene) and in the urban areas, the share of food expenditure in total consumption expenditure declined from 40.6% to 35.7 % respectively during the period 2004-05 to 2011-12 (including kerosene). Expenditure on items available at PDS has significantly for both rural and urban areas by 4.3% and 3.5% respectively. Other food items under Non-PDS category in the rural area show some increase by 0.6% and urban areas have increased consumption expenditure of Non-PDS items by 1.5%.

Both the urban and rural areas have increased their spending on school/college fee as a share of total expenditure. In the rural area, the expenditure increased from 1.98% in 2004-05 to 4.41% in 2011-12 and in the urban area, the expenditure increased from 4.4% to 7.4%. Expenditure on school books shows a significant decline in both areas. The hilly terrain and low population density in small villages create an incentive for collaboration, reinforces inter-dependence, helps transcend caste divisions, and strengthens networks across different groups. The expenditure on PDS and Non-PDS items has declined for all the social groups, except for Dalits with an increase in expenditure of 4.8% on Non-PDS items (Appendix 2).

Expenditure on Human development goods and services has increased significantly for Adivasis and Muslims. Expenditure on conspicuous goods has declined for all social groups in line with general trend except for Brahmins and Other Backward Castes, with an increase of 4.7% and 3.7%, respectively. Expenditure on miscellaneous goods (labeled as others) has significantly increased for all social groups. Additionally, there is convergence in the rural and urban area expenditure trend, where the rural area is following the trend of the urban area. This represents the socio-economic inclusion of the states, especially in expenditure on items available at PDS, those for human development, and other miscellaneous items. This convergence has been also been mentioned in the report, where it predicts that the gap of the urban-rural divide will diminish significantly.

CONCLUSION

In the post-globalisation and liberalisation era, the growth rate of the Indian economy has increased significantly, with the share of industry and service sector in GDP increasing tremendously but that of agriculture, employing the largest share of working people decreasing over time. The fruits of globalisation and liberalisation process in the Indian economy have favored domestic business houses and multinational companies on one hand, and on the other hand, adversely affected the marginalised groups like those living in mountain states. Agriculture had been the main source of livelihood for Indian rural masses during the pre-liberation era, as two-thirds of the workforce was directly or indirectly employed in the agricultural sector with rural India being home to three-fourth of the poor in the total population. The process of economic liberation had ignored the well-being (social sector-education and health) of people in the agricultural sector or rural India as if it were non-existent. (Deepak Nayyar, 2017). To improve the same, the expenditure pattern of the states is changing, where less is being spent on the consumption of conspicuous goods and more is being spent on education by the household (in contrast to findings of the other papers). Conclusion and implications-

- A) Expenditure on PDS items has declined and increased on Non-PDS items ,mainly milk, fruits, vegetables, etc
- B) Marginal changes in case of expenditure on human development, with significant increase in tuition/college fees.
- C) Due to negative growth of the rural income, the on an average expenditure on clothing, footwear and other conspicuous items has declined with expenditure on jewels increasing significantly.
- D) Expenditure has increased on other items, due to significant increase on conveyance and fuel & light.

Indirect implication on the study includes, creating better opportunities in the milk and milk products industries. And in order to appeal to milk processors to these hilly states, further physical infrastructure (road connectivity) improvements and adequate product taxation are required. The provision of greater market access would improve the condition of the mountain people significantly. Additionally, it helps in reducing the pressure of labor on the land as well as reducing the tendency of the rural people to out-migrate to urban areas of their states and to other states. Such improvements are beneficial for businesses as they get to serve India's one billion-plus consumers through innovative and inclusive business models, supported in parallel by a favorable policy environment by the government. Key actors, such as academia and civic institutions, with collaborative efforts, can unlock this potential of the untapped market and help build a beneficial society for consumers.

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APPENDIX

Appendix table 1: Rural-Urban Population of the states

	Rural	Urban	Rural population out of the total
JK	91,08,060	34,33,242	0.73
UT	70,36,954	30,49,338	0.70
HP	61,76,050	6,88,552	0.90

Source: Census 2011

Appendix table 2: Social group wise percentage expenditure

Social Group Categories	Brahmin		Forward caste		OBC		Adivasi		Dalit		Muslim	
	2004-05	2011-12	2004-05	2011-12	2004-05	2011-12	2004-05	2011-12	2004-05	2011-12	2004-05	2011-12
PDS	99	65	9.9	7.0	11.2	7.6	12.4	7.6	13.0	9.7	14.0	7.0
Non-PDS	30.9	30.4	30.6	30.9	36.0	30.8	37.1	32.5	30.9	35.7	34.3	34.8
HD	18.6	16.2	15.9	18.5	15.4	15.9	16.1	20.3	16.3	15.9	13.6	16.7
CC	21.9	26.6	27.9	23.8	21.1	24.8	18.9	18.2	25.5	15.9	24.1	20.6
Left	18.6	20.3	15.6	19.8	16.3	20.9	15.5	21.3	14.3	22.9	14.0	20.9

Source: Authors' calculation from unit-level data