

SPENDING INCREASES IN RURAL AREAS



A recent report has revealed some interesting information for the India area. For the first time in over twenty years, spending has increased in the rural areas of India, much faster than it has in the urban areas. The vast majority of the population in India resides in different rural villages which is why consumption in those areas is typically higher than it is in the cities. The only difference, however, is that while urban spending used to increase more than rural spending, recent research shows otherwise. In fact, over the past few years, spending in rural areas of India has greatly increased by a total of around 19%. In the meantime, the increased spending in urban areas of India had only increased by 17%, so just a bit less than the rural areas. The report shows that individuals living in rural areas are now spending more money on specific items. Some of the items they are spending money on include phones, bikes, televisions and assorted necessities. Even in the poorest of states in India, at least 1 in every 3 households has a cellular phone. The two poorest states are Bihar and Orissa. By 2009, almost half of the households in rural parts of India owned a television, which was an increase of 26% from just five years before. The study shows that many more households now also own two-wheelers than they did just a few years ago, back in 2004 and 2005. The study matches up correctly with data that was released by the census earlier on in the year. The census provided insight on the increasing number of households in the area that now have telephones and mobile phones along with televisions, especially when compared to just ten years before when most of these households did not own any of the three items. It is believed that the change has much to do with household income increases and a number of job opportunities that have been made available in the area, helping more people to find necessary employment to be able to afford such necessities and items. With more jobs being created, fewer people were out of work and were able to bring home an income. There were many job opportunities made available in the construction sector which also led to a boost in consumption. An economist for the CRISIL, Dharmakirti Joshi, says, "To keep the rural growth story intact, the private sector will have to play a larger role, so that India can productively harness the rising working age population in rural areas."