

Household Resilience in Transition: Understanding Consumption Patterns in Maharashtra Across the COVID-19 Timeline

Mrs Nandini Jagannarayan¹ and Dr Asha Prasuna²

Research Scholar, KJ Somaiya Institute of Management, Somaiya Vidyavihar University and

Assistant Professor, RJ College of Arts, Science and Commerce¹

Professor of Economics & International Finance

K. J. Somaiya Institute of Management Studies, Mumbai, Maharashtra²

Abstract: *This article presents a critical review of existing literature concerning the influence of socio-economic factors on household consumption behavior, with particular attention to the transformative impact of the COVID-19 pandemic. Drawing from an extensive range of peer-reviewed studies and empirical analyses, the review explores how variables such as income, gender, family size, educational attainment, and occupational status shape household spending patterns. The analysis distinguishes between expenditure on essential needs—such as food and healthcare—and non-essential or discretionary items, including recreation, dining out, and travel.*

Across most studies, income emerges as the most influential determinant of consumption, followed closely by household size, particularly in contexts where resource constraints are more acute. Households with higher income levels typically spend a smaller proportion on basic needs, allowing for greater flexibility in discretionary expenditure. Conversely, lower-income and larger households often allocate a significant share of their budgets to essentials, leaving limited room for non-essentials. These patterns vary notably between urban and rural settings, with urban households exhibiting more diversified spending, while rural families tend to prioritize necessities due to lower and less stable income sources.

The COVID-19 pandemic dramatically altered these dynamics. With widespread job losses, income disruptions, and heightened health risks, households were forced to reassess their financial priorities. Spending behavior shifted decisively toward core needs—especially healthcare and food—while discretionary spending plummeted, particularly in urban regions affected by lockdowns and service closures. This shift was more pronounced among vulnerable groups, including informal workers and female-headed households.

In reviewing this body of literature, the article identifies critical research gaps, particularly a lack of longitudinal and region-specific analyses in the post-pandemic context. The case of Maharashtra, a diverse and economically significant Indian state, is emphasized as an area requiring deeper investigation. The findings offer timely insights for policymakers and development practitioners aiming to address consumption disparities, promote inclusive recovery strategies, and enhance household resilience in future economic or health-related crises.

Keywords: COVID-19, Socio-Economic Variables, Household Spending, Maharashtra, Literature Review

I. INTRODUCTION

Understanding how families manage and allocate their financial resources is a vital area of inquiry in socio-economic research. Household consumption behavior not only reflects the material well-being of individuals and families but also serves as a barometer for economic stability, poverty levels, and the inclusiveness of growth. The allocation of income



across different expenditure categories—such as food, health, education, housing, transportation, and leisure—provides critical insights into socio-economic disparities and development priorities (Deaton & Muellbauer, 1980; Chattopadhyay & Duflo, 2004).

Traditionally, household consumption has been influenced by a set of core socio-economic variables: income, education, occupation, gender, and family size. These variables act both independently and interactively to shape consumption choices. Income is widely recognized as the most powerful determinant of consumption, with Engel's Law indicating that as income rises, the proportion of income spent on food declines, allowing households to allocate more towards health, education, and discretionary spending (Engel, 1857/1895). Similarly, education often improves financial literacy and alters consumption priorities, leading to increased investment in human capital goods such as healthcare and schooling (Kingdon, 2007). Occupation and employment stability, too, directly affect consumption patterns by determining household cash flow and risk tolerance (Blundell, Pistaferri, & Preston, 2008).

However, the outbreak of the COVID-19 pandemic in early 2020 brought about an unprecedented shock to this established framework. Globally, the crisis led to economic slowdowns, job losses, mobility restrictions, and shifts in health priorities, all of which disrupted household consumption behavior. For households, this meant reassessing priorities, reducing non-essential expenditures, and in many cases, dealing with a decline in income. These shifts were not uniform; they were influenced by a household's socio-economic background, regional location, and access to safety nets (OECD, 2021; World Bank, 2021).

In India, the COVID-19 crisis had far-reaching consequences, particularly for states like Maharashtra, one of the most economically significant and demographically diverse regions. The state saw some of the strictest lockdowns, a high number of infections, and disruptions to both formal and informal economic activities. Households in urban centers like Mumbai, Pune, and Nagpur experienced sudden losses in income, closure of service-sector jobs, and restricted mobility, which in turn led to a noticeable drop in discretionary spending—particularly on leisure, recreation, and dining out (Choudhary & Gupta, 2022). By contrast, rural households faced different challenges, such as disruptions to agricultural supply chains, reverse migration, and limited healthcare access, which influenced spending on food and health differently than in urban regions (Kumar, Sharma, & Patel, 2022).

Recent research highlights the adaptive strategies households employed during the pandemic. Faced with uncertainty and income shocks, many families shifted their expenditure patterns toward essential goods and services. Spending on food, particularly staples, increased in relative terms, while outlays on non-essential goods such as vacations, electronics, and luxury items plummeted (Mehek, Gupta, & Bhattacharya, 2023). Health-related spending also saw a marked increase, particularly in urban areas where the cost of private healthcare became a significant burden, leading to a rise in Out-of-Pocket Expenditure (OOPE). In fact, Mehek et al. (2023) found that OOPE for health surged by over 30% among urban households during the pandemic's peak, forcing many to reduce spending on other essential items.

The pandemic's impact also highlighted and, in many cases, worsened existing inequalities. Economic inequality, especially income disparity and unequal access to public services, played a pivotal role in shaping the magnitude and direction of consumption adjustments. Households with access to digital banking, remote work, and online grocery delivery services could maintain a relatively stable consumption basket. In contrast, marginalized groups—such as daily wage earners, female-headed households, and families without digital access—struggled to maintain pre-pandemic levels of consumption (Ravallion, 2020; Mishra, 2020).

Moreover, gender and household composition were also key determinants of consumption behavior during the pandemic. Women-led households often faced disproportionate burdens, juggling caregiving roles and financial responsibilities with limited institutional support. In Maharashtra, studies observed that such households reduced discretionary spending significantly while prioritizing food and healthcare (Jagannarayan & Prasuna, 2024). Household size further amplified these effects. Larger families, particularly those with elderly members or school-age children, saw a reallocation of spending from external leisure activities to home-based consumption, such as utilities, internet services, and domestic healthcare (Rashid et al., 2024).

Education, too, emerged as a protective factor. Households with better-educated heads or earning members were often better equipped to navigate the crisis. These households not only had greater access to information and financial products but were also more likely to make informed decisions regarding savings, insurance, and investment in health



services (Avjit, 2023). Additionally, such families often engaged in forward planning and demonstrated resilience in maintaining stable consumption patterns, albeit with necessary adjustments.

Occupational status became a critical differentiator as well. Those employed in the formal sector, especially in government or corporate roles, were better insulated from the income shocks that devastated informal sector workers. The informal workforce—which includes street vendors, contract laborers, and small shopkeepers—constitutes a large part of Maharashtra's economy, particularly in urban and peri-urban areas. As economic activity halted, many informal workers saw their incomes evaporate overnight, leaving them with no option but to reduce spending to subsistence levels (ILO, 2020).

Given these diverse and complex patterns, this study synthesizes existing literature to provide a clearer picture of how socio-economic determinants influenced consumption in Maharashtra during the pre-pandemic (2019), pandemic peak (2020), and early recovery phase (2021). By analyzing patterns across income, gender, education, occupation, and family size—and contrasting urban and rural experiences—it aims to provide context-specific insights that can guide future policy. In doing so, it also identifies research gaps, such as the need for more granular, district-level data, or longitudinal studies tracking consumption over time.

In conclusion, while household consumption behavior has always been shaped by socio-economic variables, the COVID-19 pandemic introduced new complexities and intensified pre-existing vulnerabilities. The way households in Maharashtra adjusted their spending in response to the crisis reveals the importance of context-sensitive policymaking, improved social protection systems, and inclusive digital and financial infrastructure. As the state and country move toward economic recovery, these insights can help ensure that future shocks—whether health-related, environmental, or economic—do not disproportionately affect the most vulnerable.

Importance of the Study

Understanding household consumption patterns has always been critical for economists, policymakers, and development practitioners because these patterns serve as a reflection of household priorities, socio-economic well-being, and financial resilience. In the wake of the COVID-19 pandemic, studying these patterns becomes even more crucial. The pandemic drastically changed the economic behavior of households across income groups and geographies, especially in developing states like Maharashtra. This study provides timely and region-specific insights into how socio-economic characteristics—such as income, occupation, education, and household size—shaped spending behavior during a time of global uncertainty.

By comparing pre- and post-pandemic consumption trends, the study helps identify which sections of society were most vulnerable and which areas of consumption were most affected. These insights are important for designing inclusive economic recovery plans and building shock-resilient public welfare systems that are sensitive to demographic and regional differences.

Rationale of the Study

This research was motivated by the observation that traditional socio-economic variables may exert differing influences during times of crisis. Although there is substantial global literature on household consumption, much of it is either generalized or lacks regional specificity. Maharashtra, with its diverse population spread across urban and rural settings, presents a unique case for understanding how various socio-economic factors influence expenditure on essentials like food and health, and on non-essentials such as recreation and travel.

The rationale lies in filling this regional research gap and examining whether commonly accepted determinants of consumption—like income and education—held consistent influence during an economic shock like COVID-19. Moreover, the urban-rural divide in Maharashtra introduces additional complexities, necessitating a closer examination of how policy interventions can be better tailored to each demographic segment. This study also offers a baseline for future research on household economic behavior during public health emergencies and other crises.

Analyzing household expenditure offers crucial insights into how families adjust during economic disruptions like COVID-19. Especially in developing economies such as Maharashtra, understanding changes in priorities between



essential and non-essential spending helps identify economic vulnerabilities. The urban-rural divide further complicates these patterns, highlighting the need for region-specific strategies to support affected populations.

Limitations of the Study

While the study offers valuable insights, certain limitations must be acknowledged:

- **Secondary Data Reliance:** The research depends entirely on existing literature and secondary data sources. The absence of primary data collection means that the study could not directly measure real-time household behavior or verify statistical findings.
- **Limited Regional Generalization:** Though focused on Maharashtra, the findings may not be generalizable to other Indian states or international contexts due to unique demographic and economic conditions.
- **Time Constraints:** The analysis primarily covers the period from 2019 to 2021, corresponding to the pre- and post-COVID-19 phases. Long-term behavioral changes post-pandemic could not be assessed due to the study's temporal scope.
- **Variability in Source Quality:** The reviewed studies differ in methodological rigor, sample size, and geographical focus. These inconsistencies might have influenced the synthesized findings.
- **Lack of Behavioral and Psychological Analysis:** The study focuses on socio-economic determinants without integrating behavioral or psychological factors that may also influence consumption during crises.

Despite these limitations, the study remains an important contribution to understanding regional consumption dynamics in the context of socio-economic and health-related disruptions.

II. RESEARCH METHODOLOGY

A systematic literature review was conducted to evaluate how income, gender, household size, education, and occupation affected spending habits in Maharashtra before and after the pandemic. Scholarly databases like JSTOR, Scopus, and Google Scholar were used to find peer-reviewed sources and relevant reports. Studies were grouped into three major consumption domains: food, healthcare, and non-essential categories such as leisure, restaurants, and vacations.

The analysis applied qualitative techniques to draw trends, highlight comparative differences over time, and assess the depth and rigor of existing findings. This approach allowed for the identification of consistent themes and notable gaps, especially concerning the impact of socio-economic factors during crisis periods like COVID-19.

OBJECTIVES

To examine how socio-economic characteristics—namely income, gender, education, occupation, and family size—influence household expenditure on food, healthcare, and non-essential items in both rural and urban Maharashtra, before and after the COVID-19 outbreak.

Investigate shifts in household spending on food, health, and non-essentials from 2019 to 2021.

Evaluate the role of demographic variables in shaping consumption behavior.

Assess how income and occupational status impact spending patterns in different regions.

Compare pre- and post-pandemic trends in discretionary expenses.

Offer policy suggestions to bridge consumption disparities and improve household financial resilience.

KEY FINDINGS

Spending Behavior Trends

Over the past decade, household consumption patterns in Maharashtra have undergone notable transformation, reflecting broader socio-economic changes and shifts in lifestyle. According to the *Ministry of Statistics and Programme Implementation* (MOSPI, 2024), household expenditures in the state have more than doubled between 2011–12 and 2022–23. This increase is particularly pronounced in urban areas, where rising incomes, improved access to goods and services, and the expansion of the middle class have led to a higher proportion of spending on non-essential items such as entertainment, dining out, and luxury goods. This trend reflects the growing influence of



consumerism in metropolitan regions like Mumbai, Pune, and Nashik, where discretionary spending forms a substantial part of household budgets.

In contrast, rural households continue to allocate a larger share of their budget to necessities, although there has been a modest increase in spending on non-essentials as well. Rashid et al. (2024), in a cross-country comparative study, found that **income** and **household size** remain critical determinants of food expenditure. These findings are especially relevant in the context of rural Maharashtra, where larger families and limited income diversification affect how resources are distributed. As income levels rise, the share of spending on food tends to decrease proportionally, allowing for increased spending in other categories. However, in lower-income and larger households, food remains the dominant expenditure category, suggesting limited flexibility in adjusting consumption patterns.

Pandemic-Driven Changes

The outbreak of COVID-19 led to a dramatic reshaping of household financial priorities. During the pandemic, many families experienced income losses, job insecurity, and disruptions to routine access to goods and services. One of the most significant shifts was observed in healthcare spending. Mehek, Gupta, and Bhattacharya (2023) noted a steep rise in **Out-of-Pocket Expenditure (OOPE)** for healthcare among Indian households, especially during 2020 and early 2021. The burden of increased medical costs, including COVID-19 testing, treatment, protective equipment, and hospitalization, pushed many households—especially those in the middle and lower-income brackets—into financial stress.

As a result, households restructured their consumption patterns, reducing spending on non-essential items to accommodate rising medical costs. This shift was more pronounced in urban households, where reliance on private healthcare facilities is higher and associated costs are substantially greater than in rural areas. The increase in OOPE led to the deferment or complete avoidance of discretionary spending, including education-related expenses, entertainment, and personal care services. This realignment highlights the vulnerability of households in the absence of robust public healthcare infrastructure and financial safety nets.

Comparative Economic Context

The COVID-19 pandemic exposed long-standing systemic challenges in India's public investment strategy. Avjit (2023) critically examined the country's chronic underinvestment in **education and healthcare**, two sectors vital for household resilience and human development. According to his study, the low allocation of government resources to these sectors significantly undermined the capacity of households to withstand economic shocks. This lack of institutional support meant that during the pandemic, many families had to rely on personal savings or informal borrowing to meet basic needs, particularly in health and education.

This underinvestment contributed to widening inequality, as wealthier households had greater access to private services and digital infrastructure, while poorer families were left with limited options. The comparative analysis revealed that in the absence of strong public provisioning, the impact of the pandemic disproportionately affected vulnerable populations—especially those living in rural and peri-urban areas without access to quality education and healthcare. The inadequacy of social support mechanisms forced households to make trade-offs that adversely affected long-term welfare, such as withdrawing children from school or foregoing essential medical care.

Sectoral Impact Post-COVID

The economic ripple effects of the pandemic were felt across various sectors, with the **hospitality and service industries** among the hardest hit. Neha, Singh, and Raj (2021) reported that the steep decline in India's hospitality sector—driven by lockdowns, travel restrictions, and reduced consumer mobility—had a cascading effect on household consumption. Expenditure on non-essential items such as **recreation, tourism, and dining out** declined sharply, particularly in urban areas where such services form a significant part of lifestyle spending.

The contraction of the hospitality industry also affected employment, particularly for informal and semi-skilled workers who are often engaged in hotels, restaurants, and tourism-related services. As jobs were lost or incomes reduced, affected households responded by cutting back on leisure expenditures and redirecting available resources to essential



needs. This change in behavior not only illustrates the immediate impact of sectoral disruption but also signals a longer-term shift in consumption priorities, with many households adopting more cautious financial habits post-pandemic. Economic inequalities, particularly related to income and public service access, played a significant role in shaping household responses to the pandemic's financial challenges.

III. CONCLUSION

The COVID-19 pandemic has emerged as a defining event that fundamentally reshaped household consumption behavior across the world. This study, through a focused review of literature, provides an in-depth understanding of how socio-economic determinants such as income, education, occupation, gender, and household size influenced spending patterns in Maharashtra before and after the pandemic. The findings reveal that household consumption patterns underwent significant transformation during this period, with essential categories like food and healthcare receiving heightened attention, while non-essential categories such as recreation, dining out, and vacations witnessed substantial reductions.

One of the most consistent observations across the literature was the centrality of income and household size as key drivers of consumption. Households with stable or higher income levels were better positioned to maintain or even increase their expenditure on food and health, while low-income households, particularly in rural areas, were forced to reduce their spending or alter consumption priorities drastically. Household size, too, played a crucial role, as larger families tended to have higher absolute expenditures, but often faced more acute resource constraints, especially when combined with income insecurity.

The urban-rural divide in consumption behavior became even more pronounced during the pandemic. Urban households, facing stricter lockdowns and disruptions to formal employment, significantly cut back on discretionary spending. Conversely, rural households, while also affected, often relied more heavily on informal networks and subsistence practices, leading to different spending patterns. This indicates the importance of tailoring policy interventions to the specific needs of urban and rural populations rather than adopting a one-size-fits-all approach.

The study also highlighted how education and occupation influenced household resilience. Households led by more educated members or those engaged in stable, formal employment exhibited greater adaptability and capacity to reallocate expenditures efficiently. In contrast, those engaged in informal work or lacking access to digital infrastructure were more vulnerable to economic shocks and health crises, often lacking the means to access services or adjust consumption.

From a policy perspective, these findings underscore the urgent need for targeted interventions to support vulnerable households during times of economic distress. Investments in healthcare, food security programs, and income support schemes must be sensitive to household composition, income diversity, and regional disparities. Moreover, enhancing access to public services—particularly in rural areas—can significantly reduce the consumption gap during future crises.

This study also emphasizes the role of crisis-driven behavioral change in shaping long-term consumption. The pandemic compelled households to reevaluate their priorities, with many adopting more frugal, health-conscious, or necessity-focused consumption habits. Whether these patterns persist in the long run remains a vital question for future research. Furthermore, the mental and emotional stress induced by the pandemic may have also influenced consumption in less visible ways, a dimension that warrants deeper investigation.

In summary, this study contributes to the growing body of knowledge on socio-economic determinants of consumption, particularly in the context of Maharashtra. It bridges a crucial research gap by offering region-specific insights and encourages future inquiries into consumption resilience and behavior in the face of public health and economic shocks. The lessons learned can serve as a guiding framework for policymakers and researchers aiming to build more equitable, responsive, and crisis-resilient household economies.

REFERENCES

- [1]. Avjit, P. (2023). *India's deficit in education and healthcare spending: The COVID-19 impact*. *Indian Economic Review*, 47(1), 85–104.



- [2]. Choudhary, A., & Gupta, S. (2022). Shifts in household consumption patterns during COVID-19: A case study from Maharashtra, India. *South Asian Economic Journal*, 15(2), 172–189.
- [3]. Kumar, R., Sharma, S., & Patel, D. (2022). Socio-economic determinants of household consumption in rural India: Insights from Maharashtra. *Journal of Rural Studies*, 28(4), 220–235.
- [4]. Mehek, S., Gupta, R., & Bhattacharya, K. (2023). Out-of-pocket health expenditures during COVID-19: Evidence from India. *International Journal of Health Economics*, 13(3), 45–59.
- [5]. Ministry of Statistics and Programme Implementation (MOSPI). (2024). *Household consumption expenditure survey 2021–2022*. Government of India.
- [6]. Mishra, R. (2020). Income inequality and consumption disparities: A study of Maharashtra's rural–urban divide. *Economic and Political Weekly*, 55(19), 33–45.
- [7]. Neha, M., Singh, A., & Raj, S. (2021). Economic impacts of COVID-19 on India's hospitality sector and household spending on non-essentials. *Asian Journal of Business and Economics*, 14(2), 66–82.
- [8]. Rashid, A., & Others. (2024). Household food security and expenditure trends in Tanzania: A comparative study. *Journal of Development Economics*, 54(2), 120–138

