

Rise in Consumerism and its Impact on Sustainable Development

Kailashpati¹, Prayank Sharma², Rubi Mishra^{1*}, Rohit Krishnani¹

¹School of Management Sciences, Lucknow, Uttar Pradesh, India.

²Swami Rama Himalayan University, Dehradun, Uttarakhand, India.

ABSTRACT

Consumption is the function of disposable income. Consumption contributes a lot to the investment of any country. Consumption in a country depends on the marginal propensity to consume (MPC), Veblen effect, Snob effect, Bandwagon effect, Short sight of the consumer, etc. Keeping this in mind, producers produce those goods and services which can provide satisfaction to the consumers. Advertisement and marketing has become the lifeline of today's market structure which psychologically attracts the consumer so much that the consumer purchases goods and services without wanting them. Due to this ecological and social problems start in the society. This is where consumerism begins. America's great economist Professor Thorstein Veblen first spoke on the subject of consumerism which was based on conspicuous consumption. The problem of rising consumerism today is resulting in the reckless use of limited resources bestowed to us by mother nature. Since resources are limited, the excessive use of resources will lead to the exhaustion of non-renewable resources very quickly. Even it will be difficult, if not impossible, to compensate for the loss of renewable resources so fast. Today our greed and irresponsible behavior is the basic reason for all environmental issues and problems be it global warming, deforestation, pollution, or the issue of sustainability. This paper will highlight in detail how rising consumerism has led to many environmental issues and how simple living and high thinking can be the answer to sustainability.

Keywords: Disposable income, Investment, Marginal propensity to consume, Veblen effect, Snob effect, Bandwagon effect.

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INTRODUCTION

Consumption contributes a lot to the investment of any country. It means to say that whatever economic activities are done in the economy, it is directly or indirectly related to consumption. Many theories related to consumption have been given from time to time by many economists and various sociologists. One thing is common in all the theories is that consumption has a direct or indirect relation with income. The level of consumption of a person depends not only on his income but also on other factors. In which the demonstration effect, Ratchet effect, Snob effect, and Veblen effect are important. Out of all these effects, only the Ratchet effect is the reason for reducing the consumption, otherwise, all the effects emphasize on increasing the consumption. This means that as the income of the consumers increases, their consumption level will increase less or more. Due to the increase in consumption, the size of the economy will also continue to increase. By increasing the size of the economy here it is meant by increasing employment opportunities,

Corresponding Author: Rubi Mishra, School of Management Sciences, Lucknow, Uttar Pradesh, India, e-mail: rubimishralko@gmail.com

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investment and national income. It is true that due to the increase in consumption, there is development in the economy, but in today's present time, a question has become very popular as to what level there should be consumption.

Consumer-oriented activism offers important pathways to political participation for ordinary people. The organizations involved in this field embed consumer-oriented activism in wider programs of mobilization, activism, lobbying, and campaigning, enrolling ordinary people in active political engagement. (*The Political Ethics of Consumerism - Open Research Online*, n.d.)

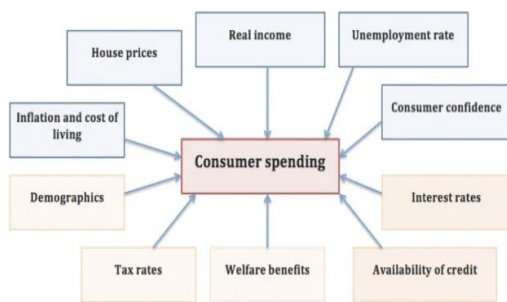
Consumption ideology is reflected in the consumer's lived experience, which leads to consumption manifestations in diverse consumption domains and consumption orientations. (Schmitt *et al.*, 2021)

When the consumer buys more quantity than needed which he doesn't even use immediately and rarely uses. Unnecessary purchases lead to an increase in the price of goods and the real consumer either does not get the goods on time or gets them at a higher price. It creates a feeling of dissatisfaction in the society. The tendency to consume more than necessary is known as consumerism. In this case, the consumer not only misuses his own income but also forces others to buy more.

Analysis of Effects and Effects of Consumerism

Consumerism has been the subject of considerable discussion over the last two decades. This social movement- which has sought to help consumers attain safer products, more information, adequate selection, and better access to redress mechanisms--has been examined by researchers from numerous disciplines using a wide variety of research approaches. These researchers have sought to describe, explain, predict, and control the overall consumer movement and the organizations, individuals, and issues that have made up the movement. Put differently, one could say that these researchers have studied consumerism extensively on both a macro and micro level (Bloom, (1982)).

After the Industrial Revolution in England, people moved away from religious instincts and became more concerned with consumption. Due to this industrialists got a good opportunity to increase their production capacity. After the implementation of the policy of liberalization, privatization and globalization now multinational companies are started to invest in our country. According to Wikipedia India is the world's fifth economy by the nominal GDP and third economy on



Source: (Aadahallikar & Aadahallikar, 2022) <https://razorpay.com/learn/a-peek-into-consumer-spending-in-2021/>

Figure 1: Factors are influencing the consumerism

the basis of purchasing power parity (PPP). That is why India is called the powerhouse of Asia in terms of GDP. An important question is what elements are promoting consumerism in today's era? Many economists and sociologists are of the opinion that many factors are influencing consumerism i.e. consumer spending which can be shown through a simple diagram in Figure 1.

Availability of Credit: In today's time, credit can be availed not only through checks and drafts but also through electronic means. Credit cards were first introduced by businessman, Frank McNamara in 1958 in the world. In India, it was introduced in 1980 by the Central Bank of India. At present less than 5% of people have credit card facilities. After Corona, there has been a huge increase in credit card or online shopping in the world.

Tax Rates: The economic policy of a country plays an important role in increasing consumerism. Tax policy is the most important among those policies. In our country, two types of taxes are imposed by the government. In which direct and indirect taxes are main ones. If the tax rate is high then the purchasing power of the consumer is less. But to expand the economy, the government keeps the tax rate moderate so that consumers can demand more

Welfare Program Benefits: In today's time, many types of social welfare programs are run by all democratic governments which include unemployment allowances, food subsidies, dearness allowances, health allowances etc. Due to all these programs, people get additional purchasing power which increases consumer demand.

Inflation and Cost of Living: There is a direct relation between inflation and cost of living. When inflation remains under control, consumers have more purchasing power. And he can purchase goods and services in larger quantities which helps him reach a higher standard of living. This is possible only when the cost of living is low and the cost of living remains low only when inflation is under control.

Consumer Confidence: As far as the relationship of consumer confidence with consumerism is concerned, it also varies according to the state of the economy. If the economy is booming, consumers want to spend more of their income.

Apart from these important factors employment situation, inflation, demographic conditions and house rents are also put impact on consumerism.

In this way, now we can list the positive effects of consumerism as below:

- More goods and services produced by the firms
- More employment opportunities



- A country can achieve a higher rate of development
- Varieties of goods and services available for consumers
- High living standard of the consumer

It is true that nothing is perfect. Everything is a mixture of good and bad. Similarly, consumerism has also effects and affect on the economy. Consumerism and unbridled 'growth' is destroying our world. A big problem with consumerism is that people do not take this problem so seriously. But the reality is that now consumerism is becoming a serious problem for society. Human society is already exploiting natural resources at a rate greater than its compensation.

Along with this, such type of consumption trend is also not right from a religious point of view. Be it any religion, everyone is unanimous that there should not be excess of anything. That is why there is a very popular Sholak in Sanskrit.

अति रूपेण वै सीता ह्यतिगर्वेण रावणः ।

अतिदानाद् बलिर्बद्धो ह्यति सर्वत्र वर्जयेत् ॥

In other words, Mother Sita was abducted because of her extreme beauty. Ravana was killed because of excessive pride and King Bali fell into bondage because of being very charitable. That's why excess should be avoided everywhere (always), excess should not be done anywhere.

We have limited resources and if we do not use our resources adequately and properly, then we may face a shortage of resources in the coming future. In such a condition, Sustainable Development becomes important, which emphasizes on how to use the resources properly.

The trend of consumerism creates huge ecological and religious problems. The impact of consumerism is not only limited to consumption, but its impact is also on urbanization as well. Now people have started migrating from rural areas to urban areas. The effect of this is now clearly visible on the environment of the cities. Due to continuous migration in the cities, there are problems related to the environment, housing and water, and pollution. These are adversely affecting the health of the people there as well as the living standard.

According to one of the surveys, if all the people living on Earth start consuming as per American citizens, then we will need four such Earths. If we follow Western culture then the problem will become even worse.

To know how the effect of consumerism is affecting our society and sustainable development, we have to pay attention to the following points.

Global inequality: The gap between poverty and wealth is widening due to continuous over-consumption by developed countries. This way of consumption by consumers is contrary to sustainable development. We have already used 70% of the natural resources. The consumption pattern is so unequal that only 20% of the world's people are consuming 80% of the world's land and water. Whereas 20% of people do not even have the means available to fulfill their basic needs. And they have only 1.3% of natural resources available.

If we make good use of our expenditure, then according to an estimate of the World Bank, by 2030, if drinking water, water for hand washing and toilet facilities are provided to all the houses, then according to the present expenditure pattern, \$28.4 billion will be required. Also, if basic education is made available to everyone, it will cost only US\$6 billion.

Obesity: In today's time, new types of diseases are emerging. Obesity is also one of these diseases. Although obesity can occur for many reasons. However most of the research has shown that the main cause of obesity is excessive consumption of food. Initially, people do not pay attention to their eating habits. Due to this, they will suffer from high blood pressure, diabetes and other diseases in the future. According to the World Obesity Organization, obesity is a curse for a family and the economy. According to the World Obesity Federation's World Obesity Atlas 2023, it is estimated that the global economic impact of obesity and obesity will reach \$4.32 trillion by 2035. If this disease is not stopped and treated, then 3% of the world's gross democratic product will be spent on the treatment of this disease.

Pollution and resource depletion: All the natural resources given by nature are sufficient if we use them properly. What I mean to say is that nature has given us the right to use resources and not misuse them. If we do not use natural resources properly then a time will come when all the resources will be exhausted. The loss of which will have to be borne by our future generation.

In other words, we can say that if we continue to increase our demand like this, then the suppliers will increase the level of production to meet our demand. On one hand, natural resources will soon be exhausted, while on the other hand, due to over-production, pollution in the environment is also increasing rapidly. Due to this many types of health-related problems arise.

Due to consumerism, not only natural resources are being used excessively but it has also increased the demand for packaged goods and sealed bottles of water significantly.

It has not only increased the health-related problems but is also a threat to the environment. Packing of packed foods and sealed bottles of water is mainly done in plastic or polythene which causes a lot of harm to the environment.

In other words, consumerism is also harming the environment, due to which there has been a significant increase in natural disasters, which include problems like floods, landslides, earthquakes, cyclones, tsunamis, storms, and global warming.

CONCLUSION

After studying the effects and effects of consumerism in detail, it is found that as long as consumption is within a limit, it leads to expansion of the economy, that is, with an increase in consumption, production capacity also increases. Due to this the importance of factors of production increases. Increasing importance of factors of production means an increase in their rewards which will increase the income of the owners of the resources. As a result, along with the improvement in their standard of living, the national income of the country also increases. The economy also starts moving on the path of development.

But when this consumerism crosses its limits, it takes the form of a problem that creates different types of economic and environmental problems. The trend of online shopping increased very rapidly during the time of Corona. It has also increased the air of consumerism even more. According to Nobel laureate (2017) Richard Thaler, when we pay for something in cash, the pain is more but when we pay through a credit card or online, it is less. This means that online and credit/debit cards and other modern methods have also unnecessarily increased consumerism.

According to the new tax regime policy of the Government of India, many deductions have been withdrawn which will be also discourage saving and increase consumerism. Therefore, there is a need to keep consumerism within a limit. So that we can meet our present needs and also save for the future.

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