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A Study on Patterns of Festival Spending and Their Effect on Rural Households' Financial Vulnerability in Vikarabad District, Telangana.

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Abstract:
A festival is an extended celebration of a particular social or cultural event or series of events with the goal of preserving and sharing the heritage of a community. It is possible to fall into poverty as a result of unforeseen and transient circumstances, such a failed harvest or a sudden death. The family may be able to weather the storm until the next harvest comes in if they are able to liquidate assets, take out loans, or come up with other creative solutions to their financial problems. If a family is unable to liquidate assets, has restricted access to credit, or can borrow at exploitative interest rates and get mired in a debt trap, shocks may push them more into poverty. The objectives of this research are to find out how much money rural families in the Vikarabad district usually spend on celebrations and to find out how big of an impact celebration expenditure has on the financial instability of rural households in the area. Considered as a case study for different communal and caste-based festivals, this research could look at how festival spending affects the financial vulnerability of urban households, how this vulnerability adds to social exclusion among low-income households, and more. Awareness campaigns, curriculum integration of financial literacy, and the introduction of anti-superstition laws are the sole means to safeguard the rural poor from financial vulnerability and promote a scientific lifestyle.

Keywords: *Celebrations, Festivals, Expenditures, Rural people, Cultural influence.*

I. Introduction

A festival is a multi-day event that honours a specific cultural or social event or set of events in order to preserve and share a society's rich history and traditions. Temporary events and unexpected shocks, such crop failure or abrupt death, may lead to poverty. If the family can sell assets, borrow money, or find other ways to get money, the effects of these shocks may be temporary, and they may wait for the next crop to pay them. A household may fall farther into poverty as a result of shocks if they are unable to sell assets, have limited access to credit, or are able to borrow at exploitative interest rates and get trapped in a debt trap.

There are two types of shocks, idiosyncratic and covariant, according to Yakub (2000).[1] A single idiosyncratic shock could impact only one home in this area, but a covariant shock might impact every home in the area. As they note, "our knowledge of processes of economic mobility is severely lacking in studies that examine the cumulative impact of shocks." They go on to say that there are "myriad ways in which both positive and negative shocks - including pure bad luck, thefts, loss of employment, and the cumulative effects of droughts - lead to impoverishment." Lastly, they say that households with greater endowments and greater returns will generally be less vulnerable to shocks. Particularly at risk are women, children, and the elderly. Additionally, there are regional and caste-related aspects to vulnerability.[2]

Household debt load and financial hardship have mostly been the subjects of empirical research.[3-6] When faced with negative income shocks, families who are highly indebted are more likely to fail on their loan obligations because they are "financially fragile."[7]

Households opt to take out loans in order to plan their spending, as theorised.[8-10] Within this framework, both saving and being indebted ensure greater economic welfare by reducing consumption spikes and valleys. Having said that, there has been a lot of talk about how household debt, especially unsecured debt (i.e. consumer credit), has been on the rise recently. This has led some to wonder if this is a problem for indebted households overall or if it's just a symptom of the financial and economic struggles that some borrower types face in certain areas. As a result, families run the danger of being financially vulnerable due to levels of debt that are unmanageable in comparison to their income.[11]

The authors of the 2008 study "Ramanagaram Financial Diaries: Loan Repayments and Cash" are Kamath, Rajalaxmi, Mukherji, and Smita Ramanathan.[12] For the research, they sent an unstructured 90-plus page journal to 20 homes; each page represented a day and had a two-columnar style. On each day, they asked the households to record the amount of rupees spent or revenue received. Twenty low-income families who were either members of a self-help group or borrowed money from a microfinance institution (MFI) were the first subjects of the research. Both Hajinagar and Ambedkarnagar, two areas in Ramanagaram, were considered for the household selections. Total sample expenditures like these reveal why people took out loans in the first place. At this time, most people were taking out loans from informal sources like moneylenders, chit-funds, and finance companies. However, a lot of money was going towards festival-related expenses, such as jewellery, clothing, and accessories. One such use of borrowings is to repay microfinance payments. According to the Ramanagaram Financial Diaries: Loan Repayments and Cash (2008) and the Kamath, Mukherji, and Ramanathan (2008), the average spending on festival expenses was 1,775 INR and on events was 813 INR.

In 2015, researchers Rajalaxmi Kamath and Abhi Dattasharma looked at "Women and Household Cash Management: Evidence from Financial Diaries in India." Religious expenditures are more common among families headed by women, particularly among the well-off who take out loans from microfinance institutions (MFIs), according to the research. It might range from spending on religious holidays to spending on religious rites on a regular basis. In homes when a man is the breadwinner, this item does not appear. Expenditure on religious goods includes funds allocated for religious celebrations, domestic religious rites, or pilgrimages to sacred places. It is important to see religious spending as a break from the hardships they face on a daily basis, considering the precarious position they are in. Family, caste, and other social institutions shape Indians in ways that western individuals aren't.[13] Coitti (2012)[14] contends in a recent research that Indians are unique. This sense of identity, however, differs greatly from the Western concept of individuality. For Indians, their sense of identity depends less on their inner qualities and more on the opinions of others around them. What kind of person is he? Does he have any sway? According to Mines (1988),[15] "civic individuality" is now defined in relation to an individual's place of belonging, whether it their caste, religion, or community.

1. Rationale of the Study

Spending on festivals accounts for more than 15% of a rural Indian household's yearly budget. Despite this, festival spending, unit price variation, and rural Indian social status have all been under-researched.[16] Although one festival's expenditure may not seem like much, a string of smaller purchases may have a significant influence on a family's disposable money. However, because cultural influences are more powerful in India, individuals there would not see festival spending as a financial hardship. Celebrations of many cultures come together during festivals. They take place in a one-of-a-kind environment that allows for the performance of real works, often offering fresh perspectives. Financial fragility is defined by Franklin Allen and Douglas Gale as the extent to which "small shocks have disproportionately huge repercussions."[17] While festival expenditure may not seem like a big deal, it may have a significant impact on the financial vulnerability of households and, ultimately, on a country's gross domestic product (GDP). In the eyes of the banking sector, families whose loan payments consume more than 40% of their income are in a precarious financial position.[18]

II. Objectives of the Study

- To determine how much money rural families typically spend on festivities in Vikarabad district
- To investigate how much of an effect celebration spending has on the financial precarity of rural households in Vikarabad district

III. Material and Methods

The research used a descriptive research design since the investigation was mostly descriptive. This study used an intentional sampling strategy to obtain 50 samples from households in the Vikarabad district, with a focus on the rural areas. The research used "Uday Pareek's socio-economic scale" to analyse the respondents' socio-economic position. Researchers also looked at how festival spending adds to rural families' debt and financial susceptibility depending on class stratification, as well as their mean income. The sample size was 5 homes per village in the Vikarabad district.

IV. Limits of the Study

- All homes in the research had to be located in rural areas.
- It is not possible to generalise the study's findings to other regions since celebrations may vary from one culture to another.
- Since this survey only covered homes in rural areas, it does not include collective festivals.

V. Results and Discussion:

Table 1: The socioeconomic evaluation of respondents based on their demographic characteristics

"Sl. No	Income (Per Month)	Frequency	Percentage
1	Below 12000	09	16.00
2	12,000 to 25,000	25	52.00
3	25,000 to 50,000	08	16.00
4	50,000 and above	08	16.00
Number of family members			
1	Below 3	00	00.00
2	3 to 5	31	64.00
3	5 to 7	13	24.00
4	7 and above	06	12.00
Land Holding			
1	No land	20	42.00
2	Below two acres	28	54.00
3	2 to 5 acres	01	2.00
4	5 and above Mean land=1 acre 32 guntas	01 Mean valuation of asset	2.00 3 lakh
Loan taken by family member			
1	Yes	34	66.00
2	No	16	34.00
Source of Loan taken			
1	MFI	05	12.00
2	SHG	13	24.00
3	Banks	06	12.00
4	Money lenders	03	06.00
5	Relatives	02	04.00
6	Other	-	-
7	From multiple source	04	08.00
8	Not taken loan	17	34.00
Purpose of loan taken			
1	Agriculture purpose	06	14.00
2	Consumption	07	12.00
3	Business investment	-	-
4	Festivals and ceremonies expenses	08	14.00
5	Education	02	04.00
6	Health	03	08.00
7	Repayment of old debt	05	12.00

8	Others	02	02.00"

Source: Field Study

Most homes have an annual income between 12,000 and 25,000 INR, as seen in the table above. After that, households have an equal distribution of income. According to Annam, 16% had less than 12,000 INR, 24% had 25,000 to 50,000 INR, and 16% had 50,000 INR or more. Most of the families fall within the income bracket of 12,000 to 25,000 INR per year.

Almost all 64% of the homes consisted of three to five people, 24% of the houses had five to seven people, and 12% of the households had seven or more people. The fact that 42% of families did not own any property at all and 54% lived on less than 2 acres of land demonstrates the precarious financial situation of the landless. A total of 66% of respondents have borrowed money. While 34% of respondents did not take out any loans at all. It shows that most of the people who took the survey are in debt.

Thirty-two percent have taken out loans from SHGs, while twelve percent have borrowed from banks and twelve percent from microfinance institutions (MFIs), respectively. Out of all the respondents, 8% had debt from many sources, and 6% had borrowed money from people who were notoriously heavy borrowers when it came to interest. fourteen percent from farming and fourteen percent from ceremonial and celebrations They have borrowed a loan for a specific purpose, with 12% going towards spending and the remaining balance going towards paying off past debt. 8% for healthcare, 4% for schooling, and 2% for other purposes borrowed from family members, in that order. It is evident from the data in the table above that low-income families do not hesitate to borrow money from different financial institutions in order to cover the costs of festivals and other ceremonial expenditures.

Table 2: Total Spending on Household Festivals

Spending on festivals	**Yes**	**No**	**Mean spending on each**
	Percentage	**Percentage**	**festival from household**
1. Bathukamma	92.00	08.00	1664
2. Dussehra	100	00.00	1822
3. Bonalu	58.00	42.00	1222
4. Ramzan	48.00	52.00	656
5. Deevali	56.00	44.00	1562
6. Peerla Panduga	84.00	16.00	1772
7. Christmas	66.00	34.00	1787
8. Sankranthi	56.00	44.00	1993
9. Other festivals expanses	10.00	90.00	1222
Total average spending on festivals by households			**13,700**

Source: Field study

The table above, labelled as Table-2, illustrates the majority. 92.00 percent of the respondents agreed to celebrate the Bathukamma festival among 50 households. On average, they used to spend 1664 INR. All of the respondents agreed to celebrate the Dussehra festival at their houses. On average, they used to spend 1822 INR, which includes expenses for food, clothes, gifts, entertainment, and more. Most Out of the respondents, 58 percent were in favour of celebrating the Bonalu celebration in their own residence. The average expenditure for the event was 1222 INR. 52 percent of the respondents expressed their disagreement to participate in the Ramzani celebration, while the remaining 48 percent consented to do so. Those who accepted reported an average expenditure of 656 INR. 56% of the participants celebrate Deevali, with an average expenditure of 1562 INR. The survey found that 84 percent of the participants celebrate Peerla Panduga, with an average expenditure of 1772 INR. 66 percent of the respondents celebrate Christmas with an average expenditure of 1787 INR. 56 percent of families participate in the Sankranthi celebration, with an average expenditure of 1993 INR. Additionally, 90 percent of respondents expressed their disagreement with participating in other festivities. Expenditure on celebrations, including costs for food, clothing, entertainment, religious rituals, gambling, and alcoholic beverages.

Table-3 Median family income and expenditure on festivals in rural areas in Vikarabad District

"Grade	Category	Percent of household	Mean Income	Festival expenses by households	Percentage of spending on festivals
A	Upper class		-		
B	Upper middle class	02.00	46782	10234	21.87
C	Middle class	22.00	32612	7431	22.78
D	Lower Middle class	56.00	20262	5234	25.83
E	Lower class	20.00	15782	4479	28.38
Mean income and spending of all households			**57718**	**13700**"	

Source: Field study

For this purpose, Researchers consulted Uday Pareek's Socio-economic scale. Results showed that out of 50 households surveyed, 56.0 percent were in the lower middle class, 22.0 percent were in the middle class, 20.0 percent were in the lower class, and 1.2 percent were in the upper middle class. This survey did not find any responders from the upper class. Income distribution in rural areas was as follows: 46781 INR for upper middle class, 32612 INR for middle class, 20262 INR for lower middle class, and 15782 INR for lower class. Among rural homes, the average expenditure on festivals was 10234 INR for the upper middle class, 7431 INR for the middle class, 5234 INR for the lower middle class, and 4479 INR for the lower class.

Households in the following socioeconomic groups spent the most on festivals: the upper middle class (21.87%), the middle class (22.78%), the lower middle class (25.63%), and the lowest class (28.18%). In this case, cash outflow was in declining order relative to expenditure. From the top middle class to the lowest class, spending increases up. On the other hand, the lower classes were more susceptible due to their poor land holdings, income, and assets. Consequently, they are more likely to be financially vulnerable.

VI. Concerns about policy and the need of cultural care involvement

Although festival spending is one of the reasons rural households are financially vulnerable, this study also identifies consumption, repayment of old debt, agricultural investment, starting a business, and health as causes. However, spending on these needs is inevitable because they are investments for the future. Festivals and rituals might bring people together emotionally and spiritually, but they don't provide any tangible benefits in the long run. Members of families should so be cautious not to overspend on celebrations.

It would be beneficial for the government to designate a community cultural counsellor at the Gramma Panchayath level to educate rural households on topics such as financial literacy, budgeting, and diary keeping.

This study has several potential applications; for example, it could examine the impact of festival spending on urban households' financial vulnerability; it could also examine the ways in which this vulnerability contributes to social exclusion among low-income households; and it could serve as a case study for various communal and caste-based festivals.

VII. Conclusion

Cultural influences make rural landless households more susceptible to various costs; nevertheless, these families seldom consider the potential impact of spending on festivals, which seem as insignificant shocks, on the greater household economy. Unlike once-in-a-lifetime occasions (such as weddings, births, and funerals), festivals are a succession of events that might cause bigger financial shocks via smaller ones. This study's findings demonstrate that festival and ceremonial costs are a significant contributor to indebtedness. It also demonstrates that some respondents took out loans to settle existing debts, further illustrating how the rural poor often find themselves trapped in the debt trap. Because of this, they become financially vulnerable and even more so in terms of their capacity to make a living. Basic necessities like food, health, and education go by the wayside when individuals let cultural influences cloud their ability to set priorities. The only way to protect rural poor from financial vulnerability and encourage a scientific lifestyle is to raise awareness, include financial literacy into the curriculum, and bring forth anti-superstition legislation.

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