

## INCOME ELASTICITY OF DEMAND FOR FOOD-GRAINS— A REGIONAL APPROACH

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*Introduction* : Though many family budget surveys had been conducted in the past in different parts of India, so far no attempt has been made to study consumers' behaviour on a regional basis so as to obtain an overall picture of the situation. Most of the consumption studies undertaken in the past were for the purpose of constructing working class cost of living indexes. Under the auspices of the National Sample Survey of India, (N.S.S.), a number of surveys had been conducted to study the consumption patterns in India. The N.S.S. consumer data, which were collected from different parts of the country at different times, are the most comprehensive set of data available in this country and hence they can be analysed to study consumers' behaviour with respect to changes in income, family composition, and prices of consumer goods. Such an analysis of consumers' behaviour will be of great use to the policy-makers not only to assess the prevailing situation but also to gauge the future consumer needs of the country.

*Aim of Study* : Here an attempt has been made to derive an estimate of income elasticity of demand for food-grains for the rural and urban sectors of India. For the purpose of analysing the differences in the consumption habits of the rural and urban people of India, the country is considered here as consisting of ten regions, viz. South India, West India, East India, Central India, North India, and North-West India, for the rural sector and four types of towns for the urban sector. (See Appendix I). After investigating the functional relationship between the total expenditure and the food-grain expenditure of the families in these ten regions separately, estimates of income elasticities of demand for food-grains for these regions are obtained. In the final analysis, the respective regional estimates are pooled together so as to arrive at all-India estimates of income elasticities of demand for food-grains for the whole rural sector as well as for the whole urban sector of India. These pooled estimates for the rural and urban sectors are then compared and the differences studied.

*Importance of this study* : The importance of regional approach to the study of consumers' behaviour is that it brings out the regional differences in consumption habits of the people. This information on regional differences is all the more important in a vast country like India where the consumption habits of the people are diverse and different in different parts of the country. An overall estimate of consumption requirements of the people of India can therefore be studied more realistically and efficiently on a regional basis than on a national basis.