

INCOME ELASTICITY OF DEMAND FOR SUGAR --A REGIONAL ANALYSIS*

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THERE HAVE BEEN studies on demand projections for sugar. Many of them are based on expenditure elasticities calculated from cross-sectional data of family-budget surveys conducted by the National Sample Survey of India. Few studies¹ have been done where consumer behaviour for sugar is studied as between regions. In this paper, sugar expenditure behaviour for the people living in different regions of the economy is studied. A study of this nature may be interesting for an economy like ours where consumption habits are diverse due to various reasons.

The data on consumer expenditure have been taken from the NSS reports on 'Pattern of Consumer Expenditure'. The six NSS zones² into which the country is divided are: North, East, South, West, Central and North-West India. Each zone is further subdivided into rural and urban sectors. The per capita total and sugar expenditures for thirty days are classified into 12 expenditure classes.³ For each characteristic estimates are provided by two independent interpenetrating sub-samples. In this study, estimates obtained by combining the two independent estimates are used. The data have been collected in several rounds, but the data for 4th to 13th rounds, except the 6th round, have been used. For the sixth round the reference

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¹ SINHA, R. P., 'An Analysis of Food Expenditure in India', *Journal of Farm Economics*, February, 1966. The regionwise analysis is done only for the twelfth round of NSS.

² The grouping of the states into zones is as follows : (1) North Zone — U.P.; (2) East Zone — West Bengal, Bihar, Orissa, Assam; (3) West Zone — Maharashtra; (4) South Zone — Andhra, Mysore, Madras, Coorg, Travancore-Cochin; (5) Central Zone — Madhya Bharat, Hyderabad, Bhopal, Vindhya Pradesh up to twelfth round and Madhya Pradesh for thirteenth round; (6) North-West Zone — Punjab, Rajasthan, Jammu & Kashmir and Union Territories.

³ The expenditure classes are Rs. 0-8, 8-11, 11-13, 13-15, 15-18, 18-21, 21-24, 24-28, 28-34, 34-43, 43-55 and Rs. 55 and above.