

HOUSEHOLD SIZE AND EXPENDITURE

DEVENDRA B. GUPTA *

THE EFFECT of household size on household consumption has been examined for a number of countries by research workers in the field of consumer behaviour. Most of these studies have used the logarithmic function with family size and family income (or total expenditure) as explanatory variables. However, the conclusions are not always the same. Houthakker (1957) considered total expenditure and family-size elasticities for a large number of commodities and he concluded that for all countries taken together, the sum of exponents of family size and total expenditure did not differ appreciably from unity. Tobin (1950), Crockett (1960), Liviatan (1964) and Iyengar and others (1966) have shown, on the contrary, that significant economies (or diseconomies) of scale in household consumption may result due to changes in family size. This paper presents the investigations on the effect of household size on consumer behaviour in India. The conclusions of this study will be useful in ascertaining the validity of using per capita formulation. Implicitly, the results of this study may be used to answer one important sociological question : Should the break-up of the joint-family system in India be encouraged, purely on economic considerations ?

The basic data, for analysing the effects of household size on consumption, is the unpublished data on personal consumption collected by the N.S.S. during its seventeenth round, covering the period from September 1961 to July 1962, and provided to us by the Planning Unit, Indian Statistical Institute.*

* The writer wishes to express his thanks to the Planning Unit of the Indian Statistical Institute and the National Sample Survey of India (Tabulation Unit), New Delhi, for providing the punched-card records of the budgets used. He is grateful for the help given by Dr. Tony Lancaster, Professor M. D. Chaudhuri and Professor N. S. Iyengar during the preparation of this paper. Errors, if any, are the writer's own. The writer also wishes to record his thanks to the computer services of the Delhi School of Economics and the University of Birmingham, where most of the computations were made.