

INTER-REGIONAL HOMOGENEITY OF CONSUMER BEHAVIOUR IN INDIA

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I. Introduction

In the context of planned development in India, the reliability of forecast of private bill of goods which constitutes a major share¹ of total final bill of goods (including public demand) is important, for in the planning models which seem to have been used in India the reliability of plan targets of gross output of various sectors depends largely, *inter alia*, on how precise the estimate of private final demand vector² is. Available evidence shows that this final demand vector is built, among others,³ on the assumption of inter-regional homogeneity of consumer behaviour in India.⁴ The National Sample Survey (NSS) cross-section data on household consumption relating to all-India level are used for the purpose.

In a vast country like India characterized by marked inter-regional differences in physical, climatic, socio-economic and cultural features which may, in no small measure, lead to perceptible region-to-region variations in the consumer behaviour, the inter-regional homogeneity assumption may not be realistic.⁵ The object of this paper is to examine the validity of this assumption, of course, within the compass of the latest regional household consumption data, by

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¹ Reference (1), p. 141.

² Reference (1), pp. 142-149.

³ Per capita formulation of log-linear Engel curve is used to derive Engel elasticities for base period, thereby assuming away effects of size and composition of household. Further, obviously price effects are also assumed away.

⁴ Reference (1), p. 143.

⁵ (a) Solely with reference to its broad physical features, India is delimited in 5 'natural-regions'. These in turn are sub-divided into fifteen sub-regions to allow for variations in rainfall and climate, on the one hand, and the soil-type, on the other. [cf. *Census of India*, paper No. 2 (1952)].

(b) Physical features coupled with climate and rainfall seem to influence land-utilization and cropping-pattern differently in different regions. These fac-