

## SHORT-TERM AND LONG-TERM EFFECTS ON FOOD-GRAIN CONSUMPTION DUE TO CHANGES IN TOTAL EXPENDITURE

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INCOME (or expenditure) elasticity of demand of any commodity calculated from family-budget data enables one to predict the final adjustment in the consumption of that particular commodity in response to the marginal changes in income or expenditure as the case may be. The assumption underlying this procedure is that if the income of a person earning Rs.  $x$  in the present period becomes Rs.  $(x+h)$  in another period, he will purchase in this new period the same combination of goods and in the same quantity as a person now earning Rs.  $(x+h)$  is purchasing, provided the prices remain the same in the two periods.

The use of such empirically determined elasticities for analytical and/or planning purposes depends on the answer to the following two questions: (1) Can the above assumption of stable consumption behaviour pattern dependent on income only be taken as holding true for the society in question and for the time-horizon of the analysis? (2) Is the adjustment process to the consumption pattern belonging to the new level from that of the old one instantaneous or has some time-lag during which it behaves according to its own laws?

On general considerations, much can be said as to why these assumptions should or should not hold true. It may be held that the environments (for instance, rapid introduction of new consumption goods, etc.) are changing so rapidly that for no reasonable time-horizon the consumption pattern can be taken as stable. Similarly, there are many presumptions about *nouveau riche* behaving in a peculiar fashion such as of ostentatious consumption in a particular direction making the whole consumption pattern lopsided. It seems that it is very difficult to get a general law regarding this matter, and each situation will have to be examined independently as to the validity of various assumptions in a particular place-time-socio-economic complex.

In the present paper a modest effort has been made to find out whether there is any evidence that contradicts these assumptions with regard to food-grain consumption of Vidarbha farmers, in the years 1955-56 and 1956-57. For this purpose, the expenditure elasticity for the consumption of food-grains has been estimated by three different methods for the same set of people, viz. (a) from the family-budget data of the first year; (b) from that of the second year; and (c) from changes in consumption of each individual from the first year to the second year. It is hoped that the comparison of (a) with (b) will throw light on the assumption of