Consumption Behavior and Household Economies of Scale
An Analysis of Variations across Rural-Urban Regions of Pakistan

Babar Aziz
NUR International University
Lahore, Pakistan
sara_wasim17@hotmail.com

Sarah Wasim
NUR International University
Lahore, Pakistan
sara_wasim17@hotmail.com

Zahid Iqbal
FC College University
Lahore, Pakista

Abstract **- The study attempts to explore the expenditure elasticities of various food items across the provinces of Pakistan while taking in to account the rural and urban regions separately. Household Integrated Income and Consumption Survey (hereafter HIICS) data for the year 2015-2016 is utilized. In addition, the household economies of scale towards the consumption are also being focused on the same lines. The study has made use of double log specification of Engel curve. The included 20 food items are appeared as normal commodities having expenditure elasticity less than one. All the expenditure elasticities have positive signs and are less than one which shows that all the food commodities are necessities and normal goods i.e. as income increases their expenditure will increase at a decreasing rate. The negative sign of the household size depicts that there is a negative relationship with consumption i.e. supports the notion that households with higher family size enjoy the economies of scale towards the consumption of food.**

Keywords: **Consumer Demand; Expenditure Elasticities; Household Economies of Scale.**

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