

Consumption Pattern of Poor and Non-poor Households in Pakistan

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ABSTRACT

This paper is an attempt to empirically find out the difference in the consumption pattern of poor and non-poor households in Pakistan by using household level data. The consumption pattern of non-poor households is expected to be quite different from poor households of incomes and inequality of poverty on account. Therefore fixed effect model has been estimated to find the structural and behavioural differences in the consumption pattern of these two groups of households. The Micro data of HIES 2004-05 and HIES 2007-08 has been used in the present study. The analysis is carried out for seventeen commodity groups consisting of nine food and eight non-food commodity groups that constitute more than 70 percent of total expenditure of households. For majority of the commodity groups, both structural and behavioural differences in the consumption pattern are found to exist between the poor and non-poor households. The Average Expenditure, share in total expenditure and partial elasticities with respect to total expenditure and household size for seventeen commodities groups confirmed the difference in the consumption pattern of poor and non-poor households. The results of the study highlight the significance of the provision of education by the government as poor spend a less than 1.5 percentage their per capita monthly expenditure on education. They spend almost 50 percent of their income on the food commodity groups. The regression results indicated that expenditure on various commodities groups is overwhelmingly the result of the difference in the income and family size of the households. Furthermore, the results also confirmed

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