CONSUMER EXPENDITURE DISTRIBUTION IN INDIA, 1983-2007: EVIDENCE OF LONG PARETO TAIL

Abhik Ghosh
Indian Statistical Institute, Kolkata

Kausik Gangopadhyay
Assistant Professor, Indian Institute of Management Kozhikode

B. Basu
Indian Statistical Institute, Kolkata

This work presents an empirical study of the evolution of the consumer expenditure distribution in India during 1982-2007. We have used the National Sample Survey Organization data and analysed the expenditure distribution for the urban and rural sectors. It is found that this distribution is a mixture of two distributions, more particularly; it follows a lognormal in the lower tail and a Pareto distribution in the higher end. The Pareto tail consists of a remarkable 30-40% of the population in the upper end and the lower end is suitably modeled by the lognormal one. The goodness-of-fit tests endorse the proposed distribution. Moreover, the Pareto tail is widening over time for the rural sector. The Gini coefficient, a prominent measure for quality, for the expenditure distribution is found to be stable for the entire time span.

For further details, including copies of working papers, please write to:

Research, Conference & Publications Office,
IIM Kozhikode, IIMK Campus PO, Kozhikode 673 570, Kerala, India

Phone: (91)0495 2809126
Email: prd@iimk.ac.in