APPENDIX II

Conceptual framework

Reference Period:

The consumption of any good or service by a household or person occurs in the form of a flow over time. The survey may need to record the volume of consumption over a short period such as a day or a long period such as a year. The time period for which consumption is recorded is called the reference period. It may vary from item to item. Because the respondents are asked to recall and report the volume of consumption, the reference period is also called the recall period.

Household consumer expenditure:

The expenditure incurred by a household on domestic consumption during the reference period is the household consumer expenditure.

Monthly Per Capita Expenditure ;(MPCE)

a) Normally, the concept of per capita income or per capita (overall) expenditure, if income data are not available is used for comparison of average living standard between countries between regions and between social or occupational groups. For studies of poverty and inequality within populations however average income or average expenditure is not enough. One needs to assign a vale that indicates level of living to each individual or at least to each household in a population in order to know the level of inequality in living standards of the population or the proportion living in poverty.

b) The NSS concept of MPCE therefore is defined first at the household level (household monthly consumer expenditure/household size). These measures serve as the indicator of the household's level of living.

c) Next each individuals MPCE is defined as the MPCE of the household to which the person (man, woman or child) belongs. This assigns to each person a number representing his or her level of living. The

distribution of persons by their MPCE (i.e. their household MPCE) can then be built up, giving a picture of the population classified by economic level.

Household:

A group of person normally living together and taking food from common kitchen constitutes a household.

Consumption:

It refers to the use of goods services for the satisfaction of human wants. In other words it is the destruction of utility.

Consumption function:

Consumption function shows relationship between aggregate consumption and aggregate income.

Demand Elasticity:

Proportionate change in demand due to change in price or income.

Total household expenditure:

The total household expenditure is composed of expenditure of the household on broad group of items. The results of total household consumer expenditure expressed are broadly classified under a) food total and b) Non-food total.

Value of consumption:

Consumption out of purchase is evaluated at the purchase price. Consumption out of home produce is evaluated at ex-factory prices. Value of consumption out of gifts, loans, free collection and goods received in exchange of goods and service is imputed at the rate of average local retail prevailing during the reference period (30 days).

Beverages etc:

Beverages includes tea, coffee, mineral water, soft drinks, fruit juice (not prepared at home) soda water, other beverages such as cocoa, biscuits, cakes,

parties, pickles, sauce, Jam, jelly and other salted refreshments and sweets not prepared at home.

Cereals:

Household consumption of cereals does not include consumption of cereals by livestock belonging to the household. Such as expenditure, being part of farm expenditure is excluded from household consumer expenditure altogether.

Clothing and bedding:

This category includes bedding (pillow, quilts, mattresses, mosquito net etc) as well as rugs, blankets, curtains, towels, mat, cloth for upholstery etc. it excludes footwear and raincoats.

Conveyance:

This includes expenditure incurred on account of journeys undertaken and /or transportation of goods made by any means of conveyance.

Durable goods:

Items include here all have a lifetime of one year or more. However, some petty durable such as spectacles, torches, locks, umbrellas etc are excluded. Consumption expenditure on durable goods includes both expenditure on purchase (both first hand and secondhand) and expenditure on repair and construction of household durables. Durable goods includes furniture and fixture, "entertainment" durable such as radios, T.V, VCR/VCP/DVD players, CD players, cameras, musical instruments, jewellery and ornaments, crockery and utensils, cooking and other households appliances such as fans, air conditioners, air coolers, sewing machines used for household work, washing machine, stoves, pressure cookers, fries, water purifiers, electric irons, heaters, toasters, and ovens, household transport equipment including two-wheelers, four-wheelers and their parts, therapeutic appliances, clocks, watches, computers for household use, mobile phone handsets and bathroom and sanitary equipment.

Edible oil:

Edible oil used for toilet purpose by the household is not included here.

Education:

This includes expenditure on goods purchased for the purpose of education. It also includes fees paid to educational institutional.

Entertainment:

This includes expenditure on cinemas, theatres, meals, fairs and picnics expenditure incurred on processing, developing etc.

Footwear:

This includes charges paid to cobbler for getting a pair of shoes or other footwear made.

Medical expenses:

This includes expenditure on medicine of different types and on medical goods, also payments made to doctor, nurse etc.

Milk and milk product:

Milk products include ghee, butter, curd, baby foods, ice-cream etc.

Minor durable-type goods:

These includes spectacles, torches, lock, umbrellas, raincoats, gas lighters etc. these are not included in "durable goods" but in miscellaneous goods and services.

Miscellaneous goods and services:

It includes among other things expenditure on education, medical care, entertainment conveyance, rent and consumer taxes.

Pan:

This includes pan, supari, lime, katha other ingredients of "finished" pan and pan purchased in finished form.

Rent:

Rent includes house and garage rent, residential land rent and other consumer rent.