

## ECONOMETRIC ANALYSIS OF THE PULSES DEMAND IN SRI LANKA: AN ALMOST IDEAL ESTIMATION WITH INFREQUENCY OF PURCHASE

L.D.M. Nimanthika and J.C. Edirisinghe

*Department of Agribusiness Management, Faculty of Agriculture and Plantation Management,  
Wayamba University of Sri Lanka, Makandura, Gonawila (NWP), Sri Lanka*  
Corresponding author: nimsllkg@gmail.com

Globalization and rapid economic growth have caused a gradual shift in dietary choices, where the developing nations would be mostly affected. Sri Lanka, a developing country which has a lower-middle-income economy is now experiencing a nutritional transition and hence, it is essential to assess food consumption patterns. Because pulses are a major source of nutrients, this study intends to present price and expenditure elasticities, in order to discover the consumption behaviour of several types of pulses, by households in Sri Lanka. Moreover, this aims to determine the impact of demographic factors which influence the dietary choices of those pulses. This paper employed the Linear Approximation of the Almost Ideal Demand System (LA/AIDS) to estimate price and expenditure elasticities for six types of pulses, by utilizing the Household Income and Expenditure Survey, 2006/07. The infrequency of purchases, a typical problem encountered in LA/AIDS estimation is circumvented by using a probit regression in the first stage, to capture the effect of demographic factors, in consumption choice. Results reveal that the buying decision of pulses is influenced by the sector (rural, urban, and estate), household size, education level, presence of children, prevalence of blood pressure and diabetes. All types of pulses except dhal are highly responsive to their own prices. Dhal is identified as the most prominent choice among all other alternatives and hence, it is distinguished as a necessity whereas, the rest show luxurious behaviour, with the income. Because dhal is an import product, consumption choices of dhal may be severely affected by any action which exporting countries introduce, while rest of the pulses will be affected by both price and income oriented policies.

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