THE DEMAND FOR TOBACCO PRODUCTS AT HOUSEHOLD LEVEL IN PAKISTAN

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Abstract

The use of tobacco in various forms such as cigarettes, bidi, tobacco raw, chew, pan, supari and naswar etc is increasing day by day around the globe. The aim of this study is to investigate the relationship between tobacco expenditures and socio-economic and demographic characteristics. Another objective of this research is to investigate the effect of price and income on the demand for tobacco. This research, for the first time, demonstrates the own price and income elasticities for cigarettes, bidi, raw, chew and pan tobacco at the national level in Pakistan, using a representative cross sectional household data.

The data is taken from PSLM 2010-2011. The total sample population is 16,471 households, out of which, 7422 households are tobacco consumers who consumed various tobacco products and 8919 households are the non tobacco consumers. The analysis of this research is based on only tobacco consumers and it is excluded the non tobacco consumers.

The univariate and bivariate analysis has been done for the analysis of total tobacco expenditures and the demographic and socio-economic characteristics and then the OLS technique was applied. The double log demand model was applied to estimate the own price and income elasticities for tobacco products.

The female heads of the household have fewer tendencies to spend on total tobacco expenditures than male headed households. The findings suggest that the expenditures on tobacco products are
less in province KPK than in province Punjab and also tells that the total expenditures are made more in rural than in urban. The analysis of the PSLM data indicated that, 10 % increase in cigarettes and Bidi prices leads to 9.5% decrease in the consumption of cigarettes and bidi, 12.2% decrease in the consumption of chew tobacco and 2.9 % decrease in demand for pan. The analysis also estimated that 10 % increase in income, the demand for cigarettes and bidi rises by 2 %, demand for chew tobacco by 1.3% and the demand for pan by 0.6%.

There must be a great concern on strict pricing policy on cigarette consumption which results in lower consumption of cigarettes not only among higher income groups but also in lower income groups. The tobacco control strategies should at least be fully implemented by pre-created laws and regulations at public areas.