

Abstract

The study tackled Consumption function in Sudan during (1975-2005) so as to estimates consumption model in Sudan which in turn helps in anticipating the future policies.

The study problem represented by knowing the effect of both disposable income in current and pervious period. And also the effect of consumption in pervious period upon consumption in pervious period. Consumption considers a one of the factors that affect total economic welfare and it represents the basic mean of economical activity besides consumption is an economical functions which associated with daily life for each individual in community.

The objectives of this study to know consumption cletermenats in Sudan and building multi-linear regression model to estimate consumption function and investigation should be done.

To know is there standard problem in the estimated model until we are able to use it in anticipation process to it achieve these objectives the study examines the following hypothesize:

- There is reasonable retaliation between dependant variable and independent variable in multi-linear regression model.
- The relation between dependant variable (consumption in a current period and all independent variable is positive.
- The multi-linear regression model doesn't suffer form any standard problem.

The study results are following:

1. There is reasonable positive relation between consumption in current period and the disposable income in current and pervious period.
2. The best model for Consumption function is multi-linear regression which includes both disposable incomes in current and pervious period.
3. Consumption in pervious period doesn't affect largely upon consumption in current period.
4. Form the study results we notice the linear consumption function () which the study reached aggress with the relative income theory.

The recommendations are:

1. Rationalizing the consumption and increasing of savings.
2. Decreasing basic goods and services prices so as to help the individual to save apportion from his in come since he 'she depends largely upon his/her disposable income in consumption process.
3. The researcher in the coming years should introduce new Independent variables for consumption function model and to study to what extent it affects consumption.