

Demand for food is widely studied topic in applied econometrics. Demand systems are the most useful models to evaluate demand and estimate the income and price elasticities. Different demand systems used for food demand are discussed in this thesis. Almost Ideal Demand System (AIDS) is the most popular among researchers thanks to conformity with economic theory, simple estimation, and flexibility with respect to non-linearity of Engel's curves or to control for socio-demographic or structural variables of household. Reporting of zero consumption by respondents when analysing demand on budget survey data requires special treatment, as censoring leads to the selectivity problem and hence biased estimates. Several techniques to treat the selectivity in order to obtain unbiased estimate of demand elasticities are discussed. Specifically, the Heien and Wessels, Shonkwiler and Yen, and Cosslett's semi-parametric corrections are incorporated into the AIDS model and empirically compared among each other. Since homogeneity and symmetry conditions are not fulfilled in this case, income and price elasticities of food demand are estimated by the unrestricted version of QUAIDS model which suits the budget survey data of Czech households the best with the correction for the selectivity by Shonkwiler and Yen's estimator. The estimated income elasticities of demand for all food and non-alcoholic beverages categories are higher than unity. The own-price elasticities are for all categories negative and vary across them.