

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO.241

TO BE ANSWERED ON TUESDAY, DECEMBER 2, 2025 / Agrahayana 11, 1947 (Saka)

Stimulating consumption demand

241. Shri Ayodhya Rami Reddy Alla:

Will the Minister of Finance be pleased to state:

- (a) how the Ministry plans to reconcile the apparent disconnect between macroeconomic indicators suggesting a robust economy and microeconomic realities of stagnant real wages and declining household consumption expenditure, and what policy levers it will pull to stimulate consumption demand; and
- (b) how the Ministry plans to address the issue of "consumption inequality" in India, where the top 10 percent of households account for a disproportionate share of consumption expenditure, and what policy measures it will take to promote more inclusive and equitable growth?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a):The Indian economy continues to remain among the fastest-growing major economies, supported by robust, balanced and inclusive growth. The latest data from the periodic labour force survey (PLFS) shows that the growth in average wage/salary earnings per person at current weekly status exceeded the retail inflation rate in 2023-24. Also, as per the household consumption expenditure survey (HCES) data collected by National Sample Survey Office (NSSO), the average monthly per capita consumption expenditure has risen from ₹ 3773 in 2022-23 to ₹ 4122 in 2023-24 in rural areas, and from ₹ 6459 in 2022-23 to ₹ 6996 in 2023-24 in urban areas.

The government's focus on ease of doing business, skilling, employment generation, inclusive human resource development, as well as the creation of infrastructure are likely to improve household income and consumption. Additionally, the new income tax exemption for annual incomes up to ₹12 lakh and the recent GST rate rationalisation measures are expected to boost household consumption. Furthermore, the continued expansion of credit access through schemes such as MUDRA and PM-SVANidhi is enabling small entrepreneurs and street vendors to sustain and grow their livelihoods, thereby supporting incomes and strengthening consumption demand.

(b): As per the latest HCES data collected by NSSO, the Gini coefficient, a key measure of inequality, has improved significantly (declining from 0.266 to 0.237 in rural areas and from 0.314 to 0.284 in urban areas between 2022-23 and 2023-24). The most significant growth in monthly per capita consumption expenditure (MPCE) occurred among the lower-income groups. Between 2022-23 and 2023-24, the bottom 5 per cent of the rural population saw a 22 per cent rise in their MPCE, while it increased by 19 per cent in urban areas.

The primary policy objective of the Government is inclusive growth, which is reflected in a commitment to reduce poverty and inequality, provide social security, income generation and livelihood options, enhancing financial inclusion, and investing in rural and infrastructure development, and improve the quality of life of the vulnerable sections. In this regard, the Government is implementing a number of targeted programmes such as Pradhan Mantri Awas Yojana (PMAY), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM), National Social Assistance Programme (NSAP), Pradhan Mantri Jan-Dhan Yojana (PMJDY), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana, Atal Pension Yojana, Pradhan Mantri Mudra Yojana, Stand Up India Scheme, Umbrella Programmes for Development of Minorities and Other Vulnerable Groups; Rashtriya Krishi Vikas Yojna; fund transfer under PM-KISAN, PM Fasal Bima Yojana claim payments; fertiliser subsidies; interest subvention for dairy cooperatives; Agri-Infrastructure Fund for farm gate infrastructure etc. Further, the Government is implementing various programmes, including Jal Jeevan Mission, Swachh Bharat Abhiyan, PM Ujjwala Yojana, PM Saubhagya Yojana, Ayushman Bharat, etc., to bring about overall improvement in the quality of life of the people through universal access to basic amenities.
