

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1367
TO BE ANSWERED ON NOVEMBER 25, 2019

CONSUMPTION GROWTH

1367. SHRI BALUBHAU ALIAS SURESH NARAYAN DHANORKAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the consumption growth has sunk from 13 per cent consumption led growth to 3.9 per cent;
- (b) if so, the details thereof and the reasons therefor;
- (c) the details of such five States where the consumption rate has depleted the most; and
- (d) the steps taken by the Government to improve the sinking consumption rate?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) & (b) Consumption expenditure remained the major contributor in growth of Gross Domestic Product (GDP) for the Indian Economy with more than 70 percent share in GDP at current prices in 2017-18 and 2018-19. Growth rates of real consumption expenditure in last three years are given below.

Table 1: Growth of total consumption expenditure at constant (2011-12) prices (percent)

	2016-17 (2 nd RE)	2017-18 (1 st RE)	2018-19 (PE)
Total final consumption expenditure	7.8	8.6	8.3
Note: RE – Revised Estimate, PE – Provisional Estimate Source: National Statistical Office			

(c) National Statistical Office does not compile state wise consumption expenditure data.

(d) Government has implemented various measures to boost consumption growth. To boost rural consumption, Government had expanded the cash transfer scheme Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) providing an income support of Rs.6000 per year to all farmers, which was limited to farmers with a land holding of less than 2 hectares. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is focusing more on the distressed districts of the country. Recently, Government has announced a number of measures to give a boost to consumption growth, which *inter-alia*, include additional credit expansion through infusion of Rs.70,000 crore into public sector banks; approval of a realty fund worth Rs.25000 crore for stalled housing projects; deduction of additional income tax of Rs.1.5 lakh on the interest paid on loans taken to purchase electric vehicles; and more credit support by strengthening of Non-banking Financial Companies and Housing Finance Companies through partial credit guarantee scheme. Besides, the Reserve Bank of India has cut the repo rate by 135 basis points between February and October 2019 for reducing the lending rates of banks with a view to encourage consumption in the economy. The RBI has further mandated banks to link their lending rates to external benchmark including the repo rate for lowering the lending rates.
