

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION No. 3303
TO BE ANSWERED ON 16 DECEMBER 2024**

FALL IN URBAN DEMAND FOR FMCG

3303 Ms Sayani Ghosh:

Will the Minister of FINANCE be pleased to state:

- a) whether the urban demand for Fast-Moving Consumer Goods (FMCG) has fallen leading to low sector growth from 10.1% in Q1 FY24 to just 2.8% in Q1 FY25 (in one year), if so, the steps taken to spur consumption;
- b) whether the decreased urban demand is caused due to high inflation including food inflation, stagnant growth of real wages and high interest rates as pointed out by experts, if so, the details of recent policy decisions taken for a course correction; and
- c) whether the Government has taken note of statements by various FMCG heads that it is the result of the vanishing 'middle-class syndrome'?

ANSWER

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

(a) & (b): There are many high frequency indicators on consumption, investment and other economic variables published by private agencies. The Government takes note of such information. However, as per the consolidated information provided by the National Statistical Office about the components of gross domestic product, the private final consumption expenditure at constant prices achieved a growth of 7.4 per cent in the first quarter of 2024-25 as compared to 5.5 per cent in the first quarter of 2023-24. The National Accounts Statistics does not give any separate information on fast-moving consumer goods.

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. While the policy repo rate remains unchanged since February 2023, the retail inflation rate declined to 4.8 per cent in 2024-25 (April-October) compared to 5.4 per cent in 2023-24.

The government's focus on skilling, employment generation, targeted provision of free food grains and measures to control inflation and to promote economic growth are likely to improve household income and consumption.

(c): Non-governmental sources make their own assessments of trends in economic variables. However, the Government does not have any information on vanishing 'middle class syndrome'.
