

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
STARRED QUESTION NO.†*101
TO BE ANSWERED ON MONDAY, DECEMBER 8, 2025 / Agrahayana 17, 1947 (Saka)

Economic Impact of Consumption led Growth

†*101. Shri Ravindra Shukla *Alias* Ravi Kishan:

Will the Minister of FINANCE be pleased to state:

be pleased to state:

- (a) whether the Government is aware that the Gross Domestic Product (GDP) growth rate in the second quarter of the current Financial Year has remained 7.2 per cent and where as consumption-led growth is projected to improve further for 2025-26, if so, the details thereof;
- (b) the details of the fiscal or policy initiatives proposed by the Government to stimulate the consumption growth;
- (c) whether any new policy is being formulated by the Government to balance the rural and urban consumption, if so, the details thereof; and
- (d) the details of the Government's assessment of the likely impact of consumption growth?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (D) OF THE LOK SABHA STARRED QUESTION NO.†*101 RAISED BY SHRI RAVINDRA SHUKLA ALIAS RAVI KISHAN ON 08.12.2025 REGARDING ECONOMIC IMPACT OF CONSUMPTION LED GROWTH

(a): As per the National Statistics Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), GDP at constant prices has been estimated to grow at 8.2 per cent in the second quarter (Q2) of 2025-26 as against 5.6 per cent in Q2 of 2024-25 and 7.8 per cent in the first quarter (Q1) of 2025-26, reflecting accelerating growth momentum in the economy. The share of Private Final Consumption Expenditure (PFCE) in GDP has improved from 62.2 per cent in Q2 of 2024-25 to 62.5 per cent in Q2 of 2025-26, while its growth in constant price terms improved from 6.4 per cent to 7.9 per cent during the corresponding period.

(b) The Government has undertaken a multi-pronged strategy to stimulate consumption growth in the economy through a combination of demand-supporting measures, income-enhancing supply-side strategies and structural reforms. Policies measures such as the new income tax exemption for annual incomes up to ₹12 lakh, recent GST rate rationalisation, continued emphasis on ease of doing business, skilling, employment generation, and infrastructure development, along with expanded access to credit through schemes like MUDRA and PM-SVANidhi, are expected to boost consumption growth in the economy.

(c) Through various policy initiatives, the Government has emphasised on achieving a balanced growth in rural and urban consumption. Urban livelihood and skilling programmes alongside tax reliefs and digital payments expansion in urban centres are boosting consumption in urban areas. Alongside, targeted flagship programmes such as PM-KISAN, Mahatma Gandhi National Rural Employment Guarantee Scheme, PM Awas Yojana (Gramin), agri-productivity missions and Self Help Group-based livelihood initiatives are ensuring broad-based income gains across rural areas.

(d) The strengthening of consumption demand will have a positive impact on overall economic activity by supporting household incomes, encouraging private investment and reinforcing economic growth.
