

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA  
UNSTARRED QUESTION NO. †5934  
TO BE ANSWERED ON MONDAY, MARCH 30, 2026/ CHAITRA 09, 1948 (SAKA)

**Slowdown in Urban Consumption**

**†5934 . Shri Lalji Verma:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has assessed the factors contributing to the slowdown in urban consumption, including rising costs, wage pressures and regulatory actions and the steps being taken to address them, if so, the details thereof;
- (b) the measures being implemented by the Government to support sectors most affected by the slowdown in urban consumption, such as electronics, automobiles and grooming services;
- (c) whether the Government has identified specific policies to increase disposable incomes in urban areas to stimulate consumption and if so, the details thereof;
- (d) whether the Government proposes to reduce income tax to boost demand and increase consumption; and
- (e) whether the Government proposes to reduce GST rates on electronics and automobiles to boost demand and increase consumption and if so, the details thereof?

**ANSWER**

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

(a) to (c) As per the Household Consumption Expenditure Survey (HCES) 2023-24, the estimated average monthly per capita consumption expenditure in urban areas increased from ₹6,459 in 2022-23 to ₹6,996 in 2023-24 (excluding the imputed value of items received free of cost through social welfare programmes). Further, as per the Ministry of Statistics and Programme Implementation, Private Final Consumption Expenditure (PFCE) at constant 2022-23 prices grew by 8.7 per cent in Q3 of 2025-26, compared with 6.0 per cent in Q3 of 2024-25, indicating that overall, there is no real slowdown in private consumption.

The Government is committed to sustaining momentum in private consumption, particularly in urban areas, through a combination of demand-supportive measures and structural reforms. Continued focus remains on job creation in high-growth sectors such as manufacturing, services, construction and the digital economy, and in providing an enabling ecosystem for skill development. Initiatives like the National Urban Livelihoods Mission enhance urban livelihoods and ₹1 lakh crore Urban Challenge Fund target ‘Cities as Growth Hubs’. The tax relief measures proposed in Budget 2025–26 and the continued expansion of digital payments, affordable credit, and targeted subsidies (e.g., LPG under Ujjwala) further boost disposable incomes and consumption.

Moreover, GST rate rationalisation and reduction in import duties on inputs and intermediate goods, particularly in sectors such as automobiles and electronics, have been undertaken to reduce costs and improve competitiveness. Further, Special Additional Excise Duty on petrol has been cut from ₹13 per litre to ₹3 per litre and that of Diesel from ₹10 per litre to zero, so as to limit retail fuel-price hikes for consumers amid sharply rising global crude and product prices triggered by the West Asia conflict. In addition, moderation in retail inflation from 5.4 per cent in 2023-24 to 4.6 per cent in 2024-25 and further to 1.95 per cent in 2025-26 (April-February) has helped improve real purchasing power. These measures support demand across sectors, including electronics, automobiles and grooming services.

(d) The Government has already undertaken significant measures to reduce personal income tax and enhance disposable incomes under the new tax regime. The threshold for the nil tax slab has been progressively increased from ₹2.5 lakh to ₹4 lakh. Further, the rebate under section 87A has been proposed to be enhanced so that resident individuals with total income up to ₹12 lakh (₹12.75 lakh for salaried taxpayers due to standard deduction) are not required to pay any income tax. Additionally, tax rates across income slabs have been rationalised, with the highest rate of 30 per cent now applicable to income above ₹24 lakh. These measures are aimed at providing relief to middle-class taxpayers, increasing disposable incomes, and thereby supporting consumption demand in the economy.

(e) Based on the recommendations of the 56th GST Council meeting held in September 2025, a comprehensive GST rate rationalisation was undertaken. As part of these reforms, GST rates on several electronic appliances, such as air conditioners, televisions (above 32 inches), monitors, projectors, and dishwashing machines, have been reduced from 28 per cent to 18 per cent. In the automobile sector, GST rates on small cars, motorcycles (up to 350 cc) and three-wheelers have been reduced from 28 per cent to 18 per cent, along with a uniform 18 per cent GST rate on auto parts. GST rates on buses, trucks and ambulances have also been reduced from 28 per cent to 18 per cent. These measures are expected to reduce costs, improve affordability and stimulate demand in these sectors, thus strengthening India’s automotive manufacturing base.

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