Household Consumption Expenditure Survey 2022-23

Why in news?

Recently Ministry of Statistics and Program Implementation has released Household Consumption Expenditure Survey 2022-23.

Household Consumption Expenditure Survey (HCES)
• **About HCES**-It is designed to collect information on consumption of goods and services by the households. • It also collects some auxiliary information on household characteristics and demographic particulars of the households. • **Conducted by**- *National Sample Survey Office* under Ministry of Statistics and Program Implementation. • **Publication**- It is supposed to be held *every 5 years*. • **2017-18 survey**- It was not released citing data quality issues. • **Aim**- To generate estimates of household *Monthly Per Capita Consumption Expenditure* (MPCE) and its distribution separately for • Rural and urban sectors of the country, • States and Union Territories, and • Different socio-economic groups. • **Summary results**- The survey related to MPCE is being released in the form of a *factsheet*. • **Application**- Information collected in HCES is useful for understanding the • Consumption and expenditure pattern, • Standard of living and • Well-being of the households. • It is essential to update Consumer Price Inflation (Retail inflation) basket. • Improved policy decisions based on expenditure and consumption behaviour.

What are the key highlights of the report?

- **Coverage**- The whole of the Indian Union except a few inaccessible villages in the Andaman and Nicobar Islands.
- **Consumption basket**-It has been divided into three broad categories namely,
  - Food items,
  - Consumables and Services items, and
  - Durable goods.
- **Consumption expenditure**- It has increased by over 2.5 times from 2011-12 levels in current prices, and the growth is faster in rural India than urban India.
- **Estimates of MCEP**- It is based on Modified Mixed Reference Period (MMRP)

- MMRP is based on household consumer expenditure on edible oil, egg, fish and meat, vegetables, fruits, spices, beverages, refreshments, processed food, pan,

tobacco and intoxicants for a reference period of the "last 7 days" and for all other items, recorded for the same reference period as in case of MRP.

- MRP refers to household consumer expenditure on (i) clothing and bedding, footwear, education, institutional medical care, and durable goods for a reference period of the "last 365 days" and (ii) expenditure on all other items for a reference period of the "last 30 days".

- **MPCE**- India's per capita monthly consumption expenditure was 33-40% higher in 2022-23 than 2011-12.
- The average monthly per capita consumption expenditure (MPCE) of both urban and rural households doubled in the 11-year period with both spending lesser on food items.
- Of this 46% of the expenditure was on _food items_ in _rural households_ and 39% in _urban homes_ in 2022-23.

MPCE is a measure of the average spending of a person in a month on various goods and services such as collection of data in the field for consumption out of home-grown/home-produced stock and gifts, loans, free collection and goods received in exchange of goods and services etc.,

Key aspect	High/low	State/ UT
Both rural and urban areas	High	Sikkim
	Low	Chhattisgarh
Rural- urban difference in average MPCE	High in States	• Meghalaya (83%) • Chattisgarh (82%)
	High in UT	Chandigarh
	Low in UT	• Ladakh- In rural areas • Lakshadweep- In urban areas

- **Imputed average MPCE data**- NSSO provided another set of MPCE by providing the imputed value of a number of items received free by households through various social welfare programmes.
- **Coverage of imputed average**- It includes
  - Food items- Rice, wheat, atta, pulses, salt, sugar, edible oil, etc., and
  - Non-food items- Laptop/ PC, tablet, mobile handset, bicycle, motorcycle/ scooty, clothing (school uniform), footwear (school shoes, etc.,).
- The MPCE of rural and urban households which includes the imputed value of free food and non-food items is higher compared with the MPCE which does not include the free items.
  - In rural households, the bottom 0-5 per cent of the population got the least to spend in terms of imputed value of free items.
- **Non-imputed average of MPCE data**- It does not include imputed value of items, the urban non-imputed average is higher than rural households.

It is used to calculate the retail inflation and interest decisions by the Reserve Bank of India.

- **Food expenditure**- The rural households' spending on food has dropped below 50% of their total expenditure for the first time ever.
    - The consumption of high-value items such as eggs, fish, meat, and fruits has increased, especially in rural areas
- **Income disparity**- The richest 20% of the population account for nearly 46.2% of the total consumption expenditure.
    - The bottom 20% account for only 8.8% of the total expenditure.
- **Widening gap-** There is a wide gap between the rich and the poor in both rural and urban India,
    - The richest 5% spend eight to ten times more than the poorest 5%.
    - The average MPCE of urban households is much higher than that of rural households.
- **Improved rural income**-The difference between rural and urban MPCE has narrowed substantially over the years, implying successful government policies for improving rural incomes.

Year	2004-05	2011-12	2022-23
Rural MPCE	90%	84%	71%

References

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2. The Hindu- Poverty level below 5%
3. MoSPI- Factsheet of Household consumption expenditure survey

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