

SLACK SPENDING

Consumer expenditure at constant prices has not grown significantly in the recent past, although spending in current prices has grown considerably.

BY RAMESH CHAKRAPANI

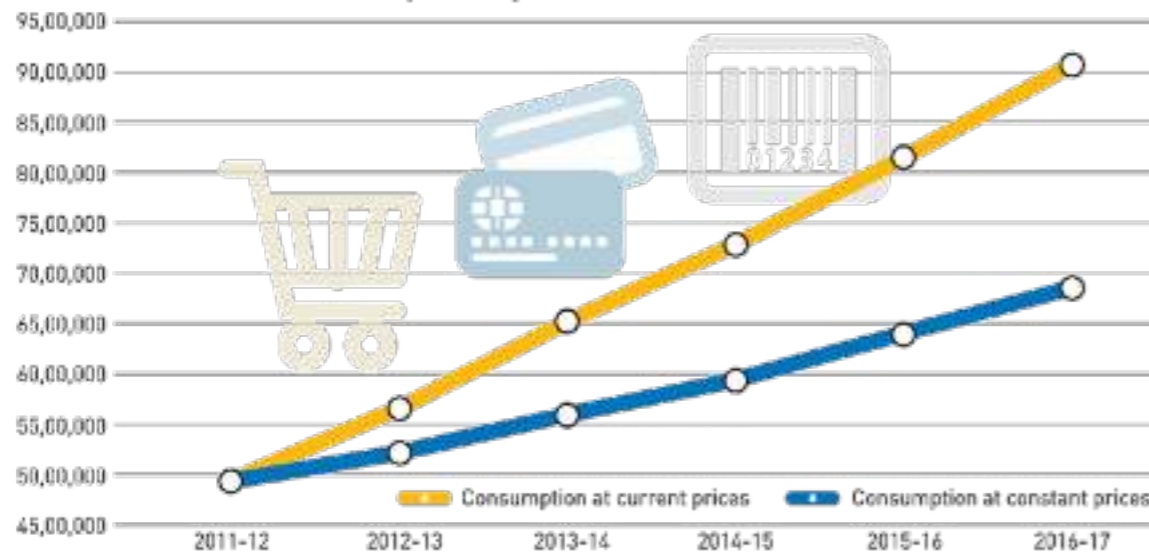
PRIVATE final consumption expenditure (PFCE) at constant prices (with 2011-12 as the base year) on essentials such as food and housing, apart from spending in key areas such as education and services, grew slowly in the five years since 2011-12, although the growth was significant when measured

in current prices, according to data from the National Accounts Statistics 2018 document published by the Ministry of Statistics and Programme Implementation.

Private final consumption expenditure clubs the expenditure of households and non-profit institutions serving households, such



Private consumption expenditure in domestic market (in Rs. crore)



FOOD & NON-ALCOHOLIC BEVERAGES



HEALTH



as places of worship.

During the period, per capita PFCE in current prices rose 72 per cent from Rs.40,250 in 2011-12 to Rs.69,322 in 2016-17, but in terms of constant prices it grew only 31 per cent to Rs.52,443. Similarly, per capita gross national income in current prices rose 63 per cent from Rs.70,980 in 2011-12 to Rs.1,16,069 in 2016-17, but in terms of constant

prices it grew only 31 per cent to Rs.92,775.

Data reported in current prices for each year are in the value of the currency for that particular year. Data in constant terms show the data for each year in the value of a particular base year. Constant series are used to measure the true growth because they adjust for the effects of price inflation. For instance, the amount

of money spent on food and non-alcoholic beverages rose from Rs.14.99 lakh crore in 2011-12 to Rs.27.18 lakh crore in 2016-17 at current prices, but at constant prices it reached only Rs.19.12 lakh crore in 2016-17.

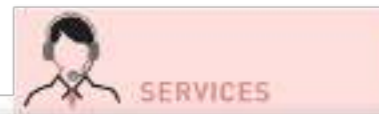
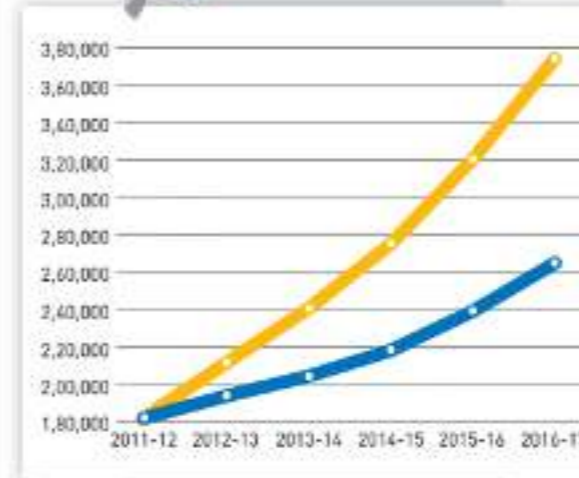
health at current prices rose from Rs.1,81,334 crore in 2011-12 to Rs.4,08,338 crore in 2016-17, but at constant prices it rose to only Rs.3,06,560 crore in 2016-17.

Similarly, expenditure on

HOUSING & UTILITIES



EDUCATION



SERVICES

