



# Consumer Expenditure Survey

## Why in News

The Government has decided **not to release the results of the all-India household Consumer Expenditure Survey (CES)**, conducted during 2017-18, due to data quality issues.

- The Government is now examining the feasibility of conducting the next Consumer Expenditure Survey (CES) in 2020-2021 and 2021-22 after incorporating all data quality refinements in the survey process.
- According to a leaked version of the 2017-18 survey, the country has witnessed the first such drop in the **Monthly Per Capita Consumer Expenditure (MPCE)** since 1972-73.
- Previous survey on consumer expenditure was conducted during the period : July 2011 to June 2012.

## Consumer Expenditure Survey

- **Time Interval:** Traditionally, a **quinquennial (recurring every five years)** survey conducted by the **National Sample Survey Office - NSSO** (comes under the National Statistical Office), Ministry of Statistics and Programme Implementation.
- **Scope:** Collects information on the **consumption spending patterns of households** across the country, both **urban and rural**.
- **Information Generated**
  - Reveals the average expenditure on **goods (food and non-food) and services**.
  - Helps generate estimates of household **Monthly Per Capita Consumer Expenditure (MPCE)** as well as the distribution of households and persons over the MPCE classes.
- **Significance in General**
  - Helps in calculating the **demand dynamics** of the economy.
  - Helps in understanding the shifting priorities in terms of baskets of goods and services, thus provides **pointers to the producers of goods and providers of services**.
  - To **assess living standards** and growth trends across multiple strata.
- **Significance for Policymakers**
  - The CES is an analytical as well as a forecasting tool which helps the Government in **planning required interventions and policies**.
  - To spot and address possible structural anomalies that may cause demand to shift in a particular manner in a specific socio-economic or regional division of the population.
  - To **rebase the Gross Domestic Product (GDP)** and other macro-economic indicators.

## Findings of CES (2011-12)

- **Urban and Rural Expenditure**
  - Average urban MPCE (at ₹2,630) was about 84% higher than average rural MPCE (₹1,430) for the country as a whole.
  - The most noticeable rural-urban differences in the 2011-12 survey related to spending on

cereals (urban share: 6.7%, rural share: 10.8%), rent (urban: 6.2%, rural: 0.5%) and education (urban: 7%, rural: 3.5%).

#### ▪ **Expenditure on Food**

- Food accounted for about 53% of the value of the average rural Indian household's consumption during 2011-12.
- In the case of urban households, it accounted for 42.6% of the average consumption budget.

#### ▪ **Inequalities**

- Sharp variations between States with better socio-economic indices and those still aiming to improve.
- The urban-rural divide.
- The gap between the highest spending and lowest spending groups.

### **Consequences of Not Releasing the Data**

- Instead of a six-year gap, the next survey's findings — depending on when the Ministry decides to actually undertake it, 2020-21 or 2021-22 — would end up coming after 9 or 10 years after the 2011-12 round.
- As the survey forms the basis of the estimation of inequality in India, and is used for adjusting the consumer price index as well as the GDP data, scrapping the survey means further **delays in updating these key statistics**.
- **Against IMF's Obligations**
  - India is a subscriber to the [International Monetary Fund's Special Data Dissemination Standard \(SDDS\)](#).
  - Thus, India is obliged to follow good practices in **four areas in disseminating macroeconomic statistics** to the public. These comprise:
    - The coverage, periodicity, and timeliness of data;
    - Public access to those data;
    - Data integrity;
    - Data quality.
  - IMF's '**Annual Observance Report**' for 2018 has already flagged concerns about India's delays in releasing economic data. By not releasing the CES data, the country risks contravening its SDDS obligations.

### **Way Forward**

- The Government can release the data while acknowledging its limitations. Suppressing data will only further erode its credibility.
- The Government should realise that reliable and timely availability of data form the bedrock of sound policy-making and any doubts over official data weaken the credibility of the entire institutional set-up.

**Source: TH**