



Household Consumption Expenditure Survey 2023-24

For Prelims: [Household Consumption Expenditure Survey](#), [National Statistical Office](#), [Consumer Price Index](#), [Gross Domestic Product](#), [Consumption Inequality](#), [Pradhan Mantri Kisan Samman Nidhi](#)

For Mains: Household Consumption Expenditure Survey, Consumption and Development Policies

Source: [PIB](#)

Why in News?

The [Ministry of Statistics and Programme Implementation \(MoSPI\)](#) has released the factsheet of the [Household Consumption Expenditure Survey \(HCES\) 2023-24](#), providing key insights into consumption patterns and economic well-being in India.

Household Consumption Expenditure Survey

- The HCES collects data on household spending patterns to assess living standards, well-being, and consumption behavior.
- HCES has been conducted by the [National Statistical Office \(NSO\)](#) since 1951 as part of the [National Sample Survey \(NSS\)](#) under the **MoSPI**.
- **Significance:** Provides inputs for calculating [Consumer Price Indices \(CPI\)](#) and revising the base year for **macroeconomic indicators like [Gross Domestic Product \(GDP\)](#)**.
 - HCES helps to measure [poverty](#), inequality, and social well-being.

What are the Key Findings of the HCES 2023-24?

- **Rising Consumption:** Rural consumption spending increased significantly, with the average **monthly per capita expenditure (MPCE)** rising to **Rs 4,122 (up 9.3% from Rs 3,773 in 2022-23)**.
 - The MPCE of urban areas is Rs 6,996 (up 8.3% from Rs 6,459 in 2022-23).
 - The gap between rural and urban consumption narrowed from **83.9% in 2011-12 to 69.7% in 2023-24**, suggesting that rural consumption is growing faster than urban consumption.
 - Imputed values for **free benefits** (e.g., food grains, school uniforms) under welfare schemes marginally increased MPCE estimates.
 - Rural MPCE Rs 4,247 (with imputation) and Urban Rs 7,078 (with imputation).
- **Regional Disparities:** **Sikkim** had the highest MPCE Sikkim (rural Rs 9,377 and urban Rs 13,927), while **Chhattisgarh** (rural Rs 2,739 and urban Rs 4,927) recorded the lowest.
 - **Maharashtra, Punjab, Tamil Nadu, Telangana, and Kerala**, showed higher-than-average per capita consumption spending.

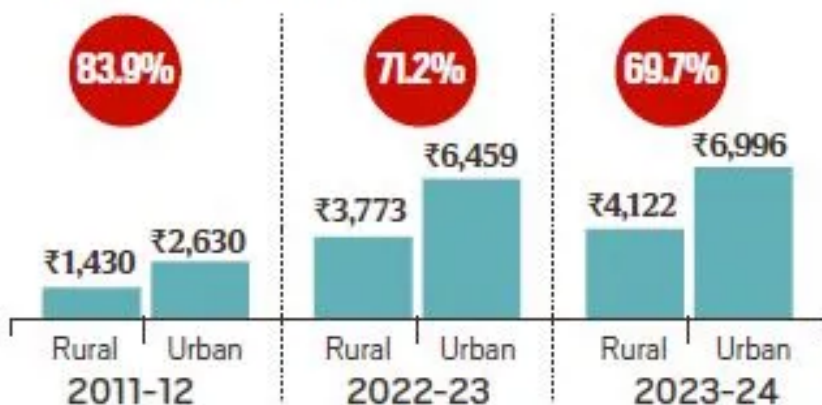
- **West Bengal, Bihar, Uttar Pradesh, and Madhya Pradesh**, had lower spending than the national average.
- Among the Union Territories (UTs), MPCE is the highest in **Chandigarh** (Rural Rs. 8,857 and Urban Rs. 13,425), whereas it is the lowest in Dadra and Nagar Haveli and Daman and Diu (Rs. 4,311) and Jammu and Kashmir (Rs. 6,327) in rural and urban areas, respectively.
- **Consumption Inequality:** The **Consumption Inequality**, as measured by the **Gini coefficient**, has decreased in both rural and urban areas.
 - The **Gini coefficient dropped from 0.266 to 0.237** in rural areas and from 0.314 to 0.284 in urban areas from 2022-23 to 2023-24.
- **Food Expenditure:** In 2023-24, spending on **food increased in both rural (47.04%) and urban (39.68%) areas**, reversing previous declines.
 - The highest food expenditure was on **beverages, refreshments, and processed food**, followed by milk, milk products, and vegetables.
- **Non-Food Expenditure:** The share of non-food expenditure remained high, at **52.96%** in rural areas and **60.32%** in urban areas.
 - Rural households spent more on **conveyance (7.59%), medical expenses (6.83%), and clothing and bedding (6.63%)**, while urban households spent more on **conveyance (8.46%), miscellaneous goods (6.92%), and rent (6.58%)**.
- **Fractile Consumption Patterns:** In 2023-24, consumption spending decreased for the top 5% of both rural and urban populations, compared to 2022-23.
 - In contrast, the bottom 5% saw significant increases, with rural spending rising 22% and urban spending growing 19%.
 - This shows significant growth in consumption for the lower-income groups, indicating economic improvement.

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ALL-INDIA CONSUMPTION TREND

- Average monthly per capita expenditure (Rs)
- Difference as % of rural MPCE



SHARE OF FOOD IN MONTHLY PER CAPITA EXPENDITURE

(% share of food in MPCE)

Year	Rural India	Urban India
1999-2000	59.46	48.06
2004-05	53.11	40.51
2011-12	52.9	42.62
2022-23	46.38	39.17
2023-24	47.04	39.68

SPENDING ON FOOD ITEMS (% share of MPCE)

	2011-12		2022-23		2023-24	
	RURAL	URBAN	RURAL	URBAN	RURAL	URBAN
Beverages, processed food	7.90	8.98	9.62	10.64	9.84	11.09
Milk & milk products	8.04	7.01	8.33	7.22	8.44	7.19
Vegetables	6.62	4.63	5.38	3.80	6.03	4.12
TOTAL *	52.90	42.62	46.38	39.17	47.04	39.68

SPENDING ON NON-FOOD ITEMS

RURAL INDIA (% share of MPCE)

	2011-12	2022-23	2023-24
Conveyance	4.20	7.55	7.59
Durable goods	4.85	6.89	6.48
Fuel and light	7.98	6.66	6.11
Total *	47.10	53.62	52.96

URBAN INDIA (% share of MPCE)

	2011-12	2022-23	2023-24
Conveyance	6.52	8.59	8.46
Durable goods	5.60	7.17	6.87
Rent	6.24	6.56	6.58
Total *	57.38	60.83	60.32

Source: Household Consumption Expenditure Survey 2023-24; * Includes other products

Key Terms

- **Monthly Per Capita Expenditure (MPCE):** The average monthly expenditure per person on essentials like food, healthcare, education, transportation, and other basic needs.
- **Consumption Inequality:** It refers to the unequal distribution of consumption expenditures or goods and services across individuals or households within an economy.
 - The Gini coefficient measures consumption inequality, where **0 represents perfect equality and 100 signifies perfect inequality**. It quantifies the disparity in consumption across households or individuals.

What are the Implications of HCES Findings on Policy Making?

- **Rural Development:** The narrowing rural-urban gap indicates **rising rural incomes**, likely driven by schemes like [Pradhan Mantri Kisan Samman Nidhi \(PM-KISAN\)](#) and [Mahatma Gandhi National Rural Employment Guarantee Act \(MGNREGA\)](#), warranting further policy support.
 - The relatively **high spending on conveyance in rural areas indicates** the need for improved rural transport infrastructure to reduce costs.
 - Encourage investments in rural **non-food sectors like conveyance and durable goods.**
- **Sectoral Shifts:** The growing **expenditure on services (e.g., conveyance, entertainment)** points to a shift toward a **service-driven economy**.
 - Policies should focus on **skilling and job creation in these emerging sectors.**
 - With rural consumption rising, policies should aim to **sustain this growth through skill development and rural industrialization.**
- **Urban Planning and Housing:** High urban spending on rent and conveyance highlights the need for **affordable housing policies and improved public transport infrastructure.**
 - Urban policies **must address stagnation in income growth**, particularly for the middle class, to ensure equitable growth.
- **Regional Disparities:** States with **lower-than-average consumption**, such as Bihar, require focused interventions in education, healthcare, and employment to boost economic activity.
- **Consumer Protection:** Policymakers should **regulate processed food industries** to ensure quality standards and consumer safety.

Read more: [SBI Reports Decline in Poverty in India](#)

Drishti Mains Question:

Analyze the factors contributing to the narrowing rural-urban consumption gap as per the HCES 2023-24 and its implications for rural development policies.

UPSC Civil Services Examination, Previous Year Question:

Prelims

Q. As per the NSSO 70th Round “Situation Assessment Survey of Agricultural Households”, consider the following statements: (2018)

1. Rajasthan has the highest percentage share of agricultural households among its rural households.
2. Out of the total agricultural households in the country, a little over 60 percent belong to OBCs.
3. In Kerala, a little over 60 percent of agricultural households reported to have received maximum income from sources other than agricultural activities.

Which of the statements given above is/are correct?

- (a) 2 and 3 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: c

Q. In a given year in India, official poverty lines are higher in some States than in others because (2019)

- (a) poverty rates vary from State to State
- (b) price levels vary from State to State

- (c) Gross State Product varies from State to State
(d) quality of public distribution varies from State to State

Ans: (b)

PDF Refernece URL: <https://www.drishtiias.com/printpdf/household-consumption-expenditure-survey-2023-24>

