

How India spends

The money lavished on weddings is more than double the amount spent on higher education



BY PRAMIT BHATTACHARYA
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NEW DELHI

Rural households collectively spent more than their urban counterparts over the past year, according to data from a nationally representative consumer survey. Aggregate household expenditure in India 2015-16 was Rs12.2 trillion. Rural households accounted for 57% of the aggregate spending while urban ones accounted for 43%. The Household Survey on India's Citizen Environment & Consumer Economy (ICE 360° survey) conducted this year shows. The reference period for calculating the annual expenditure was April 2015-March 2016.

Aggregate household expenditure on essential consumption goods (including fast moving consumer goods, clothing, and footwear) was Rs22 trillion, of which rural India's share was 59%, the survey shows. Urban India's share in the aggregate spending on consumer durables was higher than that of rural India at 52%.

The consumer durables category also includes down payment for purchase of vehicles in this analysis.

The trend in spending on consumer services and other non-essential expenditure is broadly similar to the national trends on overall spending. Consumer services include expenses on entertainment, conveyance, health, travel, education etc. Other expenses include loan payments, remittances sent, and non-routine expenditures such as those on weddings in the family and upgrades (or repairs) of houses. The overall spending on consumer services and other non-essential expenditure was Rs49.3 trillion, of which rural India had a share of 54%.

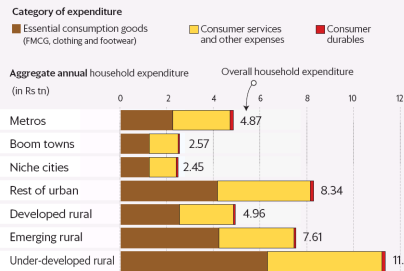
The survey suggests that the wedding industry is far bigger than the entire entertainment industry in the country put together. Aggregate spending on weddings over the reference period was Rs1.8 trillion, 80% higher than the collective spending on entertainment. The aggregate spending on weddings was more than double that on higher education of dependent members of the household, and its share in overall spending was only a little less than the share of health expenses.

A notable feature of the ICE 360° survey is that it is representative at the level of economic clusters. Urban India has been divided into four clusters: metros (population more than 5 million), boom towns (2.5 to 5 million), niche cities (1 to 2.5 million) and other urban towns (less than 1 million). Based on district development index, rural India has been subdivided into three different clusters: 'developed rural', 'emerging rural', and 'under-developed rural'. The first category includes districts such as Bathinda (Punjab) and Kangra (Himachal Pradesh). The second category includes districts such as Latur (Maharashtra) and Kamrup (Assam) while the last category includes districts such as Kalamandir (Odisha) and Bastar (Chhattisgarh).

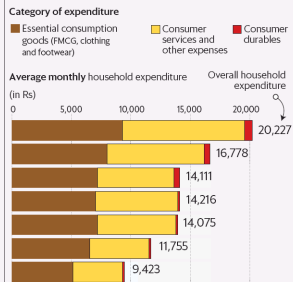
The survey shows that aggregate spending in metros across most cate-

The great Indian consumer market

Aggregate household expenditure in rural India is greater than that of urban India but in case of consumer durables, aggregate spend in urban India is greater. Within urban India, aggregate spend in the metros is nearly equal to what boom towns and niche cities collectively spend.



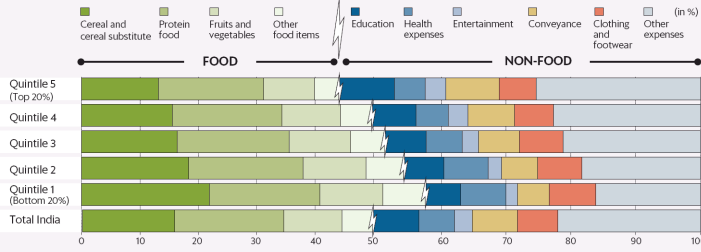
Average household spend on both essentials and consumer durables is significantly higher in metros compared to other regions.



Note: Consumer services include expenses on entertainment, conveyance, health, education, etc. Other expenses include loan payments, remittances sent and non-routine expenditures such as those on weddings and house repairs. Consumer durables category includes downpayment on vehicles purchased.

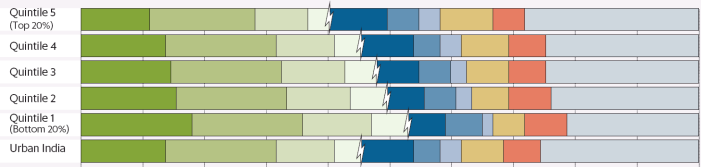
Routine household consumption expenditure

The bottom quintile spends significantly more on health compared to the top quintile as a share of routine consumption expenses. The share of monthly expenses spent on clothing and footwear is roughly the same across income classes.



URBAN

Households in the top urban quintile spend 41% of their routine monthly expenses on food while those at the bottom of the urban income pyramid spend 53% of their budget on food.



Graphic: Ahmed Raza Khary/Mint

Source: ICE 360° Survey, 2016

ICE 360° Part 6

gories of spending equals that of niche cities and boom towns put together. The average household spending is also significantly higher for metro dwellers compared to others. This is not so surprising, given that most people living in metros belong to the top two income quintiles, as the first part of this series pointed out ([6012/2670Zd](#)).

Excluding non-routine expenses (such as those on weddings and home upgrades), one finds that food still dominates routine monthly consumption expenditure in India. The

bottom quintile (poorest 20%) spends nearly 60% of its monthly budget on food while the top quintile (richest 20%) spends 41% on food. Within urban India, the bottom quintile spends 53% on food while the top quintile spends 41% on food.

The survey suggests that health shocks cause greater stress among the poor than among the rich. The share of health expenses as a proportion of routine monthly expenditure is higher for the bottom quintile than for the top quintile. The share of expenditure on clothing seems to be nearly constant across the class divide. The share of education is also roughly similar across classes and regions but the spending on higher

education is significantly higher among those living in metros than in other regions.

The ICE 360° survey was conducted by not-for-profit People Research on India's Consumer Economy (PRICE), headed by two of India's best-known consumer economy experts, Rama Bijapurkar and Rajesh Shukla. The survey is among the largest consumer economy surveys in the country. The urban sample of the survey is comparable to that of the National Sample Survey Office (NSSO) consumer expenditure survey conducted in 2011-12. While the NSSO surveyed 10,16,631 households of which 41,968 (41.3%) were urban households, the ICE 360° survey cov-

ered 61,000 households of which 36,000 (59%) are urban households. The rural sample of the ICE 360° survey is less than half of the NSSO sample. Nonetheless, all the estimates of each region have been derived by adjusting for the respective population of these regions.

Tadit Kundu in Mumbai contributed to this story.

This is the sixth part of a 16-part data journalism series on how India lives, thinks, earns and spends, based on the latest results from the ICE 360° survey ([www.ice360.in](#)) conducted by the People Research on India's Consumer Economy (PRICE) in 2016. The next part will look at the lifestyle choices of Indians.

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Govt seeks Parliament nod to increase spending by Rs60,000 crore

BY REMYANAIK
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NEW DELHI

The government has sought Parliament's approval for a net additional expenditure of more than Rs35,000 crore, as it seeks to increase spending in the rural sector.

In the second supplementary demand for grants tabled by finance minister Arun Jaitley on Wednesday, the government has sought to spend an additional Rs59,978 crore

in 2016-17. A part of this higher expenditure will be met through savings and improved recoveries by department, thereby resulting in a net additional spending of Rs35,179.2 crore.

Extra spending will mainly be to support the government's rural jobs scheme and for building rural infrastructure.

The government has sought approval for an additional Rs1,000 crore allocation to the Mahatma Gandhi National Rural Employment Guarantee Scheme for 2016-17.

An additional Rs2,000 crore has been sought for the ministry of communications and information technology to compensate telecom service providers for providing services in rural and remote areas including operation and maintenance of village public telephone and the requirement of Bharat Net.

Additional expenditure to the tune of Rs2,500 crore is also envisaged for the ministry of drinking water and sanitation for supporting the government's ambitious Swachh Bharat Abhiyan and the rural

drinking water programme.

More than Rs2,000 crore has been set aside for the ministry of urban development for its smart city programme.

Other major additional spendings include Rs800 crore to the ministry of civil aviation for additional equity investments in international carrier Air India, Rs2,000 crore to the price stabilization fund for procurement and import of pulses and Rs1,000 crore for Coast Guard's acquisition of ships and land.

The additional expenditure will not put pressure on the

government's finances, said economists.

D.K. Joshi, chief economist at rating agency Crisil, said the government will manage to meet its fiscal deficit targets for this fiscal. "The economy is not in great shape and the government is looking to step up spending. With tax collections expected to improve this year because of the additional schemes announced, the pressure on the fisc will be limited," he said.

The government aims to contain its fiscal deficit to 3.5% in 2016-17. While the govern-

ment expects to exceed its indirect tax collection targets, it hopes to limit the shortfall in direct taxes on account of tax collections from the two income disclosure schemes announced this year for tax evaders to come clean. While the first scheme closed on 30 September yielding the government around Rs30,000 crore in taxes, another—the Pradhan Mantri Garib Kalyan Yojana—is still awaiting the Parliament's nod.

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Supreme Court allows release of Rs2.8 crore funds to BCCI

New Delhi: The Supreme Court on Wednesday allowed release of Rs2.8 crore to the Board of Control for Cricket in India (BCCI) for conducting eight matches in different formats between India and England. A bench led by Chief Justice T.S. Thakur allowed BCCI to utilize Rs1.33 crore for hosting two test matches in Mumbai and Chennai this month. Additionally the court allowed BCCI Rs25 lakh each for three one day international matches and three T-20 matches to be played in January and February.

APURVA VISHWANATH

India records 800% spike in 'honour killings' in 2015

New Delhi: India has registered a nearly 800% spike in the number of so-called honour killings reported last year, leading state officials and women's rights groups to demand investigations into how such crimes persist. Minister of state for home affairs Hansraj G. Ahir told lawmakers this week that police registered 251 cases of honour killings in 2015, compared with just 28 a year earlier when India began counting them separately from murder.

AP

Iso successfully launches remote sensing satellite RESOURCESAT-2A

Bengaluru: India's latest remote sensing satellite, RESOURCESAT-2A, was on Wednesday successfully launched by the Indian Space Research Organization's (ISRO) workhorse polar satellite launch vehicle from the launch pad at Sriharikota in Andhra Pradesh.

RESOURCESAT-2A, intended for resource monitoring, is a follow on mission to RESOURCESAT-1 and RESOURCESAT-2, launched in 2003 and 2011 respectively. It is intended to continue the remote sensing data services to global users provided by RESOURCESAT-1 and 2.

PTI

India to be less affected by US policy change under Trump: S&P

New Delhi: India with a large domestic economy will be less affected by changes in growth and monetary policy in the new set up under Donald Trump administration, S&P Global Ratings said on Wednesday.

In a report on effect of Trump's victory in the presidential elections on Asia-Pacific economies, S&P said many key US policies under the new administration remain undefined, leading to unusual uncertainty around the baseline outlook.

"The effect of changes in the US growth and monetary policy on Asia's trade and general financial market confidence, whether positive or negative, will be greater on smaller and more open economies of the region," S&P Global Ratings' Asia-Pacific chief economist Paul Gruenwald said.

PTI

India to extend LED efficiency programme to wider Asia market

New Delhi: India, the world's third-largest emitter of greenhouse gases, is aiming to extend its lighting efficiency programme with the help of the World Bank to seven other Asian nations and the UK, while also applying it to other technologies at home. Initial agreements have been signed with the governments of Bangladesh and Sri Lanka, while discussions are underway with Nepal, Cambodia, Vietnam, Myanmar and Thailand, according to Energy Efficiency Services Ltd (EESL), the state-owned company responsible for procuring and distributing power-saving appliances in India.

"Our business model and procedures remain the same, while our officials posted to Colombo, Dhaka and Bangkok will begin work in February," said EESL managing director Saurabh Kumar.

BLOOMBERG

1,400 tourists stranded due to cyclonic weather in Andamans

Port Blair: Around 1,400 tourists are stranded at Havelock and Neil islands in the Andamans due to cyclonic weather conditions, and four ships have been pressed into service by the Navy on Wednesday to evacuate them. The two islands, approximately 40km from Port Blair, have been hit the most by the cyclonic weather conditions caused by a severe depression over south-east Bay of Bengal which led to heavy rainfall, strong wind and rough sea conditions, officials said.

The administration has already declared the cyclonic weather as 'LI Disaster'.

PTI

Other tobacco products to come under compulsory licensing: Govt

New Delhi: With a view to address public health issues, government is considering to bring manufacture of 'other tobacco products' like khaini, tobacco blended pan masala, hookah or goddooki tobacco, zarda and bidis under the ambit of compulsory licensing.

Commerce & industry minister Nirmala Sitharaman said initial stakeholder consultations were held with central board of excise and customs, NITI Aayog, department of commerce, tobacco board, ministry of labour & employment, ministry of health and family welfare and office of development commissioner, micro small & medium enterprises.

PTI

Centre seeks apex court nod for appointment of Lokpal

New Delhi: The centre sought the Supreme Court's nod on Wednesday to place a Parliamentary Standing Committee report before the court on the issue of appointment of Lokpal, India's anti-corruption ombudsman.

"There are a lot of issues with the law that the government is considering to amend, which is why the appointment of Lokpal has been put on hold," the government's top law officer attorney general Mukul Rohatgi told the court.

Rohatgi said the lack of a leader of opposition in the Lok Sabha is just one of the issues blocking Lokpal's appointment.

APURVA VISHWANATH