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## Indian consumption expenditure on health, education rises during FY12-19: report

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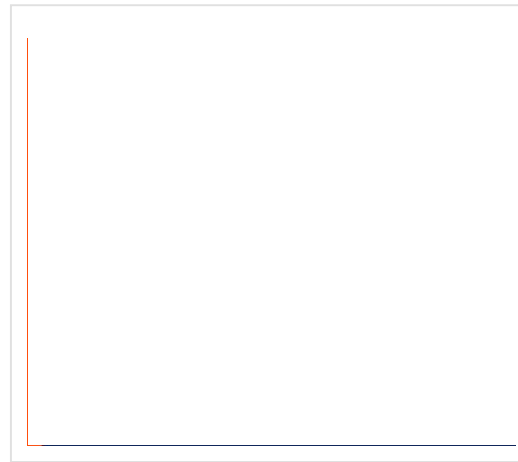
A jump in income levels, willingness and awareness of people to spend on quality education also contributed to the growth in consumers' expenditure on education which rose from ₹1.8 lakh crore in 2011-12 to ₹5.1 lakh crore in 2018-19, according to a Care ratings report. **(Hindustan Times)**

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#### Staff Writer

Spending on health as part of private final consumption expenditure grew at a compound annual growth rate of 16.4%, while that on education grew at 16%, says Care Ratings

Spending on food and non-alcoholic beverages continued to be the largest chunk of household expenditure in India at 28.3% in FY19



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NEW DELHI: Households in India spent more on [education](#), health, and clothing and footwear as a percentage of total consumption expenditure from FY12 to FY19, Care Ratings said in a report. Shifts in income, family structures and increased urbanization prompt households to expand budgets on categories over and above essentials such as food and beverages, according to the report.

During FY12-19—the share of private final consumption expenditure on health grew at a compound annual growth rate (CAGR) of 16.4%, while that on education registered a CAGR of 16%. Private final consumption expenditure on food and non-alcoholic beverages reported a CAGR of 11.4%. To be sure, share of spends on food and non-alcoholic beverages continue to be the largest chunk of household expenditure in India accounting for 28.3% of the total private final consumption expenditure by consumers in FY19. In FY12 this share stood at 30.4%.

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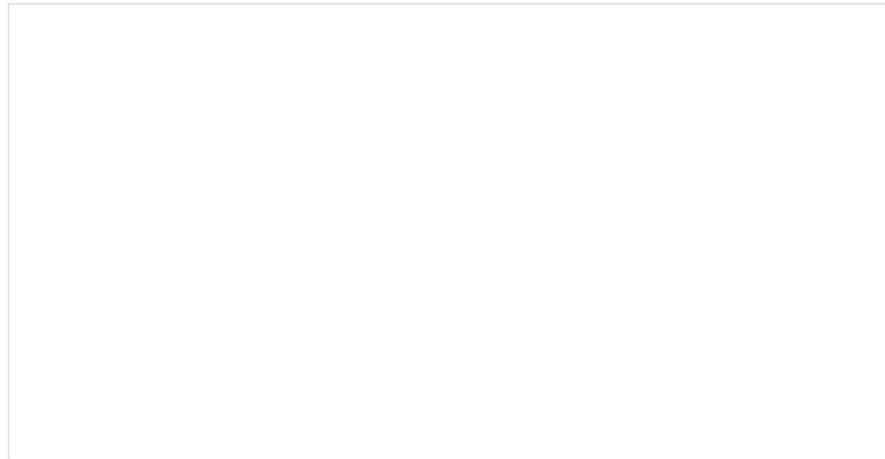
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“This category accounts for the highest share in the total private final consumption expenditure by consumers. Consumers’ spending rose from ₹15 lakh crore in FY12 to ₹31.9 lakh crores in FY19, a CAGR growth of 11.4%,” Care Ratings said in its report.



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The category of food and non-alcoholic beverages include bread, cereals, pulses, milk, fruits and vegetables, coffee, tea, soft drinks among other subcategories, according to the report.

"Aggregate consumption at current prices grew at CAGR of 12.5% per annum between FY12 and FY19. In absolute terms it moved from ₹49.36 lakh crore to ₹ ₹112.73 lakh crore during this period," Care said in its note.

Clearly, as income levels rise in countries like India—households tend to spend proportionately a lower proportion of income on these necessities, the ratings agency said in its note.

“Also, interestingly almost all categories within this group have witnessed a decline in share except fish and meat products. As income increases, households tend to spend on non-vegetarian products which is affordable,” it said.

Meanwhile, consumers spent ₹5.2 lakh crore on health in 2018-19, reporting a CAGR growth of 16.4% during FY12-19. This, said Care, was largely on account of increased awareness about personal hygiene, sanitation and health, rise in disposable income, apart from improved investments in healthcare infrastructure by both public and private players.

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More discretionary items like clothing and footwear reported a CAGR of 12.7% in the period from FY12 to FY19. The consumption expenditure on the category increased from ₹3.1

lakh crore in FY12 to ₹7.2 lakh crore in FY19. This happened on the back of rise in income levels, favourable demographics, and a growing middle-class population. The share of expenditure on the category grew only marginally from 6.3% to 6.4% during the period of review.

A jump in income levels, willingness and awareness of people to spend on quality education also contributed to the growth in consumers' expenditure on education which rose from ₹1.8 lakh crore in 2011-12 to ₹5.1 lakh crore in 2018-19, a CAGR of 16%. The share of education expenditure grew from 3.6% in 2011-12 to 4.5% in 2018-19, according to the report.

Surprisingly, despite the growing need for household appliances and improved access to electricity—the category of household appliances reported flat growth for the period FY12 to FY19. A large reason for this is that "households are sensitive to price when it comes to replacement and unlike electronics which include laptops and mobile phones where there is a need to own the latest gadgets, the same does not hold for appliances which are treated as necessities and not changed until they stop working," according to the ratings agency.

Finally, consumers' expenditure on restaurants and hotels registered a CAGR growth of 9.7% for the period FY2012 to FY2019. The consumption expenditure spent on hotels and restaurants has been increasing on a yearly basis and accounts for around 2% share in the total expenditure as urban

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consumers experience more mobility and as tourism industry grows, Care Ratings said..

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