

'Private consumption, a \$6 tn opportunity'

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What to study?

For Prelims: About WEF.

For Mains: Private Consumption in India- potential, challenges and measures to address them.

Context: WEF has released a report titled **Future of Consumption in Fast-Growth Consumer Market – India.**

Highlights of the report:

- As per the report, domestic private consumption, that accounts for a major portion of India's gross domestic product (GDP), is expected to **develop into a \$6 trillion growth opportunity** that would make India the world's third-largest economy by 2030. Currently it is at \$1.5 trillion.
- The potential, however, offers both challenges and opportunities as India would have to address critical societal issues, including skill development and employment of the future workforce, socio-economic inclusion of rural India and creating a healthy and sustainable future for its citizens.
- If realised, **this would make India's consumer market, the third-largest in the world,** behind the U.S. and China.

Major driving factors:

- **The future of consumption in India in 2030 is anchored in rising incomes and a broad-based pattern of growth and benefit sharing.**
- **The growth of the middle class** would lift nearly 25 million households out of poverty and further, India would have 700 million millennials and Gen Z consumers, who have grown up in a more open and confident country.

Challenges ahead:

The potential would only materialise if business and policy-makers pursue an inclusive approach towards the economic and consumption growth. The study identified three critical societal challenges that need to be addressed.

Skill gaps: With nearly 10-12 million working-age people expected to emerge in India over the next decade, the country faces a huge challenge in providing the workforce with the right skills. More than one-half of Indian workers will require reskilling by 2022 to meet the talent demands of the future, stated the report.

Access-barriers: India will have to manage socio-economic inclusion of rural India as, by 2030, 40% of Indians will be urban residents. Physical connectivity, digital connectivity and financial inclusion income is constraining the spending and well-being of rural dwellers, and these 'access-barriers' need to be addressed to ensure social and economic inclusion in India over the next decade.

Business and policy-makers will have to take the initiative on improving health and liveability for India's citizens by providing them with access to affordable healthcare, promoting sustainable development, and seeking solutions to urban congestion.

To be looked in UPSC Paper 3 Topic:

1. Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.
2. Inclusive growth and issues arising from it.