

Middle class families have cut expenses

Higher inflation and increasing interest rates have forced middle class consumers to cut back their spending on shopping, amusement and eating out by nearly 55 percent in the last one year, according to a survey by an industry lobby.

The survey, done by the Associated Chambers of Commerce and Industry (Assocham), said middle class consumers slashed their entertainment and luxury spending by 55 percent, which has come down from Rs.5,000-Rs.6,000 per month to less than Rs.2,800.

Rising inflation that has already hit a 13-year high at 11.98 percent has pinched the middle class most.

The survey said the double-digit inflation and higher cost of money did not affect the high-income group (HIG) during the period as it did not imbalance their earnings and spending.

Releasing the survey, Assocham president Sajjan Jindal said here: 'The high income group of the country remained totally immune with rising cost of economy as their income levels hardly got severed with rising cost of inputs'.

'On an average, monthly spending of the HIG on shopping, amusements and eating out is estimated over Rs.20,000 which was almost the same when the inflation was within the limit of seven percent,' he added.

The survey added that the HIG, particularly the younger lot and working couples with double income, spends more than 30 percent of their income on clothes, shoes, movies, and buying CDs of films and music on weekends.

This group's commuting patterns, mostly by cars, also remained unaffected despite sky-high fuel costs.

While the urban men spend almost Rs.400-Rs.1,000 per month on cigarettes, gutkha and pan, urban women spend around Rs.300-Rs.1,200 per month on cosmetics and beauty treatments.

'Also with the rising number of shopping malls, retail outlets and discount sale in the major metros, most of the urban younger populace continues to purchase branded items for themselves even when they don't require it,' the survey said.

(© IANS / India eNews)