

Impact of Inflation on Household Consumption in India

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Abstract

Inflation is an important macroeconomic issue that directly affects the purchasing power and consumption decisions of households. This paper examines the impact of inflation on household consumption in India. Rising prices of essential goods and services can reduce real household income and influence spending patterns, particularly among low- and middle-income households. The study considers how changes in the prices of food, fuel, housing, healthcare, and other essential commodities affect household expenditure. It also discusses the relationship between inflation, purchasing power, savings, and consumer welfare. The paper aims to highlight the importance of maintaining price stability and implementing appropriate economic policies to minimize the adverse effects of inflation on households. Understanding this relationship is essential for policymakers concerned with economic stability and social welfare.

Keywords: Inflation, Household Consumption, Purchasing Power, Consumer Prices, Household Income, Price Stability, Indian Economy.

