

## **Estimation of Private Final Consumption Expenditure in India: Issues Regarding Data Availability and Validation**

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In Indian National Accounts Statistics (NAS), Private Final Consumption Expenditure (PFCE) is one of the major component in estimation of Gross Domestic Product (GDP) by expenditure approach. PFCE is estimated by commodity flow method for commodities as per classification of individual consumption according to purpose (COICOP). Although the Government of India conducts a household consumption expenditure survey (CES) on a very large scale, those survey information could not be used in compilation of PFCE because of mismatch between the statistics coming from supply side (that is the production of commodities) and demand side (that is consumption). This paper focuses on possible improvement in methodological issues for estimation of PFCE in terms of revision of rates and ratios used. This also tries to find out the possible reasons like insufficient coverage, price issues, misclassification of commodities etc. for the divergence between the two sets of estimates of PFCE as available from NAS and CES.