ISSN: 1987-6521, E-ISSN: 2346-7541
JUNE 2023 VOLUME 60 ISSUE 02
© THE BALTIC SCIENTIFIC JOURNALS
BLACK SEA
SCIENTIFIC JOURNAL OF ACADEMIC RESEARCH

FACTORS AFFECTING CONSUMER EXPENDITURE: TAXES, CONSUMER SENTIMENT, GOVERNMENT STIMULUS AND FUEL

Shivansh Mae
Department of Economics, Jadavpur University, Kolkota, India
Email: Shivansh.m@gmail.com

Received: 11-May-2023, Manuscript No. BSSJAR-23-98444; **Editor assigned:** 15-May-2023, PreQC No. BSSJAR- 23-98444 (PQ); **Reviewed:** 29-May-2023, QC No. BSSJAR-23-98444; **Revised:** 05-Jun-2023, Manuscript No. BSSJAR- 23-98444 (R); **Published:** 12-Jun-2023, DOI: 10.36962/GBSSJAR/60.2.004

ABOUT THE STUDY

Consumer expenditure is the total amount of money spent by individuals and households on final products and services. Consumer spending is divided into two categories; induced consumption, which is influenced by income, and autonomous consumption.

Taxes

Taxation is a tool for economic adjustment. Government tax policies have an impact on consumer groupings, net consumer spending, and consumer confidence. Economists anticipate that tax manipulation will boost or decrease consumer expenditure, however the precise impact of certain manipulations is frequently disputed. A calculation for Gross Domestic Product (GDP) underpins tax manipulation as a stimulant or suppressant of consumer expenditure. GDP=C+I+G+NX, where C represents private consumption, I represents private investment, G represents government, and NX represents the net of exports minus imports. Increases in government spending stimulate demand and economic growth. Government expenditure increases, on the other hand, result in tax hikes or deficit spending. This has the potential to harm private consumption, investment, and/or the trade balance.

Consumer sentiment

Consumer sentiment is the overall attitude of the public towards the economy and the health of the financial markets, and it is a significant component of consumer spending. Sentiments have the great capacity to generate oscillations in the economy, since if the consumer's opinion towards the status of the economy is negative, they will be hesitant to spend. As a result, attitudes are a great predictor of the economy, since when individuals have faith in the economy or in what they expect will happen shortly, they will spend and invest confidently. However, sentiments might not have the same impact on certain people's purchasing behaviours as they might on individuals. For example, some households base their spending only on their income, so that their income closely equals, if not exactly matches, their consumption. Others rely on their emotions to decide how and where they spend their money.

Government economic stimulus

In times of economic difficulty or uncertainty, the government sometimes attempts to alleviate the situation by delivering economic stimulants, generally in the form of refunds or checks. However, such strategies have previously failed for a variety of reasons. As previously noted, temporary financial relief is rarely successful since individuals dislike abruptly changing their spending patterns. Furthermore, individuals are often sophisticated enough to recognize that economic stimulus packages are the result of economic downturns, making them even more hesitant to spend them. Instead, they put them into savings, which may help boost the economy. Banks profit from conserving money and are able to lower interest rates, which encourages others to save less and promotes future growth.

Fuel

When gasoline supplies are disrupted, demand for things that rely on fuel, such as motor vehicles and machinery, may fall. Energy supply disruption raises uncertainty about the availability and future costs of these supplies. Consumers frequently will not purchase energy-dependent things unless they are confident that fuel will be available to operate the product. Fuel price increases do not result in decreased demand since it is inelastic. Rather, a larger share of money is spent on gasoline, leaving less accessible for other purchases. As a result, consumer spending falls overall.

Citation: Mae S. (2023). Factors Affecting Consumer Expenditure: Taxes, Consumer Sentiment, Government Stimulus and Fuel GBSSJAR. 60(2), 1-2. DOI: 10.36962/GBSSJAR/60.2.004