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China Credit Constraints and Rural Households' Consumption Expenditure

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## Highlights

- The study uses a sample of rural household from Jiangxi province in South China to investigate the impact of credit constraints on rural households' consumption expenditure.
- The study uses two instrumental variables to resolve the endogeneity problem between the credit constraint and consumption expenditures.
- The study result shows 54.9% of the respondents were credit constrained. The consumption expenditure of the rural households who were credit constrained is 7.34% less than those who were not credit constrained.
- The results of the study revealed that relaxing of the rural households' credit constraints is helpful to improve their consumption expenditure in less developed countries.

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