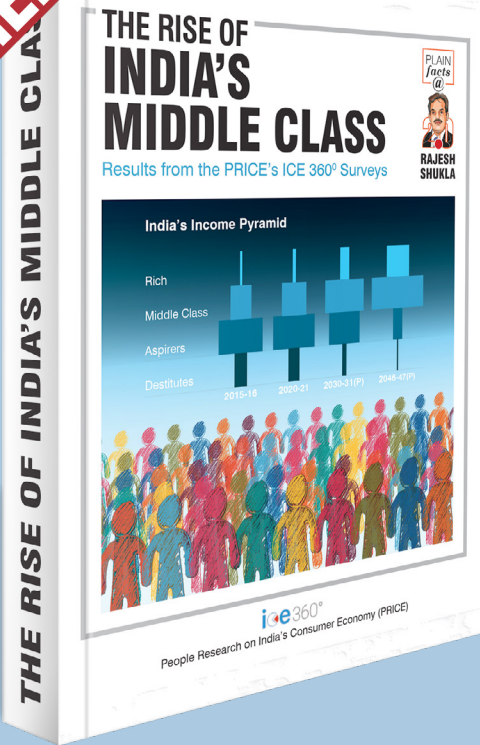


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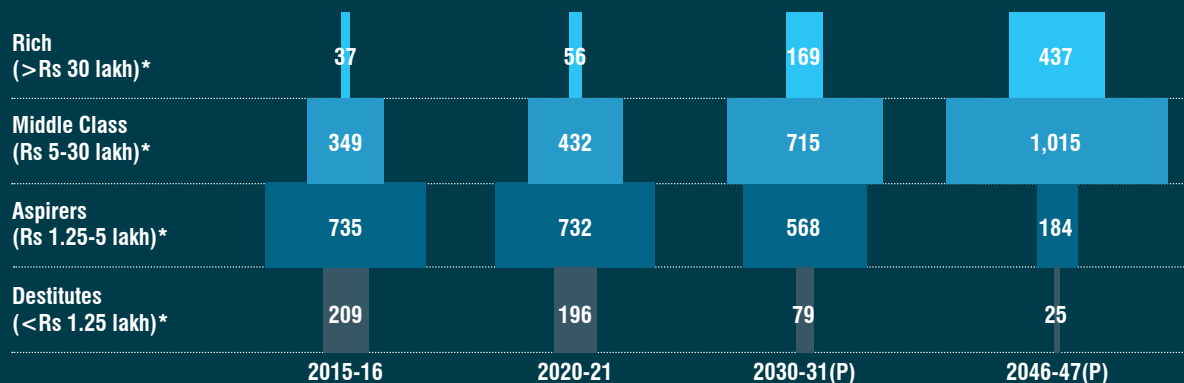


Gearing Up for a Billion-Plus Middle Class by 2047

“By 2047, if political and economic reforms have their desired effect, the India income pyramid will have a smallish layer at the bottom comprising the Destitute and Aspirer groups, a huge bulge of the middle class and a big creamy ‘rich’ layer on top.”

India's Income Pyramid

(Population in million)



*Annual household income at 2020-21 prices

Key Highlights

- Findings presented in the report are based on statistical analysis of primary data collected through PRICE's ICE 360° Pan India Surveys (2014, 2016 & 2021).
- ICE 360° Surveys used the Probability Sample Design to select over 60,000 households (in 2016 round) from a sampling frame of 300,000 households (15,00,000 individuals) – one of the largest primary samples rural and urban part from 25 Indian states.
- Income distribution projections** for the next 10 and 27 years (2030-31 and 2046-47).
- Income densities and income wise segmentation (8 broad Income classes) of which markets are growing faster than others plus India's richest cities.
- Profile of households of 8 broad Income classes** (Demographic profile- Level of Education, Occupation-, Level of income, expenditure & savings, Quintiles, Digital readiness, Consumer sentiments, etc.)
- Prioritise Markets -** Ranking of the markets in the different income segments by above geographical locations helps you as a marketer to effectively direct your business strategic teams.
- Identify & locate your potential -** insights into where your target segment resides (segmented by 8 broad Income classes for following levels of reporting.
 - Level 1:** All India, Rural and Urban
 - Level 2:** 28 India States and 8 UTs individually for Total, Urban and Rural
 - Level 3:** 6 Indian Zonal Councils (North, South, East, West, Central and North-East) individually for Total, Urban and Rural.
 - Level 4:** 7 geographical clusters – Urban (Metros, Boom towns, Niche Cities and Rest of Urban) and Rural (Developed rural, Emerging Rural and Left-Behind Rural).
 - Level 5:** 63 million plus cities/urban agglomeration

FAQS - When it comes to reliable and robust household Income data there is no one other than PRICE's ICE 360° Surveys in the recent times

The middle class, of course, has been defined in many ways, mostly cultural, sometimes even in terms of education or consumption patterns and psychographics. Rather than such intangibles, income classifications are perhaps the most objective criterion.

This, then leads to the next set of problems. How is the data to be measured over time and who is to provide it? Government data, from the National Sample Survey (NSS), for instance, does not measure income levels, but deals with expenditure. The NSS, like other consumption surveys across the world, is also capturing less of the country's Private Final Consumption Expenditure (PFCE) with each passing year. The

data on income available from other sources does not measure income at the level of the states and cities. Besides, the income cut-off is too low to be of use to serious marketing forms.

To understand the complexities of the Indian consumer economy and consumer environment, the PRICE (since 2014) has been conducting its ICE 360° surveys (2014, 2016 and 2021) called as "Household Survey of India's Consumer Economy and Consumer Environment" are statistically comparable and consistent framework.

The survey has been the chief source of data on income distribution in India. And among household surveys of its kind across the world, ICE 360° surveys hold a unique position on account of its massive sample size, range and the depth of information it uncovers. Over the years the survey has become the most credible source of information on Indian consumer structures for decision makers in top marketing concerns, in public enterprises and in government.

India is Getting Richer

"With the upper-income classes rising faster than the lower ones and the 'destitute' classes shrinking, by the end of the decade India's income demographics will be unrecognisable. In 2004-05, around 30% of the country's households were classified as 'destitute'. By 2030, their numbers are projected to fall to below 6% and further less than 2% in 2047. The Indian Middle Class will grow from 14 per cent in 2004-05 to as much as 46% cent in 2030 and 63% in 2047."

Middle-class is the country's biggest contributor in terms of income, spending and savings

(Figures in per cent, 2020-21)



*Annual household income at 2020-21 prices



The Rise of India's Middle Class - The need to understand it

While much has been written on this class, defining this enigmatic 'Middle' has always been problematic for both academicians and marketers. Lack of a universally acceptable definition, coupled with the well-known problems associated with survey data have resulted in varying estimates of its numerical estimates. Given that estimates range from 50 to 400 million, many question their actual strength and thus the purchasing power of this category. For a while, after business strategists took a more sober view of the market's size, it looked as if the code had been cracked. Just keep track of the sales of certain categories of cars, the theory ran, and it was possible to get a fix on the number of people in a certain income class. The idea may have been practical, but it has run into serious difficulties. With interest rates collapsing and disposable incomes going up disproportionately, today's consumers are buying goods that few in their income class have bought before. So, while marketers have a reasonable idea of the present, understanding the future remains a hazardous business.

This report has broadly clubbed these groups into seven categories, ranging from the 'destitutes' (those with an annual family income of under Rs 125,000 or US\$ 1,700 in 2020-21) to the 'Super Rich' (annual family income of over Rs 2 crore or US\$ 270,000 in 2020-21) with the middle class (annual household income of between Rs 5 lakh and Rs 30 lakh or US\$ 6,700 and US\$ 40,000) in between. The reason for clubbing households like this is that distinct patterns of consumption can be observed for these categories.

Our survey results show that, for instance, the 'destitute' household hardly buy a car. Less than five out of every ten 'aspirer' households had an automobile in 2020-21. Move up to the 'seekers' category, with an income between Rs 5 lakh and Rs 15 lakh a year, and almost three out of every 10 households have car. By the time you reach the 'rich', or those with an annual household income of over 30lakh, every household owns a car. In the very top category, or the 'crorepatis', there are almost three cars per family. Similarly in the case of air-conditioners, while the 'destitute' households have none, the 'aspirers' two out of every hundred and about half of the 'super rich' have air-conditioners.

Contents

The report is divided into 17 chapters.

Chapter 1 provides an overview of the country's income demographics, by states, by urban and rural areas, and by geographical clusters within each of the 8 income categories. The chapter also details the rise of the cities as far as India's richer classes are concerned and explains how they are home to a growing number of rich Indians.

Chapters 2 through 9 do the same for each of the broad income categories.

Chapter 10 provides a detailed overview of the income demographics of the six zonal councils in the country, and the states/Union Territories within them.

Chapters 11 through 16 provide details of how the income classes have moved in each state within the zonal council and outline the importance of top cities in various states.

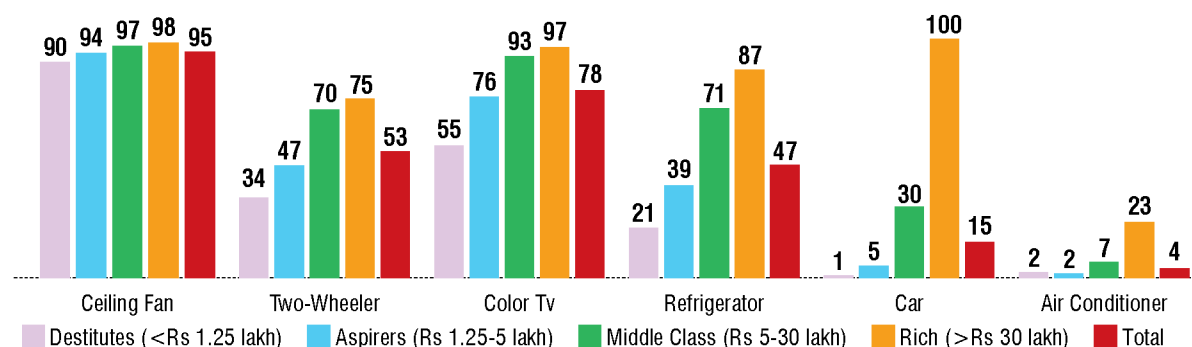
Chapter 17 details the rise of 63 cities that have a population of over one million each. It also discusses a timeline on how the concentration of the rich has increased in the cities from 2015-16 and traces the change in the income demographics.

This is followed by first three annexures, detailing the methodology, how the results have been validated, as well as the statistical theory and tools used to estimate the upper tail income groups from the ICE 360° surveys.

The report concludes with detailed 167 Annexure Tables (based on data for the years 2015-16 and 2020-21 on which the report is based.

Ownership of consumer durable goods

(Per cent of households own product, 2020-21)



The Richest State

“Maharashtra is the richest state with 6.4 lakh Super Rich households earning over Rs. 2 crores per annum in 2021, Delhi ranks second with 1.81 lakh, Gujarat third with 1.41 lakh, Tamil Nadu fourth with 1.37 and Punjab fifth with 1.01 lakh. Close to half of India’s Super Rich live in Maharashtra and Delhi.”

Cities are the Engines that Drive Growth in India

Less than 2% of the country’s Destitutes live in India’s top 63 million plus population cities versus 98% in the rest of India. And, despite their low population share, 55% of the country’s Super Rich, 44% of the Sheer Rich, 42% of Clear Rich, 37% of Near Rich and 27% of the Middle Class in these cities.

All the facts. Minus the fuss.

You can see it all around. A buoyant new middle class is propelling India forward. Full of energy and drive, this new class has kick-started a dynamic consumer revolution. Willing to take new risks, with uninhibited spending patterns, the India’s Middle class seems to be changing products faster than ever. From smart phones to sneakers to French fries, this increasingly wealthy segment offers huge potential to marketers, both local and global. And understanding this dynamic, evolving middle class can help leverage high returns in this long-lasting consumer boom that seems to be shaping a new India.

That’s where the current report “**The Rise of India’s Middle Class**” can help. It gives you all the facts. Just the way you want them. For instance, it will tell you that the number of ‘Super Rich’ (households earning Rs. 2 crores or US\$ 270,000 annually at 2020-21 prices), has risen

from 98,000 in 1994-95 to 1.8 million households in 2020-21. Surprised? Well, there’s more. You’ll discover that Surat and Nagpur have the highest growth, in the high-income segment. And that Maharashtra has the largest concentration of ‘Super Rich’. Now if that’s not interesting enough, there’s much more.

Stay 3 steps ahead. With more information at your fingertips.

Yes. The report offers valuable insights into the economic lives of the growing Indian middle class. A ready reckoner, it is an essential tool for marketers, corporate houses, ad agencies, media & research companies, consultancy firms, industry associations, trade commissions, business schools...

Hurry! Order your copy right away.

Where India’s the rich, the middle class and destitutes live

(Figures in per cent, 2020-21)

