

Middle class will nearly double by 2046-47: PRICE report

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The size of India's middle class will nearly double to 61 per cent of its total population by 2047, from 31 per cent in 2020-21, as continuing political stability and economic reforms with a sustained annual growth rate of between 6 per cent and 7 per cent over the next two and half decades will make the country one of the largest markets in the world.

The findings are part of a report released on Wednesday by the People Research on India's Consumer Economy (PRICE) and India's Citizen Environment, a not-for-profit think tank.

The report titled, The Rise of India's Middle Class, is based on an analysis of pri-

mary data collected by PRICE through its pan-Indian survey. The latest report is based on responses from 40,000 households in 25 Indian states.

The strength of the middle class is expected to rise from 432 million people in 2020-21 to 715 million (47 per cent) in 2030-31 to 1.02 billion of India's projected population of 1.66 billion in 2047.

Since there is no universal definition of who falls in the middle class, the think tank defines a middle-class Indian as one earning between ₹1.09 lakh and ₹6.46 lakh per year based on 2020-21 prices, or ₹5 lakh to ₹30 lakh annually in household terms.

Former NITI Aayog chief executive officer and India's Group of Twenty Sherpa Amitabh Kant said that as the number of households in the

middle-class category rises, there will be demand for quality health care, education, housing, consumer goods, etc.

"The government increasingly will have to focus on education and health as well as creating job opportunities. The vision of India becoming a fully developed country by 2047 implies that the middle class needs to be the key driver of India's growth story," he added.

The report takes note that although the absolute income may well be higher among the rich, the numerical strength of the Indian middle class suggests it will become the driving force of the economy.

"By the end of this decade, the structure of the country's demographics will change from an inverted pyramid, signifying a small, rich class

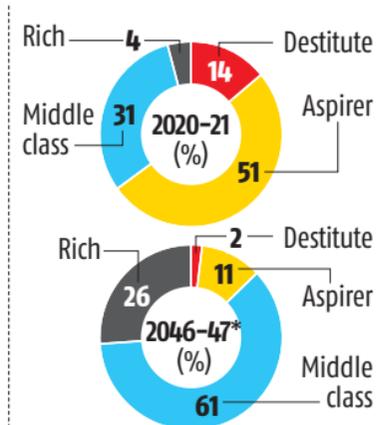
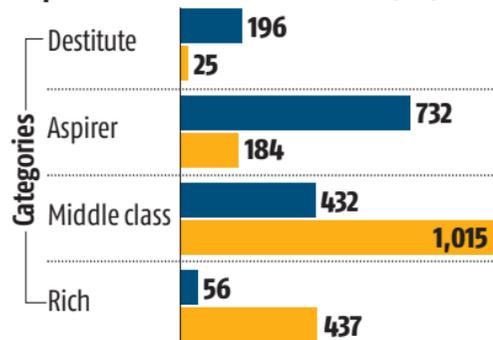
and a very large low-income class, to a rudimentary diamond, where a significant part of the low-income class moves up to become part of the middle class. Consequently, the income pyramid will have a smallish layer at the bottom comprising the destitute and aspirer groups, a huge bulge of the middle class, and a big creamy rich layer on top," the report notes.

Besides, the report notes that in the current decade up to 2030-31, India will see a fivefold increase in its 'super rich' households, and a large chunk of the growth will come from rural areas, as the number of super-rich households, those earning more than ₹2 crore annually, went up from 1.06 million in 2016 to 1.8 million in 2021.

INDIA'S CHANGING INCOME MIX

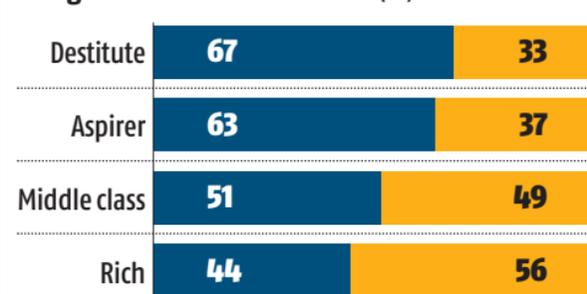
INCOME PYRAMID

Population ■ 2020-21 ■ 2046-47* (mn)



CONSUMPTION BASKET IN 2020-21

Categories ■ Food ■ Non-food (%)



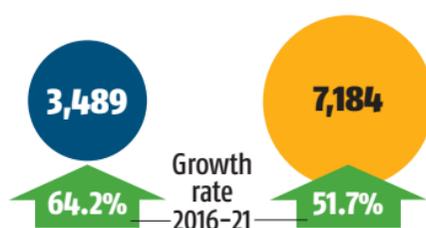
Note: *projections; destitutes refers to those with household annual income of less than ₹1,25,000, aspirers ₹1,25,000 to ₹5,00,000, middle class ₹5,00,000 to ₹30,00,000, and rich more than ₹30,00,000



GROWTH OF THE RICH

(in 2020-21)

Households ● Rural areas ● Urban areas ('000)



Note: Rich includes near rich (₹30-50 lakh), clear rich (₹50 lakh to ₹1 crore), sheer rich (between ₹1 crore and ₹2 crore), and super rich (over ₹2 crore)

Source: PRICE report