



India's Future Lies in Building a Genuine Middle Class

What is commonly referred to as the "middle class" in India has nothing to do with "Middle India," the households located in the middle 60% of the income spectrum. A report from the Mastercard Center for Inclusive Growth argues that the sustainability and eventual success of India's economic take-off will depend on transforming Middle India into a thriving and increasingly prosperous middle class.



The Three Indias

Survey data produced by the think tank People Research on India's Consumer Economy found that so-called middle class households are actually in the top 20% of households by income.

Rich India earns almost **5x more** than Poor India and about **2.6x more** than Middle India

Rich

The top 20% of households by income; includes the "consumer class". An average annual household income of \$6,600 (394,271 rupees)

\$6,600

Middle

The middle 60% of households by income. An average annual household income of \$2,527 (151,651 rupees)

\$2,527

Poor

The bottom 20% of households by income. An average annual household income of \$1,340 (80,529 rupees)

\$1,340

Middle India by the Numbers

164m households

69% say they meet basic needs with difficulty

Only saves **7.7%** of household income

How Middle India Lives & Works

Poor infrastructure and a lack of job security hold Middle India back from being a greater source of economic dynamism.



More than **70%** of Middle India lives in rural areas



Many Middle Indians lack basic amenities such as tap water and LPG stoves, causing them to be not as productive



Better access to such amenities would boost household health, education and paid work for women



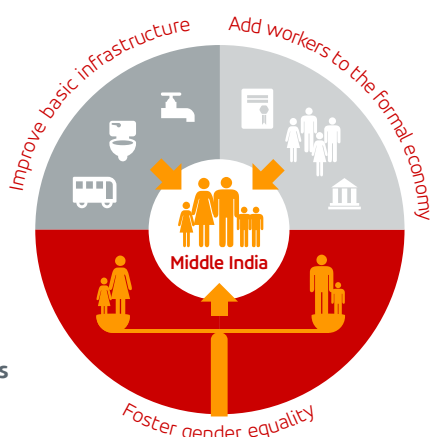
Only **17%** of chief wage earners receive a regular salary



79% of chief wage earners are either self-employed or work as casual labor

Inclusive Growth as a Path for Success

A focus on better infrastructure, more formal jobs and gender equality would fundamentally support the government's efforts to accelerate the country's economic growth.



Taking these steps would kick-start a virtuous cycle that would create new economic opportunities for all of India.

