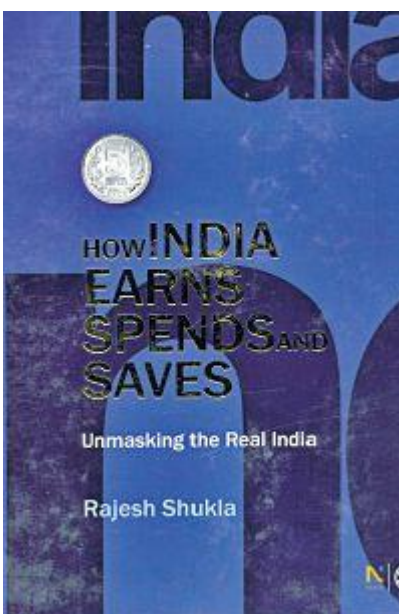


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How India Earns, Spends and Saves: Unmasking the Real India - Rajesh Shukla

Given that rural India today contributes 56 per cent to total national income, 57 per cent to total expenditure and 33 per cent to surplus income, marketers are more than justified in reaching out to rural households, writes Rajesh Shukla in *How India Earns, Spends and Saves: Unmasking the Real India* ([www.sagepublications.com](http://www.sagepublications.com)).

The book cites NCAER (National Council for Applied Economics Research) data on how product ownership is on the rise in rural households. Such as, that nearly 74 per cent of all black-and-white televisions, 46 per cent of colour televisions, 29 per cent of refrigerators, 54 per cent of two-wheelers, and 44 per cent of telephone instruments have been purchased by these households.

## **ROUTINE VS NON-ROUTINE EXPENDITURE**

An average Indian household spends about 60 per cent of its income on routine expenditure, with food accounting for about half of routine expenditure. Other items in the 'routine' category are housing, health, transport, education, clothing, and durables. The non-routine or unusual expenditure adds up to about 14 per cent of total household income in rural areas, as compared to about 12 per cent for the country as a whole.

Rural households spend more on ceremonies (55 per cent) than urban ones (45 per cent), while

urban families have a much higher spend on education (13 per cent) than their rural counterparts (4.7 per cent), informs Shukla.

### **AGE AND EDUCATION OF CHIEF EARNER**

In a chapter on 'earning pattern' the author discusses the correlation between age of chief earner and level of earning. Though India's demographic profile is getting younger, it is the higher age groups that earn more, one learns.

Another factor influencing incomes is education coupled with opportunity. Woefully, about 42 million households in the country, constituting 21 per cent, have as their chief earners one with no formal education or an illiterate.

### **FINANCIAL VULNERABILITY**

Most consumers in India do not work in the organised sector and their wellbeing cannot be discerned from salary and wages data maintained by corporate houses, notes Rama Bijapurkar in her foreword to the book. Only 37 per cent of urban and 11 per cent of rural Indian households have a chief wage earner earning a regular salary/ wage; and only in the top 20 cities is the salaried percentage close to half, she adds.

### **SHIFTS IN PATTERNS**

A section titled 'understanding income distribution puzzle' concedes that the fastchanging consumerism in India over the last two decades has made life ever more perplexing for marketers, analysts and policymakers who have been trying to understand the changing dynamics of the Indian marketplace.

"For instance, two decades ago, ownership patterns of consumer durables by the highest socio-economic group (SECA) consumer and the lowest group (SEC-C) consumer would have been succinctly distinct. Not so anymore," writes Shukla. He also finds that the efficacy of income distribution based on arbitrary absolute household income cut-offs and the use of qualifying labels like 'low-medium-high' is alone no longer effective over a long period of time, when the economy is rapidly in transition. Recommended reference material that avid marketers will find to be of value.

D. Murali

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