



Billion Indians have no spending money - report



India is home to 1.4 billion people, but around a billion among them don't have enough money to spend on any discretionary goods or services,

The country's consuming class, which is effectively the potential market for start-ups or business owners, is only about as big as Mexico - 130-140 million people - according to the report from Blume Ventures, a venture capital firm. There are another 300 million "emerging" or "aspirant" consumers, but they are reluctant spenders who've only just begun to open their purse strings, as click-of-a-button digital payments make it easy to transact.

What's more, the consuming class in Asia's third largest economy isn't "widening" as much as it is "deepening", according to the report. Which basically means India's wealthy population isn't really growing in numbers, even though those who are already rich are getting even richer. Companies that have adapted to these shifts have thrived, Sajith Pai, one of the report's authors, told the BBC. "Those who are too focused at the mass end or have a product mix that doesn't have exposure to the premium end have lost market share." The report's findings bolster the long-held view that India's post-pandemic recovery has been K-shaped - where the rich have gotten richer, while the poor have lost purchasing power.

In fact, this has been a long-term structural trend that began even before the pandemic. India has been getting increasingly more unequal, with the top 10% of Indians now holding 57.7% of national income compared with 34% in 1990. The bottom half, meanwhile, have seen their share of national income reduce from 22.2% to 15%. India is also a consumption-based economy, thus the fall in consumption that can result from the displacement of its workforce is bound to have macroeconomic implications. If the worst-case projections materialise, this could have the potential to set the country's economic growth trajectory off course," the survey said.