

# More power to 'People India' and Middle India

India's superpower is her people. Flawed as we all are — loud-talking, rule-breaking, system-gaming, hierarchy-creating — Indians are super hard-working. Of course, disguised unemployment exists, but people work sincerely, even at jobs that don't need to exist — like three people and a handheld scanner at a toll booth, as backup for system malfunctions. Household savings and consumption propel the economy but Indians are generally uncomplaining (different from grumbling), despite the many daily challenges and discomforts from below-par public goods and living conditions. They are very optimistic about the future, which blunts the metric of "optimism about the future", a staple in consumer confidence surveys.

Our study, *Drivers of Destiny*, among the lower-income youth that popular media excludes in its celebratory reporting of Gen-Name-Your-Alphabet, showed that the paucity of regular and steady-income jobs with real career paths is not blamed on government failure but accepted as caused by "the market", and responded to by learning more skills and finding more earning avenues, even as they keep studying for the illusory pot of gold on the horizon, the government job.

The authors of the book *A sixth of humanity* say that India is a self-aware, even self-flagellating state, but not always a self-correcting one. While the state has its limitations, Indian people continuously self-correct, even if the self-correction is to adjust aspirations downwards or expand time horizons for goals or craft a portfolio that works, like balancing household budgets or prioritising children's education over their own needs.

Credit must also go to the state for showing continuous forward movement on some count or the

other. New physical and blockbuster digital infrastructure, (in part led by telcos who have chosen to serve the mass market), a modernised and expanded welfare state offering more individual dignity, e-government services, all achieved in less than one generation. Even education has had its moments.

All this with steady economic growth has now created a group that merits special attention — the "have-somes", comprising 20 to 30 per cent of households above the poorest 20 per cent and ripe for accelerating its own progress and aiding India's propulsion. Increasingly evident are its smarts, learnability, energy and relentless pursuit of improvement in life conditions. The top half of India's socio-economic pyramid is well integrated into the market economy and harbours many tiers of middle class. The poorest 20 per cent are the target of the state's welfare to lift them out of their persistent poverty rut. It is the "have-somes" who have climbed out and are on the road to upward life mobility. One indicator is the jump in asset

ownership between the lowest 20 per cent and the next 20 per cent (Household Consumption Expenditure Survey data). This jump in percentage points, for urban (U) and rural (R) India is: 25U / 17R for TVs, 14U / 14R for two-wheelers, 28U / 11R for refrigerators (the ultimate productivity- and savings-improving item), 5U / 3R for washing machines, and 27U / 20R for *pucca* housing.

While recent data on education levels by income is not available, anecdotally, a lot of the increase in college enrolment that official data shows (with women students equalling men in number) is from the gen-next of this group, "*pandravi mein padh raha hai*" parents say. They see education as critical for moving children to a

higher orbit of life. Women's importance as contributors to income is higher in this group and it decreases as household incomes increase. There also are micro entrepreneurs and own-account workers, who, unlike in the past for this group, have higher levels of school education, aided tremendously by digital literacy and a new business acumen. We see them more in urban India where the opportunities are greater. The dog walker who mines his customer base offering grooming for an extra fee, the tailor who can alter anything to specs, the gig working cooks who have skilled themselves in multiple cuisines, beauticians who know the latest buzz words, delivery folk who source customers through the bigger platforms, and then run mini services themselves with WhatsApp and a friends' network.

Even in rural India, as the data shows, this group is swapping casual labour for own -account work or micro business. They do not need teaching on what to do, or government-driven skills improvement programmes, or business education programmes, or government-created marketplaces. They have figured that out themselves, and there is a Lilliput supply catering to their demand. What they need is financial enablement, innovated for this no-collateral, service-business, self-employed world. Loans for continuing education, as they need to continuously upskill, durables for more productivity, house improvement loans in frequent small tranches. Better public transport, more amenities, improved physical infrastructure are cost-saving, productivity-enhancing, and hence, earnings multipliers. The genuine and pseudo middle classes have powered India's growth so far. Now, Middle India is the child that needs attention.

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