

# Changing Baskets

# Rural Consumption

A Macro Economic Perspective of Changing Rural Consumption



*Business Mind Social Heart*

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## RURAL UNDERSTANDING

A brief layout of the rural demographic and macro numbers representation.



## GEOGRAPHY & DEMOGRAPHY

Contextual understanding into geography and demographic indicators.



## INCOME AND CONSUMPTION

Review of income occupations and consumption pattern layouts



## CHANGING LANDSCAPE OF TECH

Scope and scale of technology and internet in consumption



## ISSUE & OPPORTUNITIES

Broad understanding into the current issues and challenges



## CONCLUSION

Insights and Conclusions from Macro Economic Perspective








# CONTENTS

Presentation Outlay



# Key Indicators

India 1991 Versus 2018

	1991	2018
 <b>Population</b>	0.89 Billion	1.32 Billion
 <b>GDP</b>	\$ 275 Billion	\$ 2703 Billion
 <b>Per Capita Income</b>	\$ 310	\$ 1928
 <b>Growth Rate</b>	5.1%	6.7%
 <b>Urban : Rural GDP</b>	\$ 88:187 Billion	\$ 1245:1458 Billion
 <b>Literacy</b>	52%	79%
 <b>Life Expectancy</b>	58.8 Years	69 Years

Source: MART Knowledge Center

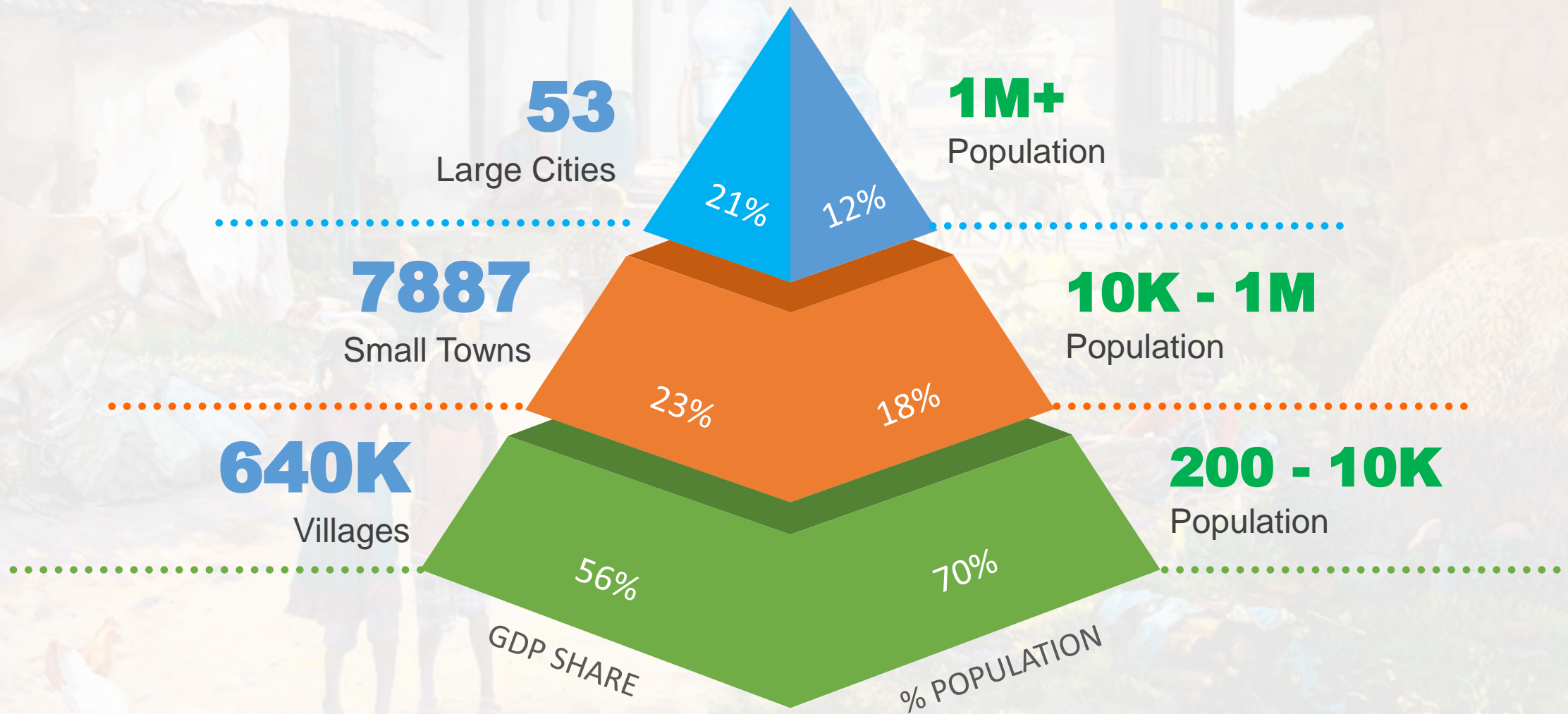


**Our Story  
Begins Here...**



# Where Does India Live

Demographic Layout of Population



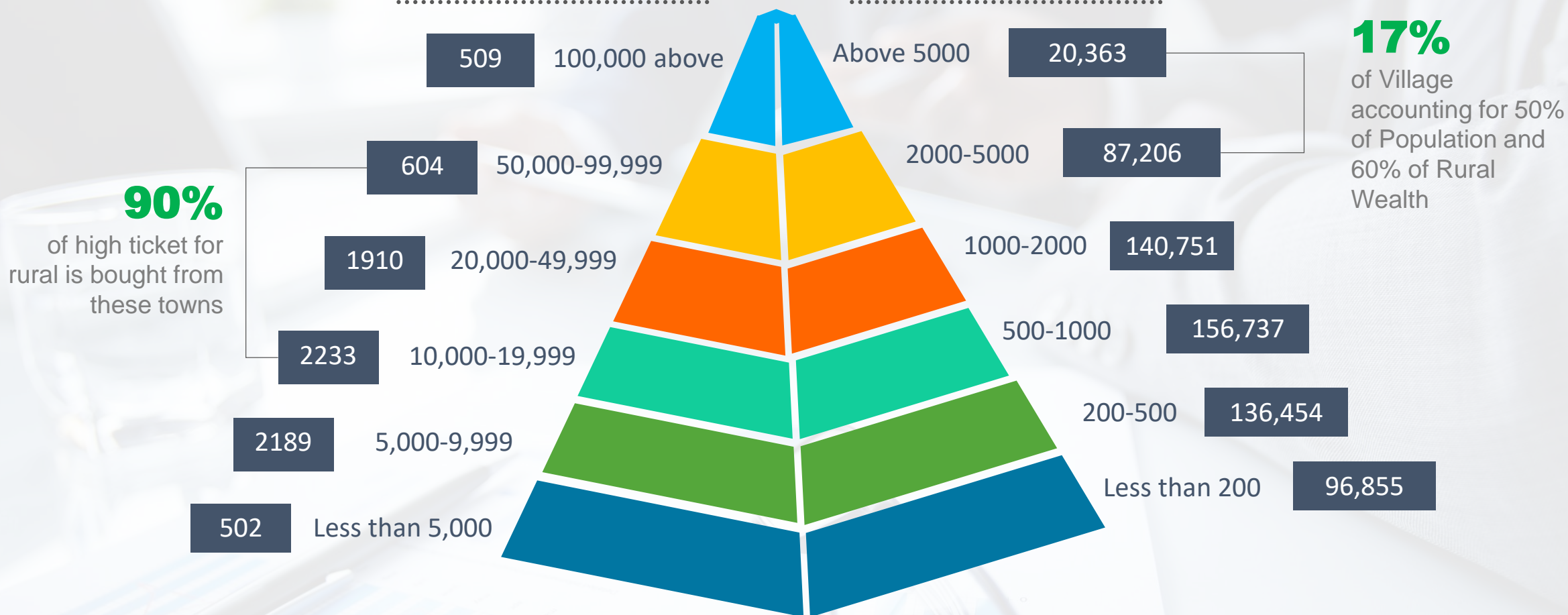
Source: MART Knowledge Center

# Geography & Demography

How India Stack Up

## Towns & Cities

## Villages



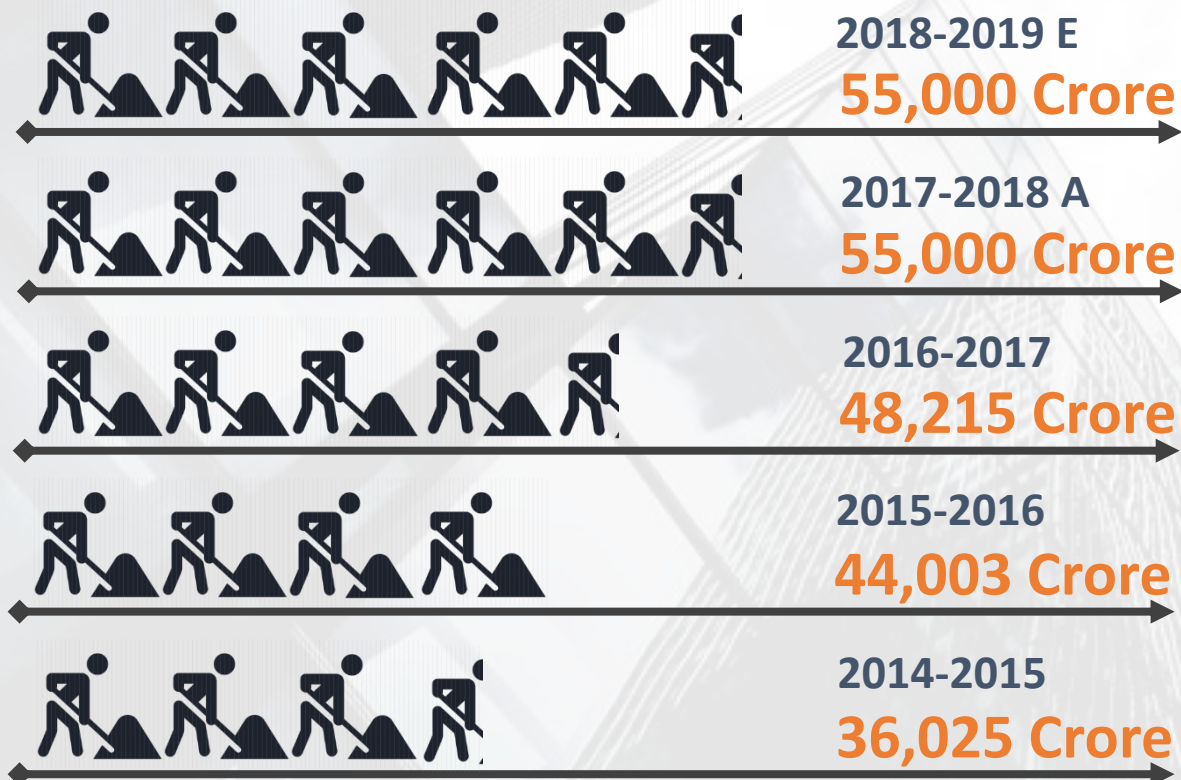
Source: MART Knowledge Center



# Fiscal

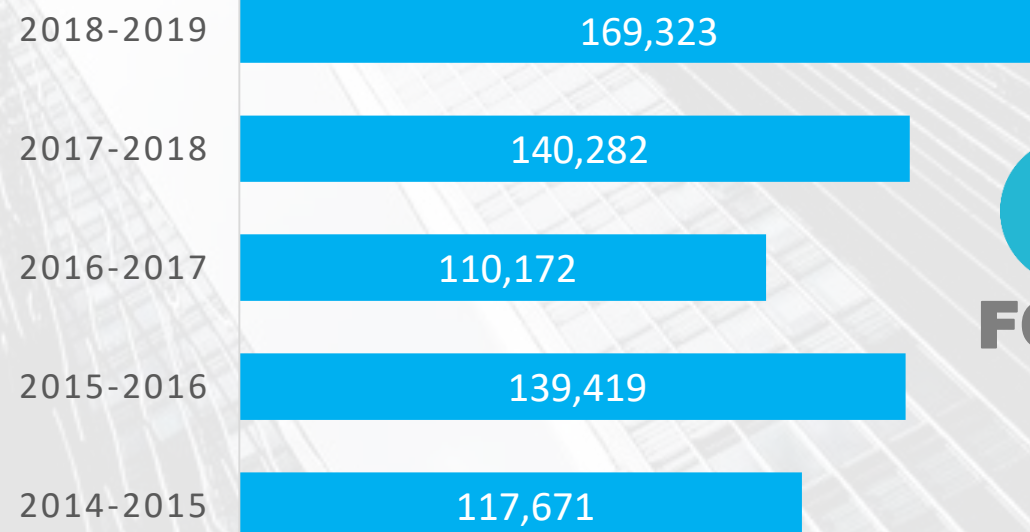
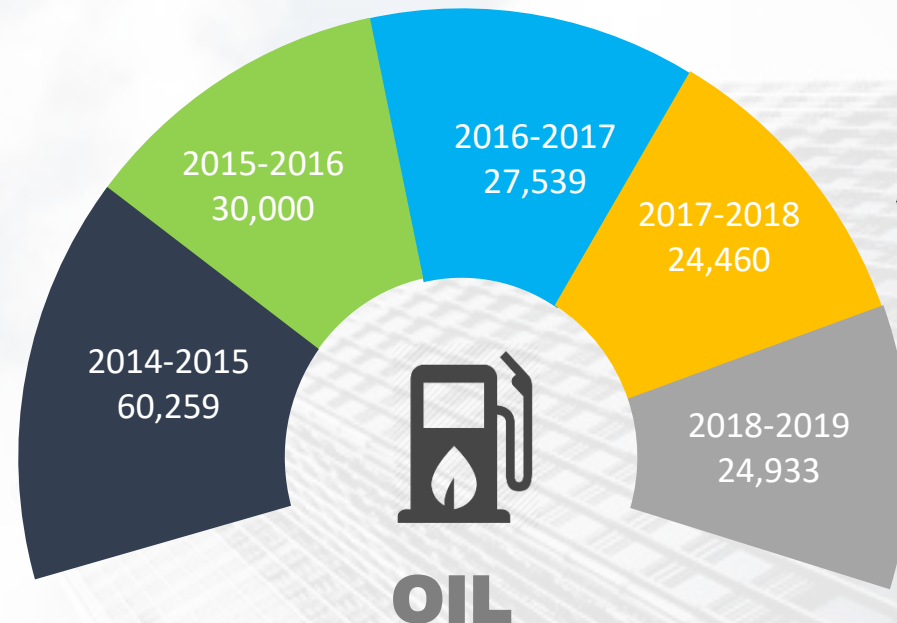
2014 – 2019 | Numbers in Crores

## MNREGA



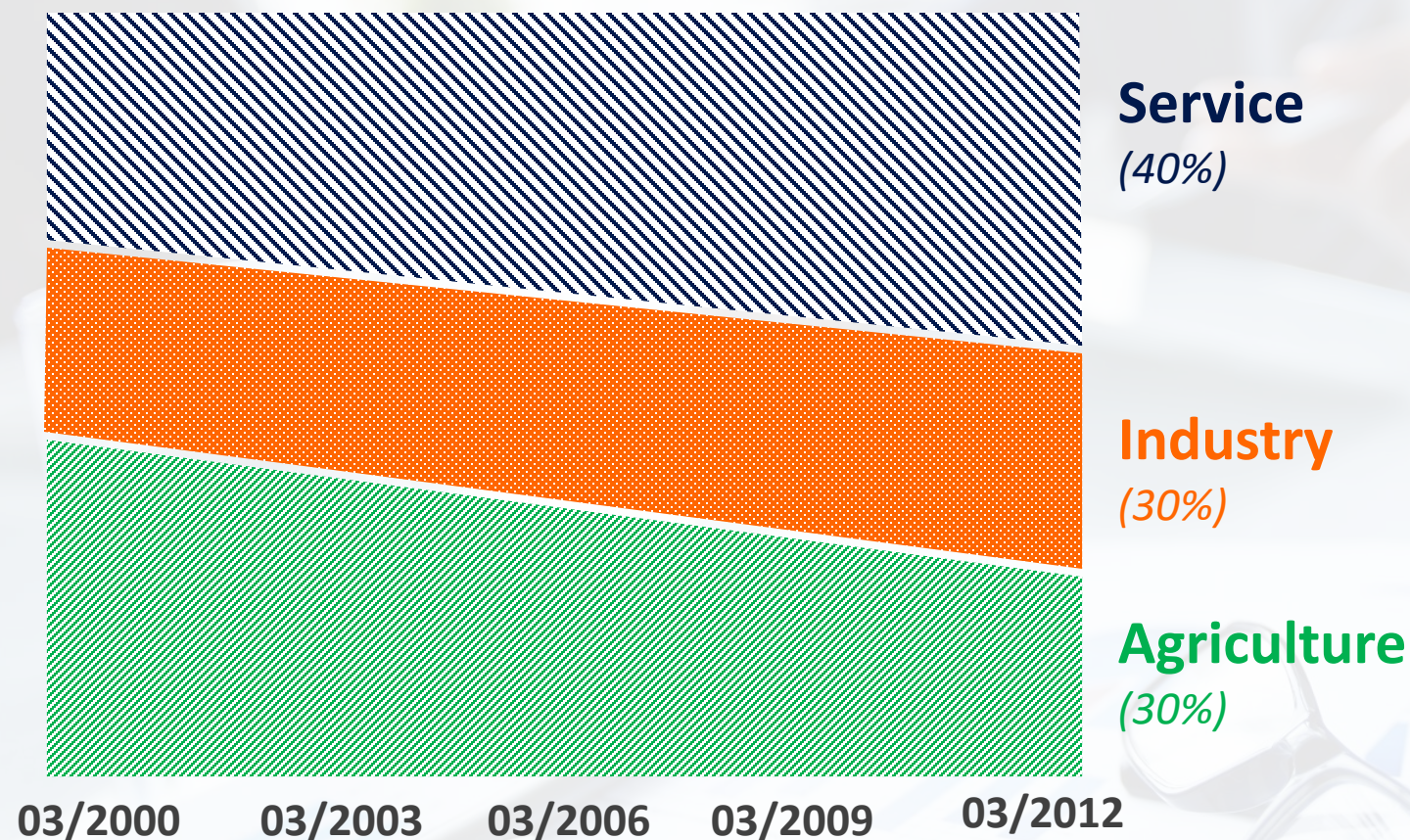
**Total Subsidies as a percentage of GDP dropped from 2.4% in 2014-2015 to 1.7% in 2018 – 2019.**

Source: MART Knowledge Center



# Emergence of Service Sector

Increasing Service Sector



Source: MART Knowledge Center

## FACTs



**36 million**

.....  
Out of 36 million Non-Agricultural Enterprises 20 million are in Rural.

**75%**

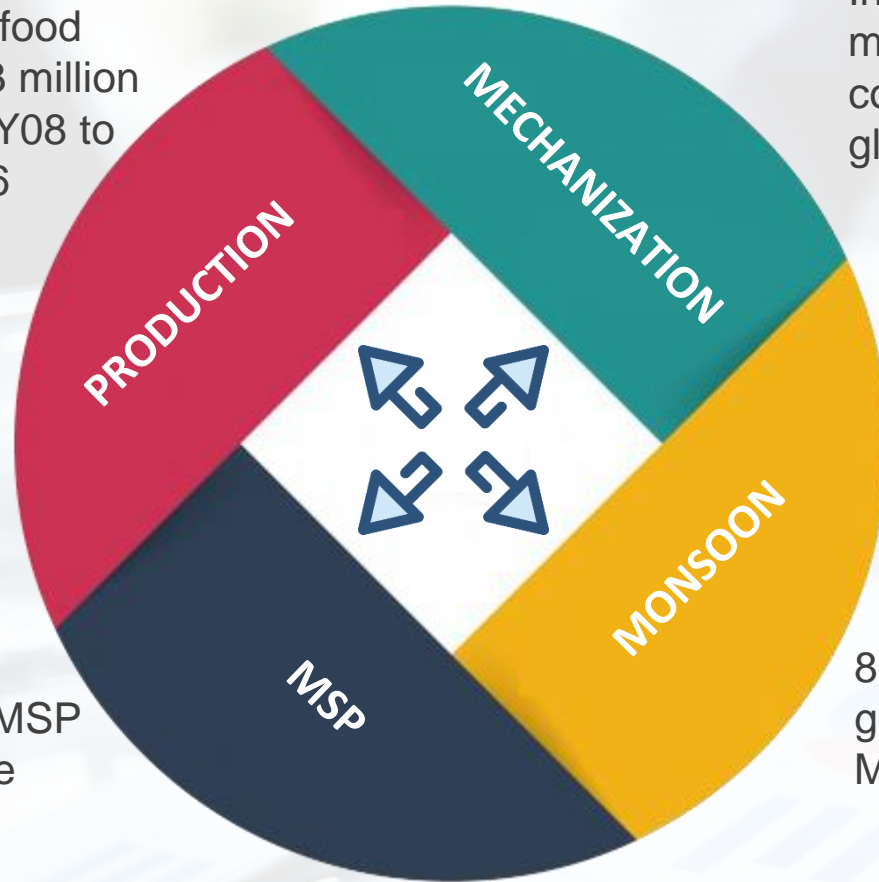
.....  
75% of new manufacturing Jobs have been created in rural



# Agriculture Transforming

Horticulture Expanding Incomes

50 million tonnes increase in food grains - 213 million tonnes in FY08 to 263 in FY16



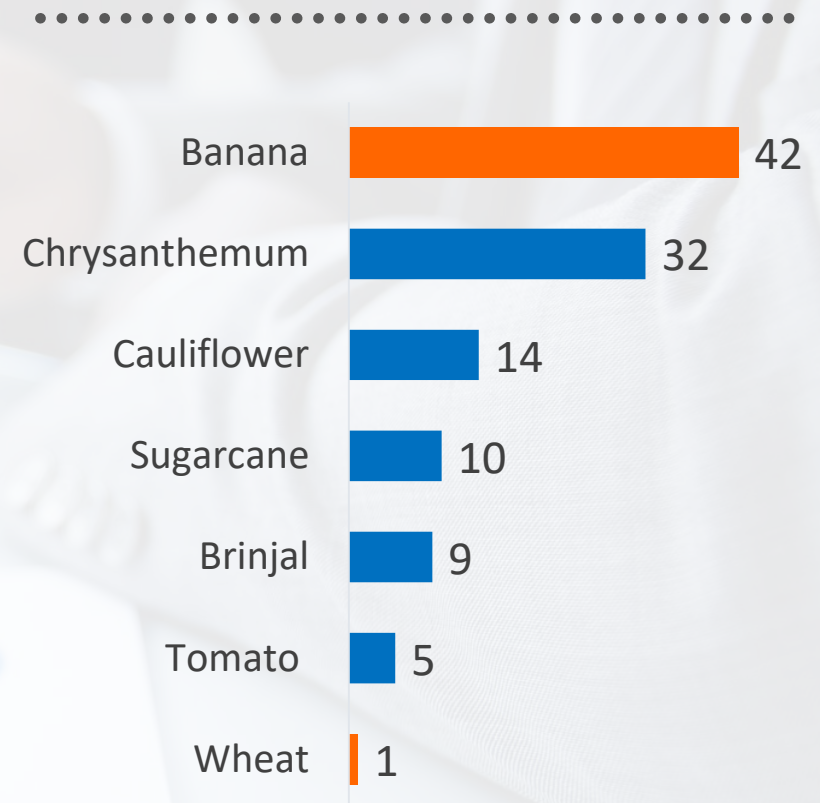
Increasing farm mechanization contributes 1/3rd of global tractor sale

Two Fold Increase in MSP from last one decade

8 Intermittent but good level of Monsoon

Source: MART Knowledge Center

## Net income per hectare X times of wheat

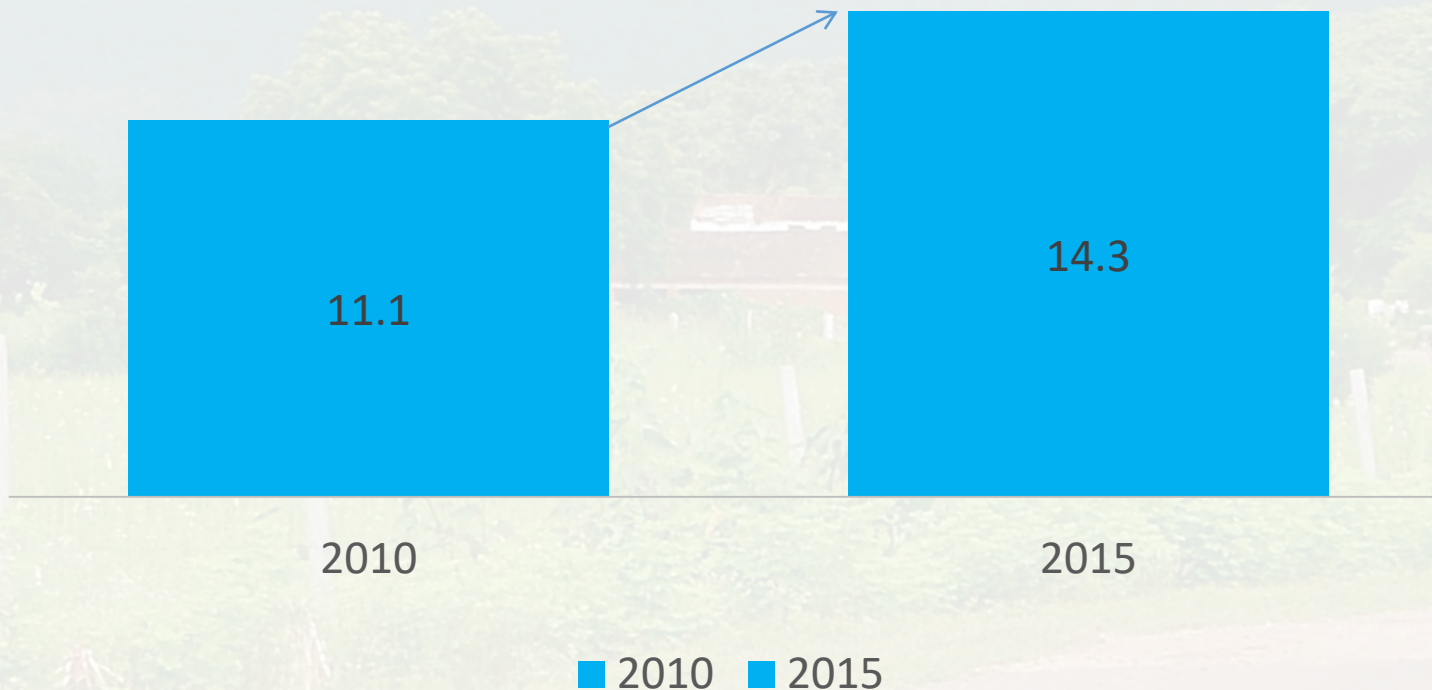




# Allied Sector

Unique Contribution to Employment

## JOBS CREATED IN ANIMAL FARMING (CHICKEN/FISH)

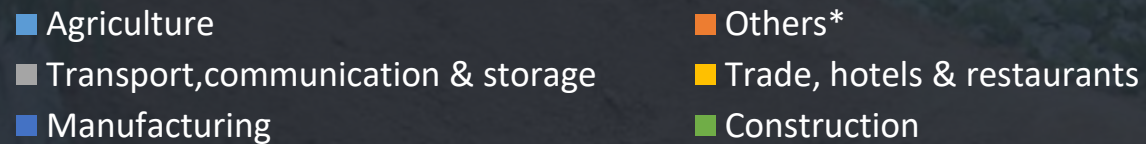


**3.8 million jobs created  
in Small Towns & Rural**

Jobs created in poultry  
industry has been equal to  
that created by MNREGA (for  
the period 2005-10)

# Construction Industry

## Demographic Layout of Population



2009

2015

Source: Employment & Unemployment Situation in India, N.S.O.

## FACTs



### Construction at 11%

Construction Industry has added a significant chunk of employment in short span of 6 years

### Drop in Agri to 53%

Last one decade saw around 85 million people moving out of agriculture to service sector.



# Morphing Pyramid

Burgeoning Middle Class

## FACTs

**150 million**

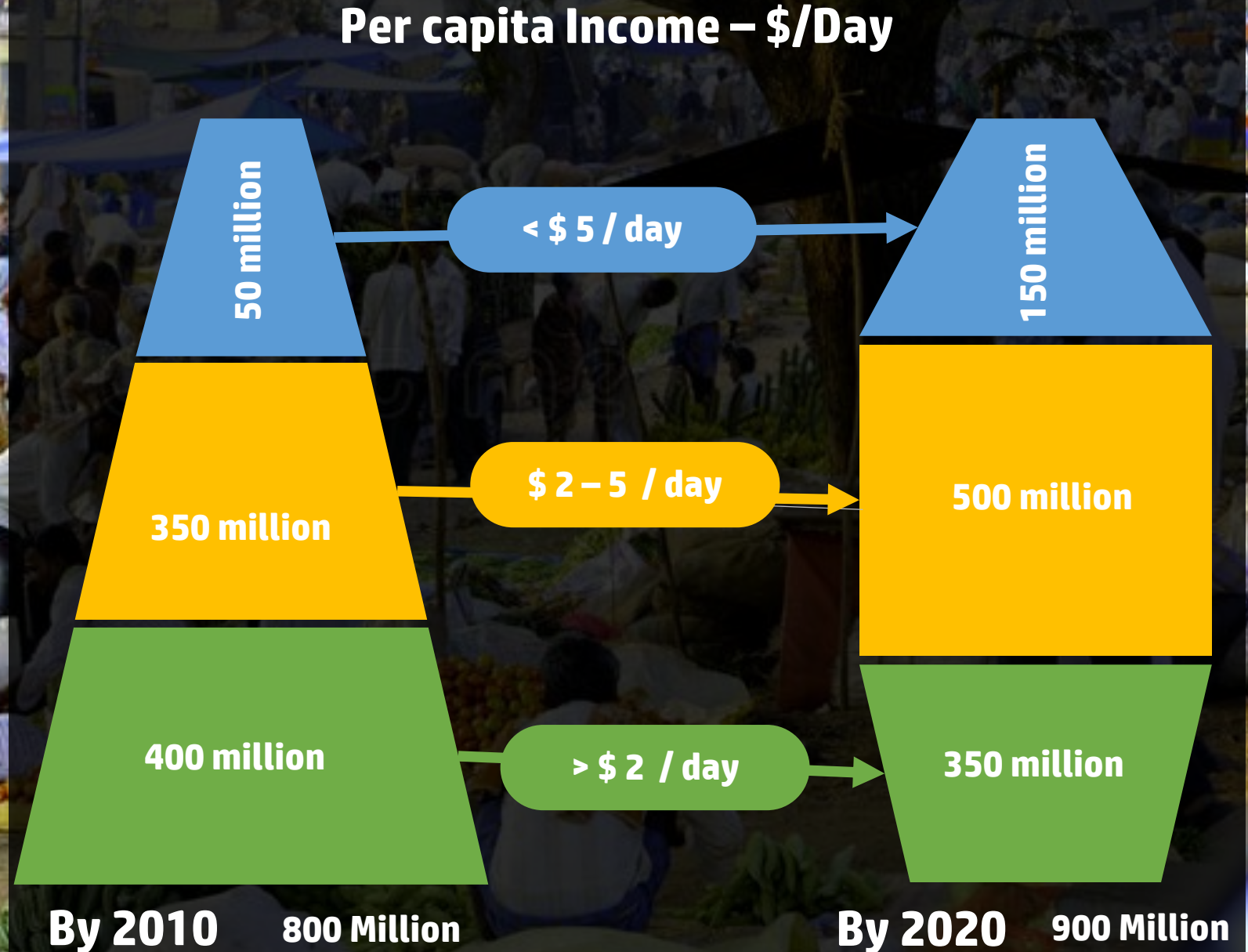
By 2020 the market in rural for rich would about 150 million people

## Middle Class

Rural India would account for 500 Million people or 100 Million Households

## Affordable Segment

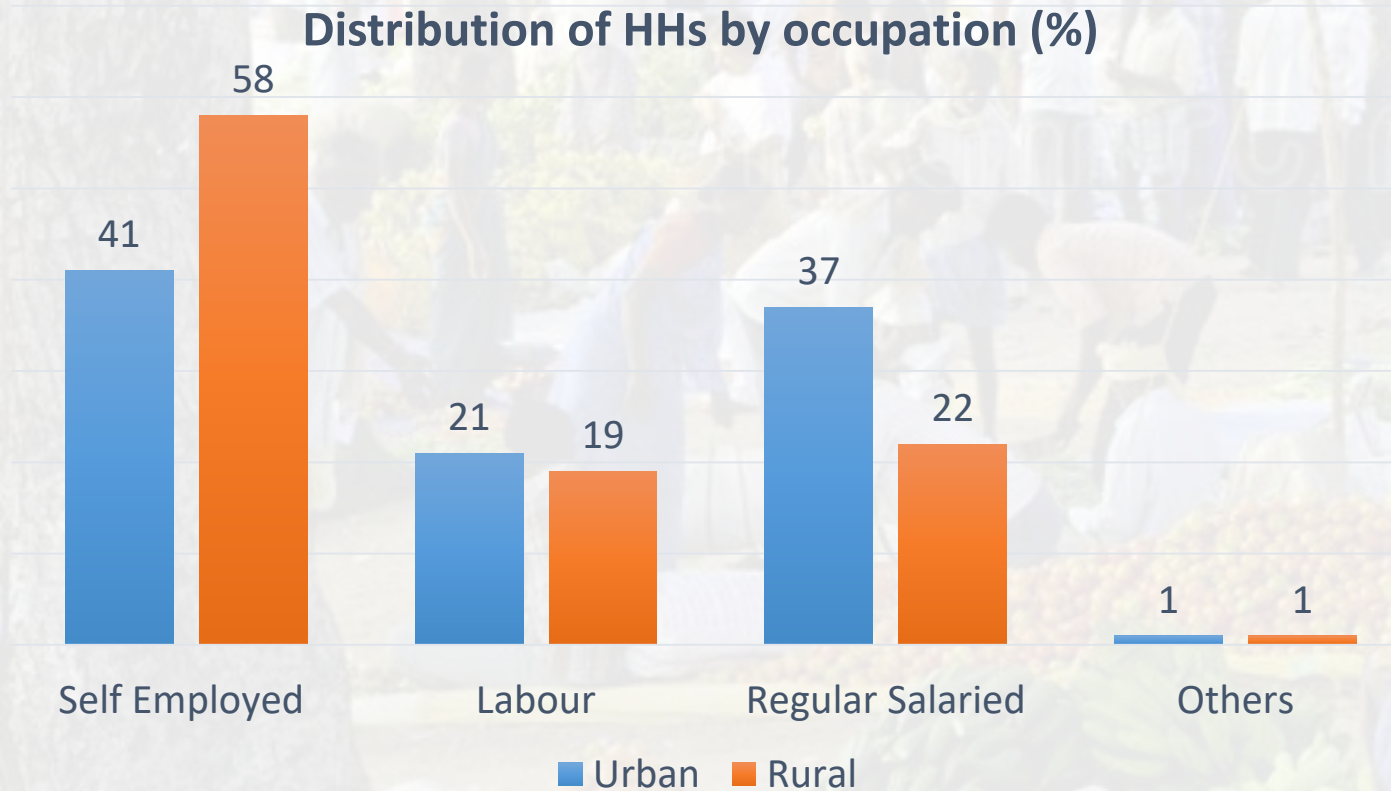
We are likely to pull another 100 million people out of poverty in the coming decade





# Occupations

In Towns & Villages



## FACTs

### By 2020

One Person in every agricultural household will be in the service sector

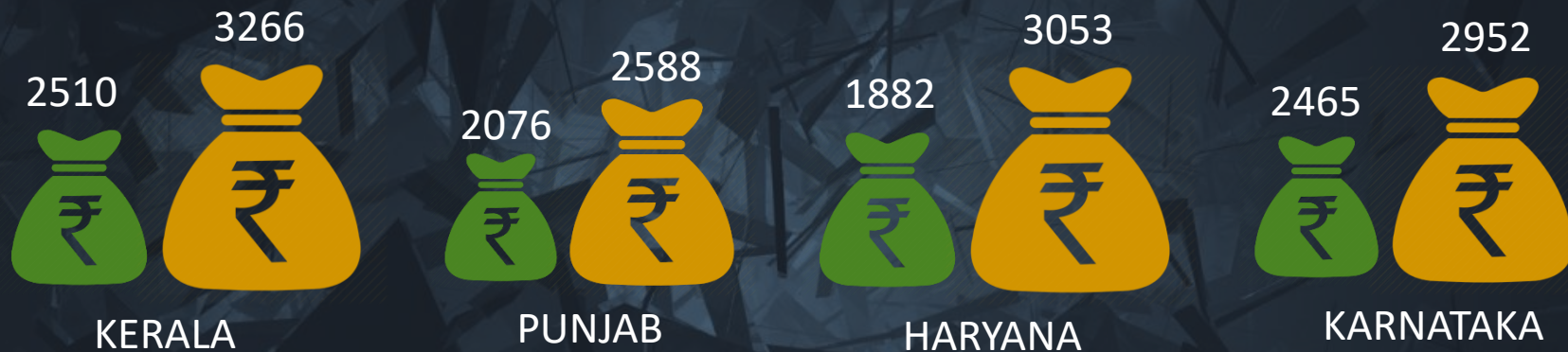
### Where

Much of the expanding service sector is in small towns



# Spending on Consumption

How Much Each Family Member Spends Per Month



**Top Performers**

**ALL INDIA RURAL : 1279**

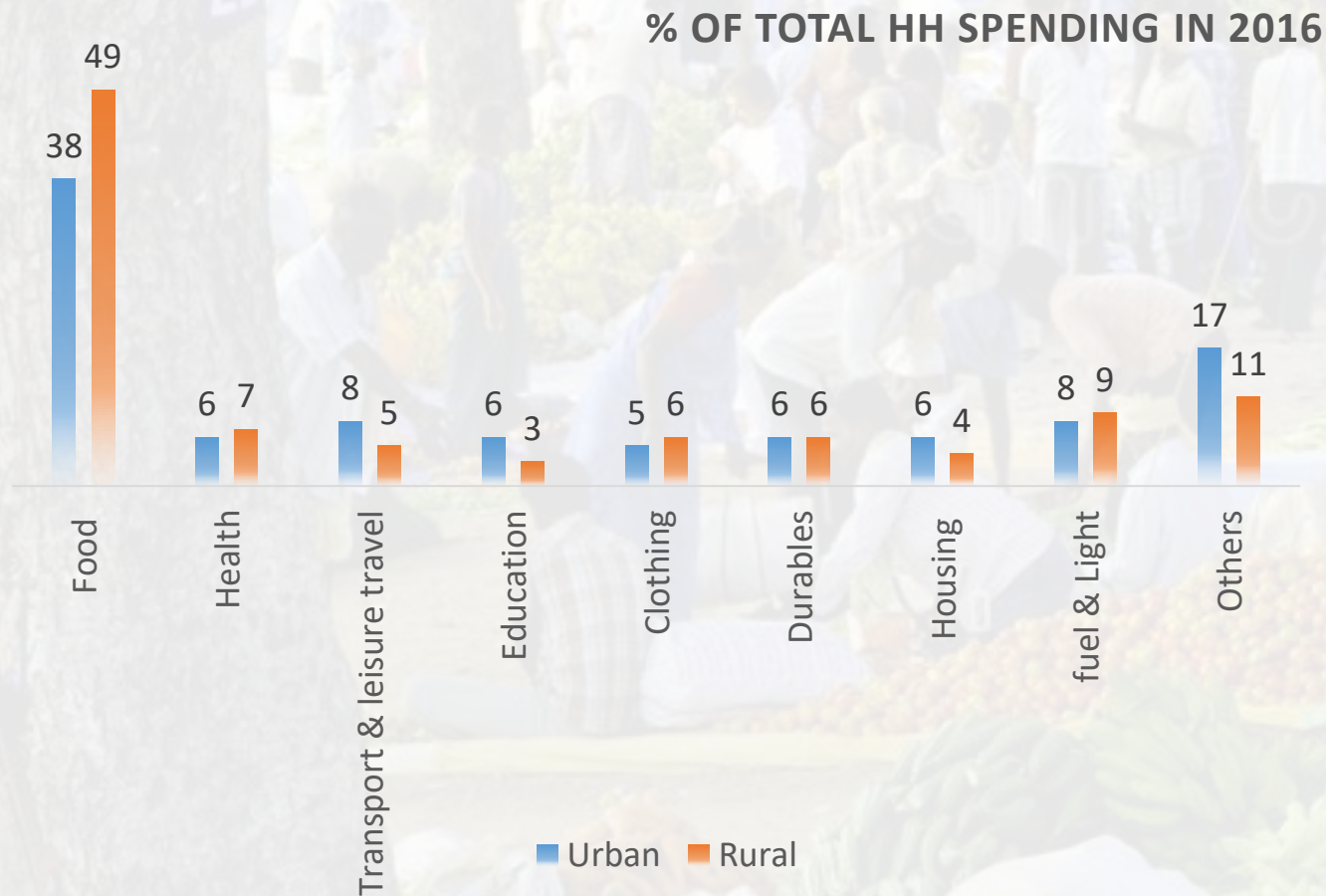
**ALL INDIA URBAN : 2399**

**Bottom Performers**



# Spends on Income

Share of the Wallet



Average Annual Household Income(Rs)



Reducing percentage of spending on Food in Rural

Fuel and lighting still account for a disproportionate cost.

Rural account for 33% of India's Saving and 64% of India's Expenditure.



# Dispersion of Income

GDP to Workforce



## INDIA

■ Agriculture ■ Industry ■ Services

GDP CONTRIBUTION

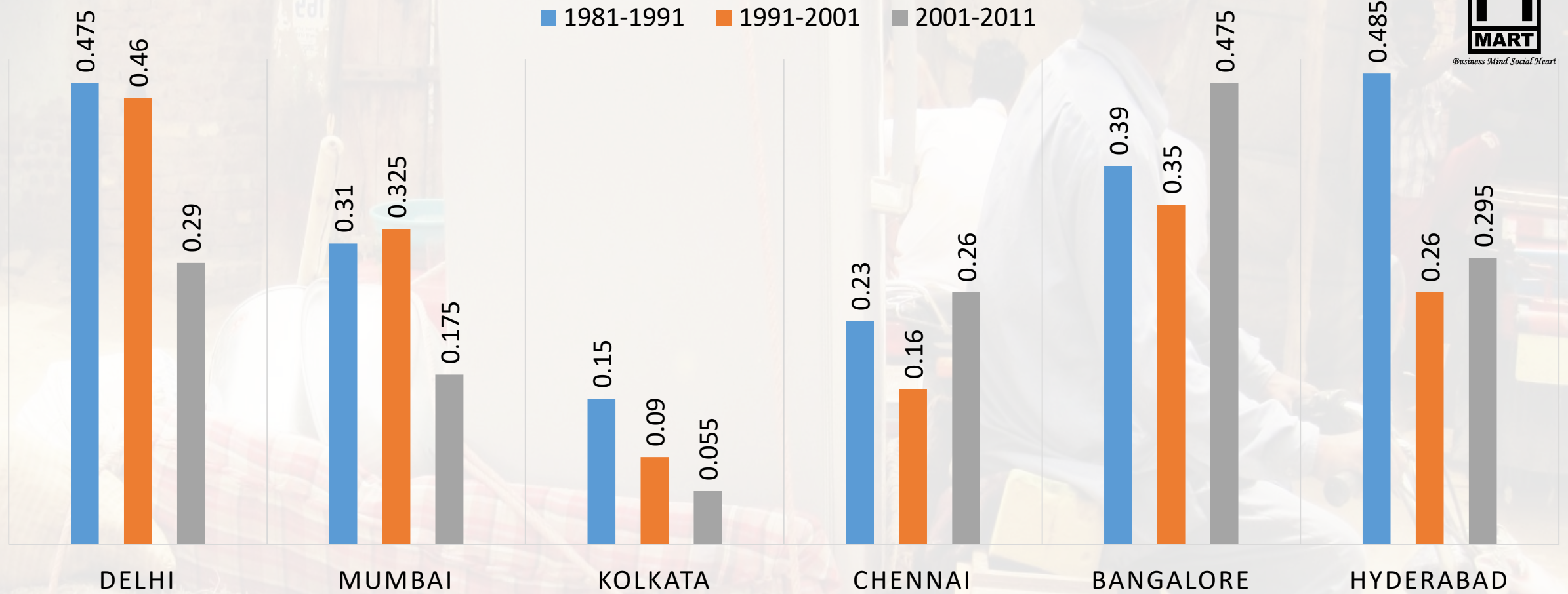


WORK FORCE CONTRIBUTION



**2016-17 GDP Growth 11.2%**

Source: Economic Survey 2016-17



# Migration to Towns

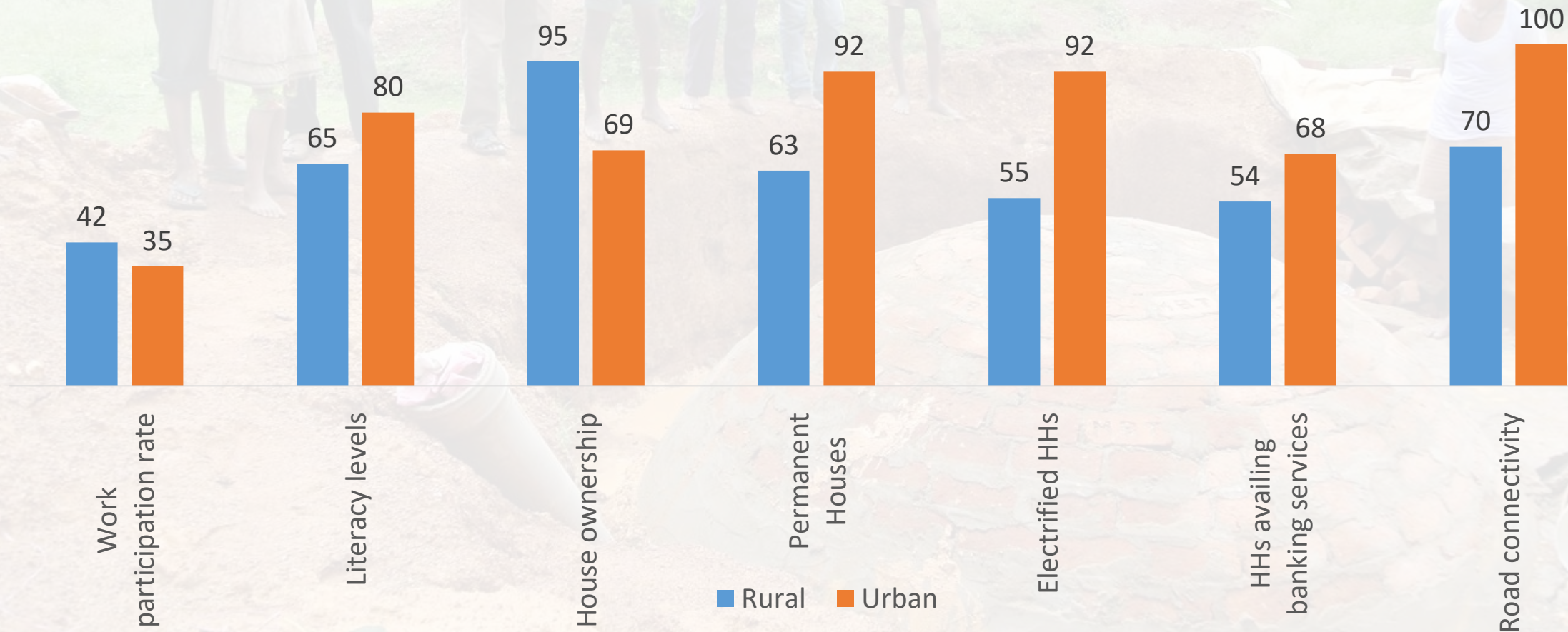
A Decade of Slowing Down

- Source: Census Bureau of India
- Absolute number in million



# Catch-Up

Certain Persistent Area of Change





# Expanding Connectivity

Digital Penetration & Reach

**472** million mobile users in Rural and 530 million in Urban | **Smartphone** already at 230 million

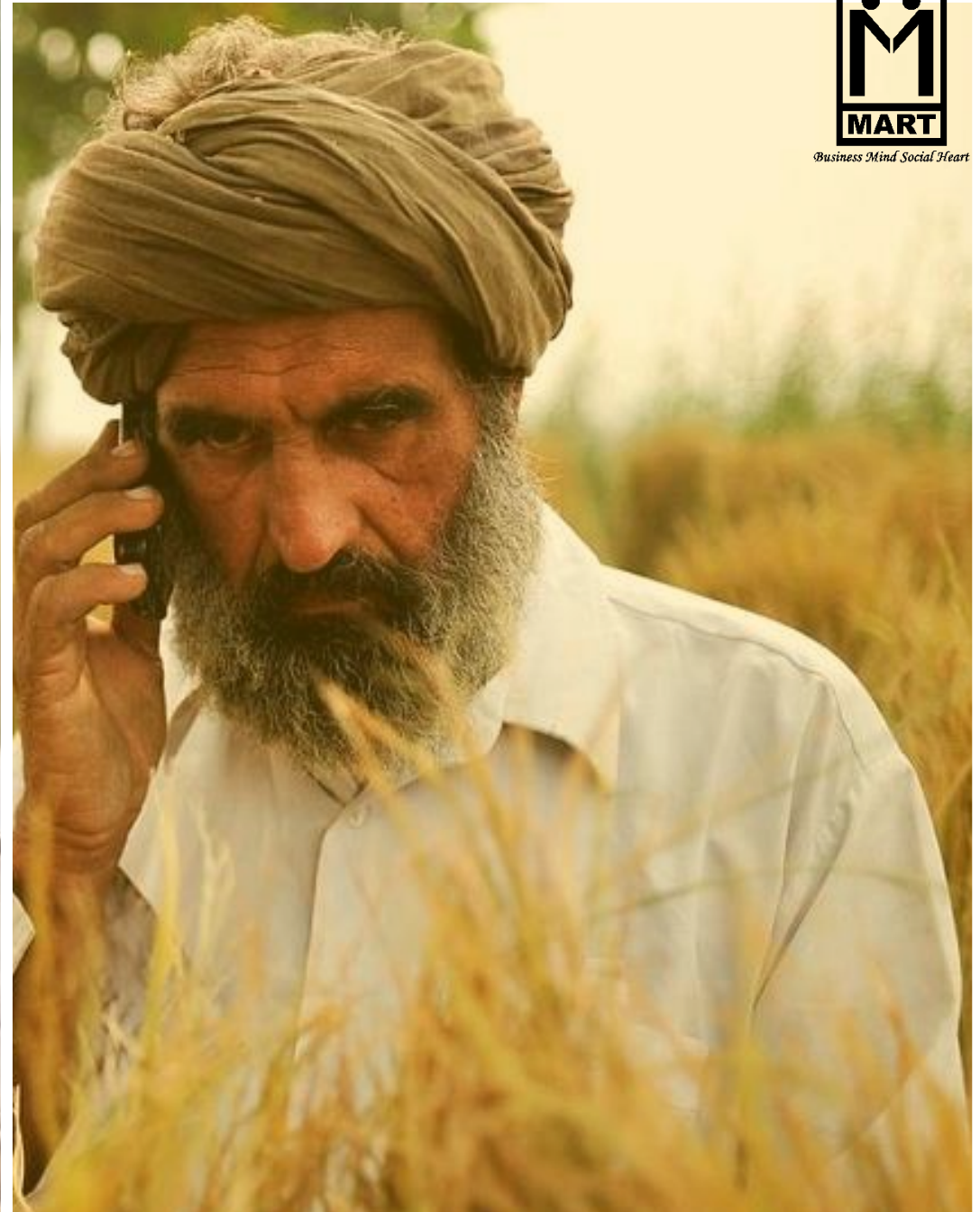
**28** million new rural accounts opened (Jan Dhan Yojna) in the already **53 million bank accounts**

**63** million DTH connections (60% of total comes from rural)

Broadband to **250,000** village councils under implementation



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# Reach & Access

Retail and its Spread by Region



## Northern Region

**408M** population  
**76%** Rural have 2.44m outlets  
**24%** Urban have 1.36m outlets  
**Rs.11794** Outlay of outlet

## Eastern Region

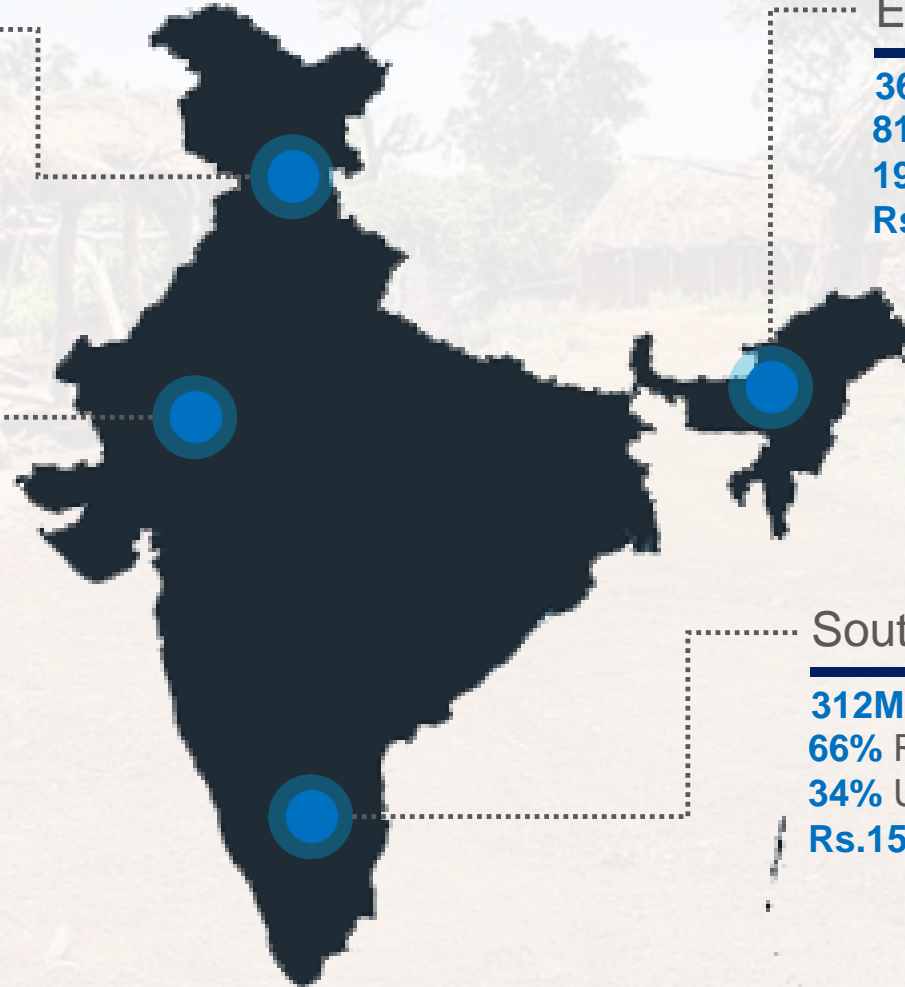
**366M** population  
**81%** Rural have 2.40m outlets  
**19%** Urban have 1.12m outlets  
**Rs.12912** Outlay of outlet

## Western Region

**288M** population  
**68%** Rural have 1.52m outlets  
**32%** Urban have 0.94m outlets  
**Rs.13478** Outlay of outlet

## Southern Region

**312M** population  
**66%** Rural have 1.74m outlets  
**34%** Urban have 0.58m outlets  
**Rs.15856** Outlay of outlet



# Psychographics

## Consumer Behavior Analysis

**71%**



### What do rural consumers value?

buy brands and 59% see them as trustworthy and reliable 66% weightage is given to brand image, functionality and aesthetic while making their purchase decisions

**55%**



### What do they buy?

buy when the need arises, rather than waiting for special occasions

**83%**



### What sales channels do they use?

travel to nearby cities to make their bigger purchases

**01%**



### Who influences them the most?

said the key influencer for their last big-ticket purchase was the village head and 6% claimed it was the local shopkeeper

**07%**



### How much do TV ads and celebrity endorsements influence them?

Claimed advertisements and celebrity endorsements have an influence on their purchase decisions

**51%**



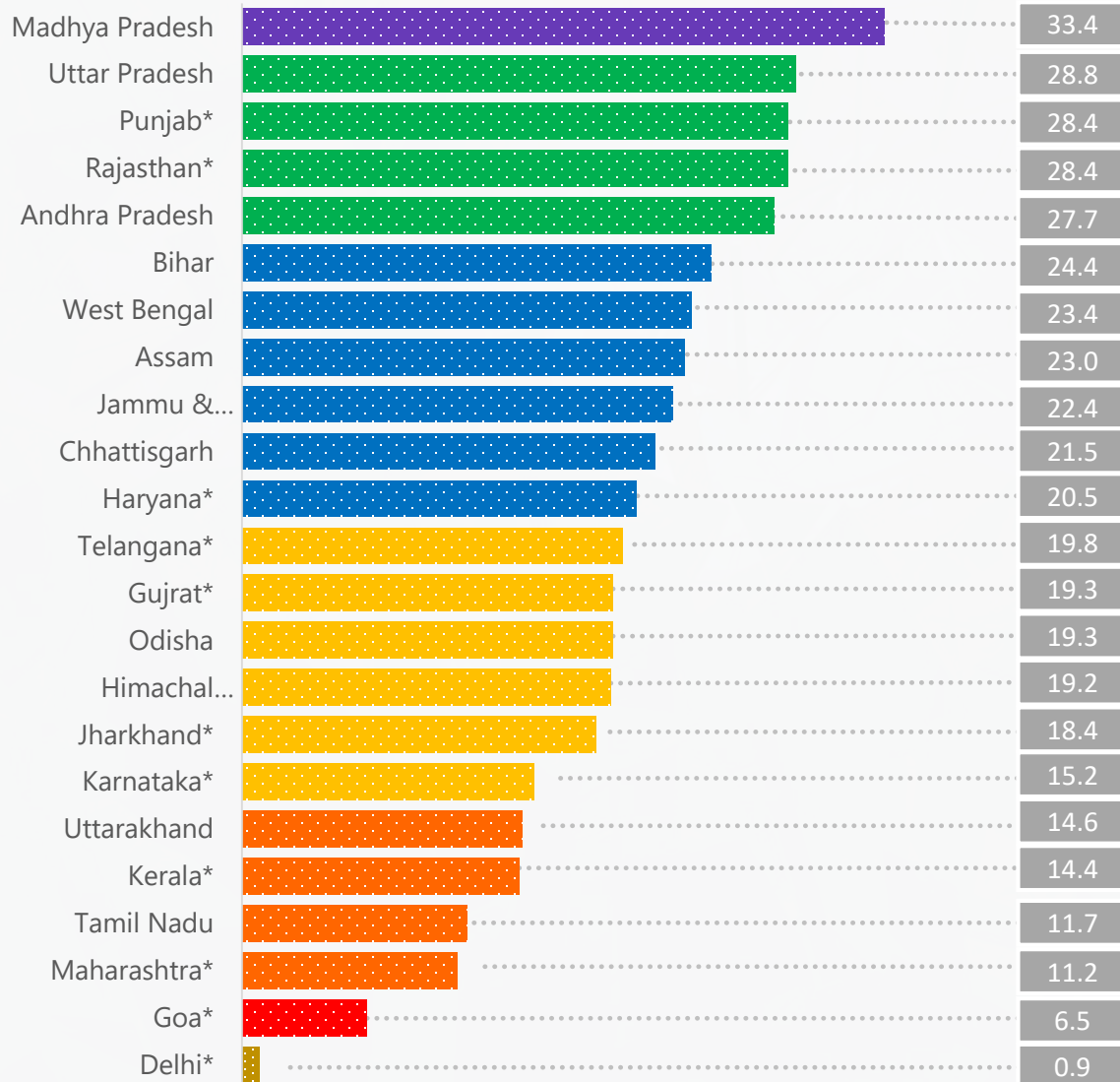
### Where do they plan to spend more?

plan to increase their spend on education and 49% plan to increase their spend on healthcare



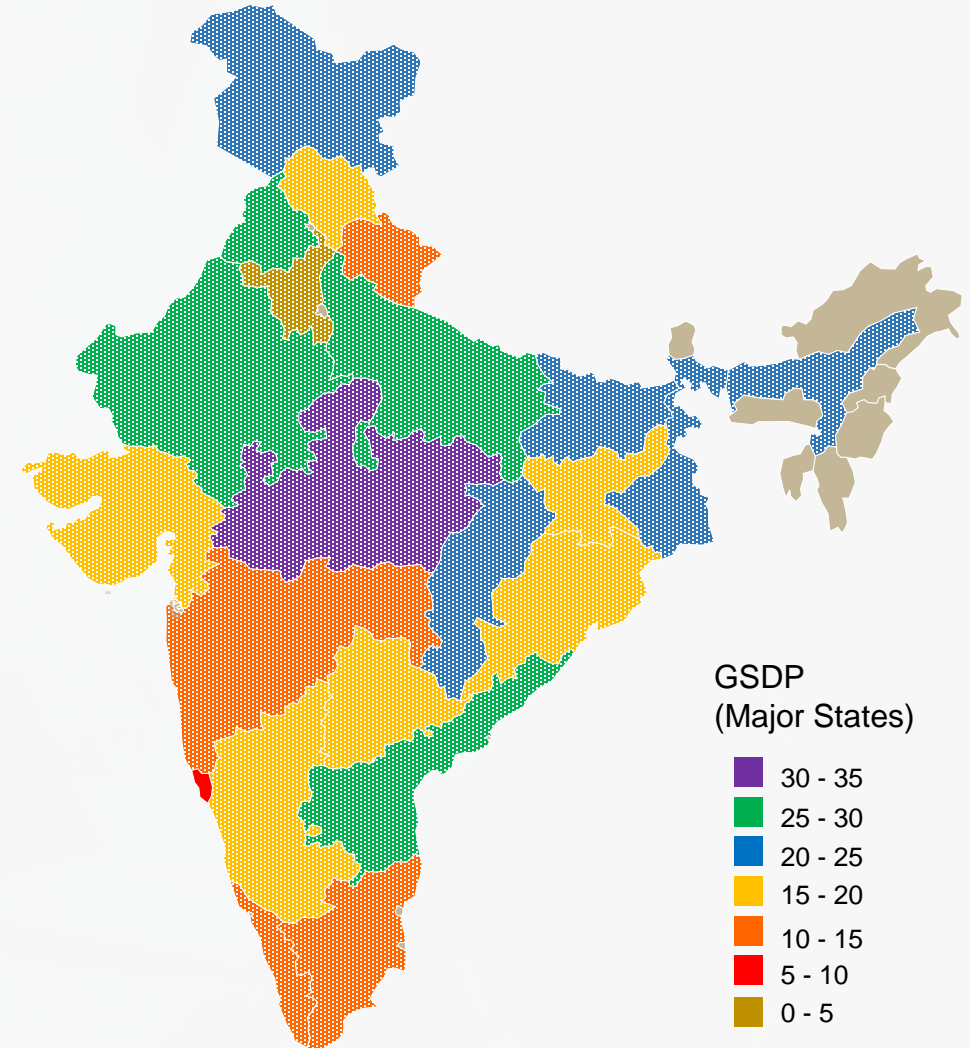
# GDSP

## Agriculture's Contribution to State GDP



Source: MOSPI, data is 3 year's average \*Average for 2013-14 to 2015-16

## Geographical Visualization



# Our Social Infra

What we built as a nation



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**7M**

07 million  
SHG's



**1 : 1000**

1 ASHA for every  
1000 population



**1.4Lac**

1,40,000 rural  
post offices



**4.3Lac**

4,30,000 NYKS  
youth clubs



**2.16Lac**

Common Service  
Center



# Digital Infrastructure

The Game Being Played Out



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**736 Million**

Aadhar Linked Bank  
Accounts



**1.2 Billion**

Aadhar Accounts  
Numbers



**450 Million**

Internet Users



**Unified  
Payments  
Interface**

Interlinking



**Optical Fiber  
Network**

For All Gram Panchayats

**JAM** Trinity

Creating Access

**India** Stack

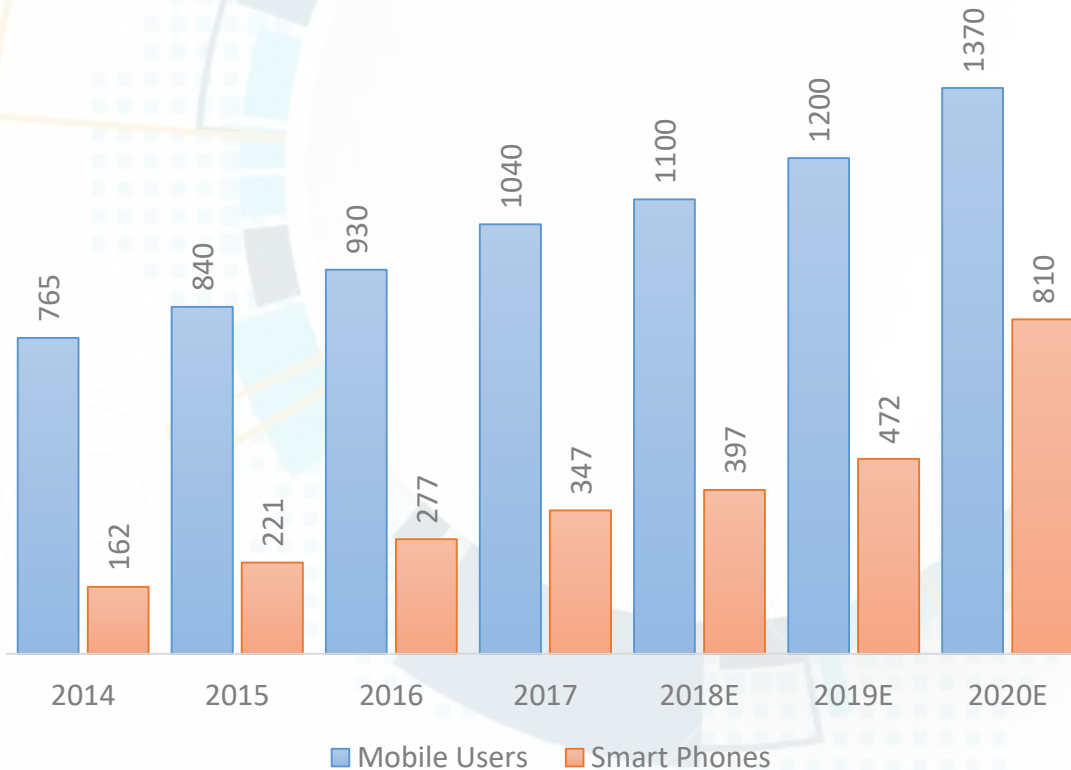
Connecting

# Mobile & Internet

Change and its Impact



Smartphones With Internet Connectivity  
(In Million)



**800 Million Users**

Have No Internet Access

**80% Internet Users**

Urban Mobile Internet Users used for online communication & Entertainment as their top priority

**52% Internet Users**

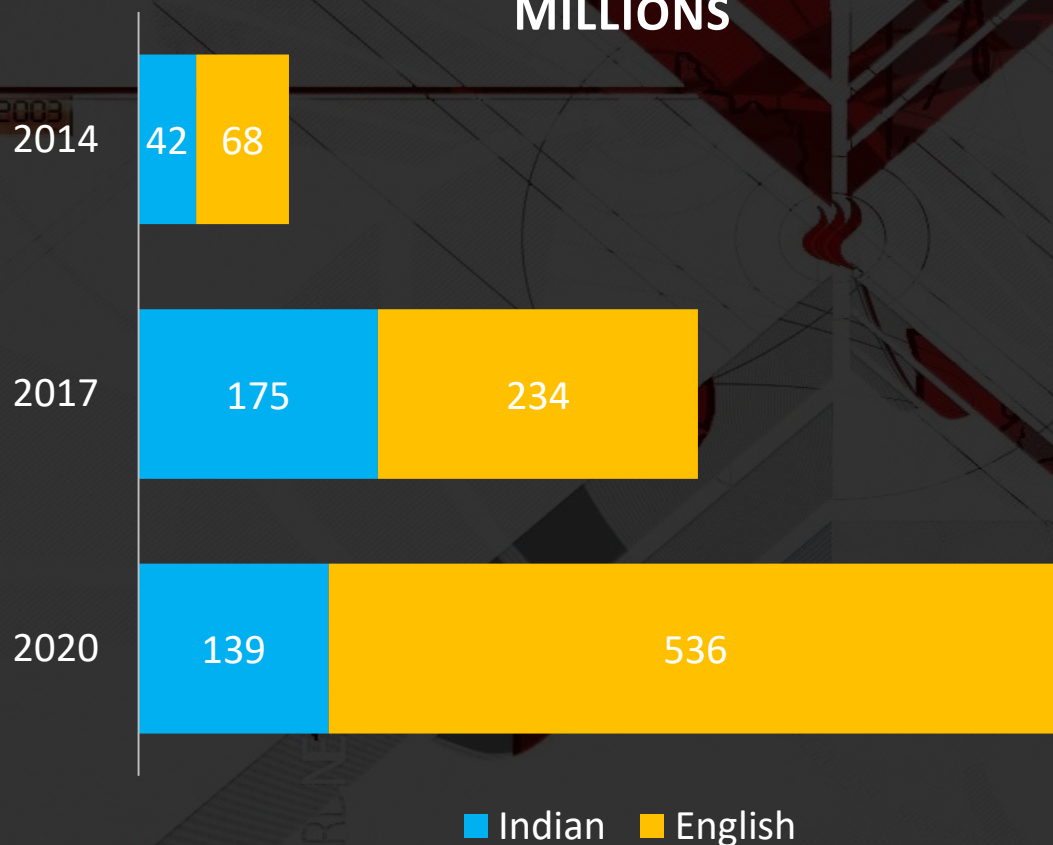
Rural Mobile Internet Users mentioned the Primary reason for accessing the internet was entertainment | Communication & Social Networking.



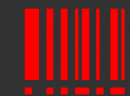
# Internet

## Change and its Impact

INTERNET USERS BY LANGUAGE IN INDIA IN MILLIONS



Compare prices of products



Read reviews and feedback of products



Compare products with other similar products



Do nothing on the internet

54%

18%

20%

8%

92%

Internet users search online while shopping offline

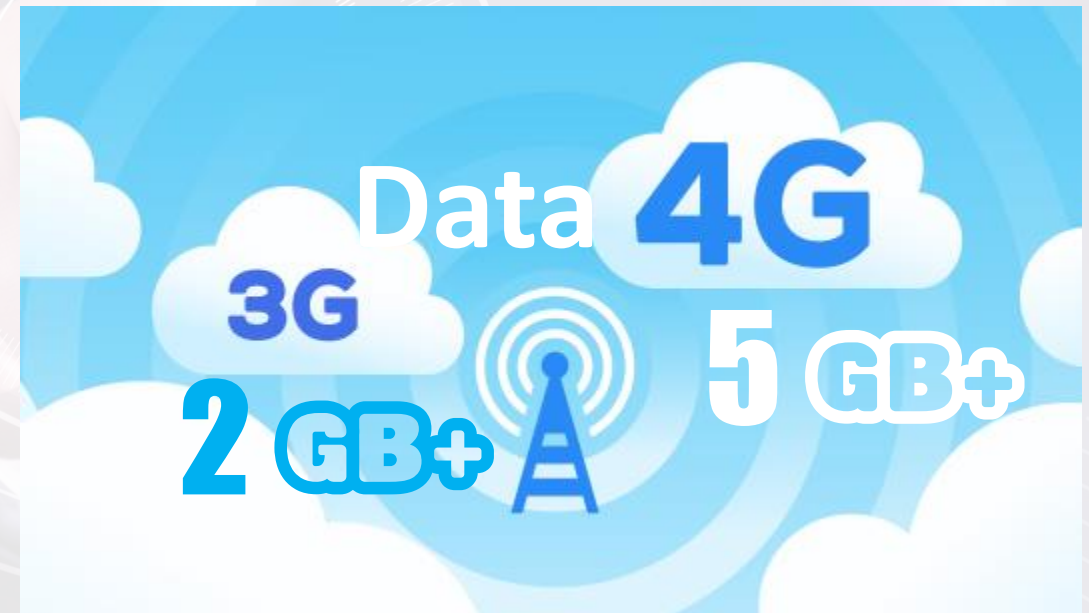
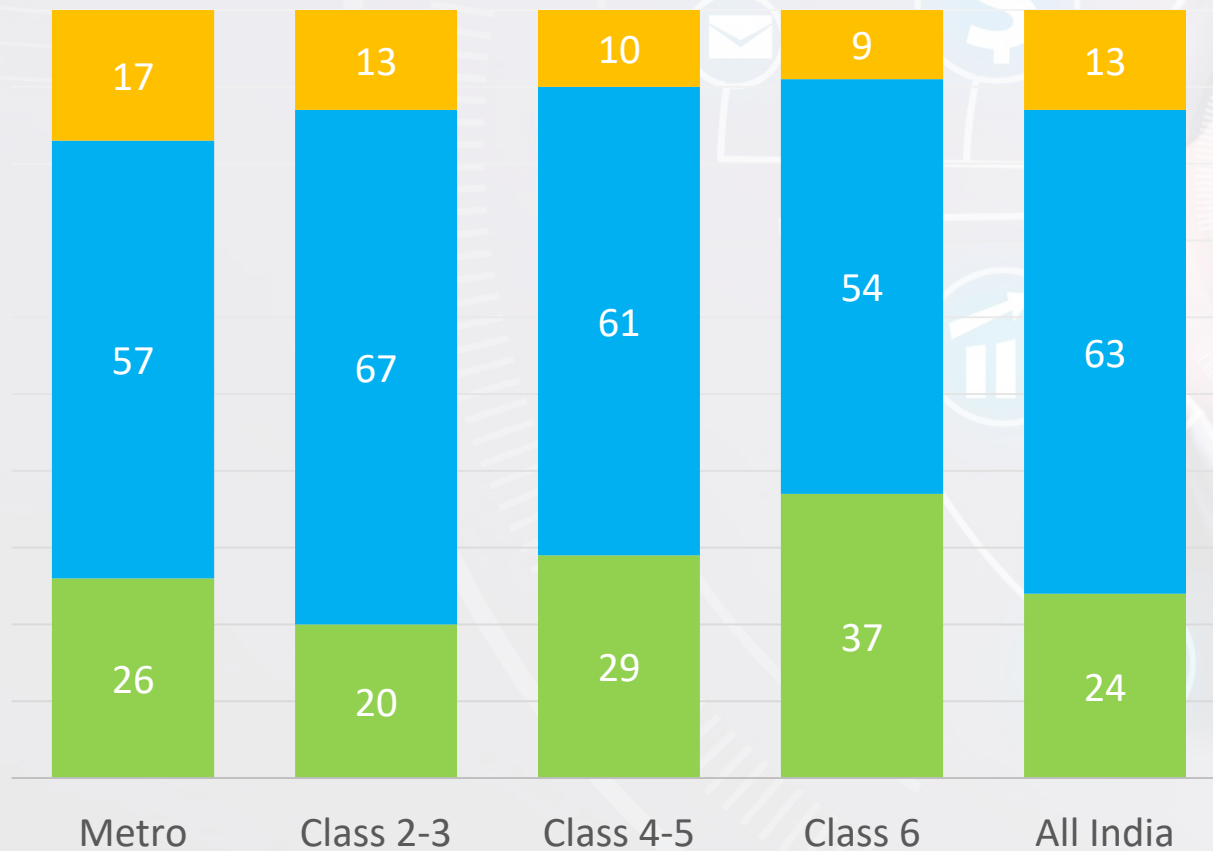
# Internet Data Consumption

What is the big deal

## CONNECTIVITY IN CITIES OF INDIA

PERCENTAGE

■ 2G ■ 3G ■ 4G

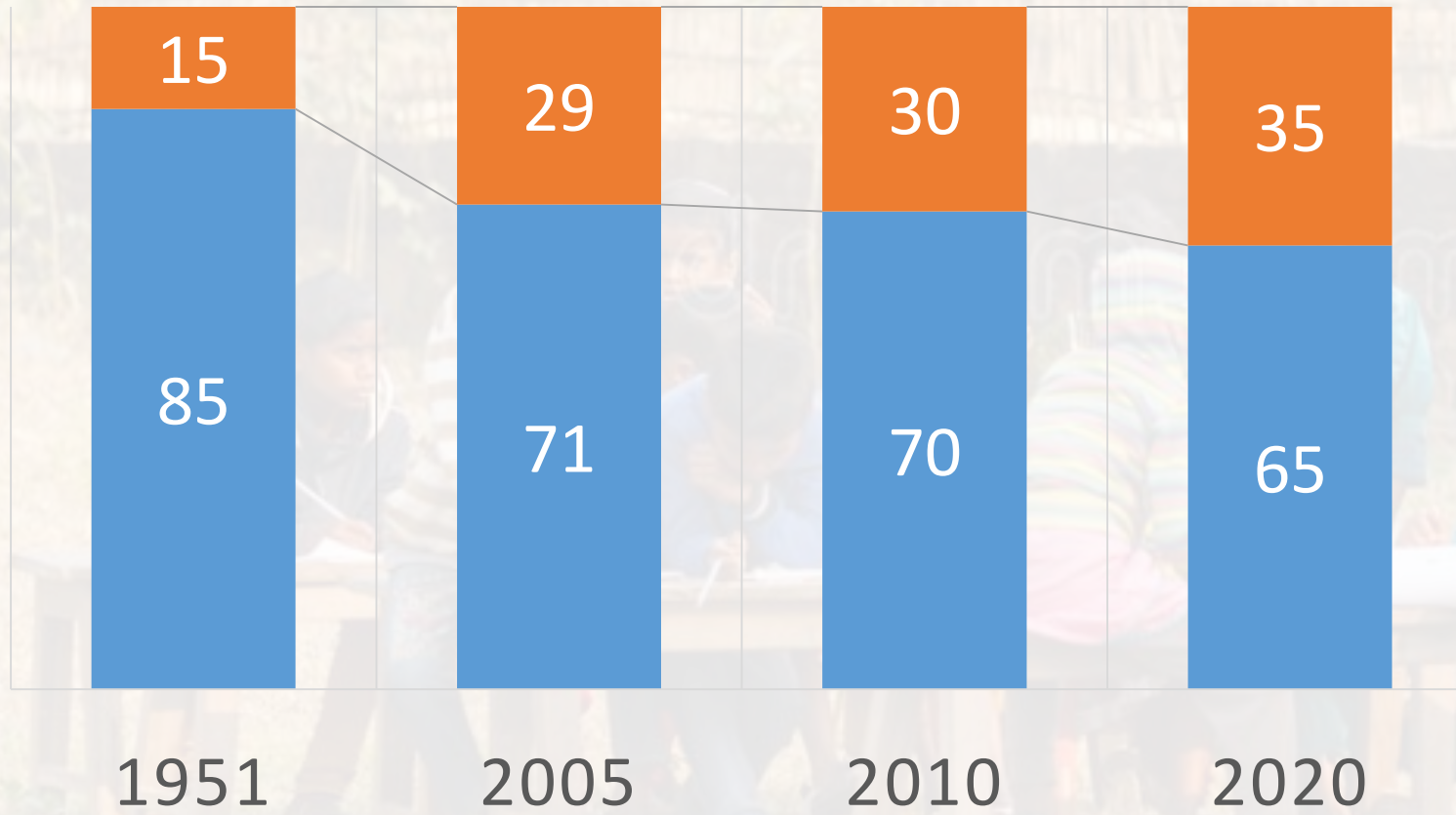




# Rural

India will Continue to Live in Villages

■ Rural ■ Urban





With that last Information  
**THANK YOU**

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