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The Rise of India's Middle Class Historical Foundations, Economic Transformation, Social Aspirations, and Future Challenges

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Abstract – This growth of the middle class in India is the result of a long process of public investment, education, structural change, urbanization, market reform, diffusion of technology and household aspiration. However, the size of it is contentious, as various measures of it income, consumption, occupation, assets, self-identification give rise to different estimates. The article provides an account of the historical process of the formation of middle-income households, their role in the economy, their internal diversity, and their growing vulnerabilities. Adopting a structured review of official statistics, historical records, international data and peer-reviewed research, and descriptive trend, distributional and urban-rural and scenario analysis. The evidence indicates that education and secure salaried employment first expanded mobility, and that other factors such as post-1991 reforms, services growth, migration, entrepreneurship, infrastructure, and digital connectivity expanded mobility in a social and geographic sense. But there is no guarantee that the consumption will last when it is visible. Many households are vulnerable to inflation, ill health, indebtedness, unemployment, climate change, and technological shocks due to unequal access to quality education, health care, housing, formal employment, savings, and social protection. The author contends that the Indian middle class should be viewed more as a continuum of mobility and vulnerability rather than a monolithic class. It's future is related to employment quality, affordable essential services, financial resilience, gender equality, and regional inclusion as well as credible public institutions and the contributions it makes to productivity, demand, taxation, enterprise, and social stability.

Keywords: Middle class, Economic liberalization, social mobility, Household consumption, Education, Urbanization, Employment, India.

1. INTRODUCTION

The post-independence era imbued the former Hijli Detention Camp in West Bengal with a very different meaning. The camp had been used to detain political prisoners under the colonial regime, and the deaths of two detainees in police firing in September 1931, had been linked to the camp. The technical education started in the campus in 1950, and the institute was officially inaugurated as Indian Institute of Technology, Kharagpur on 18th August 1951. It started off with 224 students and 42 teachers. In the process of turning a space of incarceration into a space of higher learning, it was a muted yet potent symbol of the developmental aspiration that was attached to education, scientific research, and technical capability in post-independence India Indian Institute of Technology Kharagpur [IIT Kharagpur].

This history is significant not just for the accomplishments of this institution. The early technical institutes, universities, public laboratories, schools, administration, and government owned enterprises in India contributed to the generation of jobs which could sustain a stable and salaried family. For some families, education provided a route out of agriculture, manual work, and precarious informal employment, into professional, technical, teaching, clerical, managerial and administrative work. There was never equality

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of access and benefits were geographically concentrated, and based on gender, caste, language, and family resources. However, schools and public office were significant elements of social mobility.

There is no single number that can be used to describe the resulting middle class. There is no official definition of middle class in India. Other researchers have applied absolute daily consumption bands in purchasing-power-parity dollars to data from international studies. These approaches lead to identification of distinct populations. Under a national consumption distribution, a household could be considered middle class while under an economic vulnerability distribution based on savings, it could be considered poor, as it may not be able to afford the risk of health impacts of a shock to its income, housing insecurity, or a long period of unemployment.

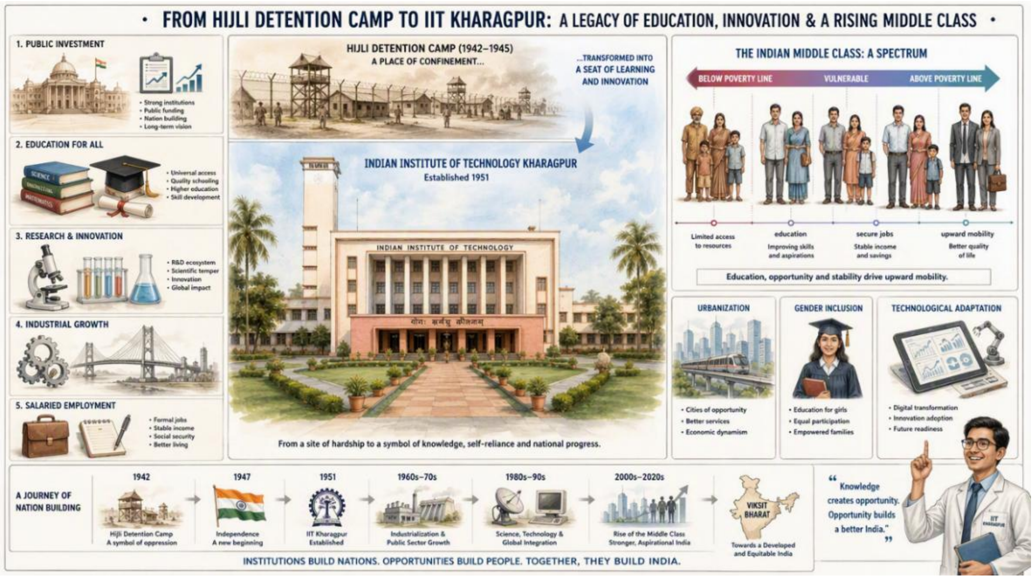

Fig -1: A Legacy of Education, Innovation & A Rising Middle Class

Thus, this article takes India's middle class as a spectrum of households that, although above basic deprivation, may be below durable affluence, some of whom, while having some discretionary consumption, have the capacity to invest in their children's education, in housing and mobility, or in financial assets, but who are nonetheless vulnerable to downward risk. This is a definition based on analysis and not a formal threshold. In cases where numbers need to be provided, the article does not specify a precise amount of a nation's middle class population but instead provides consumption distribution groups and analyzes the security indicators in relation to consumption.

Public investment, education, change in agriculture, urbanisation, salaried jobs, migratory development, industrialisation, post-1991 economic reforms, growth of services, entrepreneurship, infrastructure, and technological diffusion are all elements of a series of overlapping changes which brought the middle class into being in India. Its growth is important from a historical perspective, but looking to the future, consumption cannot be used to determine its future. The quality of employment, affordable and essential services, household balance sheets, gender inclusion, regional opportunity, climate resilience, and technological adaptation will be key factors in whether upward mobility can be made sustainable.

2. OBJECTIVES OF THE ARTICLE

The overall aim is to define Indian middle-class without relying on a uniform income cut-off or political definition and understand its history, economic role, social heterogeneity, and future trajectory. The analysis aims to relate long-term institutional change with current household conditions.

1. The aim of the first specific objective is to provide clarity about the definition of the middle class based on income, consumption, occupation, education, assets, relative position, and self-identification. This is essential as measurement variations can result in orders of magnitude difference in estimates.
2. The second goal is to follow the class journey from the post-independence environment to the mixed economy and from the regulatory regime to the 1991 balance-of-payments crisis, economic liberalization, the growth of the service sector and the spread of digital technologies.
3. The third is to assess the role of schools, universities, technical education, vocational skills, public sector employment, migration, entrepreneurship, and employment in professional occupations in social mobility. It also looks at the reasons why these pathways are not equally distributed.
4. The fourth goal is to examine the links between middle-income households and consumption, business creation, saving, tax, home, credit, and human-capital investment. It isn't so much about celebrating consumption as about demonstrating the impact of household demand on production, jobs, infrastructure, and public revenues.
5. The fifth is to discover vulnerabilities that are camouflaged by apparent consumption. These are health, education, housing, informal work, inadequate saving, borrowing, gender issues, region inequity, climate change, automation, and AI.
6. Finally, some methodological lessons for students and researchers are provided. It underscores that there are differences between income and consumption, between household and individual measures, between values for current prices and constant prices, between projections and observed outcomes, and between association and causation in statistics.

3. METHODOLOGY AND ANALYTICAL TECHNIQUES

The research method used in this article is a structured literature review with a descriptive type of secondary data analysis. An original household survey was not done. The sources of evidence were chosen from official Indian statistical publications, census evidence, central-bank evidence, international development institutions, peer-reviewed academic evidence and recognized historical evidence. The most recent data as of June 13, 2026, were used, but the most recent reference year varies by data source.

The main current sources consist of the Household Consumption Expenditure Survey (2023-24), the Periodic Labour Force Survey 2025 calendar year, national accounts estimates, the 2025 health survey, the central-bank household finance statistics, the All India Survey on Higher Education, international poverty assessments, and studies on AI exposure by occupation. The 2011 Census was the last population census that was completed. Census 2027 is in progress, but results of population-enumeration were not available at the time of writing this article. So, instead, current demographic interpretations are based, in part, on projections and sample surveys and do not rely on a new complete enumeration.

Sources were cited where they had traceable data and identifiable authorship and or institutional responsibility and described the methodology used. Statements that were anonymous, promotional commercial products, media estimates without supporting data, and politically partisan were not included. Where there were differences in concepts, numerical claims from more than one source were compared.

Historical comparative analysis has been undertaken to analyze the changes between the post-independence, pre-reform, reform, and contemporary periods. The change in consumption, sectoral structure, education, labour participation, poverty, and saving rates were examined using trend analysis. Averages, shares, percentile, and Gini coefficient were interpreted using descriptive statistical analysis. The Gini coefficient is a single index which quantifies inequality as a value between 0 (maximum equality) and 1 (maximum inequality).

Special care must be taken in making monetary comparisons. Figures for current prices are not directly comparable between years far removed from each other, as they have been adjusted for inflation. The estimates at constant prices eliminate the impact of overall price trends, based on an official base year. Purchasing-power parity (PPP) is a way of converting currencies based on the purchasing power of currencies within their respective countries. PPP values are convenient for international comparisons but are not the value of the rupee that can be obtained from exchanging it for other currencies.

Conceptually separate household and per capita measures. Household size is an important factor in determining the total income or expenditure of a household, but the per capita measures are not necessarily equal and fail to consider the distinctions between adults and children and between older people and those who have extra care needs. Where reliable data was available, comparisons were made between urban and rural areas, and between different States.

Scenarios are used for future analysis as opposed to deterministic forecasts. Scenarios explore the potential interactions between employment, productivity, costs of essential services, debt, climate risk, and technology. They do not forecast the quantity of future middle class households. Key methodological limitations are the lack of a common definition and the challenges to reconciling income, consumption, wealth, and subjective identity.

4. DEFINING INDIA'S MIDDLE CLASS

In this section, the authors attempt to define middle class in India.

"Middle class" is a word that encompasses the economy, work, culture, safeguards, and dreams. It could be families in the middle of an income spectrum, individuals who consume more than a fixed threshold, or individuals with incomes from wages or self-employment, or families who can invest in their home and education. While these are overlapping categories, they are not congruent.

Absolute measures come in the form of a range of daily per-capita income or consumption, typically in PPP dollars. For instance, Banerjee and Duflo (2008) studied US$2 per capita per day to US$4 per capita per day and US$6 per capita per day to US$10 per capita per day groups based on the PPP rates during the period studied. These boundaries were expressly recognized as being somewhat arbitrary. A subsequent international classification puts the middle income range between US$10.01–US$20 per person per day, and the upper middle income range at US$20.01–US$50 Pew Research Center, 2021. The PPP base year and lower boundary make a significant difference in the number of people that are calculated.

Relative definitions are based on households in relation to the median income level or in a distribution group. The range, for example, two-thirds to twice the median, is flexible enough to meet the standard of

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living in different countries but can also label households as "middle income" when the median is not necessarily an indicator of economic security. Consumption based approaches are feasible in India because household expenditure is recorded relatively systematically as compared to the income. However, the financing of consumption can come from borrowing, selling assets, remittances, or other sporadic income sources, and thus may not have the same features of resilience.

Occupational definitions focus on salaried, professional, managerial, technical, teaching, administrative and entrepreneurial jobs. Educational and asset-based models consider qualifications, the quality of living, transport, durable goods and connectivity. Multidimensional strategies include health insurance, job security, saving for emergencies, public services, and protection from catastrophic spending. Self-identification reflects social aspirations, which could be affected by comparison groups and cultural norms.

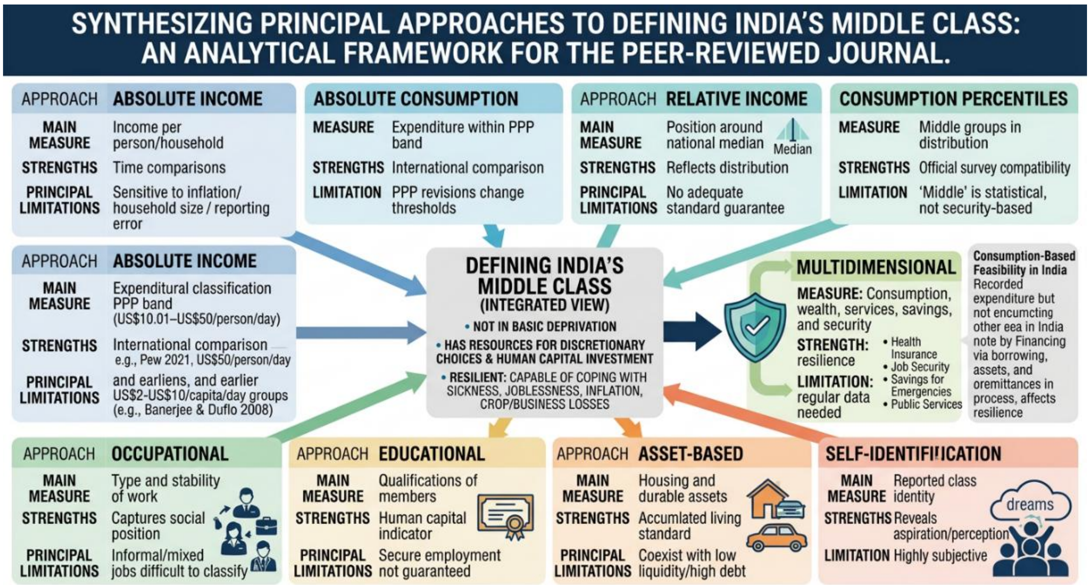

Fig -2: Synthesizing Principal Approaches to Defining India's Middle Class

In this article, a middle class household is defined as one that is not in basic deprivation but also has the resources to make discretionary choices or investments in human capital from time to time, and not necessarily at the top end of the economic spectrum. Classification should also consider if the household can cope with sickness, joblessness, rising prices inflation and losses on crops and business. This is intentionally to yield a wide analytical range and not an absolute number.

Table -1: Principal approaches to defining the middle class

Approach	Main measure	Strength	Principal limitation
Absolute income	Income per person or household	Supports comparisons over time	Sensitive to inflation, household size, and reporting error
Absolute consumption	Expenditure within a fixed PPP band	Useful for international comparison	PPP revisions change thresholds

Relative income	Position around the national median	Reflects national distribution	Does not ensure an adequate living standard
Consumption percentiles	Middle groups in expenditure distribution	Works with official household surveys	"Middle" is defined statistically, not by security
Occupational	Type and stability of work	Captures social position	Informal and mixed occupations are difficult to classify
Educational	Qualifications of household members	Indicates human capital	Education may not produce secure employment
Asset-based	Housing and durable assets	Reflects accumulated living standards	Assets can coexist with low liquidity or high debt
Multidimensional	Consumption, wealth, services, savings, and security	Captures resilience	Requires extensive and regularly updated data
Self-identification	Reported class identity	Reveals aspiration and social perception	Highly subjective and context-dependent

5. SOCIOECONOMIC CONDITIONS AT INDEPENDENCE

At the time of independence, India had many problems like low level of human development, illiteracy, low industrialization, and mainly rural occupation. Retrospective official demographic tables make estimates of combined life expectancy at birth of some 32.1 years in 1941-1951. According to the 1951 Census, there were approximately 361 million people and only approximately 20% were literate according to the historical census convention. For this reason, assertions about literacy at a rate of exactly 12% in 1947, and the 1951 census measure, should not be used interchangeably.

Most workers were employed in agriculture, professional occupations, technical services, and modern manufacturing employed a small proportion. The stable non-agricultural type of earnings was found in a small population which comprised public administrators, railway workers, teachers, soldiers, lawyers, traders, and urban clerks. Other factors which affected the social position than income were landownership, education, caste, language, and nearness to administrative centres.

The notion that less than a set percentage of Indians were middle class in 1947 is not easy to substantiate as there were no national household income and consumption surveys conducted using a modern class definition. This sort of estimation relies on a definition afterwards. Indeed, it is more correct to assert that the household population with a stable salary or professional income was a small minority, with most households experiencing low income, poor public services, ill health, and limited access to education.

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The colonial economy was oriented towards railways, ports, administration, plantations, and some industries but, also, the colonial economy was shaped by imperial trade preferences and the unequal development of the regions. The balanced assessment should not go so far as to portray the inherited economy as having no productive capability, nor should it ignore the severity of poverty and the size of the human-development shortfall.

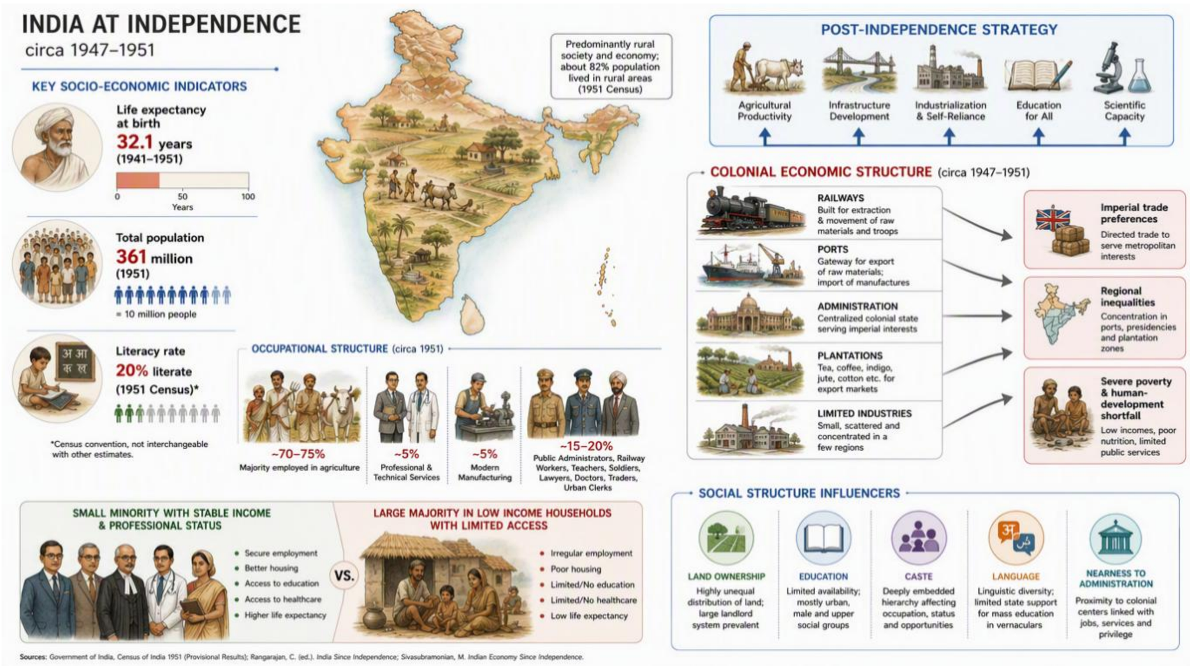

Fig -3: Socioeconomic Condition at Independence

All these conditions influenced the strategy of post-independence. Economic development was a part of agriculture productivity, infrastructure, industrialization, education, and scientific capacity. So, it was not the middle class per se that was created through mass consumer markets. It grew around public administration and education, infrastructure, organized industry, and regulated professions. In many families, the most important desire wasn't luxury but stability, a steady income, a secure home, schooling for their kids and the ability to stay out of the risk zone of most extreme downward mobility, and basic health care.

6. EDUCATION, TECHNICAL INSTITUTIONS, AND SOCIAL MOBILITY

Education led to the formation of the middle class by providing the qualifications for professional, technical, teaching, administrative and managerial jobs. Technical institutions played a prominent role in this process, and although they may have been visible, this was not to be equated with their reach across the population. Large-scale increases in social mobility required schools, state universities, colleges, polytechnics, professional and vocational education, teacher training, etc. to produce highly trained people, but a relatively small number of elite institutions could do that.

The number of enrolments in higher education has increased significantly. As per All India Survey on Higher Education (2021-22), it is estimated that there are around 43.3 million students in higher education, out of which there are around 20.7 million women. The national GER in the age group 18-23 was 28.4% and there were great variations between states and between social groups. These data reflect growth but also indicate that the majority of those in the age group of interest did not attend higher education (Ministry of Education, 2024).

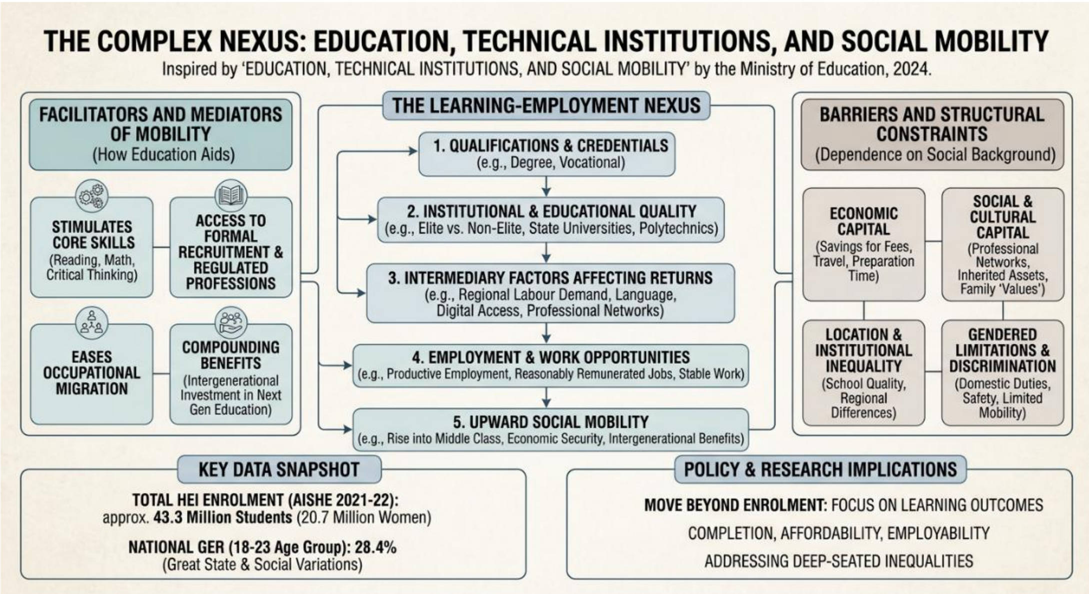

Fig -4: The Complex Nexus

There are several ways in which education aids mobility. It stimulates reading and math, helps to enter the regulated professions, promotes access to formal recruitment, and eases occupational migration. Better-educated families also are likely to invest in the education of the next generation, potentially leading to compounding benefits. However, just a degree does not secure a stable job. Return is affected by institutional quality, field of study, language, digital access, professional networks, regional labour demand, and discrimination.

Educational opportunity is also dependent on social background. Families who have a stable place to call home and some savings will have more opportunities to pay for examinations, airfares, coaches, moving to a new location and time off for unpaid preparation than families living near the subsistence level. Women can have limitation in mobility, lack of safety, domestic duties which are not remunerated and pressure to choose jobs that are suitable to family values. Even with the formal increase in access to school, historically marginalized groups can be disadvantaged in terms of school quality, networks, and inherited assets.

Education is then best seen not so much as a ladder to climb but to an end. Its role in the middle class is dependant on the learning employment nexus. Education can help to sustain mobility where graduates take up productive employment, in reasonably remunerated jobs. When educational growth is accompanied by a decline in jobs and or their quality, families can end up paying a significant price in expenses for the educational attainment without receiving the returns they hoped. The take-home message for policy and research is to consider in addition to enrolment and credentials, learning outcomes, completion, affordability, employability, and intergenerational mobility.

7. THE MIXED ECONOMY AND THE EXPANSION OF SALARIED EMPLOYMENT

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The mixed economy concept of public and private working side by side was adopted in post independent India. The state came to play a large part in infrastructure, heavy industry, finance, energy, transport, research, and administration. This was a result of a lack of domestic capital, insufficient industrial capacities, development priorities, and the international planning concepts of the time. Full and public employment were generated by public investment. The government departments, public enterprises, schools, universities, hospitals, banks, railway, utilities, research institutions, etc., needed administrators, engineers, teachers, doctors, technicians, accountants, clerks, etc. There were also salaried jobs that were offered by organised private industry, but formal employment was still a minority of work.

The regular wages and employment-related benefits had implications for the households entering these occupations that went beyond current consumption. Secure income enhanced the capacity to afford a rental or purchase a home, to pay for children's education, to save and to care for relatives. Old-age insecurity was curbed by pensions and provident funds, if available. In addition, stable employment resulted in better social position and access to formal credit.

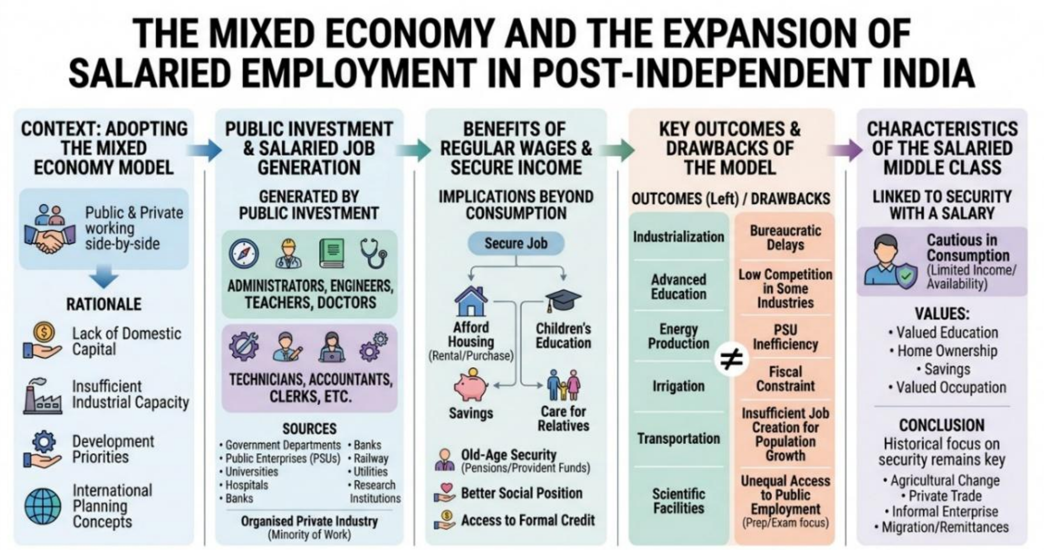

Fig -5: The Mixed Economy and the Expansion of Salaried Employment in post Independent India

The mixed-economy model led to industrialization, advanced education, energy production, irrigation, transportation, and scientific facilities. There were some drawbacks such as bureaucratic delays, competition in some industries was not very high, public enterprises were not very efficient, and there was the fiscal constraint, and job creation was not sufficient for the population growth. Similarly, access to safe public employment was unequal, preferring those who had the right type of education, were bilingual, had been prepared for exams and had geographic access.

So, it is a mistake to measure the time solely in terms of consumer preference. Scarcity and regulation were real, but public investment created the foundations of material and institutional structures which were later to be utilized by the private enterprises and services. Similarly, it is not possible to say that all the subsequent growth of the middle class was due to state. Other significant factors were agricultural change, private trade, informal enterprise, migration, remittances, and family investment. This middle class was clearly linked to security with salary. Often was cautious in consumption, due to limited household income and high prices or limited availability of consumer goods. Above the frequent use of discretionary money were valued education, home ownership, savings, and a valued occupation. This historical focus on security remains a key determinant of middle-class behaviour despite the increase in the credit and consumer markets.

8. REGULATION, SCARCITY, AND THE PRE-REFORM CONSUMER ECONOMY

The state allocation, foreign exchange restrictions, administered prices, and industrial licensing had an impact on production and investment during the 1950s and 1980s. Companies had to apply for permission for new sites, increased production, new product ranges, and machinery imports. The aim of the system was to allocate limited capital and foreign exchange to the national priorities and avoid over-concentrations and to help domestic industry. It also created administrative burdens, barriers to entry and chances for discretionary decision making and delay.

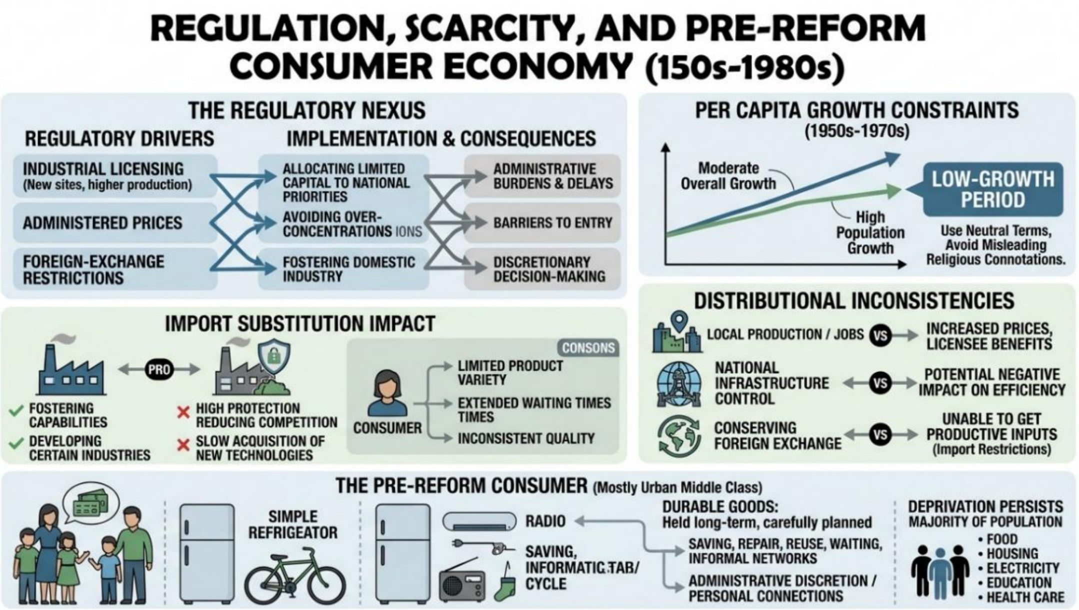

Fig -6: Regulation, Scarcity and Pre-reform Consumer Economy

Import substitution was aimed at building up the production of goods that were imported. This method fostered the development of capabilities in certain industries, and in the case of high protection, the pressure of competition and acquisition of new technologies may be reduced. In a few durable goods markets, consumers were confronted with limited product variety, extended waiting times, and inconsistent quality. Not all goods or all periods were characterized by scarcity, but it did come to be a prominent feature of urban middle class experience.

Growth in the 20th century was moderate (1950s-1970s) but per capita growth was constrained by high population growth. The term often used in relation to the low pre-reform growth rate is well entrenched in economic discourse, but its religious connotations give a wrong impression and should not be used to assign a religious or community responsibility for economic performance. It would be more appropriate to use more neutral terms like low-growth period. There were distributional inconsistencies in the system of regulations. Protection might help to maintain local jobs and allow for local production, increase prices, and benefit licensed firms. Public control can help national infrastructure but may also have a negative impact on efficiency in cases of insufficient accountability. During external constraints foreign exchange

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had to be conserved, but at times businesses were unable to get productive inputs due extensive import restrictions. Middle class families were able to adjust their habits to cope with saving, repair, reuse, waiting, and informal networks. DURABLE GOODS Held for the long term. Family buying was very well thought out and sometimes it was a matter of administrative discretion, or personal connections. It is easy to forget in the light of subsequent consumer bounty that many households were still deprived of food, housing, electricity, education, and health care. The consumer of pre-reform days was mostly urban, salaried, and most of the population were not involved in the market for costly durable goods.

9. SOCIAL CHANGE AND THE EMERGENCE OF CONSUMER ASPIRATION

But, by the 1980s, the growing influence of broadcasting, electrification, domestic production, road transportation, and growth in employment in urban areas, all started to shift household expectations. There were several durable goods that grew in importance, either pragmatically or symbolically television sets, personal vehicles, cooking appliances, refrigerators, telephones and more. These products saved household chores, offered a chance to move about, offered amusement, or enabled families to access information.

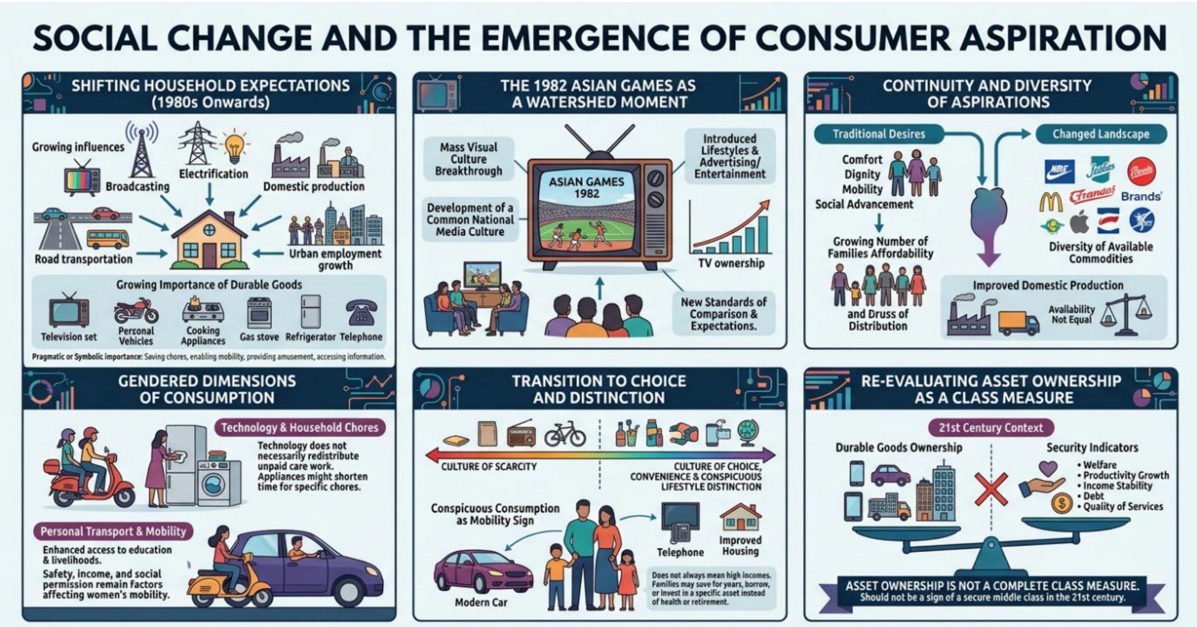

Fig -7: Social Change and the Emergency of Consumer Aspiration

When the Asian Games came to be broadcast in colour TV in 1982, it is often heralded as a watershed moment in mass visual culture. Not just because of television set sales, but because of the development of a common national media culture. Households were introduced to lifestyles beyond their immediate environment with the introduction of advertising and entertainment, which resulted in new standards of comparison and expectations. Consumer aspiration wasn't a new phenomenon. The elements of comfort, dignity, mobility, and social advancement have always been desired by households. What changed was the diversity of commodities available for the expression of these aspirations and the growing number of families who could afford these commodities. Domestic production and distribution were improved and some of the durable goods became more available, although availability was not equal. Consumption also was gendered. Technology did not necessarily equal a redistribution in unpaid care work, although appliances might shorten the time it takes to do specific household chores. Personal transport may enhance access to education and livelihoods, but safety, income and social permission remained a factor affecting women's mobility. The new culture of consumption resulted in a gradual transition from a culture of scarcity to a culture of choice, convenience, and conspicuous lifestyle distinction. Mobile ownership, such as a car, television or telephone, or improved housing could be a sign of mobility but did not always mean that they had high incomes. Families may save for years, borrow or choose to invest in a specific asset instead of health or retirement. This time spans the reasons that asset ownership is not a complete class measure. Durable goods do not necessarily provide insights into welfare and productivity growth, stability of income, debt, or the quality of services. In the 21st century, it shouldn't be a sign of a secure middle class either, whether it's a smartphone or vehicle or an urban apartment.

10. THE 1991 ECONOMIC CRISIS AND POLICY TRANSFORMATION

The balance of payments crisis of 1991 was a result of interplay of domestic and external factors in India. During the 1980s large fiscal imbalances and a declining external position led to an increase in vulnerability. The Gulf crisis led to an increase in oil prices, remittance disruptions, as well as the loss of funding from creditors due to political uncertainty and declining creditor confidence, which increased capital outflows. During the crisis, the usable foreign-exchange reserves were about three weeks of imports. Gold was mobilized to finance the emergency external funding, but popular retellings often gloss over the timing and quantities of gold mobilized, as well as the institutions behind the mobilization.

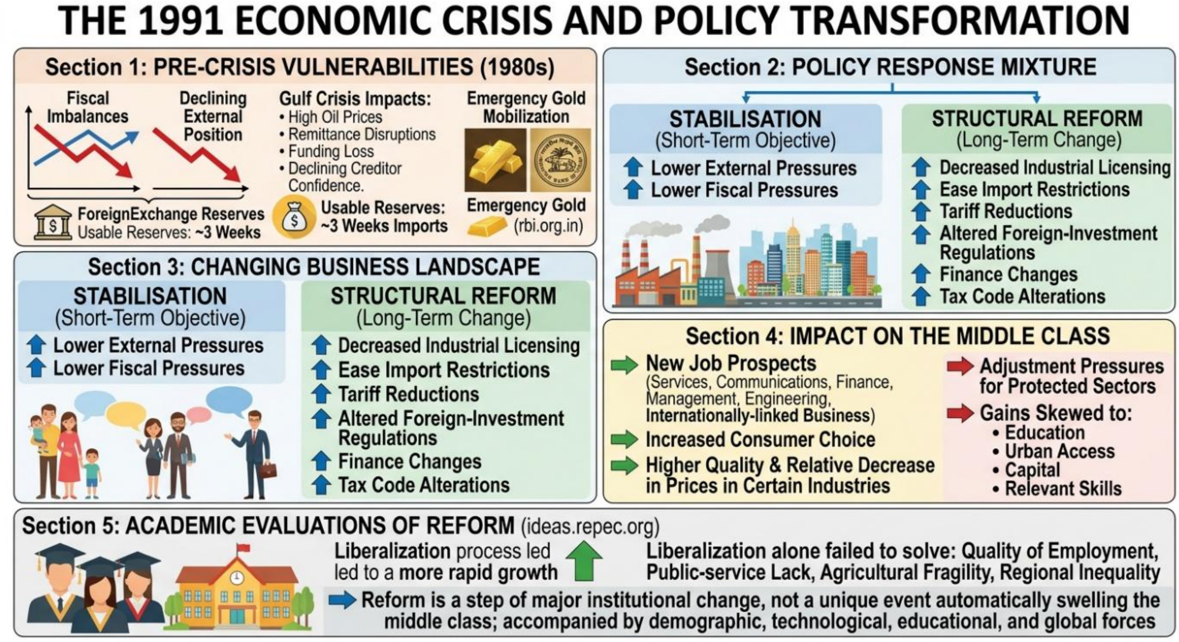

Fig -8: The 1991 Economic Crisis And Policy Transformation

A policy response was a mixture of stabilization and structural change. The objective of stabilisation was to lower the external and fiscal pressures in the short term. Structural reform involved decreasing industrial licensing, easing import restrictions, securing tariff reductions over time, altering foreign-investment regulations, making finance changes, and altering tax codes. These measures made the business landscape in which companies function different. Some industries saw growing competition because of easier entry and growth in capacity. There was an improvement in the availability of imported

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inputs and technologies. Private investment and the incorporation with international markets went on growing, but the growth was slow and not even. The impact of reform upon the middle class was via the jobs market, wages, availability of goods services, asset markets, and education. New job prospects in services, communications, finance, management, engineering, and internationally linked business. There was increased choice for consumers, and in certain industries, higher quality, and relative decrease in prices. Meanwhile, those in protected sectors might be subjected to adjustment pressures and the gains were skewed towards those who have education, urban access, capital, or relevant skills.

Evaluations by the academic community tend to conclude that the liberalization process did lead to more rapid growth, but they also point out that liberalization alone failed to solve problems of quality of employment, public-service lack, agricultural fragility and regional inequality. The reform period must thus not be seen as a unique event which automatically swelled the ranks of the middle class, but rather as a step of major institutional reform which was accompanied by demographic, technological, educational, and global forces.

11. SERVICES, PROFESSIONAL EMPLOYMENT, AND URBAN OPPORTUNITY

In India, the services sector has played a significant part in its structural transformation. In 2025–26, under the national accounts series that started from 2026 and with a base year of 2022–23, agriculture, forestry, livestock, and fishing represented a small proportion of output but a higher proportion of employment than services did, which accounted for about half of nominal GDP. Household demand private final consumption expenditure is the most significant component of gross domestic product, accounting for around three-fifths of it Ministry of Statistics and Programme Implementation. (indiabudget.gov.in)

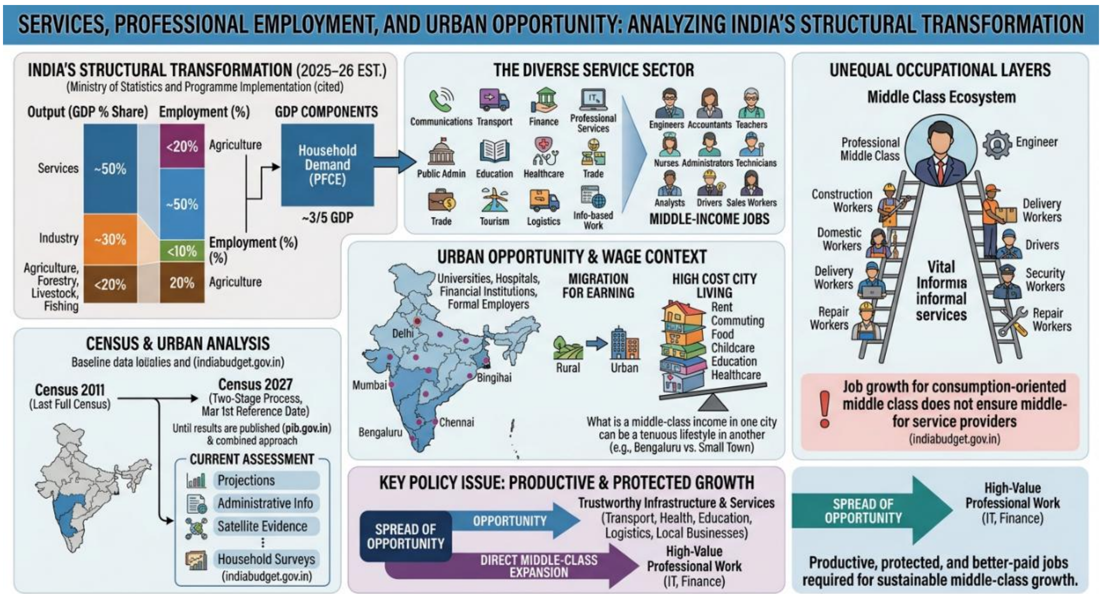

Fig -9: Services Professional Employment and Urban Opportunity

The service sector includes communications, transport, finance, professional services, public administration, education, health care, trade, tourism, logistics and any information based work. These activities have paved the way for engineers, accountants, teachers, nurses and administrators, technicians, analysts, drivers, sales workers, and small service providers to be able to enter middle-income jobs. Universities, hospitals, financial institutions, government offices, infrastructure and formal employers, are all focused in urban areas. Migration may hence help to enhance earning opportunities. But an urban wage should be viewed in the context of the cost of rent, commuting, food, childcare, education, and healthcare. What may seem like a good middle class income in one part of the country could be a very tenuous middle class lifestyle in another high cost city. Unequal occupational layers are also created due to urbanization. Construction workers, domestic workers, delivery workers, drivers, security workers, repair workers, and other workers whose jobs may be informal are vital to a professional workforce. It is possible to create jobs for a growth in a consumption-oriented middle class without creating middle-class security for those who are performing the services.

The last full census in India is in 2011, and this makes it difficult to make an accurate assessment on the current urban structure. Census 2027 is taking place in two stages a reference date of March 1st, 2027, is used for majority of the country. The results of the urban analysis should be based on all the above projections, administrative information, evidence from satellites, and household surveys, until the results are published. Thus, a key policy issue is not the value of services but the kind of service growth that generates productive, protected and increasingly better paid jobs. Trustworthy infrastructure and services, such as transport, health services, education services, logistics and local supporting businesses can have a wider impact on the spread of opportunity, whereas high value professional work can provide direct support to middle-class expansion.

12. RURAL AND SMALL-TOWN MIDDLE CLASSES

The middle class in India isn't limited to the metros, and professionals. Households living in rural areas and small towns can be considered middle income if they have diversified agricultural activities, public jobs, pensions, own a construction company, work in transport, engage in local commerce, education, health care, repairs services, receive remittances, own a small business, etc. While agricultural income is still significant, land, irrigation, crop selection, market, input costs, weather, and labour within the household are factors that impact its reliability. Two families may have the same level of current spending, and one could have strong productive assets and diversified income sources, while the other might have very weak productive assets and earnings sources and thus be highly vulnerable to drought, shocks in prices, or medical costs.

Rural-urban linkages are important in the context of migration. Remittances can be used for housing, education, health spending, agricultural investments, and for local businesses. Circular migrants can keep a rural family and find employment in the urban areas. These types of agreements make it difficult to measure classes, as income, as assets and consumption are spread across places. This can be achieved by bringing colleges and hospitals, transport, government services, and commercial opportunities closer to the villages in small towns to lower the cost of mobility. Market access can be extended through improved road access, electricity and mobile connectivity, and digital payments. But connectivity is not a replacement for good institutions, skills, credit assessment or physical infrastructure.

According to the 2023–24 Household Consumption Expenditure Survey, average monthly per-capita consumption expenditure excluding imputed benefits from selected free items in rural India was ₹4,122 while it was ₹6,996 in urban India. The urban-rural difference declined from 83.9% in 2011–12 to 69.7% in 2023–24. These are monthly averages in current prices and are not meant to be interpreted as a middle class threshold or household income. (mospi.gov.in)

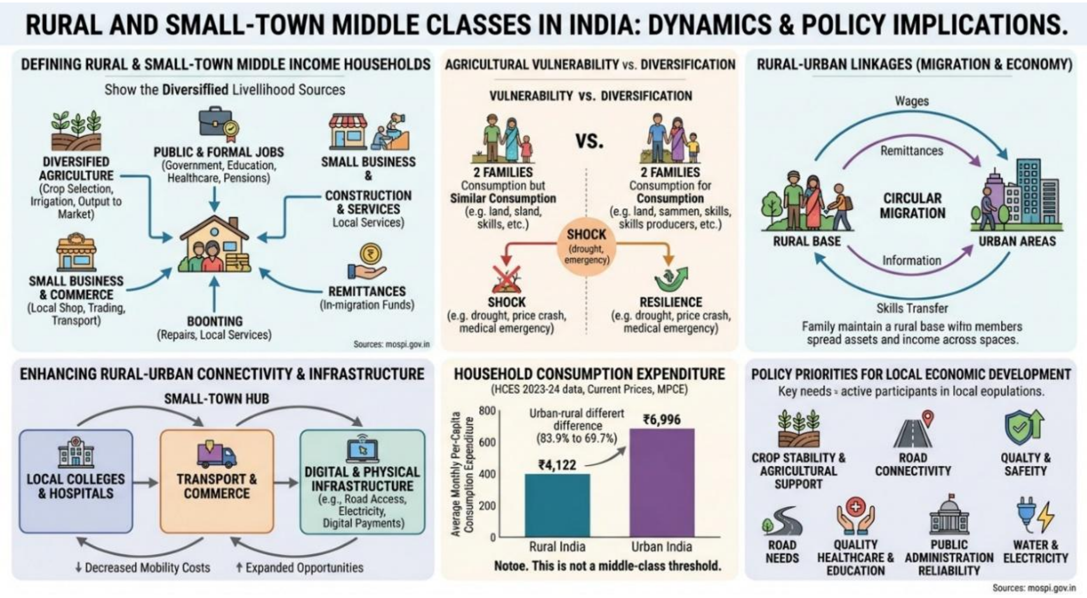

Fig -10: Rural And Small Town Middle Classes In India

There are significant differences between the States. In 2023-24, the average consumption expenditure of almost all states and UTs showed a wide variation and the urban-rural difference was high in some states and UTs. This implies that using the same national income criterion might underestimate purchasing power and security. This makes all the difference because rural and small-town middle classes are acknowledged. They may not just be concerned about professional jobs and housing in the metro; instead, they may be concerned about crop stability, roads, local healthcare, education quality, water and public administration reliability. They need to be a part of the development of local economies, rather than simply moving to the big cities.

13. WOMEN, EDUCATION, EMPLOYMENT, AND HOUSEHOLD TRANSFORMATION

Women's education and employment affect the formation of the middle class in terms of their earnings, decision-making power, fertility choices, children's welfare, savings, and resilience of the households. Enrolment at higher education institutions is nearly at gender parity level nationally, but enrolments do not necessarily correspond to employment and incomes. Almost half of the higher education enrolments were female in 2021-22 and the national gross enrolment ratio for females was marginally more than for males (Ministry of Education, 2024).

Labour-force participation is more complex. In 2025, the labour-force participation rate, under the usual status, for persons aged 15 years and over was 59.3%. There was higher female participation in rural India as opposed to urban India, however, female participation does not reflect the quality of jobs, earnings, continuity of job, or if it is unpaid in a family enterprise. The loss of a second income can have a profound effect on a family and can diminish its ability to invest in its children's education, healthcare, housing and retirement. Women's income can also improve their bargaining power with respect to household expenditures. However, women often bear the burden of childcare, caring for the elderly, cooking, and housekeeping. When combined with unpaid work, which remains constant, paid employment can create a "double burden" and not complete economic empowerment.

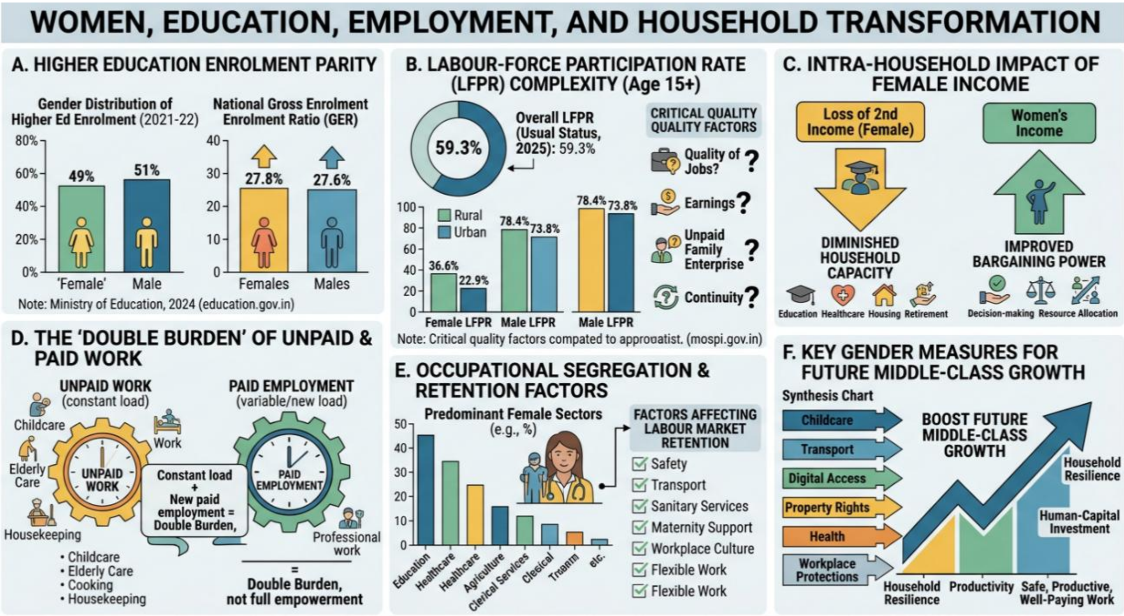

Fig -11: Women Education Employment and Household Transformation

Occupational segregation has an impact on earnings. Women are predominantly found in education, health care, agriculture, home production, clerical, and some services. Factors affecting the retention of educated women in the labour market include safety, transport, sanitary services, support for maternity, workplace culture, and flexible but secure work. Women who don't have an income of their own have also to be taken into consideration in the class analysis. A family might look well-off, but a woman in the family might not have much access to resources, assets, or financial choices. This intra-household inequality may not be captured by household-level averages. Women will be able to turn education into safe, productive, and well-paying work, and this will boost future middle-class growth. Gender measures such as improving childcare, transport, digital access, property rights, health, and workplace protections are also labour supply and household resilience, productivity, and human-capital investment measures.

14. CONSUMPTION, ENTERPRISE, AND BUSINESS SIGNIFICANCE

There are significant markets for middle income households because they have needs beyond subsistence and are large enough to sustain markets that have scale. Investment, specialization, and employment can be stimulated by expenditures on transport, housing, communication, education, health and medical services, financial services, durable goods, leisure, and provision of prepared food.

According to the consumption survey for 2023–24, non-food items accounted for 52.96% of the average monthly per capita consumption expenditure of the rural population and 60.32% of the urban population excluding any free benefits. The food burden was still higher in rural areas. The historical size of cereals has decreased, and non-food spending has increased, suggesting diversification but not necessarily comfort. Expenses such as transportation, health care, rent and education could be necessary, not discretionary, consumption. Predictable demand is a benefit for business. Households with stable incomes are prepared to make long-term investments, borrow responsibly, or invest in education and housing. This makes it more convenient for companies to establish distribution channels, local services, repair facilities, financial products, and jobs. It's a two-way street. Wages and income from suppliers are created by the enterprises, and household demand is what sustains production. Small enterprises, particularly in towns and peri-urban areas, are a crucial link between consumption and employment, they are the local retail shops, workshops, transport companies, educational services, health services, as well as other service providers.

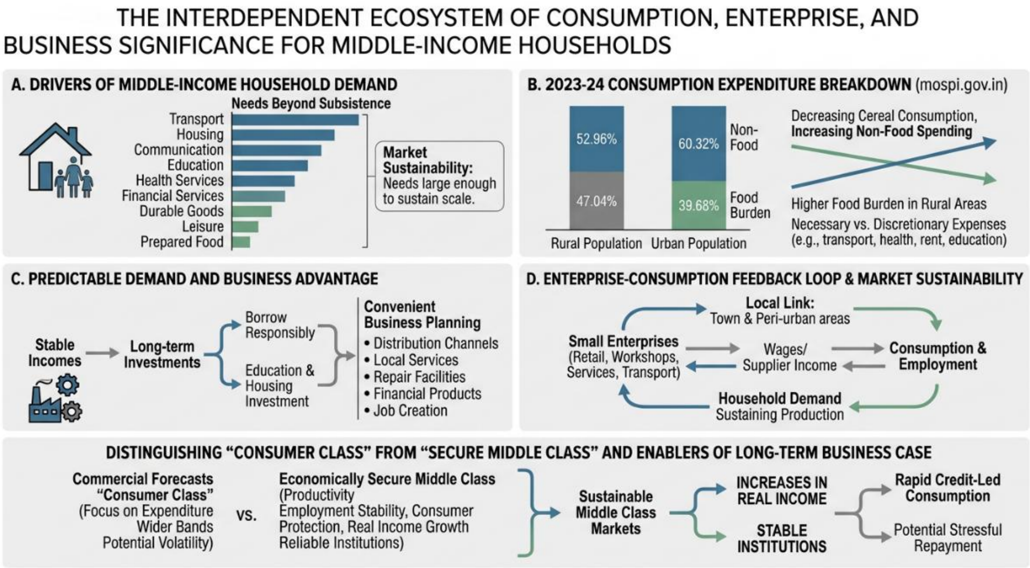

Fig -12: The Interdependent Ecosystem of Consumption Enterprise and Business Significance for Middle Income Households

But the business term "consumer class" can't be equated with the sociological economically secure middle class. Household forecasts are often based on a household's potential expenditure and wider income bands may be used to make a commercial forecast. This can be useful for market planning but can also result in an underestimation of debt or income volatility or discrepancies in availability of public services. So, population and aspiration are not enough for the long-term business case. Productivity growth, stability of employment, consumer protection, reliable infrastructure, and confidence are required. Financially resilient consumers are good for business; businesses can gain from the quick sale, but potentially stressful repayment because of rapid credit-led consumption with no corresponding income growth. Sustainable middle class markets are created by increases in real income, and stable institutions not just by increasing consumption volume.

15. THE MACROECONOMIC ROLE OF MIDDLE-INCOME HOUSEHOLDS

The impact of middle class households on the macroeconomy is manifested in their consumption, savings, taxes, formation of human capital, entrepreneurship, and residential investment. Private final consumption expenditure (PFCE) makes up about three-fifths of India's gross domestic product (GDP), but it is not possible to identify the share of an officially defined middle class in national accounts. Any predicted percentage of what the middle class will use in the future should, therefore, be viewed as a model and not an actual observation.

Saving is financing investment by depositing money in banks, placing funds in a pension fund, insurance funds and securities, and using other financial instruments. Households also make direct investments in buildings, land improvement, valuables, and machinery for their unincorporated enterprises. Of the gross saving in 2024–25 under the new national accounts series, the household sector accounted for 62.1% of it.

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This should not be interpreted as saving of middle class wage earners only and includes households and non-profit institutions serving households.

The central bank estimated at 7.3% of gross domestic product (GDP) the net savings of the households for 2021-22. The previous estimates indicated that in 2022–23, saving would reach 5.2% of gross national disposable income, demonstrating the potential for savings to change significantly depending on the economic situation, asset purchases, and liabilities. The revisions and difference between gross and net saving, financial saving, and total saving of the households should be respected Reserve Bank of India [RBI], 2024, 2025.

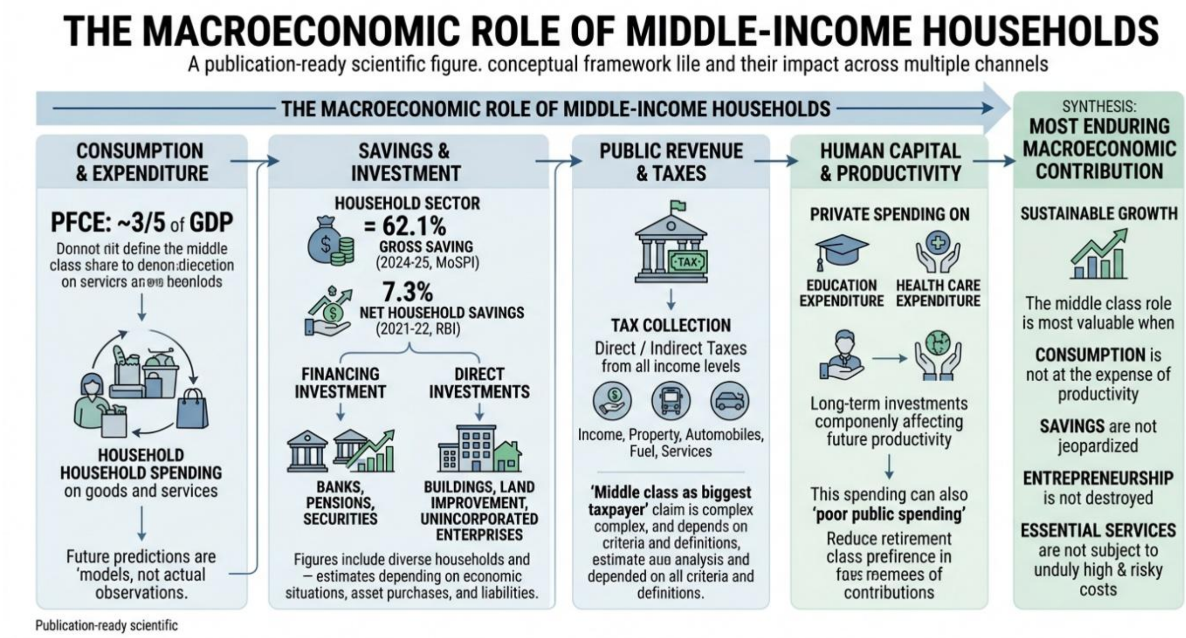

Fig -13: The Macroeconomic Role of Middle Income Households

Public revenue is obtained from the households through direct indirect taxes. But that's just one side of the equation for income taxpayers. Taxes are collected from all income levels, and other taxes on property, automobiles, fuel, and services have an impact on household budgets. So, it would be misleading to say that the middle class is the biggest taxpayer, unless one can agree on what are the criteria that define the middle class and what is a taxpayer.

Educational expenditures, for instance, and health care expenditures have macroeconomic importance as education and health affect productivity in the future. However, private spending also can be an indicator of poor public spending. A family that is spending a lot on educational or medical expenses could be investing in human capital and decreasing their retirement contribution. The macroeconomic relevance of the middle class is real but spread across several channels. Its most enduring contribution is when consumption is not at the expense of productivity, savings are not jeopardized, entrepreneurship is not destroyed, and essential services are not subject to unduly high and risky costs.

16. FINANCIAL FRAGILITY BEHIND VISIBLE PROSPERITY

There may be a lack of financial strength in the presence of visible consumption. A family can have a house, a car, appliances, electronic devices, and little or no liquid savings, and have heavy debt-service

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obligations or poor health insurance coverage. Therefore, classifications by expenditure can categorize financial vulnerable households as middle class.

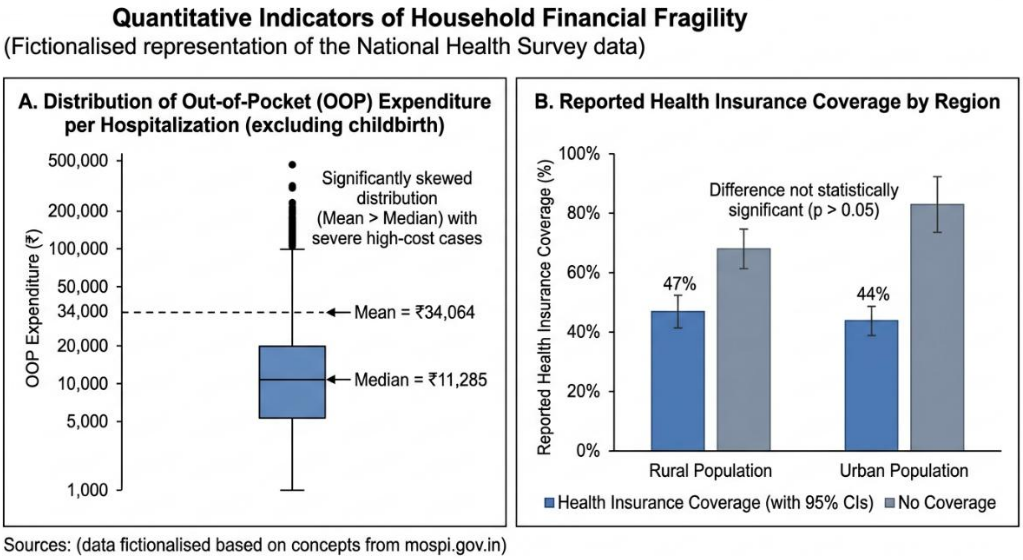

Fig -14: Quantitative Indicators of Household Financial Fragility

The impact of inflation is not the same on all households. The effects of food inflation have been particularly hard on lower middle income families, and the cost of housing, transport, education, and health care may be burdensome for urban and aspirational families. A general CPI is not necessarily representative of all families' spending patterns. Living in cities with above average inflation, paying market rent, school fees or elder care or having long commutes can put a strain on finances. Health shocks continue to be of great importance. The 2025 national health survey reported average OOP per hospitalization case (excluding childbirth) of ₹34,064 and the median case was at ₹11,285. The means and medians are quite different, suggesting that there are some very high cost cases. Around 47% of the rural population and 44% of urban population is reported to have health-insurance coverage, but insurance does not mean full reimbursement or to get right care.

When productive, household debt, which goes to housing, education or enterprise with stable income to pay, is good. It can be problematic if consumer borrowing is used for recurring expenses, or if the variability of the income must support the fixity of the repayments. Although formal credit may be safer and more transparent than informal borrowings, when credit is readily available households might underestimate their total obligations. The indicators of financial resilience are the emergency savings ratio, debt-service burden, insurance coverage, the diversification of income, retirement savings, and liquidity of the assets. The benefits of homeownership can include the creation of wealth, but with little cash flow to deal with emergencies. Similarly, if one has a very high monthly income and they have a lot of things they must pay for each month, they will not be secure even if they have a high income. That consumption or credit is bad is not the proper conclusion. Both can lead to an increase in welfare and promote investment. One question is whether household obligations are accompanied by income security and risk reduction. The viable middle class must be able to buy and take an economic hit without down selling productive assets, putting children out of school or taking unsustainable levels of debt.

17. EMPLOYMENT QUALITY, AUTOMATION, AND ARTIFICIAL INTELLIGENCE

More than the number of credentials or consumer accounts, it is the quality of employment that is key to the future of India's middle class. Employment quality refers to the quality of work in terms of stable and stable income, work safety, opportunities for learning, social protection, definition of the employment contract and reasonable protection from arbitrary dismissal.

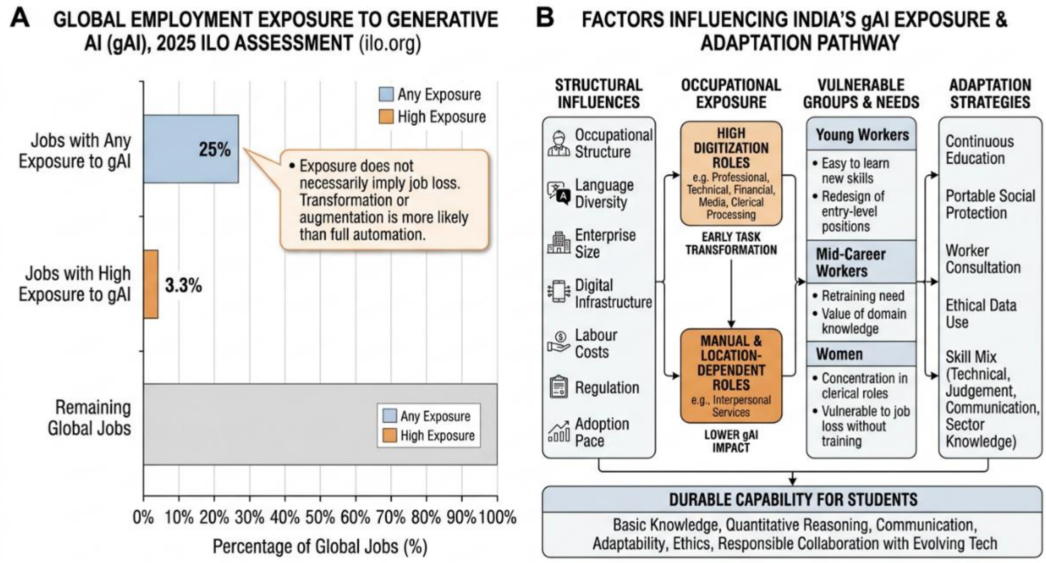

Fig -15: Employment Quality Automation and Artificial Intelligence

Automation and AI impact jobs and occupations in a non-uniform way. Some analytical, basic customer support, translation, document review, and routine clerical processing tasks might be more automated. Professional, technical, educational, financial, media and administrative jobs can also be reworked with software taking on part of the jobs. According to the ILO 2025 assessment, 25% of global jobs were in occupations with some exposure to AIs, with only 3.3% being in jobs with high exposure. The largest number of roles in danger were still for clerk jobs. The study highlighted that exposure does not mean job loss and transformation or augmentation is more likely to happen than automation.

The occupational structure, language, size of enterprises, digital infrastructure, labour costs, regulation and the pace of adoption will influence India's exposure pattern. While many tasks in professional work are highly digitized, many are manual, interpersonal, and location dependent and may be subject to early task transformation. New demands could be for data governance, cyber security, technical maintenance, domain supervision, education, design, and human centre services. The dangers are not equal. Younger workers might find it is easier to learn new things and new tricks, but entry-level positions are being redesigned. For mid-career workers, there is an enormous need for retraining, although they may have a wealth of domain knowledge. Women tend to be heavily concentrated in clerical jobs, which could make them especially vulnerable, and lack of training could exacerbate current inequalities.

Policy should not be determined by a precise prediction of the number of jobs that will be lost to Artificial Intelligence. These are based on assumptions of technical capability, investment, demand, regulation, and task redesign which are all unquantifiable and uncertain. A more believable one must stress the importance of continuous education, the portability of social protection, of the consultation of the workers, of the ethical use of data, of the mixture of technical skills, judgement, communication, and sector knowledge. Pupils will be discouraged from just learning about one software tool or limited task. Durable capability is based on the basic knowledge, quantitative reasoning, communication,

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adaptability, ethics, and to work responsibly with evolving technologies.

18. THE FUTURE OF INDIA'S MIDDLE CLASS

Population and gross domestic product are not good predictors of the size of India's middle class in the future. Household mobility relies on the distribution of growth, whether employment gains are more productive, and the amount of private expenditure households must make on basic services.

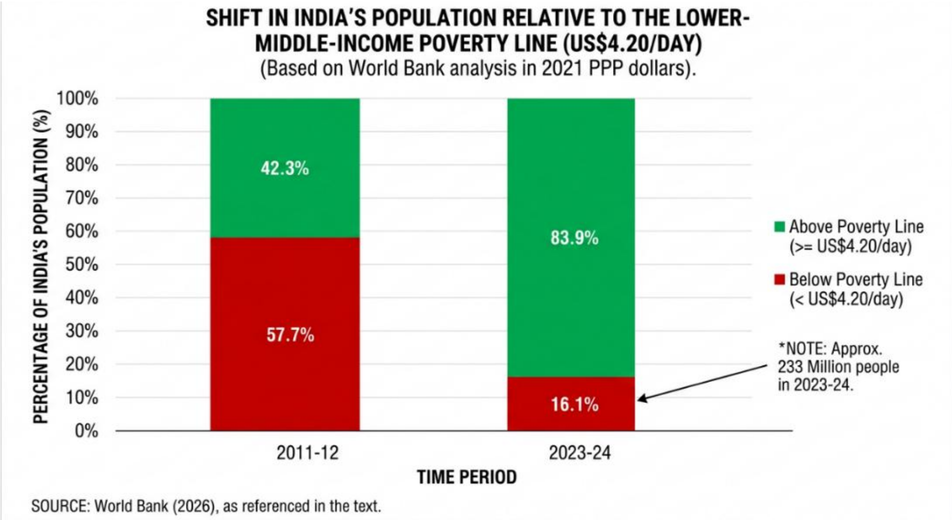

Fig -16: Shift In Indias Population Relative to the Lower Middle income Poverty line

A growth scenario would feature continued productivity growth and widespread job creation, higher education, affordable housing and health care, robust local economies, the integration of women into the workforce, solid infrastructure, and sound household economics. In such situations, the households would be able to shift from mere consumption to saving, insurance, asset building, and investment in skills. For a fragile expansion to happen, it would entail increasing consumption without an equivalent increase in financial strength. Even though they may appear to be prosperous through credit, informal incomes, and asset appreciation, households would be at risk to medical shocks, unemployment, climate shocks, and interest payments. The middle class would increase in numbers but not in economics.

A long and short-term stagnation or polarization situation might arise if skill-biased technology benefits a small group of people, routine jobs have no bargaining power, costs of essential services increase and regional differentials remain. Increased wealth would be seen in higher income families and a lack of wealth in lower middle income families. These scenarios are all interlinked with climate change. Heat stress can lead to a decrease in labour productivity, flooding of houses and infrastructure, scarcity in cities and agriculture, and food-price volatility for household budget. Climate resilience is thus not just an issue of the environment and poverty, it is also a middle class issue.

According to the revised analysis by the World Bank, in 2021 PPP (purchasing power parity) dollars, the proportion of people living in poverty at the lower-middle-income country poverty line of US$4.20 per person per day dropped from 57.7% in 2011-12 to 16.1% in 2023-24. This indicates substantial progress, but it does not reflect the security of all those above the line in the middle of the graph being in the middle class. Using the same approach, the World Bank noted that in 2023–24, there were still some 233 million people living below that threshold World Bank, 2026.

Future studies should thus be based on measures of transitions instead of measures of static categories. The key to the question is not just whether people move above or below a threshold, but whether they stay above it even when faced with economic and personal shocks.

Table -2: Selected indicators relevant to middle-class formation

Indicator	Earlier observation	Recent observation	Interpretation
Life expectancy at birth	About 32.1 years, 1941–1951	About 72 years, 2024 international estimate	Major improvement in survival and human development
Higher-education enrolment	Limited access at independence	43.3 million, 2021–22	Expanded human capital, with continuing quality and access differences
Rural average MPCE	₹1,430, 2011–12	₹4,122, 2023–24	Current-price increase; not entirely real growth
Urban average MPCE	₹2,630, 2011–12	₹6,996, 2023–24	Current-price increase and continued urban advantage
Urban-rural MPCE gap	83.9%, 2011–12	69.7%, 2023–24	Relative narrowing at the national average
Services share of nominal GDP	Lower in early planning period	Approximately half, 2025–26	Services are central to output and professional employment
Higher-education GER	Not comparable with early period	28.4%, 2021–22	Expansion remains incomplete and regionally unequal
Extreme poverty	16.2%, 2011–12 under revised international method	Approximately 2–3%, 2022–24	Sensitive to PPP lines, welfare aggregates, and survey methods

Note. MPCE means monthly per-capita consumption expenditure. Monetary values are in current rupees unless stated otherwise. Poverty figures use international PPP-based thresholds and are not middle-class estimates.

Sources: MoSPI, Ministry of Education, World Bank, and official historical statistics. (data.worldbank.org)

Table -3: Illustrative scenarios for middle-class development

Scenario	Employment and income	Essential services	Household finance	Probable outcome

Secure expansion	Broad productivity and real-wage growth	Affordable, reliable provision	Higher savings and manageable debt	Durable upward mobility
Credit-led expansion	Moderate or irregular income growth	High private costs	Rising consumer debt	Visible consumption with fragility
Skill polarization	Gains concentrated in advanced occupations	Unequal access	Asset accumulation at the top	Wider division within the middle
Regional diffusion	Stronger small-town and rural enterprise	Improved local institutions	Diversified income	Broader geographic inclusion
Shock-prone stagnation	Weak job creation and climate disruption	Rising health and housing burdens	Low liquidity and distress borrowing	Downward mobility and reduced demand

Note. These are analytical scenarios, not quantitative forecasts.

19. RESEARCH GAP AND ORIGINAL CONTRIBUTION

- A basic definitional issue with the literature on the Indian middle class is. Studies on income, consumption, commerce, occupations, and sociology refer to different populations under the same name. Consequently, seemingly contradictory estimates can be a result of different thresholds and not errors.
- One of the second gaps is the dependency on current income or expenditure. These measures indicate control of resources over the reference period but may not reflect wealth, indebtedness, insurance, or job security and or access to catastrophic costs. A family just above the level of consumption may be just one sickness or lost job away from great deprivation.
- Thirdly, attention goes to the metropolitan professionals in an unequal manner. Farmers, retirees, and families living off remittances, as well as public sector workers in smaller towns and urban areas, and local service providers, are less frequently observed as middle-class groups.
- Fourth, gender is frequently discussed in terms of women's education or their labour force participation, but little consideration is given to the nature of unpaid work, women's control over assets, occupational segregation, safety, and intra-household distribution. The wealth of family does not equate with security of each.
- Fifth, there is a scarcity of evidence of intergenerational mobility at the national level, especially by caste, gender, region and parents occupation. A significant increase in education is often considered a sign of mobility even when rates of employment and learning outcomes for graduates are unclear.

- Sixth, predictions for the future are often based upon commercial market models, which categorize consumers according to their income, and which assume that the market will continue to grow. These forecasts can also be helpful but the inflation, household exchange rate, inequality and economic shock assumptions they make are not always clear.

The contribution of this article is to fruitfully integrate historical, institutional, distributional, geographic, gender, employment, and household-finance perspectives. Doesn't provide a fresh precise amount. Rather, it suggests looking at middle class in terms of three interrelated components having adequate resources, the ability to move up, and the ability to not move down. This is a more socially useful interpretation than one would be able to get from consumption or self-identification alone.

20. NEW KNOWLEDGE AND PUBLIC RELEVANCE

The main lesson everyone gets is that the growth of the middle class doesn't equal the security of the middle class. A family can change from one side of an income or spending threshold to the other without gaining emergency savings, access to good health care, a steady job and affordable education. It is important, therefore, to differentiate from public conversation movements beyond poverty from durable economic security. Households can make use of this distinction when they must make financial decisions. Income related consumption and saving is not the same as consumption based on revolving credit or short-term credit. Rather than using salary and ownership of assets as a gauge of security, families might want to consider debt-service commitments, emergency liquidity, insurance exclusions, and retirement needs.

Pupils have a better understanding of the process of long term development. The middle class in India did not come about through any one institution, reform, technology, or government. It grew from a series of investments in the sectors of education and infrastructure, agriculture, public administration, industry, services, migration, family enterprise, and market development.

Researchers can make their definition known before making an estimate of the size of the class and thus improve the accuracy of the estimate. They should specify whether they refer to a person unit or a household if they refer to income or consumption; if they are nominal, real or PPP adjusted; and if they refer to a national rank or an absolute standard of living. Teachers can relate economic history to their family. They are not topics like the mixed economy, industrial licensing, liberalization, urbanization, technology, and financial development. They impact on employment, consumer choice, migration, demands on education and family risk.

Policy makers may find it advantageous to think of the middle class as internally segmented. Safety nets for medical and job loss events may be needed for lower middle income households, and upgrading urban services, childcare, housing market, and ongoing learning may be what established professional households need. For rural and small town families, transportation, water, markets, schools, and local health care might be their top priorities. Lastly, society benefits from an awareness that there are other factors besides visible consumption that affect welfare. Realistic opportunities for the next generation, choice, capability, liquidity, and protection are the keys to durable prosperity.

21. LESSONS FOR STUDENTS AND FUTURE RESEARCHERS

1. One thing not to do is to use one middle class definition as the definition. A threshold needs to be rationalized with respect to the research question. An international PPP threshold, national median

band and occupation category should not be used interchangeably without providing reasons.

2. Secondly, the income of the household and individual should not be mixed. The concept of a household income of ₹600,000 is significantly different for a single adult as compared to a family with several children and older family members. Equivalence scales allow for adjustment for the composition of your household, if you choose to make this adjustment, the assumptions should be stated.
3. Thirdly, the nominal values of the rupee for different decades should not be compared directly. Appropriate price index or series of constant prices must be used for the researchers. When making comparisons internationally, the method of conversion either by market exchange rates or PPP should be noted.
4. Fourth, it's important that forecasts are not written as if they are facts. A projection for 2030 or 2036 is based on assumptions about growth, inflation, inequality, population, and exchange rates. A description of the source, methodology and uncertainty should be provided.
5. Fifth, don't imply a cause and effect relationship between statistical association. After a policy change there has been middle-class growth, but that growth is not necessarily caused by the policy change. Education, infrastructure, technologic advancement, global demand, migration, and demographic change can occur.
6. Sixth, the researchers ought not to extrapolate the findings from large metros and draw conclusions about India. Pros, business and public workers, farmers, and migrant-supported families have different costs and risks in urban areas.
7. Seventh, the informal economy or unpaid labour should not be neglected. Income may be irregular or hard to report, and unpaid care may be vital to the functioning of the paid economy yet not count as income.
8. Eighthly, evidence is not to be chosen to support a political stance. Also, for good reason, there can be differences in estimation between the government and international sources. Such differences cannot be taken for granted as evidence of bias but should be investigated.

Lastly, it is important to be able to trace citations to the original publications. Secondary summaries can include qualifications, be incorrect in terms of price base and or include transcription errors. Dating, definitions, tables, notes, and revisions are essential to good scholarship.

22. IMPLICATIONS FOR SOCIETY, ECONOMY, EDUCATION, AND PUBLIC POLICY

Rather than label households, middle-class policy should focus on improving pathways to resilience as indicated in the evidence. Productive employment is at the core. Sustained economic growth, which increases output but not sufficiently paid and protected jobs, will not have a significant impact on durable mobility.

Human-capital policy needs to be a combination of access and quality. While it is good to have more enrolments, learning, completion, affordability, occupational relevance, and adaptability are the factors that affect economic returns. Vocational and professional education should enable transitions in working life beyond just transition to first employment. Reducing the fixed costs that working households have to shoulder can be done by providing affordable housing and reliable urban transport. Ill-planned urban growth foals families with high cost of housing, private water and energy, long commute to work and

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other infrastructure costs. Healthcare policy is directly class implications. With a big medical bill, years of savings can go down the drain. This means that insurance, primary care, public hospitals, clear billing, prevention, and good facilities for consumers' complaints are all conducive to welfare and economic stability.

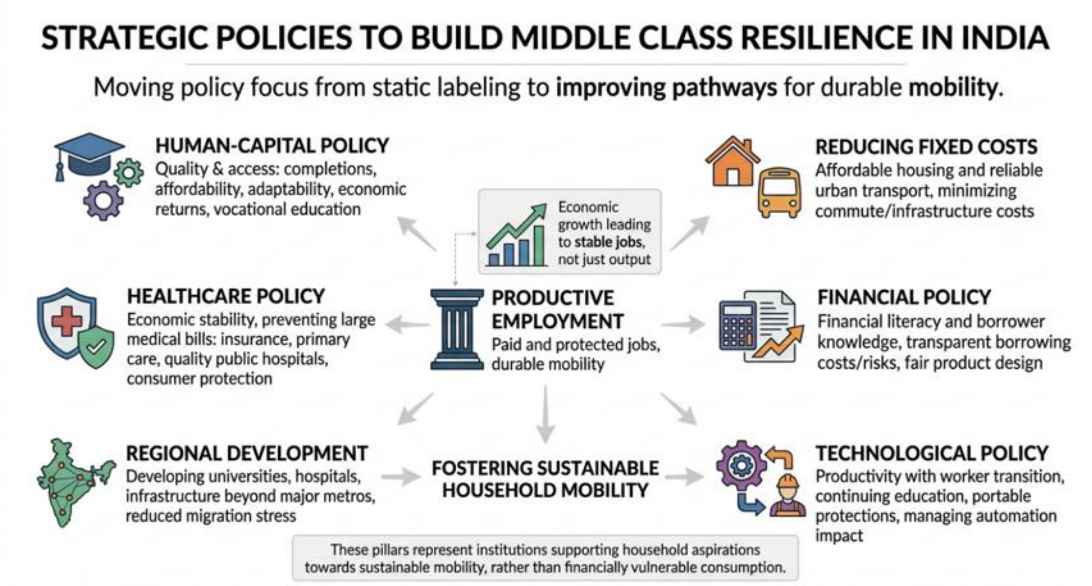

Fig -17: Strategic Policies to Build Middle Class Resilience In India

Financial policy should encourage knowledge about borrowing and transparency. There is a need to create awareness of the total borrowing cost, penalties, variable rates, privacy of data and risk involved in financing recurring consumption for the households. Combined with a fair product design and credible enforcement, financial literacy is most effective. The expansion of regional development can help to expand the middle class, strengthening universities, hospitals, transport and digital infrastructure and building enterprise ecosystems beyond the big metros. This decreases migration stress and allows households to pursue opportunity at the lowest urban cost.

Technological policy needs to promote productivity and consider workers' transition. There are ways to minimize the negative impacts of automation on inequality, such as continuing education, portable protections, responsible data governance, and workers' participation. Such considerations do not provide any assurance for the outcome of a class. They stand for institutions where household aspiration can be more likely to be sustainable mobility than financially vulnerable consumption.

23. SOCIAL STRATIFICATION AND UNEQUAL INTERGENERATIONAL MOBILITY

The growth of India's middle class can't be measured with consumption and occupation. Parental education, inherited assets, caste and community status, gender, birthplace, school quality, language, professional connections, and access to labour markets all have an impact on a household's chances of attaining and maintaining middle-income status. These factors impact access to education and 'translating' qualifications into jobs. Intergenerational mobility refers to how well children in this study did compared to their parents on either education or occupation. Some recent studies suggest that educational mobility in India is not very high and there are some differences in mobility amongst social groups. In one National Study it has been reported that mobility rate of son of SC has increased, mobility rate of son of Muslim has decreased in the cohorts studied and mobility rate of daughters is less than son. The same study indicates that mobility among the SCs increased due to affirmative-action policies. These findings are not necessarily community attributes, but rather evidence of inequalities and institutions.

Education is still a key mobility instrument, but it does not signify the absence of influence of class and caste background. Research nationally has identified that education is a key factor in social mobility and family background, locality, gender, and caste have an impact on occupational outcomes. There can be both good and bad effects on social networks. In times of crisis, community networks have the potential to offer credit, information, employment contacts, and insurance to individuals. Meanwhile, relying on networks that are clustered and geographically local can sometimes limit the migration or occupational mobility that comes with the loss of access to networks.

24. LIMITATIONS

There is a lack of a common definition of the middle class in India which is a limitation in the scope of this article. All operational concepts involve some households with insecure security and some with secure assets or jobs that could provide an image of a middle class household. There is no simple, direct, and perfect relationship between income, consumption, occupation, wealth, and self-identification. Irregular incomes, business earnings, wealth, debt, or high end consumption may be underreported in household surveys. They may also exclude the most affluent families and marginalised and transient groups.

There are three types of changes that impact comparability across time changes in survey instruments, changes in reference periods, and changes in sampling, item coverage, and price and welfare aggregates. The 2022–23 and 2023–24 consumption surveys are a modified mixed reference period survey for which not all the previous survey consumption estimates can be mechanically compared. The last Population Census that was completed in India was 2011. Although the Census 2027 fieldwork has started, population-enumeration results are not yet available. Surveys and projections are therefore a partial basis for current estimates of urbanization and migration patterns, household structure, as well as literacy and the composition of the population.

Not all causal mechanisms can be determined with secondary-data analysis. In addition to demographic trends, the world economy, technological progress and household choices, historical policies were also at work. There are also significant variations across districts, towns, and social groups across state level averages. However, the degrees of uncertainty are greater for long-term projections. If economic growth, inflation, climate events, technological adoption, geopolitics, migration, and quality of public services do not diverge from baseline assumptions. It is important to relate the scenarios set out here, therefore, more to possibilities and not forecasts.

25. CONCLUSION

This middle class is the result of a long and uneven process and not the result of one reform or historic turning point in India. Since independence investment in education led to technical skills, infrastructure was developed, administration was structured and organized industry was developed and early avenues of entry into salaried security were created. The rural transformation, migration, small enterprises, and public jobs expanded such trajectories beyond urban areas. The reforms that began at the time of the 1991 crisis brought change in the dynamics between the state, private business, international trade and investment and consumers. Later, expansion in services, communications, and professional jobs, as well as in digital connections, further expanded the economic and geographical base of middle income life.

The change is of great importance. Domestic demand, saving, tax and enterprises, residential investment and training of future workers, is funded by middle income households. They also shape the expectations regarding public services, jobs, mobility and institutional performance. However, they are not all from a similar social class. There are big variations within the overall middle, created by income, occupation, caste, gender, location, education, the size of household, wealth, and access to services. The analysis also reveals that there is no direct correlation between visible consumption and durable prosperity. Exposure to medical expenditure, insecure employment, housing costs, educational fees, debt, climate shocks, or technological disruption may exist among a family even if they have modern goods. The difference between lower-middle security and hardship again can be a fine one.

The way gross domestic product growth is achieved thus is the key to the future of Indian middle class. Education needs to create real productive capability, health care and housing should not soak up excessive incomes, and credit should complement, not replace, earnings; and technological advances should be accompanied by opportunities for people to adjust. Women and small-town workers as well as historically disadvantaged communities need to be able to access mobility on an equal basis. The transformation of the former Hijli Detention Camp into an institute of technical education is still relevant as it was an expression of faith in institutions and in human capability. The current issue is much larger to make sure that aspiration is joined by productive opportunity, and that upward mobility is robust enough to withstand the typical and atypical volatility and hazards of economic life today.

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