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Mr & Mrs India

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Asia's middle class revealed



Foreword



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To understand the consumption trends, priorities and changing mores of an Indian society in transition, we surveyed 1,616 households in 16 state capitals equally spread across the country's four major regions. While still conservative, households are increasingly aspiring to a modern lifestyle and optimism is high.

Read together with our *Chain Reactions* reports published this year, we cover a broad cross-section of consumers in terms of socioeconomic groups. Given Indians' historical propensity not to disclose correct incomes, we use the same methodology as market researchers. We employ socioeconomic classification, which takes into account education, job profile and asset ownership to determine household categories.

Nearly 67% of the chief respondents hold at least a graduate degree, 29% are shopkeepers or petty traders and 21% are executives. We believe this adequately reflects the reality that is Indian society where a large cross-section of the population is engaged in the informal sector.

Our survey results are fascinating to say the least. While the middle class is yet to completely shed its conservative image, households are changing rapidly. More than 70% of respondents live in their own homes,

91% have mobile phones, 19% of households own four-wheel vehicles and 72% own two-wheelers. Penetration of consumer durables and electronics among the middle class is well above national averages. While some of the responses in percentage terms, like intention to buy homes, may appear small, it is to be seen in the context of sheer number of households in India in the relevant income group.

Children continue to be the main focus of Indian families, and aspirations in terms of education and career choices are running very high. Rising prices, children's education and medical costs are key concerns for Mr & Mrs India. Some 52% of households believe that governance has worsened in the past 10 years and say that improving the economy and reducing corruption are the two key priorities for the government.

What is also important in a country as large and diverse as India, is to understand trends across regions and cities. To this end, *Mr & Mrs India* covers households across 16 cities, while our survey of employees in the financial services sector as highlighted in our *Chain Reactions* reports had respondents from 249 cities.

Our findings here provide interesting insights into the similarities and differences with other markets we have covered in our *Mr & Mrs Asia* series. Mr & Mrs India appear more conservative, have fewer loans and own less goods. Our *Mr & Mrs India* report offers unparalleled access to the homes, minds, hearts and wallets of India's growing band of middle-income households.

MINDSCAPETM
a technopak venture

Our partner in this survey
is Mindscape, the Consumer
Insights Division of Technopak

Our Mr & Mrs Asia series

In May 2007, China Reality Research (CRR), our unique research network in China, undertook a comprehensive study of middle-class families across the country, culminating in *Mr & Mrs China*. We then repeated the effort with *Mr & Mrs Hong Kong*. These first reports in our Mr & Mrs Asia series were well received, addressing the need for granular information that provides a better understanding of the region's macro data. With Asian consumers set to drive global growth as US consumers pull back, we strive to understand the mindset and aspirations of households across the region, as well as their evolving spending and saving patterns. We asked: Why is the savings ratio so high in most Asian countries? What do families save for? How do they save? What is their appetite for equities? What do they spend on?

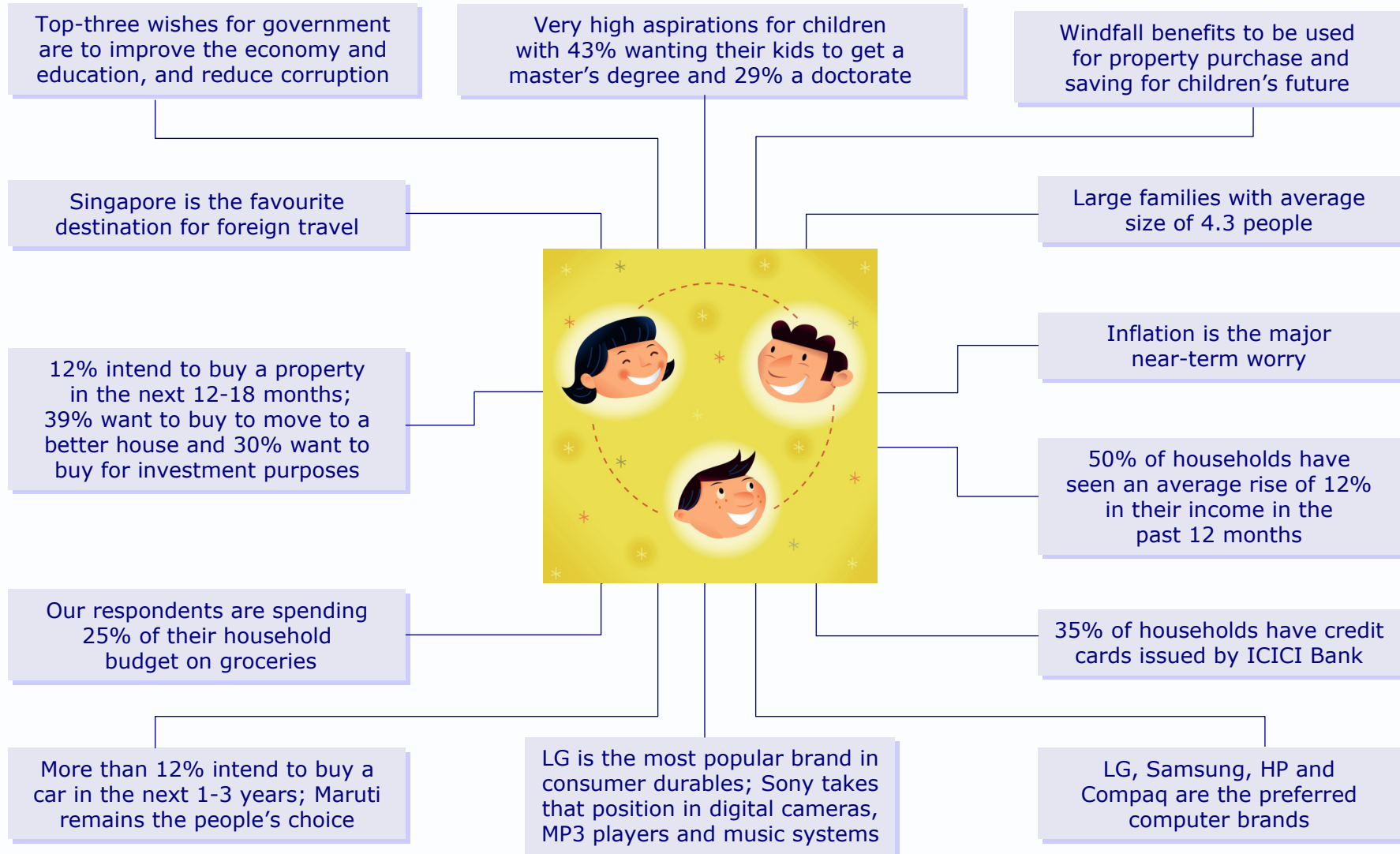
Key findings

- An average family of 4.3 people lives typically in a 900sf apartment; 71% own properties, but only 9% have a mortgage
- 19% own cars, 100% of households have TVs and 91% have mobile phones; 20% have credit cards
- Household savings are low at 13% of annual income; mainly to meet emergency needs, healthcare and education costs
- Risk aversion is high: 84% have not taken loans, only 11% have invested in equities
- Land and properties account for 51% of wealth, with 30% in cash and deposits
- Half of households have seen their income rise in the past 12 months, of which one-third saw income rise more than 20%;
- 63% of respondents expect their income to increase in the next 12 months
- Slightly more than half say governance has worsened in the past 10 years; improving the economy and reducing corruption are seen as top priorities for the government
- Children's future and education a key concern and priority; other major concerns are rising prices and medical costs

Investment conclusions

- **Property - Room to grow:** Among our respondents, 12% want to buy property over the next 18 months; 39% of the new purchases are upgrades and 30% for investments; with incomes rising at 12% pa, positive for property demand. Our key picks are DLF and Unitech
- **Retail financial services:** As incomes rise, so does demand for credit seen in 33% Cagr in consumer credit over FY02-07; propensity to take loans is increasing, although 84% have not taken any loans. 22% households intend to purchase insurance. Our key picks are HDFC, ICICI Bank and Max India
- **Telecoms - Ringing in growth:** Penetration at 91% and average ownership at 1.4 mobile phones has catching up to do relative to China with 99% penetration and 1.8 phones per household. Bharti Tel remains our key investment pick
- **Autos - Mixed message:** Of the 21% households planning to buy vehicles, 58% intend to buy cars, 34% motorcycles and 3.8% want to buy a scooter. For four-wheel automobiles, there is a strong preference for Maruti, while the two-wheeler choice is Hero Honda. Maruti, Tata Motors and Mahindra & Mahindra are our top picks
- **Consumption and retail:** A low penetration of consumer durables indicates strong growth ahead; most popular brands are LG, Samsung and Nokia. Sony is preferred in high-end electronics segment. Shopping in malls is gaining popularity. Shoppers Stop is our key pick
- **Education - Invest in future:** With children's education a key priority, thematic investment opportunities in this sector will yield long-term gains. Educomp is our key pick in this space

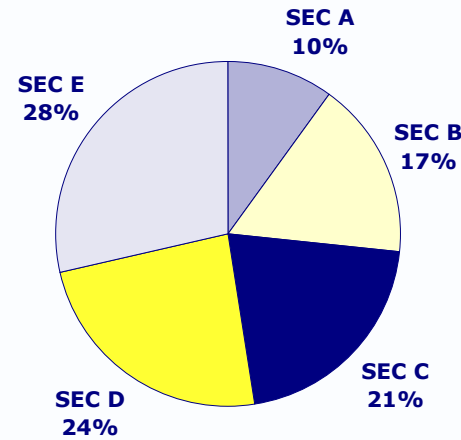
Snapshot of Mr & Mrs India



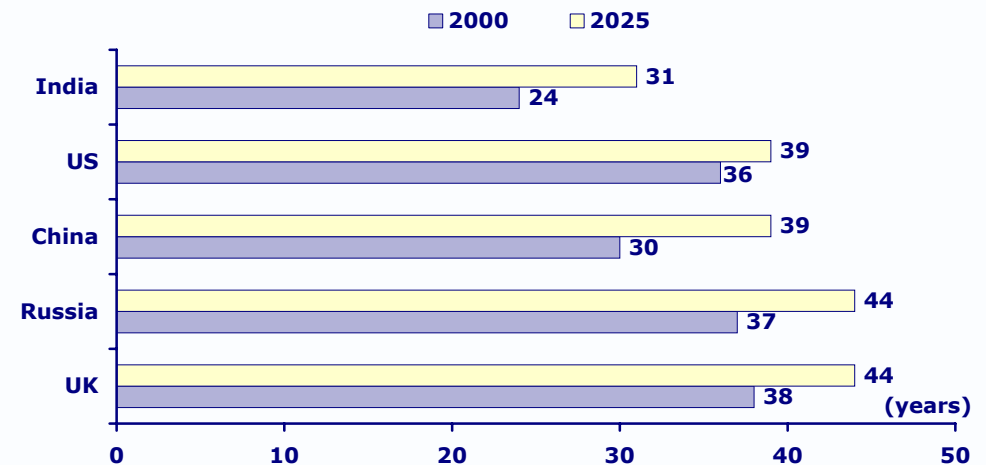
Demographics: Who and where?

- India has 203 million households; with a 30% urban population spread across 5,000 cities and towns
- The population is officially classified as per socioeconomic (SEC) groups based on education, employment and ownership of assets
- The above classification addresses the issue of underdeclaration of income, which is estimated to be high
- SEC A is about 10% of the urban population, while SEC B is 17% and SEC C is 21%
- The lower end of SEC A and SEC B is normally defined as being middle class

SEC classification of urban India



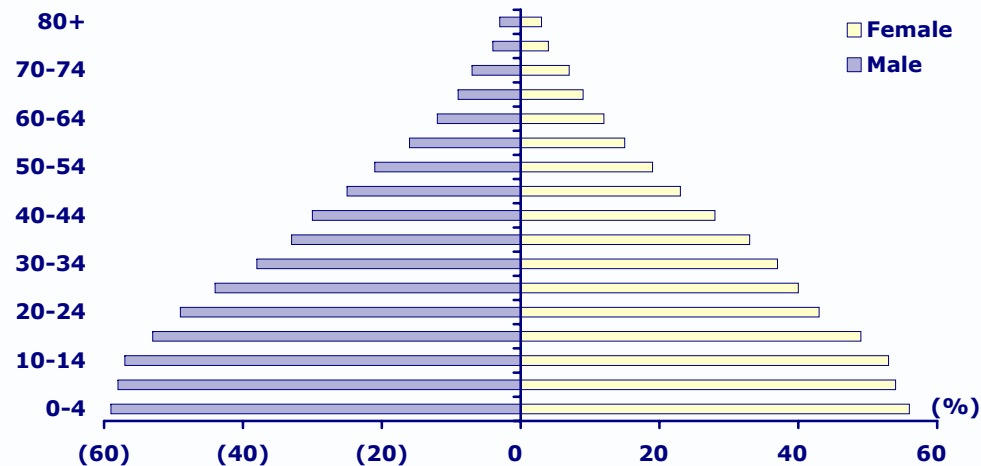
Median age: India is a young nation



Source: Technopak

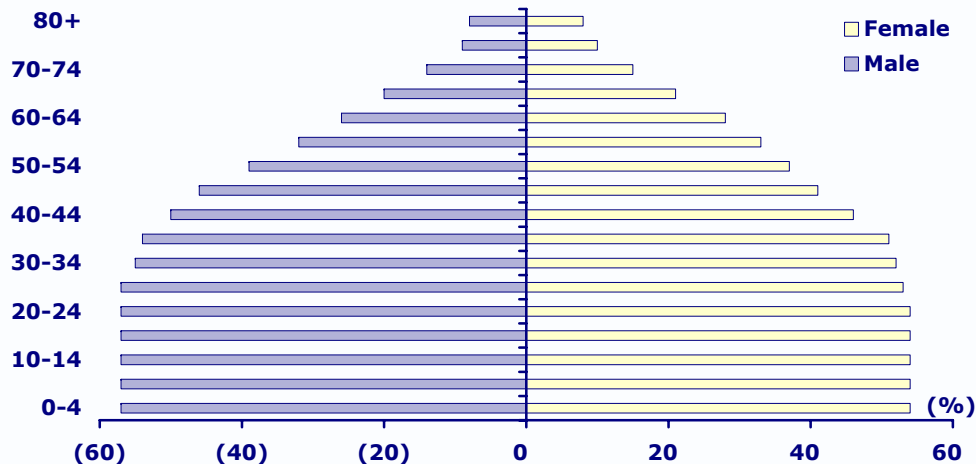
Demographics: Young and fertile

India's population pyramid in 2000 . . .



Source: United Nations; Hokenson & Company

. . . and expected pyramid in 2025



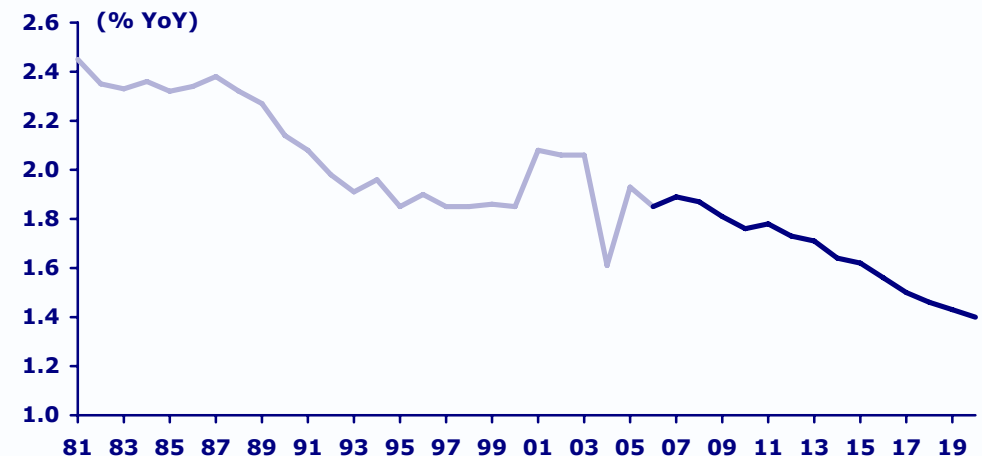
Source: United Nations; Hokenson & Company

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- India forms a traditional pyramid
- The fertility rate at 2.9 births per woman is among the region's highest
- The population grew at 1.7% in 1990-2005, against 2.1% growth in the previous two decades
- The country's labour force will grow at 1.70-1.84% up to 2015

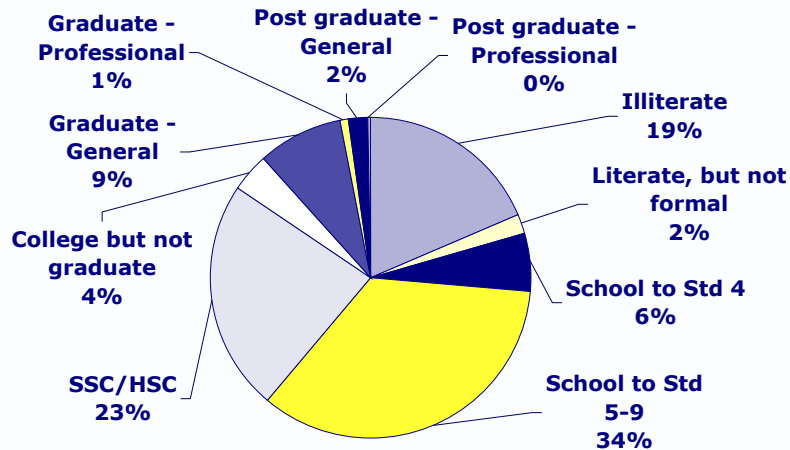
Growth in India's labour force



Source: ILO; Hokenson & Company

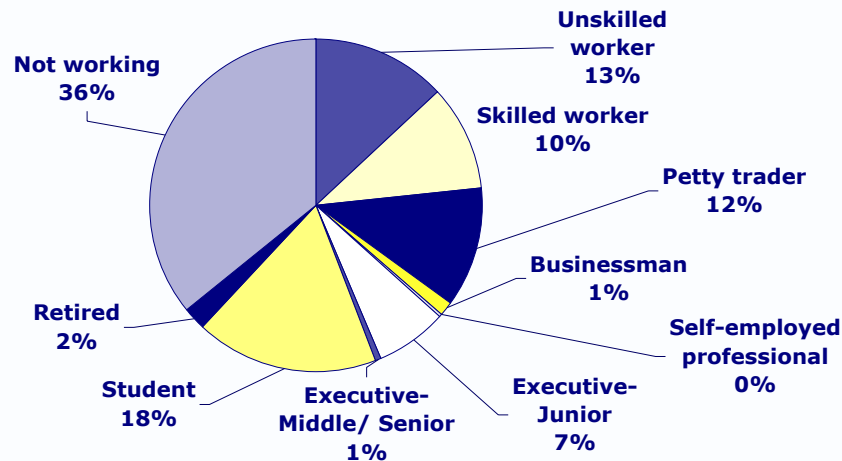
Demographics: Low dependency

India's population classified by education



Source: Technopak

India's population classified by occupation



Source: Technopak

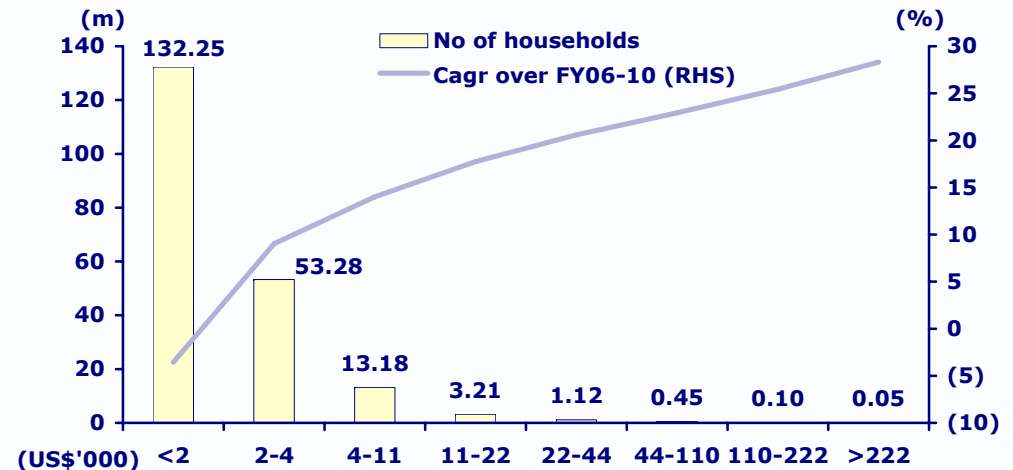
- **65% of population is below 35 years, of which half are below 25 years**
- **13 million people enter the workforce each year in urban India**
- **81% of urban India is literate but graduates are less than 12% of the population**
- **Skilled and unskilled workers make up 23% of the population; only 8% hold white-collar jobs**



Income: Growing affluence

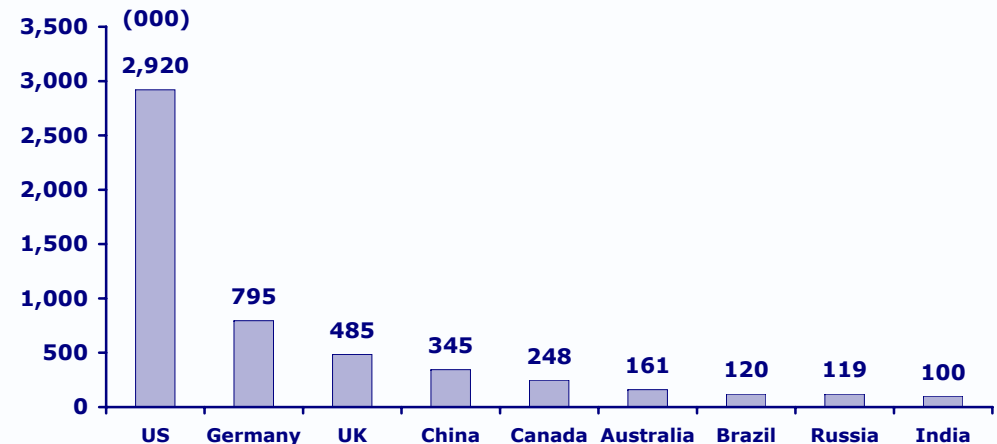
- **Over 70m households (34% of total) earn US\$2,000-44,000 per annum**
- **0.6m households earn more than US\$44,000 per annum**
- **Households earning US\$2,000-44,000 to hit 106m by 2010, or an 11% Cagr**
- **Income profile shows a classical pyramid shaped society**
- **Market researchers believe that household income is massively understated - baggage of the era of controls and usurious taxes**
- **Independent studies suggest 1.6m households earn over US\$100,000 per annum and about 100,000 people have more than US\$1m in assets**

Distribution of households by annual income



Source: NCAER

India has 100,000 US-dollar millionaires

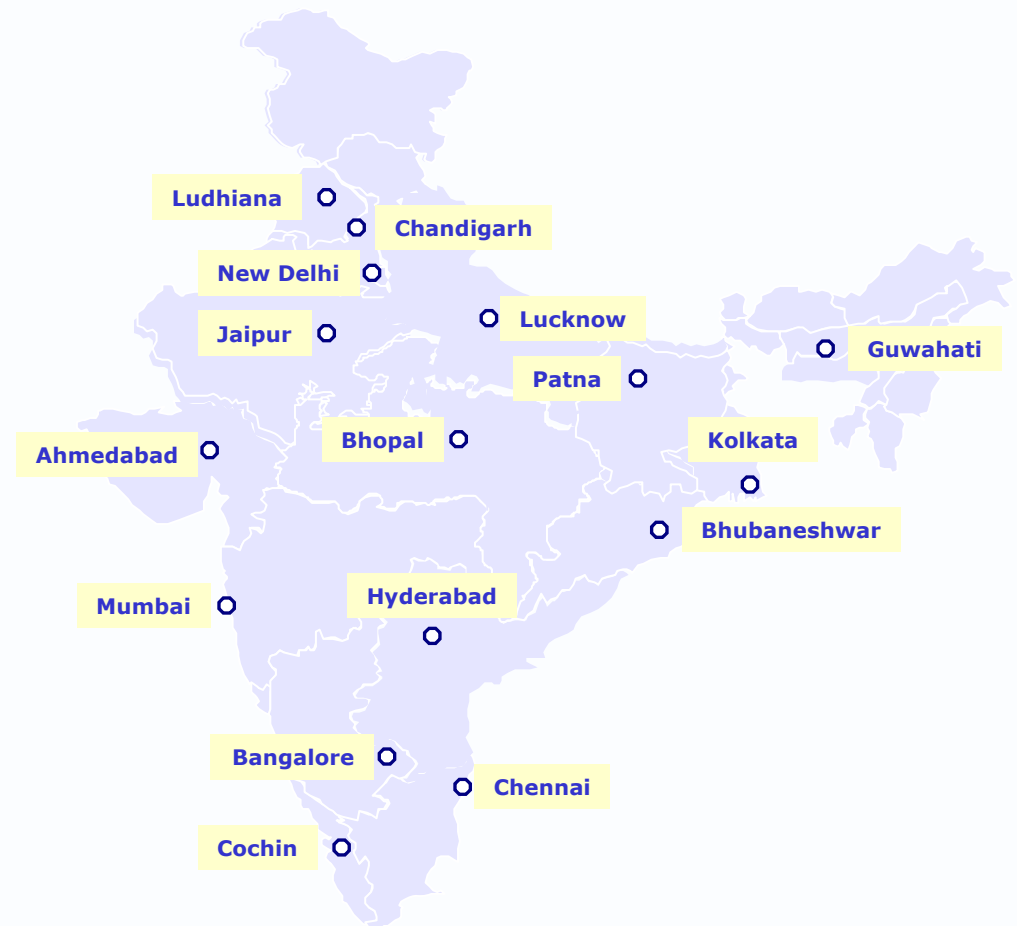


Source: Capgemini, Merrill Lynch

Demographics: Across the land

- **Our survey was conducted across 16 cities, interviewing 1,616 families**
- **30% live in joint families shouldering responsibilities for senior citizens**
- **Average family size is 4.3 and average number of children per family is 1.05**
- **This seems low as 38% of households have no children; within those that have children, the average is 1.7**
- **Nearly 70% put annual income at Rs72-240k (US\$1,800-6,000); annual expenditure is Rs134,680 (US\$3,370)**
- **Most households have high levels of ownership of durables such as DVD players, refrigerators, TVs and mobile phones although only 19% have a car**

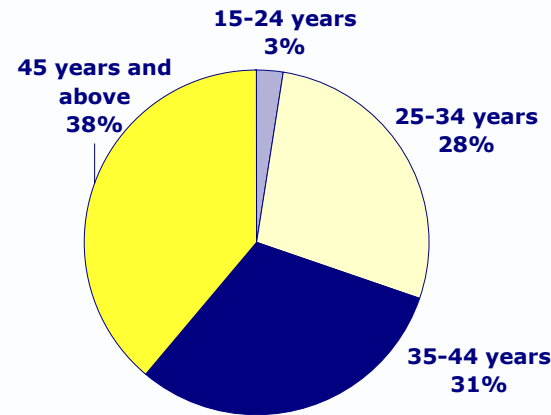
We surveyed 1,616 families across 16 cities



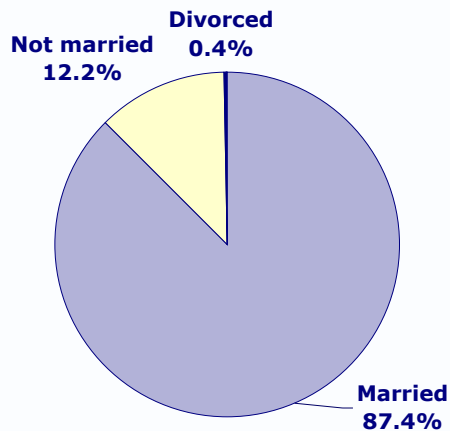
Demographics: Chief wage earners

- We interviewed the chief wage earner (CWE); average age is 41.9 years
- Over 3% of CWEs are below 25 years of age and 38% are over 45 years
- More than 87% of CWEs are married, 12% are unmarried and less than 1% are divorced

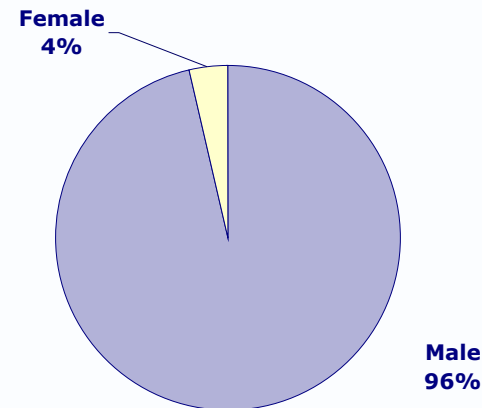
Age distribution of respondents



Distribution of respondents by marital status



Family's chief wage earner



Source: CLSA Asia-Pacific Markets

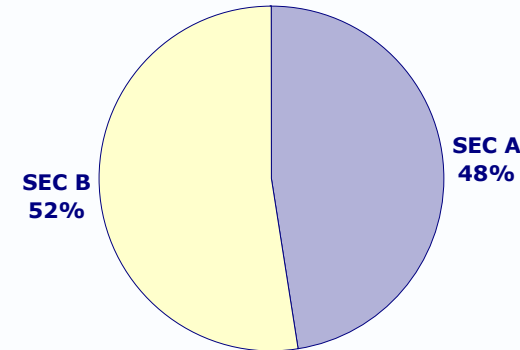
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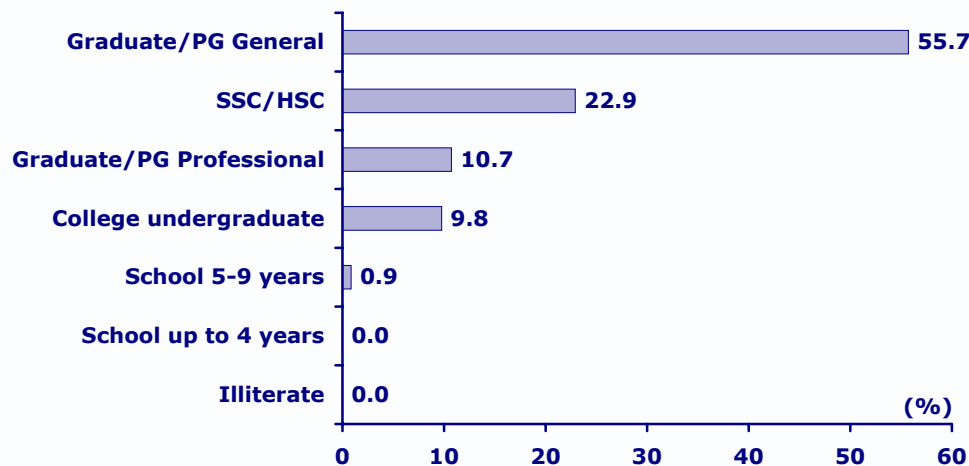
Demographics: Jobs and schooling

- Respondents evenly divided between SEC A (48%) and SEC B (52%)
- Over 66% of respondents are graduates and post graduates; 23% have 10-12 years of formal high-school education
- 21% are officers or executives, 12% are salesmen or engaged in clerical jobs, 19% are businessmen, 28% own shops

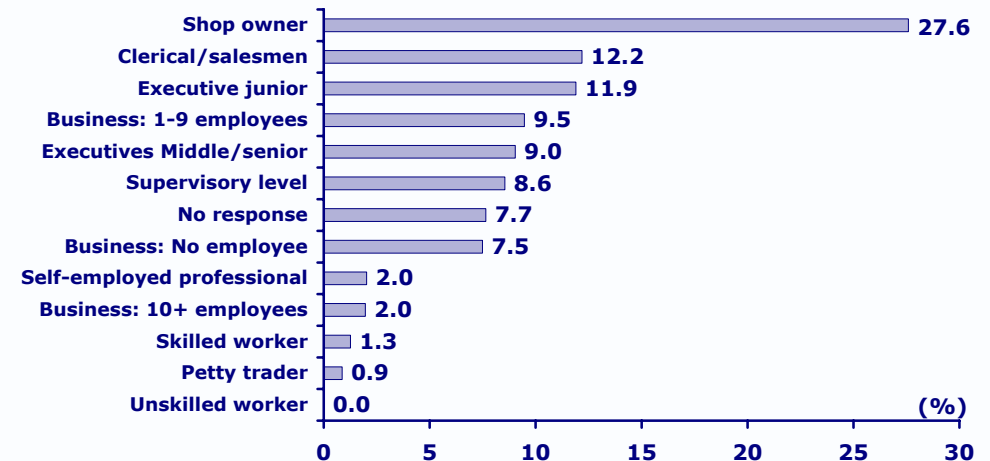
Classification of survey respondents by socioeconomic (SEC) groups



Classification of respondents by education



Classification of respondents by occupation



Source: CLSA Asia-Pacific Markets

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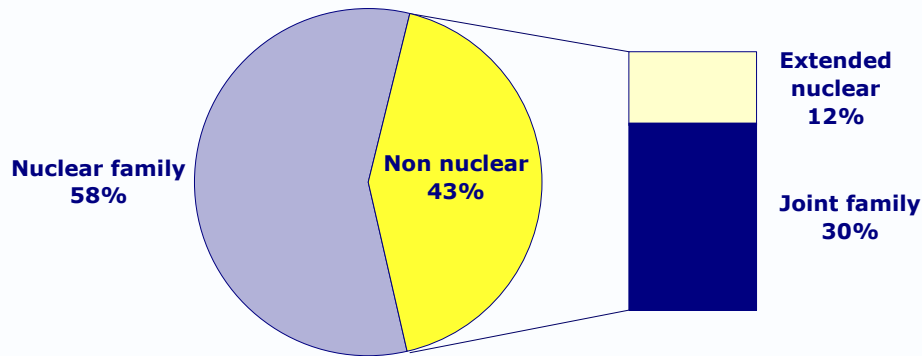
Who are they?

- **Very few have made big-ticket purchases in the past 12 months**
- **But more than 50% plan to do so in the next 12-18 months**
- **Savings are low at 13% of annual income; 10% save more than 20%**
- **Our sample is very risk-averse with 84% never having taken out a loan**
- **11% of households have invested in equities and another 10% intend to; 85% do not plan to invest in equities**
- **Over 81% have life insurance but only 21% have medical insurance**
- **Only 4% have travelled overseas in the past 12 months, but nearly 10% plan to do so in the next 12 months**



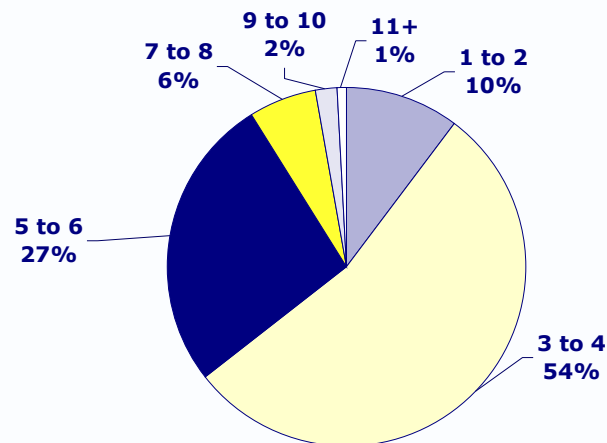
Homes: Small is beautiful

Family composition

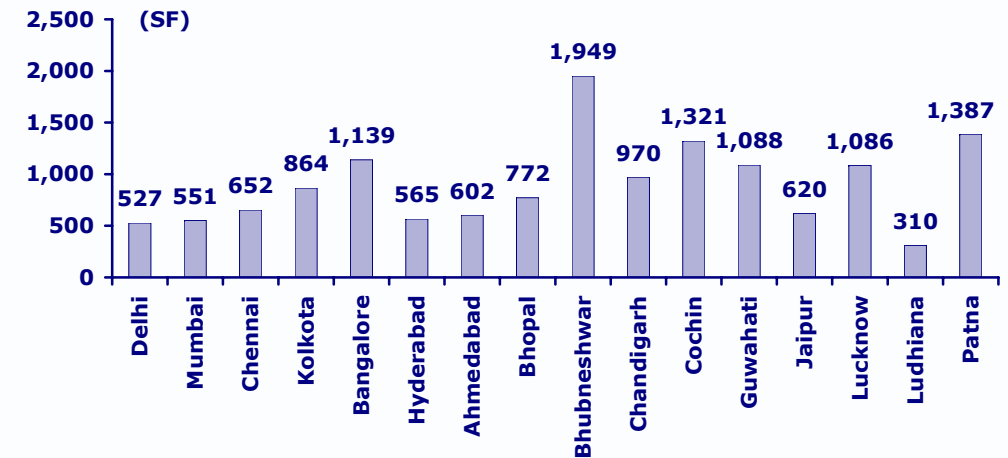


- **30% are joint-family households**
- **36% of households have five or more members; average age of members in the household is 31.4 years**
- **Average apartment is just over 900sf**
- **High prices in Mumbai and Delhi mean average sizes are just 551sf and 527sf**

Distribution by family size



Average size of house across cities



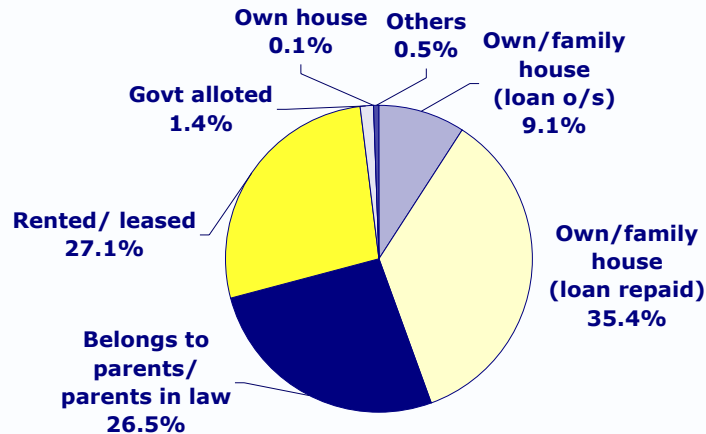
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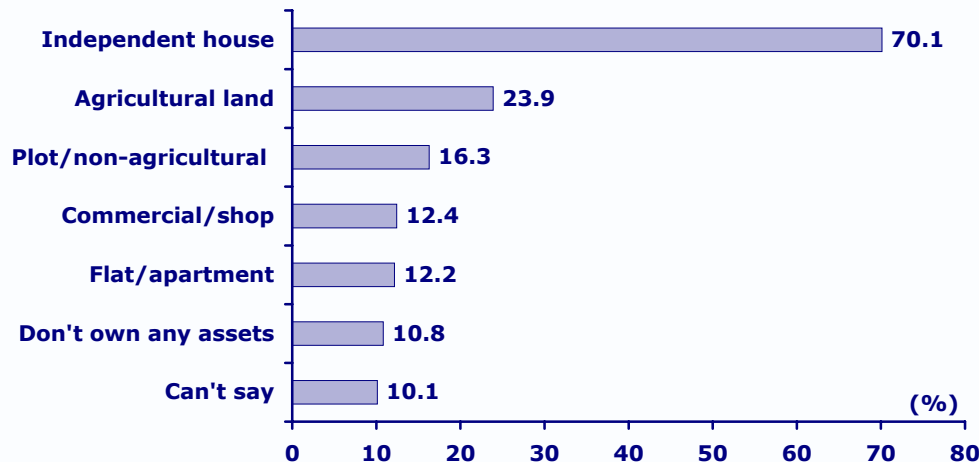
Homes: High level of ownership

Distribution of type of residence



- 45% live in owned/family house; 9% have a mortgage on their home
- 28% live in rented accommodation
- 40% own a plot of land; more than half of these own agricultural land
- 84% have not taken any loans; about 2% have taken more than one loan

Type of property owned by respondents

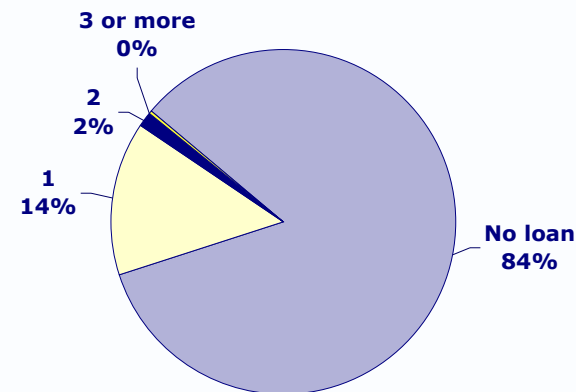


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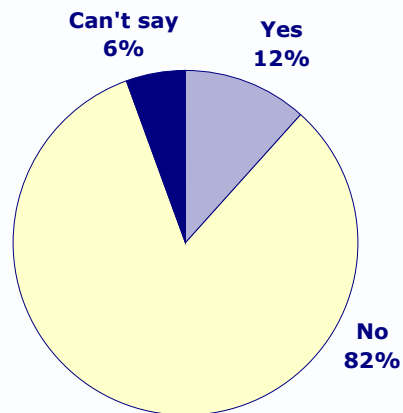
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Number of loans taken

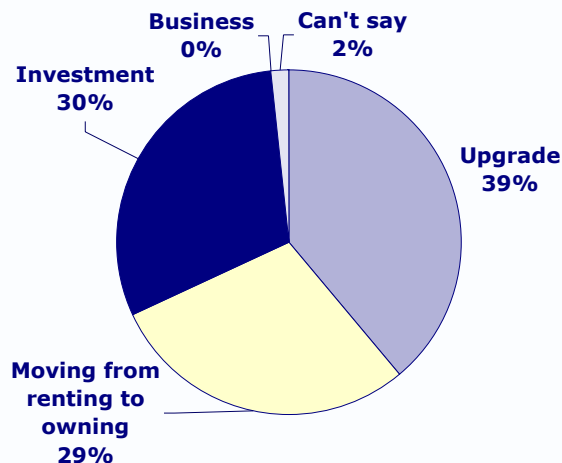


Homes: Low intention to buy

Planning to buy a property?



Reasons for buying a property



Source: CLSA Asia-Pacific Markets

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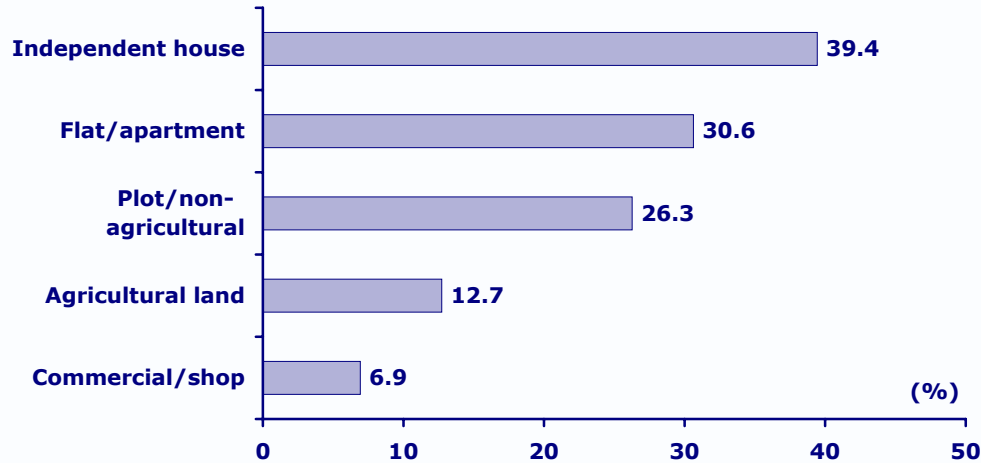
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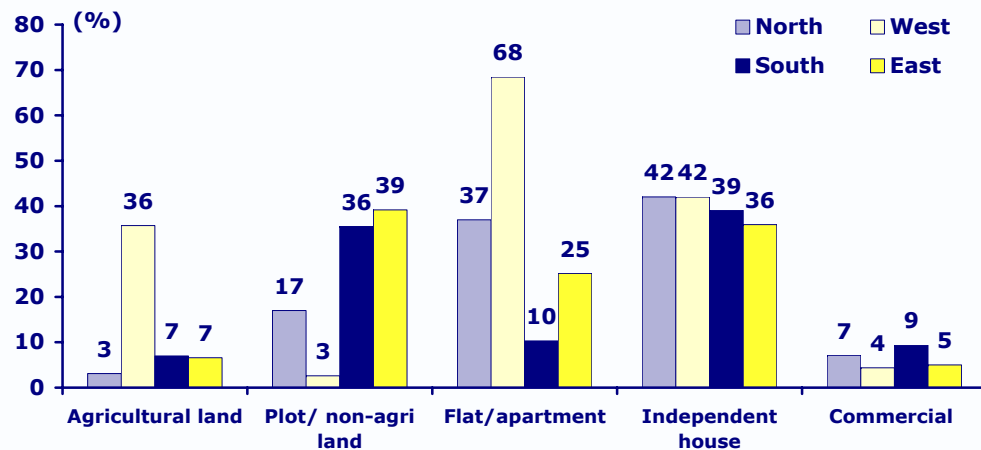
- Only 12% plan to buy a property in the near future; 82% have no intention of purchasing property
- Low intention to buy is unsurprising given the high level of ownership (71%) and rising property prices
- 39% planning to purchase property are seeking to upgrade, 29% plan to move up from renting and 30% want to buy for investment purposes

Homes: What they desire

Type of property planned to be bought



Type of assets planned to be bought by region



Source: CLSA Asia-Pacific Markets

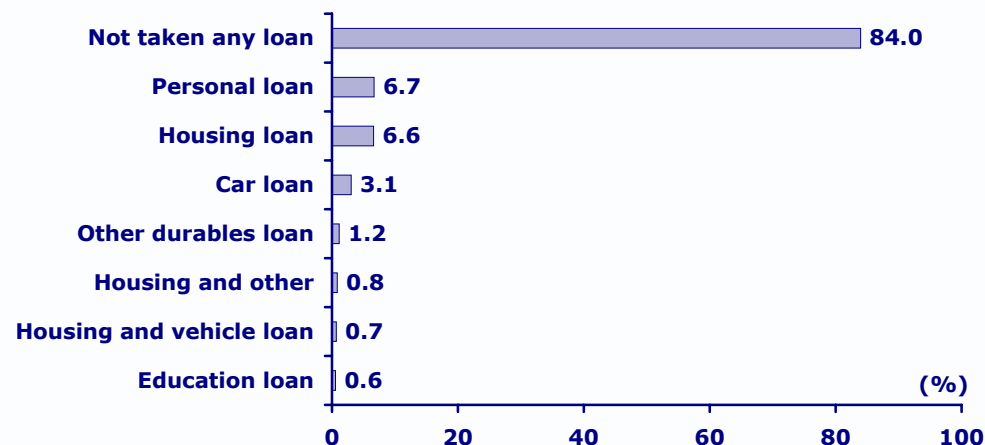
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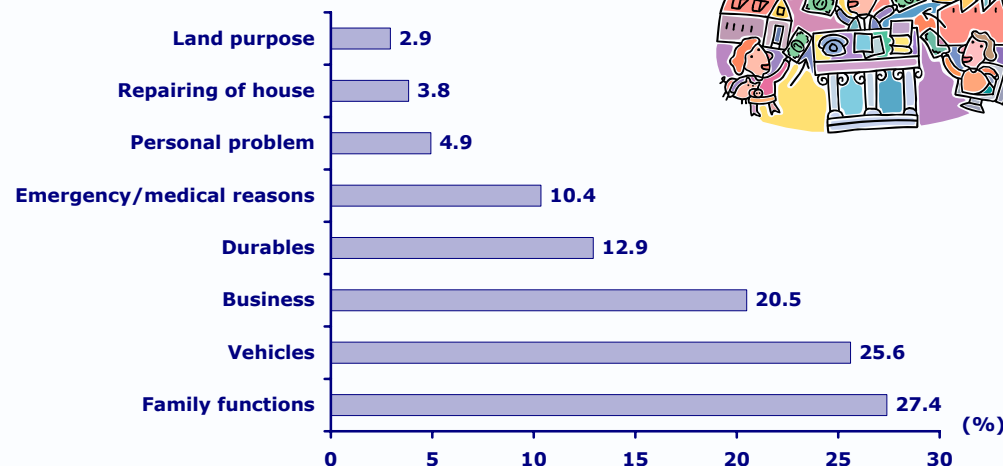
- Of those who want to buy, 39% plan to buy an independent house, 31% plan to buy flats and 13% plan to buy agricultural land
- In western India, 36% respondents intend to buy agricultural land and 68% intend to buy a flat/apartment
- Those intending to buy agricultural land reside predominantly in Mumbai, where people are buying agricultural property to get away from the big city on weekends
- Most people in west India want to buy a flat; given the high real-estate costs, many middle-income households cannot afford an independent house

Loans: Future not yet mortgaged

Type of loan taken



Purpose of loan



- **Sharp credit growth: 33% consumer-loan Cagr over FY02-07; but middle-income households are still debt averse**
- **Among our respondents, 7% have housing loans, a similar number have personal loans and 3% borrow to buy cars**
- **Of those with personal loans, 26% used them to buy vehicles, 32% to meet family expenditure and 21% for their business**
- **13% have taken loans to purchase consumer durables; 10% have taken personal loans to meet medical expenses**
- **A significant number of loans also taken to meet emergency expenses**
- **Propensity for debt rises with income: 15% in income bracket of <Rs0.2m pa have taken a loan but this jumps to 22% for those earning more than Rs0.4m pa**

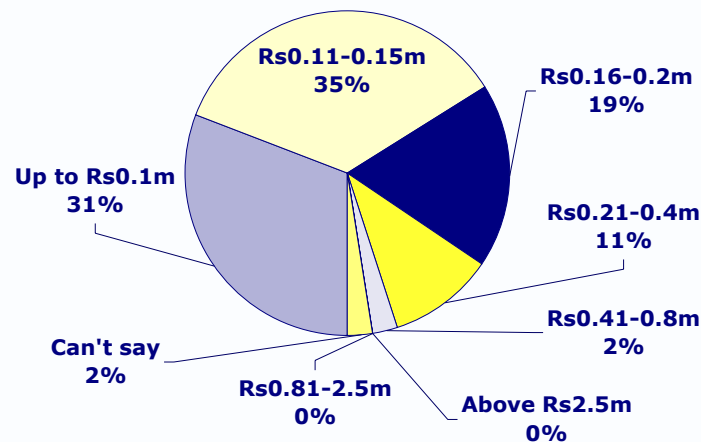
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Incomes: Lying to the taxman?

Distribution of respondents by annual income



Source: CLSA Asia-Pacific Markets

- 31% earn less than Rs0.1m pa and 96% less than Rs0.4m pa
- Our sample selection was based on SEC classification, a standard practice of market researchers in India to avoid the issue of underdeclared income
- With 49% being small businessmen, shop owners or self employed, it is not surprising they don't give real incomes

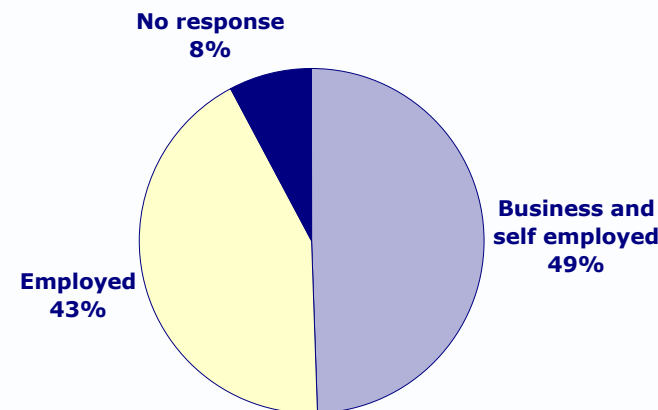
Distribution by income: CLSA sample and national average

	CLSA sample (%)	Official stats (%)
Up to Rs0.1m	30.8	64.9
Rs0.11-0.2m	53.7	26.2
Rs0.21-0.4m	10.5	6.5
Rs0.41-0.8m	2.4	1.6
Rs0.81-2.5m	0.1	0.6
Above Rs2.5m	0.1	0.3
Can't say	2.4	Na
Total	100.0	100.0

Source: NCAER, CLSA Asia-Pacific Markets



Distribution of respondents by occupation



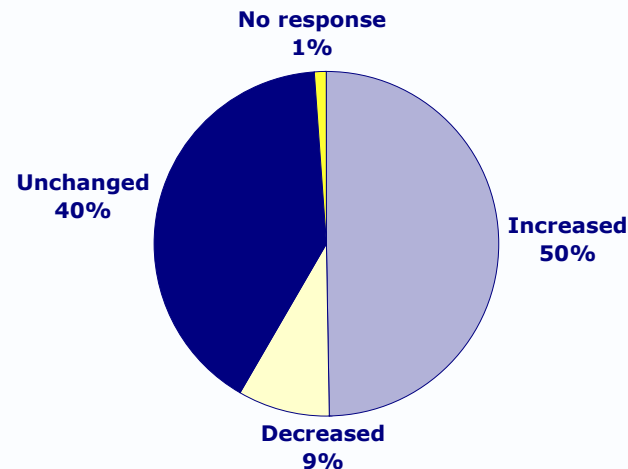
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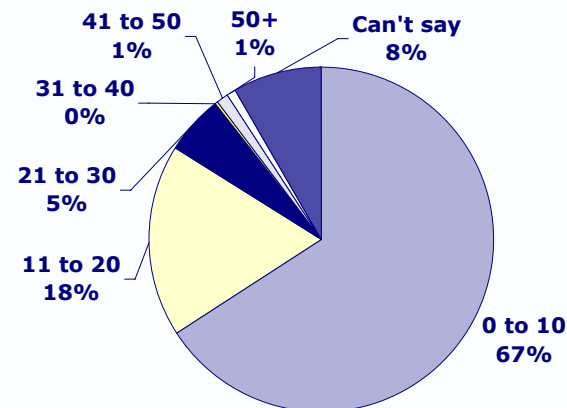
Incomes: Rising at a good clip

Change in income of respondents in last 12-months

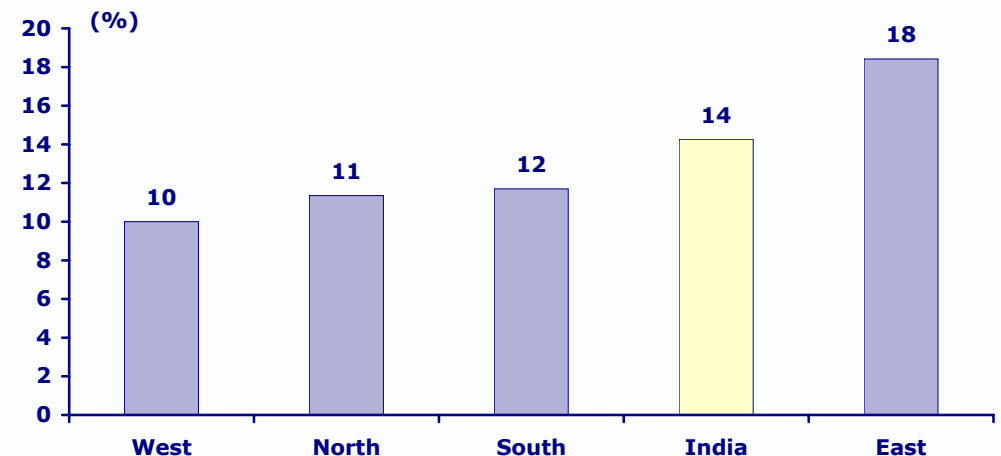


- Income increased by 12%, as per our survey; real GDP per capita has grown at 10% over FY02-07
- 50% of our sample have seen incomes rise in the past 12 months; 9% have seen their incomes decline
- Of those with income increases, one-third saw a >10% rise
- Average rise in income was lowest in west India at 10% and highest in the east at 18%

Rate of increase in income (%)



Regional rate of increase in income



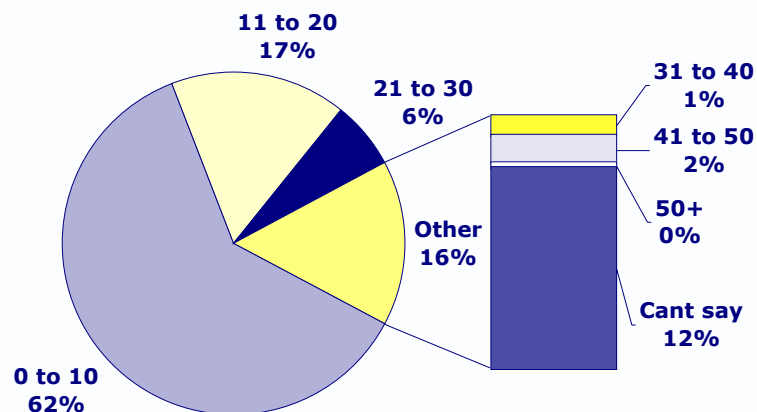
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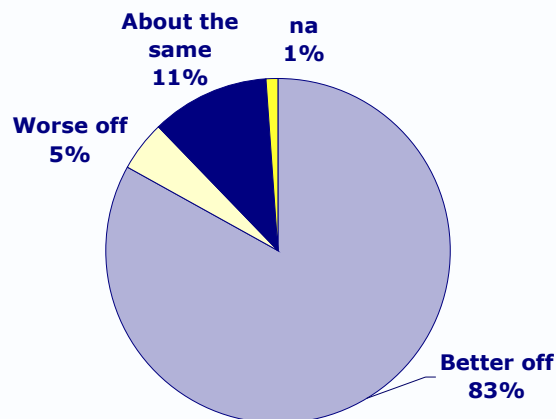
Incomes: Optimistic

Expected rise in income in next 12 months

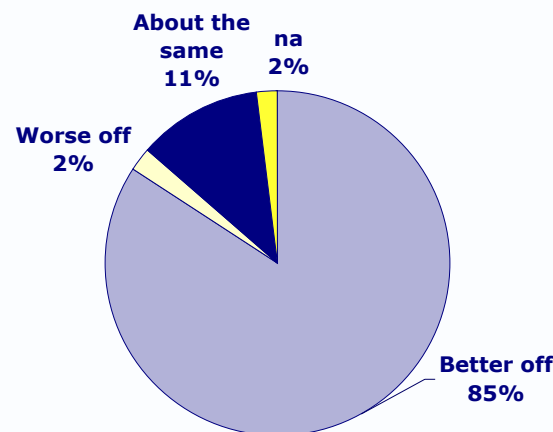


- **63% expect their incomes to rise in the next 12 months; average expected increase is 12.7%**
- **83% of respondents believe that they are better off than 10 years ago**
- **84% expect further improvement in their lives over the next five years**

How has life changed in past 10 years?



Expectations for the next five years?



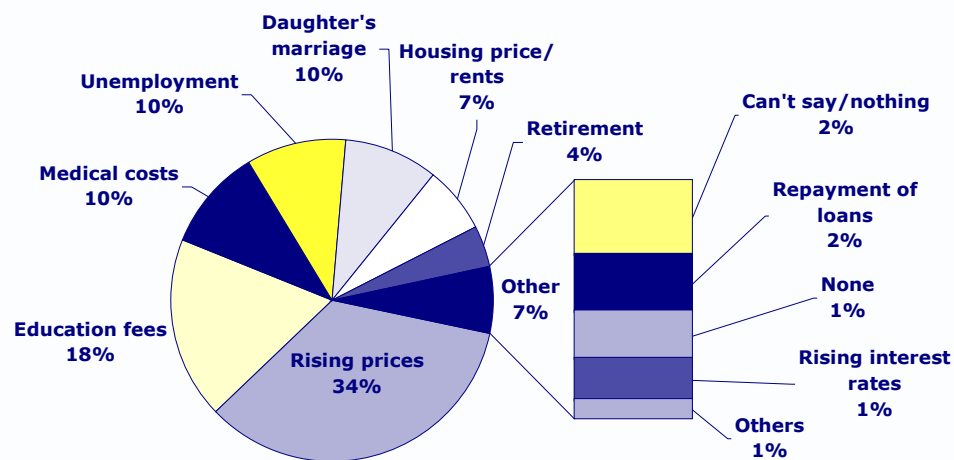
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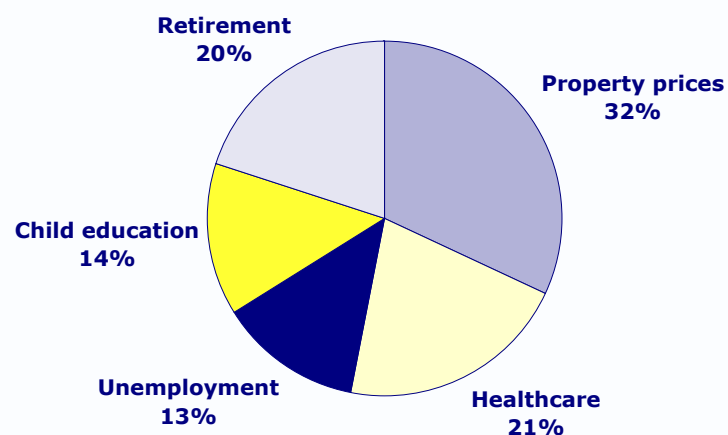
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Key concerns

Biggest worry of survey respondents



Biggest worries of financial-sector employees



- Rising price levels is the biggest worry for 34% of the respondents; education fees (18%) and medical costs (10%) are the next two biggest concerns
- 10% say unemployment is a major concern; 10% worry about their getting their daughters married
- Housing costs/rent and rising interest expense are low down in the order of concerns among those surveyed
- 20% of financial-sector employees worry about financing retirement expenses; only 4% of all survey respondents worry about retirement
- In China, unemployment (27%), healthcare (27%) and property prices (26%) are the biggest concerns

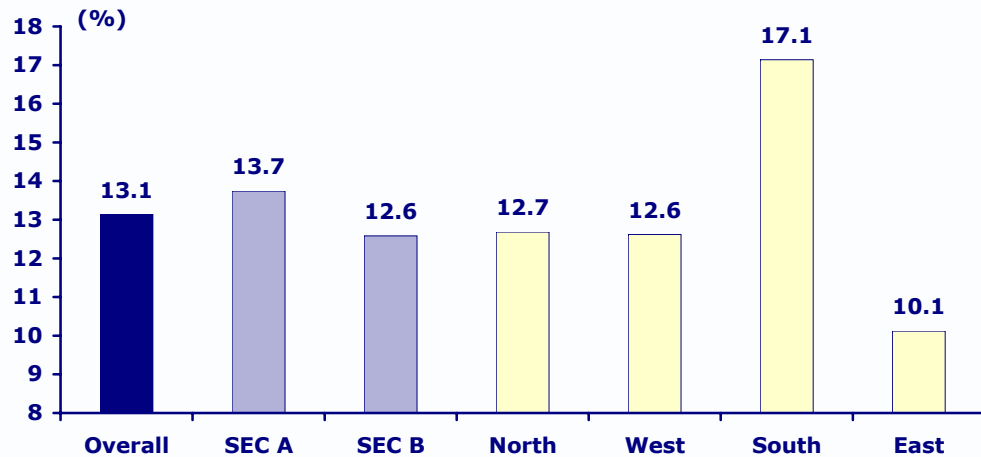
Source: CLSA Asia-Pacific Markets

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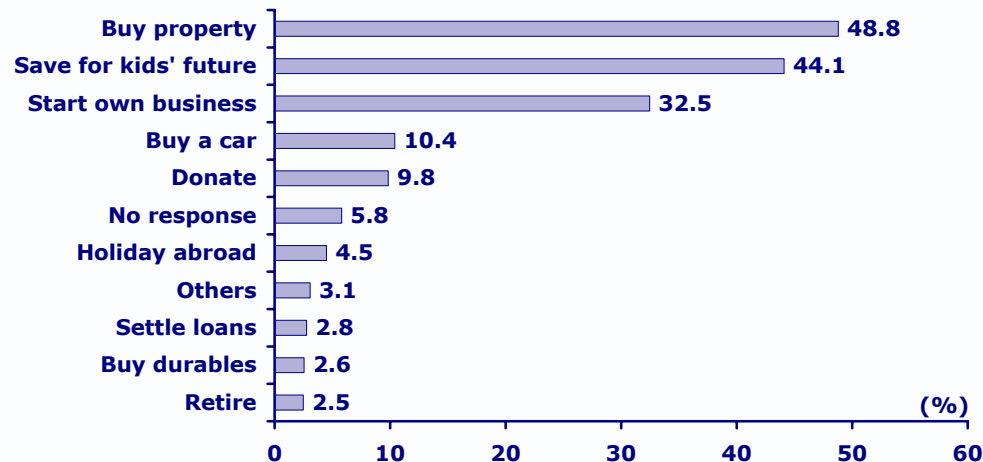
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Savings: Below national average

Rate of savings across SEC and regions



What would they do if given 10 million rupees?



Source: CLSA Asia-Pacific Markets

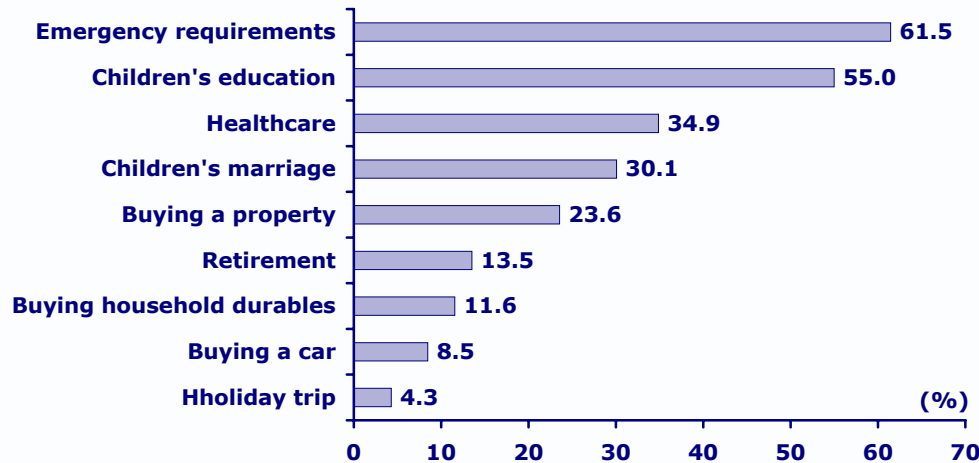
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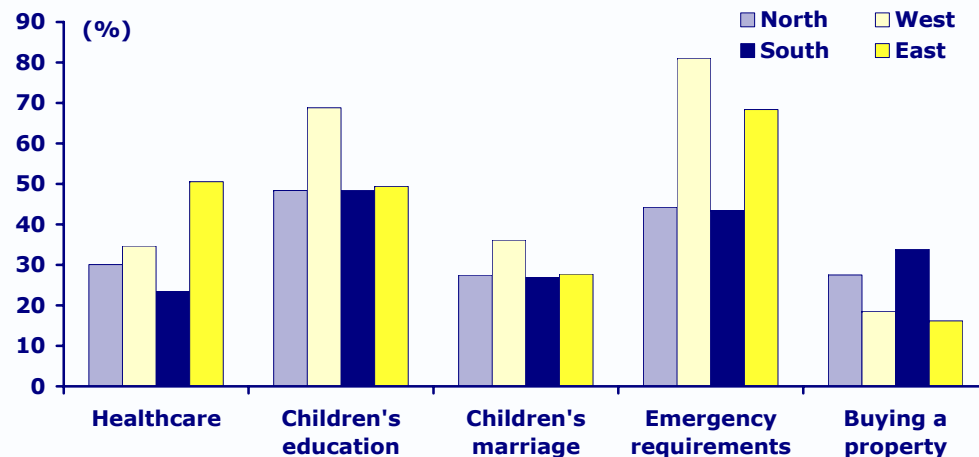
- Our respondents save 13% of their income; Mr & Mrs China save 20% of their income
- This is significantly lower than the 29% national average for households, partly as our survey does not weight for higher savings of affluent
- High propensity to save in the south, consistent with their relatively conservative image
- If given Rs10m, 49% would buy property, 44% would save and invest for children's future and 32% would start a business; 10% would donate some money to charity
- In contrast, 91% of Mr & Mrs China would "live the good life" if they received one million yuan

Savings: Children are key priority

Key reasons for saving



Key reasons for saving by region



Source: CLSA Asia-Pacific Markets

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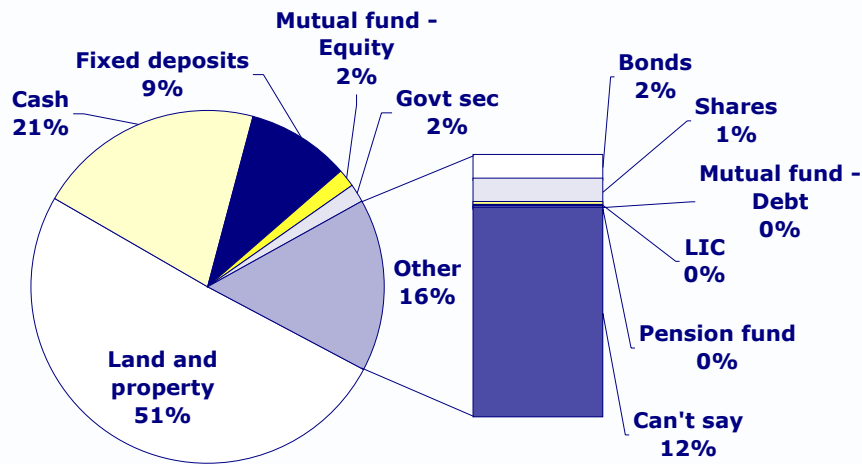
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- Children are families' central priority
- Main reasons for savings: emergency requirements (62%), children's education (55%), healthcare (35%), children's marriage (30%) and property purchase (24%)
- Health and education are key concerns due to the poor state of public services and the high cost in the private sector
- Retirement savings is low down on the priority of our sample households
- More people save for purchase of property in the south; healthcare in the east; children's education in the west



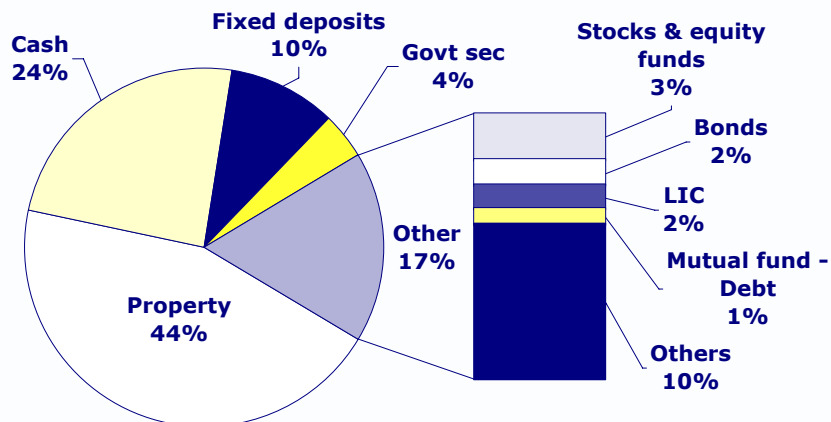
Investments: Property barons?

Distribution of wealth by assets

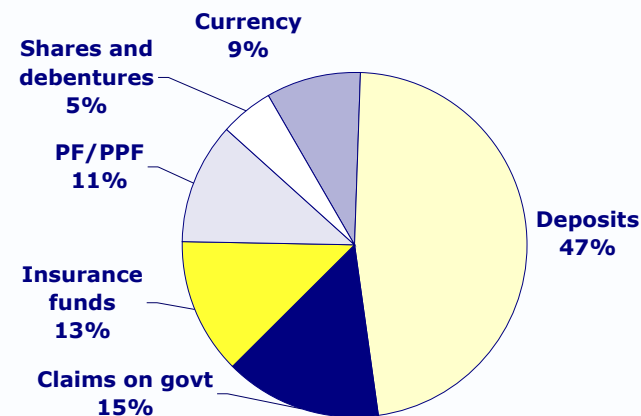


- **51% of wealth is in land and property; 21% in cash and 9% in fixed deposits**
- **3% of total savings (ie, 8% of financial assets) in equities or mutual funds**
- **Surprisingly no one mentioned jewellery as significant holding**

Distribution of investment from savings



National distribution of investment from savings



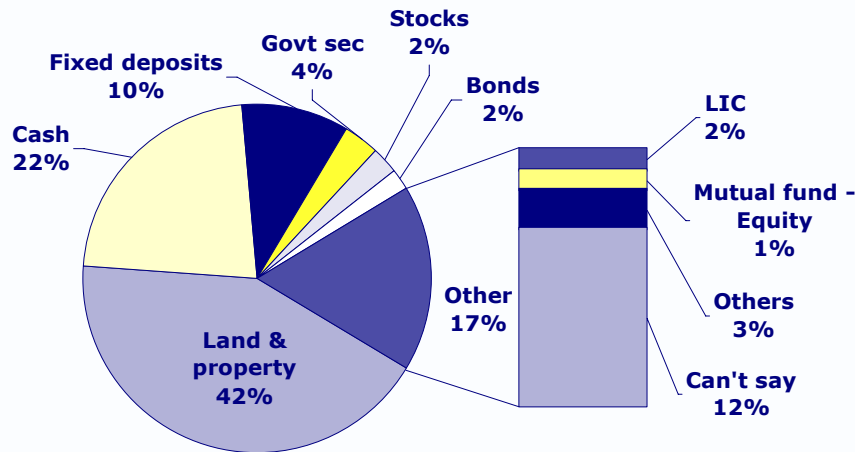
Source: RBI, CLSA Asia-Pacific Markets

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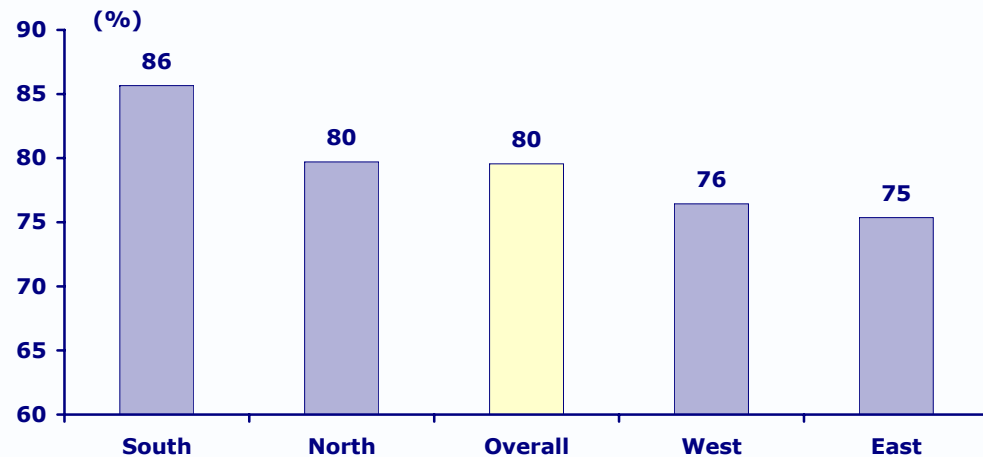
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Investments and insurance: Safe bets

Most profitable investment



Insurance penetration: Life and general



Source: CLSA Asia-Pacific Markets

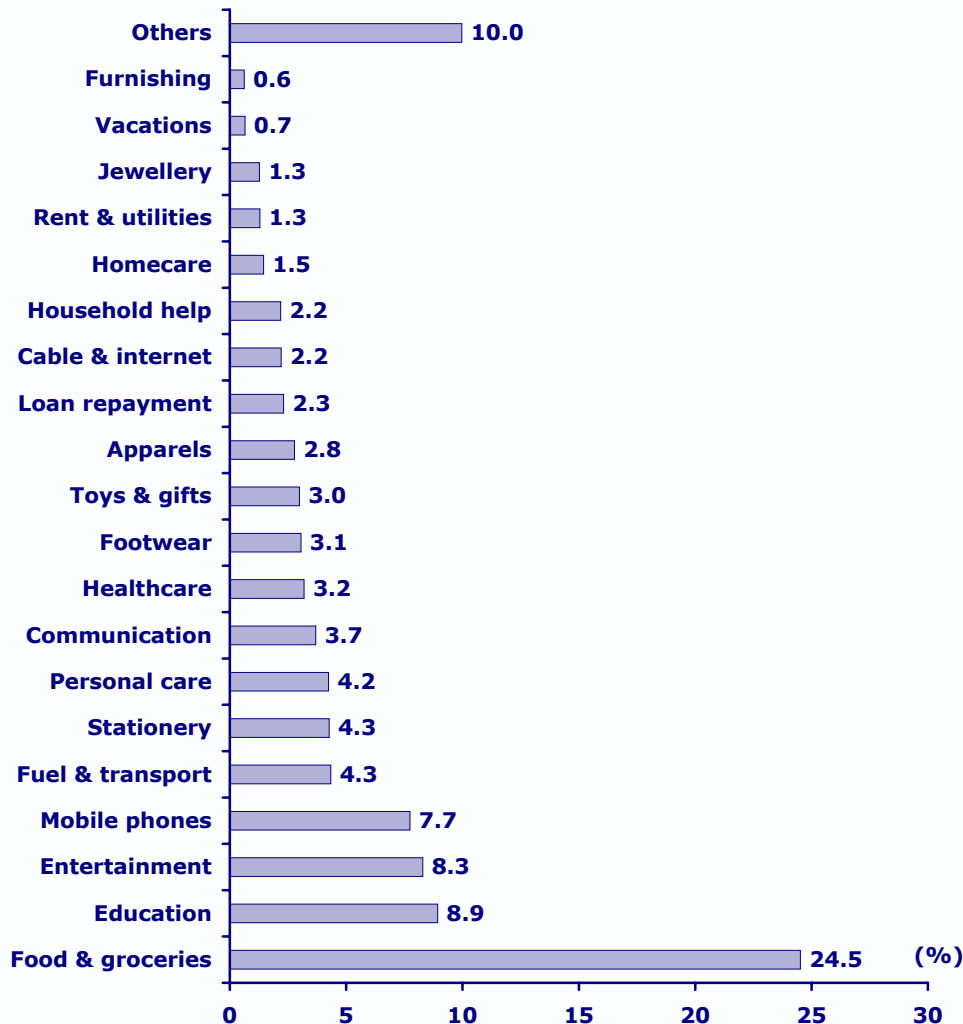
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- For 42% of the respondents, land and property has been the best investment
- 11% have invested in stocks and equity mutual funds in the past 12 months and 10% plan to buy stocks or equity mutual funds
- 80% of households have purchased some insurance product, but 78% have no plans to buy new insurance
- In comparison, 48% of families in China have commercial insurance and 21% plan to buy insurance
- Insurance penetration is highest in south India (86%) and lowest in the east of the country (75%)

Expenditure: Food and groceries is 25%

Breakdown of consumption basket



Source: CLSA Asia-Pacific Markets

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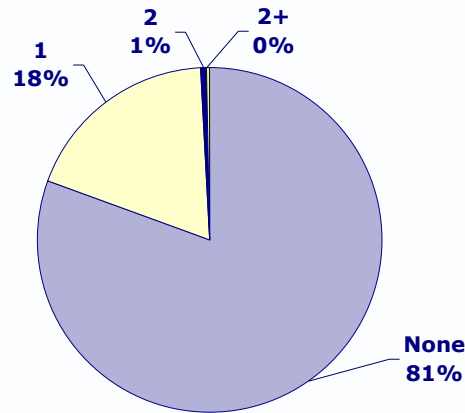
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- 25% of expenditure goes towards food and groceries
- 9% is spent on education and 8% on entertainment
- Mobile phones, vehicles and property are the popular high-value purchases
- Average spent on property and land was more than Rs500,000
- 71% have not bought any major item in the past 12 months

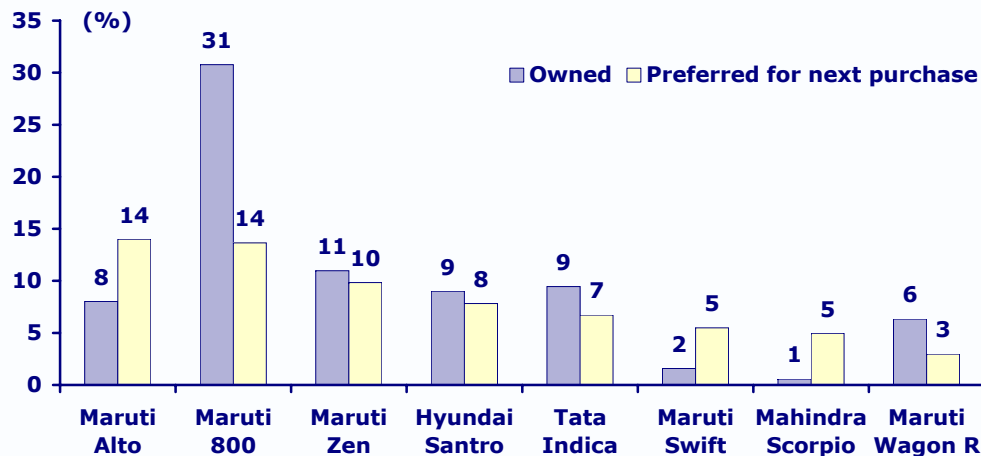


Four-wheel autos: 19% penetration

Four-wheeler ownership



Four-wheelers - Owned and preferred



Source: CLSA Asia-Pacific Markets

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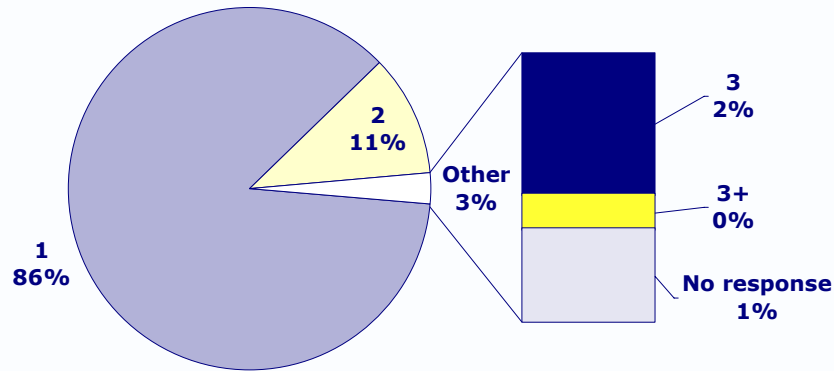
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- 19% of our households have a four-wheel automobile, significantly higher than the national average of eight per 1,000 people
- Among those who own four-wheel drives, an overwhelming 65% own Maruti vehicles
- 21% of households are planning to purchase a vehicle in the next three years; 64% plan to take out loans to buy vehicles
- Of the above, 58% plan to purchase cars, 34% motorcycles and 4% scooters
- 45% of those who intend to buy cars prefer Maruti and just over 7% prefer a product from Tata Motors

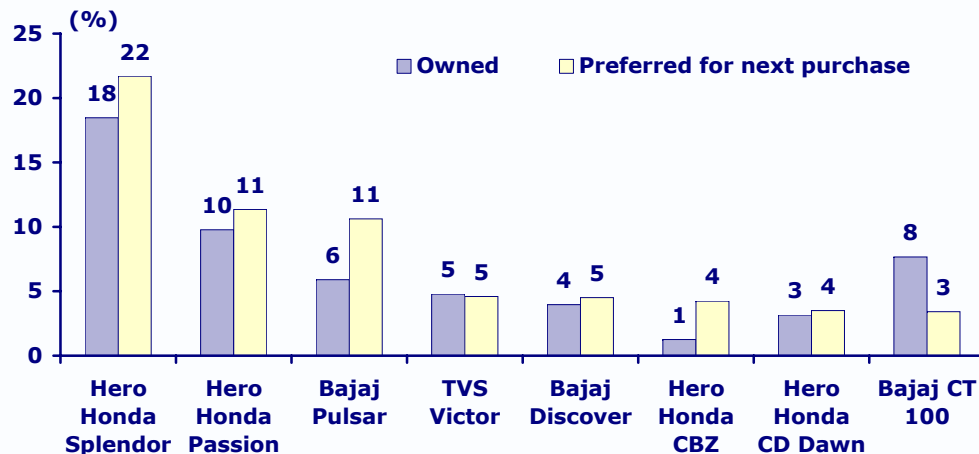


Two-wheelers: 72% penetration

Two-wheeler ownership



Two-wheelers - Owned and preferred



Source: CLSA Asia-Pacific Markets

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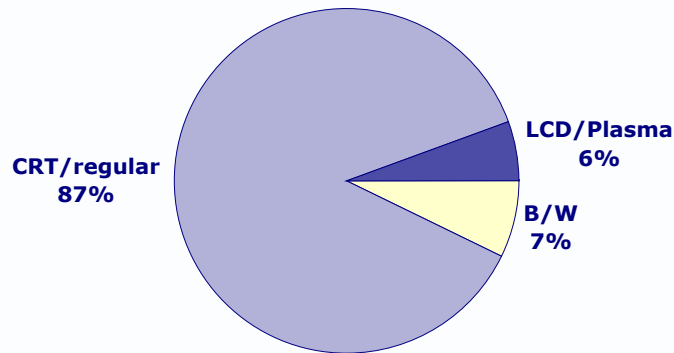
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- 72% of households own two-wheelers; while the average number of two-wheelers per family is 1.15
- More than 36% of two-wheelers are from the Hero Honda stable; Bajaj is a distant second at 19%
- Of the 21% of households planning to purchase a vehicle in the next three years, 34% plan to buy motorcycles and only 3.8% want to buy a scooter
- 45% want to buy a Hero Honda model; 19% would prefer a Bajaj Auto model

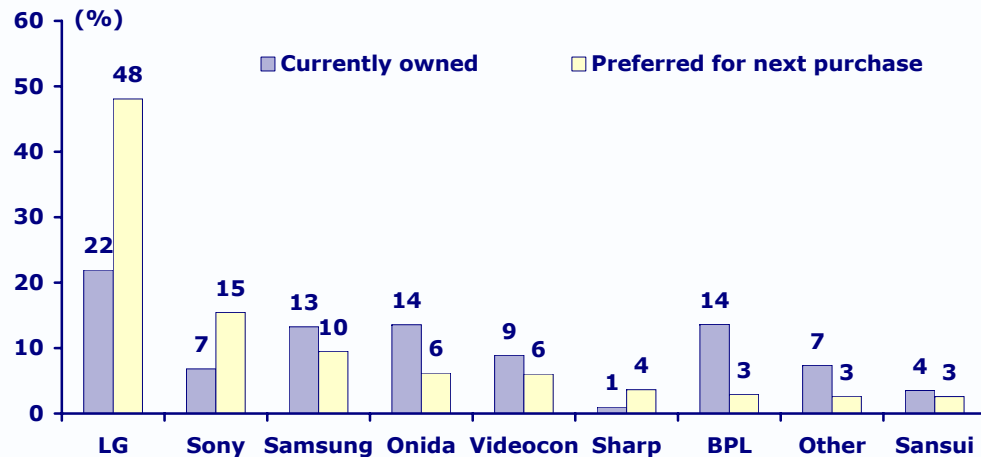


TVs: The media revolution

Television ownership



Televisions - Owned and preferred

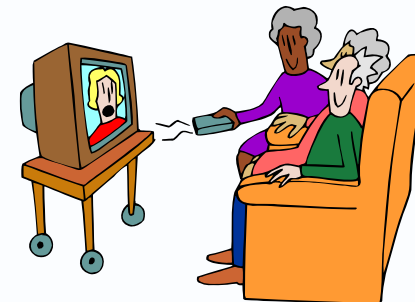


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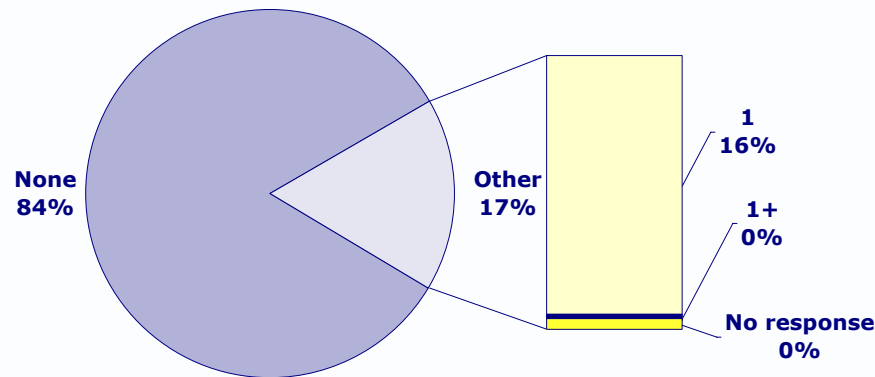
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- TV penetration is 100%, with 92% of households owning a colour TV
- Only 6% of households have LCD or plasma TV; lower prices and rising aspirations will lead to fast growth
- LG, Sony and Samsung are the most popular TV brands (similarly for plasma/LCD TVs)
- Of those who plan to buy a TV over the next 12 months, 48% would prefer a LG; Sony is a distant second at 15%; home-grown Indian brands are losing out

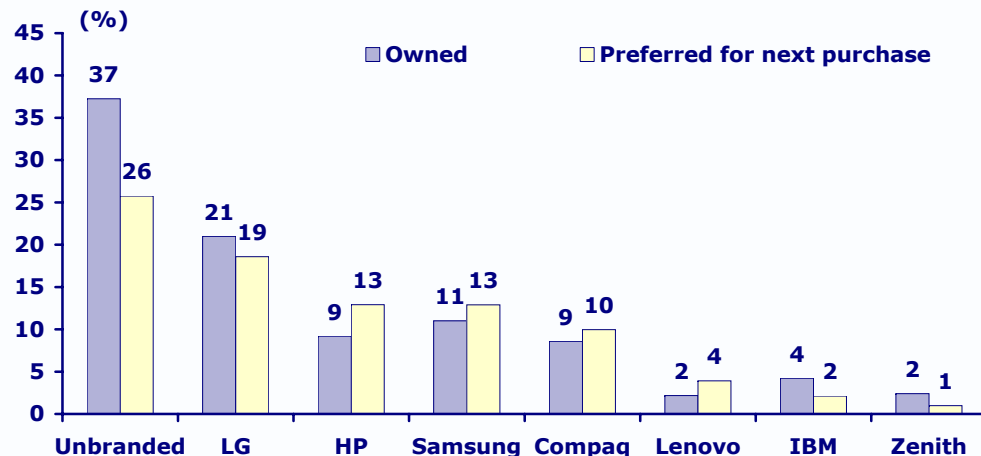


Computers: Very low penetration

PCs/laptop ownership



PCs/laptops - Owned and preferred

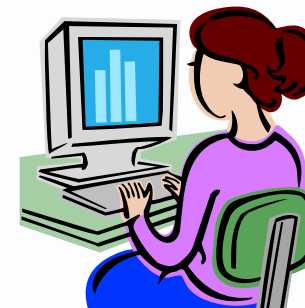


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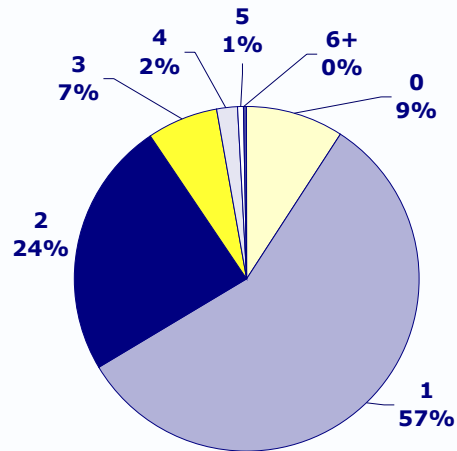
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- Only 17% of households have computers, compared to 65% in China
- LG is the most popular brand for personal computers; 37% of owners have unbranded PCs
- Among those who plan to purchase computers over the next 12 months, most prefer LG, Samsung and HP
- While 37% of respondents own unbranded PCs/laptops, only 26% intend to buy an unbranded model

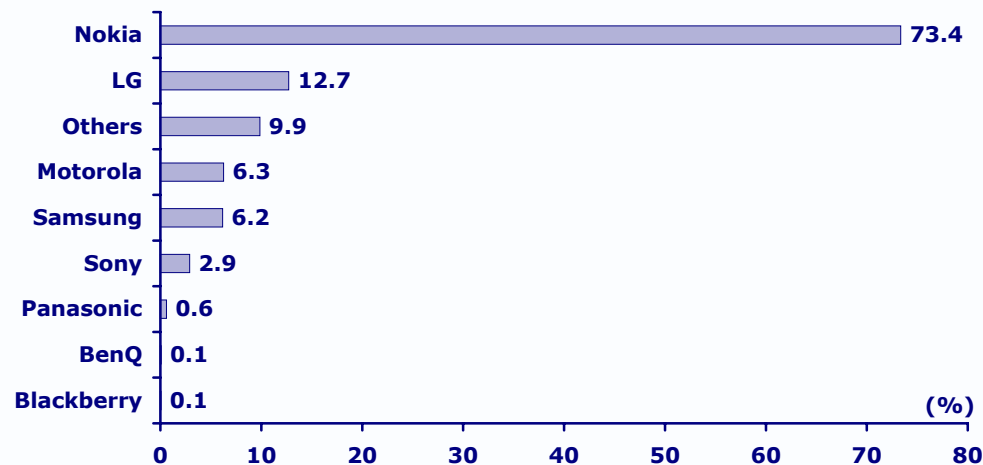


Mobile phones: Ringing in growth

Mobile phones per household



Popular brands of mobile phones



Source: CLSA Asia-Pacific Markets

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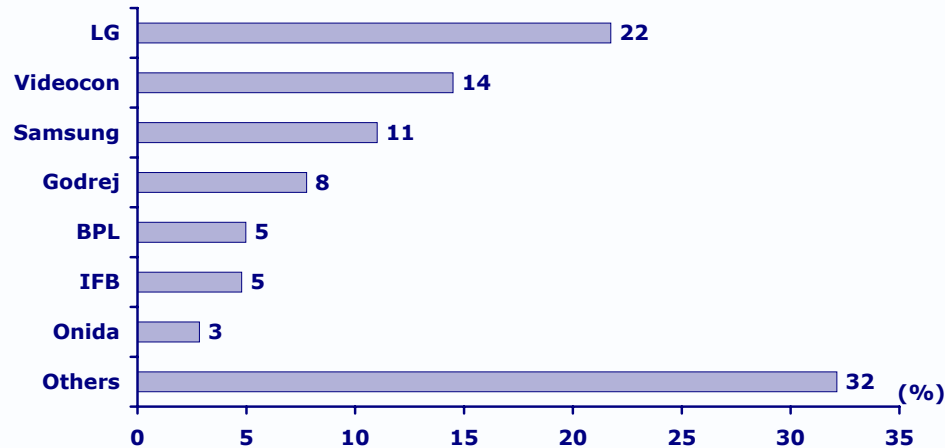
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- 91% of households have mobile phones; among these, average ownership is 1.4 phones
- China enjoys 99% penetration with 1.8 phones per household
- Subscriber growth is likely to remain strong
- An overwhelming 73% own a Nokia handset; popular brands, including LG and Motorola, lag behind



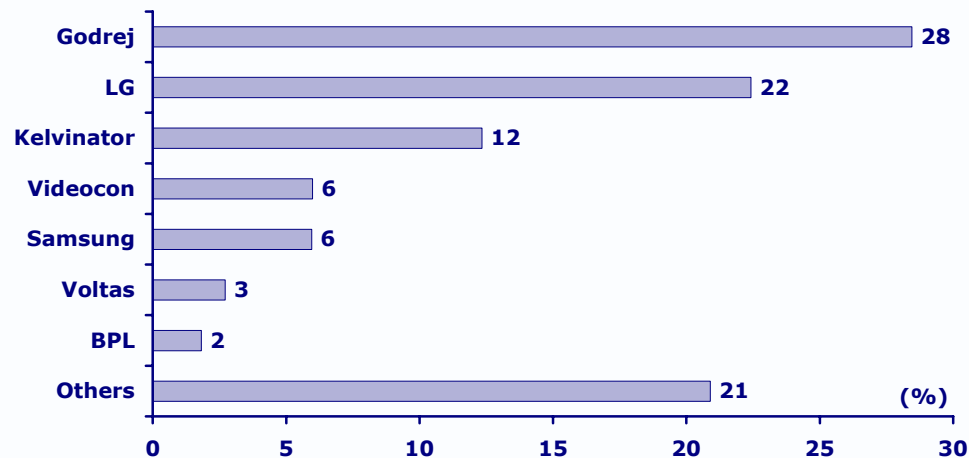
Consumer durables: Penetration is still low

Popular brands of washing machines

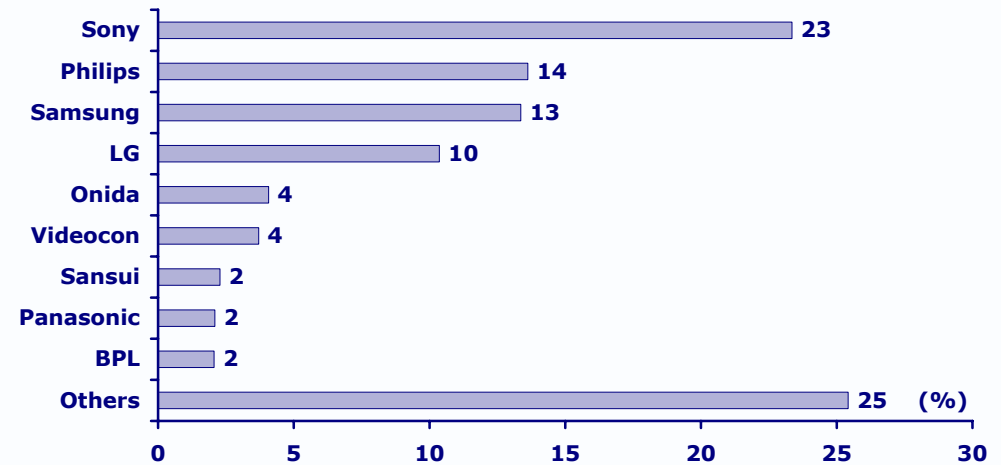


- **41% of households have washing machines; LG, Videocon and Samsung are the three most popular brands**
- **79% have refrigerators; Godrej and LG are the preferred brands**
- **45% have VCR/DVD players; Sony, Philips and Samsung are the most popular brands**

Popular brands of refrigerators



Popular brands of VCD/DVD players



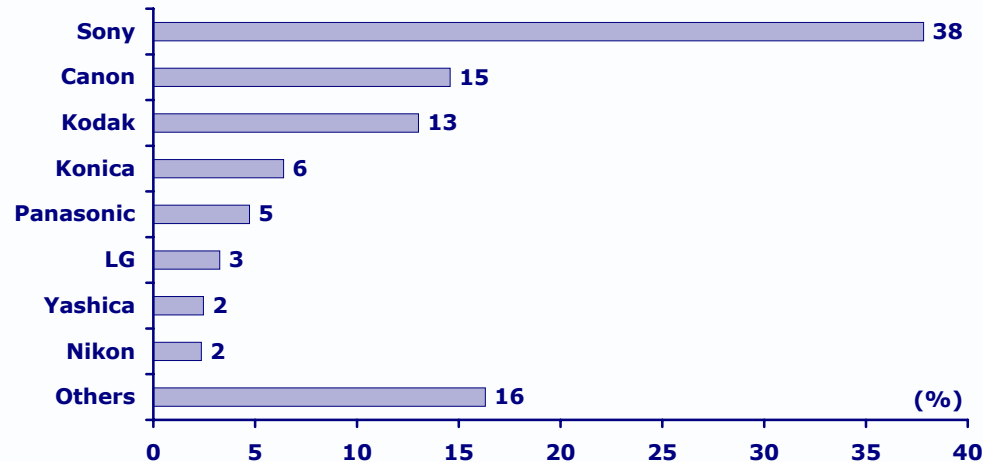
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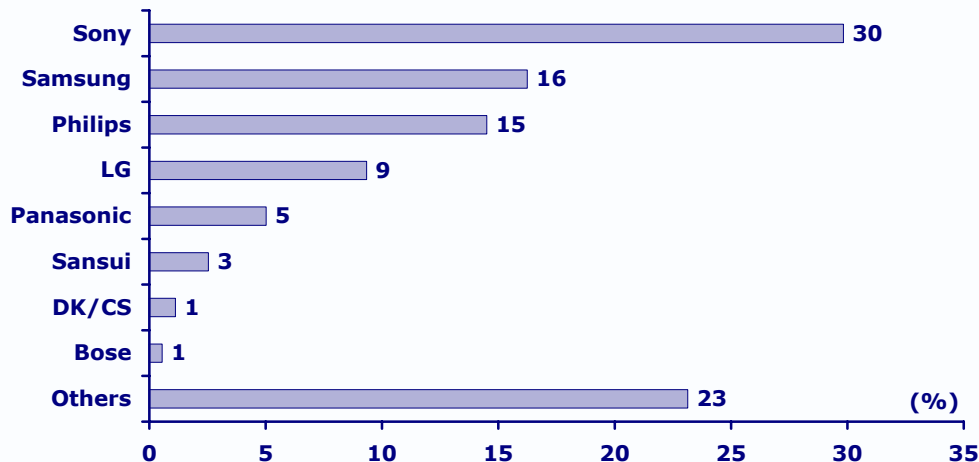
Consumer durables: Penetration is still low

Popular brands of digital cameras

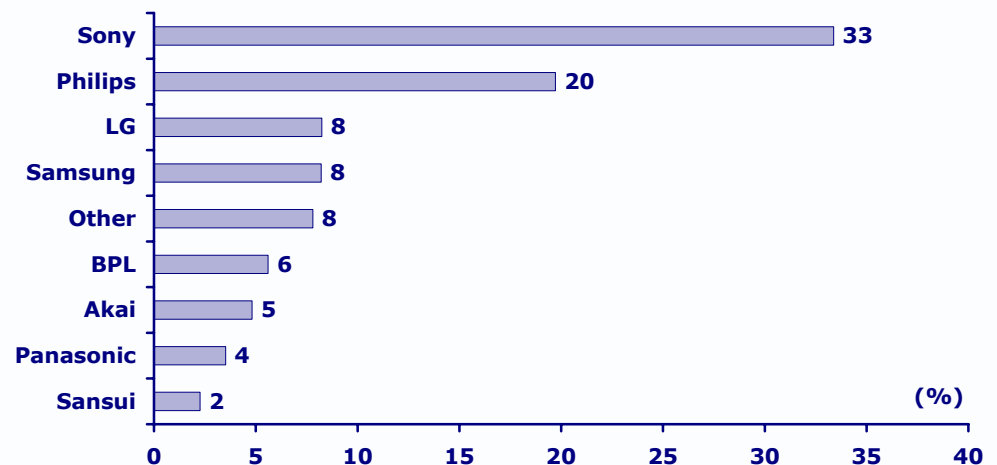


- Fewer than 10% of households have vacuum cleaners, microwave ovens, airconditioners and digital cameras
- 10% have MP3 players and/or iPods; Sony is the market leader in digital cameras, MP3 players and music systems
- In India, foreign brands lead in market share; in China, the top-three brands in most categories are local brands

Popular brands of MP3 players



Popular brands of music systems



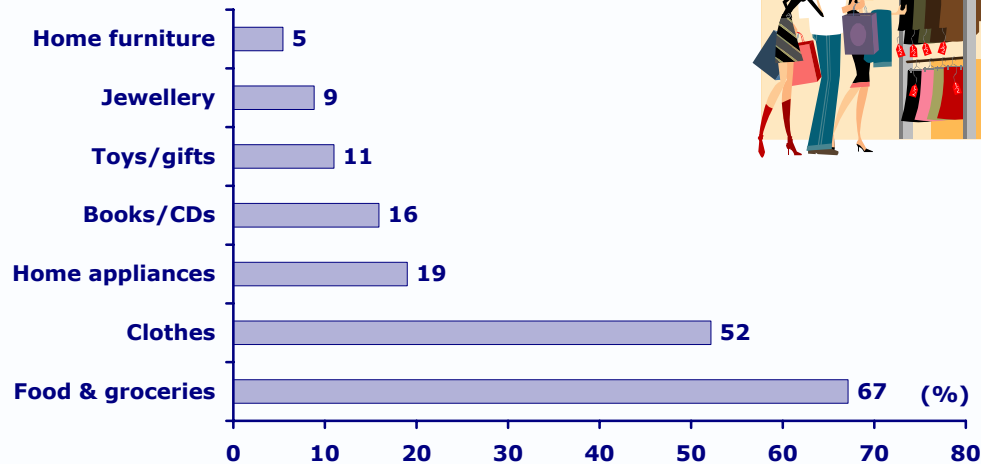
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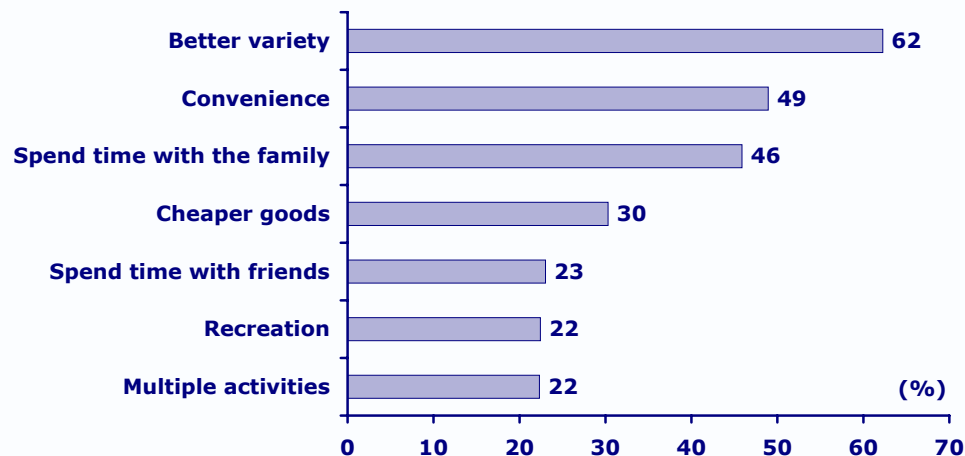
Shopping: Call of the mall?

Items bought from malls

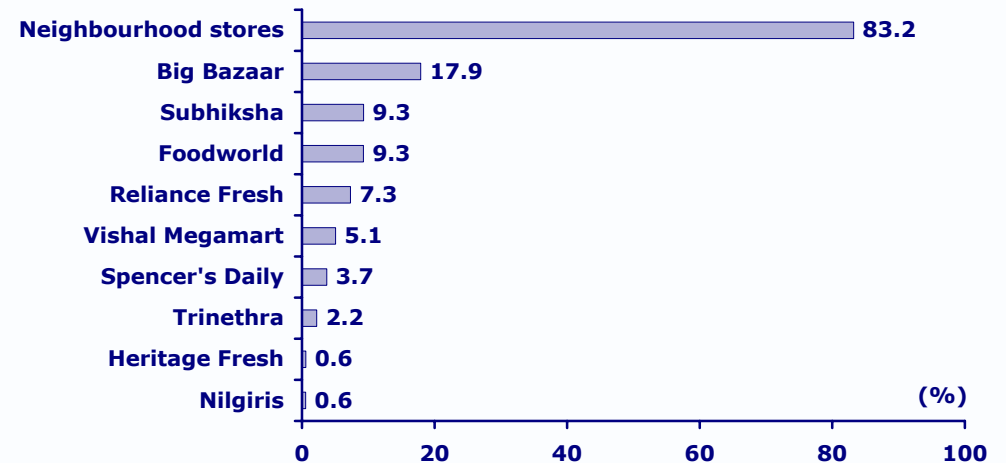


- Only 30% regularly shop at malls
- Most prefer malls due to better choice, convenience and suitability for the family
- Among those who shop in malls, food & groceries and clothes & accessories are the most common items purchased
- 83% of households buy food & groceries from local neighbourhood stores, Big Bazaar and Food Bazaar are most popular among the organised retailers

Reason for shopping at malls



Preferred stores for purchase of food & groceries



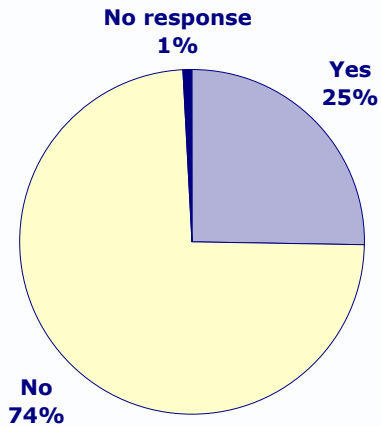
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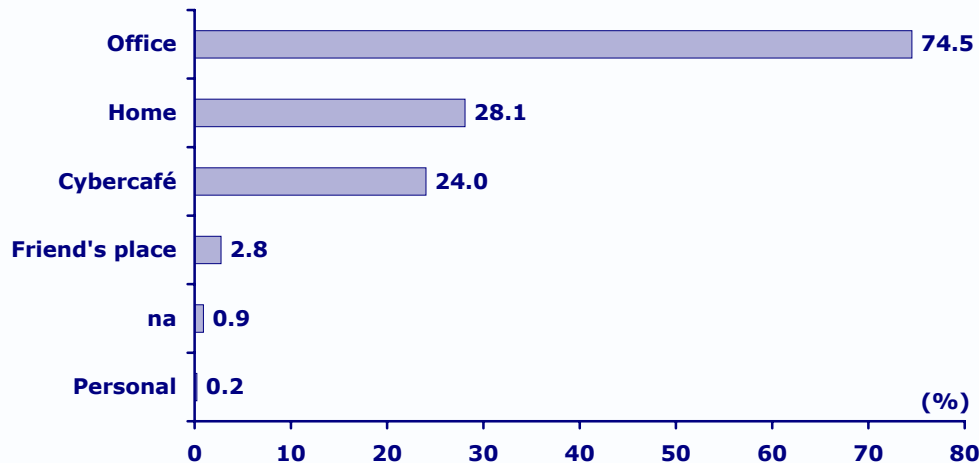
Online: Still not logged on

Accessed internet in the past 30 days

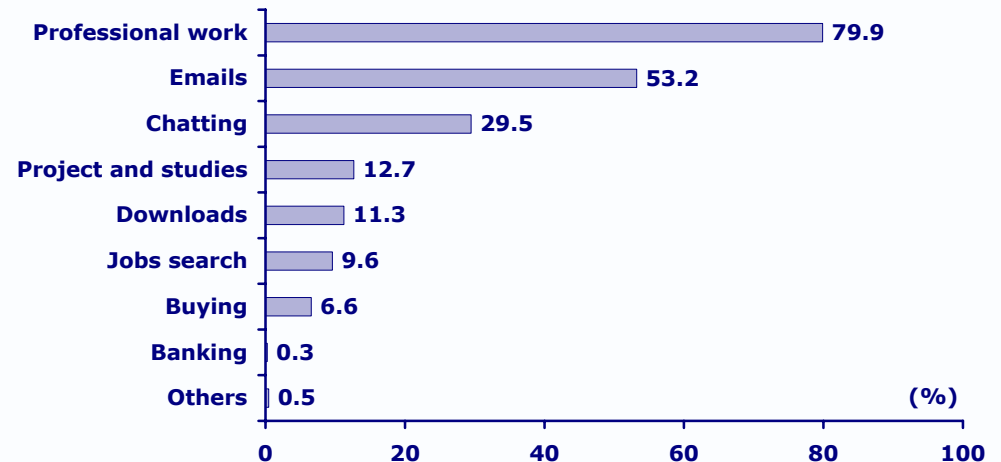


- Only 25% households had used the internet in the previous 30 days
- 75% log on at their place of work
- Homes (28%) and cyber cafés (24%) were the next two popular places to log on
- 80% log on for work, 53% to check personal emails, 29% to chat with friends and 13% to help a child with his or her studies

Place for accessing internet



Purpose for accessing internet



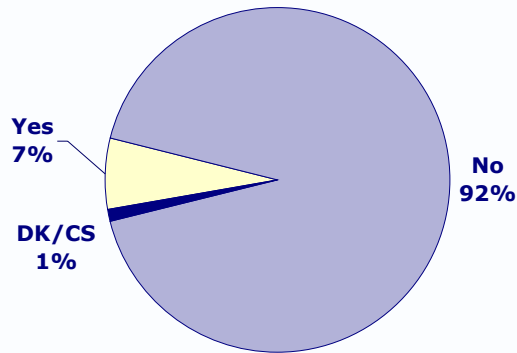
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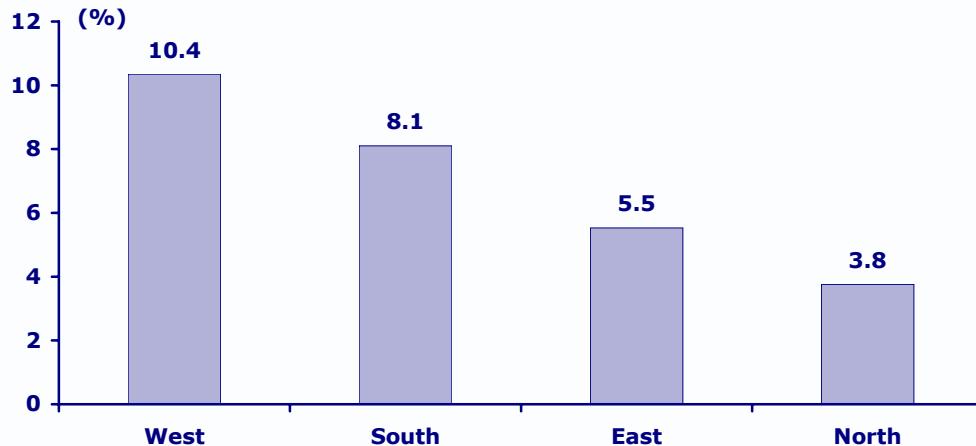
Online banking: Underpenetrated

Use of online banking in the past 12 months



- Only 7% of households have used online banking facilities in the past 12 months
- Online banking is most popular for money transfers with 54% of respondents using the service
- Other uses of online banking are for account statements (36%) and bill payment (28%)
- West India has highest penetration of online banking (10%) followed by the south (8%)

Regional penetration of online banking

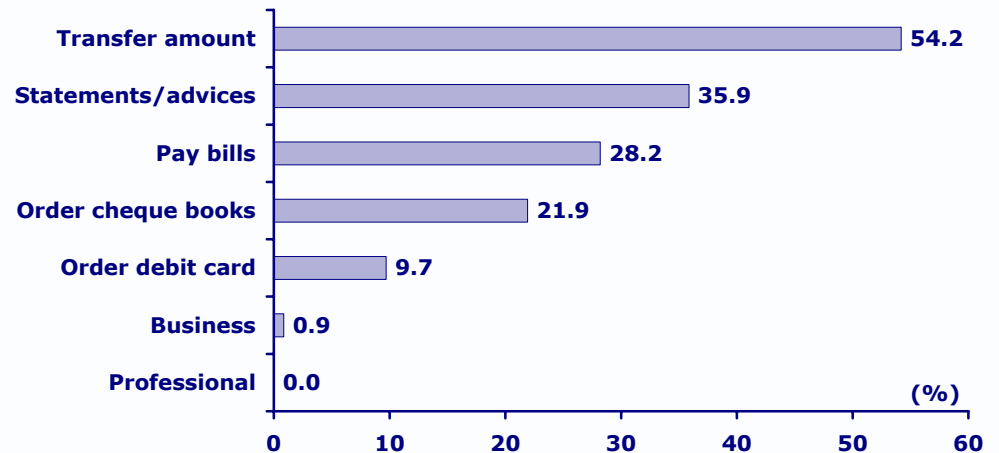


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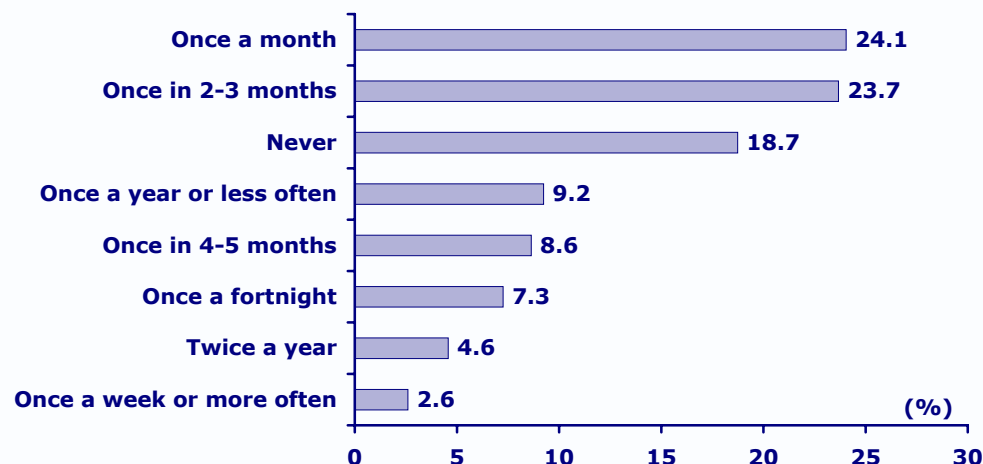
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Purpose of using online banking



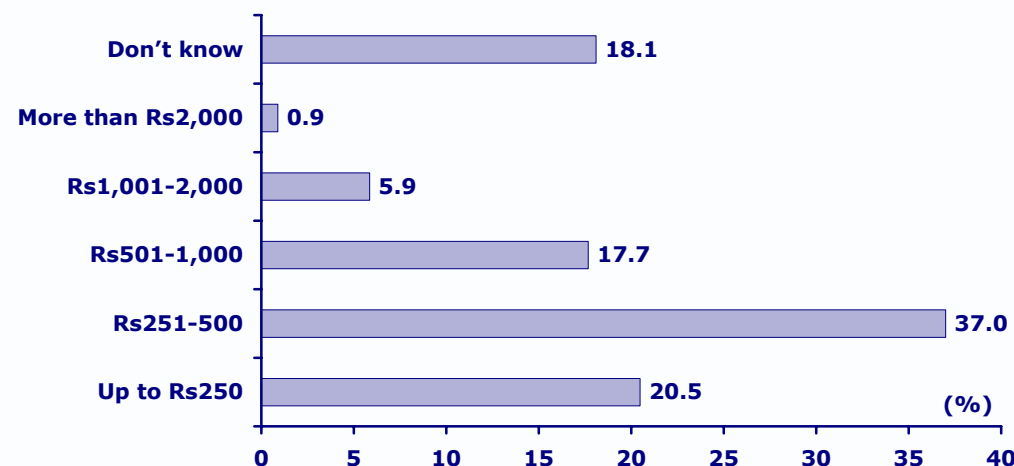
Dining out: Gaining an appetite

Frequency of eating out

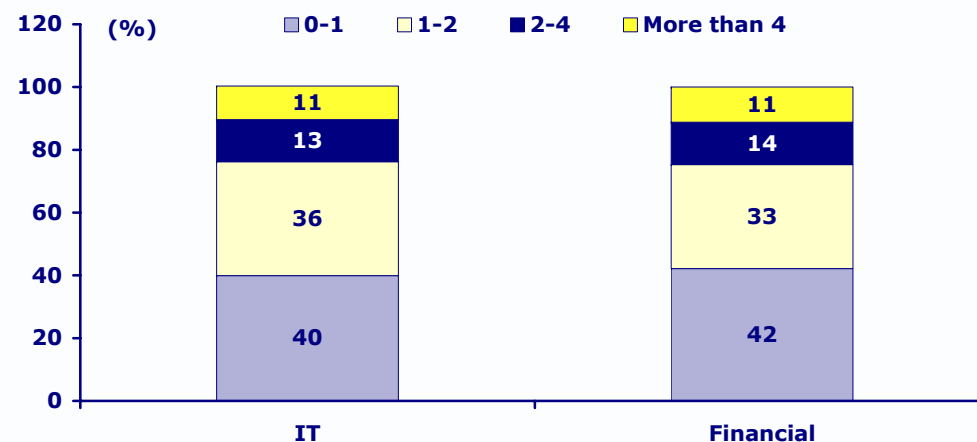


- The average family dines out 9.6 times a year
- Average number of people per dining experience is 3.04; average bill is Rs503
- 34% eat out at least once a month
- Most prefer to eat at home with families
- But dining out is becoming increasingly popular - 60% of IT and financial-sector employees eat out at least once a week

Average bill for eating out



Frequency of IT and financial-service employees eating out



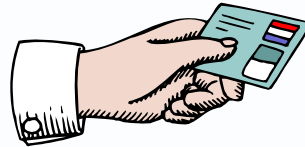
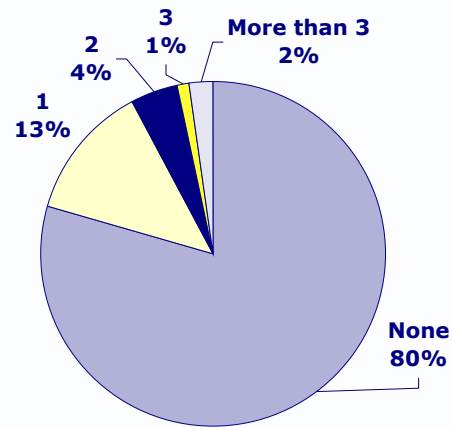
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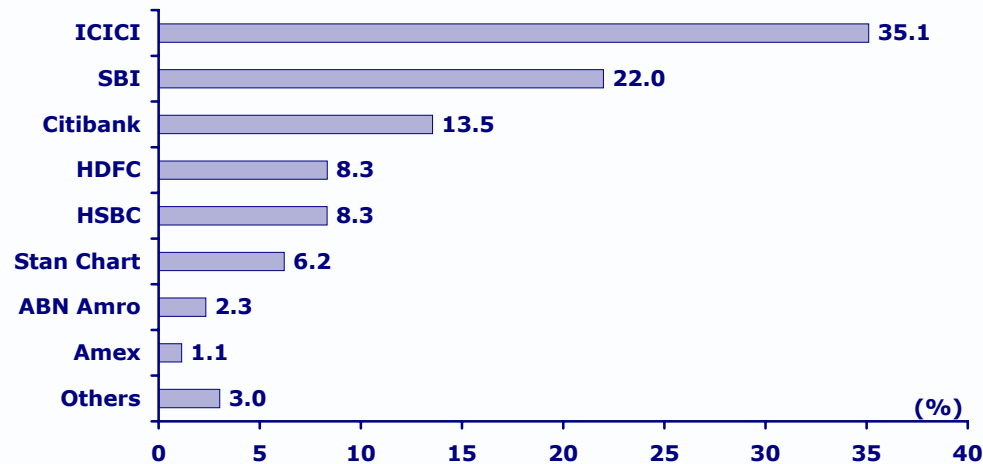
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Credit cards: 20% penetration

Distribution by number of credit cards owned



Who are the credit-card issuers?



Source: CLSA Asia-Pacific Markets

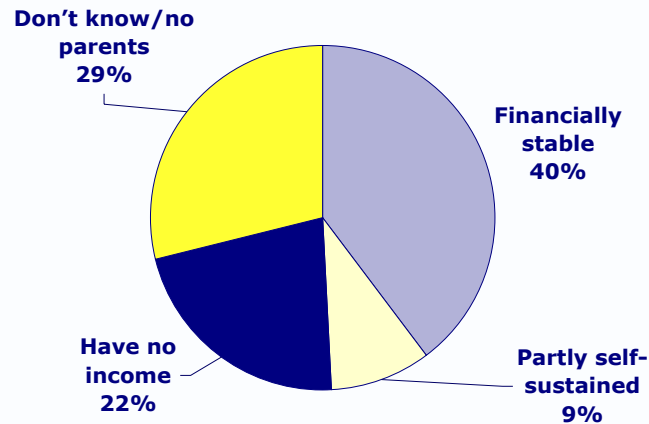
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- 20% of respondents have credit cards (compared to 30% in China)
- Low penetration partly due to high number of self employed who find it hard to get cards as often they do not file IT returns
- Average number of cards owned by those who have credit cards is 1.58 with a monthly average credit card bill of Rs10,852
- 35% of respondents having ICICI Bank credit cards; SBI and Citibank are the next two popular credit card issuers
- Visa has over 54% and MasterCard has 36% market share among payment gateways
- Over 38% of households are unaware of annual credit-card fees and 40% are unaware of interest rates charged for revolving credit
- 90% of those who do not own a card, do not intend to apply for one

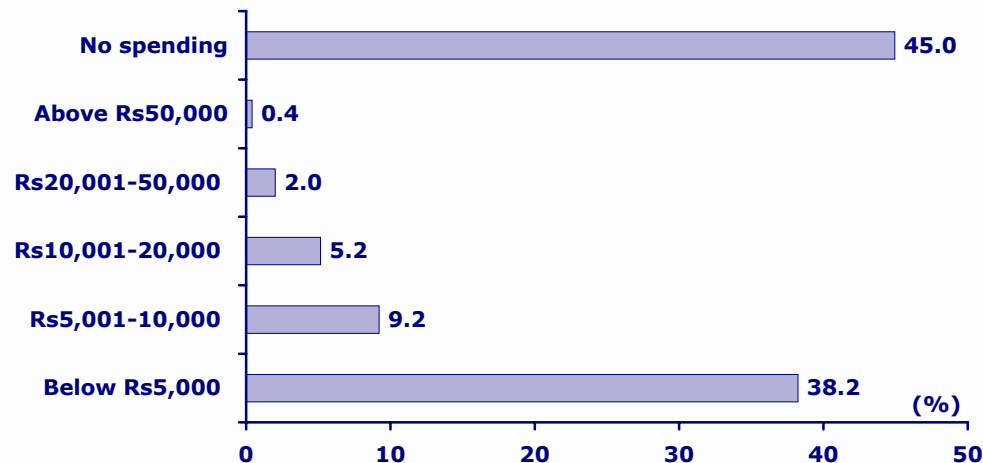
Parents: Living in 29% of households

Financial situation of parents

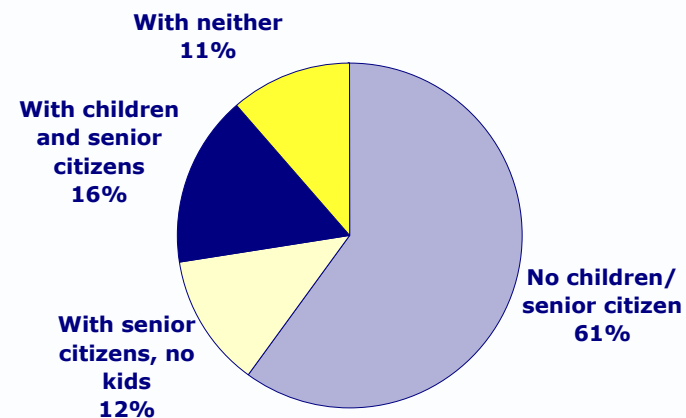


- 40% have parents who are financially stable but 22% of parents/parents-in-law have no pension or fixed income
- 29% households have parents/parents-in-law living with them
- 45% of respondents do not spend anything on their parents; the average spend on parents for the other 55% is Rs6,650 pa

Expenditure on parents/senior family members



Profile of dependents



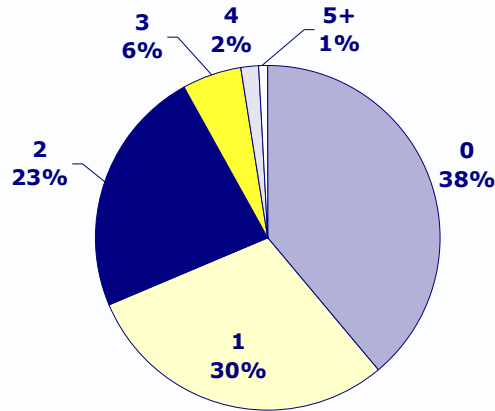
Source: CLSA Asia-Pacific Markets

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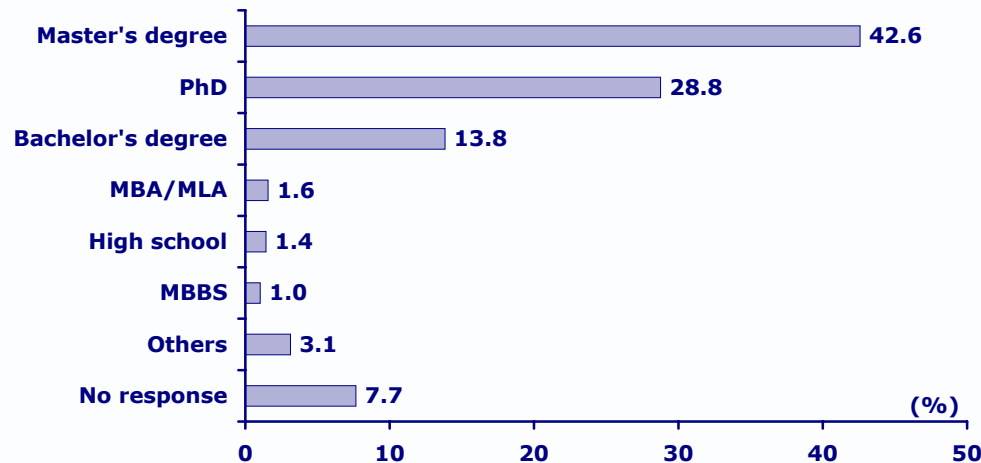
Children: Education is a priority

Distribution by number of children

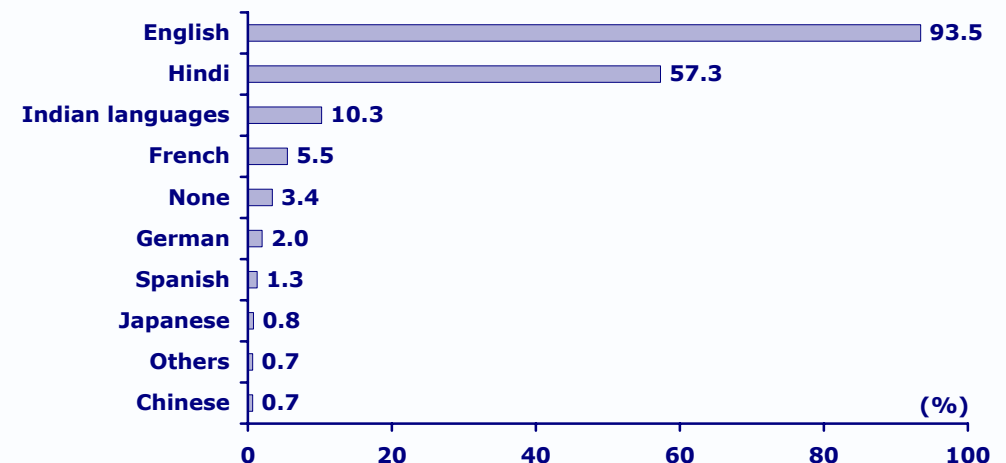


- 72% of households have children and average number of child per household is 1.05; or 1.7 per household with children
- 43% want their children to get a Master's degree (31% in China) and 29% want their children to get a PhD (25% in China)
- 94% want their children to be proficient in English; some interest in French, German and Spanish

Preferred level of education for children



Language that parents would like children to learn



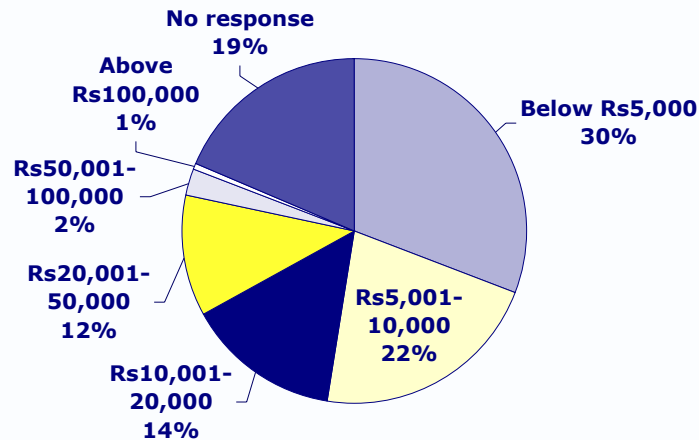
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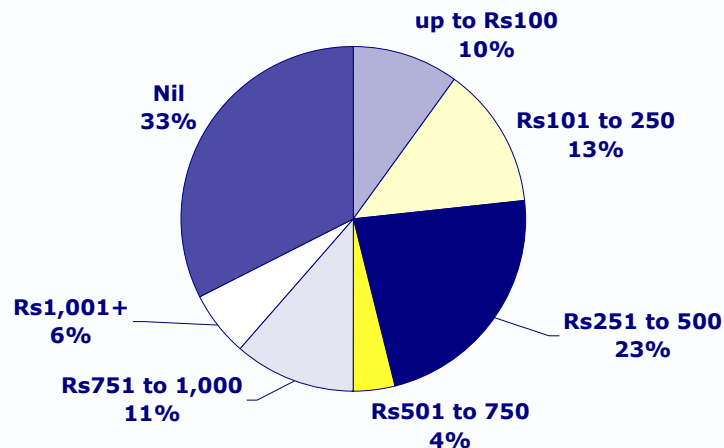
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Children: Investing in the future

Annual expenditure on children's education



Pocket money given to children



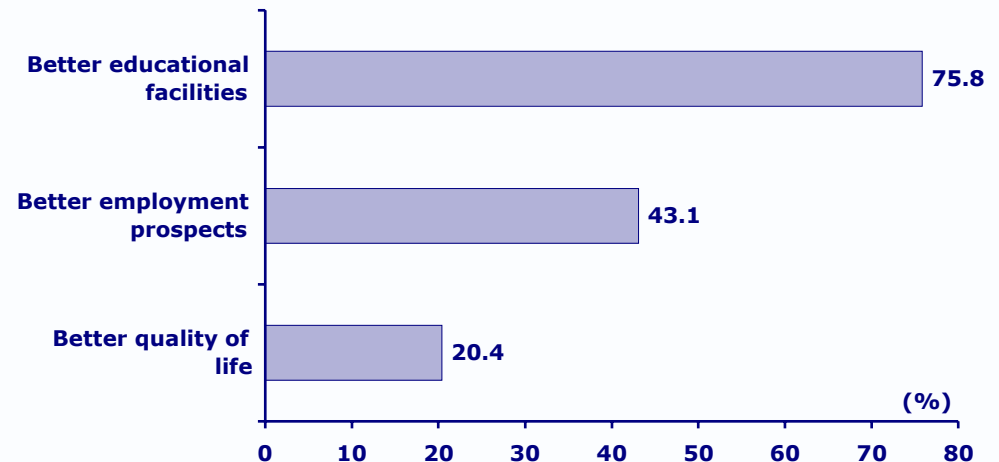
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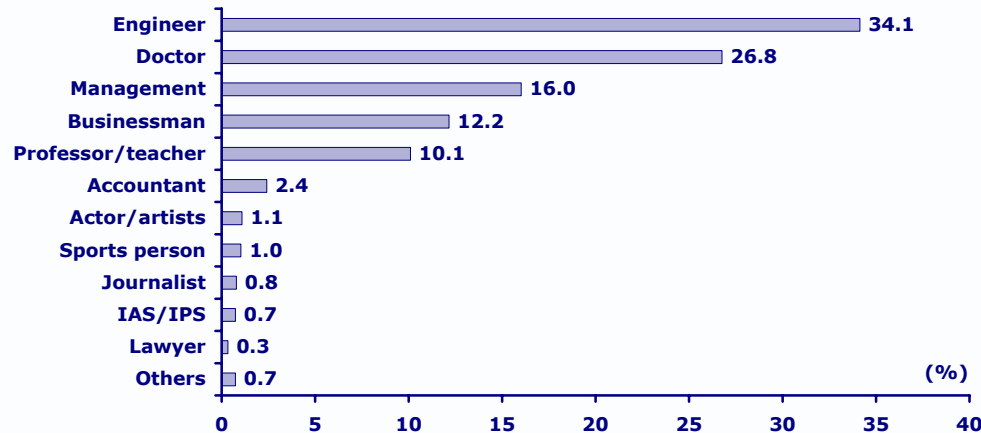
- Average spend on child's education is Rs12,760 pa; the spend in south is highest at Rs17,400
- Average spend on additional coaching/tuition is Rs5,754 pa, with 54% of households spending some money on extra academic activities
- 41% of parents want their children to study abroad (56% in China); 76% of these say it is for better educational facilities
- Average pocket money is about Rs500 per month with most spent on food (58%), books (32%), stationery and toys

Reason for educating children in a foreign country



Children: Ambitions for the next generation

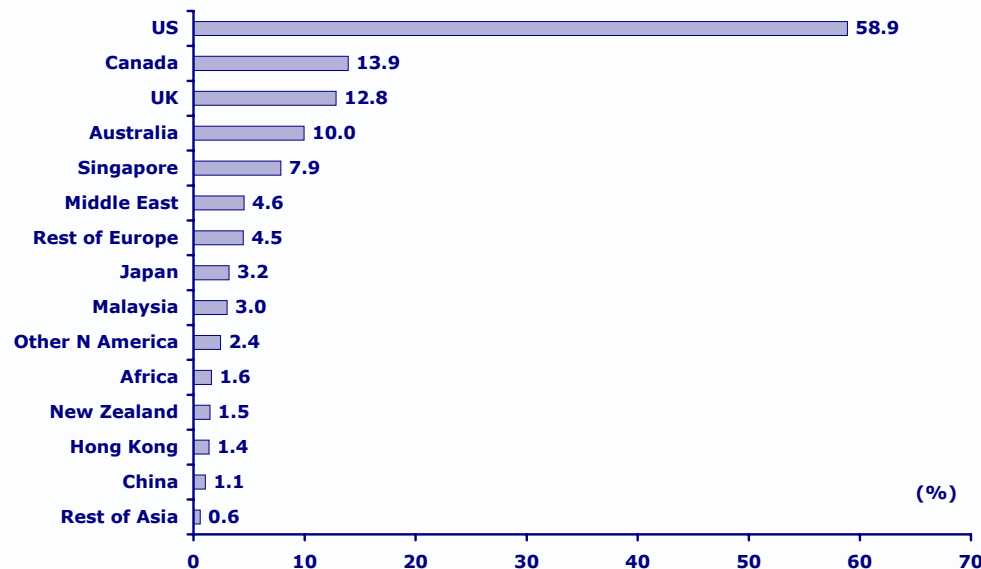
Preferred choice of profession for children



- **34% would like their children to become engineers, 27% doctors and 16% management jobs**

- **Parental influence is still very strong in India; while in Hong Kong, 72% have no preference for children's occupation**

Preferred foreign country where children should work



- **Government services have lost their sheen in the new economic environment in India**

- **41% of parents would like their children to work abroad**

- **59% of parents who want their kids to work abroad prefer the US**

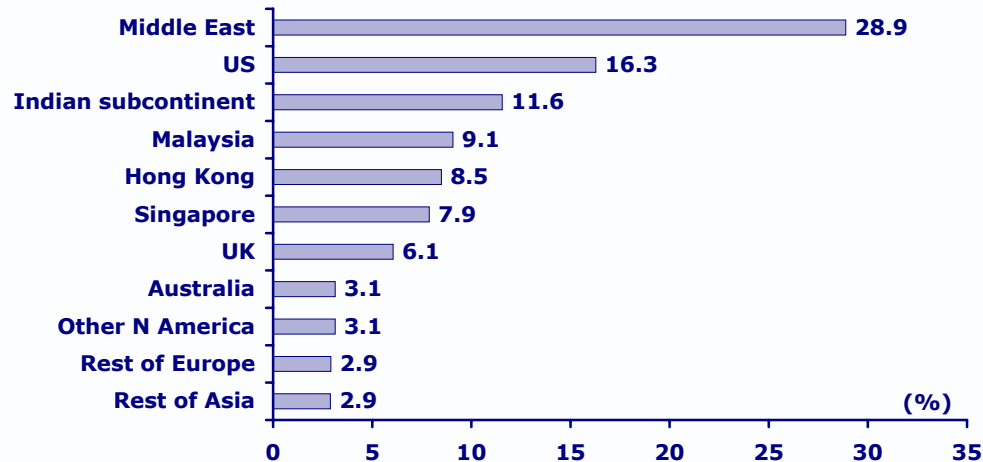
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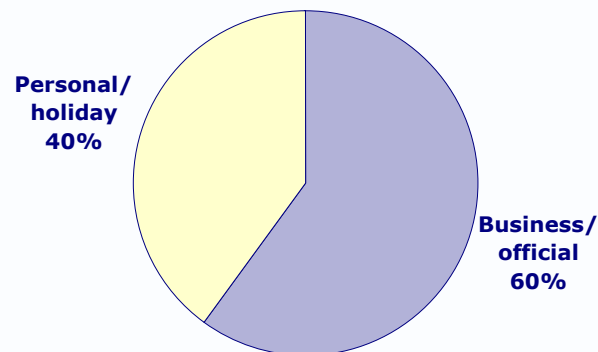
Transport and travel: How and where?

Destination for overseas official travel

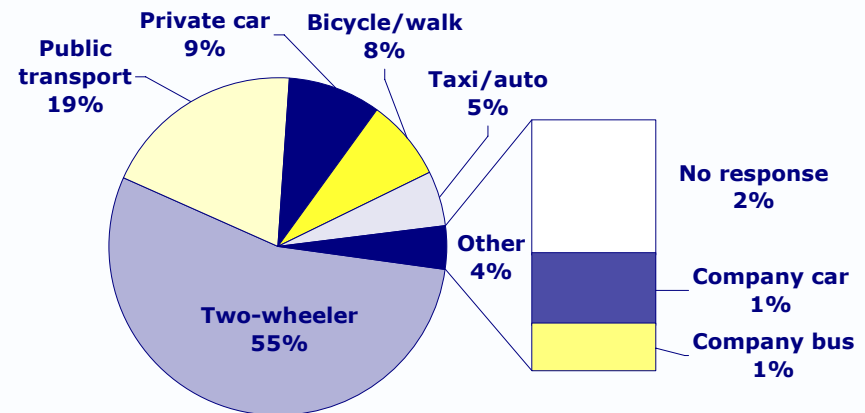


- Members of only 4% of households have travelled abroad; 60% of the travel was for work, 40% was for a holiday
- 29% of the overseas trips were to the Middle East and 16% to US, these two being the most travelled destinations on official work
- 55% of households use two-wheelers to go to work, 19% use public transport; in China 59% use public transport

Purpose of foreign travel



Mode of transport to office



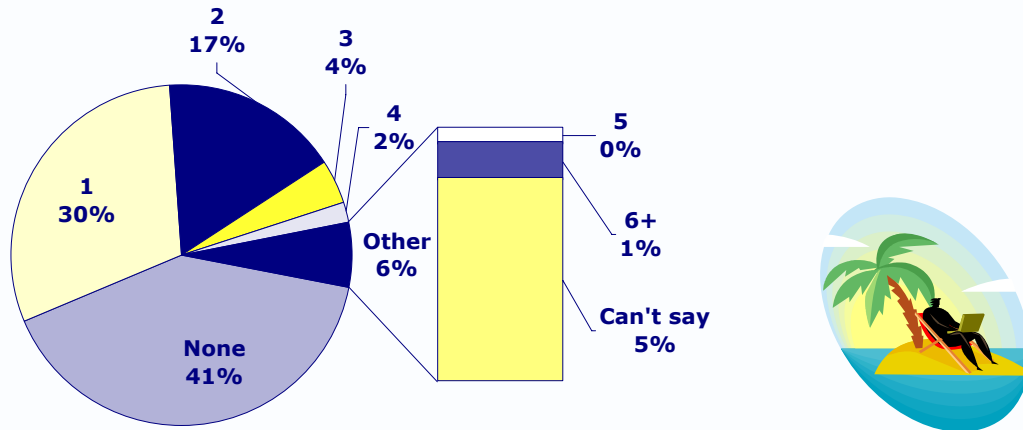
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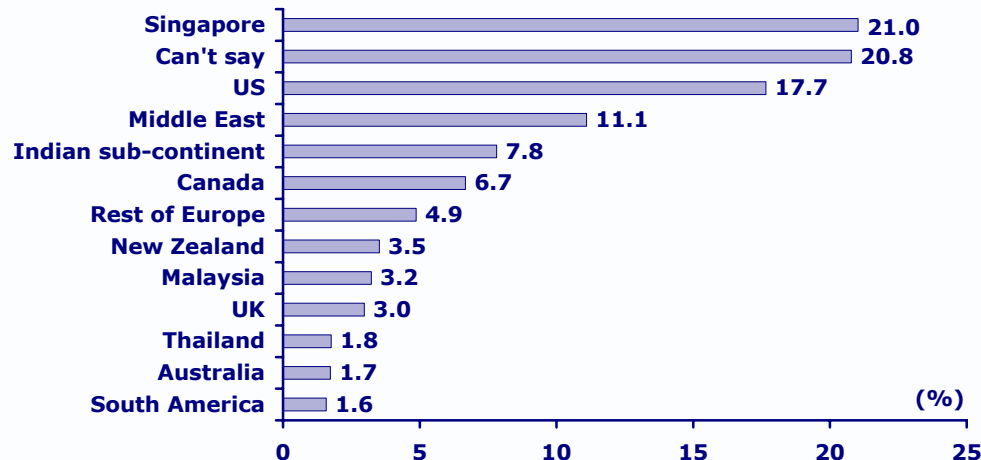
Travel and vacation: All work, no play?

Number of vacations taken

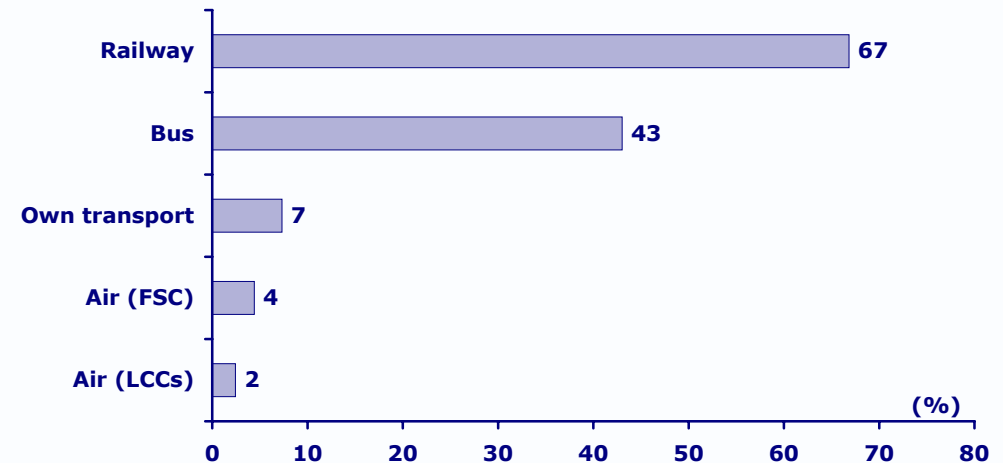


- 41% of households have not taken a vacation in the past 12 months
- 30% of households take more than one family vacation per year
- Singapore and the US are the most popular destinations for future holidays; 21% would like to travel to Singapore; 18% to the US
- 67% respondents travel by train for domestic holidays; 6% use airlines

Preferred destination for overseas travel



Mode of travel for domestic holidays



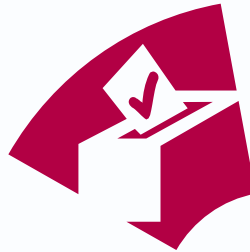
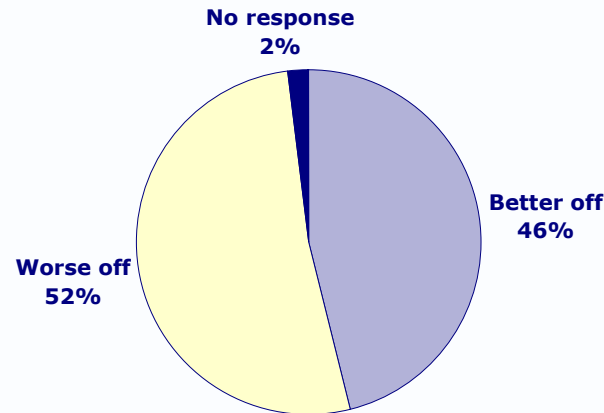
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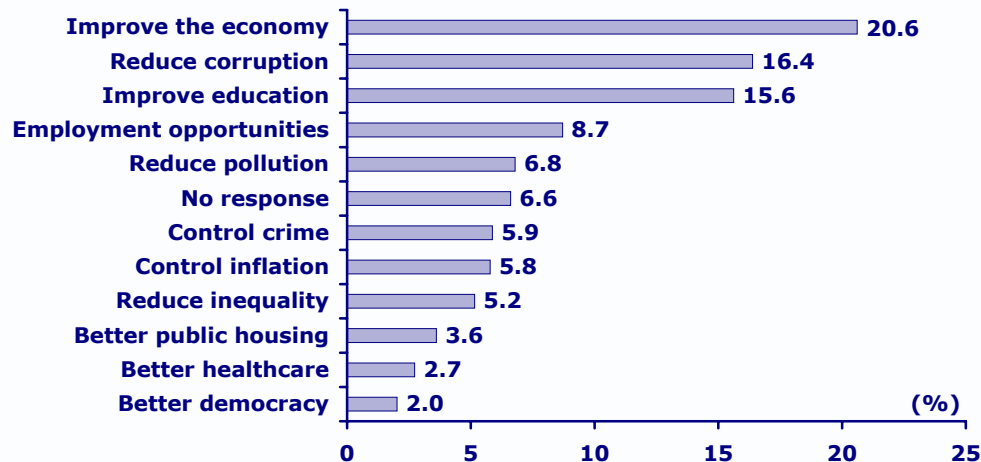
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Governance: Holding India back?

How has India's political condition changed?



Concerns that the government should address



Source: CLSA Asia-Pacific Markets

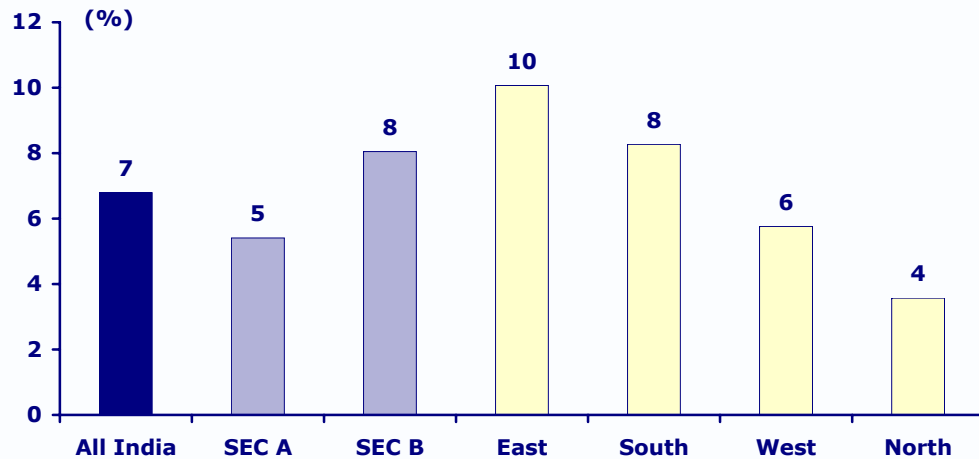
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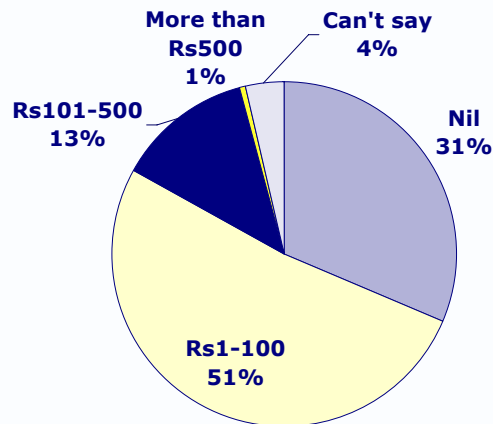
- 52% of respondents believe the political situation and governance in India has worsened in the past 10 years; 46% think it has improved
- Respondents believe that the economy, reducing corruption and improving education should be top concerns for the government
- Only 10% in the south feel the need for economic improvement as the south is doing comparatively well, while 27% in the east place the economy as top priority
- Reducing corruption is a concern for 23% of households in the north, at the seat of political and bureaucratic power, higher than the national average of 16%

Pollution: Not a general priority

Is pollution the biggest concern?



How much would you pay to reduce pollution?



Source: CLSA Asia-Pacific Markets

- Only 7% placed environment as a top priority for the government
- Within regions, only 4% in the north rank pollution as a top priority, while the east is most concerned at 10%
- 65% would pay extra to reduce pollution, but are only willing to spend Rs88 on average
- 65% are unwilling to pay more taxes to reduce pollution
- This is likely partly due to uncertainty whether government will produce effective results

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