

SBI Research: Debunking K-shaped recovery

THE GREAT MIGRATION: INCOME INEQUALITY CAPTURED THROUGH GINI COEFFICIENT OF TAXABLE INCOME HAS DECLINED SIGNIFICANTLY FROM 0.472 TO 0.402 DURING FY14-FY22, 36.3% OF TAXPAYERS HAS MOVED FROM LOWER INCOME TO HIGHER INCOME TAX BUCKET RESULTING IN 21.3% ADDITIONAL INCOME, 19.5% OF SMALL FIRMS HAS TRANSITIONED INTO LARGER FIRMS THROUGH MSME VALUE CHAIN INTEGRATION AND CONSUMPTION OF THE BOTTOM 90% OF POPULATION HAS INCREASED BY Rs 8.2 TRILLION POST PANDEMIC... 15% ARE WOMEN TAXPAYERS.. 20 MILLION FAMILY MEMBERS ARE CONSUMING FOOD THROUGH ZOMATO FROM SEMI-URBAN AREAS

8-January-2024

- ❑ **The oft repeated conundrum debating a K-shaped recovery post-pandemic seems at best flawed, prejudiced, ill-concocted and fanning interests of select quarters to whom India's remarkable ascendance, signaling more the renaissance of the new global south, is quite unpalatable**
- ❑ The patterns emanating from income (and, its disposable part), savings, consumption, expenditure and policy measures aimed at empowering the masses through phygital means and support systems by way of a host of enablers, from food security and money transfer through DBT to multiverse of welfare schemes (Ujjwala to Ayushman Bharat to Awas Yojana to maternal/neo-natal welfare) **question the efficacy of using ages-old proxies like low 2-wheeler sales or fragmented land holdings to support some pre-destined narratives of India not doing well**
- ❑ **For example, 2-wheelers sales, a proxy often taken at face value to gauge the soundness of rural and semi-urban households had their stellar performance in FY'19, clocking volumes of ~2.12 crore units, ironically in a year when agri GDP slouched at 2.1% and rainfall deficiency spiked to ~14%. In current fiscal, the total sales could touch 1.80 crores.. More importantly post-pandemic, the sales figures could reflect households reconfiguring their savings towards physical assets (real estate) and a not too small buyers percentage shifting to used/entry-level cars (substitution effect)..**Tractor sales, another rural resilience indicator, have been quite gung-ho recently.
 - **There has been Inter-group and Intra-group transitions happening in two-wheeler and four-wheeler segments**
 - In the Inter-group transition, people are buying expensive motorcycles and cars than what they have bought earlier
 - Under the Intra-group transition, two wheelers are being considered as giffen goods with the rise of income and people are substituting two wheelers for the four wheelers
- ❑ Post pandemic there has been two-way shift between savings channelized into physical assets from financial assets in consonance with the global trend to take advantage of lower interest rates.. However recent data shows that in India there is now a shift towards financial assets since 2023 onwards.....
- ❑ An interesting example of rising prowess of hinterland prosperity and disposable income could be taken from food delivery platforms which have found their next engines of growth in non-metro areas.
 - **We estimate...almost 2 crore family members (assuming 4 family members per 0.44 crore active users) are actively using Zomato from purely Semi-Urban areas....sharing not only meals but also happiness and tranquil times, befitting rich Indian heritage and culture of Sharing & keeping family *FIRST!***

- ❑ Post the release of our earlier report on 15th August 2023 (*Deciphering emerging Trends in ITR Filing: The Ascent of the new Middle Class in circular migration*) compiled with limited data available then, Income Tax department subsequently released granular data of taxpayers' returns filed (till AY22) **necessitating us to estimate a true measure of income inequality in Indian context for the first time using publicly available gross income data**
- ❑ **Gini coefficient estimated using ITR data of taxable income of individuals shows that individual income inequality has significantly declined from 0.472 to 0.402 during FY14-FY22**
- ❑ The decline in income inequality is because of a **Great Migration** at the bottom of the pyramid; **36.3% of individual ITR filers belonging to lowest income in FY14 have left the lowest income group and shifted upwards resulting in 21.1% more income for such individuals during FY14-FY21**
- ❑ **The income disparity of people earning less than Rs 3.5 lakhs have declined from 31.8% to 15.8% during FY14-FY21**, signifying share of this income group in total income in comparison to their population has been increased by 16%
- ❑ **Top 2.5% of taxpayer's contribution in income has declined from 2.81% to 2.28% during FY14-FY21**
- ❑ There is a palpable change in income pattern of MSMEs too, reflecting the changing contours of industry/services as formalization drive brings more entities into the net. **Around 19.5% of majorly micro sized firms have been able to shift their income upwards, to classify them into Small, Medium and large sized firms. Out of these, 4.8% firms have transitioned themselves into small firms, around 6.1% firms transitioned into medium sized firms, and around 9.3% firms are transitioned into large sized firms.. This clearly indicates MSME units are getting bigger and getting integrated into larger value chains with initiatives like PLI**
- ❑ Our study shows individual's weighted mean income has risen from **Rs 3.1 lakhs to Rs 11.6 lakhs during FY14-FY21** Further, based on the trends, we project the weighted mean Income for FY22 to come in the range of 12.5 lakhs to 13 lakhs, validating our earlier opinion of August'23
- ❑ **The weighted mean income represents a more nuanced and granular barometer of increase in income within specific income brackets and their contribution to overall increase** (*against the simple mean income doling the ratio of total income of taxpayers to total number of taxpayers as given in Income Tax Portal*). **Mean income would shoot up if income is increasing along any bucket (upper, middle, or lower) but weighted mean income would increase more when contribution of each income group is increasing towards total income growth**

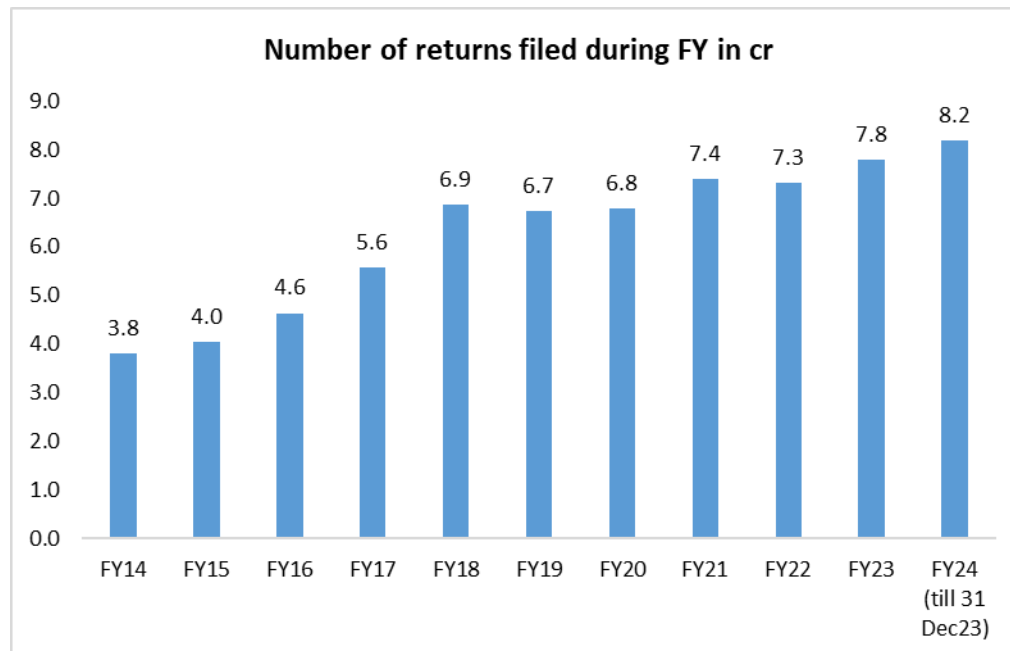
- Basis recent PLFS data, female labour force participation (37.0 in 2022-23 against 23.3 in 2017-18) shows higher adoption of agriculture by female. **Further, our study shows that female tax filers are around 15% of the individual tax filers with certain states such as Kerala, Tamil Nadu, Punjab and West Bengal having higher share of female tax filers which needs to be looked into for broad basing**
- Based on the current trends, *we believe that by the end of the next decade ~50% of consumption / Rs 16 trillion would be done by 90% of the people who are at the bottom the pyramid..* **Meanwhile, an additional Rs 8.2 trillion of consumption has moved to the lower end of the pyramid post pandemic following saving of expenditure through free food, shelter and medical being provided by Government**

The Income Tax Data: what does it say about the Great Indian Migration?....

- ❑ Recently, the Income Tax Department provided a breakdown of the individual taxpayers' returns filed across different categories of gross total income. It stated that between AY 2013–14 and AY 2021–22:
 - The ITRs filed by individual taxpayers earning between Rs 5 lakh and Rs 10 lakh **climbed by 295%**, showing a positive trend of migration to higher range of gross total income
 - The number of ITRs filed by people earning between Rs 10 lakh and Rs 25 lakh has increased **by 291%**
- ❑ **As Government provided more granular data, some new revelations appeared**
- ❑ Further we calculated the Gini coefficient (to measure the inequality in the economy) and validated our results that we provided in our special report on IT Returns (*Deciphering emerging Trends in ITR Filing: The Ascent of the new Middle Class in circular migration* dated 15 August 2023)

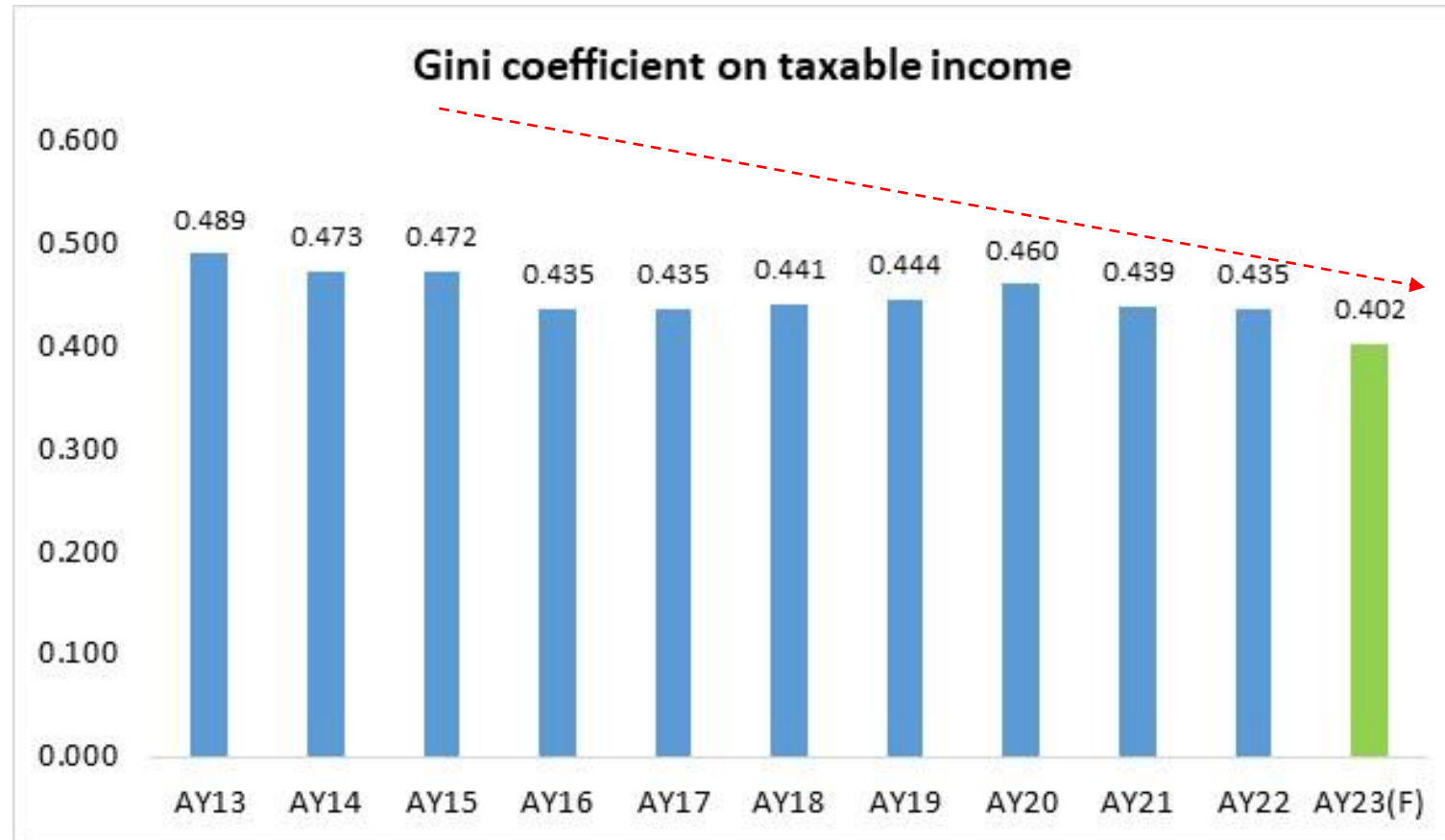
ITR filed continues to increase with more discipline: Estimated tax filers for AY24 could top 85 million....

- ❑ Total number of persons filing Income tax increased to 74 million in AY23 from 70 million in AY22
- ❑ **For AY24, 82 million ITRs have been filed by 31 Dec'23 and another 5-8 million returns are expected to be filed in the remaining financial year till Mar'24, thereby taking the total number close to/over 85 million / ~37% of formalized labor force**
- ❑ For AY24, we believe the share of IT returns filed after due date may drop to around 20%. This reveals the discipline among tax-payers along with the simplification of IT forms and processes driven by **constant efforts of CBDT to build an efficient, digital-heavy filing, verification and return architecture sans hassles**

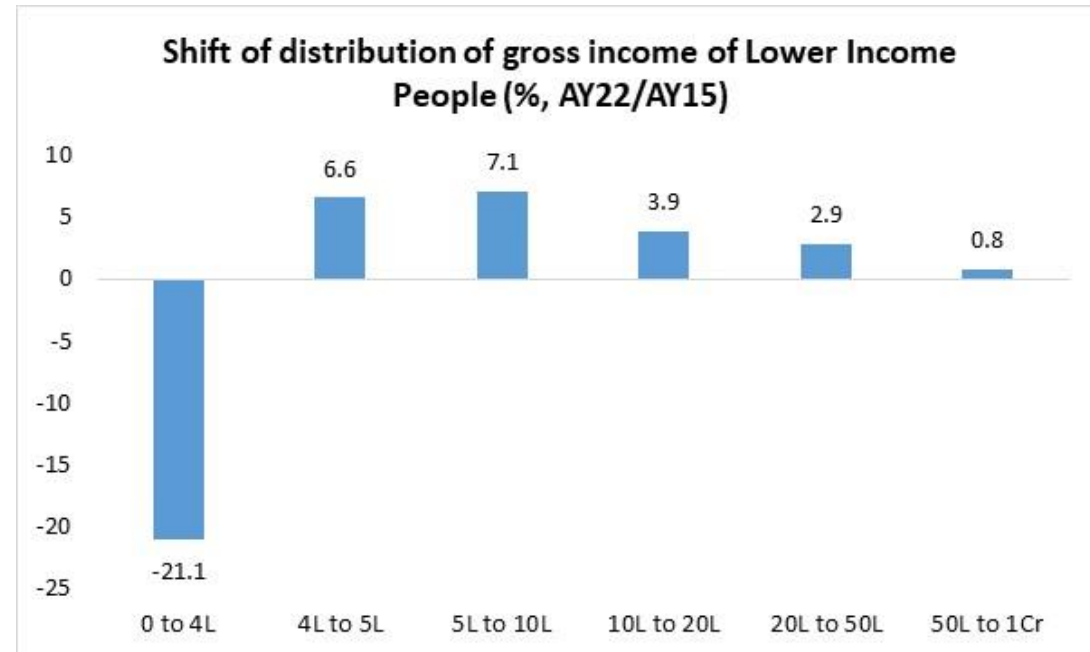
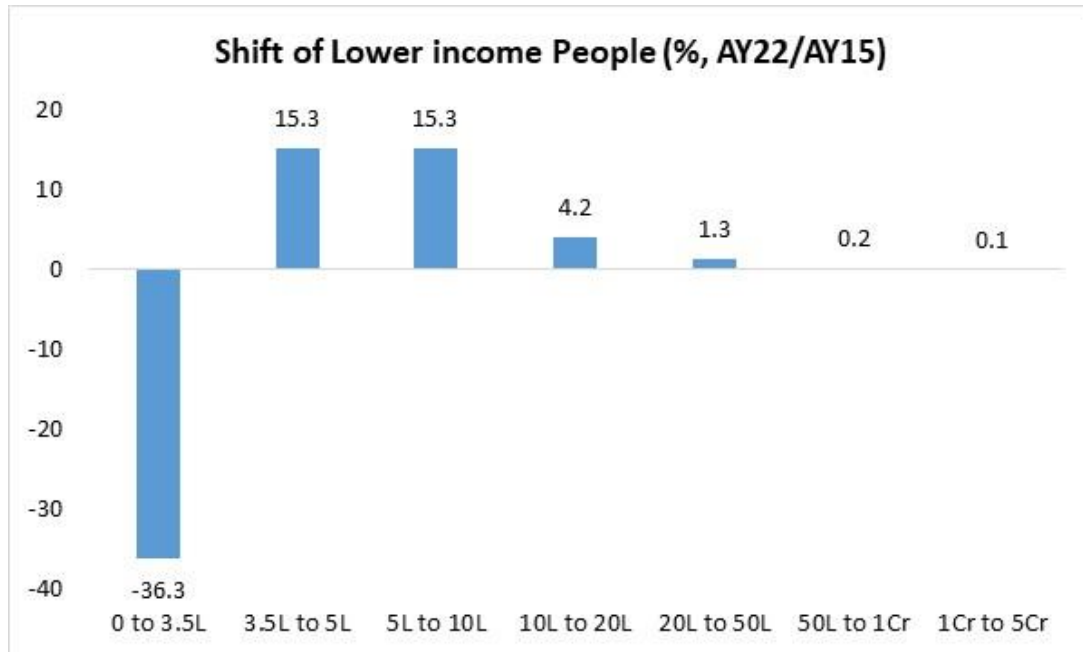


- ❑ Gini Coefficient is one of the most widely used measures of income inequality by using the Lorenz Curve. Complete equality would result in a Gini coefficient of zero, and complete inequality would result in a Gini coefficient of one..the number lies between zero and one with a declining number showing inequality is declining
- ❑ Using the IT data, based on a ranking of tax paying Individuals in ascending order of income, the estimated Lorenz curve is a plot of the cumulative share of income of tax paying individuals against the cumulative share of population of tax paying Individuals. The curve will lie somewhere between two extremes
- ❑ **Once we obtain the area under the Lorenz curve for each income bracket, the Gini coefficient which is the area between the Lorenz curve of the income distribution and the diagonal line of complete equality, expressed as a proportion of the triangular area between the curves of complete equality and inequality, is calculated for each year beginning FY14 till FY22 by using the taxable income data**
- ❑ On the basis of the area under Lorenz curve methodology, we have calculated gini coefficient as under:
 - ***Gini Coefficient* = $1 - 2 \int_0^1 L(x). dx$**
 - where $L(x). dx$ represents area under the Lorenz curve for each income tax groups, calculated using cumulative income ($L(x)$) for the incremental population (dx) for each income group

- Gini coefficient estimated using ITR data of taxable income of individuals shows that individual income inequality has decreased from AY15 (FY14) to AY23 (FY22) from 0.472 to 0.402
- Further, based on the past trends we have projected ITR data for each Income groups for AY23, basis which it has been projected that Gini coefficient will further decrease to 0.402 in AY23



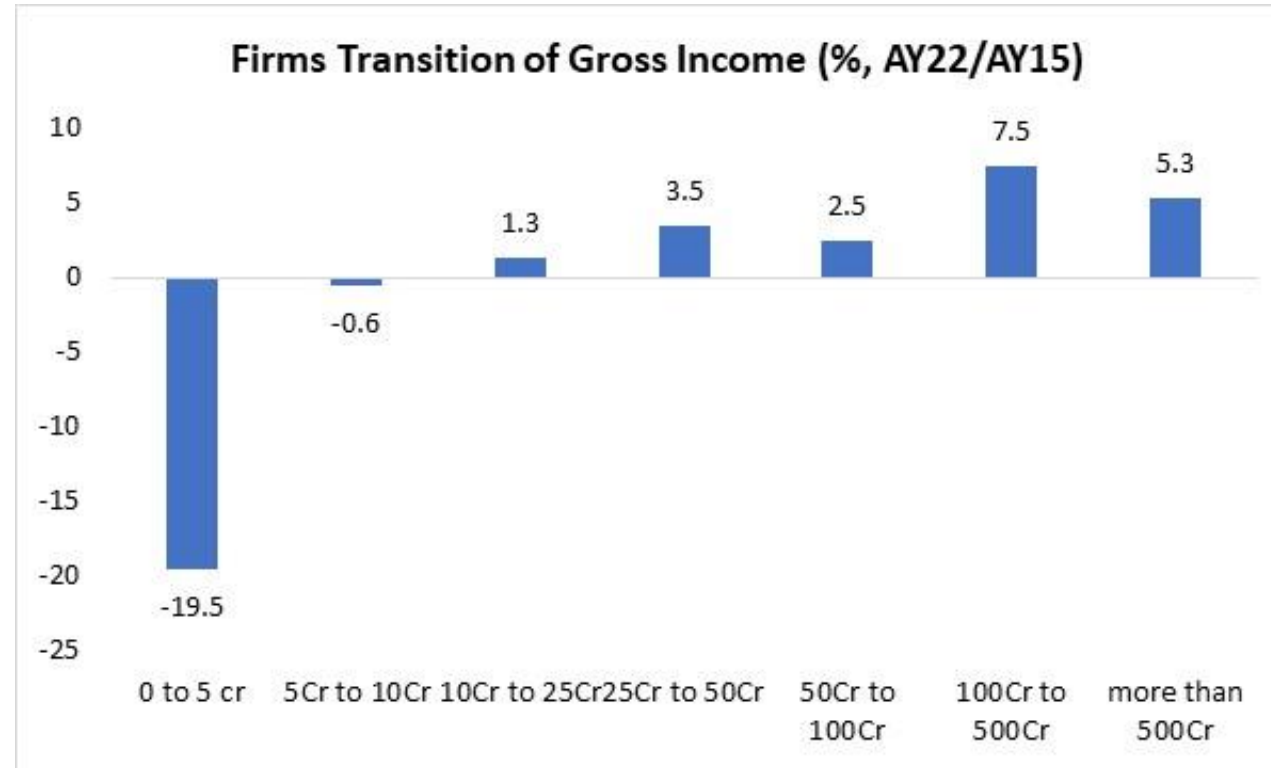
- 36.3% Individual ITR filers belonging to Income group of less than Rs 3.5 lakhs in AY15 (FY14) have left the lowest income group and shifted upwards
 - 15.3% are shifted each in the income group of Rs 3.5 lakhs to 5 lakhs, and Rs 5 lakhs to 10 lakhs, 4.2% people shifted in the income group of Rs 10 lakhs to Rs 20 lakhs and rest further upwards
 - 21.1% of the gross income of lowest income group of lower than Rs 4 lakhs has shifted upwards with 6.6% gross income shifted towards Rs 4 lakhs to Rs 5 lakhs group, 7.1% towards Rs 5 lakhs to Rs 10 lakhs group, 2.9% towards Rs 20 lakhs to Rs 50 lakhs group, and 0.8% in Rs 50 lakhs to Rs 1 crore group



- ❑ In FY14, 23 individuals were having income more than 100 crores with combined income of Rs 29,290 crores. In FY21, number of individuals having income more than 100 crores has increased to 136 and their combined income has been Rs 34,301 crores
- ❑ In FY14, combined income of 23 individual with income more than 100 crores was 1.64% of total income of FY14. Even though number of such individuals has increased to 136 in FY21, but the share of their combined income in total income of FY21 has fallen to 0.77%
- ❑ Therefore, growth is seen in all income classes but it's skewedness has been decreasing with convergence of income towards the middle from both top as well as bottom

Fall in share of Income of Top Taxpayers over total income (%)			
Top Taxpayers	FY14	FY21	Reduction in income Share
Top 2.5% (Taxpayers with Income more than 10 Crores)	2.81	2.28	0.53
Top 1% (Taxpayers with Income more than 100 Crores)	1.64	0.77	0.87
Source: SBI Research			

- Around 20% active firms (defined as those operating in all the years for the period FY14-FY21) with gross income up to Rs 10 crores, majorly micro sized firms (19.5%) have been able to shift their income to classify them into Small, Medium and large sized firms
- Out of these, 4.8% firms have transitioned themselves into small firms, around 6.1% firms transitioned into Medium sized firms, and around 9.3% firms are transitioned into Large sized firms

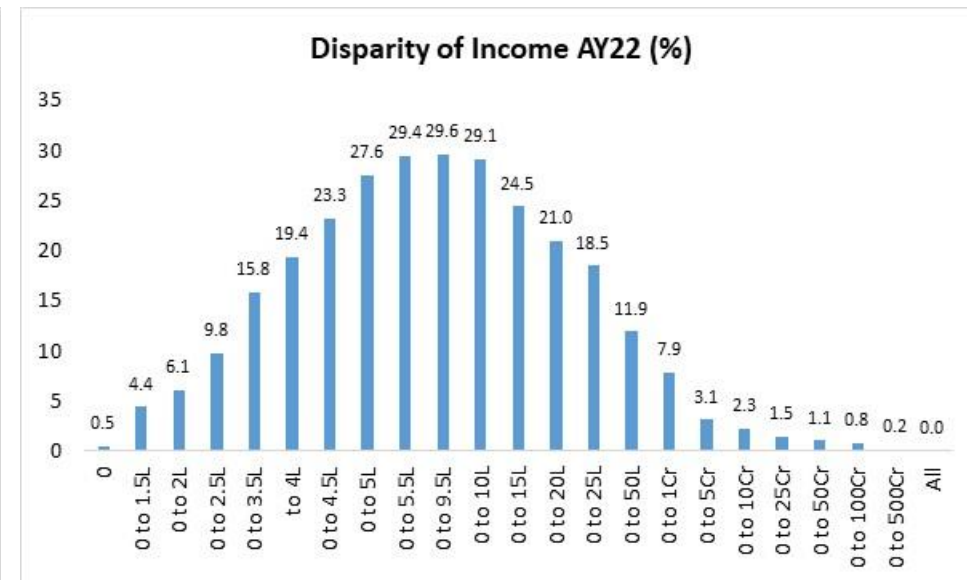
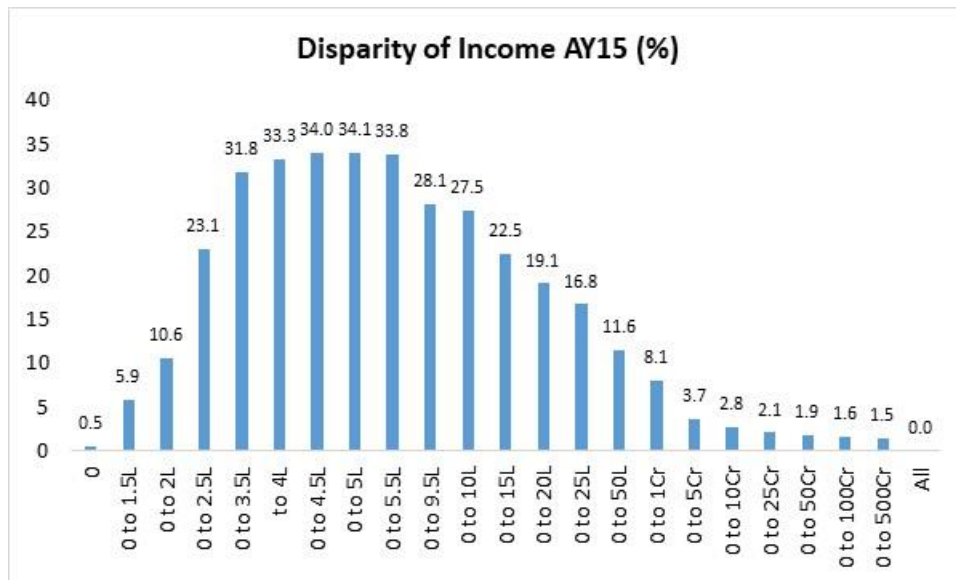


- ❑ The recent data from RBI’s Trend and Progress indicate that all the SME units are becoming larger with the rise in economic activity. This we can infer from average ticket size (based on outstanding) of MSMEs which has increased from Rs 4.2 lakh in FY21 to whopping Rs 10.6 lakh in FY23
- ❑ This reveals integration of MSME units with larger value chain as PLI activity is getting momentum
- ❑ This will increase the ability of MSME units to raise capital through (non-bank) debt markets

Credit Flow to the MSME sector by SCBs							
			FY19	FY20	FY21	FY22	FY23
PSBs	No. of Accounts	in lakh	113	111	151	150	139
	Amount Outstanding	in Rs lakh crore	8.8	8.9	9.1	9.6	10.8
	Average Ticket Size	in lakh	7.8	8.0	6.0	6.4	7.8
Pvt. Banks	No. of Accounts	in lakh	205	271	267	113	73
	Amount Outstanding	in Rs lakh crore	5.6	6.5	7.9	9.7	10.9
	Average Ticket Size	in lakh	2.7	2.4	3.0	8.6	14.9
Foreign Banks	No. of Accounts	in lakh	2	3	3	2	2
	Amount Outstanding	in Rs lakh crore	0.7	0.7	0.8	0.9	0.9
	Average Ticket Size	in lakh	33.5	24.4	27.7	42.7	42.7
ASCBs	No. of Accounts	in lakh	321	384	420	265	213
	Amount Outstanding	in Rs lakh crore	15.1	16.1	17.8	20.1	22.6
	Average Ticket Size	in lakh	4.7	4.2	4.2	7.6	10.6

Income disparity on a path of ocean wave with increasing upward migration

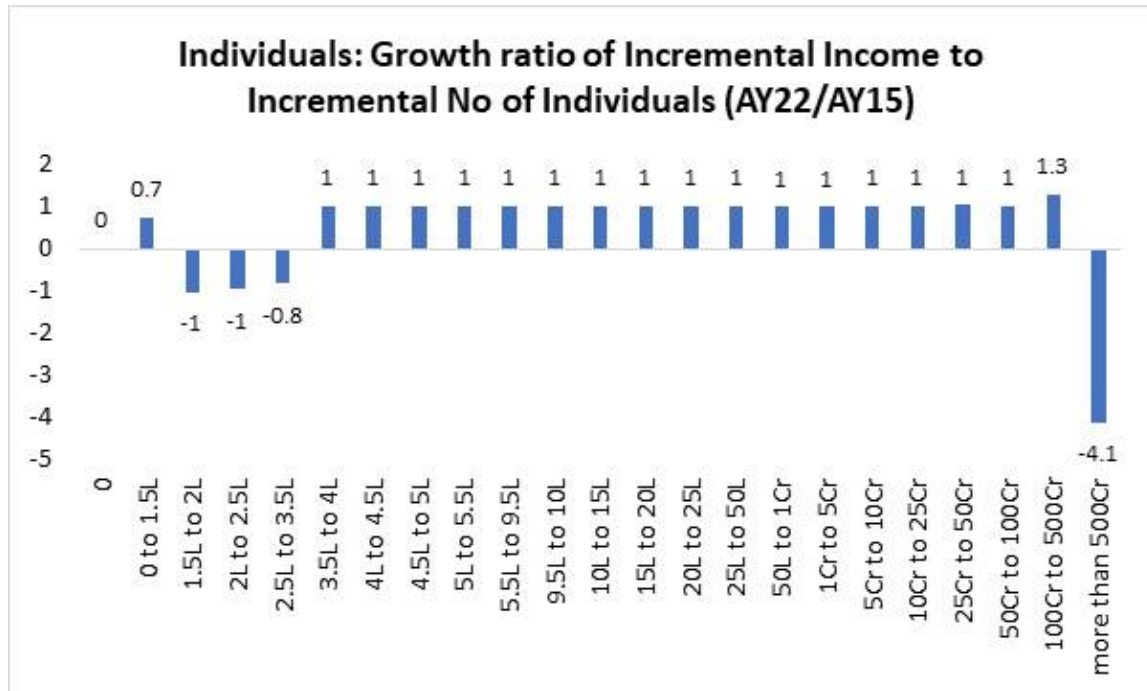
- To paraphrase the often myth of worsening inequality in India, we captured Income disparity curves of AY15 /FY 14 and AY22 /FY21
 - A comparison of disparity in income during FY14 and FY21 shows that there is a clear rightward shift in the income distribution curve signifying people in lower income brackets are increasing their income to converge towards their share in population
 - For people with income upto Rs 3.5 lakhs, the share in income disparity has reduced from 31.8% in FY14 to 15.8% in FY21, signifying share of this income group in income in comparison to their population has been increased by a sharp 16%



Income Disparity coverage	
Income Group	Disparity Coverage
0 to 1.5L	1.5
0 to 2L	4.5
0 to 2.5L	13.3
0 to 3.5L	16.0
to 4L	13.9
0 to 4.5L	10.7
0 to 5L	6.5
0 to 5.5L	4.4

Source: SBI Research

- AY15 /FY14 onwards, growth has been even and symmetric within nearly all income group of Individuals as well as firms, attaining similar incremental growth in both of no of people and their corresponding increase in income
- Individuals belonging to income group of Rs 3.5 lakh onwards has attained proportionate growth in their income during the period FY14-FY21
- Firms also belonging to income group of Rs 1.5 lakh onwards growth has attained a proportionate increase in share during FY14-FY21



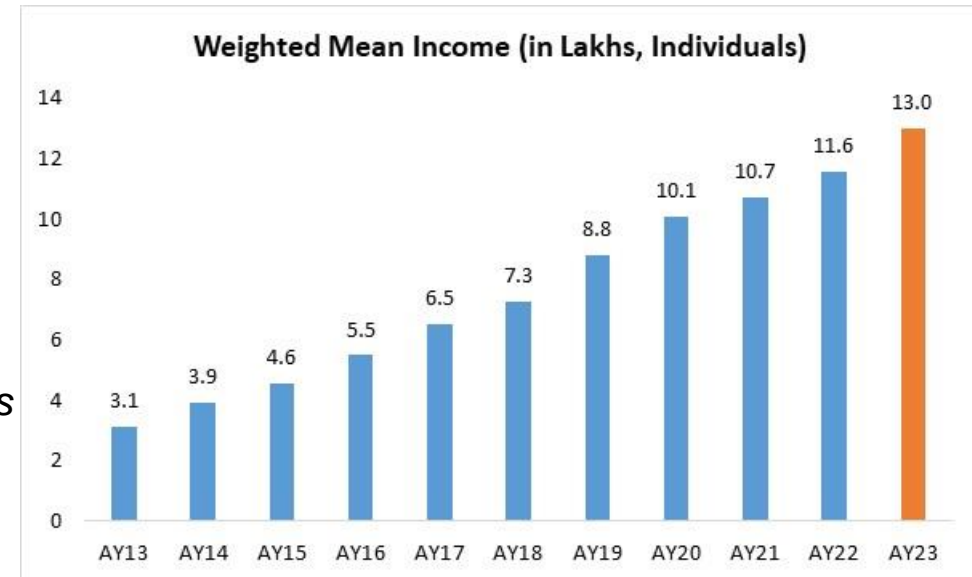
- ❑ In our earlier study due to lack of data, we calculated Weighted Mean Income for all ITR-filers using mid-points of each income bracket as weights. The results showed that Weighted mean income of Rs 4.4 lakh in AY14 increased to Rs 13 lakh in AY23
- ❑ However, Government has now released data of number of Individuals, their total and average income at each granular level income groups till AY22
- ❑ Based on the newly released data, we have calculated the weighted mean income of Individuals using the given average income of each income group as the weight instead of mid-point of each income bracket
- ❑ It has been estimated that our earlier estimate based on the assumptions have been reinforced. The results show that individuals' weighted mean income has risen from Rs 3.1 lakhs in AY13 / FY12 to Rs 11.6 lakhs in AY22 /FY21
- ❑ Further, based on the trends, we have projected granular level income group data for AY23, basis which, projections for the weighted mean Income for AY23 /FY22 is in the range of Rs 12.5 lakhs to 13 lakhs

❑ **Weighted Mean income** =
$$\frac{\sum_{i=1}^6 w_i n_i}{\sum_{i=1}^6 w_i}$$

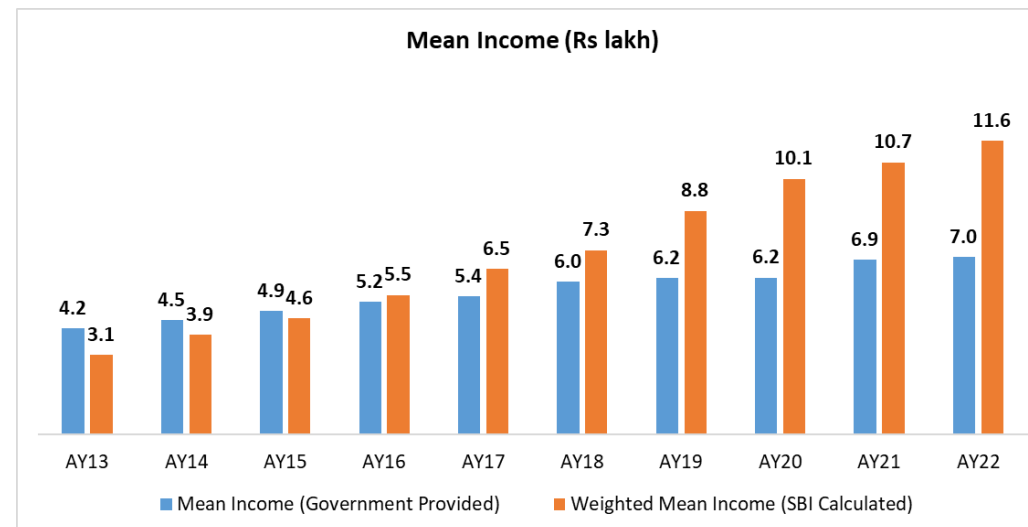
n_i represents each income bracket

n_i is number of people in each income bracket

w_i is weight of each income bracket. Average income of each income group is considered as the weight.

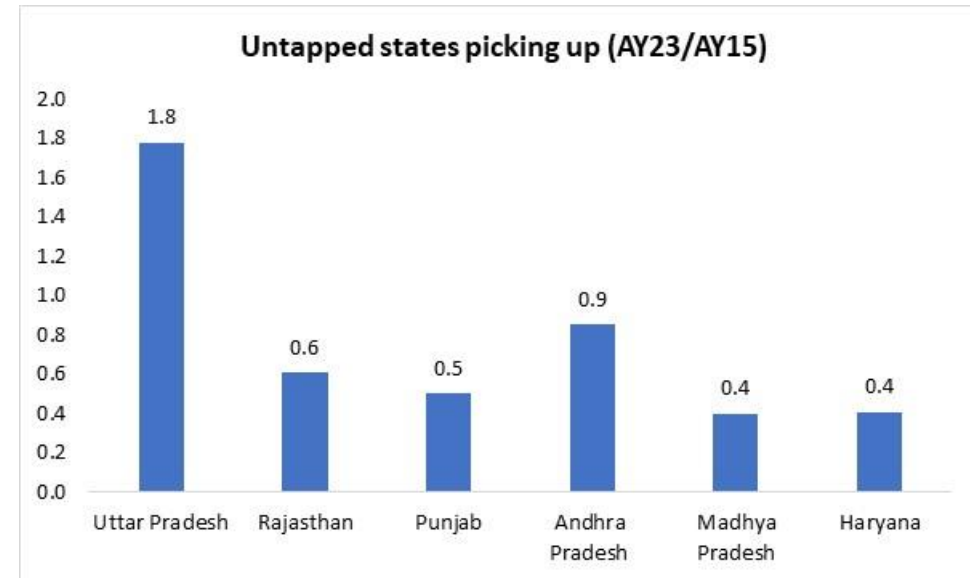
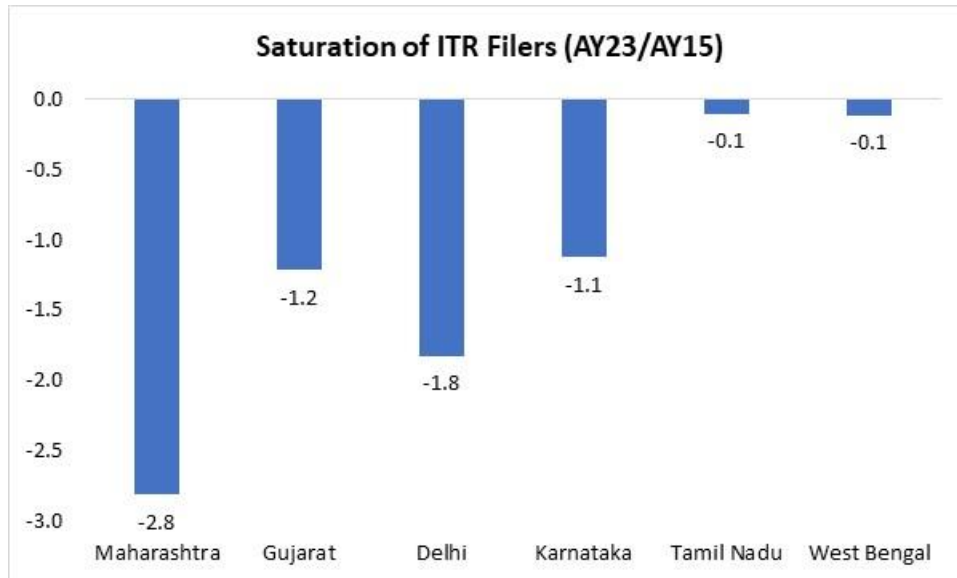


- Government has now released data of number of Individuals, their total and average income at each granular level income groups till AY22
- **We believe that the simple average method as given in IT data is not appropriate to appreciate the level of mean income and hence we have calculated the weighted mean income of Individuals**
- While till AY15 /FY14, the Government provided mean income is greater than the weighted mean income that we have calculated, post-AY16 /FY15 the trend has reversed. The IT mean income is not coherent with the India's growth story post 2014
 - **Government provided mean income gives the ratio of total income of taxpayers to total number of taxpayers, but this ratio is not able to capture granular contribution of each income bracket in increasing of total income but the weighted mean income, on the other hand, provides picture of granular increase of income within income brackets**
 - Mean income would increase if income is increasing not matter at what level (upper, middle, or lower) but weighted mean income would increase more when contribution of each income group is increasing towards total income
 - Limiting the weighted mean income to 5 crores, also saves it from the bias of increased income of ultra richs i.e inequality of income



Direct tax base is increasing in untapped states....

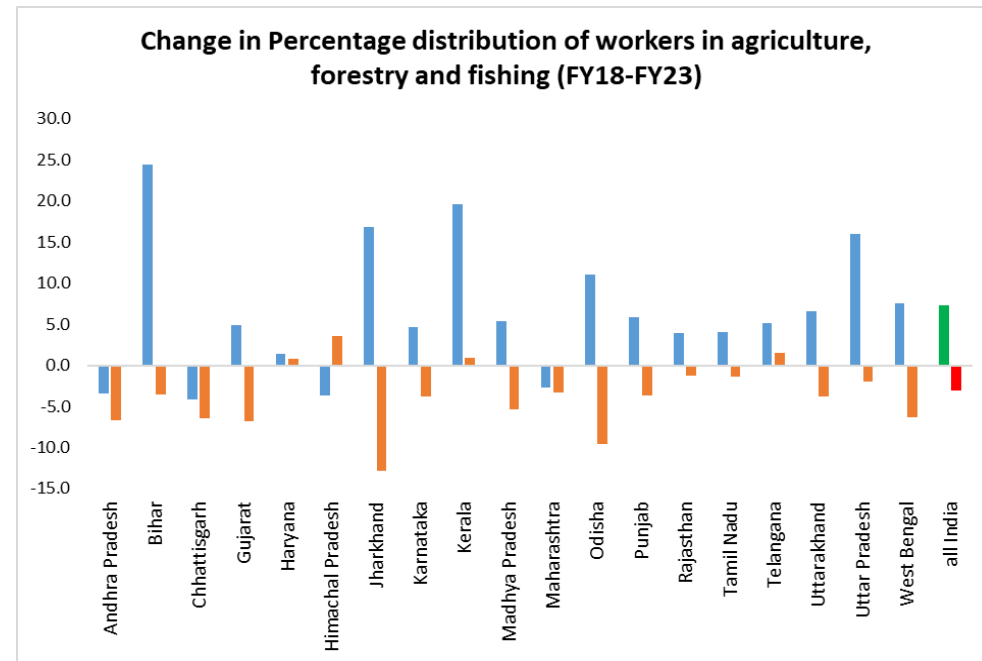
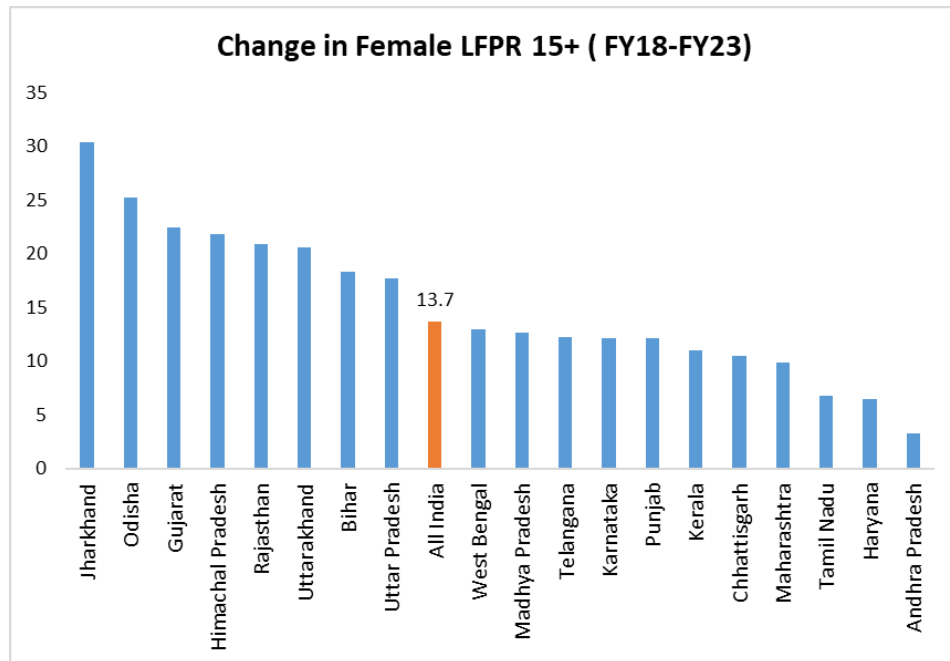
- States such as Maharashtra, Gujarat, Delhi, and Karnataka, which have been traditional leaders in income tax base are nearing saturation and their share in overall tax base is decreasing continuously
- Uttar Pradesh is the leader in increasing share in Income tax base, followed by Andhra Pradesh, Rajasthan, Punjab, Madhya Pradesh and Haryana



Female tax-payers- An estimate

Female Labour force participation on the rise

- As per PLFS, female labour force participation has risen from 23.3 in 2017-18 to 37.0 in 2022-23, increase of 13.7. Maximum increase during the period has been observed in case of Jharkhand, followed by Odisha and Gujarat
- Furthermore, females have shifted more towards agriculture. There has been an increase in the share of agriculture as an occupation among the female at all India level from 57% in 2017-18 to 64.3% in 2022-23. Meanwhile it has declined for the males from 40.2% to 37.1% during the same period



- ❑ We have endeavored to estimate female tax filers based on the female labour force participation rate
- ❑ First female LFPR of 15+ is calculated for each state using the female population estimate for 2023
- ❑ Further, as agri income is exempted from income tax we considered only non-agri female workers considering the % share of females in non-agri activities from the PLFS report
- ❑ Next, we took the individual tax filers for each state (94% of overall tax filers) as a proportion of total labour force for that state. This proportion is taken as the proxy for formalization in that state and is then used to calculate the female tax filers from the non-agri female labour force
- ❑ The calculation is given by

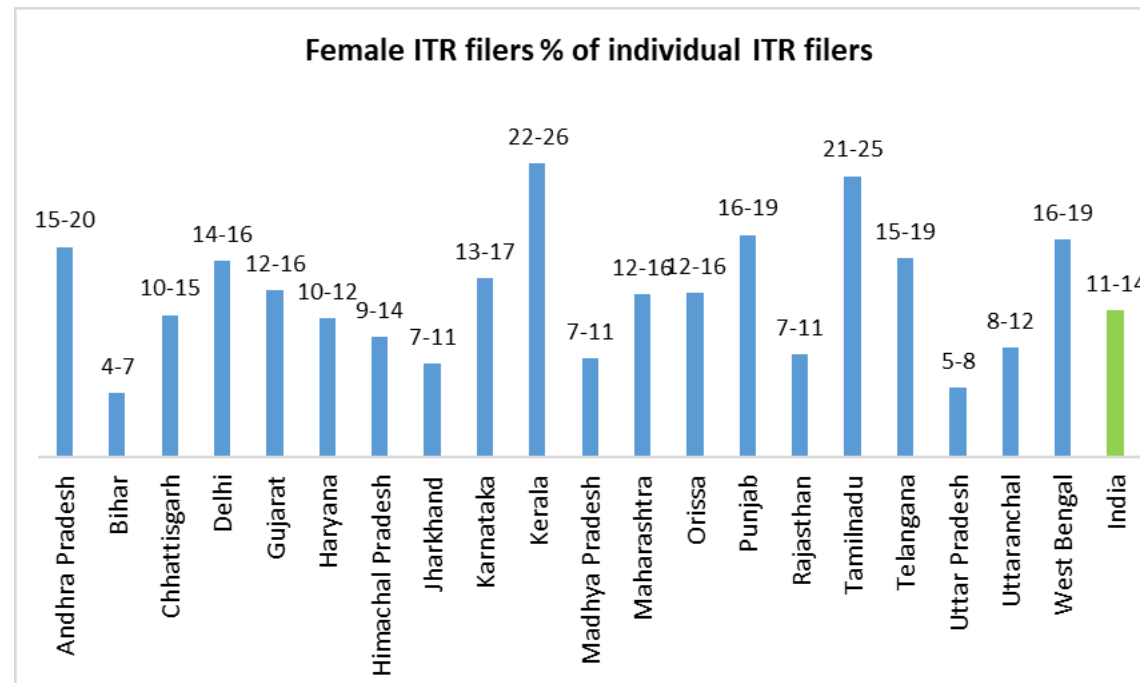
$$\text{Female ITR filers} = \text{Female non agri LF} * \% \text{ of individual tax payers to total LF}$$

where,

$$\text{Female non agri LF} = \text{Female LFPR} * \text{Female Population} * \% \text{ of female non agri workers}$$

Female ITR filers are estimated to be around 15% of overall individual ITR filers in India

- ❑ Since the PLFS gives labour force participation rate for agri, forestry and fishing but only agri income is exempted from income tax, we have considered a range of female ITR filers
- ❑ Our estimates show that female tax filers are around 15% of the individual tax filers
- ❑ Certain states as Kerala, Tamil Nadu, Punjab and West Bengal have higher share of female tax filers



The Vagaries of Consumption and Entrepreneurial spirit.....The Inequality-Recovery Paradox

Why the Leading Indicators/Drivers need to be studied prudently to keep any 'fallacy trap' at bay

- ❑ According to the World Bank data, at 2017 international prices 47% of our population spent less than \$3.65 per day, or Rs 303 per day and 11.9% of population lived on less than \$2.15 per day or Rs 178 per day
- ❑ As 47% of population lives below \$3.65 per day, only 80% of the remaining 73.1 crore, i.e., 58.5 crore people work in the formal economy
- ❑ Furthermore, if we take each individual supporting a family of 5, we get 11.7 crore individuals which is roughly equal to the total number of individuals registered on IT e-filing website. Adjusting for the consumption of those below poverty line, these 11.7 crore tax paying individuals or 8.5% of the population contributes to Rs 100 lakh crore or 61% of the private final consumption expenditure
- ❑ **Compared to our earlier analysis (*A Guide to Formalisation of Economy since FY18, 18 Dec'21*), the consumption of people spent below \$3.65 per day has increased by ~Rs 8.2 lakh crore!**
- ❑ **Based on the current trends, we believe that another Rs 16 trillion will shift to the bottom segment by 2030. This will mean that perhaps for the first time 50% of consumption will be accounted by these 90%**

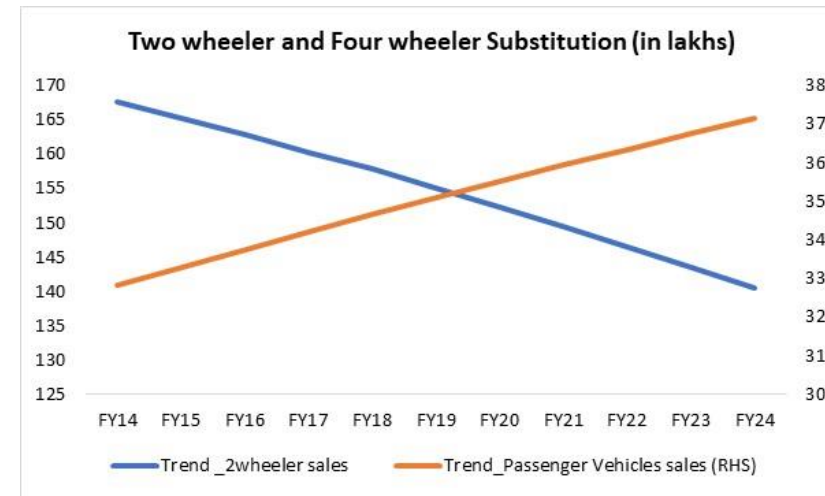
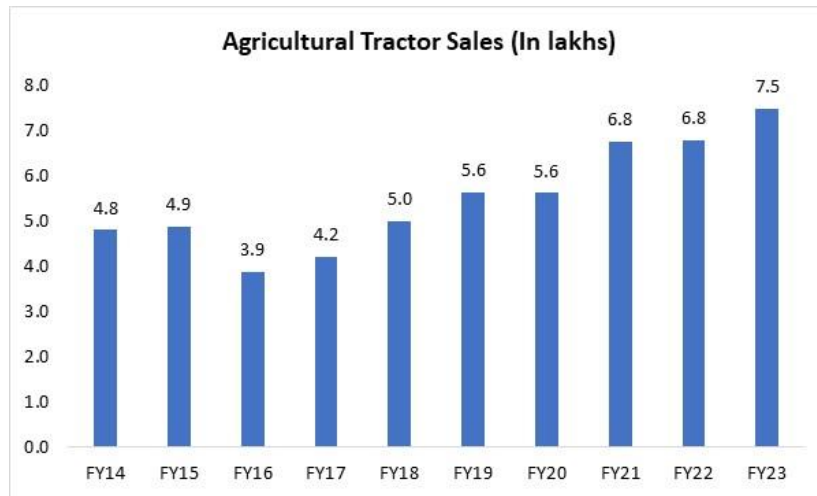
Estimate of tax payers' consumption	
Creore	
A. Total population	138
B. Population living <\$2.15 per day (=11.9%*A)	16.4
C. Population living <\$3.65 per day (=47%*A)	64.9
D. Remaining population (=A-C)	73.1
E. Population in formal sector (=80%*D)	58.5
F. Total taxpayers individuals (assuming a person supports a family of 5 members on an average) (=E/5)	11.7
Rs lakh creore	
G. Private Final Consumption Expenditure	165.0
H. Consumption of those living below \$3.65 per day	64.3
I. Consumption of 8.5% of population or 11.7 crore tax paying individuals (=G-H)	100.7
J. Consumption of 8.5% of population or 11.7 crore tax paying individuals (% of PFCE) (=I/G) @ FY23	60%
<i>Memo:</i>	
Consumption of 8.5% of population (% of PFCE) @ FY20	65%
Source: SBI Research	

- ❑ Zomato has a market share of more than 50% in Indian food delivery market (it caters to more than 750 cities currently) and hence a perfect example of case study to refute the claim that people are facing distress
- ❑ As per Zomato, it is serving almost 1.4 crore active users in Metro, Urban and Semi-Urban areas
- ❑ We estimate that around 0.44 crore active users are from Semi urban region only
 - With an average order size of say, around 400/- per user (as indicated in Zomato AR) this indicates there is a clear indication of rising experience centric income groups transcending conventional boundaries (and, wisdom too!)
 - Almost 2 crore family members (assuming 4 family members per 0.44 crore active users) are actively using Zomato from purely Semi-Urban areas

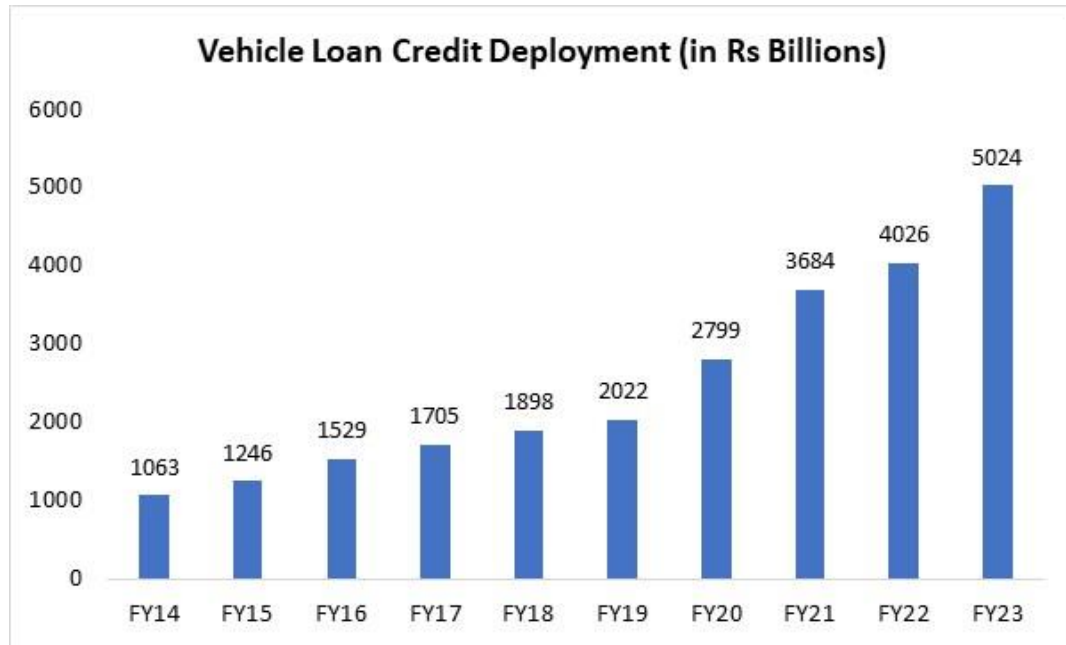
Zomato			
Region	Operational revenue	Users	Active users
	in Rs crore	in crore	
Metro	1459	1.8	0.53
Urban	1271	1.6	0.46
Semi-urban	1224	1.5	0.44
Source: SBI Research			

- ❑ There has often been arguments that position and pitch the sale of two-wheelers as a proxy of rural/agrarian economy, in particular lower numbers used to overtly suggest an underlying all-encompassing duress in Bharat
- ❑ Based on data from SIAM, Indian 2-wheeler sales reached their zenith in the FY 2019, clocking overall sales of ~2.12 crore units (2.02 crore units in preceding FY2018), **ironically a year when agri GDP growth was at its recent bottom of 2.1%, and rainfall was deficient by a whopping 14%....**that should have clearly debunked the fallacious theory of two-wheeler sales only mirroring the state of rural economy
- ❑ Post-pandemic as households were barely recovering from the brute shock of pandemic that had tilted the psychology towards physical savings, two-wheeler sales were dented as a collateral effect perhaps. Another reason for lower sales of 2-wheelers as affluent families have skewed their preference in alignment with 'hygiene factor' playing a pivotal role thus preferring cars
- ❑ There are now encouraging signals of two-wheeler sales returning to normal territory as economic activities has picked up and hygiene factor remains pivotal for families

- ❑ It is foolhardy to claim that declining two-wheeler sales is a proxy for distress in rural economy
- ❑ Agricultural tractor sales indeed has been robust even during the pandemic shocks and is on continuous uptrend
- ❑ Further, two-wheeler sales is on downward trend and passenger vehicle (4-wheeler) sales is on upward trend even before the pandemic, but FY19 onwards, there has been clear preference to 4-wheeler over 2-wheeler
- ❑ Further, the strong credit deployment of auto loans touching nearly 1.8 times the pandemic level, supported by Gross NPAs of vehicle loans at just 1.4% signifies that auto loans are not down or non-performing, it is indeed substituted from two wheelers towards 4 wheelers even for the bottom of pyramid



- ❑ There has been inter-group and Intra-group transitions happening in two-wheeler and four-wheeler segments.
- ❑ **In the inter-group transition**, people are buying expensive motorcycles and cars than what they have bought earlier
- ❑ **In the intra-group transition**, two wheelers are being considered as giffen goods with the rise of income, and people are substituting two wheelers for the four wheelers



Loan Ticket size		
	2 Wheeler (thousand)	4 Wheeler (lakhs)
Dec-20	51.4	3.95
Dec-21	57.2	4.09
Dec-22	63	4.62
Dec-23	71.2	5.15
Source: SBI Research		

- ❑ Peter Atwater, who popularised the term, describes ‘K-shaped recovery’ as "stacked inequity on one side and stacked privilege on the other"
- ❑ **Basis Global Wealth report 2023, year 2022 recorded the first fall in net global household wealth since the global financial crisis of 2008, but a clear decline in inequality...** Total net private wealth fell by nearly USD 11.3 trillion (–2.4%) to USD 454.4 trillion at the end of the 2022. Wealth per adult also declined by USD 3,198 (–3.6%) to reach USD 84,718 per adult at end-2022. This ironically followed the strong rise in financial assets that had resulted in an increase in inequality in 2021
- ❑ Financial assets contributed most to wealth declines in 2022 (rout of asset classes as an apocalypse swept Developed economies’ markets largely through 2022 and early 2023 and rapid spike in interest rates deterred borrowers as also lenders somewhat remained averse to finance) while nonfinancial assets (mostly real estate) stayed resilient, despite rapidly rising interest rates. Global median wealth, did in fact rise by 3% in 2022 in contrast to the 3.6% fall in wealth per adult
- ❑ Even with Indian markets remaining calm amidst the mayhem prevailing globally, there was some stress in financial ecosystem here (mostly a behavioural shift on account of pandemic induced stress) that saw households savings channelled towards non-financial assets. However, since first quarter of 2023, there has been a palpable shift in wealth creation through financial assets
- ❑ There seems to be a well fabricated and wanton divergence in opinion between the shift in asset classes amongst regions; in case of India, a band of critiques vouch this to be a sign of distress whereas in overseas jurisdictions, it can pass over as dissipating inequality....

- ❑ Rise in income is fuelling affordability, supplemented duly by demographic trends with a youth bulge, easy availability of financing options, information at fingertips and a change in lifestyle preferences, from food to fashion as online marketplaces evolve into a wish fulfilling wand, offering brands (and their alternatives) at hefty discounts
- ❑ An interesting case affirming India's rising middle class in flux could be iPhone sales. Since March'22, its CEO Tim Cook has spoken about the country in every earnings announcement, labelling it an extraordinary market last time as a lot of people keep moving into the middle class. Calling the Indian market incredibly exciting for apple and a major focus of the Cupertino based tech behemoth, the tech giant sees a lot of headroom going forward even as its premium products now command a 6% share in the fiercely competitive market (1% in 2019), notorious for its price sensitivity till recently. The company has more than 50% share in the smartphone price category above Rs 50,000, aiming to sell around 9 million iPhones this year, riding the premiumization wave enveloping the consumer psyche, a harbinger of good times on the roll

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Data is really the new oil....We must repeat again...

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