Questionnaire

This questionnaire is intended to explore the politico-economic concerns and choices of the members of middle classes in Chandigarh city.

Questionnaire:

My name is Khushboo and I am a research scholar in Panjab University, Chandigarh. I am conducting a survey on the middle class subjects in order to explore the role of middle class in political sphere and impact of the middle class on Indian politics. This is an independent study and is not linked to any government agency. Whatever information you provide will be kept confidential. I request you to spare some time in order to take part in this survey as your contribution in terms of your expressed opinion is important to the study in question.

(1) Name of respondent: ___________

(2) Date of interview: (dd/mm/yyyy) ______________

(3) Time of starting interview ______________

Address and telephone number of respondent __________

INTERVIEW BEGINS

May I begin interview now?

1. Respondent agrees to be interviewed       2. Respondent does not agree to be interviewed

Q.1 What according to you determines a person’s belongingness to the middle class?

1. Education.
   2. Wealth.
   3. Occupation.
   5. All.
Q2. In your opinion do you belong to middle class?

1. Yes 2. No 3. Can’t Say

Q3. Do you support Privatization of economy per se?

1. Yes 2. No 3. Can’t Say

Q4. Do you support Taxing the Agriculture Income?

1. Yes 2. No 3. Can’t Say

Q5. Do you favour de-licencing and free market economy?

1. Yes 2. No 3. Can’t Say

Q6. Do you favour desubsidisation per se?

1. Yes 2. No 3. Can’t Say

Q7. Do you think ongoing economic reforms have helped in the progress of our country?

1. Yes 2. No 3. Can’t Say

Q8. Do you think that FDI (foreign direct investment) in particular has benefitted the Indian economy and will continue to do so?

1. Yes 2. No 3. Can’t Say

Q9. How often you visit Centra Mall, IT Park or Big Bazaar?

1. Occasionally
2. Frequently
3. Once in a while
4. No visits to shopping malls.
Q9a. Do you advocate more Shopping Malls for Chandigarh?

   1. Yes      2. No      3. Can’t Say

Q10. Do you think economic reforms have benefitted the common man?

   1. Yes      2. No      3. Can’t Say

Q11. Do you think that new economic policies have benefitted the urban middle classes in particular?

   1. Yes      2. No      3. Can’t Say

Q12. Do you think there is a further need for economic reforms?

   1. Yes      2. No      3. Can’t Say

Q13. Do you strive to vote regularly?

   1. Yes      2. No

Q14. Do you consider the pace of economic reforms as a criterion to decide your vote?

   1. Yes      2. No      3. Can’t Say

Q15. Do you support the party/candidate which advocates economic reforms in strongest terms?

   1. Yes      2. No      3. Can’t Say

Q16. Do you think such concerns have been addressed by the party you voted for or the party in power? Say Yes if you feel there is a significant stress over economic reforms by the parties and say No if you feel otherwise.

   1. Yes      2. No      3. Can’t Say

Q17. What kind of job do you prefer for your children?

Q18. Do you support application of IT in citizen centric services?

1. Yes 2. No 3. Can’t Say

Q18a. If Yes Do you feel that successive governments or for that matter successive local governments have addressed this concern?

1. Yes 2. No 3. Can’t Say

Q18b. Has the Chandigarh Administration succeeded in the convenient distribution of public services to the residents say for example through its initiatives like e-sampark centres.

1. Yes 2. No 3. Can’t Say

Q19. Does these concern hold value in your voting decisions?

1. Yes 2. No 3. Can’t Say

Q20. Do you support the growth of IT parks in India?

1. Yes 2. No 3. Can’t Say

Q21. Are you in favour of 'contracting out' of governmental services?

1. Yes 2. No 3. Can’t Say

Q22. Do you consider it right for the Chandigarh Administration to contract out maintenance of parks in the city to private agencies?

1. Yes 2. No 3. Can’t Say
BACKGROUND DATA

Personal Information

Q23. Now let us talk about this town you live in. How long have you lived here?

1. Less than 5 years  2. 5 to 10 years  3. More than 10 years  4. Entire life

Q24. Where did you come from?

Name of State: ____________________________
Name of District: __________________________

Q25. What is your age? __________

Q26. Gender: 1. Male  2. Female

Q27. What is your marital status?

1. Married  2. Unmarried  3. __________

Q28. Up to what level have you studied________________

Q29. What is your main occupation? ____________________________

Q30. What is your caste group?

1. Scheduled Caste (SC)  2. Scheduled Tribe (ST)
3. Other Backward Classes (OBC)  4. Other

Q31. What is your religion?

7. Animism  8. No religion  9. Others (Specify) _________

Q32. Monthly Household income.________________________
Middle Class Consumerism: An Assessment

Khushboo Mahajan*

ABSTRACT

The middle class has shaped the economic trends of the country with its diverse preferences and choices for the newer lifestyle commodities. As the income of this class increases, the spending on discretionary items like consumer durables and luxury items also increases. The middle class has thus been dubbed as a consuming agency of the post liberalization period. Concerns have been raised regarding the conspicuous consumption by middle class in the present times. In this direction the present paper attempts to understand the consumerist nature of this 'middle class' and tries to make an assessment with respect to the positive and negative aspects of the same.

Key words: Middle Class, Economic liberalization, conspicuous consumption, Demand

INTRODUCTION

Middle Class is a class that occupies a socio-economic position that is intermediate between those of the poor and the rich. The identification of middle class is contingent upon both subjective and objective criteria. While the objective criterion to identify the middle classes has been in terms of possession of physical capital, higher education or consumption, the subjective criterion can be the self-identification as belonging to middle class. Based on the objective criterion, Asian Development Bank (2010) identifies Middle Class category as “those with consumption expenditures of $2- $20 per person per day in 2005 PPP in dollar terms”. Based on NCAER data, E. Sridharan (2004) has identified three categories of the middle classes in India on the basis of income: elite middle class, expanded middle class, broadest middle class. NCAER defines Middle Class households as ones earning Rs.2.5-12.5 lakh per annum at 2004-05 prices. Nevertheless the middle class is very difficult to define as the same is known to be heterogenous in its composition (Varma, 1998). However, the middle class in this paper has been defined on the basis of income. For the said purpose NCAER criteria for defining middle class has been used. Only those who fall in the income group from 2.5-12.5 lakhs per annum have been considered as middle class.

The middle class has expanded in its composition and content in the last two decades. This expansion of the middle class has been attributed to the economic reforms undertaken in 1991 (Fernandes, 2006). The fiscal and monetary reforms have led to increased growth in almost every sector of the economy especially in the service and information technology sectors. Rapid industrialization, outsourcing of jobs of various western companies to India has

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also led to creation of new jobs. The resultant acceleration in diversification of occupations in society has further broken the link between the caste and occupation. It has thus allowed the broadening of the sociological base of the middle class.

The middle class has shaped the economic trends of the country with its diverse preferences and choices for the newer lifestyle commodities. As the income of this class increases, the spending on discretionary items like consumer durables and luxury items also increases. The middle class has thus been dubbed as a consuming agency of the post liberalization period (Mathur, 2010). Concerns have been raised regarding the conspicuous consumption by middle class in the present times (Varma, 1998).

In this direction the present paper attempts to understand the consumerist nature of this 'middle class' and tries to make an assessment with respect to the positive and negative aspects of the same. This library based study relies on secondary sources of data such as NSSO (National Statistical Survey Organisation) data, 2010 on Consumer Expenditure in India apart from books, journals and web sources.

**The consumerist class**

The last decade has witnessed a sharp rise in the consumerist tendencies of the middle class. Before 1991, there was necessity based consumption in India whereas economic liberalization led to a rise in conspicuous consumption as well as emergence of consumer culture. According to NSSO (National Sample Survey Organisation, 2010), the all India monthly per capita consumer expenditure for the financial year 2007-08 was Rs. 772 for rural India and Rs. 1472 for urban India which shows that average urban monthly expenditure exceeded the average rural expenditure by 90.67 percent. Per capita expenditure on non food items was Rs. 368 and Rs. 889 in rural and urban areas respectively. Out of this per capita expenditure on entertainment is Rs 5.32 in rural areas and 27.84 in urban areas. The percentage of households with durable luxury goods has increased substantially. For instance between 1999 to 2000 and 2004-05 the number of households with TV sets has gone up by about 7 percentage points in both rural and urban areas.

The cable revolution has clearly had significant social impact (Mehta 2010). A study by McKinsey global institute (2007) foretells that by the year 2025 per capita consumption in India will increase from US$ 334 to US$ 1064 making India the fifth largest consumer market in the world.

The preferences of middle class today have been shaped by the availability of many choices. Middle class consumerism is something which is often talked about in scholarly circles. Consumerism is considered as an ideological shift in the middle class scheme of things. Varma (2007) ascribes this consumerist characteristic of middle class to the economic reforms of 1991. He says, “In 1997, the average middle class person was just about emerging from the shadows of the socialist era, and beginning to revel in the new consumerism that the reforms of 1991 gave both legitimacy to and opportunity for...... Consumerism is no longer a dirty word, and any notions of Gandhian austerity and Nehruvian socialism have been definitely
The consumerist trend is visible in many ways. The overwhelming presence of global brands and their burgeoning growth in Indian cities and beyond is a proof to this effect. Mathur (2010) ascribes the conspicuous consumption by middle class to the 'growing importance of consumer culture, fuelled by rise of disposable incomes in the hands of a huge middleclass and increasing availability of a large variety of commodities in the open market, including a growing number of shopping malls'.

The increase in income levels has lead to the diversification in the spending pattern of the middle class. Apart from commodities and consumer products, the demand for variety of financial services for example credit cards, personal loans among others has also increased. There is also evidence of increased lending for personal mortgages in India. The amount of mortgage loans outstanding grew over 25 percent between 2006 and 2007 and over 12 percent between 2007 and 2008. The EMI (equated monthly installments) culture ensures that more and more people are lured into the otherwise unaffordable market of luxuries. This is of course without prejudice to the necessity on the part of middle class subjects for buying the necessary consumer durables and even items of utility and comfort. There is a race among the automobile manufacturers to provide high end automobiles for meeting the needs and aspirations of the middle class. This competition among global players is also visible in the consumer durables section where companies are offering a range of products to cater to the needs of the middle class consumers. The marketing strategies of the business players but what is relevant here is that the new market strategies are offering plenty of choice to the relatively well off middle class compelling the buyers into more discretionary spending. Another evidence for the lifestyle consumption is pointed by the fact that India is now the second largest market for mobile phones. The mobile phone subscriber base in India increased from 3.6 million in 2000-01 to 584 million by 2010, an annual growth rate of 66 percent. There are other surveys and research results depicting middle class consumerism and instances of conspicuous consumption. In India, the share of consumption in total GDP is higher than that of investment. According to the Central Statistical Organisation (CSO) estimates, 60 percent of the GDP was consumed in 2010 which is much higher than that in China (Mukherjee and Satija, 2012).

A case against middle class Consumerism

The conspicuous consumption by middle class is mostly a point of criticism for the middle class. The overwhelming consumerist nature of middle class is considered as a manifestation of its apathetic and immoral nature. The EMI culture and the credit card rush are the phenomena which have contributed further to the consumerist behavior of the middle class. Over a period of time the culture of 'display of wealth' has come to be fuelled by these new trends. These new forms of loans are the order of the day in the consumption spree unleashed by the middle class subjects. In such a case the mounting loans and flight of savings may not be clearly visible.

The conspicuous consumption is also visible in terms of the coming up of shopping malls which house almost all the global brands under one roof. In addition to 'world-class' shopping experience, these offer various types of lifestyle luxuries. The spurring growth of
shopping malls and their importance in middle class lifestyle has been highlighted by Neeta Mathur (2010). She points out, “Shopping malls not only offer apparel and accessories, gifts, electronic goods and lifestyle commodities for sale but also contain beauty shops, coffee shops, pubs, amphitheatres and cinema halls. In these often large and well kept promises, people can stop, talk and show off the latest purchased products and look at those of others...Being able to purchase goods and services and at the same time having at one's disposal restaurants and fast food outlets, undertaking beauty treatments and watching films, as several individuals put it, makes one 'feel good about oneself on being part of upper class society'.”

Coming back to the 'display of wealth' culture, it can be observed that this trend is especially visible in relatively prosperous region of northwest India. The luxury items have become instruments of blatant display. The region serves as an affluent market for latest and smartest gadgets. The costliest of the cars can be spotted on roads without straining one's sense of vision. Same is true of the urban areas in rest of India where the middle class resides. The display of wealth phenomenon is also visible in the entertainment industry. Things of luxury are frequently on display in songs and films. Consumerism and display of wealth is considered as something bad, immoral and undesired. It is important not to forget that India is still poor, infact very poor. India is poor by the sheer size of its population. There are millions below the poverty line. There are many living without access to food and shelter leave alone comforts like electricity and utilities like communication. For a person without food in his stomach, electricity and communication may sound like 'luxuries'. Again there are millions without access to safe drinking water. Agriculture is much dependent on normal monsoons than our own irrigation arrangements. In other words Indian economy is 'rainfed'. In many ways an abnormal or a non uniform rainfall plays havoc with Indian markets. Essential commodities and basic food items are set ablaze by the rising inflation. There have been enormous cases of farmers committing suicide because of the crop failures and mounting financial pressures. Non institutional loans still constitute a large chunk of the financial sector. There is much more to the telling tale of poverty and deprivation in India which is of course not the centrality of this study however conspicuous consumption has a stake in the escalation of such issues. Consumption in perpetual excess leads to distortion in demand and supply disturbing this equilibrium. It is therefore that the conspicuous consumption needs to be curbed.

As conspicuous consumption has become a status symbol in itself, its downward percolation may lead to many social problems. The middle class seems to be apathetic to this grave situation which is confronting the nation.

A case for middle class consumerism

It is perhaps true to regard such extravagant consumerism as immoral and unwarranted for a country like India. However there is another side to the middle class consumerism. The consumerist middle class deserves the credit for much of the growth India has achieved in recent years. It is this consumerist class which generates demand in the market. Generation of demand is essential to growth because if there is no demand there is no growth, no production
and thus no employment generation. The middle class demand fuels the cycle of production and growth. The diversity of preferences among the subjects and clients helps industry create choice through innovation. The middle class with its increased consumption is helping the cause of poverty reduction and employment generation also.

Varma (2007) goes to the extent of describing this consumerist trend as a unifying force. According to him “the country is united as never before by advertisements for an ever increasing spectrum of objects of desire”. This obviously does not mean he is propagating extravagant consumption and wastage.

According to an estimate done by MasterCard, by 2015 'the growing affluent class of Indians will spend $ 14.4 billion on shopping, $8 billion on dining and entertainment, $13.6 billion on travel and leisure, $8.9 billion on automobiles, personal computers, mobile phones, etc... That makes it a total of $51.3 billion. And as they shop they fuel the cycle of consumption, investment and job creation.'

According to McKinsey & Company (2007), in 2005, around 53 percent of the consumption was in the rural area but by 2025, 62 percent of the consumption will be in the urban area. This will lead to development of smaller cities, which are now growing at a very fast pace. These cities will host a large number of middle class and by 2025 around two-thirds of the Indian middle class will be outside metro cities like Delhi and Mumbai. Private consumption has a much larger role in India's growth. The entry of foreign players cannot be taken for granted in terms of their contribution towards growth. The foreign direct investment is essential to create infrastructure and generate employment. The quality and diversity of choice in the markets is also attributable to the middle class consumption. There are cheaper and better options available in almost all the sectors of market, be it goods or services. Today even the low cost airlines are making huge profits by catering to the demand of middle class consumers. Many business ventures are flourishing because of the diverse choice and enhanced demand on the part of middle class consumers. The markets in the vicinity of households are flourishing despite their newness and challenges posed by bigger retail giants. This implies that there is enough of demand to meet the occupational needs of small traders too. Of course consumerism mentioned here is separate from the 'display of wealth' culture and 'take it easy attitude' towards loans. Middle class consumerism lies on a continuum which extends from essentialism to materialism.

Conclusion

Middle class consumption has been taken in for much criticism when it comes to poverty and lack of resources in the country. It has been inscribed as a class which is insensitive and indifferent towards the nation and society. The political and cultural apathy of middle class is an oft-quoted point of criticism for the middle class. It is asserted that this class is too self centered in its approach and attitude. At the same time this class also deserves credit for its contribution to the Indian growth story. It generates demand and provides skilled labour as a means to production.
The individualistic approach of middle class has invited much criticism in the recent years however to see this class as only consumerist and indifferent to the society represents a biased view. Consumerism per se is not bad as far as it is ascribed to essentialism. Everyone should seek to fulfill his necessities and even pursue comforts. However the display of wealth and flamboyance is something not desirable. Conspicuous consumption as a matter of assertion of social distinction is of course undesired. Perhaps we should not be spending too much on lavish, fat weddings when there are persisting hunger deaths in the country. The insensitivity to one's surroundings is thus uncalled for. Instead of joining a mad race for luxury items just for the heck of displaying wealth, one should be inclined to invest the capital in a constructive way. This would check waste of expenditure and also would help channelize the capital into the cause of nation building as after all societal development is in our own interest. It will suit us more if there is lesser poverty, lesser unemployment and more prosperity.

At the same time we must acknowledge that middle class contributes in nation building either by consumption or by way of saving and investment of capital. Role of middle class as a consuming class must not be undermined in the process of national development. Middle class is a major driving force for the economy. Generation of demand and capital are interlinked. Both are a must for growth and middle class has a potential to provide both.

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**End Note**

1. Sreedharan (2004) divides 300000 households into five income ladder: high (above Rs 140000), upper middle (Rs 105001-Rs 140000), middle (Rs 70001-105000), lower middle (35001-70000), and lower (up to Rs 35000). Based on this classification, he differentiates between three different ways of conceiving of the Middle Class: “elite” Middle Class- this corresponds to the “high” income group, above “expanded” Middle Class- this corresponds to the “high” and “upper” middle income groups, above “broadest” Middle Class-this corresponds to the “high”, “upper middle” and “middle” income groups. Rudra has made a distinction between the elite and mass fractions of the middle classes in India underlining an 'intelligentsia vs. lower-and middle-middle class split'(Rudra 1989)


3. see Varma, (2007), *The Great Indian Middle Class*, (p. xix) for details

4. For details see Deutsche Bank Research (2009)


6. CLSA, McKinsey quarterly and Duetsche Bank Research to name a few.

7. For details regarding political apathy of middle class see Chakravartthy, (2007) 'India's Middle Class failure', *Prospect magazine*, September 2007.