

The Next Urban Frontier: Twenty Cities To Watch



■ Megacities

Mumbai, Delhi, Kolkata,
Chennai, Bangalore, Hyderabad,
Ahmedabad, Pune

■ Boomtowns

Surat, Kanpur, Jaipur, Lucknow,
Nagpur, Bhopal, Coimbatore

■ Niche cities

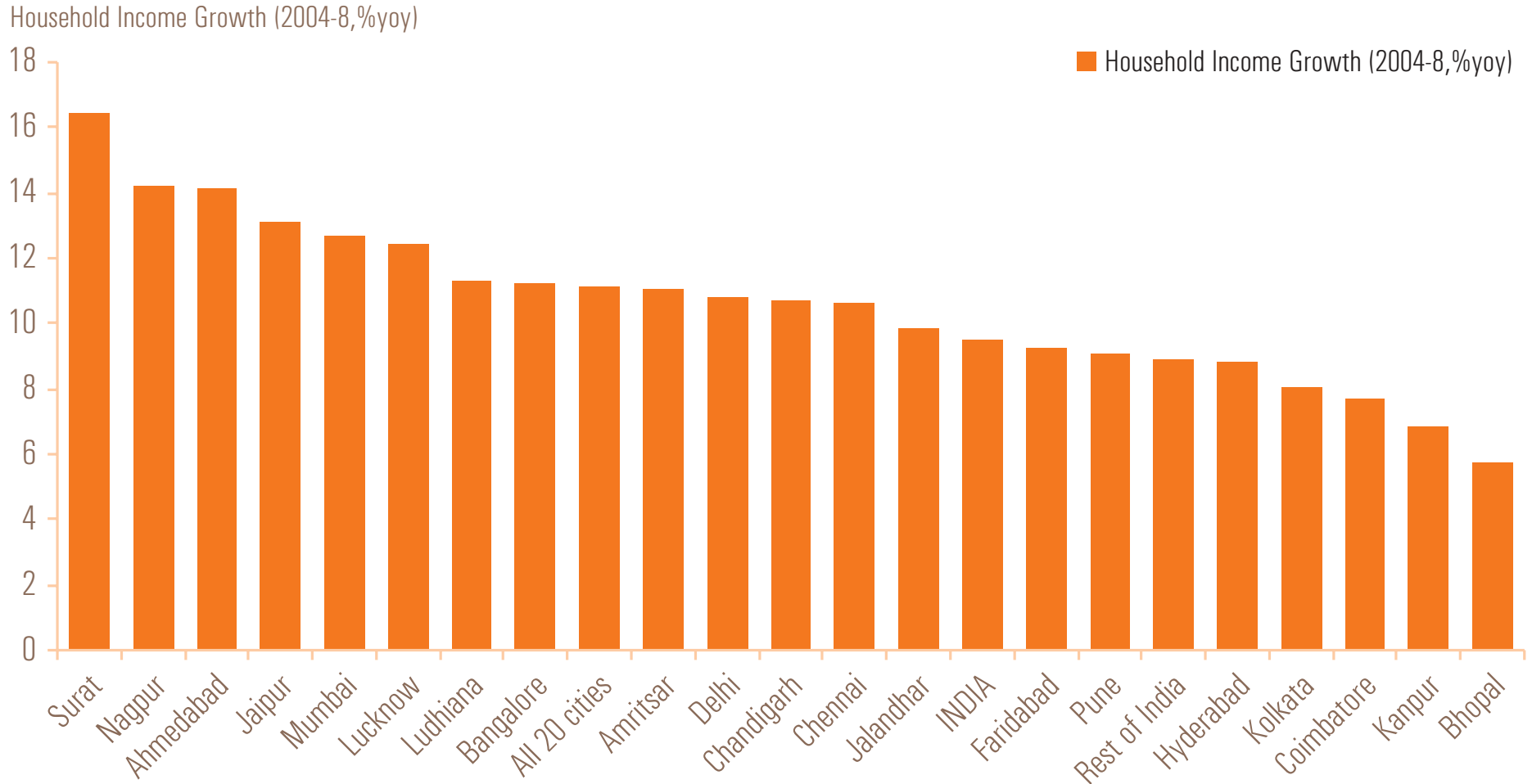
Faridabad, Amritsar, Ludhiana,
Chandigarh, Jalandhar

The top twenty cities make up less than 10% of India's population, but generate more than 30% of income

Share of total (%)	Rural	Urban					All India
		Megacities	Boomtowns	Niche cities	Other cities	Total urban	
Households	69.3	8.1	1.9	0.7	20.1	30.7	100.0
Population	70.5	7.4	1.8	0.7	19.7	29.5	100.0
Income	56.0	24.6	4.5	1.7	13.1	44.0	100.0
Expenditure	63.9	16.4	3.4	1.3	15.0	36.1	100.0
Surplus income	32.5	49.0	7.9	2.9	7.7	67.5	100.0

Source: NCAER/FCR

Boomtowns register the fastest economic growth

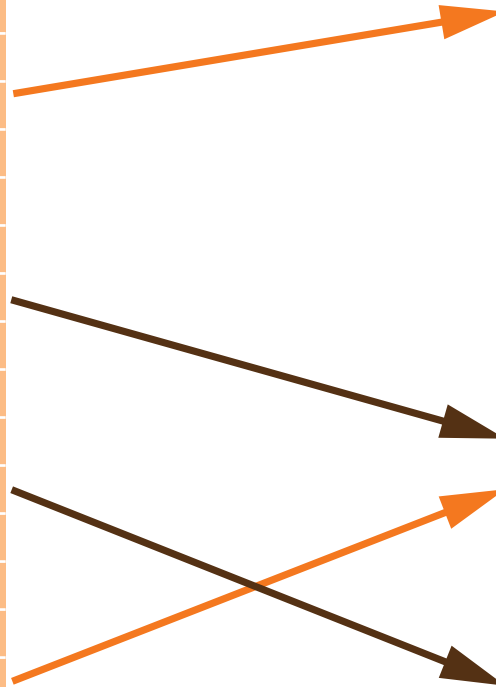


Source: NCAER/FCR

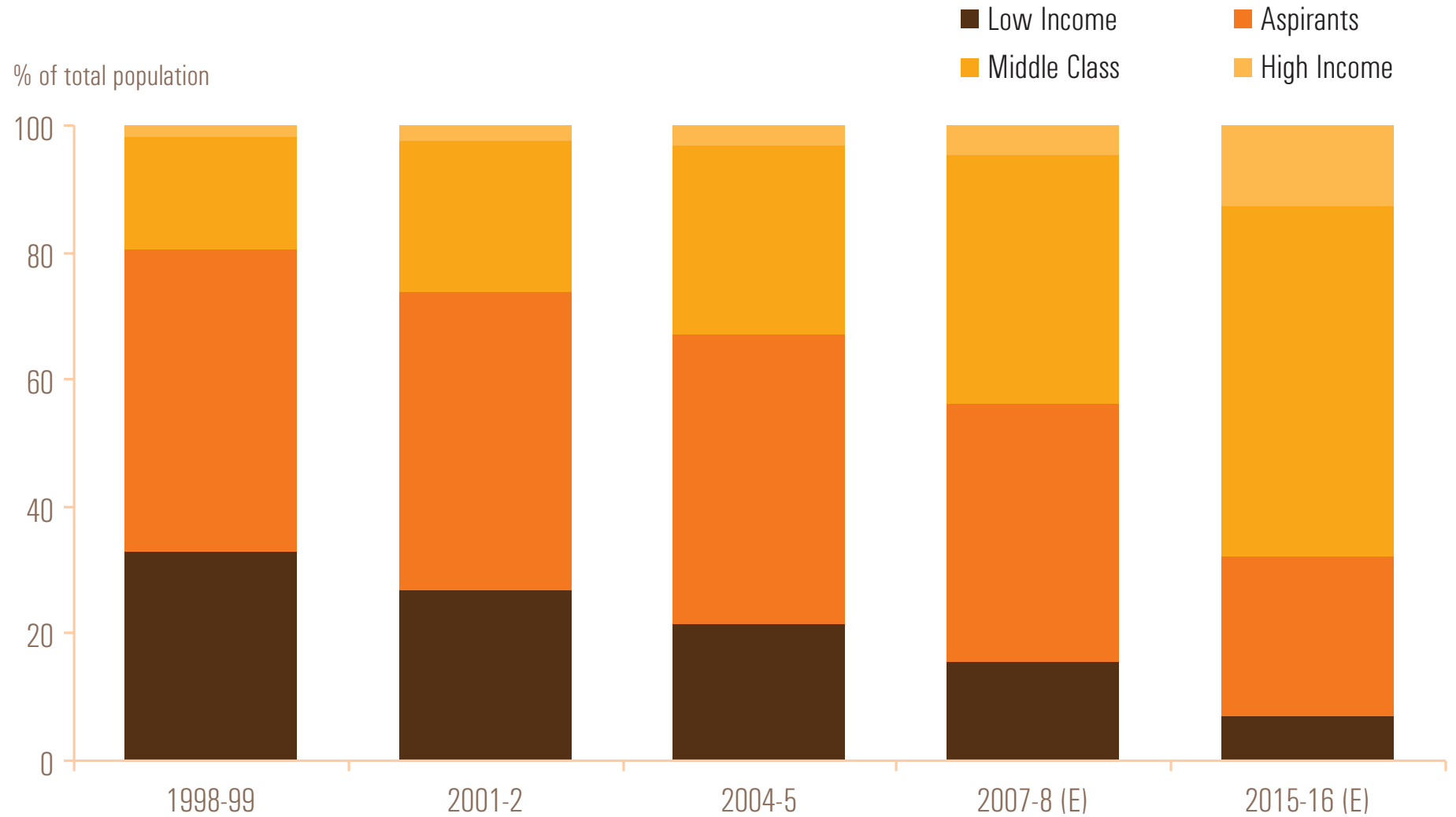
Surat is a standout

2007-8 Average Household Income, (Rs/household)	
Chandigarh	484,775
Mumbai	459,457
Surat	431,201
Delhi	408,237
Chennai	337,059
Ahmedabad	317,856
Nagpur	308,625
Bangalore	300,678
Jaipur	300,374
Jalandhar	296,651
Kolkata	287,199
Lucknow	280,393
Hyderabad	273,353
Ludhiana	271,514
Amritsar	267,056
Faridabad	252,558
Coimbatore	219,846
Pune	210,458
Bhopal	165,210
Kanpur	159,761

2007-8 Average Household Income (Rs/household), Adjusted for Cost of Living	
Surat	457,671
Chandigarh	422,503
Mumbai	403,059
Delhi	337,678
Ahmedabad	328,267
Jaipur	325,254
Jalandhar	323,181
Chennai	319,759
Bangalore	302,371
Nagpur	298,598
Amritsar	290,939
Lucknow	289,020
Ludhiana	288,753
Hyderabad	275,408
Kolkata	262,247
Faridabad	246,129
Coimbatore	231,963
Pune	191,520
Kanpur	164,677
Bhopal	157,847

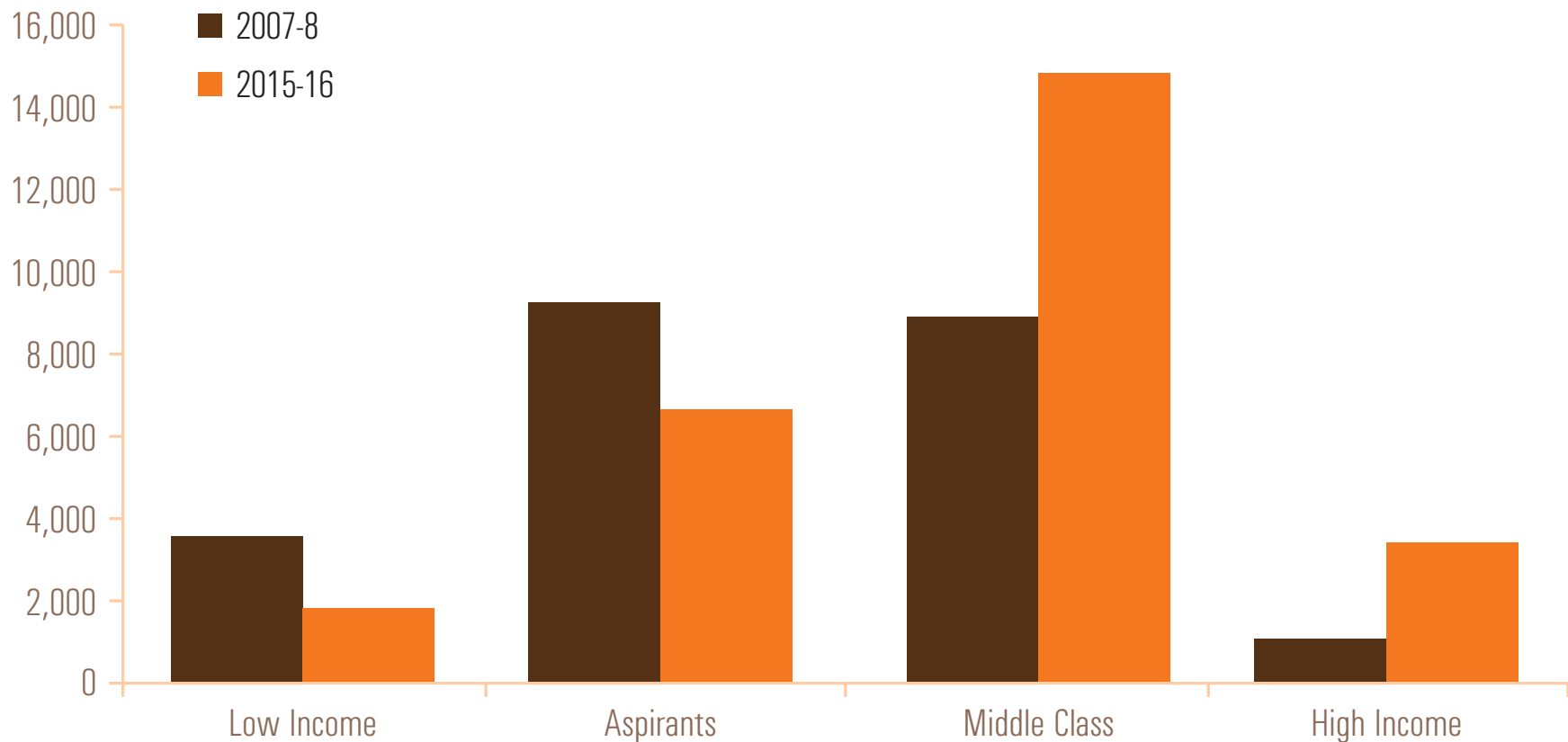


More than half of households will be middle class by 2016



The high-income segment will triple by 2016, quadruple in boomtowns

Number of Households (thousands)



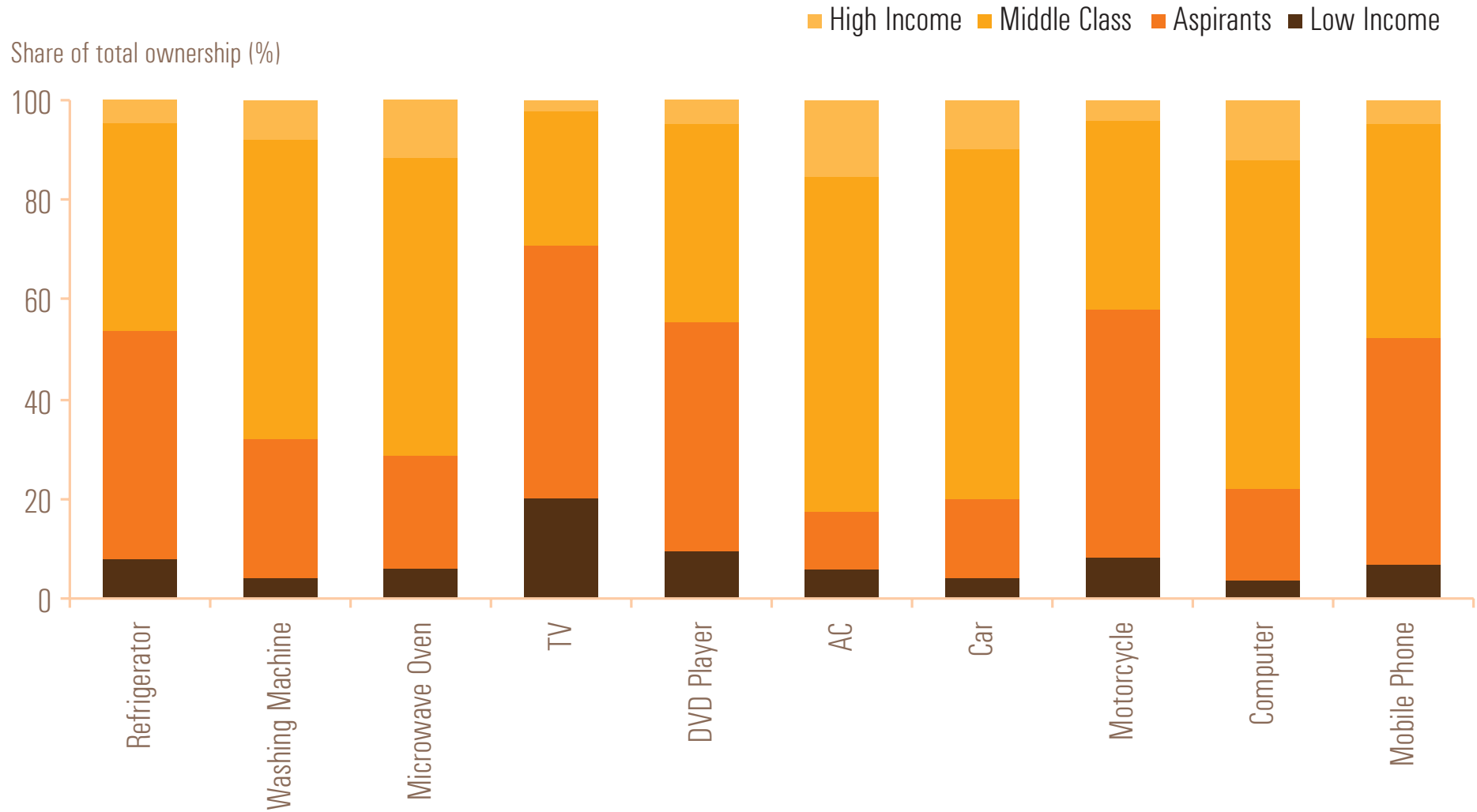
Source: NCAER/FCR

Middle class ownership patterns vary across cities

Middle Class Penetration Rates (% of middle class households)	Megacities	Boomtowns	Niche cities
Car	57.48	43.45	46.79
Motorcycle	47.08	60.85	43.66
Mobile phone	76.81	79.05	76.23
Television	90.46	87.42	85.78
DVD Player	63.13	63.19	59.16
Computer	16.76	20.12	16.80
Refrigerator	90.20	89.52	91.34
Washing Machine	65.98	55.28	62.03
Microwave Oven	13.68	14.12	14.30
Air Conditioner	9.95	14.19	9.80

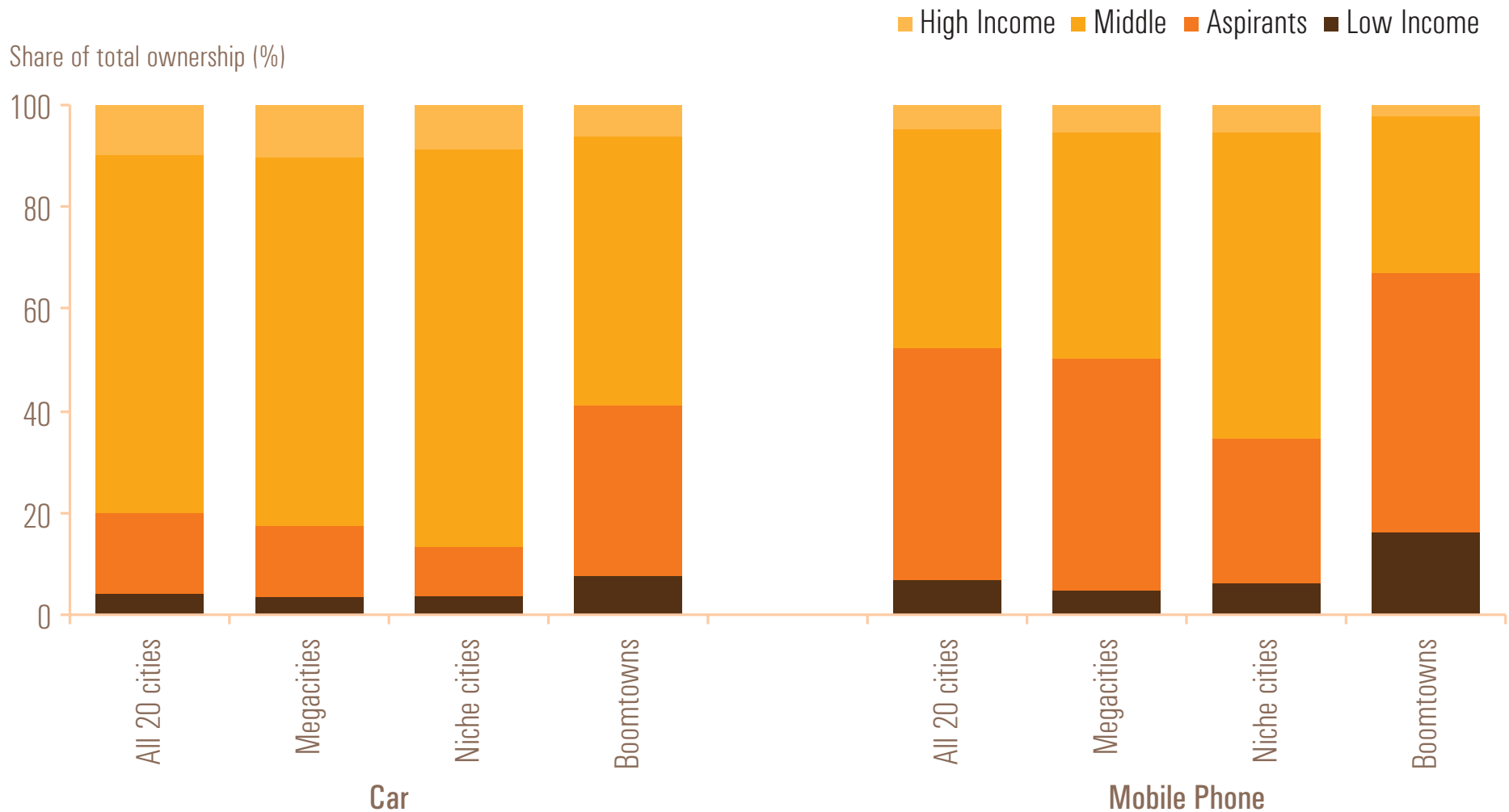
Source: NCAER/FCR

Product ownership by income: All twenty cities



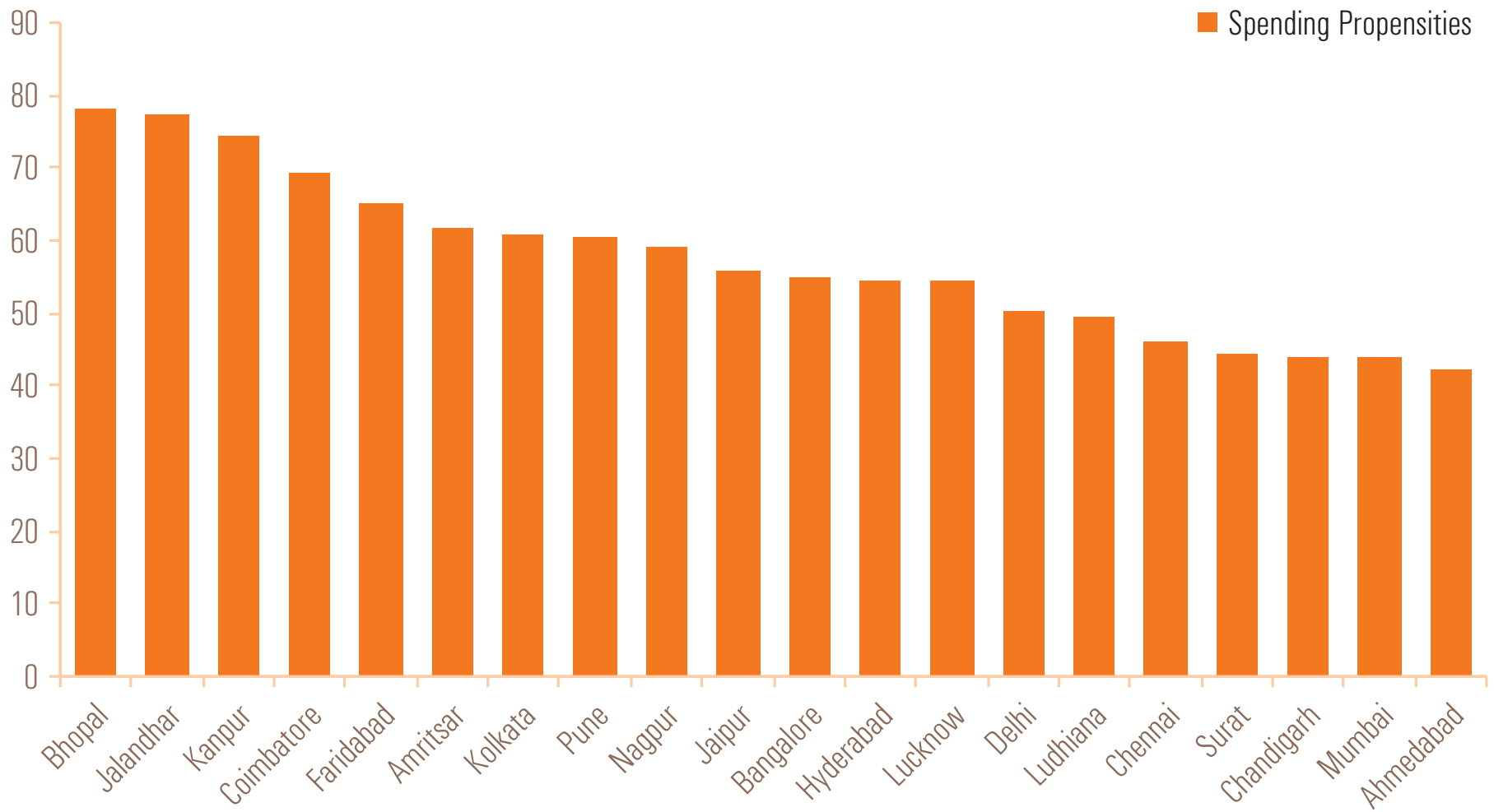
Source: NCAER/FCR

Changes in asset ownership patterns across cities: Car / Mobile distribution by income group



Spending propensities span a dramatic range

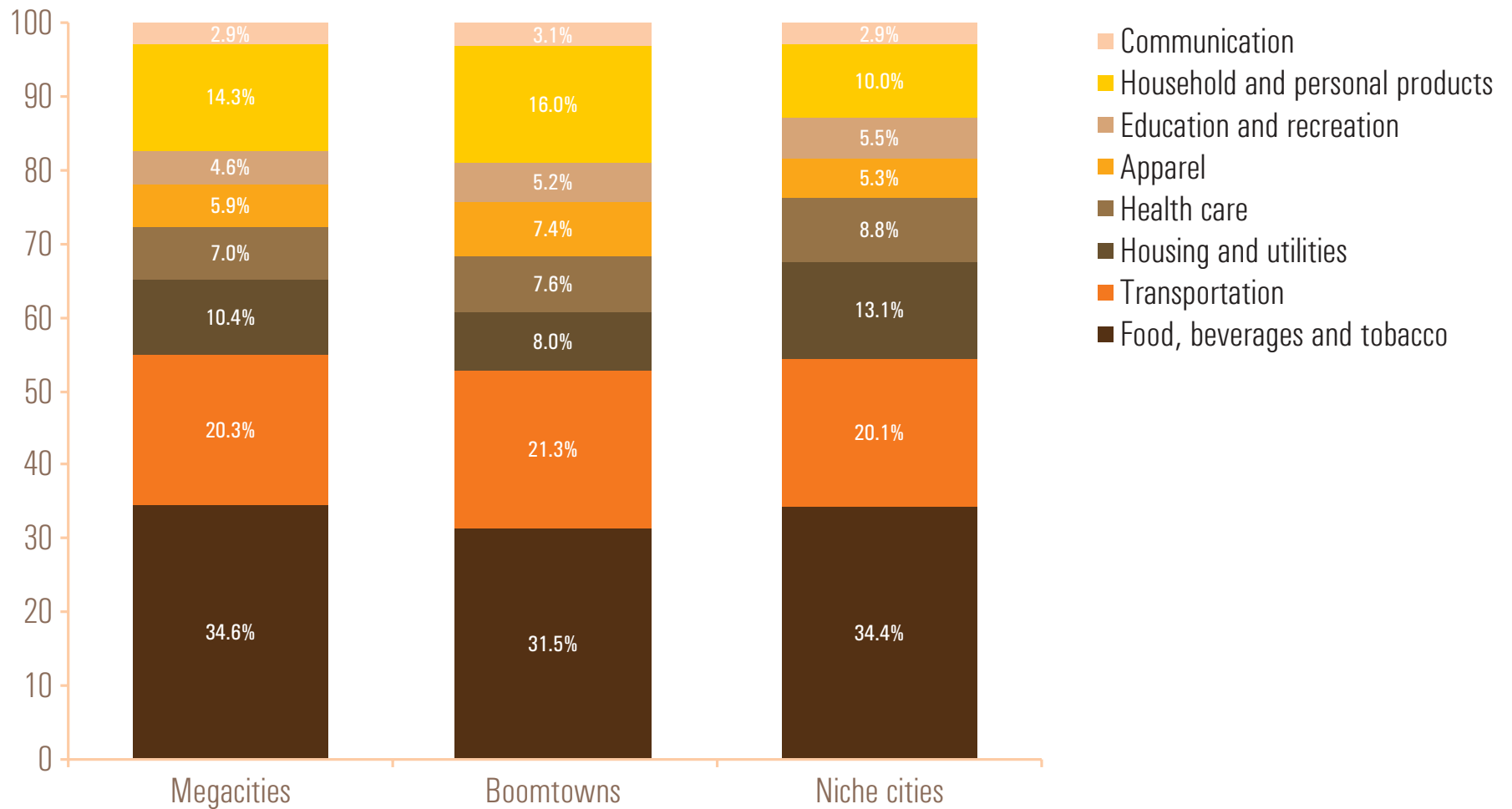
Household consumption expenditure as a share of income, %



Source: NCAER/FCR

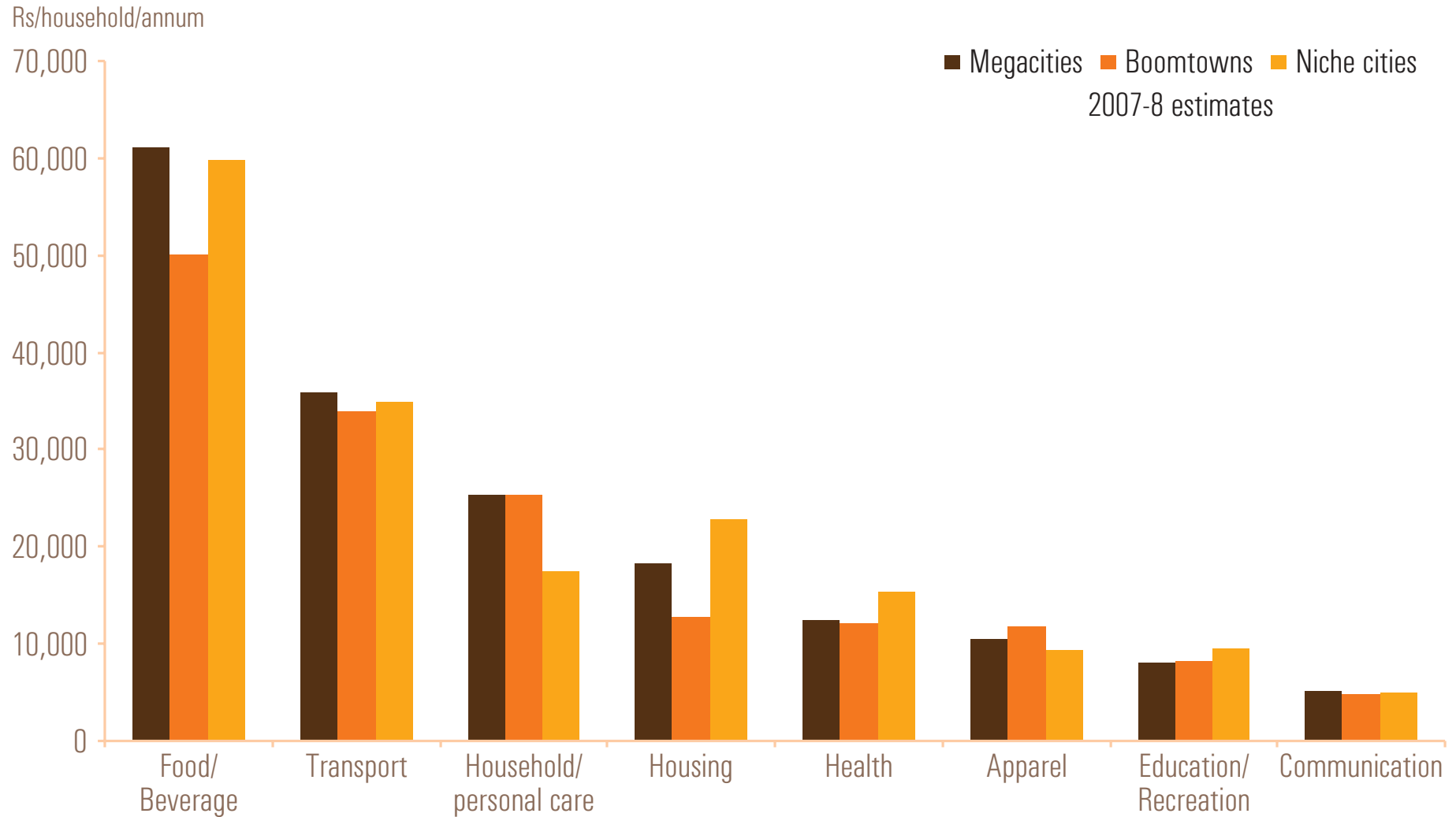
Composition of household expenditure

% of total consumption expenditure



Source: NCAER/FCR

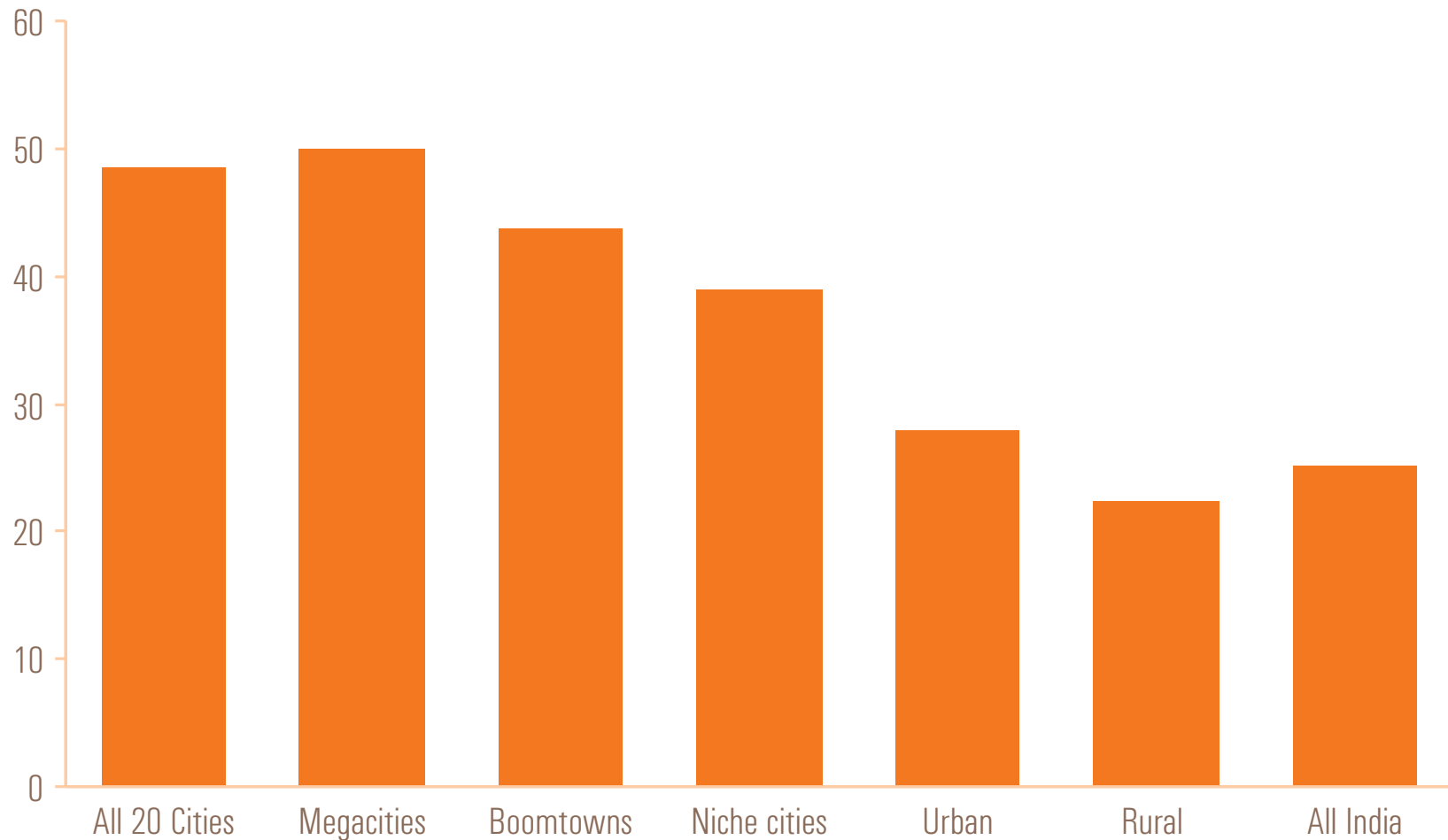
Megacity households spend the least on average on education and recreation



Source: NCAER/FCR

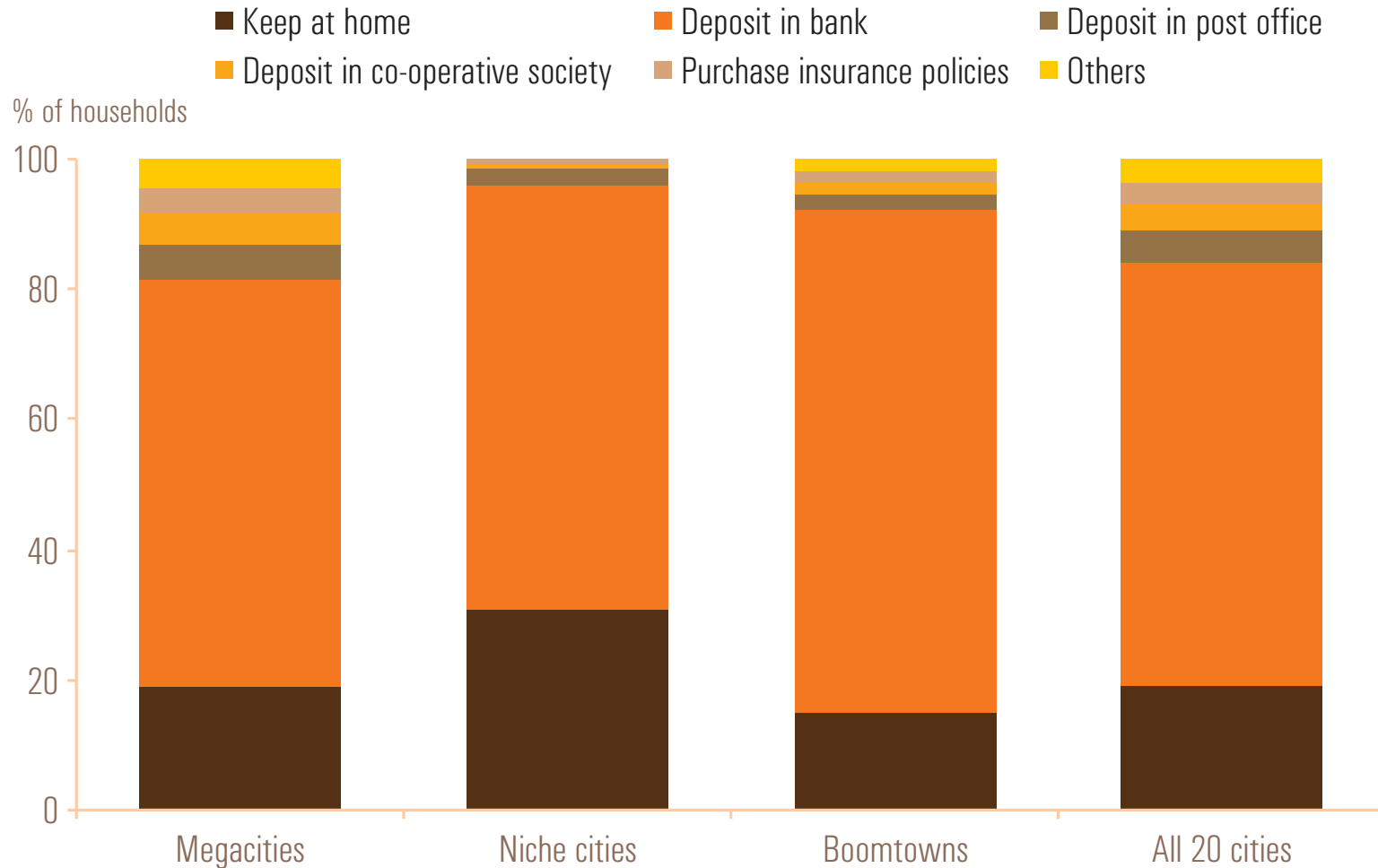
Surplus income rates in the top cities are nearly double the national average

Surplus Income Rate (% of household income)



Source: NCAER/FCR

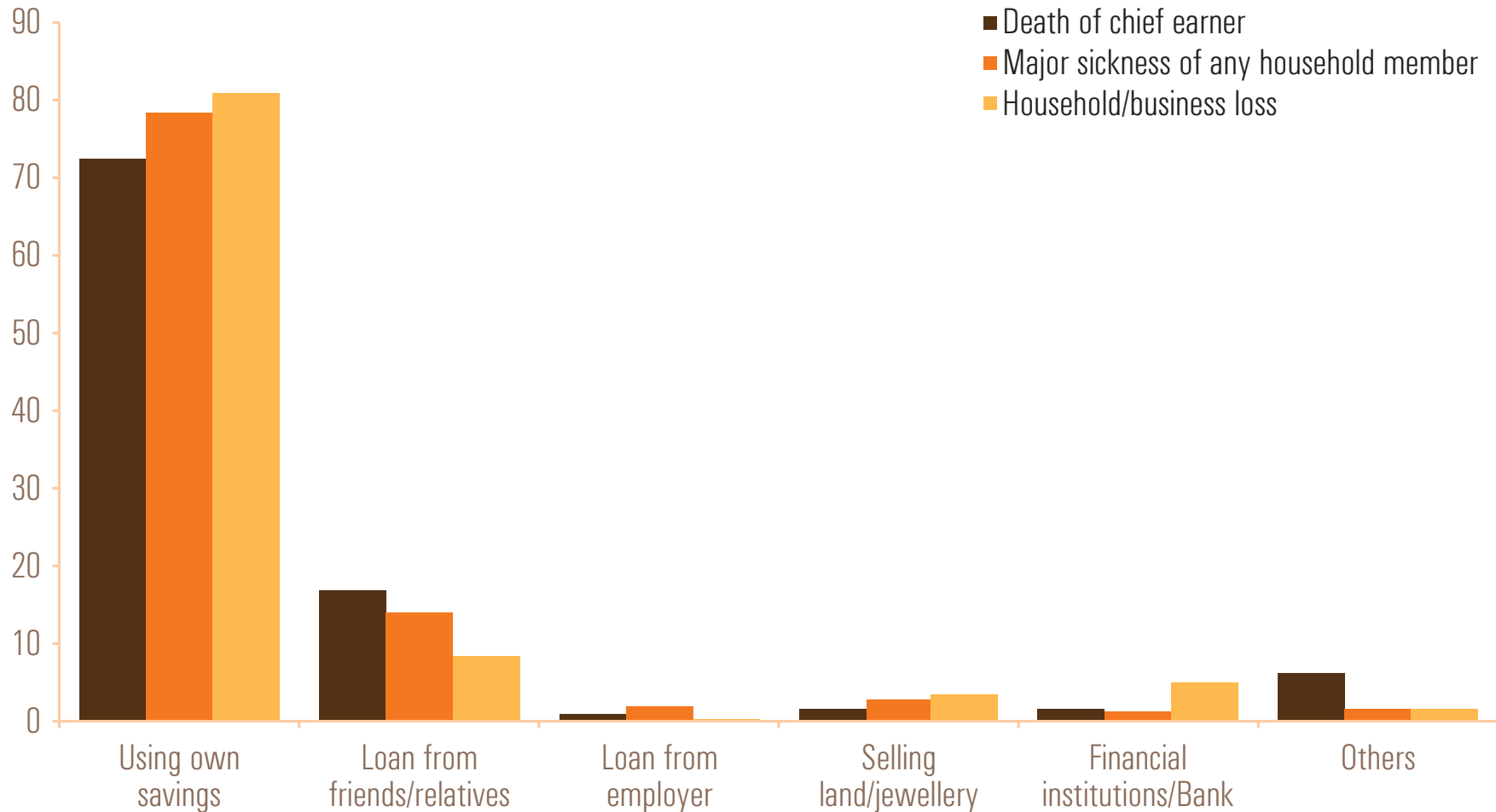
19% of households prefer to keep surplus income at home



Source: NCAER/FCR

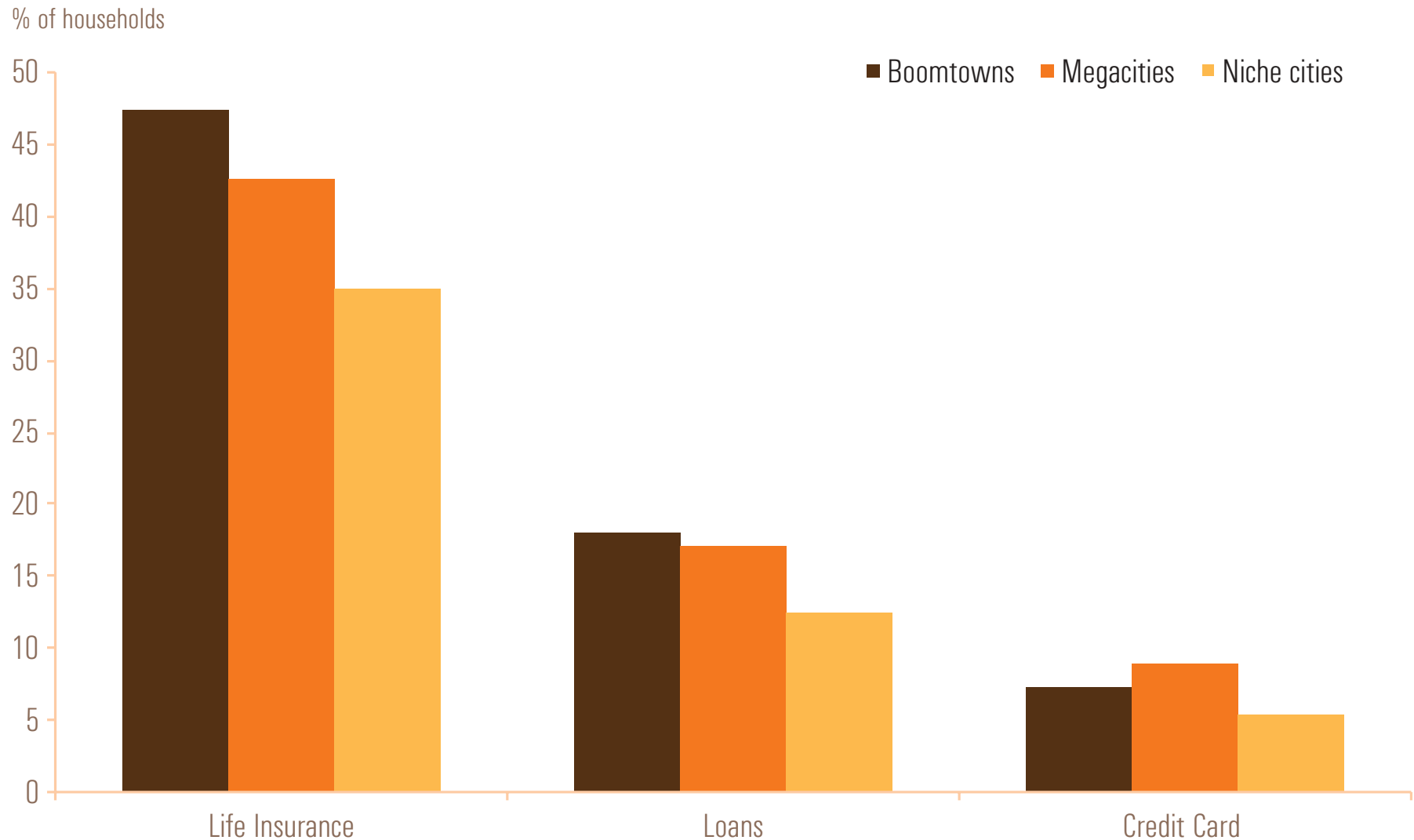
Households overwhelmingly draw on savings to cope with shocks

% of households who faced economic shock



Source: NCAER/FCR

Niche cities have the highest asset penetration, but lowest financial penetration

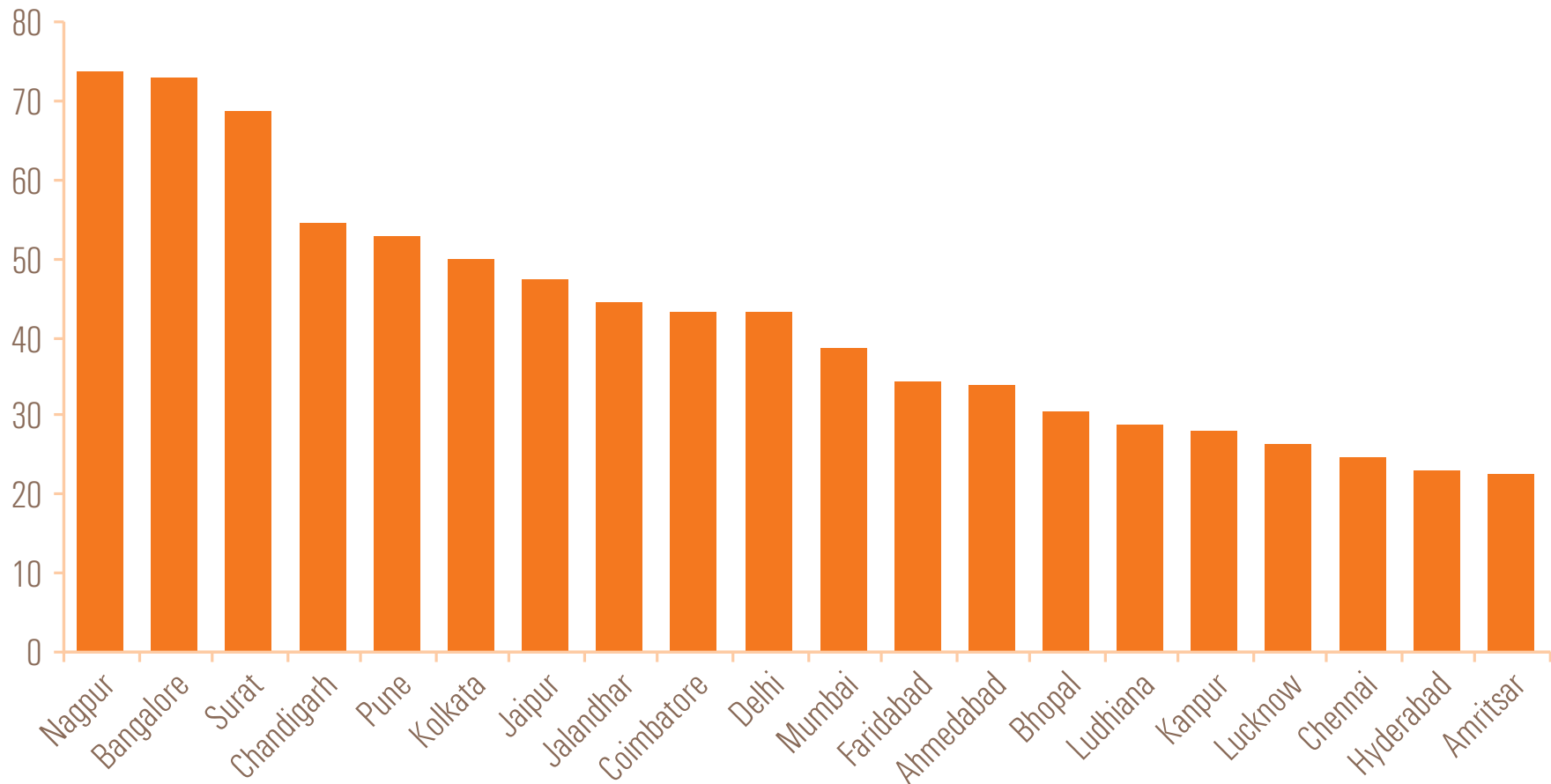


Source: NCAER/FCR

Draft—do not circulate

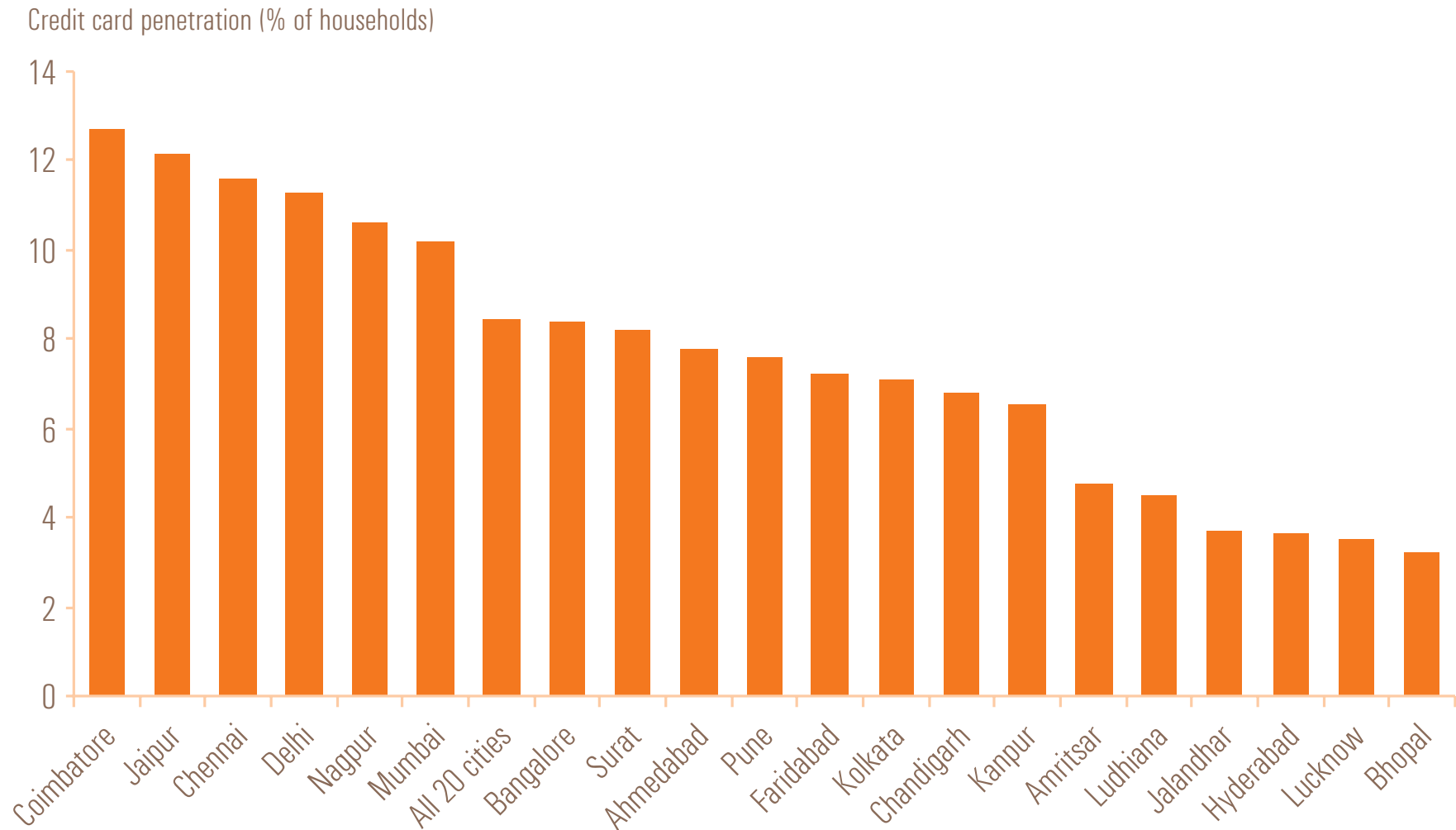
Nagpur leads in insurance penetration

Life Insurance penetration (% of households)



Source: NCAER/FCR

Coimbatore and Jaipur have the highest credit card penetration



Source: NCAER/FCR