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People Research on India's Consumer Economy

TATA

The Many Urban Indias

- **By 2030, 630 million people will live in India's cities—as many as the world's third- and fourth-most populous countries (the US and Indonesia) combined.**

- **India's growth story will be shaped by 100 cities across four distinct, but interdependent, types of urban India.** Together, these 100 cities account for just 19% of India's population but generate 35% of income and 31% of consumption.

- **The top 100 cities together spend $844 billion annually.** If they were a country, these 100 cities would be the fourteenth largest consumption market globally, after South Korea and Turkey, and ahead of Indonesia.

- **Patterns of prosperity are nuanced.** Bengaluru and Chandigarh have the highest average household income in the country. Pune, Thiruvananthapuram, and Surat have higher average household incomes than Hyderabad, Chennai, and Kolkata. Surat is a standout: its pools of middle- and high-income households are not only among India's largest, but also among its fastest growing. None of India's top five cities by average household spending come from the top six megacities.

- **Formalisation, proxied by salaried households having job contracts, has risen to almost 38% from 32% ten years ago.** The increase is most noticeable in the largest population cities, which witnessed growth of over 6 percentage points (ppt).

- **Rural and urban India are converging fast, creating a formidable 'middle economy'.** Sub-metropolitan areas (urban areas with populations below 500,000) account for nearly 20% of national consumption. The urban-rural gap in consumption-to-income ratio—historically 10-12ppt—is just under 8ppt now.

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Foreword

Over the next few years, nearly half of India's population will live in cities, where they will reshape the geography of opportunity. Overall, India's cities will be home to 630 million people by 2030. This is equivalent to the combined population of the world's third (US) and fourth (Indonesia) most populous countries.

About 40 million of these 630 million will be added to urban India between 2025 and 2030. This will make India the largest contributor of new urban residents globally, a position it has taken from China, which led the urban migration rankings in the first half of this decade.

Not for the first time, we see that even the quietest of movements in India involve unfathomable numbers.

But what is the nature of this growth, and what is its trajectory? This report, titled *The Many Urban Indias*, reveals spending, earning, and savings patterns, and much else in India's top 100 cities. This work shows how opportunity in India is widening and deepening across four clusters of cities.

The picture that emerges is of a growth story shaped not just by a handful of megacities, but by a network of urban centres—each with its own growth trajectory, industrial niches, cultural strengths, and distinct consumer behaviours. This spatial, social and economic diversity will make India's urban growth more balanced and widely distributed, and make it more resilient in the face of pressures and instability in the global economy.

We are well-placed to leverage this distinctly Indian advantage for urban planning, fiscal devolution, and infrastructure prioritisation. These city clusters represent a differentiated set of opportunities—from innovation hubs and industrial heartlands to rising consumption frontiers.

Beyond opportunities, the report is a granular story of urban India's near future—a story of diverse interconnected urban networks full of potential and partnership. Helping these cities bridge gaps and flourish in a sustainable and inclusive way will unlock greater dynamism and even faster growth. This report shows us where action can be taken to make this possible, and hints at potential solutions.

N. Chandrasekaran
Chairman
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Preface

India's development journey is entering a new phase where granular evidence is becoming as important as aggregate statistics. As the country advances towards the vision of Viksit Bharat 2047, policymakers increasingly require insights that go beyond national and state-level averages to understand the realities unfolding across districts, cities, and local economies. Recent initiatives such as the Smart Cities Mission, the growing focus on district-level development planning, and efforts to strengthen district-level estimates of GDP and well-being reflect a broader recognition that effective policymaking must be rooted in a deeper understanding of local development dynamics. At the same time, there is an increasing appreciation that economic progress must be viewed through a broader lens. Alongside traditional measures of growth, there is a growing need to understand how households earn, spend, save, borrow, and build economic security. Such insights are critical for designing policies that are not only growth-enhancing but also inclusive, resilient, and responsive to the aspirations of citizens.

In this context, *The Many Urban Indias* report makes a timely and valuable contribution. By examining the demographic, economic, consumption, savings, and financial characteristics of India's leading urban centres, the report offers an additional rich evidence base for understanding one of the most important structural transformations underway in the country. A particularly important contribution of the report is its recognition that there is no single urban India. The country's urban landscape comprises cities at different stages of development, with distinct economic structures, demographic profiles, and growth trajectories. The report's classification of India's top 100 cities provides a useful framework for understanding these differences and for appreciating the diverse pathways through which cities contribute to national development. The report also demonstrates the value of combining robust official statistics with high-quality survey-based evidence to generate deeper insights into household behaviour and urban economies. As with any study drawing upon multiple data sources, the findings may be interpreted in the context of the concepts, definitions, and methodological approaches underlying the analysis.

As India's statistical system continues to evolve, the integration of multiple data sources will play an increasingly important role in supporting evidence-based decision-making and strengthening the foundations of public policy. As India continues its urban transition, strengthening the quality, coverage, and use of data will remain central to achieving inclusive and sustainable development. Reports such as this help bridge the gap between data and decision-making by providing additional analytical insights. I am confident that this report will stimulate informed discussion and contribute meaningfully to the ongoing dialogue on India's urban future.

Dr. Saurabh Garg
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Introduction

When we think of urban India, six cities come to mind: Delhi, Mumbai, Bengaluru, Kolkata, Hyderabad, and Chennai. These are seen as the most dynamic centres of urban growth and consumption. But what lies beyond them is a glimpse of urban India's future: Middle-income households are becoming a majority. Some of India's smallest cities have the highest average household income nationally, and even their household spending is greater than in the big cities. Cities across the board are spending less on food, but more on housing and transportation, and more freely on the weekend. Urban centres are clustered around five distinct corridors based on industry, SMEs, tech and manufacturing, mining, and migration. Mid-size cities have a higher proportion of dual-income households than larger ones. And rural and urban India are converging fast to create a formidable middle economy.

The Many Urban Indias attempts to better understand how India's top 100 cities earn, consume, save, and live. These 100 cities are sorted into four categories based on their population. The Big Six have more than 10 million people; the next 19 (Boomtowns) have between 2.5 and 10 million; the next 25 (Breakout cities) have between 1.5 to 2.5 million, and the last 50 (Frontier cities) are between 0.5 and 1.5 million. The Big Six lead through scale and capital intensity, Boomtowns drive middle-class demand and manufacturing, Breakout cities anchor regional industry and services, and Frontier cities represent the cusp of consumption. Each tier reinforces the others and is a vital driver of India's total urban development.

This report has eight sections. The first describes the key characteristics of the four tiers. The remaining sections present analyses and insights on the themes of income distribution, consumption including weekend spending, savings, borrowing, asset ownership, and health spending.

Our analysis shows that the 100-city framework is driving the surge in India's middle-income households, with implications for spending and saving behaviours, and asset ownership. Cities with proactive planning, inclusive industrial systems, and robust public services tend toward broader prosperity.

We believe that this study will promote discussion on the pace and trajectory of India's urban growth, on the evolution of income patterns across cities, and on the rise of new urban economic clusters. We hope that this analysis draws the subjects of urbanisation and consumption patterns deeper into the national conversation on development and resource allocation.

Cities

Big Six (population above 10 million)

Delhi	Mumbai	Kolkata
Bengaluru	Chennai	Hyderabad

Boomtowns (between 2.5 and 10 million)

Ahmedabad	Surat	Pune
Jaipur	Kozhikode	Lucknow
Thrissur	Kochi	Indore
Kanpur	Nagpur	Coimbatore
Thiruvananthapuram	Patna	Bhopal
Agra	Kannur	Visakhapatnam
Vadodara		

Breakout cities (between 1.5 and 2.5 million)

Nashik	Vijayawada	Kollam
Rajkot	Ludhiana	Raipur
Madurai	Meerut	Varanasi
Tiruppur	Srinagar	Jamshedpur
Chhatrapati Sambhajinagar*	Jodhpur	Ranchi
Kota	Jabalpur	Asansol
Gwalior	Prayagraj	Amritsar
Dhanbad	Bareilly	Aligarh
Moradabad		

Frontier cities (between 0.5 and 1.5 million)

Mysuru	Bhubaneswar	Durg-Bhilainagar
Tiruchirappalli	Chandigarh	Saharanpur
Hubli-Dharwad	Guwahati	Salem
Siliguri	Jalandhar	Solapur
Warangal	Dehradun	Guntur
Bhiwandi	Firozabad	Puducherry
Kottayam	Nellore	Bikaner
Muzaffarnagar	Amravati	Gorakhpur
Cuttack	Belagavi (Belgaum)	Malegaon
Tirupati	Mangaluru	Nanded Waghala
Bhavnagar	Kurnool	Kalaburagi (Gulbarga)
Jammu	Durgapur	Jhansi
Erode	Jamnagar	Bokaro Steel City
Patiala	Bilaspur	Raurkela
Kolhapur	Ujjain	Ajmer
Mathura	Imphal	Thoothukudi
Sangli	Udaipur	

Cities are arranged as per their population size
*Previously known as Aurangabad

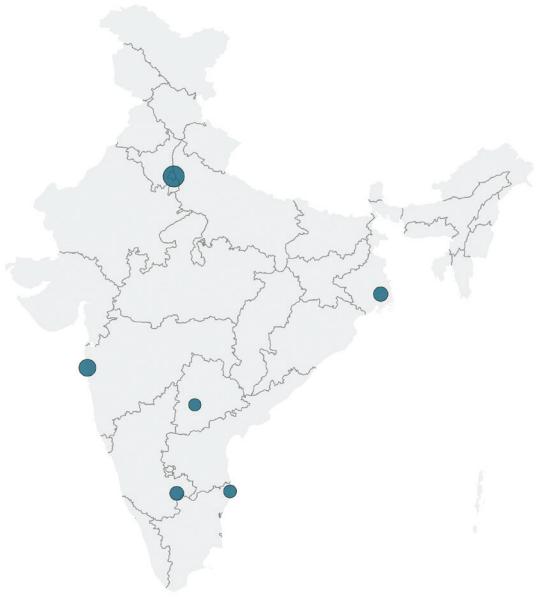
*100 cities snapshot (2025-26)**

Household Indicators	Big Six	Boomtowns	Breakout cities	Frontier cities	Top 100 cities
Demographic Profile					
Households (million)	25.2	16.5	9.9	10.1	61.7
Population (million)	113.2	76.3	46.1	46.9	282.5
Average Household Size (Persons)	4.5	4.6	4.6	4.7	4.6
Income & Consumption					
Average Household Income (₹ lakh/year)	23.2	16.7	14.2	11.9	18.2
Average Household Consumption (₹ lakh/year)	13.5	12.2	11.2	9.1	12.1
Consumption-to-Income Ratio (%)	58.3	73.1	78.6	76.1	66.4
Savings & Wealth Creation					
Average Household Savings (₹ lakh/year)	9.7	4.5	3.0	2.8	6.1
Savings-to-Income Ratio (%)	41.7	26.9	21.4	23.9	33.6
Credit & Financial Leverage					
Average Household Debt (₹ lakh/year)	4.3	2.6	2.1	1.5	3.0
Debt-to-Income Ratio (%)	18.5	15.4	14.7	12.8	16.6
Labour Market Security					
Dual-Income Households (%)	20.7	26.5	21.4	22.3	22.6
Salaried Households with Formal Job Contracts (%)	38.3	38.8	31.9	39.4	37.6
Household Resilience & Inclusion					
Income Gini Coefficient	0.32	0.39	0.33	0.32	0.35
Overstretched Households (%)	6.0	10.7	13.3	15.0	9.9
Health					
Average Household Health Expenditure (₹/year)	88,558	68,388	72,299	54,861	75,058
Health Expenditure as % of Income	3.8	4.1	5.1	4.6	4.1

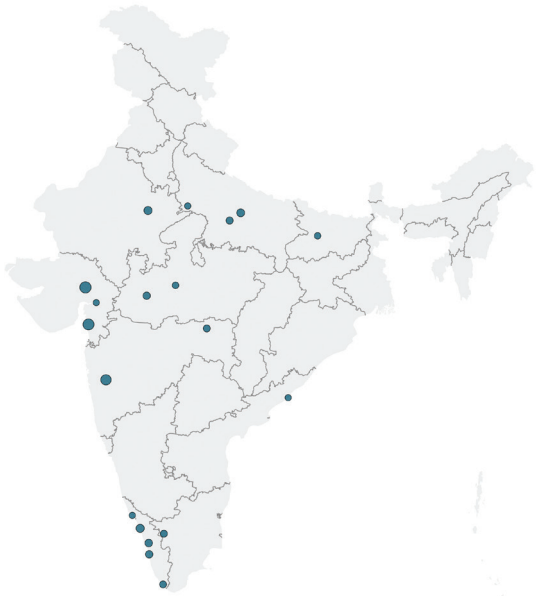
**April 2025-March 2026*

Source: PRICE, Tata Sons Research

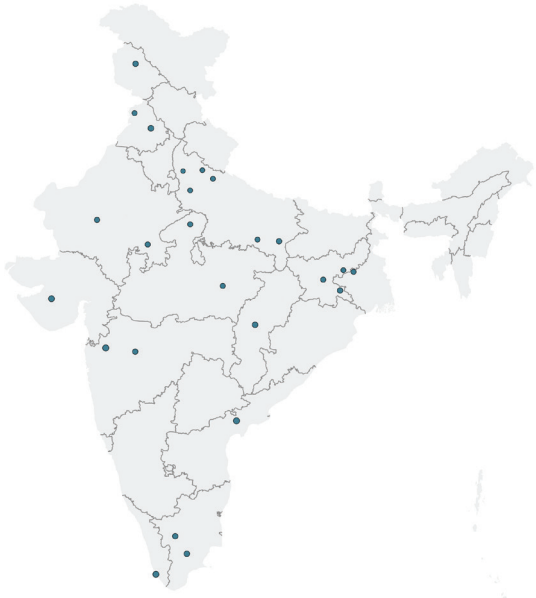
India's top 100 cities



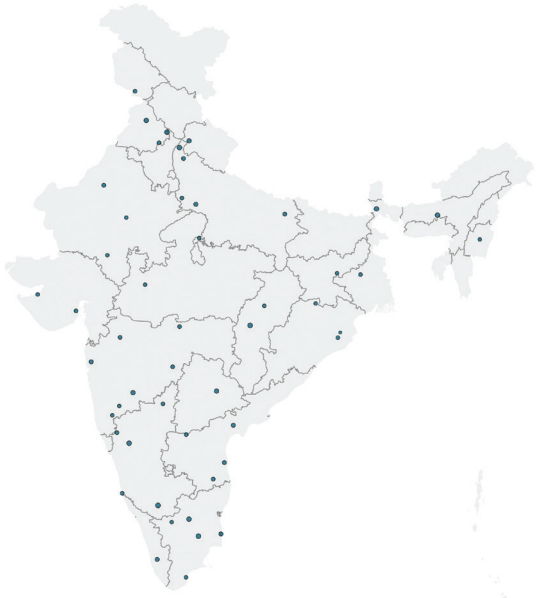
The Big Six



Boomtowns



Breakout Cities



Frontier Cities

Bubble represents population size: 0.6M - 35.6M

The Big Six (6)—Engines of scale and innovation: 7.6% of population, 18.1% of India's national income (Delhi, Mumbai, Bengaluru, Chennai, Kolkata, Hyderabad)

Boomtowns (19)—Expanding markets with rapidly formalising labour, and deepening middle-income cohort consumption: 5.1% of population, 8.5% of income (including Pune, Surat, Ahmedabad, Vadodara, Indore)

Breakout cities (25)—Centres of specialised production, supply-chain and service integration hubs: 3.1% of population, 4.4% of income (including Raipur, Ranchi, Ludhiana, Madurai, Amritsar)

Frontier cities (50)—Low-saturation and high-potential markets: 3.1% of population, 3.7% of income (including Mysuru, Bhubaneswar, Dehradun, Guwahati, Salem)

(figures in parentheses show numbers of cities in the respective category)

Maps not to scale; for representation purpose only

Highlights

India's cities are changing at a pace that makes understanding them a challenging exercise. But sampled enough times, a picture starts to emerge.

We take a closer look at the data on India's top 100 cities by population from PRICE's ICE 360° Household Surveys (2014, 2016, 2021 and 2023). Household surveys conducted in the 100 cities (with sample sizes ranging from 18,000 to 35,000 households across different survey years) cover consumption, savings, debt, and economic well-being patterns. Survey estimates are reconciled with Net National Income (NNI) and Private Final Consumption Expenditure (PFCE) to ensure consistency.[1]

These 100 cities contain 19% of India's population, 35% of its income, 31% of its spending, and 47% of household surplus income (a proxy for savings).[2] Average household income across the 100 cities grew at 10.6% over the past decade compared to 8.5% across India.

The 100 cities are classified in four categories: the Big Six (Delhi, Mumbai, Chennai, Bengaluru, Hyderabad and Kolkata), Boomtowns (the next 19 cities by population), Breakout cities (the next 25 cities), and Frontier cities (the 50 smallest cities of the group).

Each slice has vastly different characteristics. The Big Six are engines of scale and innovation; Boomtowns have expanding markets, rapidly formalising labour, and deepening middle-income cohort consumption; Breakout cities are centres of specialised production, supply-chain, and service integration hubs; and last, Frontier cities are low-saturation and high-potential markets.

The top 100 cities: 19% of population, 35% of income, 31% of consumption[3]

India's top 100 cities (2025-26)			
City group	**Number of households** (million)	**Average annual household income** (₹ lakh)	**Total consumption** (₹ lakh crore)
The Big Six (Population > 10mn)	25	23 ($26.3k)	34.2 ($387bn)
Boomtowns (2.5-10mn)	17	17 ($18.9k)	20.1 ($228bn)
Breakout cities (1.5-2.5mn)	10	14 ($16.1k)	11.1 ($126bn)
Frontier cities (0.5-1.5mn)	10	12 ($13.5k)	9.1 ($103bn)

Source: PRICE, Tata Sons Research

1 Projections to 2030–31 incorporate household growth, real income growth, and an assumed 40% urbanisation rate, with high-income tails modelled using Pareto-based techniques to ensure robustness.

2 Surplus income = Total household income – expenditure. Our surveys indicate that in the top 100 cities, household savings account for approximately 72–78% of surplus income. In this report, we use surplus income as a proxy for household savings.

3 We have used the 2025-26 average USD/INR rate of 88.35 in the entire report.

One clear trend cuts across the hundred cities: Middle-income households are rapidly forming a majority. This tells us that India's growth is spreading beyond the largest urban centres, and that households have more to spend and save.

Below are some (or rather, quite a few) highlights.

On income:

- **The share of middle-income households (₹6-36 lakh annual household income, at 2025-26 prices)[4] has nearly doubled to 53% from 29% over the past decade.** In every city, middle-income households are gaining prominence. By 2030-31, they will account for 60% of households in the top 100. This rise marks a structural break in India's urban income distribution. Among the 100 cities, Hyderabad has the highest proportion of middle-income households.

- **The share of high-income households (income over ₹36 lakh) increased by four times to 12% from 3% over the last decade, and will account for nearly one-fifth of households by 2030-31.** Mumbai tops the list when it comes to high-income households as a share of total households.

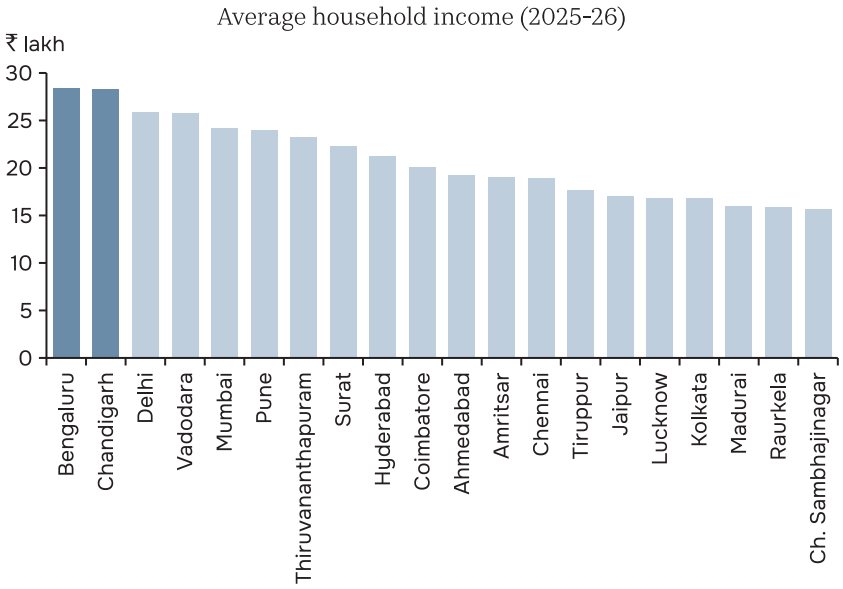
Delhi and Mumbai have the highest number of high-income households, followed by Pune. Some smaller cities—like Raipur, Thoothukudi, and Kannur—grew at the fastest pace in both middle- and high-income categories over the past decade.

- **Meanwhile, low-income households (income of less than ₹1.5 lakh) across the 100 cities will almost disappear (0.3%) by 2030-31.**

- **Patterns of prosperity are nuanced.** Bengaluru and Chandigarh have the highest average household income in India: ₹28 lakh ($32,000). Vadodara, at ₹26 lakh ($29,000), has an income level similar to Delhi's, and higher than Mumbai's. Cities like Pune, Thiruvananthapuram and Surat have higher average household incomes than Hyderabad, Chennai and Kolkata.

4 For more detail on income categories and definitions, please see box on page 28.

Bengaluru and Chandigarh are India's richest cities by average household income



Source: PRICE, Tata Sons Research

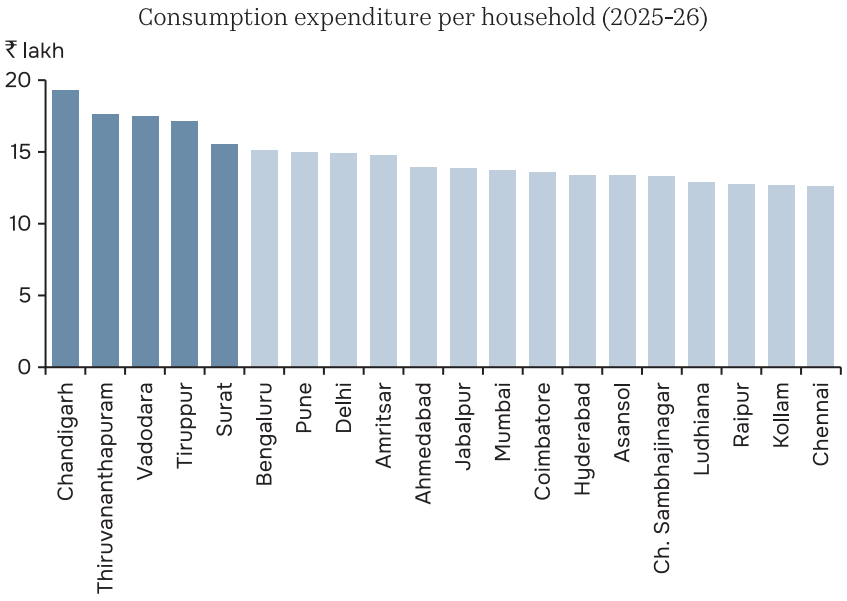
- **Boomtowns have seen a marked increase in dual-income households over the last ten years.** Their numbers have grown to almost 27% from just over 21% of Boomtown households.

- **Formalisation, proxied by salaried households with job contracts, has risen to almost 38% from 32% ten years ago.** The increase is most noticeable in the Big Six and Boomtowns, which grew over 6ppt.

On spending:

- **The top 100 cities fuel $844 billion in consumption.** If they were a country, these 100 cities would be the fourteenth largest consumption market globally, after South Korea and Turkey, and ahead of Indonesia. About 46% of this consumption happens in the Big Six. But the most spending per household happens in smaller cities. On average, households in Chandigarh spend more than any other city, while Amritsar, Ahmedabad, and Jabalpur households spend more than Mumbai.

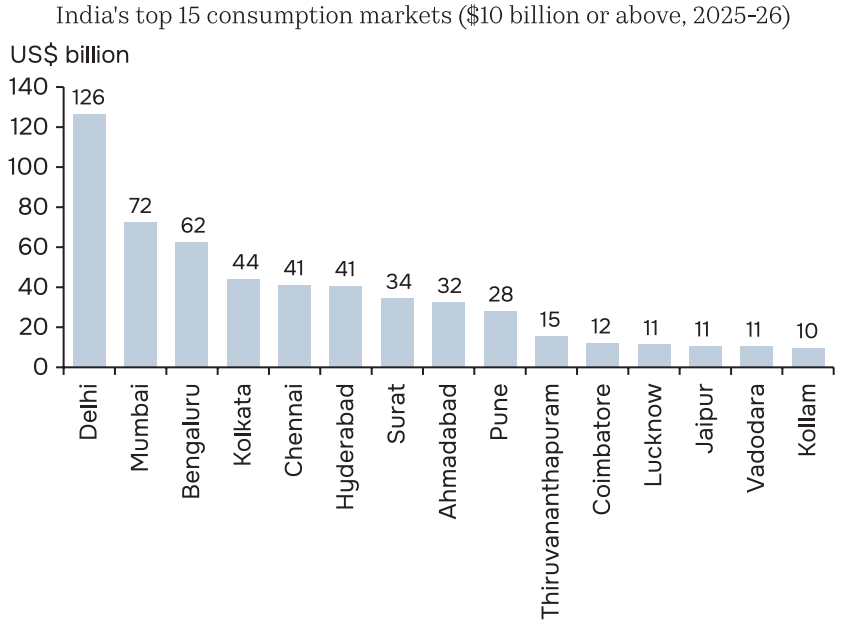
India's top five cities by average household spending are not from the Big Six



Source: PRICE, Tata Sons Research

- **But it is the Big Six that dominate overall demand.** Due to their population, the Big Six remain the largest consumption pool in the 100 cities, accounting for 46% of total consumption. These cities are followed by Surat, Ahmedabad and Pune, which are markets of roughly $30 billion each. Then come Thiruvananthapuram, Coimbatore, Lucknow, Jaipur, Vadodara and Kollam, which combine high spending with a strong population base. Overall, the top 15 cities—all markets of $10 billion and above—generate roughly two-thirds of consumption in the 100 cities.

Top 15 cities generate roughly two-thirds of the 100 cities consumption



Source: PRICE, Tata Sons Research

- **There's a clear outlier among the Big Six: National Capital Region (Delhi NCR).** At $126 billion, consumption in Delhi NCR is nearly as much as Mumbai and Bengaluru combined. This is a result of the large number of households in Delhi NCR (7.5 million, versus 4.6 million in Mumbai), combined with the city's higher average household consumption (nearly ₹15 lakh annually). Its individual consumption segments are so large that they eclipse entire cities. Delhi NCR household spending on transportation is over $33 billion annually, larger than Pune or Ahmedabad's total consumption market. Delhi NCR's total dairy consumption is roughly $10 billion, making it alone bigger than Tiruppur, the 16th largest consumer market in India.

- **The nature of consumption has also changed.** 70% of urban India's spending is on non-food categories (compared with just over 60% a decade ago). These categories are dominated by housing, followed by transportation (which has grown the fastest over the past decade).

- **Beyond spending patterns, regional differences in consumption are playing out.** In northern households, income growth is being outpaced by spending growth, particularly on housing, clothing, and education. Their spending share in these categories is also higher than the national average. In contrast, southern cities' household spending on health is above the national average. For instance, Thiruvananthapuram households allocate 6.6% of expenditure to health, more than double that of Chandigarh. These differences in spending reflect underlying demographic changes.

On consumer durable assets:

- **Across the 100 cities, 50% of car owners are middle-income and 35% are high-income.** Middle-income households make up 55% of ownership in computers, ACs, washing machines and microwave ovens. High-income households own 28% of computers, 29% of ACs, 21% of washing machines, and 38% of microwave ovens.

- **At a regional level, AC penetration in the north is twice that of the south and east, a result of higher temperatures.** Car penetration is higher in the south and the west.

- **Several smaller cities are on the cusp of a wave of big-ticket purchases.** Almost every household owns refrigerators, TVs, and mobile phones. But cars, air conditioners, and washing machines are not yet widespread. To that end, as incomes rise in India's emerging cities, they will be at the forefront of a new wave of asset purchases.

Many of the 100 cities are uniquely placed: they are approaching crucial income thresholds, and also have lower levels of asset ownership. Households earning ₹12-14 lakh are more likely to buy cars. Washing machines enter the picture after the ₹14 lakh income threshold is passed. These cities are likely to be at the forefront of a wave of consumer durables purchases. All else equal, Asansol and Bhubaneswar are on the verge of spending on cars,

washing machines and ACs; Raipur and Mysuru are on the threshold of car purchases; Raipur should see washing machine sales picking up soon; and AC purchases are likely to rise in Mysuru, Kollam, and Kottayam.

On standout cities:

- **With nearly the population of a Big Six, and a large concentration of youth, Surat is a standout.** Outside the Big Six, Surat has the largest consumption market in India, with average household consumption higher than Bengaluru. Its pools of middle- and high-income households are not only among India's largest, but also among the country's fastest growing, reflecting the power of textile-led entrepreneurship, its diamond trade, and migrant upward mobility.

- **Two other cities stand out.** Chandigarh (Frontier city in the north) and Thiruvananthapuram (Boomtown in the south) have the highest average household consumption in India. Households in these two cities also have sturdy balance sheets: high levels of savings and low levels of debt.

On savings, debt, health insurance and financial vulnerability:

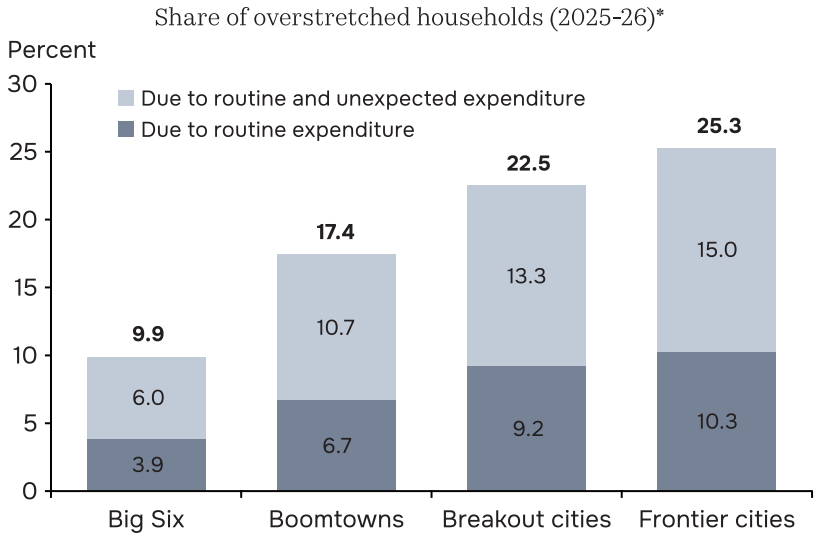
- **Urban households now generate 64% of total household surplus income (savings) in the country,** up from 55% a decade ago. Notably, half the national household surplus in India is generated by the top 100 cities (though they are home to less than a fifth of total households in the country). Overall, households now save ₹6 lakh on average annually, with Bengaluru households saving the most: ₹13 lakh on average (almost five times as much as the lowest-ranked cities—such as Mangaluru, Ujjain, and Tirupati).

- **Mid-tier cities carry the highest average household leverage.** Debt has been rising fast (12-15% annually) in Boomtowns and Breakout cities, against the Big Six (9%). Overall, over the past decade, urban India's share in all-India household debt has increased to 65% from 54%. Chennai has the highest debt-to-income ratio (27.7%) of the entire 100 cities.

- **Less than 11% of urban households pay a health insurance premium, while roughly 22% report hospitalisations.** Among these, nearly 4% became financially vulnerable due to medical expenses.

- **One in four households in Frontier cities lives in chronic or periodic financial pressure.** Around 15% of households in these cities report difficulty meeting either routine or unexpected expenses, such as healthcare including medical emergencies, children's education, utility bills and loan repayments.

Frontier cities have the highest share of overstretched households



*Households who are unable to meet routine and/or unexpected expenditures.

Source: PRICE, Tata Sons Research

On the cadence of spending:

- **Nearly 62% of India's urban expenditure takes place on Saturday and Sunday,** led by discretionary spending (spending on fashion, entertainment and electronics rise by 2.0x each while dining out rises by 1.8x). Western India has the highest weekend-to-weekday ratio (1.8x), while northern India has the lowest (1.4x). Women spend more on the weekend, as do post-grad households, larger families, and dual-income households.

On the rise of the middle economy:

- **Almost imperceptibly, the edges of rural and urban India are merging quickly, giving rise to a 'middle economy'.** This convergence is due to the diffusion of physical and digital connectivity. Highways, industrial corridors, townships, smartphones, digital payments, and e-commerce have turned towns within 50km of cities into satellite economies.

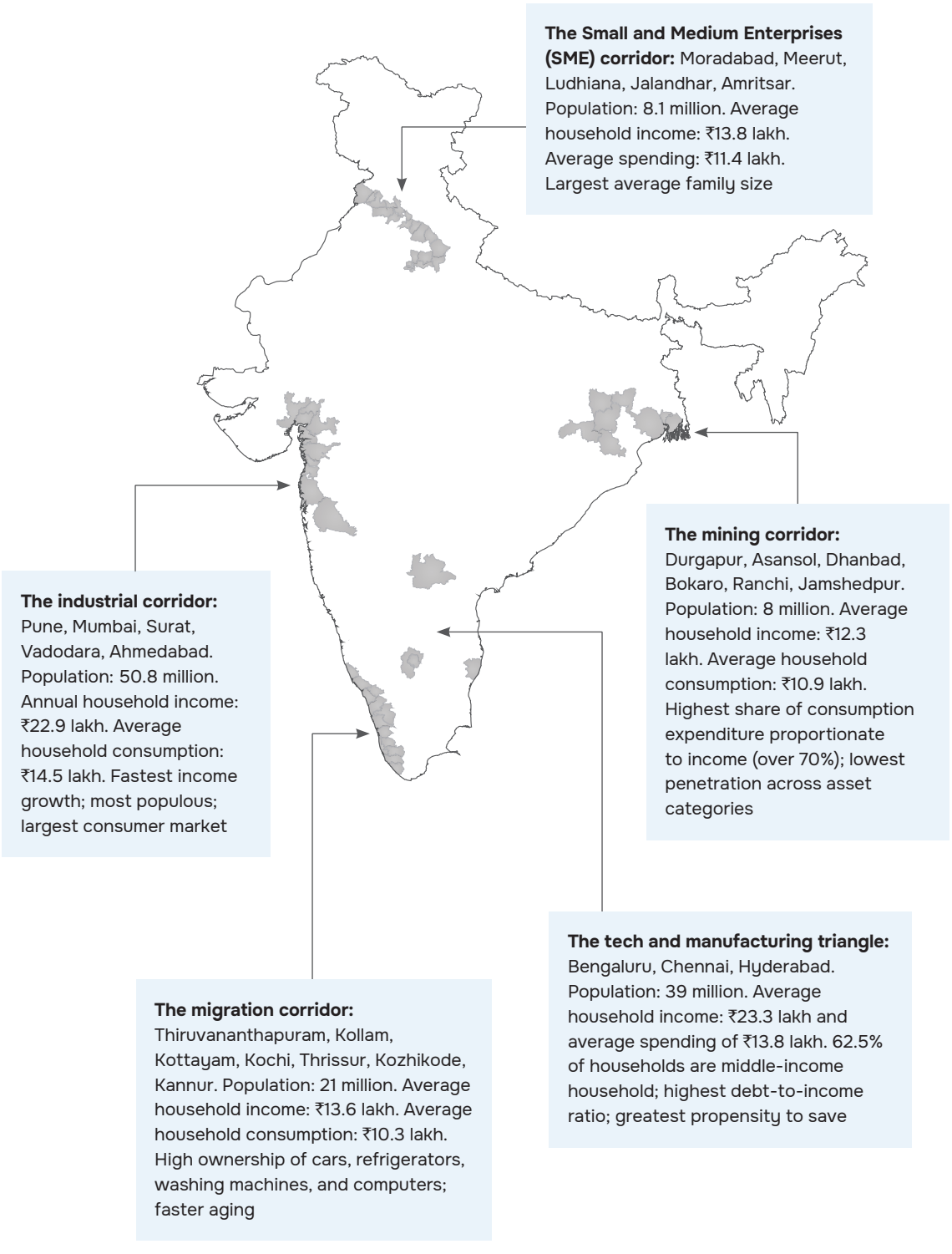
Sub-metropolitan areas—where rural and urban edges meet—account for nearly 20% of national consumption and 19% of total income.[5] Household spending here has risen more than twice to nearly ₹8 lakh per year from 2015-16, 1.5 times its rural counterpart—exemplifying the rise of India's middle economy. India's sub-metropolitan areas have become the engine of incremental demand, accounting for nearly one-third of new household spending in the past decade.

The urban-rural gap in consumption-to-income ratios—historically 10-12ppt—is now at just under 8ppt.

5 Sub-metropolitan areas are urban areas with a population of less than 500,000. These areas include smaller urban centres and hinterlands beyond the top 100 cities.

Major economic corridors

26 of India's top 100 cities are located in five distinct corridors. Together, these clusters account for over 31% of India's urban consumption. These are some of the engines driving India's growth, and they have identifiable characteristics.



Section One—Four Tiers of Urban India

Tier One—The Big Six

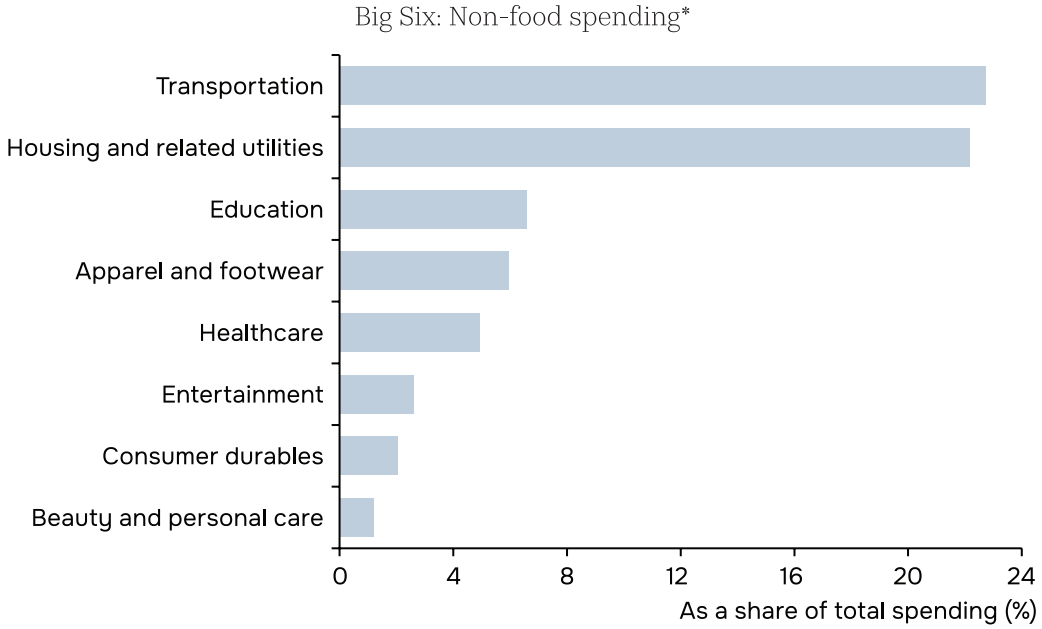
India's Big Six—Delhi, Mumbai, Bengaluru, Hyderabad, Kolkata, and Chennai—account for only 7.6% of the country's population, yet generate 18.1% of national income and 30.3% of national savings.

The Big Six dominate overall demand... Accounting for 46% of total consumption across the 100 cities, the Big Six remain the largest consumption pool due to their population. With an average household income of ₹23.2 lakh, households in the Big Six spend ₹13.5 lakh on average, save ₹9.7 lakh, and hold ₹4.3 lakh in debt. Between 2015–16 and 2025–26, their share of national income rose to 18.1% from 12.3%, while average household income more than tripled, growing at 12.2% annually.

...Despite lower spending propensities. Households across the top 100 cities spend two-thirds of their income, but the Big Six have a spending propensity of only 58% (spending as a share of disposable income). Chennai (67%) and Hyderabad (65%) are closer to the 100-cities spending average.

Big Six households tend to spend more on transportation, followed by housing and utilities. Education and health are also significant spending categories.

Transportation is the biggest spending category for Big Six households (2025-26)

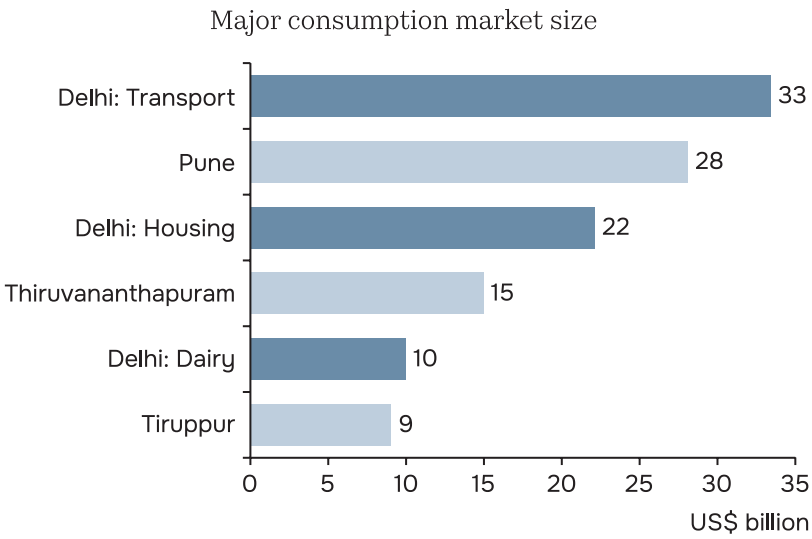


*Transportation: Purchase and operation of personal vehicles, public/private transport for commute.
Housing and related utilities: Housing rent, maintenance, water supply, electricity, and gas.

Source: PRICE, Tata Sons Research

Capital spending. There's a clear outlier among the Big Six: the National Capital Region (Delhi NCR), which has 7.5 million households, a population of over 35 million, and an average household income of almost ₹26 lakh. At an estimated $126 billion, Delhi NCR represents India's largest urban consumption market, with a consumer economy approaching the combined scale of Mumbai and Bengaluru ($135 billion). This is a result of the large number of households in Delhi NCR, combined with the city's higher household consumption (nearly ₹15 lakh annually). Its individual consumption segments are so large that they eclipse entire cities. Delhi NCR household spending on transportation is over $33 billion annually, larger than Pune or Ahmedabad's total consumption market. Delhi NCR's total dairy consumption is roughly $10 billion, making it alone bigger than Tiruppur, the 16th largest consumer market in India.

Delhi's total household spending on transportation surpasses the entire Pune consumption market (2025-26)



Source: PRICE, Tata Sons Research

There are two other standout cities among the Big Six. Bengaluru has the highest average household income across the 100 cities (₹28 lakh), as well the highest average household savings (₹13 lakh). The city's propensity to spend is also the lowest in India, at 54.1%. In contrast, Chennai's propensity to spend is the highest of the Big Six by far, at 67%. Its households earn ₹18.9 lakh, spend two-thirds of it, and carry the highest debt exposure (28% of income) of the Big Six, with strong demand for housing and vehicles in particular.

Average household health expenditure stands at ₹88,500 annually, or 3.8% of annual income. Around 13–17% of households are covered by public health schemes and 14.5% by employer or personal insurance policies. Nearly a quarter of households express concerns about claims processing, while a fifth feel no need for insurance.

The Big Six manage the most surplus income (savings) of the four city cohorts. The total surplus income of the Big Six is three times that of Boomtowns, eight times that of Breakout cities, and nine times that of Frontier cities. On the whole, savings amount to 42%

of disposable income, against 25% for all-India. Mumbai and Delhi together account for a fifth of urban India's household savings.

Over 70% of families save for emergencies, while 46% actively plan for retirement. More than a quarter of households have liabilities in the form of asset purchases such as homes or automobiles.

Debt do them apart. The debt-to-income ratio of 18.5% in the Big Six, the highest among all city categories, is driven largely by Chennai (27.7%). In contrast, Hyderabad and Bengaluru are the lowest of the Big Six, at roughly 15%.

Family structures in the Big Six reflect the social pressures of high-density urban living and labour mobility. About 71% of households are nuclear (a married couple with their children). 27% of households consist of just two or three members. Smaller household sizes, delayed marriage, and lower fertility define the demographic character of the Big Six. Roughly a third of households report no children, while only 9% have more than two. Significantly, about a fifth of households in the Big Six are dual earners—the lowest of the four city categories.

India's Big Six cities (2025–26)

Household Indicators	Delhi	Mumbai	Kolkata	Bengaluru	Chennai	Hyderabad
Demographic Profile						
Households (mn)	7.5	4.7	3.9	3.7	2.9	2.7
Population (mn)	35.6	22.5	16.1	14.8	12.6	11.6
Average Household Size	4.7	4.9	4.2	4.1	4.4	4.3
Income & Consumption						
Average Household Income (₹ lakh/year)	25.9	24.2	16.8	28.3	18.9	21.2
Average Household Consumption (₹ lakh/year)	14.5	14.0	10.0	15.3	12.7	13.8
Savings & Financial Capacity						
Average Household Savings (₹ lakh/year)	11.4	10.2	6.8	13.0	6.2	7.5
Savings-to-Income Ratio (%)	43.9	42.1	40.6	45.9	33.0	35.3
Credit & Financial Leverage						
Average Household Debt (₹ lakh/year)	4.7	4.5	3.4	4.5	5.3	3.0
Debt-to-Income Ratio (%)	18.0	18.6	20.3	15.7	27.7	14.0
Consumption Behaviour						
Consumption-to-Income Ratio (%)	56.1	57.9	59.4	54.1	67.0	64.7

Source: PRICE, Tata Sons Research

Tier Two—Boomtowns

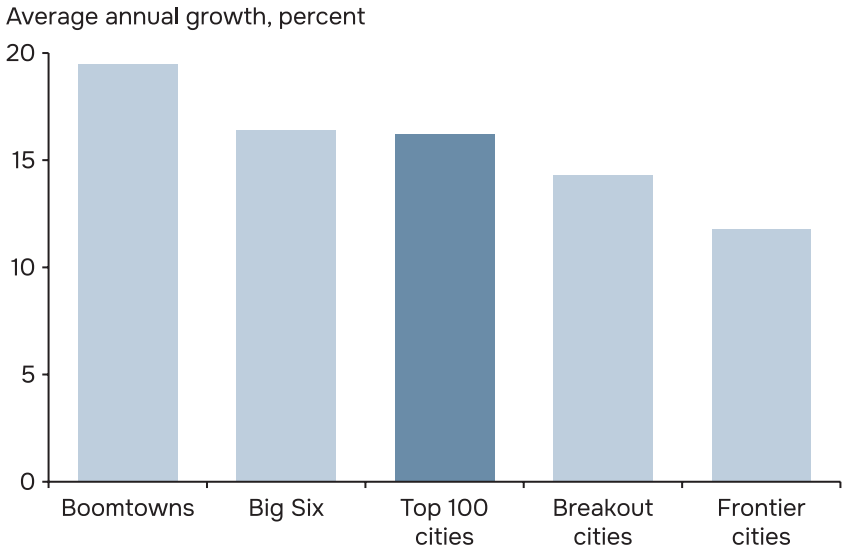
Boomtowns are a fast-growing cluster of Indian cities. A decade ago, a quarter of Boomtown households were middle-income—a figure that now stands close to 51%. Boomtown cities couple large populations with high spending per household, resulting in the next pool of big consumer markets. In fact, Thiruvananthapuram, Vadodara, and Surat have higher per-household spending than the Big Six.

India's Boomtowns—a cohort of 19 fast-growing cities including Pune, Ahmedabad, Surat, Lucknow, Coimbatore, Jaipur, Indore, and Vadodara—account for 5.1% of the population, contribute 8.5% of national income, 8.3% of total consumption and 9.1% of the country's household savings. The south accounts for 43% of Boomtown households, followed by the west and north with 22% each, and smaller but significant clusters in eastern (7%) and central India (6%).

Boomtowns have seen the most striking shift in income distribution. The number of high-income households in Boomtowns has grown 19% annually since 2015-16, against 16% in the Big Six. Today, there are an estimated 1.75 million high-income Boomtown households, a 6x rise from 294,000 households in 2015-16. Meanwhile Boomtown middle-income households have risen to 8.4 million, up from 3.2 million in 2015-16.

A surge in the number of high-income households in Boomtowns (2016-26)

Growth in number of high-income households



Source: PRICE, Tata Sons Research

Vadodara and Coimbatore have per-household incomes to rival those of the Big Six. Jaipur, Lucknow, and Indore show steady middle-income expansion driven by manufacturing, construction, and services. Thiruvananthapuram has the highest average household consumption in India after Chandigarh, a Frontier city (driven by high savings and low levels of debt).

With nearly the population of a Big Six, and a large concentration of youth, Surat is a standout among Boomtowns. Outside the Big Six, Surat has the largest consumption market in India, with average household consumption higher than Bengaluru. Its pools of middle- and high-income households are not only among India's largest, but also among the country's fastest growing, reflecting the power of textile-led entrepreneurship, its diamond trade, and migrant upward mobility.

At 26.5%, Boomtowns have the highest share of dual-income households among all city categories. This suggests that India's emerging growth corridors are increasingly powered by multiple earners per household, strengthening both consumption capacity and financial resilience.

Housing has emerged as a defining feature of the Boomtown economy. The average Boomtown household spends nearly 3.5% more on housing and related services than its counterpart in the Big Six in absolute terms, underscoring the intensity of urban expansion and household formation in these fast-growing cities.

Car ownership stands at 32%, on par with the Big Six, while motorcycle ownership is significantly higher at 72% compared with 50% in the largest cities. Ownership of consumer durables is also more widespread, with 40% of households owning washing machines and 31% owning microwaves, compared with 30% and 27%, respectively, in the Big Six.

Boomtown households are the major drivers of savings in urban India after the Big Six. Savings in Boomtowns grew at 9% annually over the past decade, while savings in the Big Six grew at over 14%. Boomtown debt levels (15.4% of income) are lower than the Big Six (18.5%). But Boomtown reliance on debt is growing: from 19.1% of total debt from the Top 100 cities in 2015-16, it has increased to 22.6% in 2025-26.

Tier Three—Breakout Cities

Breakout cities are younger than the national average, with around 67% of the population of working age, offering both a substantial labour pool and a potential consumption market. Breakout city economies are being reshaped by transport connectivity, high digital penetration, industrial policies supporting MSMEs, and expanding educational centres.

India's 25 Breakout cities represent the country's third urban growth tier. With around 46 million people, these 25 cities account for 8.8% of India's urban population in 2026. Cities like Tiruppur, Ludhiana, Rajkot, Madurai, Chhatrapati Sambhajinagar, Varanasi, and Moradabad specialise in a spectrum of trades that includes textile exports, machine tools, auto components, healthcare, higher education, tourism, and sports equipment manufacturing.

Breakout cities are characterised by an emergent middle-income cohort where average household sizes range from 3.4 to 5.5, reflecting multi-generational households alongside growing nuclear family patterns. Nearly 68% of households have children, fuelling demand for education, healthcare, and affordable housing. Dual-earner households (21.4%) are increasingly common, particularly in southern and western cities.

In Breakout cities, household income dispersion is wide: Amritsar (₹19 lakh), Tiruppur (₹17.6 lakh), and Chhatrapati Sambhajinagar (₹15.7 lakh) lead in per-household income, driven by export-led or manufacturing activities. In contrast, Moradabad (₹7.9 lakh) and Aligarh (₹10.3 lakh) remain at the lower end, reflecting the challenges of traditional, small-scale manufacturing bases.

Breakout city spending propensity is highest across all cohorts, at 79%.

Cities like Tiruppur, Rajkot, and Ludhiana have higher formalisation levels due to their export orientation, while Ranchi, Jamshedpur, and Dhanbad remain tied to industrial labour markets. Contractual work remains high in Breakout cities, but permanent employment has improved to nearly half of all jobs (from 42% ten years ago).

The savings-to-income ratio in Breakout cities is the lowest among all cohorts, at 21.4%. This is 20ppt below the Big Six, which has India's highest savings-to-income ratio. The nature of these savings is unlike other cities. Breakout cities save the least for contingencies, and the most for wealth creation, which includes business expansion and investing in assets. Rajkot, Ludhiana, and Gwalior show high wealth-creation savings rates, ranging from just over 40% to almost 70% of household income.

Only 18% of Breakout city households own cars, compared to 27% across the 100 cities. Similarly, about a quarter own ACs and washing machines. This suggests that there is scope for expansion in car and household appliance purchases as incomes rise. Some Breakout cities are approaching crucial income thresholds and are on the cusp of large asset purchases. Raipur and Asansol, for example, are on the verge of car, washing machine, and AC purchases.

Many Breakout cities are on the cusp of big-ticket purchases (2025-26)

Share of household ownership (%)*			
City	**Car**	**Washing machine**	**Air conditioner**
Breakout cities	18.0	25.8	22.5
Kollam	29.8	21.9	8.2
Raipur	8.3	15.2	6.6
Asansol	11.6	10.1	9.4

*Note: Darker shade indicates Breakout cities with average household income of ₹14 lakh and above, but lower asset ownership.
Source: PRICE, Tata Sons Research

Around 24% of households carry debt, averaging ₹2 lakh per household. Interestingly, total Breakout city household debt, both formal and informal, has grown annually at nearly 19% for the past decade. This is 6ppt higher than the 100 cities average. Breakout cities with the highest debt-to-income ratio are Varanasi, Kota, Jabalpur, and Amritsar.

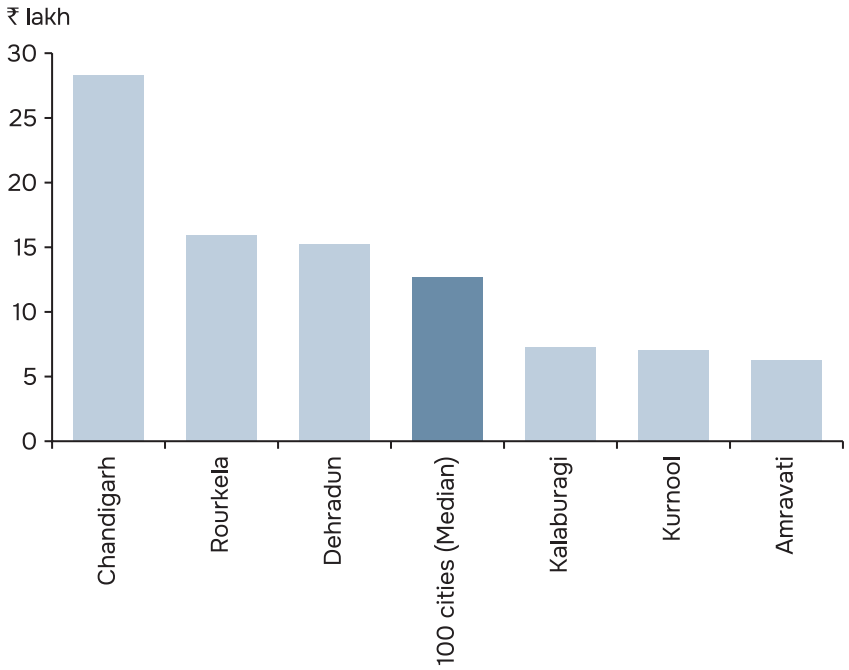
Tier Four—Frontier Cities

Frontier cities—the 51st to 100th ranked urban centres—represent the transition space between rural and urban India. Together, these fifty mid-sized cities host 10 million households, accounting for less than a tenth of India's urban population. Average household income in this cohort is about ₹12 lakh, expenditure is around ₹9 lakh, and average savings is less than ₹3 lakh.

Frontier city income levels can vary widely. Chandigarh (₹28.3 lakh)—as well as Bengaluru—has the highest average household income in urban India, while smaller Frontier cities such as Amravati (₹6.3 lakh), Kurnool (₹7 lakh), and Kalaburagi (₹7.2 lakh) have household incomes that are almost half the 100 cities median.

A spectrum in household incomes in Frontier cities (2025-26)

Average household income across the top three and bottom three frontier cities



Source: PRICE, Tata Sons Research

Among Frontier cities, Salem, Bhiwandi, and Jalandhar show a distribution of middle- and high-income households similar to the Big Six. Roughly 62% of households in the three cities are middle-income, while over 14% are high-income.

The average household consumption in Frontier cities like Bikaner, Rourkela, Kottayam, and Durg-Bhilainagar is ₹12 lakh annually, higher than some Boomtown cities like Lucknow and Jaipur.

Consumption in Frontier cities has grown at less than 10% annually over the past decade, lower than bigger cities. Food still dominates household consumption, at nearly 34% (although it is 8ppt lower than in 2015-16). In non-food categories, 7.2% of total household consumption is on apparel, footwear, and accessories—the highest across city cohorts.

As in Breakout cities, Frontier cities have room to catch up with overall urban asset ownership, especially in cars, ACs, and refrigerators. Fewer than one-sixth of households own a car, and about seven in ten own a fridge.

Frontier city households save ₹2.8 lakh annually, up from less than ₹1.7 lakh a decade ago—a muted growth rate of just over 5% annually. This suggests that Frontier cities have scope for greater financial penetration. Household savings for medical treatment is highest across all city categories, despite 41.3% of households being insured.

Notably, only 16% of households invest in instruments with longer lock-in periods (such as FDs and PPFs) versus 23% on average across city tiers, suggesting that liquidity and stability are valued more than assured higher returns. 93% of households keep their money in banks and post office savings—another indicator of a preference for high liquidity. This fits with the financial fragility seen in Frontier city households. Over 10% of households (a greater proportion than in any other city tier) are overstretched to the degree that they find it difficult to meet routine expenses.

At 12.8%, the Frontier city debt-to-income ratio is lowest among all categories. It is also growing at the slowest rate.

Section Two—Income Distribution

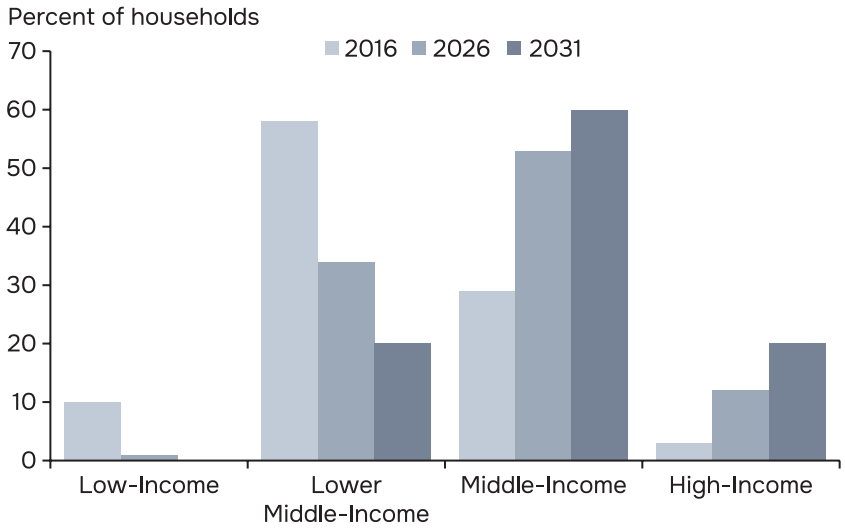
By 2030-31, 60% of the 80 million households in India's top 100 cities will have achieved middle-income status, twice their share in 2015-16.

The unstoppable rise of middle-income households

Whether from the Big Six, Boomtowns, Breakout cities, or Frontier cities, middle-income households will form a majority of households. The rise of India's middle-income households is not limited by geography—they will rise across the board in India. All in all, this is the single largest socio-economic mobility shift in the country's urban history.

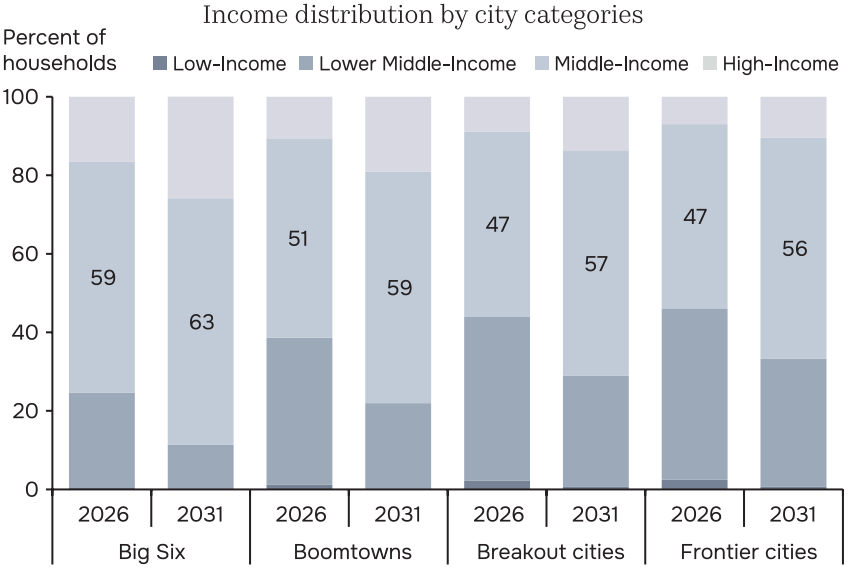
Middle-income households will dominate by 2030-31...

Income distribution: Top 100 cities



...across all city categories

Income distribution by city categories



Note: Years shown are fiscal years

Source: PRICE, Tata Sons Research

Income class definitions used in this report

At 2025–26 prices, households are classified into four income groups: Low Income (below ₹1.5 lakh annually), Lower Middle Income (₹1.5–6 lakh), Middle Income (₹6–36 lakh), and High Income (above ₹36 lakh). Based on the survey-estimated average household size, these correspond approximately to per capita incomes of: Low Income: less than $450 (PPP$1,650); Lower Middle Income: $450–1,560 (PPP$1,650–5,770); Middle Income: $1,560–8,500 (PPP$5,770–31,500); High Income: above $8,500 (PPP$31,500) per year, respectively [PPP refers to Purchasing Power Parity].

Consistent with international practice, this report defines the middle-income household not simply as the middle of the income distribution but as households that enjoy a reasonable degree of economic security, with a relatively low risk of falling back into poverty and sufficient resources for discretionary spending, savings, education, healthcare, and asset creation. The middle-income group identified here broadly corresponds to about PPP$15–90 per person per day, aligning with internationally used middle-income cohort definitions such as the Brookings Institution's PPP$11–110 range, and the Pew Research Centre's PPP$10–20 range, while reflecting India's specific income and consumption realities.

While middle-income households will double in share, the share of high-income households will multiply about six-fold, to 19.6% by 2030-31 from 3.5% in 2015-16. There will be around 15.6 million such households by 2030-31.

The growth in middle- and high-income segments will translate into a dramatic fall in low-income households. In the 100 cities, this contraction will be one of the most rapid observed in any major emerging market. Low-income households will fall to just 0.3 million (0.4%) by 2030-31 from 4.9 million (10%) in 2015-16, shrinking 16% annually.

Diverse income patterns

Cities with the highest average household earnings come from two extremes. Bengaluru (a Big Six city) and Chandigarh (a Frontier city) have the highest average household income in India: ₹28 lakh ($32,000). Vadodara, at ₹26 lakh ($29,000) has an income level similar to Delhi's and higher than Mumbai's. Cities such as Pune, Thiruvananthapuram, and Surat have higher average household incomes than Hyderabad, Chennai, and Kolkata.

High-income households in Frontier cities have been growing at a fast clip. Of the ten cities with the fastest growth in high-income households, four are Frontier cities (Thoothukudi, Belagavi, Jamnagar, and Bhubaneswar) and four are Breakout cities (Raipur, Kota, Kollam, and Nashik).

Two-thirds of the fifteen cities with the largest share of high-income households are Breakout cities and Frontier cities.

Section Three—Consumption

By 2025–26, India's top 100 cities, which house less than one-fifth of the population, will account for nearly one-third of all national consumption (₹74.5 lakh crore, or $844 billion), and about 61% of all urban demand. If they were a country, these 100 cities would be the fourteenth largest consumption market globally, after South Korea and Turkey, and ahead of Indonesia.

Within these 100 cities, household expenditure is growing at 10.4% annually, compared with 8.5% for all-India. This divergence is not merely the result of higher wages but of deeper market access and diversified occupations.

The urban consumption ladder: four tiers of economic behaviour, and digital consumption

Big Six

Average household consumption in the Big Six has climbed to ₹13.5 lakh in 2025–26 from ₹4.8 lakh in 2015–16, expanding at 10.9% annually.

Spending in Big Six households has shifted from goods to experiences. Housing, health, mobility, and learning define their budget. Digital payments penetration exceeds 90%, and formal credit access is the highest nationwide. Households invest in mobility, convenience, and human capital rather than basic goods.

Boomtowns

Boomtowns' spending totaled ₹20.1 lakh crore in 2025–26, with an average household expenditure of ₹12.2 lakh, growing by 10.5% on average over the past decade.

Here, spending is balanced between essentials and aspiration: food (31.1%), housing and utilities (25.8%), transport (19.2%), and education (6.8%). Boomtowns are also home to over half of new online shoppers.

Breakout cities

The average household in Breakout cities—such as Amritsar, Nashik, and Ranchi—spends ₹11.2 lakh annually, almost 80% of household income.

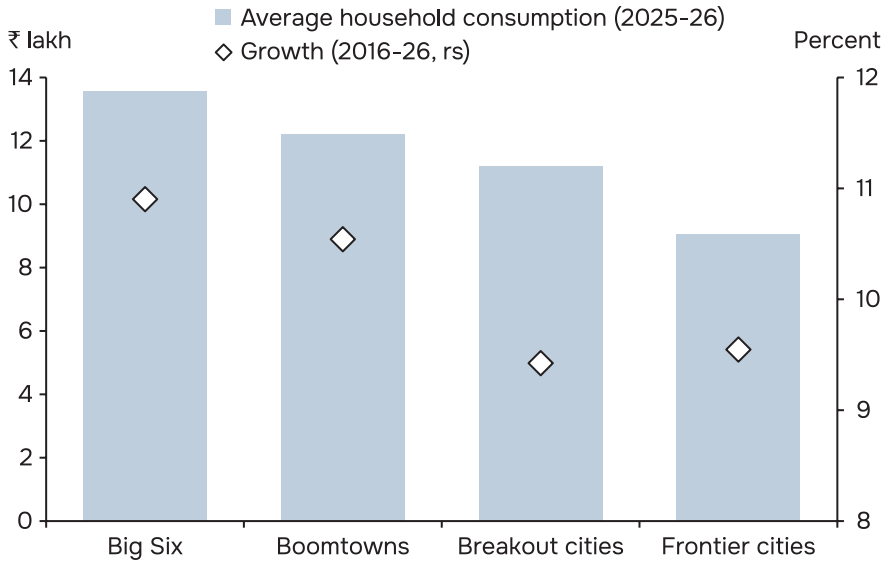
Food accounts for a third of household spending budgets, but allocations are rising for education (6.1%) and health (5%).

Frontier cities

The 51–100-ranked cities, from Bhavnagar and Erode to Ujjain, Durgapur, and Cuttack, are India's demographic and consumption frontier. Average household expenditure stands at ₹9.1 lakh, and the consumption-to-income ratio is 76%.

While food's share (33.8%) remains high, transport (20.5%), housing (19.9%), and apparel (7.2%) are significant too.

Robust growth of 9-10% in average household consumption across city categories



Source: PRICE, Tata Sons Research

Consumption—Digital habits

In digital purchases, fashion, utilities, and electronics dominate because they offer the highest discovery advantage—comparisons, reviews, prices, and breadth of choice. The Big Six lead in these categories (68%), reflecting both higher discretionary spending and greater exposure. Frontier cities display greater inclination for health and beauty, suggesting that aspirational consumption diffuses early through personal-care categories.

One-third of 100 city consumers complete transactions in under 30 minutes. In contrast, shoppers in the Big Six and Boomtowns—15% of whom browse for over an hour—are more deliberate, especially in premium categories.

Spending patterns

The typical urban household now allocates two-thirds of its expenditure to services—a share that has grown steadily as incomes rise and lifestyles evolve. Within this basket, housing, transport, and education dominate, signalling the shift from subsistence to aspirational consumption.

Food: Food remains the single largest consumption category, accounting for 31% of total household spending across the 100 cities (compared with roughly 38% in 2015-16). The Big Six allocate around 30.5% of spending to food, compared to 33.8% in Frontier cities—a reflection of the textbook economic theory of food's share in household budgets declining as income rises.

The composition of food spending in the 100 cities increasingly reflects urban India's nutrition transition. Categories such as dairy (₹4 lakh crore) and fruits and vegetables (₹4.6 lakh crore) now exceed cereals and pulses combined (₹3.4 lakh crore)—an inversion of India's dietary pyramid. This transition has major implications for supply chains, cold storage infrastructure, and food processing industries.

Housing and utilities: In absolute terms, India's top 100 cities together spend ₹17 lakh crore annually on housing, rent, and utilities. This translates to ₹2.75 lakh in annual spending on housing and services by households in these cities—22% of total household expenditure in the Big Six, and about 20% in Frontier cities. But the biggest allocation to housing and services as a share of total household spending happens in Boomtowns: over 25%.

Transportation: Mobility expenditure is the second-largest component of non-food spending, averaging ₹2.6 lakh per household annually, and totalling ₹15.8 lakh crore across the top 100 cities. For many Indian households, transport represents access to work, education, and opportunity.

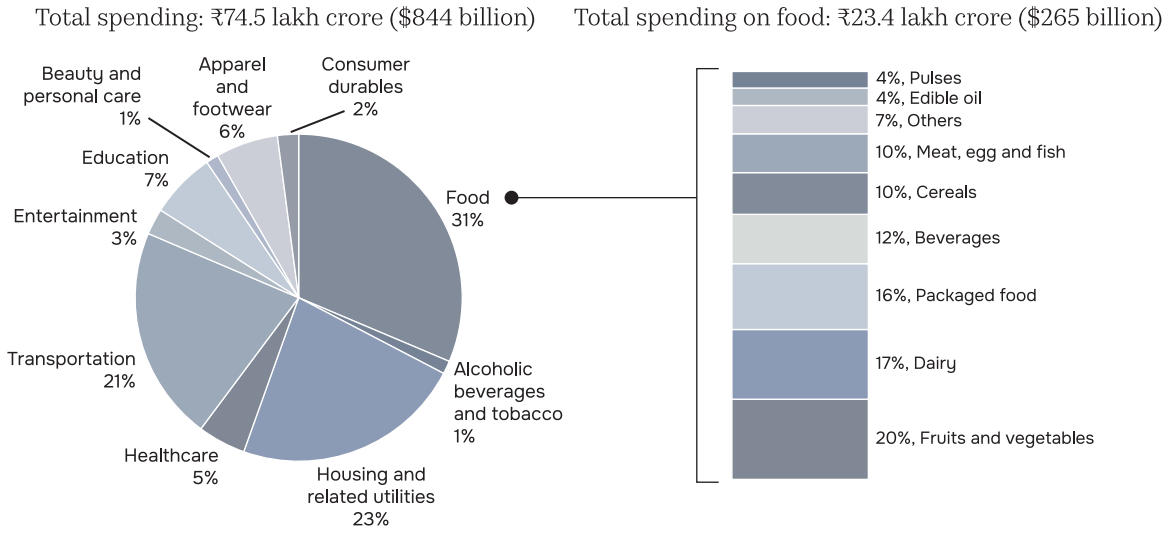
The rising share of transport in household budgets—particularly in Boomtowns and Breakout cities—mirrors India's evolving geography of work. With urban sprawl and multi-nodal city structures, families now spend more on commuting, vehicles, and related services.

Education and health: Households now spend close to ₹8.4 lakh crore annually on education and health, representing a combined share of 11.3% of total consumption in the 100 cities. In 2025–26, households will have spent more on education and health combined than on all cereals, pulses, and edible oils together.

Education alone accounts for ₹4.9 lakh crore in annual spending—with the Big Six contributing almost half of this spending. This reflects both private schooling expansion and the rise of professional and digital learning ecosystems. Similarly, healthcare expenditure has surged to ₹3.5 lakh crore due to increased health awareness, private insurance, and post-pandemic lifestyle changes.

Apparel, recreation, and the experience economy: 100-city household spending on lifestyle categories (apparel, recreation, and beauty and personal care) has risen just 1.5% annually since 2015-16. Today, these categories account for 10% of household spending. The Big Six lead this segment with ₹2 lakh crore in apparel and footwear expenditure and ₹1.3 lakh crore in entertainment and beauty and personal care combined.

Total spending across the 100 cities (2025-26)



Source: PRICE, Tata Sons Research

Cities to watch

46% of the $844 billion annual consumption in the 100 cities happens in the Big Six. They are followed by Surat, Ahmedabad, and Pune (Boomtowns), which are markets of roughly $30 billion each. Then come Thiruvananthapuram, Coimbatore, Lucknow, Jaipur, Vadodara, and Kollam, which combine high spending with a strong population base. Overall, the top 15 cities—all markets of $10 billion and above—generate roughly two-thirds of consumption in the 100 cities.

But the largest spends per household are from smaller cities. On average, households in Chandigarh spend more than any other city, while Amritsar, Ahmedabad, and Jabalpur households spend more than Mumbai.

The rise of the middle economy

Another defining pattern is the alignment between consumption clusters and industrial corridors. More than 65% of the top 100 cities are located in major economic corridors—the Delhi–Mumbai Industrial Corridor, Bengaluru–Chennai Industrial Corridor, East Coast Economic Corridor, and the Western Dedicated Freight Corridor. The multiplier effects of corridor-led growth are now visible in the emergence of multiple-city urban systems, where smaller cities thrive by serving metropolitan economies. For instance, Coimbatore and Tiruppur feed into Chennai's export and consumption networks; Vapi into Mumbai's; and Meerut into Delhi's.

The emerging consumption geography therefore challenges the old binaries of urban-versus-rural and developed-versus-lagging states. What is emerging instead is a continuum of economic participation—a landscape where prosperity spreads outward through infrastructure, employment, and aspiration.

Almost imperceptibly, the edges of rural and urban India are merging quickly, giving rise to a 'middle economy'. This convergence is due to the diffusion of physical and digital connectivity. Highways, industrial corridors, townships, smartphones, digital payments, and e-commerce have turned towns within 50km of cities into satellite economies. Sub-metropolitan areas—where rural and urban edges meet—account for nearly 20% of national consumption and 19% of total income. Household spending here has risen more than twice to nearly ₹8 lakh per year from 2015-16, 1.5 times its rural counterpart—exemplifying the rise of India's middle economy.

More importantly, India's sub-metropolitan areas have become a major source of demand, contributing nearly one-third of the growth in household consumption over the past decade. As incomes rise and access to markets, infrastructure, and services improves, consumption patterns in these regions are increasingly converging with those of urban India. The historical gap between urban and rural consumption-to-income ratios, once as high as 10–12ppt, has narrowed to less than 8ppt, signalling a gradual but significant integration of India's rural and urban consumer economies.

The Geography of Consumption

India's consumption geography demonstrates divergence in current spending levels, but convergence in growth trajectories. Western and southern cities lead in absolute value, but northern and eastern cities exhibit the highest acceleration.

At the top of this urban hierarchy are the western and southern corridors, which together account for over half of India's total urban consumption. These regions—spanning Mumbai–Pune, Ahmedabad–Surat, Bengaluru–Chennai, and Hyderabad–Visakhapatnam—are characterised by higher per-capita incomes, a stronger industrial base, and globally integrated service economies. The western corridor, anchored by Maharashtra and Gujarat, leads in durable goods and automotive consumption, while the southern cluster dominates digital and knowledge-based services—education, IT, and healthcare.

In contrast, northern and central India—encompassing Delhi NCR, Lucknow, Jaipur, Bhopal, and Indore—is witnessing the rise of an aspirational urban middle-income class. These cities exhibit strong growth in education, hospitality, construction, and retail—sectors that blend traditional enterprise with formalised consumption. Households here are moving rapidly up the consumption ladder, allocating larger shares to housing, mobility, and apparel, as incomes diversify from government employment and MSME activity to services and trade. The NCR region, in particular, functions as a gravitational hub—stimulating consumption in adjoining clusters like Meerut, Sonipat, and Alwar, creating a metropolitan spillover.

To the east, a quieter transformation is underway. Here—in Bhubaneswar, Durgapur, Guwahati, Siliguri and Ranchi—the consumption surge is driven less by corporate expansion and more by public investment and digital integration. Improved connectivity under the Bharatmala and Sagarmala projects, coupled with the spread of fintech and e-commerce, has opened new channels of access. Though per-household expenditure remains below the national urban average, growth rates are accelerating.

Section Four—Asset Ownership

Pressure cookers, TVs, and refrigerators—which are essential assets—are owned almost universally. But aspirational and premium assets—cars, ACs, washing machines—have some way to go.

Converging asset penetration

The Big Six currently dominate India's durable stock across high-value categories. They hold 49% of all cars, 51% of ACs, 43% of TVs, 44% of refrigerators, 42% of microwaves, and 42% of computers. Boomtowns hold another 28–36% across most categories. These figures make clear that nearly three quarters of India's urban asset stock resides in its top two city tiers. Over the next decade, these cities will lead early adoption of EVs, smart-home devices, and inverter-based appliances due to their wealth concentration and service infrastructure maturity.

Breakout and Frontier cities together account for only 19-34% of stock in most categories today—e.g., cars (19%), ACs (22%), computers (26%), washing machines (26%). Yet these cities represent India's largest untapped potential consumers. For instance, Frontier cities account for just 10% of AC stock, despite representing 17% of total top 100 cities population.

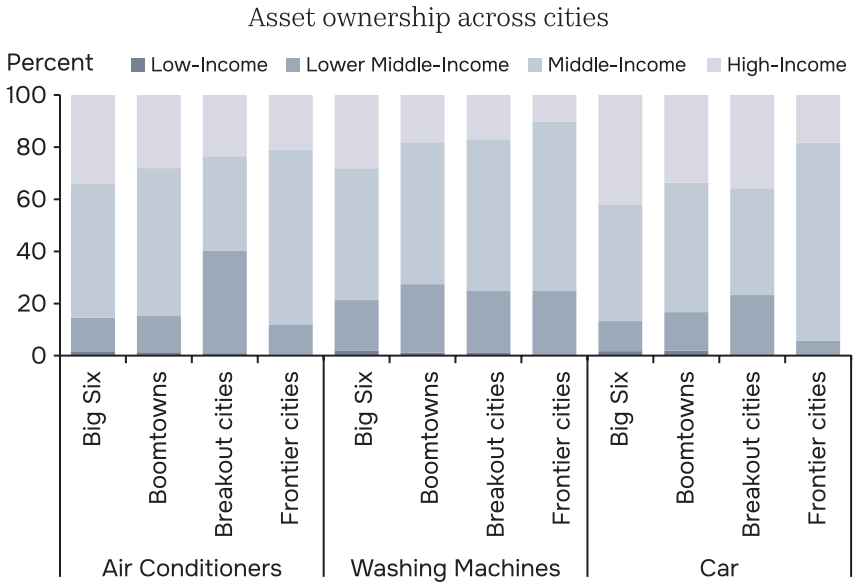
Washing machine penetration drops from 40% in Boomtowns and 30% in the Big Six to only 26–27% in Breakout and Frontier cities. Air conditioner penetration falls from 37% in the Big Six to just 19% in Frontier cities—a gap of nearly 20ppt. Car penetration, too, declines from 32% in the Big Six and 32% in Boomtowns to just 18% in Breakout cities and 15% in Frontier cities.

Income and asset ownership

Income-level patterns reinforce the emergence of India's urban middle-income cohort as the primary driver of consumer markets. Across the top 100 cities, middle-income households account for around 50–57% of ownership across key durables, including washing machines, computers, cars, air conditioners, refrigerators, and televisions. While premium assets remain concentrated among higher-income groups, ownership is increasingly broad-based.

The contrast is particularly striking in Frontier cities, where middle-income households account for over 65% of washing machines, cars, and air conditioners, indicating that consumer market expansion is being driven by a widening middle-income cohort.

Middle-income households are driving demand for assets (2025-26)



Source: PRICE, Tata Sons Research

A fresh wave of asset purchases on the horizon

Several smaller cities are on the cusp of a wave of big-ticket purchases—infact, the next decade's mobility transformation will be anchored in Breakout and Frontier cities.

This is because many of the 100 cities are uniquely placed: they are approaching crucial income thresholds and also have lower levels of asset ownership. Households earning ₹12-14 lakh are more likely to buy cars. Washing machines enter the picture after the ₹14 lakh income threshold is passed. These cities are likely to be at the forefront of a wave of consumer durables purchases. Going by the data, Asansol and Bhubaneswar are on the verge of spending on cars, washing machines and ACs; Raipur and Mysuru are on the threshold of car purchases; Raipur should see washing machine sales picking up soon; and AC purchases are likely to rise in Mysuru, Kollam, and Kottayam.

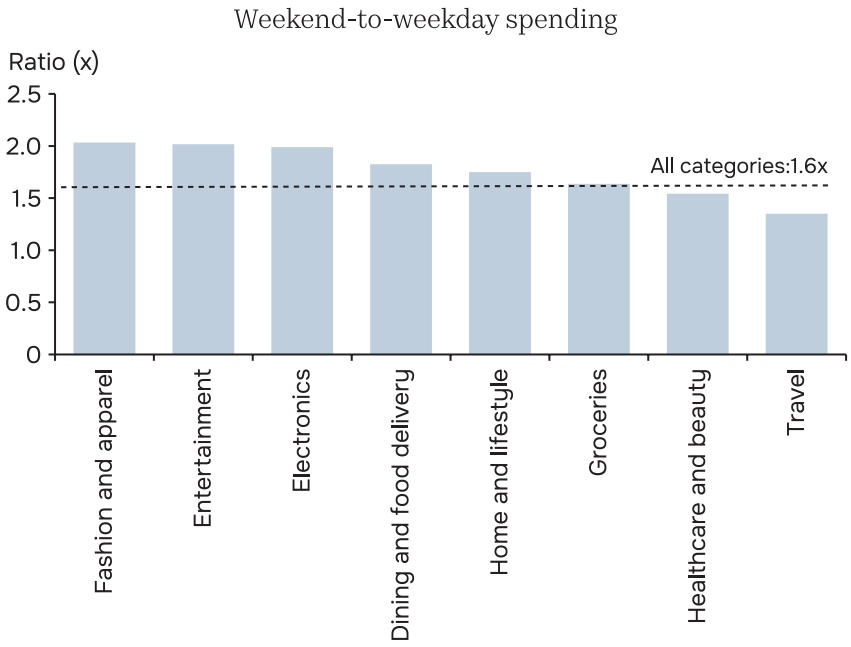
Section Five—The Weekend Economy

On average, urban consumers spend ₹6,724 during weekdays and ₹10,732 each weekend, implying that 61.5% of weekly spending is concentrated into just two days.[1]

Category-wise, the shift is even more telling. Spending on fashion and apparel rises from ₹529 on weekdays to ₹1,075 on weekends (2.03x), entertainment from ₹328 to ₹662 (2.02x), electronics from ₹350 to ₹695 (1.99x), and dining and food delivery from ₹525 to ₹959 (1.83x).

By contrast, essential categories move more moderately. Groceries show a weekend multiplier of 1.64x and healthcare 1.54x, reflecting routine, planned weekly household management.

Fashion, entertainment and electronics are major spending items over weekends (2025)



Source: PRICE, Tata Sons Research

1 Findings in this section are based on PRICE's ICE 360 Survey (2025) in partnership with Tata Sons Research, which gathered responses from 6,655 individuals across five age groups, covering both males and females, from 25 major Indian cities: Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad, Jaipur, Lucknow, Pune, Indore, Kochi, Surat, Vijayawada, Patna, Chandigarh, Raipur, Ahmedabad, Gurugram, Dhanbad, Mysuru, Bhopal, Nagpur, Ludhiana, Coimbatore and Kanpur.

How regions spend

Across all cities, the aggregate weekend-to-weekday spending ratio stands at 1.60x, but regional differences are considerable. Western India leads with a multiplier of 1.82x, followed by southern India (1.50x), central India (1.49x), eastern India (1.42x), and northern India (1.39x).

At the city level, the divergence is even more striking. Jaipur records the highest weekend multiplier at 2.76x, followed by Surat (2.44x), Pune (2.19x), Kochi (2.04x), Indore (1.96x), and Ahmedabad and Mumbai (both 1.73x). These cities are characterised by rising incomes, young and mobile populations, robust retail and service ecosystems, and a predisposition toward discretionary spending.

The Big Six show a strong weekend multiplier of 1.65x, but the other 94 cities are not far behind (1.55x), indicating that weekend-centric, lifestyle-led consumption is no longer confined to the largest urban centres. In contrast, cities such as Dhanbad (0.92x), Mysuru (1.00x), and Kanpur (1.02x) display more stable weekday-weekend patterns, suggesting either a more constrained discretionary capacity or more traditional consumption habits.

The factors behind consumption

Income remains the most powerful differentiator of discretionary spending behaviour. The weekend spending multiplier rises steadily with income—from 1.37x among individuals earning below ₹25,000 per month to 1.56x for those earning ₹25,001–₹50,000, 1.78x for those earning ₹50,001–₹100,000, and a striking 2.53x among those earning more than ₹100,000 per month. In this highest income bracket, households spend an average of ₹21,779 on weekends compared with ₹8,622 on weekdays.

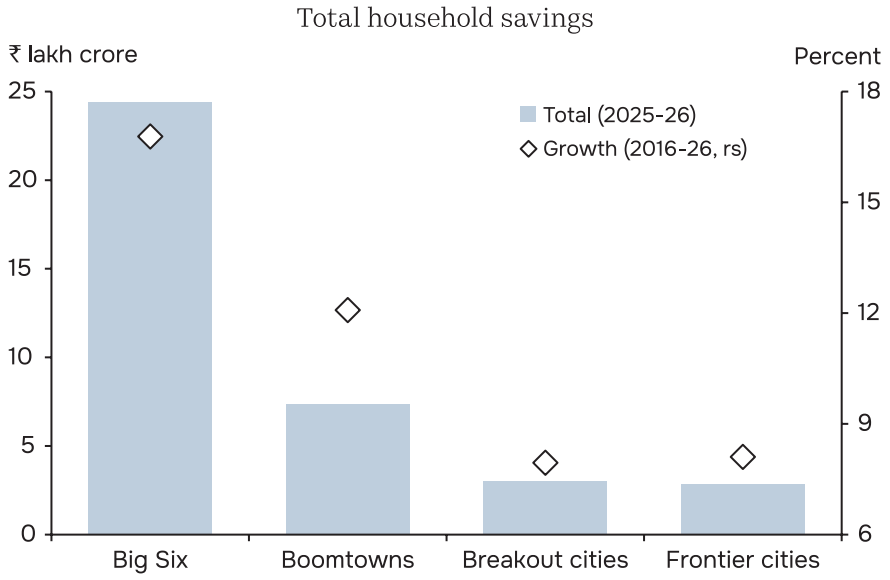
Section Six—How Urban India Saves

Urban households now generate 64% of total household surplus income in the country, up from 55% a decade ago. Notably, half the national household surplus in India is generated by the top 100 cities (though they are home to less than a fifth of total households in the country). Overall, households now save ₹6 lakh on average annually, with Bengaluru households saving the most: ₹13 lakh on average.

How much India saves

Total household savings are estimated at ₹37.7 lakh crore ($427 billion) across the top 100 cities. However, nearly 65% of these savings originate in the Big Six, while Boomtowns account for roughly a fifth. All told, the Big Six and Boomtowns not only have the largest savings but are also growing at the fastest pace.

The Big Six save disproportionately more than the other city categories (2025-26)



Source: PRICE, Tata Sons Research

A household in the Big Six has average savings of ₹9.7 lakh annually, while a Boomtown household saves ₹4.5 lakh, a Breakout city household ₹3 lakh, and a Frontier city household ₹2.8 lakh. These differences arise not only from income variation but from lifestyle costs, job structures, and risk perceptions.

The Big Six deploy the largest volumes of savings into formal channels. The average household in a Big Six invests ₹3.7 lakh into bank or post-office accounts and ₹1.2 lakh into fixed deposits or PPFs. In contrast, Boomtowns and Frontier cities split their savings more evenly across contingency cash, bank deposits, gold, and insurance.

More revealing is the distribution of savings as a proportion of income. Over 33% of Big Six households save more than 40% of their income. Frontier cities perform better than expected: 22.7% of households save more than 40% of their income, reflecting disciplined behaviour in cities with a low cost of living.

Where India saves

The financial portfolio choices of Indian households reveal an urban system in transition. Bank deposits and post-office savings dominate, with 89% of households in the top 100 cities using these instruments. This rises to 93% in Frontier cities, reflecting how smaller urban centres rely heavily on secure, government-linked savings structures to manage volatility. The Big Six show a balanced portfolio: high engagement with formal savings (89% in banks, 52% with life insurance) but also a relatively strong preference for gold. An average of 71% of households in the 100 cities keep cash at home, rising to 74% in Boomtowns.

Why India saves

Contingency and emergency savings remain the single largest saving motive across the 100 cities, with 71% of city households saving for unexpected shocks. Another 37% of households save primarily to educate children. The Big Six lead in retirement planning, with 46.2% of households saving for old age—nearly double the share in Frontier cities, and over twice that of rural India.

City-by-city data shows dramatic variation in savings motives, even among cities with similar economic structures. Delhi splits its motives between wealth creation (50%), education (29%), and contingency planning (44%), while Mumbai and Bengaluru skew more toward retirement (55% and 64% respectively) and higher studies (40% and 49%).

In Boomtowns, Surat, and Vadodara show extraordinarily high contingency savings (92% each), whereas Pune and Jaipur have education-heavy savings profiles (55% and 46%).

Breakout cities often save to buy assets. Ludhiana, Meerut, Gwalior, and Rajkot all display multi-goal savings patterns, but with unusually high shares of savings for planned social expenditure (weddings, festivals, etc.).

Frontier cities have the widest range of saving motives. Mysuru, Patiala, Malegaon, and Dehradun save across almost all motives, including education, retirement, and future finances. In contrast, Kalaburagi, Ajmer, and Cuttack show savings dominated by emergencies and medical needs.

Section Seven—How Urban India Borrows

Across the 100 cities, one in three Indian households holds some form of debt. Nearly a third of all households have assets mortgaged. This number rises to 40% in smaller cities.

The expansion of debt in urban India

The urban share of total household debt in India has risen to 65% in 2025-26 from 54% in 2015-16, while rural India's share has correspondingly fallen to 35% from 46%.

While rural India's share of total household debt has fallen, the size of debt—in absolute terms—has surged across all geographies. Urban households now hold over three times the debt they held a decade ago. Debt grew fastest in Breakout cities, at 15.2%, followed by around 12% in Boomtowns, and over 9% in the Big Six and Frontier cities.

Debt-to-income ratios—an important indicator of leverage risk—are moderate. Urban India sits at around 15%, with the Big Six slightly higher at 18.5%. Breakout cities and Boomtowns hover around 15%.

Size of household debt

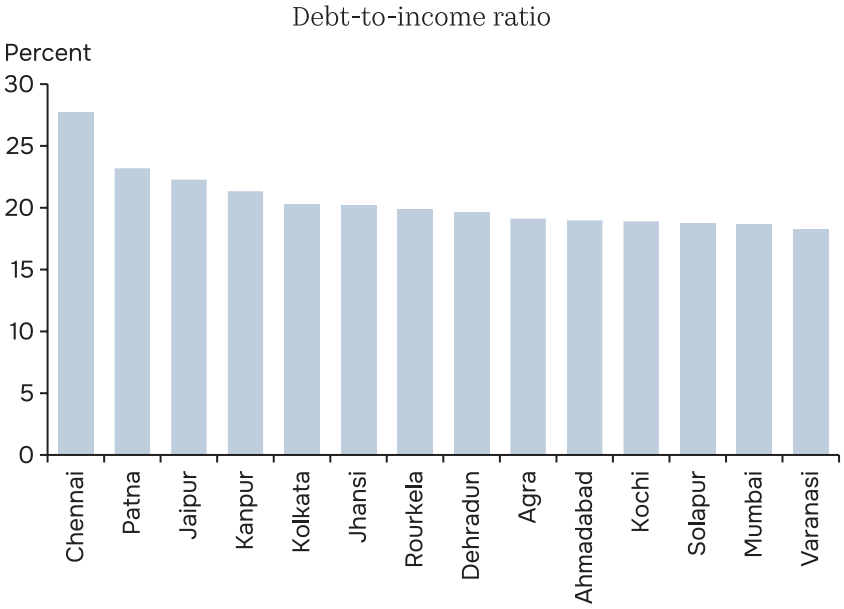
The magnitude of debt held by Indian households varies sharply across the urban hierarchy. Per-household debt is highest in the Big Six, at nearly ₹4.3 lakh, followed by Boomtowns at ₹2.6 lakh. Breakout cities are at over ₹2 lakh, while debt in Frontier cities averages around ₹1.5 lakh.

City-level financial stress and leverage

Among the Big Six, Chennai stands out with a high debt-to-income ratio of 27.7%—well above the 100-city average of 16.6%. Kolkata too crosses 20%, while Delhi and Mumbai remain in the high teens.

Several Boomtowns, such as Patna, Jaipur and Kanpur, and Breakout cities such as Amritsar, Kota, and Jabalpur, exhibit large city-like leverage levels. In Frontier cities, several cities—including Jhansi, Raurkela, Dehradun and Solapur—have a debt-to-income ratio of 18–20%.

Cities with the highest leverage across India (2025-26)



Source: PRICE, Tata Sons Research

One in four households in Frontier cities lives in chronic or periodic financial pressure. Around 15% of households in these cities report difficulty meeting either routine or unexpected expenses, such as healthcare, children's education, utility bills and loan repayments.

Credit demand

Urban borrowing patterns diverge meaningfully. Loans for housing, business expansion, education, and vehicles (both personal and commercial) are far more prominent in cities, indicating a greater share of aspirational or productivity-enhancing borrowing.

Social obligations, especially marriage-related spending, remain a common purpose across rural and urban contexts, while consumption smoothing (borrowing for festivals, 'buy-now-pay-later' schemes, etc.) and emergency expenses drive borrowing in low-income households.

Medical emergencies are the leading reason for borrowing, particularly among low- and middle-income households, accounting for more than one-fifth of all borrowing households. This highlights the need to further strengthen financial protection and reduce out-of-pocket healthcare expenditures.

The growing reach of banking services and digital credit has improved access to formal finance. Nevertheless, many borrowing households continue to use both formal and informal sources, underscoring the importance of further strengthening financial inclusion and expanding access to affordable formal credit.

While greater numbers borrow from informal sources, when they need larger sums, they approach formal sources: 57% of total loan amounts in the 100 cities originate from formal institutions, a share that rises above 65% in Boomtowns and Breakout cities.

Section Eight—Urban Health

India's urban health system is heavily out-of-pocket dependent. In 2026, roughly 22% of urban households reported hospitalisation, and more than two-thirds (68.4%) sought doctor consultations or diagnostics. Yet only 10.7% paid a health insurance premium.

The Big Six spend an average of ₹88,558 per household annually, the highest of any category. Despite having lower incomes than Boomtowns, Breakout cities spend ₹72,299, while Boomtowns spend ₹68,388. Frontier cities spend only ₹54,861, yet this amount represents a higher proportion of their household income (4.6%) compared to the Big Six (3.8%).

The composition of health expenditure also shifts meaningfully across cities. Hospitalisation charges consume 52.9% of all health spending in Frontier cities—the highest of all categories—compared to the Big Six at 46.6% and Boomtowns at 47.5%. Pharma expenses rise significantly in emerging cities: 24.1% of total spending in Frontier cities and 20% in Breakout cities, compared to only 16.6% in the Big Six. The financial premium of seeking care is higher in smaller cities, where health systems are thinner, drug expenditure is higher, and transport-related costs form a meaningful share of the out-of-pocket burden.

Insurance coverage and scheme participation: Frontier cities lead, the Big Six lag

Overall, 36.1% of households report being covered under any health insurance scheme. Interestingly, Frontier cities show the highest coverage at 41.3%, followed by Breakout cities at 38.6%, while the Big Six report the lowest coverage at 30.9%. This corresponds to the fact that state health insurance schemes account for 50% coverage in Frontier cities, 43% in Breakout cities, and 36.6% in Boomtowns, but significantly less in the Big Six (31.9%).

City-level data indicate wide variation in health insurance coverage across urban India. Coverage exceeds 50% in cities such as Coimbatore, Thiruvananthapuram, Vadodara and Bhopal, highlighting the potential to expand insurance coverage across many other cities.

But most urban households remain uninsured due to structural and behavioural reasons. A significant share—between 23.9% and 26.2% across cities—have concerns about the claim settlement process as the primary deterrent to purchasing Mediclaim. Breakout cities have the highest share of households which consider Mediclaim an inefficiant use of resources (13.7%) or unaffordable (10.7%). Another 15–19% believe they are healthy and do not need insurance, pointing to low risk awareness.

In the top 100 cities, about 21.6% of households reported that at least one member required hospitalisation within a year. Among these, nearly 4% became financially vulnerable, as their spending rose significantly due to medical expenses, causing their surplus income to turn negative.

A strong private-sector bias across all cities

Healthcare-seeking behaviour across cities reveals a strong and consistent private-sector orientation. Across the top 100 cities, 53.9% of households first seek treatment in private facilities, compared with 44.8% who visit public providers. Breakout cities show the highest private-sector reliance at 57.9%, followed by Boomtowns (54.3%) and Frontier cities (53.3%). The Big Six—despite better public infrastructure—still show a near-even split, with 51.6% choosing private care.

City spotlights: contrasting urban health profiles

A closer look at each of the 100 cities reveals how distinct policy choices, institutional capacities, and historical trajectories shape health outcomes.

- Chennai and Hyderabad illustrate the power of strong state-led protection systems: with coverage rates exceeding 50% and state schemes accounting for nearly three-quarters of all insured households, both cities embody how robust public financing, an extensive network of primary facilities, and high public trust combine to create a balanced mix of public–private care. In contrast, Delhi and Mumbai—despite their economic dominance and advanced medical markets—struggle with coverage levels below 25%.
- Rajasthan's cities—Jaipur, Jodhpur, and Udaipur—stand out as some of the strongest performers nationally, with coverage rates between 72% and 84%, driven by state-sponsored risk pooling and efficient enrolment mechanisms.
- Meanwhile, cities like Kozhikode and Cuttack demonstrate what strong public health systems can achieve: more than three-quarters of households rely on government facilities, supported by high insurance coverage and culturally ingrained trust in public care.
- At the opposite end of the spectrum lie cities such as Patna and Dhanbad—marked by low coverage and overwhelming private utilisation.

Appendix 1:

Survey Methodology

Data source – PRICE ICE 360° household surveys

This report draws primarily on data from **PRICE's ICE 360° Household Surveys** conducted in 2014, 2016, 2021 and 2023, formally titled *"Household Survey of India's Consumer Economy and Consumer Environment."* The ICE 360° surveys generate integrated, longitudinal and nationally representative data that provide a comprehensive view of Indian households and individuals across economic, social and living-condition dimensions. The surveys capture household income, expenditure, savings and borrowings, access to public goods and amenities, welfare coverage, health and education outcomes, occupational conditions, social mobility, and participation in the consumer market economy.

ICE 360° is a large-scale source of household income, expenditure and savings data in India. It is referred to for its scientific income measurement framework, extensive geographic coverage, large sample size and depth of information. The data are widely used by policymakers (including the RBI), academia, public enterprises, and the private sector. For details, visit www.price360.in.

Coverage: The target population for the ICE 360° surveys are the entire population of India, with states and rural and urban sectors treated as key sub-populations. Surveys were conducted across major states and union territories, covering both rural and urban areas. A small number of states and union territories were excluded due to operational constraints; however, these represent only about 3–4% of India's total population and therefore do not materially affect national or urban-level estimates.

Reference period: Each survey round uses the immediately preceding financial year as the reference period. Accordingly, the reference years for the data used in this report are 2013-14, 2015-16, 2020-21 and 2022-23.

Sampling design: The ICE 360° surveys combine elements of baseline, panel, longitudinal and cross-sectional designs, enabling both point-in-time comparisons and analysis of changes over time. All survey rounds follow standard survey research principles, including probability-based stratified sampling, well-designed questionnaires and standardized field protocols.

The ICE 360° surveys employ a three-stage stratified random sampling design, implemented independently for rural and urban areas within each state or union territory. In rural areas, districts, villages and households constitute the first, second and third stages of sampling, respectively. In urban areas, cities or towns, urban wards or blocks, and households form the corresponding stages.

Sampling frames are based on the 2011 Census lists of districts, villages and towns. As comprehensive household lists are not available, household listing operations are conducted in selected villages and urban blocks using structured listing schedules. In larger villages or urban blocks, only a fraction of households is listed based on the prescribed sampling fraction. The sampling strategy prioritises wide geographic spread to enhance representativeness rather than concentration of samples in a limited number of locations.

Sample sizes are determined based on the precision required for key indicators and available resources.

Urban sampling and stratification: Urban sampling in the ICE 360° surveys are designed to ensure systematic representation across cities of different sizes and stages of urban development. In each round, all cities with populations exceeding one million are selected with probability one, while selection probabilities for other towns increase progressively with population size. This approach ensures coverage of large metropolitan centres alongside medium-sized and emerging cities within the urban system.

The urban sample is drawn using a multi-stage stratified random sampling design, implemented independently within each surveyed state or union territory. Urban wards or blocks constitute the second-stage sampling units. Within each selected ward, a household listing exercise is conducted, typically covering around 100–125 households per ward, depending on local conditions and sampling fractions.

For all rounds of ICE 360°, a composite household well-being score is computed for each listed household using key indicators such as household income, consumption expenditure, educational attainment and ownership of consumer durables. Based on this well-being score and the major source of household income, households are stratified into ten mutually exclusive strata. From each stratum, two households are selected using equal probability sampling, yielding a uniform final sample of 20 households per ward for the detailed survey.

Sample Profile - PRICE's ICE 360° Survey (2021)

City categories	Number of urban sample blocks	Households		Persons	
		Sampling frame	Sample	Sampling frame	Sample
Big Six	396	39,600	7,920	1,77,310	35,462
Boomtowns	456	45,600	9,120	2,14,129	42,826
Breakout cities	381	38,100	7,620	1,78,532	35,706
Frontier cities	519	51,900	10,380	2,44,476	48,895
Total (100 Cities)	**1,752**	**1,75,200**	**35,040**	**8,14,448**	**1,62,890**

Source: PRICE, Tata Sons Research

This standardized stratification and selection procedure ensures internal consistency across survey rounds while allowing meaningful comparisons over time and across city categories. Although the number of towns, wards and households varies across rounds depending on survey coverage and resource availability, the core urban sampling principles remain constant.

For illustration, in the 2021 ICE 360° survey, the top 100 cities sample comprised 1,752 urban wards, with approximately 175,200 households listed and 35,040 households selected for detailed interviews. These households represented a listed population of over 8.1 lakh persons, with 1.6 lakh persons covered in the final sample. Similar sampling logic and stratification procedures were applied in earlier rounds, ensuring comparability of urban household estimates across time.

This consistent and rigorously applied urban sampling framework provides a robust empirical foundation for analysing household income, expenditure and well-being across India's metropolitan, rapidly growing and emerging cities in all ICE 360° survey rounds.

Survey design and implementation: The ICE 360° surveys combine elements of baseline, panel, longitudinal and cross-sectional designs, enabling both point-in-time comparisons and analysis of changes over time. All survey rounds follow standard survey research principles, including probability-based stratified sampling, well-designed questionnaires and standardized field protocols.

Sample sizes are determined based on the precision required for key indicators and available resources. Data collection is conducted through face-to-face interviews, with Computer-Assisted Personal Interviewing (CAPI) adopted in later rounds to enhance data quality. Extensive interviewer training, field supervision and systematic data validation procedures are employed to minimize sampling and non-sampling errors. Measures to control non-response include respondent engagement strategies, field monitoring and quality checks. In addition to household-level information, detailed demographic data are collected for all household members.

Estimates for 2025–26 and projections for 2030–31 are derived from household-level microdata from multiple rounds of PRICE's ICE 360° surveys (2014, 2016, 2021, and 2023), supplemented by data from various rounds of the NSO's Consumption Expenditure Surveys and the National Family Health Survey (NFHS), Census 2011, National Accounts Statistics (NAS), and other demographic and economic data sources. Population projections for the top 100 urban agglomerations for 2025 and 2030 are based on estimates provided by the Population Division of the United Nations Department of Economic and Social Affairs (UN DESA). The estimation procedures, projections, and adjustments are described in Appendix 2.

Appendix 2:

Projection of Households, Income, and Income Distribution

Projection of households

- For the financial years 2013-14, 2015-16, 2020-21 and 2022-23, estimates of population, households and household size have been estimated using PRICE's ICE 360° surveys data.
- The estimates of urban agglomerations for 2025 and 2030 provided by the Population Division of the Department of Economic and Social Affairs of the United Nations is used in this report. Estimated household size from the latest round of PRICE's ICE 360° surveys (2021 and 2023) have been used to estimate the number of households at the aggregate level.

Estimated households, population and household size									
City categories	Households (Million)			Population (Million)			Household size		
	2015-16	2025-26*	2030-31**	2015-16	2025-26*	2030-31**	2015-16	2025-26*	2030-31**
Big Six	20.3	25.2	32.6	90.7	113.2	139.9	4.5	4.5	4.3
Boomtowns	12.5	16.5	21.4	59.1	76.3	96.0	4.7	4.6	4.5
Breakout cities	7.4	9.9	12.7	36.3	46.1	57.1	4.9	4.6	4.5
Frontier cities	7.8	10.1	12.7	37.3	46.9	57.5	4.8	4.7	4.5
Total (100 cities)	47.9	61.7	79.3	223.4	282.5	350.6	4.7	4.6	4.4

*Estimates **Projection

Source: PRICE, Tata Sons Research

Estimating the upper tail of income groups

One of the key outputs of the ICE 360° surveys is the distribution of households by income. Owing to its large sample size and rigorous survey design, ICE 360° provides income distributions at a highly disaggregated level, including rural and urban distributions at the state level, as well as distributions by geographical clusters, education, occupation and million-plus cities.

Despite the large sample, the survey has inherent limitations in capturing the upper tail of the income distribution, particularly for households with annual incomes exceeding ₹5 lakh. Observations in these higher income brackets are sparse and often erratic, reflecting the clustered residential patterns of affluent households and the random-cluster nature of household sampling. Accurately estimating the distribution of high-income households

purely through survey expansion would require a prohibitively large increase in sample size. To address this limitation, a theoretical income distribution model is employed to estimate the upper tail beyond the range reliably observed in the survey data.

The approach involves approximating the observed upper-income distribution from ICE 360° to a suitable theoretical form and then extending this distribution to higher income ranges. A commonly used model for upper-tail income analysis is Pareto's Law, originally proposed in 1896, which has been widely applied to model income concentration among high-income groups. Pareto's Law describes the number of households with income exceeding a given threshold as a power-law function, characterised by a single shape parameter.

In probability terms, Pareto's distribution specifies the cumulative and density functions of income above a minimum threshold income, beyond which the Pareto behaviour holds. The model implies a well-defined relationship between the minimum income cutoff, the shape parameter, and the mean income of the upper tail. While the Pareto parameter can be estimated by matching observed and theoretical mean incomes, such an approach does not adequately capture income dispersion. Therefore, a minimum chi-square estimation method is used to obtain a more reliable estimate of the Pareto parameter by fitting the theoretical distribution to observed frequencies.

For estimation, the theoretical model is fitted to households with annual incomes above ₹1.25 lakh, which marks the threshold beyond which Pareto behaviour is assumed to apply. The ICE 360° income data are reclassified into a finer set of income classes to improve estimation precision. In total, more than 30 income classes are constructed, including around 20 classes for incomes above ₹5 lakh, representing the upper tail. The Pareto parameter estimated using the minimum chi-square method is then used to derive theoretical frequencies for higher income groups, thereby extending the income distribution beyond the limits directly observed in the survey.

This procedure enables a statistically consistent estimation of the upper tail of the income distribution while preserving continuity with observed ICE 360° data, thereby strengthening analysis of income concentration in urban India.

Projection of income and income distribution

The projection of household income and income distribution for 2025-26 and 2030–31 is based on three key parameters: household growth, real household income growth, and urbanisation rate. These parameters are estimated separately for four city categories—Big Six, Boomtowns, Breakout cities and Frontier cities—and are applied consistently across the Top 100 Cities. Household growth rates and real annual household income growth rates are derived for two periods, 2016–26 and 2026–31, and form the macro-demographic and income growth backbone of the projections.

The projection exercise begins with income distributions observed in the ICE 360° surveys for 2015–16 and 2022-23, along with estimates of the total number of households for 2015–16, 2022-23 and the projected years 2025-26 and 2030–31. Income distributions are classified into four income groups, ranging from low to high income households. Using observed distributions for 2015–16 and 2022-23, growth rates in the number of households within each income group are first computed.

Let x_{1g} and x_{2g} denote the number of households in income group g (where $g = 1,...,4$) in 2015–16 and 2022-23 respectively. The observed growth rate for each income group between these two years, i_g, is defined implicitly by the change in group size over the period. These group-specific growth rates capture the structural shifts in the income distribution observed during the recent past.

For projections beyond 2022-23, it is assumed that relative growth differentials across income groups remain stable. That is, while the absolute growth rates of income groups may change, their growth remains proportional to the historical pattern observed between 2015–16 and 2022-23. If j_g denotes the growth rate of income group g between 2022-23 and a future year, then the ratios j_g / i_g are assumed to be equal across all income groups and represented by a common scaling factor k.

Household and Income Growth by City Category (%)		
	2016-26	**2026-31**
Household growth (%)		
Big Six	2.2	5.3
Boomtowns	2.9	5.3
Breakout cities	3.1	5.0
Frontier cities	2.6	4.7
Total (100 cities)	2.6	5.1
Real annual household income growth (%)		
Big Six	9.8	11.1
Boomtowns	8.4	9.6
Breakout cities	6.8	7.7
Frontier cities	6.5	7.4
Total (100 cities)	8.6	9.9

Source: PRICE, Tata Sons Research

The value of k is determined such that the projected total number of households in the future year matches independently estimated household totals. Formally, k is obtained as a function of the difference between the projected number of households for the future year and the observed number in 2022-23, normalized by the weighted sum of historical group-

wise growth rates. Using this scaling factor, the projected number of households in each income group for the future year, denoted x_{3g}, is derived from the 2022-23 distribution. By construction, the sum of projected households across the eight income groups equals the total projected number of households.

The resulting income distribution represents a first-order projection, as it preserves the relative structure of the 2022-23 distribution but does not yet incorporate expected growth in average household income. Since the income class boundaries and mean incomes are initially retained at 2022-23 prices, the implied average household income of this distribution, denoted Y^*, generally differs from the independently projected average household income Y for 2025-26 and 2030–31.

To align the distribution with the projected average income, the distribution is shifted laterally along the income scale. This is achieved by multiplying the mean income of each income group by a uniform adjustment factor $F = Y/Y^*$. The adjusted group means Y_g, combined with the projected frequencies x_{3g}, yield a new income distribution whose average equals the projected average household income Y.

Finally, to ensure comparability with observed ICE 360° income distributions, the adjusted distribution is mapped back onto the 2022-23 income class structure. This is done by algebraically interpolating group frequencies between adjusted mean incomes so that the final projected distribution is expressed in the same income classes as the base-year survey. The resulting income distribution for 2025-26 and 2030–31 thus reflects projected household growth, income growth and urbanisation trends, while remaining fully comparable with historical ICE 360° survey-based distributions.

Adjusting survey income for differences with national income

PRICE has continuously strengthened the ICE 360° survey series through methodological refinements, expansion of coverage and incorporation of new analytical dimensions. These improvements have significantly enhanced the accuracy and completeness of household income measurement. As a result, the estimated share of household income captured by ICE 360° as a proportion of the CSO's Net National Income (NNI) has increased over time, rising to 60.3% in 2022-23 from 56.9% in 2015-16.

Despite these improvements, differences between survey-based household income estimates and national income aggregates persist due to two primary factors: conceptual differences and systematic underreporting of income in household surveys. The ICE 360° surveys do not capture certain components of income that are included in CSO estimates, such as employer-provided benefits and perquisites (including reimbursements for travel and medical expenses), employer contributions to provident and pension funds, interest accrued but not realized, leave travel and home travel concessions, certain payments in kind, and the imputed value of family labour. In contrast, these components are included

in the national accounts framework. In addition, household surveys are subject to inherent underreporting, particularly at higher income levels, as respondents tend to suppress income disclosures, especially when there are limited cross-checks linking income to its disposition.

Since CSO publishes income estimates only at the national level, direct city-level national income benchmarks are not available. To address this, relative income shares derived from ICE 360° surveys are used to distribute national income across urban areas and city categories. For example, based on the ICE 360° survey for 2022-23, urban areas account for approximately 51% of total income, while within urban India, Big Six, Boomtowns, Breakout cities and Frontier cities account for 33.9%, 15.9%, 8.2% and 6.9% of urban income, respectively.

These survey-based income shares are used to derive an inflation factor that reconciles ICE 360° household income estimates with national income aggregates.

Adjusting survey consumption expenditure for differences with PFCE (NAS)

Household consumption expenditure estimated from PRICE's ICE 360° survey (2023) accounts for about 60.3% of Private Final Consumption Expenditure (PFCE) as reported in the National Account Statistics (NAS). As with income, this gap reflects conceptual differences between survey-based expenditure measurement and the national accounts framework, as well as systematic underreporting in household surveys. While ICE 360° captures detailed household-level consumption behaviour, certain expenditures recorded in PFCE—particularly those that are indirect, institutional or difficult for households to recall—are only partially reflected in survey responses.

Since PFCE estimates are available only at the national level, city-level PFCE benchmarks are derived using relative expenditure shares from the ICE 360° survey. Based on ICE 360° (2023), urban areas account for approximately 50.1% of total PFCE. Within urban India, Big Six, Boomtowns, Breakout cities and Frontier cities account for 28.1%, 16.5%, 9.1% and 7.5% of urban consumption expenditure, respectively. These ratios are applied to national PFCE to obtain adjusted estimates of consumption expenditure for different city categories, assuming a broadly uniform degree of underestimation across cities.

Adjustment factor for consumption expenditure (2022-23)			
Items	Distribution of expenditure (%)		Inflator/Deflator
	PFCE (CSO)	ICE 360 (PRICE)	
Cereals & cereal substitutes	6.29	5.94	2.05
Fruits & Vegetables	7.50	8.19	1.77
Milk & Milk Products	6.49	7.60	1.65
Meat, Egg & Fish	3.99	4.21	1.83
Edible oil	1.93	2.99	1.25
Beverages & Packaged food	4.02	2.32	3.35
Alcoholic beverages and tobacco	2.14	3.12	1.33
Housing and related utilities	28.14	22.34	2.43
Health care	5.39	6.43	1.62
Regular Transportation	16.50	7.69	4.15
Education	4.95	4.15	2.30
Beauty & Personal care	1.38	4.98	0.54
Apparel, Footwear and Accessories	5.67	5.61	1.95
Consumer Durables	2.61	3.76	1.34
Other food items (sugar; spices)	3.00	10.67	0.54
Total	100	100	1.93

Source: PRICE, Tata Sons Research

The ICE 360° survey collects detailed information on major components of household consumption, including food, housing, education, health, transport, clothing and footwear, consumer durables and other services. To improve alignment with NAS, component-specific adjustment factors are applied rather than a single aggregate inflator. For this purpose, the share of each consumption component in total expenditure is computed separately from ICE 360° data and from PFCE (NAS) for the same year. The ratio of PFCE to survey estimates for each component yields a component-wise inflator or deflator.

For example, cereals account for 5.94% of total consumption expenditure in the ICE 360° survey, compared with 6.29% in PFCE. Similar comparisons are made for all major expenditure components using 2022–23 data. The resulting component-specific inflators are then applied to adjust survey-based expenditure estimates for all cities, under the assumption that component-wise underreporting is broadly similar across urban locations. This approach ensures consistency with national accounts while preserving the internal structure of household consumption patterns observed in the ICE 360° survey.