UNDERSTANDING HOUSEHOLD INCOMES: INDIA

Reall is an innovator and investor in affordable housing in Africa and Asia. Specifically targeting the urban bottom 40% of the income pyramid (UB40), we develop, refine and share innovative housing models that unlock the political will, capital investment and end-user finance needed to create conditions for low-income households to secure homes.

Effectively measuring household incomes is notoriously challenging. This fact sheet uses household expenditure as a proxy for income, a common approach that is generally seen as more accurate for countries with large informal sectors. However, this approach can result in an underestimate of actual incomes in the case of upper income households.

Using the National Sample Survey (NSS) 76th Round (2018), supplemented with data from the National Family Health Survey (NFHS-5) (2019/20), part of the Demographic and Health Survey (DHS) programme, this brief uses public sector data on household consumption to help inform decision making in key locations within urban India (see Methodology for further information).

Solar home, BillionBricks, Reall partner
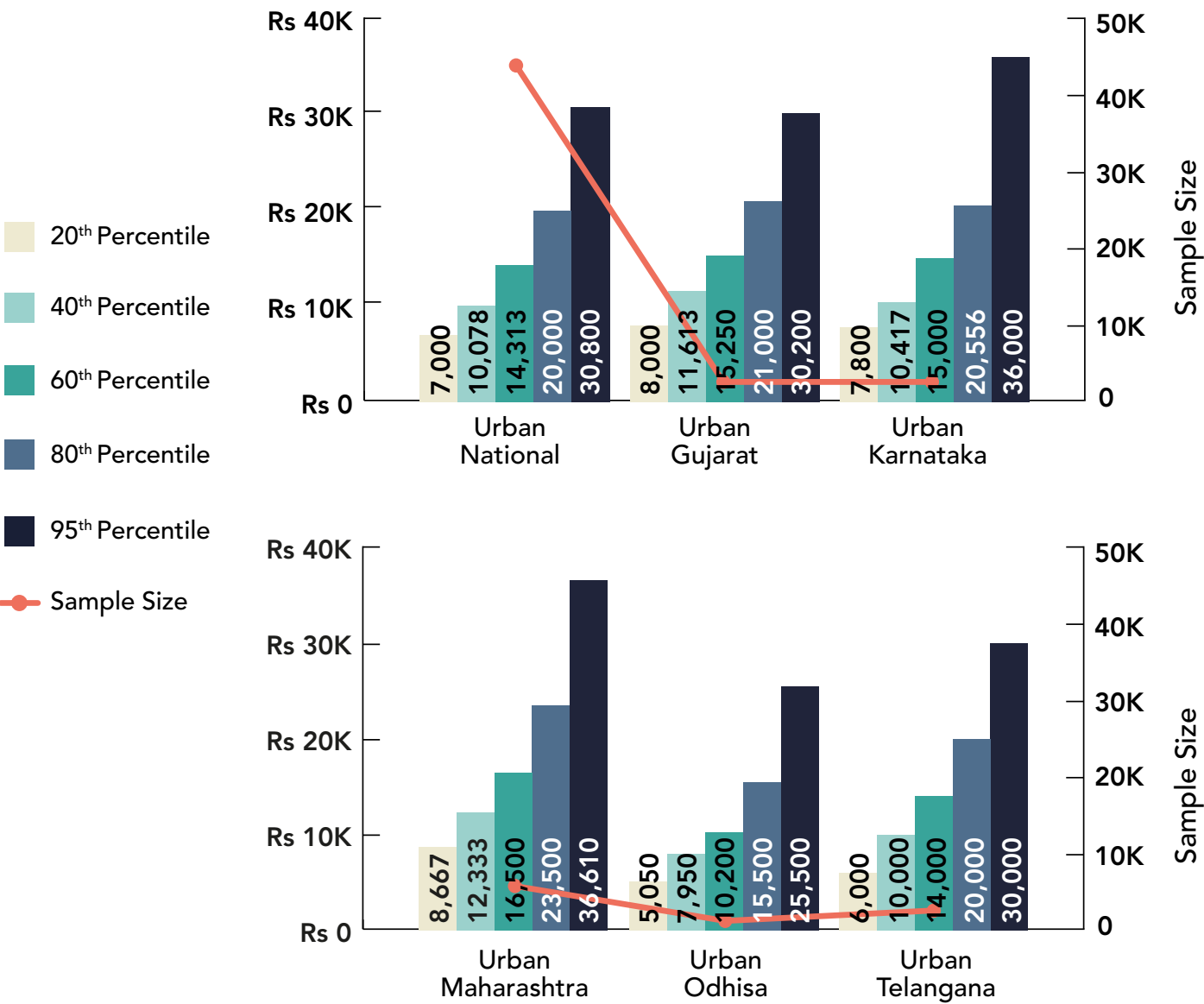**Aurangabad, India**

URBAN NATIONAL AND PROVINCES

In India, urban employment is dominated by men, with 75% of men aged 15-54 having worked in the past seven days, compared with 23% of women aged 15-49. There is little variation across wealth quintiles.[1] As a result, the majority of households have just one income earner (further detailed below), constraining household incomes.

Using consumption as a proxy for income means that data is particularly sensitive to household sizes, and unsurprisingly both household size and number of earners per household generally increase the further up the consumption scale you go, ranging from a national average of 2.1 persons per home for the 1st-20th percentiles to 4.9 for the 81st-95th percentiles. However, in all cases, the mean number of income earners is less than two per household.

As a result, at a national urban level UB40 households earn a maximum of INR 10,078 (USD 144)[2] per month, rising to INR 30,800 (USD 441) for the 95th percentile. At a state level there are similar variations, ranging from INR 7,950 to INR 25,500 (USD 114 to USD 365) in Urban Odisha, to INR 12,333 to INR 36,610 (USD 177 to USD 525) in Urban Maharashtra.

Maximum household monthly income by quintile, and sample sizes

Proportion of national urban women and men currently working, by wealth quintile
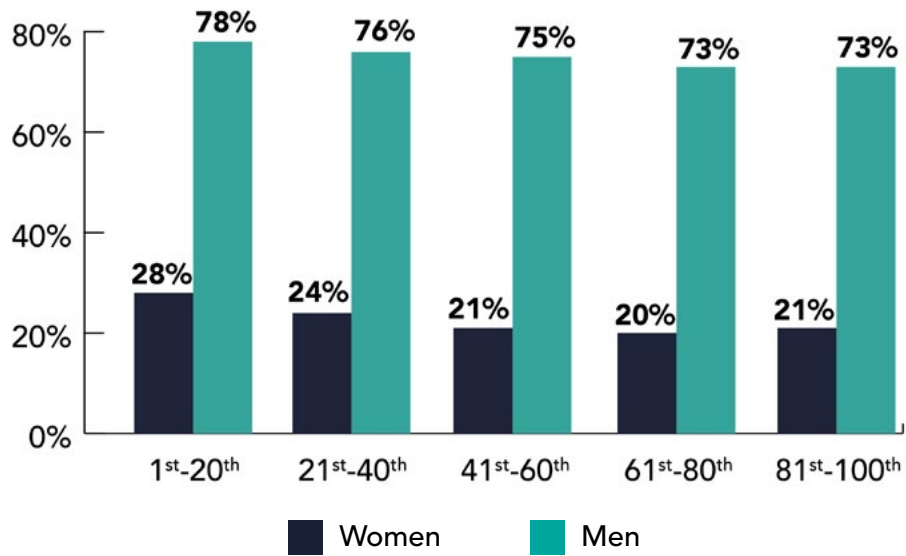
40th percentile household monthly income in USD

Region	Urban National	Urban Gujarat	Urban Karnataka	Urban Maharashtra	Urban Odisha	Urban Telangana
40th percentile (USD) ($1 = INR 69.83 on 31/12/18)	USD 144	USD 166	USD 149	USD 177	USD 114	USD 143

Mean household size and No. of income earners by income quintile

1 Data is split into 'quintiles' or fifths of total population, with the 1st-20th Percentiles referring to the bottom quintile or the poorest households. Within the DHS, households are grouped into 'wealth quintiles' based on assets rather than income. This is discussed further in the methodology section of this brief.
2 Exchange rate is USD 1 = INR 69.83 and based on 31/12/2018, the final day of data collection.
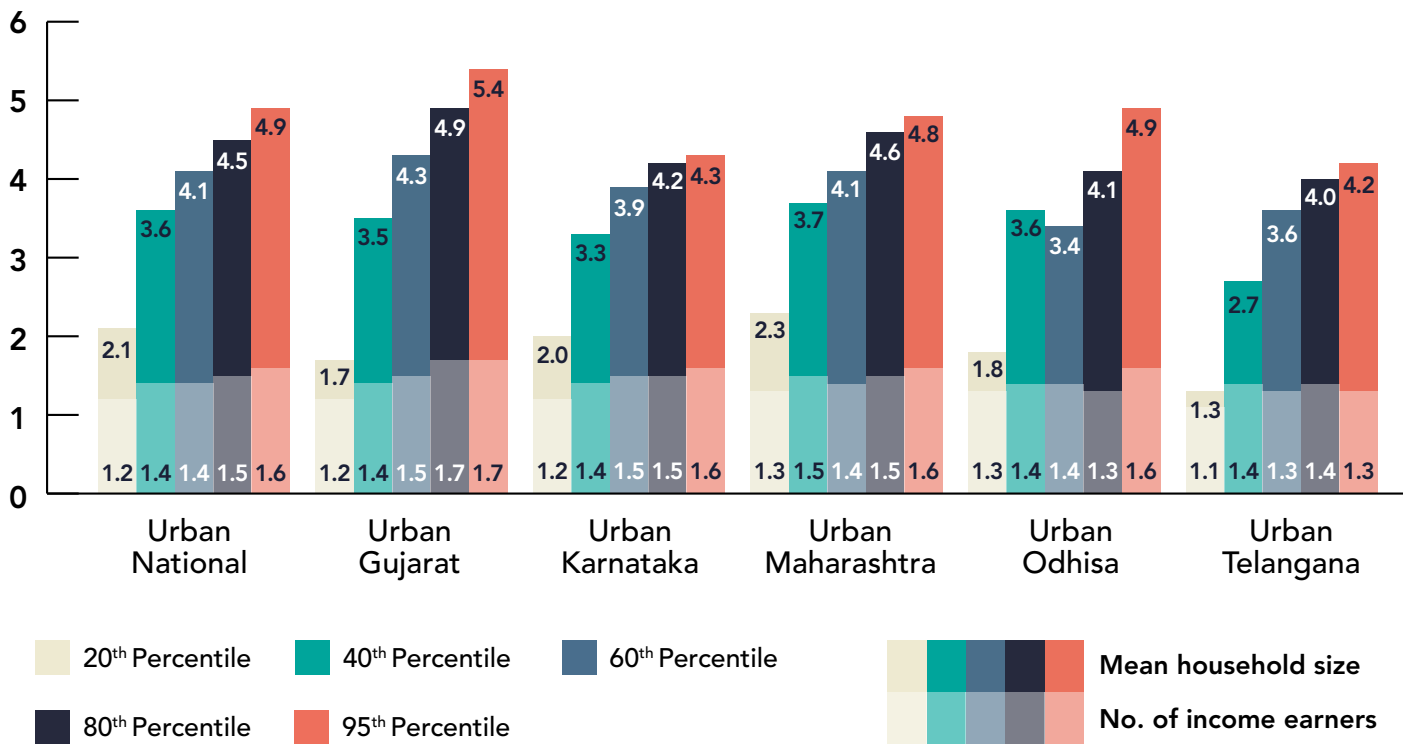
CITIES

Due to the way the raw data is coded, this brief uses districts to represent cities, which generally match with the boundaries and suburbs of large cities.[3] Data is presented here for Ahmedabad, Gujarat; Bengaluru, Karnataka; Mumbai and Pune, Maharashtra; Bhubaneswar, Odisha; and Delhi. As sample sizes are significantly smaller than those for states (see graphs), greater caution is advised when utilising these figures.

Incomes for selected cities are generally higher than the equivalent urban state figures, and this is true for both the lower and upper ends of the spectrum. Interestingly, incomes in the large cities appear to be fairly consistent across locations. For the 40th percentile, figures range from INR 10,000 (USD 143) in Bhubaneswar, to around INR 15,000 (USD 215) in Ahmedabad, Mumbai and Pune.

Generally household sizes are smaller in selected cities than in urban areas in their respective states, with the exception of Ahmedabad and Urban Gujarat (mean of 4.3 and 4.1 respectively). The number of earners per household in selected cities broadly matches urban state figures, and across all cities and income groups there is a mean of between 1.3 and 1.6 earners per household, relatively low compared with other countries within this study.[4]
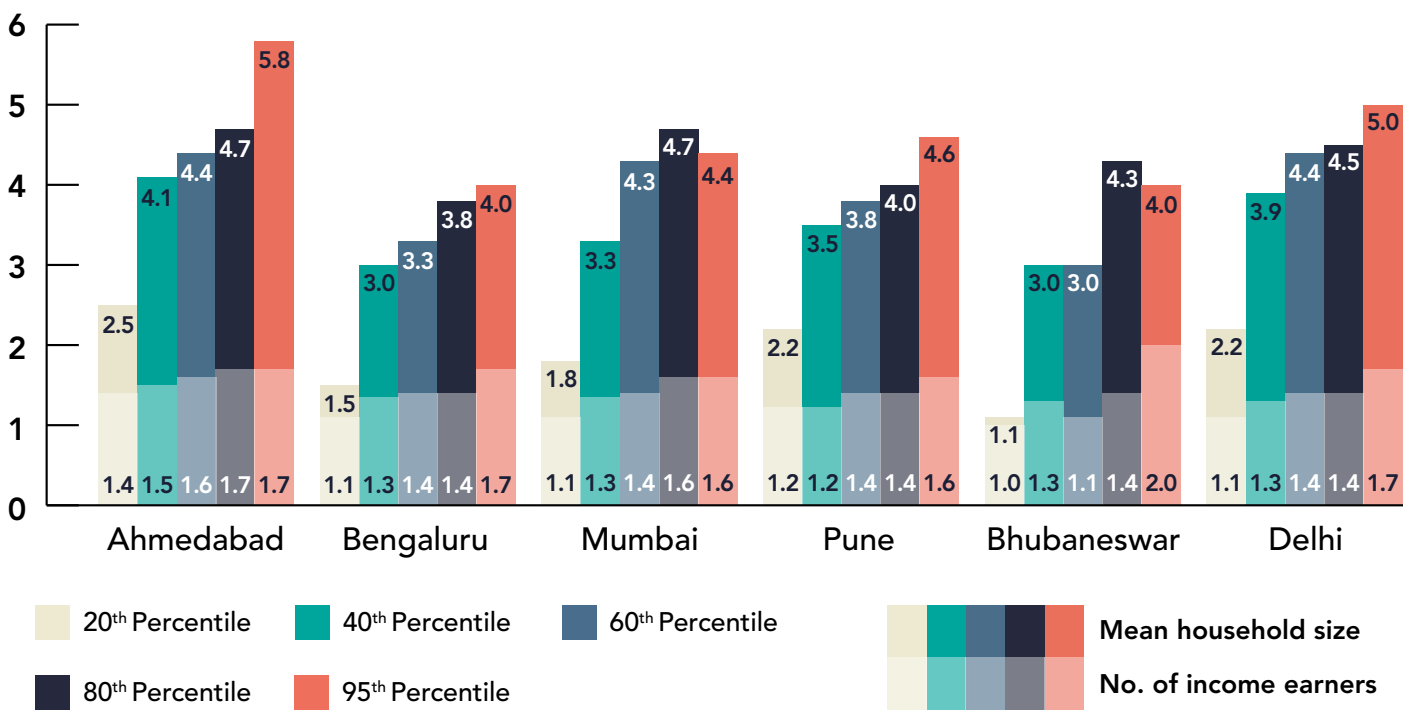
▌ Maximum household monthly income by quintile, and sample sizes
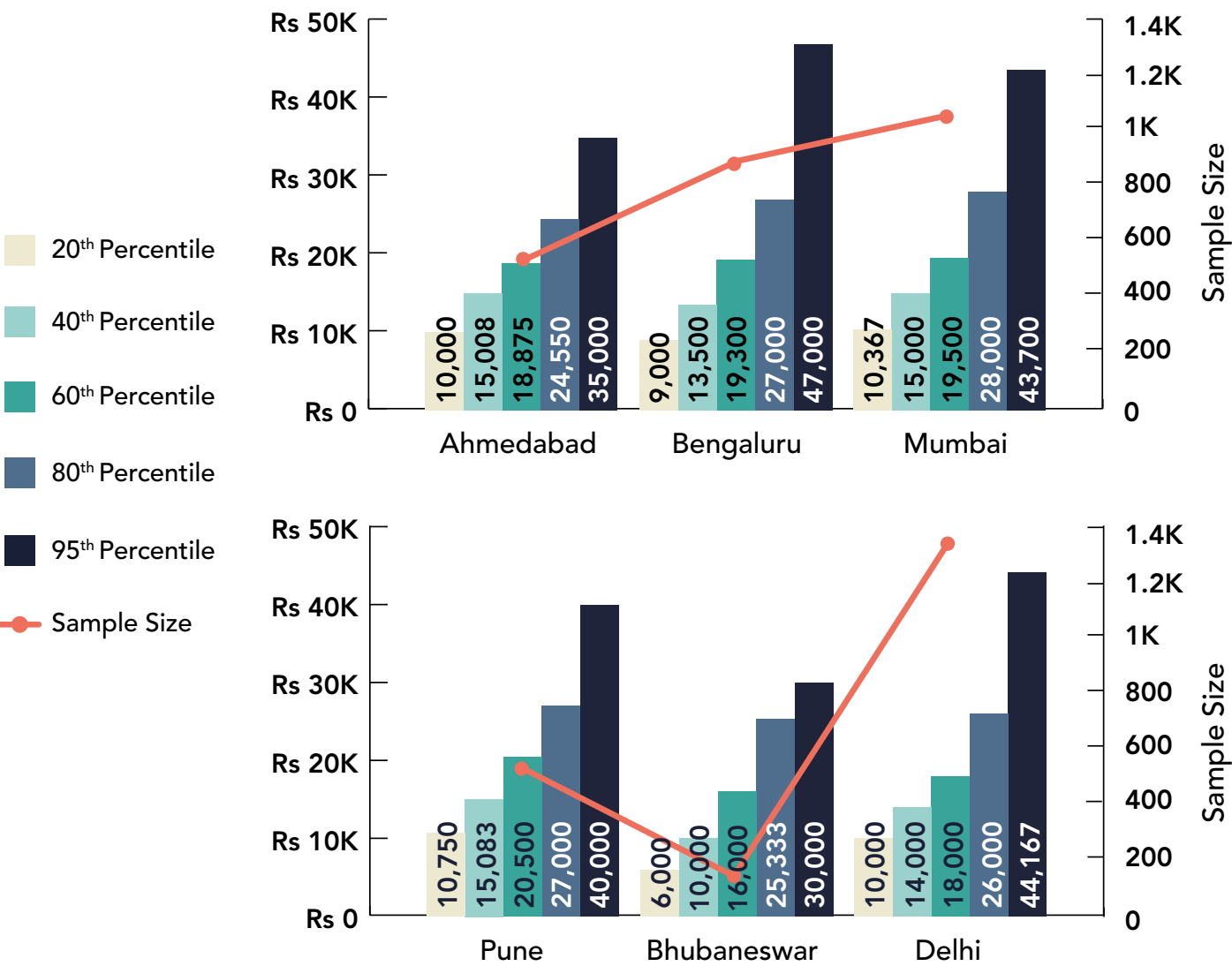
▌ 40th percentile household monthly income in USD

| Region	Ahmedabad	Bengaluru	Mumbai	Pune	Bhubaneswar	Delhi
40th percentile (USD) ($1 = INR 69.83 on 31/12/18)	USD 215	USD 193	USD 215	USD 216	USD 143	USD 200

▌ Mean household size and No. of income earners by income quintile

ADJUSTING FOR 2022

Income data presented here represents 2018, and needs adjusting to accurately reflect 2022. Taking the same approach across all income groups is problematic as inflation impacts households differently depending on their wealth and consumption patterns, particularly as a result of the COVID pandemic. However, utilising the Consumer Price Index is likely the simplest way to model this. India has seen its CPI increase by 3.94% in 2018, 3.73% in 2019, 6.62% in 2020, and 5.13% in 2021, resulting in an overall increase of 20.85%.[5] The table to the right shows the impact of this on the 40th percentile for selected cities, inflating 2019 data to represent 2022.

▌ Maximum household monthly income for the 40th percentile (2022 projected)

Ahmedabad
Bengaluru
Mumbai
Pune
Bhubaneswar
Delhi

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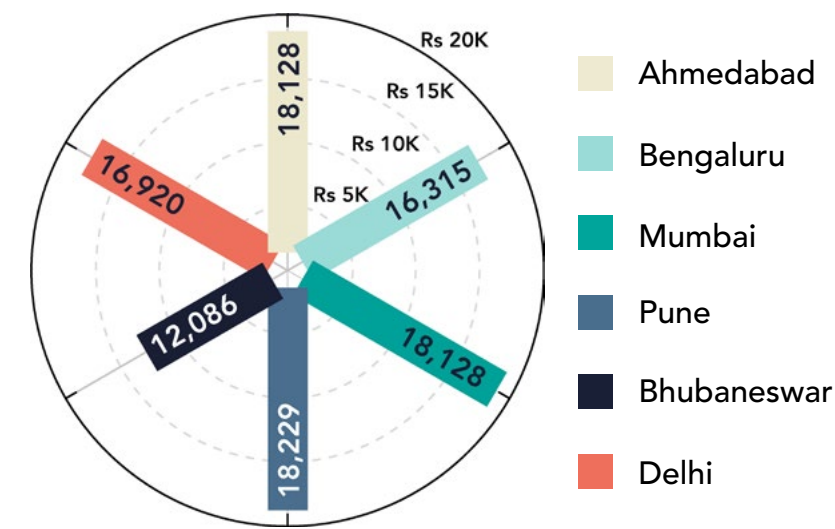
3   In the NSS, Mumbai City and Mumbai Suburban are represented by a single Mumbai Suburban district (Region 271, District 22). Otherwise, Ahmedabad is represented by Ahmedabad District (Region 242, District 07), Bengaluru by Bangalore Urban District (293, 18), Pune by Pune District (272, 25), Bhubaneswar by Khordha District (211, 17) and Delhi by its own region (071).

4   Fact sheets have been produced for India, Kenya, Nigeria, Pakistan and Uganda to date.

5   https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG

METHODOLOGY

The National Sample Survey (NSS) is produced by the Ministry of Statistics and Programme Implementation in India. The National Family Health Survey (NFHS-5) (2019/20) meanwhile sits as part of the Demographic and Health Survey (DHS) programme, produced by the International Institute for Population Sciences (IIPS) following an international standard and approach led by USAID.

DHS are standardised, nationally representative household surveys that provide data for a wide range of monitoring and impact evaluation indicators in the areas of population, health, and nutrition. Anonymised raw data is freely available for download and analysis, and by using the DHS Wealth Index, users can isolate urban households by wealth quintile, providing rich data on the Bottom 40% of the income pyramid. In India, samples of 636,669 households, 724,115 females (aged 15-49) and 101,839 males (aged 15-54) were used. Data can be downloaded from the DHS website[6] and is coded in household, female and male files. This brief used the female and male files to produce data on proportion of men and women currently working, filtering on wealth[7] and currently working.[8]

NSS is also a nationally representative household survey focused on presenting income and consumption expenditure data, with the current round covering 106,838 households. The full published report and tables[9] provide a broad overview of the landscape, with the raw data freely available from the same page for more detailed analysis. Data is split into separate data files for different sections of the survey, meaning that a certain amount of engineering is required to create a single dataset for analysis.

Key sections of the NSS survey used for this work are R76120L01, which provides household IDs; R76120L02, which provides employment data for each household members; and R76120L03, which provides household size and expenditure. Weightings are provided in all files, with location codes in Appendix I.[10]

The NSS focuses on consumption expenditure, so this is used as a proxy for income. This is generally seen as good practice, providing more reliable responses from participants. However, it may also result in slightly lower figures than would have been collected for income, particularly for wealthier households. There are various reasons for this, but one of the most significant is that expenditure data generally excludes regular and irregular household savings. Reall's analysis of this data and wider work on incomes and affordability is continuing to be built on, and subject to change. Please check Reall's website for the latest version of these briefs and aligned work.

6   https://www.dhsprogram.com/methodology/survey/survey-display-541.cfm
7   'Household wealth index in quintiles for urban/rural' – V190a and MV190a
8   'Currently working' – V714 and MV714
9   http://microdata.gov.in/nada43/index.php/catalog/153
10 http://microdata.gov.in/nada43/index.php/catalog/153/download/1955

FURTHER INFORMATION

This brief forms part of a collection of fact sheets looking at household income and wider data on the urban bottom 40% of the income pyramid, which can be found at **reall.net.** The data builds on the **Market Shaping Indicators** programme, an initiative created by Reall and the **Centre for Affordable Housing Finance in Africa (CAHF)**, collating housing market data for individual countries and making it available to all. Reall partnered with **Janaagraha** and Jana Urban Services for Transformation to compile data for India, which can be further explored at **reall.net/msi.**

Select cities are published in this brief based on Reall's current focus and activities. However, this work can be undertaken for other cities too. To discuss this data further, please contact the Global Policy and Influence team at **info@reall.net.**

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