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Changes in Durable Goods Ownership in India

Analysis of the Household Consumption Expenditure Survey 2011-12 and 2023-24

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Executive Summary

Expenditure on durable goods (such as transport equipment and household appliances) is a useful indicator of economic well-being and living standards of households. Consumption of durable goods is also reflective of the future utility to households (and improved productivity) from the use of such goods. This study compares the Household Consumption Expenditure Survey 2023–24 with 2011–12 and finds **significant advancements in spending on durables goods and ownership of key durable assets.** These changes represent shifting priorities and aspirations for consumption among Indian households and improvements in quality of life. Additionally, our analysis focuses on the Bottom 40 (B40) percent of the households by consumption, which have been extensively targeted through programs of the Government of India and state governments. Studying the consumption and ownership trends of these households is an important measure of the effectiveness of welfare policies.

Consumption patterns of households have transformed significantly over the last decade with households spending a smaller portion of the monthly per capita expenditure (MPCE) on food items[3]. Across the three components - food items, consumables and services, and durable goods the share of food has fallen to less to than 50% in both sectors. Consequently, a greater share of household consumption expenditure is now non-food spending on consumables and services, and durable goods. Consumables and services are the largest component of household spending in urban areas.

The share of MPCE spent on durables has risen in both rural and urban areas, with the rural share slightly surpassing that of urban households in many states. Despite inter-state variation in spending shares, there is a narrowing of differences across states, with clustering around the national average. **In absolute values (rupees), spending has increased across all states and sectors, with higher absolute expenditure in urban households.** There is wide variation in the amounts spent across states, with notable outliers in the north and north-east. While relative shares

[3] https://eacpm.gov.in/wp-content/uploads/2024/08/Changes-in-Indias-Food-Consumption-and-Policy-Implications.pdf

of MPCE spent on durables show convergence, absolute spending continues to vary across states, reflecting underlying differences in overall consumption levels.

Expenditure on sub-categories within the larger category of durables goods shows significant diversification across sectors. **Household spending is shifting from basic necessities like Clothing and Footwear towards asset-building expenditure on Personal Goods, and Cooking & Household Appliances, even in the bottom 40% of households**. This shift, enabled by greater awareness, financial access, and improved markets, has implications for individual productivity and living standards. Further analysis is needed to unpack differential impact from improvements in demand and supply-side factors.

Shifting the focus from expenditure to ownership, we find **significant improvements in household asset ownership across states and sectors** relative to the 2011-12 levels, most notably for **motor vehicles (2- or 4-wheelers), televisions, mobile handsets and refrigerators.**

Motor vehicles ownership is the fastest growing among durable assets, with significant urban-rural convergence within the overall as well as bottom 40% households in many states. Further, the bottom 40% households have also witnessed rapid catch-up with the overall population, especially in urban areas. **Better market access, road infrastructure and access to vehicular finance are likely drivers of improved ownership levels across the country.**

Ownership of motor vehicles significantly enhances household mobility and connectivity, enabling greater access to markets, jobs, education, and essential services. Since vehicular ownership has crucial socio-economic implications, policy should focus on deepening access among lower consumption class and regions. This is crucial information for designing public transport and related infrastructure including traffic management.

Television ownership has increased at a slower pace than other durables, with relatively stronger growth among the bottom 40% of households, narrowing the ownership gap with the overall population across both sectors. **In many urban areas of states, television possession has actually declined for both the overall population and the bottom 40%.**

Mobile phone ownership has increased across the board, with narrowing gaps in urban-rural as well as between the bottom 40% households and overall population. **There is near universal access for mobiles, reflecting the improved inter-connectedness and access to communication for nearly the entire population.** Driven by affordable and faster network connectivity, mobiles are emerging as the instrument of choice for information, entertainment and communication. **Laptop/PC growth remains slow and concentrated in fewer households**, likely due to limited know-how and specialised educational and professional application. **The trend of falling TV ownership in many states and universal mobile access finds strong support for the idea of the television screen being replaced or at least supplemented by mobiles as the medium of information and entertainment.**

Among household appliances, refrigerator ownership saw tremendous expansion. **Both sectors grew significantly but the rise was more broad-based in urban areas, including the bottom 40%.** Urban-rural ownership gaps are narrowing but at varying rates depending on the differential pace of rural catch-up in states. Given the generally rising trajectory of rural ownership, this gap is expected to close fast. By contrast, washing machines and AC/air coolers recorded slower, regionally concentrated growth, underscoring refrigerators as a key household appliance.

Durable asset ownership, closely tied to modern living standards which can generate spillover effects on time-use, women's labour force participation and the overall productivity and mobility of the labour force. Future research should examine these wider gains by assessing how access to assets differs across age groups and lifecycle, including its effects on intergenerational inequality, opportunities, consumer protection, financial awareness, and indebtedness.

In the final section we examine changes in the status of consumption inequality from 2011-12 to 2023-24, focusing on the top 20% (T20) and bottom 40% (B40) of households by consumption. **Across the four key assets (motor vehicles, refrigerators, televisions, and mobile handsets) we find a clear trend of convergence, particularly stronger in urban areas, where ownership gaps between the groups have narrowed more rapidly over the period.**

We begin by examining ownership shares of the two groups. **Motor vehicle ownership gaps have narrowed gradually in rural areas but much more sharply in urban areas**. **Refrigerator ownership is also converging, though more strongly in urban areas**. Rural refrigerator ownership remains low relative to urban areas even in the T20 group, indicating that traditional lifestyle choices drive ownership decisions of certain appliances. **Mobile phones have attained near-universal adoption across sectors for both the T20 and B40 groups, making them the most equitable durable asset.** By contrast, television ownership has stagnated among rural T20 households and declined in urban areas. The urban bottom 40% have now marginally surpassed the top 20% households in ownership of television sets.

Next, we statistically quantify the degree of convergence between the two extreme consumption groups (B40 and T20) using a population-weighted measure of dispersion of ownership relative to the overall mean, called the sigma convergence. The **dispersion in asset ownership between the groups have reduced substantially, though the magnitude varies across assets and sectors.** For motor vehicles and refrigerators, urban areas experienced sharp reductions in sigma convergence (i.e. reduction in inequalities), while in some states rural ownership diverged as early adoption was concentrated among higher-consumption households. By contrast, televisions show reduction in disparities across most states in rural areas, but increasing difference in many urban areas of states. This could be due to the substitution of television by mobiles among lower consumption urban households. Mobile phones exhibit the strongest and most consistent convergence, reaffirming their position as the most equitable durable asset.

Finally, upon analysing the number of categories of assets owned by households across consumption categories (Bottom 40%, 40-60%, 60-80%, Top 20%), we find that **the proportion of households owning multi-asset categories has increased in both sectors across consumption groups, underlining reduction in inter-group consumption gaps.** Further, the **share of households not owning assets in any asset categories is 5% or lower across consumption groups and sectors, signalling a reduction in asset poverty.**

Overall, the report provides evidence of transformation in one of the key components of non-food spending - durable goods expenditure and asset acquisition. The shifts are observed across states, including among the poorest or the bottom 40% of households across urban and rural areas. These findings have several policy implications. There is a need to expand financial services, particularly affordable credit in states with low asset ownership. The rapid expansion of vehicle ownership across states has a strong base effect as India still lags most emerging markets in terms of private vehicle ownership. Vehicular ownership also has implications for planning affordable and adequate local transport and last-mile connectivity, in addition to traffic management, overall congestion, pollution and quality of life. Ownership of household appliances also reveal the preferences that still exist within the family structure. This is especially true for appliances that free women's time from chores such as cooking. Appliances such as refrigerators ease domestic work and support women's labour force participation.

Future research should go beyond measuring ownership levels to examine the downstream effects on labour productivity, mobility, time-use, intergenerational inequality, women's empowerment, indebtedness and regional economic development to better align policies of inclusive development.

Introduction

Changes in household consumption expenditure highlights the shifts in what people consume, revealing the relative priority of different types of goods in the consumption basket. Consequently, these changes signal the household's living standard. Unlike income, changes in consumption are slow moving and unfold over a period of time, making it all the more important to track long-term well-being. The Household Consumption Expenditure Survey (HCES) tracks expenditure and consumption of a wide array of food items, consumable and services, and durable goods. This study focuses primarily on durable goods. We analyse data from the latest HCES of 2023-24 and compare it to 2011-12 to examine the evolving patterns of durable goods spending. In this paper we aim to-

(i) Describe the changes in shares and absolute values (in rupees) of MPCE spent on durable goods between 2011-12 and 2023-24, highlighting trends across states and rural and urban sectors

(ii) Examine the shifts in expenditure on sub-categories of durable goods, with a focus on the bottom 40% of the households

(iii) Assess household ownership of key durable goods (like motor vehicles, refrigerators, mobile handsets, etc.) across states and sectors, especially for the bottom 40% of households

(iv) Analyse how consumption inequality in durable goods ownership has transformed, especially comparing the bottom 40% and top 20% of households

This analysis will help reveal key trends which go beyond short-term consumption patterns, offering a useful perspective for assessing household welfare and standard of living. The assessment of spending, ownership and consumption inequality across states, sectors and consumption groups provides insights into asset poverty and evolution of access to durables that improve productivity, mobility and connectivity. These findings can inform policymakers on addressing disparities, promoting financial inclusion and equitable growth.

Data and Methodology

This report analyses unit-level data from the National Sample Survey (NSS) 68th round conducted in 2011-12 and the latest Household Consumption Expenditure Survey (HCES) conducted in 2023-24. Both surveys are representative at the state/ UT level and cover the whole of India except few remote villages of Andaman and Nicobar Islands. The survey captures expenditure of three main components: food items, consumable goods and services, and durable goods.

In the context of this comparative analysis, it is important to highlight that between the NSS 2011-12 and HCES 2023-24, a few changes were introduced in the survey to improve recall and reduce respondent fatigue. First, the three consumption components were not surveyed in a single sitting, rather they were separated and randomized across three separate visits. Data on household characteristics were always collected in the first visit along with one of the three consumption surveys. Second, the Pen-and-Paper Interview (PAPI) was replaced with the Computer-Assisted Personal Interview (CAPI) method. Third, NSS 2011-12 had two schedules – Type 1 and Type 2, which collected data using different recall / reference periods. The HCES 2023-24 uses the Modified Mixed Reference Period (MMRP)[4]. In this study we use only the NSS 2011-12 Type 2 due to the comparability with the reference periods used in HCES 2023-24. The 4 key components of the survey are–

i. **Household Characteristics and demographics** section captures details like number of household members, age, gender, primary economic activity, social group, religion, urban or rural area, etc. Surveyed households are assigned a survey weight based on the sampling frame and the listing of households such that the sample weights are used to derive population-level estimates.

ii. **Food Consumption** section captures the consumption values and quantities of food categories including cereals, milk and milk products, pulses, vegetables, eggs, fish and meat, fresh fruits, edible oils, etc. Both the surveys used a mixed method recall where some items used a 7-days recall and others used a 30-days recall period.

[4] Details of the MMRP method are available at:
https://www.mospi.gov.in/sites/default/files/publication_reports/Final_Report_HCES_2023-24L.pdf

iii. **Consumables and services** include details on expenditure on fuel and light, household consumables, education, medical expenses, etc. Infrequent items like medical expenses of hospitalization used a 365-days recall, expenditures like fuel and light used a 30-days recall, and expenditure on pan, tobacco and intoxicants used a 7-days recall basis.

iv. The section on **Durable items** contains information on expenditure on the following 13 categories: clothing; bedding; footwear; personal goods (mobiles, laptops, etc.); transport equipment (two or four wheelers, etc.); sports goods (exercise equipment, etc.); medical equipment (wheelchair, hearing aids, etc.); cooking and household appliances (washing machines, refrigerators, air conditioners, etc); crockery and utensils; furniture and fixtures, recreational goods, residential land and buildings; and jewellery and ornaments.

The survey captures four main elements of durable goods spending – 1) current ownership of select durable goods; 2) durable items provided for free by the government in the last 365-days; 3) online purchase of select durable goods; and 4) spending on purchases (new and second-hand), repair and maintenance of 109 durable items. Broadly, both surveys collect durables spending data on a 365-days recall, barring a few items which were collected on a 30-day recall in NSS 2011-12. Additionally, some items were removed while some items were merged with other relevant durable sub-categories in HCES 2023-24.

NSS 2011-12 Type 2 surveyed 101651 households whereas HCES 2023-24 surveyed 261953 households. We restrict our analysis to 18 large states (similar to major states specified in HCES 2023-24, with a population of >25 million as per Census 2011) and two big Union Territories (UTs) of Delhi and Jammu and Kashmir. This is done on account of the relatively smaller sample size in small and northeastern states, particularly in NSS 2011-12, which would make disaggregated analysis at the sub-population or urban / rural level less statistically reliable. While the 20 states/ UTs is the core focus of our analysis, we present broader trends for the small and northeastern states as well in some sections. In the years following 2011-12, the state of Telangana was constituted out of undivided Andhra Pradesh, whereas Jammu and Kashmir was restructured into two UTs - Jammu and Kashmir, and Ladakh. For comparisons between the two surveys, we use the values of the undivided states for 2011-12 and compare them with those of the new states/UTs for 2023-24. For instance, values of Telangana of 2023-24 are compared with values of undivided Andhra Pradesh of 2011-12.

Our analysis also focuses on the households in the Bottom 40% (B40) of the consumption distribution. This is an important part of the analysis as the Bottom 40% of the households have been the policy focus of the Government of India as well as the State Government's welfare schemes and programs. Studying the changes in the consumption patterns of this group between 2011-12 and 2023-24 help us track how inclusive and broad-based the policies and growth have been, with the improvement in consumption reflecting an improvement in well-being and quality of life.

To identify consumption classes, the population is divided into groups based on household MPCE. Households are ordered from lowest to highest MPCE and five population-weighted groups (quintiles) are created, each representing an equal size of the population. This is done separately for each state by sector (rural / urban). For our analysis we classify the Bottom 20% and 20-40% of the households as the bottom 40% of households by consumption.

Results

1. The Expanding Consumption Basket

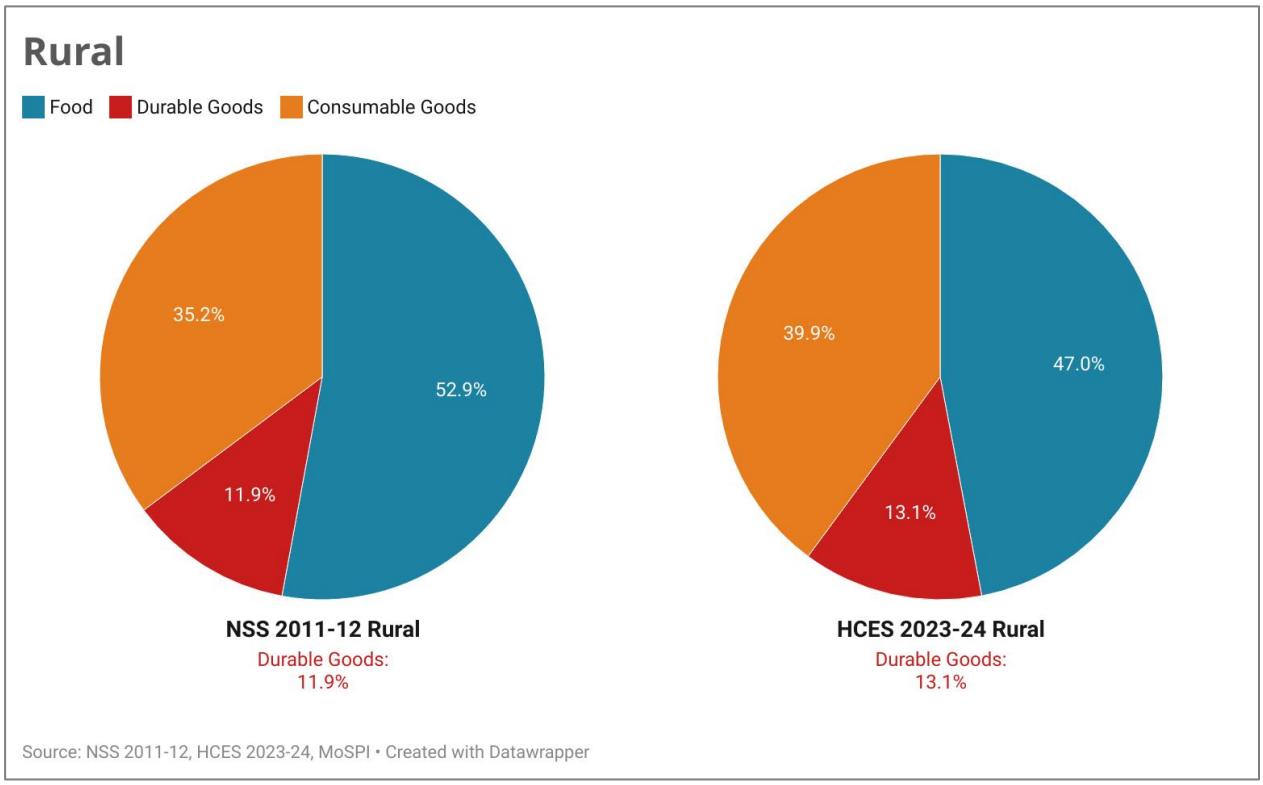
The objective of this section is to identify the emerging patterns in consumer spending between 2011-12 and 2023-24. We begin by comparing the allocation of Monthly per Capita Expenditure (MPCE) by households to different categories of expenses – Food, Consumable and services, and Durable goods[5]. Spending on food items is conventionally thought of as a more basic necessity, whereas, spending on consumable goods and services, and durable items signals an expansion of the consumer's consumption preferences and priorities towards non-food spending.

At the all-India level, in rural areas, the MPCE increased from rupees 1430 in 2011-12 to rupees 4122 in 2023-24. In 2011-12, rupees 756 were spent on food, 504 on consumable items and 170 on durable goods. By 2023-24, 1939 was spent on food, 1643 on consumable items and 540 on durable goods. This is an increase in nominal spending values by 156% on food items, 226% on consumables and 218% on durable goods. The share of MPCE spent on food has reduced from 52.9% in 2011-12 to 47% in 2023-24. This was accompanied by an increase in share of spending on consumables from 35.2% to 39.9%, and on durables from 11.9% to 13.1%.

In urban areas, as a share of MPCE, out of rupees 2630, 1121 was spent on food, 1194 on consumable items and 315 on durable goods in 2011-12. In 2023-24, out of the MPCE of rupees 6996, 2776 was spent on food, 3343 on consumables and 877 on durable goods. This is an increase of 148% on food spending, 180% on consumables and 178% on durables spending in nominal terms. The share of spending on food came down to 39.7% from the earlier 42.6%. Spending on consumable items increased from 45.4% to 47.8%, and that of durables increased slightly from 12% to 12.5% between 2011-12 and 2023-24. Figure 1a and 1b show the changes in shares and values of different components of expenditure in rural and urban areas.

[5] In the NSS 2011-12, the sub-category of "Minor durable type goods" is categorized under Consumables and services, whereas in HCES 2023-24 it is included under the sub-category of Personal Goods within Durable Goods. For the purpose of our study and for better comparability across the two surveys, we have classified the "Minor durable type goods" sub-category under Durable goods.

Figure 1.a: Shares of Food, Consumables and Durables in MPCE: 2011-12 and 2023-24



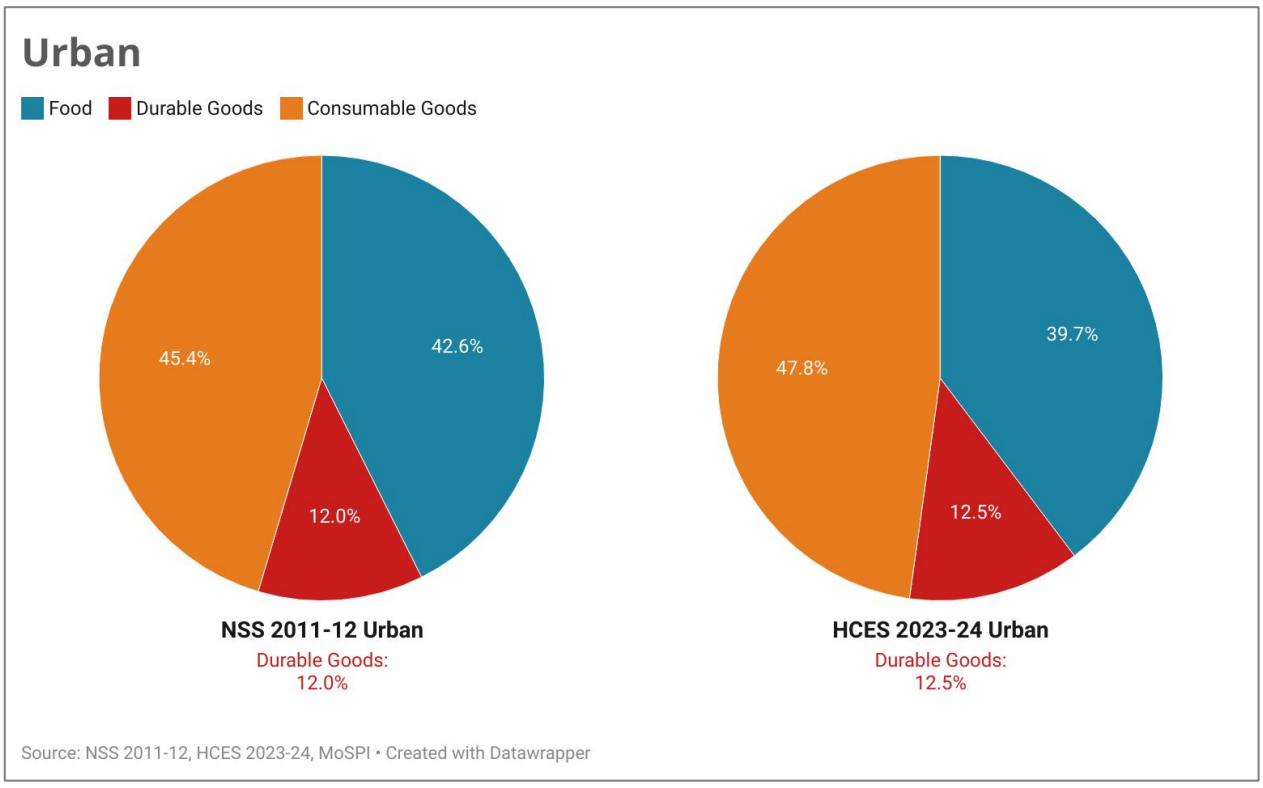
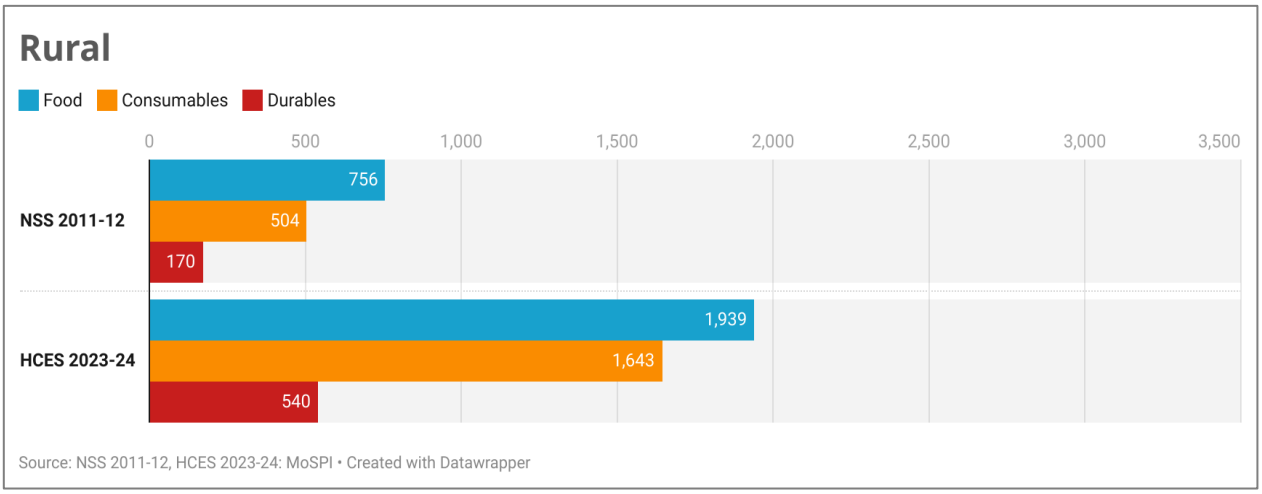
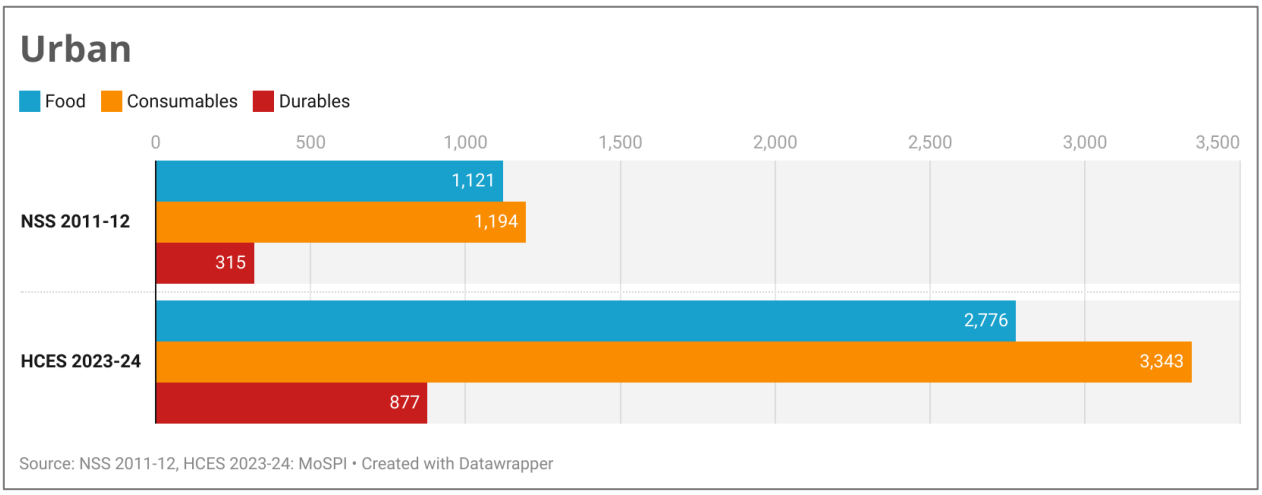


Figure 1.b: MPCE - Disaggregated by Food, Consumables and Durables spend (in Rupees) (2011-12 and 2023-24)





1.1 Share of MPCE spent on Food, Consumables and Durables

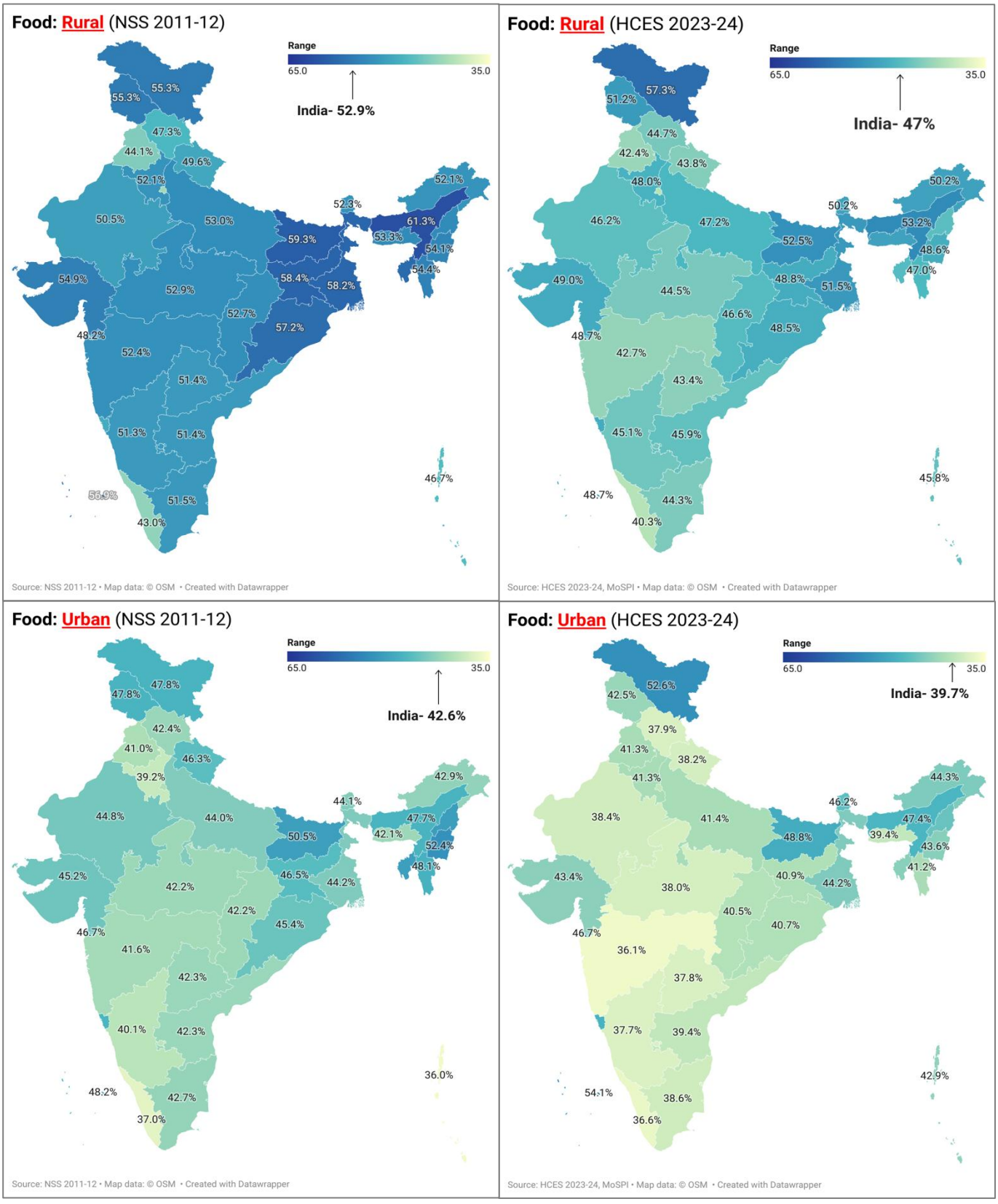
We now look at the state-wise variations in shares of MPCE spent on food, consumables and durables in rural and urban areas for both years. The results are presented for all states and UTs.

1.1.1 Food

We observe varying degrees of change in spending on food across states in both rural and urban areas. In rural areas, the average share of MPCE spent on food was 52.9% in 2011-12 which declined to 47% by 2023-24. In 2011-12, Assam and Bihar spent almost 60% of their MPCE on food, whereas Punjab and Kerala spent less than 45%. In fact, in 2011-12 nearly 15 states- a majority of them in the east and north-east region- spent a higher share than the national average spending on food. While states in these regions continue to spend a relatively higher share on food in 2023-24, in many rural areas of states across the country we see significant reductions in spending on food.

In urban areas, spending on food is considerably lower than rural areas in both periods. The average share of MPCE spent decreased from 42.6% in 2011-12 to 39.7% in 2023-24. While there are significant declines, many of the north, east and north-eastern states continue to spend a share higher than the national average on food. Figure 1c illustrates the state-wise trends in spending of food items as a share of MPCE.

Figure 1.c: State-wise shares of MPCE spent on Food (NSS 2011-12 and HCES 2023-24)

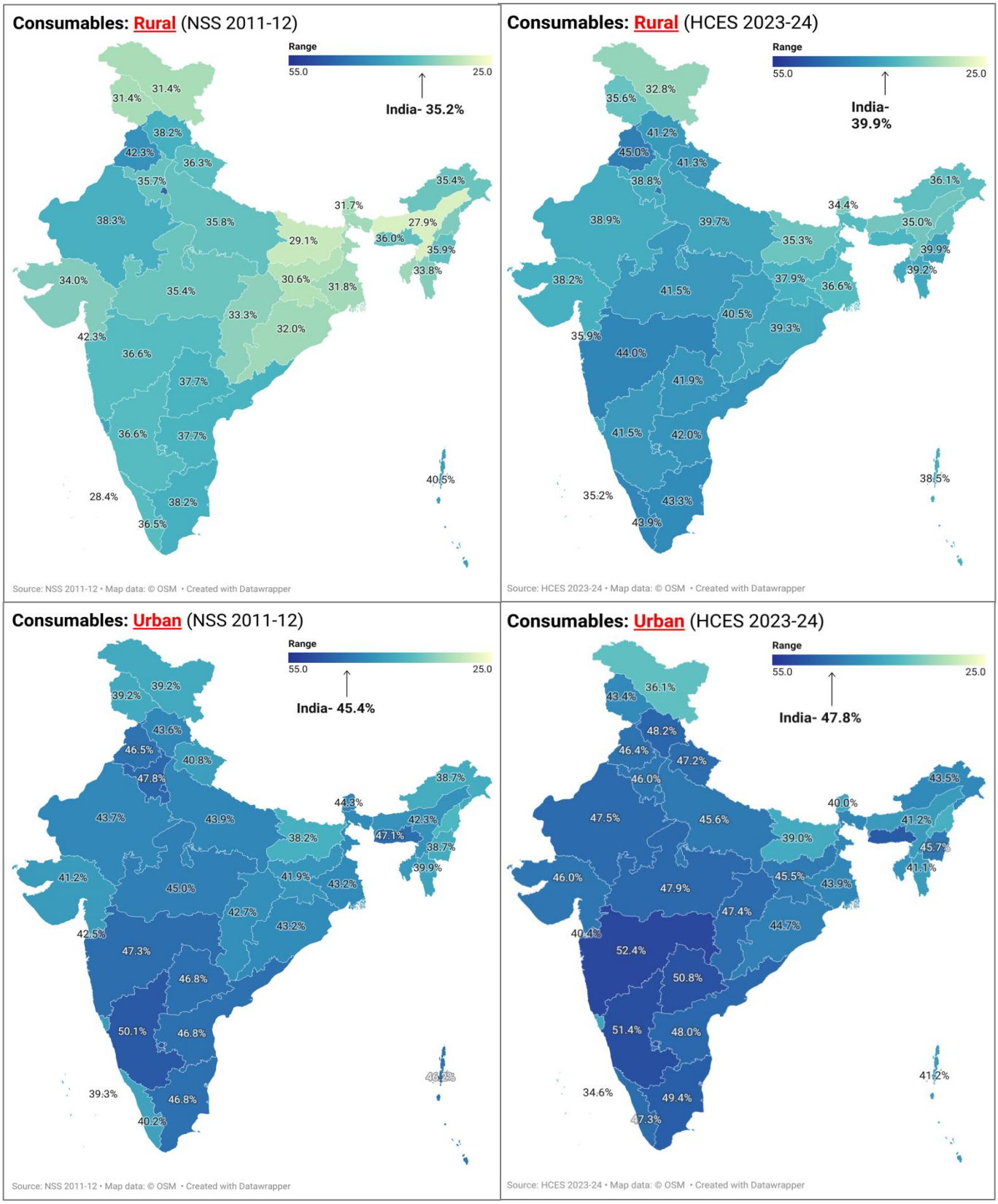


1.1.2 Consumables and Services

Spending on consumable goods as a share of MPCE has been gradually rising since 2011-12, but with inter-state variations. In rural areas, the average spending share increased from 35.2% in 2011-12 to 39.9% in 2023-24. The southern states and the northern states like Punjab and Himachal Pradesh spent a higher share of MPCE on consumables in both years, relative to national average. Among the states that spent lower than the national average in 2011-12, there have been impressive improvements- the share of MPCE spent on consumables increased by 7.3 percentage points in Odisha, by 7.3 pp in Jharkhand and by 7.2 pp in Chhattisgarh.

In urban areas, Maharashtra and the southern states except Kerala have relatively high shares of MPCE spent on consumables, compared to the national average in both years, some with more than 50% in 2023-24. Kerala is an outlier among the southern states with lower than national average share. However, the spending gap with other southern states has narrowed with a 7.1 pp increase between 2011-12 to 2023-24. In some states/ UTs like Assam, Haryana and Delhi there was a marginal decrease in proportion spent on consumables in this period. While most regions saw modest increase, share of MPCE spent on consumables in urban areas has remained the highest in both years. Figure 1d illustrates the state-wise trends in spending of consumable goods as a share of MPCE.

Figure 1.d: State-wise shares of MPCE spent on Consumable Goods (NSS 2011-12 and HCES 2023-24)



1.1.3 Durables

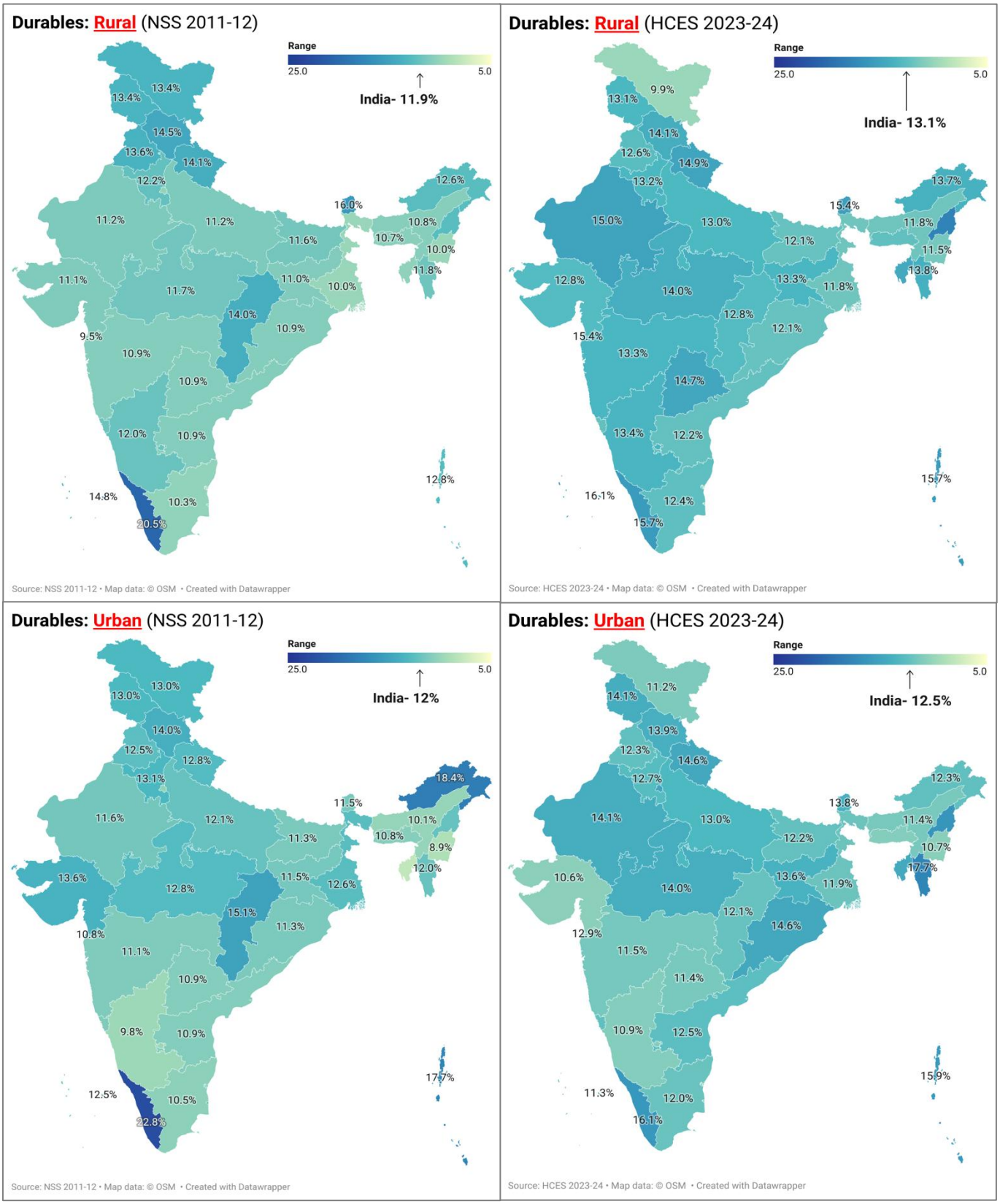
We observe a trend of higher share of MPCE being spent on durable goods in both urban and rural areas, with inter-state variations. Share of MPCE spent on durables in both sectors was at near equal levels of 11.9% and 12% respectively in 2011-12. By 2023-24, rural spending on durables surpassed the urban rate by 0.6 percentage points – rural was 13.1% and urban was 12.5% of MPCE.

In rural areas, most northern states spend a higher share of MPCE on durables, consistently above the national average in both years. In 2011-12, Kerala in the south, Sikkim in the northeast and Chhattisgarh in the central region were regional outliers with a greater share being spent on durables. But by 2023-24, all three states saw a decline. While many states in the east, northeast and south remain below the national average in 2023-24, states like Telangana and Jharkhand saw significant increases.

In urban areas too, there were regional variations. Most northern and central states had a higher share of MPCE spending on durable items than the national average, in both 2011-12 and 2023-24. However, there were exceptions like Chhattisgarh, Punjab and Ladakh, where spending fell below the national average in 2023-24. Most western and southern states continue to have lower shares of spending on durable goods than the national average in both the years.

Despite inter-state variations, there is higher spending on durables in most states and narrowing of differences across states. This indicates transformations in the spending pattern and prioritisation of durable goods. Further, a slower pace of spending share growth is observed in urban areas coupled with rural shares exceeding urban shares. The faster rural growth likely results from rapidly expanding access and newer markets are being served. Figure 1e illustrates the state-wise trends in spending of durable goods as a share of MPCE.

Figure 1.e: State-wise shares of MPCE spent on Durable Goods (NSS 2011-12 and HCES 2023-24)



1.2 Amounts spent on Durable Goods

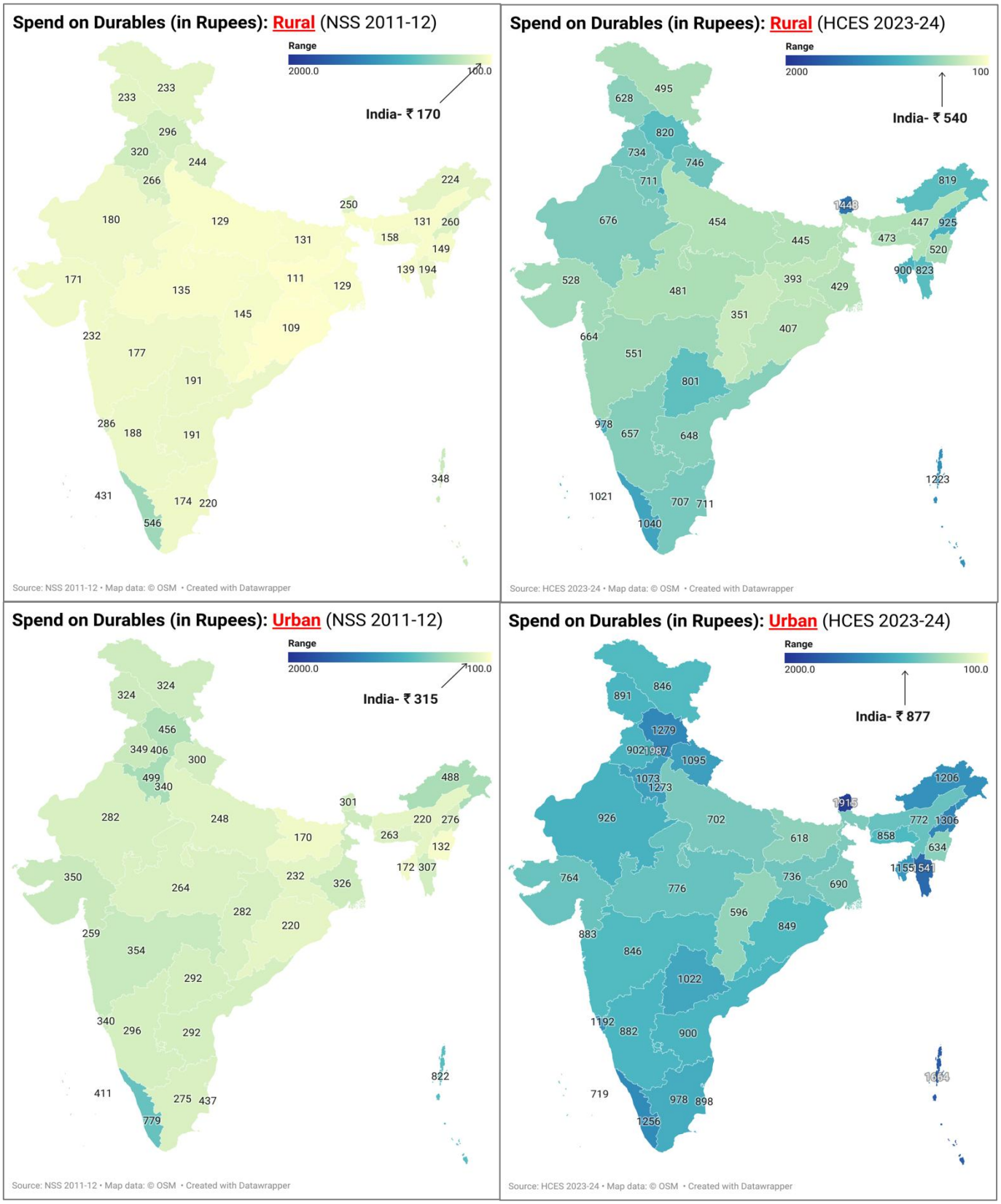
Since our analysis focuses on durable goods, we track the changes in absolute values (in rupees) spent by an average household per month per person on durable goods across states. This has different implications than spending shares discussed above, as we are able to compare money spent across states and put the spending shares in perspective.

In rural areas, the spending more than tripled, from rupees 170 in 2011-12 to rupees 540 in 2023-24 at the all-India level. Some states in the south, north and northeast region increased the amount spent on durable goods by more than rupees 500 per person per month in this period. For an average family of four, this would mean that at least rupees 24,000 more was being spent annually on durables. Households in Sikkim were spending rupees 1448 per person per month, which is the highest across states. However, increase in spending was the slowest in the states in the central and eastern region.

In urban areas, the all-India average spending on durables per person per month increased from rupees 315 in 2011-12 to rupees 877 in 2023-24 – a 178% increase. The northern, northeastern and southern states, like in rural areas, saw dramatic increases in spending. Even Chhattisgarh and Bihar, which were among the states spending low amounts in 2023-24, managed to more than double the amount spent compared to the 2011-12 levels.

In conclusion, we observe increased rural and urban spending on durables across states, but urban spending remains substantially higher in absolute terms. There are some notable regions where spending has increased substantially in both sectors which indicates a shift in spending patterns. Many states, especially in the central and eastern region have seen moderate growth. This implies that while nominal spending values on durables has increased everywhere, there is a wide range in between states spending the highest versus lowest amounts, across both rural and urban areas. Figure 1f shows trends in spending values on durable goods.

Figure 1.f: State-wise spending on Durable Goods (in Rupees) (NSS 2011-12 and HCES 2023-24)



1.3 Putting durables spending shares and absolute values in perspective

On analysing the share of MPCE spent on durable goods as well as the absolute amounts (in rupees), we observe an interesting pattern emerge. In terms of the shares, there is – 1) greater urban-rural convergence, with rural areas of some states spending more on durables than urban areas, like Telangana, Maharashtra and Haryana; 2) inter-state convergence with clustering around the national average, reflecting reduction of difference between shares of MPCE spent by households across states. This implies that more states in urban and rural areas allocate a similar portion of their MPCE towards durable goods. Since MPCE has also increased over time, it signals an important shift in spending priorities where households spend a greater share of a larger MPCE towards non-food items like durable goods.

On the other hand, in absolute nominal values, we still find gaps between urban and rural areas and across states. This, however, is a factor of the differential MPCE of states. Due to the underlying differences in consumption levels, the amount spent on durables varies widely across states and sectors. We find that urban areas spend more on durables in rupee values. Additionally, there are regional outliers in both urban and rural areas. This suggests that despite convergence in durables spending in relative terms (shares) and rising MPCE everywhere, disparities in broader consumption levels across states influences spending on durables in absolute terms (rupee values). This necessitates further analysis of the other components of consumption of durable goods to contextualise the spending trends we observe here.

First, the decomposition of durable goods spending across sub-categories to help identify ***where*** the allocation of durables expenditure is concentrated. Second, an analysis of the ***stock of durable goods*** owned by households to get a sense of which assets are owned across various regions, a marker of market access and standards of living. Third, the ***equity in consumption of durables*** among the lowest and highest consumption groups. In the following sections, we will explore each of these in detail.

Key Takeaways

The insights from this section are as follows –

- As a share of MPCE, spending on food has decreased and is below 50% in urban and rural areas in 2023-24. Subsequently, share of consumables and durables has increased from 2011-12 levels.
- In nominal rupee values-
    - In rural areas, there is an increase in spending by 156% on food items, 226% on consumables and 218% on durable goods.
    - In urban areas, there is an increase of 148% on food spending, 180% on consumables and 178% on durables.
- There are inter-state and sectoral variations in the share of MPCE (proportion) and amount of MPCE (value) allocated towards Durable Goods.
    - **Shares:** There is greater urban-rural convergence, with rural areas of some states spending more on durables than urban areas. We also observe inter-state convergence with clustering around the national average, reflecting a reduction of difference between shares of MPCE allocated by households across states.
    - **Values:** In absolute rupee values, there are differences in the amount spent on durable goods, both within states in a sector as well as across sectors. We observe increased rural and urban spending values on durables across states, but urban spending remains substantially higher in rupee terms.
- Due to the underlying differences in consumption levels (MPCE), despite convergence in durables spending in relative terms (shares), spending in absolute terms (rupee values) varies widely. The observations in durables spending shares and rupee values necessitates further analysis.

2. Diversification of durable goods spending: Decomposing expenditure across sub-categories

In this section we examine how spending patterns within different sub-categories of the larger durable goods category have evolved over time. This will help us identify shifts in consumer preferences for different types of durables and their allocation in household spending. Specifically, we compare the share of total expenditure of households spent on the different sub-category of durable goods between 2011-12 and 2023-24. Importantly, because total expenditure values themselves have increased in this period, the changes in shares of durable good sub-categories should be interpreted within this broader context.

Between NSS 2011-12 and HCES 2023-24, minor changes were made in the sub-categorisation of durable goods[6]. The following 13 categories are enumerated in the latest survey round: Clothing, Footwear, Bedding, Personal Goods, Transport Equipment, Sports Goods, Medical Equipment, Cooking & Other Household Appliances, Crockery & Utensils, Furniture & Fixtures, Goods for Recreation, Residential Building, Land & Other Durables, and Jewellery & Ornaments. The detailed list of items within each sub-category can be found in the questionnaire.

First, we examine the overall population, i.e. households of all the consumption classes. We begin with rural areas. The share of durables in total household expenditure has increased from 10.5% in 2011-12 to 12.6% in 2023-24 – a 20 percent increase. The shares of 2 sub-categories- Clothing and Footwear have decreased compared to 2011-12, while those of the remaining sub-categories have increased. Despite this, Clothing continues to have the biggest share within durable goods at 5.53% of total expenditure in 2023-24.

The sub-categories with the largest gains are Medical Equipment, Cooking & Other Household Appliances, Personal Goods and Furniture & Fixtures. The large gains in Medical Equipment can be attributed to a big base effect, while Cooking & Other Household Appliances grew from 0.14%

[6] A new sub-category of Sports Goods was added in the 2023-24 survey. The category of "Minor durable type goods" from the NSS 2011-12 was part of Consumables. It was included within the Personal Goods category in HCES 2023-24. Most of the other categories remain the same.

to 0.67% - a 378 percent rise, Personal Goods grew 370 percent from 0.2% to 0.94% and Furniture & Fixtures grew 215% from 0.13% to 0.41%. Rest other categories saw comparatively smaller gains in share. In 2023-24, the top three sub-categories in terms of share of total expenditure, except Clothing, are Residential Building, Land and Other Durables (1.11%), Transport Equipment (0.98%) and Jewellery & Ornaments (0.98%).

In urban areas, the share of durables in total expenditure increased from 10% to 11.7% - a 17 percent hike. Like rural areas, in urban areas the share of Clothing and Footwear decreased but by a relatively higher magnitude. The largest increase in urban areas was for Medical Equipment (though due to a base effect), Personal Goods by 236%, Furniture & Fixtures by 169% and Cooking & Other Household Appliances by 148%. In 2023-24, Clothing continues to have the largest share of total expenditure among all other sub-categories at 4.72%, followed by Transport Equipment at 1.12 %, Personal Goods at 1.11% and Jewellery and Ornaments at 1.05%. Share of the remining categories is less than 1 percent of total expenditure. These results are presented in Figures 2a and 2b.

Bottom 40% households

Next, we look at changes in the sub-categories of durables expenditure among the Bottom 40% of the households. In both rural and urban areas, the share of household spending on durable goods has increased. Rural spending increased from 9.8% to 12.2% and urban spending from 8.9% to 11.3% between 2011-12 to 2023-24.

In 2023-24, clothing remains the largest component in both urban and rural areas despite declines in both sectors relative to 2011-12 levels. Other sub-categories have increased in shares though at varying magnitudes. Rural bottom 40% households are now spending more on durables on account of significant increases in purchase of Cooking & Other Household Appliances – from 0.06% to 0.52%, Personal Goods – from 0.12% to 0.75%, and Furniture & Fixtures- from 0.07% to 0.32%. The top sub-categories after Clothing are Footwear (1.07%), Residential Building, Land & Other Durables (0.84%), and Jewellery & Ornaments (0.76%).

In urban areas, spending share on Clothing and Footwear decreased but they continued to be the largest components at 5.46% and 0.96% respectively in 2023-24. Personal Goods and Transport Equipment followed, at 0.88% and 0.8% respectively. Biggest increases were in Personal Goods by 528%, Jewellery & Ornaments by 364% and Cooking & Other Household Appliances by 343%. These results are presented in Figures 2c and 2d.

The decline in Clothing and Footwear (C&F) across sectors and even among B40 households, along with an increase in share of other sub-categories signals a diversification of durables spending away from goods which represent a set of relatively basic necessities. In 2011-12, of the total household expenditure on durable goods, C&F had a major share in urban and rural households as well as in the overall and B40 group. More than 50% of the expenditure on durables was towards C&F. For the bottom 40% households, it was even higher and the spending on non-C&F items combined was less than half of that of C&F. By 2023-24, we observe an equalisation of this pattern with households spending a larger portion of their durable expenditure on items other than clothing and footwear. Infact in the overall urban sector, allocation towards non-C&F surpassed that of C&F.

Table 2.1: Comparison of shares of total expenditure on Durable Goods spent on C&F and Non-C&F items (2011-12 and 2023-24)

		Rural		Urban	
Consumption Group	**Category**	**NSS 2011-12**	**HCES 2023-24**	**NSS 2011-12**	**HCES 2023-24**
Overall	Clothing and Footwear (C&F)	0.66	0.51	0.63	0.48
	Non- C&F	0.34	0.49	0.37	0.52
Bottom 40%	C&F	0.78	0.60	0.78	0.57
	Non- C&F	0.22	0.40	0.22	0.43

Figure 2.a: Change in shares of different Durables Goods categories in total expenditure for Rural Households: All consumption groups combined

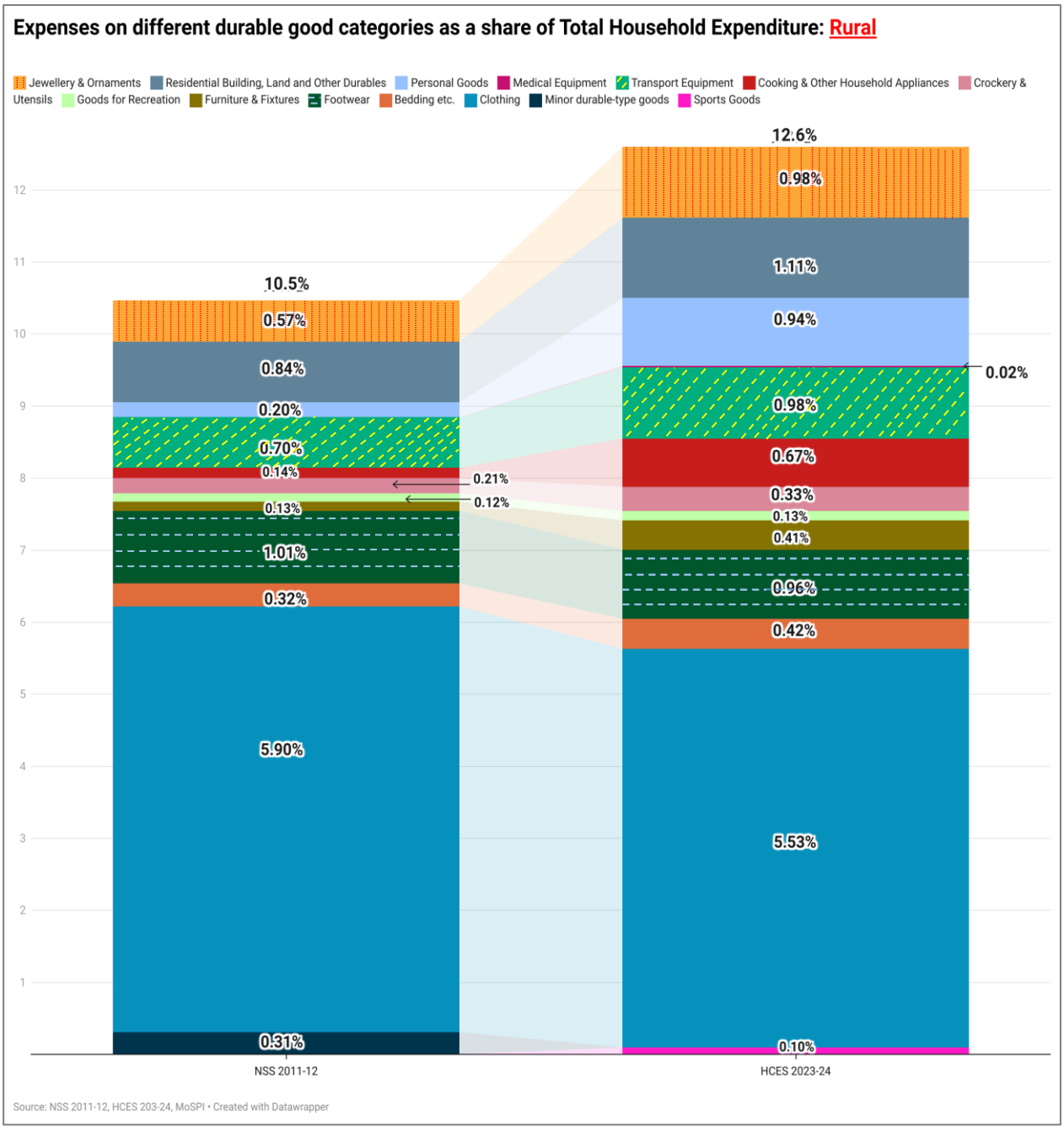


Figure 2.b: Change in shares of different Durables Goods categories in total expenditure for Urban Households: All consumption groups combined

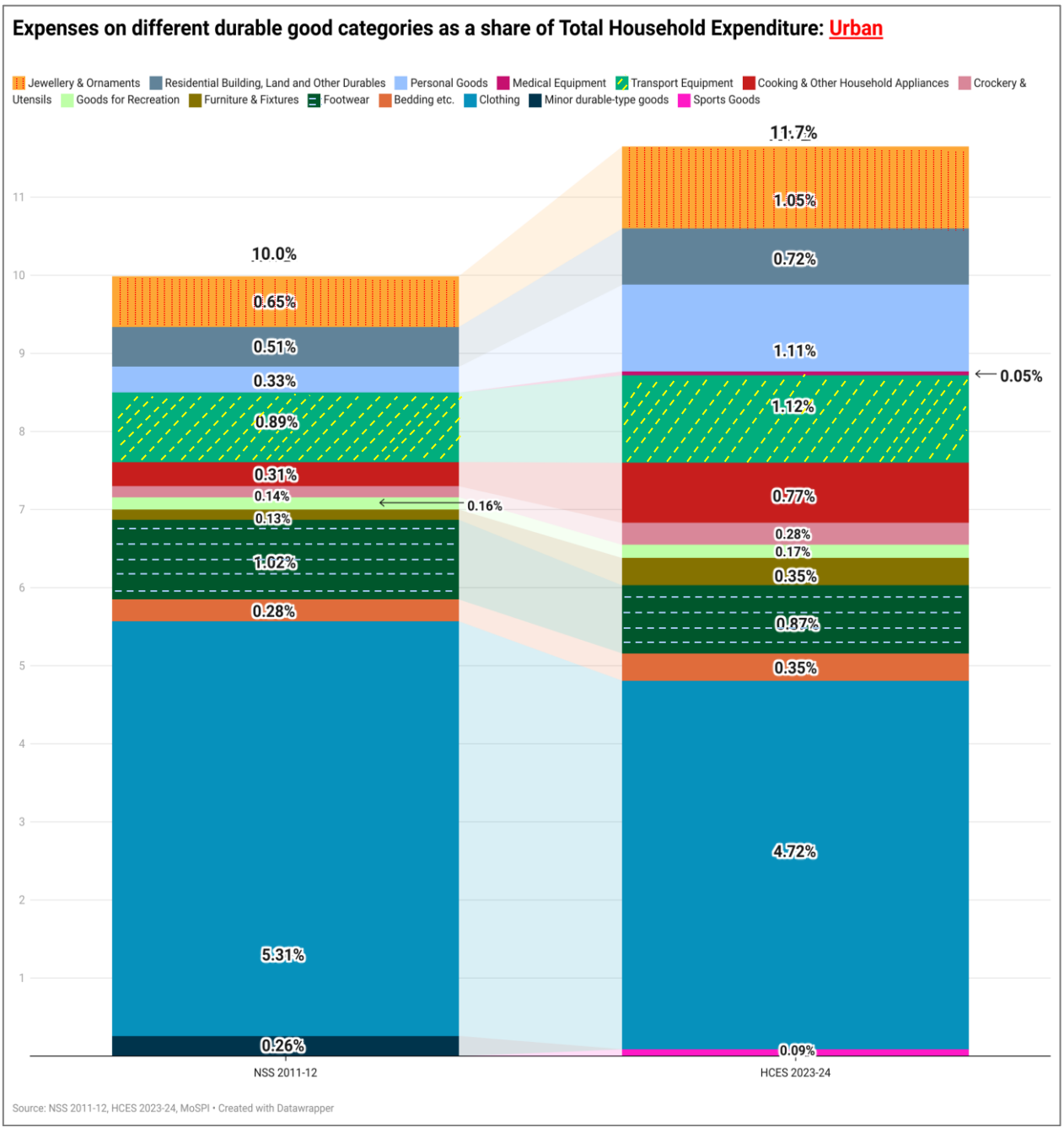


Figure 2.c: Change in shares of different Durables Goods categories in total expenditure of Bottom 40% of Rural Households

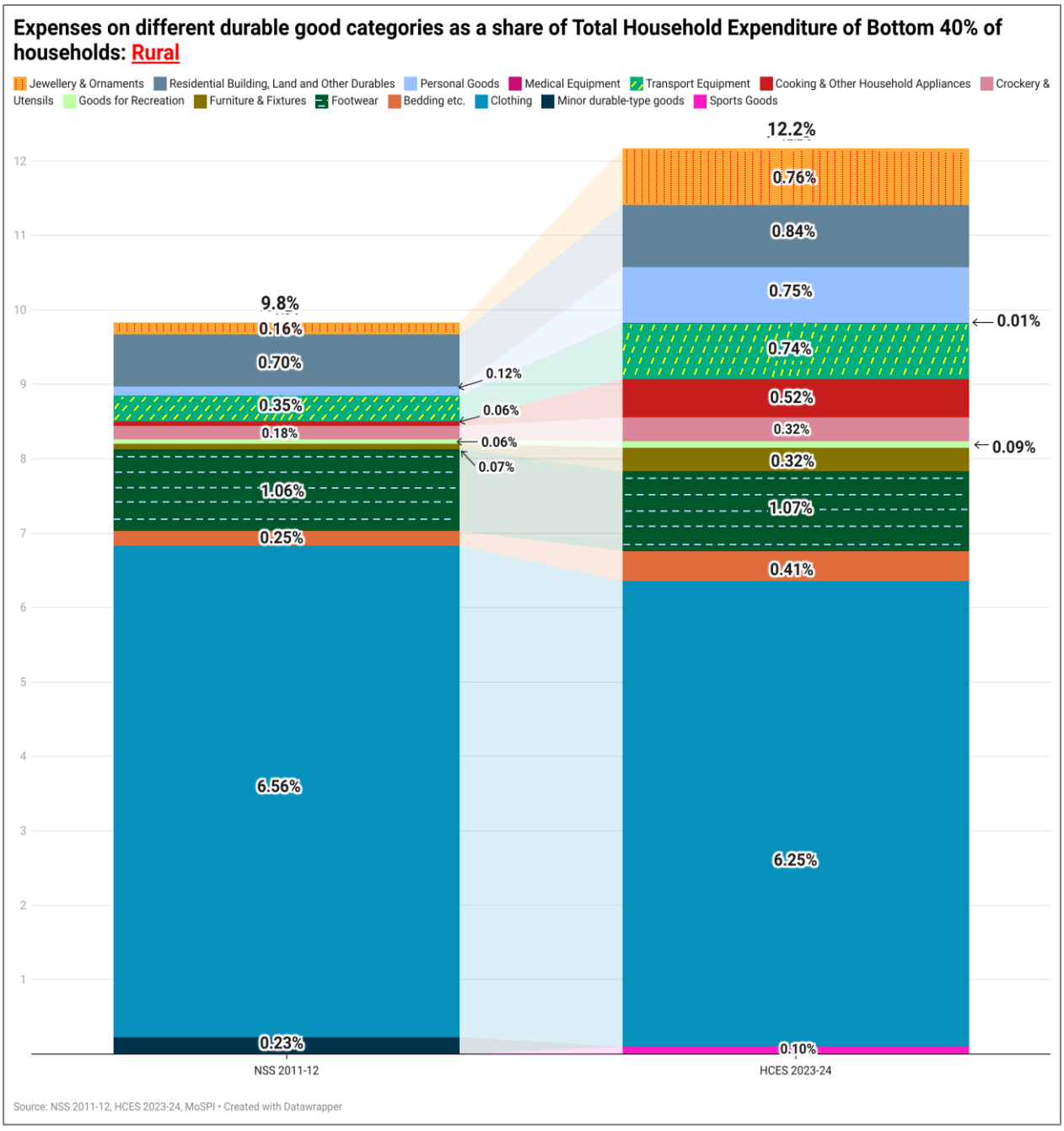
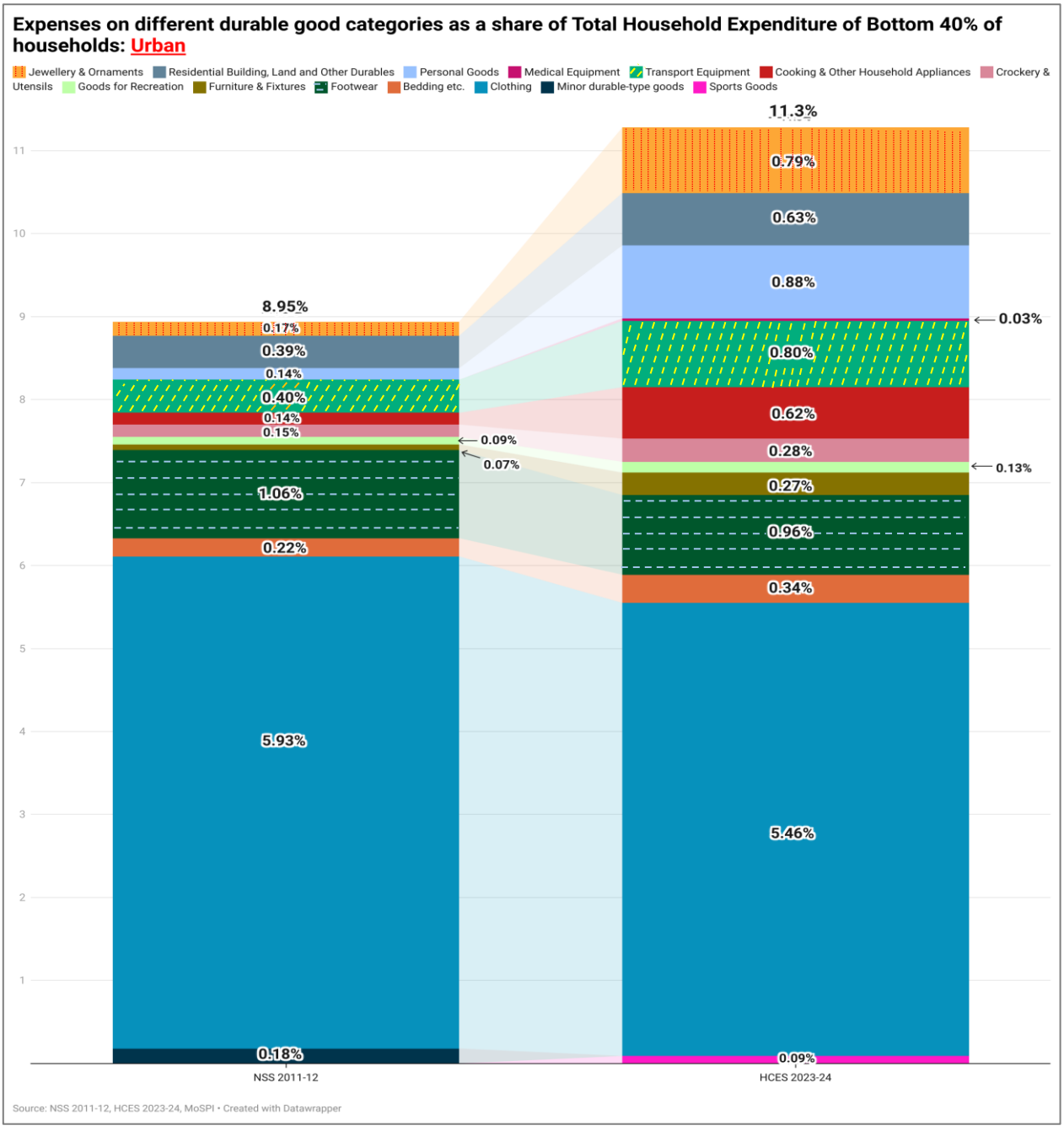


Figure 2.d: Change in shares of different Durables Goods categories in total expenditure of Bottom 40% of Urban Households



Key Takeaways

The insights from this section are as follows –

- The decomposition of spending on durable good sub-categories reveals a clear trend of improvements in access and diversification of household consumption of durable goods.
    - There is a reduction in the share of expenditure allocated to the relatively basic or essential items like Clothing and Footwear for the overall group in both sectors and for the urban bottom 40% households.
    - This is supplemented by significant improvements in asset-building spending and on items of common use within a household
    - In rural areas, Cooking & Household Appliances, Personal Goods, and Furniture & Fixtures saw the largest increases in both the overall and B40 households. In urban areas, the significant increases are observed in the Personal Goods and Cooking & Household Appliances sub-categories across the overall and B40 group.

- Shifting expenditure towards Personal Goods and Cooking & Household Appliances have significant implications for individual productivity and quality of life. On the demand side, these trends appear to be driven by greater awareness and affordability due to financial access. On the supply side, expanded market access and improved distribution networks have likely contributed to making these goods accessible, even to households in the lowest consumption segments.

- These preliminary insights underscore the need for a detailed and disaggregated analysis of the factors enabling increased asset-building expenditures among both urban and rural households. Particularly, future enquiry should examine the relative contribution of demand and supply side factors, role of institutional mechanisms like credit access and identify variations in impact across urban and rural sectors.

3. What do Indian Households Own? An analysis of durable goods ownership between 2011-12 and 2023-24

Our analysis in this section exploits the data on the stock of durable assets owned by households, collected in the NSS 2011-12 and HCES 2023-24. Households were asked to indicate whether they possessed any of the 12 listed durable assets on the date of the survey[7]. Households may own more than one quantity of a certain asset, and this may also be likely with rising incomes of households. Since the survey does not record this, our analysis is limited to a binary indicator of ownership.

Of the twelve listed assets, we selected eight for this analysis: **Television, Laptop/ PC, Mobile Handset, Motorcycle/ Scooter (2-Wheeler), Motor Car/Jeep/Van (4-Wheeler), Refrigerator, Washing Machine and Air Conditioner/Air Cooler**. These durable goods represent modern and aspirational assets, closely associated with improvements in living standards, access to technology and time-use of households.

The four assets excluded from this analysis are Radio, Bicycle, Trucks and Animal Cart. These broadly represent foundational technologies, serving as markers of basic living standards rather than indicators of rising aspirations and purchasing power. Therefore, by focusing on the eight goods we aim to capture a better picture of how household asset ownership has evolved over the twelve-year period. We classify these assets further under four broad asset types/categories:

Asset Category[8]	**Durable Goods**
Transport Equipment	Motor Vehicle (2-wheeler and 4-wheeler vehicles)
Household Appliances	Refrigerator, AC/Air Cooler, Washing Machine
Recreational Goods	Television
Personal Goods	Laptop/ PC, Mobile Handset

We compare ownership levels between 2011-12 and 2023-24 and present key insights from each asset category. Ownership is mapped for the overall population (all households) as well as

[7] This is enquired in Q4.3.3 of Questionnaire – DGQ: Durable Items of the HCES 2023-24

[8] Our classification of assets under the given category follows the durable good sub- categories under which these individual assets are recorded in the Questionnaire DGQ. This is true for all except the 3 items -Refrigerator, AC/ Air Cooler and Washing Machine which are classified as "Cooking & Other Household Appliances" in the Questionnaire.

separately for the bottom 40% of households by consumption, to assess differences in the pace of ownership growth across groups. This analysis is conducted state-wise for the 18 large states and two major UTs, disaggregated by urban and rural sector. For each state and sector combination, the proportion of households owning a given durable asset is calculated using household weights provided in the unit-level data.

3.1 Transport Equipment

In this segment we look at ownership of motor vehicles. We consider ownership of 2-wheelers like motor cycles and scooters, and 4-wheelers like motor cars, vans and jeeps, together as motor vehicles. Therefore, a household is considered to be owning a motor vehicle if it owns either a two-wheeler or four-wheeler or both. Access to a motorized vehicle is a measure of improved mobility.

Ownership of motor vehicles has risen substantially across the board. In rural areas, the share of households owning a motor vehicle tripled, increasing from 19% in 2011–12 to 59% in 2023–24. With the exception of a few eastern states, most states recorded ownership levels above the national average. West Bengal (31.2%) reported the lowest ownership rates, while Punjab stood out with the highest rural ownership at 85.8%. Notably, few states began well below the national average in 2011–12 but subsequently experienced faster growth, surpassing the average by 2023–24. This includes Telangana (71.9%), Uttar Pradesh (65.8%), Chhattisgarh (62.6%) and Andhra Pradesh (60.2%).

In urban areas, average motor vehicle ownership rose from 40.1% in 2011–12 to 68.2% in 2023–24. Although the increase is substantial, urban growth was slower compared to rural areas. The highest percentage increase is observed in Bihar, where ownership rose by 160%, from 22.7% to 59%. In West Bengal, ownership more than doubled—from 17.5% to 39.8%—yet it remains the lowest among all states, significantly below the national average. At the other end of the spectrum, Madhya Pradesh (81.4%) record the highest urban ownership rate, while the southern states (except Telangana and Andhra Pradesh) remain above the national average.

In many states, the urban-rural gap in motor vehicle ownership has narrowed. In fact, in states like Telangana, Haryana and Punjab the rural ownership has surpassed urban levels. This urban-rural

convergence likely reflects improved market access, expanding road infrastructure, and greater availability of vehicle financing, enabling rural ownership of motor vehicles.

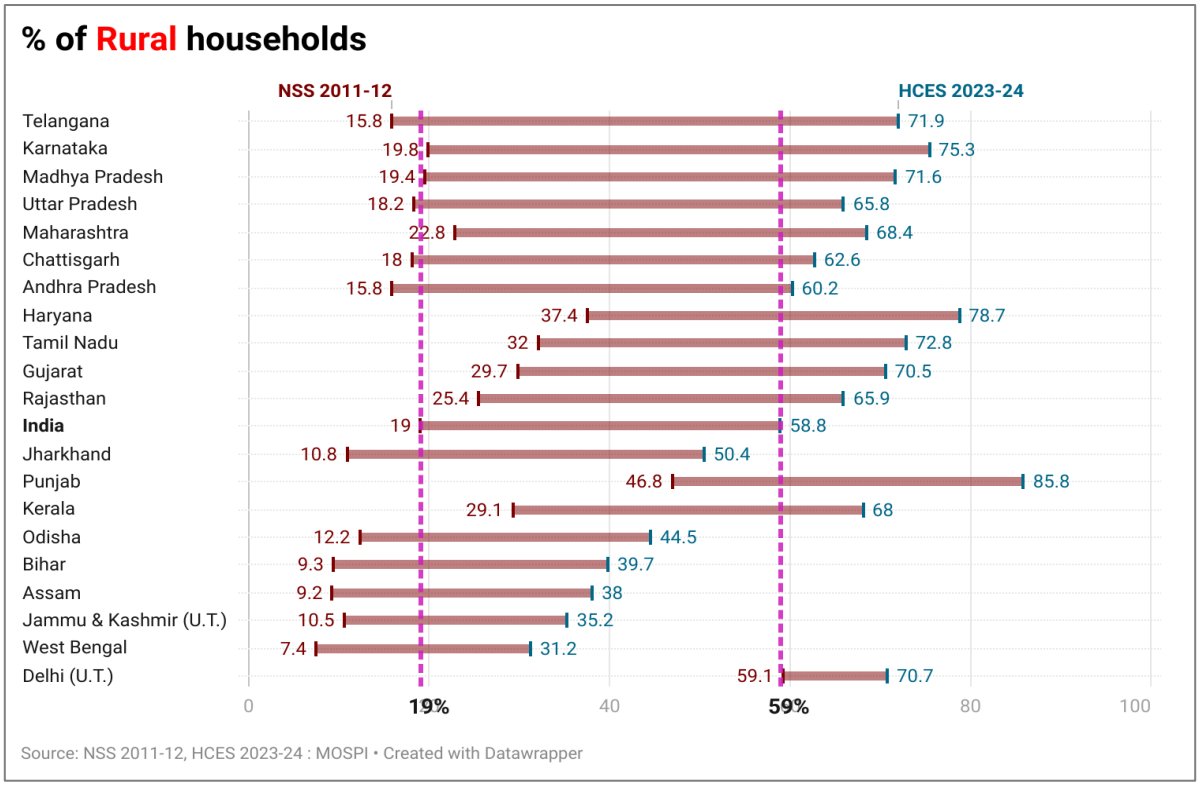
Bottom 40%

Among rural bottom 40% households, motor vehicle ownership has undergone a dramatic transformation—rising from 6.2% in 2011–12 to 47.1% in 2023–24, a 41-percentage point increase. Several states that initially had below-average ownership in 2011–12 have since outpaced the national average. Especially among them are Telangana (62.5pp), Madhya Pradesh (54.4 pp) and Uttar Pradesh (50.7 pp each). At the top end, Punjab at 76.6% has the highest ownership among the rural bottom 40% households, followed by Karnataka at 69.1%. However, Jammu & Kashmir (18.2%) lags far behind, with other low-ownership states including West Bengal (19.1%), Odisha (23.7%), Assam (24%), and Bihar (27.9%)—all with less than one-third of bottom 40% households owning a motor vehicle.

Bottom 40% households in urban areas saw a striking 200% increase - from 19.7% in 2011-12 to 60.2% in 2023-24. However, growth patterns varied across states. Some states have seen faster growth than others. Odisha, which had one of the lowest ownership rates in 2011-12 (at 5.5%, second only to West Bengal at 3.5%) saw a substantial rise to 47% in 2023–24. While still below the national average, this is a remarkable growth. By contrast, West Bengal, which started at similar levels has lagged behind and continues to report the lowest urban bottom 40% ownership at 23.8%. Several states like Uttar Pradesh, Madhya Pradesh, Chhattisgarh and Jharkhand started well below the national average in 2011-12 but witnessed rapid growth, surpassing the national benchmark by 2023–24. With a few exceptions, most northern and southern states now report ownership levels above the national average.

The reduction in urban-rural gap between the bottom 40% households in many states including Telangana, Karnataka, Gujarat and Haryana can be attributed to faster rural growth. However, in some states like Odisha, Jammu & Kashmir and Bihar, the gap persists since rural growth has not yet matched with urban rates. Figure 3a and 3b present these trends.

Figure 3.a: Proportion of households that own a Motor Vehicle (2/4-Wheeler) (2011-12 vs 2023-24): All Consumption Groups



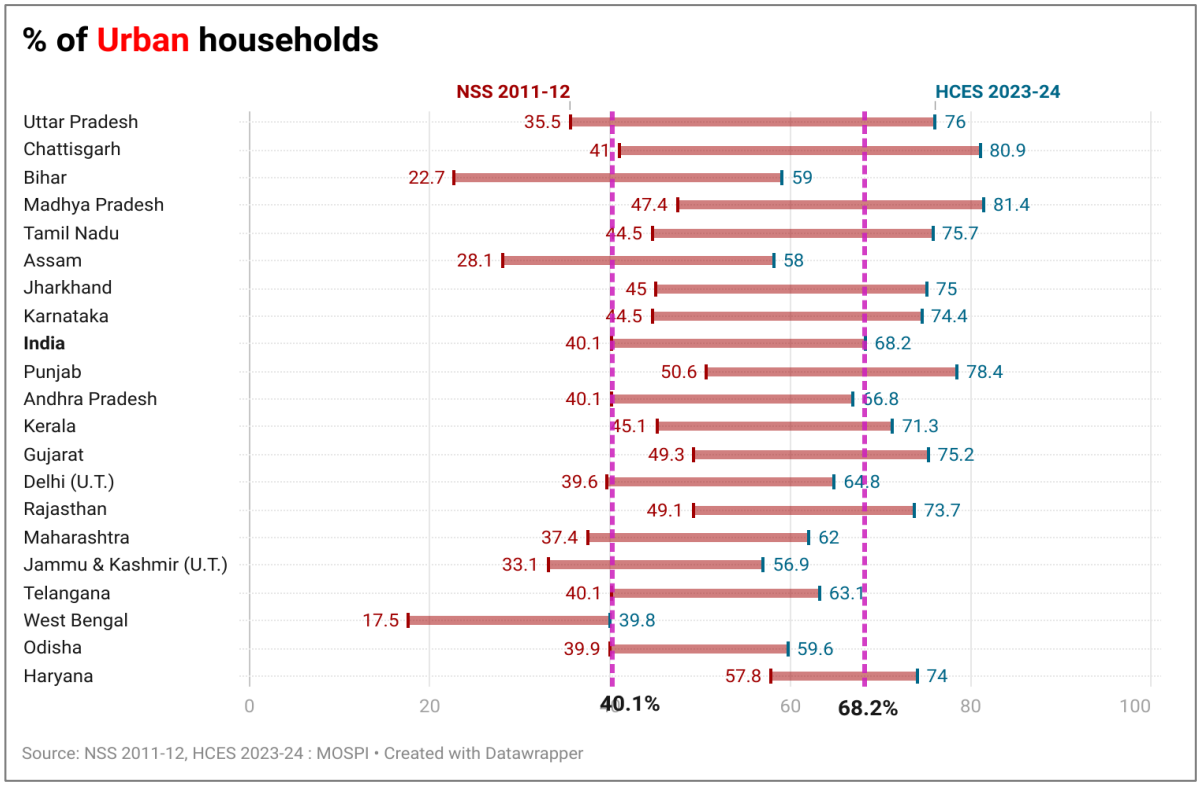
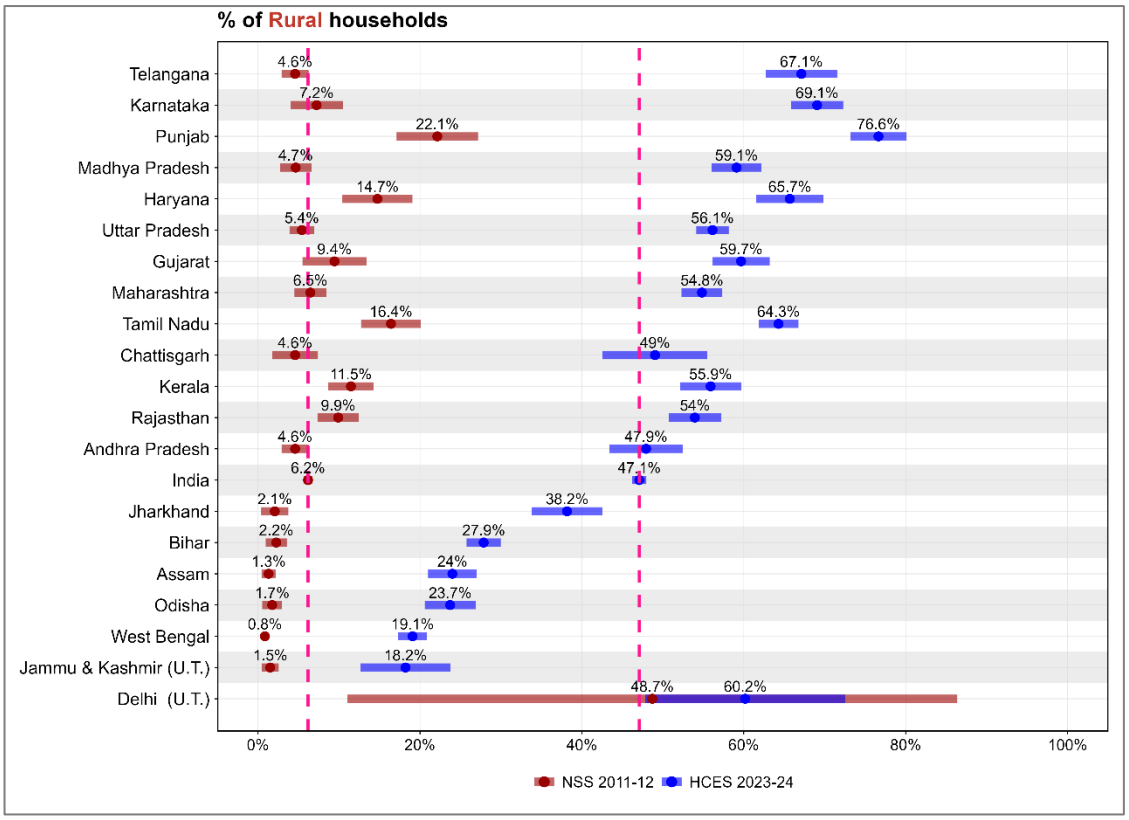
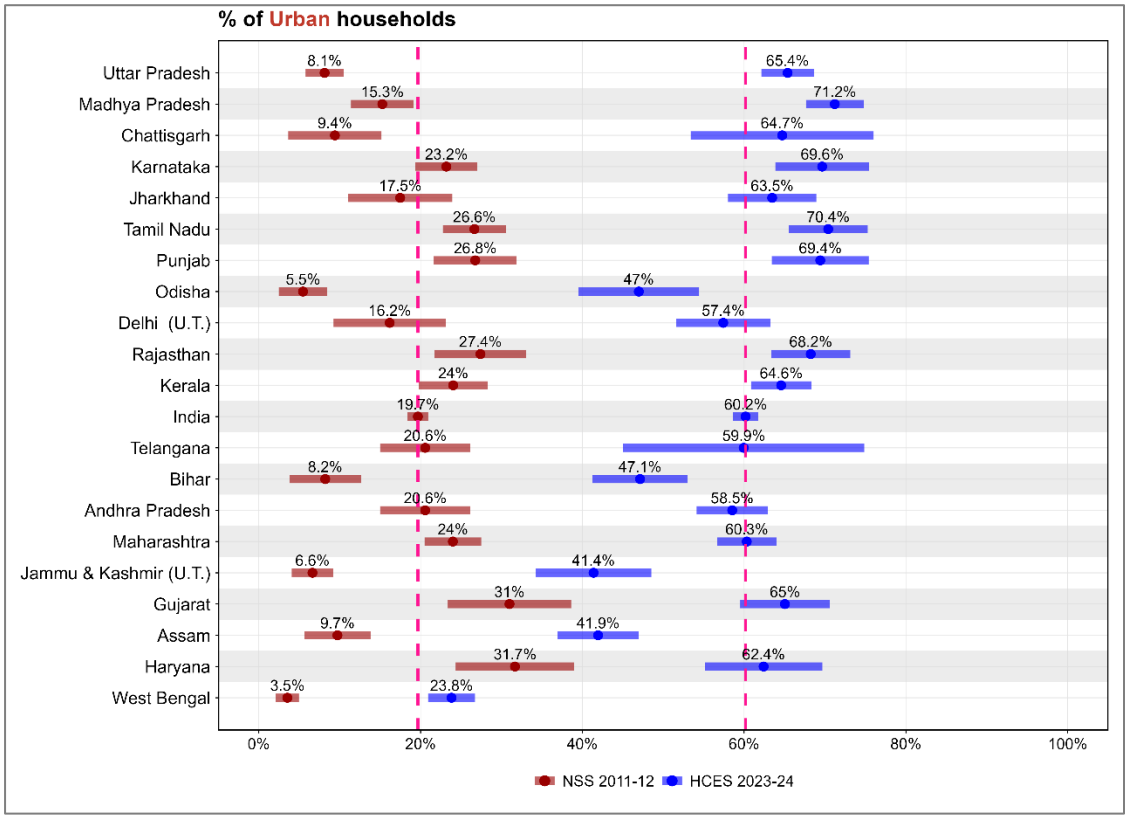


Figure 3.b: Proportion of households that own a Motor Vehicle (2/4-Wheeler) (2011-12 vs 2023-24): Bottom 40%





3.2 Household Appliances

Across the three household appliances analysed – Refrigerator, Air Conditioner/ Air Cooler and Washing Machines – refrigerator ownership stand out for its relatively rapid expansion. A greater proportion of urban and rural households own refrigerators, as opposed to the other two assets. The refrigerator is a key modern durable good, closely linked to rising living standards, urbanisation, nuclearisation, and evolving food storage and lifestyle needs of households.

Between 2011-12 and 2023-24, refrigerator ownership increased sharply across sectors and consumption groups. Among rural households, ownership more than tripled from 9.4% to 33.2%, though with wide regional variations. Southern states like Andhra Pradesh (6.1% to 53.8%) and Tamil Nadu (9.7% to 55.8%) outperformed the national average, while northern states like Punjab maintained some of the highest ownership rates, reaching 94.7% in 2023-24. Despite increasing shares, most eastern and central states lagged significantly like Bihar (0.9% to 7.5%) and Chhattisgarh (3.1% to 15.1%) showing persistently low ownership well below the national average and Jharkhand recording the lowest at 7.1% in 2023-24.

The ownership growth in urban areas is more broad-based with steady improvements. The all-India average ownership increased from 43.8% in 2011-12 to 68.1% in 2023-24 and many states converged closer to the national average. Some states like Andhra Pradesh (69.8%), Tamil Nadu (67.9%) and Uttar Pradesh (71.1%) were outliers, which surged ahead despite starting below the national average. Like rural areas, northern states and Kerala continue to have some of the highest ownership levels. Bihar (37.1%) and Odisha (46.3%) are the only states where less than 50% of the urban households own a refrigerator in 2023-24.

We also observe the urban-rural gap in ownership closing in most states, though at different rates. In Haryana, for example, the gap of 29.1 percentage points in 2011-12 reversed by 2023-24 with rural households surpassing the urban ones by 6.5 percentage point. In Maharashtra the convergence was much slower, with the gap closing by only 4.3 percentage points. By contrast, in Bihar and Jharkhand the urban-rural gap widened further by 12.4 and 12.8 percentage point respectively. These trends suggest that in some states refrigerator ownership is more dispersed

across urban and rural areas whereas in other states rural ownership is catching up faster. Figure 3c shows these changes.

Bottom 40%

Refrigerator ownership among the bottom 40% rural households saw considerable gains, increasing from 2.9% to 22.5%, an almost eightfold increase. Notably, four state, each in which less than 2% of the households owned a refrigerator in 2011-12, surpassed the 2023-24 national average. These were: Tamil Nadu at 45.3%, Andhra Pradesh at 40.8%, Telangana at 36%, and Gujarat at 32.3%. By 2023-24, ownership exceeded 70% in Haryana, Punjab, Delhi and Kerala. Yet, in lagging states such as Jharkhand, Bihar, Odisha, Madhya Pradesh, Assam and Chhattisgarh, fewer than 10% of bottom 40% rural households owned a refrigerator. There is wide variation across states, with Punjab recording the highest ownership (91.9%) and Jharkhand the lowest (2.2%).

Among the bottom 40% of the urban households, we find remarkable gains in refrigerator ownership. It rose distinctly from 20.9% in 2011-12 to 57.9% in 2023-24. Breakthrough states include Tamil Nadu, Andhra Pradesh and Uttar Pradesh – similar to the trend in the overall urban households - which had 47, 45 and 44.7 percentage point gains respectively. In 10 states, more than 60% of the bottom 40% urban household own a refrigerator.

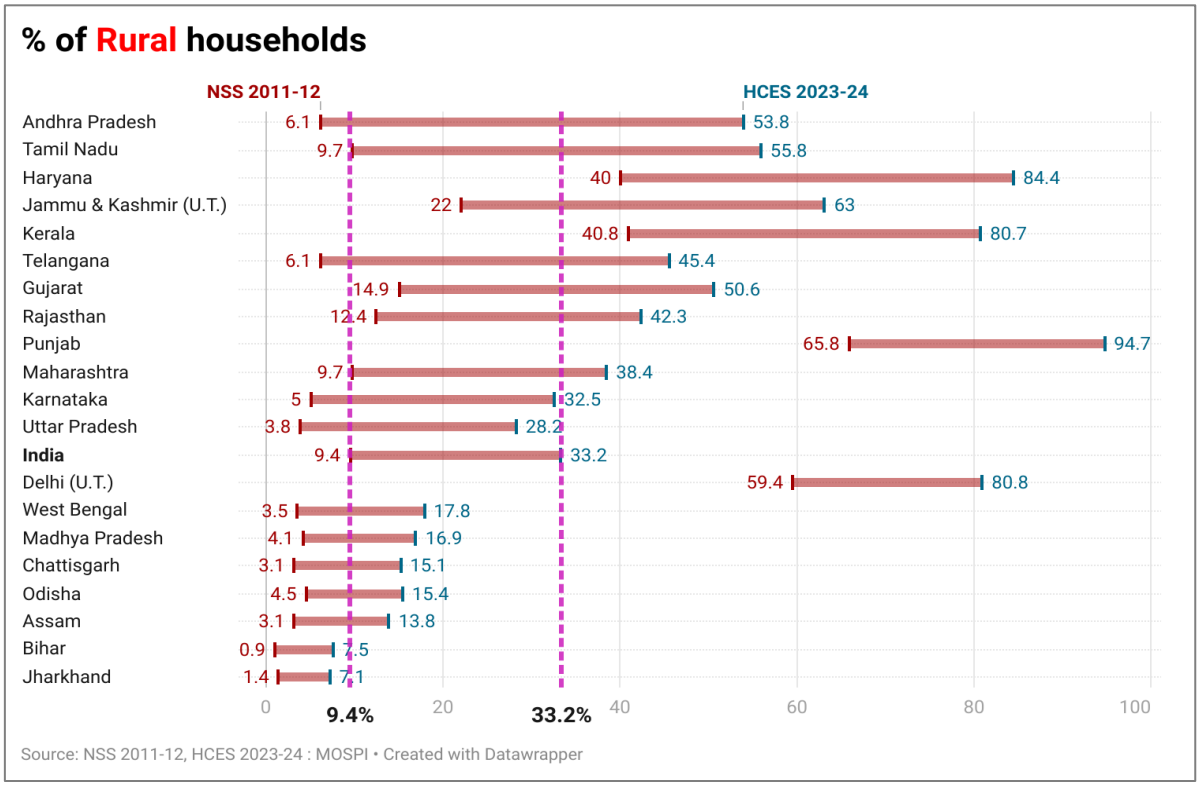
The urban-rural gap among the bottom 40% households reveals a mixed pattern. In states with over 70% urban ownership in 2023-24, like Punjab and Haryana, the gap has narrowed indicating more broad-based gains in both sectors. On the flip side, in states like Andhra Pradesh, Gujarat and Tamil Nadu, urban-rural gaps are widening despite strong ownership gains that often surpass the national average in each individual sector, likely due to slower rural growth relative to urban. Nonetheless, these gaps are expected to close once rural ownership catches up, given its overall upward trajectory. Figure 3d showcases these trends.

We also mapped ownership for AC / Air Coolers and Washing Machines across the two periods. While ownership of both assets improved in urban and rural areas as well as among the bottom 40% households, the gains were less pronounced compared to refrigerators, and remained below

the 50% mark, at the India average. Notably, the outliers to this trend were the northern states of Punjab, Haryana and Delhi which consistently recorded the highest ownership levels for both washing machines and AC/ Air coolers across sectors.

While washing machines and refrigerators are both household durables which help reduce the time spent on unpaid domestic work, particularly by women, the growth of washing machines has lagged behind that of refrigerators. A reason for this could be the additional requirement of piped water for washing machines, along with reliable electricity supply, which is the only requirement for refrigerators. Similarly, AC/ Air coolers have witnessed slower growth in the eastern and southern states compared to the northern and central states where ownership levels are above the national average. This geographical concentration likely reflects higher demand due to the hotter weather conditions in this region. In contrast, refrigerators have reached substantially higher and more widespread ownership nationwide, underscoring their role as an indispensable household asset. Detailed figures for Washing Machines and AC/ Air Cooler are presented in the Appendix: Figure 1-4.

Figure 3.c: Proportion of households that own a Refrigerator (2011-12 vs 2023-24): All Consumption Groups



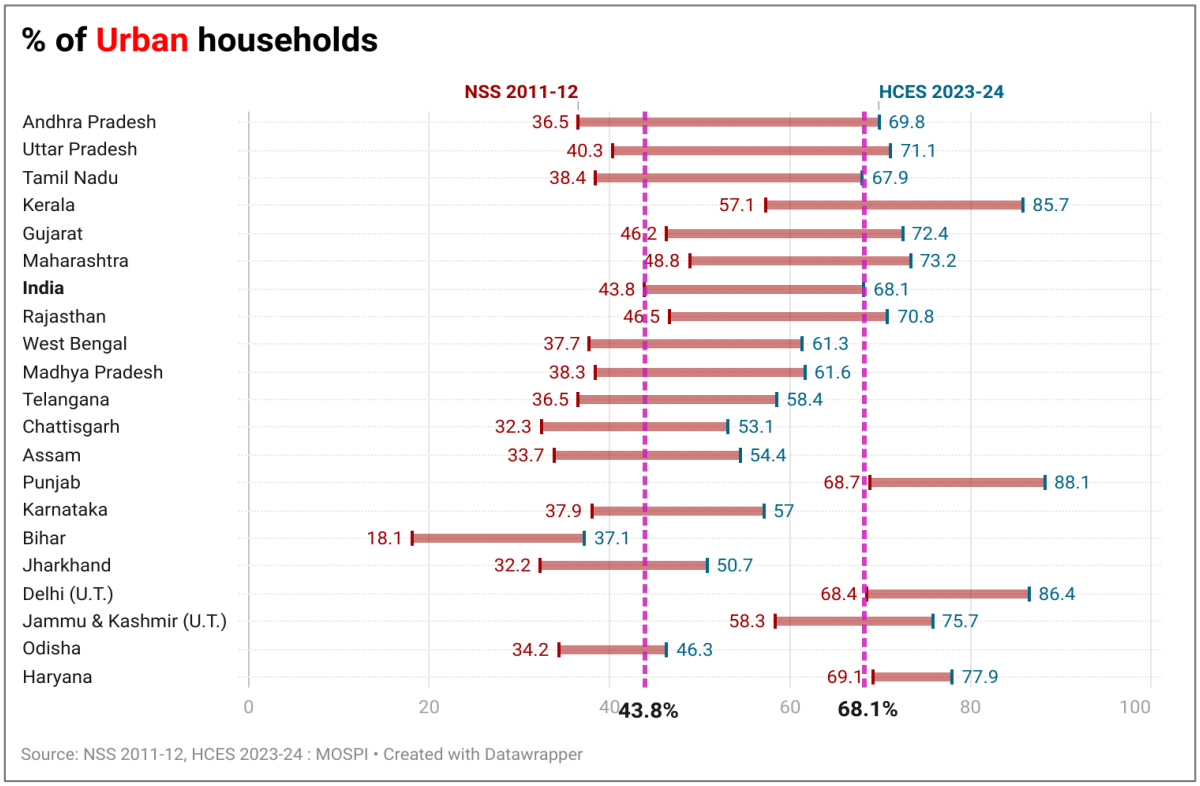
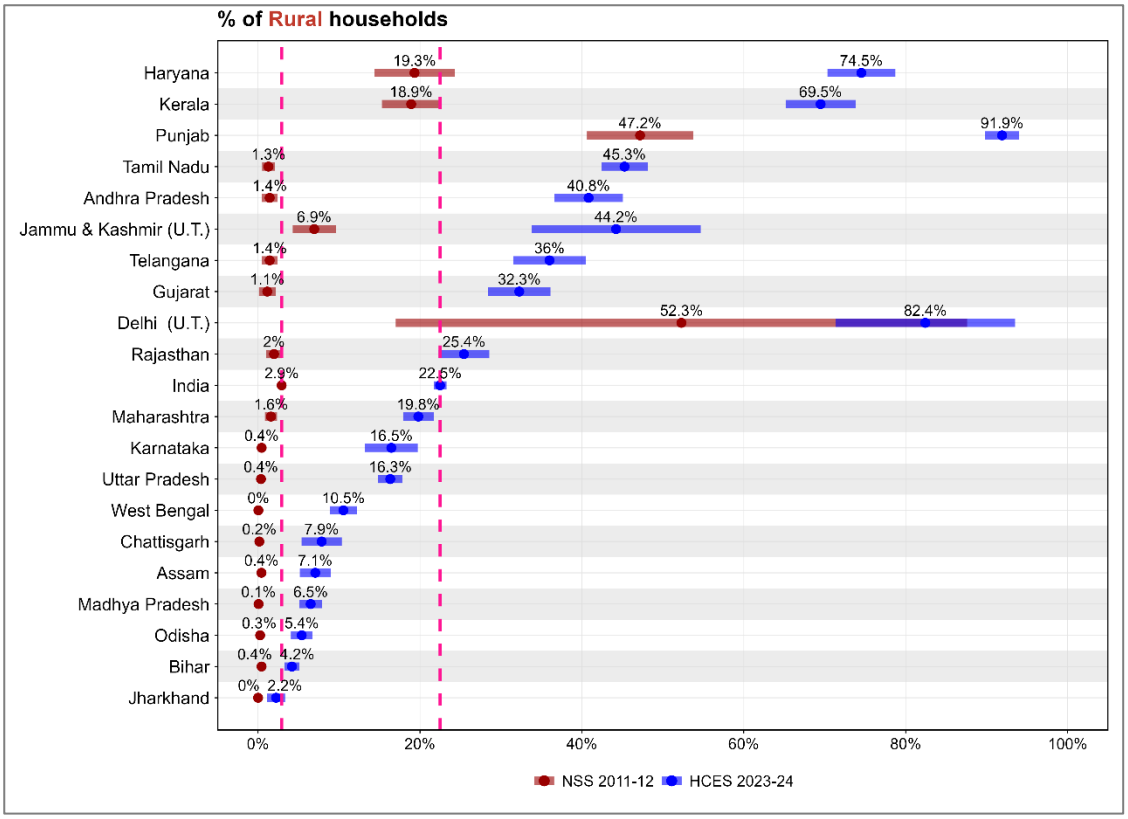
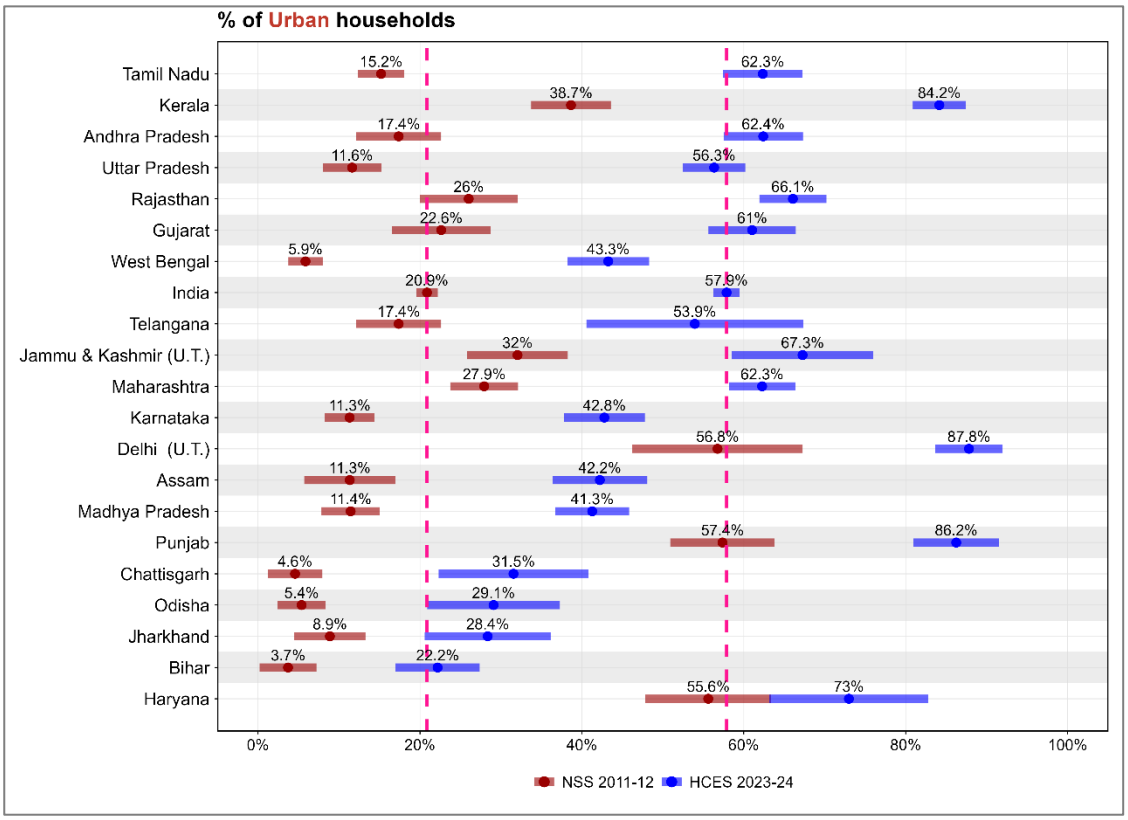


Figure 3.d: Proportion of households that own a Refrigerator (2011-12 vs 2023-24): Bottom 40%





3.3 Recreational Goods

Television is among the most widely owned household durable assets in India, with ownership growth accelerating relatively earlier than other durable goods. In rural areas, TV ownership rose from 49.6% in 2011-12 to 61.1% by 2023-24 – a 23.2% jump. All but four states witnessed growth in TV ownership, with the fastest growth rates observed in Bihar and Uttar Pradesh, each recording over 60 percent rise. However, ownership levels in these states remained below the national average in 2023-24 despite the rapid growth. By contrast, the southern states consistently reported above-average ownership, including in Kerala where ownership fell from 86% to 81%. Among the states which witnessed a decrease, Jharkhand and Jammu & Kashmir also notably declined despite already having below-average ownership.

In urban areas, average TV ownership fell in the 12-year period – from 80.4% in 2011-12 to 78.5% in 2023-24. In 11 out of the 20 states, ownership shares declined. Even the states that recorded increases, like Madhya Pradesh and Assam, the gains were modest. Despite this overall decline, urban ownership continues to exceed rural ownership in most states. Notably, significant urban-rural gap persists in states like Jharkhand (26.8% rural vs 72.1% urban ownership), Bihar (38% rural vs 69.6% urban) and Rajasthan (44% rural vs 70.6% urban).

Bottom 40%

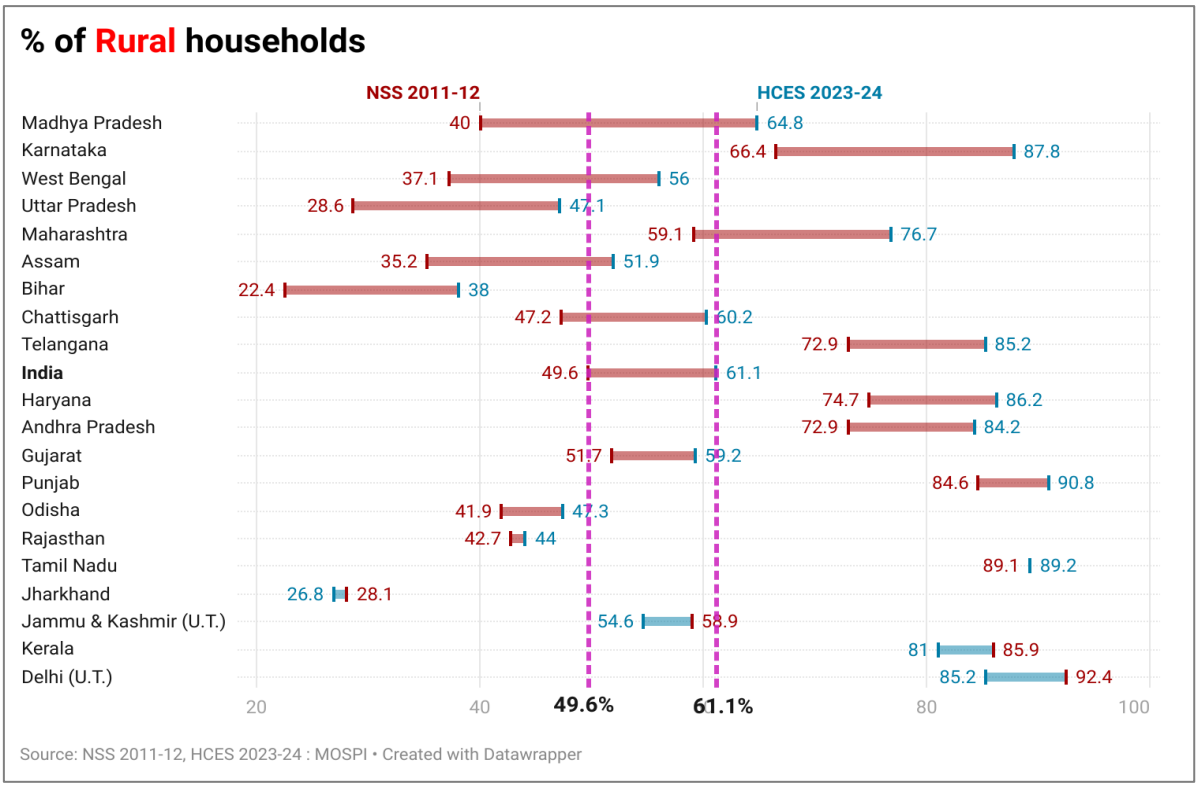
There is significant improvement in ownership among rural bottom 40% households which increased from 35.1% in 2011-12 to 51.8% in 2023-24 – a 47% rise. Further, there is narrowing of the ownership gap between the overall and bottom 40% rural households – from a difference of 14.5 percentage points in 2011-12 to 9.3 percentage points in 2023-24. In fact, for nearly all states, bottom 40% households saw greater gains than those in the overall population, in absolute magnitude. Ownership in southern states is higher than the national average in both the survey years. A decrease in ownership is seen in three states – Delhi, Kerala and Jammu & Kashmir, though only marginally in the latter two.

Among the bottom 40% of urban households, state-wise trends resemble those in rural areas, with Assam, Madhya Pradesh, Karnataka and Bihar leading in relative gains. At the national level,

ownership grew modestly- by only 4.2pp - from 74.2% in 2011-12 to 77.4% in 2023-24 – closely mirroring the trend in the overall population. Here too, we observe a narrowing of the gap between bottom 40% and overall households, and in several states—such as Tamil Nadu, Karnataka, and Maharashtra—ownership among the bottom 40% has even surpassed that of the overall population. Figure 3e and 3f present these trends.

These trends indicate that gains in TV ownership have been more pronounced among the lower-consumption group in several states, contributing to the narrowing of the consumption gap with the overall population in both sectors. In some states we also observed decline in shares, particularly in urban areas. In this context we further explore the phenomenon of "substitution of the television screen", examining shifts in the ownership of personal goods like laptop/PCs or mobile phones, and whether these trends collectively suggest a replacement of televisions as the primary medium of information and entertainment.

Figure 3.e: Proportion of households that own a Television (2011-12 vs 2023-24): All Consumption Groups



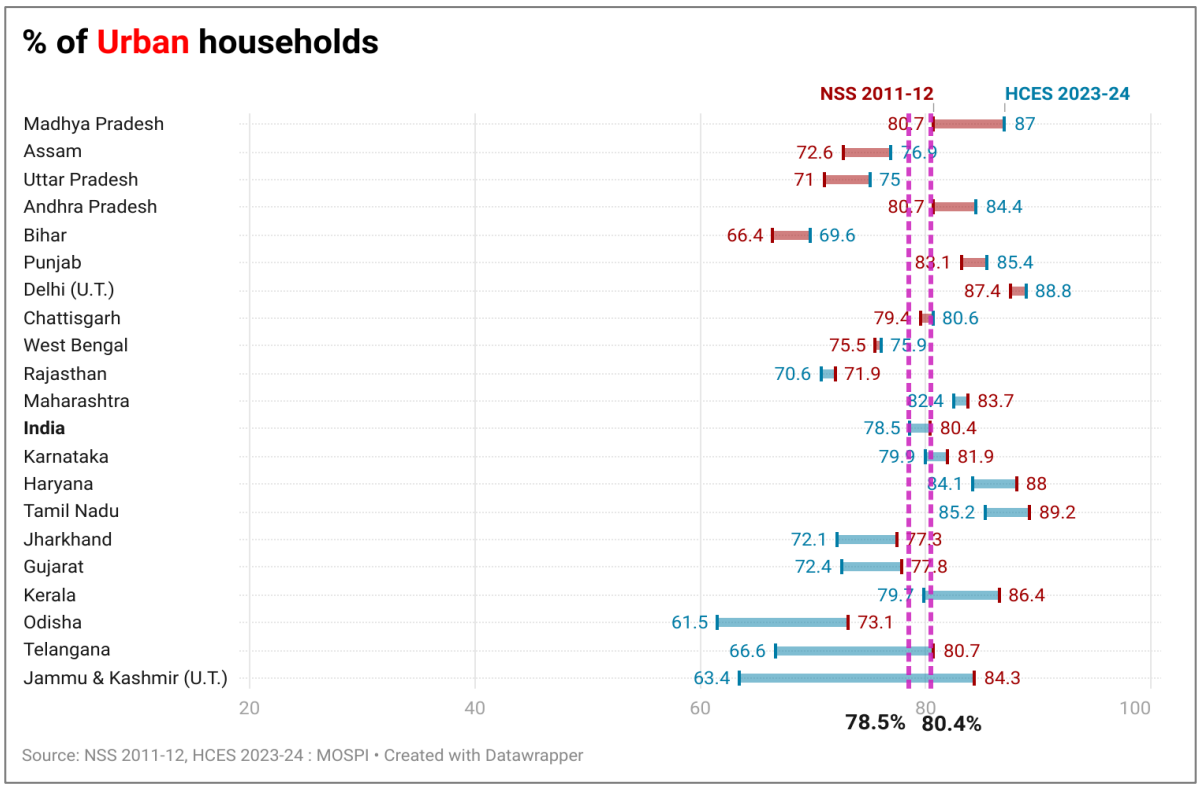
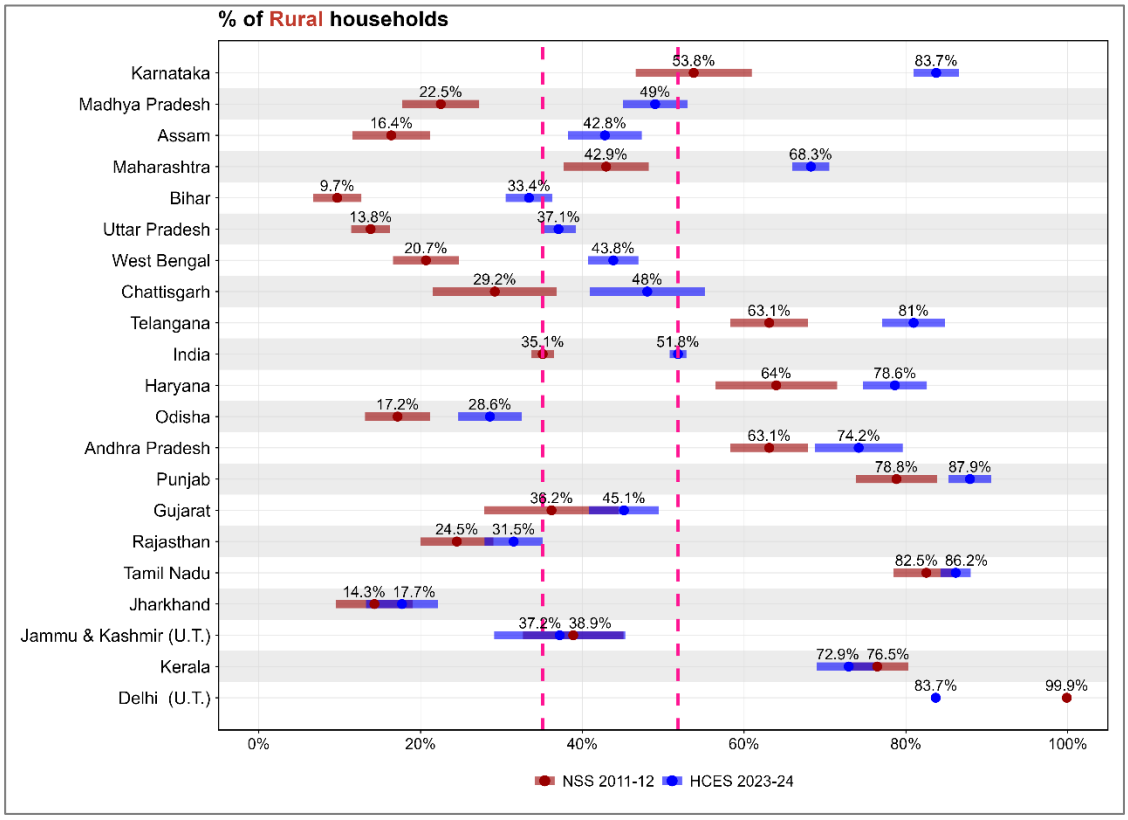
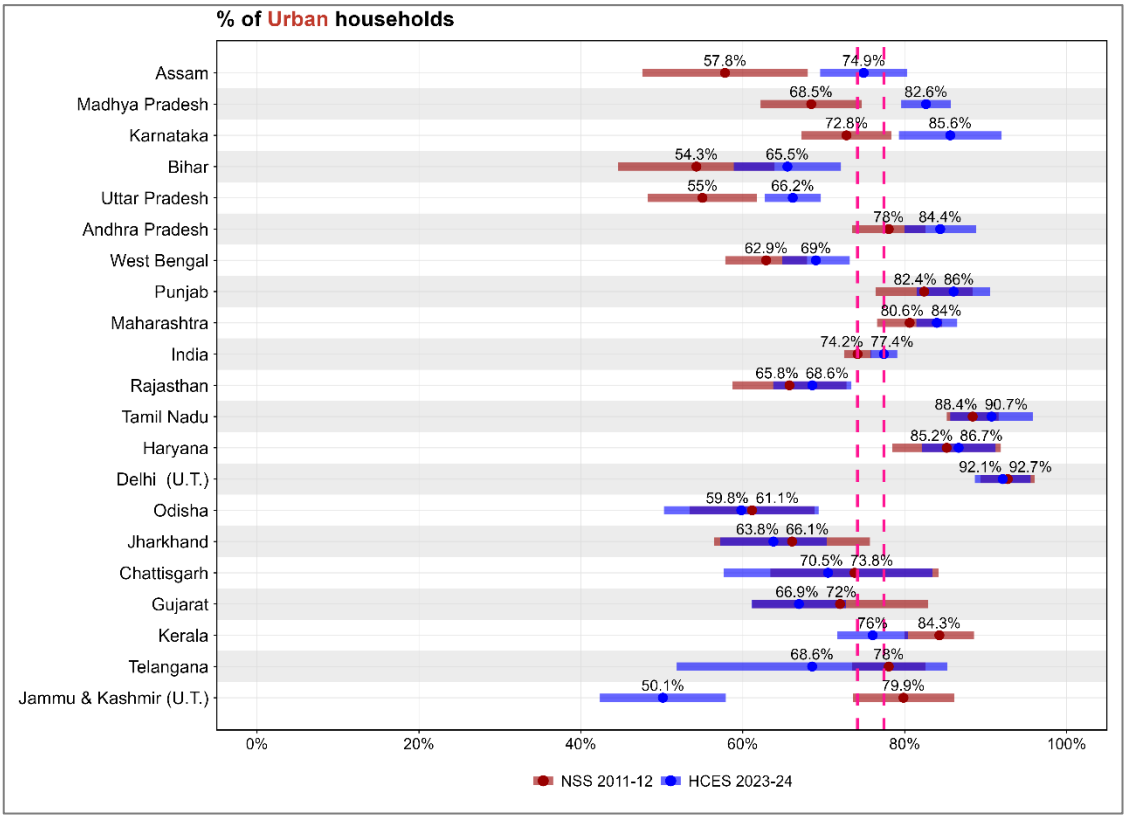


Figure 3.f: Proportion of households that own a Television (2011-12 vs 2023-24): Bottom 40%





3.4 Personal Goods

Within the personal goods category, we analyse trends in laptop/PCs and mobile phone ownership. Of the two, mobile ownership has seen a remarkable rise and become near universal between 2011-12 and 2023-24 in both urban and rural areas. On the other hand, ownership of laptop/PC remains at much lower levels in both sectors. The marginal growth of laptop/ PCs ownership may be due to limited user know-how, affordability barriers, and specialised educational or professional applications. Therefore, these devices remain concentrated in fewer households. The state-wise figures for laptop/PC ownership is resented in Appendix: Figure 5-6. In this section we will unpack mobile handset ownership trends in more detail.

Among rural households, average mobile ownership increased from 77.6% to 96.5% - a nearly 25 percent rise. Gains were broad-based across all states. The sharpest improvements were in Chhattisgarh, Assam, West Bengal, Odisha and Jharkhand which had the lowest ownership rates in 2011-12. While these states made substantial gains, Chhattisgarh and Odisha still remain below the national average. Punjab, Haryana, Jammu & Kashmir, Kerala and Delhi have near universal coverage in 2023-24.

The urban areas, where baseline ownership was already high, the national average increased from 92.2% to 97.7%. Most states have near-universal coverage, clustering around 99%. Only four states fall below the national average, of which three are nevertheless above 90% ownership. Telangana is the exception, recording a decline of 3.8 percentage points despite being below the national average in 2011-12. Notably, the rural areas in most states saw larger magnitude of growth in mobile ownership than the urban areas, effectively closing the urban-rural divide.

Bottom 40%

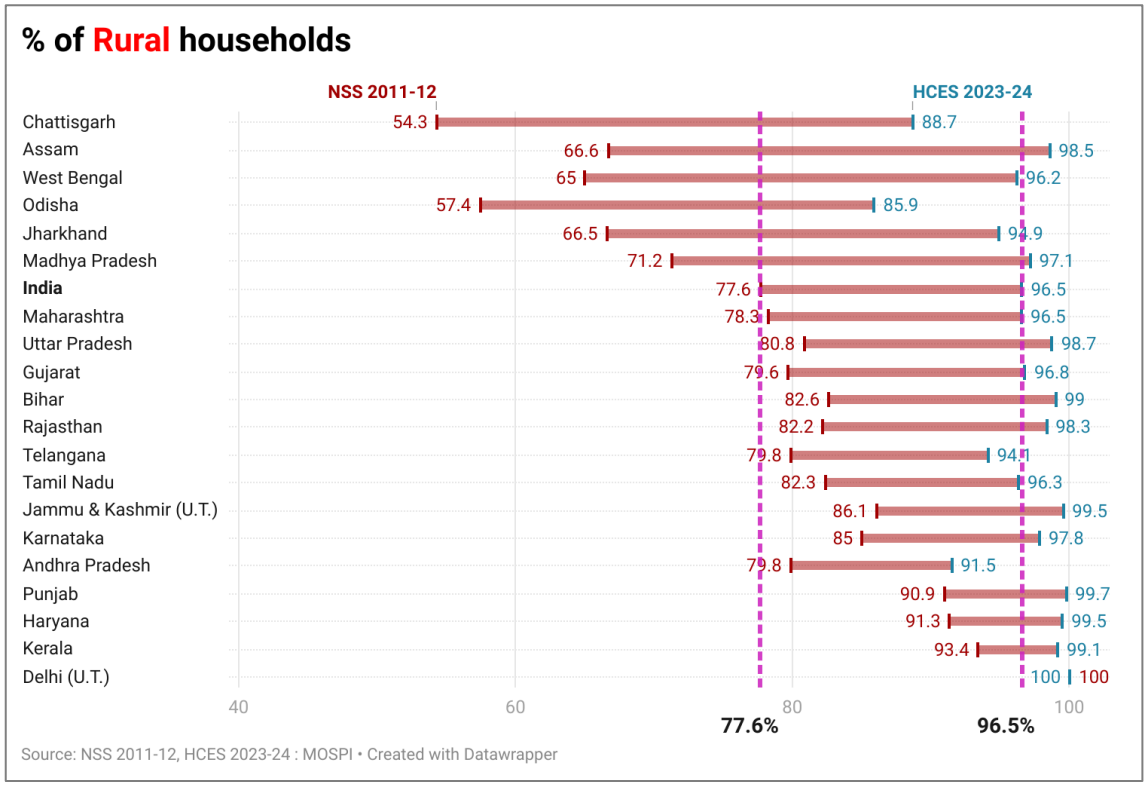
Among the bottom 40% households mobile ownership shows strong convergence between rural and urban areas. Rural households in this group had much lower ownership at 66.5% in 2011-12, which rose to 94.3% in 2023-24. States like Chhattisgarh and Odisha, where less than a third of the bottom 40% households owned a mobile in 2011-12, now record 83% and 70.7%

ownership respectively. Infact, in most states ownership levels now surpass the national average, highlighting the penetration of mobile phones even in the poorest households.

In urban areas too, mobile ownership shows convergence with the overall trends. Average ownership increased from 84.6% to 95.3%, with state-wise variations. The fastest growth was in states that had started below the national average but crossed 98% ownership by 2023–24. Telangana, however, is an exception, where bottom 40% households experienced a 8.7 percentage point drop, similar to the trend of all urban households in the state. This drop is somewhat surprising given the state's relative prosperity. By contrast, in states like Bihar, Uttar Pradesh and Rajasthan, significant narrowing of the ownership gap was observed both between urban and rural households and across bottom 40% and the overall groups in the respective sectors. This reflects broad-based and inclusive gains for all households. Figure 3g and 3h showcase the trends in mobile ownership state-wise.

With respect to the replacement of the television as a medium of information and entertainment, laptop/PC do not seem to be a preferred alternative given the inherent barriers of technical know-how, a steeper learning curve and specialised applications. Instead, the near-universal access of mobile phones across states, combined with decline in ownership of television in urban and rural areas of many states suggests that mobiles are increasingly replacing or supplementing TV as the primary source of entertainment and information.

Figure 3.g: Proportion of households that own a Mobile Handset (2011-12 vs 2023-24): All Consumption Groups



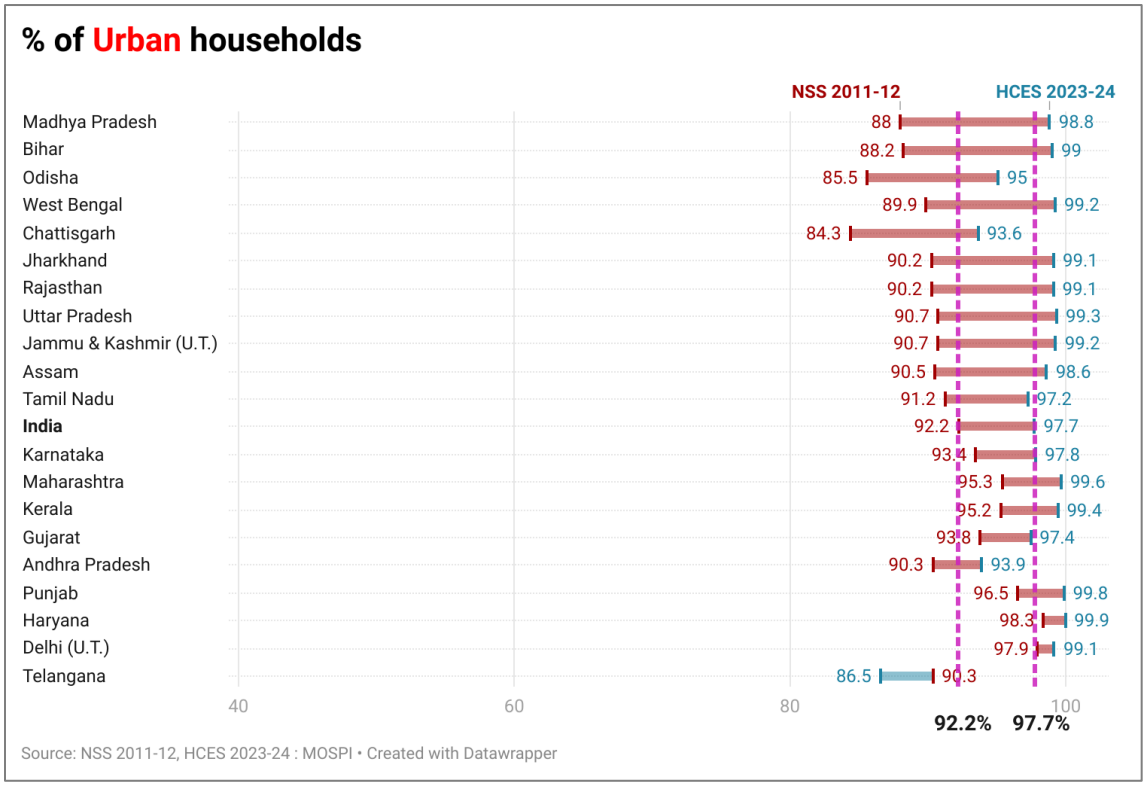
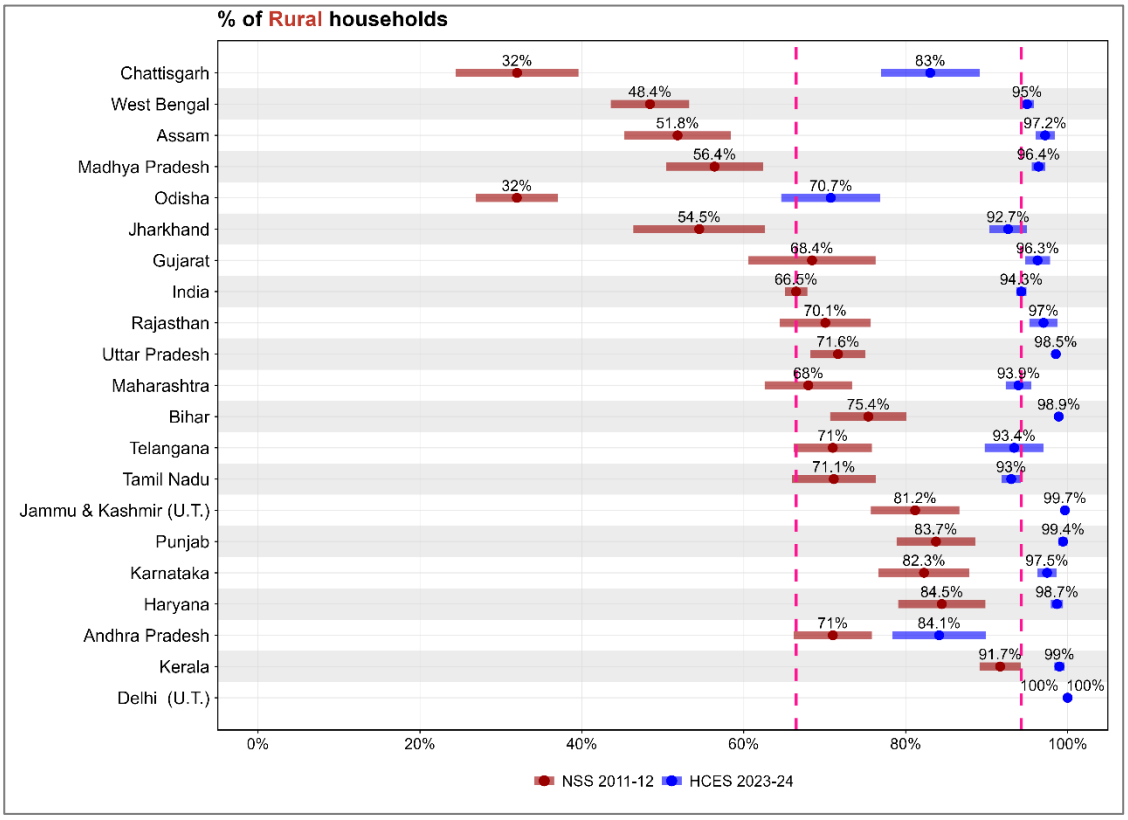
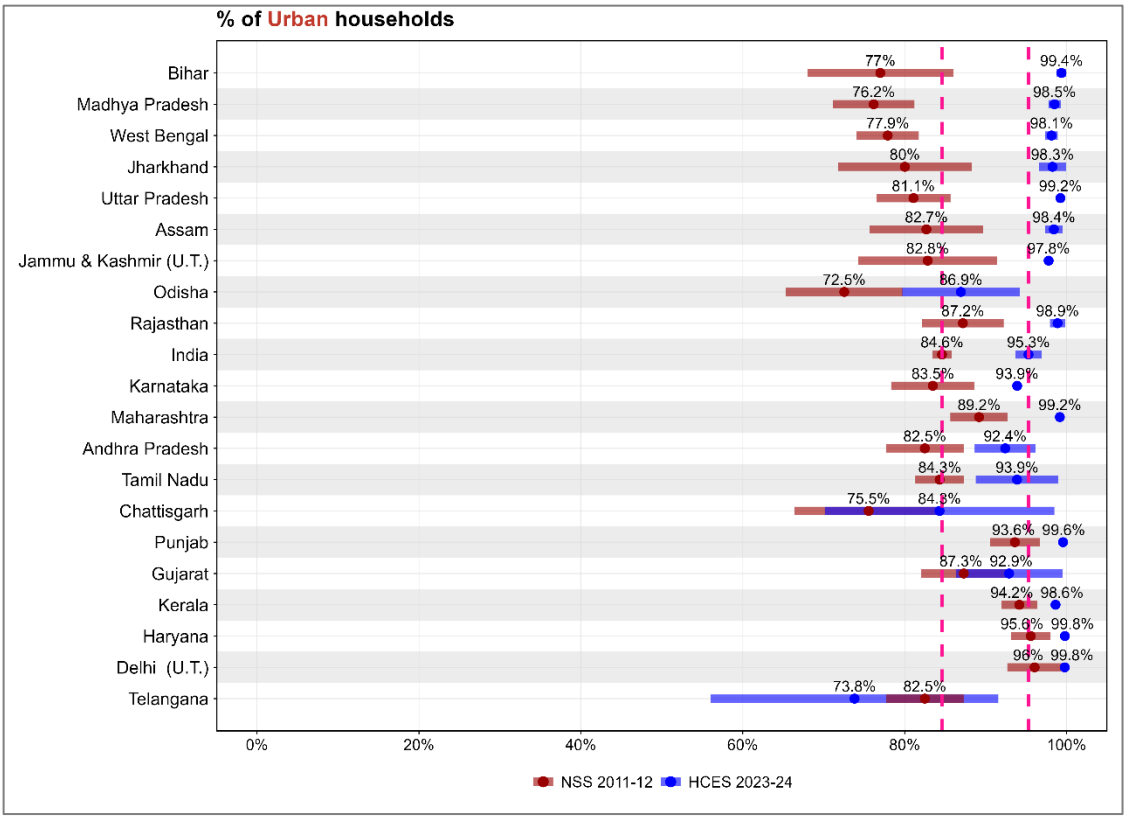


Figure 3.h: Proportion of households own a Mobile Handset (2011-12 vs 2023-24): Bottom 40%





Key Takeaways

In this section we examined trends in durable goods ownership across sectors and states, with a separate focus on the bottom 40% of the households. Our analysis showed that-

- For most assets and in most states, ownership has increased in both rural and urban areas, with the urban-rural gap narrowing at varying rates.
    - There is greater convergence between the bottom 40 and overall households, especially in urban areas, indicating broad based rise in consumption and improving living standards even among the traditionally lowest consumption groups.
    - Although urban-rural gaps persist in some states, persistent rural ownership growth promises convergence sooner rather than later.
- Ownership of motor vehicles (two- or four-wheelers) has seen remarkable growth, rising strongly in both sectors, narrowing the urban–rural gap. The bottom 40% households have witnessed rapid catch-up with the overall population, especially in urban areas. Motor vehicle ownership improves household mobility and connectivity, allowing greater access to markets, jobs, education, and essential services.
- Refrigerator ownership has increased substantially in both sectors, but relatively wider urban growth across states. Consequently, the urban-rural gap is narrowing for the overall population and the bottom 40% group, though the magnitude varies depending on the pace of rural catch-up.
- Television growth is slow in most states and has even declined in many urban areas. The near universality of mobiles seems to have replaced or at least substituted the TV in many places. Mobiles are emerging as the instrument of choice for information, entertainment and communication, owing to affordable and faster network connectivity.
- Expansion of markets and increase in ownership of major assets indicates equitable growth, opening the window to access opportunities.
- Durable asset ownership is closely tied with modern living standards which can generate spillovers on time-use, women's labour force participation, productivity and mobility of the labour force. Future research should examine these gains in detail, assessing how asset access varies across age cohorts and lifecycle, with implications for intergenerational disparities, consumer protection, financial awareness, and indebtedness.

4. A story of convergence: Durable goods ownership across Household Consumption Groups

In this section, we examine how durable asset ownership has evolved across the household consumption groups, with a particular focus on the bottom 40% (B40) and the top 20% (T20) of households. This serves two purposes: first, to present a more nuanced view of the consumption inequalities, since looking at only the bottom 40% and all households may overlook important differences; and second, to identify the sectors and states where changes are unfolding most prominently.

The analysis is structured in three parts: (i) we compare asset ownership shares of the key assets - Motor Vehicles, Refrigerators, Mobile Handsets and Televisions - between the B40 and T20 households; (ii) we calculate the sigma convergence in asset ownership between the B40 and T20 relative to the overall population mean to capture how dispersion has narrowed across states; and (iii) we examine how the breadth of asset ownership has evolved across different consumption groups (B40, 40-60%, 60-80% and T20) between 2011-12 and 2023-24, focusing on the proportion of households owning assets across zero to four asset categories (Transport Equipment, Personal Goods, Household Appliances, and Recreational Goods).

4.1 Comparing ownership between the Bottom 40% and Top 20% households

For each of the four assets, we calculate the ownership shares of the B40 and T20 households separately for rural and urban areas, for 2011-12 and 2023-24. The shares represent the proportion of households owning a particular asset within a sector (rural or urban) and consumption group (B40 or T20) in each period.

4.1.1 Motor Vehicles

We plot the ownership shares to indicate whether households owned either a 2-wheeler or a 4-wheeler or both, by rural and urban sectors. In rural areas, 38.2% of the T20 households owned a motor vehicle in 2011-12 compared to just 6.2% of B40 - a gap of 32 percentage points. By 2023-

24, the gap narrowed to 22.6 percentage points, with 69.7% of T20 and 47.1% of B40 households reporting ownership. In urban areas, the convergence was even more prominent. In 2011-12, 59.9% of the T20 and 19.7% of the B40 households owned a motor vehicle- a 40.2 percentage point gap- but by 2023-24, 70.4% of the T20 and 60.2% of the B40 households owned a motor vehicle, reducing the gap sharply to just 10.2 percentage points.

In summary, the analysis reveals wide improvements in motor vehicle ownership between the two groups. While the bottom 40% of rural households saw a higher magnitude of ownership growth (a seven-fold increase versus three-fold increase in urban areas), the inter-group consumption gaps reduced more prominently in urban areas. These trends indicate that the constraints to motor vehicles ownership such as affordability, access to vehicular finance, vehicle repairs and maintenance facilities, road and terrain conditions, etc. have eased even for the bottom 40% of households. Figure 4a(i) presents these trends.

4.1.2 Refrigerator

Refrigerator ownership increased in rural and urban areas for both the consumption classes. In rural areas, the ownership among B40 households grew more than seven times, whereas it more than doubled among the T20 households. Despite significant gains, consumption gap between the two groups remains. On the contrary, the urban B40 households' ownership almost tripled (20.9% to 57.9%), effectively reducing the consumption gap from 46.3 percentage points to 12.3 percentage points. This highlights a movement towards parity in refrigerator ownership in urban areas.

Refrigerator ownership is associated with convenience, food security and consequently, freeing up women's time. The lower levels of rural ownership relative to urban areas among both B40 and T20 households is reflected in the less than 50% ownership in both groups. Infact urban B40 ownership (57.9%) is higher than rural T20 (46.3%). This trend may be reflective of the traditional lifestyle choices which can strongly influence purchase decisions of certain household appliances. The findings highlight the need for empirical assessment of the determinants of appliance ownership to shape initiatives that contribute to more equitable access. These trends are presented in Figure 4a(ii).

4.1.3 Mobile Handset

The story of mobile ownership is one of remarkable growth and convergence across both sectors and consumption groups. Among rural T20 households, ownership grew from 87.9% to 97.9% between 2011-12 and 2023-24. For the B40 households ownership converged rapidly- from 66.5% to 94.3%, virtually eliminating the differences between the two groups. In urban areas too, we observe faster ownership growth among B40 households (84.6% to 95.3%) and near parity with the T20 households (98.5%) leaving only a 3.2 percentage point difference.

Importantly, mobile ownership is now virtually universal with negligible urban-rural gaps across consumption groups - less than one percentage point within a consumption group. Across groups and sectors, more than 94% households own a mobile handset. This highlights the uniquely equitable nature of mobile phone diffusion, allowing for a more digitally connected society that can leverage the gains of inclusive participation in the digital economy. These trends are presented in Figure 4b(i).

4.1.4 Television

Television, a recreational good shared by members within a household, witnessed slow growth across urban and rural areas. In rural areas, TV ownership increased marginally by 4.8 percentage points (65.2% to 70%) among T20 households, whereas B40 had a sharper rise of 16.7 percentage points. In urban areas, T20 ownership saw a noticeable drop from 82.5% to 72.1%, while B40 ownership grew from 74.2% to 77.4%. The ownership gap between the groups in 2011-12 reversed by 2023-24, such that B40 ownership exceeded that of T20 households by 5.3 percentage points.

These trends also highlight the interlinkages between TV and mobile ownership across consumption groups. While mobile access is near-universal for B40 households, TV ownership grew slowly by comparison. Affordability, portability and multifunctionality of mobiles have enabled them to leapfrog traditional barriers to TV adoption, especially for lower-income and rural households. Among T20 households, however, TV ownership has stagnated or even declined. Consequently, mobile phones are emerging as the medium for information, entertainment and communication, helping bridge the digital divide. Figure 4b(ii) presents the trends.

Figure 4.a: Trends in durable good ownership shares of the Bottom 40% and Top 20% of households

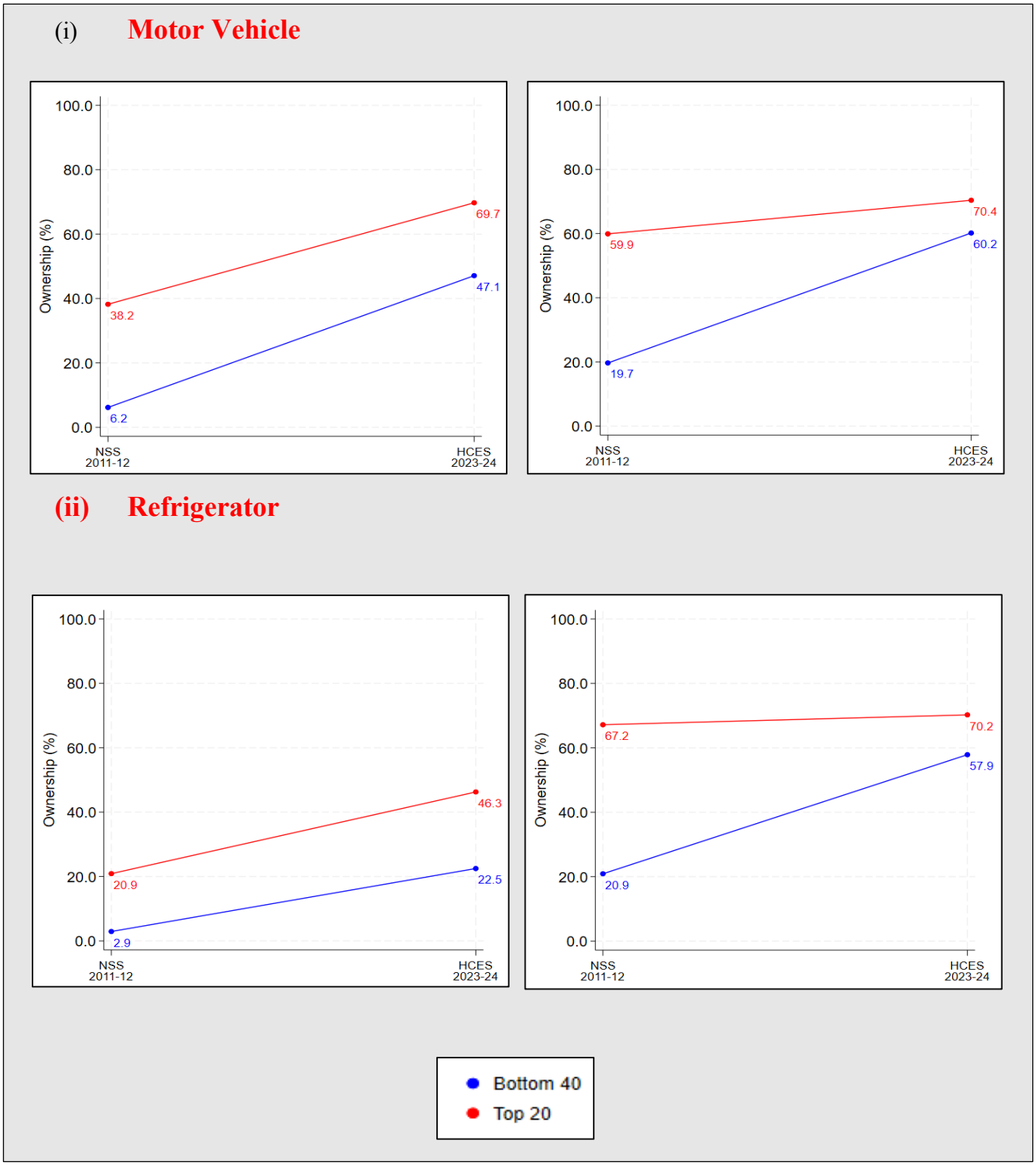
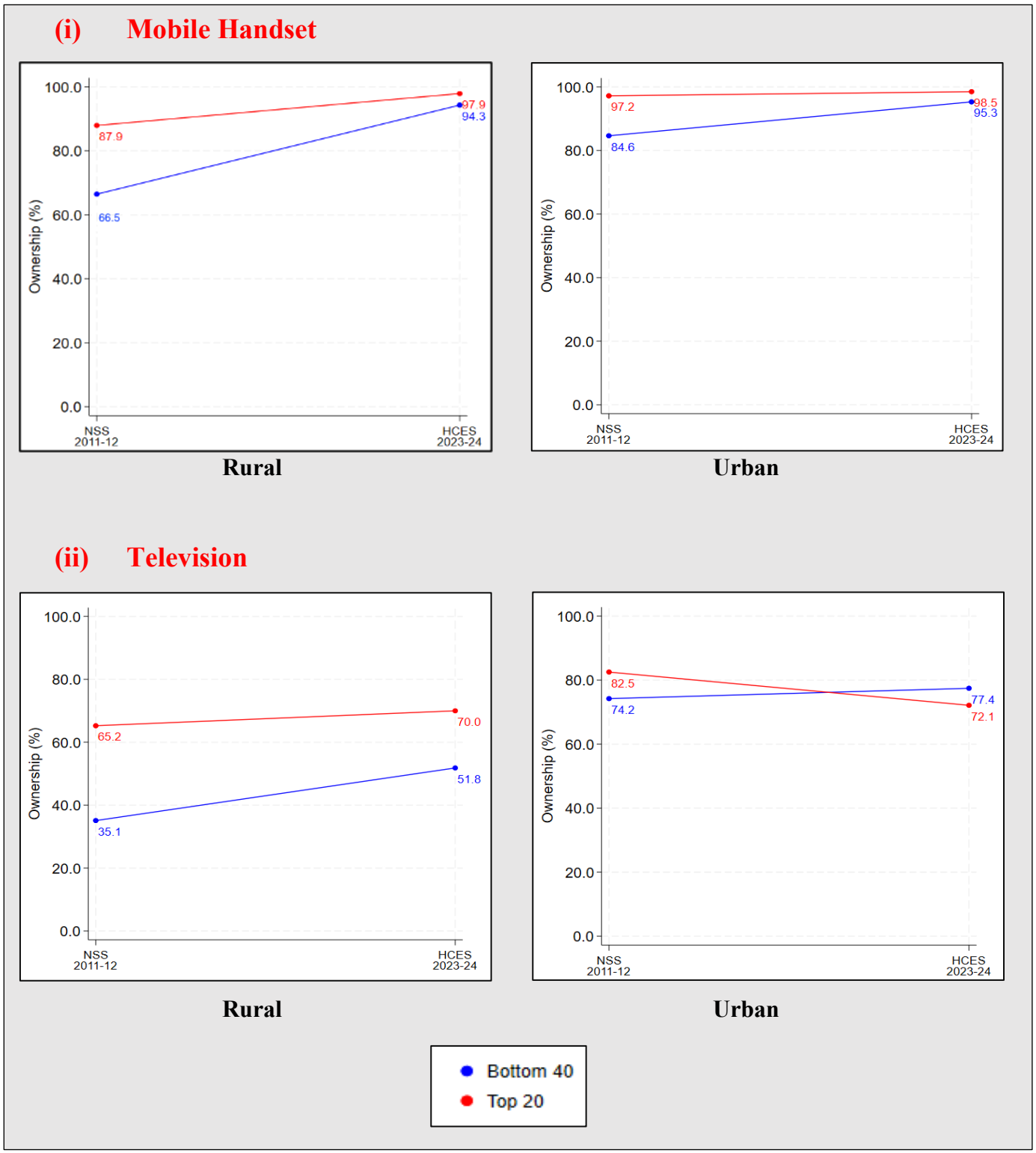


Figure 4.b: Trends in durable good ownership shares of the Bottom 40% and Top 20% of households



4.2 Magnitude of convergence in asset ownership

So far, we observed a steady uptake in ownership of the four durable goods among the bottom 40% and top 20% of households. The rate of asset acquisition has differed by asset and the sector. Broadly, there is a greater reduction in asset ownership gap between the two groups in urban areas. In this segment, we statistically quantify the degree of convergence and reduction in inequalities in asset ownership between the highest (T20) and lowest (B40) consumption classes using the *Sigma-convergence* measure. It is a measure of the population-weighted dispersion of ownership levels between the two extreme consumption groups, relative to the overall population mean. It is calculated as -

$$\sigma_{jtsp} = \sqrt{\omega_{B40}(x_{jB40tsp} - \mu_{jtsp})^2 + \omega_{T20}(x_{jT20tsp} - \mu_{jtsp})^2}$$

where σ_{jtsp} is the sigma convergence between B40 and T20 groups, ω_{B40} and ω_{T20} are the population shares (weights) of group B40 (0.4) and T20 (0.2) respectively; $x_{jB40tsp}$ and $x_{jT20tsp}$ are the average ownership rates for the groups, and μ_{jtsp} is the average ownership rate of the overall population (including all consumption groups). These are computed for an asset *j* in year *t* in a sector *s* for a state *p*.

We observe how the sigma-convergence changes between 2011-12 and 2023-24 for the four assets across major states and UTs. A falling σ_{jtsp} indicates the two groups are converging toward the overall population mean, signalling a reduction in inequality between B40 and T20 and the overall average. A rising σ signals increasing divergence from the population mean, indicating widening inequality.

Figure 4c showcases the sigma-convergence estimates at the all-India level including all the states and U.Ts. In rural areas, the degree of inter-group disparity in ownership decreased for three out of four goods. The greatest decline was seen for mobile handsets, followed by television and motor vehicles (2- or 4-wheelers). For refrigerators, the measure increased from 0.066 to 0.09, indicating increased disparity.

Urban areas show substantial declines in dispersion for all the four assets, indicating stronger convergence in asset ownership. The greatest decline in inequality is for refrigerators, followed by

motor vehicles, mobile handset and television. By 2023-24, mobiles and television exhibit the lowest inter-group disparity relative to the overall population. This is consistent with the findings of faster catch-up of ownership levels between the two groups in urban areas, as described in the previous segment.

Now we analyse the changes across states for each asset category individually.

4.2.1 Motor Vehicle

For motor vehicles, we find variations across states and sectors in the movement of sigma convergence between 2011-12 and 2023-24. In rural areas, the sigma convergence fell substantially in 14 states and increased marginally in six states. Relative to the population mean, the largest convergence between B40 and T20 was observed in Punjab, while the biggest divergence was in Odisha between 2011-12 and 2023-24. Karnataka (0.044) and Telangana (0.045) have the lowest sigma values, whereas Odisha (0.168) and Jammu & Kashmir (0.127) have the highest sigma convergence in 2023-24, reflecting the largest ownership gaps.

In urban areas, motor vehicle ownership is converging in all the states except West Bengal. The biggest gains are in Odisha, followed closely by Madhya Pradesh, Delhi, Uttar Pradesh and Jharkhand. The extent of dispersion between the groups in lowest in urban Maharashtra and Karnataka at 0.02 and 0.031 respectively, indicating minimal gaps in asset ownership.

This contrasting pattern of convergence across rural and urban areas of some states suggests that the rate of acquisition of motor vehicles differs by sector even within a state. While for most states convergence was observed in both sectors, in states like Odisha and Jharkhand urban areas saw convergence and rural areas saw divergence. This also suggests that reduction in consumption inequality of motor vehicles is faster among even the lowest consumption households in urban areas. This is perhaps also a reflection of the fact that the market for motor vehicles is in the early growth stage for the rural bottom 40% of households, with expectations of faster convergence in the coming years. Figure 4d(i) present these results.

4.2.2 Refrigerator

We find a wide variation in sigma convergence of refrigerator ownership. In rural areas, it has increased at the all India level from 0.066 to 0.09 in 2023-24. Karnataka had the largest increase in ownership disparity between the groups relative to the overall population from 0.056 to 0.135, whereas, Punjab has shown the most significant convergence and is the state with the lowest variability in ownership in 2023-24. In the eastern states, despite inequality in ownership increasing, they continue to have lower variability than the national average in both years.

On the contrary, in urban areas of all states, there is a substantial decline in the distributional spread between the two groups relative to the mean. Tamil Nadu witnessed the greatest reduction in disparities, followed by Andhra Pradesh. The urban areas of eastern states witnessed a convergence, though in Jharkhand and Bihar it was by a relatively smaller magnitude.

Interestingly, in 2011-12, the levels of sigma convergence were higher in urban areas relative to rural areas of most states. However, by 2023-24, the urban disparity declined significantly whereas rural disparity increased in many states. While rural ownership of refrigerators is clearly expanding in all states and even among the bottom 40% of households (discussed in earlier segments), the increasing inter-group differences relative to the mean is likely a sign of early adoption in rural areas. In the states where rural sigma convergence is increasing, growth is possibly concentrated among better-off households at the current stage, leading to widening gaps before ownership diffusion eventually narrows disparities. Figure 4d (ii) present these results.

4.2.3 Mobile Handset

For mobile handsets, an interesting pattern of convergence emerges. The magnitude of disparity in mobile ownership was relatively higher in rural areas of states in 2011-12. By 2023-24, this difference virtually disappeared and the sigma convergence was much tightly concentrated close to zero in most of the states of both sectors. In fact, in a few states the sigma convergence of mobile ownership was much lower in rural areas relative to urban areas. For instance, in Gujarat rural sigma convergence was 0.004 and urban was 0.031 in 2023-24.

This clearly shows that the differences in ownership that existed earlier reduced substantially due to much faster catch-up of the bottom 40% households in acquiring this asset. This also matches with our earlier finding of near universal access of mobile phones in rural and urban areas across consumption groups. Figure 4e(i) shows these results.

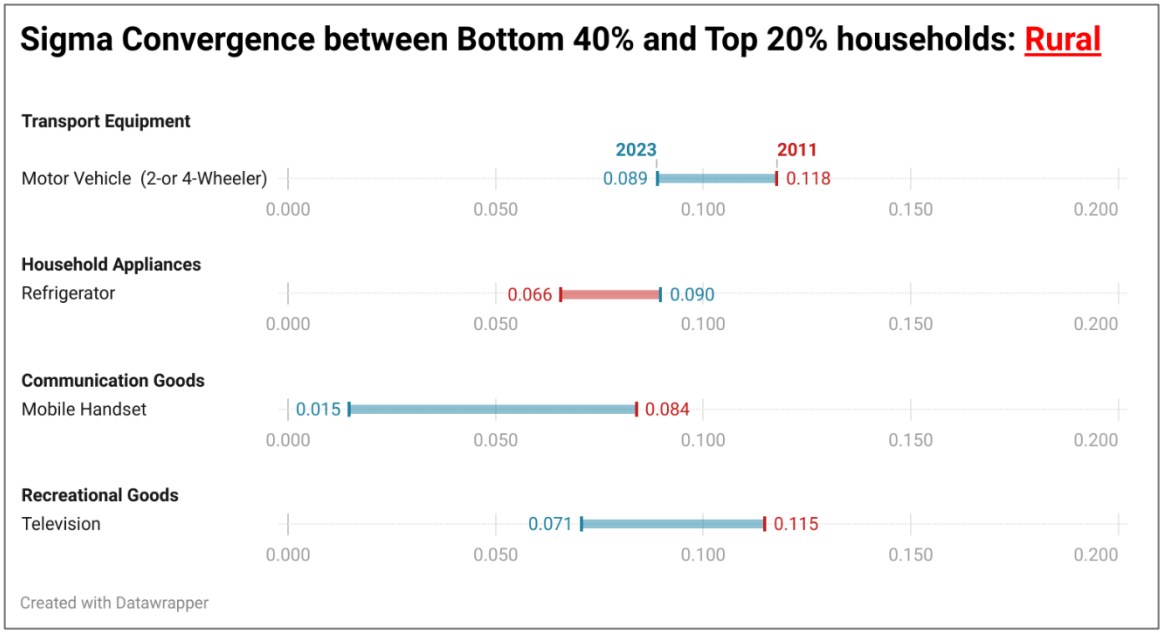
4.2.4 Television

For television ownership, there is a reduction in the sigma convergence in both urban and rural areas. In 2011-12, there was a higher degree of variability in ownership between the B40 and T20 households, relative to the overall average, in rural areas compared to urban areas. Assam had the biggest reduction – from 0.16 to 0.08. States like Maharashtra and Jharkhand that were above the national average rate of sigma convergence experienced significant reduction in disparities.

In urban areas, ownership levels of the groups converged with the overall mean in some states and diverged in others. Some states which had higher degree of variability in ownership than the national average in 2011-12, managed to bring it down substantially. Madhya Pradesh reduced the sigma convergence from 0.086 to 0.027. Whereas, some states like Telangana and Tamil Nadu which had relatively lower variability in 2011-12, diverged.

In conclusion, television ownership is now more equal than before in almost all rural and most urban areas of states. In urban areas of some states, there is divergence, likely resulting from slower ownership uptake among B40 households and replacement of the television with mobiles. These trends are presented in Figure 4e(ii).

Figure 4.c: Measure of convergence between Bottom 40% and Top 20% households relative to overall population across asset categories (2011-12 vs 2023-24)



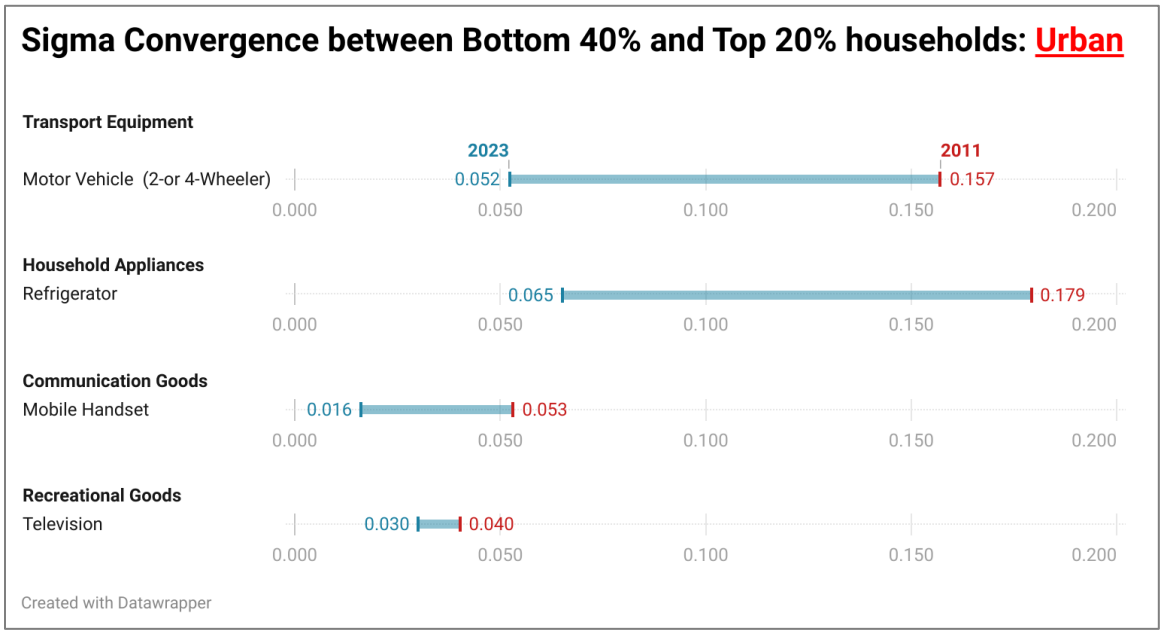
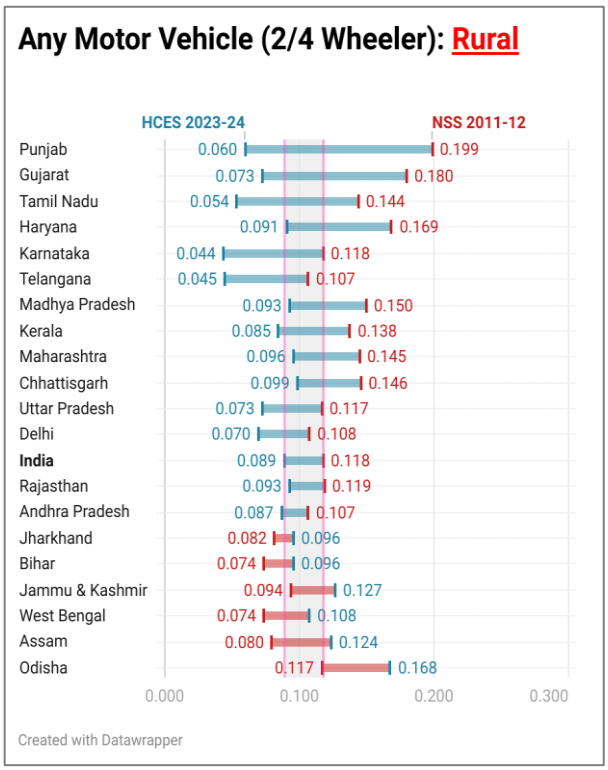
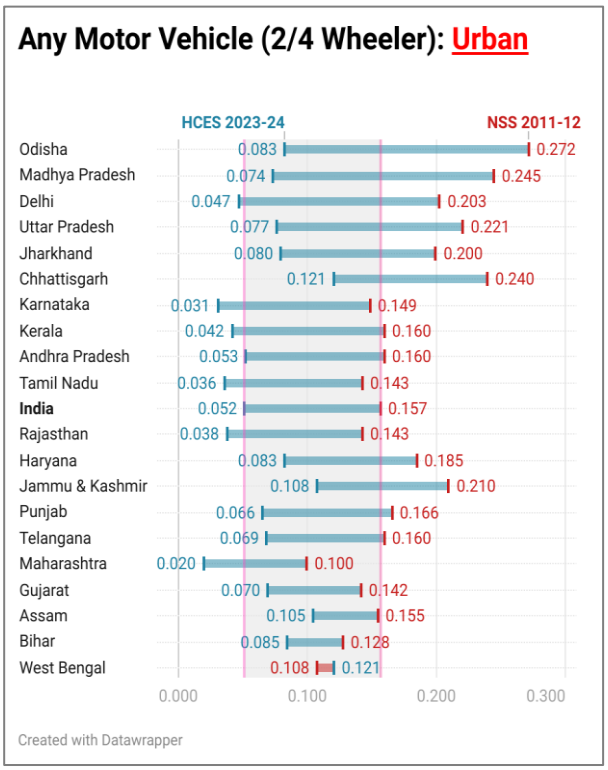


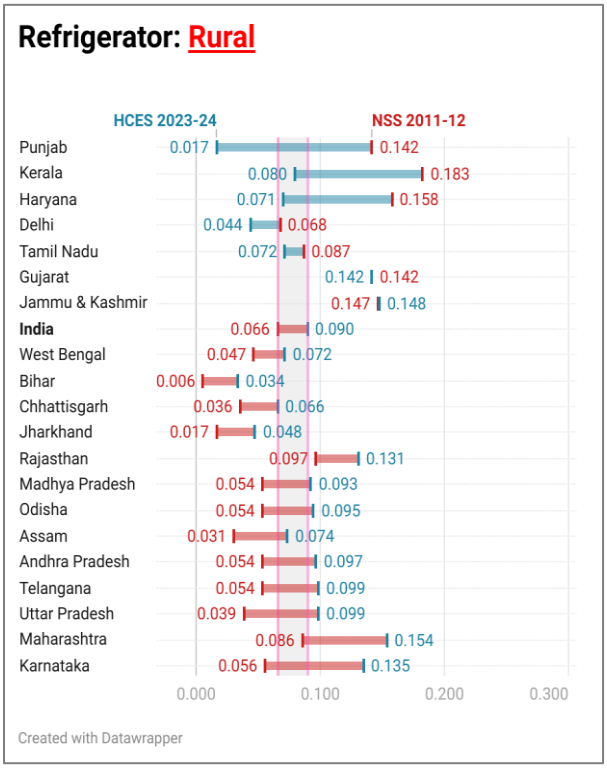
Figure 4.d: State-wise Sigma Convergence between Bottom 40% and Top 20% relative to overall population:

(i) Motor Vehicle





(ii) Refrigerator



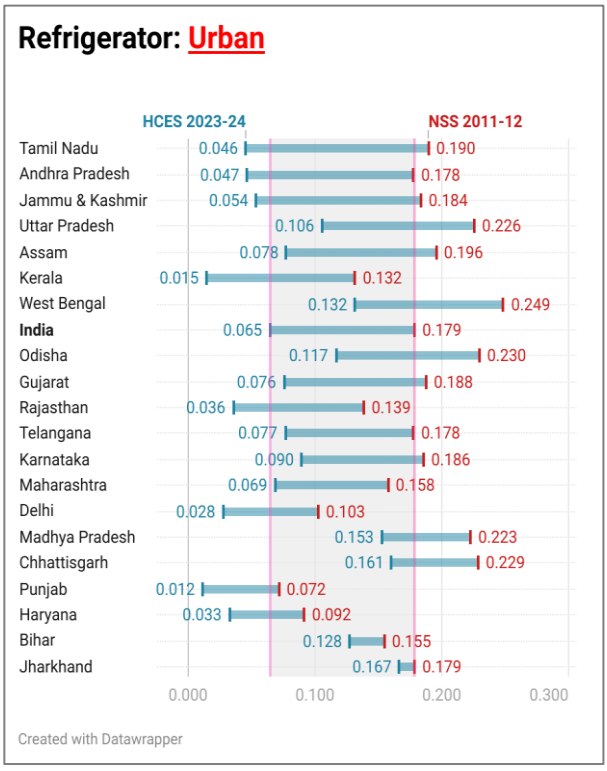
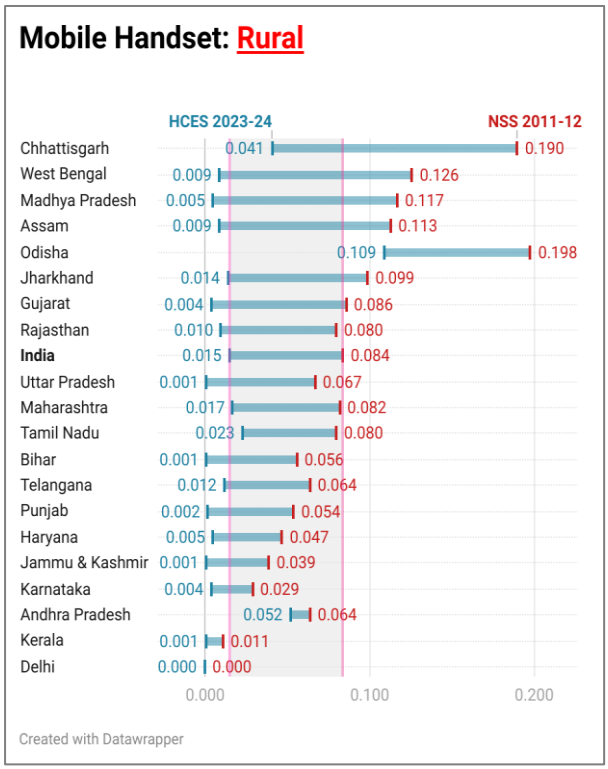
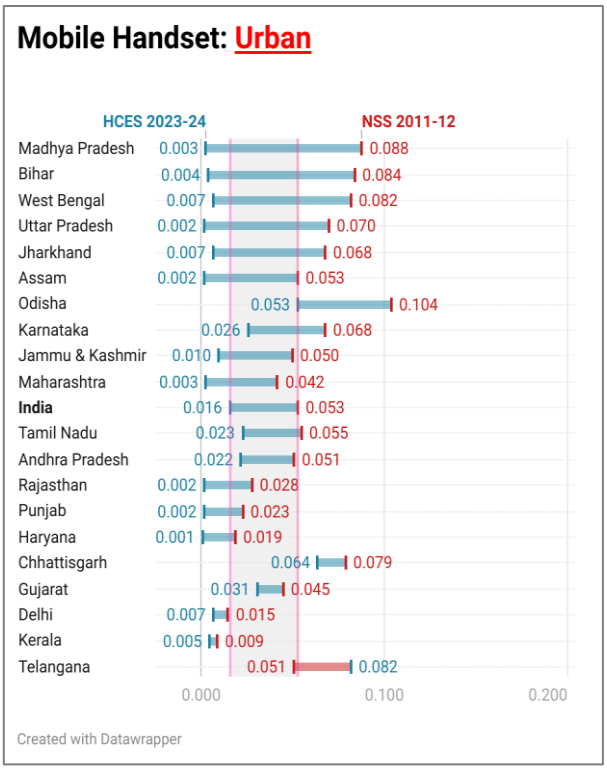


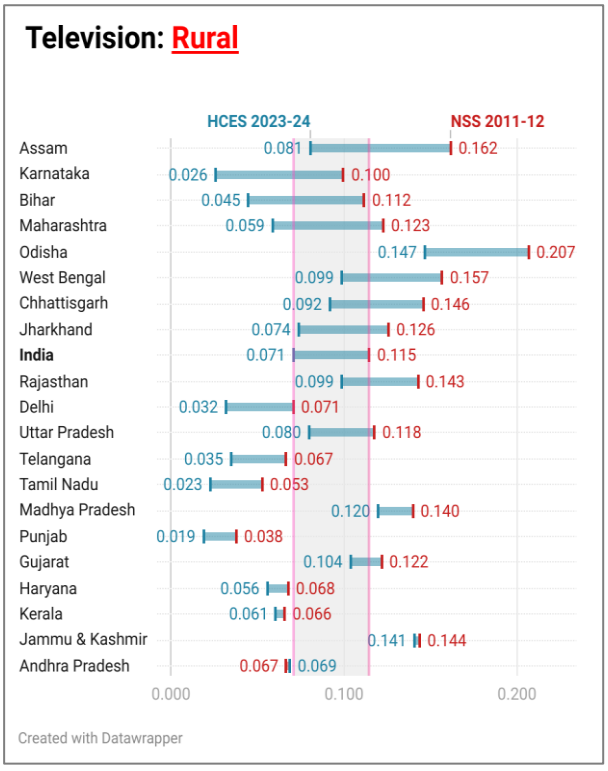
Figure 4.e: State-wise Sigma Convergence between Bottom 40% and Top 20% relative to overall population:

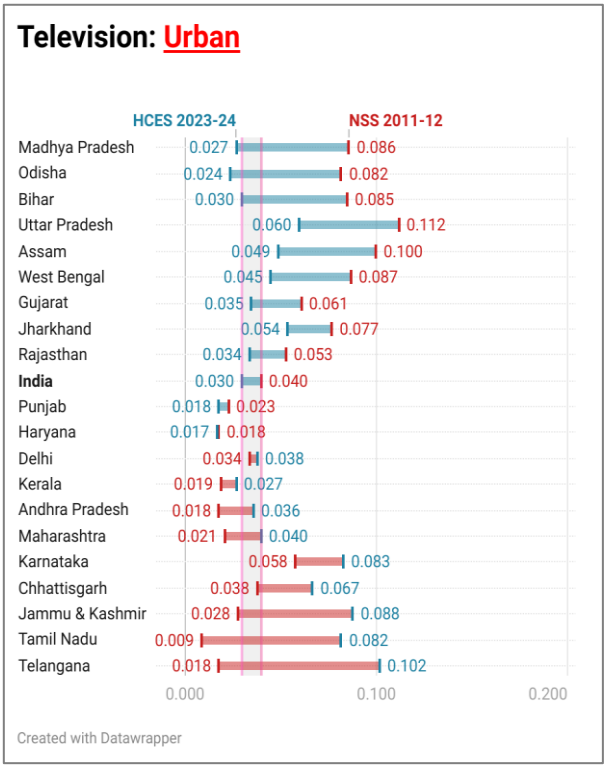
(i) Mobile Handset





(ii) Television





4.3 Widening breadth of asset ownership, by consumption class

We now examine how many categories of durable assets households belonging to different consumption groups own, comparing NSS 2011-12 and HCES 2023-24 levels. The analysis covers eight durable goods, grouped into four broad categories: Transport Equipment, Personal Goods, Household Appliances and Recreational Goods (see Chapter 2).

Rather than focusing on which specific items in an asset category or how many of each good household owns, we look at the distribution of households in terms of the proportion of households that own a certain number of asset categories. Ownership can range from goods in all four categories to none at all. Households are divided into four consumption groups: Bottom 40% (Group 1), 40-60% (Group 2), 60-80% (Group 3) and Top 20% (Group 4). For each group we calulate the share of households that own assets in zero, one, two, three or all four asset categories.

For instance, if a higher proportion of households in a given consumption group, on average, own assets in three out of four categories in 2023-24, compared to 2011-12 levels, this signals a broadening of asset ownership and by extension, an improvement in living standards and market access for that group. This approach helps us highlight the breadth of asset acquisition across groups, complementing our earlier analysis of individual durable goods.

Rural

In 2011-12, asset ownership was concentrated in fewer categories. Among the bottom 40% households, over one-third owned only one type of asset (any one of either transport, household appliance, recreational, or personal good) and around 30% owned none. Just 1.4% households owned assets in all four categories. The 40-60% and 60-80% households also show similar patterns: less than 10% owned assets in all four categories and a majority possessed only one or two asset types. The distribution was more diversified among the top 20%, with 18% owning all four categories and about 10% owning none. Overall, the lower consumption classes, specifically the bottom 40%, lagged far behind in multi-category ownership, with a distinct gap with the top 20%.

By 2023-24, this distribution became more balanced across all groups. Ownership of all four categories rose to 43.5% among the top 20% and jumped sharply to 20% among the bottom 40% (up from just 1.4%!). The share of households with no assets collapsed from 30% to 5% among the bottom 40%, with similar declines in other groups. Multi-category ownership improved - about one in four households in the 40–60% and 60–80% brackets now owned assets in three categories, up from 11% and 16% respectively in 2011-12. These shifts point to broad improvements in ownership, especially with a fast catch-up among lower consumption groups. Figure 4f (i) presents this.

Urban

In 2011-12, a higher proportion of urban households across consumption groups owned assets in more categories than their rural counterparts. Far fewer households had no assets, compared to rural areas where even 60–80% and top 20% groups recorded notable "no-asset" shares. Among bottom 40%, the highest proportion (39%) owned two categories, followed by 20.6% with three categories. However, in rural areas around 67.1% of households owned only one or no asset type, underscoring not just the large urban - rural gap that existed, but also wider divergence within consumption groups in 2011-12.

By 2023-24, across consumption groups, majority of the households owned all four asset categories, including 45.5% of bottom 40% - a four-fold increase from 2011-12. Inter-group differences among the other three consumption groups also declined, with 60–65% of the households owning all four categories. The 40-60% and 60-80% groups also transitioned from owning fewer to more categories. For instance, the share of households in the 40–60% group with two or fewer assets fell from 45% to 17.5%, and for the 60–80% group it fell from 38% to 16%. Across urban and rural sectors, households owning no assets was 5% or lower in 2023-24.

In conclusion, these trends highlight dramatic improvements in asset category ownership, sharp reductions in asset poverty and narrowing inter-sector and inter-group gaps. The bottom 40% households now own more asset categories, whereas those owning no assets has dropped to minimal levels across consumption groups and sectors. These shifts signal a move towards more equitable and widespread ownership of durable goods, reflecting higher living standards, deeper integration into a modern lifestyle and reduced asset inequality. Figure 4f (ii) presents these changes.

Figure 4.f: Distribution of Durable Goods Ownership Across Consumption Classes

(i) Rural

NSS 2011-12

% of household

1.4% — 43.6%

Durable Goods ownership, number of categories	Bottom 40%	40-60%	60-80%	Top 20%
All 4	1.4%	4.3%	7.8%	18.4%
Any 3	5.9%	11.0%	16.2%	22.3%
Any 2	25.7%	33.7%	32.9%	27.1%
Any 1	37.6%	33.6%	28.6%	22.5%
None	29.5%	17.4%	14.4%	9.7%

Created with Datawrapper

HCES 2023-24

% of household

1.4% — 43.6%

Durable Goods ownership, number of categories	Bottom 40%	40-60%	60-80%	Top 20%
All 4	19.9%	29.5%	35.2%	43.5%
Any 3	22.3%	25.0%	24.6%	23.8%
Any 2	25.6%	23.3%	21.7%	17.4%
Any 1	27.1%	20.0%	16.8%	13.7%
None	5.0%	2.2%	1.7%	1.6%

Created with Datawrapper

(ii) Urban

NSS 2011-12

% of household

0.7% — 64.7%

Durable Goods ownership, number of categories	Bottom 40%	40-60%	60-80%	Top 20%
All 4	11.6%	26.0%	39.3%	53.7%
Any 3	20.6%	28.9%	23.1%	20.5%
Any 2	39.0%	29.1%	21.2%	10.4%
Any 1	18.4%	12.4%	13.4%	13.6%
None	10.3%	3.6%	3.0%	1.8%

Created with Datawrapper

HCES 2023-24

% of household

0.7% — 64.7%

Durable Goods ownership, number of categories	Bottom 40%	40-60%	60-80%	Top 20%
All 4	45.5%	59.9%	64.7%	59.5%
Any 3	26.0%	22.5%	18.8%	14.6%
Any 2	15.1%	10.2%	7.7%	9.2%
Any 1	9.1%	6.6%	7.9%	15.4%
None	4.3%	0.7%	0.8%	1.4%

Created with Datawrapper

Key Takeaways

In this section we scrutinised the trends in durable asset ownership from the lens of inequality of distribution between the highest (Top 20%) and lowest (Bottom 40%) consumption classes between the two periods. Our findings are as follows -

- Ownership of both consumption groups increased for all assets in both rural and urban areas, except a decline in television ownership among T20 in urban areas.
    - The absolute gap in ownership rates between the B40 and T20 households is reducing, but faster in urban areas.
    - In the exceptional case of mobile phones, the differences in ownership of the two groups has disappeared, with similar, nearly universal levels in both urban and rural areas.
- Convergence between the B40 and T20 relative to the overall mean is calculated using the population-weighted sigma-convergence. We observe ownership convergence varying across assets and sectors.
    - At the all-India level, rural areas witnessed significant convergence in ownership of motor vehicles, mobile phones and televisions. For refrigerators we observe a divergence owing to faster ownership growth among the top 20%. In urban areas, there is a massive decline in inert-group variability of ownership for all the four assets.
    - Examining state-wise, we find significant reduction in sigma convergence, especially in urban areas. In rural areas of many states, dispersion of ownership between the groups for motor vehicles and refrigerators is rising. Since ownership of these goods is still in an early, uneven growth phase, the adoption is faster among better-off households, leading to temporary divergence that is expected to narrow as markets mature.
- An analysis of the proportion of households in each consumption group that own assets in the four categories (Transport Equipment, Household Appliances, Personal Goods and Recreational Goods) between 2011-12 and 2023-24 reveals tremendous improvements.
    - Almost 50% of the bottom 40% of urban households own assets in all four categories, up from 11.6% in 2011-12. Nearly 20% own all 4 categories in rural areas, up from 1.4%.
    - Share of households owning assets in multiple categories has increased in both sectors across consumption groups, underlining reduction in inter-group consumption gaps.
    - Share of households owning no asset categories is 5% or lower across consumption groups and sectors in 2023-24, signalling reduction in asset poverty.

Policy Discussion

This paper studies the changes unfolding in the consumption pattern of Indian households, focusing on durable goods, between 2011-12 and 2023-24 using the large and representative Household Consumption Expenditure Survey (HCES). Often, market analysis focuses on studying high-frequency data for short-term trends, which tends to miss out on the structural changes unfolding in the economy. Our paper makes an important contribution by analysing the long-term trends in household consumption across urban and rural areas of states, thereby identifying the diversification of the consumption basket. Further, we focus our analysis on the Bottom 40% of the households by consumption. These households have been the singular focus of the Government of India and the state governments' welfare and social services programs, making the analysis of these households important for gauging the effectiveness of inclusive growth policies.

Between 2011-12 and 2023-24, the share of monthly per capita expenditure (MPCE) spent on food items has reduced to less than 50 percent in both urban and rural areas. Non-food spending on components like consumables goods and services, and durable goods has increased significantly. Consumable goods and services form the largest component of MPCE in urban areas and are growing strongly in rural areas. These trends highlight not only the transforming aspirations of households in the type of goods they consume but are also markers of progress as the economy opens up. The findings of the study also have a direct implication for the estimation of inflation as the consumer basket diversifies away from food expenditure to non-food spending.

For durable goods, the shares of MPCE (proportion) and amount of MPCE (value) spent by households have increased compared to the 2011-12 levels, across most states and across urban and rural areas. The increases are significant, with the magnitude of change varying across states. For instance, in rural areas of many states, spending on durable goods has increased by more than rupees 500 per person per month in this period. Adjusting for inflation, this means a real increase in spending of approximately 13000 rupees per annum by an average household of four on durable goods. Given that the MPCE has also increased over time, it signals an important diversification in spending priorities from basic necessities like food items towards non-food categories like durable goods.

Even within the larger category of durable goods we observe changes unfolding. The share of expenditure on durable good sub-categories that represent more basic needs, like Clothing and Footwear are decreasing and households are spending more on asset-building purchases, such as Cooking & Household Appliances, and Personal Goods. These shifts are likely enabled by greater awareness and affordability through financial access on the demand side, and expanded markets and improved distribution networks on the supply side. As households spend on varied durable good sub-categories, the demand evolves from basic functionality to more specialised or niche products. This opens up new avenues for innovations in goods and services.

These shifts in long-term consumption patterns and diversification of the consumption basket are markers of India transforming into a middle-income country. These have significant implications for economic decision making at the household as well as larger policy level. Domestic demand is an important driver of economic growth in India and accounts for 70% of the country's GDP. This is unlike the Chinese economy where domestic demand accounts for only 40% of the GDP and economic growth is primarily driven by export-focussed manufacturing. Strong domestic demand is an important driver of economic growth in India. Therefore, moving to the next frontier of manufacturing growth warrants an upgrade towards a comprehensive 'Make in India' and quality production through investments in Research and Development (R&D) and spending on innovation. Quality improvements and R&D will eventually reflect in the improved productivity of firms and competitiveness in the global markets.

Our study also moves beyond simply analysing changes in expenditure, to observing how ownership of different types of durable goods has evolved between 2011-12 and 2023-24. We track the change in ownership of eight goods (across 4 categories – Transport Equipment, Household Appliances, Recreational Goods, and Personal Goods), which gives us an insight into what type of durables Indian households are prioritising and consequently, its implication for policy. Consumption of durable goods is also reflective of the future utility to households and improved individual productivity from the use of such goods.

We find that in both urban and rural areas and in almost all states, Mobile Handsets, Motor Vehicles, Refrigerators and Televisions have evolved as key durable goods. While the rate of asset

ownership growth varies across durable goods and by state, the increase has been broad-based with observable convergence in ownership levels across urban and rural areas of states. There is also greater convergence between the Bottom 40% and overall households, especially in urban areas, indicating widespread rise in ownership among the traditionally lowest consumption group.

Motor Vehicles have emerged as the fastest growing asset-class across all goods. Improvements in road infrastructure, vehicular finance and better market access are likely factors for this expansion. This rapid rise in private vehicle ownership across states has a strong base-effect since India still lags most emerging markets in terms of vehicular ownership. This also has implications for the planning of adequate and affordable public transport and last-mile connectivity, in addition to congestion, traffic management, pollution and overall quality of life in urban and rural areas of India.

In the Personal Goods category, Mobile ownership has reached near universal levels, reflecting the enhanced access to communication for nearly the entire population. However, Laptops/PCs ownership remains low, possibly due to specialised education /professional applications. For Television, a Recreational Good, ownership growth slowed down and even decreased in some urban areas of states. The universality of mobiles combined with slowing television ownership likely reflects the replacement of television screens with mobiles. Mobiles have emerged as the instrument of choice for information, entertainment and communication owing to affordable and faster network connectivity. While improved mobile access allows for a more digitally connected society, investments in digital infrastructure and digital literacy programs are crucial to maximize its benefits, thus enabling broader participation in the digital economy.

In the Household Appliances category, Refrigerator emerged as a key household durable with the greatest ownership gains compared to Washing Machines and AC/ Air Coolers. Though washing machines and refrigerators are both household durables that free up time spent on unpaid domestic work, the adoption of washing machines has been slower. This disparity may be attributed to the fact that washing machines require not only reliable electricity supply but also access to piped water and proper drainage systems, making their adoption dependent on the availability of complementary infrastructure. Therefore, policy should prioritise improving access to these

ancillary goods to enable positive spillover effects of durable goods on time-use, labour force participation and individual productivity.

Assets like motor vehicles, refrigerators and mobile phones are modern technologies that represent the rising aspirations and purchasing power of households. Given their role in improving quality of life, investigating whether such gains are experienced by all consumption classes, and whether over time these gains have been equitably spread among the lowest (Bottom 40) and highest (Top 20) consumption classes is necessary. In the last part of our analysis, we focus on the changes in consumption inequality between 2011-12 and 2023-24.

We find strong convergence in asset ownership for each of the four key assets – Motor Vehicles, Refrigerator, Mobiles and Television. On comparing the ownership shares of the Bottom 40% and Top 20% of households, we observe a notable reduction of differences which is especially pronounced in urban areas. We also quantify the degree of convergence using a population-weighted measure of dispersion of ownership relative to the overall mean, called the sigma convergence. The dispersion in asset ownership between the Bottom 40% and Top 20% households has decreased substantially, though at varying rates across assets and urban/ rural sectors. These trends serve as compelling evidence of the convergence in quality of life across consumption groups. While the quantity or the sophistication of the durable goods owned by different households may still vary, the narrowing ownership gap signals broader access to the utility that these goods provide - be it mobility, connectivity or convenience. It highlights improvement in consumption equality among groups. This finding also points to the need for expanding financial services, particularly affordable credit in states with low asset ownership among the lower consumption groups.

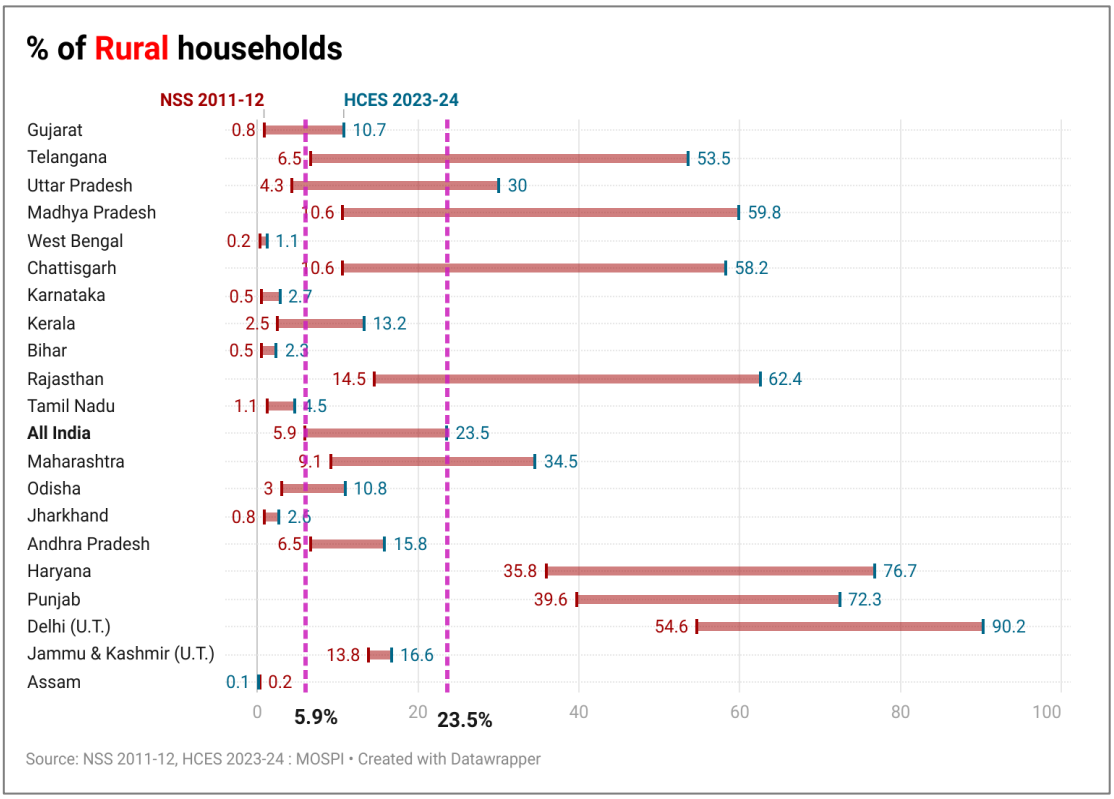
Additionally, on analysing the breadth of ownership across asset categories, we find remarkable convergence of all consumption groups (Bottom 40%, 40-60%, 60-80%, Top 20%) towards multi-asset ownership in both urban and rural sectors. This implies that the number of households owning multiple asset categories has increased. With this reduction in inter-group consumption gaps, asset poverty has reduced significantly across groups.

Altogether, this report provides strong evidence of the transformation of household spending on durable goods, a key component of the non-food or discretionary spending. These long-term, structural changes in consumption are observed across states for even the lowest consumption group, i.e., the Bottom 40 % of households. The insights have crucial implications for policy, including expansion of financial access and affordable credit; planning of public service delivery such as road infrastructure, reliable electricity and piped water; adjustments to the estimation of inflation, and the broader decisions on R&D, innovation and production of goods and services.

The findings of this paper also pave way for future research on the second-order effects of increase in consumption and ownership of durable goods such as female labour force participation, time-use, labour productivity, mobility, indebtedness, consumer protection, inter-generational inequality and regional economic development for effective policy-design for inclusive development.

APPENDIX

Figure 1: Proportion of households that own an AC/Air Cooler (2011-12 vs 2023-24): All Consumption Groups



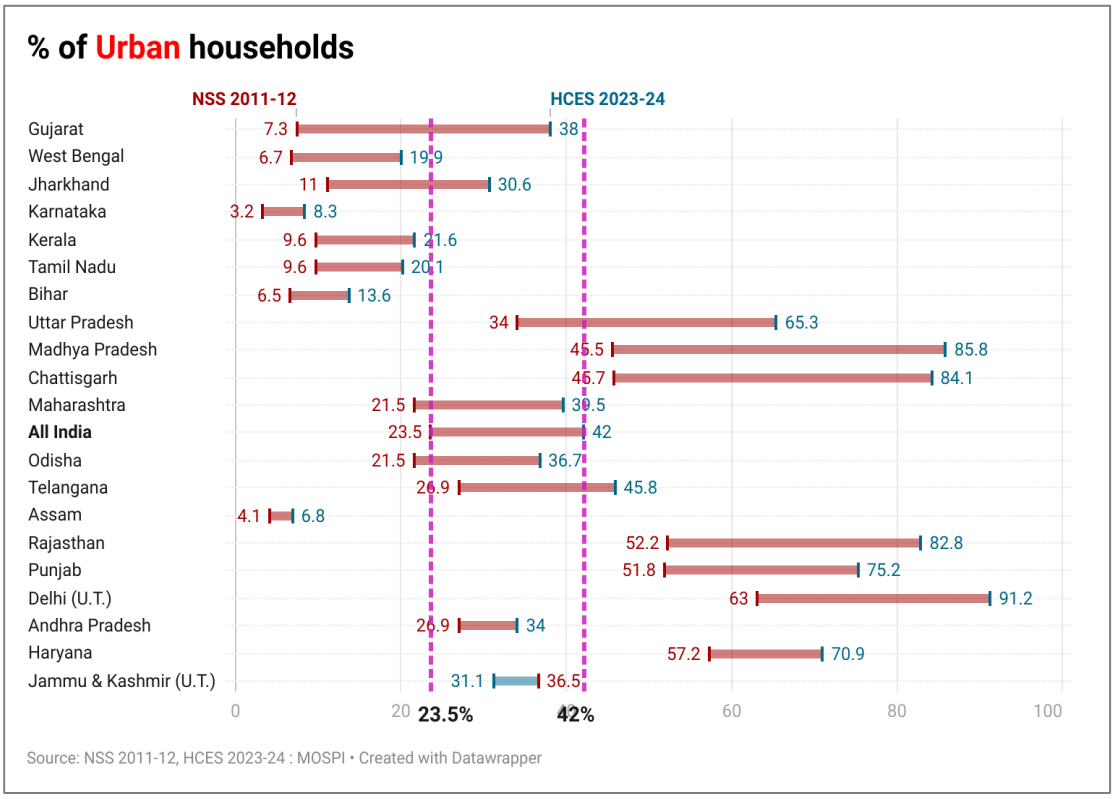
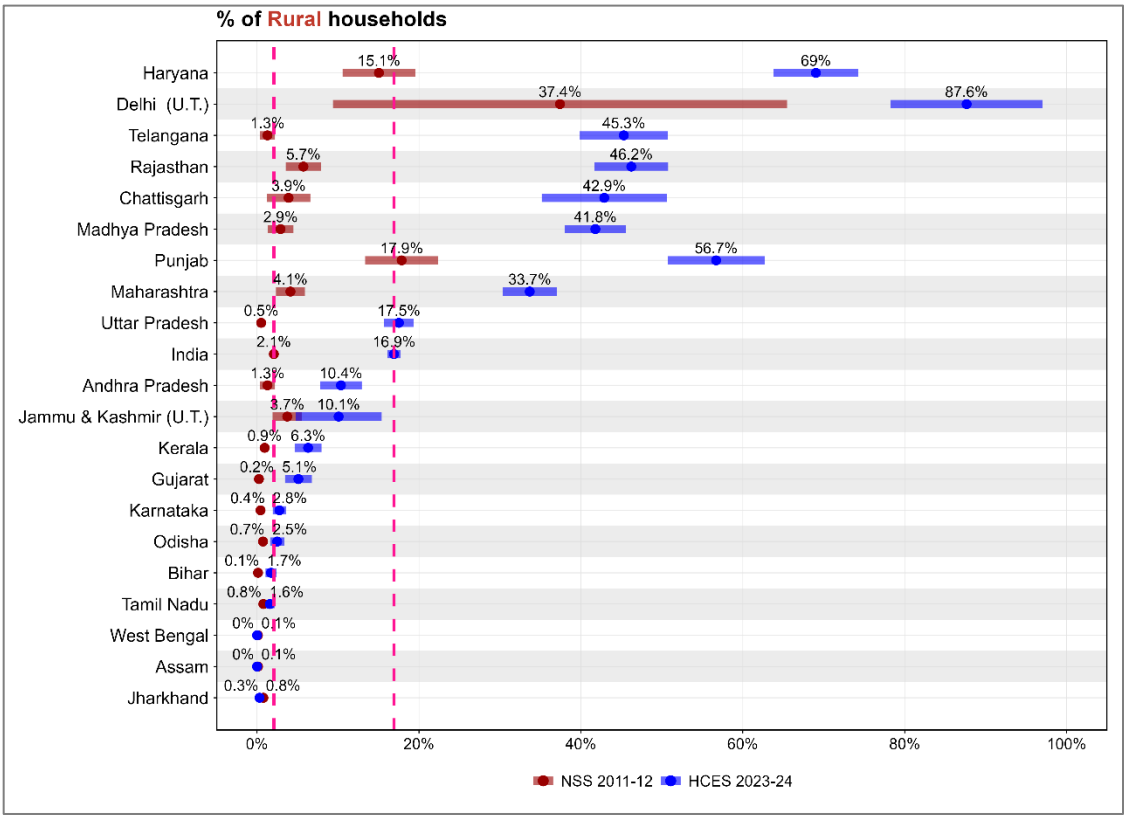


Figure 2: Proportion of households that own an AC/Air Cooler (2011-12 vs 2023-24): Bottom 40%



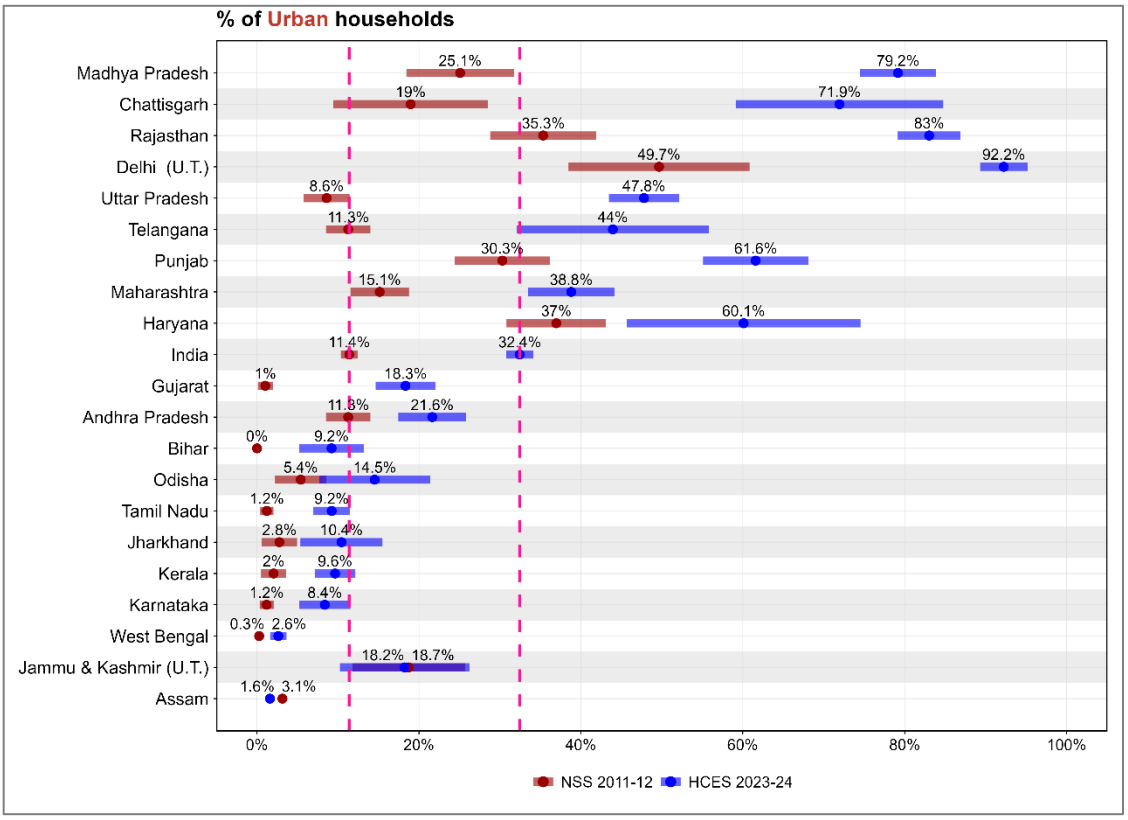
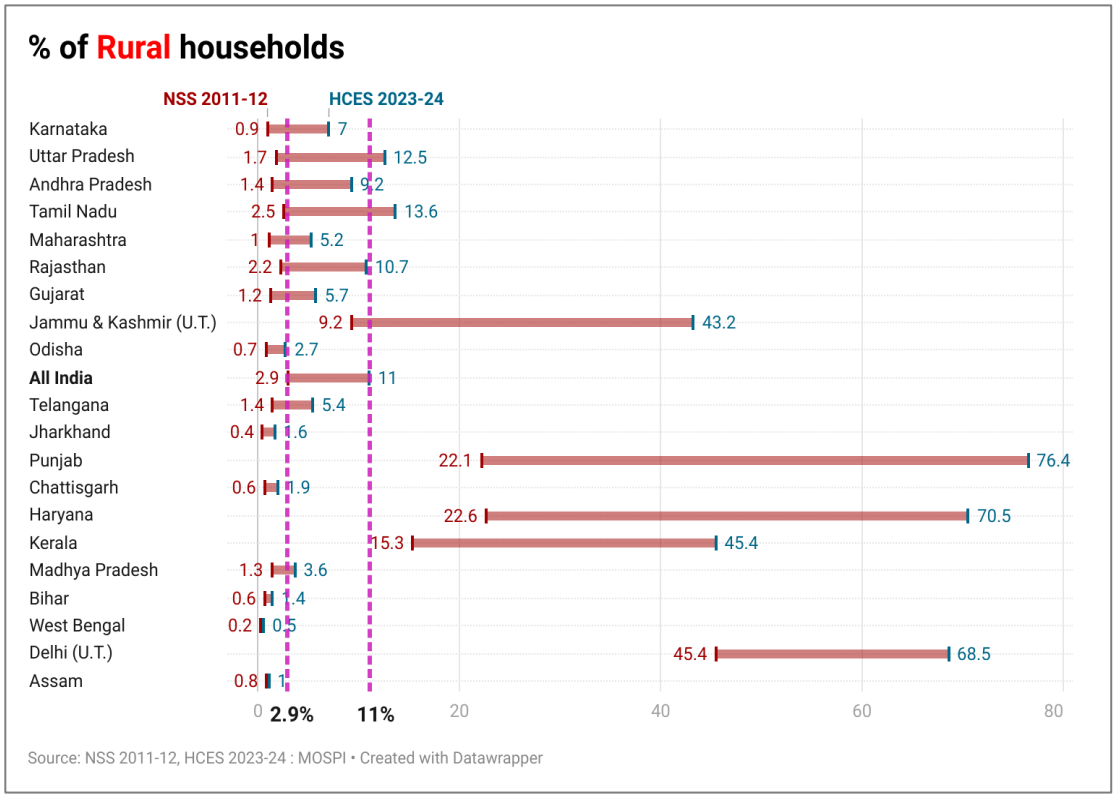


Figure 3: Proportion of households that own a Washing Machine (2011-12 vs 2023-24): All Consumption Groups



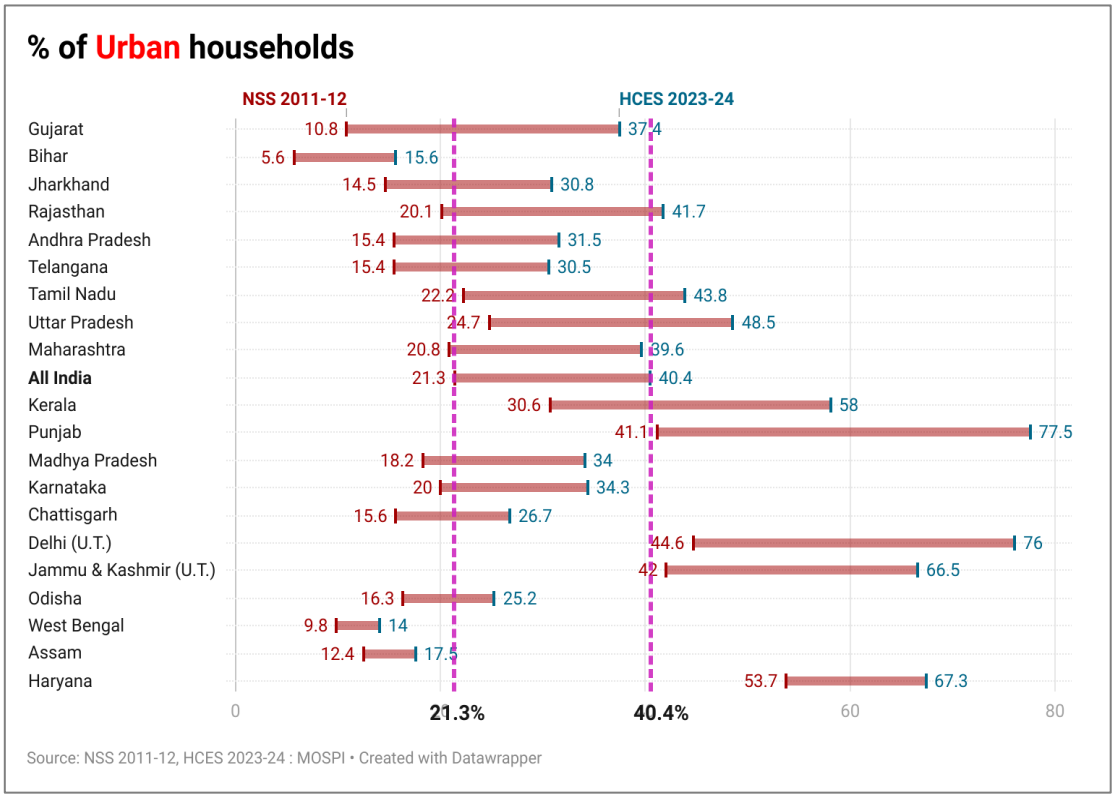
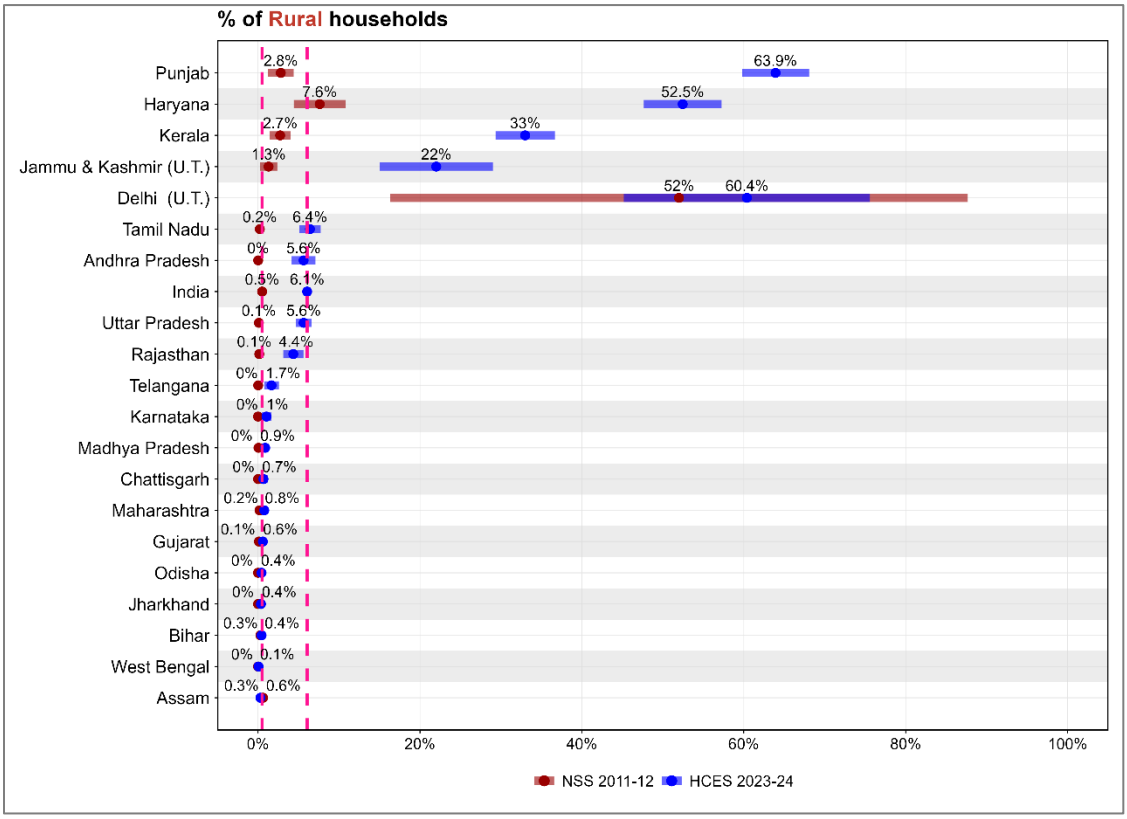


Figure 4: Proportion of households that own Washing Machine (2011-12 vs 2023-24): Bottom 40%



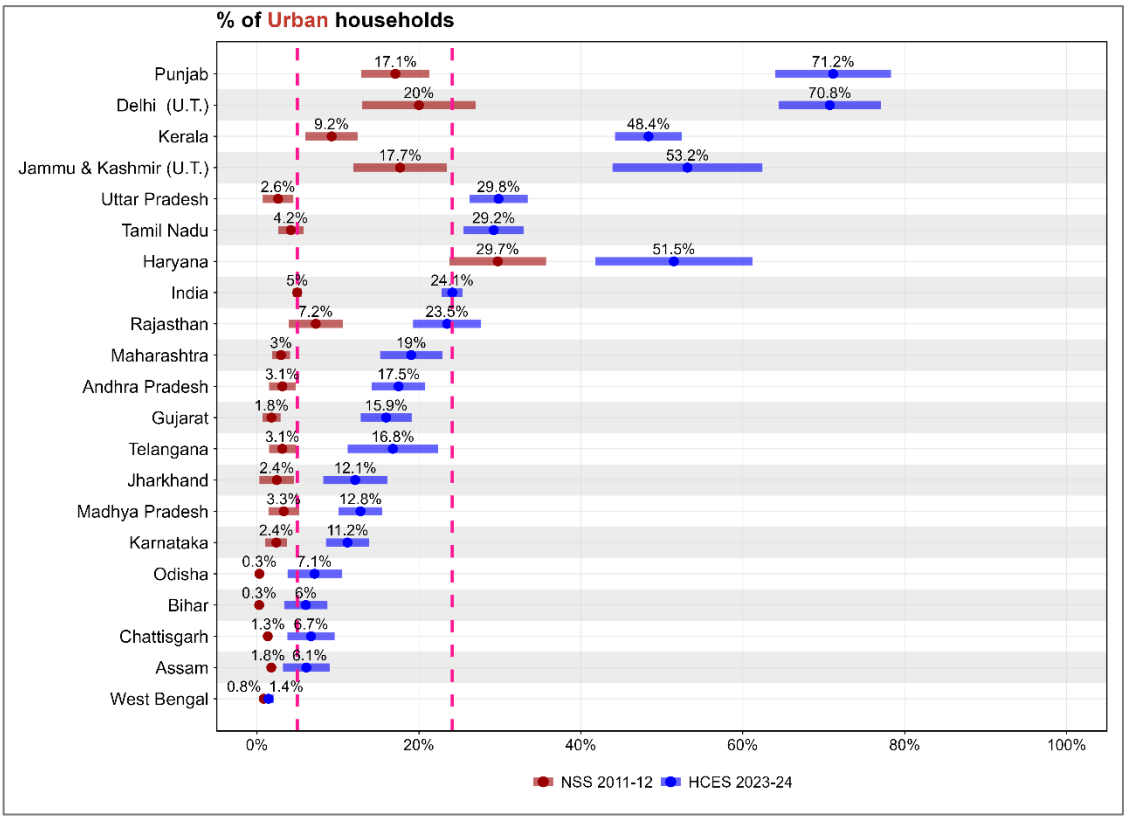
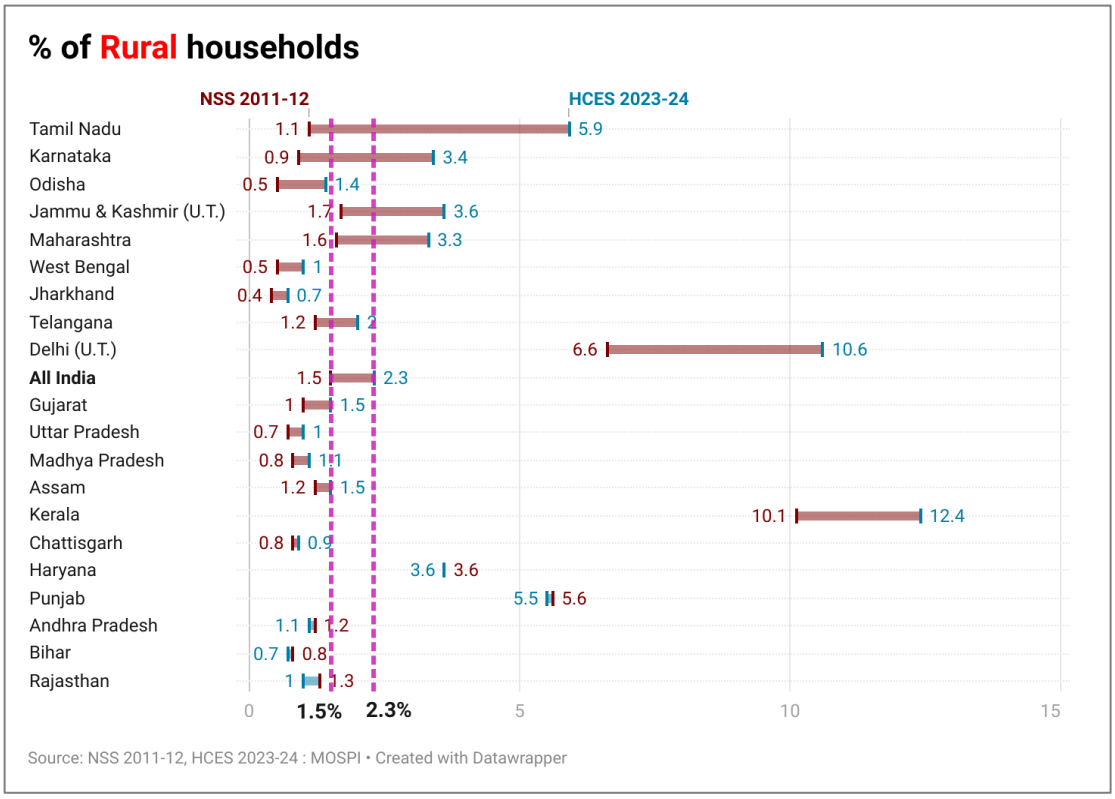


Figure 5: Proportion of households that own a Laptop/PC (2011-12 vs 2023-24): All Consumption Groups



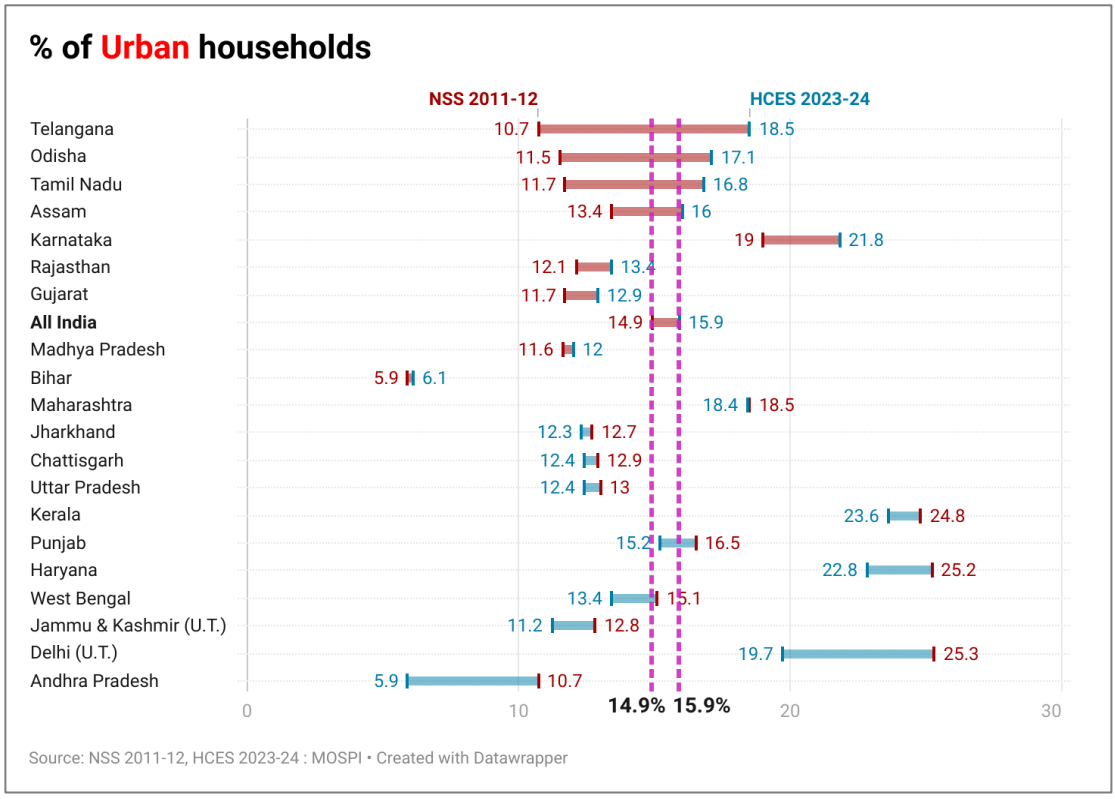


Figure 6: Proportion of households that own a Laptop/PC (2011-12 vs 2023-24): Bottom 40%