



Institute of Chinese Studies

WEDNESDAY SEMINAR

*Comparative Assessment of
India-China Consumption
Patterns*

EXECUTIVE SUMMARY

Speaker :

Amit Kumar

3 July 2024

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Speaker: Mr. Amit Kumar, Research Analyst, Indo-Pacific Studies Programme, Takshashila Institution, Bengaluru.

Chair: Dr. Partha Mukhopadhyay, Senior Fellow, Centre for Policy Research; and, Honorary Fellow, Institute of Chinese Studies, New Delhi.

Date: 3 July 2024

Venue: Zoom Webinar

- The seminar focused on a comparative assessment of India and China's consumption patterns and their implications for inbound investment. The discussion revolved around key themes including consumer market dynamics, demographic trends, consumption expenditure by age and category, and the role of market size in attracting capital investment. Mr. Amit Kumar argued that while market size is not a primary determinant of investment, it plays an exponential role under stable regulatory and business conditions.
- Mr. Kumar began by explaining that a consumer, in economic terms, is someone who spends at least \$12 a day (at 2017 PPP), roughly equivalent to ₹247.20 or CN¥49 in 2023. Drawing from World Data Lab insights, he highlighted that in 2024, India contributed 29.5% to global consumer class growth, slightly ahead of China at 27.7%. However, projections by Visual Capitalist suggest that by 2030, China will lead with 1.06 billion consumers, while India will follow with 773 million.
- The speaker presented data from Brookings to emphasise the demographic divergence between the two nations. By 2030, over 60% of China's consumers will be aged 45 and above, positioning it as the largest senior consumer market. India, by contrast, will be the world's largest young consumer market, with 357 million individuals under 30. Nevertheless, global consumer spending will be dominated by older age groups, favouring China due to its higher per capita income and demographic composition.

- In terms of economic structure, India's GDP is driven primarily by domestic consumption, offering room to increase its export base. Conversely, China's export-oriented model leaves it vulnerable during global downturns due to low domestic consumption. This, Mr. Kumar argued, gives India a relative advantage in navigating external economic shocks.
- Comparing consumption patterns, the speaker noted that Indian consumers spend significantly less than their Chinese counterparts across categories such as food, transport, and communication. While India exhibits the characteristics of a developing market, China's consumption basket reflects a transition toward maturity, with greater spending on housing, recreation, and healthcare.
- In conclusion, the speaker stressed that a large consumer market acts as a catalyst rather than a driver. It becomes a significant advantage only when regulatory and ease-of-business conditions are at par with global standards. Mr. Kumar cautioned against overestimating the appeal of India's consumer market to foreign investors. Despite a large population, India lags behind competitors like Vietnam and Thailand in ease of doing business, which remains a decisive factor in attracting capital. A large market alone does not ensure investment unless regulatory and operational frameworks are favourable.

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