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# Bijapurkar on India's Consumer "Value Logic": Why the Premiumisation Story is Half-Read

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# Bijapurkar on India's Consumer "Value Logic": Why the Premiumisation Story is Half-Read

Business Standard 27 May 2026 **GS3**

**BS** Business Standard

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## INTERVIEW ANGLE

*"If Indian households simultaneously buy premium and budget products within the same basket — the "paisa vasool" logic — how should India Inc and policymakers rewrite the K-shaped recovery narrative?"*

## BUSINESS STANDARD

| Column by **Rama Bijapurkar** | May 27, 2026

### Bijapurkar argues that the PREMIUMISATION VS DOWN-TRADING

narrative dominant in Indian consumer commentary is misleading. Households **continuously rebalance across essentials, aspirations, indulgences and deferred purchases**, mixing premium and budget choices within the same basket. Companies that serve investor narratives over this nuanced **"paisa vasool"** value logic will miss the real growth opportunity in **adaptive, personalised consumer decision-making**.

## THE ARGUMENT IN ONE LINE

Indian consumption isn't K-shaped between rich and poor — it's a within-household allocation game where the same family buys premium toothpaste, mid-tier groceries, and budget detergent in one trip. India Inc and policymakers must read this multi-tier "value logic" before declaring premiumisation winners and losers.

## THE STANDARD NARRATIVE — AND WHY IT'S HALF-READ

COMMON CLAIM	WHAT BIJAPURKAR'S DATA SHOWS
“Premiumisation is broad-based”	Premium share is rising in <b>categories</b> (auto, smartphones, branded apparel) but not uniformly <b>across households</b>
“Down-trading is mass-market”	“Down-trading” often means <b>adjusting within a basket</b> , not abandoning premium altogether
“K-shaped recovery is decisive”	The “K” is a misread of a more subtle <b>portfolio allocation</b> by households
“Rural vs urban divide is the headline”	Within-city, within-segment heterogeneity matters more than aggregate rural-urban gap

Bijapurkar’s framework: the Indian consumer is **paisa vasool** — focused on **perceived total value-for-money** across each purchase decision, not a uniform “trader-up” or “trader-down” identity.

## INDIA'S CONSUMER PYRAMID — QUICK MAP

TIER	APPROXIMATE SHARE	BEHAVIOUR
<b>Top 20%</b> (urban affluent)	~28 crore consumers	Premium-led; aspiration-driven; saturating in some categories
<b>Aspirer middle</b> (next 30%)	~42 crore	Selective premiumisation; high category-mixing
<b>Mass market</b> (next 30%)	~42 crore	Brand-loyal, value-conscious; emerging digital adopters
<b>Bottom 20%</b>	~28 crore	Subsistence + select aspirational purchases (smartphone, detergent)

Source frames vary (NCAER, BCG, Marcellus, CRISIL) — but the pattern is consistent.

## WHAT DRIVES “PAISA VASOOL” ALLOCATION

FACTOR	EFFECT
<b>Mental accounting</b>	Different “budgets” for staples, festive, kids, health, leisure
<b>Family-level allocation</b>	Spouse + children rebalance constantly across categories
<b>Sachet-isation</b>	₹1, ₹5, ₹10 packs make premium brands accessible in small ticket sizes
<b>EMI/credit access</b>	UPI + BNPL changes purchase elasticity
<b>Festive cycles</b>	30-40% of annual purchases compressed into Dussehra-Diwali window
<b>Digital discovery</b>	Quick commerce (Blinkit, Zepto, BBNOW) compresses purchase timing

## THE “PREMIUMISATION” STORY — WHAT IT MISSES

CATEGORY	PREMIUMISATION READING	REALITY PER BIJAPURKAR
Auto (passenger vehicles)	“Premium SUVs are booming”	Yes, but small-car buyers haven’t returned — the market base is shrinking, not deepening
Smartphones	“₹30K+ phones growing fastest”	True; but driven by replacement cycle + finance, not new aspirers
Branded apparel	“Premium retail expanding”	Within metros + tier-1; tier-2/3 still budget-led
FMCG	“Premium variants growing 2x”	True for shampoo, oral care, foods; not for detergent, atta, edible oil
F&B	“QSRs growing”	Yes, but per-occasion spend hasn’t grown — frequency is the lever
Travel	“Premium leisure booming”	True, but most growth is from a small base; mass market hasn’t pivoted to leisure

## WHY THIS MATTERS FOR POLICY AND MARKETS

### For Companies

- **Sachet + premium parallel strategies** — one ladder, multiple rungs.

- **Channel diversification** — quick-commerce, e-commerce, kirana, modern trade simultaneously.
- **Pricing-ladder hygiene** — clear ₹/g or ₹/use value across SKU sizes.
- **Localised premiumisation** — premium in tier-1, mass in tier-3 of the same brand.

### For Investors

- **K-shaped story is too neat** — earnings forecasts should price in **within-basket** dynamics.
- **Discretionary vs staples** is not a clean line; consumers shift within them, not just between them.
- **Per-capita-GDP** is a weaker predictor of category demand than **household-allocation patterns**.

### For Policymakers

- **GST slab design** should reflect household allocation, not just product category — a sachet shampoo vs a 500ml bottle may not deserve the same slab.
- **Cash transfers (PM-Kisan, state schemes)** — the marginal rupee goes to multiple categories simultaneously; design must account.
- **Inflation measurement (CPI)** — household-level rebalancing means **expenditure baskets shift faster than the CPI weight revisions** (last revision was 2012; long overdue).
- **MSME and rural enterprise policy** — sachet-isation depends on a deep MSME packaging ecosystem.

## THE MACRO BACKDROP

INDICATOR	VALUE (FY25)
<b>India nominal GDP (2026, IMF April 2026 WEO)</b>	~ <b>USD 4.15 trillion</b> — among the world's top economies (5th–6th depending on currency conversion)
<b>Private final consumption (FY25)</b>	~ <b>61.4% of GDP</b> (up from 60.2% in FY24, Finance Ministry/MoSPI)
<b>Per-capita NNI (FY25)</b>	~ <b>₹2.05 lakh</b> nominal (per-capita nominal GDP ~₹2.35 lakh)
<b>Inflation (CPI FY25 avg)</b>	4.8%
<b>NFHS-5 households with access to durable consumer goods</b>	Significant urban-rural variation

## COMPARATIVE ANCHOR

Bijapurkar's analysis echoes **Prahalad's "Fortune at the Bottom of the Pyramid"** (2004) but with a 2026 twist: the pyramid is no longer flat at the bottom — it's **layered**, and **digital + sachet + EMI** have made every layer simultaneously addressable.

## WIDER SIGNIFICANCE

- **Macroeconomic narrative correction** — India's growth story isn't dual-track; it's multi-track.
- **Inequality debate** — within-household allocation complicates pure top-vs-bottom analysis.
- **Welfare design** — DBTs and PDS interact with private-market allocation in non-obvious ways.
- **Climate transition** — packaging waste from sachet-isation has environmental costs; EPR (Extended Producer Responsibility) under PWMR is the policy lever.

## WAY FORWARD (UPSC FRAME)

- **CPI re-weighting** — update from 2012 base year to recent NSS Consumption Expenditure Survey (2022-23 HCES).
- **MSME packaging ecosystem** — investment incentives for biodegradable sachet alternatives.
- **Consumer-protection enforcement** — clear ₹/unit pricing; combat shrinkflation.
- **Quick-commerce regulation** — labour, packaging waste, urban congestion externalities.
- **Inclusive growth framing** — beyond "premiumisation vs poverty", towards "household value logic + capability building".

## UPSC RELEVANCE

### GS Paper 3 — Indian Economy:

- Indian Economy and issues relating to planning, mobilization of resources, growth, development.
- Inclusive growth.
- Effects of liberalisation.
- Major crops, MSME / packaging linkages.

### GS Paper 1/2 — Society / Social Justice:

- Effects of globalisation on Indian society.
- Issues relating to consumption and lifestyle changes.

### Analytical hooks for Mains:

- K-shaped recovery — overstated or understated?
- CPI methodology and weighting — overdue reforms.
- Consumer pyramid and inclusive growth design.

### FACTS CORNER

Author: Rama Bijapurkar — consumer-strategy thinker; books include *We Are Like That Only* (2007).

India nominal GDP (IMF April 2026 WEO): ~USD 4.15 trillion — among the world’s top economies (5th–6th depending on currency conversion).

Private final consumption expenditure (PFCE) share: ~61.4% of GDP (FY25, Finance Ministry/MoSPI).

Per-capita NNI (FY25 nominal): ~₹2.05 lakh; per-capita nominal GDP ~₹2.35 lakh.

CPI base year (current): 2012 — re-weighting overdue (HCES 2022-23 results released 2024-25).

C.K. Prahalad’s “Fortune at the Bottom of the Pyramid”: Published 2004.

Sachet economy origin: C.K. Ranganathan (CavinKare) launched the ₹1 Chik shampoo sachet in 1983, building on his father Chinni Krishnan’s late-1970s sachet pioneering.

PWMR (Plastic Waste Management Rules), 2016 (amended): EPR framework for packaging.

*Editorial source: Business Standard, May 27, 2026*

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