

INCREASING MIDDLE-CLASS AND ITS SOCIO-ECONOMIC IMPACTS ON SOUTH ASIA

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Abstract

Middle Class is a more perplexing and debatable phrase in social science. Lower, medium, and upper or high middle classes are recognized as the three categories inside the middle class. The new powerful middle-class appearance in developing countries has been generating difficulties in defining and making sense of the concept. The new or emergence of the middle class is a big issue, opportunity, and challenge in South Asia and the world. According to Lu, Marcus (2023), 113 million people will become middle-class worldwide in 2024 and the majority of them are coming from Asia. More than 100 million people worldwide join the middle class each year. The report of the Asian Development Bank (2011). indicates that a billion people were in the middle class in 2011, it will be 1.2 billion by 2030, and 1.4 billion by 2050. This paper tries to articulate the situation of the middle class and its impacts on the socio-economic life in this region. This article uses the ADB (2011) definition of middle-class consuming those with consumption spending between \$2 to \$20 per day at 2005 PPP\$.

Keywords: Middle Class, Power, Consumption, Expenditure, and Petty Bourgeoisie.

1. INTRODUCTION

A social class is a group of people with similar wealth, power, stimulus, and societal situation. They have comparable social statuses and commonly share equivalent levels of power and capital. In social science, social classes designate one of the major components of social stratification. In a society structured by social classes rather than castes, individuals have the potential to achieve a higher social status than the one they originally had. ("The Rise of Asia's Middle Class," 2010) This mobility can happen as social status is determined by factors like wealth, influence, schooling, and career achievements, rather than being predetermined at birth. Most of the society is organized by social classes and allows for some social mobility, either horizontal or vertical. (113 Million People Will Join the Global Middle Class in 2024, n.d.) The change in a position like occupation not in class is horizontal and the change in social class is the vertical (either upward or downward) mobility. (Social Mobility | Definition, Examples, & Facts |

Britannica, n.d.) Primarily there are three types of social classes in the world: higher class, middle class, and lower class but in Europe and America, there are the poor- lower class; working class-middle class; and rich -upper class.

The terms “middle income” and “middle class” are often used interchangeably. The World Development Report and the Asian Development Bank use the level of income or consumption pattern to define the middle class in the world. Therefore, the phrase "middle income" is frequently utilized. Nevertheless, the term "middle class" is also employed, whether in discussing the overall topic or citing the research of others (Kochhar 2015).(*Martin, Ravallion. "The Developing World's Bulging..." - Google Scholar*, n.d.) However, in a broader sense, anyone not poor can be considered part of the middle class – including those with income surpassing \$2 per day. However, it relies on the incomes of individuals. Even with accurate measurement, income does not directly indicate personal spending. Additionally, there is a significant debate surrounding suitable PPP exchange rates for certain nations such as China, India, Nepal, and other Asian countries. Comparing the incomes of countries at varying stages of development poses a significant difficulty.(Ravallion, 2010a) According to these criteria, the worldwide middle class appears to be very distinct. The most general definition of "middle class" indicates that it includes individuals who are not impoverished, meaning those who make more than \$2 a day, based on purchasing power adjustments as stated by the World Bank (Ravallion, 2010).(Ravallion, 2010b) There are some other definitions regarding the middle class in the world. Anyone who is not impoverished is considered to be in the middle class, which, according to standards of the World Bank convention, is defined as having an income exceeding \$2 per day or \$60 per month at U.S. prices in terms of purchasing power parity (PPP) (Dadush and Ali, 2012).(Ali & Dadush, 2012) Likewise, Chun (2010).(Defining the Middle Class: Cash, Credentials, or Culture?, n.d.) defines the middle class in Asia and the Pacific as those earning between \$2.00 and \$20.00 per person per day (2005 PPP). Revaas, Guyot, and Krause (2018) consistently define it as making \$10 to \$100 daily, accustomed to each currency's purchasing power.(*Many Around the World Say China Impacts Their Country's Economy | Pew Research Center*, n.d.)

The above-mentioned definitions are only based on the economy. Some other concepts added sociocultural aspects to define the middle class. The middle class is not only based on income level but also lifestyle, standard of living, and state of mind. Pew Research Center (2023) defines the middle class are those with incomes between two-thirds and twice the national median income. According to Wolff (2017),(Wolff, 2017) the middle class lies in the middle three-fifths of the wealth range and those individuals who are above that threshold is wealthy and below are in debt. Similarly, consumption-based measures define the middle-class including spending on food, transportation, entertainment, housing, and other items. According to OECD (2019) over fifty percent of the income of middle-class households is allocated to necessities like housing, food, clothes, healthcare, and education. Currently, middle-class people are spending not only on requirements like homes and food, but also in meat, mobile phones, and air conditioners. In the words of Kharas (2023),(Lytras, 2019) many social scientists have reasoned that being middle-class is linked to having a rewarding job, being able to support one's family and community, and, overall, being happy with life. Broadly, it can be defined as the combination of three components: cash (bank balance), credentials (qualifications), and culture (mindset) (Revaas, Guyot and Krause, 2018).(Lytras, 2019)

There is no agreed-upon definition for the middle class, and the most common methods of measuring its expansion – by examining income increases – have various shortcomings. With fast expansion and minimal starting earnings, the middle class in developing countries is increasing. The OECD (2019) further mentioned that nearly 30% of global consumer spending now comes from individuals in developing nations, a significant increase from 18% ten years ago as they transition to middle-class status. So, the objective of this article is to find out the situation of the middle class in South Asia and its impacts on the socio-economic aspects of this region. It analyzes the situation of the middle class by using various theories and methods and explains the increasing trends of the middle class in the context of the world, Asia, and South Asia.

2. RESEARCH METHOD

Methods of Calculation of Middle Class and Data Source

There are various methods to measure the middle class. Theoretically, there are three core methods of measuring one's social class which are given in the table:

Table 1: Methods to Measure Social Class

| | |
|----------------------------|---|
| Subjective Method | It is a method where individuals are required to determine their social status. Despite being straightforward and uncomplicated, this method has some drawbacks: people could argue that all are equal or identify themselves based on their ambitions. Furthermore, individuals may start to perceive themselves as middle class even if they are not due to enhanced social conditions. |
| Reputational Method | This method requires people to categorize others into social classes according to the status they hold. This approach enables an insight into how individuals within a society perceive significant social stratifications. However, its application is restricted to close-knit communities where individuals are familiar with each other. |
| Objective Method | The researcher needs to categorize individuals based on criteria like income, occupation, and prestige. Despite the possibility of errors in their measurements, other researchers can employ the same standards to validate their results. This method is used to define class structures within society by sociologists. |

Source: <https://www.studysmarter.co.uk>.

The abovementioned first and second methods are very complex and vague and cannot be used to calculate the class in society. This article will use the third method, which facilitates cross-country comparisons of dollar/day amounts, adjusted based on purchasing power parity (PPP). China Power extended the metrics to include five income levels, with lower-middle and upper-middle together constituting the broader middle class which is given in the table:

Table 2: Class Income Category

| Income Band | Daily Income | Annual Income |
|--------------|--------------|--------------------|
| Poor | <\$2 | <\$730 |
| Low | \$2 – \$10 | \$730 – \$3,650 |
| Lower-middle | \$10 – \$20 | \$3,650 – \$7,300 |
| Upper-middle | \$20 – \$50 | \$7,300 – \$18,250 |
| High | >\$50 | >\$18,250 |

Source: China Power Team 2017 and updated 2021¹

Other researchers define the middle class by using other economic categories. Researchers Banerjee and Duflo (2008)² suggest it should include incomes between \$2 and \$10 per person per day in 2005 PPP terms. Ravallion (2009)(Lytras, 2019) goes further and mentions that the middle class is those earning between \$2 and \$13 per person per day and its upper bound of \$13 a day is derived from the US poverty line in 2005 (about \$19,000 for a family of four). Similarly, Nehru (2010)(Lytras, 2019) includes those earning more than \$10 per person per day and excludes those in the top 5 percent of the income distribution who are considered rich.

The analytical and descriptive research method is applied to this study. Quantitative data is collected from secondary sources like the specific countries’ documents, economic surveys, Documents of the Ministry of Finance, National data, Statista, World Bank, Asian Development Bank, UN agencies, SAARC, and OECD. For the clarification of data sources, various plan documents of the South Asian Countries, articles, research journals, newspapers, and reports of international and national agencies are applied in this research.

3. DISCUSSION

Social class is one of the most significant and debatable notions in social science among the social scientist’s discussion, yet its definition is often elusive. Adam Smith was the first economist to describe the class-based income of the country. He believed that the sources of income were profit, wage, and rent. He supposed that the profit is the income of stockholders (farmers and craftsmen) who are categorized as middle-class people (cited in Lytras, 2019).(Lytras, 2019) Some of the theories with their proponents are given in the following table:

Table 3: Theories of Middle-class

China Power Team. How Well-off is China’s Middle Class? (Washington: China Power Project. April 26, 2017. Updated September 30, 2021)

¹ China Power Team. How Well-off ison: China Power Project. April 26, 2017. Updated September 30, 2021). <https://chinapower.csis.org/>

² Abhijit, Banerjee and Esther, Duflo. “What is Middle Class about the Middle Classes around the World?” American Economic Association, *Journal of Economic Perspectives*, Volume 22, no. 2, (2008), 05. <https://www.jstor.org/stable/i27648237>.

| Theoretical category | Proponents | Middle class | Criteria |
|--------------------------|--|--|--|
| Classical economists | Adam Smith | Stockholders | Complex Sources of Incomes |
| Classical Marxists | K. Marx, E. Bernstein, R. Luxemburg, K. Kautsky | Petty Bourgeoisie | Relations within production and therefore social relations |
| | M. Weber | Farmers, artisans, other independent professionals, and some other employees | Positive or negative ability/ or privilege of doing business |
| | P. Sorokin | Employees of high rank-middle incomes | Position in economic and professional stratification |
| During Fordism Taylorism | C. Wright Mills, R. Dahrendorf and N. Poulantzas | New Middle Class like office clerks, intellectual workers, middle management, and public servants | Organizational economic relations, position in economic, political, and ideological relationships, productive and non-productive work, manual and intellectual work. |
| Modern Theories | E.O. Wright | Petty Bourgeoisie 1) Managers and Supervisors 2) Semi-autonomous Workers 3) Small Employers | Autonomy and/or exploitation |
| | G. Dumenil D. Levy | Degradation of Middle Managers and personnel managers | Ownership, organizational skills, financial expertise, and high rank of incomes |
| | U.S. Administration | Nearly the absolute majority of citizens (with income from 17.300 USD up to the 75th percentile of the income scale) | Rank of Income- Aspirations of middle-class households (a house, a car, yearly vacancies, etc.) |
| | H. Kharas | Nearly the total population of advanced countries: Global Middle Class (Non-Poor and | An Income of 10-100 USD (in PPPs/day |

| Theoretical category | Proponents | Middle class | Criteria |
|----------------------|------------------|--|--|
| | | Non- Rich People) | |
| | M. Savage et al. | Established middle class, Technical middle class (with ambiguity for the new affluent workers) | A synthesis of criteria: P. Bourdieu’s criteria - The forms of capital: economic, social, and cultural and G. Standing’s theory (on Precariat), etc. |

Source: Lytras, 2019.(Lytras, 2019)

Among the proponents mentioned above of middle-class theory, two classical social thinkers Karl Marx and Max Weber are the most relevant for class discussions. Marx (1971),(Marx, 1887) stated that three main social groups rely on wages, profit, and ground rent, namely the working class, the capitalist class, and the landlord class. Marx combined these three groups into two main classes, which are capitalists and laborers. He also recognized a third group known as the petite bourgeoisie, consisting of small business owners who were a small middle class. In opposition to Marx, Max Weber asserted that social class in society is shaped and dictated by social status, prestige, and power. In contrast to Marx's idea of the middle class being the bourgeoisie who constantly battles with the working class, those who thrive in the middle class would join the bourgeoisie, while those who struggle would end up in the proletariat (Adams and Sydnie, 2002).(Parker, 2015) The middle class, according to Weber (1978),(Weber, 1978) is defined by both their economic status, relating to buying and selling goods, and their social standing, involving honor, prestige, and religion, which are shaped by their consumption habits and lifestyle.

Middle Class in the Context of World

As per the Asian Development Bank (2010), Europe, Asia, and North America had the highest number of people in the middle class in 2009, totaling 1.8 billion worldwide.(“The Rise of Asia’s Middle Class,” 2010) Despite a lack of significant growth in Africa, the middle class has expanded and played a role in boosting domestic consumption in numerous countries on the continent. This expansion of the middle class has been rapid in Asia, America, and Europe since the development of multinational corporations and the global nature of the economy. According to Kuo (2013),(Kuo, 2013) the magnitude of the “global middle class” increased from 1.8 billion in 2009 to 3.2 billion by 2020 and 4.9 billion by 2030. The rising middle class in developing nations plays a crucial role in both the economy and society due to its potential to drive growth, especially in countries like China, Brazil, Korea, India, and sub-Saharan Africa. Kharas (2023),(Kharas, 2023) further added that the most prosperous social class in global history is the middle class. The fifth billionth individual will enter the middle class before 2030.

As per Dadush and Ali (2012), 369 million individuals in the emerging G20 economies meet the criteria for being considered part of the "middle class." The worldwide middle class has expanded at a faster rate than previously believed. The report also stated that there was an expected annual 4.5% increase in the global middle class of developing economies from 2005 to

2030. They further mentioned that different research predicts that the middle class will increase by 9.4% in China, 5.8% in India, and 2.4% in Russia each year for the next twenty years.(Dadush & Ali, n.d.) Similarly, Depersio (2021) stated that in 1980, the United States had the highest median annual income globally, exceeding \$15,000. Canada followed closely behind with a little over \$14,000, while countries like Britain, the Netherlands, Norway, Sweden, and France had median annual incomes of around \$10,000.(*Which Country Has the Richest Middle Class?*, n.d.) An analogous pattern was observed in Africa between 1990 and 2010. The AfDB (2011), mentioned the increasing trend of the number of middle classes in Africa. The report mentioned that, the growth rate of 3.1% in the middle-class population from 1980 to 2010, compared with a growth rate of 2.6% in the continent's overall population over the same period.(Ali & Dadush, 2012) The growth of the middle class in Europe, America, Asia, and Africa indicates that the world economy will be based on the middle class in the future and will be the driving force of the world's income and expenditure patterns.

In 2020, over 40% of the global middle class was from Asia as reported by the European Commission (2018), which also estimated that by 2030, Asia will make up 66% of the middle-class population worldwide.(*Developments and Forecasts of Growing Consumerism | Knowledge for Policy*, n.d.) The Future Agenda (2024) mentioned that the middle class in Asia-Pacific will have increased from twenty-eight percent in 2009 to fifty-four percent in 2020 and sixty-six percent in 2030.(*The World In 2025 - Future Agenda*, n.d.) In the topic, *The World's Growing Middle Class (2020–2030)* Wallach (2022)(*Visualizing the World's Growing Middle Class (2020–2030)*, n.d.) specifies that, in 2020, 79% of the global middle class was concentrated in five countries: China, India, Indonesia, Brazil, and the United States. More than 50% of the global middle class was residing in China and India by 2020 and India is expected to have the largest middle-class population in the world by 2030. Africa Dialogue Series (2023) says that, by 2060, Africa's middle class is forecasted to make up 42% of the total population.(Wolff, 2016) The Moodie Davitt Report (2024) anticipates that 113 million individuals will enter the global middle class in 2024, with the majority originating from Asia. Each year, more than 100 million individuals join the worldwide middle class. It further mentions that people who spend a minimum of \$12 daily (adjusted for 2017 purchasing power parity) are usually on the rise in developing areas such as Asia and Africa.(*Comment – A Year of Asia Pacific Milestones in the Year of the Dragon: Moodie Davitt Report*, n.d.) Based on above mentioned data, more than 50% population of the world belongs to the worldwide middle class.

Middle Class in Asia

The sole regions with sizable and rapidly expanding middle classes are those in Asia. Katharina Buchholz mentioned in the Wabe page of the World Economic Forum that the Asians in the middle class were projected to number 2 billion in 2020 and are expected to rise by 3.5 billion by 2030. By contrast, the number of middle-class individuals in America is anticipated to reach 647 million in 2020 and 689 million in 2030. She further writes that the middle classes on the continent are still becoming less significant, even if the number of middle-class people in the Americas is stagnating. Although accounting for 17% of the global middle class in 2020, the Asian middle class's rapid growth is projected to lower this proportion to 13% by 2030. By 2030, two out of every three will be middle class in Asia.(Chun, 2010a) Similarly, Strata (2022) stated that in the ASEAN region in 2010, the middle-income class comprised 29 percent of the population. The prediction is that by 2030, this figure is expected to increase to 65 percent because of the growth of urban areas and the subsequent increase in consumption levels. The

middle-income category includes people who spend between ten and one hundred U.S. dollars/day.

Marcus, Lu (2023) mentioned the statement of World Data Lab which predicts that 113 million individuals will enter the worldwide middle class in 2024, with the majority hailing from Asia. In this period, there are 91 million middle-class individuals in Asia, 10 million in Africa, 6 million in Latin America, and 5 million in the rest of the world. Data shows that Asia plays the dominant role in driving the worldwide growth of the middle class in 2024, with an impressive 81% of new consumers originating from the region. (*113 Million People Will Join the Global Middle Class in 2024*, n.d.) In *India Business and Trade*, Manish (2023) predicts that Asia will be the birthplace of most of the 91 million new consumers in 2024. (Wehrey, 2013) The table shows the increase in the Asian Middle class and the distribution of the global middle class by region, focusing on households making between \$10 and \$100 per day per capita, adjusted for purchasing power.

Table 4: Share of middle-class

| Regions | 2020 (In Percentage) | 2030 (In Percentage) |
|------------------------------|----------------------|----------------------|
| Asia Pacific | 54 | 65 |
| Europe | 20 | 14 |
| Americas | 17 | 13 |
| Middle East and North Africa | 6 | 5 |
| Sub-Sahara Africa | 4 | 4 |

Source: Katharina Buchholz in World Economic Forum, 2020.(Maurer et al., n.d.)

Among the Asian countries, India and China have the highest percentage of the middle class in the coming future. China's middle class has seen one of the quickest growth rates worldwide. According to *China Power* (2017), the middle-class population in 2017 was 47.8 percent. This number increased to 50.8% by 2018 and according to a report published by *People's Daily Online* (April 17, 2018), will be 60 percent by 2050.(Rasch, n.d.) Although there are new economic opportunities brought forth by China's increasing middle class, there are also enormous political and demographic challenges.

Middle Class in South Asia

Sri Lanka, Pakistan, Nepal, Maldives, India, Bangladesh, Bhutan, and Afghanistan, are the countries of South Asia which has 2,068,438,231 people and accounts for 25.29 % of the world's inhabitants, as mentioned by *Worldometer* in its live forecast. It further writes that the entire land area is 6,400,127 Km², the population density is 323 per Km² and 37.7 percent is the urban population. (*Population of Southern Asia (2025) - Worldometer*, n.d.) It has approximately 900 spoken languages and four birthplace of world religion: Hindu, Buddhism, Sikhism, and Jainism (<http://www.cotf.edu>). Some of the socioeconomic indicators of South Asian countries are given in the table.

Table 5: Key socio-economic indicators for South Asia, 2019 or the closest year

| Countries | Population 2023 (0'000) | Population GR (2015-20, in %) | GDP capita (2022 PPP\$) | per (2022 GR (2024) | Economic GR (2024) | Multidimensional Poverty (MPI) 2022 |
|-------------|-------------------------|-------------------------------|-------------------------|---------------------|--------------------|-------------------------------------|
| Afghanistan | 42,240 | 2.41 | 2,456 (2020) | - | - | 55.91% (2015–16) |
| Bangladesh | 172,954 | 1.04 | 7,985 | 5.7 | 5.7 | 24.64% (2019) |
| Bhutan | 787 | 1.18 | 13,077 | 5.7 | 5.7 | 37.34% (2010) |
| India | 1,428,628 | 1.10 | 8,293 | 7.5 | 7.5 | 16.4% (2019-21) |
| Maldives | 521 | 1.85 | 30,888 | 4.7 | 4.7 | 0.77% (2016–17) |
| Nepal | 30,897 | 1.09 | 4,677 | 4.6 | 4.6 | 17.50% (2019) |
| Pakistan | 240,486 | 1.91 | 6,662 | 2.3 | 2.3 | 38.33% (2017–18) |
| Sri Lanka | 21,894 | 0.35 | 14,230 | 2.5 | 2.5 | 2.92% (2016) |

Source: UNESCO 2021,(Lewis et al., 2021) and World Bank Group 2024.(Asia, 2022)

Table 5 indicates that Afghanistan has the highest population growth rate and lowest GDP per capita. Among these eight countries, Maldives has the highest GDP and India has the highest economic growth rate. These indicators also indicate the poverty rate and class formation and development trends of the South Asian countries.

Kharas proposed a model of global economic trends to project the growth of the middle class globally throughout 2009–30 in 145 countries for the Asian Development Bank in 2010. It is predicated on several presumptions, one of which is that inequality in every nation stays constant. He identified four factors that drive economic growth: capital accumulation, country-specific demographic shifts in the working-age population, rapid technological catch-up in a group of rapidly growing countries, and a 1.3% annual technological advance for all countries. According to his model, the number of middle-class people worldwide will rise from 1.8 billion in 2009 to 3.2 billion in 2020 and 4.9 billion by 2030, with Asia contributing 85% of this growth. By 2030, Asia is projected to account for two-thirds of the global middle class—more than double its 2009 share (28%).(ADB, 2010)

One of the arguments put forth by India Global Business in 2018. It was questioned whether there is a middle class throughout South Asia that can be considered to exhibit comparable traits or if national variations make it impossible to identify such a unitary category. The evidence presented by several panelists, who drew from studies conducted in Bangladesh, Pakistan, India, and Nepal, demonstrated both the diversity and commonalities among the middle class in the region.(Chakrabarti et al., 2024)

According to Khondker and Kitsios in 2011, 22.5 percent of Indians were living on less than \$1.90 per day, a percentage that is much higher than the 1.1 percent of the population in the

median EME who are poor.(Khondker & Kitsios, 2023) In addition to the international poverty line of \$3.20 per day, which is more appropriate for lower- and upper-middle-income countries, and the lowest-income poverty line of \$1.90 per day, there are two other international poverty lines. This report further mentioned that, in Bangladesh, India, and Nepal, over 50% and 80% of the population, respectively, live below the \$3.20 and \$5.50 daily poverty lines, indicating that a significant portion of the population lacks the means to meet their basic needs. Based on the three international poverty lines, Bhutan and Sri Lanka also have comparable poverty profiles; however, when the highest threshold of \$5.50 per day is applied, the gap between them and the EME poverty line increases.

Table 6: Income Level of the South Asian Countries

| Countries | Year | \$2-4 (2005-PPP) | \$4-10 (2005-PPP) | \$10-20 (2005-PPP) | Total (2005-PPP) | \$20+ (2005 PPP) |
|------------|------|---------------------|----------------------|-----------------------|---------------------|---------------------|
| Sri Lanka | 2002 | 37.75 | 18.70 | 2.68 | 59.13 | 0.80 |
| Bhutan | 2003 | 30.61 | 16.69 | 2.90 | 50.20 | 0.97 |
| Pakistan | 2005 | 32.94 | 6.56 | 0.62 | 40.12 | 0.15 |
| India | 2005 | 20.45 | 4.15 | 0.45 | 25.05 | 0.10 |
| Nepal | 2004 | 16.74 | 5.30 | 0.85 | 22.89 | 0.38 |
| Bangladesh | 2005 | 16.38 | 3.48 | 0.39 | 20.25 | 0.05 |

Source: Chun (2010).(Chun, 2010b)

Table 6 indicates that Sri Lanka had the highest population and Bangladesh had the lowest population of the middle class at the 2005 PPP rate. However, it can be questioned that, how the majority of middle-class households make enough money to cover their basic expenses for clothing, food, and housing in addition to having some extra cash for savings and other purchases. How someone making \$2 a day can be considered middle class is amazing. These folks barely make it above the world's poverty threshold. This does not provide the real income requirements for the middle class's potential and actual economic strength. The numbers above provide a ballpark estimate of the middle class's market strength.

Table 7: South Asian Middle Class

| Class (\$/day) | Nepal (%) | India (%) | Bangladesh (%) | Pakistan (%) | Bhutan (%) | Sri Lanka (%) | Maldives (%) | World (%) |
|-------------------|--------------|--------------|-------------------|-----------------|---------------|---------------------|-----------------|--------------|
| High > \$50 | 0.04 | 0.14 | 0.08 | 0.21 | 0.37 | 0.87 | 2.41 | 6.8 |

| | | | | | | | | |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|------|
| Upper-Middle \$20 - \$50 | 0.8 | 1.11 | 0.61 | 1.51 | 8.75 | 5.25 | 28.85 | 14.7 |
| Lower-Middle \$10 - \$20 | 6.58 | 4.62 | 4.3 | 6.41 | 26.13 | 18.06 | 49.08 | 17.1 |
| Low \$2 - \$10 | 85.78 | 83.52 | 85.43 | 89.41 | 63.76 | 74.76 | 19.66 | 51.0 |
| Poor < \$2 | 6.8 | 10.61 | 9.58 | 2.46 | 0.99 | 1.06 | 0 | 10.4 |

Source: China Power (2021)(*How Well-off Is China's Middle Class?* | *ChinaPower Project*, n.d.) & Pew Research Center (2023).(Silver et al., 2024)

The above table shows that the middle-class population of SAARC countries has been increasing in 2021. However, this data has created some confusion about the middle-class percentage in most South Asian countries. According to People Research's report on India's Consumer Economy (PRICE, 2023) the middle class of India is expected to increase from 14% in 2004/05 to 31% in 2020/21, 47% in 2030/31, and 61% in 2046/47. Meanwhile, the rich class is expected to grow from 0.5% to 4%, 11%, and 26%.(Fernandes, 2009) The table also provides the increasing low middle class in the South Asia region including India, Nepal, Bangladesh, Pakistan, Bhutan, and Sri Lanka. In contrast to this, Maldives has a large number of the lower and upper middle class than the low middle class.

The new conditions of the world provided rise to a growing middle-class concept that became popular globally. It was thought to be a means of avoiding impoverished and economically marginalized conditions that could trigger major societal unrest. Thus, it seems crucial to define the term "middle class" and comprehend why the class system that emerged from capitalism is justified and acknowledged as the best one for assisting people in improving their living conditions and, consequently, for preventing the kind of revolutions that led to authoritarian regimes that never actually implemented Marx's proposed communist system (Santana, 2022). Chaitanya Mishra, senior professor of Nepal described the middle-class role in the social transformation process of Nepal. He claims that as wealth rises, the shape of the stratification structure changes from an elongated pyramid with a large lower-class base to a diamond with a growing middle class, which in turn affects the political role of the middle class.(Liechty, 2003) Since it can reward democratic and moderate parties and penalize extremist ones, a sizable middle class helps to mitigate conflict. Similarly, Mark Liechty, explores popular music, film magazines, cinema and video watching, local fashion systems, advertising, and film magazines as examples of the cultural practices of the emerging middle class in Nepal. He investigates three dynamic and mutually forming

ethnographic domains: a rapidly developing community-based consumer culture, an expanding mass-mediated popular consciousness, and a newly formed youth culture. (*Suitably Modern* | Princeton University Press, 2002) His study illustrates an important connection between cultural practice and selecting an appropriate theoretical model to explain the middle class.

Socio-Economic Impacts of Middle Class

The increasing middle class has multiple impacts on migration, cultural transformation, the economic situation of the nations, technological development, human psychology, and other aspects of the region. South Asia is the region of the fastest-growing middle class in the world which has various economic impacts on the socioeconomic life of the people of this region. Some of the impacts are listed here.

Firsi, New Consumption Pattern: The middle class of Asia is now driving demand and shaping global consumption patterns across various sectors, ranging from travel to luxury, education, technology, wellness, and infrastructure. Increasing influence on other consumer goods, and markets and shifting investment from Europe and America to South Asia. (*How Asia's Growing Middle Class Is Reshaping Global Consumption*, n.d.)

Second, Digitalization: The increasing middle class simultaneously impacts the digitalization process in the economic life of the people. The changing human-to-technology relations and human-to-human interactions are mostly based on the digitalization process. Online dating is one example of digitalization-altered human interaction, dependent on AI and other modern technologies.

Third, Migration and Growth of Big Cities: Migration decisions of the middle class differ substantially from those of other class people. The people who have migrated from rural to urban areas have daily per capita expenditures of \$6 –\$10. (Banerjee & Duflo, 2008a) This range of expenditure is common in Pakistan, India, Nepal, and other South Asian countries. South Asia has 8 out of 35 big cities in the world and the middle class has the first choice to migrate to these cities.

Fourth, Increasing Young Population: A large youth population means a high demand for jobs, which in turn can drive down the cost of labor. It demands high technologies and high rate of production and global market mechanisms. It will also create inequality limits and the effectiveness of growth in reducing poverty. (Fosu, 2017)

Fifth, Accelerating Digital Marketing: Increasing middle class demands the digital marketplaces and digital services such as fintech, digital payments, and data processing. Booming E-commerce needs expertise in big data analytics, AI, and machine learning (HSBC, 2022) systems. (*Demographics, Digitisation and Dynamism* | HSBC Business Singapore, n.d.)

Seventh, Environmental Crisis: The large population of the middle class demands large-scale resources, increases sound pollution, biodiversity loss, and many other environmental challenges from air pollution to plastics use as well as disrupted forests, wetlands, and grasslands. (Connolly et al., 2014) It will influence extreme storms, droughts, wildfires, heatwaves, climate change, and ultimately the habitats of the people.

Eight, Change in Occupational Pattern: Increasing middle class increased education levels, a move from blue-collar and service jobs to white-collar occupations, and a surge in remittances from birthplace to working abroad. The rural middle class will be the local entrepreneurs. As per a study, 52% of people in rural Indonesia with daily per capita expenditures between \$6 and \$10 work for themselves outside of agriculture, and this percentage is higher among self-employed people in countries like India, Pakistan, Nepal, Nicaragua, Panama, and South Africa.(Banerjee & Duflo, 2008a)

Ninth, Increase as a Manufacturing Hub: A sizable and affluent middle class positively impacts the country's economic growth and socio-economic development. According to Chun, Hasan, and Ulubasoglu (2011),(Chun et al., 2017) the creation of industrial jobs and increased investment in human capital are two ways that the middle class contributes to economic growth.

Tenth, Political Correction and Stability: East Asia and some European countries where the middle class is a high proportion of the population have greater physical and human capital, less political instability, and stronger institutions. Increasing the middle class has corrected the politics and political stability in the country. Japan, Singapore, Malaysia, and other East Asian countries are examples of this context.

Next, Rapid Technological Changes: Modern technologies will be heavily utilized by the growing middle class. New ways for humans to interact with technology are being brought about by rapid technological shifts, which are also generating more new uncertainties. Overuse of social media, disruptive AI, and other new technologies will drastically alter our lives in several ways.(Nations, 2022)

And last, Quality of Life: The middle class pursues quality of life, better health care for the family, more expensive education for the children, better housing, more expensive eatables and more entertainment, and high demand for brand-named goods.(Banerjee & Duflo, 2008b) It will improve the total aspects of the country.

4. CONCLUSION

The world is in the throes of a major expansion in the middle class, particularly in emerging Asia. The global middle class is expected to grow from under 2 billion consumers today to nearly 5 billion within two decades. Middle classes are an important key driver of growth, as the income elasticity for durable goods and services for middle-class consumers is greater than one. Boushey, Heather, and Hersh, Adam have identified four areas in which the body of research suggests how the size of the middle class and the degree of inequality impact economic stability and growth: A robust middle class fosters the growth of human capital and educates the populace; it also generates a steady stream of demand for products and services; it nurtures the next generation of entrepreneurs; and it supports inclusive political and economic institutions, which are essential to economic expansion.(Boushey & Hersh, 2012)

By 2024, there will have been a substantial economic shift and 113 million more people worldwide will be in the middle class. Africa and Asia are major forces behind this change. Asia is predicted to provide 91 million new consumers, driven by China and India mainly because of their large populations, rising incomes, and urbanization.(Kharas & Gertz, 2010) All South Asian countries including Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka have increasing numbers of middle-class that have impacted on standard of living,

use of modern technologies, urbanization, occupation, migration, and other aspects of economic life. Similarly, doing or being 'Middle-Class' requires certain displays of compliance like "doing fashion" –such as dressing in the accepted style, owning a big color TV, driving a fancy new foreign car, educating children in the right schools, and so forth; in short, all the ways of competing and displaying under the push-and-pull pressures of being (or trying to be) a member of the modern 'Middle-Class'. Increasing the middle class has multiple effects on society's socio-cultural and economic health.

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