



# THE POWER OF

## TIER-III AND TIER-IV

# CITIES OF INDIA

*Gateway to \$10 Trillion Economy*



SARABJIT S PURI  
KUNAL AWASTHY

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# **The Power of Bharat**

## **Unlocking Growth in Tier 2, 3 & 4 Towns**



**Dr Mukesh Kumar**

*Managing Director of Kendriya Bhandar*

The year 2025, when the world celebrates this year as international year of Cooperatives, the silent work to explore the potential of young Bharat and its roadmap of prosperity and robust economy passing through the minds of teenagers, youths, rich-agers having invaluable experience to their side, workers, farmers, entrepreneurs, business community living in Bharat writing its success story in its own way with tools of technology and empowerment with ease of doing business from villages and towns fully geared up for their bigger role in economic growth. Tier-3 and tier-4 cities are now ready to fill the vacuum of metro cities by providing a variety of opportunities to the young generation to grow locally and work globally, full of aspirations, energy, dedication, commitment and play their constructive role to make Bharat grow as one of the most powerful countries in the world. The occasion of bringing up this compilation at this crucial stage when situation and equations all over the world are quite challenging, and Bharat is prepared to take a central role to showcase its courage and sincerity for the advancement of technology, economic growth of its people, and its focus on prosperity of Bharat. Bharat has entered into the next generation of reforms infusing a sense of confidence in the people, and reflecting the commitment of the government to pass on the benefits and concessions to the common people by bringing down the prices with heavenly reduced

GST/tax structure. The effects and impact of people-friendly reforms shall bring dramatic changes in the lives of the common people to write the new story of Bharat adopting the spirit of Reform, Perform and Transform, a mantra given by Hon'ble PM to the people to make the country superpower in the universe. I am sure this book will give insight and confidence to the people of all age groups and from all fields of interest to focus on writing their own success story with the success and cooperative prosperity of Bharat in all walks of their lives, nationally and internationally.

Dr Mukesh Kumar is the Managing Director of Kendriya Bhandar since 01 November, 2017. During his tenure, Kendriya Bhandar has achieved stellar reputation, achieving 10-fold growth in 07 years and surpassing the turnover of Rs. 8000 crores in 2024-25 from Rs 750 crores in 2017-18, which is unprecedented and unparalleled in any public or private sector, the world over. Dr Mukesh Kumar is an eminent professional in the cooperative sector in the country. He is an avid reader and dynamic student of multiple streams of knowledge. On the academic side, he holds various degrees viz MA, LLB, MBA, PGDCA, B.Ed, DHM&OA, CSMSI and for his outstanding contribution in the management of reputed cooperative organisation and in recognition of his exceptional services, he has been honoured and awarded with the degree of Doctor of Business Administration and Doctor of Letters by different universities from India and USA.



**Arunkoemar Hardien**

*Ambassador of the Republic of Suriname*

India's story is often told through the lens of its great metropolises Mumbai, Delhi, Bengaluru, Chennai, centres of commerce, technology, and culture. Yet, in my observation and experience, the true pulse of India beats far beyond these bustling capitals. It is in the tier 3 and tier 4 towns that one finds the quiet strength, resilience, and ingenuity which sustain and propel the nation forward.

These towns may appear modest in size, but their significance is profound. They are the places where traditions are preserved even as aspirations for modernity take root. They nurture entrepreneurs who work with limited resources but infinite determination. They are home to young minds eager to embrace education and technology, often leapfrogging conventional barriers to chase opportunity in creative and unconventional ways.

On my journeys and interactions across India as a diplomat, I have been humbled to see how these towns, once considered distant from the mainstream, are now emerging as vibrant engines of growth. Their people embody a unique blend of simplicity and ambition. The warmth of their community life, their respect for heritage, and their hunger to participate in India's global rise all point to a future where growth will no longer be confined to a few megacities, but shared across the nation's vast landscape.

Tier 3 and tier 4 towns are not just the “next frontier” of development; they are the very soul of India’s inclusive progress. Recognising their potential is to understand the heartbeat of New India an India that is not only urban, but deeply rooted in its semi-urban and rural foundations.

It is with this conviction that I commend the exploration of this theme. For in these towns lie the dreams of tomorrow, and in their rise, we will witness the unfolding of India’s most authentic story of transformation.



**Amod Vijayvargiya**

*Director of Pearl Academy School of Business*

As someone who hails from a Tier 3 city, I've experienced firsthand the unique charm and potential of these emerging urban centres. Growing up in India, I witnessed the transformative power of small cities and the resilience of their people. It's this personal connection that makes Kunal Awasthy's book on the power of Tier 3 and Tier 4 cities in India so close to my heart.

My friend Kunal and I have had many conversations about the potential of these cities, and his passion for this subject is evident in his writing. Through meticulous research and analysis, Kunal has brought to life the stories of these cities, highlighting their strengths, challenges, and opportunities. This book is more than just a study of urban development; it's a testament to the potential that lies within these cities. Kunal's work showcases the entrepreneurial spirit, innovation, and community-driven initiatives that are driving growth in Tier 3 and Tier 4 cities.

What I admire most about Kunal's approach is his ability to balance optimism with pragmatism. He acknowledges the challenges these cities face while also highlighting the opportunities that can be leveraged. His insights will be invaluable to policymakers, businesses, and individuals looking to tap into the growth potential of these emerging urban centres.

As someone who has seen the impact of these cities on people's lives, I believe that Kunal's book will resonate with readers from similar backgrounds. His work is a reminder that the growth story of India is not just about metropolitan cities; it's also about the smaller cities that are driving innovation, entrepreneurship, and change.

I'm honoured to write this foreword for Kunal's book, and I'm confident that it will inspire meaningful conversations and actions. Kunal's dedication to shedding light on the potential of Tier 3 and Tier 4 cities is a valuable contribution to the field, and I look forward to seeing the impact his work will have.

Amod is the Director of Pearl Academy School of Business. A corporate leader turned academic professional, he has over 28 years of extensive experience in driving strategy, growth, transformation, and operations for global organizations like Capgemini, Ernst & Young, Genpact, Godrej, Aditya Birla Group, and Hitachi Consulting. His impressive portfolio includes managing clients such as The Coca-Cola Company, Dairy Farm, Energy Australia, Bombardier, and Jardine Group, having sold deals worth over 100 million USD and managed portfolios exceeding 250 million USD.



**Mandeep Nalwa**

*Founder and Chief Executive Officer Taurus Wealth Advisors, Asia*

The fountain of opportunity in India and I daresay the world is the unshackling of middle India and bringing equality of opportunity to its populace as is available to the large urban centres. A text like this is a very persuasive argument for governance models to be far reaching, inclusive and broad based, focused not only on areas that attract media coverage but regions that will prove to be the thrusters of the economy in the decades ahead.

As India grows from strength to strength it will significantly boost global growth and be the engine of opportunity for the rest of the world as it transitions to the 10 trillion economy and much beyond in the current century. In that environment by showcasing the opportunity for investors and government alike I congratulate Kunal for a very well researched and acutely evidenced need of a broad-based focus on the Tier 3 and Tier 4 towns of India.

This book is a must read for the entrepreneur targeting emerging India for economic strategy, for the government officials detailing economic growth plans or philanthropists desirous of moving the wheels of opportunity just a little bit faster.

Mandeep Nalwa is the Founder and Group CEO of Taurus Wealth Advisors, a pioneering multi-family office established in Singapore in

2008. An alumnus of IIM Ahmedabad, he began his career at Deutsche Bank and later held senior roles at HSBC, Merrill Lynch and Citi Private Bank, building wealth management businesses across the Philippines, Thailand, and Singapore. With over 30 years of experience, Mandeep has deep expertise in private banking, client advisory, and risk management. Under his leadership, Taurus has grown to manage over USD 3 billion in assets across 35 countries, with a strong presence in Southeast Asia and the Middle East.



**Vikram Luthra**

*Co-founder of Chukde Spices and Unique Fragrances*

India today exists as two parallel realities the urban, English-speaking “India” in metros, and the vast, diverse “Bharat” that thrives in Tier 2, 3 & 4 towns. While “India” represents affluence and modern infrastructure, it accounts for only a small fraction of the population. Over 80% of Indians live in Bharat, where incomes may be modest, but aspirations are rising rapidly.

This segment holds immense untapped potential. As internet penetration, mobile usage, and access to information increase, so does demand for better products, services, and experiences. Businesses that can adapt to the unique needs of these markets in pricing, packaging, communication, and distribution will unlock a massive growth engine.

However, the real game-changer will be the supply chain. The companies that invest in building robust, cost-effective, and scalable supply chains to reach deep into Bharat will be the ones who lead the next phase of India’s growth story.

It’s no longer enough to serve just the top cities. For brands with long-term vision, the future lies in Bharat where volume, loyalty, and opportunity intersect.

Winning in Bharat means building for the real India inclusive, rooted, and

ready to grow.

Vikram Luthra, is the co-founder of Chukde Spices and Unique Fragrances, built two values-driven companies focused on quality, trust, and ethical sourcing. From revamping India's spice supply chain to exporting globally, his journey emphasizes discipline, transparency, and innovation. He aims to make Indian products global benchmarks in quality and integrity.



**Foong Chong Lek**

*Director and Head of Family Office, Capital Markets, Global Sales  
and Origination at SGX (Singapore Exchange).*

*Head of Secretariat for SGListCos*

India's economy continues to grow and is expected to reach the \$10 trillion threshold. Observers from around the world, including Singapore where I am based, all know that the drivers include industrial growth and digital consumption habits. These are centred in vast metropolises.

Kunal and co-author Sarabjit proposes an additional layer to the accepted narrative. The “backbone of Bharat” could be the Tier 3 and Tier 4 cities. These brim with entrepreneurship and favourable demographics. The authors map the opportunities based on their direct observation and analysis.

Whether the reader is a businessperson, policymaker or academic, they are bound to benefit from the perspectives and evidence offered.

Congratulations to the authors, and best of luck!

Foong Chong Lek is Director and Head of Family Office, Capital Markets, Global Sales and Origination at SGX, where he engages Family Offices and Private Banks on ESG, philanthropy, and enterprise development, and drives listings across sustainability, energy, and biotech sectors. He also serves as

Head of Secretariat for SGListCos and has prior experience at Procter & Gamble, RHB Private Equity, and Springboard-Harper Investments. He holds a BSc in Chemical Engineering from Purdue University and an MBA from INSEAD, Singapore.



### **Chef Osama Jalali**

*Celebrity Master Chef, Food Writer & Consultant  
specializing in regional Indian and Mughlai cuisine.*

India's economic growth story is often told through its metros and Tier 1 cities, but the real transformation is unfolding in Tier 3 and Tier 4 towns. Once overlooked for large-scale investments, these towns are emerging as vibrant consumption hubs, driven by rising incomes, aspirational lifestyles, and improved connectivity. Among the sectors set to benefit most from this shift, hospitality and the food and beverage (F&B) industry stand out as frontrunners.

Families in these towns are increasingly spending on experiences and aspirational brands. Eating out is becoming more frequent, with growing demand for cafes, quick-service restaurants (QSRs), and organized dining. Hospitality is booming as domestic travel and weddings create opportunities for hotels, resorts, and banquet halls.

Better highways, regional airports, and improved rail connectivity are linking smaller towns to metros and tourist circuits. Pilgrim and cultural tourism are fuelling steady demand for quality stays and dining in towns like Ajmer, Varanasi, and Madurai.

Branded QSR chains, cloud kitchens, and café formats are reshaping consumer habits. High brand loyalty and regional tastes such as biryani in Andhra, Mughlai in Uttar Pradesh, and millet cafés in Karnataka create fertile ground for localized yet scalable models.

Wedding tourism and business travel are driving demand for mid-scale hotels, banquet halls, and meeting spaces. Families increasingly prefer high-quality venues closer to home, making organized hospitality a necessity in Tier 3 and 4 towns.

Food delivery apps, online booking platforms, and digital payments have erased access gaps, allowing hoteliers and F&B entrepreneurs to scale quickly through digital platforms and delivery-only models.

Challenges around skilled manpower, supply chains, and infrastructure remain, but these also create opportunities for investors to build training systems, cold chains, and scalable solutions.

The hospitality and F&B industry in Tier 3 and 4 towns is one of India's most promising growth frontiers. These markets blend rising aspirations with strong cultural roots, offering entrepreneurs and investors the chance to innovate. As income, infrastructure, and aspirations converge, smaller towns will not just participate in India's consumption boom they will lead it.

Osama Jalali is a veteran food writer, researcher, consultant, and celebrity chef known for reviving regional Indian cuisines. Born in Old Delhi with roots in Rampur, he specializes in heirloom Mughlai and forgotten recipes, curating menus like *The Mughal Plate* with his wife and mother for leading hotels and private daawats worldwide. He has reviewed over 2000 restaurants globally, curated food festivals with top hotel chains, and served as jury for awards such as the Big F, Indian Culinary Forum, and Living Foods. Celebrated for his deep knowledge of food history, Osama blends scholarship with practice, keeping India's culinary heritage alive for modern audiences.



**Shanta Martin**  
*Director Merc Group*

India is on the brink of an economic transformation unlike any in its history. For years, the spotlight has shone on our metro's symbols of aspiration, progress, and global ambition. Yet, the true story of tomorrow is unfolding beyond these metropolises, in the tier 3 and tier 4 cities that form the vibrant soul of India. It is in these cities the next wave of transformation is gaining momentum. These cities are not "small towns" anymore. They are the emerging powerhouses of growth, where ambition meets opportunity. They are vibrant markets where consumer demand is expanding rapidly, talent is abundant, and digital connectivity is enabling reach across geographies. As industries decentralize and rationalize costs, opportunities in manufacturing, services, technology, retail, and logistics are finding fertile ground in places once considered "small towns." With government initiatives, improved infrastructure, and a young, ambitious population, these cities are poised to become the backbone of India's inclusive growth. *The Power of Tier 3 and Tier 4 Cities of India: Gateway to a Trillion-Dollar Economy* is more than a book it is a vision. It captures this remarkable shift. It reveals how the aspirations of millions, when empowered with technology, infrastructure, and opportunity, will propel India into its next growth orbit. The trillion-dollar dream will not be built solely in boardrooms or financial districts but will be forged in the markets and workshops of these little towns and cities and their classrooms. I believe readers will find in these pages not just facts and analysis, but also inspiration an invitation to recognize the true engines, invest in, and partner with the immense potential that resides in

India's heartland. While the metros continue to thrive, the new potential will bring in the much-desired inclusive growth. May this book inspire leaders, entrepreneurs, policymakers, and dreamers to look beyond the obvious, to recognize the extraordinary potential in ordinary places, and to believe that the road to India's trillion-dollar destiny runs through the heart of its smaller cities.

Shantha Martin is a seasoned global CEO with over 20 years of experience in logistics and supply chain leadership. As Director of Merc Group, she drives international expansion, integrated logistics solutions, and digital innovation across key global markets. Previously, as Regional CEO of ECU Worldwide, she managed one of the company's largest and most profitable regions, delivering double-digit growth and building end-to-end supply chain solutions for global corporations. Recognized with multiple international awards, including Woman CEO of the Year and Business Leader of the Year, Shantha is a visionary shaping the future of logistics while championing women in leadership. She is on the advisory board of IWLF and is creating a platform for women entrepreneurs especially the startups.



**Nimal S. Cooke**

*Senior Board Member, Capital Maharaja Organization; Member,  
Capital Holdings Ltd.*

India is an enigmatic land of many cultures and many languages. Yet it has managed to provide the world with a lesson in recent times. India will do what it has to do for the benefit of its people, it leads the Global South in a manner unknown to the Global North, which has resulted in a change of the world order overnight.

Tier 3 and Tier 4 towns will take a page from Mother India's play book and become leaders in their own style.

Nimal is a senior Board Member, Capital Maharaja Organization. as well as one of the 4 members of the holding company M/s Capital Holdings Ltd. He is an Accountant by profession with almost 55 yrs of experience having started his career at Reckitt & Colman, and then with Ceylon Tobacco (a BAT company) moved over to CMG 50 years ago. He has successfully structured and executed a wide array of infrastructure projects in Sri Lanka dating back to the 1977 reforms. He introduced the first Power Purchase Agreement to the CEB and set up the first wet Magnetic separator for heavy Mineral sands , as well as introduced the very first BOI project the Prima Mill on a BOT basis in 1979. Nimal has served on the Board of AMCHAM and has worked with Washington agencies including OPIC and US corporations to develop financing opportunities in Sri Lanka. He has also worked with Asian, Middle Eastern and EU agencies and corporations during his career.



**Firoz H. Naqvi**  
*Co-Founder & Director FSNM*

The recent transformation in India's tier 3 and tier 4 cities highlights a significant increase in consumer spending, showcasing the latent purchasing power that has long been present among residents. As infrastructure improves with better roads and new airports, these communities are witnessing an explosion in retail opportunities. This is not just a minor shift; it represents a fundamental change in how people in these areas engage with the economy.

Entrepreneurs are increasingly recognizing the potential of these markets, leading to the establishment of diverse retail spaces, including malls and entertainment complexes. This surge in retail development indicates that residents are eager to spend on products and services that enhance their quality of life. The rapid growth of ice cream Parlors and mithai showrooms serves as a striking example of this trend. These establishments are not merely about selling sweets and snacks; they embody a shift in lifestyle and social dynamics, as people now have access to experiences that were previously unavailable.

Since I represent the Indian sweets and snacks industry and ice cream sector, I see the establishment of ice cream Parlors in these regions reflects a growing demand for indulgence and leisure within these communities. Families and friends are now able to gather and enjoy treats together, which fosters a sense of community and contributes to the local economy. Similarly,

mithai showrooms are flourishing, catering to both traditional preferences and contemporary tastes. This indicates that the purchasing power was always there; these towns were simply waiting for the opportunities to express it through spending on quality products.

As more businesses recognize the potential within these tier 3 and tier 4 cities and invest in their growth, the landscape of consumer spending will continue to evolve. This transformation is indicative of a broader trend, where improved connectivity and access lead to a more vibrant marketplace, ultimately enriching the lives of residents and contributing to the overall economic development of these regions.

In conclusion, the increasing focus on tier 3 and tier 4 cities in India is reshaping the retail landscape, revealing the dormant purchasing power within these communities. The rise of ice cream Parlors and mithai showrooms is just one facet of this exciting evolution, highlighting the potential for growth and innovation in the sweets and snacks sector as these towns embrace their newfound opportunities.

Firoz is actively involved in promoting the interests and resolving the issues of the food processing industry by collaborating with legislators, regulators, and key opinion formers. He possesses a strong network of contacts within the government and the industry and holds deep knowledge of the agro and food processing sectors.

He is passionate about improving the quality and standards of the Sweets & Namkeen industry, aiming to contribute to the economic growth of the country.

Firoz H. Naqvi's dedication to the agro and food industry, combined with his extensive experience and strong leadership skills, make him a prominent figure in the sector.



**Anil Sharma**

*Indian filmmaker, director, writer, and producer*

The Power of Tier-III and Tier-IV Cities of India by Sarabjit S. Puri and Kunal Awasthy is a timely and insightful work that captures the true growth story of 'Bharat'. The book convincingly shows how smaller cities and towns often overlooked in mainstream narratives hold the key to India's journey towards a \$10 trillion economy. By combining research, vision, and a deep understanding of grassroots transformation, the authors provide an essential roadmap for policymakers, entrepreneurs, and investors who want to engage with the real drivers of India's future prosperity.

Anil Sharma is a celebrated Indian filmmaker, director, writer, and producer with over four decades in cinema. Best known for *Gadar: Ek Prem Katha* and its record-breaking sequel *Gadar 2*, he has delivered several iconic hits blending patriotism, emotion, and mass appeal, Through his banner Anil Sharma Productions. he continues to create ambitious projects like "Vanvaas". tribute to parents, now busy in creating *Arjun Naga*. cementing his legacy as one of India's most influential storytellers.



**Gangesh Chaturvedi**

*Head Exports (EP&D), Tata Steel Limited*

Across INDIA's Tier 3 and Tier 4 cities, a quiet yet powerful transformation is underway. Consumption patterns are evolving rapidly, reshaping industries and opening new frontiers of opportunity.

This change is propelled by a combination of forces: rapid urbanization, forward-looking government initiatives and steady march of digitalization. Today, business transactions are no longer bound by time or place technology has brought the marketplace to every doorstep, empowering entrepreneurs and consumers alike. Efficient, innovative business models are gaining ground, fuelling momentum in these regions. The widespread embrace of e-commerce is now a given, and when paired with cost advantages and abundant growth potential, it creates fertile ground for investment and expansion. As the quality of life continues to improve, these cities are poised to become vibrant engines of economic growth. The journey has only just begun, and the road ahead promises unprecedented possibilities.



# Preface

India has always been a land of contrasts. It is a country where gleaming metros rise into the skies with global ambitions, even as countless smaller towns nurture traditions, livelihoods, and aspirations in quieter yet no less determined ways. For far too long, the discourse on India's growth has been framed through the prism of its Tier I cities. The economic vibrancy of Mumbai, the entrepreneurial energy of Bengaluru, the administrative centrality of Delhi, and the cultural magnetism of Chennai or Kolkata have dominated both policy imagination and business strategies. Yet, as we move deeper into the twenty-first century, a different story is unfolding, one that does not originate in skyscrapers or high-tech campuses, but in the lanes of Tier III and Tier IV towns.

This book, *The Power of Tier 3 and 4 Cities*, was born out of a recognition that India's growth narrative is incomplete without understanding these towns that form the backbone of "Bharat." These are towns often described as modest, peripheral, or even invisible in the global imagination, but which in reality are buzzing with entrepreneurial vigour, demographic energy, and cultural richness. To travel through them is to witness change in motion: new malls rising alongside traditional mandis, students attending online coaching classes while their parents manage family-owned enterprises, micro-entrepreneurs selling products through WhatsApp even as traders negotiate in age-old bazaars. This juxtaposition is not chaos, it is the authentic face of India's transformation.

Our motivation in writing this book stemmed from repeated encounters with this untold reality. We observed that the aspirations of people in smaller towns were no longer constrained by geography. Thanks to the diffusion of the internet, the rapid expansion of mobile networks, and government programmes aimed at inclusion, the distance between a district headquarters and a metro city has been collapsing not just physically but also psychologically. Young men and women in a Tier IV town today are just as likely to dream of launching a startup, joining a multinational, or studying abroad as their peers in big cities. The difference lies in the ecosystem that

surrounds them, one that is still evolving, sometimes unevenly, but always moving forward. It is this evolving ecosystem that this book seeks to map. We present Tier III and Tier IV towns not as marginal spaces waiting for development, but as vital engines already powering India's growth story. Their contributions can be seen in the expansion of MSME clusters, in the spread of affordable private education, in the dynamism of agricultural value chains, and in the growing adoption of e-commerce. These towns are not waiting to be "rescued" by the metros; they are actively reinventing themselves as nodes of resilience, aspiration, and innovation.

The structure of the book reflects this vision. Part One provides a foundational understanding of these towns, their demographics, socio-economic structures, and infrastructural trajectories. Part Two delves into their strengths, from industrial potential to cooperative movements and the rise of self-help groups. Part Three explores the opportunities across industries, demonstrating why businesses can no longer afford to ignore these markets. Part Four highlights the digital consumption patterns that are reshaping daily life, commerce, and governance. Finally, Together, these sections create a mosaic that is at once empirical and evocative, analytical, and inspiring.

Writing this book has also been an exercise in rethinking how we define "development." For decades, growth was equated with urbanisation, and urbanisation with megacities. But India cannot become a \$10 trillion economy by focusing only on its metros. The cost advantages, consumer base, and latent talent pools of smaller towns offer unparalleled opportunities for inclusive growth. If nurtured with the right policies and investments, these towns will not just supplement but perhaps even outpace metro-led growth in the decades ahead. They are not "backward" places waiting to catch up; they are forward-looking places already carving out their own identities in the national economy.

This preface is also a reflection of gratitude. In compiling the research, conducting interviews, and analysing trends, we encountered countless individuals who embody the spirit of Tier III and Tier IV India: the farmer who experiments with Agri-tech tools, the young student who cracks

a national-level exam from a small-town coaching centre, the woman entrepreneur who turns a kitchen enterprise into an online brand, the teacher who embraces digital platforms to reach rural students, and the trader who blends traditional networks with modern logistics. Their lives tell us that development is not an abstract statistic but a lived experience, unfolding in real time. It is our hope that this book will serve multiple audiences. For policymakers, it is an invitation to reframe governance with inclusivity. For business leaders, it is a call to look beyond saturated metro markets and invest in Bharat. For researchers and students, it offers a conceptual and empirical framework to study decentralised urbanisation. For citizens, it is a reminder that India's future is being shaped not just in iconic skylines but in ordinary streets, where the extraordinary potential of millions is waiting to be unlocked.

The journey of Tier III and Tier IV towns is still in its early stages, but it is already rich with lessons. As India stands at the cusp of global economic prominence, it is these towns resilient, aspirational, and deeply rooted in community that will ensure the story of growth is not just about numbers but about people. We offer this book as both a recognition of their role and a roadmap for their future.



## Vote of Thanks

As we bring this work to completion, we are deeply aware that a book of this nature is never solely the achievement of its authors. It is the result of collective insight, encouragement, and contribution from a wide range of individuals and institutions. It is, therefore, both a duty and a privilege to extend our heartfelt gratitude to all those who made *The Power of Tier 3 and 4 Cities* possible.

We would like to begin by thanking the many individuals living and working in Tier III and Tier IV cities, whose stories and experiences form the soul of this book.

To our families, we owe a debt that words can scarcely capture. Writing a book demands time, focus, and emotional energy, often at the expense of shared moments and personal comforts. Our families not only tolerated our long hours but encouraged us to persist, reminding us of the larger purpose behind this endeavour. Their patience, faith, and love remain our strongest sources of strength. We also wish to acknowledge the contributions of our editorial head, Ms. Divya Sonigra, publishers, and reviewers, who meticulously shaped the manuscript into its final form. Their critical eye and constructive feedback ensured clarity, coherence, and quality. They reminded us that ideas must not only be accurate but also accessible, especially when the audience is as diverse as ours.

Equally deserving of thanks are our peers, colleagues, and mentors, who discussed drafts, questioned assumptions, and pointed us towards new sources. The intellectual companionship we enjoyed during this process was invaluable, keeping us both humble and ambitious. Finally, we wish to thank Bharat itself not in the abstract, but in its living, breathing form. The towns, markets, schools, streets, and homes we visited during this journey impressed upon us the resilience and creativity of everyday Indians. It is their dreams and determination that truly make India powerful. If this book manages to capture even a fraction of their vitality, we shall consider our effort worthwhile.

As we close this work, we remain conscious that the journey does not end here. This book is but a step in an ongoing dialogue about India's future. Our hope is that readers will not only find information within these pages but also inspiration to invest, to innovate, to include, and above all, to believe in the immense potential of India's smaller cities. To everyone who has walked with us on this path, whether directly or indirectly, we extend our warmest thanks.

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# Part-1

## Understanding TIER III and TIER IV Cities

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# Chapter 1

## Demography of India

### Introduction

India, with a population exceeding 1.4 billion, is characterised by its complex demographic landscapes. A striking feature is the presence of over 7,935 towns, most of which fall under Tier 3 and Tier 4 categories. These smaller urban settlements, while often overlooked in the global discussions, form the bedrock of India's urbanisation pattern and socio-economic framework. These small towns, often overshadowed by the major urban centres, represent the reality of Indian urbanisation- fragmented, layered, and full of potential. Understanding India's demographic contours requires attention not only to its metropolitan cities but to these less-celebrated yet equally vital urban units. This inductor overview sets the stage for the deeper exploration of India's demographic fabric and how it influences the country's economic and social trajectory.

### Country of Small Cities

India is often referred to as “Country of Small Cities”, a description that reflects its unique urban distribution. As per the National Institute of Urban Affairs (NIUA), cities in India contribute approximately 63% of

the nation's gross domestic profit (GDP). Interestingly, this contribution does not stem solely from the metropolitan cities but also from smaller towns and transitional urban spaces play a pivotal role in driving regional economic development. These cities form the crucial links in India's urban-rural continuum, supporting economic flows, labour migration, and entrepreneurial growth in often-overlooked regions. These smaller cities function as economic engines within their local geographies, connecting the rural productivity with broader markets.

### **Major Population Lives in Towns**

Despite increasing urbanisation, a significant majority of Indians still reside outside major cities. As of 2022, about 66% of the population lived in the rural and semi-urban areas, 34% categorised as urban dwellers. Importantly, many of those living in the "Urban" areas originally reside in smaller towns with the population under 1000,000. Between 2001-2011, the number of census towns-settlements that are urban in character but governed as the rural entities -- increased by a remarkable 187%, reflecting a major shift in India's settlement patterns and raising critical questions about urban governance and infrastructure planning.

### **Working Conditions**

Working conditions across India vary dynamically among the regional and economic sectors. In rural and semi-urban areas, a large portion of the workforce remains employed in the informal sectors, including agriculture, small-scale industry, and street-level retail. These sectors often suffer from lack of regulatory oversight, social security, and consistent income, which has significant implications for labour rights and economic stability. Urban areas, despite being more structured, face underemployment and with the rise of gig economy jobs that offer flexibility at the cost of security. The economic environment demands policy interventions to improve labour rights, skill development, and employment generation across the boards. In India, working conditions vary significantly. While there's a general guideline of a maximum of 9 hours a day or 48 hours a week, actual working hours and conditions can differ by state and industry. India has a large informal

sector, with many workers in unregulated conditions. Recent data indicates improvements in labor force participation and a decline in unemployment, but issues like stagnant wages and a high proportion of self-employed or unpaid family work persist, especially among women and youth. The average working hours in India are approximately 47.7 hours per week. This places India seventh on the list of countries that work the most globally.

## **Agricultural Mandis**

Agricultural Mandis (marketplaces) form a crucial part of the Indian rural economy. These trading hubs connect millions of farmers to consumers, traders, and processors. The role of the mandis is particularly vital in Tier 3 and Tier 4 towns, where agriculture remains as predominant livelihood. However, the functioning of these markets has been long criticised for inefficiencies, middle-man exploitation, and lack of modern infrastructure. Reforming these spaces could lead to more equitable value chains and improved rural incomes. As of March 31, 2021, there were 6,920 regulated mandis (including Principal Market Yards and Sub Market Yards) in India, according to the Digital Sansad. These mandis are established under the respective State Agricultural Produce Market Committee (APMC) Acts. The e-National Agriculture Market (e-NAM) platform has integrated 1,400 mandis across various states and union territories, according to The Financial Express. The largest agricultural market in India is not a single physical location, but rather the collective of all agricultural trading activities across the country. However, Uttar Pradesh is often considered the top agricultural state due to its high production volume of key crops like wheat, sugarcane, and milk, according to SATHEE. Additionally, North India as a region dominates the Indian farming market, accounting for 35% of the total.

## **Buying Population of India**

India's vast population also represents a dynamic and rapidly evolving consumer base. The "buying population", those with disposable income and consumption capacity is evolving at a great pace not just in metropolitan centres but also in smaller towns and rural areas. With rising aspirations and

internet penetration, consumers in Tier 2-4 cities are now significant drivers of demands in sectors such as fast-moving consumer goods (FMCG), electronics, fashion, and e-commerce. This diversification of the consumer base holds immense potential for inclusive economic growth. Businesses are increasingly tailoring products for this expanding demographic, making it a key driver of domestic demand and future economic momentum. The population of India is currently estimated to be around 1.408 billion. This figure reflects the latest projections for March 2025. The population has seen a steady increase over the decades, reaching this level from 359.0 million in 1951 according to CEIC Data. The Census of India, conducted every ten years, is the primary source for detailed demographic data.

### **Potential of building a 10 trillion Economy**

India's demographic composition, with a large young population and a growing middle class, positions it well for future economic expansion. The goal of achieving a \$10 trillion economy is ambitious but within reach if structural reforms are implemented across sectors such as infrastructure, education, health, and digital services. Unlocking the potential of smaller cities and integrating them better into national economic planning could be a decisive factor in realising this vision. The right mix of policy support and economic reforms can propel India towards the ambitious goal. India has the potential to become a \$10 trillion economy by 2032, driven by robust economic growth, strong manufacturing, and strategic initiatives like "Make in India". This would position India as the third-largest global economy. Global Capability Centers (GCCs) are also expected to contribute significantly, adding \$0.5 trillion in value. Overall, India's potential to reach a \$10 trillion economy is strong, but it requires continued focus on strengthening key sectors, fostering innovation, and addressing potential challenges.

Multiple Economical Classes- A great mix for high growth potential

One of India's unique strengths lies in its socio-economic diversity. The co-existence of multiple economic classes- from lower income rural families to affluent urban elites, creates a multi-faceted and multi-layered

market ecosystem. This diversity encourages a wide range of businesses, innovations, and policy approaches. It also fosters resilience, as different segments of the population respond differently to economic shocks, helping balance the overall system. Harnessing this heterogeneity through inclusive development models can lead to sustainable high-growth outcomes. India's economic landscape is characterized by diverse income groups, broadly categorized into destitutes, aspirers, middle class, and the rich. These classifications, based on annual household income, help understand consumption patterns and economic mobility.

**Destitutes:**

Households with an annual income below Rs. 125,000 (US\$ 1,700 in 2020-21), representing those with the lowest living standards.

**Aspirers:**

Households with incomes ranging from Rs. 125,000 to Rs. 500,000 (US\$ 1,700 to \$6,700 in 2020-21), striving for economic security.

**Middle Class:**

Households with incomes between Rs. 500,000 and Rs. 3,000,000 (US\$ 6,700 to \$40,000 in 2020-21), considered economically secure with low vulnerability.

**Rich:**

Households with incomes exceeding Rs. 3,000,000 (US\$ 40,000 in 2020-21), representing the wealthiest segment.

**Super Rich:**

(A separate category sometimes used) Those with annual family income exceeding Rs. 2 crore (US\$ 270,000 in 2020-21).

Factors influencing Classification:

**Annual Household Income:**

This is the primary factor used to categorize households into different economic classes.

**Consumption Patterns:**

Distinct consumption patterns, such as car ownership and air conditioner usage, differentiate these classes.

**Economic Mobility:**

The classifications also reflect the potential for households to move between income brackets.

**Growth of the Middle Class:**

Estimates suggest a significant increase in the size of the middle class by 2046-47, with a corresponding decrease in the destitute and aspirer populations.

**Growth of the Rich:**

The rich segment is also projected to grow substantially, indicating rising wealth accumulation.

**Shift in Economic Structure:**

The declining share of the destitute and aspirer segments and the increasing share of the middle and rich segments suggest a shift in India's economic structure.





# Chapter 2

## Towns acting as Economic Centers for Agriculture Economy

### **The Powerful District Head Quarters**

District headquarters play a pivotal role in the administrative and economic fabric of Tier 3 and 4 cities in India. Acting as the nerve centres of governance, they co-ordinate a wide range of services, from public infrastructure to law enforcement and revenue collection. Beyond their bureaucratic function, these towns are fast emerging as influential economic zones. They host key public institutions, courts, hospitals, and district-level offices, making them magnets for commerce, education, and employment. With improved road and digital connectivity, many district headquarters have begun attracting investments in real-estate, retail, education, and healthcare. Their centrality within the district geography also allows them to function as hubs for surrounding semi-urban and rural populations. In this way, district headquarters serve as transitional zones where rural India meets urban aspirations. Their growing importance in

decentralised governance and development makes them ideal nodes for public-private partnerships, local entrepreneurship, and targeted policy implementation. For India to unlock the full potential of its demographic spread, leveraging these 850+ district centres will be critical. There are 780 districts in India as of March 27, 2025, according to the latest data. These districts are administrative divisions within the states and union territories of India. They serve as the second or third-level administrative units.

### **The Tehsils, Blocks and the Mandis**

Tehsils and blocks, traditionally viewed as sub-district administrative units, are witnessing a transformation. These mid-tier zones serve not only as administrative regions but as a focal point of grassroots economic activities, primarily agricultural. At the heart of this system are Mandis-agricultural marketplaces that facilitate the trade of essential commodities. Tehsils and blocks support the agricultural economy by linking farmers to consumers and larger urban markets. However, the existing infrastructure in many of these areas remains underdeveloped, with limited digital penetration and logistical inefficiencies. Improving road connectivity, transport logistics, and digital tools like e-mandis can significantly enhance agricultural productivity and farmer's income. These spaces also support co-operative societies, small industries, and micro-financial institutions. Mandis, especially Tier 3 and Tier 4 cities, are essential for rural prosperity, but they require reform to address challenges like middle-man exploitation, poor storage, and lack of price transparency. With government schemes aimed at the rural upliftment and digitalisation, 6000+ tehsils and 8000+ blocks are gradually evolving into developmental hotbeds. Strategic investments in these areas can bridge rural-urban divides and promote balanced regional growth.

### **Buying Hubs and Multiple Economical Activities**

Tier 3 and Tier 4 cities are rapidly evolving into buying hubs- centres of consumption that rival their metropolitan counterparts in diversity and volume. Their economies are shaped by multiple overlapping activities: retail services, agriculture, education, manufacturing, and logistics. These towns have witnessed a surge in aspirational consumerism, fuelled by

better connectivity, digital awareness, and rising incomes. They offer cost advantages and have become test markets for brands looking to tap into India's next billion consumers. The convergence of various economic activities, ranging from mandi trading to e-commerce delivery, from tuition centres to logistics warehousing, makes these cities highly dynamic. Additionally, the presence of government institutions, small-scale industries, and a growing financial sector creates a diverse employment landscape. Seasonal festivals, local fairs, and weekly markets also contribute to periodic boosts in local commerce. Their multi-sectoral character ensures economic resilience, reducing dependence on a single industry. By recognising and nurturing this diversity, these towns can become engines of inclusive economic growth and innovation. India has a diverse and growing number of economic hubs and activities. While specific "Buying Hubs" are not a formally defined category, major cities and regions act as central points for various economic activities, including manufacturing, services, and trade. These hubs contribute significantly to India's GDP and employment. Cities in India occupy only 3% of the land but contribute a substantial 60% to the country's GDP, according to NITI Aayog. Cities in India occupy just 3.0% of the nation's land, but their contribution to gross domestic product (GDP) is a massive 60.0% (footnote 1). Similarly, analysis of estimated district GDP<sup>4</sup> reveals that each percentage point increase in a district's urban population share is associated with a 2.7% increase in district GDP.

### **Traders of Mandis**

The traders in agricultural mandis form a crucial link in Indian's Agri-supply chain, especially in Tier 3 and Tier 4 towns. They facilitate the movement of produce from farmers to larger markets or processors, often working within a traditional yet complex system of trust, negotiation, and informal contracts. These traders, typically local or regionally based, possess deep knowledge of agricultural cycles, market trends, and regional pricing. However, their role is often critiqued due to the prevalence of middle-man who reduce farmer's profit margins. While some traders genuinely enable liquidity and market access for small farmers, others exploit systematic loopholes. Despite these challenges mandi traders remain economically

influential. Their financial reach, local networks, and risk-bearing capacity position them as informal financiers, distributors, and even employers in these ecosystems. Recent efforts to digitise and reform mandis- seek to bring transparency to pricing and trade practices, but many traders are resistant to change due to fear of disintermediation. Empowering traders through modern financial tools, digital literacy, and regulation can help formalise their role and integrate them into India's broader economic growth. Recognising their contribution and modernising their operations will be the key to creating more efficient, fair, and resilient rural markets. As of February 11, 2024, there were over 2.53 lakh traders registered on the e-NAM platform. The e-NAM (Electronic National Agriculture Market) platform is an online trading portal that connects Agricultural Produce Market Committee (APMC) mandis across India. As of February 2024, 1389 mandis across 23 states and 4 Union Territories were integrated with e-NAM.

### **Educational Hubs and Aspiration building**

Many Tier 3 and Tier 4 towns have merged as educational hubs, catering to the learning needs of both local and migrant students from nearby villages. These towns are home to a growing number of coaching centres, private schools, polytechnic colleges, and professional institutes. The desire for upward mobility drives a culture of competitive education, where families invest significantly in schooling and coaching, often at personal financial strain. For many, education represents the primary ladder out of poverty or rural dependency. As a result, these towns witness a steady influx of youth seeking to crack competitive exams, gain skills, or enter government or private sector jobs. This educational ecosystem also creates employment for tutors, administrators, hostel owners, and bookshops, further fuelling the local economy. However, infrastructural gaps, limited teaching resources, and affordability challenges remain pressing issues. Investment in quality faculty, digital classrooms, and vocational training could enhance outcomes. Additionally, fostering partnerships between government, private institutions, and local entrepreneurs can create a more inclusive and responsive education system. These educational towns not only impart learning but also nurture aspirations- an intangible yet

powerful force shaping India's future demographic dividend. India's higher education landscape includes 1,168 universities and 42,825 colleges, as per AISHE 2021-22 data. The number of Higher Education Institutions (HEIs) has increased by 13.8% from 51,534 in 2014-15 to 58,643 in 2022-23. Additionally, there are 12,002 Stand Alone Institutions in India. Several cities are recognized as educational hubs, including Mumbai, Chennai, Delhi, and Hyderabad.

### Micro to medium entrepreneurs

Tier III and IV cities are fertile grounds for micro, small, and medium enterprises (MSMEs), which form the backbone of India's non-agricultural economy. From small-scale manufacturing to tailoring units, from food processing to local handicrafts, entrepreneurs in these towns display remarkable innovation and adaptability. With fewer regulatory hurdles than metro cities and lower costs of operation, these regions offer a favourable business environment for first-generation entrepreneurs. Digital platforms, especially mobile-based payment and e-commerce, have expanded market access for these businesses. Women-led microenterprises are also gaining traction, supported by self-help groups and microfinance schemes. Despite their contributions, these entrepreneurs often face challenges related to formal credit access, skilled manpower, marketing, and technology adoption. Strengthening micro, small, and medium enterprises (MSME) support systems through government schemes like Mudra loans, startup incubators, and local mentorship programmes can boost their sustainability and scalability. Encouraging formalisation and innovation in this segment is crucial, not only for job creation but for realising the inclusive and decentralised growth model envisioned in India's economic roadmap.

### **Warehousing**

Warehousing infrastructure is rapidly gaining prominence in Tier III and IV towns, especially with the surge in Agri-logistics and e-commerce activities. These towns serve as ideal locations for establishing warehouses due to lower land costs, proximity to rural production centres, and growing consumption demand. Warehousing ensures storage, inventory management, and timely

distribution of goods, making it a key component of the supply chain. Agri-warehousing helps farmers reduce post-harvest losses and provide them with leverage for better price realisation. Simultaneously, e-commerce companies are setting up fulfilment centres in smaller cities to ensure faster last-mile delivery. However, most warehouses still operate with basic infrastructure and manual processes. Introducing mechanisation, cold storage, and digital tracking systems can improve efficiency and quality control. Public-private partnerships and investment in logistics parks can also transform these centres into regional distribution hubs. Warehousing not only supports trade and retail but also creates employment for drivers, loaders, inventory managers, and administrative staff. As supply chains decentralise and rural demand rises, the role of warehousing in non-metro regions will become even more strategic, enabling smoother economic flow across India's vast geographic expansion. India's warehousing sector is experiencing robust growth, with the total stock of Grade A and B warehousing space in the top eight cities reaching 371 million sq. ft. at the end of 2023, according to JLL. This represents a 15% Year-on-Year (Y-o-Y) growth. The market is projected to reach \$34.99 billion by 2027, with a CAGR of 15.64% from 2022 according to Invest India. India's Tier 2 and 3 cities are experiencing a surge in warehousing development, driven by factors like e-commerce growth and infrastructure improvements. While specific numbers for Tier 3 and 4 cities aren't readily available in the search results, data suggests that these regions are significant contributors to the overall warehousing stock, with around 100 million sq. ft. in emerging Tier II-III cities alone, representing about 18.7% of the total stock.





# Chapter 3

## **Aspiring Classes Of Tier III and TIER IV Cities**

### **Aspiring and educated young India**

Youth form the backbone of this transition, marked by students and early-career professionals who increasingly seek opportunities in tech, civil services, and entrepreneurship. This generation blends ambition with awareness and is leveraging digital platforms for education and employment. In Tier 3 and Tier 4 cities, a quiet revolution is underway, led by a generation of educated and ambitious youth. These young individuals, many of whom are first-generation learners or professionals, embody a unique blend of traditional values and modern aspirations. With increased access to higher education, online learning platforms, and government initiatives such as Digital India and Skill India, this demographic is rapidly gaining the tools needed to transform their personal and professional trajectories. Unlike earlier generations who sought stability in local businesses or government jobs, today's youth are driven by dreams of innovation, mobility, and entrepreneurship. Many aspire to break into national competitive exams, multinational corporations, or start their own ventures. Their aspirations

are fuelled by the internet, exposure to global trends, and access to mentors and networks through social media. Even in smaller towns, there is growing participation in ed-tech platforms, freelance work, and digital skilling initiatives. This young cohort is also more aware of socio-political issues, gender equity, and environmental concerns, making them not just economically aspirational but socially conscious too. As a result, they are becoming agents of change within their communities. Their rising influence and evolving mindset signal a demographic dividend that, if nurtured with the right policy and infrastructural support, could re-define the growth story of India's hinterland. India's young population, aged 15-29, is estimated to be around 420 million, making up roughly 29% of the total population. This demographic is crucial for India's ambition to become a developed economy by 2047, with a focus on economic growth and social change. The aspirations and education levels of this youth cohort are key to achieving this vision. India has the largest youth population in the world, with approximately 65% of its population under 35.

### **The High-Net-Worth Farmers and Political class**

They represent a powerful rural elite, often influential in both economy and governance. Their increased access to capital, technology, and political networks position them as key players in local development. In Tier 3 and Tier 4 cities, High Net Worth (HNW) farmers and the political class form a powerful socio-economic segment. These individuals often inherit generational wealth through land ownership and agricultural enterprise, particularly in regions with high-yield crops or access to irrigation and Agri-markets. With increasing agricultural mechanisation, diversified income streams, and support from government schemes, many farmers have evolved into Agro-entrepreneurs. Their ability to invest in real estate, education, technology, and political networks enhances their local influence. The political class, which often overlaps with the landowning elite, plays a crucial role in regional decision-making. These individuals command not only economic but also social capital, positioning themselves as patrons within their communities. Their proximity to government machinery enables them to access subsidies, navigate regulatory frameworks, and

shape local policies in ways that often reinforce their status. This group is also witnessing a generational shift. Younger members of politically active families are increasingly educated, tech-savvy, and business-oriented, blending legacy with modern ambition. They are investing in hospitality, infrastructure, Agri-tech, and educational institutions, thus diversifying beyond traditional boundaries. However, their dominance also raises questions about equitable access to resources and democratic decentralisation. Nonetheless, the HNW farmers and political elite remain central to the transformation narrative of India's smaller cities, acting as both economic drivers and cultural gatekeepers. According to the ICE 360° survey, there are approximately 5 million affluent households classified as “wealthy farmers,” each earning over 25 lakh annually, with two-thirds of their income coming from agriculture and the rest from non-farm activities.

### **The Traders Class**

The Trader Class, traditional business families, continues to anchor regional economies while adapting to e-commerce and modern retail trends. The trader class in Tier 3 and Tier 4 cities holds a pivotal position in local economies. Composed primarily of small-to-medium-sized business owners, wholesalers, and retailers, this group functions as the backbone of commerce and distribution in semi-urban India. Traditionally family-run, these businesses span generations and are rooted in trust-based relationships with suppliers and customers alike. The resilience of this class lies in its ability to adapt—whether by embracing GST reforms, managing supply chain disruptions, or transitioning to digital payments. With the rise of e-commerce and digitisation, traders in smaller towns are no longer confined to local markets. Many have started leveraging online platforms such as Amazon, Flipkart, and social commerce apps to reach a broader customer base. Additionally, there is a visible trend of diversification—many are investing in service sectors like real estate, education, and hospitality. Their entrepreneurial mindset, coupled with deep community ties, positions them as crucial enablers of local employment and capital circulation. At the same time, the trader class is increasingly aspirational. They seek better education for their children, travel for leisure, and invest in modern

lifestyles. Their influence often extends to civic leadership and community development. As India's economic landscape evolves, this class is not only adapting to change but also shaping it, making them indispensable to the socio-economic dynamics of Tier 3 and Tier 4 regions. The exact number of "Traders Class" in India is not explicitly defined or tracked as a specific category by any government or market research organization. However, there are estimates for different segments that can be related to trading activities. Reports suggest that there are roughly 5 lakh day traders in India. Additionally, there are over 5 crore active investors in India who invest for the long term. The number of demat accounts in India has also crossed 17.10 crore.

### **Government Employees and their Aspirations**

Employees from these towns show growing financial agency and lifestyle aspirations, further stimulating local economies. The Banking and Allied Sector Employees, often posted from metros, contribute to financial inclusion and consumer spending. Meanwhile, Micro Entrepreneurs, Professionals, and Skilled Labourers reflect the spectrum of human capital driving innovation, services, and grassroots growth. Together, these segments indicate a significant transformation, where aspiration meets access, shaping a resilient and dynamic socio-economic landscape. Government employees in Tier 3 and Tier 4 cities enjoy significant respect and social standing, largely due to job stability, regular income, and associated benefits like pensions, housing, and healthcare. They include administrative staff, teachers, police personnel, and health workers, who play a key role in implementing state and central policies at the grassroots. In smaller towns, these individuals often serve as role models, symbolising upward mobility achieved through education and merit. The aspirations of this group are expanding rapidly. Earlier content with stable employment, today's government employees seek better housing, modern amenities, and access to quality education for their children. Many are now investing in real estate, private schooling, digital tools, and side ventures like tuition centres or consultancy services. With growing exposure to urban lifestyles and increased financial literacy, they are also participating in mutual

funds, insurance, and small business opportunities. Their aspirations also reflect their social outlook. There is a noticeable shift towards nuclear family setups, gender equality, and progressive values, especially among the younger generation of civil servants and schoolteachers. The digital revolution has further enabled this class to upskill and remain connected to national and global trends. As a bridge between the state and society, the government employee class continues to play a transformative role in shaping the aspirations of smaller city populations. In India, the number of government employees in the union government (excluding military) is approximately 48.67 lakhs. This number is for employees in 56 ministries and departments as of July 1, 2023. Aspirations for government jobs are driven by factors like job security, social prestige, and perceived power.

### **Corporate Employees**

The presence of corporate employees in Tier 3 and Tier 4 cities marks a significant shift in India's employment geography. With many companies expanding to non-metro locations through branches, warehouses, call centres, and back-end offices, opportunities for corporate employment have increased in these regions. Additionally, remote work models and digital connectivity have enabled professionals to stay in their hometowns while working for companies based in larger cities. These employees typically belong to the middle-income group and are employed in sectors like Information Technology (IT), telecom, fast-moving consumer goods (FMCG), insurance, banking, retail, and logistics. Their career trajectories are often shaped by skill acquisition, mobility, and exposure to modern corporate culture. They bring with them a new work ethic, professionalism, and aspirations for upward mobility that distinguish them from earlier generations. This group is increasingly focused on work-life balance, financial planning, digital upskilling, and international exposure. Corporate employees also contribute to the economic vibrancy of their towns. Their spending power stimulates demand in sectors like education, real estate, healthcare, and entertainment. Many are investing in lifestyle products, fitness, travel, and children's education, reflecting a transition towards aspirational living. As corporate penetration deepens in smaller

towns, this class is likely to grow in number and influence, becoming one of the key engines of regional economic transformation. In India, the total number of employees in the corporate sector is difficult to pinpoint exactly, but some key data points offer insights. The top 500 companies employ 7.3 million people, with an average of 14,500 employees per company. Furthermore, the Indian IT-BPM industry alone directly employs around 51 lakh (5.1 million) people according to PIB. The six largest corporate groups in India employ 1.73 million people, although their headcount growth has been relatively stagnant according to Business Standard.

### **Banking and allied sector employees**

Banking and allied sector employees form a critical link in the financial infrastructure of Tier 3 and Tier 4 cities. As the government pushes for financial inclusion through schemes like Jan Dhan Yojana, these employees are on the frontlines facilitating access to savings accounts, loans, insurance, and investment products in areas that were previously underserved. This class includes both public and private sector bank staff, cooperative bank employees, and professionals working in non-banking financial companies (NBFCs) and microfinance institutions. Often posted from metropolitan centres, many employees choose to settle in these towns due to affordability, work-life balance, and familial connections. Their presence is helping cultivate a culture of credit awareness, digital banking, and financial discipline among the local population. Moreover, they act as financial advisors to aspirational families seeking to invest in homes, education, and small businesses. With rising incomes and confidence in formal finance, local economies are becoming more structured and growth-oriented. The aspirations of this class are rooted in career advancement, financial security, and lifestyle enrichment. They are typically well-educated, tech-savvy, and driven by the need for continuous upskilling. Their consumption patterns ranging from modern housing to branded goods also shape the evolving tastes of small-town India. As financial services deepen their reach, this class will continue to expand and drive aspirational behaviour in the regions they serve. Latest data from the Reserve Bank of India (RBI) showed that at the end of

financial year 2024 (FY24), state-owned banks had an employee strength of 764,679, while private sector banks employed 846,530 individuals.

### **Micro Entrepreneurs**

Micro entrepreneurs in Tier 3 and Tier 4 cities are a dynamic and resilient class, central to India's localised economic growth. These individuals run small businesses—ranging from tailoring units, beauty salons, mobile repair shops, kirana (grocery) stores, food stalls, tuition centres, to digital services like cyber cafés or printing shops. While often operating with limited capital, these entrepreneurs showcase remarkable adaptability and grit. What distinguishes this group is their spirit of self-reliance and their role in local job creation. Many of them start with modest resources and scale through personal networks, digital marketing, and community trust. With the rise of internet penetration and smartphone usage, even the smallest ventures are now using platforms like WhatsApp, Instagram, and digital wallets to connect with customers and manage transactions. Government initiatives such as MUDRA loans and startup incubators have further boosted their confidence and reach. This class embodies the true essence of aspiration. They dream of stability, expansion, and upward mobility not just for themselves but also for their families and communities. They often reinvest their earnings into education, health, and upgrading their enterprises. Despite facing challenges like inconsistent cash flow and regulatory hurdles, micro entrepreneurs are redefining what it means to succeed in smaller towns. Supporting their growth could unlock massive potential for inclusive development and grassroots innovation and employment. As per some estimates, there are about 63.05 million micro industries, 0.33 million small, and about 5,000 medium enterprises in the country. The state of Uttar Pradesh has the largest number of estimated MSMEs with a share of 14.20 percent of the total MSMEs in the country.

### **Professionals**

The professional class in Tier 3 and Tier 4 cities has grown significantly in recent years, encompassing doctors, lawyers, architects, chartered

accountants, consultants, and private tutors. Many of these professionals have either chosen to return to their hometowns after studying in metro cities or have built thriving practices locally due to lower competition and high demand. Their expertise is crucial in bridging service gaps in healthcare, legal aid, education, and financial planning in these semi-urban areas. This class holds significant social respect and enjoys relatively high levels of income and influence. Their clients range from the local middle class to high-net-worth individuals, and they often cater to both rural and urban populations. Professionals also serve as mentors, role models, and community leaders, contributing to local decision-making and awareness campaigns. With increased digital connectivity, many now offer hybrid services such as online consultations or virtual classes expanding their outreach. Aspirational and ambitious, this group invests heavily in personal branding, advanced certifications, and real estate. They actively participate in professional forums, industry bodies, and social networks, ensuring they stay updated with national and global developments. The rise of professionals in smaller towns reflects a shift in India's knowledge economy bringing expertise closer to the people and fostering a culture of merit, ambition, and responsible growth. In 2024, India's labor force was estimated to be around 607.69 million people. This includes both those currently employed and those actively seeking work, according to the World Bank. The number of employed individuals in India has been steadily increasing, with a rise to 64.33 crore (643.3 million) in 2023-24, up from 47.5 crore (475 million) in 2017-18.

### **Skilled Labour**

Skilled labour in Tier 3 and Tier 4 cities represents the hands-on workforce driving India's informal and semi-formal economies. These workers include electricians, plumbers, carpenters, tailors, mechanics, construction workers, and artisans. Many are trained through it is (Industrial Training Institutes), vocational programs, or apprenticeships. Their practical knowledge and technical proficiency make them indispensable in day-to-day functioning of urban life, small industries, and service sectors. This class often comes from modest socio-economic backgrounds but holds high aspirations. With the

rise of local real estate, retail, and construction activity, skilled labourers find consistent demand for their services. Additionally, mobile apps and aggregator platforms like Urban Company or Justdial have begun to bridge demand-supply gaps, offering them access to wider customer bases and better income. Aspirations among skilled workers include financial independence, secure housing, and education for their children. Many aim to transition from wage-based work to owning small enterprises. They are gradually becoming financially literate, adopting digital payment systems, and participating in government welfare schemes. However, challenges like irregular work, lack of social security, and limited upskilling opportunities still persist. Empowering this segment with better training, certification, and labour protections can significantly uplift their socio-economic status. As India's economy decentralises, the skilled labour force of smaller cities will be crucial in supporting sustainable development, infrastructure growth, and quality-of-life improvements. Estimates for the number of skilled workers in India vary, but generally, it's considered a small fraction of the total workforce. While India has a large population, the percentage of formally skilled individuals is low compared to other developing nations. Initiatives like Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and Industrial Training Institutes (ITIs) aim to address this gap by providing training and certification.





Kunal Awasthy is an engineering and management graduate with over 26 years of diverse work experience across industries, both in India and globally. He brings deep expertise in the FMCG sector and rural markets, with a strong track record in building sustainable retail models, driving growth for consumer brands, and developing innovative distribution strategies that connect urban and rural consumers.

He currently serves as Consultant Strategic Business and E-commerce at Hamdard foods, a leading Indian FMCG brand, and as the Global Trade Consul of the Polynesian Kingdom of Atooi/Kingdom of Hawaii. He is also a Director at Gangaram Kolmet Hospital and the Indian Ambassador for the Asian Seniors Tour and Asian Seniors PGA Golf. Alongside these roles, he continues to pursue his entrepreneurial interests as a serial entrepreneur in mining and commodities trading, successfully managing cross-border trade and business development initiatives.



Sarabjit Singh Puri is the Founder and Chairman of Fateh Rural Limited ([www.fatehrural.com](http://www.fatehrural.com)). Fateh Rural, established in 2003, is a Rural Marketing and Advertising Agency headquartered in Mumbai, with 12 regional offices operating across India. Over the years, Sarabjit has executed thousands of rural campaigns and collaborated with more than 100 corporate clients. His clientele includes major multinational companies in agrochemicals, FMCG, BFSI, Agro-Machinery, Veterinary science, Infrastructure and other companies such as Bayer, Syngenta, L&T, Godrej, Ecozen, Reliance, Tata, Mahindra, Sonalika Factors, Hamdard, HDFC and many others.

He has personally travelled over five lakh kilometres across the country, engaging with farmers, rural people, distributors, and retailers. His deep interactions have enabled him to gain valuable insights into local economic development, types of crops, technology adoption, product usage, income levels, and the aspirations of the rural population. His personal mission is to integrate technology with conventional means of advertising, thereby bridging modern approaches with grassroots realities. His personal mission is to integrate technology with conventional means of advertising.

Future Aspirations:

- Expansion in Asia, Africa, Europe, Australia and the Americas.
- Opening World Head Quarters at New York, USA.
- Exploring funding options for Fateh Rural.



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