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SOCIO-ECONOMIC CLASSIFICATION-2011

# The New SEC system



media research users council



What is the  
**new SEC system?** 01

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How do we classify  
**a household**  
in the new SEC system? 02

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What are the  
**advantages/ drawbacks**  
of the new SEC system? 03

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How was the new SEC system  
**created?** 04

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What are the  
**other systems**  
that we considered? 05

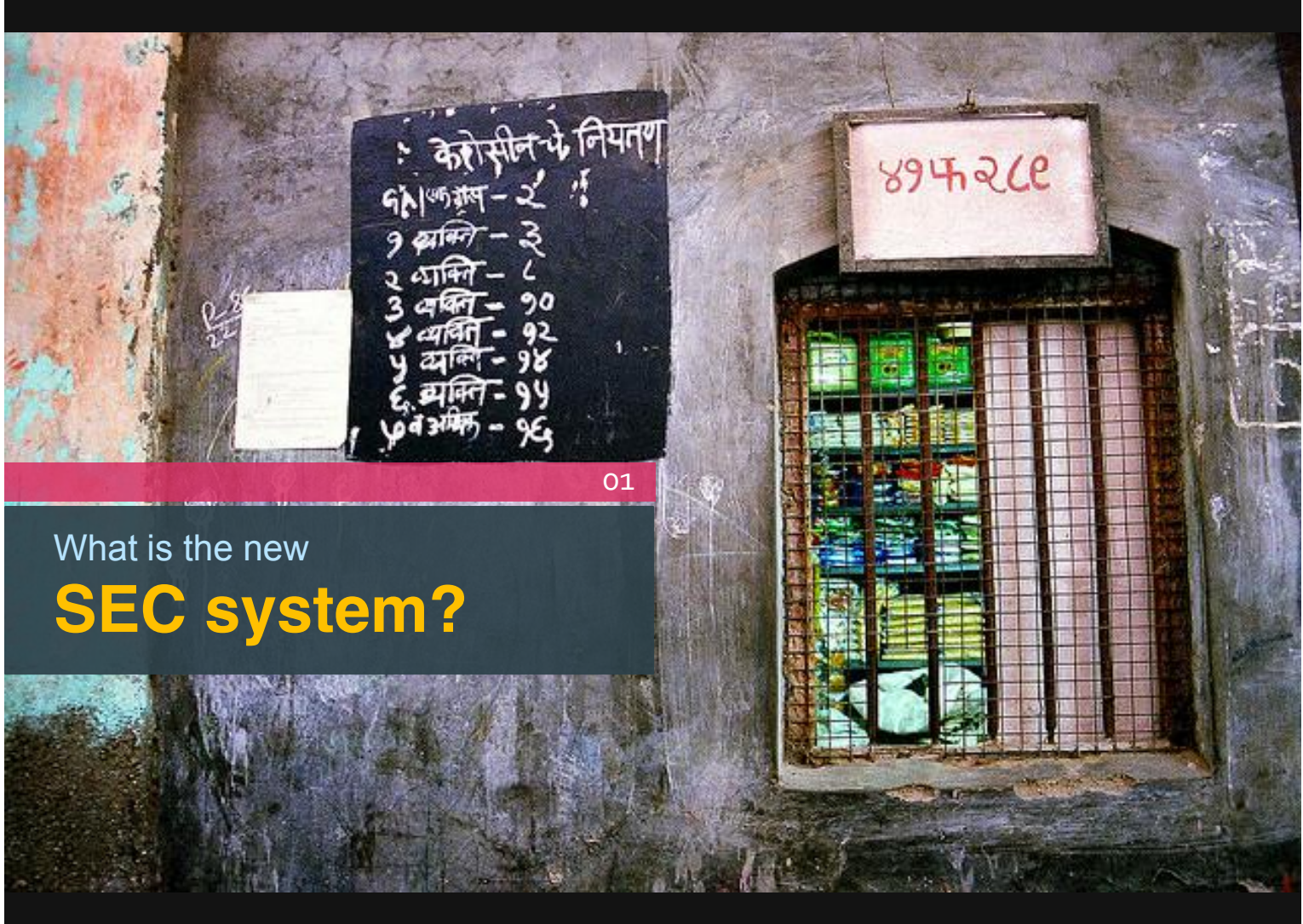
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01

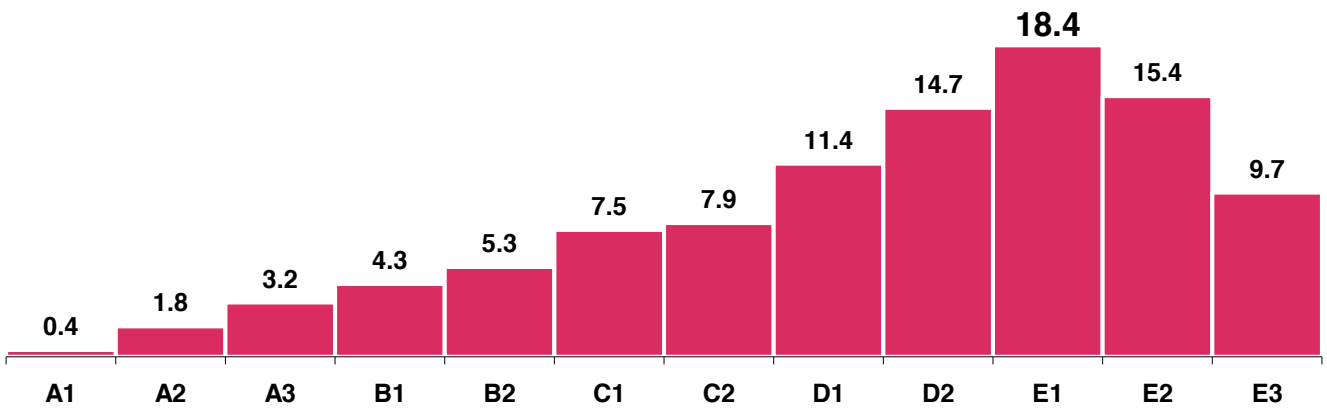
What is the new  
**SEC system?**

## THE NEW SEC SYSTEM

- The new SEC system is used to classify households in India. It's based on two variables:
  - Education of chief earner
  - Number of "consumer durables" ( from a predefined list)- owned by the family. The list has 11 items, ranging from 'electricity connection' and 'agricultural land'- to cars and air conditioners
- We have 12 grades in the new SEC system, ranging from A1 to E3

## DISTRIBUTION OF HOUSEHOLDS India ( urban + rural )

### New SEC System



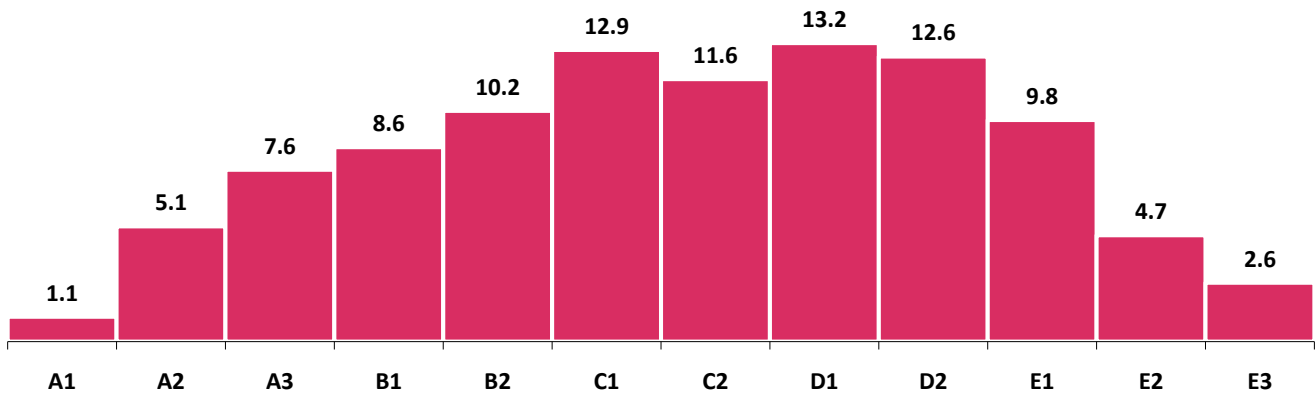
\*Figures in percentage

*This round of analysis has been conducted using data from IRS 2008 (round 20)\*.*

*We have drawn a sub-sample of 39,441*

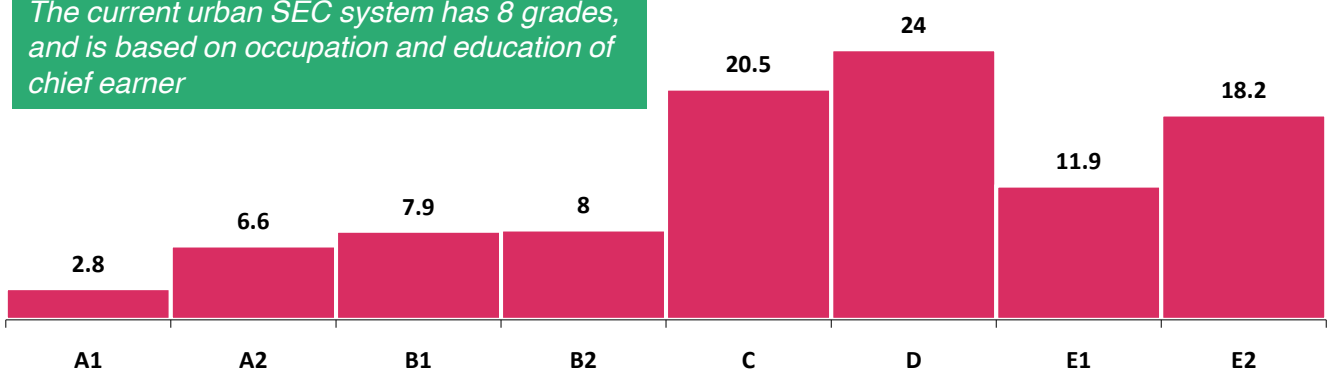
## DISTRIBUTION OF HOUSEHOLDS Urban

New SEC System



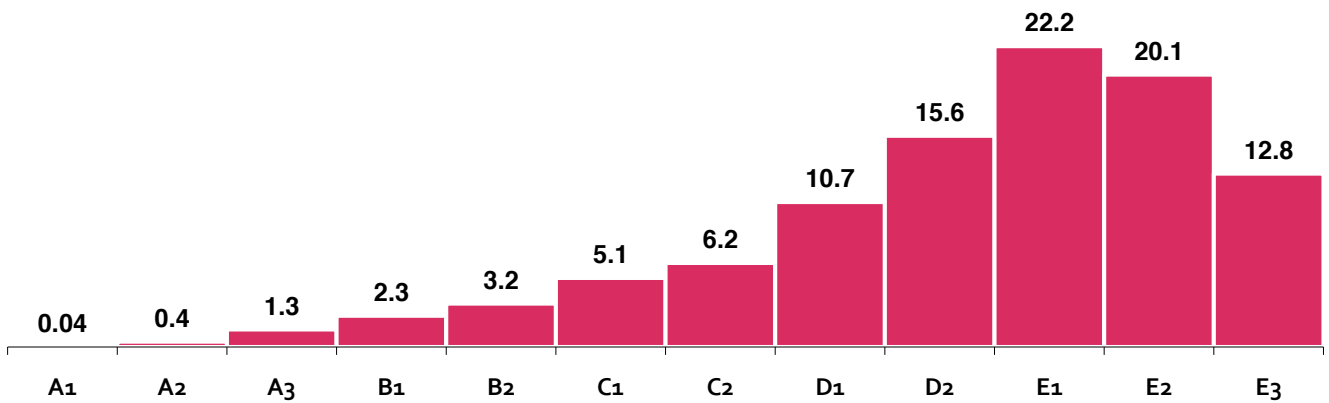
Current Urban SEC system

*The current urban SEC system has 8 grades, and is based on occupation and education of chief earner*



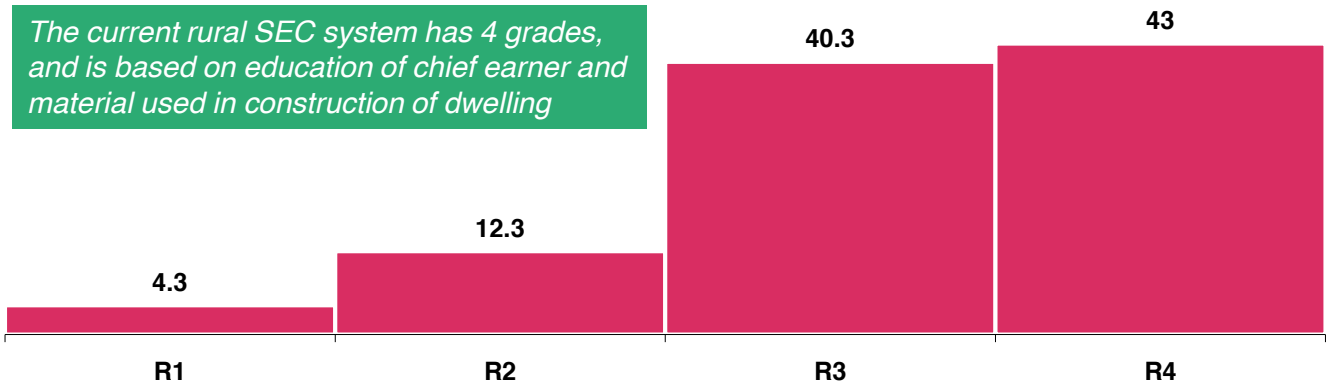
## DISTRIBUTION OF HOUSEHOLDS Rural

### New SEC System



### Current Rural SEC system

*The current rural SEC system has 4 grades, and is based on education of chief earner and material used in construction of dwelling*



THE NEW SEC SYSTEM





02

How do we classify  
**a household**  
in the new SEC system?



## Just two questions

THAT NEED TO BE ASKED

SHOW CARD/READ OUT

**Q1a** Please take a look at this list and tell me which of these items do you have at home? (It could be owned by you, your family, or provided by the employer or it could be available in the house you live in; but it should be for the use of just you or your family)

EXPLAIN, IF NECESSARY:

We have a standard list of items that we use in all kinds of cities and villages. So don't worry if an item appears irrelevant for you, or too ordinary- just go ahead and tell me which items you do have. We need this information just for survey purpose only.

Do you have a...(ITEM) in your home (which is in working condition)?

CIRCLE ITEMS OWNED/HAVE AT HOME. TICK THE ITEM IF OWNED. ADD THE NO. OF TICKS IN THE BOX.

**Q1b** Does your family own any agricultural land, by agricultural land I mean land that is currently under cultivation or plantation?

SHOW CARD/READ OUT

**Q2** Could you tell me something about the person who makes the biggest contribution to the running of the household. To what level has he studied?

RECORD IN GRID. USE GRID TO DETERMINE NEW SEC.

## RECORDING The grid

o1

	Items owned / have access at home	Circle	Tick
1a	Electricity Connection	o1	✓
	Ceiling Fan	o2	✓
	LPG Stove	o3	✓
	Two Wheeler	o4	✓
	Colour TV	o5	✓
	Refrigerator	o6	✓
	Washing Machine	o7	
	Personal Computer/ Laptop	o8	
	Car/Jeep/Van	o9	✓
	Air Conditioner	o10	
1b	Agricultural Land	o11	✓
	NUMBER OF STANDARD <sup>11</sup> OWNED		8

RECORDING  
The grid

o2

No. of Durables (TRANSFER FROM Q1)	Chief Earner: Education (Q2)						
	Illiterate	Literate but no formal schooling/ School-Upto 4 years	School- 5 to 9 years	SSC/HSC	Some College (incl a Diploma) but not Grad	Graduate/ Post Graduate: General	Graduate/ Post Graduate: Professional
	1	2	3	4	5	6	7
None	E3	E2	E2	E2	E2	E1	D2
1	E2	E1	E1	E1	D2	D2	D2
2	E1	E1	D2	D2	D1	D1	D1
3	D2	D2	D1	D1	C2	C2	C2
4	D1	C2	C2	C1	C1	E2	B2
5	C2	C1	C1	B2	B1	E1	B1
6	C1	B2	B2	B1	A3	A3	A3
7	C1	B1	B1	A3	A3	A2	A2
8	B1	A3	A3	A3	A2	A2	A2
9+	B1	A3	A3	A2	A2	A1	A1

A vintage bicycle is shown in a dark, moody setting. A large, cylindrical brass thermos with a handle is mounted on the frame. Two smaller, similar brass containers are also mounted on the frame, one in front of the other. The bicycle is parked on a reddish-brown surface. The background is dark and out of focus, showing the rear wheel and chain of the bicycle.

03

What are  
**the advantages**  
of the new SEC system?

## Advantages

OF THE NEW SEC SYSTEM

- More discrimination as compared with current systems
- A single system for urban and rural India
- Less subjectivity- as we no longer use occupation
- It's simple - easy to answer, not very time consuming, easy to classify





03

Are there any  
**drawbacks**  
to the new SEC system?

## There are no serious problems. But...

- We need to be better prepared to handle minor changes to the system, because “consumer durables” penetration will change faster than education or occupation
- The questioning can appear intrusive to people who are unaccustomed to market research. It’s not a problem elsewhere



How did we go about  
**creating the new system?**

## How we created the new system

- Extensive analysis based on data drawn from the IRS, made available by the MRUC- various rounds, from 2005 to 2008
- Have also drawn on data from MarketPulse, IMRB's Household panel, supplemented by a special survey

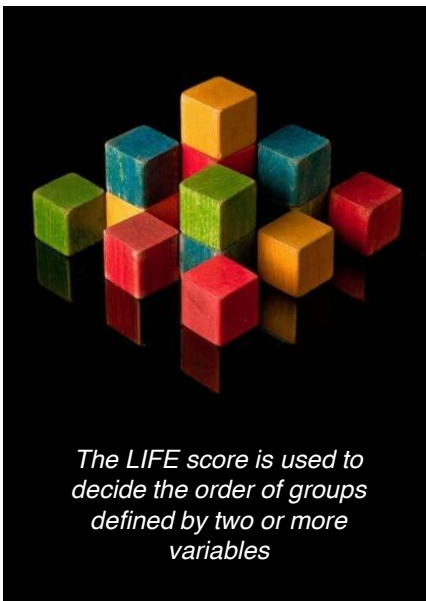
## The building blocks that were available to us

- 'Demographic' variables: e.g. occupation of chief earner, education of chief earner, education of housewife, claimed monthly household income
- Dwelling type and amenities: e.g. construction material, tap, bathroom, number of rooms
- Ownership of consumer durables





## How we arrange the blocks



- 'A scoring system called LIFE; which takes into account whether a household owns or uses a wide-ranging products ranging from material of wall, roof, mode of transportation, use of toilet soap, use of ghee, biscuits, etc.
- In all we used 34 items: giving weights in inverse proportion to usage/ownership

## The basis of measuring the discrimination

- We used the Lorenz curve, and the associated Gini coefficient, as a basis for measuring discrimination or inequality
  - We assume that the system that throws up more inequality is more discriminating.
  - In other words, the system that shows a bigger difference in ownership/consumption between the top half and the bottom half is the better one



05

What were the  
**other systems**  
that we considered?

## We've evaluated many options



Point based system using education of highest educated individual, press exposure of housewife, and ownership of durables plus other aspects



A system based on and education of chief earner and the "best type" of consumer durables owned



A system based on occupation and education of chief earner and the number of consumer durables owned







06

# Performance

of the new SEC system

THE NEW SEC SYSTEM

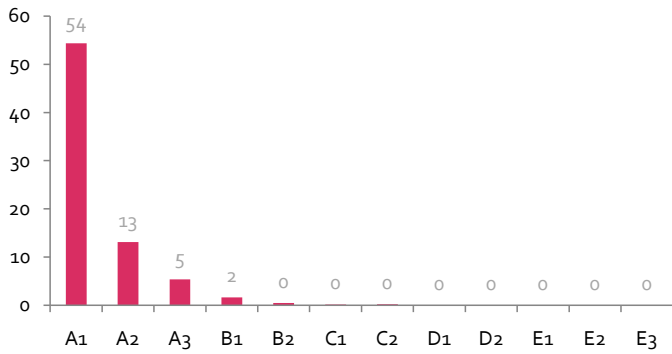


**PENETRATION**

# New vs Current system (urban)

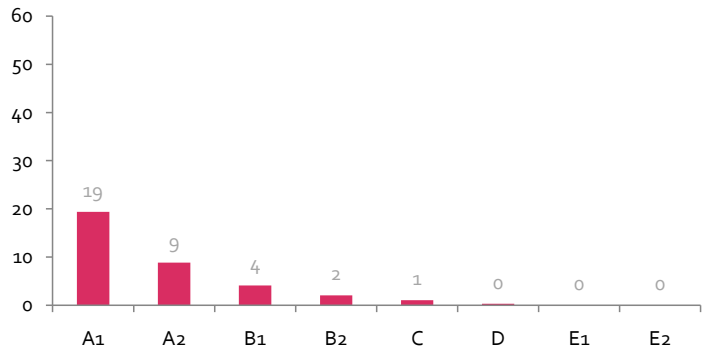
*New SEC system*

Have internet access at home

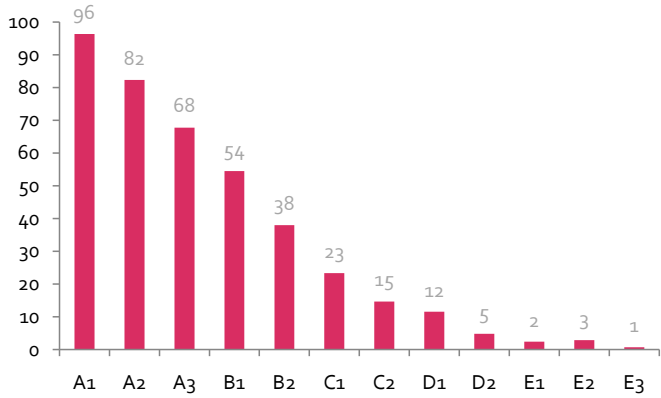


*Current urban SEC system*

Have internet access at home



Household subscribe any Newspaper



Household subscribe any Newspaper



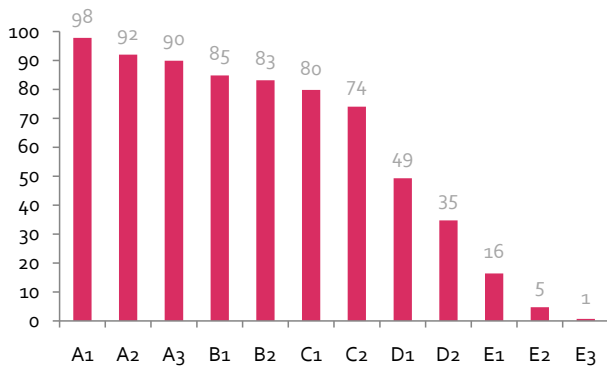
**PENETRATION**

**New vs Current system (urban) (CONTD.)**

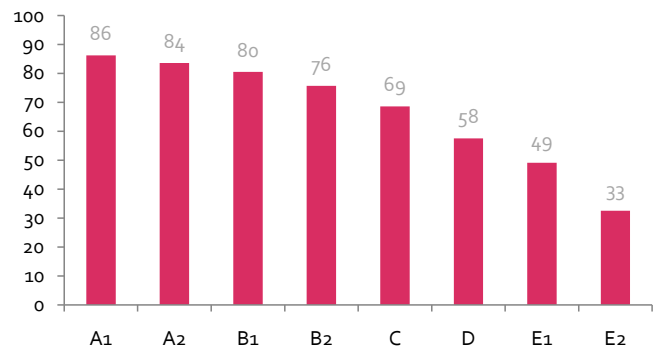
*New SEC system*

*Current urban SEC system*

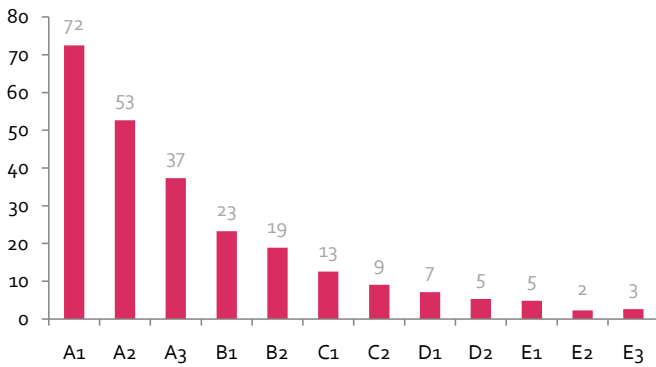
**Receive Cable & Satellite**



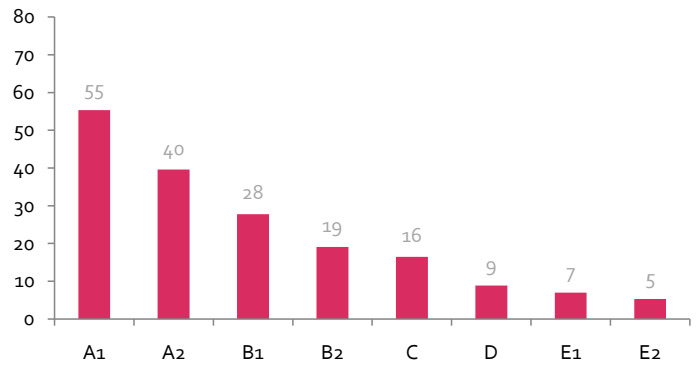
**Receive Cable & Satellite**



**Purchased in Past 6 Months - Ketchup / Sauces**



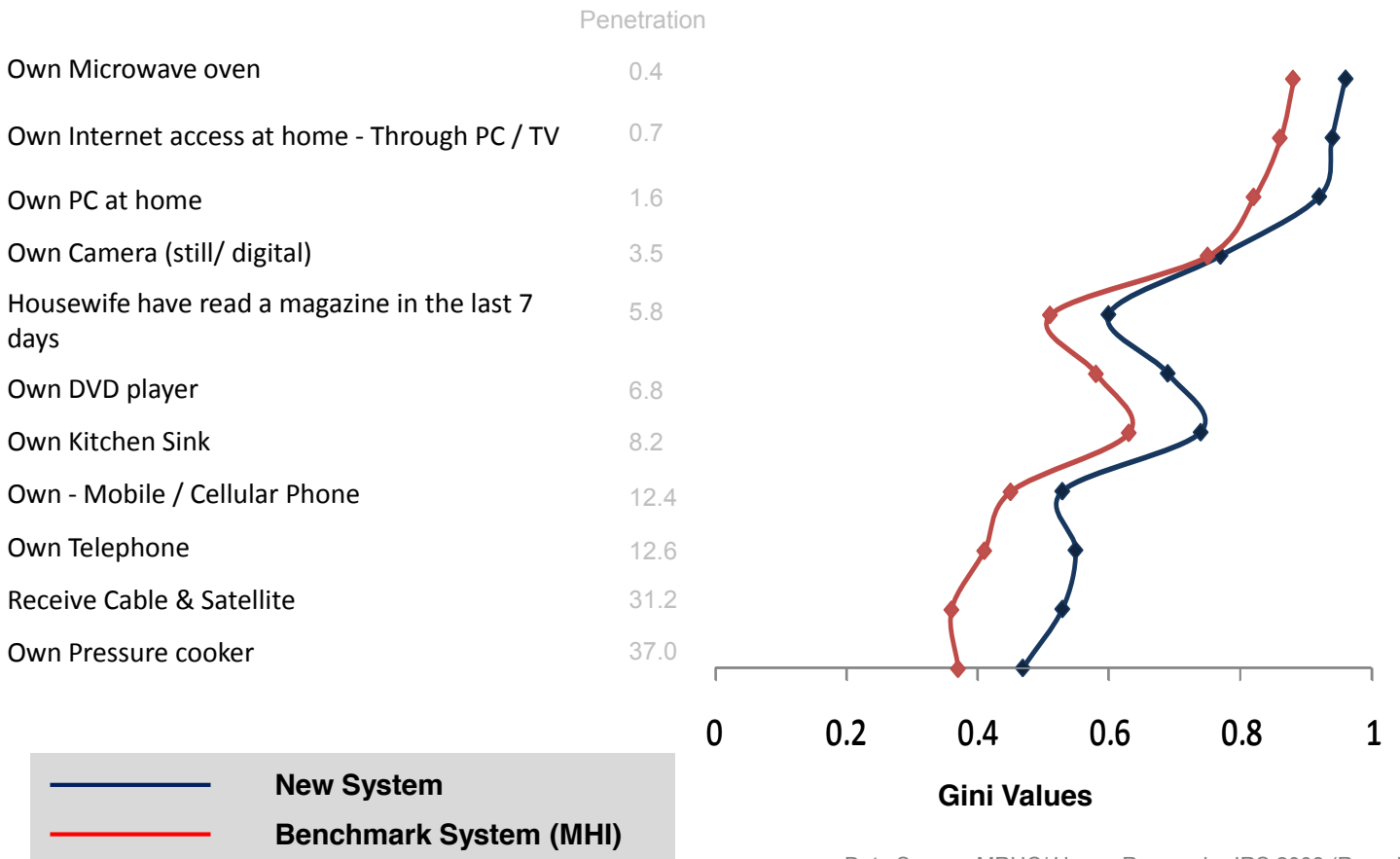
**Purchased in Past 6 Months - Ketchup / Sauces**



PERFORMANCE ON DISCRIMINATION

India ( u + r )

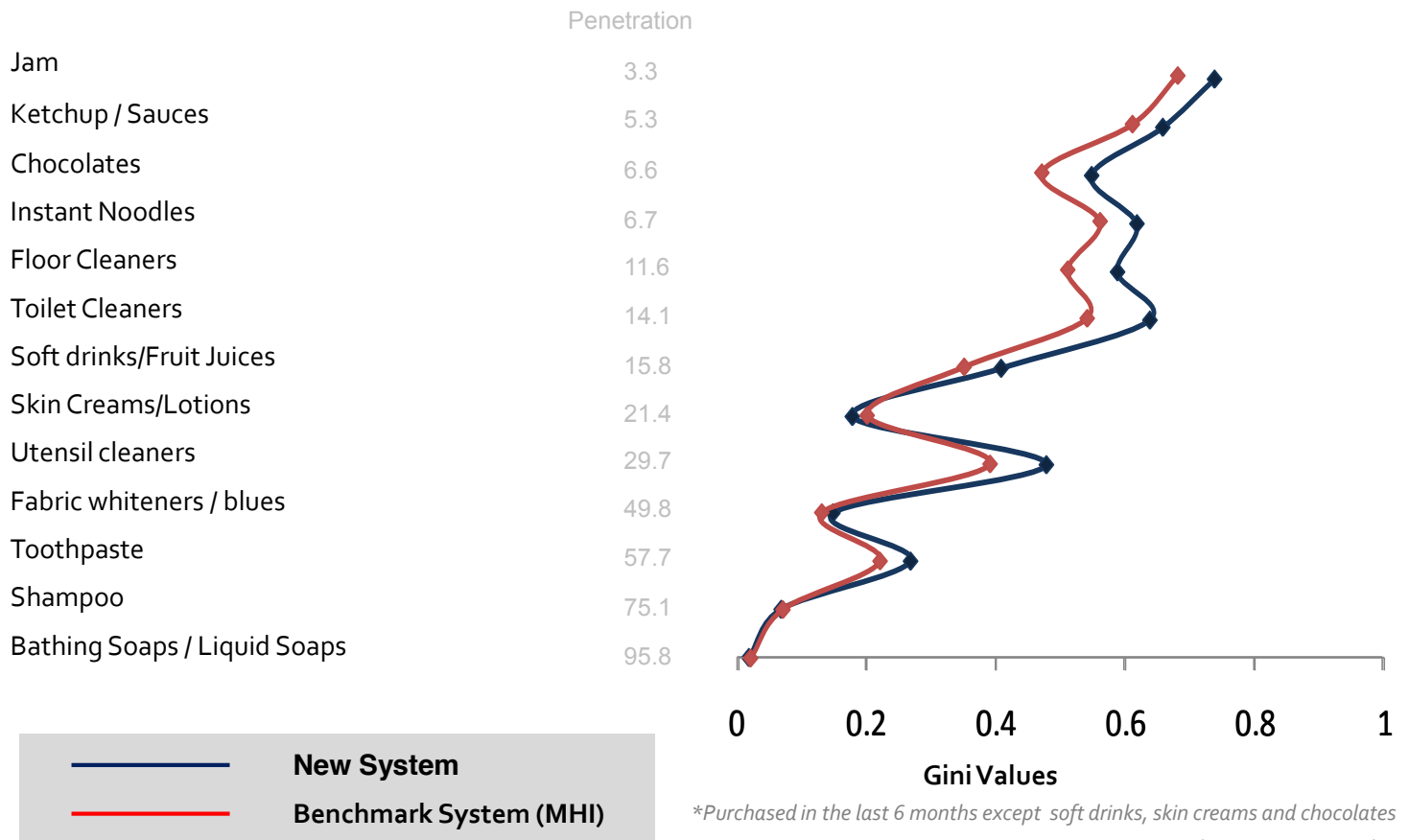
Gini coefficients for New SEC system compared with benchmark



Data Source: MRUC/ Hansa Research - IRS 2008 (Round 20)

**PERFORMANCE ON DISCRIMINATION**  
**India ( u + r ) (CONTD.)**

Gini coefficients for New SEC system compared with benchmark

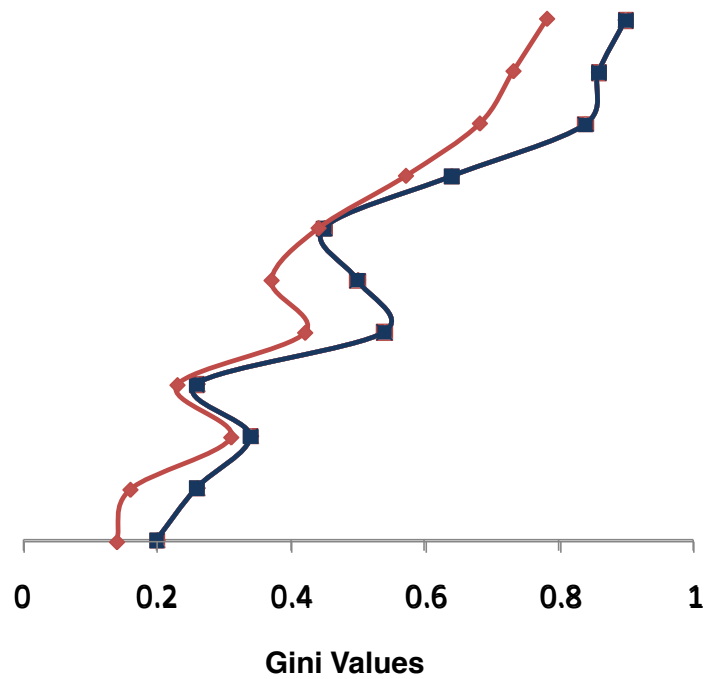


## GINI CO-EFFICIENTS Urban

Gini coefficients for New SEC system compared with benchmark

Penetration

Own Microwave oven	1.0
Own Internet access at home - Through PC / TV	1.9
Own PC at home	4.5
Own Camera (still/ digital)	8.5
Housewife have read a magazine in the last 7 days	12.7
Own DVD player	15.7
Own Kitchen Sink	20.9
Own Telephone	23.8
Own - Mobile / Cellular Phone	25.9
Receive Cable & Satellite	60.0
Own Pressure cooker	69.6



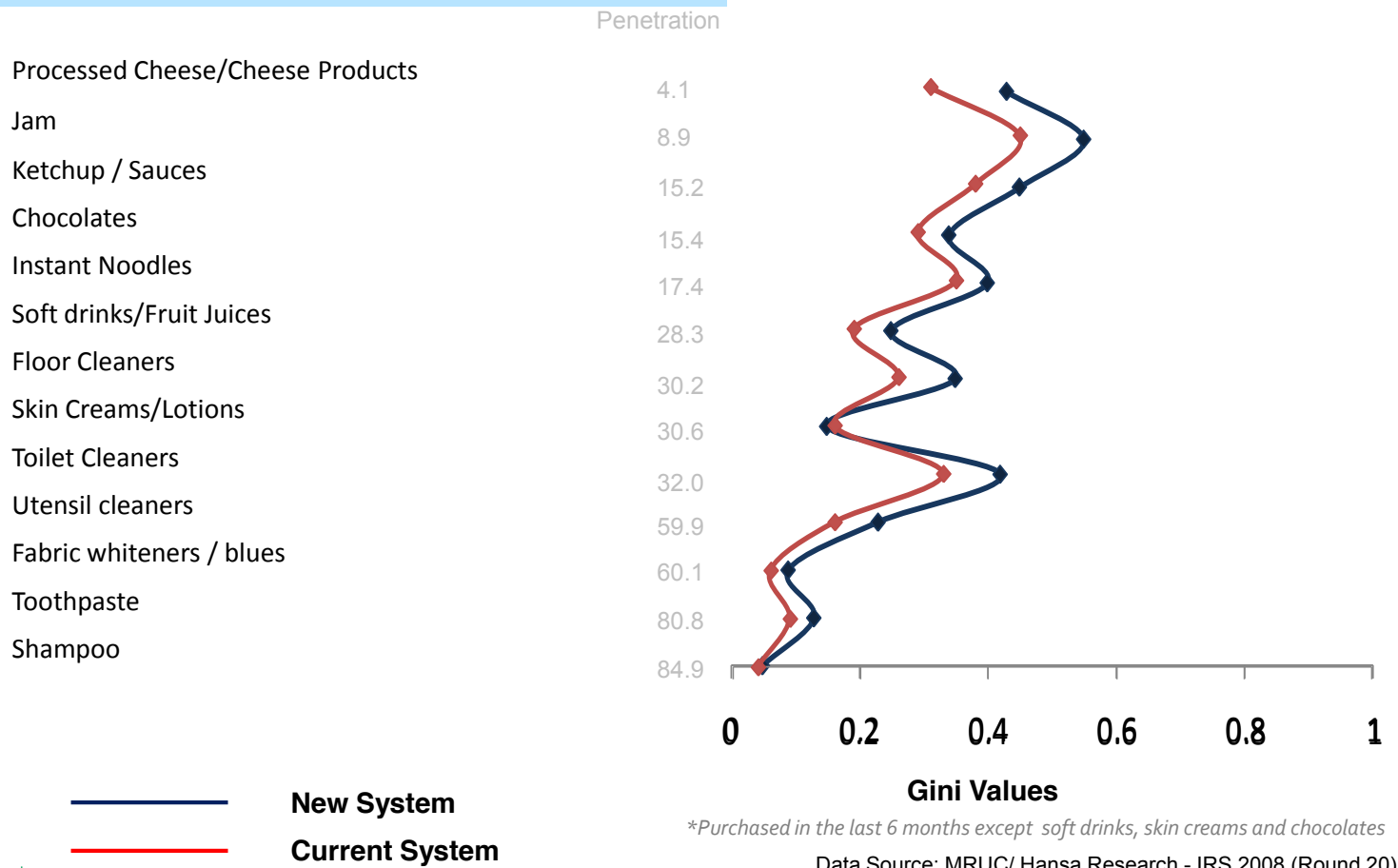
— New System  
— Current System

Data Source: MRUC/ Hansa Research - IRS 2008 (Round 20)



## GINI CO-EFFICIENTS Urban (CONTD.)

Gini coefficients for New SEC system compared with benchmark

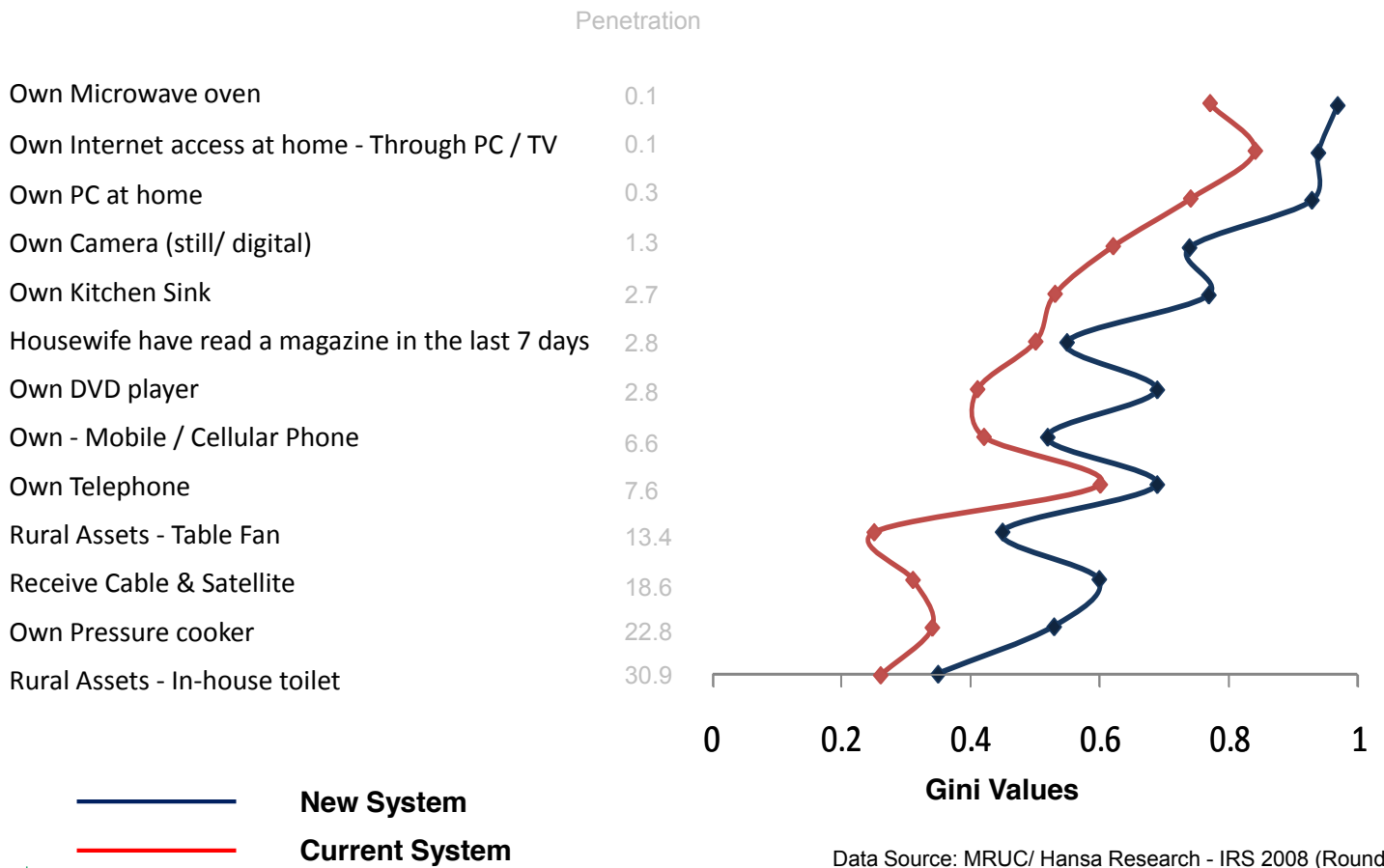


\*Purchased in the last 6 months except soft drinks, skin creams and chocolates

Data Source: MRUC/ Hansa Research - IRS 2008 (Round 20)

## GINI CO-EFFICIENTS Rural

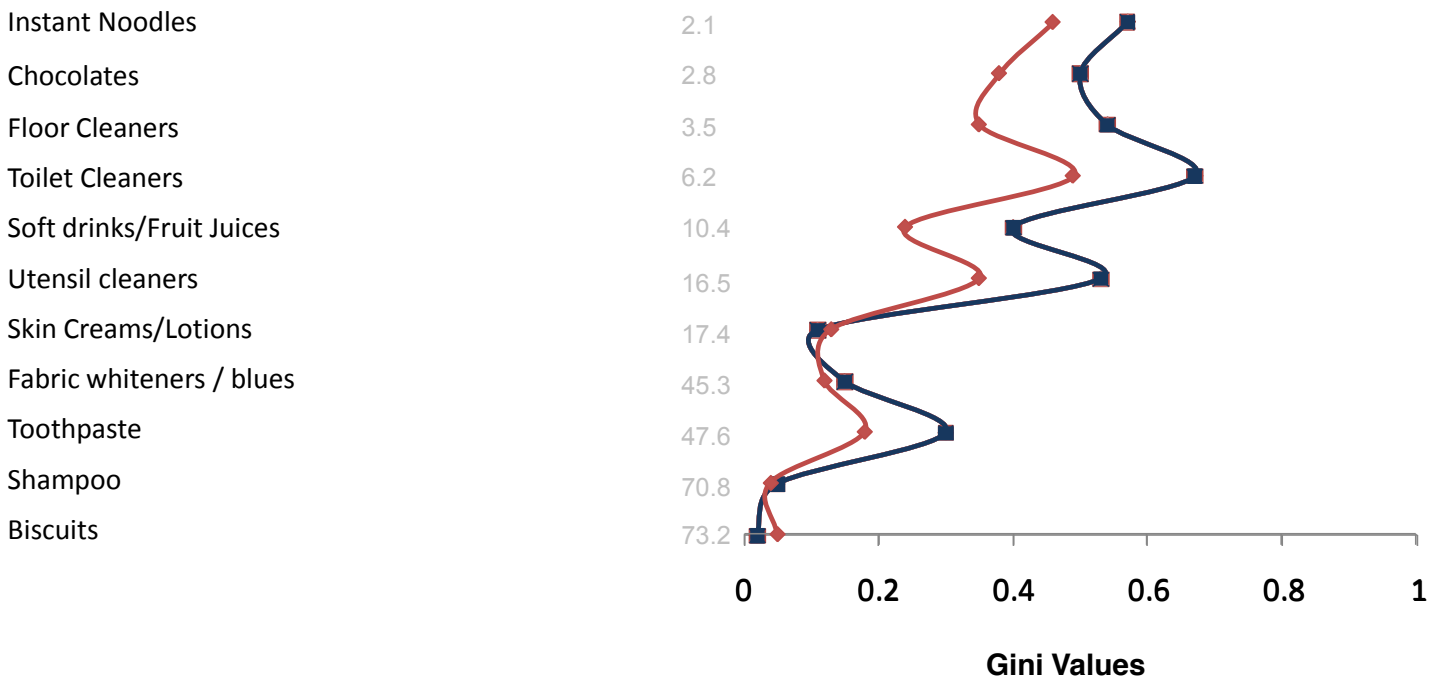
Gini coefficients for New SEC system compared with benchmark



## GINI CO-EFFICIENTS Rural (CONTD.)

Gini coefficients for New SEC system compared with benchmark

Penetration



— New System  
— Current System

\*Purchased in the last 6 months except soft drinks, skin creams and chocolates  
Data Source: MRUC/ Hansa Research - IRS 2008 (Round 20)

## Conclusion

- The new SEC system is better than the current urban system , and much better than the current rural system

PERFORMANCE OF THE SYSTEM

**Homogeneity within the grade : India (u + r)**

**MHI System**

Level	Distribution of Households %	Median LIFE	Inter Quartile Range (IQR)
1	0.5	702	186
2	1.5	618	236
3	4.2	514	243
4	3.5	455	236
5	4.7	391	227
6	7.1	347	207
7	11.7	289	178
8	19.3	232	155
9	19.2	181	139
10	13.5	136	110
11	12.9	125	111
12	2.1	95	101

**New SEC System**

Level	Distribution of Households %	Median LIFE	Inter Quartile Range (IQR)
A1	0.4	804	116
A2	1.8	687	150
A3	3.2	590	173
B1	4.3	494	172
B2	5.3	430	164
C1	7.5	369	142
C2	7.9	319	124
D1	11.4	270	117
D2	14.7	222	106
E1	18.4	164	90
E2	15.4	117	75
E3	9.7	80	65

Median LIFE (Urban + Rural): 220



PERFORMANCE OF THE SYSTEM

# Homogeneity within the grade : Urban India

## Current SEC System

Level	Distribution of Households %	Median LIFE	Inter Quartile Range (IQR)
SEC A1	2.8	702	189
SEC A2	6.6	616	225
SEC B1	7.9	539	215
SEC B2	8.0	467	221
SEC C	20.5	408	210
SEC D	24.0	320	167
SEC E1	11.9	280	155
SEC E2	18.2	212	137

## New SEC System

Level	Distribution of Households %	Median LIFE	Inter Quartile Range (IQR)
A1	1.1	807	106
A2	5.1	704	132
A3	7.6	610	147
B1	8.6	532	158
B2	10.2	463	158
C1	12.9	399	136
C2	11.6	347	118
D1	13.2	300	113
D2	12.6	251	100
E1	9.8	194	92
E2	4.7	148	93
E3	2.6	112	80

## Conclusion

- The new SEC system is able to reduce heterogeneity within social grade- and stretch the differences by grade



07

# Conclusion

THE NEW SEC SYSTEM

## In Conclusion

- We have a system that is simple, easy to administer. It gives us good discrimination; the social grades created are more homogenous
- *But we do need to revisit the system at least once every two years; and make sure that when a change is needed, this is a smooth process*
- It's easy to begin using the new system. For those who need to keep track of the old SEC for reasons of comparability, the new system means just one more question- which can be tagged on right at the end.



**Thank You**