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Empowering Rural India: NABARD Survey on Rural Financial Inclusion

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NABARD has published the findings from its second All India Rural Financial Inclusion Survey (NAFIS) for 2021-22, which offers primary data based on a survey of 1 lakh rural households, covering various economic and financial indicators in the postCOVID period. Recognizing the vital role of financial inclusion for economic development, NABARD conducted the inaugural survey for the agricultural year (JulyJune) 2016-17, with results released in August 2018. Since then, the economy has faced numerous challenges, and policies have been implemented to support agriculture and boost rural socio-economic progress. The NAFIS 2021-22 results could help to shed light on how rural economic and financial development indicators have evolved since 2016-17. The survey included all 28 states and the Union Territories of Jammu & Kashmir and Ladakh.

Strengthening Rural Population: Insights from the NAFIS 2021-22

Increase in Average Monthly Income: The average monthly income of households saw a substantial rise of 57.6% over a five-year period, increasing from Rs. 8,059 in 2016-17 to Rs. 12,698 in 2021-22. This indicates a nominal compound annual growth rate (CAGR) of 9.5%. Annual average nominal GDP growth during the same period (on financial year basis) was 9%. When considering all households together, the average monthly income stood at Rs. 12,698, with agricultural households earning slightly more at Rs.13,661, compared to Rs. 11,438 for non-agricultural households. Salaried employment in the government or private sector was the largest income source for all households, accounting for approximately 37% of their total income. For agricultural households, cultivation was the main income source, making up about one-third of their monthly earnings, followed by government or private services contributing one-fourth share, wage labor (16%), and other enterprises (15%). Among the non-agricultural ones, it was the Government/ private service which contributed 57% of the total household income, followed by wage labour which made up for roughly 26% of the total income.