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National rural households survey: Average monthly income up 58% in 5 yrs; 7 key findings

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Agricultural households earn slightly more at ₹13,661 per month, compared to ₹11,438 for non-agricultural households, says the finance ministry

Rural households have seen average monthly income surge by 58% over the last five years, according to the latest government survey. Indicating a nominal compound annual growth rate (CAGR) of 9.5%, the average household monthly income grew 57.6% over a five-year period, increasing from ₹8,059 in 2016-17 to ₹12,698 in 2021-22, the Ministry of Finance says.

The annual average nominal GDP growth during the same period (on a financial year basis) was 9%. When considering all households together, the average monthly income stood at ₹12,698, with agricultural households earning slightly more at ₹13,661, compared to ₹11,438 for non-agricultural households, as per the ministry.

The ministry says NAFIS (NABARD All India Rural Financial Inclusion Survey) 2021-22 highlight the "remarkable strides" made in rural financial inclusion. "Rural households have experienced notable improvements in income, savings, insurance coverage, and financial literacy." It attributes various government schemes for increased financial inclusion.

1. Household income rises: Salaried employment in the government or private sector was the largest income source for all households, accounting for around 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 labour (16%), and other enterprises (15%). Among the nonagricultural ones, it was the government or private service that contributed 57% of the total household income.
2. Average monthly expenditure near double: The average monthly expenditure of rural households rose significantly from ₹6,646 in 2016-17 to ₹11,262 in 2021-22. The agricultural households reported a relatively higher consumption expenditure of ₹11,710 than ₹10,675 for non-agricultural households. In Goa and Jammu & Kashmir, the monthly household expenditure exceeded ₹17,000.
3. Savings see a slight rise: The annual average financial savings of households increased to ₹13,209 in 2021-22 from ₹9,104 in 2016-17. Overall, 66% of households reported saving money in 2021-22, compared to 50.6% in 2016-17. "Agricultural households outperformed non-agricultural ones in terms of savings, with 71% of agri households reporting savings during the reference period," shows the data. In 11 states, 70% or more households saved money, with Uttarakhand (93%), Uttar Pradesh (84%), and Jharkhand (83%) leading.
4. Kisan Credit Card (KCC) use up: The KCC has emerged as a key tool for promoting financial inclusion in the rural agricultural sector over the past five years. In total, 44% of agricultural households possess a valid Kisan

Credit Card (KCC). Among those with land holdings greater than 0.4 hectares or those who had taken any agricultural loans in the past year, 77% reported having a valid KCC.

5. Insurance coverage: The percentage of households with at least one member covered by any form of insurance increased significantly from 25.5% in 2016-17 to 80.3% in 2021-22. This means that four out of every five households had at least one insured member. Agricultural households outperformed their non-agricultural counterparts by a margin of roughly 13 percentage points.

6. Pension coverage: The percentage of households with at least one member receiving any form of pension (such as old age, family, retirement, or disability) increased from 18.9% in 2016-17 to 23.5% in 2021-22. Overall, 54% of households with at least one member over 60 years old reported receiving it.

7. Financial literacy: The percentage of respondents demonstrating "good" financial literacy increased by 17 percentage points, rising from 33.9% in 2016-17 to 51.3% in 2021-22. The proportion of individuals exhibiting "sound financial behaviour" also increased from 56.4% to 72.8% in the same period.

NABARD has published the findings from its second All India Rural Financial Inclusion Survey (NAFIS) for 2021-22. The data is based on a survey of 1 lakh rural households of various economic and financial indicators in the post-COVID period.