



नाबार्ड अखिल भारतीय ग्रामीण  
वित्तीय समावेशन सर्वेक्षण 2021-22

**NABARD All India Rural  
Financial Inclusion Survey 2021-22**

NAFIS

**राष्ट्रीय कृषि और ग्रामीण विकास बैंक**

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प्लॉट संख्या सी-24, 'जी' ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051

**NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT**

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Plot No. C-24, 'G' Block , Bandra-Kurla Complex, Bandra (E) , Mumbai - 400 051





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**Survey Commissioned by:**

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## प्राक्कथन

"नाबार्ड अखिल भारतीय ग्रामीण वित्तीय समावेशन सर्वेक्षण 2021-22", जो पंचवर्षीय श्रृंखला में दूसरा है, ग्रामीण अर्थव्यवस्था पर व्यापक सर्वेक्षण-आधारित जानकारी एकत्र करने के नाबार्ड के प्रयासों का परिणाम है। यह सर्वेक्षण, समय के साथ ग्रामीण भारत में हो रहे बदलावों को गहराई से समझने में सक्षम बनाता और उन चुनौतियों की पहचान करने में सहायता कर सकता है जिनका ग्रामीण सामाजिक-आर्थिक समृद्धि को बनाए रखने और उसे व्यापक बनाने के लिए नीतिगत हस्तक्षेपों के माध्यम से समाधान किया जा सकता है। यह सर्वेक्षण ग्रामीण घरेलू आय, व्यय, बचत, संपत्ति और निवेश जैसे प्रमुख व्यापक आर्थिक मापदंडों पर जानकारी एकत्रित करता है। साथ ही इससे वित्तीय साक्षरता के विभिन्न पहलुओं के अलावा बैंकिंग, पेंशन, बीमा, लेनदेनों के डिजिटल तरीकों जैसे विभिन्न आयामों में वित्तीय समावेशन पर की जा रही प्रगति की भी जानकारी उपलब्ध होती है।

इस सर्वेक्षण में देश के सभी राज्यों और जम्मू और कश्मीर व लद्दाख के दो संघ राज्य क्षेत्रों में फैले हुए टियर-3 से टियर-6 के प्रांतों में रहने वाले एक लाख ग्रामीण परिवारों को शामिल किया गया है। साथ ही, चूंकि यह सर्वेक्षण कोविड-19 महामारी के बाद आयोजित किया गया था, अतः इसके निष्कर्ष, महामारी के झटके के बावजूद, लचीलापन और प्रगति के क्षेत्रों को समझने में विशेष रूप से मददगार हो सकते हैं। प्रमुख निष्कर्षों के आधार पर यह जानकर प्रसन्नता हुई कि ग्रामीण घरेलू खपत और व्यय ने मजबूत लचीलापन दर्शाया और वित्तपोषण की आवश्यकताओं को पूरा करने के लिए संस्थागत स्रोतों पर ग्रामीण परिवारों की निर्भरता बढ़ गई तथा वित्तीय साक्षरता में सुधार हुआ जिसके चलते ग्रामीण अर्थव्यवस्था में ऋण अनुशासन बेहतर हुआ प्रतीत होता है।

मैं, इस अवसर पर अपने सम्मानित भागीदारों और सहयोगियों के प्रति आभार व्यक्त करता हूं जिनकी विशेषज्ञता और समर्थन इस सर्वेक्षण को सफलतापूर्वक पूरा करने के लिए महत्वपूर्ण था। भारत सरकार के वित्तीय सेवाएं विभाग द्वारा प्रदान किया गया मार्गदर्शन और प्रोत्साहन; भारतीय रिज़र्व बैंक; नाबार्ड के केंद्रीय बोर्ड के निदेशकों; नीति आयोग जैसे संस्थानों का सर्वेक्षण से संबंधित कार्य के विभिन्न चरणों में योगदान बहुमूल्य रहा है।

इस सर्वेक्षण की रूपरेखा नाबार्ड के आर्थिक विश्लेषण और अनुसंधान विभाग की एक टीम ने तैयार की है। इसमें उसे भारतीय रिज़र्व बैंक, एनएसएसओ, भारत सरकार, शिक्षाविदों और प्रतिष्ठित अनुसंधान संस्थानों के सदस्यों की सलाहकार समिति का सराहनीय मार्गदर्शन प्राप्त हुआ। एकेडमी ऑफ मैनेजमेंट स्टडीज (एएमएस) ने सर्वेक्षण करने की जिम्मेदारी ली और लगन से काम किया। इन सभी के प्रति मैं आभार व्यक्त करता हूं।

मुंबई

09 अक्टूबर 2024

शाजी के.वी.

अध्यक्ष



# FOREWORD

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The "NABARD All India Rural Financial Inclusion Survey 2021-22", the second in the quinquennial series, is the outcome of NABARD's endeavour to generate comprehensive survey-based information on the rural economy, that could enable deeper understanding of transformative changes happening in rural India over time and help identify challenges that may have to be addressed through policy interventions to sustain and broaden rural socio-economic prosperity. This survey generates information on not only key macroeconomic parameters – such as rural household income, expenditure, savings, wealth, and investment, but also on progress being made on financial inclusion across its various dimensions, such as access to banking, pension, insurance, digital modes of transaction, besides various aspects of financial literacy.

This survey covers one lakh rural households, living in Tier-3 to Tier-6 centres of the country, spanning all States and two Union Territories of Jammu & Kashmir and Ladakh. Moreover, since the survey was conducted after the COVID-19 pandemic, its findings could be particularly helpful to understand areas of resilience and progress, despite the shock. Based on the key findings, it is heartening to note that rural household consumption and expenditure exhibited robust resilience, their reliance on institutional sources for meeting financing needs increased, and with improvement in financial literacy there seems to be better credit discipline in the rural economy.

I take this opportunity to express my gratitude to our esteemed partners and collaborators whose expertise and support was critical for the successful completion of this survey. The guidance and encouragement provided by the Department of Financial Services (DFS), Govt. of India; Reserve Bank of India (RBI); Central Board Directors of NABARD; and institutions like NITI Aayog at various stages of the work relating to the survey has been invaluable.

The survey was designed and executed by a team from the Department of Economic Analysis and Research (DEAR), NABARD under the admirable guidance of an Advisory Committee with members drawn from RBI, NSSO, GOI, academia and reputed research institutes. The Academy of Management Studies (AMS) took the responsibility of conducting the survey and worked diligently. They all deserve my sincere appreciation.

**Mumbai**  
**09 October 2024**

**Shaji K.V.**  
**Chairman**



# MESSAGE FROM DMD

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Financial inclusion serves as a vital instrument in empowering individuals by providing access to formal financial services, thereby enabling their active participation in the economy. Enhanced financial inclusion catalyses higher levels of savings, investment, and entrepreneurship, contributing significantly to economic growth and stability at both local and national levels. The NABARD All-India Rural Financial Inclusion Survey 2021-22 (NAFIS 2021-22) offers a comprehensive analysis of critical areas such as income, savings, credit, insurance, pension, remittances, and financial literacy. This report provides invaluable insights into the current state of financial inclusion and the livelihood aspects of rural households across the country.

The survey holds significant importance as it covers a substantial sample of one lakh agricultural and non-agricultural rural households from the 28 states and 2 Union Territories of (J&K and Ladakh) the country. As the government accelerates its efforts towards financial inclusion, the data and insights derived from this survey are vital for shaping policies and programs that foster significant socio-economic progress.

I express my sincere gratitude to the Advisory Committee Members of NAFIS 2021-22 and the consultants for their support and guidance throughout the assignment. Their collective efforts have been instrumental in the successful completion of NAFIS 2021-22. This report stands as a testament to our collective efforts to foster financial inclusion and improve the livelihoods of rural communities, and I hope that the insights provided herein will serve as a valuable resource for driving forward the agenda of financial inclusion and fostering sustainable growth.

**Mumbai**

**09 October 2024**

**G S Rawat**

**Deputy Managing Director**



# MESSAGE FROM DMD

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It is a great honour to present the results of NABARD All-India Rural Financial Inclusion Survey 2021-22 (NAFIS 2021-22). This extensive report offers a critical examination of the financial inclusion and livelihood aspects of rural households across India. By meticulously analysing key areas such as savings, credit, insurance, pension, remittances, and financial literacy, NAFIS 2021-22 provides invaluable insights into the financial behaviours and attitudes of the rural populace.

The significance of this survey extends far beyond its pages. In a country where inclusive growth is paramount, the data and insights from NAFIS 2021-22 are crucial for shaping policies and programmes that can drive meaningful socio-economic change. This report identifies current challenges and opportunities within rural financial ecosystems, offering a roadmap for policymakers, researchers, academicians, and development practitioners. As an asset for future research, this report will continue to inform and inspire strategies aimed at enhancing financial inclusion and empowerment of people in rural India.

I wish to acknowledge the guidance received from Dr. Ramesh Chand, Member, NITI Aayog for finalisation of the report. I also express my heartfelt gratitude to Dr. Sitikantha Pattanaik, Chief Economist, NABARD for his invaluable guidance and support in taking the report to the logical end. I also wish to convey my gratitude and appreciation to the distinguished members of the Advisory Committee and consultants viz. Dr. Ashwani Kumar Tripathi, Advisor, DSM, RBI; Shri Uttam Kumar Majee, Director, NSSO (SDRD), GoI; Dr P.S.Birthal, National Fellow, NIAP, New Delhi; Dr. Madhura Swaminathan, Professor, ISI, Bengaluru; Dr.S.Chandrasekhar, Professor, IGIDR, Mumbai, Dr. Davendra Verma, Ex-DG, CSO & Senior Statistical Advisor, UN; Dr.R.N.Kulkarni, CGM (Retd.), NABARD; Shri Alok Kar, Senior Officer (Retd.), NSSO and Visiting Faculty, ISI, Kolkata; Shri Nilachal Ray, Ex-DDG, NSSO and Shri Soumendra Chattopadhyay, Ex-ADG, NSSO, GoI whose expertise and dedication were instrumental in completion of this humongous task from the beginning to the end.

I hope the report will be well received by all concerned, and we welcome feedback, if any.

**Mumbai**

**09 October 2024**

**Dr. A. K. Sood**

**Deputy Managing Director**





# PREFACE

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Financial Inclusion is being recognized as a path to equitable and inclusive growth. Many Government and Non-Government agencies active in the country are integrating the element of financial inclusion in their ongoing programmes with a vision to reduce existing socio-economic disparities. NABARD has supported financial literacy efforts through various initiatives, keeping in mind its importance to augment demand for financial services, which in turn will increase the level of financial inclusion in the country.

The NABARD All India Rural Financial Inclusion Survey (NAFIS) was launched for the first time in 2016-17 to gain a comprehensive view of the economic status of rural households and to measure their extent of financial inclusion. Encouraged by the success and importance accorded to the results of the first round of the Survey, NABARD launched the second round of this country-wide survey. This report is an outcome of the untiring efforts, passion, and dedication of countless people who contributed to it in various ways.

NABARD had constituted an Advisory Committee comprising of experts from various esteemed institutions in the country, including RBI; NSSO, GoI; NIAP, New Delhi; ISI, Bengaluru; IGIDR, Mumbai; ISI, Kolkata; and other academic and professional agencies, to guide this task from conceptualisation till completion. The invaluable comments and input offered by the committee members at each stage of the survey and report preparation deserve special appreciation and gratitude. The survey was deeply benefitted by the scientific and technical guidance offered by the distinguished team of consultants, including Shri Alope Kar, Visiting Faculty, Indian Statistical Institute, Kolkata; Shri Nilachal Ray, and Shri Soumendra Chattopadhyay, Ex-senior officers of NSSO, GOI. We gratefully acknowledge their contribution towards ensuring the quality of outputs from this survey.

The report is an example of the unwavering commitment of the NABARD leadership to produce quality data and grassroots-level insights that offer a true picture of the rural populace in the country. We wish to convey our sincere gratitude to Chairman, Shri Shaji K.V., Deputy Managing Directors, Shri G.S. Rawat and Dr. A.K. Sood for their continued guidance and encouragement in producing this report. We also appreciate the support and input received from CGMs of DFIBT, MCID, CPD, OFDD, FSDD, DOR, other CGMs of Head Office Department, CGMs/OICs of Regional Offices, GM, Law Department, and DDMs of NABARD.

The designing and execution of the survey, and the production of the subsequent report was managed by the team of Academy of Management Studies (AMS) under the able leadership of

Shri A.K. Dwivedi, Director, and supported by Dr. Swati Raman, Chief Research Analyst; Shri Anoop Dwivedi, Senior Data Analyst; Shri G.D. Upreti, Shri K.S. Tomar, Shri Manish Patel, Field Research Executives; and umpteen field and their office staff. Their efforts deserve a special mention here. We will be failing in our duty if we do not acknowledge the cooperation and support of all the sample households who shared their valuable information and feedback during the survey.

The survey was designed and executed under the overall guidance of the team of the Department of Economic Analysis and Research (DEAR), NABARD. I place on record the direction and motivation offered by Dr. K.J.S. Satyasai and Dr. K.C. Badatya, Ex-CGMs, in conceiving the survey and ensuring that it delivers valued inputs for all our stakeholders. I am extremely grateful for the support offered by Dr. Vinod Kumar, GM; Dr. Ashutosh Kumar, GM; Smt. Balwinder Kaur, DGM; Dr. Sohan Premi, DGM; Shri Saad Bin Afroz, Manager; Shri Vinay D. Jadhav, Assistant Manager; and all other officers/staff of DEAR and other Departments of NABARD.

It is hoped that the report will become a valuable resource for practitioners working towards the economic upliftment of rural communities and drive further research and analysis on this theme. While we strive towards taking up further such endeavors, any feedback and suggestions on the report shall be deeply valued.

**Mumbai**

**09 October 2024**

**Kuldeep Singh**

**Chief General Manager**

**DEAR, NABARD**

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## ACRONYMS / ABBREVIATIONS

---

AH	-	Agricultural Households
AIDIS	-	All India Debt and Investment Survey
AOD	-	Average Outstanding Debt
APY	-	Atal Pension Yojana
ATM	-	Automated Teller Machine
CEB	-	Census Enumeration Blocks
DEAR	-	Department of Economic Analysis & Research
FPOs	-	Farmer Producers' Organizations
FSUs	-	First Stage Units
HH	-	Households
IGNDPS	-	Indira Gandhi National Disability Pension Scheme
IGNOAPS	-	Indira Gandhi National Old Age Pension Scheme
IGNWPS	-	Indira Gandhi National Widow Pension Scheme
INFE	-	International Network on Financial Education
IOI	-	Incidence of Indebtedness
ISI	-	Indian Statistical Institute
JLG	-	Joint Liability Groups
KCC	-	Kisan Credit Card
MCE	-	Monthly Consumption Expenditure
MFI	-	Microfinance Institutions
MGNREGS	-	Mahatma Gandhi National Rural Employment Guarantee Scheme
MNREGA	-	Mahatma Gandhi National Rural Employment Guarantee Act
MPCE	-	Monthly Per Capita Consumption Expenditure

NAFIS	-	NABARD All India Rural Financial Inclusion Survey
NAH	-	Non-Agricultural Households
NBFC	-	Non- banking Financial Company
NPS	-	National Pension Scheme
NSAP	-	National Social Assistance Programme
NSSO	-	National Sample Survey Organisation
NTFP	-	Non-Timber Forest Products
OECD	-	Organisation for Economic Co-operation and Development
PMJJBY	-	Pradhan Mantri Jeevan Jyoti Bima Yojana
PMMY	-	Pradhan Mantri Mudra Yojana
PMSBY	-	Pradhan Mantri Suraksha Bima Yojana
PMVY	-	Pradhan Mantri Vaya Vandana Yojana
PPP	-	Purchasing Power Parity
RBI	-	Reserve Bank of India
RRBs	-	Regional Rural Banks
SAS	-	Situation Assessment Survey
SHG	-	Self-Help Groups
UNCTAD	-	United Nations Conference on Trade and Development
USUs	-	Ultimate Stage Units
UT	-	Union Territory





## KEY HIGHLIGHTS

### ABOUT NAFIS 2021-22<sup>1</sup>

NABARD All-India Rural Financial Inclusion Survey (referred to as NAFIS 2021-22) is a national-level survey commissioned by the Department of Economic Analysis & Research (DEAR), National Bank for Agriculture & Rural Development (NABARD), Mumbai. The survey covered all States of the country and Union Territories of Jammu & Kashmir (J&K) and Ladakh. It offers a comprehensive overview of the status of rural population in terms of two distinct, yet interconnected themes including livelihood and financial inclusion. Access to financial products and services among poor and vulnerable groups has been recognised as an important aspect of inclusive growth. However, any programme targeting at inclusive growth would be incomplete without strengthening the livelihoods of the poor. NAFIS offers detailed information about aspects such as savings, credit, insurance and pension, remittances, and financial literacy. The survey also brings out some pertinent insights on factors influencing financial decisions of the households, and the level of financial knowledge, attitude and behaviour among adult members.

## SURVEY COVERAGE

**28** STATES+  
**2** UTs

**710**  
DISTRICTS

**10,000**  
VILLAGE/CENSUS  
ENUMERATION BLOCKS

## TIER-3 TO TIER-6 CENTRES

(WITH POPULATION <50,000)

**1,00,000**  
HOUSEHOLDS

**4,39,492**  
POPULATION

<sup>1</sup> While comparing the findings of two rounds of NAFIS, the following points may be taken into account: (i) NAFIS 2021-22 covers a larger number of districts and households than NAFIS 2016-17 (ii) The reference year of NAFIS 2021-22 relates to the post-COVID period and, therefore, some of the findings may reflect the impact of the pandemic on households' assessment of different economic and financial indicators.

# HOUSEHOLD CHARACTERISTICS

---

## **AVERAGE HOUSEHOLD SIZE**

---



## **DISTRIBUTION BY TYPE OF HOUSEHOLDS (%)**

---



**56.7**

**Agricultural  
Households\***



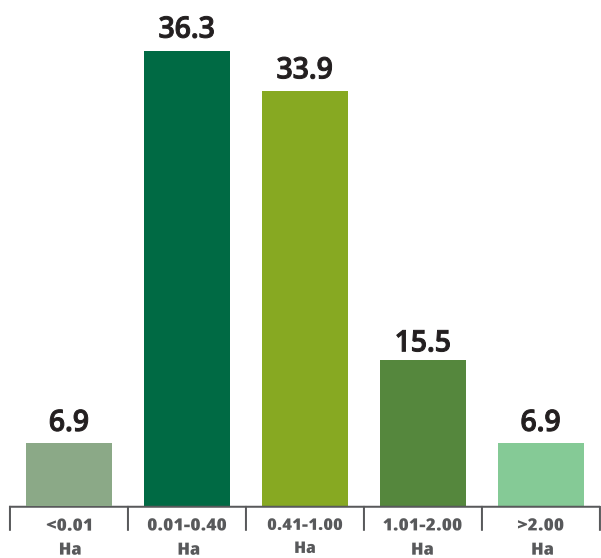
**43.3**

**Non- Agricultural  
Households**

*\*Agricultural Households are households that reported a value of produce of more than Rs.6,500/- from agriculture & allied activities and having at least one member self-employed in agriculture during the reference Agricultural Year 2021-22.*

# LAND OWNERSHIP & POSSESSION AMONG AGRICULTURAL HOUSEHOLDS

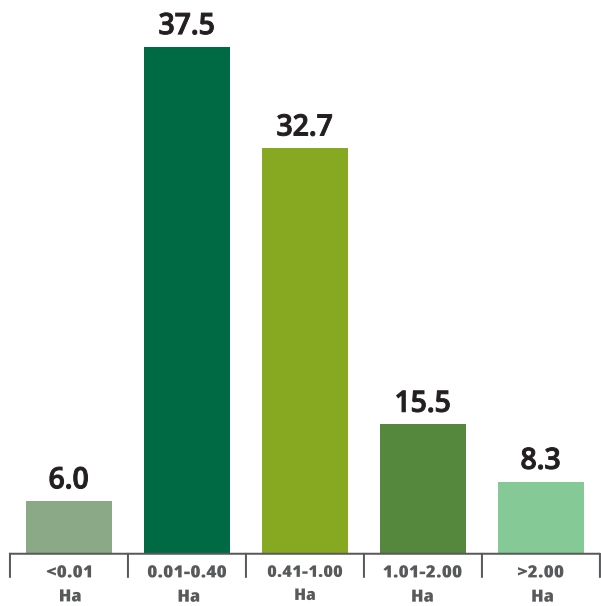
AVERAGE SIZE OF LAND OWNED & DISTRIBUTION OF HOUSEHOLDS BY SIZE-CLASS OF LAND OWNED (%)



**0.70  
Hectare**

*Land owned includes the land for which the permanent heritable possession was vested in a member of the households.*

AVERAGE SIZE OF LAND POSSESSED & DISTRIBUTION OF HOUSEHOLDS BY SIZE-CLASS OF LAND POSSESSED (%)



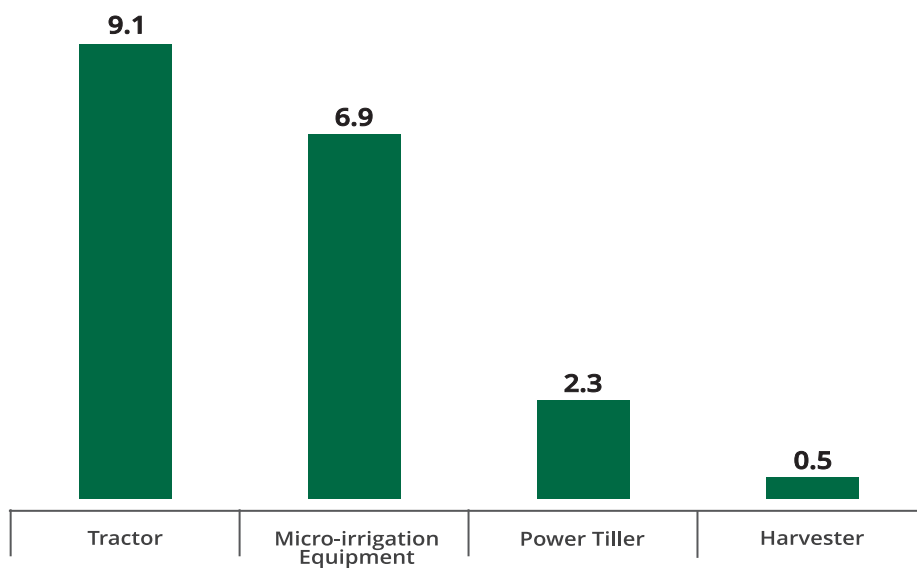
**0.74  
Hectare**

*Land Possessed includes land owned, (including that with owner-like possession), leased in land & land possessed but not owned, and excludes leased out land.*

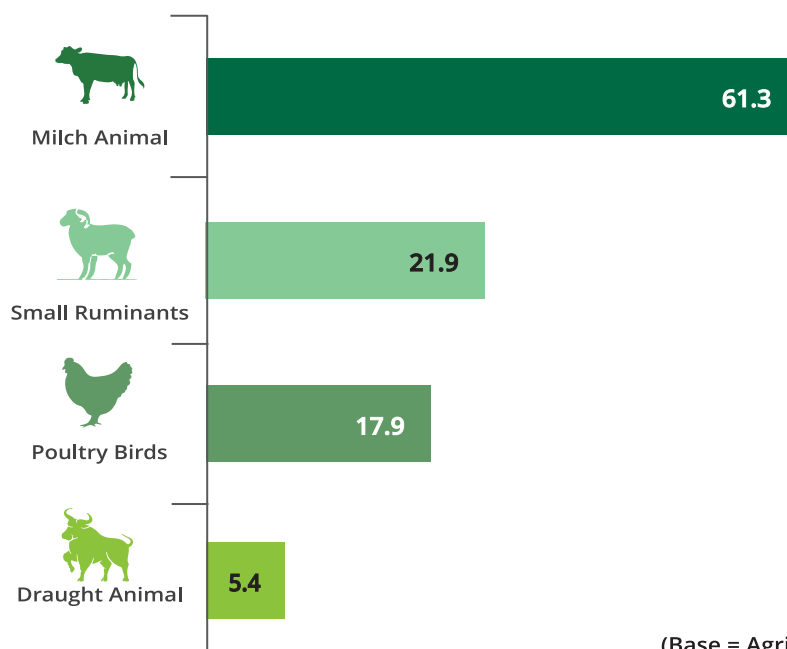
(Base = Agricultural Households)

# ASSET OWNERSHIP

## PROPORTION OF HOUSEHOLDS REPORTING OWNERSHIP OF AGRICULTURAL ASSETS (%)



## PROPORTION OF HOUSEHOLDS REPORTING OWNERSHIP OF LIVESTOCK ASSETS (%)



(Base = Agricultural Households)

# HOUSEHOLD INCOME

## AVERAGE MONTHLY HOUSEHOLD INCOME\* BY SOURCE OF INCOME IN THE AGRICULTURAL YEAR 2021-22 (₹)

*Household income refers to Net Income which was derived by adding income from all sources for a particular household and by deducting the expenses incurred towards pursuing income - generating activities.*



	Agricultural Households	Non-Agricultural Households	All Households
All Sources Combined	13,661 (100)	11,438 (100)	12,698 (100)
Cultivation	4,476 (33)	-39 (0) <sup>1a</sup>	2,521 (20)
Livestock Rearing	1,677 (12)	-8 (0)	947 (7)
Other Enterprises	2,010 (15)	1,809 (16)	1,923 (15)
Wage Labour	2,238 (16)	2,927 (26)	2,536 (20)
Govt./ Pvt. Service	3,150 (23)	6,599 (57)	4,643 (37)
Other Sources	110 (1)	150 (1)	127 (1)

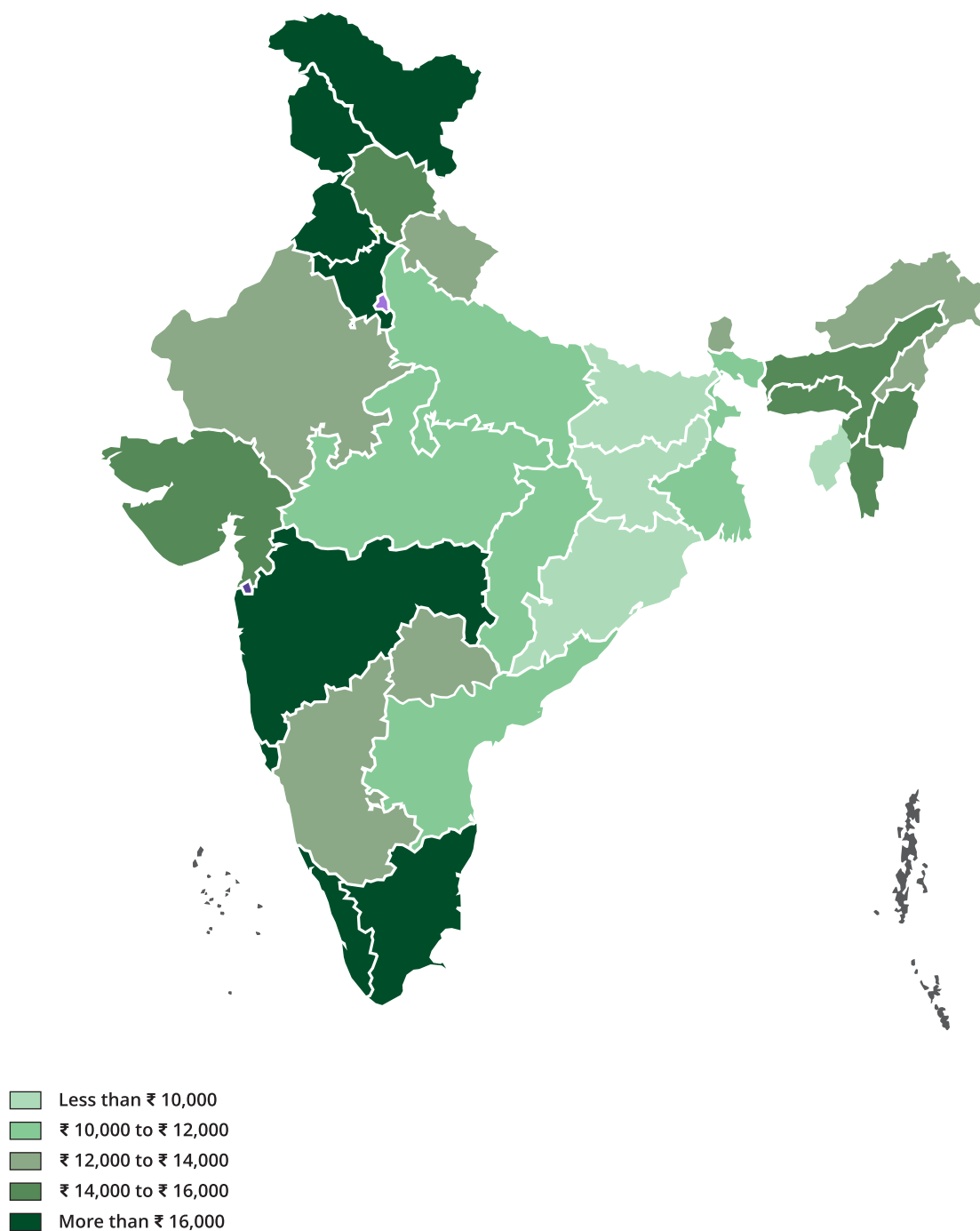
\*Income from transfers and remittances have been excluded while calculating the income of the household.

Note: Figures in parentheses are share (%) in total.

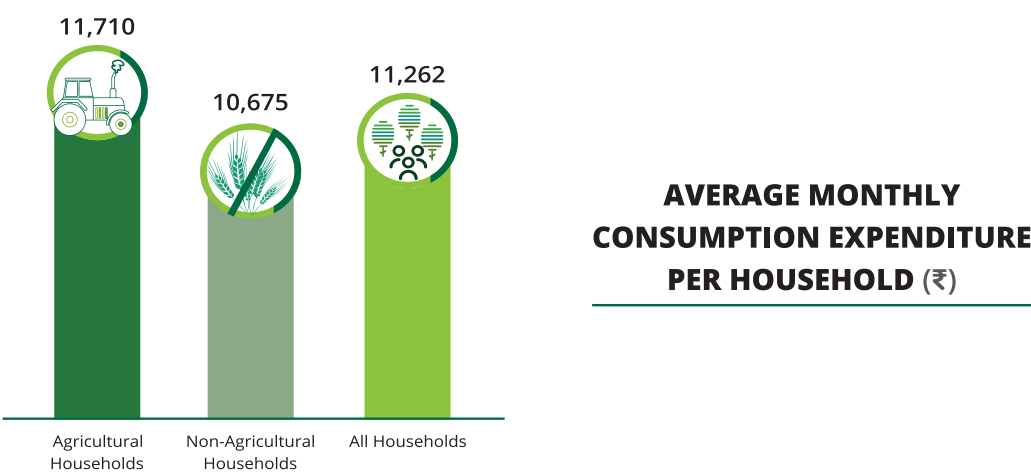
<sup>1a</sup> The sample included a few cases of households that were pursuing cultivation and livestock rearing on a very small scale, mostly for self-consumption. These households were classified as 'non-agricultural households', as the annual value of their produce from agricultural & allied activities was less than the threshold level of ₹ 6500. For some of such cases, due to various reasons, the input costs incurred exceeded the value of output leading to negative net income from cultivation and livestock rearing.

# HOUSEHOLD INCOME

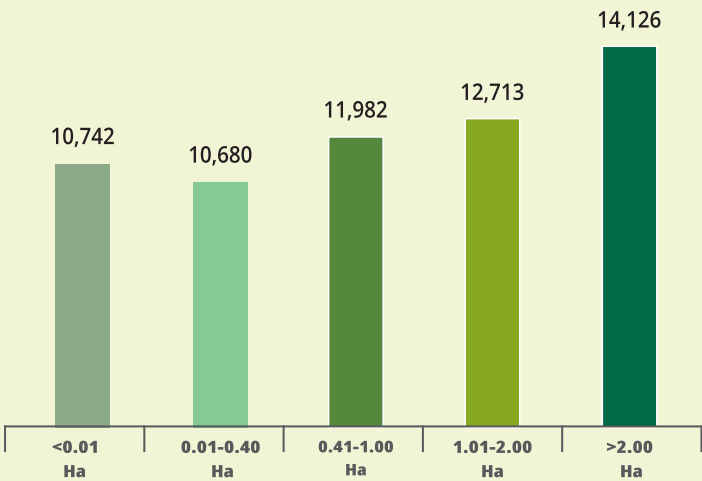
## STATE-WISE AVERAGE MONTHLY HOUSEHOLD INCOME PER HOUSEHOLD IN THE AGRICULTURAL YEAR 2021-22 (₹)



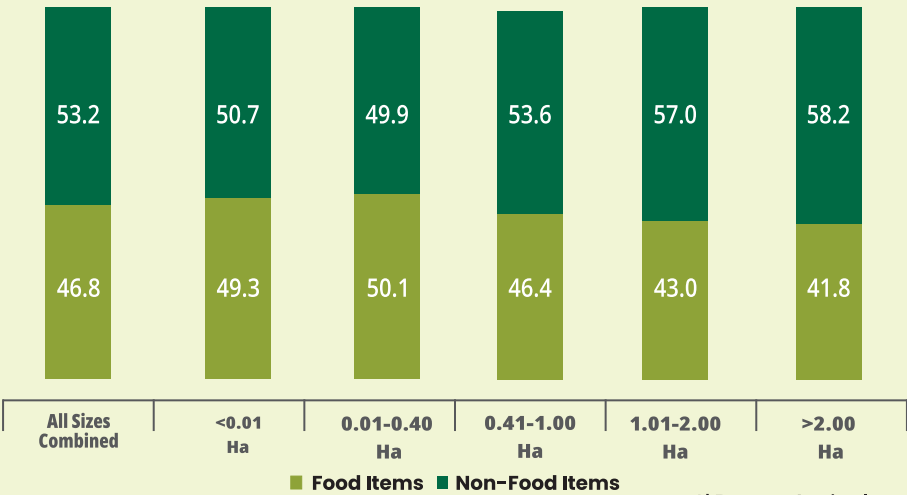
# HOUSEHOLD CONSUMPTION EXPENDITURE



**AVERAGE MONTHLY CONSUMPTION EXPENDITURE FOR AGRICULTURAL HOUSEHOLDS BY SIZE CLASS OF LAND POSSESSED\* (₹)**



**DISTRIBUTION OF EXPENSE ON FOOD VS. NON-FOOD ITEMS FOR AGRICULTURAL HOUSEHOLDS BY SIZE CLASS OF LAND POSSESSED\* (%)**



(\*Base = Agricultural Households)

# HOUSEHOLD INVESTMENT

## PROPORTION OF INVESTOR HOUSEHOLDS (%) & AVERAGE INVESTMENT (₹) IN THE AGRICULTURAL YEAR 2021-22



	Agricultural Households	Non-Agricultural Households	All Households
Households that made any Investment (%)	30.9	22.8	27.4
Average Investment in All Assets Combined (₹) *	48,018	45,501	47,111
Households Investing in Financial Assets (%)	3.6	4.7	4.1
Average Investment in Financial Assets (₹) **	34,065	46,493	40,213
Households Investing in Physical Assets (%)	28.3	18.7	24.1
Average Investment in Physical Assets (₹) ***	48,079	43,901	46,679

(\*Base=Households Reporting any Investment in the Agricultural Year 2021-22)

(\*\*Base=Households Reporting any Investment in Financial Assets)

(\*\*\*Base=Households Reporting any Investment in Physical Assets)

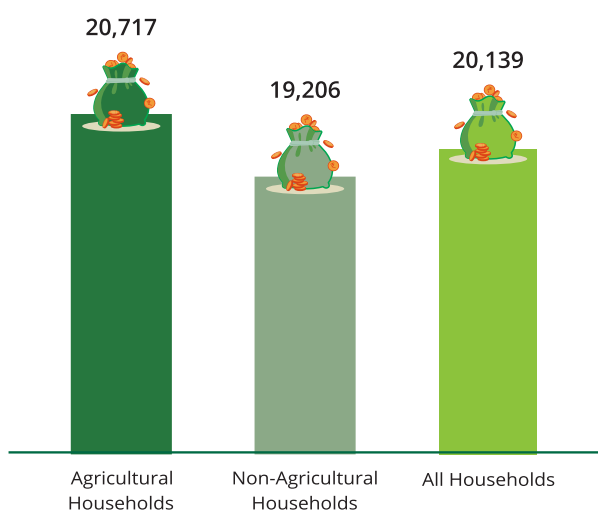


# HOUSEHOLD SAVINGS

## PROPORTION OF HOUSEHOLDS THAT REPORTED SAVINGS IN THE AGRICULTURAL YEAR 2021-22 (%)



	Agricultural Households	Non-Agricultural Households	All Households
Households that made any Saving in the last Agricultural Year (%)	71.4	57.9	65.6
Households with at least 1 Member who Saved in an Institution (%)	63.5	52.0	58.5
Households with at least 1 Woman Member who Saved in an Institution (%)	44.8	37.9	41.8

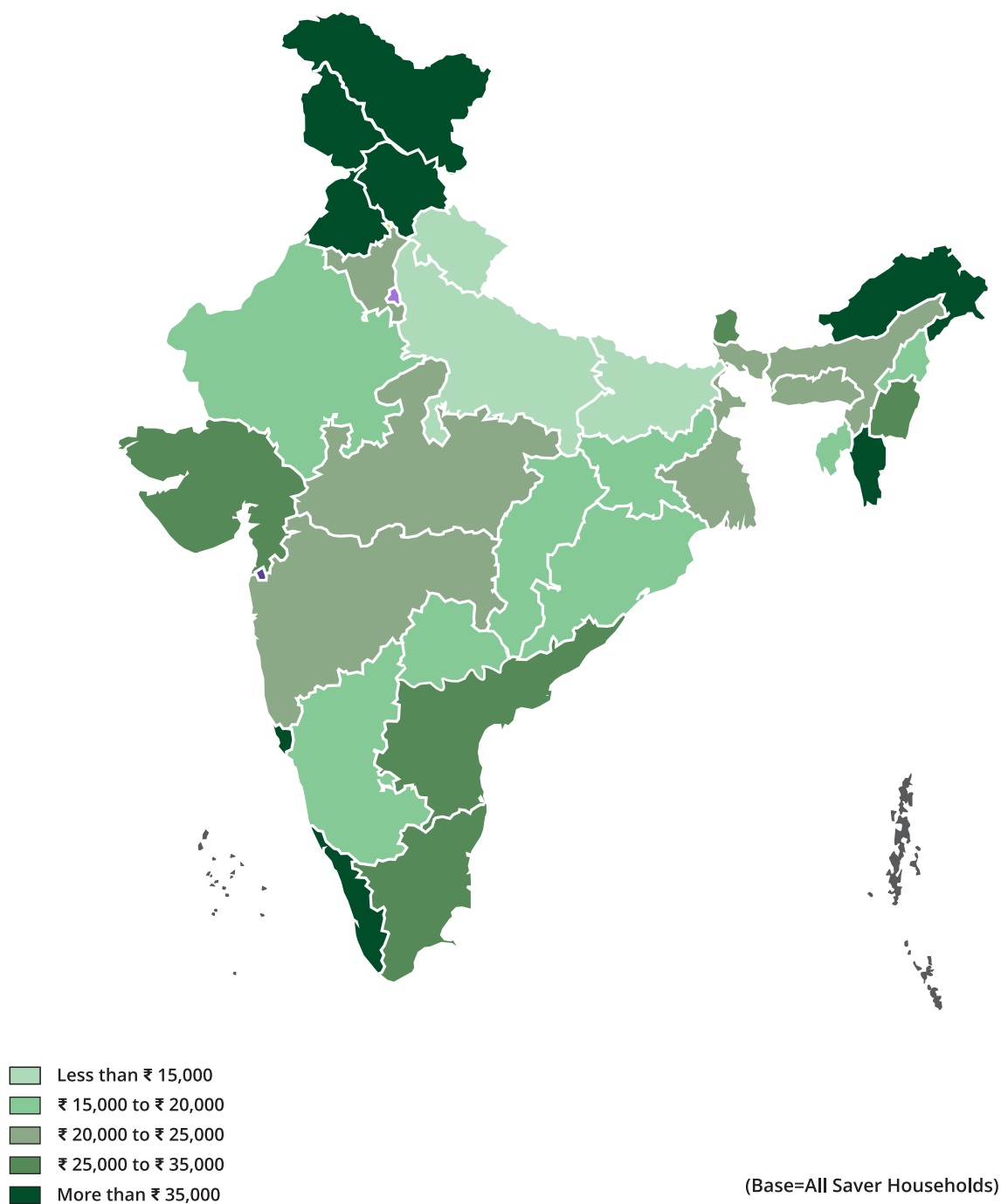


Average Savings per  
Saver Household in the  
Agricultural Year 2021-22\* (₹)

(\*Base = Saver Households)




# HOUSEHOLD SAVINGS

## STATE-WISE AVERAGE SAVINGS PER SAVER HOUSEHOLDS IN THE AGRICULTURAL YEAR 2021-22 (₹)



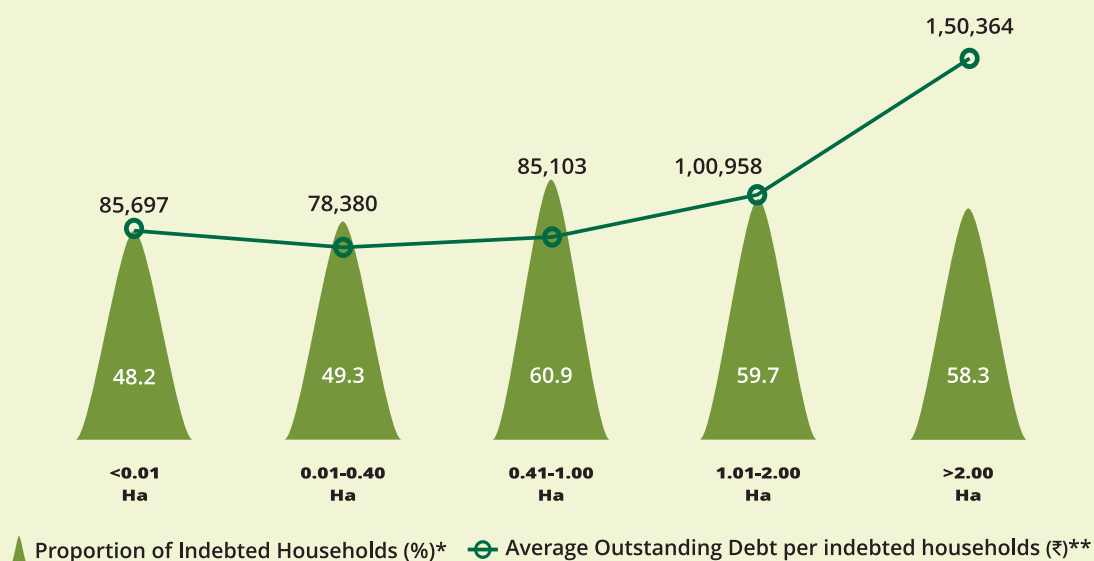
# HOUSEHOLD DEBT

## INCIDENCE OF INDEBTEDNESS (%) AND AVERAGE OUTSTANDING DEBT AS ON DATE OF SURVEY (₹)

	Proportion of Households having Outstanding Debt (%)	Average Outstanding Debt per Indebted Household as on Date of Survey (₹)*
 Agricultural Households	55.4	91,231
 Non-Agricultural Households	48.0	89,074
 All Households	52.2	90,372

(\*Base= Indebted Households)

## INDEBTEDNESS BY SIZE-CLASS OF LAND POSSESSED AS ON DATE OF SURVEY

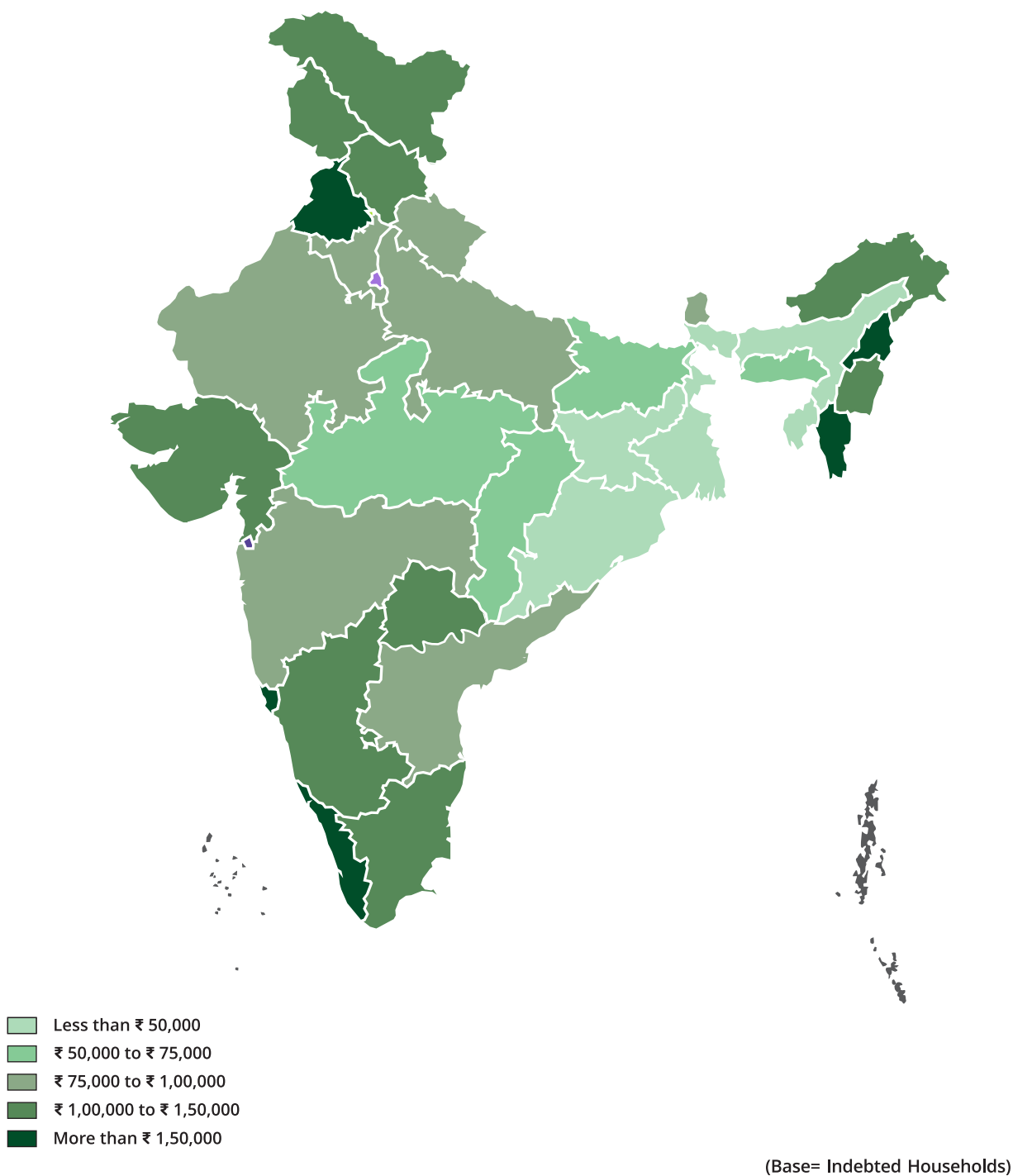


(\*Base= Agricultural Households)

(\*\*Base= Indebted Agricultural Households)




# HOUSEHOLD DEBT

STATE-WISE AVERAGE OUTSTANDING DEBT  
PER INDEBTED HOUSEHOLD AS ON DATE OF SURVEY (₹)



# BORROWING BEHAVIOUR

## PROPORTION OF HOUSEHOLDS THAT TOOK ANY LOAN & THEIR DISTRIBUTION BY SOURCES OF LOAN\* IN THE AGRICULTURAL YEAR 2021-22 (%)

		Institutional Sources	Non-Institutional Sources	Both Sources
 Agricultural Households	44.9	75.5	23.4	1.1
 Non-Agricultural Households	38.7	72.7	26.4	0.9
 All Households	42.2	74.4	24.6	1.0

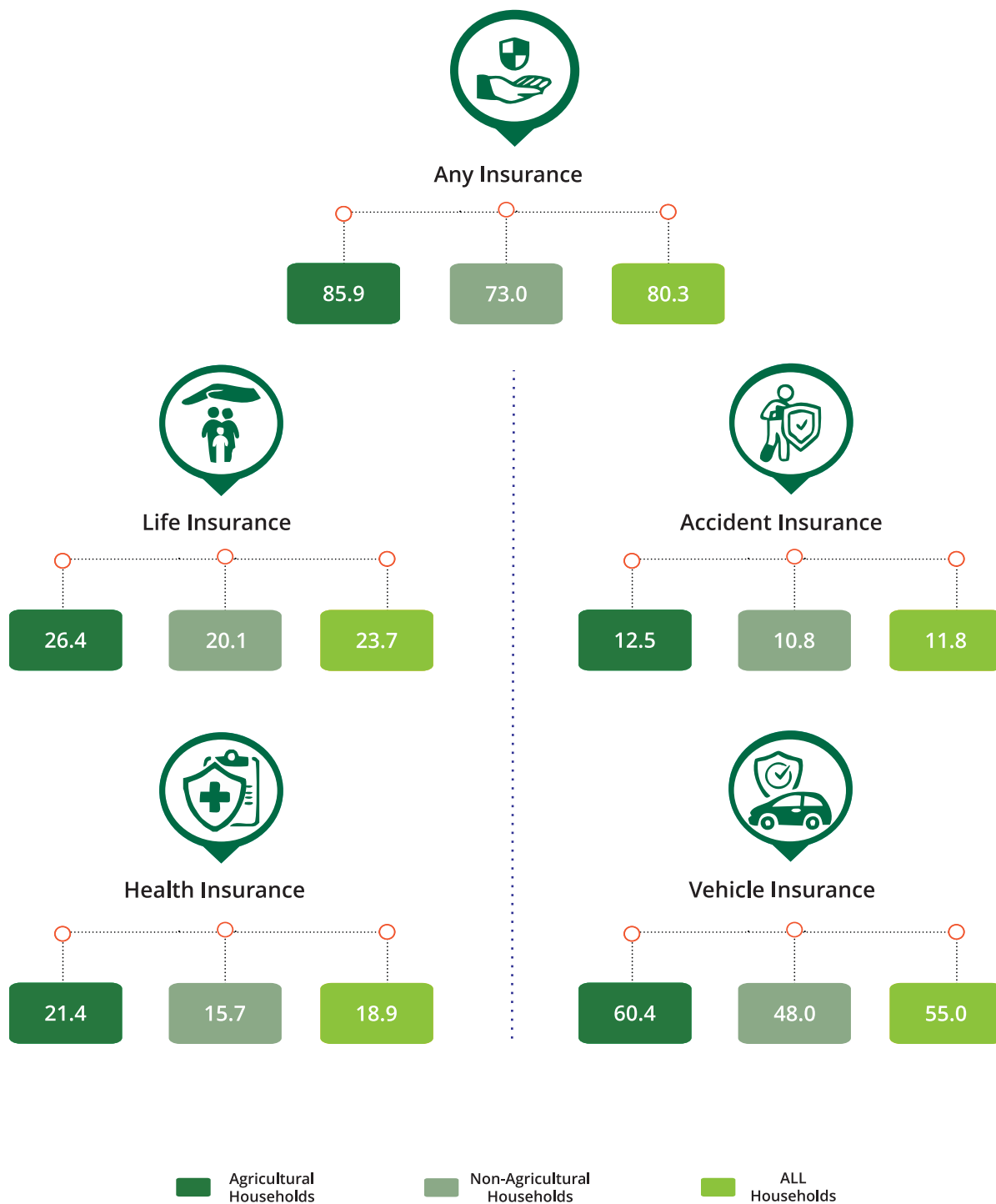
## AVERAGE AMOUNT OF LOAN TAKEN IN THE AGRICULTURAL YEAR 2021-22 BY TYPE OF SOURCES\* (₹)

Sources	Agricultural Households	Non-Agricultural Households	ALL Households
All Sources Combined	86,106	91,279	88,158
Institutional Sources	74,033	81,241	76,892
Non-Institutional Sources	12,073	10,038	11,266

(\*Base=Households that took any loan in the Agricultural Year 2021-22)

# INSURANCE PENETRATION

PROPORTION OF HOUSEHOLDS WITH AT LEAST ONE MEMBER HAVING  
INSURANCE IN THE AGRICULTURAL YEAR 2021-22 (%)



# INSURANCE PENETRATION

## INSURANCE PENETRATION AMONG AGRICULTURAL HOUSEHOLDS IN THE AGRICULTURAL YEAR 2021-22 (%)

### Crop Insurance



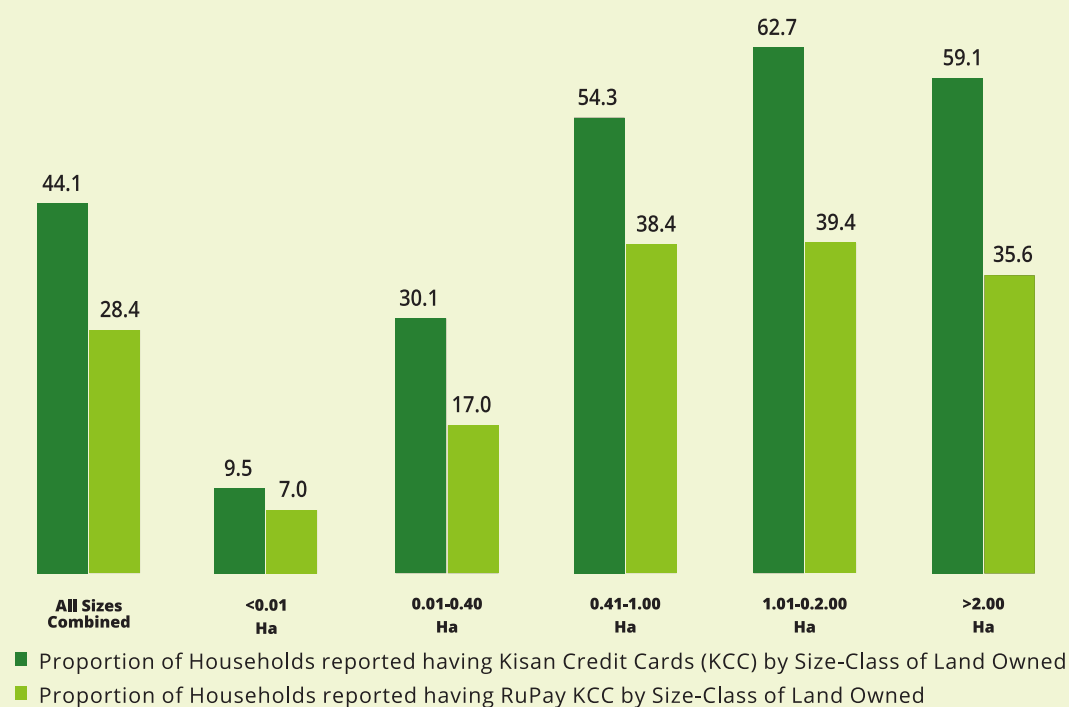
(Base=Agricultural Households)

### Animal Insurance



(Base=Agricultural Households  
that reported to own Milch Cattle)

## AVAILABILITY OF VALID KISAN CREDIT CARD AS ON DATE OF SURVEY (%)



(Base= Agricultural Households)

# ACCESS TO PENSION

## PROPORTION OF HOUSEHOLDS HAVING ACCESS TO PENSION IN THE AGRICULTURAL YEAR 2021-22 (%)

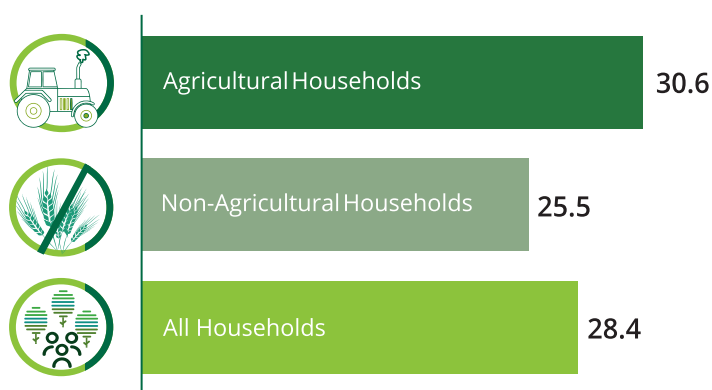


	Agricultural Households	Non-Agricultural Households	All Households
Households having access to Pension of any type (%)	25.0	21.5	23.5
Households with a Member over 60 years receiving an Old-Age Pension (%)	55.6	50.3	53.6
Households with at least One Member having access to Widow Pension (%)	4.0	5.2	4.5
Households with at least One Member having access to Retirement Pension (%)	1.1	1.4	1.3
Households with at least One Member having access to Disability Pension (%)	0.8	0.9	0.9
Households with at least One Member having access to Optional Pension (Like NPS, APY, etc.) (%)	0.3	0.2	0.2



# ASSOCIATION WITH COMMUNITY-BASED ORGANIZATIONS

## PROPORTION OF HOUSEHOLDS REPORTING ASSOCIATION WITH VARIOUS COMMUNITY-BASED ORGANIZATIONS AS ON DATE OF SURVEY (%)



Proportion of Households  
with at least one Member  
associated with any  
Micro-Finance Institution (%)

25.7 

Proportion of Households  
reporting Membership with Self  
Help Groups (%)

1.8 

Proportion of Households  
reporting Membership  
with Joint Liability Groups (%)

1.3 

Proportion of Households  
reporting Membership with  
FPOs/ OFPOs (%)

2.6 

Proportion of Households reporting  
Membership with Any other  
Livelihood Collectives (%)

(Base = All Households)

# FINANCIAL LITERACY

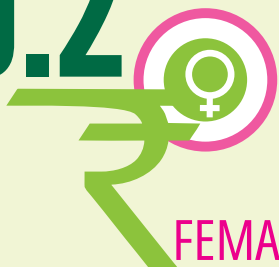
## PROPORTION OF RESPONDENTS REPORTING EXPOSURE TO FINANCIAL EDUCATION INITIATIVE (%)

11.1



MALE

9.2



FEMALE

	Overall	By Gender		By Type of Households	
		Male	Female	Agricultural	Non-Agricultural
Respondents having Good Financial Knowledge (%)	58.3	60.6	52.8	59.6	56.5
Respondents having Positive Financial Attitude (%)	59.0	61.5	53.1	58.0	60.2
Respondents having Sound Financial Behaviour (%)	72.8	75.6	66.1	75.5	69.2
Respondents assessed as having Good Financial Literacy (%)	51.3	55.3	42.1	53.0	49.1

(Base = All Respondents)

# UTILISATION OF BANKING FACILITIES

Proportion of Respondents who reported to  
have Utilized any **Banking Facilities** in the  
last 3 months (%)

22.4



Proportion of Respondents reporting  
Utilisation of **ATM Services**  
in the last 3 months (%)

21.5



Proportion of Respondents reporting  
Utilisation of **Mobile Banking Services**  
in the last 3 months (%)

3.1



Proportion of Respondents reporting  
Utilisation of **Internet Banking  
Services** in the last 3 months (%)

2.3

(Base = All Respondents)



# CHAPTER 1

## INTRODUCTION

---

### 1.1 BACKGROUND AND CONTEXT

#### Emerging Economic Priorities

India has sustained robust economic growth in recent years and is now the fifth largest economy in the world in terms of GDP at market exchange rate and the third largest in terms of purchasing power parity (PPP). The country has shown exemplary resilience as it waded through the economic upheavals caused by the pandemic and external disturbances like the Russia-Ukraine conflict.

After completing 75 years of India's independence, the country is envisioned to become a developed nation by 2047 with US\$ 30 trillion economy (at market exchange rate) and a per capita income of US\$ 18,000 (NITI Aayog, 2024)<sup>2</sup>. All the efforts directed at achieving the vision for centenary have been guided by the philosophy of inclusive growth – 'Sabka Saath Sabka Vikas.'

The Union Budget 2024-25 envisions India to be a technology-driven and knowledge-based economy with sound public finances. It envisages sustained thrust on nine priorities (Figure 1.1).

**Figure 1.1 Nine Priorities identified in Union Budget 2024-25**



#### Financial Inclusion as an Enabler

Goldsmith (1969) was one of the first economists who studied the relationship between financial development and economic growth. He demonstrated that financial development directly increases savings in the form of financial assets, encouraging capital formation and economic growth. Financial development includes both financial widening and financial deepening. Financial widening refers to the expansion of financial services and the growth of financial

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<sup>2</sup> Vision for Viksit Bharat @ 2047 - An Approach Paper

institutions and financial deepening refers to an increase in per capita amount of financial services and institutions or an increase in the ratio of financial assets to income (Mihalca, 2007). It is considered as a prerequisite for empowerment, employment, economic growth, poverty reduction, and social cohesion (NABARD, 2009).

In the literature on modern development theory, it is stated that 'the progression of financial access, growth, and income dynamics of different generations are closely related (World Bank, 2005)'. It has been established in multiple pieces of research conducted on the subject that a well-developed and effectively functioning financial system paves the way for inclusive growth. In the absence of a strong capital market and an easily accessible network of financial institutions, poor individuals and small enterprises will be constrained to rely on their limited savings and earnings to invest in their economic and livelihood related activities. They will have little money to invest in their social needs like education or follow the chosen vocation. Kempson (2006) established that there is a positive correlation between the Index of Financial Inclusion and the ranks of the UNDP Human Development Index (HDI), highlighting that countries with high-income inequality have less formal financial access.

A World Bank research report (2008) on access to finance states that financial access can have direct and indirect benefits on small firms and poor households, make them more capable to take advantage of investment opportunities, and insure them against risks. Studies have revealed that after availing formal finance, households may be expected to exhibit positive changes in household consumption expenditure, income prospects, and other developmental outcomes.

### **1.1.1 Financial Inclusion and Exclusion Defined**

#### ***Financial Inclusion***

The Committee on Financial Inclusion headed by Dr. C Rangarajan in 2008 defined *financial inclusion* as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as the weaker sections and low-income groups at an affordable cost." In general, the term financial inclusion is understood as a welfare-oriented measure for enhancing access to and affordability of financial services and products for all. The Committee on Financial Sector Reforms, under the Chairmanship of Dr. Raghuram G. Rajan, referred to financial inclusion as "Universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products." It includes the provision of varied financial services such as payment services, savings products, insurance products, and inflation-protected pensions.

Financial inclusion tends to provide equal opportunities to vast sections of the population in accessing mainstream financial services for a better living. Easy access to financial services enables the population living in lower strata to save money safely and helps in preventing concentration of economic power with a few individuals. Therefore, providing access to financial

services is becoming an area of priority for policymakers as it has far-reaching economic and social implications (Agarwal Parul, 2014).

### ***Financial Exclusion***

The term 'financial exclusion' was used by Leyshon and Thrift for the first time in 1993, expressing their concern over limited access to banking services. The European Commission defined Financial Exclusion as "a process whereby people encounter difficulties accessing or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong." The financially excluded remain deprived of mainstream financial products and services like savings bank accounts, insurance on home, life or household assets, pension funds, credit and investment services, etc.

There are a number of barriers or limitations that prevent people from using financial services. It ranges from not having access to a bank account to financial illiteracy. Several dimensions of barriers have been identified, which include physical exclusion, caused by the problems of travelling to services; access exclusion, caused by processes of risk assessment; condition exclusion, when the conditions attached to products are unsuitable or unacceptable to consumers; price exclusion, where the price of products is unaffordable; marketing exclusion, where certain consumers are unaware of products due to marketing strategies that target others; and, self-exclusion, when people decide to exclude themselves voluntarily on the basis of past rejections or fear that they would be rejected (Leyshon et al., 2006).

Any effort to enhance financial inclusion will have to aim at eliminating these barriers for the population to realize the advantages of various financial products and services designed to cater to their specific development needs.

#### **1.1.2 Initiatives taken for Financial Inclusion in India**

The history of measures taken towards promoting financial inclusion in India dates back to the Cooperative Movement in 1904. This agenda received further impetus with the nationalization of 14 major commercial banks in 1969, soon after which the lead bank scheme was introduced. This resulted in an expansion in the banking network, with the opening of a large number of branches across the country, including in some of the remote and difficult areas.

The Reserve Bank of India (RBI) has been complementing the Government's efforts through its numerous initiatives, like introduction of priority sector lending (PSL) requirements for banks, the establishment of regional rural banks (RRBs), and self-help group-bank linkage programme (SHG-BLP) to extend financial services to the poor and marginalized segments of society. Further, based on the Mid-Term Review of Monetary Policy (2005-06), the RBI urged the banks to make financial inclusion one of their prime objectives. In this respect, various policy prescriptions were suggested by RBI, viz., opening of no-frill accounts, issuing of General Purpose credit cards, etc.

In February 2011, the Government of India and the Indian Banks' Association (IBA) jointly launched 'Swabhimaan', a path-breaking initiative to bridge the economic gap between rural and urban India. It aimed at ensuring availability of banking facilities within the reach of every village with a population of over 2000 by the end of March 2012. With this initiative, it was expected that the banking facilities would reach over 73,000 villages in the country that were not served by any bank thus far. The banks in the villages were supposed to facilitate the opening of accounts by villagers, offering them need-based credit and offering remittance facilities to transfer funds.

In August 2014, the Government of India launched the 'Pradhan Mantri Jan-Dhan Yojana' to facilitate access to all kinds of financial services to the excluded sections of society. The scheme aimed at ensuring universal access to bank facilities, increasing the level of financial literacy, and providing access to credit, insurance, and pension services. RBI also undertook some measures in 2014 to impart a boost to financial inclusion, such as granting in-principle approval to the largest MFI in India to commence banking operations, permitting non-banking financial companies to act as business correspondents for banks, and issuing guidelines on differentiated banking licenses for small banks and payments banks, based on the recommendations of the committee on 'Comprehensive Financial Services for Small Businesses and Low-Income Households', chaired by Dr. Nachiket Mor.

Other flagship schemes like Pradhan Mantri Mudra Yojana (PMMY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Vaya Vandana Yojana, Pradhan Mantri Suraksha Bima Yojana, and Atal Pension Yojana have facilitated financial inclusion.

These schemes have led to significant progress in the status of financial inclusion in the country. According to World Bank data, in 2014, 53 percent of adults had a bank account, which increased to 77.5 percent in 2021. There has also been an increase in the penetration of low-cost insurance schemes and other pension schemes. Awareness and use of mobile payments in India had been low, with only 1 percent of the population using mobile money in 2016. However, after demonetization and the launch of the BHIM platform, penetration of mobile payments has become near universal, added by new initiatives such as Aadhaar-enabled payment services and payment banks.

## **1.2 RATIONALE FOR NAFIS 2021-22**

National Bank for Agriculture and Rural Development (hereinafter referred to as "NABARD") is an apex development financial institution in India. NABARD's mission is to promote sustainable and balanced agriculture and rural development through participative financial and non-financial interventions, promoting innovations, technology adoption, and institutional development for enhanced rural prosperity. Realizing the importance of financial inclusion for the overall economic growth of the country, NABARD has been taking various initiatives for financial inclusion. It has supported Financial Literacy efforts through various initiatives, keeping in mind



its importance to augment demand for financial services, which in turn could increase the level of financial inclusion in the country.

Financial inclusion being an important goal, NABARD decided to conduct an all-India survey to enhance understanding of the level of penetration of various financial products and services and challenges. In view of this, NABARD launched a comprehensive survey titled 'NABARD All India Rural Financial Inclusion Survey' (NAFIS) in 2016-17 with country-wide coverage. This survey sought to assess various aspects of financial inclusion, covering both quantitative and qualitative dimensions. Besides covering economic indicators like savings, debt, income, expenditure, investment, and the pattern of consumption, parameters such as borrowing behaviour, financial literacy/knowledge, usage of various banking services, etc. were included in the survey.

Encouraged by the positive feedback from policymakers, academicians, and practitioners on the utility of the survey, particularly its focus on rural areas and the comprehensive coverage, NABARD decided to conduct the second round of the survey, "NABARD All India Rural Financial Inclusion Survey 2021-22" (hereinafter referred to as "NAFIS 2021-22") covering all 28 States of the country and the Union Territory (UT) of Jammu & Kashmir (J&K) and UT of Ladakh.

### **1.3 OBJECTIVES OF THE SURVEY**

The overarching goal of NAFIS 2021-22 was to get a holistic view of the rural economy by generating reliable state and country-level data on various pertinent indicators, such as -

- Financial inclusion aspects like borrowings, savings, investments, pension, insurance, etc.
- Aspects related to knowledge, attitude, and behaviour of the rural populace towards financial products and services available in the market.
- Livelihood status in terms of occupational profile, sources of income, consumption expenditure, asset ownership, and debt.

The main objective of this survey was to generate reasonable estimates based on primary data gathered from rural households on indicators related to the aforementioned aspects. These indicators could provide insights to policymakers and practitioners for undertaking strategic policy actions backed by new factors. Studying variations in estimates for different strata and groups, such as region, social category, land-holding size etc. may also help in refining targeted approach to policy interventions.

### **1.4 SURVEY ADMINISTRATION**

NABARD commissioned Academy of Management Studies (AMS) to undertake the NAFIS 2021-22 Survey. It constituted an Advisory Committee comprising distinguished experts from RBI, NSSO, CSO, ISI Kolkata, NIAP New Delhi, IGIDR Mumbai, academia and senior officers of NABARD. The team of the Department of Economic Analysis & Research (DEAR), NABARD steered the survey

and the members of the Advisory Committee offered their expert inputs and guidance at all stages of the project. The composition of the Advisory Committee is presented in Annexure 1.

The survey was administered through an Android-enabled survey application developed for the purpose. This allowed for near-real-time syncing of data from the field, and the data was accessible to all the concerned stakeholders. Systematic procedures were laid down for the quality monitoring of data and for offering timely feedback to the field teams. The fieldwork was conducted in a phased manner, which helped to minimize errors in the survey to the extent feasible.

## **1.5 ORGANIZATION OF THE REPORT**

This report is organised into 12 chapters. This chapter (Chapter 1) provides the context for the survey and sets out the rationale for the second round of the survey. The second chapter presents the methodology and approach to sample selection (Chapter 2). The remaining part of the report delves into the survey findings pertaining to livelihood and financial inclusion aspects. Chapter 3 describes the status of Asset Ownership among households. Sources of Livelihoods and Income-related findings are detailed in Chapter 4, and Consumption Expenditure pattern is described in Chapter 5. Household Savings, Investment, Indebtedness are covered in Chapter 6, 7 and 8 respectively. Chapter 9 covers Insurance and Pension, followed by Chapter 10 on Microfinance. Chapter 11 deals with measuring financial literacy based on Knowledge, Attitude and Behaviour, followed by Summary Findings set out in Chapter 12. The sample design and estimation procedure are detailed in Annexure 2, and the list of NSS Regions surveyed is provided in Annexure 3. Household-Level Questionnaire used for the purpose of data collection is attached as Annexure 4. Annexure 5 presents definitions of some important concepts used in the survey. The report presents estimates at both all India and State level enabling assessment of state-level conditions relating to some key economic and financial indicators.

## CHAPTER 2

# METHODOLOGY AND SAMPLE PROFILE

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This chapter outlines the methodological approach adopted for undertaking the survey. It also presents some unique features of the survey<sup>3</sup>.

### 2.1 DISTINGUISHING FEATURES OF NAFIS 2021-22

Access to financial products and services among poor and vulnerable groups has been recognized as an important instrument of inclusive growth. However, any programme targeting inclusive growth would be incomplete without strengthening the livelihoods of the poor. Access to finance for the poor and vulnerable is inextricably linked to livelihoods, as it helps the poor build their asset base, supports income-generating activities and expands the range of choices available to them. The availability of adequate finances also acts as a security against risks like losses in productivity and exposure to unforeseen contingencies which impact the earning potential of the poor. On the other hand, poverty and uncertainty of livelihoods can affect the eligibility for and affordability of financial products and services for the poor and poor people who are unsure of their ability to repay may have little incentive to approach the formal financial system. Therefore, in order to build a sustainable system for financial inclusion, it is important to gain insight on both aspects.

NAFIS was first launched in 2016-17 as a national-level survey that offered a comprehensive overview of the status of the rural population on two distinct but interconnected themes, namely livelihood and financial inclusion. It was acknowledged as one of the first national-level surveys that attempted to delve into the financial and economic landscape of the rural population in such great detail. Prior to NAFIS, there were no other population-level estimates on financial literacy and the status of financial inclusion in the country. Therefore, NAFIS offered valuable insights into the status of rural households in terms of their existing economic capacities and their access to financial products and services being offered by different agencies within the country.

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<sup>3</sup> While comparing the findings of two rounds of NAFIS, the following points may be taken into account: (i) NAFIS 2021-22 covers a larger number of districts and households than NAFIS 2016-17; and (ii) The reference year of NAFIS 2021-22 relates to the post-COVID period and, therefore, some of the findings may reflect the impact of the pandemic on households' assessment of different economic and financial indicators.

NAFIS was conceptualized with a view to gaining comprehensive insights on the livelihood status of rural households, covering aspects like sources of livelihoods and the economic status of households, including income, consumption expenditure, and household assets. On the other hand, it also covers various financial inclusion-related aspects ranging from loans, savings, investments, pensions, remittances, and insurance. The survey moves a step further by delving into aspects of financial behaviour offering insights on the socioeconomic antecedents that condition the use of financial systems, quantifying the level of penetration of various financial products and services, and studying the experience of households using these services.

The coverage of NAFIS spans across rural and semi-urban areas, including Tier-3 to Tier-6 centres, that is, those having a population of less than 50,000. It covers both agricultural and non-agricultural households.

## **2.2 RESEARCH INSTRUMENTS**

The research instruments used for the survey comprised a structured household questionnaire to capture information pertaining to the status of financial inclusion and livelihood of sample households. The questionnaire comprised two broad sections: Section-A for capturing household-level details and Section-B for capturing individual-level details about the member of the household who usually takes financial decisions. Section-A was administered covering the head of household or any adult knowledgeable member of the household. It was designed to capture information on household assets and amenities, income, consumption expenditure, savings and investments, access to financial services, loans and borrowings, experience with microfinance institutions, insurance and pension, and risks and uncertainties faced by the household. In this section, we asked a few questions about the household as a whole, and in some questions, we collected details on important financial aspects like savings, borrowings, insurance, pension, microfinance experience, etc. about all adult members of the household. Section-B aimed at assessing the knowledge, attitude, and practices about financial products and services at an individual level. For this, one member from each household who was above 15 years of age and who undertook most of the financial transactions in the household was selected as the respondent.

It will be pertinent to highlight here that all the indicators and cross-tabulations generated from the sample data are based on the information as reported by the respondents. The estimates presented in the report are generated using design-based weights, thus making them representative of the entire survey area. The detailed method of estimation has been Annexed to the report. The household survey was undertaken using computer-aided personal interviews (CAPI). Customized software was designed to collect the information in the desired format. This not only minimized the chances of consistency-related errors but also accelerated the pace of data collection and transfer from locations across the country. In view of the linguistic requirements of diverse geographies being covered under the survey, the schedules were translated into 18 regional languages.

## **2.3 SCOPE AND COVERAGE OF SURVEY**

### **2.3.1 Geographical Coverage**

NAFIS primarily covered rural and some semi-urban areas across all 28 states of the country and Union Territories (UTs) of Jammu & Kashmir (J&K) and Ladakh. The centres having a population of less than 50,000 (Tier-3 to Tier-6 centres as per RBI classification) constituted the universe for this survey. The sample was spread across all 710 districts (as on 31st March 2021) of the country, thereby making this survey the first rural household survey that has such comprehensive coverage.

### **2.3.2 Target Population**

The households formed the unit of assessment for the survey. For the purpose of this survey, a 'household' was defined as 'a group of persons normally living together and taking food from a common kitchen'. By "normally" it is meant that temporary visitors (who have been staying in the household for less than 6 months) are excluded while temporary stay-aways (who have been staying away from the household for less than 6 months) are included. "Living together" is usually given more importance than "sharing food from a common kitchen" in drawing the boundaries of a household, in case the two criteria came into conflict. For example, a person taking food with his family but sleeping elsewhere (say, in a shop or a different house) due to space shortage or otherwise, the household formed by such a person's family members is taken to include the person also.

The target respondents for NAFIS included all men and women aged 15 years or above. This target population includes all people who are usual residents of the sample households.

In general, the target population of the NAFIS includes individuals usually residing in all geographic areas of the country.

## **2.4 CONCEPTUAL FRAMEWORK**

### **2.4.1 Duration of the Survey**

The survey was initiated in September 2022 and was completed within a span of 10 months. Considering the linguistic requirements of various geographies, the training and the actual data collection were planned in a phased manner to cover all 28 states and 2 UTs. Rigorous monitoring and back-checking mechanisms were put in place to ensure the quality and authenticity of the data being collected.

### **2.4.2 Reference Period of the Survey**

The survey delves into various aspects of rural livelihoods. To obtain correct information on various topics of interest, some variations were made in the reference periods based on the

expected frequency of the occurrence and recall validity. For most of the questions in the questionnaire, the reference period was taken as the agricultural year 2021-22, i.e., 1st July 2021 to 30th June 2022. The reference period differed for some specific sections, like: for obtaining reliable consumption expense, a mixed reference method was used where the reference period for food and non-food items was taken as the last one month, while for certain general items, the reference period was taken as last one year, preceding the date of the survey. Similarly, the reference periods for obtaining responses regarding household income, savings, investments, etc. were also kept as the agricultural year 2021-22 to maintain comparability of estimates.

Asset ownership was ascertained on the basis of the status of availability at the time of the survey. The information regarding loans and borrowings has been elicited for the last three calendar years, including 2020, 2021, and 2022, and separately for the Agricultural Year 2021-22 as well. For estimating outstanding debts, all debts taken before 2020 were also taken into consideration. With regard to exposure to distress events, considering that these could be less frequent in nature, the information has been collected for the reference period of the last 5 years preceding the survey. Exposure to income uncertainties was captured for a reference period of the last 12 months.

Another major component of NAFIS was collecting individual-level details with regard to financial knowledge, attitude and behaviour, and their experience of availing financial services. For capturing their experience while visiting different types of financial institutions and utilizing various banking facilities and payment mechanisms used, they were asked to refer to a period of the last three months preceding the survey to capture their most recent experience. For studying the individual-level borrowing behaviour, the reference period was kept as the last three years preceding the survey.

The usage of different reference periods, as per the suitability of specific issues, provides the schedule with more flexibility and accuracy. The relevant analytical tables presented in the subsequent chapters clearly specify the reference period considered for obtaining specific information. While interpreting the results and indicators, due care should be given to the reference period to which the indicator corresponds.

## **2.5 SAMPLE SIZE**

The survey adopted a multi-stage stratified random sampling approach. The survey covered all 28 States of the country and the Union Territories of Jammu & Kashmir and Ladakh. As mentioned earlier, the scope of the survey was restricted to Tier-3 to Tier-6 centres. The detailed sampling methodology and estimation procedure used for the survey have been given in Annexure 2. Overall, the survey covered a total of 1,00,000 households (HH) across 10,000 Villages/Census Enumeration Blocks (CEBs) spread over 710 districts from 28 states and 2 Union

Territories. The number of districts, villages/CEBs and the number of households covered in each state have been presented in Table 2.1.

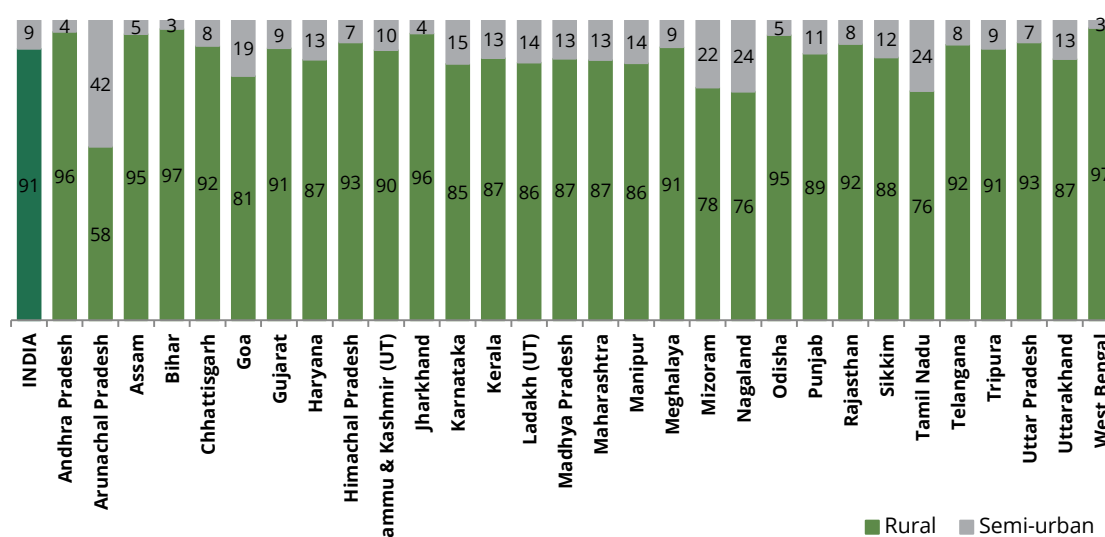
<b>Table 2.1 State-wise Number of Districts, Number of First stage Sampling Units and Number of Households covered in the Survey</b>				
Serial Number	State Name	No. of Districts	No. of FSUs (Villages / CEBs)	Number of Households
1	2	3	4	5
01	Andhra Pradesh	13	368	3,680
02	Arunachal Pradesh	25	55	550
03	Assam	34	298	2,980
04	Bihar	38	944	9,440
05	Chhattisgarh	28	268	2,680
06	Goa	2	55	550
07	Gujarat	33	444	4,440
08	Haryana	22	225	2,250
09	Himachal Pradesh	12	110	1,100
10	Jammu & Kashmir (UT)	20	165	1,650
11	Jharkhand	24	274	2,740
12	Karnataka	30	450	4,500
13	Kerala	14	278	2,780
14	Ladakh (UT)	2	55	550
15	Madhya Pradesh	52	585	5,850
16	Maharashtra	34	692	6,920
17	Manipur	16	110	1,100
18	Meghalaya	11	55	550
19	Mizoram	11	55	550
20	Nagaland	12	55	550
21	Odisha	30	372	3,720
22	Punjab	22	225	2,250
23	Rajasthan	33	557	5,570
24	Sikkim	4	55	550
25	Tamil Nadu	37	521	5,210
26	Telangana	33	233	2,330
27	Tripura	8	55	550
28	Uttar Pradesh	75	1,664	16,640
29	Uttarakhand	13	81	810
30	West Bengal	22	696	6,960
	INDIA	710	10,000	1,00,000

## 2.6 SOCIO-DEMOGRAPHIC PROFILE OF HOUSEHOLDS

### 2.6.1 Distribution of Households by Type of Location

The geographical coverage of the survey was restricted to Tier-3 to Tier-6 centres<sup>4</sup> with a population of less than 50,000, using the RBI classification. As per the RBI guidelines, a 'Centre' is defined as a revenue unit (and not just the locality) classified and delineated by the respective State Government, i.e., a revenue village, city, town, municipality, municipals corporation, etc. as the case may be. For NAFIS, we use a broader definition of 'rural' as the survey sample is drawn from revenue villages, as well as Census Enumeration Blocks from other centres having a population of less than 50,000, which is a subset of the usual 'semi-urban' area that includes centres of up to 1,00,000 population. Figure 2.1 presents an insight into the state-wise share of households classified as 'rural' and 'semi-urban' falling in the domain of the afore-mentioned definition.

**Figure 2.1 State-wise Share of Rural and Semi-urban Households (%)**



Overall, among the households from Tier-3 to Tier-6 centres across all states and union territories covered under NAFIS, 91% were located in rural areas and 9% were from semi-urban areas. In majority of the states, 85% or more of households belonged to rural areas, with the exception of states like Arunachal Pradesh (42%), Mizoram (22%), Nagaland (24%), and Tamil Nadu (24%) where a sizeable proportion of households were represented from semi-urban areas. The area in which the household resides forms a distinguishing feature that has an impact on its socio-economic status, the choice of livelihood, and the extent of financial inclusion. In India, there is a prominent difference between the semi-urban and rural areas in terms of accessibility, availability of basic infrastructural amenities, and overall developmental status, with the rural area lagging severely behind its counterparts.

<sup>4</sup> Tier-3: 20,000 to 49,999, Tier-4: 10,000 to 19,999, Tier-5: 5,000 to 9,999 and Tier-6: Less than 5000; Source: RBI

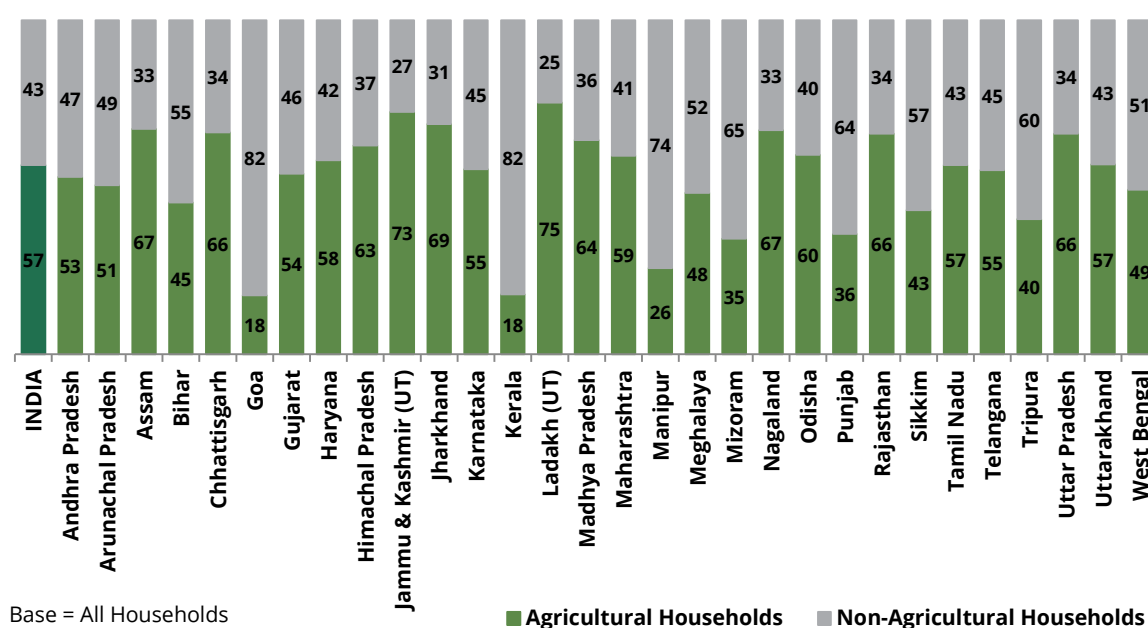


## 2.6.2 Type of Households - Agricultural Vs. Non-agricultural

For the purpose of gaining a better understanding of the broad profile of households falling in the survey area, all the households were categorized into agricultural and non-agricultural households. For the purpose of this survey, an '**Agricultural Household**' (AH) is defined as a household that received some value of produce more than ₹6500 from agricultural activities (e.g., cultivation of field crops, horticultural crops, fodder crops, plantation, animal husbandry, poultry, fishery, piggy, beekeeping, vermiculture, sericulture, etc.) and had at least one member who was self-employed in agriculture during the reference agricultural year (2021-22). The condition of land possession was dispensed with. Further, to eliminate households pursuing agricultural activities of insignificant nature, households that reported a total produce of more than ₹6,500 during last one year were only considered as agricultural households<sup>5</sup>. '**Non-Agricultural Households**' (NAH) on the other hand included all other households excluding the ones classified as agricultural households.

Overall, based on the definition stated above, 57% of households were identified as agricultural households. The state-wise distribution of AH and NAH has been presented in Figure 2.2.

**Figure 2.2 State-wise Share of Agricultural and Non-Agricultural Households (%)**



State-wise comparisons reflected in the Figure 2.2 suggest that in 20 States more than 50% of the households were classified as agricultural households indicating a sizeable dependence on agriculture as a source of livelihood. This indicates that a sizeable proportion of households are vulnerable to

<sup>5</sup> The definition of 'agricultural households' used for NAFIS during the first round was aligned to the one used in Situation of Agricultural Households in India in NSS - 70th Round (2013) with only one variation. In NSS-70th round the value of produce was taken as ₹ 3,000 in the last one year, but for NAFIS 2016-17, this limit was raised to ₹ 5,000. Considering the time elapsed between the two surveys it was decided to review the cut-off for the purpose of classification of households. Accordingly, the inflation factor of 1.30 was considered using WPI for Agricultural produce only for food and non-food sub-groups at All-India level with respect to the reference period of two rounds of NAFIS. The cut-off point was raised from ₹ 5000 used during NAFIS 2016-17 to ₹ 6500 during NAFIS 2021-22.

climatic adversities like droughts or floods which have severe impact on their livelihoods. In contrast, in states like Goa and Kerala, a significant majority of 82% of households were prominently engaged in non-agricultural activities to earn their livelihoods. The other states where non-agricultural households constituted a sizeable majority of households include West Bengal (51%), Meghalaya (52%), Bihar (55%), Sikkim (57%), Tripura (60%), Punjab (64%), Mizoram (65%), and Manipur (74%).

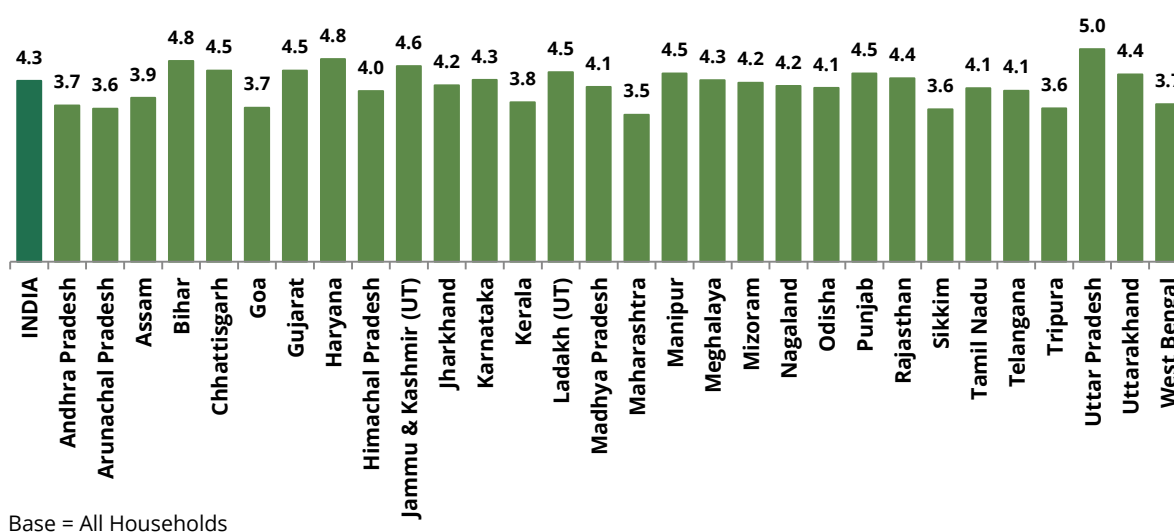
### 2.6.3 Constitution of Households

The survey captured details of all members who were reported to be usual residents of the sample households. For the survey, households were defined as a person or a group of related or unrelated persons who commonly live together in the same dwelling unit, and share the same housekeeping arrangements, and are considered as one unit. Collective living arrangements such as boarding schools, mess hotels, residential hotels, rescue homes, jails, army camps, or ashrams were not considered as households and were not included in the survey.

Size of the household is considered to be directly related to the allocation of resources. It affects the pattern of consumption of goods and services which could be shared among household members. In view of this, the NAFIS survey also attempted to capture the number of members per household. Using the above definition, NAFIS survey captured the details of all members of the households to understand their socio-demographic profile.

Overall, the average household size for all States and UTs combined stands at 4.3 persons. When compared by type of households, the agricultural households were found to have larger households with an average of 4.5 members per household as against the average size of 4.0 among non-agricultural households. Figure 2.3 reflects the state-wise findings with respect to average household size.

**Figure 2.3 State-wise Average Household Size**  
(Average Number of Members per household)



State-wise findings indicate variations in the household sizes across states, with states like Uttar Pradesh (5.0), Bihar (4.8) and Haryana (4.8) reporting larger household sizes as compared to

other states. On the other hand, states including Andhra Pradesh (3.7), Arunachal Pradesh (3.6), Assam (3.9), Goa (3.7), Kerala (3.8), Maharashtra (3.5), Sikkim (3.6), Tripura (3.6) and West Bengal (3.7) reported lesser than an average of 4 members per household. The readers may keep these trends in mind while drawing inferences from the survey findings.

## 2.7 PROFILE OF HEADS OF HOUSEHOLDS

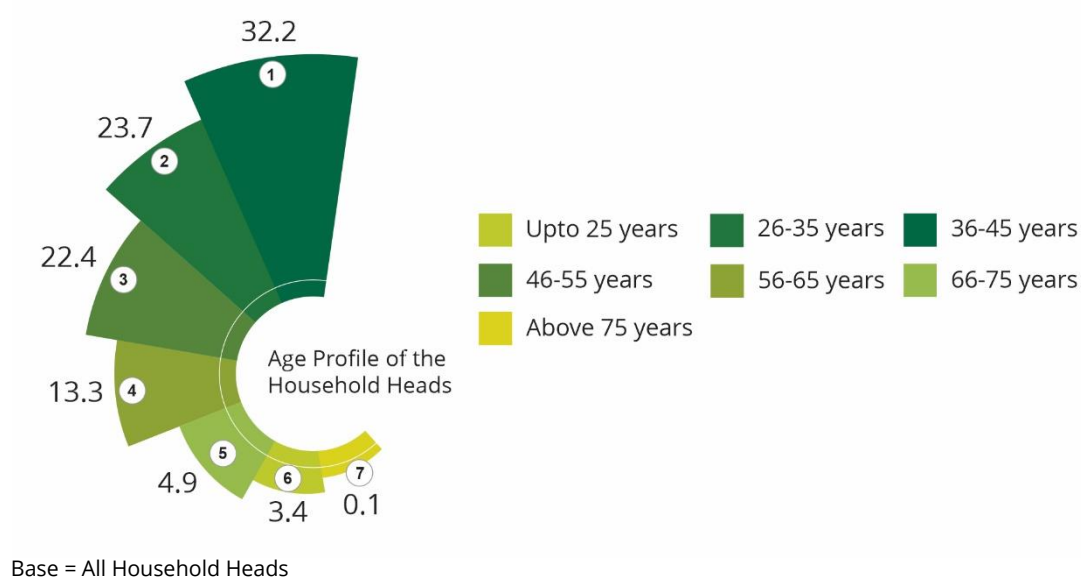
The survey captured the demographic details of all members of a household, including their age, educational status and principal activity that they were engaged in. The sections ahead present an insight into the demographic characteristics of household heads.

Under the purview of NAFIS, the head of the household was identified as a member who is in formal charge of the management and day-to-day decisions of the household. He or she need not necessarily be the principal earning member of the household, but the customary head of the household decided according to tradition. This means that when there is an aged father but has an adult son who actually runs the management of the house, the former might still be deemed to be the formal head. However, it is left to the members of the household to decide upon whom they consider to be the household head. The household head acts as key decision-maker and their decisions have a significant bearing on the livelihood choices and financial transactions undertaken by the members in the family. Therefore, it is pertinent to understand the profile of the household heads in terms of some key criteria like age and educational status.

### 2.7.1 Age Profile of the Household Heads

Figure 2.4 presents the age profile of the household heads covered in the survey. As depicted, a majority of about 82% of the household heads were up to 55 years of age indicating a sizeable representation of the working age population as household heads. The remaining 18% of them were reported to be over 55 years indicating a transition towards older age groups with declining income generation capacities.

**Figure 2.4 Distribution of the Household Heads by their Age-groups (%)**



When viewed by the type of households, the average age of heads in agricultural households was reported to be 45 years, while that for non-agricultural households was 44 years. Among the non-agricultural households, a majority of heads (62%) were reported to be less than or equal to 45 years of age, while only 57% of heads among agricultural households were found to be in that age group. This trend is indicative of the rising preferences for non-agricultural livelihoods among the younger population. The distribution of the heads of agricultural and non-agricultural households by age is presented in Table 2.2.

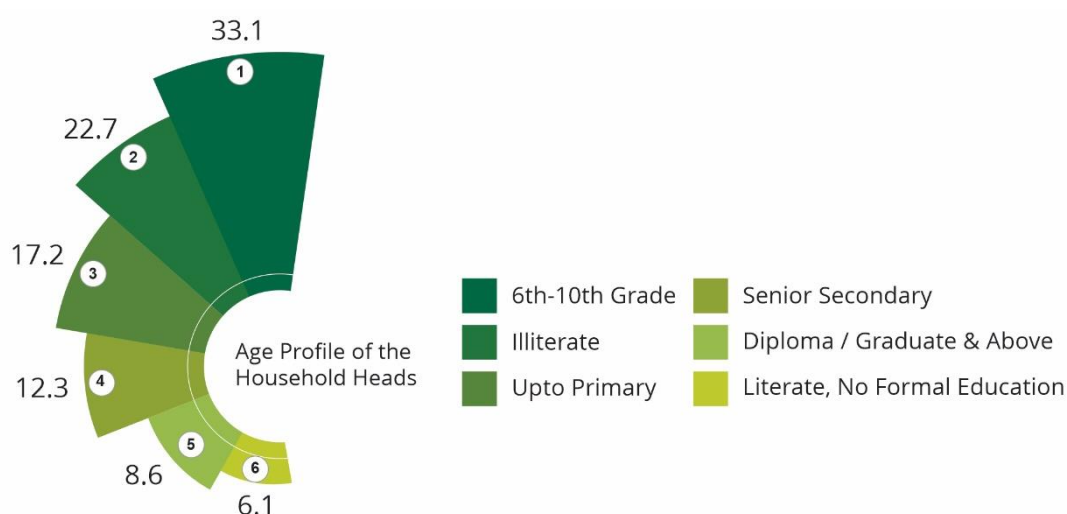
<b>Table 2.2 Distribution of the Household Heads according to Age-groups by type of Household (%)</b>		
Age Group	Agricultural Households	Non-Agricultural Households
1	2	3
Average age	45 yrs.	44 yrs.
Up to 25 years	3.0	4.0
26-35 years	21.2	26.9
36-45 years	32.8	31.3
46-55 years	23.8	20.5
56-65 years	14.1	12.3
66-75 years	5.0	4.9
Above 75 years	0.1	0.1
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

Base = All Household Heads

## 2.7.2 Educational Status of the Household Heads

The link between educational status and development outcomes has been widely studied and established. According to a World Bank (1995) report, primary and lower secondary education enhances the productivity of the poor and improves health conditions. The educational status of the household members acts as an important determinant of their participation in suitably rewarding economic activities, thereby gaining better economic returns. Understanding the educational status of the heads of households assumes greater importance in view of their ability to make informed decisions on life choices for members, thereby influencing the status of livelihood, nutrition, health, etc. The finding on the distribution of household heads by their educational status has been presented in Figure 2.5.

**Figure 2.5 Distribution of the Household Heads by their Educational Status (%)**



Base = All Household Heads

The survey findings reflect that a little lower than one-fourth of the household heads were illiterate, and about 6% could read or write but had not received any formal education. One in every three of the household heads reported to have studied between classes 6th to 10th. On the other hand, only 9% of the household heads could earn a diploma or graduation-level degree.

Table 2.3 presents the disaggregated findings for agricultural and non-agricultural households. When viewed by the type of households, about 30% of the heads in agricultural households and 28% of those in non-agricultural households were completely illiterate or though literate, had not attended any formal education.

On the whole, the educational status of non-agricultural households was relatively better as compared to the agricultural households with a higher proportion of them being graduate or diploma holders or educated up to Senior Secondary level. This clearly reflects the preference for non-agricultural livelihoods among better-educated households.

Educational Status	Agricultural Households	Non-Agricultural Households
1	2	3
Illiterate	22.5	23.1
Literate, No Formal Education	7.3	4.5
Up to Primary	18.3	15.7
6th-10th Grade	33.6	32.4
Senior Secondary	11.5	13.3
Diploma / Graduate and Above	6.8	11.0
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

Base = All Household Heads

### **2.7.3 Gender of the Household Heads**

About 22% of the households in the sample were found to be headed by female counterparts of the family. Between the two categories of households, a higher proportion of female-headed households was observed among the non-agricultural households (25%) as compared to roughly 20% of such households among those classified as agricultural households.

Qualitative insights based on interactions with the community reflect a higher incidence of females taking up the decision-making roles among households where the male members migrate out of the village in search of more remunerative income-generating activities.

## CHAPTER 3

# ASSET OWNERSHIP

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One of the pertinent inputs for any development planning is a thorough understanding of the quality of life of the targeted households. The households' level of access to basic amenities and the status of availability of different types of assets is considered a reliable indicator of their quality of life. Household possessions reflect accumulation over many years, so they may be a better indicator of a household's long-term economic standing than annual measures, such as income (Desai, Sonalde B. et. al. 2010). There is sizeable research evidence where studies have relied on household possessions as their primary economic indicator.

The term 'asset' is defined as 'the stocks of financial, human, natural or social resources that can be acquired, developed, improved, and transferred across generations (Ford Foundation, 2004). Ownership, access, and control over productive assets are considered as important indicators of the overall well-being of individuals and households. The stock of assets can be converted into a flow of income, offering the households a sense of security and psychological well-being. They act as a social safety net, strengthening the household's ability to cope with and respond to shocks by enhancing their ability to diversify their income and ease liquidity constraints. On the other hand, it serves as an income-generating mechanism, enhancing households' productive capacity and ensuring access to credit and capital.

The survey inquired into the status of households with regard to ownership of various physical assets like land, livestock, high-value agricultural implements, or consumer durables. The subsections ahead present a description of households on the basis of ownership of various types of assets which gives an insight into the distribution of wealth among the various categories of households.

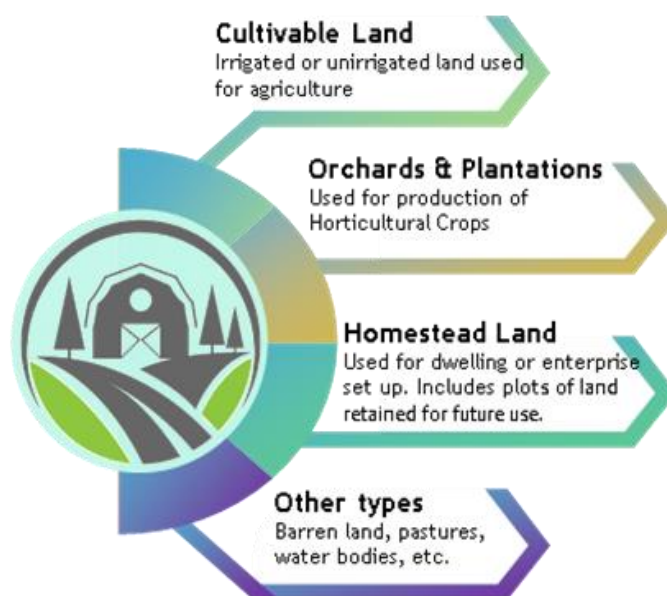
### 3.1 OWNERSHIP AND POSSESSION OF LAND

Land is a key economic resource inextricably linked to access, use of and control over other economic and productive resources and livelihoods. Especially in rural and peri-urban areas, agricultural land is a key input for agricultural production; it can be used as collateral to access

financial resources, extension services or producer organizations. In both rural and urban areas, if rented or sold, land can generate income (FAO, World Bank 2019). For marginal farmers, it serves to offer food security as most of them rely on subsistence farming. Further, it can be put to varied uses and can be reused multiple times, which offers enhanced economic returns to households. Above all, it can offer the advantage of liquidity and a general indicator of affluence.

When inquiring about the household asset portfolio, the households were asked to give details of the total land available including cultivated land, current fallows, orchards and plantations, barren land and pastures, land used for non-agricultural uses, as well as homestead land. They were asked to provide details for all such types of land in terms of the area over which the household has the legal ownership right, the area leased in or leased out by them, and the area over which they have no legal right but is possessed otherwise.

**Figure 3.1: Types of Land covered under NAFIS**



### 3.1.1 Land Owned

Using the NSSO definition, a plot of land was considered to be owned by the household if permanent heritable possession (with or without the right to transfer the title) was vested in a member or members of the household. Land held in owner-like possession under a long-term lease or assignment is also considered as owned land. When a plot of land is jointly owned by members of two or more households, only the share of the members of a particular household is considered as owned by the household. Table 3.1 presents the state-wise average size of land owned by agricultural and non-agricultural households including the homestead land.

<b>Table 3.1 State-wise Average Land (including Homestead Land) Owned by Households (in Hectare)</b>			
States	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
Andhra Pradesh	0.97	0.06	0.54
Arunachal Pradesh	1.06	0.27	0.67
Assam	0.48	0.10	0.35
Bihar	0.29	0.04	0.16



Table 3.1 State-wise Average Land (including Homestead Land) Owned by Households (in Hectare)			
States	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
Chhattisgarh	0.88	0.06	0.61
Goa	1.20	0.01	0.22
Gujarat	1.02	0.03	0.57
Haryana	0.55	0.10	0.36
Himachal Pradesh	0.39	0.07	0.27
Jammu & Kashmir (UT)	0.37	0.32	0.36
Jharkhand	0.46	0.10	0.35
Karnataka	0.94	0.08	0.56
Kerala	0.43	0.04	0.11
Ladakh (UT)	0.22	0.05	0.18
Madhya Pradesh	1.21	0.04	0.79
Maharashtra	1.34	0.02	0.80
Manipur	0.37	0.15	0.21
Meghalaya	0.69	0.10	0.38
Mizoram	0.82	0.10	0.35
Nagaland	1.27	0.28	0.95
Odisha	0.51	0.19	0.38
Punjab	0.97	0.03	0.37
Rajasthan	1.32	0.03	0.88
Sikkim	0.47	0.14	0.28
Tamil Nadu	0.54	0.03	0.32
Telangana	0.80	0.08	0.48
Tripura	0.37	0.07	0.20
Uttar Pradesh	0.37	0.04	0.26
Uttarakhand	0.33	0.02	0.20
West Bengal	0.35	0.06	0.21
INDIA	0.70	0.06	0.42

On the whole, taking all households combined, the average size of land owned was 0.42 hectare per household. When analysed by the type of households, the agricultural households understandably reported a much larger ownership of land with the average size (0.70 ha per HH) being almost 12 times that for non-agricultural households (0.06 ha per HH).

State-level analysis reflects that households in Nagaland (0.95 ha) had the largest reported land ownership per household, followed by the states of Rajasthan (0.88 ha), Maharashtra (0.80 ha), and Madhya Pradesh (0.79 ha). Among agricultural households, the ones in the states like

Maharashtra (1.34 ha), Rajasthan (1.32 ha), Nagaland (1.27 ha), Madhya Pradesh (1.21 ha), and Goa (1.20 ha) reported possession of much larger landholdings as compared to others. On the other hand, the smallest average landholdings among agricultural households were reported from the states of Ladakh (0.22 ha), Bihar (0.29 ha), and Uttarakhand (0.33 ha).

### 3.1.2 Land Leased-in and Leased-out

Land given to others on rent or free by the owner of the land without surrendering the right of permanent heritable title was defined as land leased-out. It was defined as land leased-in if it was taken by a household on rent or free without any right of permanent or heritable possession. The lease contract could be written or oral. A study done across 4 States in India reflects that farmers rely on customary, informal modes of leasing arrangement because of their functionality in terms of no paperwork, easy accessibility, swifter modes of payment and prompt conflict resolution. Informality makes the existing institutional arrangement 'credible' in the eyes of both the tenants and owners (Choudhury, Pranab et. al., 2022). NAFIS also investigated into land which was leased-in or leased-out by the households. The state-wise trends of proportion of agricultural households reportedly having leased-in or leased out land have been reflected in Table 3.2.

Table 3.2 State-wise Proportion of Agricultural Households reporting Leased-in or Leased-out Land (%)		
States	Leased-in Land	Leased-out Land
1	2	3
Andhra Pradesh	4.0	1.4
Arunachal Pradesh	6.7	4.0
Assam	7.3	2.3
Bihar	24.8	3.0
Chhattisgarh	10.4	2.1
Goa	0.4	0.2
Gujarat	2.9	1.4
Haryana	1.8	9.3
Himachal Pradesh	3.0	1.5
Jammu & Kashmir (UT)	1.0	0.3
Jharkhand	4.2	2.5
Karnataka	8.2	2.0
Kerala	9.8	3.9
Ladakh (UT)	0.3	0.1
Madhya Pradesh	4.6	2.1
Maharashtra	15.9	1.9
Manipur	18.0	2.6
Meghalaya	31.1	0.1

**Table 3.2 State-wise Proportion of Agricultural Households reporting Leased-in or Leased-out Land (%)**

States	Leased-in Land	Leased-out Land
1	2	3
Mizoram	2.3	0.1
Nagaland	8.2	2.2
Odisha	15.3	3.0
Punjab	5.9	1.2
Rajasthan	2.2	0.3
Sikkim	3.6	0.7
Tamil Nadu	5.0	4.2
Telangana	5.6	1.8
Tripura	8.6	0.4
Uttar Pradesh	5.8	1.1
Uttarakhand	0.3	0.0
West Bengal	5.8	1.9
INDIA	7.9	2.1

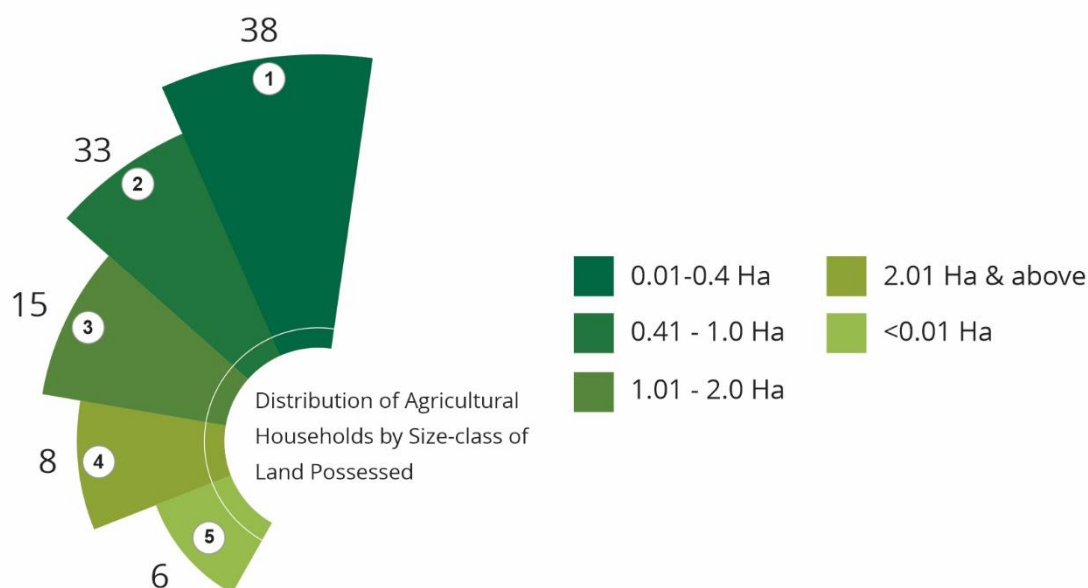
Base = Agricultural Households

The overall findings reflect a greater tendency of agricultural households to lease-in land from large landowners for agricultural use. Taking all households combined, about 8% reported to have leased-in some land while only a minuscule 2% leased-out some land. As regards leasing-in of land, the agricultural households in Meghalaya (31%), Bihar (25%), Manipur (18%), Maharashtra (16%), and Odisha (15%) exhibited a greater tendency to lease in land. The tendency of leasing out land was comparatively higher among states like Haryana (9%), Arunachal Pradesh (4%), Tamil Nadu (4%), and Kerala (4%).

### 3.1.3 Land Possessed

The survey also delved into the size of land possessed per household. Land possessed was calculated by adding the land owned (including that with owner-like possession), land leased-in, and land possessed by a household but neither owned nor leased-in (e.g., encroached land), and by deducting the land leased-out. Land possessed but not owned means all public, institutional or private land possessed by the household without the title of ownership or occupancy right and the possession is without the consent of the owner. Based on the total land possessed by the agricultural households, they were classified into 5 land size classes, as depicted in Figure 3.2. Distribution of agricultural households by size-class of land possessed reflects that about 44% of households had less than 0.4 hectare of land. Another 33% of the agricultural households reported land sizes ranging from 0.41 to 1 hectare, and the remaining 23% had land sizes ranging up to more than 1 hectare.

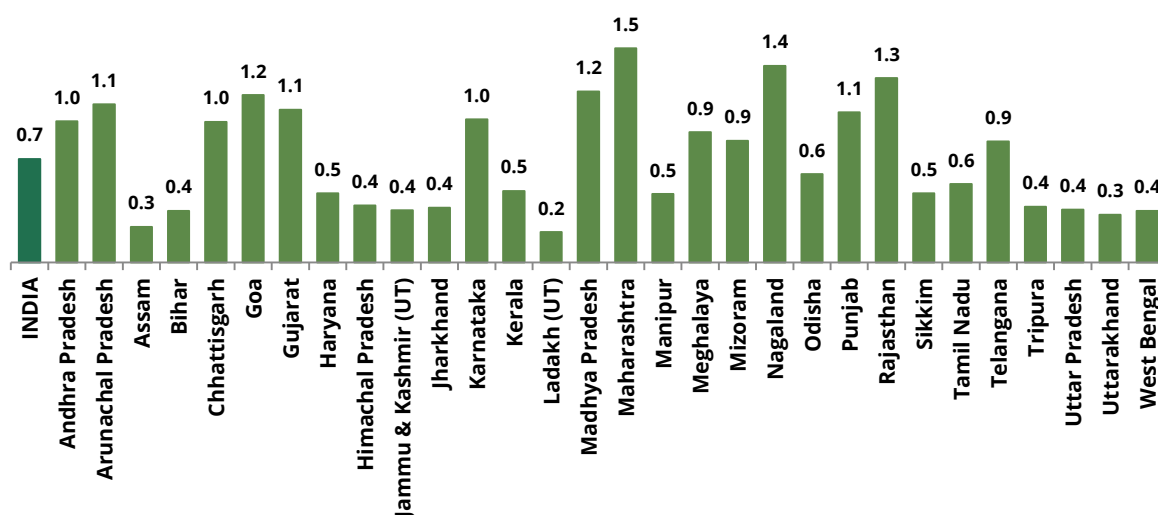
**Figure 3.2 Distribution of Agricultural Households by Size-class of Land Possessed (%)**



Base = Agricultural Households

Land sizes have a significant impact on the farming potential and output for agricultural households, thus demanding the attention of organizations working with communities dependent on farm-based activities. Assessment of the status of agricultural households concerning possession of land revealed an average landholding size of 0.74 hectare per agricultural household. Figure 3.3 presents a state-wise comparison of the average size of land possessed by agricultural households covered under NAFIS.

**Figure 3.3 State-wise Average Size of Land Possessed by Agricultural Households (in hectares)**



Base = Agricultural Households

Overall, wide variations were observed among states for average land size possessed by agricultural households. About 8 states were found to have an average land size of more than 1.0 hectare per household, with states like Maharashtra (1.5 ha), Nagaland (1.4 ha), and

Rajasthan (1.3 ha) leading the pack. 10 states reported the average size of land possessed to be 0.4 hectare or lower. The states reporting some of the smallest land sizes included Ladakh (0.2 ha), Assam (0.3 ha), and Uttarakhand (0.3 ha). The land sizes reported above are to some extent reflective of the status of cultivator households and the scale at which they may be undertaking farm-based activities using the land available with them.

### 3.2 OWNERSHIP OF AGRICULTURAL ASSETS

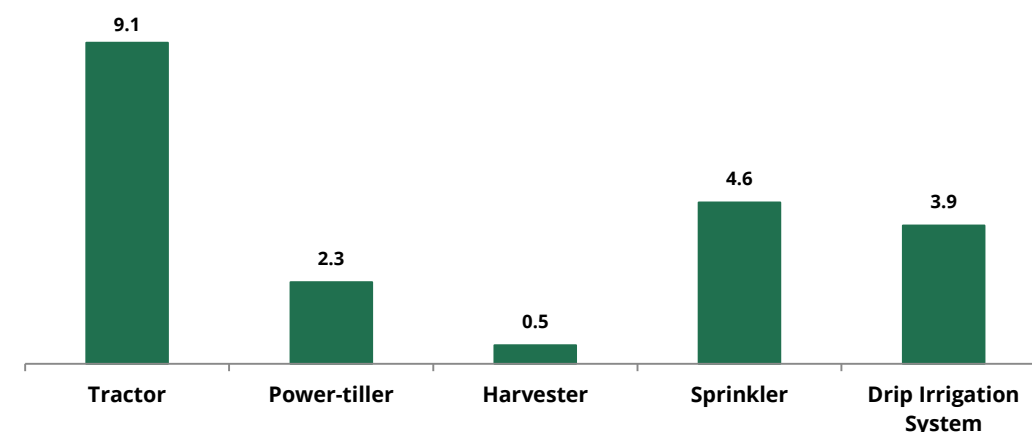
In addition to the availability of land, the ownership of farm machinery and equipment also reflect the level (i.e., scale and intensity) of engagement of farmers in agricultural activities as a source of livelihood. Machinery like tractors, harvesters, power tillers, etc. are indicative of the scale at which a household could pursue cultivation activities. The farm machinery facilitates



large-scale production and marketing of agricultural produce which goes a long way in securing higher economic returns from agricultural activities. Further, adoption of technological advancements in agriculture like the use of micro-irrigation systems, also reflects the awareness and willingness of farmers to pursue judicious use of resources available to them.

The survey assessed the ownership of 5 high-value agricultural assets among agricultural households, namely, tractors, power tillers, sprinklers, drip irrigation systems, and harvesters. Figure 3.4 presents the status of agricultural households with regard to ownership of these agricultural assets.

**Figure 3.4 Proportion of Agricultural Households Reporting Ownership of High Value Agricultural Assets (%)**



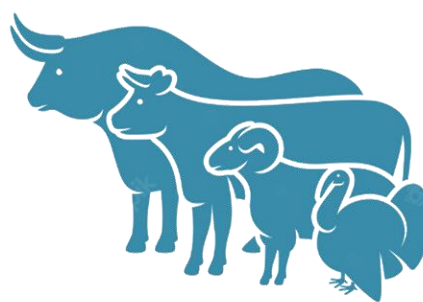
Base = Agricultural Households

A very small proportion of agricultural households, thus, reported to have possessed these high-value agricultural assets. Overall, about one in every ten agricultural households reported to be owning tractors.

Further, close to 5% of agricultural households reported ownership of sprinklers and about 4% owned drip irrigation systems, while harvester was reported to have been owned by a mere 0.5% of households. These findings are indicative of a significant dependence on manual methods for farming and low levels of mechanization which influence the productive potential of farmer households.

### 3.3 OWNERSHIP OF LIVESTOCK

India is endowed with the largest livestock population in the world. As per the 20th livestock census of the Department of Animal Husbandry and Dairying (DAHD) held in 2019, the total livestock population in India was 536.76 million, which included 193.46 million cattle, 109.85 million buffaloes, 74.26 million sheep, 148.88 million goats, about 9.06 million pigs and 851.81 million poultry population (20<sup>th</sup> Livestock Census Report, DAHD).



Livestock production and agriculture are intertwined, each being dependent on the other, and both are crucial for the overall food security of the nation. It is an integral part of livelihood activities for most of the farmers and helps in sustaining farm activity. Besides, it is supplementary and complementary to agriculture in the form of critical inputs, contributing to the health and nutrition of the household, supplementing incomes, offering employment opportunities, and finally being dependable “banks on hooves” in times of need (Phand *et al.*, 2021).

Animal husbandry, dairying and fisheries activities play an important role in the national economy and in the socio-economic development of the country. These activities have contributed to the food basket, nutrition security and household income of the farmers and play a significant role in generating gainful employment in the rural areas, particularly among the landless, small and marginal farmers and women, besides providing nutritious food at reasonable cost. Livestock are the best insurance for farmers against vagaries of nature like drought and other natural calamities.

The sample households were asked about the number of various types of animals owned for commercial purposes, including milch animals like cows and buffaloes; draught animals like oxen, camels etc.; small ruminants like sheep, goats, and lambs; and poultry birds. All these

animals are known to yield good economic returns for the owners. Table 3.3 presents the status of agricultural and non-agricultural households in this regard.

<b>Table 3.3 Proportion of Households Owning Livestock Assets (%)</b>			
Type of Household	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
Milch Animals	61.3	6.4	37.5
Small Ruminants	21.9	6.4	15.2
Poultry Birds	17.9	7.1	13.3
Draught Animals	5.4	0.9	3.4

The agricultural households reported higher ownership of livestock which forms an important source of livelihood for them. Milch animals were most common with about 61% of agricultural households owning them. Small ruminants were also owned by a considerable 22% of agricultural households. Poultry birds were also being reared by about 18% of the agricultural households. The ownership of all these livestock was very low among non-agricultural households.

### **3.4 OWNERSHIP OF CONSUMER DURABLES**

A durable good is a consumption good that can “deliver useful services to a consumer through repeated use over an extended period of time” (Diewert, 2009). In general, long-lived items such as automobiles, appliances, and furniture have a positive and significant impact on living standards. Sometimes, the outlay on durable goods claims a small fraction of disposable income, but they most often change the lifestyle of the individuals, either by saving their time – as in the case of housework appliances – or by consuming their time, as with entertainment appliances (Offer 2005).

Ownership of high-value consumer durables is reflective of the economic well-being of households. Their availability primarily indicates the ability of households to allocate their income for such aspirational expenses. The surveyed households were asked about the availability of 8 major high-value consumer durables including television, radio/transistor, computer or laptop, air conditioner, car, landline telephone, mobile phones and two-wheelers. Table 3.4 exhibits the status of agricultural and non-agricultural households in terms of ownership of such products.

Table 3.4 Proportion of Households Reporting Ownership of Various Consumer Durables (%)			
Type of Asset	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
Television	66.8	65.4	66.2
Radio/Transistor	7.6	6.2	7.0
Computer/Laptop	7.7	9.1	8.3
Air Conditioner	3.2	4.5	3.8
Car	4.7	5.6	5.1
Cooler	27.0	21.5	24.6
Mobile (Featured/CDMA)	70.5	62.4	67.0
Mobile (Smart)	84.4	77.8	81.6
Mobile (Featured/CDMA/Smart)	98.3	96.8	97.6
Two-wheeler (Scooter/Motorcycle)	66.3	54.2	61.0
Refrigerator	30.3	33.9	31.9

Overall, mobile phones show the highest level of penetration with more than 97% of households having at least one mobile available. It is worth highlighting here that more than 80% of households owned smartphones, which increases their likelihood of exposure to social media. Television and two-wheelers emerged as the next most common in-demand items, with close to two-thirds of the households reporting their ownership, followed by about one-third who owned refrigerators.

The findings presented in the chapter are indicative of the overall economic status of rural households. The availability of land, livestock and farm equipment has a direct bearing on the earning potential of the household.



## CHAPTER 4

# SOURCES OF LIVELIHOOD AND INCOME

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Access to financial resources has been defined as instrumental freedom in the broad discourse on human development (Desai, Sonalde B. *et al.*, 2010). The term household income generally refers to the combined gross income of all members of a household above a specified age. The income of every member counts, even if not all of it is used to support the household.

Measuring household income is important from a policy perspective as it can help in planning and defining targeted development interventions for different socio-economic groups. Additionally, there could be research interest to examine how different patterns of income distribution influence household well-being and people's ability to acquire the goods and services to satisfy their needs and wants. To design effective programs, policymakers must know the characteristics and circumstances of low-income households of those considered to be at the risk of poverty and of those in greatest need of financial support (OECD, 2013).

This chapter attempts to describe the situation of households in terms of the usual activity status of household members, sources of livelihood, and trends in household income. It documents the level of income, disparity across various socio-economic classes and the sources that contribute to the overall income of the households.

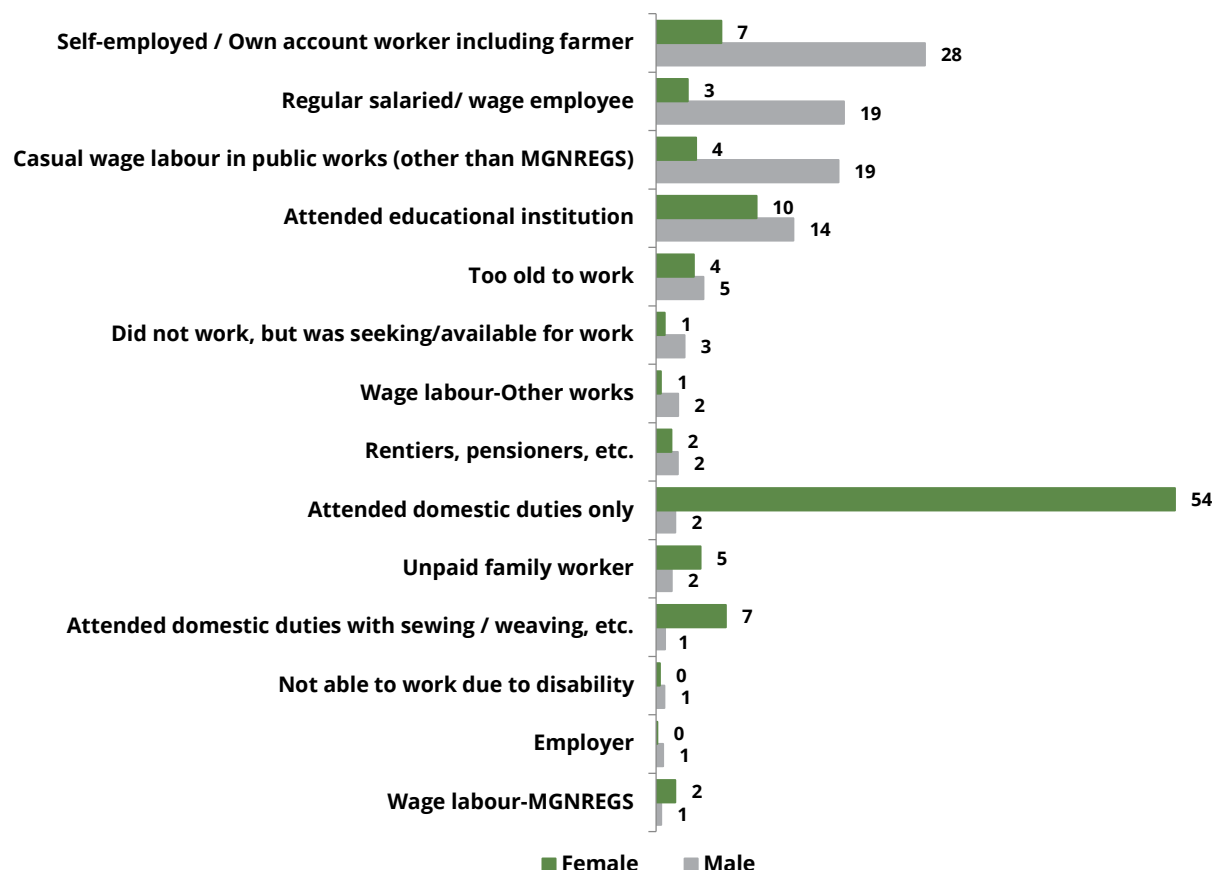
### 4.1 EMPLOYMENT PROFILE OF HOUSEHOLD MEMBERS

Engagement of the labour force in gainful employment is a critical determinant of development as it helps generate desirable resources and capitalize on available opportunities. As stated earlier, the survey captured detailed information about all the household members. Besides the demographic details, some of the pertinent areas of enquiry included the usual activity status of members, whether they have received any training for the principal activity that they are carrying out, and whether they feel the need for any skill training. The sections ahead present the findings of the survey along these important aspects.

### 4.1.1 Usual Activity Status of the Household Members

The survey captured the activity status of all the members of the household who were aged 15 years and above. The findings obtained in this regard have been disaggregated by gender of members to yield an insight into the engagement of members in various types of activities. Figure 4.1 depicts the distribution of household members by reported usual activity.

**Figure 4.1 Distribution of Household Members above 15 years by their Usual Activity Status (%)**



The survey findings reflect that among the male members, 28% of them reported to be self-employed or own account workers which included farmers. Regular salaried or wage employee and working as casual labour in public works emerged as the other prominent activities, with 19% of male members reporting to be engaged in each of them. 14% of men reported attending educational institutions. On the contrary, about 54% of women members were not engaged in income-generating activities and were reported to be attending to domestic duties only. 10% of women were attending educational institutions and 7% of women were reported to be self-employed. An equal proportion reported to have taken up activities like sewing, weaving, etc. along with their domestic duties. 4% of them drew their earnings from working as casual wage labour in public works.

### 4.1.2 Household Members Trained to carry out Principal Activity

The importance of formal training for improving the work output and productivity of individuals can hardly be overemphasized. After probing into their usual activity status, the members were further asked if they had received any formal training to carry out the principal activity that they were engaged in. Overall, merely 14% of the members reported to have received any training for the reported usual activity. When analysed by type of household, about 15% of the members of non-agricultural households reported having received any formal training as compared to about 13% of members in agricultural households. Table 4.1 presents the findings with regard to the status of training of members in relation to their principal activity by type of households.

<b>Table 4.1 Proportion of Members who Reported to have Received any Training to Carry out their Principal Activity by Type of Activity and Educational Status (%)</b>			
Characteristics	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
Overall	13.3	14.9	13.9
<b>By Type of Usual Activity<sup>#</sup></b>			
Self-employed / Own account worker including farmer	10.2	12.4	10.7
Employer	30.4	30.5	30.4
Unpaid family worker	9.8	10.7	10.2
Regular salaried/ wage employee	25.8	22.5	23.9
Casual wage labour in public works (other than MGNREGS)	10.0	10.2	10.1
Wage labour-MGNREGS	10.4	7.5	9.1
Wage labour-Other works	25.5	13.4	18.4
Did not work, but was seeking was available for work	10.8	12.6	11.5
Attended domestic duties with sewing/ weaving, etc.	13.1	9.6	12.0
<b>By Educational Status of Members<sup>*</sup></b>			
Illiterate	7.1	5.7	6.6
Literate, No Formal Education	14.6	11.9	13.8
Up to Primary	10.1	10.0	10.1
6th-10th Grade	12.4	13.2	12.7
Senior Secondary	15.1	19.1	16.7
Diploma / Graduate and Above	27.2	31.0	29.0

<sup>#</sup> Base = All Household Members aged 15+ years and engaged in specific income-generating activities

<sup>\*</sup>Base = All Households Members aged 15+ years with specific educational status and engaged in any income-generating activity

A majority of the trained workforce was found to be employers or worked as regular salaried/ or wage employee.

Further, close to 3 in every 10 of the economically active persons, who held a diploma or graduate degree, affirmed to have received some training for the economic activity that they are carrying out.

In all, there is still a large proportion of the population that has not received any formal training to carry out their usual activity. This highlights the vast potential for skill-building, which could significantly enhance the economic output of the working population's productive activities.

#### 4.1.3 Household Members who Expressed the Need to Learn New Skills

The preceding discourse reflects the imminent need for skill-building in order to enhance the capacity and improve the performance of individuals. The survey also attempted to investigate whether the members felt the need to learn new skills.

<b>Table 4.2 Proportion of Members who are Keen to Learn New Skills by Type of Activity and Educational Status (%)</b>			
Characteristics	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
Overall	10.9	8.8	10.1
<b>By Type of Usual Activity</b>			
Self-employed / Own account worker including farmer	9.1	5.9	8.4
Employer	20.7	11.0	14.7
Unpaid family worker	12.5	12.7	12.6
Regular salaried/ wage employee	10.2	7.5	8.7
Casual wage labour in public works (other than MGNREGS)	7.8	5.3	6.6
Wage labour-MGNREGS	11.4	10.1	10.8
Wage labour-Other works	17.0	10.1	13.0
Did not work, but was seeking work or available for work	30.2	28.5	29.5
Attended educational institution	23.1	20.6	22.2
Attended domestic duties only	8.1	6.7	7.5
Attended domestic duties with sewing / weaving, etc.	6.7	8.8	7.4
Rentiers, pensioners, etc.	0.5	0.5	0.5
Not able to work due to disability	0.7	2.1	1.3
Too old to work	0.2	0.1	0.2
<b>By Educational Status of Members</b>			
Illiterate	3.2	2.2	2.8
Literate, No Formal Education	3.6	3.3	3.5
Up to Primary	5.7	4.7	5.3
6th-10th Grade	12.2	10.1	11.3

Table 4.2 Proportion of Members who are Keen to Learn New Skills by Type of Activity and Educational Status (%)			
Characteristics	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
Senior Secondary	18.5	14.0	16.8
Diploma / Graduate and Above	20.3	14.9	18.0

Base = All Household Members

As depicted in Table 4.2, overall, only 10% of the economically active members expressed the desire to learn new skills. Disaggregation by type of households and member characteristics revealed that members in agricultural households reflected a greater need for skill-building when compared to their non-agricultural counterparts. Further, in terms of education, the better-educated members, across both the types of households, expressed a relatively higher need for capacity building as compared to the others at the lower end of the educational hierarchy.

## 4.2 HOUSEHOLD INCOME

### 4.2.1 Sources of Household Income

The survey involved a detailed enquiry into the amount of household income generated from various sources in the last one year preceding the survey. The net income for households was derived by adding income from all sources for a particular household and deducting the expenses incurred towards pursuing income-generating activities like cultivation, livestock rearing, and other enterprises. *Cultivation* included agricultural activities related to crop production / plantation / orchard. *Livestock rearing* involved the use of animals for gaining economic returns. *Other Enterprise* included income from sources like trading / shop-keeping / petty businesses; selling NTFP/ Forestry products; fees from professional self-employment; and income from various micro or other enterprises involved in offering services or manufacturing activity. *Wage Labour* was taken to include sources like MGNREGS activity, agricultural labour, and skilled or unskilled non-agricultural labour. *Government or Private Job* formed a separate category all together. In addition, income from *other sources*, including income from rent on building or land, income from interest earned on bank deposits, dividends, or interest earned from investments, was also included while calculating the total income of the household. It will be apt to highlight here that income from transfers and remittances has been excluded while calculating the income of the household.

For all households combined, the average monthly income stood at ₹12,698/-, with that being higher for agricultural households (₹13,661/-) as compared to non-agricultural ones (₹11,438/-). Table 4.3 presents the results obtained by analysing the contribution of various sources of household income by type of household.

Table 4.3 Average Monthly Household Income by Source of Income (₹)			
Source of Income	Agricultural Households	Non-agricultural Households	All Households
1	2	3	4
Cultivation	4,476 (33)	-39 (0) <sup>5a</sup>	2,521 (20)
Livestock Rearing	1,677 (12)	-8 (0)	947 (7)
Other Enterprises	2,010 (15)	1,809 (16)	1,923 (15)
Wage Labour	2,238 (16)	2,927 (26)	2,536 (20)
Govt./Pvt. Service	3,150 (23)	6,599 (57)	4,643 (37)
Other Sources	110 (1)	150 (1)	127 (1)
All Sources Combined	13,661 (100)	11,438 (100)	12,698 (100)

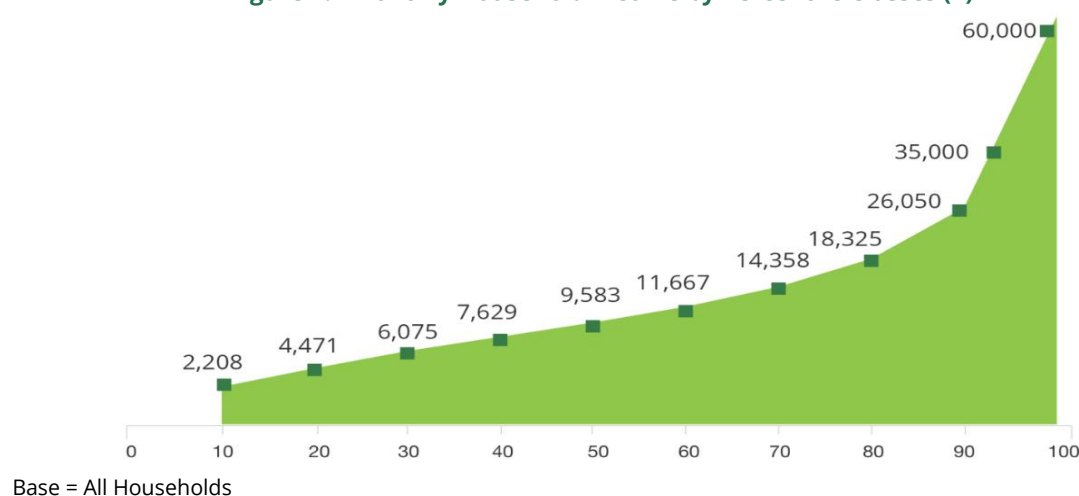
Note: Figures in parentheses are share (%) in total.

The figures presented in Table 4.3 highlight that salaried employment with Government or Private Sector was the most remunerative source of income for all households, contributing a major proportion (of roughly 37%) of the total household income. For agricultural households, cultivation remained the most prominent source, contributing roughly one-third of the overall monthly income, followed by Govt./ private services contributing one-fourth share, wage labour (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.

#### 4.2.2 Average Monthly Household Income

Based on the reported monthly income, the households were divided into percentile classes of 10% each by arranging them in ascending order of income. Thereafter, the cut-off point for the monthly income was calculated for households falling in each percentile class. The pattern of distribution of households on the basis of the monthly income has been depicted in figure 4.2.

Figure 4.2 Monthly Household Income by Percentile Classes (₹)

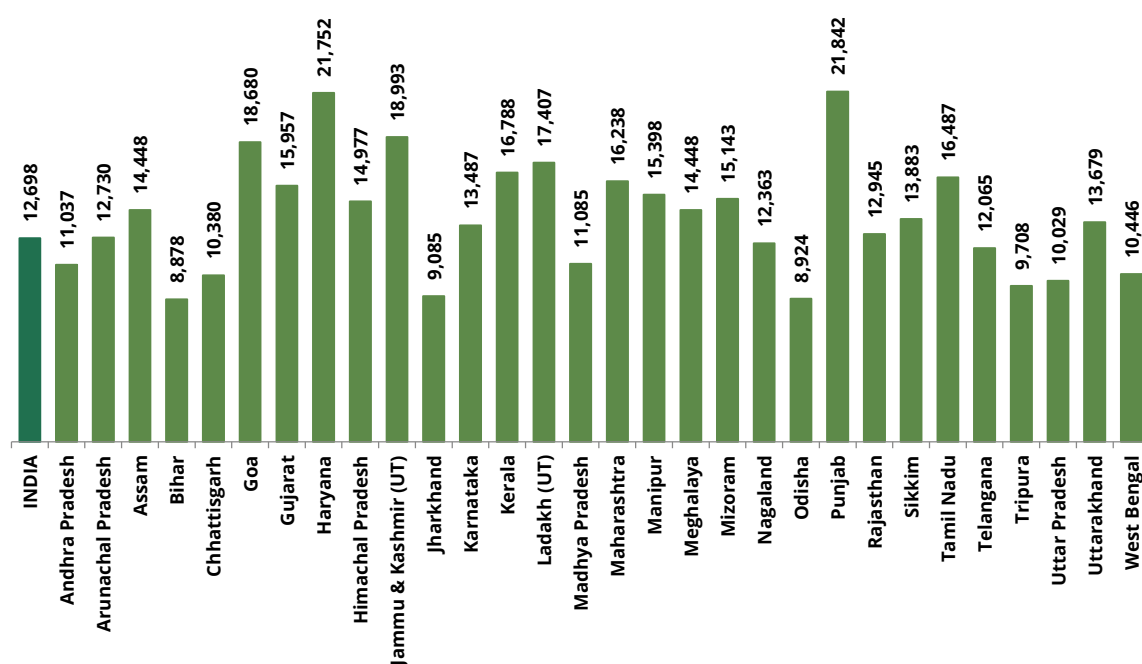


<sup>5a</sup> The sample included a few cases of households that were pursuing cultivation and livestock rearing on a very small scale, mostly for self-consumption. These households were classified as 'non-agricultural households', as the annual value of their produce from agricultural & allied activities was less than the threshold level of ₹6500. For some of such cases, due to various reasons, the input costs incurred exceeded the value of output leading to negative net income from cultivation and livestock rearing.

As evidenced, 30 percent of households earned less than or equal to ₹6,075 per month. Households in the 10<sup>th</sup> percentile earned ₹2,208 or less per month. A sharp rise was seen for the households falling in the top ten percentile.

The state-wise findings on average monthly household income have been presented in figure 4.3. The figures reflect a wide disparity among the states with regard to monthly household income.

**Figure 4.3 State-wise Average Monthly Household Income (₹)**



Base = All Households

#### 4.2.3 Income for Agricultural Households by Size Class of Land Possessed

In view of the operational focus of NAFIS, an in-depth analysis of the income of agricultural households was done from various perspectives. Besides studying the quantum of monthly income for agricultural households, the survey also attempted to delve into the livelihood pattern of these households. These figures will act as important benchmarks for various agencies working towards improving farmers' income.

Table 4.4 presents the findings pertaining to the contribution of various sources to the average monthly income of agricultural households for different size class of land possessed.

Table 4.4 Average Monthly Income of Agricultural Households from Different Sources by Size Class of Land Possessed (₹)					
Size Classes ->	<0.01 ha	0.01-0.40 ha	0.41-1.00 ha	1.01-2.00 ha	>2.00 ha
1	2	3	4	5	6
Cultivation	225 (2)	1,792 (16)	4,193 (31)	8,684 (52)	12,930 (61)
Livestock Rearing	2,752 (25)	1,449 (13)	1,507 (11)	1,897 (12)	2,196 (10)
Other Enterprises	1,393 (12)	1,681 (15)	2,083 (15)	2,527 (15)	2,687 (13)
Wage Labour	3,183 (29)	2,999 (26)	2,052 (15)	1,033 (6)	1,095 (5)
Govt/ Pvt Service	3,420 (31)	3,309 (29)	3,568 (27)	2,324 (14)	2,136 (10)
Other Sources	136 (1)	117 (1)	104 (1)	84 (1)	133 (1)
Total Income	11,110 (100)	11,347 (100)	13,509 (100)	16,548 (100)	21,177 (100)

Base = Agricultural Households

Note: Figures in parentheses are share (%) in total.

The figures are indicative of a positive correlation between the average monthly income and the size class of land possessed. The agricultural households with more than 2 ha of land earned close to 2 times the amount earned by the ones having small landholdings. Agricultural households with less than 0.01 hectare of land reflected dependence on varied sources, with sizeable income being contributed by Government or Private service (31%), wage labour (29%), and livestock rearing (25%). The contribution of cultivation was a mere 2% of the total household income of farmers possessing less than 0.01 hectare land. In absolute terms, the income from cultivation among households having the land size of more than 2 ha reporting to have earned over 57 times the income from the same source for households possessing less than 0.01 ha of land. This may directly be attributed to greater production potential and higher profitability from the scale of cultivation undertaken based on the land available. However, the households in lower land size categories exhibit a positive trend, as they reflect the tendency to diversify their income with a sizeable proportion of income being contributed by sources other than cultivation. This diversification of income sources is critical to reducing the vulnerability of households to any economic shocks that the household may face in any particular sector.

On the contrary, the households lying at the other end of the continuum including those possessing more than 2 hectares land reported to be drawing 61% of their income from cultivation. These households exhibited less dependence on other sources of income. The contribution of cultivation shows a clear rise in terms of contribution to the total household income as one moves from lower to higher size classes of land possessed.

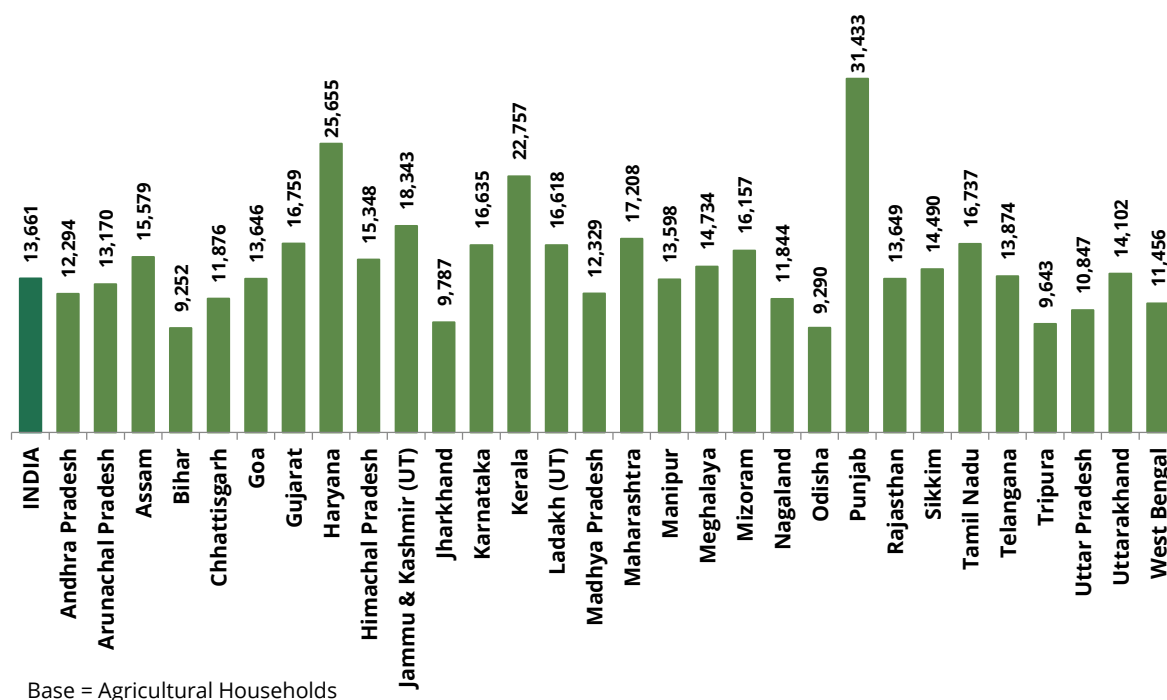
The contribution of livestock rearing shows a reverse trend with decreasing contribution with an increase in size class of land possessed. Other enterprises emerged as equally contributing across all categories of agricultural households with a share ranging from a minimum of 12% to



a maximum of 15% of total household income across various groups. The contribution of wage labour as a source of income is highest among the households in the lowest size class category and its share reduces significantly with an increase in the size of land possessed. The same is true for the salaried government or private jobs.

The status of agricultural households with respect to their average monthly income across various states is reflected in Figure 4.4.

**Figure 4.4 State-wise Average Monthly Income of Agricultural Households (₹)**



A marked variation was noted among states with respect to the average monthly household income of agricultural households. The agricultural households in states like Punjab (₹31,433), followed by Haryana (₹25,655) and Kerala (₹22,757) reported maximum levels of income, which is indicative of the fact that this sector is making a sizeable contribution to the State's economy. On the other hand, agricultural households from states like Bihar (₹9,252), Odisha (₹9,290), Jharkhand (₹9,787), and Tripura (₹9,643) reported low average monthly income of less than ₹10,000 per household indicating the need for promoting improved and more remunerative agricultural practices in these states.

#### 4.2.4 Dependence on Multiple Sources of Income

NAFIS delved into the sources of livelihood by probing the households about further details of the various sources of income.

As a result of economic development, structural changes in the economy occur and the relative importance of different sectors in contributing to the households' income changes.

Table 4.5 Distribution of Households by Number of Sources of Income (%)					
Category	Single Source	Two Sources	Three Sources	Four or More Sources	Total
1	2	3	4	5	6
All Households	31.4	33.6	24.4	10.6	100.0
Agricultural Households	6.5	37.6	38.2	17.7	100.0
Non-Agricultural Households	66.2	28.0	5.2	0.6	100.0

Base = All Households reporting at least one Source of Income other than pension and rent

The income data reported by surveyed households were analysed to study the number of sources that the households usually depend on for their income and the way their income levels vary by the number of sources that they depend on. The respective findings in this regard have been presented in Tables 4.5 and 4.6. Taking all households combined, about 31% of the households were found to have only one source of income, while the remaining drew their income from two or more sources. However, there was a clear distinction among different types of households. Agricultural households show a greater dependence on multiple sources, with a majority (56%) reported to have three or more sources of income. On the contrary, a majority (of about two-thirds) of the non-agricultural households were found dependent on only a single source.

Table 4.6 Comparative Monthly Income of Households Earning Income from Single Versus Multiple Sources (₹)					
Category	Single Source	Two Sources	Three Sources	Four or More Sources	Overall
1	2	3	4	5	6
All Households	10,216	12,092	15,335	19,306	12,698
Agricultural Households	5,451	11,142	14,857	19,409	13,661
Non-Agricultural Households	10,866	13,872	20,289	14,789	11,438

A comparison of the variation in income levels by number of sources yielded interesting insights. The findings presented in Table 4.6 clearly reflect a marked increase in the average monthly incomes of households with the increase in diversity of sources. Overall, the households drawing their income from four or more sources earn almost two times the income of households dependent on a single source. This trend is more prominent among agricultural households, where households with more than four sources earn almost four times the earnings of those dependent on a single source.

#### 4.2.5 Involvement of Members in Different Occupations and Average Income from these Occupations

The survey involved a detailed inquiry into the status of household members engaged in various occupations and the amount of income earned from various sources. This section attempts to understand the nature of occupations the people are currently involved in and the average income that they are earning from these sources. Table 4.7 presents the detailed findings in this regard.

<b>Table 4.7 Estimated Number of Households &amp; Persons (in Lakh) Engaged in Different Occupations (other than Agriculture &amp; Livestock Rearing) and the Amount of Income they are Earning from these Sources</b>				
Occupations	Estimated No. of Households Engaged (in Lakh)	Average no. of members Engaged per household	Estimated Number of Persons Engaged (in Lakh)	Average Monthly Income per Household (₹)
1	2	3	4	5
Trading, Shopkeeping, etc.	496.1	1.10	544.4	6,454
Selling NTFP/ Forest Produce	18.8	1.21	22.7	1,428
Self-Employed Profession (doctor, lawyer, etc.)	110.0	1.24	136.6	7,867
Handicraft/ Handloom Activity	49.9	1.08	54.1	3,610
Running an Agro-processing Enterprise (Flour mill, rice expeller, etc.)	51.7	1.09	56.2	4,600
Running a Manufacturing Enterprise (Incense sticks, Candles, etc.)	16.6	1.08	17.9	4,635
Running a Service Enterprise (Catering, light, tent, decoration, salon, etc.)	70.1	1.03	72.1	4,683
Govt./Private Jobs	766.9	1.16	889.2	15,481
MNREGS Works	122.7	1.17	143.0	1,439
Agricultural Labour Works	332.8	1.34	445.6	4,345
Non-Agricultural Skilled Labour Works	262.2	1.19	311.9	7,248
Non-Agricultural Unskilled Labour Works	479.5	1.25	598.4	6,176

When viewed in terms of the estimated number of persons involved, occupations like government or private service, non-agricultural unskilled labour work, and trading/ shopkeeping emerge as the three most prominent occupations engaging a vast number of persons. The average income from these sources is also significantly higher as compared to other sources. In terms of the quantum of income earned from various sources, the three major sources are

Government or private jobs which yield the highest average household income as compared to other sources, followed by self-employment, and non-agricultural skilled labour works.

### 4.3 EXPOSURE TO DISTRESS EVENTS AND COPING STRATEGIES

Rural households are frequently hit by severe shocks of different nature, which can be classified into either idiosyncratic or covariate shocks. While the former is specific, affecting individuals or households, for example, illness, injury, or unemployment of household members, the latter is correlated across households within a community (e.g., a village) such as floods, droughts or epidemics (Günther and Harttgen, 2009). Both these shock categories may have devastating consequences for rural household welfare (Khan et al., 2015). Different households respond to these shocks differently depending on their inherent capacities, access to social security networks, and their informal networks. Some households are constrained to cut back their expenditures on basic needs like food or education, which has detrimental effects on households in the short run but also potentially undermines their welfare in the long run. To obtain a deeper understanding of the existing capacities of households it is also important to examine their coping strategies, which can serve as an important input for devising appropriate social safety net programs and interventions.

The surveyed households were provided with a set of distress situations and were asked if they were affected by these events/emergencies at any time in the last 5 years preceding the survey. Those who reported having faced it were further probed about the strategies they adopted to cope with the loss.

As reflected in Table 4.8, taking all households combined, about 12% of the households had faced sudden health problems/accidents. In about 4% of households, some earning member of the family died in the given period, and about 4% of them also reported sudden loss of job. These incidents/ events not only expose the households to personal loss but also bring forth financial uncertainties that they are required to deal with. It was noted that a significant majority of the aggrieved households reported dependence on personal savings in times of distress. Further, in a sizeable majority of the cases, these events also forced the individuals to enter the debt trap by borrowing money from friends and relatives to meet the financial uncertainties or taking loans.

Table 4.8 Proportion of Households Exposed to Various Distress Events and Major Coping Strategies Adopted in Response (%)			
Distress Events	% Households that faced event	Coping Strategies	% Households that adopted the coping strategy
1	2	3	4
Death of an earning member of household	4.1	Through personal savings	56.6
		By taking loan	43.5
		By borrowing money from friends/relatives	36.5

Table 4.8 Proportion of Households Exposed to Various Distress Events and Major Coping Strategies Adopted in Response (%)			
Distress Events	% Households that faced event	Coping Strategies	% Households that adopted the coping strategy
1	2	3	4
Sudden health problems/ accident	11.9	Through personal savings	62.8
		By taking loan	48.8
		By borrowing money from friends/relatives	38.8
Sudden job loss	4.0	Through personal savings	53.1
		By taking loan	48.4
		By borrowing money from friends/relatives	35.5
Fire/ theft/ robbery	0.9	Through personal savings	52.1
		By borrowing money from friends/relatives	36.7
		By taking loan	33.4

Base = All Households

In order to assess the type of risks the agricultural households get exposed to, they were probed particularly about the cultivation/livestock-related risks. The findings obtained in this regard have been presented in Table 4.9. About 30% of households faced crop failure due to rainfall irregularities, seasonal extremities like cyclones or droughts, or pest infestations at least once in the given reference period. A sizeable 12% and 10%, respectively faced problems due to fluctuations in the market price of crops and loss of livestock due to floods, diseases, etc.

Table 4.9 Proportion of Agricultural Households Exposed to Crop or livestock-related Distress Events and Major Coping Strategies Adopted in Response (%)			
Distress Events	% Households that faced event	Coping Strategies	% Households that adopted the coping strategy
1	2	3	4
Crop Failure or decline in productivity due to excessive, very low or untimely rainfall, pest infestation, etc.	29.7	Through personal savings	63.9
		By taking loan	49.0
		By borrowing money from friends/relatives	30.3
Unable to sell the produce	6.5	Through personal savings	61.5
		By taking loan	58.7
		By borrowing money from friends/relatives	31.7
Sudden fall in Market Prices of Crops	12.4	Through personal savings	62.9
		By taking loan	51.5
		By borrowing money from friends/relatives	27.7
Loss of Livestock due to flood, diseases, etc.	10.2	Through personal savings	58.3
		By taking loan	49.1
		By borrowing money from friends/relatives	35.4

Base = Agricultural Households

The households that reported having been exposed to such distress events when probed about the coping strategies adopted mostly reflected dependence on personal savings. A majority of households across all types of events stated to have utilized their savings to make up for the loss. Taking loans or borrowing money from friends or relatives were cited as other major steps taken by such households.

## CHAPTER 5

# CONSUMPTION EXPENDITURE

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As noted by Adam Smith (1937), "Consumption is the sole end and purpose of all production and the welfare of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer." Amartya Sen (1999) has forcefully argued about the role of development in freeing people from deprivation. The consumption of goods and services is a primary component of economic well-being and level of deprivation and, as such, a primary indicator of living standards. Everything else being equal, a person with a higher level of consumption is regarded as having a higher level of economic well-being than someone with a lower level of consumption. Consumption needs can be met through the spending of income, through the running down of wealth, and through borrowing (OECD, 2013).

Consumption expenditures are measured because they are less volatile over time, and are considered to be measured more reliably (Desai, Sonalde, B. 2011). However, during surveys, measuring consumption expenditure poses certain challenges. One of the major challenges is respondent fatigue or inability to offer exact estimates. While the other problem comes in the form of volatility, as the expenditure of some households may have shot up during the reference period due to marriages, debts or health crises, which then create unrepresentative spikes for some households. Nonetheless, consumption expenditures combined with the measure of household possessions offer a fairly good estimate of levels of economic well-being.

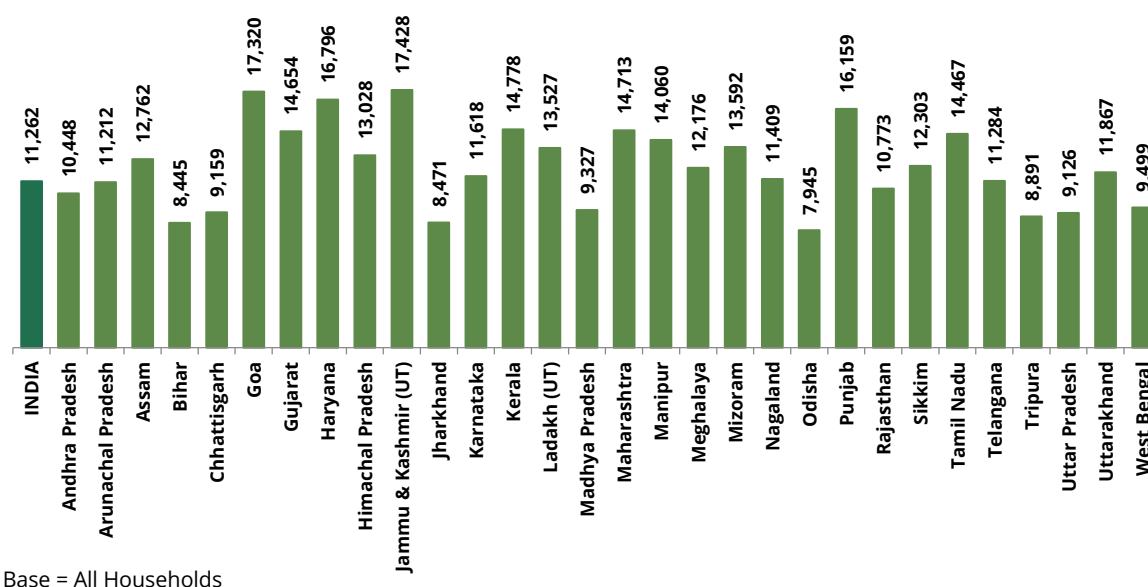
This chapter outlines the key findings pertaining to the household consumption expenditure assessed under NAFIS to offer insights into the standard of living of households. The survey used the NSSO's approach to measure the level of consumption expenditure. As per the NSSO report, Household Consumption Expenditure is defined as, 'the expenditure incurred by a household on domestic consumption during the reference period.' Expenditure incurred towards productive enterprises of households is excluded from household consumer expenditure. Also excluded are the expenditure on purchase and construction of residential land and building, interest payments, insurance premium payments, payments of fines and penalties, and expenditure on gambling including lottery tickets. Money given as remittance, charity, gift, etc. is not considered under consumption expenditure.

## 5.1 MONTHLY CONSUMPTION EXPENDITURE

NAFIS delved into the household consumption expenditure, using a mixed reference period approach. The respondents were probed about the total expenses they made on different items of household consumption. The items were classified into three categories based on the reference period for which the expenses were asked. The reference period for some staple food items, and for other routine household expenditures was last one month (30 days), and for non-routine expenses, it was last one year (365 days). The agricultural households reported a relatively higher consumption expenditure of ₹11,710 than ₹10,675 for non-agricultural households.

The state-wise estimates of reported monthly consumption expenditure per household have been presented in figure 5.1.

**Figure 5.1 State-wise Average Monthly Consumption Expenditure per Household (₹)**



Households in states like Goa and Jammu & Kashmir reported monthly expenditure per household exceeding ₹17,000. On the other hand, states like West Bengal, Uttar Pradesh, Tripura, Odisha, Madhya Pradesh, Jharkhand, Chhattisgarh and Bihar reported monthly expenditure of less than ₹10,000 per household.

## 5.2 HOUSEHOLD INCOME VERSUS CONSUMPTION EXPENDITURE

In order to gain a better understanding of the economic status of households, consumption expenditure was analysed against monthly income of households. The results obtained have been presented in Table 5.1. Based on the reported income and consumption expenditures, taking all households combined, the average monthly consumption expenditure was found to be ₹11,262 as against the average monthly income of ₹12,698 leaving some income margin which may have been utilized for savings, to pay off existing debts, or to meet other capital expenditure



depending on the specific nature of the need or preference of households. When compared by type of household, the agricultural households reported higher levels of income and expenses as compared to the non-agricultural households.

<b>Table 5.1 Average Monthly Income and Consumption Expenditure per Household (₹)</b>		
Category	Income	Consumption Expenditure
1	2	3
Agricultural Households	13,661	11,710
Non-Agricultural Households	11,438	10,675
All Households	12,698	11,262

The state-wise scenario of household income and consumption expenditure has been depicted in Table 5.2

<b>Table 5.2 State-wise Average Monthly Income and Consumption Expenditure per Household (₹)</b>			
States	Income	Consumption Expenditure	Surplus
1	2	3	4
INDIA	12,698	11,262	1,436
Andhra Pradesh	11,037	10,448	589
Arunachal Pradesh	12,730	11,212	1,518
Assam	14,448	12,762	1,686
Bihar	8,878	8,445	433
Chhattisgarh	10,380	9,159	1,221
Goa	18,680	17,320	1,360
Gujarat	15,957	14,654	1,303
Haryana	21,752	16,796	4,956
Himachal Pradesh	14,977	13,028	1,949
Jammu & Kashmir (UT)	18,993	17,428	1,565
Jharkhand	9,085	8,471	614
Karnataka	13,487	11,618	1,869
Kerala	16,788	14,778	2,010
Ladakh (UT)	17,407	13,527	3,880
Madhya Pradesh	11,085	9,327	1,758
Maharashtra	16,238	14,713	1,525
Manipur	15,398	14,060	1,338
Meghalaya	14,448	12,176	2,272
Mizoram	15,143	13,592	1,551
Nagaland	12,363	11,409	954
Odisha	8,924	7,945	979

Table 5.2 State-wise Average Monthly Income and Consumption Expenditure per Household (₹)			
States	Income	Consumption Expenditure	Surplus
1	2	3	4
Punjab	21,842	16,159	5,683
Rajasthan	12,945	10,773	2,172
Sikkim	13,883	12,303	1,580
Tamil Nadu	16,487	14,467	2,020
Telangana	12,065	11,284	781
Tripura	9,708	8,891	817
Uttar Pradesh	10,029	9,126	903
Uttarakhand	13,679	11,867	1,812
West Bengal	10,446	9,499	947

Base = All Households

As reflected in Table 5.2, Punjab stands at the top end of the hierarchy with a maximum reported surplus (₹5,683 per month) as compared to the other states. Haryana follows closely behind with a surplus of ₹4,956 per month. The states of Ladakh, Meghalaya, Rajasthan, Tamil Nadu, and Kerala also reported a sizeable monthly surplus of more than ₹2,000. On the other hand, states like Andhra Pradesh, Bihar, Jharkhand, and Telangana reported a very low monthly surplus of less than ₹800 per household per month.

### 5.2.1 Income versus Consumption Expenditure for Agricultural Households by Size Class of Land Possessed

The status of agricultural households with regard to average monthly income and consumption expenditure was further analysed by size class of land possessed. The reported figures have been presented in Table 5.3.

Table 5.3 Average Monthly Income & Consumption Expenditure for Agricultural Households by Size class of Land Possessed (₹)			
Category	Income	Consumption Expenditure	Surplus
1	2	3	4
<0.01 Ha	11,110	10,742	368
0.01-0.40 Ha	11,347	10,680	667
0.41-1.00 Ha	13,509	11,982	1,527
1.01-2.00 Ha	16,548	12,713	3,835
>2.00 Ha	21,177	14,126	7,051
All Size Classes	13,661	11,710	1,951

Base = Agricultural Households

The overall pattern suggests a positive correlation between the size of land possessed and the income surplus remaining after monthly consumption expenditure incurred against monthly income. The income surplus for households goes on increasing with the increase in the size class of land possessed, showing a sharp increase in the last size class of more than 2 hectares.

### 5.2.2 Income versus Consumption Expenditure per Household by Decile class of MPCE

The variation in monthly income and consumption expenditure per household along the decile classes of MPCE is reflected for both agricultural and non-agricultural households and for all households combined in Table 5.4.

Table 5.4 Average Monthly Income and Consumption Expenditure per Household by Decile Class of MPCE (₹)						
Decile Class of MPCE	Agricultural Households		Non-Agricultural Households		All Households	
	Income	Consumption Expenditure	Income	Consumption Expenditure	Income	Consumption Expenditure
1	2	3	4	5	6	7
Overall	13,661	11,710	11,438	10,675	12,698	11,262
1	9,842	6,430	7,515	5,419	8,732	5,948
2	11,012	7,921	8,512	6,804	9,949	7,446
3	11,692	8,723	8,898	7,681	10,572	8,306
4	12,322	9,700	9,404	8,590	11,169	9,261
5	12,954	10,547	9,862	9,312	11,720	10,054
6	13,902	11,605	11,767	10,270	13,047	11,070
7	15,369	12,851	12,418	11,301	14,106	12,187
8	15,338	14,043	12,280	12,425	14,000	13,335
9	16,190	15,779	15,517	14,604	15,877	15,233
10	18,724	20,886	16,933	18,712	17,826	19,796

The overall trends reflect a gradual increase in monthly per capita consumption expenditure from 1st to 10th decile class across all household categories. The non-agricultural households exhibited greater disparity between the topmost and the lowest quintile as compared to agricultural households.

## 5.3 COMPOSITION OF MONTHLY CONSUMPTION EXPENDITURE

NAFIS delved into the details of expenses made by the household under various heads, including expenses on food-items, consumer goods, and other routine expenses. All the items considered for assessing consumption pattern were classified into two categories, i.e., food items and non-

food items. The overall status reflects that 47% of the total consumption expenditure is made on food items, and the remaining 53% on non-food items.

While interpreting the estimates generated in this context, it must be borne in mind that the calculations for consumption expenditure excluded the value for self-grown/ home grown products for the household. It is assumed that if the value of such self-grown products, or products kept aside for personal consumption, were included in the consumption expenditure, the proportion spent on food items would increase.

### 5.3.1 Pattern of Consumption by Decile classes of MPCE

The shares of food and non-food items in overall consumption expenditure have been presented in Table 5.5 by decile class. Considering all households together, it was observed that with the increase in decile classes of MPCE, the households tend to allocate a greater share of consumption expense to non-food items.

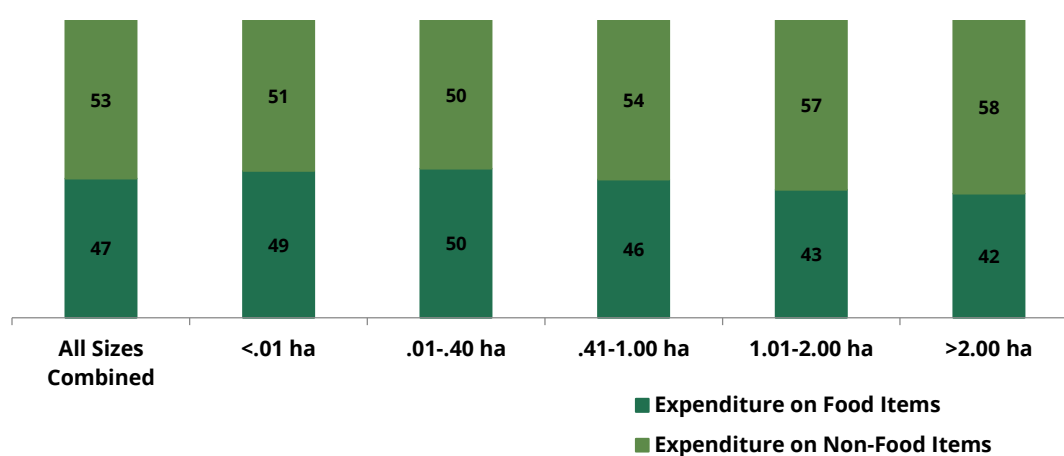
Table 5.5 Pattern of Consumption Expenditure on Food vs. Non-Food Items by Decile Class of MPCE (%)						
Decile Class of MPCE	Agricultural Households		Non-Agricultural Households		All Households	
	Food Items	Non-Food Items	Food Items	Non-Food Items	Food Items	Non-Food Items
1	2	3	4	5	6	7
Overall	47	53	47	53	47	53
1	57	43	58	42	58	42
2	55	45	55	45	55	45
3	53	47	53	47	53	47
4	51	49	51	49	51	49
5	49	51	50	50	49	51
6	48	52	48	52	48	52
7	46	54	47	53	46	54
8	45	55	45	55	45	55
9	43	57	44	56	44	56
10	38	62	39	61	38	62

Further, when examined by type of households, it was found that the consumption pattern was quite similar among the agricultural and non-agricultural households.

### 5.3.2 Pattern of Consumption for Agricultural Households by Size Class of Land Possessed

A similar trend was observed in the consumption pattern when viewed by the size class of land possessed, as seen in Figure 5.2. The households with smaller land sizes allocated a higher proportion of their money on food items, but as we move towards higher size classes, the proportion of expenses made on non-food items shows an increase, which is reflective of the better and comparatively more secure economic status of households.

**Figure 5.2 Pattern of Consumption Distribution of Expense on Food Vs. Non-food Items for Agricultural households by Size class of Land Possessed (%)**



## CHAPTER 6

# HOUSEHOLD SAVINGS

---

Classical economists like Adam Smith and David Ricardo emphasized the role of savings as a determinant of economic growth. For individuals and households, savings provide a cushion of security against future contingencies whereas for a nation, savings provide the funds needed in the developmental efforts (Gedela, 2012). Although there is an animated debate in the literature on the relationship between savings and economic growth, particularly the direction of causality, it is generally viewed that once savings start to rise—perhaps due to an increase in income—they enhance the potential to finance higher investment, and lead to the creation of more opportunities in the economy (Székely, Miguel; Attanasio, Orazio P., 2000).

In addition, saving enables households to maintain a relative stable life time level of living. Certain household needs such as more durable consumer goods require relatively large amount of money which ordinary household can never possibly acquire unless they save over a period of time (Abera Abebe, 2017).

For economic planning purposes, it is important that economic planners have a true and fair idea about the quantum of saving, the behaviour of people towards saving and the method by which saving can be improved for investment decisions. It is also desirable that they get insights into the motives of saving, which could be useful for designing and implementing saving instruments for effectively stimulating saving.

Saving is normally considered in economics as disposable income minus personal consumption expenditure. In other words, it is regarded as income that is not consumed by immediately buying goods and services. For the purpose of this report, it must be emphasized that “saving” refers to deposits in banks or other financial institutions as well as savings in the form of cash at home. Thus, this survey focuses on the financial saving of households held by banks, microfinance institutions, SHGs and other saving avenues.

## 6.1 SAVING BEHAVIOUR OF HOUSEHOLDS

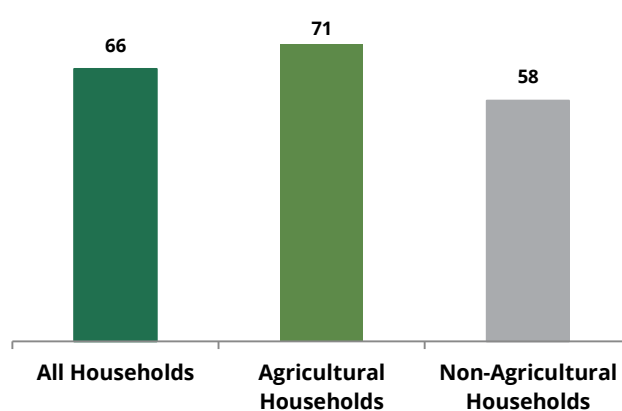
The survey respondents were asked about savings made by different members of the household during the agricultural year July 2021 to June 2022. Any money deposited with the Bank, Post-office, SHGs, Chit-Funds, or money kept aside for emergencies even at home was considered saving.

### 6.1.1 Proportion of Saver households

To understand the ability of the households to put aside some part of their disposable income as savings for future use, the sample respondents were asked if any one or more members of the household saved any money during the agricultural year 2021-2022.

On the whole, about 66% of the households saved money during the reference year (hereinafter termed as '**saver households**'). Agricultural households fared better, with 71% found to have saved some money in the given reference period as compared to 58% of non-agricultural households (Figure 6.1).

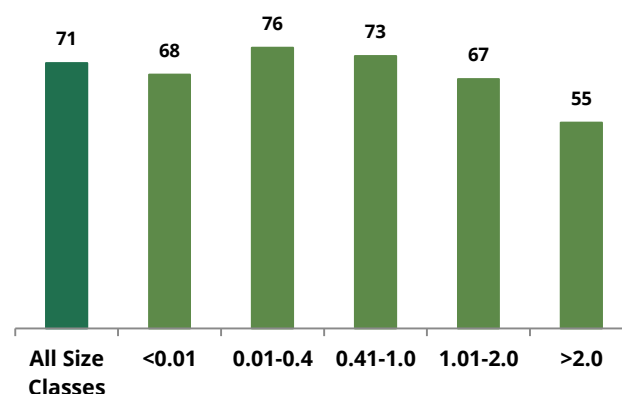
**Figure 6.1 Proportion of Households Reporting Savings by any member in the Agricultural year 2021-22 by Type of Household (%)**



### 6.1.2 Saving Behaviour of Agricultural Households

An analysis by size class of land possessed shows a negative correlation, with lesser proportion of households with larger land sizes reporting to have saved any money in the said reference period as compared to their counterparts in the lower size classes. These trends must be inferred by taking note of the fact that the households reporting larger sizes of lands were significantly lesser in number as compared to the ones in the lower size classes.

**Figure 6.2 Proportion of Agricultural Households Reporting Savings in the Agricultural year 2021-22 by Size class of Land Possessed (%)**

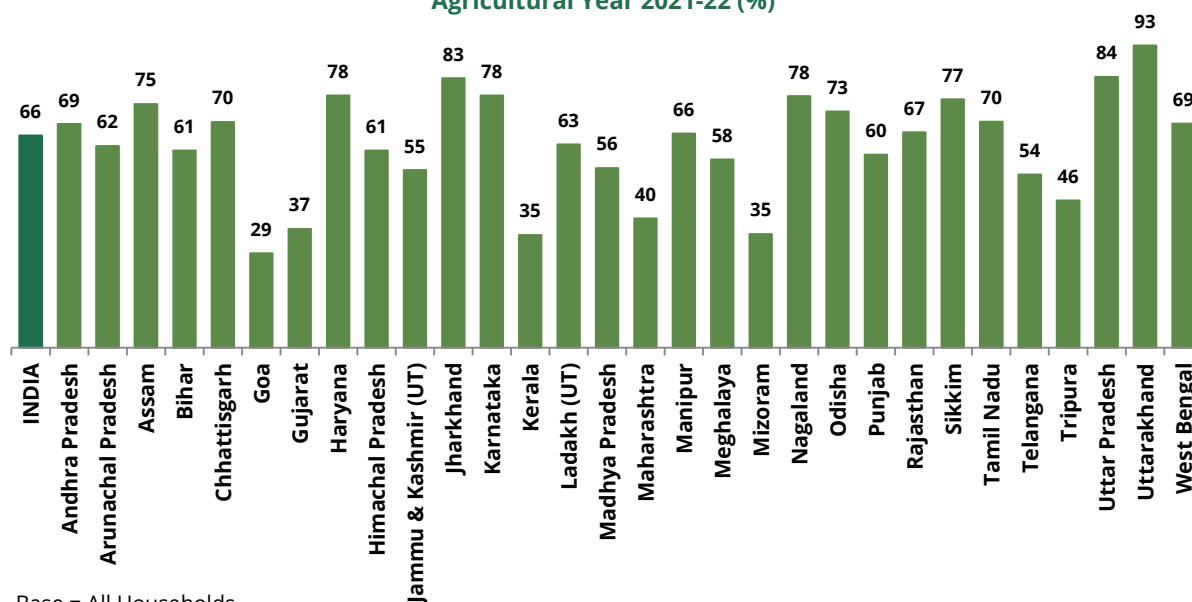


Base = Agricultural Households

### 6.1.3 Variation in Saving Behaviour by States

The state-wise findings with respect to the proportion of saver households as reported in the survey are presented in figure 6.3.

**Figure 6.3 State-wise Proportion of Households Reporting Savings in the Agricultural Year 2021-22 (%)**



Base = All Households

In 11 states, 70% or more of the households saved money during the reference period. The states leading the pack include Uttarakhand (93%), Uttar Pradesh (84%), and Jharkhand (83%). The states like Goa (29%), Kerala (35%), Mizoram (35%), Gujarat (37%), Maharashtra (40%), and Tripura (46%), less than half of the households reported any savings.

### 6.1.4 Number of Members who Saved any Money

The survey involved member-wise inquiry into the saving behaviour including the place of saving and the amount of money saved. The detailed data received from such an enquiry was processed to classify the households into those where only one member saved, the ones where two members saved, and the households where more than 2 members were reported to have saved some money in the given reference period.

**Table 6.1 Distribution of Saver Households by Number of Members Reporting Savings in the Agricultural Year 2021-22 (%)**

Category	Only One Member	Two Members	More Than 2 Members
1	2	3	4
All Households	51.8	29.1	19.1
Type of Households			
Agricultural Households	49.1	29.1	21.8
Non-Agricultural Households	56.2	29.1	14.7

Base = Households that Saved any Money in the Agricultural Year 2021-22



The detailed results presented in Table 6.1 indicate that in a majority of over half of the households, there was only one member who reportedly saved some money in the given period, leaving behind a roughly equal proportion of households that reported multiple savers. When compared by the type of household, the non-agricultural households reflected a lesser proportion of households having multiple savers as compared to the agricultural households.

### 6.1.5 Places where Households Save their Money

Detailed inquiries were made for each member of the saver household regarding the place where they saved, the nature of bank account, the purpose of saving, and the frequency of depositing money in the account in the said reference period. Based on the responses obtained, all savings made in banks, post offices, and SHGs were classified as ***institutional savings***. Whereas, savings done at home or in chit funds or informal groups were classified as ***non-institutional***.

Table 6.2 Proportion of Saver Households Reporting Savings in Institutions in the Agricultural Year 2021-22 (%)		
Category	Households with at least one member who saved with an institution (%)	Households with at least one woman member who saved with an institution (%)
1	2	3
All Households	58.5	41.8
Type of Households		
Agricultural Households	63.5	44.8
Non-Agricultural Households	52.0	37.9

Base = All Households

The figures presented in Table 6.2 suggest that about three-fifths (58%) of households reported that at least one of their members had saved any money in an institution. The prevalence of institutional savings was higher among agricultural households with about 64% of them reporting such savings as compared to 52% of non-agricultural households. The data obtained was further analysed to see if the saver households had any women members who saved any money with an institution. The estimates presented in Table 6.2 reflect that about 2 in every 5 households had any woman member who made an institutional saving. The agricultural households reflected a higher tendency for women members to save money as compared to the non-agricultural households.

Detailed assessment of the places where members save their money yielded the findings presented in Table 6.3. Overall, the households reported to be saving their money in more than one place. A significant 77% of households were found to have saved their money in banks, including scheduled commercial banks, regional rural banks and cooperative banks. Home savings emerged as the next most preferred option with about 18% households reporting to be saving their money at home.

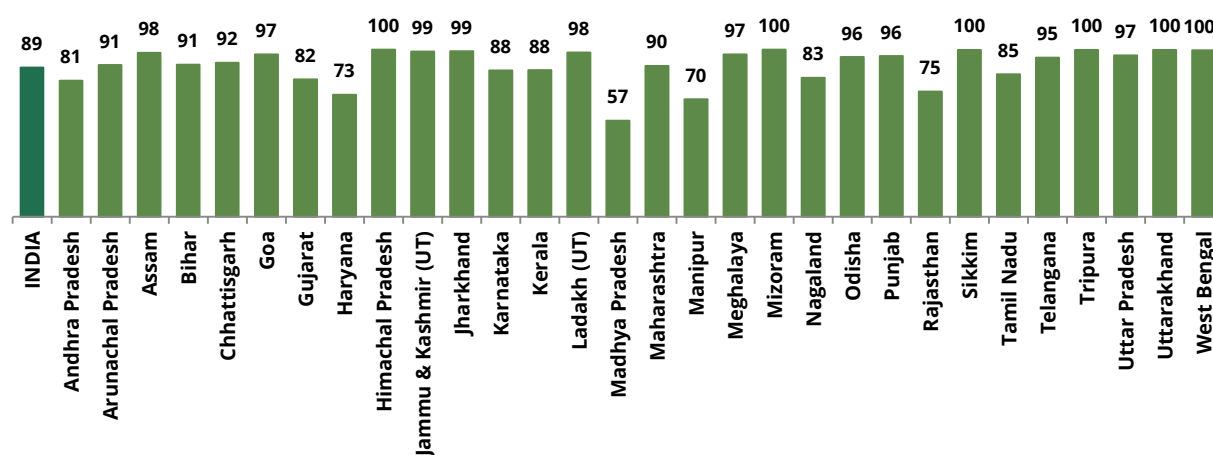
Table 6.3 Distribution of Saver Households according to Place of Savings (%)			
Place of Saving	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
Bank (SCB/RRB/CB)	78.0	75.7	77.1
Cooperative Society	2.2	1.9	2.1
Post Office	5.6	6.2	5.9
Self Help Group	12.7	14.4	13.3
Chit Fund/Committee	1.4	1.5	1.4
Home Saving	19.0	15.8	17.8
<i>Totals exceed 100% as a household may be saving at more than one place.</i>			

Base = All Savings made by Households in the Agricultural Year 2021-22

### 6.1.6 State-wise Status of Institutional Savings by Households

The proportion of saver households where at least one member was reported to have saved any money with a formal institution was analysed state-wise to assess the penetration of institutional saving sources in the rural communities. The findings obtained in this regard have been presented in figure 6.4.

**Figure 6.4 State-wise Proportion of Saver Households with at least One Member Reporting Savings with any Institution in the Agricultural Year 2021-22 (%)**



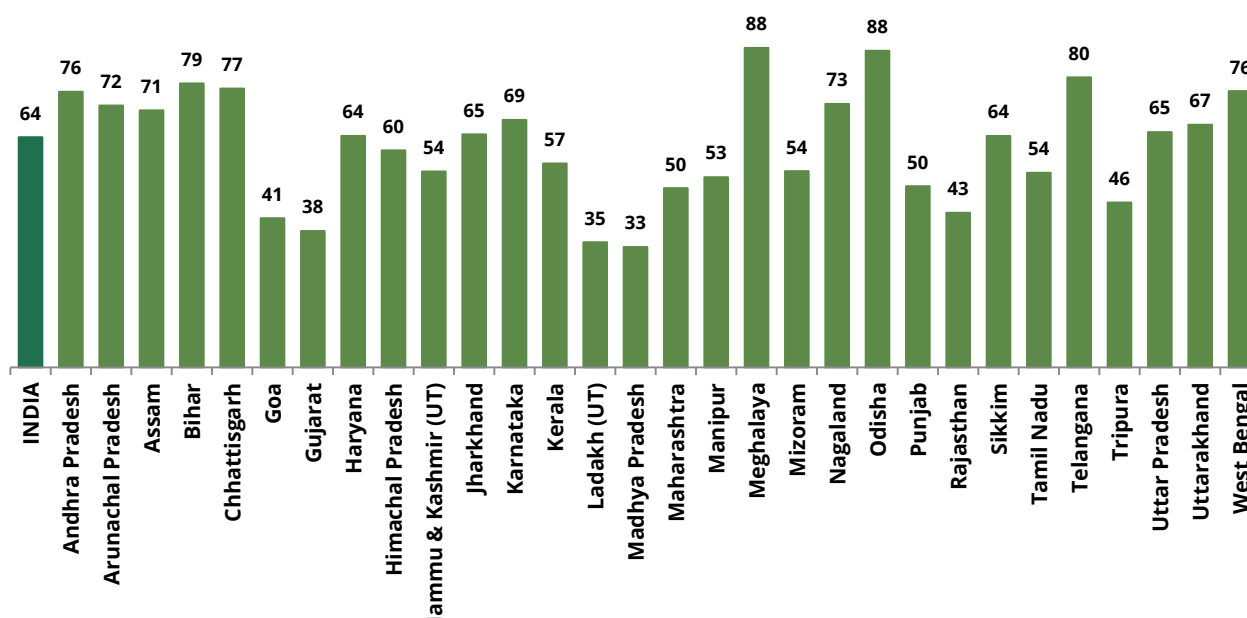
Base = Households that Reported any Saving in Agricultural Year 2021-22

In 16 states, 95% or more of the saver households had at least one member who saved with an institution during the given reference year.

Participation of women members in household savings, particularly with institutional sources was also explored. The state-specific findings have been presented in figure 6.5. A wide disparity was witnessed among states with regard to institutional savings by women members. When compared with previous figures, where about 89% of saver households reported any institutional saving by any member, 64% of saver households reported any women member who

saved their money with any institution. The states like Telangana (80%), Meghalaya (88%) and Odisha (88%) had more than four-fifths of the saver households reporting woman savers.

**Figure 6.5 State-wise Proportion of Saver Households with at least One-Woman member Reporting Savings with any Institution in the Agricultural Year 2021-22 (%)**



Base = Households that reported any Saving in the Agricultural Year 2021-22

## 6.2 QUANTUM OF SAVINGS

The saver households were also asked about the places where they saved, and the overall amount of money that they saved in the given reference period. Based on the reported figures for all the agencies where members were reported to have saved, average savings were calculated for saver households as well as for all households irrespective of the fact whether they made any savings in the last year. As depicted in Table 6.4, the average saving amount per saver household was ₹20,139. When compared by the type of household, the average amount of savings was higher for agricultural saver households (₹20,717) as compared to non-agricultural saver households (₹19,206). A lesser proportion of non-agricultural households reported any savings in the given reference period as compared to the agricultural households, and their quantum of savings was also reported to be lower than their counterparts.

Table 6.4 Average Savings (with all agencies combined) per Household in the Agricultural Year 2021-22 (₹)		
Category	Base: All Households	Base: Saver Households
1	2	3
All Households	13,209	20,139
By Type of Household		
Agricultural Households	14,796	20,717
Non- Agricultural Households	11,130	19,206

Base = All Savings made by Households in the Agricultural Year 2021-22

## 6.2.1 Quantum of Savings for Agricultural Households

The amount of money reported to have been saved by agricultural households was further analysed by size class of land possessed. The findings obtained have been presented in Table 6.5.

<b>Table 6.5 Average Savings (with all agencies combined) per Agricultural Household in the Agricultural Year 2021-22 by Size Class of Land Possessed (₹)</b>		
Size Class of Land Possessed (Ha)	Base: All Agricultural Households	Base: Saver Agricultural Households
1	2	3
<0.01 ha	9,807	14,365
0.01-0.40 ha	12,014	15,895
0.41-1.00 ha	17,140	23,378
1.01-2.00 ha	15,950	23,764
>2.00 ha	19,587	35,365
All Size Classes	14,796	20,717

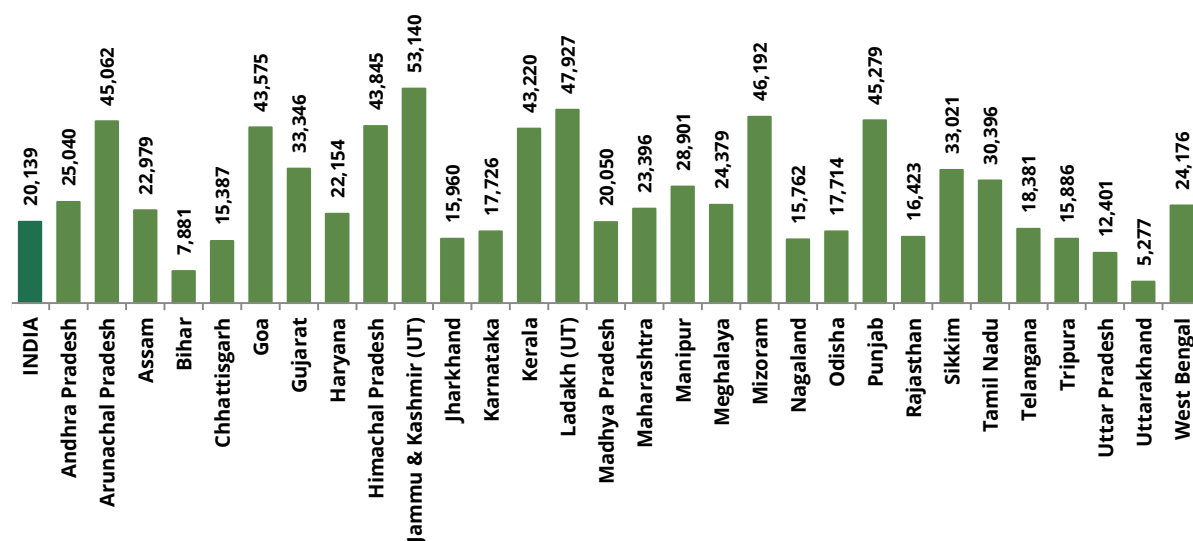
Base = All Savings made by Agricultural Households in the Agricultural Year 2021-22

The findings show a direct relationship between land size and average savings reported by the households. The results reflect a clear rising trend with the quantum of savings increasing by size class of land possessed.

## 6.2.2 State-wise Quantum of Savings for All Households

The state-wise trends regarding the average saving amount for saver households are reflected in Figure 6.6. Once again, a wide variation was witnessed across states in this regard, with the average amount at the higher end reaching up to as high as ₹53,140 for the UT of Jammu & Kashmir.

**Figure 6.6 State-wise Average Savings made by Saver Households in the Agricultural Year 2021-22 (₹)**



Base = All Savings made by Households in the Agricultural Year 2021-22

## CHAPTER 7

# HOUSEHOLD INVESTMENTS

---

The importance of investment for raising productivity and stronger economic growth has been well-established in both theoretical and empirical literature (Barro, 1991). There are also empirical studies that established significant contribution of investment to growth in India (Dash and Sahoo, 2010). Investment may be defined as sacrifice of certain present value for some uncertain future. In other words, investment means the purchase of a financial product with an expectation of future returns (Selvakumar, Marimuthu, 2015).

Investments can serve as a powerful tool in the alleviation of poverty. Households' income and consumption patterns are deeply influenced by inflation, which also has implications for their disposable income and wealth. By investing wisely, investors can improve their standard of living and create wealth for the future. Investing even a small amount can produce considerable rewards over the long term (Selvakumar, Marimuthu, 2015).

NAFIS 2021-22 analysed the pattern of investment of the households during the period under study in the form of financial and physical assets. The survey asked the households about any financial investment made in terms of investments in bank deposits including fixed and recurring deposits, in shares/ bonds, or investments made in Post office deposits like Kisan Vikas Patra, etc. Households were considered to have invested in a physical asset if they invested in purchase of house/ shop/ office; investment in purchase of commercial/ agricultural/ residential land; investment in livestock; buying equipment for non-farm businesses; for buying farm machines/ irrigation equipment; or investment in major repairs which increases the life of the asset/ building; investment in gold, bullion, or transport, etc.

### 7.1 INVESTMENT BY HOUSEHOLDS

The sample households were asked about the investments that they made in any financial or physical asset, as explained above, during the agricultural year 2021-22. The findings pertaining to investments made by the households in the said reference period have been presented in the sub-sections below.

### 7.1.1 Proportion of Households that Made Any Investment

Overall, roughly one-fourth of the households reported to have invested any money in the last year. A deeper analysis of data reflected that among the 27% of households reporting any investments, about 13% of households reported to have made investments amounting up to ₹20,000/- or less. It was also interesting to note that among households investing only up to ₹20,000, roughly 90% of the money invested was in physical assets.

**Figure 7.1 Proportion of Households Reporting to Any Investment in the Agricultural Year 2021-22 (%)**

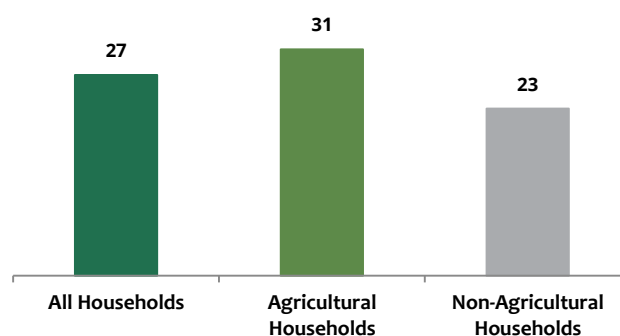
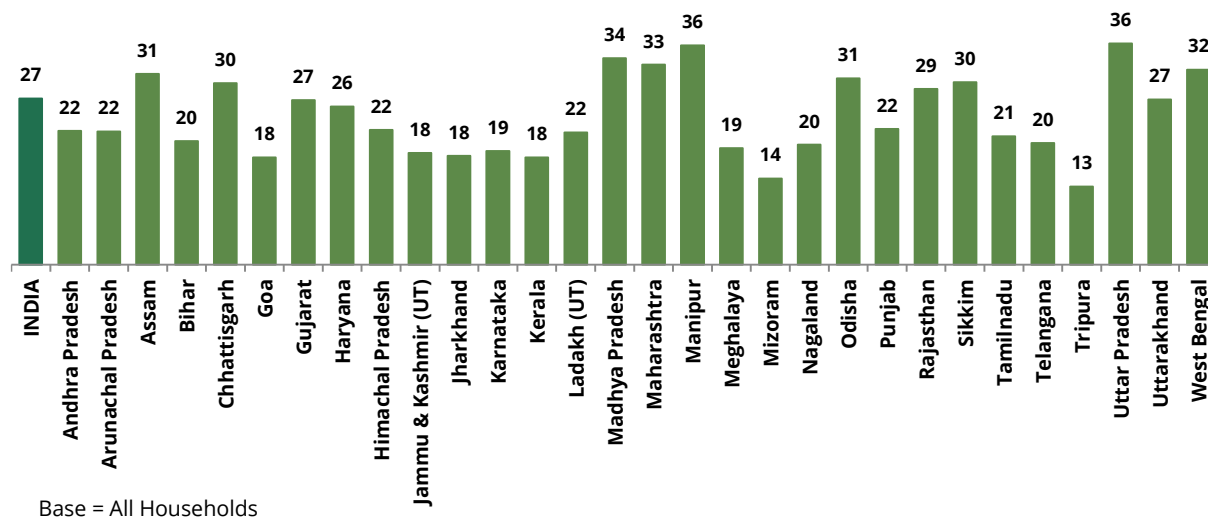


Figure 7.1 depicts the findings about the proportion of households reporting any investment in the said period. Agricultural households fared significantly better with about 31% reporting to have made any investment in the given reference period as compared to roughly 23% of non-agricultural households. The need for investments is relatively higher in agricultural households owing to the need to invest in critical farm assets.

### 7.1.2 State-wise Variation in Investment Behaviour

The state-wise findings with respect to the proportion of households as reported under the survey taking all households are presented in Figure 7.2. The proportion of households reporting to have made any investment in the last one year ranged from a minimum of 13% in Tripura to a maximum of 36% each in Manipur and Uttar Pradesh. In states like Assam (31%), Madhya Pradesh (34%), Maharashtra (33%), Odisha (31%), and West Bengal (32%) more than 30% of households reported to have made any investment in the said reference period.

**Figure 7.2: State-wise Proportion of Households Reporting any Investment in the Agricultural Year 2021-2022 (%)**



## 7.2 TYPE OF INVESTMENT MADE

Investments made by the households were categorized along the nature of assets in which they invested, viz., financial and physical assets. Financial assets include investments in banks, post offices and shares/ bonds market, while physical assets comprise investments in house, livestock, agriculture and other enterprise equipment, house repairs, etc. The findings are presented in Table 7.1.

<b>Table 7.1 Proportion of Households that Reported any Investment in the Agricultural Year 2021-22 by Type of Assets (%)</b>			
Indicator	Agricultural Households	Non-agricultural Households	All Households
1	2	3	4
HHs that made any investment	30.9	22.8	27.4
HHs that invested in any Financial Assets	3.6	4.7	4.1
HHs that invested in any Physical Assets	28.3	18.7	24.1
HHs that invested in both Financial & Physical Assets	1.0	0.6	0.8

When compared by the type of assets that households invest in, physical assets were clearly most preferred with about 24% of households found to have invested in the same in the last one year as compared to only 4.1% of households that invested in any financial asset. The agricultural households not only exhibit a greater tendency to invest but also show a clear preference for investing in physical assets, whereas non-agricultural households exhibited relatively greater preference for investing in financial assets.

## 7.3 AMOUNT OF MONEY INVESTED

An examination of the total amount of money that the households reported having invested during the given reference period revealed that not only did a greater proportion of agricultural households invested any money, but the amount of money they invested was also higher than that by non-agricultural households. Table 7.2 presents the average amount of investments made by agricultural and non-agricultural households in the agricultural year 2021-22.

<b>Table 7.2 Average Investment Reported in the Agricultural Year 2021-22 (₹)</b>		
Type of Households	Average Amount of Investments [Base=All Households]	Average Amount of Investments [Base=Households reporting to have made any Investment]
1	2	3
All Households	12,904	47,111
Agricultural Households	14,841	48,018
Non-Agricultural Households	10,368	45,501

As reflected in Table 7.2, considering all investments made by households and taking all households as a base, the average amount of investment per household stood at ₹12,904, with agricultural households (₹14,841) exceeding the non-agricultural households (₹10,368) by a significant margin. The difference in both types of households was similar when only investor households were taken as a base to calculate the average investment values.

Further analysis was undertaken to examine the nature of investments being made by the households and the amount of money that they are investing in different kinds of assets. The results presented in Table 7.3 reflect that taking all types of investments for all households combined, every investor household was found to have invested ₹47,111 on an average. The average investment reported to have been made by agricultural households was calculated to be ₹48,018, which is much higher than the investment by non-agricultural households (₹45,501).

<b>Table 7.3 Average Investment Reported in the Agricultural Year 2021-22 by Type of Assets (₹)</b>			
Indicator	Agricultural Households	Non-agricultural Households	All Households
1	2	3	4
All Assets (Financial & Physical Combined)	48,018 (100)	45,501 (100)	47,111 (100)
Financial Assets	4,010 (8)	9,518 (21)	5,994 (13)
Physical Assets	44,008 (92)	35,983 (79)	41,117 (87)

Base: All Households reporting any Investment in the Agricultural Year 2021-22

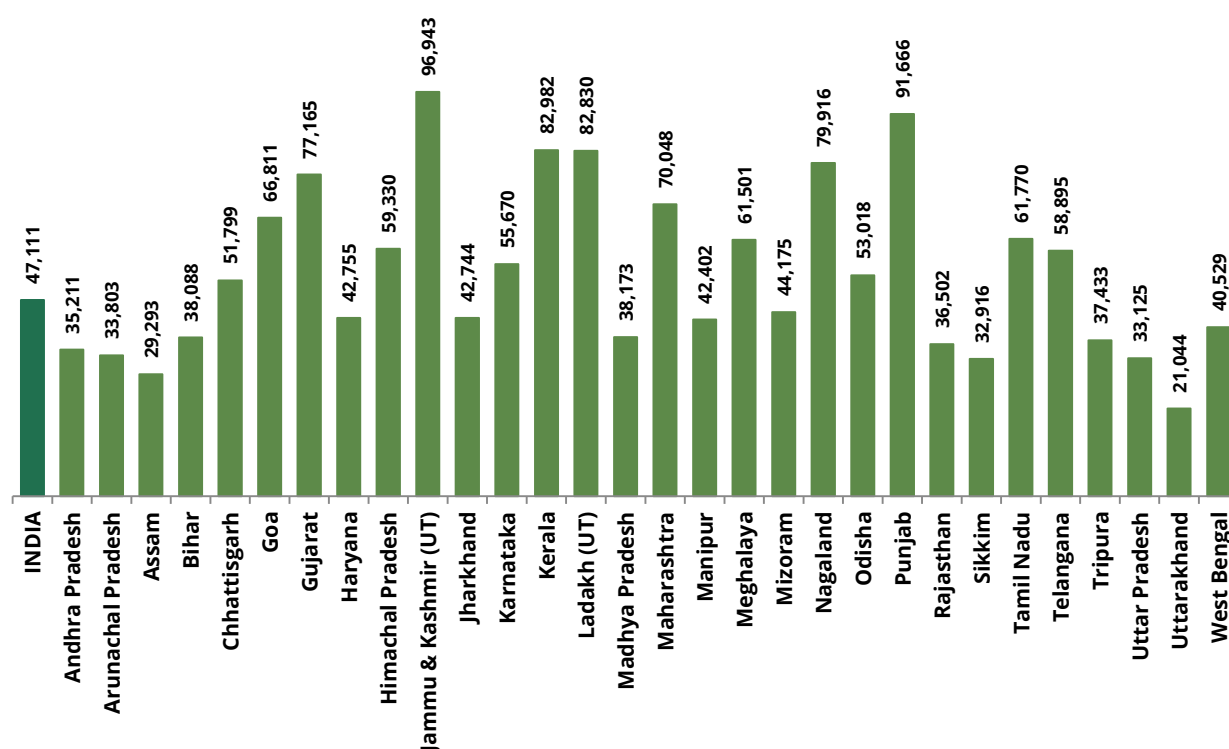
Note: Figures in parentheses are share (%) in total.

When comparing the amount invested in financial and physical assets, it was found that the physical assets attracted almost 7 times the amount invested in financial assets. Agricultural households exhibited a greater tendency to invest in physical assets, with 92% of the total investment in the year reported to have been made in physical assets. In terms of value, the amount of money invested in physical assets was roughly 11 times that invested in financial assets. The preference for investment in physical assets among agricultural households may be attributed to their need to invest in farm equipment to enhance their livelihood outcomes. The non-agricultural households were observed to have invested a sizeable one-fifth of the total amount in financial assets, which is more than two times the investment in financial assets made by agricultural households.

An investigation into the state-wise scenario revealed that there were variations across states (Figure 7.3).



**Figure 7.3 State-wise Average Investment Reported in All types of Assets by Households that made any Investment in the Agricultural Year 2021-22 (₹)**



Base = All Investments made by Households in the Agricultural Year 2021-22

In the states like Goa, Jammu & Kashmir, Karnataka, Kerala, and Meghalaya, where less than 20% of the households made any investments, the average amount of investment was higher than the national average. On the other hand, in states like Madhya Pradesh, Manipur, Rajasthan, Sikkim, Uttar Pradesh and West Bengal, where the proportion of investor households was higher than the national average (27%), the quantum of investment was found to be lower than the national average.

## 7.4 Investments made by Agricultural Households

Specific inquiry into the status of agricultural households with respect to their tendency to make any investments and the nature and quantum of investments brought forth interesting insights that are reflected in Table 7.4.

**Table 7.4 Proportion of Investor Agricultural Households Reporting any Investment in the Agricultural Year 2021-22 and Average Investment made by Size Class of Land Possessed**

Indicator	Size Class of Land Possessed (Ha)					All Size Classes
	<0.01	0.01-0.40	0.41-1.00	1.01-2.00	>2.00	
1	2	3	4	5	6	7
Proportion of Households reporting to have made any investment (%)	26.4	30.2	31.0	33.5	32.1	30.9
All Assets (Financial & Physical Combined) (₹)	33,491	37,416	49,021	55,426	83,545	48,018
Financial Assets (₹)	1,967	4,139	4,111	3,911	4,479	4,010
Physical Assets (₹)	31,524	33,277	44,910	51,515	79,066	44,008

Base = All Investments made by Agricultural Households in the Agricultural Year 2021-22

There is a clear pattern indicating a marked rise in the proportion of households making any investments and the amount of money invested with the increase in the size of land possessed by agricultural households.

## CHAPTER 8

# INDEBTEDNESS

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Rural indebtedness in India has drawn the attention of scholars and policymakers alike. The term 'indebtedness' may be understood as 'the state of being in debt' (Pattnaik, 2017), a situation in which debt repayment becomes a 'significant financial burden on the household' (Chichaibelu and Waibel, 2018). It is a state where the borrower is "continuously struggling to meet payment deadlines and structurally has to make unduly high sacrifices related to his/her obligations" (Schicks, 2014).

Debts may be seen from two perspectives. On the one hand, debt becomes vital for the sustenance of rural households; helping them overcome income disruptions or to avail unexpected opportunities. Often, a financially sound household may resort to a loan for adding more assets to the household, for fuelling the growth of its business, or for serving the educational or health needs that often require huge expenses that the household is unable to arrange at a particular point of time. Such households have the capacity to repay the debts, and may become richer, more successful, or healthier later, minimising future risks from debt.

On the other hand, the households may get trapped in a vicious cycle of debt that may have a devastating impact on households. Debts cause circular migration among rural households (Bremen, 1996 and 2010), force rural households to reorganize their economic priorities and make sacrifices so that they may service debt (Gerber, 2013 and 2014), affect borrowers' mental health (Drentea, 2000), and in extreme cases, push them to commit suicide (Shah, 2012; Vaditya, 2017). Given these deleterious outcomes, it is important to understand the nature and dimensions of the indebtedness in rural India.

This chapter outlines the status of households on various aspects related to indebtedness.

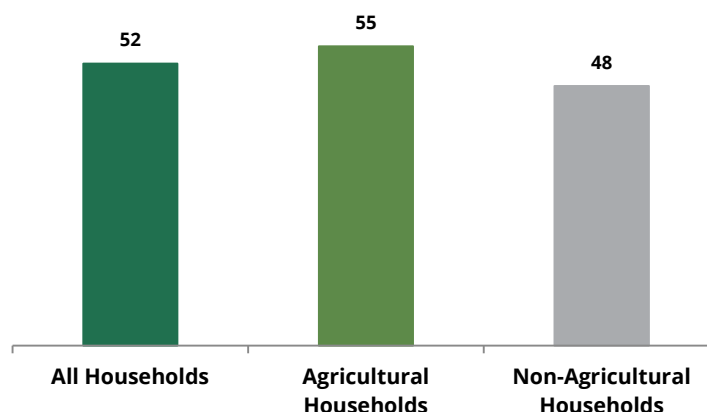
## 8.1 INCIDENCE OF INDEBTEDNESS AMONG HOUSEHOLDS

### 8.1.1 Incidence of Indebtedness among Households

Under NAFIS 2021-22, a household was considered indebted if it had any outstanding loan on the date of survey. The households that confirmed presence of any outstanding loan on that specific day were considered as 'indebted'. Taking all households together, 52% of the households were found to be having some outstanding debt.

The incidence was higher among agricultural households (55%) as compared to non-agricultural households (48%), pointing towards a higher need of financial assistance among agricultural households. This can be further corroborated by the fact that the agricultural households also reflected a higher tendency to make investments as input to production for raising their livelihoods.

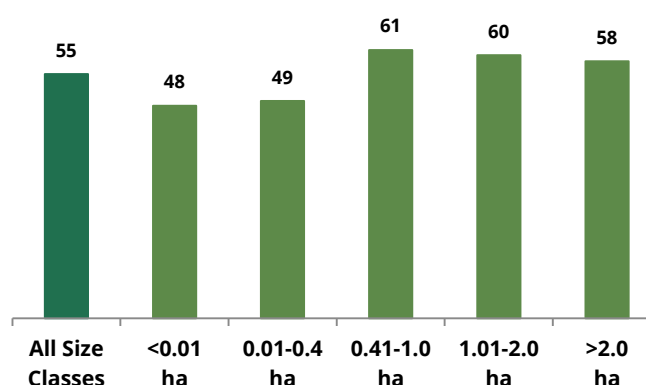
**Figure 8.1 Incidence of Indebtedness among Households (%)**



### 8.1.2 Incidence of Indebtedness among Agricultural Households

Further analysis of the incidence of indebtedness among agricultural households by size class of land possessed reflected a somewhat positive relationship, with a visible increase in the proportion of households reporting indebtedness with the increase in land sizes up to 1 ha and a marginal decline in indebtedness among households with land sizes larger than 1 ha (figure 8.2). Households with larger

**Figure 8.2 Incidence of Indebtedness among Agricultural Households by Size class of Land Possessed (%)**



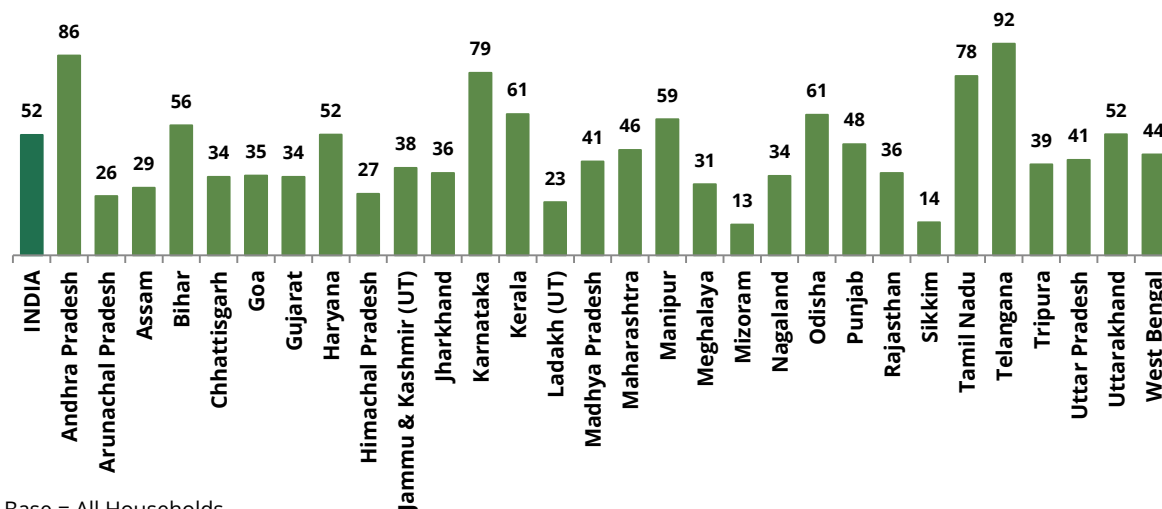
Base = Agricultural Households

land sizes are assumed to have a greater asset base which possibly increases their eligibility for taking loans and also their ability to pay them off in a timely manner. Further, these households also tend to seek loans for productive purposes which are discussed ahead in this chapter.

### 8.1.3 State-wise Incidence of Indebtedness

State-wise findings with respect to incidence of reported indebtedness have been presented in Figure 8.3. The states like Telangana (92%), Andhra Pradesh (86%), Karnataka (79%) and Tamil Nadu (78%) show high levels of indebtedness. The same is also considerably higher (61%) in both Kerala and Odisha with more than three-fifth of the households indebted at the time of the survey. At the other end of the continuum were households in the states like Mizoram (13%) and Sikkim (14%), where less than 20% of the households had any outstanding debt. In order to better understand the nature of indebtedness, it will be pertinent to examine the reasons for taking loans.

**Figure 8.3 State-wise Incidence of Indebtedness among Households (%)**



### 8.1.4 Average Outstanding Debt per Households

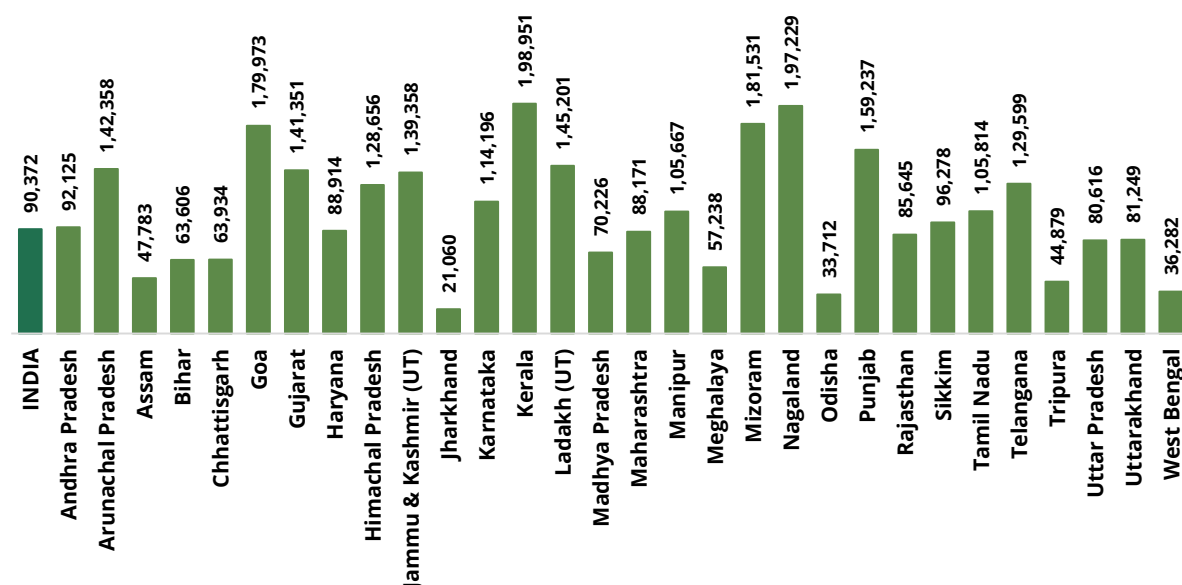
The households that reported to have any outstanding debt were further inquired about the average amount of debt that was outstanding and remained to be paid off at the time of the survey. Taking all households combined, the average outstanding debt per indebted household was estimated to be ₹90,372. Comparing the amounts by type of households, it was found that the agricultural households reporting any outstanding debt had a higher debt liability as compared to the non-agricultural ones (₹91,231 and ₹89,074 respectively). Similar trend was witnessed when the value was calculated using all households as the base.

**Table 8.1 Average Outstanding Debt (AOD) by Type of Households (₹)**

Type of Household	Base	Value
1	2	3
Agricultural Households	<i>Per Household</i>	50,512
	<i>Per Indebted Household</i>	91,231
Non-Agricultural Households	<i>Per Household</i>	42,765
	<i>Per Indebted Household</i>	89,074
All Households	<i>Per Household</i>	47,158
	<i>Per Indebted Household</i>	90,372

The state-wise average outstanding debt estimates are depicted in Figure 8.4. It varied significantly from as low as ₹21,060 in Jharkhand to as high as an average of ₹1,98,951 in Kerala.

**Figure 8.4 State-wise Average Outstanding Debt per Indebted Household on the Date of Survey (₹)**



Base = Households reporting any outstanding debt on the date of survey

## 8.2 BORROWING BEHAVIOUR OF HOUSEHOLDS

The surveyed households were inquired if they had taken any loan in the period between July 2021 to June 2022. Those reporting to have taken any loan were further inquired about the source of loan, amount of loan, duration, interest rates, reasons behind taking the loans, and status of repayment. The findings emerging from the survey would not only help to gain an insight into the borrowing pattern of individuals but would also give an idea about the reasons that compel households to carry the debt burden.

### 8.2.1 Households that took any Loan

The findings on loans taken in the said reference period have been presented in Table 8.2. Taking all households combined, about 42% of the households had taken any loan in the given reference period. The proportion of agricultural households reporting to have taken any loan was relatively higher as compared to the non-agricultural ones, the values being about 45% and 39%, respectively.

Table 8.2 Proportion of Households Reporting to Have Taken Any Loan in the Agricultural Year 2021-22 by Type of Households (%)	
Type of Households	Proportion
1	2
Agricultural Households	44.9
Non-Agricultural Households	38.7
All Households	42.2

## 8.2.2 Number of Loans Taken by the Households

On classifying the households by number of loans that they took, a significant majority of close to 97% households were found to have taken only one loan (Table 8.3). This may be closely linked to the loan repayment capacity and the ability to take multiple loans.

Table 8.3 Distribution of Households Reporting to Have Taken Any Loan by Number of Loans Taken in Agricultural Year 2021-22 (%)				
Category	No. of Loans Taken			Total
	One Loan	Two Loans	3-6 Loans	
1	2	3	4	5
Agricultural Households	96.7	2.6	0.7	100.0
Non-Agricultural Households	96.6	2.9	0.5	100.0
All Households	96.7	2.7	0.6	100.0

Base = All loans taken by Households in the Agricultural Year 2021-22

## 8.2.3 Borrowing Behaviour of Agricultural Households

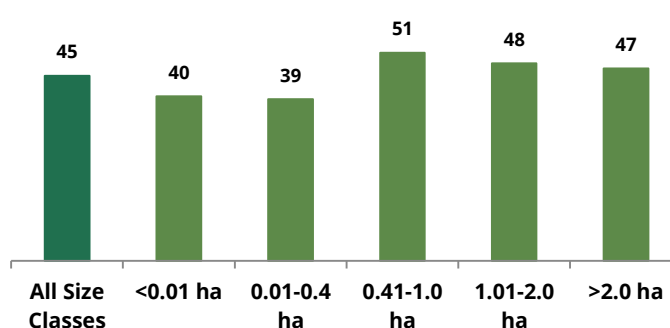
Figure 8.5 offers specific insights into the borrowing behaviour of agricultural households. It presents the variation in the proportion of households that reported to have taken any loan in the given reference period by size class of land possessed.

The figure reflects that the households with larger land sizes clearly have a higher tendency to

seek loans. Households with very small lands are often incapable of seeking loans due to the absence of any collateral security. The ones in the medium land size categories reflect a higher need for loans due to insufficiency of personal resources and the need for financial assistance to optimize their production. The households with larger land sizes tend to be self-sufficient, thus depicting relatively lower need for borrowing.

Further analysis was undertaken to see if there was any increase in the number of loans taken with an increase in land sizes. The results obtained in this regard have been presented in Table 8.4. The figures do not reflect any significant pattern or trend in the number of loans when seen in relation to land sizes. Close to 4% of households having land sizes below 0.4 ha and those with land sizes above 2 ha reported multiple loans.

**Figure 8.5 Proportion of Agricultural Households that took any Loan in the Agricultural Year 2021-22 by Size class of Land Possessed (%)**



Base = Agricultural Households

**Table 8.4 Distribution of Agricultural Households reporting any Loan by Number of Loans taken by Size Class of Land Possessed (%)**

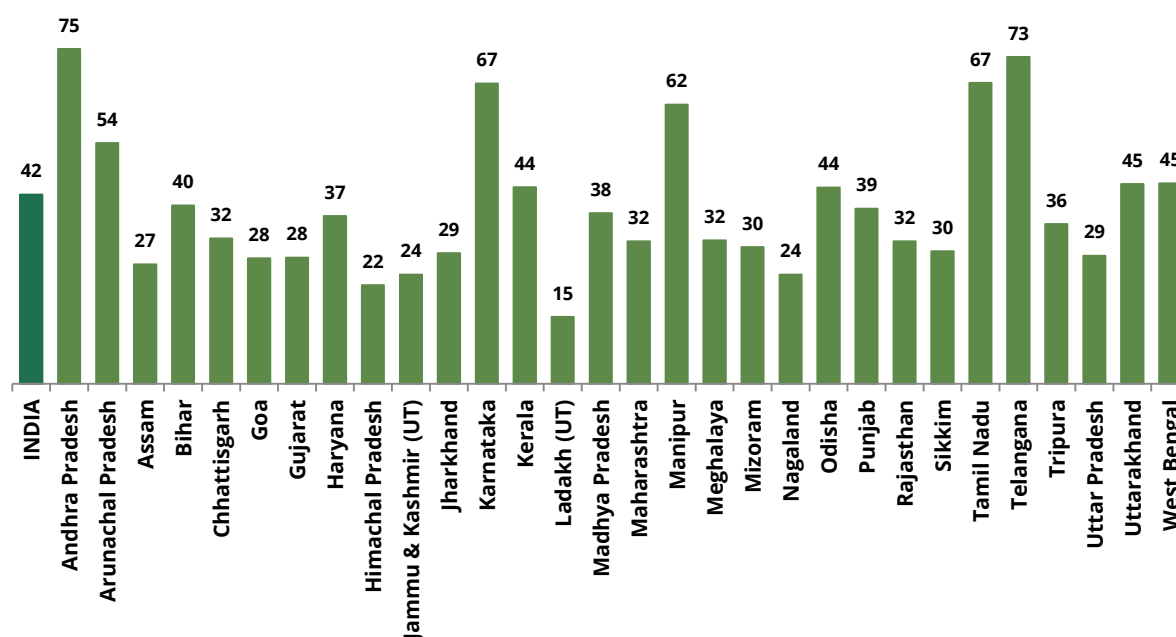
Category	No. of Loans Taken in the Agricultural Year 2021-22			Total
	One Loan	Two Loans	3-5 Loans	
1	2	3	4	5
<0.01 ha	96.3	2.6	1.1	100.0
0.01-0.4 ha	95.9	3.4	0.7	100.0
0.41-1.0 ha	97.3	2.2	0.5	100.0
1.01-2.0 ha	97.2	2.3	0.5	100.0
>2.0 ha	96.0	2.8	1.2	100.0
All Size Classes	96.7	2.6	0.7	100.0

Base = All Loans taken by Agricultural Households in the Agricultural Year 2021-22

## 8.2.4 State-wise Borrowing Behaviour

State-wise findings with respect to the borrowing behaviour of households have been presented in Figure 8.6. The highest proportion of households that took any loan were reported from Andhra Pradesh (75%), and Telangana (73%), followed closely by Karnataka (67%) and Tamil Nadu (67%). Other states like Manipur (62%), Arunachal Pradesh (54%), Kerala (44%), Odisha (44%), Uttarakhand (45%) and West Bengal (45%) also had a higher concentration of loan seeking households as compared to the national average (42%).

**Figure 8.6 State-wise Proportion of Households Reporting to have Taken any Loan in the Agricultural Year 2021-22 (%)**



Base = All Households



### 8.3 SOURCES OF LOANS

The households reporting to have taken any loan were further enquired about the sources from where they took these loans. The responses obtained have been depicted in Table 8.5. Overall, the institutional sources emerged as more preferred, with close to 75% of households reporting so. However, a sizeable 25% of the households reported taking loans from non-institutional sources like relatives and friends, local landlords and money lenders suggesting the last mile challenge in pursuing the goal of financial inclusion.

<b>Table 8.5 Distribution of Households reporting to have taken any Loan in the Agricultural Year 2021-22 by their Source(s) of Loan (%)</b>			
Type of Source Used	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
Only Institutional	75.5	72.7	74.4
Only Non-institutional	23.4	26.4	24.6
Both Institutional & Non-Institutional	1.1	0.9	1.0
TOTAL	100.0	100.0	100.0

Base = All loans taken by households in the Agricultural Year 2021-22

Further details on the type of institutional and non-institutional sources that the households utilized for borrowing money are presented in Table 8.6. It must be highlighted here that there are about 1% of households that took loans from both institutional and non-institutional sources.

<b>Table 8.6 Sources of Loan for Households reporting to have taken any Loan in the Agricultural Year 2021-22 (%)</b>			
Agency	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
<b>Institutional Sources</b>			
Scheduled commercial bank	32.0	30.8	31.6
Bank linked SHG/JLG	13.5	15.6	14.3
NBFCs including micro-finance institution	16.8	18.4	17.4
Co-operative Society	6.6	2.5	4.9
Regional Rural bank	4.9	2.5	3.9
Cooperative Bank	1.9	1.2	1.6
Financial Corporation/ institution	1.3	2.3	1.7
Non-Bank linked SHG/JLG	0.6	1.0	0.8
Employer/Insurance companies/ Provident Fund/ Other institutional agencies	0.2	0.2	0.2

Table 8.6 Sources of Loan for Households reporting to have taken any Loan in the Agricultural Year 2021-22 (%)			
Agency	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
Non-Institutional Sources			
Relatives and friends	21.6	24.1	22.6
Moneylenders	1.6	1.7	1.6
Landlord	1.0	1.2	1.1
Market commission agent/ trader	0.2	0.1	0.2
Input supplier/Chit fund/Others	0.2	0.3	0.2
Totals exceed 100% as a household may have taken loan from more than one sources			
Base = All loans taken by households in the Agricultural Year 2021-22			

As reflected in the Table above, commercial banks (32%) and relatives and friends (23%) were the most preferred sources of loan for households. As regards institutional sources accessed by agricultural households, scheduled commercial banks (32%), NBFCs (17%), and Bank-linked SHGs (14%) were the most preferred sources. The agricultural households also exhibited a greater preference for Cooperative Societies (7%) and Regional Rural Banks (5%) as compared to their non-agricultural counterparts. Non-agricultural households reflected a comparatively higher dependence on NBFCs (18%) and Bank linked SHGs/ JLGs (16%).

Among those taking loans from non-institutional sources, relatives and friends remained the most preferred. This saves them from undue exploitation, and often these loans are free of any interest charge. It is also reflective of an appreciable level of social integration in the communities. Further, only a miniscule 3% households exhibited dependence on local money lenders and landlords.

### 8.3.1 Amount and Sources of Loan by Households

The households that reported to have taken any loan in the given reference period were inquired about the amount of loan combining all loans taken by all members of the household. Table 8.7 presents the total borrowing reported by the households in the given reference period.

Table 8.7 Average Loan taken by Households in the Agricultural Year 2021-22 (₹) <sup>6</sup>		
Type of Household	Average Loan Amount [Base: All Households]	Average Loan Amount [Base: Households that took any Loan]
1	2	3
All Households	37,243	88,158
Agricultural Households	38,701	86,106
Non-Agricultural Households	35,332	91,279

<sup>6</sup> While comparing the per-household borrowings/debt as per NAFIS 2021-22 against NAFIS 2016-17, the possible impact of the following may be kept in perspective: (a) implementation of farm debt waiver scheme in a few states; (b) issue of KCC for Animal Husbandry and Fisheries farmers from 2018-19, as the credit requirement for allied activities may be lower than the crop production and (c) the increase in the number of rural households.

Taking all households as the base, the average uptake of loans in the agricultural year 2021-22 stood at ₹37,243, with the agricultural households reflecting a higher quantum of borrowing as compared to the non-agricultural ones. However, when considering only those households as the base that reported to have taken any loan, the trend reverses, with non-agricultural households reflecting a higher uptake as compared to the agricultural ones.

Further analysis was undertaken to assess the share of institutional and non-institutional sources in the loans sought by households in the given reference period. Table 8.8 presents the key observations that reflect the dependence of households on these sources.

<b>Table 8.8 Average Loan taken by Borrowing Households in the Agricultural Year 2021-22 by Type of Source (₹)</b>			
Source of Loan	Agricultural Households	Non-Agricultural Households	All Households
1	2	3	4
From all sources combined	86,106 (100)	91,279 (100)	88,158 (100)
From institutional sources	74,033 (86)	81,241 (89)	76,892 (87)
From non-institutional sources	12,073 (14)	10,038 (11)	11,266 (13)

Base = All loans taken by household in the Agricultural Year 2021-22

Note: Figures in parentheses are share (%) in total.

As depicted in Table 8.8, the average amount of loan per household taken from all sources in the given period stood at ₹88,158. When comparing by type of households, the average amount for non-agricultural households (₹91,279) was found to be higher than that for agricultural households (₹86,106). The figures reflect a clear preference for institutional sources over non-institutional sources, with over 85% of loan amount in both categories of households coming from institutional sources. However, it will be apt to highlight that there is still a sizeable proportion of the loan requirement among the households that was met by non-institutional sources.

### 8.3.2 Share of Various Sources in the Total Loan taken

A detailed analysis of average amount of loan taken from various sources, and the percentage proportion of loan contributed by each source has been presented in Table 8.9.

Table 8.9 Average Loan taken from Various Sources by Households Reporting to Have Taken Any Loan in the Agricultural Year 2021-22 (₹)						
Agency	Agricultural Households		Non-Agricultural Households		All Households	
1	2		3		4	
Institutional Sources						
Scheduled Commercial Bank	47,386	(55.0)	56,593	(62.0)	51,039	(57.9)
Regional Rural Bank	5,467	(6.3)	2,369	(2.6)	4,238	(4.8)
Co-operative Society	4,240	(4.9)	1,752	(1.9)	3,253	(3.7)

**Table 8.9 Average Loan taken from Various Sources by Households Reporting to Have Taken Any Loan in the Agricultural Year 2021-22 (₹)**

Agency	Agricultural Households		Non-Agricultural Households		All Households	
1	2		3		4	
Cooperative Bank	1,435	(1.7)	1,423	(1.6)	1,430	(1.6)
Insurance Companies	53	(0.1)	32	(0.0)	45	(0.1)
Provident Fund	0	(0.0)	4	(0.0)	2	(0.0)
Employer	16	(0.0)	40	(0.0)	25	(0.0)
Financial Corporation/ Institution	785	(0.9)	1,034	(1.1)	884	(1.0)
NBFCs including Micro-Finance Institution	9,022	(10.5)	10,474	(11.5)	9,598	(10.9)
Bank linked SHG/JLG	5,344	(6.2)	7,014	(7.7)	6,006	(6.8)
Non-Bank linked SHG/JLG	260	(0.3)	370	(0.4)	304	(0.3)
Other Institutional Agencies	25	(0.0)	136	(0.1)	69	(0.1)
Total Institutional Sources	74,033	(86.0)	81,241	(89.0)	76,892	(87.2)
Non-Institutional Sources						
Landlord	940	(1.1)	704	(0.8)	846	(1.0)
Moneylenders	1,102	(1.3)	996	(1.1)	1,060	(1.2)
Input Supplier	59	(0.1)	45	(0.0)	54	(0.1)
Relatives and Friends	9,651	(11.2)	8,151	(8.9)	9,056	(10.3)
Chit Fund	50	(0.1)	20	(0.0)	38	(0.0)
Market Commission Agent/ Trader	233	(0.3)	54	(0.1)	162	(0.2)
Others	38	(0.0)	69	(0.1)	50	(0.1)
Total Non-Institutional Sources	12,073	(14.0)	10,038	(11.0)	11,266	(12.8)
Total of Both Sources Combined	86,106	(100.0)	91,279	(100.0)	88,158	(100.0)

Base = All loans taken by households in the Agricultural Year 2021-22

Note: Figures in parentheses are share (%) in total.

Overall, more than 85% of loans for households came from institutional sources. Scheduled commercial banks emerged as a major source of loans for all households. The non-agricultural households exhibited greater reliance on bank-linked SHGs and non-banking financial companies. There is still a sizeable 13% of the loan that is coming from non-institutional sources, among which relatives and friends and local money lenders are contributing more than other sources. When comparing the loan amount, the non-agricultural households were found to have relatively higher borrowings as compared to agricultural ones.

### 8.3.3 Preferred Sources of Loan for Agricultural Households

On examining the reported amount of loan taken, particularly for agricultural households by size class of land possessed, it was found that there is a positive correlation in the amount of loan and the size class of land possessed by households. The ones having bigger land-size borrowed more as compared to the ones in the lower size classes (Table 8.10). Further, the share of institutional sources in the overall loan amount was also seen to be increasing with the increase in land-size classes.

When examined for dependence on non-institutional sources, the share decreases for households with large land sizes. For households having more than 2 ha of land, the share of non-institutional sources was a mere 8%, as against 15% in the lowest size class and 19% in size-class 0.01 to 0.40 hectare. This is indicative of the ease of accessing loans from institutional sources among economically better-off households due to their repayment capacity and availability of collaterals required to secure such loans.

**Table 8.10 Average Amount of Loan Taken by the Agricultural Households Reporting to have taken any Loan in the Agricultural Year 2021-22 by the Type of Source & Size Class of Land Possessed**

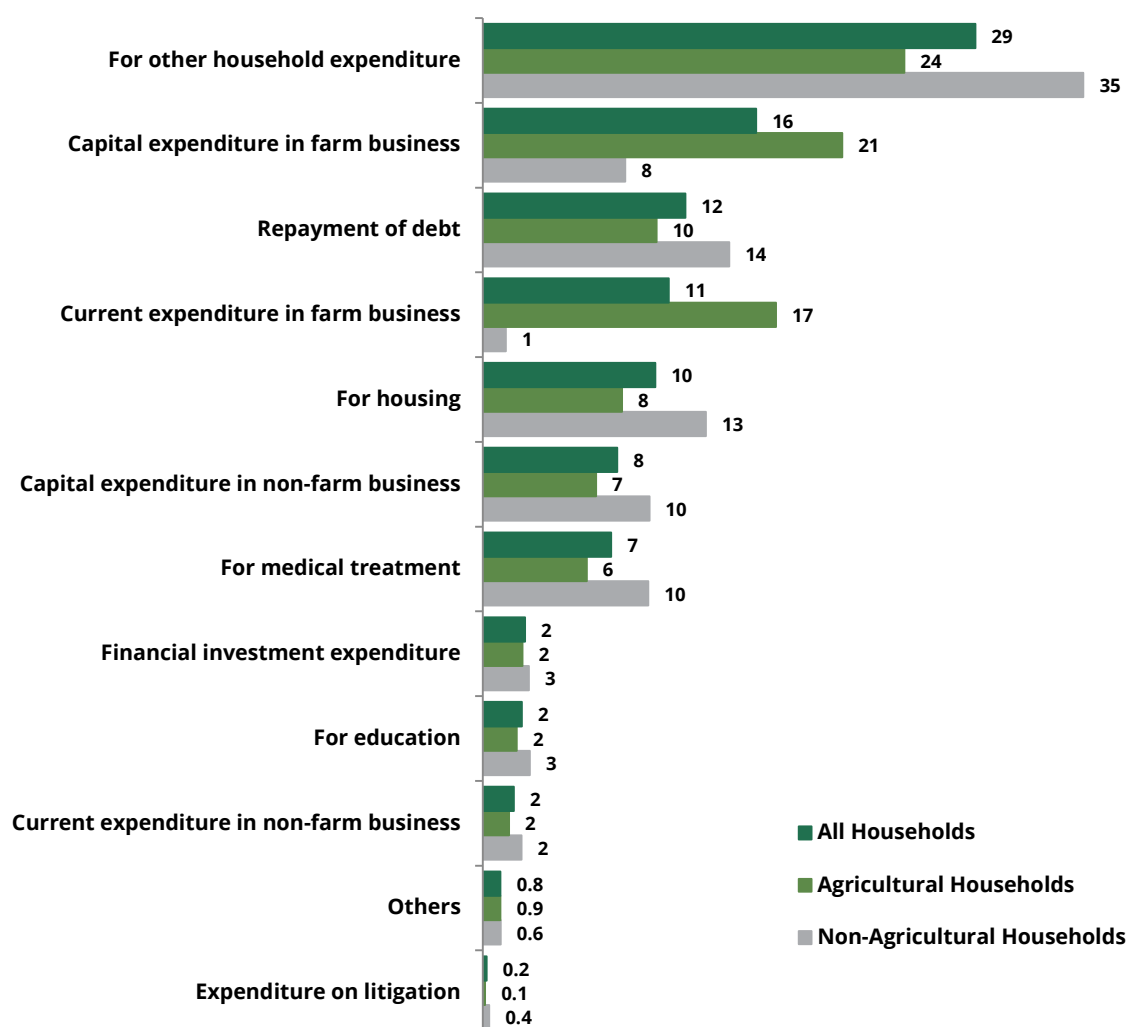
Size Class of Land Possessed (Ha)	All Sources Combined (₹)	Institutional Sources (₹)	Non-Institutional Sources (₹)	Share of Institutional Sources (%)	Share of Non-Institutional Sources (%)
1	2	3	4	5	6
<.01	86,606	73,291	13,315	84.6	15.4
.01-.40	71,857	57,902	13,954	80.6	19.4
.41-1.00	82,337	71,422	10,914	86.7	13.3
1.01-2.00	98,383	87,295	11,088	88.7	11.3
>2.00	1,32,556	1,21,563	10,994	91.7	8.3
All Size Classes	86,106	74,033	12,073	86.0	14.0

Base = All loans taken by Agricultural Households in the Agricultural Year 2021-22

## 8.4 PURPOSE FOR TAKING LOANS

The households reporting to have taken loans in the said period were further inquired about the purpose for which the particular loan was taken. The reasons as mentioned by various households have been presented in figure 8.7.

**Figure 8.7 Purpose of Taking Loans by Borrowing Households by Type of Household (%)**



Base = All loans taken by the Households in the Agricultural Year 2021-22

Considering all households combined, meeting various domestic needs was cited as the most prevalent need for over 29% of households, with a much higher proportion of non-agricultural households (35%) to have sought loans for this purpose as compared to their agricultural counterparts (24%). Among agricultural households, a sizeable 21% of them sought loans for meeting capital expenditure and 17% took for meeting current expenditure required for agricultural purposes. This is reflective of the fact that a sizeable proportion of agricultural households need financial assistance to support their livelihoods and are seeking loans for productive purposes, which will help them achieve better economic returns in future.

On the other hand, for non-agricultural households, consumptive purposes were the key driving forces for seeking loans, including repayment of debt, housing purposes, and for medical treatment, etc.

## 8.5 AVAILABILITY OF KISAN CREDIT CARDS

The Kisan Credit Card Scheme was introduced in 1998 with a view to extend need-based and timely credit support to the farmers for their cultivation needs. It aims at providing adequate credit support from the banking system under a single window with flexible and simplified procedure to the farmers to meet their needs like short-term credit requirements for cultivation of crops; consumption requirements of farmer household; working capital for maintenance of farm assets and activities allied to agriculture; and investment credit requirement for agriculture and allied activities.

### 8.5.1 Availability of KCC among Agricultural Households

The surveyed households were probed about the availability of Kisan Credit Cards (KCC) that were valid at the time of the survey. Overall, taking all agricultural households together, 44% of agricultural households were found to have a valid KCC at the time of survey. Examination of households by land size in the preceding chapters reflects that the agricultural households having less than 0.4 ha of land are majorly dependent on sources of income other than cultivation. Among households having land more than 0.4 ha as well as those who took any loan for agricultural purposes from any bank in the last one year, 77% reported having a valid KCC at the time of the survey.

### 8.5.2 Availability of KCC among Agricultural Households by Size Class of Land Owned

Table 8.11 presents an overview of the availability of valid KCC for agricultural households by size class of land possessed. As witnessed, the availability of KCC increased significantly with an increase in land sizes, with households having 1 to 2 hectare of land showing maximum availability of KCC, about 63%.

Table 8.11 Proportion of Agricultural Households reported having Kisan Credit Cards (KCC) by Size class of Land owned (%)	
Size Class (in Ha)	Proportion of Households having Valid KCC
1	2
For all Agricultural Households by Size Class of Land Owned (Ha)	
Overall	44.1
<.01	9.5
.01-.40	30.1
.41-1.00	54.3
1.01-2.00	62.7
>2.00	59.1

<b>Table 8.11 Proportion of Agricultural Households reported having Kisan Credit Cards (KCC) by Size class of Land owned (%)</b>	
Size Class (in Ha)	Proportion of Households having Valid KCC
1	2
For Agricultural households owning more than 0.4 ha land and who took loan for agricultural purposes from bank in Agricultural Year 2021-22 by Size Class of Land owned (Ha)	
Overall	76.8
.41-1.00	77.7
1.01-2.00	76.7
>2.00	73.7

When analysed for households having more than 0.4 ha land and those having taken agricultural loans from institutions, the overall availability was found to be about 77%, showing marginal decline with increase in land sizes.

### 8.5.3 Number of KCCs available per Household

The households reporting availability of KCC were further asked about the number of cards available in the household taking all KCCs available with all members of a household together. The findings for different categories of households as per eligibility criteria have been presented in Table 8.12. Further, a sizeable 64% of the households having KCC were having RuPay KCC Card.

<b>Table 8.12 Number of KCCs Available per Household for Households Reported to be Having any KCC (%)</b>		
Number of Cards	All Agricultural Households	Agricultural households owning more than 0.4 ha land and who took loan for agricultural purposes from bank in the Agricultural Year 2021-22
1	2	3
Only one card	97.1	94.6
Two cards	2.5	4.8
3-4 cards	0.4	0.6
TOTAL	100.0	100.0



## CHAPTER 9

# INSURANCE AND PENSION

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All human beings have an innate desire for security, which has been viewed as a potent motivating force behind material and cultural growth. Early societies relied exclusively on family and tribe cohesiveness for their security. With industrial development, this source of security weakened, increasing demand for privately purchased and government-provided security programs (OECD). The role of insurance activities in macroeconomic development finds one of its earliest recognitions in the proceedings of the United Nations Conference on Trade and Development (UNCTAD): "... sound national insurance and reinsurance market is an essential characteristic of economic growth" (UNCTAD, 1964).

Risk is inherent in every human activity ranging from social life to economic activities (Din, Angappan, & Baker, 2017). Human behaviour, particularly risk aversion, would either lead towards avoiding these activities or taking excessive precautions and both of these actions would result in a social loss (Masum Billah, 2014). Insurance not only helps to smoothen out the impact of volatile economic conditions (Chau, Khin, & Teng, 2013) but insurance contracts are more stable than bonds and notes, and they represent an exchange of money now for money payable contingent on the occurrence of certain events (Arrow, 1921). It not only promotes a habit of saving for the future but also frees the individuals' minds from fears, giving them the confidence to take risks or to undertake activities directed at enhancing their future economic wellbeing.

Pension is another prominent tool for strengthening the social security net for communities. Pension acts both as an instrument of financial savings and a means of old-age income security. In view of the volatile economic and social landscape, social safety nets have gained importance as a means to cushion the blow for those most severely affected. Further, India is experiencing a demographic transition, leading to lower total fertility rate; increased life expectancy; and rising proportion of the aged in the population. The share of elderly, or persons aged 65 years and above in India's population is expected to rise from 4.6 percent in 2000 to 9 percent in 2030. In absolute terms, the number of elderly (aged above 60) will rise from 87.5 million in 2005 to 100.8 million in 2010. If the current retirement age of 60 is taken as the cut-off point, in 2030, the elderly will approach 200 million, and further to 330 million in 2050 (Asher, Mukul, J. 2007).

Several initiatives have been taken in the country to bolster the social security network. The Government has put in place various pension schemes such as the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), Indira Gandhi National Disability Pension Scheme (IGNDPS) under the National Social Assistance Programme (NSAP), National Family Benefit Scheme (NFBS) and Annapurna Scheme (Rajya Sabha, 10.02.2021). In June 2015, the Government introduced Atal Pension Yojana as a part of the overarching objective of providing universal social security. The scheme applies to all individuals aged 18-40 years, with an emphasis on underprivileged, unorganised, and low-income individuals.

## 9.1 INSURANCE PENETRATION

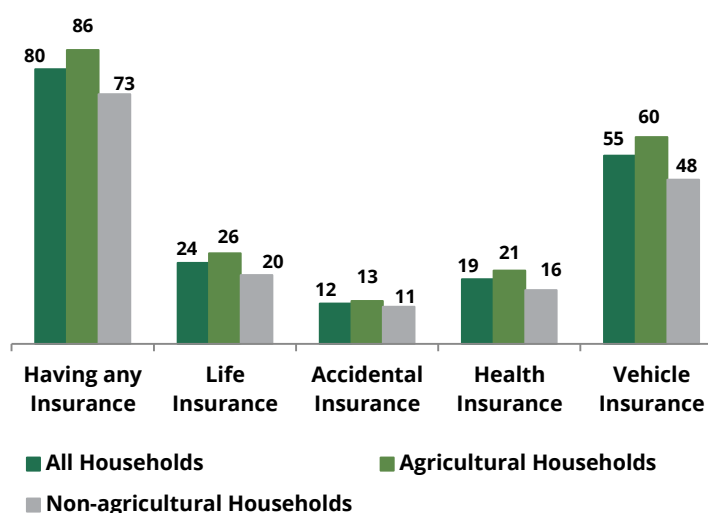
The surveyed households were asked if any of their members had any insurance at the time of the survey. The households that reported availability of some insurance were further probed about member-wise availability of different types of insurance. The results are presented in figure 9.1. Overall, four in every five of the households had at least one of their members who had some form of insurance.

When compared by type of households, agricultural households outperformed their non-agricultural counterparts by a margin of roughly 13 percentage points. Among various forms of insurance, vehicle insurance emerged as the most common form of insurance available to 55% of households. This may be attributable to the easy availability of loans for the purchase of vehicles where insurance is mandatory. In recent years, there has been a sudden surge in the purchase of vehicles in both urban and rural areas alike.

Overall, 24% of households had one or more members covered under life insurance. The penetration of the same was a little higher for agricultural households (26%) as compared to the non-agricultural ones (20%). The penetration of health and accident insurance was comparatively lower.

The households that reported to have had any insurance were further asked if they had made any claim against insurance during the one year period preceding the survey. Overall, merely 3% of the insured households made any claim in the given reference period. The ones who reported to have made any claim were further inquired about the status of their claims in terms of whether or not they received it in time. It is appreciable that in the case of over 2 in every 3

**Figure 9.1 Proportion of Households with at least One Member having any Form of Insurance (%)**



claims made, the insured households confirmed to have received their claims. In about 19% of cases, some delay was reported in receipt of the claim. There were nevertheless over one-fourth of the cases where the respondents reported that they had not received the claim.

**Table 9.1 Proportion of Insured Households that reported to have made any Claim and Status of Claims made against all types of insurance available with the members of Households (%)**

Categories	All Insured Households	Insured Agricultural Households	Insured Non-Agricultural Households
1	2	3	4
Households that made any claim*	2.8	3.2	2.3
Status of Claims made against Insurance Products for which the Households made any Claim**			
Claim received on time	49.1	50.8	45.5
Claim received, but not on time	18.5	20.8	13.4
Not received till the date of survey	25.5	22.0	33.1
Respondent not able to tell	6.9	6.4	8.0

\* Base = Households that had any Insurance

\*\* Base = All forms of Insurance Products against which the Households reported to have made any claim

## 9.2 AVAILABILITY OF CROP AND LIVESTOCK INSURANCE AMONG AGRICULTURAL HOUSEHOLDS

In order to understand the households' preparedness to deal with exposure to crop and livestock related risk, they were asked about the availability of crop and livestock insurance. Table 9.2 presents the status of agricultural households with regard to ownership of crop or livestock insurance by the size class of land possessed. On the whole, 10% of the agricultural households had crop insurance. Further, among the households reporting ownership of milch animals, 2% reported that they had their livestock insured. In general, the ownership of these types of insurance exhibited an increase with an increase in the size of land possessed. The estimates presented here are based on reported figures by the respondents.

**Table 9.2 Proportion of Agricultural Households having Crop Insurance and Livestock Insurance by Size Class of Land Possessed (%)**

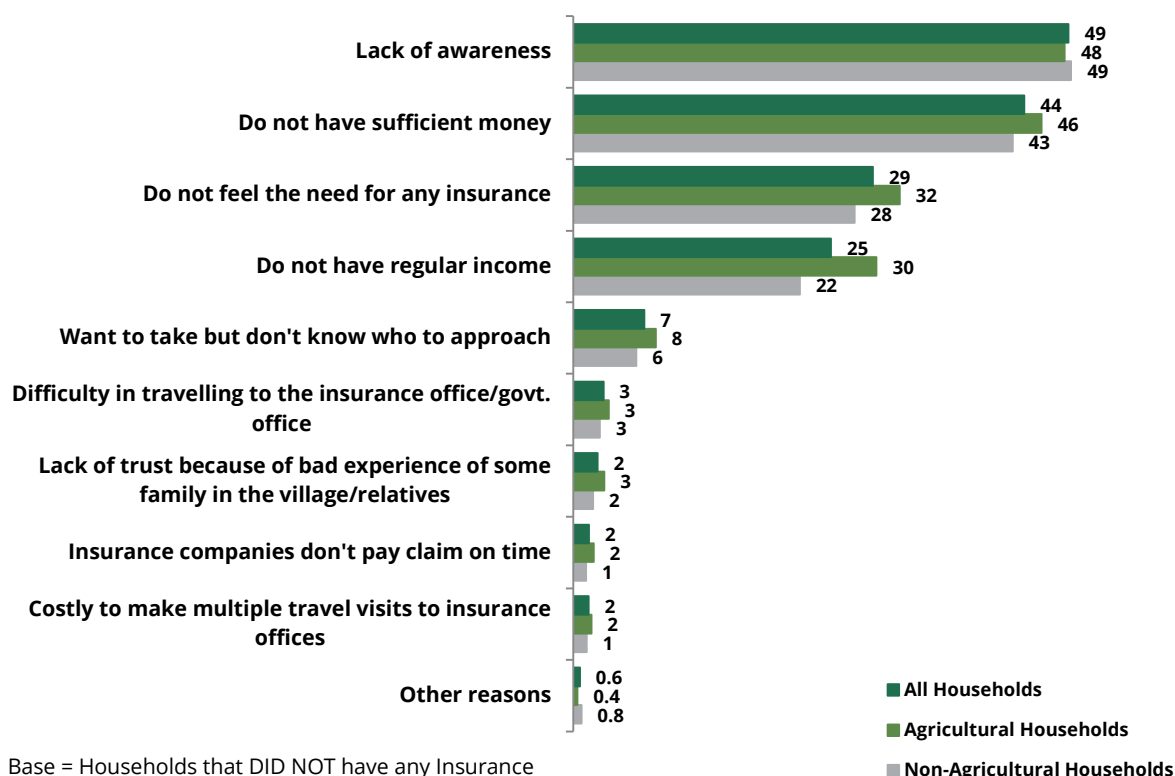
Size Class of Land Possessed (Ha)	Agricultural Households Having Crop Insurance	Agricultural Households Having Livestock Insurance*
1	2	3
<.01 ha	0.8	1.8
.01-.40 ha	4.8	1.7
.41-1.00 ha	8.8	2.9
1.01-2.00 ha	21.5	1.7
>2.00 ha	23.8	1.4
All Size Classes	10.0	2.1

\* Base = Agricultural Households reporting ownership of milch animals.

### 9.2.1 Reasons for not taking any Insurance

The households that denied having any form of insurance available were probed about the reasons why they did not take it. The reasons as mentioned by various households have been presented in figure 9.2.

**Figure 9.2 Reasons for not taking any Insurance for Households that did not have any Insurance (%)**

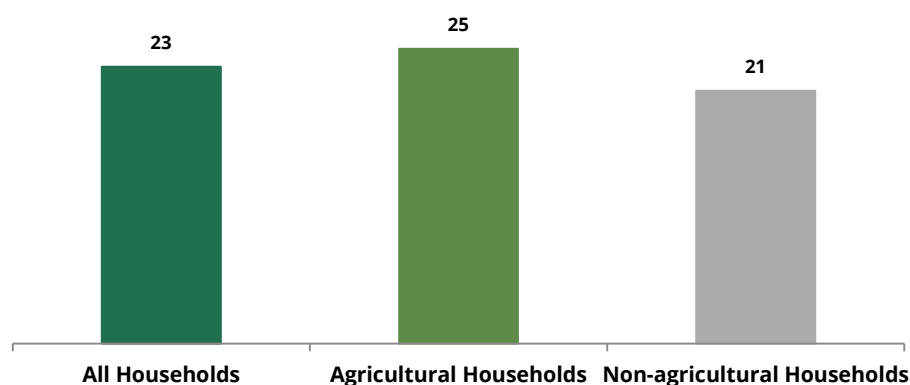


Lack of awareness about the products and the procedure for availing them was the most prominently cited response (by roughly 50% of the households). Unaffordability of products due to lack of adequate funds was another common reason (reported by roughly 44% of the households). A sizeable proportion (about 30%) of households expressed that they did not feel the need for any insurance reflecting their likely ignorance about its benefits and importance. Overall responses indicate that there is a need to educate people about the benefits of insurance and spread awareness about various forms of insurance that are available, the agencies that they can approach to avail the same and the procedural requirements.

## 9.3 PENSION COVERAGE

The survey also delved into the status of households with regard to coverage under various forms of pension schemes. Regular pension for vulnerable individuals, such as old or disabled persons, etc. can dramatically improve their quality of life. It not only provides financial assistance but also reduces their dependence on others, thus improving their self-worth and confidence.

**Figure 9.3 Distribution of Households by Status of Access to any Pension at the Time of Survey (%)**



When asked if any member was receiving pension of any kind, about 77% of households reported that they were not covered under any pension scheme whatsoever.

The households that received any form of pension were further probed about the type of pension they were receiving at the time of the survey. The detailed results have been depicted in Table 9.3. The penetration of old age pension was assessed taking households having at least one member above 60 years of age as a base. Overall, 54% households with a member above 60 years reported to be receiving an old age pension at the time of the survey. As regards the other forms of pension, the penetration appears very low. However, these figures must be viewed in light of the fact that the eligibility of households for receiving such pensions was not established before asking them about whether or not they receive any pension.

<b>Table 9.3 Proportion of Households with at least One Member receiving various types of Pension by Type of Households (%)</b>			
Indicators	Agricultural Households	Non-agricultural Households	All Households
1	2	3	4
Households with at least One Member Receiving Old Age Pension *	55.6	50.3	53.6
Households with at least One Member Receiving Widow Pension **	4.0	5.2	4.5
Households with at least One Member Receiving Retirement Pension**	1.1	1.4	1.3
Households with at least One Member Receiving Disability Pension**	0.8	0.9	0.9
Households with at least One Member Receiving Optional Pension (Like NPS, APY, etc.)**	0.3	0.2	0.2

\* Base = Households that had at least one member above 60+ years of age

\*\* Base = All Households

## CHAPTER 10

# MICROFINANCE AND COMMUNITY-BASED INSTITUTIONS

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Any comprehensive survey-based study on financial inclusion would be incomplete unless it explores the status of microfinance institutions which are critical to ensuring last-mile linkage with the underserved segment of the society. Microfinance was introduced with a view to unleashing the productive capacities of poor people dependent on self-employment. The idea was straightforward: microfinance would transform customers' businesses by providing capital; that would increase borrowers' earnings and ultimately eliminate poverty (Yunus, 2016). More broadly, microfinance demonstrates a new mode of development intervention, one that displaces governments as central actors and turns to market mechanisms to deliver services through a range of institutions that integrate social and financial goals (Conning and Morduch 2011). It focuses on offering credit as a means to boost small-scale entrepreneurial activities among the poor who may otherwise lack access to financing and therefore remain marginalized.

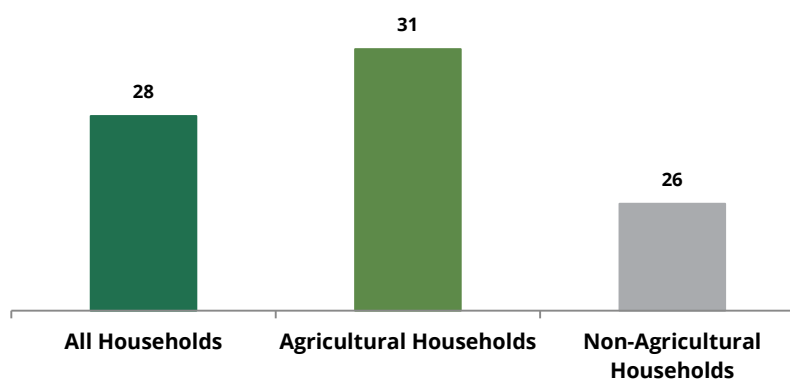
As debates on microfinance proceed, many are turning to broader notions like "financial inclusion" that bring microfinance together with efforts to provide savings, insurance, and payment services in underserved communities. This broadening of approach should also inspire an expanded vision for microfinance. In this view, microfinance is not exclusively about supporting small businesses. Instead, microfinance makes life easier by enhancing financial liquidity, making it more likely that households can get hold of money when they need it. In this expanded vision, microfinance helps households in managing the ups and downs of lives in poverty and near poverty (Collins, *et al.*, 2009).

In view of the above, NAFIS 2021-22 attempted to investigate into the penetration of microfinance services in the rural areas of the country and examine the ways in which it has benefitted the communities.

## 10.1 ASSOCIATION WITH MICROFINANCE INSTITUTIONS

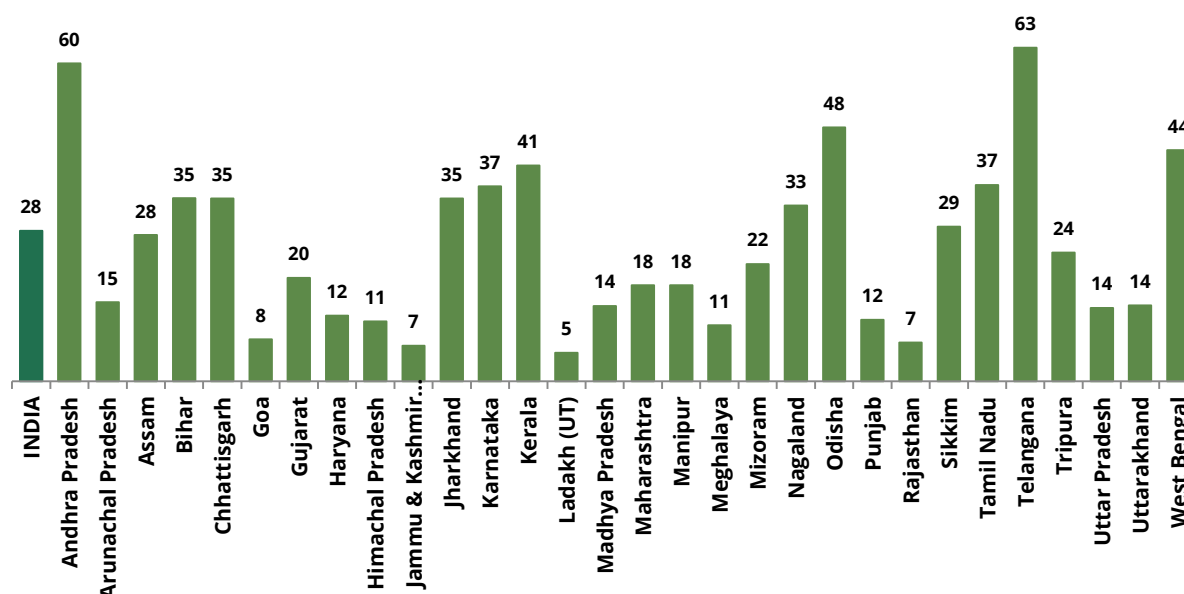
The households were asked if any of their members were associated with any kind of microfinance groups including Self Help Groups (SHGs), Joint Liability Groups (JLGs), or any other livelihood collectives. The survey findings presented in figure 10.1 reflect that about 28% of the households were associated with one or more of the microfinance groups.

**Figure 10.1 Proportion of Households with at least one member associated with any Micro-finance Institution (%)**



When disaggregated by type of households, the agricultural households reflected a higher level of association, with 31% households reporting an association with any microfinance institution as compared to 26% of those among non-agricultural households. The state-wise penetration of microfinance institutions presented in figure 10.2 reflects a wide variation across states.

**Figure 10.2 State-wise Proportion of Households reporting any member to be associated with at least one or more Micro-finance Institutions (%)**



Base = All Households

In states like Telangana (63%), Andhra Pradesh (60%), Odisha (48%), West Bengal (44%) and Kerala (41%), more than two in every five households were found to be associated with at least one microfinance institution. There were however, about 15 states where 20% or lesser proportion of households reported association with such institutions. The figure offers a clear indication that there is a need to intensify the efforts to improve the penetration of microfinance institutions.

## **10.2 ASSOCIATION WITH SELF-HELP GROUPS**

Microfinancing emerged as the primary method through which the vulnerable and marginalized groups in an economy can be brought into the fold of institutional financial systems. Although it has various operating forms which have been modified at regional levels to varying degrees of success, development and proliferation of Self-Help Groups (SHGs) have been one of the cornerstones of the microfinance movement (Reddy, C. S., & Manak, S., 2005). Such groups are made up of people belonging to the same socio-economic background, with most of them having only or mostly women as members. SHGs provide a platform for their members to save money collectively and access credit through formal banking institutions; while promoting income-generating activities through agriculture, micro- and small-scale enterprises etc, which enable them to gain financial independence and decision-making authority. In many regions, SHGs have also expanded their primary role to include welfare activities for the members as well as the community by increasing access to local amenities, increasing community participation in community welfare drives, participation in local government, etc. which have helped alleviate poverty, empower its members and promote overall economic development (Sundaram, A., 2012).

### **10.2.1 Coverage of Self-help Groups**

The sample households were asked if there were any self-help groups available in their village/ locality. On the whole, roughly two-thirds of the households responded in affirmative, confirming the availability of self-help groups in their area. Those confirming availability of SHGs in the village were further inquired if they had any member in the household who is associated with any SHG. Considering all households together, 26% of them reported having at least one member who was associated with SHGs. Table 10.1 ahead presents the disaggregation of results by the type of area and type of households.



**Table 10.1 Distribution of Households Reporting Availability of any SHG in the village/ area and those Reporting Association of at least one Member in the Household with any SHG by Type of Area and Type of Household (%)**

Categories	Households reporting Availability of any SHG in their Village (%)	Households having at least one Member Associated with SHG (%)
1	2	3
All Households	63.7	25.7
Type of Area		
Rural	64.5	26.5
Semi-urban	56.5	18.3
Type of Households		
Agricultural Households	66.7	27.1
Non-Agricultural Households	59.8	23.9

The figures presented in Table 10.1 reflect higher availability and coverage of SHGs in rural areas and among agricultural households. Over two in every three of the rural households reported availability of SHGs in their village and over one in every four has at least one member who is associated with SHGs. Similarly, 27% of the agricultural households were also found to be associated with SHGs as compared to 24% of their counterpart non-agricultural households.

The state-wise availability and penetration of SHG membership is reflected in Table 10.2.

**Table 10.2 State-wise Proportion of Households Reporting Availability of any SHG in their area and Proportion Reporting Association of at least One Member with SHG (%)**

States	Households reporting Availability of any SHG in their Village (%)	Households having at least one Member Associated with SHG (%)
1	2	3
Andhra Pradesh	74.3	56.9
Arunachal Pradesh	45.8	14.8
Assam	59.7	27.3
Bihar	70.6	32.4
Chhattisgarh	72.2	32.8
Goa	15.4	7.6
Gujarat	36.0	10.2
Haryana	51.0	9.4
Himachal Pradesh	45.8	10.7
Jammu & Kashmir (UT)	36.9	6.0
Jharkhand	79.5	32.6
Karnataka	71.4	31.3
Kerala	67.0	38.4

**Table 10.2 State-wise Proportion of Households Reporting Availability of any SHG in their area and Proportion Reporting Association of at least One Member with SHG (%)**

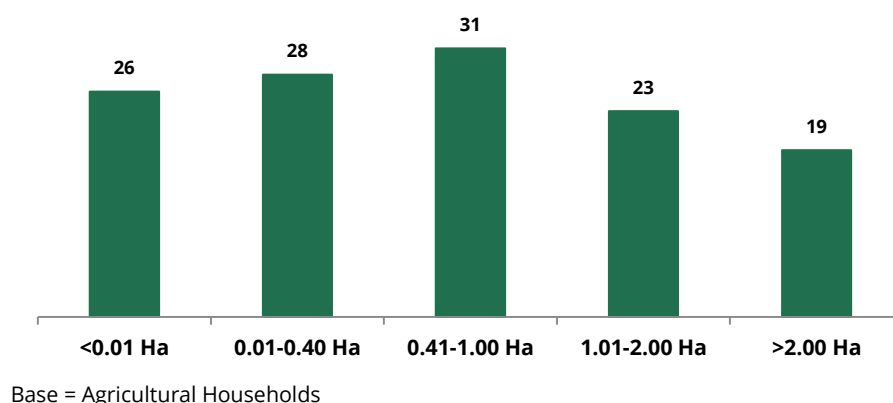
States	Households reporting Availability of any SHG in their Village (%)	Households having at least one Member Associated with SHG (%)
1	2	3
Ladakh (UT)	33.2	5.4
Madhya Pradesh	67.8	11.6
Maharashtra	64.5	16.0
Manipur	51.4	17.9
Meghalaya	63.6	10.6
Mizoram	60.6	22.0
Nagaland	50.3	32.0
Odisha	64.0	45.9
Punjab	41.1	7.1
Rajasthan	47.6	5.6
Sikkim	67.4	27.4
Tamil Nadu	70.5	32.0
Telangana	76.0	58.2
Tripura	54.6	24.2
Uttar Pradesh	62.3	12.4
Uttarakhand	64.8	11.4
West Bengal	65.9	42.9
INDIA	63.7	25.7

Base = All Households

Table 10.2 shows that Self-Help Groups are widely available across a majority of the states, but the coverage in terms of the proportion of households being associated with SHGs varies greatly across districts. In States like Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Karnataka, Tamil Nadu, and Telangana, where over 70% of the households affirmed availability of SHGs in their area. More than half of the households in Andhra Pradesh and Telangana also reported that one of their members was associated with SHGs. Goa, Gujarat, Jammu & Kashmir, and Ladakh, less than 40% of households confirmed availability of SHGs and less than or equal to 10% of them had at least one member associated with SHGs. These figures offer clear guidance about the states that need to be targeted for intensifying the efforts to enhance coverage of SHGs.

Further, an analysis of SHG membership by size class of land possessed reflected an inverse relationship, with a higher proportion of households with smaller land sizes being associated with SHGs as compared to those at the other end of the continuum. Figure 10.3 depicts the status of SHG membership among households possessing different land sizes.

**Figure 10.3 Proportion of Households with at least one member associated with any SHG by Size class of Land Possessed (%)**



### 10.2.2 Number of household members associated with SHGs

The households that reported to have at least one member associated with any SHG were further inquired about the number of members in the household who were associated with any SHG at the time of the survey. The survey findings have been presented in Table 10.3.

Table 10.3 Distribution of Households by Number of Members who are Associated with any SHG (%)				
Categories	Only one member	Two members	3-4 Members	Total
1	2	3	4	5
Agricultural Households	96.2	3.6	0.2	100.0
Non-Agricultural Households	97.6	2.3	0.1	100.0
All Households	96.7	3.1	0.2	100.0

Base = Households with at least one member associated with SHGs

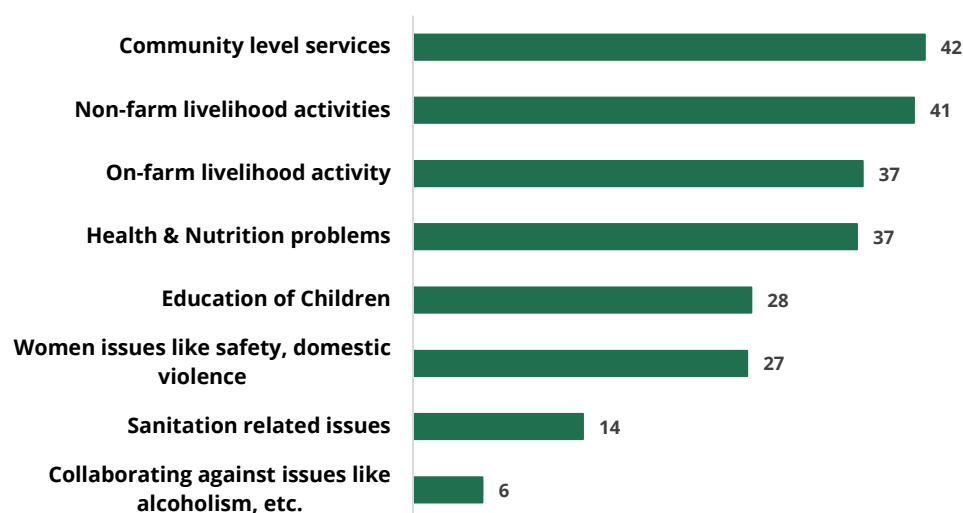
97% of households affirmed that only one member was associated with SHGs. Only a miniscule of households (3%) reported multiple members to be associated with SHGs. When analysed by type of household, no major difference was observed between agricultural and non-agricultural households on this count.

### 10.2.3 Usual Activities undertaken by SHGs

The households that reported availability of any SHG in their village/area were probed about the usual activities that SHGs undertook. The responses offered have been depicted in Figure 10.4. 42% of the households had SHGs in their area that undertook different activities targeting at community welfare, and about 41% expressed that these institutions supported non-farm-based livelihood activities, which is very important from the point of view of diversifying sources of income for the rural households. 37% of them also reported that the SHGs were supporting farm-based livelihood activities indicating that agri-based livelihoods are identified as priority sources due to the ease of availability of local resources required for carrying out such activities.

On the whole, the findings suggest that these SHGs are making an important contribution towards the overall social and economic upliftment of rural communities.

**Figure 10.4 Usual Activities undertaken by SHGs (%)**



Base = Households reporting availability of SHGs in their area

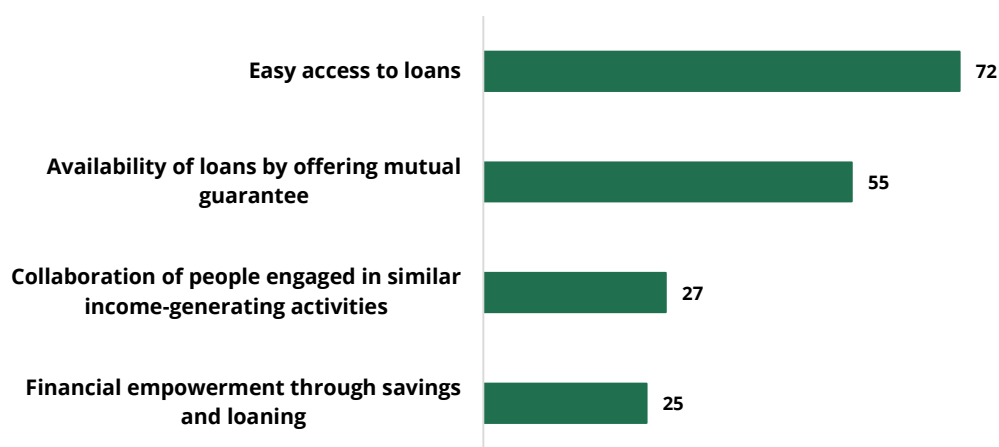
The households were further inquired if the SHGs in their area are running any enterprise. Overall, 21% of the households reporting the availability of any SHG in their area affirmed that these SHGs were involved in running some kind of enterprise for supporting income generation. The findings suggested some differences in this regard by the type of area where households were residing. 26% of households from the semi-urban areas and 20% of those from the rural areas reported that the SHGs were running any enterprise. This can probably be linked to better accessibility to markets in the semi-urban areas which facilitates easier operation by enterprises in these areas.

#### **10.2.4 Benefits offered by SHGs**

The survey also attempted to delve into the ways in which the SHGs are benefiting the members associated with them, directly or indirectly. When probed about the types of benefits that SHGs offer to their members, seven in every ten households reported that one of the most prominent benefits offered by SHGs is the ease of access to loans, which resonates with the basic objective of financial inclusion for which these SHGs were created.

Over 55% of households expressed that the SHGs offer mutual guarantees which help people of poorer economic strata to avail financial support, which is critical to their growth and development. This further supports the fact that SHGs are fulfilling their objective of easing access to financial support through formal institutions for vulnerable and marginalized rural communities.

**Figure 10.5 Benefits offered by SHGs to their Members (%)**



Base = Households reporting availability of SHGs in their area

### 10.2.5 Training Imparted to SHG Members

The SHGs are also mandated to improve the livelihood scenario in the rural communities. Promoting employability or enhancing income-generation activities requires skill building as one of the basic requirements. The SHGs therefore are known to offer some livelihood-based training to the members so that they can take up new income generation activities to improve their livelihood status. Households that reported to have at least one member associated with any SHG were probed if they had received any training from these SHGs. The survey reflected that about two in every five households affirmed receiving of any training as a part of SHGs. When examined by the type of area, the Semi-urban households exhibit a much higher exposure to training as compared to their rural counterparts. Similarly, agricultural households reported more exposure to training as opposed to non-agricultural households. These findings also corroborate the trends with regard to the running of enterprises by these institutions.

**Table 10.4 Proportion of Households with at least one Member associated with SHG reporting that the member received any Training as a part of SHG by Type of Area and Type of Household (%)**

Categories	Households reporting receipt of any Training (%)
1	2
All Households	39.0
Type of Area	
Rural	38.4
Semi-urban	47.3
Type of Households	
Agricultural Households	43.0
Non-Agricultural Households	33.1

Base = Households reporting to have at least one member associated with any SHG

### 10.3 ASSOCIATION WITH JOINT LIABILITY GROUPS (JLGs)

As a part of the microfinance movement, Joint Liability Groups (JLGs) have been successful in increasing the access to financial institutions among the rural population. These groups were pioneered by NABARD as a pilot project in 2004-05 in eight states (Maharashtra, West Bengal, Tamil Nadu, Madhya Pradesh, Bihar, Karnataka, Kerala and Assam) with support from 13 Regional Rural Banks, and then implemented across the country in 2006. Termed as a 'fast growth model with a focus on the supply side of microfinance', Joint Liability Groups are often used as a structure for Microfinance Institutions (MFIs) or banks to disburse small loans to rural and low-income individuals, who are often engaged in the same occupation such as agriculture. These JLGs provide a platform for these individuals to come together, apply for loans collectively, and share joint liability for loan repayment (Giné, X. 2011). However, the primary function of JLGs differs from SHGs as the latter is primarily a savings-led model while the former is a credit-led model (Sarma, S. K., & Mehta, M. H., 2014). These JLGs have been successful in enhancing the economies of the local communities by allowing the members access to different financial services such as low-interest loans, banking services etc. which enable them to undertake the costs associated with their occupation without any apprehensions (Sreeni, K. R. 2021).

#### 10.3.1 Coverage of Joint-Liability Groups (JLGs)

The households were asked if any joint liability groups were available in their village/ area. On the whole, 6% households affirmed availability of JLGs in their area. Those confirming availability of JLGs in the village were further inquired if they had any member in the household who is associated with any JLG. Considering all households together, only 2% of them reported having at least one member who was associated with JLGs. Table 10.5 presents the disaggregation of results by the type of area and type of households.

<b>Table 10.5 Distribution of Households Reporting Availability of any JLGs in the village/ area and those Reporting Association of at least one Member in the Household with any JLG by Type of Area and Type of Household (%)</b>		
Categories	Households reporting Availability of any JLG in their Village (%)	Households having at least one Member Associated with JLG (%)
1	2	3
All Households	6.2	1.8
<b>Type of Area</b>		
Rural	6.1	1.8
Semi-urban	7.2	2.1
<b>Type of Households</b>		
Agricultural Households	6.8	1.9
Non-Agricultural Households	5.4	1.6

The figures presented in the Table 10.5 reflect marginal differences in the availability and coverage of JLGs when examined by type of area and type of household.

The state-wise availability and penetration of JLG membership is reflected in Table 10.6.

<b>Table 10.6 State-wise Proportion of Households reporting Availability of any JLG in their area and Proportion Reporting Association of at least One Member with JLG (%)</b>		
States	Households reporting Availability of any JLG in their Village (%)	Households having at least one Member Associated with JLG (%)
1	2	3
Andhra Pradesh	13.9	1.7
Arunachal Pradesh	1.6	0.01
Assam	7.1	1.4
Bihar	8.0	3.5
Chhattisgarh	1.8	0.7
Goa	0.03	0.01
Gujarat	3.2	0.4
Haryana	4.9	0.5
Himachal Pradesh	1.5	0.01
Jammu & Kashmir (UT)	0.2	0.02
Jharkhand	6.7	2.8
Karnataka	6.4	1.2
Kerala	7.6	3.6
Ladakh (UT)	1.0	0.04
Madhya Pradesh	5.2	0.6
Maharashtra	7.3	1.9
Manipur	0.03	0.0
Meghalaya	0.0	0.0
Mizoram	2.5	0.02
Nagaland	3.0	0.3
Odisha	10.9	1.0
Punjab	5.4	1.8
Rajasthan	4.6	0.7
Sikkim	0.01	0.0
Tamil Nadu	11.2	5.4
Telangana	10.6	3.9
Tripura	1.8	0.0
Uttar Pradesh	2.9	0.9
Uttarakhand	3.8	1.0
West Bengal	1.4	0.1
INDIA	6.2	1.8

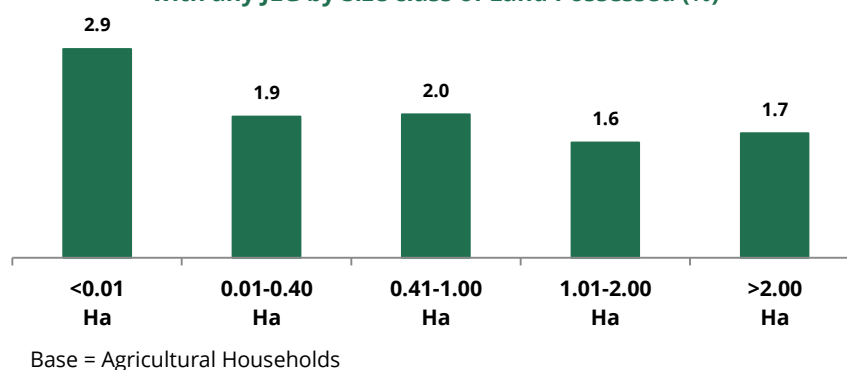
Base = All Households

The figures indicate a wide difference in the availability and coverage of JLGs across states. The proportion of households reporting availability of JLGs varied from state to state, with Andhra

Pradesh having higher JLG coverage (14%). The states closely following Andhra Pradesh with about one in every ten households reporting presence of JLGs included Odisha, Tamil Nadu, and Telangana. Further, when inquired about membership in these institutions, the numbers are not similar. For example, in Andhra Pradesh, which reported maximum availability of JLGs, merely 1.7% households reported that they had any member who was associated with any JLG. On the other hand, in Tamil Nadu, only about 11% households reported presence of JLGs in their area but 5% of them also had members who were associated with these JLGs.

An analysis of JLG membership by size class of land possessed shows an inverse relationship, with a higher proportion of households with smaller land sizes being associated with JLGs as compared to those at the other end of the continuum (Figure 10.6).

**Figure 10.6 Proportion of Households with at least one member associated with any JLG by Size class of Land Possessed (%)**



### 10.3.2 Benefits offered by Joint-Liability Groups (JLGs)

The JLGs were conceptualized to function on the principle of efficiency and they are geared towards providing economic benefits with a goal to build a market-based inclusive financing models that can incentivize people to access credit from the group. The households that reported to have been associated with any JLG were further inquired if the JLGs mobilized any loans for members collectively. It is appreciable that 80% of the member households affirmed that these JLGs undertook the loan mobilization task for their members. There were no major differences in the responses across different groups of households in this regard.

On further inquiry, about 87% of households reporting availability of JLGs in their villages opined easy access to institutional loans through mutual guarantee as the primary benefit of JLGs. This reflected that the majority of the households were aware of the ways in which JLGs work towards improving financial inclusion. In addition, 52% of households were of the view that these institutions aid collaboration among people engaged in similar income-generating activities, thereby strengthening community networks for empowerment of the rural populace.



## 10.4 ASSOCIATION WITH FARMER PRODUCERS' ORGANIZATIONS (FPOS)/ OFF-FARM PRODUCERS' ORGANIZATION (OFPO)

Farmer Producers' Organisations (FPOs) have emerged as a potent force for rural empowerment and agricultural transformation. They offer a promising model for empowering smallholder farmers and promoting sustainable rural development (Trivedi, P. K., Ali, M., & Satpal., 2022). FPOs are collectives formed by small and marginal farmers with the objective of enhancing their bargaining power, access to resources, and overall economic well-being. (NABARD) FPOs function as cohesive entities that bring together individual farmers, often from the same geographical region or with shared agricultural interests. The establishment of FPOs is grounded in recognition that collective action can provide smallholder farmers with the capacity to negotiate better prices for their produce, giving them the required voice, access to credit, market linkages, technology infusion, capacity building, adopt modern farming practices, and engage in value addition (Vinayak, N. 2022). FPOs leverage their collective clout to engage financial institutions, input suppliers, and buyers on equitable terms, thereby amplifying the economic prospects of their members.

The sections ahead present the survey findings with regard to penetration of FPOs/ OFPOs in the rural communities across the country, and describe the ways in which these institutions are benefiting their members and the community at large.

### 10.4.1 Coverage of Farmer Producer Organizations

The survey delved into the availability and coverage of FPOs and OFPOs in sample units. The findings reflect that about 7% of households affirmed availability of FPOs/ OFPOs in their area and only about 1.3% of them reported to have been associated with any FPO/OFPO. Table 10.7 presents the disaggregation of results by the type of area and type of households.

Table 10.7 Distribution of Households Reporting Availability of any FPO/OFPO in the village/ area and those Reporting Association of at least one Member in the Household with any FPO/ OFPO by Type of Area and Type of Household (%)		
Categories	Households reporting Availability of any FPO/OFPO in their Village (%)	Households having at least one Member Associated with FPO/OFPO (%)
1	2	3
All Households	7.0	1.3
Type of Area		
Rural	6.9	1.2
Semi-urban	8.2	1.9
Type of Households		
Agricultural Households	9.7	1.9
Non-Agricultural Households	3.5	0.4

The figures presented in the Table 10.7 reflect higher availability and coverage of FPOs/ OFPOs in semi-urban areas and among agricultural households. Over 8% of the semi-urban households reported availability of FPO/OFPO in their areas and about 2% of them have at least one member who is associated with FPOs/ OFPOs. Similar proportion of the agricultural households were also found to be associated with FPOs/ OFPOs out of 10% who affirmed availability of these institutions in their area.

The state-wise availability and penetration of FPO/OFPO is reflected in Table 10.8. The values related to availability of and association with FPOs vary greatly from as low as 0.4% households in Ladakh reporting availability and none of the households reporting to be associated with any group, to as high as 15% of the households in Andhra Pradesh reporting availability and 10% reporting association in Tamil Nadu.

**Table 10.8 State-wise Proportion of Households Reporting Availability of any FPO/OFPO in their area and Proportion Reporting Association of at least One Member with FPO/OFPO (%)**

States	Households reporting Availability of any FPO/OFPO in their Village (%)	Households having at least one Member Associated with FPO/OFPO (%)
1	2	3
Andhra Pradesh	14.7	2.5
Arunachal Pradesh	0.5	0.01
Assam	2.4	0.2
Bihar	7.2	0.5
Chhattisgarh	4.7	1.4
Goa	3.6	0.0
Gujarat	6.6	1.3
Haryana	3.9	0.3
Himachal Pradesh	4.1	1.0
Jammu & Kashmir (UT)	1.2	0.4
Jharkhand	3.7	2.4
Karnataka	6.3	1.3
Kerala	2.0	0.8
Ladakh (UT)	0.4	0.0
Madhya Pradesh	8.5	1.3
Maharashtra	6.3	0.4
Manipur	3.9	1.0
Meghalaya	2.7	0.0
Mizoram	2.2	1.2
Nagaland	6.6	0.1
Odisha	8.2	1.3
Punjab	5.4	0.4

**Table 10.8 State-wise Proportion of Households Reporting Availability of any FPO/OFPO in their area and Proportion Reporting Association of at least One Member with FPO/OFPO (%)**

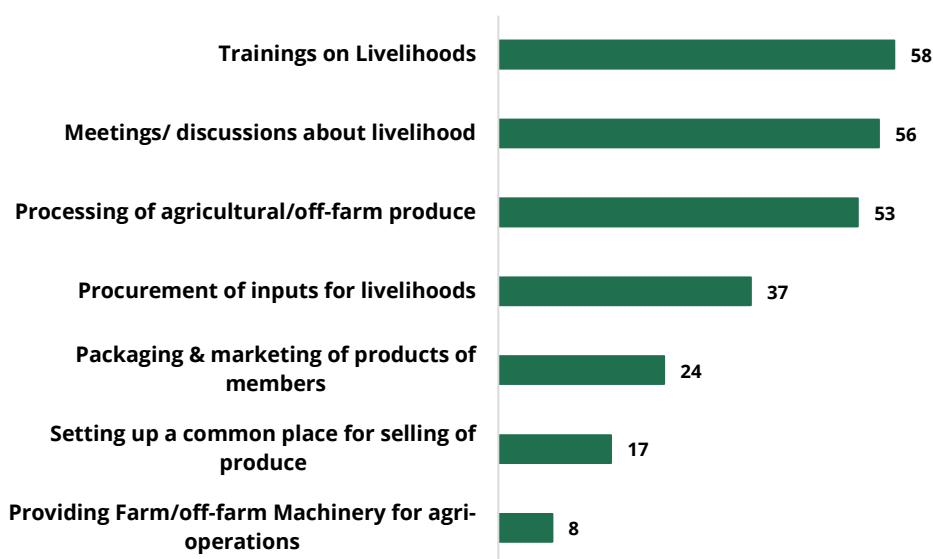
States	Households reporting Availability of any FPO/OFPO in their Village (%)	Households having at least one Member Associated with FPO/OFPO (%)
1	2	3
Rajasthan	9.0	0.9
Sikkim	3.9	0.1
Tamil Nadu	10.4	3.5
Telangana	8.4	4.3
Tripura	2.2	0.2
Uttar Pradesh	7.5	0.8
Uttarakhand	7.6	1.6
West Bengal	2.8	0.2
INDIA	7.0	1.3

Base = All Households

#### 10.4.2 Activities Undertaken by FPOs / OFPOs

The households that reported availability of any FPOs in their village/locality were probed about the usual activities that FPOs undertook. The responses offered have been depicted in figure 10.7. 58% of the households reported that the FPOs in their area offered training to the members on various livelihood-related aspects. 56% expressed that these institutions act as a forum for meetings and discussions on livelihood-related issues, and 53% said they facilitate the processing of agricultural or off-farm produce. The responses about the activities offer a clear indication that these institutions are playing a pivotal role in ensuring forward and backward linkages to the farmers associated with the group.

**Figure 10.7 Usual Activities undertaken by FPOs/OFPOs (%)**



Base = Households reporting availability of FPOs/ OFPOs in their area

### 10.4.3 Benefits offered by FPOs/ OFPOs

The survey also attempted to delve into the ways in which the FPOs/ OFPOs are benefiting the members associated with them directly or indirectly. The results presented in figure 10.8 reflect that the FPOs/ OFPOs are fulfilling their objective of easing access to markets by organizing the farmers into a more empowered group that can demand better prices for their produce by harnessing the power of collectivism.

**Figure 10.8 Benefits offered by FPOs/ OFPOs to their Members (%)**



Base = Households reporting availability of FPOs/ OFPOs in their area

Some of the prominent contributions of FPOs, as cited by the respondents are improved market access, ease of accessing farm or non-farm inputs, and easy availability of credit. They empower the farmers to congregate into groups and demand better value for their produce. These are the various ways in which these institutions are enriching the lives and livelihoods of the vulnerable segments of the community.

### 10.4.4. Training Imparted to FPO/OFPO Members

The FPOs are mandated to build the capacities of farmer members to help them enhance their earnings by obtaining the best value for their produce. To understand the extent to which these FPOs are fulfilling their capacity-building role, the households that reported to have at least one member associated with any FPO were inquired if they had received any training from FPO/OFPO. The survey results presented in Table 10.9 reflect that a sizeable 57% of the households affirmed to have received some training from FPOs/ OFPOs that they were associated with. When examined by the type of area, the semi-urban households exhibit a much

higher exposure to training as compared to their rural counterparts. Similarly, agricultural households reported more exposure to training as opposed to non-agricultural households.

**Table 10.9 Proportion of Households with at least one Member associated with FPO/ OFPOs reporting that the member received any Training as a part of FPO/OFPO by Type of Area and Type of Household (%)**

Categories	Households reporting receipt of any Training (%)
1	2
All Households	56.5
Type of Area	
Rural	53.5
Semi-urban	74.4
Type of Households	
Agricultural Households	56.8
Non-Agricultural Households	54.4

Base = Households reporting to have at least one member associated with any FPO/OFPO

## 10.5 ASSOCIATION WITH OTHER LIVELIHOOD COLLECTIVES

The roots of livelihood collectives in India can be traced back to the pre-independence era when Mahatma Gandhi advocated for the establishment of self-reliant villages through cottage industries and village-level cooperatives (Shaikh, M. 2021). Over time, these ideas found resonance in policies and initiatives aimed at rural development and poverty alleviation. The establishment of dairy cooperatives, such as the renowned Amul Dairy Cooperative, (Jha, S., & Gupta, T. 2020) and agricultural cooperatives, like sugar cooperatives (Solomon, S.; Swapna, M. 2022) gained momentum in the post-independence period as part of a larger effort to empower rural communities and augment their economic well-being.

The concept of cooperatives has penetrated various livelihood sectors including dairy, sugar production, handicrafts, etc. Dairy cooperatives have been instrumental in transforming the lives of smallholder milk producers in the country by collectivising them for processing, marketing and distributing their milk products. This helped the dairy farmers overcome the fear of exploitation by middlemen and empowered them to demand a rightful price for their produce. A number of examples can be found in the agro-processing sector, with sugar cooperatives emerging as significant players. Sugar cooperatives empower sugarcane farmers by providing them with a platform to process their sugarcane into sugar and other by-products collectively. These cooperatives have not only improved the economic conditions of sugarcane farmers but have also contributed to rural industrialisation, enhanced farmers' income, and overall rural development. Handicraft cooperatives on the other hand have helped preserve traditional craftsmanship by facilitating skills development, design innovation, and market linkages for artisans, thereby enhancing their socioeconomic status.

The emergence and evolution of livelihood collectives, have helped transform the rural landscape. They have empowered marginalized communities, reduced exploitation, enhanced economic opportunities, and preserved the cultural heritage.

### 10.5.1 Coverage of Other Livelihood Collectives

The survey also attempted to assess the penetration and reach of various kinds of livelihood collectives other than SHGs, FPOs, etc. in sample units. The findings reflect that about 18% households affirmed availability of other livelihood collectives in their area, but the coverage of these collectives is restricted to merely 3% of the households. Table 10.10 presents the disaggregation of results by the type of area and type of households. The figures reflect that their presence and coverage is more prominent in semi-urban areas and among agricultural households.

<b>Table 10.10 Distribution of Households Reporting Availability of any Livelihood Collectives in the village/ area and those Reporting Association of at least one member in the Household with any Livelihood Collectives by type of Area and type of Household (%)</b>		
Categories	Households reporting Availability of any Livelihood Collectives in their Village (%)	Households having at least one Member Associated with Livelihood Collectives (%)
1	2	3
All Households	17.5	2.6
<b>Type of Area</b>		
Rural	16.5	2.6
Semi-urban	26.7	2.8
<b>Type of Households</b>		
Agricultural Households	19.3	3.6
Non-Agricultural Households	15.0	1.4

State-wise coverage of these livelihood collectives as reflected in Table 10.11 shows considerable variation across states. The state of Gujarat which is widely known for the Amul movement reflected the highest penetration of these cooperatives with close to 40% of households reporting availability of these cooperatives in their area, and about one in every ten households affirmed their association with the same. Prominent presence of such groups was also witnessed in states like Haryana (31%), Punjab (27%), Karnataka (21%), Madhya Pradesh (21%), Rajasthan (20%), and Uttar Pradesh (20%). However, when these states are assessed in terms of engagement of households, then barring Gujarat, Karnataka, Tamil Nadu, Telangana, and Kerala, where 5% or higher proportion of households affirmed their association with these collectives, the penetration in other states was lower.

**Table 10.11 State-wise Proportion of Households Reporting Availability of any Livelihood Collectives in their area and Proportion Reporting Association of at least One Member with Livelihood Collectives (%)**

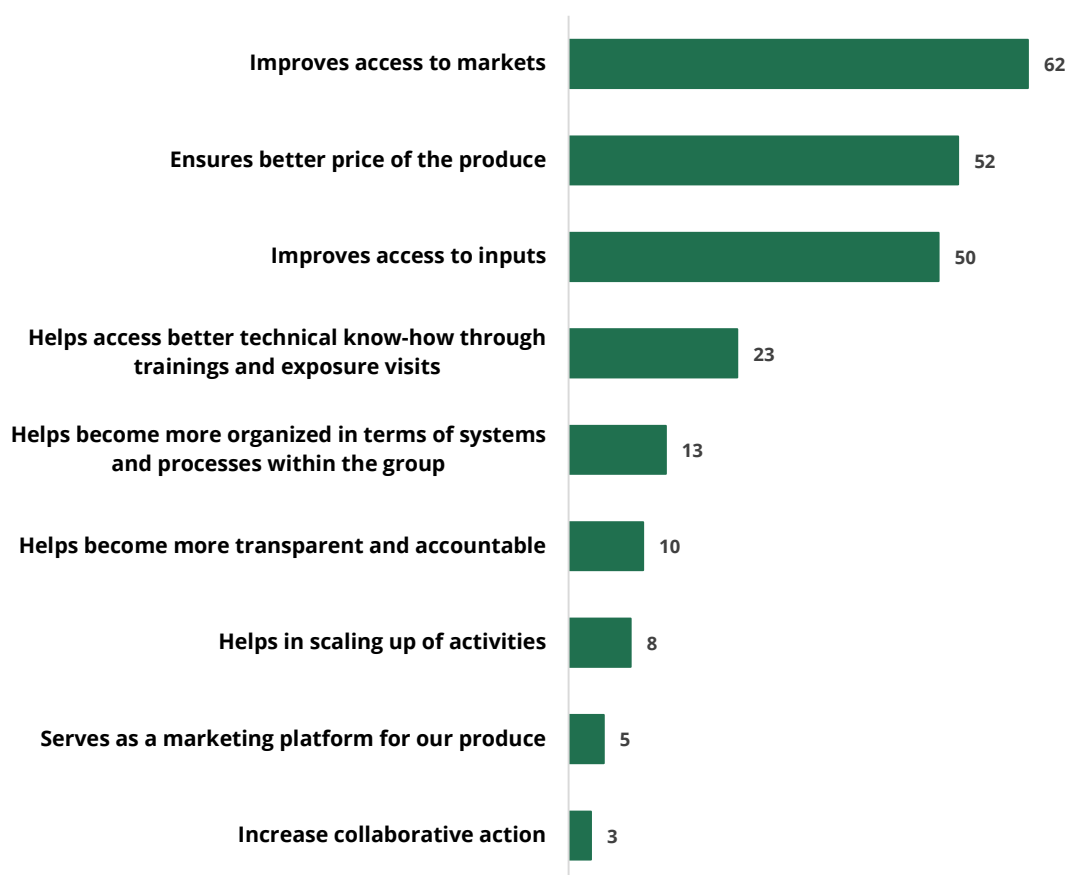
States	Households reporting Availability of any Livelihood Collectives in their Village (%)	Households having at least one Member Associated with Livelihood Collectives (%)
1	2	3
Andhra Pradesh	15.4	2.9
Arunachal Pradesh	13.0	0.2
Assam	2.5	0.2
Bihar	18.0	1.9
Chhattisgarh	6.4	0.5
Goa	3.7	0.4
Gujarat	38.9	9.5
Haryana	31.0	2.6
Himachal Pradesh	1.0	0.03
Jammu & Kashmir (UT)	4.2	0.3
Jharkhand	6.9	3.8
Karnataka	21.3	5.9
Kerala	16.1	5.2
Ladakh (UT)	1.8	0.03
Madhya Pradesh	20.5	1.5
Maharashtra	14.2	0.9
Manipur	1.9	0.03
Meghalaya	0.01	0.0
Mizoram	3.0	0.2
Nagaland	9.9	1.9
Odisha	16.0	3.8
Punjab	27.4	3.1
Rajasthan	20.4	0.8
Sikkim	12.6	2.0
Tamil Nadu	18.0	5.0
Telangana	16.9	7.9
Tripura	3.9	1.3
Uttar Pradesh	20.3	0.7
Uttarakhand	18.7	0.7
West Bengal	10.8	1.8
INDIA	17.5	2.6

Base = All Households

## 10.5.2 Benefits offered by Livelihood Collective

When probed about the types of benefits offered by these livelihood collectives, it emerged that they are playing a prominent role in strengthening the livelihoods and empowering their members to demand rightful returns for the products and services they are delivering to their respective buyers. The services offered by these groups are similar to those being offered by FPOs, but for specific trades or sectors in which they are constituted. When compared with other forms of institutions discussed in the preceding sections, these institutions were only found to be serving as platforms for enhancing the marketability of produce offered by their members. They do not serve to facilitate access to microfinance as other institutions, but do offer required inputs related to their specific livelihoods to enhance ease and scale of operations.

**Figure 10.9 Benefits offered by Livelihood Collectives to their Members (%)**



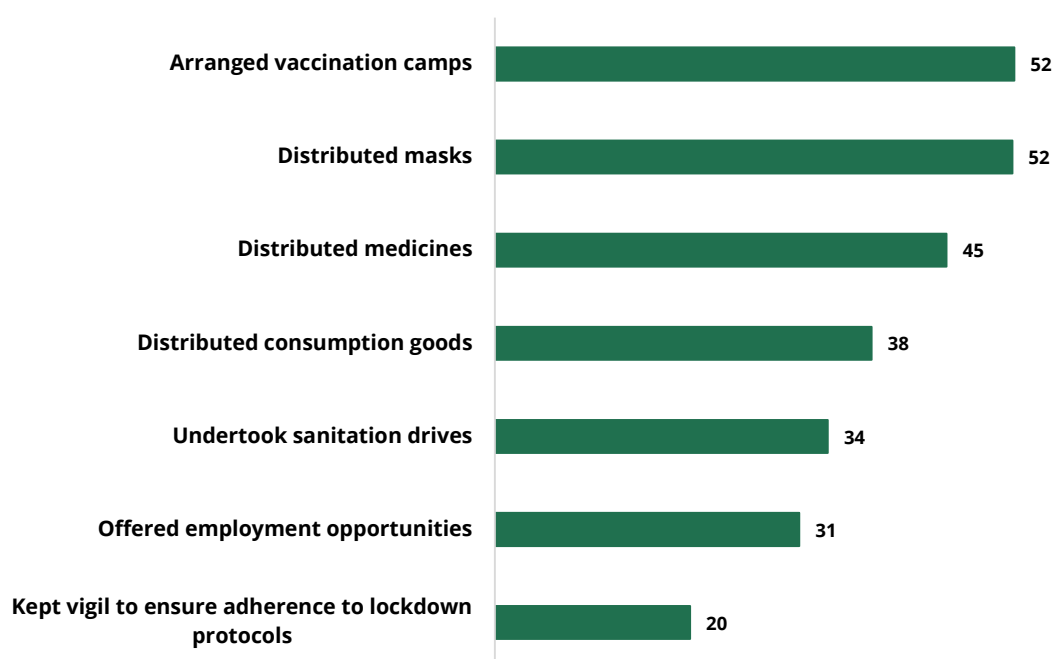
Base = Households reported to have Livelihood Collectives in their village



### 10.5.3 Initiatives taken by Livelihood Collectives during COVID Period

The pandemic period was especially challenging for rural communities in terms of reduced access to various facilities and reverse migration of employed members to their respective villages during the nationwide lockdown. An inquiry into the ways in which these collectives helped rural communities during that difficult period reflected that they played an active role by taking measures to curb the spread of the disease, as well as supporting the deprived and vulnerable rural population by distributing essential consumption goods as well as offering employment opportunities to the returning migrants (Figure 10.10). The responses furnish examples of how these collectives can contribute to the upliftment of communities in especially challenging times.

**Figure 10.10 Initiatives taken by Livelihood Collectives during COVID (%)**



Base = Households reported to have Livelihood Collectives in their village

## CHAPTER 11

# FINANCIAL KNOWLEDGE, ATTITUDE AND BEHAVIOR

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The existing literature and research evidence with respect to financial inclusion in India have largely focussed on the supply side indicators, and penetration of various financial products and services in the market. There is a need to go a step further to look into the antecedents of financial inclusion in terms of individual level knowledge, attitude and behaviour that could have a major influence on the extent of financial inclusion. With the increased international impetus on financial inclusion as a part of G20 agenda on development, the OECD came out with a chapter dedicated to financial education for bringing the unbanked and under-banked into the financial system (in its 2005 publication). In October 2010, upon the recommendation of its Advisory Board, the OECD International Network on Financial Education (INFE) created an Expert Subgroup on the Role of Financial Education in Financial Inclusion.

As per the OECD, “Financial inclusion refers to the process of promoting affordable, timely and adequate access to a range of regulated financial products and services and broadening their use by all segments of society through the implementation of tailored existing and innovative approaches including financial awareness and education with a view to promote financial wellbeing as well as economic and social inclusion.”<sup>7</sup> In India also, the Government is pushing the locus of responsibility of financial planning and well-being into the domain and purview of an individual in an integrated manner through financial education/investor education and a sound policy framework. In view of these developments, NAFIS delved deeper into the level of financial literacy and education among individuals which will ultimately help them make informed and responsible decisions, for ensuring a better future for themselves as well as those dependent on them.

### 11.1 PROFILE OF RESPONDENTS

To assess the status of financial literacy, one member was selected from each household and was asked about his/her knowledge, attitude and behaviour about various financial aspects. In the survey questionnaire, one part was dedicated to collecting information from an individual

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<sup>7</sup> 'Financial Literacy & Inclusion Results of OECD/ INFE Survey Across Countries and by Gender', Financial Literacy & Education Russia Trust Fund accessed from [https://www.oecd.org/daf/fin/financial-education/TrustFund2013\\_OECD\\_INFE\\_Fin\\_Lit\\_and\\_Incl\\_SurveyResults\\_by\\_Country\\_and\\_Gender.pdf](https://www.oecd.org/daf/fin/financial-education/TrustFund2013_OECD_INFE_Fin_Lit_and_Incl_SurveyResults_by_Country_and_Gender.pdf)

respondent about these aspects. It was done with the assumption that there is usually one person in the household who plays a dominant role in financial decision-making as he/she is considered more aware and wiser about these issues. During the survey, one such adult member of the household was selected whom the household members considered to be most knowledgeable about these aspects and who was usually responsible for undertaking most financial transactions for the household. A brief profile of respondents for section B of the survey questionnaire is presented in Table 11.1.

<b>Table 11.1 Gender and Educational Profile of Respondents for Section B of the Questionnaire (%)</b>					
Education Category	Rural		Semi-Urban		Overall
	Male	Female	Male	Female	
1	2	3	4	5	6
Illiterate	18.6	31.4	11.8	23.7	21.7
Literate but Not Formally Educated	6.0	6.5	3.9	5.6	6.0
Up to primary	17.7	17.7	12.2	15.8	17.3
Class 6th to 10th	34.9	29.4	32.8	27.6	33.1
Senior secondary	13.5	9.0	21.3	15.1	12.8
Diploma/certificate course	1.6	1.2	3.9	2.0	1.7
Graduate	6.6	4.0	11.9	8.2	6.3
Postgraduate and above	1.1	0.8	2.2	2.0	1.1
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Base = All Respondents to Section-B

On the whole, about 28% of the respondents surveyed were either illiterate or had not received any formal education. The proportion of such respondents was higher in rural areas and among female respondents. Between the two types of locations, respondents in semi-urban areas were observed to be better educated than those in rural areas.

## **11.2 METHODOLOGY FOR ASSESSING THE LEVEL OF FINANCIAL KNOWLEDGE, ATTITUDE AND BEHAVIOUR**

NAFIS adapted OECD/ INFE framework for measuring the level of financial literacy in the target households. Financial literacy in the context of this study is taken to connote a combination of awareness, knowledge, skill, attitude and behaviour that are necessary to make sound financial decisions and achieve individual financial wellbeing. The OECD/INFE toolkit was taken as a base to design the scales for measuring the knowledge, attitude and behaviour of the adult population.

### **11.2.1 Assessing Financial Knowledge**

NAFIS involved questioning the respondents on their basic understanding of risk and return and inflation. The scale for measuring financial knowledge comprised 3 statements on which the individual response was elicited. In order to assess the level of individual achievement on the scale of financial knowledge, a combined score was calculated considering the responses to the three statements. For calculating the scores, first each respondent was awarded a score of '1' on a statement if he/she responded to it as 'true'. The response 'true' was considered correct or desirable from the point of view of measuring financial knowledge. Incorrect responses were scored as '0'. Thereafter, a combined score was calculated for each individual by summing the score on the three individual statements. The total score that could be achieved by respondents could vary from a minimum of '0' to a maximum of '3'. The respondents who scored '3' were rated as high achievers having good financial knowledge.

### **11.2.2 Assessing Financial Attitude**

NAFIS adopted the financial attitude scale used by OECD for evaluation, which comprised three attitude-related questions with responses captured on a five-point Likert scale. The three scaled attitudinal questions included - 'I find it more satisfying to spend money than to save it for the long term'; 'I tend to live for today and let tomorrow take care of itself'; and 'Money is there to be spent'. The responses were elicited on a five-point scale where '1' stood for 'completely agree' and '5' meant 'completely disagree.'

To measure the achievement on the financial attitude scale, a combined financial attitude score was calculated. For this, first, the scores for each of the respondents on all three statements were added. Thereafter, the total score was divided by 3 to arrive at the financial attitude score for each individual. The average score could vary from a minimum of 1 to a maximum of 5. All individuals who scored 3 or above were considered to have a positive financial attitude, that is, a saving orientation.

### **11.2.3 Assessing Financial Behaviour**

NAFIS focused on a wide range of financial behaviours with an emphasis on those that can enhance or reduce financial well-being. The financial behaviour comprised a total of 8 questions, eliciting information about various ways in which the respondents manage their money, make financial decisions, keep a tab on their expenses, and timeliness in terms of paying bills, etc. They also included questions on whether people set any long-term goals, have a household budget and are personally or jointly responsible for it, the way they choose their financial products, and if they have borrowed anything to make ends meet.

To understand the overall status of population with regard to financial behaviour, a combined score of these questions was calculated. The scoring mechanism has been explained in the matrix.

Methodology adopted for Calculating the Score on Financial Behaviour		
Behaviour	Discussion	Value towards final Score
1	2	3
<b>Carefully considers purchases</b>	This is a scaled response	1 point for respondents who put themselves at 1 or 2 on the scale. 0 in all other cases.
<b>Timely bill payment</b>	This is a scaled response.	1 point for respondents who put themselves at 1 or 2 on the scale. 0 in all other cases.
<b>Keeping watch of financial affairs</b>	This is a scaled response.	1 point for respondents who put themselves at 1 or 2 on the scale. 0 in all other cases.
<b>Long term financial goal setting</b>	This is a scaled response.	1 point for respondents who put themselves at 1 or 2 on the scale. 0 in all other cases.
<b>Responsible and has a household budget</b>	This is a derived variable, created from the responses to two questions.	1 point if personally or jointly responsible for money management and has a budget. 0 in all other cases.
<b>Active saving</b>	This question identifies a range of different ways in which the respondent may save. People who refused to answer score 0.	1 point for any type of active saving (excluding saving money at home, giving it to family to save). 0 in all other cases
<b>Choosing products</b>	This is a derived variable drawing information from 2 questions. It is only possible to score points on this measure if the respondent had chosen a product those with no score on this measure save either refused to answer, not chosen a product, or not made any attempt to make an informed decision.	1 point for people who had considered several products available in the market before making a purchase. 2 points for those who considered various products and also gathered independent Information from various sources like print media electronic media, friends/families, and banking correspondents/ facilitators/ agents. 0 in all other cases.
<b>Financial Planning for Old Age</b>	This question identified a range of different sources that people rely on to serve as financial security in their old age or post-retirement. The variable indicates people who are consciously planning and saving in different places to sustain themselves during old age or after retirement.	1 if the respondent mentions use of old age/ retirement pension/ benefits, personal retirement saving plans, continued income from business, or earnings from employment in retirement. All other responses marked as '0'.

After allocating scores to each respondent on each of the behaviour-related questions, the total score on financial behaviour was calculated for the individual respondents. The total score could vary from a minimum of 1 to a maximum of 9. To set a performance benchmark, individuals with a total score of 6 or above were counted as those having positive financial behaviour.

#### 11.2.4 Assessing Financial Literacy

Financial literacy is a combination of knowledge, attitude and behaviour, and so it makes sense to explore these three components in combination. Therefore, for assessing financial literacy, the scores on financial knowledge, attitude and behaviour worked out in the preceding sections were added to arrive at a total score. The maximum achievable score was 17. A score of 12 may be considered as the benchmark for persons having a good level of financial literacy as they reflect good financial knowledge, positive financial attitude, as well as positive financial behaviour. However, for a deeper understanding, financial Literacy was assessed using three benchmarks – those who achieved a total score of 14 or above, the ones who scored 13 or above, and those who scored 12 and above. The results of the above analysis have been presented in sections ahead in this chapter.

### 11.3 EXPOSURE TO TRAINING ON FINANCIAL LITERACY

Before probing the respondents about their knowledge, attitude and behaviour about financial issues, the respondents were assessed for their exposure to any financial training or educational session on how to deal with financial matters.

#### 11.3.1 Exposure to Financial Education/ Training

The respondents were first asked if they had been exposed to any type of informative sessions organized in the last 3 years to educate people about the importance of saving or investment or to explain any financial products or services. Overall findings as reflected in Table 11.2 indicate that exposure to such sessions has been extremely low, with only about one in every ten persons reporting to have attended any such session. When compared with various respondent characteristics, it was observed that the respondents belonging to semi-urban areas and those from agricultural households reported relatively better exposure to such educational sessions. When viewed along with individual characteristics, male respondents fared somewhat better than females, but no major trend was witnessed across individuals from different levels of educational status.

Table 11.2 Proportion of Respondent who Reported to have been Exposed to Informative Sessions in the last 3 years (%)	
Respondent Characteristics	Respondents Exposed (%)
1	2
All Respondents	10.6
By Location of Households	
Rural	10.3
Semi-Urban	12.5

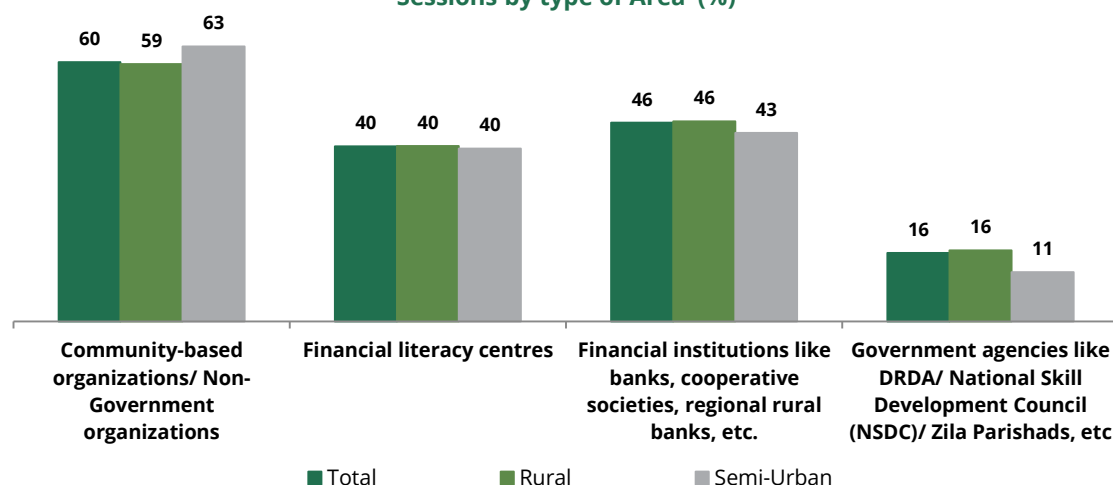
Table 11.2 Proportion of Respondent who Reported to have been Exposed to Informative Sessions in the last 3 years (%)	
Respondent Characteristics	Respondents Exposed (%)
1	2
By Type of Households	
Agricultural	12.5
Non-Agricultural	8.0
By Sex of Respondent	
Male	11.1
Female	9.2
By Educational Status of Respondents	
Illiterate	8.0
Literate without formal schooling	20.8
Up to primary	9.0
Class 6th to 10th	9.4
Senior secondary	12.6
Diploma/certificate course	13.8
Graduate	13.4
Post graduate and above	18.2

Base = All Respondents to Section-B

### 11.3.2 Agencies that Provided Financial Education/ Training

The respondents who reported to have attended any financial education/ training session in the given reference period were further asked about the agency which organized the training. The respondents cited multiple sources for these training programs (Figure 11.1).

**Figure 11.1 Agencies that organized the Financial Education/ Training Sessions by type of Area (%)**



Base = Respondents who attended any session on financial education

Overall, 60% of respondents who attended any training session reported having attended the sessions organized by community-based organizations or non-government organizations, with the exposure being relatively higher in semi-urban areas as compared to rural ones. About 40% reported to have attended the sessions organized by Financial Literacy Centres. Sessions organized by financial institutions like banks, cooperatives, etc. formed the source for about 46% of the exposed respondents. In this context, it must be noted that the denominator for these estimates is very small, that is, just 10% of the total households, that reported to have attended any training/education sessions. Thus, the agencies and institutions working towards enhancing financial literacy have a huge population to cater to in order to impact higher levels of financial knowledge.

## 11.4 FINANCIAL LITERACY: KNOWLEDGE, ATTITUDE And BEHAVIOUR

The sections ahead present individual assessment of financial knowledge, attitude and behaviour, as well as a combined assessment about the status of financial literacy among the surveyed respondents.

### 11.4.1 Financial Knowledge

To be able to make sound financial decisions, an individual is expected to have some basic knowledge about how the finances should be optimally deployed. The proportion of respondents who were found to be knowledgeable about these individual aspects of the financial knowledge (as described in the methodology section of this chapter) has been presented in Table 11.3.

Table 11.3 Proportion of 'True' Responses to the Statements related to Financial Knowledge (%)			
Respondent Characteristics	If someone offers you the chance to make a lot of money, there is also a chance that you will lose a lot of money	High inflation means that the cost of living is increasing rapidly	It is less likely that you will lose all of your money if you save it in more than one place
1	2	3	4
All Respondents	78.0	75.9	74.7
By Location of Households			
Rural	77.6	75.5	74.2
Semi-Urban	81.5	80.0	78.8
By Type of Households			
Agricultural	79.9	76.0	75.9
Non-agricultural	75.5	75.9	73.0
By Sex of Respondents			
Male	79.8	77.1	76.1
Female	73.8	73.3	71.3

Base = All Respondents to Section-B



The overall trends suggest that over 70% of respondents were reasonably knowledgeable about the potential risk and returns associated with money and were aware of the meaning of inflation. When analysed for different categories, no significant differences were observed. The male respondents, respondents from among agricultural households, and those belonging to semi-urban areas were found to be relatively better informed than their respective counterparts.

The status of individuals and households belonging to different categories with respect to achievement on financial knowledge score as discussed in the methodology section of this chapter has been presented in Table 11.4. For this survey, 'good financial knowledge' means a basic understanding of the related economic concepts. The figures ahead present a clear differentiation based on the location of households and the educational status of respondents. The ones in the semi-urban areas and those having better educational status were found to be faring well on financial knowledge. In the same way male respondents and those belonging to agricultural households performed better.

<b>Table 11.4 Proportion of Respondents with a High Score on Financial Knowledge (%)</b>	
Respondent Characteristics	Respondents with a Total Score of 3 (%)
1	2
All Respondents	58.3
<b>By Location of Households</b>	
Rural	57.5
Semi-Urban	66.1
<b>By Type of Households</b>	
Agricultural	59.6
Non-agricultural	56.5
<b>By Sex of Respondent</b>	
Male	60.6
Female	52.8
<b>By Educational Status of Respondents</b>	
Illiterate	41.6
Literate without formal schooling	48.2
Up to primary	48.3
Class 6th to 10th	63.7
Senior secondary	75.0
Diploma/certificate course	76.4
Graduate	81.9
Post graduate and above	78.1

Base = All Respondents to Section-B

### 11.4.2 Financial Attitude

Humans are rational beings as they have the basic tendency to use the information at their disposal to make sound judgments, form reasonable evaluations and arrive at financial decisions. The degree to which a person has a favourable or unfavourable evaluation or appraisal of the behaviour in question is referred to as attitude. As regards financial attitude, it may be understood as an individual's orientation towards the way he/she prefers to utilize financial resources. Studying financial attitude is important as it helps understand people's predisposition to use money in a certain way. The detailed responses received for each of the three statements used for assessing financial attitude have been presented in Table 11.5.

Table 11.5 Distribution of Respondents by their Response to the Financial Attitude Statements (%)					
Statements	Completely agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Completely disagree
1	2	3	4	5	6
'I find it more satisfying to spend money than to save it for the long term'	17.4	20.6	6.4	16.0	39.6
'I tend to live for today and let tomorrow take care of itself'	18.1	23.3	9.8	16.6	32.3
'Money is there to be spent'	16.7	24.7	11.6	15.0	31.9

Base = All Respondents to Section-B

Overall results reflect a polarization towards saving money and having a long-term orientation towards financial planning. Roughly two-fifths of the respondents answered in affirmative to the three financial statements, indicating more of them prefer to spend money than to save it and use it to meet their immediate needs. Around 6 to 12% respondents remained neutral, showing that they received equal gratification in both spending and saving money.

As explained in the methodology section, all individuals who scored 3 or above were considered to have a positive financial attitude, that is, a saving orientation. The findings for various categories of respondents have been presented in Table 11.6.

Table 11.6 Proportion of Respondents with a High Score on Financial Attitude (%)	
Respondent Characteristics	Respondents with a Total Score of 3 or higher (%)
1	2
All Respondents	59.0
By Location of Households	
Rural	58.3
Semi-Urban	64.9

<b>Table 11.6 Proportion of Respondents with a High Score on Financial Attitude (%)</b>	
Respondent Characteristics	Respondents with a Total Score of 3 or higher (%)
1	2
<b>By Type of Households</b>	
Agricultural	58.0
Non-agricultural	60.2
<b>By Sex of Respondent</b>	
Male	61.5
Female	53.1
<b>By Educational Status of Respondents</b>	
Illiterate	31.9
Literate without formal schooling	43.1
Up to primary	54.5
Class 6th to 10th	63.5
Senior secondary	85.0
Diploma/certificate course	89.9
Graduate	89.6
Post graduate and above	90.0

Base = All Respondents to Section-B

Taking all respondents combined, about three-fifths of the individuals were found to have the optimal requisite attitude. When compared across various categories, the respondents from semi-urban areas and non-agricultural households performed better in terms of scores on these factors.

### 11.4.3 Financial Behaviour

An individual's behaviour is preconditioned by his/her knowledge about a particular issue and his/her subjective evaluation of the concerned behaviour. Suitably knowledgeable and positively oriented individuals are expected to exhibit a behaviour that is inclined towards planning expenditures, saving for contingencies, and ensuring the optimal utilization of resources at their disposal. NAFIS focused on a wide range of financial behaviours with an emphasis on those that can enhance or reduce financial well-being. The financial behaviour comprised of a total of 8 questions, which elicit information about various ways in which the respondents manage their money, make financial decisions, keep a tab on their expenses, and timeliness in terms of paying bills, etc. They also included questions on whether people set any long-term goals, have a household budget, and are personally or jointly responsible for it, the way they choose their financial products, and if they have borrowed anything to make ends meet. The responses obtained for each of the 8 financial behaviour-related statements have been presented in Tables 11.7A to 11.7D.

Table 11.7 A Distribution of Respondents by their Response to the Financial Behaviour Statements (%)					
Statements	Completely agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Completely disagree
1	2	3	4	5	6
'Before I buy something I carefully consider whether I can afford it'	71.2	17.5	7.5	2.2	1.6
'I pay my bills on time'	69.4	18.4	8.6	2.3	1.3
'I keep a close personal watch on my financial affairs'	71.4	17.2	8.1	2.0	1.3
'I set long-term financial goals and strive to achieve them'	70.8	17.4	8.4	1.8	1.6

Table 11.7 B Distribution of Respondents by their Response to the Financial Behaviour Statement, 'In the Past 12 months have you been personally saving in any of the following ways?'	
Responses	Respondents who affirmed to be saving in the given ways (%)
1	2
Saving cash at home or in your wallet	69.5
Saving in the bank account	54.3
Giving money to family to save on your behalf	30.1
Saving in informal chit funds or saving clubs/SHG	9.2
Saving by buying assets like gold, property or livestock	7.7
Has not been actively saving	6.6
Buying financial investment products like shares, etc.	2.6
Don't know/Can't Say/Refused to answer	4.5

Table 11.7 C Distribution of Respondents by their Response to the Financial Behaviour Statement, 'How do you usually choose a financial product or service?'	
Responses	Respondents by how they choose the financial product or service (%)
1	2
Consider the advice of friends/ family, etc.	55.5
Consider several products available in the market before making my decision	21.9
Seek the opinion of experts/agents dealing with such issues	12.5
I don't consider any other product/ service other than one I have known about for a long	2.7
Don't know/ can't say/ Not applicable/ have not made any choice in the recent past	7.4

**Table 11.7 D Distribution of Respondents by their Response to the Financial Behaviour Statements 'Which of the following do you consider will serve your financial needs during old age or after retirement?'**

Responses	Respondents by the sources they think will serve their financial needs in old age (%)
1	2
Government pension/ old age benefits	67.6
Rely on family	39.7
Occupational or workplace pension plan benefits	23.5
Use an inheritance	19.3
Personal retirement savings plan benefits (APY, NPS, Jeevan Akshay etc...)	15.8
Drawing an income from your own business	15.6
Don't know/Can't Say/Refused to answer	6.0
Sell your non-financial assets (such as - a car, property, art, jewels, antiques, etc.)	3.6
Obtaining a reverse mortgage	3.3
Earnings from employment in retirement	3.2
Sell your financial assets (such as - stocks, bonds or mutual funds)	3.1

Base = All Respondents to Section-B

Overall findings suggest that a sizeable proportion of respondents reported responsible financial behaviour in various situations. Close to 90% of the respondents carefully consider their purchases before they buy something, always pay their bills on time, keep a close watch on their financial affairs, and set long-term goals and strive to achieve them. When probed about their saving behaviour, a considerable majority of the respondents also reported to be actively saving money in one or multiple ways. The survey also attempted to understand the way people choose a financial product or service for themselves. In response to this query, only about one-fifth of the respondents reported to be considering several products available in the market before making any decision, while a sizeable more than half of the respondents reported being still dependent on the advice of others for making their decisions.

With respect to the question on the sources that the respondents could rely on for financial security post-retirement or in old age, a majority of about two-thirds of the respondents reported dependence on pension or other old-age benefits offered by the government. About two-fifth of the respondents reflected to have made any conscious effort to plan and save money for such times using occupational or personal pension plans. A considerable proportion exhibited dependence on informal sources like family, or inheritance that they have.

The proportion of respondents that were found to be having positive financial behaviour (i.e. score of 6 and above) across various categories has been presented in Table 11.8.

<b>Table 11.8 Proportion of Respondents with a High Score on Financial Behaviour (%)</b>	
Respondent Characteristics	Respondents with a Total Score of 6 or higher (%)
1	2
All Respondents	72.8
<b>By Location of Households</b>	
Rural	72.3
Semi-Urban	77.4
<b>By Type of Households</b>	
Agricultural	75.5
Non-agricultural	69.2
<b>By Sex of Respondent</b>	
Male	75.6
Female	66.1
<b>By Educational Status of Respondents</b>	
Illiterate	64.8
Literate without formal schooling	67.4
Up to primary	69.0
Class 6th to 10th	72.0
Senior secondary	86.5
Diploma/certificate course	85.0
Graduate	85.9
Post graduate and above	87.7

Base = All Respondents to Section-B

The findings suggest that taking all respondents together, an appreciable 73% of respondents could score 6 or more on the financial behaviour scale. This indicates that when it comes to managing their finances for being able to maintain their overall wellbeing, a sizeable proportion of respondents reflect a careful and sound approach.

When compared by various household and individual characteristics, it was found that a relatively higher proportion of respondents from semi-urban areas, and those belonging to agricultural households exhibited a high score on the financial behaviour scale. Further, male respondents and the ones with better educational status displayed a higher capability of making the right decisions about their financial resources. These findings are in consonance with the findings with regard to financial literacy and attitude.

### 11.4.4 Financial Literacy

The results of the analysis of financial literacy status of respondents are presented in Table 11.9.

Table 11.9 Proportion of Respondents with Good Financial Literacy (%)			
Respondent Characteristics	Respondents with a total score of 12 or higher (%)	Respondents with a total score of 13 or higher (%)	Respondents with a total score of 14 or higher (%)
1	2	3	4
All Respondents	51.3	36.9	24.6
By Location of Households			
Rural	50.5	36.0	23.8
Semi-Urban	59.4	46.3	32.2
By Type of Households			
Agricultural	53.0	37.8	25.3
Non-agricultural	49.1	35.8	23.7
By Sex of Respondent			
Male	55.3	40.7	27.7
Female	42.1	28.2	17.2
By Educational Status of Respondent			
Illiterate	26.0	13.8	6.3
Literate without formal schooling	35.8	26.6	15.9
Up to primary	40.2	23.5	13.2
Class 6th to 10th	54.9	35.9	21.1
Senior secondary	81.9	72.2	56.5
Diploma/certificate course	88.8	78.3	61.0
Graduate	87.3	79.8	64.3
Post graduate and above	89.0	78.0	63.5

Base = All Respondents to Section-B

The overall results reflect that more than half of the respondents were found to have good financial literacy (score of 12 or above). Analysis of data for higher benchmarks showed that 37% respondents scored 13 or above, and 25% respondents qualified the benchmark of a total score of 14 or above. Future rounds of assessment may help examine the transition of households across these three categories. A closer examination of patterns across varied socio-demographic characteristics reflected that on the whole, no matter what benchmarks we follow, the respondents from semi-urban areas and those belonging to agricultural households performed better than their counterparts. A logical progression was also witnessed along educational categories, with the better educated respondents having a higher proportion of respondents who could clear the set benchmarks.

## 11.5 BORROWING BEHAVIOUR OF INDIVIDUALS

The status of loans and borrowings of the household have already been detailed in chapter 10 of this report. In this section, we attempt to delve into the individual borrowing behaviour, studying the individual preferences for various sources of financing and the reasons behind their choice.

### 11.5.1 Need for Loan

The target respondents were asked if they ever needed a loan during the three years preceding the survey, and if so, what amount of money they needed to borrow. This enquiry not only helped understand the overall need for loans in the community, but also assessed the quantum of loan. The responses obtained in this regard have been presented in Table 11.10.

Table 11.10 Proportion of Respondents who reported to have ever needed a Loan in the last 3 years and the average amount of money that they needed to borrow in times of need		
Respondent Characteristics	Proportion of Respondents who ever needed a Loan in the Last 3 Years (%)	Average Amount of Money they needed to Borrow (₹)
1	2	3
All Households	40.5	79,051
By Location of Households		
Rural	40.6	77,114
Semi-Urban	39.4	98,174
By Type of Households		
Agricultural	44.4	80,331
Non-agricultural	35.4	76,951
By Size Class of Land Possessed		
<.01 ha	34.2	72,747
.01-.40 ha	39.3	72,940
.41-1.00 ha	48.0	77,309
1.01-2.00 ha	45.9	90,328
>2.00 ha	45.1	1,35,516

Base = All Respondents to Section-B

The overall trends reflect that about two in every five of the individuals had experienced the need for loan at least once in the last three years preceding the survey. When examined by category to which the individual belonged, it was observed that a relatively higher proportion of agricultural households expressed to have felt the need for a loan. The need for loan also exhibited an increase with increase in size class of land possessed.

When examined the quantum of loan needed, the average amount reported by individuals also varied by category of household to which they belonged. The average amount of loan needed by



households was found to be higher in the case of respondents from semi-urban areas and the ones that belonged to agricultural households. Further, the amount of loan needed also increased with increase in the size of land possessed.

### 11.5.2 Applying for Loan and Outcomes of Application

The respondents who reported to have needed any loan in the said reference period were further inquired if they sought a loan in times of need and, if so, whether they got it or not. The results obtained from the inquiry have been presented in Table 11.11.

Table 11.11 Distribution of Respondents by whether or not they Sought Loans when needed, the source from which they sought and the Outcomes if Sought (%)					
Respondent Characteristics	Sought from Institutional Sources and got it	Sought from non-institutional Sources & got it	Sought Loan but did not get it	Did not Seek	Did not Need any Loan
1	2	3	4	5	6
All Households	26.8	6.6	3.0	4.1	59.5
By Location of Households					
Rural	26.8	6.7	3.0	4.1	59.4
Semi-Urban	27.5	5.6	3.0	3.3	60.6
By Type of Households					
Agricultural	30.0	7.1	3.4	3.9	55.6
Non-agricultural	22.7	6.0	2.5	4.2	64.6

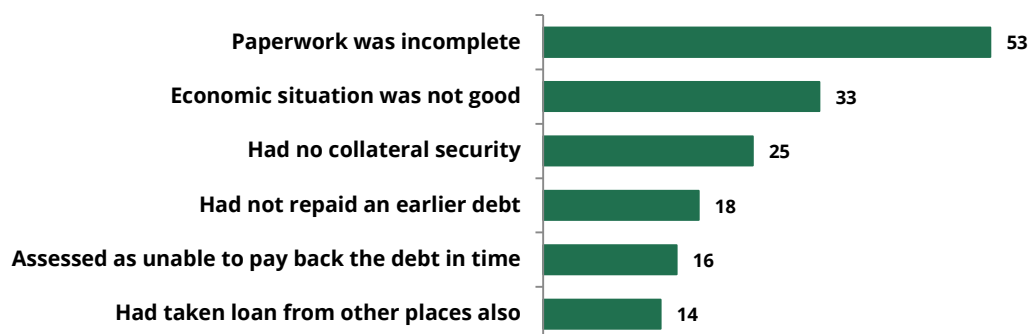
Base = All Respondents to Section-B

The findings reflect an appreciable status, with about 34% of respondents reporting to have sought it from some agency and got it sanctioned. It will be apt to reiterate that only 40% reported to have needed loans in the said period. Out of those who sought and got it, 27% sought loan from institutional agencies, and 7% sought it from non-institutional sources.

About 3% of respondents reported that they did seek a loan from some source when needed but could not get it. Only about 4% reported that they did not seek a loan at all despite needing it. When examined by household characteristics no major variations were observed. Only semi-urban households were found to be faring marginally better than their rural counterparts and the agricultural households reflected a higher reliance on institutional sources.

The households that reported to have sought loan but could not get it sanctioned were further probed about the reasons why their loan was not sanctioned. The responses obtained have been presented in the Figure 11.2. One of the most common reasons cited (by 53% respondents) for not getting the loan sanctioned was that the paperwork was incomplete. Inquiry revealed that many of the households could not complete the documentation formalities due to non-availability of requisite supporting documents.

**Figure 11.2 Reasons Cited by Respondents for the Loan not Getting Sanctioned (%)**



Base = Respondents who sought Loan and got it sanctioned

Further research into the type of documentation formalities and the associated issues and challenges may help the financial institutions design more suitable processes that could ease access to loans to the needy households. About one-fourth could not arrange any collateral security for receiving loans and close to 18% of households reported to be having existing unpaid debt liabilities which made them ineligible for loan.

In order to understand the reasons, which act as deterrent for households to apply for loans, the ones who reported that they needed a loan but did not apply for it were further probed about the reasons behind their decision. The results presented in Figure 11.3 reflect that a majority (of about one-third of the respondents) expressed lack of awareness about the source and procedure as the major deterrent for not applying for loans. Close to 30% expressed their apprehension about meeting the number of formalities required for seeking loans. For about one-fourth of respondents, the reason which refrained them from applying for a loan was that they did not have any collateral security to offer. Other prominent reasons that emerged from the survey were that the local money lenders, whom they were considering for seeking a loan, charged high rates of interest and the fact that their economic situation does not allow them to seek further loan.

**Figure 11.3 Reasons Cited by Respondents for Not Seeking Loan even when they Needed it (%)**

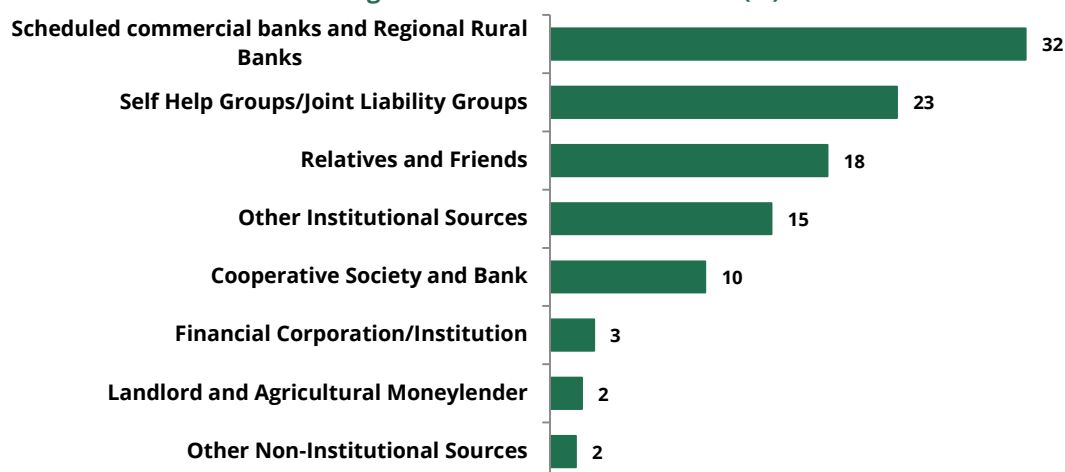


Base = Respondents who needed loan but did not seek it from any source

### 11.5.3 Choice of Source of Loan and Reasons behind a Particular Choice

The households that reported to have applied for a loan and got it sanctioned were probed about the source from where they got this loan. The responses obtained have been reflected in figure 11.4. Overall, the scheduled commercial banks and regional rural banks emerged as the most preferred sources for loan. Bank-linked SHGs/JLG and other institutional sources were preferred by close to one-fourth of the respondents. A sizeable 18% of respondents exhibited a greater dependence on relatives and friends to meet their financial needs.

**Figure 11.4 Distribution of Respondents by Source of Loan for those who Sought Loan and Got it Sanctioned (%)**



Base = Respondents who sought Loan and got it sanctioned

Overall, the respondents exhibited dependence on multiple sources to meet their financial needs. Considering all households combined, a majority of over four-fifths of respondents reflected a preference for various institutional sources when they needed any loan. However, a sizeable one-fifth of respondents still depend on non-institutional sources of loan.

To understand the reasons behind the preference for non-institutional sources, all respondents reporting to have taken any loan from any of the non-institutional sources were asked about the reason to do so. The findings on both the queries have been presented in Table 11.12.

**Table 11.12 Proportion of Respondents who Cited various Reasons for Seeking Loans from non-Institutional Sources and NOT from Institutional Sources (%)**

		Rural	Semi-Urban	Overall
		1	2	3
The reasons cited for taking Loans from Non-Institutional Sources	Easy Availability	86.5	85.9	86.4
	No strict time for repayment	45.5	46.4	45.6
	Faith on family or friends	33.0	31.0	32.8
	Loan available for all purposes	29.3	35.7	29.8
	Low or no rate of interest	28.4	30.1	28.5
	No paper work needed	20.3	23.6	20.6
	No fear of Court / legal implications	4.1	7.9	4.4

**Table 11.12 Proportion of Respondents who Cited various Reasons for Seeking Loans from non-Institutional Sources and NOT from Institutional Sources (%)**

		Rural	Semi-Urban	Overall
		1	2	3
The reasons cited for NOT taking Loans from Institutional Sources	Loan required for short term	48.6	55.5	49.2
	Lengthy application process	46.7	46.8	46.7
	High interest rates	42.0	44.0	42.1
	Excessive collateral requirements	41.0	43.9	41.2
	High costs associated with borrowing	26.5	30.7	26.9
	No lending financial institution in convenient proximity to my business/residence	10.0	10.8	10.1
	High risks – uncertain of own ability to pay interest and repay principal	6.4	9.7	6.7
	Didn't apply because was denied credit earlier	3.3	4.4	3.4
	Did not know could receive credit from a financial institution	3.0	2.6	2.9

Base = Respondents who needed loan and sought it from a non-institutional source

When enquired why they preferred to take loans from non-institutional sources, some of the most prominent reasons that emerged were the ease of availability, no stringent timeline for repayment, lower or no interest expected (which may be when a loan is taken from family/friend), faith in lending families and friends, and no documentation formalities required. Similarly, when probed about the hindering factors, respondents, indicated high interest rates, short term maturity, excessive collateral requirements, and lengthy application processes associated with institutional sources that deterred them from seeking loans from institutional sources.

## 11.6 EXPERIENCE OF AVAILING A FINANCIAL SERVICE<sup>8</sup>

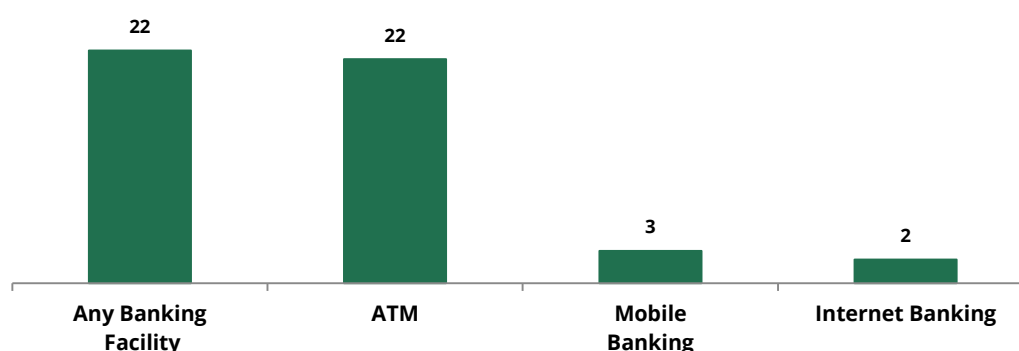
### 11.6.1 Utilization of various types of Banking Facilities

The survey attempted to study the experience that the respondents had with various types of financial services in the recent past. For this, they were first asked about the number of times they used a given service in the 3 months preceding the survey, and thereafter they were probed about the extent to which they felt comfortable using the given service. The respondents were particularly asked about 3 types of banking services - ATMs/ Micro-ATMs, Mobile Banking, and

<sup>8</sup> In view of the high-frequency information available on non-cash modes of payments (such as UPI, credit/debit cards, cheque, etc.) some of the questions relating to types of payment used by households, though included in NAFIS (2016-17), were dropped while conducting NAFIS (2021-22).

Internet Banking. As shown in figure 11.5, the ATM services emerged as most used with about one-fifth of the respondents reporting to have utilized the same in the last three months preceding the survey. The use of mobile banking and internet banking services was minimal. When assessing the proportion of respondents who reported to have used any of these services, 22% were found to be utilizing various technology enabled banking services.

**Figure 11.5 Proportion of Respondents who reported to have Utilized various Banking Facilities in the last 3 months (%)**



Base = Respondents who reported to have used ATM services in the reference period

As ATM services emerged as the most used service, further analysis was done to assess the frequency of use of these services by the user respondents. The results obtained have been presented in Table 11.13.

**Table 11.13 Distribution of Respondents who reported to have used ATM services any time in the last 3 months by Number of Times they used the Services (%)**

Respondent Characteristics	Once	2 to 3 times	4 to 6 times	7 or more times
1	2	3	4	5
Overall	18.5	43.4	26.4	11.7
By Location of Households				
Rural	18.5	44.4	26.0	11.0
Semi-Urban	18.5	36.3	28.8	16.3
By Type of Households				
Agricultural Households	19.2	44.6	26.1	10.0
Non-Agri. Households	17.5	41.6	26.8	14.1
By Sex of Respondents				
Male	18.0	42.6	27.0	12.4
Female	20.0	45.7	24.7	9.6

Base = Respondents who reported to have used different services in the reference period

Overall, about one-fifth of respondents reported to have used the service only once in the given period. A majority of 43% of the respondents used it 2-3 times and one-fourth reported to have used it 4-6 times in the given reference period. Overall, the frequency of usage was higher

among semi-urban households, among non-agricultural households and for the male respondents.

The respondents who reported to have used the aforementioned banking services at least once in the past 3 months were probed about their level of comfort with using these services. Table 11.14 presents the results obtained in this regard.

<b>Table 11.14 Distribution of Respondents by Average Number of Times they used Various Banking services and their Level of Comfort with using those services (%)</b>				
Type of Banking Services	Can use it independently without anyone's help	Can use it with the help of any family member/ friend	Afraid of/ not very comfortable using it	Don't know/ refused to answer
1	2	3	4	5
ATM/ Micro ATM	82.8	13.4	2.0	1.8
Mobile Banking	74.3	19.4	2.4	3.9
Internet Banking	69.1	23.4	2.9	4.6

Base = Respondents who reported to have used different services in the reference period

An inquiry into the level of comfort felt by the respondents while using these banking services reflects that over four-fifths of respondents reported to be absolutely comfortable in using ATM cards, exhibiting the confidence that they can use the service independently, without anyone's help. Around the time when the survey was conducted, mobile and internet banking services were not being used extensively in rural areas. However, roughly 70% of those using the same reported to be confident of being able to use it independently.

## 11.7 ASSESSMENT OF THE ATTRIBUTES OF BANKING OR FINANCIAL INSTITUTIONS VISITED

NAFIS also attempted to make a quick assessment of the respondents' perception about various aspects of service quality of the banking or financial institutions they recently visited. To evaluate this, the respondents were read out certain statements describing the attributes of banking institutions and they were asked if it applied to the specific institution that they visited. If they rated the institution positively on the given aspect, they were awarded a score of '1', else were given a '0'. The statements related to the following four broad attributes are as follows -

- **Tangible attributes:** To assess the clients' perception about the physical infrastructure of banking institutions, they were probed about their experience related to the availability of modern equipment in branches they visited, and whether they found the physical facilities to be visually appealing.

- **Reliability of Staff:** Reliability of staff was measured from the perspective of their ability to keep promises, ability to solve clients' problems, and capacity to provide right kind of services in a timely manner.
- **Competence of Staff:** Their perception about the competence and performance of staff was examined through statements that related to timeliness and promptness of staff in offering services, staff being experienced and knowledgeable, and being capable of offering flexible and easy banking experience to the client.
- **Personal Interaction:** Some statements related to the respondents' perception of the behavioural aspects of the staff, like staff being helpful, being friendly and courteous to the customers.

The results obtained with regard to the service quality of banking/ financial institutions on aforementioned parameters have been presented in Table 11.15.

<b>Table 11.15 Respondents' Perception/ Assessment of various Attributes of Banking or Financial Institution that they visited in the recent past (%)</b>	
Attributes of Banking or Financial Institution	Overall
1	2
The bank has modern looking equipment	87.7
It has appealing physical facilities	81.3
The bank shows a sincere interest in solving customers' problems	78.3
The staff performs service right the first time	69.5
Provide services at the time they promise to do so	74.2
The service of the bank is on time and very prompt	73.5
The staff is experienced and knowledgeable	83.6
The bank offers flexible and easy banking	78.4
The staff is ready to help and instil confidence in customers	78.7
The staff is friendly and courteous	77.1

Base = All Respondents to Section-B

The overall assessment of banking institutions emerged as satisfactory, with roughly 70% or more of the respondents rating them good on all of the aforementioned characteristics. Yet there is a scope of improvement in these aspects to enhance the experience for the clients visiting these institutions, which in turn may help in instilling confidence among clients in dealing with formal financial institutions.

## CHAPTER 12

# SUMMARY FINDINGS

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### 12.1 BACKGROUND

#### About the Survey

NABARD All-India Rural Financial Inclusion Survey (referred to as NAFIS) is a national-level survey commissioned by the Department of Economic Analysis & Research (DEAR), National Bank for Agriculture & Rural Development (NABARD), Mumbai. It offers a comprehensive overview of the rural economy in terms of two distinct yet interconnected themes, namely economic conditions and financial inclusion. Access to financial products and services for the poor and vulnerable groups has been recognized as an important dimension of inclusive growth. Any programme targeting inclusive growth, however, would be incomplete without strengthening the livelihoods of the poor. NAFIS offers detailed information about both aspects, ranging from income, consumption, savings, investment, borrowings and debt on the one hand to credit, insurance and pension, remittances, and financial literacy on the other. The survey also brings out some pertinent insights into the factors driving financial decisions of the households and the level of their financial knowledge, attitude and behaviour.

#### Sample Coverage

NAFIS 2021-22 covered primarily rural but some semi-urban areas across all 28 states of the country and Union Territories (UT) of Jammu & Kashmir (J&K) and Ladakh. The centres having a population of less than 50,000 (Tier-3 to Tier-6 centres as per RBI classification) constituted the universe for this survey. The sample was spread across all 710 districts of the country. The survey covered a total of 1,00,000 households across 10,000 rural/ semi-urban sample units across the country.

#### Administration

NABARD entrusted the survey work to Academy of Management Studies (AMS). AMS was responsible for designing the study tools, conducting the survey on ground, managing the



voluminous datasets, and preparing the report. The team worked under the guidance of an **Advisory Committee** consisting of representatives from RBI, NSSO, NIAP New Delhi, ISI-Kolkata and Bangalore, IGIDR Mumbai, academia and senior officers of NABARD under the overall guidance of the Top Management.

## 12.2 HIGHLIGHTS OF THE SURVEY

91% of the surveyed households were from the rural areas, and the average household size stood at 4.3 members per household. 57% households were classified as agricultural households that reported a value of produce more than ₹6,500 from agriculture and allied activities and had at least one member of the household engaged in agricultural or allied activities in the agricultural year 2021-22. Table 12.1 presents some of the key results of NAFIS 2021-22 as against the corresponding number reported in NAFIS 2016-17 pertaining to all households.

Table 12.1 Key Indicators – NAFIS 2021-22 versus NAFIS 2016-17		
Parameters	NAFIS 2016-17	NAFIS 2021-22
1	2	3
Average Size of Land Possessed (in Hectare)	1.08	0.74
Average Monthly Income (in ₹)	8,059	12,698
Average Monthly Consumption Expenditure (in ₹)	6,646	11,262
Expenditure on food items as % of total consumption	51%	47%
Average Annual Savings (in ₹)	9,104	13,209
Average Annual Investment (in ₹)	5,775	12,904
Average Annual Investment in Financial Assets (in ₹)	1,586	1,642
Average Annual Investment in Physical Assets (in ₹)	4,189	11,262
Average Indebtedness (in ₹)	46,574	47,158
Average Borrowings in AY 2021-22 (in ₹)	36,911	37,243
Average Borrowings from Institutional Sources (in ₹)	25,576	32,484
Average Borrowings from Non-Institutional Sources (in ₹)	11,335	4,759
Availability of valid KCC (% of Agri Households)	10.5	44.1
Households with any member associated with Any Microfinance Group (% of all households)	22.7	28.4
Insurance Penetration (% of all households)	25.5	80.3
Pension Coverage (% of all households)	18.9	23.5
Financial Knowledge (% of all Households)	48.2	58.3

**Table 12.1 Key Indicators – NAFIS 2021-22 versus NAFIS 2016-17**

Parameters	NAFIS 2016-17	NAFIS 2021-22
1	2	3
Financial Attitude (% of all Households)	42.5	59.0
Financial Behaviour (% of all Households)	56.4	72.8
Financial Literacy Score 12 or above (% of all Households)	33.9	51.3

## Land and Assets

- Average size of land possessed by agricultural households works out to 0.74 ha. The agricultural households of states like Maharashtra (1.34 ha) and Rajasthan (1.32 ha) reported a higher average size of land ownership among all States and UTs, while Ladakh (0.22 ha), Bihar (0.29 ha), Uttarakhand (0.33 ha), and West Bengal (0.35 ha) had smaller average size of land ownership.
- Taking all states combined, 8% of agricultural households reported to have leased-in some land, while only 2% reported to have leased out land.
- About 61% and 22% of agricultural households have milch animals and small ruminants, respectively. Ownership of poultry birds was reported by 18% of the agricultural households.

## Sources of Livelihood and Household Income

- Self-employment including farming, government/ private service, and casual wage labour were three prominent activities for generating income. Average monthly household income in the survey works out to ₹12,698.
- Average monthly income for agricultural households was ₹13,661. Cultivation and Government/ private service are the two major sources of household income accounting for 33% and 23% of the total household income, respectively. Wages (16%) and small enterprises (15%) also contribute significantly to the income of agricultural households. Over 90% of agricultural households reported to have multiple sources of income.
- Non-agricultural households reported an average monthly income of ₹11,438 per month, of which, 57% was contributed by salaries drawn from government/private jobs. Wage labour was another major source of income contributing to over one-fourth of their total income. About 2 in every 3 non-agricultural households relied on a single source of income.
- Based on reported expenses, the average monthly consumption expenditure (MCE) for all households is calculated as ₹11,262.
- Agricultural households reported a relatively higher consumption expenditure of ₹11,710 in comparison to the MCE for non-agricultural households of ₹10,675.

- 47% of the total consumption expenditure of all households was made on food items, and the remaining 53% was on non-food items.

### **Indebtedness and Borrowings**

- 52% of all households reported to have an outstanding debt. 55% of agricultural households and 48% of non-agricultural households were reportedly indebted at the time of survey.
- The average size of debt for all households was reported as ₹47,158.
- Households borrowed on an average ₹37,243 during the reference year, of which ₹32,484 was from institutional sources and ₹4759 was from non-institutional sources. On an average households repaid loan of ₹13,283 during the years. Close to three-fourths of the borrower households took loans from formal institutions.
- Agricultural households on an average had higher debt (₹50,512) than non-agricultural households (₹42,765). Agricultural households also borrowed more during the reference year (₹38,701) than non-agricultural households (₹35,332).

### **Savings and Investment**

- On the whole, about 66% of households affirmed to have saved any money in the last year and three-fifths of those reported any saving in an institution. The average amount of money saved in the given reference year was calculated to be ₹20,139 per saver household (₹13,209 on per household basis).
- Agricultural households fared better with 71% of them as saver households. Of the saver households, 64% saved in any institution and saved on an average ₹20,717 in the given reference period.
- On the other hand, 58% of non-agricultural households reported any saving with an average annual saving of ₹19,206. Only 52% of those reporting any savings affirmed to have saved in any institution.
- Annual average investment of all households was reported to be ₹12,904. Among 27% of households who reported to have made any investments, about 13% reported investments amounting up to ₹20,000/- or lesser. It was also interesting to note that among households investing only up to ₹20,000, roughly 90% of the money they invested was in physical assets.
- 44% of agricultural households were found to have a valid KCC at the time of the survey. Among households having land more than 0.4 ha as well as those who took any loan for agricultural purposes during agriculture year 2021-22, 77% reported having a valid KCC at the time of survey.

## **Insurance and Pension coverage**

- About 86% of agricultural households and 73% of non-agricultural households reported to have been covered under any one or more of routine types of insurance.
- As regards type of insurance, vehicle insurance emerged to have the highest penetration, covering roughly 55% of the households. Life insurance and health insurance were reported by 24% and 19% of the households, respectively.
- When assessed for the type of pension received, 54% of all households with senior citizens reported to have been covered by old age pension.

## **Microfinance and Community-based Institutions**

- About 28% of the households reported association with one or more of the microfinance groups, with agricultural households (31%) reporting a higher level of association than non-agricultural households (26%).
- States like Telangana (63%), Andhra Pradesh (60%), Odisha (48%), and Kerala (41%) had higher penetration of MFIs among all states. On the other hand, there were about 15 states where 20% or a lesser proportion of households reported association with such institutions.
- 64% of households reported the presence of any Self-Help Groups in their village and 26% had any member who was associated with one.
- 7% of households affirmed availability of FPOs / OFPOs in their area with only 1.3% of them reporting to have been associated with any FPO/ OFPO.
- Availability of other types of livelihood collectives was reported by 18% households, but the coverage of these collectives is restricted to merely 3% of the households.

## **Individual Level Financial Knowledge, Attitude and Behaviour**

- Overall, only 10% of individuals from rural areas and close to 13% from semi-urban areas reported to have been exposed to any session on financial education or training.
- 58% of the respondents fared well on the financial knowledge scale giving all correct responses to the questions asked. Assessment according to location revealed that 58% respondents from rural areas and 66% from semi-urban areas were assessed to be having sound financial “knowledge”.
- When assessed for financial attitude, 58% of individuals from rural areas and 65% from semi-urban areas were found to be having positive “attitude”, earning a score of 3 or more on a scale of 5.
- Behavioural assessment reflected that 72% of individuals from rural areas and 77% from semi-urban areas exhibited good financial “behaviour”.

- As per the combined estimation on financial literacy status, based on individuals who fared well in all three above components (i.e., knowledge, attitude and behaviour), 50% of rural respondents were found to have good financial literacy.
- As regards usage of various financial services during last 3 months, about 22% reported to have used ATM services, with 83% of them indicating that they were absolutely comfortable and confident while using it independently.



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# **ANNEXURES**





## Annexure-1

# MEMBERS OF ADVISORY COMMITTEE

Members Of Advisory Committee		
Name	Particulars	Institution
CGM, DEAR	Chairman	NABARD
Dr. Ashwani Kumar Tripathi	Member	RBI
Shri Uttam Kumar Majee	Member	NSSO (SDRD), Gol
Dr. P.S Birthal	Member	NIAP, New Delhi
Dr. Madhura Swaminathan	Member	ISI, Bengaluru
Dr. S. Chandrasekhar	Member	IGIDR, Mumbai
Dr. Davendra Verma	Member	CSO(Retd.) and UN
Shri Alope Kar	Member	NSSO (Retd.) and ISI, Kolkata
Dr. R.N. Kulkarni	Member	NABARD (Retd.)
CGM, FSDD	Member	NABARD
CGM, MCID	Member	NABARD
CGM, DoR	Member	NABARD
CGM, CPD	Member	NABARD
CGM, DFIBT	Member	NABARD
CGM, OFDD	Member	NABARD
K. Badrinarayana, GM, Law Department	Special Invitee	NABARD
Dr. Ashutosh Kumar, GM, DEAR	Convenor	NABARD
Consultants		
Shri Nilachal Ray	Consultant	NSSO, Gol (Retd.)
Shri Soumendra Chattopadhyay	Consultant	NSSO, Gol (Retd.)

## Annexure-2

# SAMPLING DESIGN AND ESTIMATION PROCEDURE

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**Geographical coverage:** The survey covers all 28 states and 2 union territories (viz. Jammu & Kashmir and Ladakh) of India with Tier-3 to Tier-6 centres having a population of less than 50,000.

**Survey Period:** The survey was initiated in September 2022 completed within a span of 10 months.

## SAMPLING DESIGN

**Outline of sampling design:** A stratified multi-stage sampling design has been adopted for the NAFIS 2021-22 survey. The first stage units (FSUs) are the Census villages in the rural sector and Census Enumeration Blocks (CEBs) in the semi-urban sector. The ultimate stage units (USUs) are the households in both the sectors. In the case of selected 'large' rural FSUs, one intermediate stage of sampling is done with the selection of two hamlet groups (HGs) for each of them.

**Sampling Frame for First Stage Units:** The list of Villages and Urban Local Bodies (ULB) from the Local Government Directories (which are maintained and updated regularly by the respective state governments) constituted the sampling frame for FSUs. The populations of the villages were first updated with the population figures available in the Mission Antyodaya (MA) database. Next, for the remaining villages and all ULBs, populations were estimated using the projected population of 2018 published by the ORGI. Villages and ULBs having population of more than 50,000 were kept outside the purview of the sampling frame. Since the Local Government Directories and the MA database are updated regularly, an appropriate cut-off date was fixed to freeze these lists while preparing of the FSU frame for the survey.

**Depopulated villages:** All villages with populations of less than 10 are taken out of the sampling frame and hence only inhabited villages are considered for sample selection. As such, it consists of 37,164 villages with 0.005% population of the total frame.

However, for the newly formed villages (i.e., those not available either in Census 2011 or in Mission Antyodaya), the populations were estimated as the average of the population of newly formed villages available in the Mission Antyodaya database for the state/ UTs.

**Stratification:** The resources available for the survey did not permit generating reliable district-level estimates. Thus, the FSUs of a state / UT were stratified into geographical strata defined as the NSS-Regions used in NSSO. A NSS-Region is a group of Districts within each State and Union Territories having similar agro-economic conditions. Altogether, there are 81 NSS-Regions covering 28 States and the 2 Union Territories.

**Sample Size:** Altogether 10,000 FSUs (Villages and CEBs) were selected for the survey with 10 USUs (Households) in each FSU, covering 1,00,000 households in 28 States and 2 Union Territories.

**Allocation of sample to States and UTs:** The total number of sample FSUs has been allocated to the States and UTs in proportion to population as per Census 2011, subject to a minimum sample allocation to each stratum (NSS-Region) as 55. No separate allocations are made for rural and urban sectors. The State/UT allocations are just a sum of the allocations of their respective strata.

The allocation of the number of FSUs is as below.

FSU allocation for the States/UTs			
Sr. No.	Code	State Name	Allocation
1	01	Jammu Kashmir (UT)	165
2	02	Himachal Pradesh	110
3	03	Punjab	225
4	05	Uttarakhand	81
5	06	Haryana	225
6	08	Rajasthan	557
7	09	Uttar Pradesh	1,664
8	10	Bihar	944
9	11	Sikkim	55
10	12	Arunachal Pradesh	55
11	13	Nagaland	55
12	14	Manipur	110
13	15	Mizoram	55
14	16	Tripura	55
15	17	Meghalaya	55
16	18	Assam	298
17	19	West Bengal	696
18	20	Jharkhand	274

FSU allocation for the States/UTs			
Sr. No.	Code	State Name	Allocation
19	21	Odisha	372
20	22	Chhattisgarh	268
21	23	Madhya Pradesh	585
22	24	Gujarat	444
23	27	Maharashtra	692
24	28	Andhra Pradesh	368
25	29	Karnataka	450
26	30	Goa	55
27	32	Kerala	278
28	33	Tamil Nadu	521
29	36	Telangana	233
30	37	Ladakh (UT)	55
INDIA			10,000

### Selection of FSUs:

Sample FSUs have been selected by Probability Proportional to Size (PPS) Circular Systematic Sampling method, where size is taken as the estimated population of the FSU. For each stratum, i.e., NSS region, the sample of FSUs was drawn independently. The objective of the survey required representation from three groups of villages defined as follows:

FSU-Group 1: Villages with population < 250

FSU-Group 2: Villages with population > 250 and having a Bank

FSU-Group 3: Remaining villages

All Urban EBs were included in FSU-Group 2.

For selection of the FSUs from a stratum (NSS region), the villages and urban EBs were arranged (sorted) by District Code, Sector, FSU-Group (as defined above), Village/Town Code, PC-Ward Number and Census Enumeration Code. Having arranged the FSUs in this order, the required number of sample FSUs were selected following PPS Systematic sampling method. This method is adopted to ensure the proportional representation of districts, sectors and FSU-Groups in the sample of FSUs.

### SELECTION OF HAMLET-GROUPS:

**Criterion for hamlet-group formation:** After identifying the boundaries of a rural FSU, it was determined whether the listing was to be done in the whole sample FSU or not. When the approximate number of households currently inhabiting the selected FSU was found to be 300

or more (henceforth called 'large' villages), it was divided into a suitable number (say, D) of 'hamlet-groups' by more or less equalising the population as specified below:

Current number of households (approx.) in the sample FSU	No. of hamlet group(s) formed
less than 300 (no hamlet-group)	1
300 to 449	3
450 to 599	4
600 to 749	5
..... and so on	-

Next, for a 'large' FSU in rural Sector, i.e., for which hamlet groups have been formed, two hamlet groups (HG) were selected by simple random sampling without replacement (SRSWOR).

For the urban FSUs, all the households in the entire Census Enumeration Block (CEB) were included in the sampling frame for selection of households.

**Listing of households:** For the 'large' rural FSUs, after having selected the sample of (two) hamlet groups, i.e., area(s) to be considered for listing, the next step was to list all the households. For the other selected FSUs, a list of all the households in the FSU was prepared. While preparing the list of households, some information was also collected as per the listing schedule. The listing of households was done separately for hamlet groups 1 and 2, when hamlet groups were formed, otherwise, all the households of the FSU were listed.

#### **Formation of second stage strata (SSS) and allocation of households in different SSS:**

Three SSS were formed on the basis of the nature of indebtedness of households. The composition of the SSS and number of households to be surveyed from different SSS are as follows:

Composition	SSS No.	No. of sample households allocated
Indebted either to institutional agencies only or to both institutional and non-institutional agencies	1	4
Indebted to non-institutional agencies only	2	4
Without any indebtedness	3	2

All the listed households were stratified accordingly, without distinguishing them by the selected hamlet-groups.

**Selection of households:** For FSUs with hamlet-group formation, after stratifying each household into respective SSS, the lists of both hamlet groups were merged as per their respective orders, with

the hamlet group 2 list appended to the hamlet group 1 list for each SSS. Note that for the FSUs with no hamlet-group formation, merging was not required. Next, for each SSS, the required number of sample households were selected independently by SRSWOR method.

## ESTIMATION PROCEDURE:

### Notations:

s	subscript for $s^{\text{th}}$ stratum
i	subscript for $i^{\text{th}}$ FSU
j	subscript for $j^{\text{th}}$ second stage stratum in an FSU
k	subscript for $k^{\text{th}}$ sample household within second stage stratum
D	total number of hamlet groups (segments) in an FSU
N	total number of FSUs in a stratum
n	number of sample FSUs surveyed including 'uninhabited' and 'zero cases' but excluding casualty for a particular stratum
Z	total of size variable of FSUs of a stratum
z	size variable of a FSU
H	total number of households listed in a second-stage stratum of an FSU
h	number of households surveyed in a second-stage stratum of an FSU
x, y	observed value of characteristics x, y under estimation
$\hat{X}, \hat{Y}$	estimate of population total X, Y for the characteristics x, y

Accordingly,

$y_{sijk}$  = observed value of the characteristic y for the  $k^{\text{th}}$  household of the  $j^{\text{th}}$  second stage stratum of the  $i^{\text{th}}$  FSU for the  $s^{\text{th}}$  stratum;

and the selection probability of the  $i^{\text{th}}$  FSU,  $p_{si} = \frac{z_{si}}{Z_s}$

### Formulae for Estimation of Aggregates for a stratum $\times$ sub-stratum:

From the  $i^{\text{th}}$  FSU of a stratum (s), an estimate of total of the stratum:

$$\tilde{Y}_{si} = \frac{Z_s}{z_{si}} D_{si}^* \sum_{j=1}^3 \left[ \frac{H_{sij}}{h_{sij}} \sum_{k=1}^{h_{sij}} y_{sijk} \right]$$

$$\begin{aligned} \text{where } D_{si}^* &= 1 \text{ if } D_{si} = 1 \\ &= D_{si}/2 \text{ other wise} \end{aligned}$$

For the  $s^{\text{th}}$  stratum, the estimate of aggregate is obtained as:

$$\hat{Y}_s = \frac{1}{n_s} \sum_{i=1}^{n_s} \tilde{Y}_{si} \text{ where } n_s \text{ is the number of surveyed FSUs;}$$

The estimate for the entire domain (State/ UT/ all-India level) is  $\hat{Y} = \sum_{s=1}^S \hat{Y}_s$

### Estimates of Ratios:

Let  $\hat{Y}$  and  $\hat{X}$  be the overall estimates of the aggregates Y and X for two characteristics y and x respectively at the State/ UT/ all-India level.

Then the combined ratio estimate ( $\hat{R}$ ) of the ratio ( $R = \frac{Y}{X}$ ) will be obtained as

$$\hat{R} = \frac{\hat{Y}}{\hat{X}}.$$

### Estimation of Errors:

An approximation of the sampling variance for  $\hat{Y}_s$  is given by

$$v(\hat{Y}_s) \cong \frac{1}{n_s(n_s-1)} \sum_{i=1}^{n_s} (\tilde{Y}_{si} - \hat{Y}_s)^2 \cdot \left(1 - \sum_{i=1}^{n_s} Z_{si}/Z_s\right)$$

and the variance of the estimator for the entire domain is given by

$$v(\hat{Y}) = \sum_{s=1}^S v(\hat{Y}_s)$$

Similarly, the approximate estimate of sampling variance for  $\hat{X}$  is given by

$$v(\hat{X}) = \sum_{s=1}^S v(\hat{X}_s)$$

Next, the approximate estimate of covariance of  $\hat{Y}$  and  $\hat{X}$  is given by

$$cov(\hat{X}, \hat{Y}) = \sum_{s=1}^S cov(\hat{X}_s, \hat{Y}_s),$$

where  $cov(\hat{X}_s, \hat{Y}_s) = \left[ \frac{1}{n_s(n_s-1)} \sum_{i=1}^{n_s} (\tilde{Y}_{si} - \hat{Y}_s) \cdot (\tilde{X}_{si} - \hat{X}_s) \right] \left(1 - \sum_{i=1}^{n_s} Z_{si}/Z_s\right)$

Thus, the MSE of  $\hat{R}$  (at the domain-level) is obtained as

$$MSE(\hat{R}) = \frac{1}{\hat{X}^2} [v(\hat{Y}) + \hat{R}^2 v(\hat{X}) - 2 \hat{R} cov(\hat{X}, \hat{Y})]$$

### Estimates of Relative Standard Error (RSE):

$$R\hat{S}E(\hat{Y}) = \frac{\sqrt{Var(\hat{Y})}}{\hat{Y}} \times 100$$

$$R\hat{S}E(\hat{R}) = \frac{\sqrt{MSE(\hat{R})}}{\hat{R}} \times 100$$

### Annexure-3

## LIST OF NSS REGIONS AND NUMBER OF FSUs COVERED UNDER THE SURVEY

Name of State	NSS Region	Districts in NSS Region	FSUs in NSS Region
Andhra Pradesh	Coastal Northern	2	74
	Coastal Southern	4	112
	Inland Southern	7	182
Arunachal Pradesh	Arunachal Pradesh	25	55
Assam	Plains Eastern	9	71
	Plains Western	12	99
	Cachar Plain	6	55
	Central Brahmaputra Plains	7	73
Bihar	Northern	21	615
	Central	17	329
Chhattisgarh	Northern Chhattisgarh	4	55
	Mahanadi Basin	17	158
	Southern Chhattisgarh	7	55
Goa	Goa	2	55
Gujarat	South Eastern	12	135
	Plains Northern	7	94
	Dry areas	2	55
	Kachchh	1	55
	Saurashtra	11	105
Haryana	Eastern	14	136
	Western	8	89



Name of State	NSS Region	Districts in NSS Region	FSUs in NSS Region
Himachal Pradesh	Central	5	55
	Trans Himalayan & Southern	7	55
Jammu & Kashmir (UT)	Mountainous	3	55
	Outer Hills	7	55
	Jhelam Valley	10	55
Ladakh (UT)	Ladakh	2	55
Jharkhand	Ranchi Plateau	11	117
	Hazaribagh Plateau	13	157
Karnataka	Coastal & Ghats	3	55
	Inland Eastern	4	55
	Inland Southern	9	117
	Inland Northern	14	223
Kerala	Northern	6	124
	Southern	8	154
Madhya Pradesh	Vindhya	11	122
	Central	6	85
	Malwa	12	129
	South	8	105
	South Western	7	71
	Northern	8	73
Maharashtra	Coastal	5	74
	Inland Western	6	191
	Inland Northern	4	101
	Inland Central	8	149
	Inland Eastern	7	122
	Eastern	4	55
Manipur	Plains	6	55
	Hills	10	55
Meghalaya	Meghalaya	11	55
Mizoram	Mizoram	11	55
Nagaland	Nagaland	12	55

Name of State	NSS Region	Districts in NSS Region	FSUs in NSS Region
Odisha	Coastal	9	134
	Southern	12	130
	Northern	9	108
Punjab	Northern	10	107
	Southern	12	118
Rajasthan	Western	7	117
	North-Eastern	10	187
	Southern	4	68
	South Eastern	6	66
	Northern	6	119
Sikkim	Sikkim	4	55
Tamil Nadu	Coastal Northern	10	155
	Coastal	9	100
	Southern	10	137
	Inland	8	129
Telangana	Inland North Western	18	128
	Inland North Eastern	15	105
Tripura	Tripura	8	55
Uttar Pradesh	Northern Upper Ganga Plains	7	150
	Central	15	310
	Eastern	28	741
	Southern	7	81
	Southern Upper Ganga Plains	18	382
Uttarakhand	Uttarakhand	13	81
West Bengal	Himalayan	5	73
	Eastern Plains	6	218
	Southern Plains	2	121
	Central Plains	4	125
	Western Plains	5	159
Total		710	10,000

## Annexure-4

# RESEARCH TOOL

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### NABARD All India Rural Financial Inclusion Survey (NAFIS 2021-22)

#### Questionnaire for Household Survey

##### INFORMED CONSENT

Hello, my name is \_\_\_\_\_ and I am working with Academy of Management Studies (AMS). AMS is a research organization that conducts social and development research for Government Departments as well as international organizations. Currently, we are conducting a survey for NABARD which aims at studying the extent of financial inclusion among rural households all over India. The information we collect will help the government to plan financial products and services meant for the rural poor. Your household was selected for this survey. The questions usually take about 60 minutes. All of the answers you give will be confidential and will not be shared with anyone other than members of our survey team. You don't have to be in the survey, but we hope you will agree to answer the questions since your views are important. If I ask you any question you don't want to answer, just let me know and I will go on to the next question or you can stop the interview at any time.

In case you need more information about the survey, please don't hesitate to ask me at any point of time.

Do you have any questions? May I begin the Interview now?

Respondent ready to be interviewed



**BEGIN INTERVIEW**

Respondent not ready to be interviewed



**END INTERVIEW**

Signature of Interviewer: \_\_\_\_\_

Date: \_\_\_\_\_

Start Time: \_\_\_\_\_

1. Location Details			FSU Code (Refer to Sample List):	
1.1	State:		1.2	District:
1.3	Stratum Number:		1.4	Second Stage Stratum No.:
1.5	Type of Location: <b>(Rural-1; Semi-Urban-2)</b>			
	<b>If the location is Semi-Urban:</b>			<b>If the location is Rural:</b>
1.5A	Name of ULB/Town:		1.6A	Block:
1.5B	Ward No.:		1.6B	Village:
1.5C	CEB Code:			
1.7A	House Number as per House listing Sheet (Refer to the sample sheet)		1.8	Household ID (Serial No. of Household) (Refer to the sample sheet):
1.7B	Household Number as per House listing Sheet (Refer to the sample sheet)			

## SECTION A: HOUSEHOLD LEVEL DETAILS

**(To be asked from the Head of Household or any adult knowledgeable member of the household)**

2. Respondent Profile				
2.1	Name of the Head of Household:		2.2	Gender <b>(Male-1; Female-2; Transgender-3)</b> :
2.1A	Father's Name:		2.3	Age (in completed years):
2.4	Social Category of the Head of Household <b>(Scheduled Caste-1; Scheduled Tribe-2; Other Backward Classes-3; General -4)</b>			
2.5	What type of ration facilities is the Head of this Household entitled for? <b>(Free Ration only-1; Subsidized Ration only-2; Both, free and subsidized Ration-3; None of the above-4)</b>			
2.6	Is the respondent the same as the head of household? <b>(Yes-1; No-2)</b> <b>(If yes, capture Mobile No. and then go to the next section. Else proceed with the next questions.)</b>			
2.7	Name of Respondent:	(Will be asked after filling the roster)	2.8	Mobile No.:
2.9	Age (in completed years):	(autofilled)	2.10	Gender: (autofilled)

**(Will be asked  
after filling the  
roster)**

3. Household Profile												
Ask for all usual members of the Household					For 15 years & above							
Sr. No.	Name of the Member (Start with head of household)	What is the Relationship of ___ with the Head of Household* (Code)	Sex (Male-1; Female-2; Transgender-3)	Age (in ___ Comp. Years)	What is the Educational Status of ___ in ___ in terms of last class passed?^ (Code)	What is the Marital Status of ___? (Code)	What is the Usual Activity that ___ undertakes? (Status Code)^	For how many days did ___ remain engaged in the year 1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022. (Applicable for code 11-51 in Q3G)	Did ___ have to migrate to some other place for the purpose of work during the year 1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022? (Yes-1; No-2)	Whether ___ is formally trained to carry out the Principal Activity (Yes-1; No-2, Don't know-98) Ask for Members other than CODEs '91', '92', '94', '95', '97' or '98' in Q3G	Whether ___ wants to learn any new skill? (Yes-1; No-2; Not Applicable-96; Don't know-98)	If Yes, what type of new skills ___ wants to learn? (CODES)^
	Q3A	Q3B	Q3C	Q3D	Q3E	Q3F	Q3G	Q3H	Q3I	Q3J	Q3K	Q3L
1												
2												
3												
4												
5												
6												
7												

\* **Relationship with Head of Household:** Head-1, Spouse of head-2, married child-3, spouse of married child-4, unmarried child-5, grandchild-6, father/mother/father-in-law/mother-in-law-7, brother/sister/brother-in-law/sister-in-law/other relatives-8, servants/employees/other non-relatives-9 (Start by asking the details of the head of household)

^ **Educational status:** Illiterate-1; Literate without formal schooling - 2; **Literate with formal schooling** - Up to primary-3; Class 6<sup>th</sup> to 10<sup>th</sup> -4; Senior secondary-5; Diploma/certificate course - 6; Graduate-7; Postgraduate and above-8

**Marital Status (Codes):** Never Married-1; currently married-2, widowed -3, divorced/ separated-4

@ **Activity Status Code:** Worked in the household enterprise (self-employed): own account worker (Agriculture/Livestockrearing/Small Business/ Petty Business & allied activities)-11, Employer (Owner of an institution)-12, Worked as helper in household enterprise (unpaid family worker) -21; Worked as regular salaried/ wage employee -31, Worked as casual wage labour: in public works other than MGNREG works -41, In MGNREG works - 42, In other types of work -51; Did not work but was seeking and/or available for work -81, Attended educational institution (student) -91, Attended domestic duties only -92, Attended domestic duties and was also engaged in free collection of goods (vegetables, roots, firewood, cattle feed, etc.), sewing, tailoring, weaving, etc. for household use -93, Rentiers, pensioners, remittance recipients, etc. -94, Not able to work due to disability -95, Others (including begging, prostitution, etc.) -97; Too old to work -98;

# **Codes of Skills to Learn:** Mechanic -1; Technician (Electrical or electronics)-2; Plumbing-3; Carpenter-4; Computer Operator/ Stenographer/ secretarial assistant-5; Fashion design & technology/ Tailoring/embroidery, etc-6; Cosmetology/ Beautician-7; Agri-related like gardening-8; Draughtsman (Civil)-9; Tourism & Hospitality-10; Media & Entertainment sector-11; Healthcare sector-12; Any other -97

#### 4. Household Asset Portfolio

Please provide the following description about the land available with the household as on date of survey:							
4.1	Particulars	Local Unit	Land Owned	Leased in	Leased out	Possessed but not owned	Total Possessed Column {(3+4+6)-5}
	1	2	3	4	5	6	7
4.1A	Cultivable Land						
4.1A1	- Irrigated Land						
4.1A2	- Unirrigated Land						
4.1B	Orchards & Plantation						
4.1C	Other & Barren (Pastures)						
4.1D	Land for Non-agricultural Uses						
4.1D1	Water Bodies (pond, lake etc.)						
4.1D2	Other (Cow shed, Construction, Wells, Godowns, etc.)						
4.1E	Homestead Land						

Household Assets							
4.2	Functional Agriculture Assets owned by the Households as on date of survey (If No asset(s) owned, record '0')						
	Type of Assets	No. of Functional Assets	Type of Assets	No. of Functional Assets	Type of Assets	No. of Functional Assets	
A	Tractor		B Power Tiller		C Land Leveller		
D	Happy Seeder (Seeding Machine)		E Harvester		F Fishing Boats		

	G	Fishing Trawlers		H	Tube-well with Diesel pump		I	Tube-well with electric pump	
	J	Thresher		K	Sprinkler	(Yes-1; No-2)	L	Drip Irrigation System	(Yes-1; No-2)
4.2.2	<b>Livestock owned by Households (Number of Animals owned) as on date of survey (If No livestock owned, record '0')</b>								
	A	Cow		B	Buffalo		C	Small Ruminants (Sheep/ goat/ pigs/ etc.)	
	D	Poultry birds (hen, cock, chicken, duck, duckling, other poultry birds, etc.)		E	Draught Animals (horse, pony, mule, donkey, elephant, camel, yak, etc.)		F	Other Animals (Please, specify)	
	G	Does the household own an animal shed? (Yes-1; No-2)		H	If yes, is it sufficient to house the animals owned by the household? (Yes-1; No-2)				
4.2.3	<b>Number of Functional commercial vehicles owned by the household as on date of survey (If no commercial vehicles owned, record '0')</b>								
	A	Land Transport	1. Freight vehicle (Like Truck, Mini truck, Lorry, etc.) 2. Passenger Vehicle (Bus, Taxi, Auto rickshaw, etc) 3. Non-mechanized Passenger vehicle (Cycle Rickshaw, Tonga, etc.) 4. Any other, please specify (.....)						
	B	Water Transport	1. Mechanized 2. Non-Mechanized						
4.2.4	<b>Consumer Durables (Number of Functional Consumer Durables owned by the Household) as on date of survey (If No consumer durables, record '0')</b>								

	A	Television		B	Radio/Transistor		C	Computer or laptop	
	D	Air Conditioner		E	Car		F	Cooler	
	G	Mobile Phone (Feature/CDMA Phone)		H	Mobile Phone (Android/SmartPhone)		I	Two-Wheeler (Scooter/ Motorcycle)	
	J	Refrigerator							
4.3	Housing & Amenities (as on date of survey)								
4.3.1	Type of House ( <b>Kutcha-1; Semi-pucca-2; Pucca-3; Other, please specify</b> ) .....-97) ( <b>OBSERVE &amp; RECORD</b> )								
4.3.2	If Pucca House, then the number of rooms in the house								
4.3.3	Ownership Status of House ( <b>Owned-1; Rented-2; Provided by employer-3; Any other (please specify)-97</b> )								
4.3.4	Do you have access to electricity in your house? ( <b>Yes-1; No-2</b> )								
4.3.5	Does the household use any renewable or unconventional sources of energy for any household or livelihood generation purposes? ( <b>Solar-1; Biogas-2; Wind energy-3; Any other renewable sources-4, None-99</b> ) ( <b>Multiple Responses Applicable</b> )								
4.3.6	Primary Source of Drinking Water: ( <b>Improved Sources: Piped water inside dwelling (Piped water supply)-01; Piped water to yard/plot (Piped water supply)- 02; Public tap/standpipe-03; Hand pump-04; Tube well/bore well-05; Protected dug well-06; Bottled water-07; Un-Improved Sources Unprotected dug well-08; Collected rainwater like lake, pond-09; Cart with small tank/drum-10; Tanker-truck-11; Surface water (river, dam, stream, canal, irrigation channels)-12; Others (specify)-97</b> )								
4.3.7	Type of Toilet facility accessed by the household: ( <b>Own Flush Toilet-1; Public/ shared Flush Toilet-2; Own pit Toilet-3; Public/ shared pit toilet-4; Others (Specify)-97; Defecate in Open - 98</b> )								



5. Household Consumption Expenditure					
5.1	Household consumption on food items (Expenditure Incurred in last calendar month from date of survey) (DO NOT FORGET TO INCLUDE THE VALUE OF HOME-PRODUCED ITEMS CONSUMED BY THE HOUSEHOLD; Ex- Own farm produce)				
Sr. No.	Items of consumption	Expenditure in last calendar month (₹)	Sr. No.	Items of consumption	Expenditure in last calendar month (₹)
5.1.1	Rice/ Wheat/ Millets and other cereals		5.1.2	Pulses	
5.1.3	Vegetables/Fruits		5.1.4	Milk/Milk Products	
5.1.5	Fish/Egg/Meat/Chicken		5.1.6	Ghee/Vanaspati/Cooking Oil	
5.1.7	Tea/Coffee/Health Drink		5.1.8	Biscuits/Bread/Confectionary/ Packaged Foods	
5.1.9	Eating out (Meal)		5.1.10	Eating out (snack)	
5.1.11	Sugar/Spices/Salt		5.1.12	Any other (please specify)	
5.2	Household consumption on non-food items (Expenditure Incurred in last calendar month from date of survey)				
Sr. No.	Items of Consumption	Expenditure in last calendar month (₹)	Sr. No.	Items of Consumption	Expenditure in last calendar month (₹)
5.2.1	Value of firewood/ cowdung cakes/ coal consumed		5.2.2	Electricity, LPG gas (cooking & lighting)	
5.2.3	Toiletries (Soap, lotions, powder, shaving cream, toothpaste) etc.		5.2.4	Intoxicants (Tobacco, Pan, Cigarette, Alcohol etc.)	
5.2.5	Telephone charges (mobile & landline) / Internet charges including internet packs in mobile phones		5.2.6	Monthly Education expense (School fee, stationery, etc.)	
5.2.7	Medical expense (excluding hospitalization)		5.2.8	Monthly cable TV charges	
5.2.9	Melas/fairs, picnics, and other entertainment expense		5.2.10	Conveyance fare and vehicle expense	

5.2.11	Household consumer services (Domestic help/cook, driver, barber/beautician, tailor, lawyer, laundry/ ironing, repairs, etc.)		5.2.12	Any Other, please specify_____		
5.3	<b>Items of Annual Consumption (Expenditure Incurred between 1st July 2021 to 30th June 2022)</b>					
<b>Sr. No.</b>	<b>Particulars</b>	<b>Expenditure between July 2021 to June 2022</b>	<b>Sr. No.</b>	<b>Particulars</b>	<b>Expenditure between July 2021 to June 2022</b>	
5.3.1	Clothing & footwear (including gifts given)		5.3.2	Furniture/bedding/mattress/pillows/cushions/curtains		
5.3.3	Purchase of vehicle/mobile phone/watch/PC/ TV/AC/Cooler, household appliance and other durables		5.3.4	Holiday travel and accommodation expenses		
5.3.5	Medical care (hospitalization expense)		5.3.6	Religious & social expenses		
5.3.7	Minor Repair of dwelling		5.3.8	Major/ Minor repair of Durables		
5.3.9	Any other (please specify .....)					
5.4	<b>To what extent was the consumption pattern of the households for the following types of products by affected due to COVID or lockdown that happened due to COVID? (Expenditure Decreased -1; Expenditure remained unchanged-2; Expenditure increased-3) (Ask for each type of Product Individually)</b>					
5.4.1	Food & beverages		5.4.5	Expense on consumer durables, furniture, housing, vehicles		
5.4.3	Clothing & footwear		5.4.6	Expense on telephone & internet		
5.4.3	Toiletries		5.4.7	Travel & religious & social expenses		
5.4.4	Medical expenses including hospitalization					

## 6. Household Income

6.1	Whether any member of the household is engaged in agricultural (crop production/ plantation/ orchard) activities in the last agricultural year (1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022)? (Yes-1; No-2)																								
6.2	Ask the following details about income of the household from agricultural activities in the last agricultural year (1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022) –																								
Sr.No.	Crop Produced (CODE) (Refer to booklet)	Irrigated Area under cropping		Un-irrigated Area under cropping		Total Production (KG, Quintal, Numbers)		Input Costs <i>Record crop-wise expense on the following items (₹)</i>							Cost of Labour, if Hired (₹)		Quantity of Produce Sold		Where did you sell a major portion of the total produce sold? (Code)	Did you process the crop in any way before selling it? (Yes-1; No-2)	Total Value of the Produce Sold (₹)	Total Value of Byproducts (like Straw etc.) of this Crop (₹)	Were any member of your family engaged in labor work for crop?	If yes, for how many total-person days (No. of persons X No. of Days involved) were they engaged?	On average, for how many hours was the person employed on each day?
		Area	Unit	Area	Unit	QTY	Unit	Seeds (Owned/Purchase)	Fertilizers/ Manure/ Compost	Pesticides/ Herbicides	Expense on Farm Machinery (Hired/Owned)	Irrigation expenses	Transportation & Packaging	Other costs including maintenance, fencing, etc.	QTY	Unit									
6.3 FOR KHARIF SEASON (July 2021 – October 2021)																									
1	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	
2																									
3																									
4																									
5																									

6.4 FOR RABI SEASON (November 2021 – March 2022)																								
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
1																								
2																								
3																								
4																								
5																								

6.5 FOR ZAID SEASON (April 2022 – June 2022)																								
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
1																								
2																								
3																								
4																								
5																								

6.6 FOR OTHER PERENNIAL AND HORTICULTURAL CROPS OR PLANTATION																								
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
1																								
2																								
3																								
4																								
5																								

6.7	Name of other Crops produced in the last agricultural year (1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022), if any (Write the name of all crops)	Total Input Cost (₹)	Total Value of the Produce/By Products (₹)
6.8	Amount of Lease Rent paid in the last agricultural year (1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022), if any (₹)		

<b>Codes for Buyer to whom a major proportion of the crop was sold:</b> Local market (incl. local traders)- 01, APMC (Mandi) market -02, Input dealers - 03, Cooperative -04, Government agencies -05, Farmer producer organisations (FPO) -06, Private processors - 07, Contract farming sponsors/ companies -08, Any others-97																
6.9	Whether the household is engaged in livestock rearing in the last agricultural year (1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022)? (Yes-1; No-2)															
6.10	If yes, ask for the following details of the income of the household from these activities in the last agricultural year (1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022)															
Sr. No.	Product (CODE)	Total Production/ Total Number		Input Costs <i>Record Expense on the following items (₹)</i>				Cost of Labour, if hired (₹)	Total Annual Cost incurred including Feed/ fodder, Veterinary services, Hired Labour, etc) (Ask only if Code-10 is reported)	Quantity of Produce Sold		Where did you sell a major portion of the produce sold? (Code)	Total Value of the Produce Sold (₹)	Total Annual Income from these animals (Ask only if Code-10 is reported)	Total Value of By-products (₹)	
		Quantity	Unit	Animal Seeds (like Chicken Chicks)	Animal Feed & Fodder	Veterinary Services	Other costs (like rent for land, etc.)			G	F					E
6.10.1																
6.10.2																
6.10.3																
6.10.4																
6.10.5																
6.10.6																
6.10.7																
6.10.8																
6.10.9																
6.10.10																
6.10.97																

	<b>Product (CODES):</b> Cow Milk-1; Buffalo Milk-2; Other Milk-3; Milk products-4; Meat/ flesh -5; Fur/wool-6; Eggs-7; Fish-8; Chicken-9; Draught Animal (Calf, Horse, Mule, Camel, Bullock etc)-10; Any other, please specify-97 <b>Codes for Buyer to whom a major proportion of the crop was sold:</b> Local market (incl. local traders)- 01, Direct to client-02, cooperative societies -04, Government agencies -05, Farmer producer organisations (FPO) -06, private processors - 07; others (please specify)-97		
6.11.1	How many members of your family were usually engaged in labor work for livestock activities during last agricultural year (1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022)? <i>(If no member engaged, enter '0' and go to Q6.12)</i>		
6.11.2	On average, for how many persondays (No. of persons X No. of Days involved) were they engaged in livestock activities in last agricultural year (1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022)?		
6.11.3	On an average, for how many hours each day do each person contributed on a regular working day?		
6.12	<b>Obtain the following details of annual income earned from other economic activities undertaken in the last agriculture year (1st July 2021 to 30th June 2022)</b>		
	<b>Activity</b>	<b>No. of Earners</b>	<b>Net Annual Earning from activity (₹) (Record total earnings after excluding all expenses or input costs like raw material, facility rent, labour, transport, etc.)</b>
		<b>A</b>	<b>B</b>
6.12.1	Trader/ shopkeeper/ petty business/ hawkers		
6.12.2	Selling NTFP/ forestry products (like gum, honey, tendu leaves etc.)		
6.12.3	Self Employed Professional (Doctor, Lawyer, Accountant, etc.)		
6.12.4	Handicraft/ Handloom Activities		
6.12.5	Income from Agro-processing enterprise (Ex- Flour mill, rice expeller)		
6.12.6	Other Enterprise – Manufacturing (Ex- Incense stick & Candle making)		
6.12.7	Other Enterprise – Service (Ex- Catering, light, tent, decoration, Salon)		
6.12.8	Government/ Private job		

		No. of Earners engaged	Total Person days (No. of persons X No. of Days involved) for which they were engaged in the activity in the last Agri. Year (1st July 2021 to 30th June 2022)? (In person days)	Total Annual Earnings from the Activity in the last Agri. Year (1st July 2021 to 30th June 2022) (₹)
6.12.9	MNREGA Activity			
6.12.10	Agricultural Labor			
6.12.11	Non-Agricultural Labor - Skilled			
6.12.12	Non-Agricultural Labor - Unskilled			
6.13	Obtain details about annual earnings from payments/ remittances and other sources -			
Sr. No	Source	Total Annual Income from Source in last agriculture year (1st July 2021 to 30th June 2022) (₹)		
6.13.1	Income from rent earned on building and land			
6.13.2	Earning from interest on deposits in Bank/financial institutions			
6.13.3	Earning from interest on Investments/ Dividends			
6.13.4	Income from Pension			
6.13.5	Remittances received from family members outside the village			
6.13.6	Receipts under Govt. Schemes (Ex-Kisan Samman Nidhi, Scholarship)			
6.13.7	Any other, please specify			

## 7. Savings & Investments

7.1		Has any member of the household saved any money in banks, cooperative societies, cooperative banks, post office, SHGs, chit fund or home etc. during the last agricultural year (1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022)? <b>(Yes-1; No-2; Don't know/ Can't say-98)</b>		If No/Don't know, go to 7.3		
7.2		Please provide the following description about the savings done by the household members during the last agricultural year (1 <sup>st</sup> July 2021 to 30 <sup>th</sup> June 2022)				
ID of the Member (Same as in Q3)	Name of the Member (Same as in Q3)	In which of the following places did the person save money in the last agricultural year?*(Code) (If Code 3/6/7/8/97, go to Col. F) (Read each option) (Multiple Response)	Number of accounts where money was saved by the member (Ask for each place where member reported to have saved, one-by-one. Applicable only if Code 1/2/4/5 reported in Column B)	If a member has more than one account, use separate rows for capturing details of each		Total Amount of Money saved by the member in the last year (₹)
				Since how many years are you operating the Account? (Enter '0' for less than 1 year)	Purpose of opening account^ (Code) (Multiple Response)	
	A	B	C	D	E	F
Member1						
Member1						
Member1						
<b>*Place of Savings:</b> Scheduled commercial bank (like SBI, PNB, HDFC, ICICI etc.); 01: Regional Rural bank (like Aryavart Gramin Bank, MBGB, DBGB etc.); 02: Co-operative Society; 03: Cooperative Bank; 04: Post Office; 05: SHGs; 06: Chit funds; 07: Home Savings; 08: Any other; 97 (Specify) <b>^ Purpose of Opening Account:</b> a- To save money-1; b- To get interest from savings-2; c- To receive Govt. Benefits directly in account-3; d- To receive remittance from family members directly into account-4; e- To transfer money to family members through account-5; f- Family Members told to open account-6; g- For investment purposes-7; h- For starting business-8; i- For education-9; j- For purchase of capital assets-10; k- For old age/ retirement-11; l- Purchase of personal assets-12; m- For loan repayment-13; n- To open under PMJDY -14; o- No specific reason-15; z- Any other (Specify)-97						





7.5	Has your household made any investment in the last agricultural year (1st July 2021 to 30th June 2022)? (Yes-1; No-2; Don't Know-98) (Investment refers to any amount saved for a longer term with the objective of earning income or creating wealth. Investments may carry some amount of risk but offer potentially higher rates of return.)					
7.6	If yes, then please give the details of the investments that the members of this household made in the last agricultural year (1st July 2021 to 30th June 2022)?					
	Total Investments in Financial Assets					
	Investment Avenues	Whether made any Investment in (Yes-1; No-2)	If Yes, Total Amount of Money Invested (₹)	Investment Avenues	Whether made any Investment in (Yes-1; No-2)	If Yes, Total Amount of Money Invested (₹)
7.6.1	Investment in fixed/ term deposits in banks (FD/RD)			Investment in fixed or term deposits in Post office (Fixed/ Recurring/ fixed income deposits like NSC/KVP/ other saving bonds, etc.)		
7.6.3	Investment in Shares/Bonds/Mutual Funds			Investment in Pension or Provident Fund/ other contributory funds		
7.6.5	Any other (please specify)					
	Total Investments in Physical Assets					
	Investment Avenues	Whether made any Investment in (Yes-1; No-2)	If Yes, Total Amount of Money Invested (₹)	Investment Avenues	Whether made any Investment in (Yes-1; No-2)	If Yes, Total Amount of Money Invested (₹)
7.6.6	Investment in purchase of house/ shop/ office			Investment in Major Repairs which increases the life of the asset/ building		

7.6.8	Investment in purchase of commercial/ agricultural/ residential land			7.6.9	Investment in Machine/ Equipment to be used in income generating activity/ Tractor		
	<b>Investment Avenues</b>	<b>Whether made any Investment in (Yes-1; No-2)</b>	<b>If Yes, Total Amount of Money Invested (₹)</b>		<b>Investment Avenues</b>	<b>Whether made any Investment in (Yes-1; No-2)</b>	<b>If Yes, Total Amount of Money Invested (₹)</b>
7.6.10	Investment in Livestock			7.6.11	Investment in Bullion/ Ornaments (Gold/ silver/ precious stones, etc.)		
7.6.12	Investment in Transport Assets (like van/mini-carrier/ car for rental purposes)			7.6.13	Any other (please specify)		
<b>To what extent do you think have your savings in the last agricultural year (1st July 2021 to 30th June 2022) been affected due to COVID?</b>							
7.7	<b>(For example, if you were able to save ₹ 100 in the pre-Covid times, how much could you save during the reference period?)</b> <i>(Saved more than what was saved before Covid (More than ₹ 100)-1; Could save 75% of the pre-Covid times (₹ 75/-)-2; Could save 50% of the pre-Covid times (₹ 50/- to 75/-)-3; Could save 25% to 50% of the pre-Covid times (₹ 25/- to 50/-)-4; Could save less than 25% of the pre-Covid times (less than ₹ 25/-)-5; Had to withdraw up to 25% of savings (withdrew less than ₹ 25/-)-6; Had to withdraw 25% to 50% of savings (withdrew ₹ 25/- to 50/-)-7; Had to withdraw 50% to 75% of savings (withdrew ₹ 50/- to 75/-)-8; Had to withdraw 75% or more of the savings (withdrew more than ₹ 75/-)-9; Had to withdraw all savings/Had to borrow-10, No change-99)</i>						
<b>To what extent do you think have your investments in the last agricultural year (1st July 2021 to 30th June 2022) been affected due to COVID?</b>							
7.8	<b>(For example, if you were able to invest ₹ 100 in the pre-Covid times, how much could you invest during the reference period?)</b> <i>(Invested more than what was invested before Covid (More than ₹ 100)-1; Could invest 75% of the pre-covid times (₹ 75/-)-2; Could invest 50% to 75% of the pre-Covid times (₹ 50/- to 75/-)-3; Could invest 25% to 50% of the pre-Covid times (₹ 25/- to 50/-)-4; Could invest less than 25% of the pre-Covid times (less than ₹ 25/-)-5; Had to disinvest up to 25% of the existing assets/investments (disinvest less than ₹ 25/-)-6; Had to disinvest 25% to 50% of the existing assets/investments (disinvest ₹ 25/- to 50/-)-7; Had to divest 50% to 75% of the existing assets/investments (disinvest ₹ 50/- to 75/-)-8; Had to divest more than 75% of the assets or investments (disinvest more than ₹ 75/-)-9; Had to sell off all assets-10; No change-99)</i>						

## 8. Loan & Borrowings

8.1.1.1a	In the last three years (2020, 2021, 2022), has <b>any member</b> of your household, taken <b>any type of loan</b> from <b>any bank</b> ?	1. Yes 2. No	(If code '2', Go to Q 8.1.1.2a)
8.1.1.1b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No	(If code '2', Go to Q 8.1.1.2a)
8.1.1.1c	From which bank did you take this loan? <i>(Interviewer should choose the appropriate response option based on the name of bank specified by the Respondent. If the category of bank is not clear validate the same with the help of respondent.)</i>	1. Commercial Bank (Both Government and Private Banks like SBI, PNB, Canara Bank, HDFC, ICICI) 2. Regional Rural Bank (like Aryavart Bank, MBGM, DBGB, etc.) 3. Cooperative Bank	(Multiple response possible)
8.1.1.1d	In which year was this loan taken	1. Year 2. Year 3. Year	(Record in YYYY)
8.1.1.1e	In all, what is the total amount of loan taken from <b>Bank</b> ?	(₹)	
8.1.1.1f	As on date, what is the total amount of repayment including interest outstanding against the <b>loan taken from the Bank</b> ?	(₹)	
8.1.1.2a	In the last three years (2020, 2021, 2022), has <b>any member</b> of your household, taken <b>any type of loan</b> from <b>any Microfinance Institution/finance company</b> ?	1. Yes 2. No	(If code '2', Go to Q 8.1.1.3a)
8.1.1.2b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No	(If code '2', Go to Q 8.1.1.3a)
8.1.1.2c	From which institution/ company was this loan taken?	1. Microfinance institutions (MFI) including non-banking financial institution 2. Finance Corporation/ institutions	(Multiple response possible)
8.1.1.2d	In which year was this loan taken?	1. Year 2. Year	(Record in YYYY)

8.1.1.2e	In total, what was the total amount of loan taken considering all loans taken from <b>MFI, NIBFC and Finance Corporation?</b>	(₹)	
8.1.1.2f	As on date, what is the total amount of repayment outstanding against the loan taken from this source?	(₹)	
8.1.1.3a	<b>In the last three years (2020, 2021, 2022), has any member of your household, taken any type of loan from any Cooperative Committee/ Cooperative Society?</b>	1. Yes 2. No	<i>(If code '2', Go to Q 8.1.1.4a)</i>
8.1.1.3b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No	<i>(If code '2', Go to Q 8.1.1.4a)</i>
8.1.1.3c	Please specify the source from where the loan was taken?	1. Cooperative Committee/ Cooperative Society	<i>(Do not ask, record on your own)</i>
8.1.1.3d	In which year was this loan taken?		<i>(Record in YYYY)</i>
8.1.1.3e	In all, what is the total amount of loan taken from cooperative committee/ cooperative society?	(₹)	
8.1.1.3f	As on date, what is the total amount of repayment including interest outstanding against this loan taken from Cooperative Committee/ Cooperative Society?	(₹)	
8.1.1.4a	<b>In the last three years (2020, 2021, 2022), has any member of your household, taken any type of loan from any Self-help Group or Joint Liability Group (SHG/JLG)?</b>	1. Yes 2. No	<i>(If code '2', Go to Q 8.1.1.5a)</i>
8.1.1.4b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No	<i>(If code '2', Go to Q 8.1.1.5a)</i>
8.1.1.4c	What type of group was that?	.1 Self-help Group or Joint Liability Group linked to Bank .2 Self-help Group or Joint Liability Group which is NOT linked to Bank	<i>(Multiple response possible)</i>
8.1.1.4d	In which year was this loan taken?	1. Year 2. Year	<i>(Record in YYYY)</i>
8.1.1.4e	In all, what was the total amount of loan taken from the groups?	(₹)	

8.1.1.4f	As on date, what is the total amount of repayment including interest on loan taken from the group still outstanding?	(₹)		
8.1.1.5a	<b>In the last three years (2020, 2021, 2022), has any member of your household, taken any type of loan from any other institutional sources like Insurance company (like LIC)/ pension scheme- PF/ other institutional agencies or employer (institution where you are employed)?</b>	1. Yes 2. No		<i>(If code '2', Go to Q 8.1.1.6a)</i>
8.1.1.5b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No		<i>(If code '2', Go to Q 8.1.1.6a)</i>
8.1.1.5c	From where was this loan taken?	1. Insurance Company 2. Provident Fund (PF) 3. Employer (institutions where you are employed) 4. Other institutional agencies		<i>(Multiple response possible)</i>
8.1.1.5d	In which year was this loan taken?	1. Year 2. Year 3. Year 4. Year		<i>(Record in YYYY)</i>
8.1.1.5e	In all, what was the total amount of loan taken from any insurance company, PF, employer, etc.?	(₹)		
8.1.1.5f	As on date, what is the total amount of repayment outstanding including interest payable on aforesaid loan?	(₹)		
8.1.1.6a	<b>In the last three years (2020, 2021, 2022), has any member of your household, taken any type of loan from any friend/ relative/ landlord/ money lender/ shopkeeper/ businessman/ input supplier (sellers of commercial material and equipment)/ chit fund/ commission agent (traders/ sellers)/ other non-institutional sources?</b>	1. Yes 2. No		<i>(If code '2', Go to Q 8.1.2.1a)</i>

8.1.1.6b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No	(If code '2', Go to Q 8.1.2.1a)
8.1.1.6c	From where was this loan taken?	1. Landlord 2. Agricultural money lender 3. Business Moneylender 4. Input Supplier (Sellers of Commercial material/ equipment) 5. Friends and relatives 6. Chit Fund 7. Commission Agents in the market (Traders/ Sellers) 9. Other Sources (Specify)	(Multiple response possible)
8.1.1.6d	In what year was this loan taken?	1. Year 2. Year 3. Year 4. Year 5. Year 6. Year 7. Year 8. Year	(Record in YYYY)
8.1.1.6e	In all, what was the total amount of loan taken from non-institutional sources?	(₹)	
8.1.1.6f	As on date, what is the total amount of repayment including interest outstanding against the aforesaid loan?	(₹)	
<b>Now we will discuss about the any outstanding debt of loans taken earlier than year 2020 as on date?</b>			
8.1.2.1a	<b>Before 2020, has any member of your household, taken any type of loan from any Bank?</b>	1. Yes 2. No	(If code '2', Go to Q 8.1.2.2a)
8.1.2.1b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No	(If code '2', Go to Q 8.1.2.2a)

8.1.2.1c	From which bank did you take this loan? <i>(Interviewer should choose the appropriate response option based on the name of bank specified by the Respondent. If the category of bank is not clear validate the same with the help of respondent.)</i>	1. Commercial Bank (Both Government and Private Banks like SBI, PNB, Canara Bank, HDFC, ICICI) 2. Regional Rural Bank (like Aryavart Bank, MBGM, DBGB, etc.) 3. Cooperative Bank	<b>(Multiple response possible)</b>
8.1.2.1d	In which year was this loan taken?	1. Year 2. Year 3. Year	<b>(Record in YYYY)</b>
8.1.2.1e	In all, what was the total amount of loan taken from the bank?	(₹)	
8.1.2.1f	As on date, is there any repayment including interest outstanding against the loan taken from the bank?	(₹)	
8.1.2.2a	<b>Before 2020</b> , has <b>any member</b> of your household, taken <b>any type of loan</b> from any <b>microfinance institution/ microfinance company</b> ?	1. Yes 2. No	<b>(If code '2', Go to Q 8.1.2.3a)</b>
8.1.2.2b	As on date, is there any repayment for that loan outstanding?	1. Yes 2. No	<b>(If code '2', Go to Q 8.1.2.3a)</b>
8.1.2.2c	From which institution/ company was this loan taken?	1. Microfinance institutions (MFI) including non-banking financial institution 2. Finance Corporation/ institutions	<b>(Multiple response possible)</b>
8.1.2.2d	In which year was this loan taken?	1. Year 2. Year	<b>(Record in YYYY)</b>
8.1.2.2e	In all, what was the total amount of loan taken from MFI, NBFC and Finance corporation?	(₹)	
8.1.2.2f	As on date, is there any repayment including interest outstanding against the loan taken from this source?	(₹)	
8.1.2.3a	<b>Before 2020</b> , has <b>any member</b> of your household, taken <b>any type of loan</b> from any <b>Cooperative Society</b> ?	1. Yes 2. No	<b>(If code '2', Go to Q 8.1.2.4a)</b>
8.1.2.3b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No	<b>(If code '2', Go to Q 8.1.2.4a)</b>



8.1.2.3c	Please specify the source of taking loan.	Cooperative Committee/ Cooperative Society	(Do not ask, record on your own) (Record in YYYY)
8.1.2.3d	In which year was this loan taken?		
8.1.2.3e	In all, what was the total amount of loan taken from cooperative committee/ cooperative society?	(₹)	
8.1.2.3f	As on date, is there any repayment including interest outstanding against the loan taken from cooperative committee/ cooperative society still outstanding?	(₹)	
8.1.2.4a	<b>Before 2020</b> , has <b>any member</b> of your household, taken <b>any type of loan</b> from any <b>Self-help Group or Joint Liability Group (SHG/JLG)</b> ?	1. Yes 2. No	(If code '2', Go to Q 8.1.2.5a)
8.1.2.4b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No	(If code '2', Go to Q 8.1.2.5a)
8.1.2.4c	What type of group was that?	1. Self-help Group or Joint Liability Group linked to Bank 2. Self-help Group or Joint Liability Group which is NOT linked to Bank	(Multiple response possible)
8.1.2.4d	In which year was this loan taken?	1. Year 2. Year	(Record in YYYY)
8.1.2.4e	In all, what was the total amount of loan taken from the group	(₹)	
8.1.2.4f	As on date, is there any repayment for that loan still outstanding?	(₹)	
8.1.2.5a	<b>Before 2020</b> , has <b>any member</b> of your household, taken <b>any type of loan</b> from any <b>other institutional sources like Insurance company (like LIC)/ pension scheme- PF/ other institutional agencies or employer (institution where you are employed)</b> ?	1. Yes 2. No	(If code '2', Go to Q 8.1.2.6a)
8.1.2.5b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No	(If code '2', Go to Q 8.1.2.6a)

8.1.2.5c	From where was this loan taken?	1. Insurance Company 2. Provident Fund (PF) 3. Employer (institutions where you are employed) 4. Other institutional agencies	<i>(Multiple response possible)</i>
8.1.2.5d	In which year was this loan taken?	1. Year 2. Year 3. Year 4. Year	<i>(Record in YYYY)</i>
8.1.2.5e	In total, considering all loans taken from insurance company, PF or Employer, etc. what is the total amount of loan taken?	(₹)	
8.1.2.5f	As on date, is there any repayment including interest outstanding against that loan?	(₹)	
8.1.2.6a	<b>Before 2020</b> , has <b>any member</b> of your household, taken <b>any type of loan</b> from any <b>friend/ relative/ landlord/ money lender/ shopkeeper/ businessman/ input supplier (sellers of commercial ingredients and equipment)/ chit fund/ commission agent/ other non-institutional sources</b> ?	1. Yes 2. No	<i>(If code '2', Go to Q 8.2.)</i>
8.1.2.6b	As on date, is there any repayment for that loan still outstanding?	1. Yes 2. No	<i>(If code '2', Go to Q 8.2.)</i>
8.1.2.6c	From where was this loan taken?	1. Landlord 2. Agricultural money lender 3. Business Moneylender 4. Input Supplier (Sellers of Commercial material/ equipment) 5. Friends and relatives 6. Chit Fund 7. Commission Agents in the market (Traders/ Seller 97. Other Sources (Specify)	<i>(Multiple response possible)</i>
8.1.2.6d	In which year was this loan taken?	1. Year	<i>Record in YYYY</i>

		2. Year								
		3. Year								
		4. Year								
		5. Year								
		6. Year								
		7. Year								
		8. Year								
8.1.2.6e	In all, what was the total amount of loan taken from non-institutional sources?	(₹)								
8.1.2.6f	As on date, what is the total amount of repayment including interest, outstanding against the aforementioned loan?	(₹)								
8.2	Has any member of the households taken any loan in the last agricultural year <b>(that is, between July 1st, 2021 to June 30th, 2022)? (Yes-1; No-2)</b>									
8.2.1	<b>If yes, please provide the following details about the loans taken between July 1st, 2021 to June 30th, 2022 –</b>									
ID of the Member (Same as in Q3)	Name of the Member (Same as in Q3. If one member has more than one loans then use separate rows to record the details)	Amount borrowed during the year ? (₹)	Source of Credit/loan* (Code)	Duration of Loan (In Months)	Rate of interest per month (% PM)	Main Purpose of Loan** (Code)	Status of Repayment® (Code)	If partially repaid, then total Amount of Loan Repaid so far (₹)	Amount outstanding (including interest) on date of survey (₹)	Has any amount ever been waived/ written off? (Yes-1; No-2)
	A	B	C	D	E	F	G	H	I	J

<b>*Source of Credit/loan Codes:</b> Scheduled commercial bank (like SBI, PNB, HDFC, ICICI etc.)-01; Regional Rural bank (like Anyavart Gramin Bank, MBGB, DBGB etc.)-02; Co-operative Society-03; Cooperative Bank-04; Insurance companies -05; Provident Fund -06; Employer (Owner of an institution)- 07; Financial Corporation/ institution - 08; NBFCs including micro-finance institution-9; Bank linked SHG/JLG-10; Non-Bank linked SHG/JLG-11; Other institutional agencies-12; Landlord-13; Agricultural moneylender-14; Professional money lender-15; Input supplier-16; Relatives and friends-17; Chit fund-18; Market commission agent/ trader 19; Others (specify) -97.	
<b>** Purpose of Loan Codes:</b> Capital expenditure in farm business (Agricultural assets like purchase of land/livestock, equipments, tubewell/borewell etc.) -01; Current expenditure in farm business (Seed, fertilizer, pesticides, labor charge, transportation etc.)- 02; Capital expenditure in non-farm business (Purchase of Plant/machines/equipments, purchase/ construction of shop/furnitures, etc.) -03; Current expenditure in non-farm business (Buying Raw Materials, Salary & Wages, Debtors, Bill payments, Taxes etc.)-04; Expenditure on litigation-05; Repayment of debt-06; Financial investment expenditure-07; For education -08; For medical treatment-09; For housing-10; For other household expenditure -11; Others (specify) -97	
<b>@ Status of Repayment Code:</b> Fully repaid-1; Partially repaid-2; Payment not initiated/Not Paid-3	
8.3	Does any member of the household have a functional Kisan Credit Card (Account/Passbook) ? <b>(Yes-1, No-2)</b>
8.3.1	If 'No', what are the reasons why no one in the household has a Kisan Credit Card (Account/Passbook)? <i>(Multiple Responses Applicable)</i> (Do not own land-1; Do not have sufficient documents -2; Approached a few banks but they denied (please specify the reason)-3; Do not feel the need of KCC-4; Cumbersome process of obtaining KCC (Account/Passbook) [This will be applicable for people who own land and have corresponding documents, but don't prefer taking loans from institutional sector since they believe the process is too cumbersome]-5; Do not know how to get it -6; Any other (please specify) -97)
8.3.2	If Yes, total number of Kisan Credit cards (Account/Passbook) that the household has?
8.3.3	If Yes, Does any member in the household have RuPay KCC (which looks like other ATM cards)? (Yes-1; No-2)
8.3.4	If the household is engaged in Animal husbandry(AH)/ Fisheries then is the KCC facility extended to the AH/ Fishery Sector? <i>(Yes-1; No-2)</i> <i>(Applicable only if the household has reported any ownership of livestock/Fishery)</i>
8.4	Does any household member have any credit card other than Kisan credit card? (Yes-1; No-2)
8.5	To what extent do you think have your loans or borrowings in the last agricultural year (1st July 2021 to 30th June 2022) been affected due to COVID? <i>(Decreased to less than 25% of the pre-Covid level-1; Decreased between 25% to 50% of the pre-Covid level-2; Decreased up to 50% to 75% of the Pre-Covid level-3; Remained somewhat unaffected-4; Increased by up to 25% of the pre-Covid level-5; Increased by 25% to 50% of the pre-Covid level-6; Increased by 50% to 75% of the pre-existing level-7; Increased by more than 75% of the pre-Covid level-8, No change-99)</i>
8.6	To what extent did you find it difficult to access loans due to COVID in the last agricultural year (1st July 2021 to 30th June 2022)? <i>(Faced no problems-1; Became somewhat difficult-2; Became extremely difficult-3, Do not Know/ Can't say-98; Did not need any loan-99)</i>

## 9. Community-based Institutions

**Now we would like to know about your experience with various kinds of Microfinancing institutions and Community-based organizations.**

9.1	<b>A) Self Help Groups (SHG)</b>	
A.1	Are there any Functional Self-Help Groups available in the village? (Yes-1; No-2; Don't know-98) (If 'No/ Don't know', go to B.1).	
A.2	If yes, is any member of your household a member of the Self-Help Group? (Yes-1; No-2) (If 'No', go to A.5)	
A.3	If yes, number of members associated with SHG in your household (In numbers)	
A.4	If yes, have they received any training as a part of the SHG? (Yes-1; No-2)	
A.5	What type of activities are undertaken/ supported by the SHG? <b>(Multiple Response applicable)</b> (On-farm livelihood activity-1; Non-farm livelihood activities-2; Community level services-3; Health & Nutrition problems-4; Education of Children-5; Women issues like safety, domestic violence-6; Sanitation related issues-7; Collaborating against issues like alcoholism, etc. - 8; Any other (please specify)-97; Don't know - 98)	
A.6	In what ways do the SHG benefit their members? <b>(Multiple Responses applicable)</b> (Easy access to loans-1; Availability of loans by offering mutual guarantee-2; Collaboration of people engaged in similar income-generating activities-3; Financial empowerment through savings and loaning-4; Any other (please specify)-97; Don't know-98)	
A.7	Whether any of the SHGs in your village is running an enterprise? (Yes-1; No-2; Don't know-98)	
	<b>B) Joint Liability Groups (JLG)</b>	
B.1	Are there any Joint-liability Groups available in the village? (Yes-1; No-2; Don't know-98) (If 'No/ Don't know', go to C.1).	
B.2	If Yes, is any member of your household a member of any JLG? (Yes-1; No-2) (If 'No', go to B.4)	
B.3	If Yes, has the JLG mobilized any loans for the members collectively? (Yes-1; No-2)	
B.4	In what ways do the JLGs benefit the members? <b>(Multiple Response applicable)</b> (Easy access to loans by offering mutual guarantee-1; Collaboration of people engaged in similar income-generating activities-2; Any other (please specify)-97; Don't know-98)	

C)	Farmer Producer Organizations (FPO)/ Off-Farm Producer Organizations (OFPO)	
C.1	Are there any FPOs or OFPOs available in your area? (Only FPO available -1; Only OFPO available-2; Both available-3; None of these are available -99; Don't know-98)	
C.2	(If 'None of these are available / Don't know', go to D.1)	
C.3	If yes, is any member of your household a member of any FPO/ OFPO? (Yes-1; No-2) (If 'No', go to C.4)	
C.4	If yes, have they received any training as a part of the FPO/ OFPO? (Yes-1; No-2)  What type of activities are undertaken/ supported by the FPO/ OFPO? ( <b>Multiple Response applicable</b> ) (Meetings/ discussions about livelihood-1; Trainings on Livelihoods-2; Processing of agricultural/off-farm produce-3; Procurement of inputs for livelihoods-4; Packaging & marketing of products of members-5; Setting up a common place for selling of produce-6; Providing Farm/off-farm Machinery for agri-operations-7; Any other (please specify)-97; Don't know-98)	
C.5	In what ways have the FPO/ OFPO supported the members? ( <b>Multiple Response applicable</b> ) (Improves access to inputs-1; Improves access to markets-2; Improves access to credit-3; Ensures better price of the produce-4; Helps access better technical know-how through trainings and exposure visits-5; Helps become more organized in terms of systems and processes within the group-6; Helps become more transparent and accountable -7; Helps in scaling up of activities-8; Serves as a marketing platform for our produce-9; increase collaborative action-10; Any other (please specify)-97; Don't know-98)	
D	Other Livelihood collectives like Agricultural or Dairy Cooperative (like Milk Cooperatives, Sugar Cooperatives, Handicraft Cooperatives, etc.)	
D.1	Are there any other livelihood collectives/ cooperatives available in the village? (Yes-1; No-2; Don't know-98) (If 'No', go to 9.2)	
D.2	Is any member of your household associated with the collective? (Yes-1; No-2) (If 'No', go to D.4)	
D.3	If yes, have they received any training as a part of this group? (Yes-1; No-2)	
D.4	In what ways have these groups benefitted its members? ( <b>Multiple Response applicable</b> ) (Improves access to inputs-1; Improves access to markets-2; Ensures better price of the produce-3; Helps access better technical know-how through trainings and exposure visits-4; Helps become more organized in terms of systems and processes within the group-5; Helps become more transparent and accountable -6; Helps in scaling up of activities-7; Serves as a marketing platform for our produce-8; Increase collaborative action-9; Any other (please specify)-97; Don't know-98)	

9.2	What kind of help did you receive from any livelihood collectives during COVID? <b>(Multiple responses Applicable)</b> (Offered employment opportunities-1; Distributed consumption goods-2; Distributed medicines-3; Arranged vaccination camps-4; Distributed masks-5; Undertook sanitation drives-6; Kept vigil to ensure adherence to lockdown protocols-7; Any other (please specify)-97; Did not offered/ received any help-99) (Applicable for all households)
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## 10. Insurance Coverage

10.1	Is any member of the household having any insurance scheme during last agriculture year (1st July 2021 to 30th June 2022)? <b>(Yes-1, No-2)</b> <b>(Probe for different types of insurance like health insurance, vehicle insurance, crop insurance, PMJJBY, PMSBY, etc.)</b>
10.2	If yes, please provide the following details for last agriculture year (1st July 2021 to 30th June 2022)

ID of the Member (Same as in Q3)	Name of the Member (Same as in Q3) (If a member has more than one insurance, then use separate rows to obtain details)	Type of Insurance * (Code)	Premium payment- (Self-contribution-1, Subsidized-2)	Annual Premium paid (₹)	What are the reasons why you opted for this scheme? (Use Codes) (Multiple Response)	Did the member make any claim under the insurance schemes in the last agriculture year (1st July 2021 to 30th June 2022)? (Yes-1; No-2)	If yes, did you receive claim amount in time? (Code)	If Code 1 or 2 in Column G, claim amount received? (₹)	If Code 3 in Column G, then reasons for not receiving claim (Codes) Multiple responses applicable)
	A	B	C	D	E	F	G	H	I

**\*CODES FOR TYPE OF INSURANCE SCHEME:** Life Insurance General-1; Life Insurance PMJJBY-2; Accident Insurance General-3; Accident Insurance PMSBY-4; Health Insurance including Aayushman Bharat-5; Vehicle Insurance-6; Animal Insurance-7; Crop Insurance-8; Any other, please specify-97

**CODES FOR REASONS FOR CHOOSING AN INSURANCE SCHEME:** To Save Money-1; To ensure financial security in times of need -2; To gain tax benefits -3; As a part of financial planning - 4; was a requirement/ compulsory/ not my choice -5; any other (please specify \_\_\_\_\_)-97

**CODES FOR TIME OF RECEIPT OF CLAIM:** Received in time-1; Received but delayed -2; Not received -3; Don't know/ Can't say-98

**CODES FOR REASONS BEHIND NOT RECEIVING CLAIM:** Cause outside coverage-1; Documents lost-2; Insurance not renewed -3; Any other, please specify-97

10.3	<p>If you or your family members have not taken any insurance, then what is the reason behind it?</p> <p><b>(Do not read out the options. Probe &amp; mark as responded. Multiple responses expected.)</b></p> <p>(a- Lack of awareness-1; b- Do not feel the need for any insurance-2; c- Do not have sufficient money-3; d- Do not have regular income-4; e- Want to take but don't know who to approach-5; f- Difficulty in traveling to the insurance office/ govt. office-6; g- Costly to make multiple travel visits to Insurance offices-7; h- Insurance companies don't pay claim on time-8; i- Lack of trust because of bad experience of some family in the village/ relatives-9; z- Any other (Specify..)-97</p>
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## 11. Pension Coverage

11.1	Is any member of the household receiving/purchased/subscribed for pension under any scheme during last agriculture year (1st July 2021 to 30th June 2022)? <b>(Yes-1, No-2)</b>
11.2	If yes, please provide the following details for last agriculture year (1st July 2021 to 30th June 2022)

ID of the Member (Same as in Q3)	Name of the Member (Same as in Q3)	Type of pension* (Code)	Name of Pension scheme	Pension Amount (₹ per month)	Mode of Receiving Pension # (Code)
	A	B	C	D	E
<b>*CODES FOR TYPE OF PENSION:</b> Old age pension-1; Widow pension-2; Disability pension-3; Retirement pension-4; Optional pension (like Jeevan Akshay, National pension scheme (NPS), Atal Pension Yojna (APY) etc.)-5; Any other, please specify-97					
<b># CODES FOR MODE OF RECEIVING PENSION:</b> Cash in hand-1; Cash through Money order-2; Money directly transferred to bank account-3; Any other, please specify-97					



## 12. Risks & Uncertainties

Was your household affected by any of the following distress events/ emergencies in the last 5 years preceding the survey? If yes, then what strategies did you adopt to cope with the event?				
	Events	Whether household was affected? (Yes-1; No-2)	If 'Yes', How many times in the last five years did the household face such a situation?	If yes, which Coping Strategies did you adopt?*(Code) (Multiple Options)
12.1	Crop failure or decline in productivity due to excessive rainfall, very low rainfall or unseasonal rainfall, drought, hailstorms, cyclone, or pest infestation			
12.2	Sudden fall in market prices of crops			
12.3	Unable to sell the produce			
12.4	Loss of livestock due to flood, disease, etc.			
12.5	Death of the earning member of the household			
12.6	Sudden health problems/ accident			
12.7	Sudden job loss			
12.8	Fire/ theft/ robbery			
12.9	Any other (specify)			
	<b>*Coping Strategies</b> – a- By taking loan-1; b- Through personal savings-2; c- By selling household assets-3; d- By mortgaging household assets-4; e- By borrowing money from friend/relative/ or any known member-5; f- By selling ornaments-6; g- By selling animals-7; h- Household members migrated outside the village in search of employment-8; i- Children under 14 years of age started working-9; j- Women of the household started working-10; k- Through receipt of insurance claims-11; l- Government assistance-12; z- Any other(please specify).....-97)			
12.10	Sometimes people find it difficult to meet their living expenses from their regular income sources. Has this ever happened to you any time in the last agricultural year (1st July 2021 to 30th June 2022)?	Yes -1; No -2; Not applicable (Do not have any personal income) – 96; Don't know -98; Refused -99 If any code other than '1', go to Next Section		

12.10.1	<p><b>If Yes, what did you do to make ends meet the last time this happened?</b> <i>(Probe; do not read out. Mark all that apply.)</i> <i>(Multiple answers expected)</i></p>	<p><b>1. Existing resources</b></p> <p>a- Draw money out of bank savings -1</p> <p>b- Cut back on spending -2</p> <p>c- Sell assets that I own -3</p>
		<p><b>2. Creating resource</b></p> <p>d- Work overtime, earn extra money -4</p>
		<p><b>3. Access credit by using existing contacts or resources</b></p> <p>e- Borrow food or money from family or friends-5</p> <p>f- Take food or basic goods on credit from retailer - 6</p> <p>g- Borrow from employer/salary advance-7</p> <p>h- Pawn something that I own -8</p> <p>i- Take a loan from my savings and loans clubs -9</p> <p>j- Apply for loan/withdrawal on pension fund -10</p>
		<p><b>4. Borrow from existing credit line</b></p> <p>k- Use authorised, arranged overdraft or line of credit -11</p> <p>l- Use credit card for a cash advance or to pay bills/buy food -12</p>
		<p><b>5. Access new line of credit</b></p> <p>m- Take out a personal loan from a financial service provider (including bank, credit union or microfinance) -13</p> <p>z- Any other (Specify.....) -97</p>

## SECTION B: INDIVIDUAL LEVEL DETAILS

*(To be asked only from an adult and most knowledgeable member of the household, preferably a member who undertakes financial transactions in the household)*

1. Respondent Profile			
1.1	Name of Respondent:	1.2	Mobile No.:
1.3	Member ID as in Q3:		

2. Financial Knowledge, Attitude & Behaviour	
2.1	Have you been exposed to any type of informative sessions organized in the last 3 years to educate people about importance of saving or investment, or introducing any financial products or services? <b>(Yes-1; No-2)</b> (If 'No' go to Q2.2)
2.1.1	If yes, then which agencies organized such training programs? (Multiple responses applicable. Mark all that apply) <b>(a- Community-based organizations/ Non- Government organizations-1; b- Financial literacy centres-2; c- Financial institutions like banks, cooperative societies, regional rural banks, etc. -3; d- Government agencies like DRDA/ National Skill Development Council (NSDC)/ Zila Parishads, etc. -4; z- Any other, please specify (.....) -97)</b>

QUESTIONS ON FINANCIAL KNOWLEDGE									
2.2	<b>I would like to know whether you think the following statements are true or false.</b> (Read out each statement to the respondent and note the response appropriately) (True-1; False-2, Don't know-98; Refused -99)								
	<table border="1"> <thead> <tr> <th>STATEMENT</th> <th>RESPONSE</th> </tr> </thead> <tbody> <tr> <td></td> <td>(True-1; False-2, Don't know-98; Refused -99)</td> </tr> <tr> <td>2.2.1</td> <td>If someone offers you the chance to make a lot of money, there is also a chance that you will lose a lot of money.</td> </tr> <tr> <td>2.2.2</td> <td>High inflation means that the cost of living is increasing rapidly</td> </tr> </tbody> </table>	STATEMENT	RESPONSE		(True-1; False-2, Don't know-98; Refused -99)	2.2.1	If someone offers you the chance to make a lot of money, there is also a chance that you will lose a lot of money.	2.2.2	High inflation means that the cost of living is increasing rapidly
STATEMENT	RESPONSE								
	(True-1; False-2, Don't know-98; Refused -99)								
2.2.1	If someone offers you the chance to make a lot of money, there is also a chance that you will lose a lot of money.								
2.2.2	High inflation means that the cost of living is increasing rapidly								

2.2.3	It is less likely that you will lose all of your money if you save it in more than one place.		
2.3	<b>I will now read out some statements to you. Please indicate the extent to which you agree or disagree that the statement applies to you personally.</b> <i>(Read out each statement one by one. Give time to the respondent to understand and express his opinion. Mark responses on a five-point scale)</i>		
	<b>STATEMENT</b>	<b>RESPONSE</b> <i>(Completely agree -1; Somewhat agree -2; Neither agree nor disagree -3; Somewhat disagree -4; and completely disagree -5)</i>	
<b>QUESTIONS ON FINANCIAL ATTITUDE</b>			
2.3.1	I find it more satisfying to spend money than to save it for the long term		
2.3.2	I tend to live for today and let tomorrow take care of itself		
2.3.3	Money is there to be spent		
<b>QUESTIONS ON FINANCIAL BEHAVIOUR</b>			
2.3.4	Before I buy something I carefully consider whether I can afford it		
2.3.5	I pay my bills on time		
2.3.6	I keep a close personal watch on my financial affairs		
2.3.7	I set long term financial goals and strive to achieve them		
2.3.8	Do you plan your expenses every month based on your income and liabilities?	Yes -1; No -2	
2.3.9	Who is responsible for day-to-day decisions about money in your household?	You -1 You & your partner -2 You & another family member -3 Your partner -4 Someone else -5 Nobody -6 Don't know/ can't say -98	

2.3.10	In the past 12 months have you been [personally] saving money in any of the following ways, whether or not you still have the money? (Multiple Response. Mark all that apply)	a- Saving cash at home or in your wallet -1 b- Saving in bank account-2 c- Giving money to family to save on your behalf-3 d- Saving in informal chit funds or saving clubs/SHG - 4 e- Buying financial investment products like shares, stocks, bonds, etc. -5 f- Saving by buying assets like gold, property or livestock -6 g- Has not been actively saving -7 x- Don't know - 98 y- Refused -99	If 'No' Go to 2.4.1
2.3.11	Do you use a debit or credit card?	Yes-1 No-2	
2.3.12	If yes, how many times did you swipe your card make a purchase in the last three months?	(Number of times)	
2.3.13	Have you changed the PIN of your card anytime since you started using it?	Yes-1 No-2 Can't say-3	
2.3.14	If yes, did you seek anyone's help in changing the PIN?	Yes-1 No-2 Can't say-3	
2.3.15	Have you shared your Card number, CVV, OTP or PIN number with anyone in your friends, family, or colleagues?	Yes-1 No-2 Can't say-3	
2.3.16	Do you need to write down your PIN somewhere in order to remember it?	Yes-1 No-2 Can't say-3	
<b>QUESTIONS RELATED TO THE CHOICE OF FINANCIAL PRODUCTS</b>			
2.4.1	How do you usually choose a financial product or service (like opening account, Pension Plan, purchase of insurance etc)?	Consider several products available in the market before making my decision -1 Consider the advice of friends/ family, etc. -2 Seek the opinion of experts/agents dealing with such issues -3	

		I don't consider any other product/ service other than one I have known about since long -4 Not applicable/ have not made any choice in the recent past - 96 Don't know/ can't say - 98	
2.4.2	What are your sources of information about various banking or financial products or services? <i>(Multiple Response. Mark all that apply)</i>	a- News or Advertisements in print media like newspapers, magazines, etc. -1 b- News or advertisements in electronic media like television, internet, mobile sms, etc.-2 c- Friends/ families/ village elders -3 d- Banking correspondents/ facilitators/ agents -4 e- Messages spread through local art forms under campaigns organized by government or non-government organizations - 5 z- Any other (please specify) - 97	<i>If No, go to next section</i>
2.4.3	Is there any Banking Correspondent deployed in your village who offers assistance in financial matters?	Yes-1 No-2	
2.4.4	If yes, what kind of support is offered by this person? <i>(Multiple Responses applicable. Mark all that apply)</i>	Created awareness about importance of savings and educated people on issues like debt management-1 Helps open Bank Account -2 Provides cash withdrawal and cash deposit services-3 Assists in making fixed or recurring deposits-4 Provides account information-5 Helps complete KYC requirements-6 Provides support in getting insurance and pension schemes-7 Any other (please specify _____) -97	<i>If No, go to next section</i>
2.4.5	Have you availed their (Bank Mitra/ Banking Correspondent) services any time in the last 6 months?	Yes-1 No-2	
2.4.6	If Yes, how satisfied are you with their (Bank Mitra/ Banking Correspondent) services?	Extremely dissatisfied-1 Somewhat satisfied-2 Highly Satisfied -3	

3. Experience of Availing a Financial Service						
How many times did you visit the bank or financial institution to avail any services in the last three months? (Excluding ATM)		(Record numeric response. Enter '0' if did not visit even once in the said period)				
3.1						
3.2	With reference to your last visit to a bank or financial institution, please tell us that how many times did you have to visit to get the work completed. (Record numeric responses for number of visits made; For 'did not undertake this operation, enter '96'; For 'not aware of the type of service/ don't know', enter '98' and if the 'respondent refuses to answer', enter '99')					
	Service Availed	Number of Visits to complete the work	Average time taken to avail this service? (In Hours/ Minutes)	Service Availed	Number of Visits to complete the work	Average time taken to avail this service? (In Hours/ Minutes)
3.2.1	Saving bank account related operations			3.2.4 Money Transfer related		
3.2.2	Loan-related operations			3.2.5 Card related work (e.g. Debit card, credit card or kisan credit card)		
3.2.3	Investment-related operations					
3.3	How many times did you use the following banking facilities it in the last 3 months and express your level of comfort in using these facilities? (Record separately for each type of banking facility) . (Record numeric responses for number of visits made; For 'did not undertake this operation, enter '96'; For 'not aware of the type of service/ don't know', enter '98' and if the 'respondent refuses to answer', enter '99')					

	Type of Banking Facility	How many times did you use this service in the last 3 months? (Record number of times)	For what purpose did you use this service in the last 3 months? (Codes) (Multiple Response)	Indicate your level of comfort with using this service (Codes)	Indicate the extent to which this facility was impacted due to COVID (Decreased Significantly-1; Decreased to some extent-2; No change-3; increased to some extent-4; increased significantly-5)
3.3.1	Cash Withdrawal from Bank				
3.3.2	ATMs (ATMs/ Micro ATMs/ AEPS)				
3.3.3	Mobile Banking through USSD (*99#)				
3.3.4	Internet Banking such as NEFT, RTGS, IMPS				
	<b>CODES FOR PURPOSE OF USE:</b> Ticketing-1; For Bill Payments-2; For fund transfer-3; For making payments against Purchase-4; Checking Account balance-5; Any other (please specify)-97; Refused-99 <b>CODES FOR LEVEL OF COMFORT:</b> Can use it independently without anyone's help-1; use it with the help of any family member/ friend-2; Afraid of / not very comfortable using it-3; Don't know-98; Refused-99				



3.4	What is the distance to the nearest banking point? (In Kms.) (If within the village, enter 999)		
4. Loan Seeking Behavior and Preferences			
4.1	Did you ever need a loan in the last 3 years? <b>(Yes-1; No-2)</b> (If 'No', go to Section 5)		
<b>If Yes, then -</b>			
4.1.1	How much money did you need to borrow?	(Amount ₹)	
4.1.2	If yes, then which of the following statement applies to you? (Read each statement and mark the one that best describes the respondent's situation)	Applied for a loan and got it -1 Applied for a loan but did not get it -2 Did not apply for loan -3	
<b>If code '1' in question 4.1.2, that is, the individual applied for a loan and got it too</b>			
4.2	Where did you take the loan from? (Multiple Response. Mark all that apply)	a. Scheduled commercial bank-01; b. Regional Rural bank-02; c. Co-operative Society-03; d. Cooperative Bank-04; e. Insurance companies -05; f. Provident Fund -06; g. Employer - 07; h. Financial Corporation/ institution - 08; i. NBFCs including micro-finance institution-09; j. Bank listed SHG/JLG-10; k. Non-Bank linked SHG/JLG-11; l. Other institutional agencies-12; m. Landlord-13; n. Agricultural moneylender-14; o. Professional money lender-15; p. Input supplier-16; q. Relatives and friends-17;	

		<p>r. <i>Chit fund</i>-18;  s. <i>Market commission agent/ trader</i>- 19;  t. <i>Others (specify)</i> -97.</p>	
4.2.1	<p>If code 13 to 97 (non-Institutional sources) is reported, then ask why did you take loan from non-institutional source? <i>(Multiple Response. Mark all that apply)</i></p>	<p>a- Easy Availability-1  b- No strict time for repayment-2  c- Loan available for all purposes-3  d- Low or no rate of interest-4  e- Faith on family or friends-5  f- No paper work needed-6  g- No fear of Court/ legal implications-7  z- Any other, please specify-97</p>	
4.2.2	<p>What were the reasons behind not taking loans from institutional sources? <i>(Multiple Response. Mark all that apply)</i></p>	<p>a- High interest rates-1  b- Loan required for short term- 2  c- Excessive collateral requirements -3  d- Lengthy application process -4  e- High costs associated with borrowing-5  f- No lending financial institution in convenient proximity to my business/residence-6  g- High risks – uncertain of own ability to pay interest and repay principal-7  h- Did not know could receive credit from a financial institution-8  i- Didn't apply because was denied credit earlier-9  z- Other (please specify) _____-97</p>	
<b>If code '2' in question 4.1.2, that is, the individual applied for a loan but did not get it</b>			
4.3	<p>If you applied for loan but did not get it, then what were the reasons behind it? <i>(Multiple Response. Mark all that apply)</i></p>	<p>a- Had not repaid an earlier debt-1,  b- Paperwork was incomplete-2,  c- Had no collateral security-3,  d- Had taken loan from other places also-4,  e- Economic situation was not good-5,  f- Assessed as unable to pay back the debt in time-6,  z- Other (please specify) _____-97</p>	

If code '3' in question 4.1.2, that is, the individual did not apply for loan	
4.4	<p>If you did not apply for loan, despite needing it, then what were the reasons behind it? <i>(Multiple Response. Mark all that apply)</i></p> <p>a- Did not know where to apply-1,  b- Local moneylender charges high rate of interest-2,  c- Do not have any collateral security-3,  d- Too many formalities required-4,  e- Had taken loan more than 3 years back which has still not been repaid-5,  f- Occupation does not generate consistent returns/ inflows-6  z- Other (please specify) _____-97</p>

## 5. Planning for Retirement & Exigencies

5.1	<p><b>At what age do you think people should begin to make a financial plan for their old age? (Age in completed years. For no response/ can't say enter '98')</b></p>	<p>a- Government pension/ old age benefits -1  b- Occupational or workplace pension plan benefits -2  c- Personal retirement savings plan benefits (APY, NPS, Jeevan Akshay, etc...) -3  d- Obtaining a reverse mortgage -4  e- Sell your financial assets (such as: stocks, bonds or mutual funds) -5  f- Sell your non-financial assets (such as: a car, property, art, jewels, antiques, etc.) -6  g- Use an inheritance -7  h- Rely on family -8  i- Drawing an income from your own business -9  j- Earnings from employment in retirement -10  x- Don't know-98  y- Refused -99  z- Other (Specify)-97</p>
5.2	<p><b>Which of the following do you consider will serve your financial needs during old age or after retirement? (Read all the categories to the respondent. Mark all that apply.)</b></p>	

## 6. Experience related to Attributes of Banking or Financial Institution visited

6.1	<p><b>Thinking about your last or most recent visit to a bank or any other financial institution, which of the following attributes do you think hold true for that</b></p>	<p><b>Tangible Attributes</b>  a) The bank has modern looking equipment.....</p>
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	<p><b>place. (Read out all options and mark the responses as - True-1; False-2; Does not apply/Not applicable -96; Don't know/ can't say-98)</b></p> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="border: 1px solid black; width: 100px; height: 100px; position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; background: repeating-linear-gradient(45deg, transparent, transparent 2px, black 2px, black 4px); background-size: 50px 50px;"></div> </div> <div style="border: 1px solid black; width: 100px; height: 100px; position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; background: repeating-linear-gradient(45deg, transparent, transparent 2px, black 2px, black 4px); background-size: 50px 50px;"></div> </div> </div>	<p>b) It has appealing physical facilities.....</p> <p><b>Reliability of Staff</b></p> <p>c) The bank shows a sincere interest in solving customers' problems.....</p> <p>d) The staff performs service right the first time.....</p> <p>e) Provide services at the time they promise to do so.....</p> <p><b>Competence of Staff</b></p> <p>f) The service of the bank is on time and very prompt.....</p> <p>g) The staff is experienced and knowledgeable.....</p> <p>h) The bank offers flexible and easy banking.....</p> <p><b>Personal interaction</b></p> <p>i) The staff is ready to help and instill confidence in customers.....</p> <p>j) The staff is friendly and courteous.....</p>
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End Time:

GPS-Coordinates:

Those are all of the questions I have. Thank you very much for participating in this important survey. Record any notes about the interview that you think are important for the project to know

## Annexure-5

# CONCEPTS AND DEFINITIONS USED IN NAFIS 2021-22

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### KEY CONCEPTS AND DEFINITIONS

**Household:** A household consists of a person or a group of related or unrelated persons who commonly live together in the same dwelling unit, who acknowledge one adult male or female 15 years old or older as the head of the household, who share the same housekeeping arrangements, and who are considered as one unit. In some cases, where a group of people were living together in the same structure but each person had separate eating arrangements, they were counted as separate one-person households. Collective living arrangements such as boarding schools, mess hotels, residential hotels, rescue homes, jails, army camps, or ashrams were not considered as households, and they are not included in the survey.

**Head of Household:** The person in formal charge of the management of the household is considered as the head of the household. He or she need not necessarily be the principal earning member of the household, but the customary head of the household decided on the basis of tradition. This means that between an aged father who does nothing and an adult son who actually runs the management of the house, the old father might still be deemed to be the formal head. However, it was left to the members of a household to decide upon whom they consider to be the head of the household.

**Educational status:** The highest general and technical education levels attained by the person determine what is known as educational standard. Only the courses/ standards successfully completed were considered for identifying and recording the educational status. A person was considered to have technical education if he or she had any degree, diploma or certificate in some profession or branch of technical or technological subjects. On the other hand, the members who did not know how to read or write were treated as 'illiterate', while those who know how to read or write, but have not attended any formal education, were considered as 'literate without formal schooling'.

**Usual activity status:** The usual activity status describes the activities that the person undertakes on a routine basis. While recording the usual activity status, the respondents were probed about the usual activity of a person during the reference period of 365 days preceding

the date of survey. The activity that a person undertook for a relatively long time (major time criterion) during the 365 days preceding the date of survey was considered as the principal/ usual activity status of the person.

**Land Owned:** A plot of land is considered to be owned by a household if the right of permanent heritable possession of the plot, with or without the right to transfer the title, is vested in some member or members of the household. Land held in owner-like possession under a long-term lease or assignment is also considered as owned land. When a plot of land is jointly owned by members of two or more households, only the share of the members of a particular household is considered as owned by the household.

**Possessed but not owned:** This is understood to mean all public/institutional land possessed by the household without the title of ownership or occupancy right, and the possession is without the consent of the owner. This is considered as 'land possessed but neither owned nor leased-in'. Private land possessed by the household without title of ownership or occupancy right is not included in this category.

**Household Income:** The survey attempted to understand the basic structure of the household income, including the major and minor sources, variety of sources on which they are dependent and to get an approximate estimate of their income. The respondents were asked about the agricultural activities that they are undertaking in detail, including the expenses as well as income from different crops that they have cultivated during the last agricultural year (July 2021 to June 2022). Similarly, detailed information was captured about the expenses made on livestock rearing activities undertaken by the household, and the income they earn by selling the produce obtained through livestock rearing. In addition, income from all other possible sources were also captured to get a holistic understanding of the income pattern of the household.

## SOURCES OF LOAN:

**Scheduled Commercial Bank:** The Scheduled Commercial Banks are defined as banks which are included in the second schedule of the RBI Act 1934 and which carry out the normal (Chapter Three Schedule 33.1 Instructions to Field Staff, Vol-1, NSS 77th Round C-70) business of banking, such as accepting deposits, giving out loans, and other banking services. The Scheduled Banks are further categorised into public and private sector banks. Currently, there are 12 public sector banks and 21 private sector banks. The Scheduled Public Sector Banks are Bank of Baroda, Bank of India, Bank of Maharashtra, Canara Bank, Central Bank of India, Indian Bank, Indian Overseas Bank, Punjab & Sind Bank, Punjab National Bank, State Bank of India, UCO Bank and Union Bank of India.

The Scheduled Private Sector Banks are Axis Bank Ltd., Bandhan Bank Ltd., CSB Bank Ltd., City Union Bank Ltd., DCB Bank Ltd., Dhanlaxmi Bank Ltd., Federal Bank Ltd., HDFC Bank Ltd., ICICI Bank Ltd., IndusInd Bank Ltd., IDFC First Bank Ltd., Jammu & Kashmir Bank Ltd., Karnataka Bank

Ltd., Karur Vysya Bank Ltd., Kotak Mahindra Bank Ltd., Lakshmi Vilas Bank Ltd., Nainital Bank Ltd., RBL Bank Ltd., South Indian Bank Ltd., Tamil Nadu Mercantile Bank Ltd., YES Bank Ltd. and IDBI Bank Ltd. Further, there are numerous Scheduled Small Finance Banks, Scheduled Payments Bank, Scheduled RRBs and Scheduled Foreign Banks present in India.

**Regional Rural Bank:** Regional Rural Banks (RRBs) were set up with a view to developing the rural economy by providing credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs. Being local-level institutions, RRBs together with commercial and cooperative banks, were assigned a critical role to play in the delivery of agriculture and rural credit. The equity of the RRBs was contributed by the Central Government, concerned State Government and the sponsor bank. The function of financial regulation over RRBs is exercised by Reserve Bank and the supervisory powers have been vested with NABARD. Currently, there are 43 RRBs in India and some of them are Aryavart Bank, Bangiya Grameen Vikas Bank, Dakshin Bihar Gramin Bank, etc.

**Cooperative Society:** Loan may be obtained from agencies such as primary cooperative credit societies, primary cooperative marketing societies, handloom weavers' cooperative societies, or other industrial or other types of cooperative societies. Loans from such societies will be treated as from 'cooperative society'. Horticultural Producers' Cooperative Marketing and Processing Society (HOPCOMS), Indian Coffee House, Indian Farmers Fertilizer Cooperative Limited (IFFCO), Kerala Dinesh Beedi Workers' Central Co-op Society, Karnataka Milk Federation (KMF), etc. are some of the cooperative societies present in India

**Cooperative Bank:** When a cooperative society gets banking license, they can have deposits (savings and/or terms) from members. Loan may be obtained from district or central cooperative banks, primary or central land development banks, or other types of cooperative banks. Loans from such banks will be treated as from a 'cooperative bank'. Saraswat Co-operative Bank, Cosmos Co-operative Bank, Shamrao Vithal Co-operative Bank (SVC Bank), Abhyudaya Co-operative Bank Ltd., Bharat Co-operative Bank, TJSB Co-operative Bank, Janata Co-operative Bank, Kalupur Commercial Co-operative Bank, etc. are some of the leading cooperative banks in the country.

The Rural Cooperative Credit Structure is broadly classified into the Short-Term Co-operative Credit Structure (STCCS) and the Long-Term Co-operative Credit Structure (LTCCS). The STCCS primarily meets the crop loan requirements, whereas the LTCCS makes credit available for investment in agriculture and allied sectors, rural industries, etc., leading to capital formation and income generation.

**STCCS:** Under STCCS, the StCBs operate in a two-tier/three-tier/mixed-tier structure. In a two-tier structure, mostly located in the North-Eastern part of India, the StCB operates through its own branches located in different parts of the state. The customers are either linked to the bank by virtue of their membership in the affiliated society or through direct membership in the bank. In

the case of a three-tier structure, the StCB works as an Apex Bank of all the District Central Cooperative Banks (DCCBs) and DCCBs operating at the district level provide loans to affiliated societies. In some cases, individual customers receive loans directly from the branches.

Primary Agriculture Credit Societies (PACS)/ Large Agriculture and Multi-Purpose Societies (LAMPS) / Farmers' Service Societies (FSS) form the lowermost tier on the cooperative ladder. The PACS has individuals as member shareholders who are mainly farmers. These PACS, along with other non-credit societies, are member shareholders of DCCBs at the district level. In some States, even PACS have their branch network.

**LTCCS:** State Cooperative Agriculture and Rural Development Banks: There were 13 functional SCARDBs as on 31 March 2021 with a branch network of 791 branches in 13 States/Union Territories. These institutions do not fall under the purview of Banking Regulation Act. They are heavily dependent on borrowed funds for advancing loans.

**Financial Corporations/Institutions:** Institutions such as State Financial Corporations, Small Industries Development Bank of India (SIDBI), and Small Industries Development Corporation (SIDC), which play a promotional and developmental role through extending finance, may be grouped under this head.

**Post Office:** Post Office offers basic bank services which enable depositors who do not have access to banks a safe and convenient method to save money.

**NBFCs including Micro-financing Institutions:** A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/ bonds/ debentures/ securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire- purchase, insurance business, or chit business, but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property.

**Self-Help Groups (SHG):** Self-Help Groups (SHGs) are informal associations of people who choose to come together to find ways to improve their living conditions. It can be defined as a self-governed, peer-controlled information group of people with similar socio-economic backgrounds and having a desire to collectively perform a common purpose.

- **Self Help Group – Bank Linked:** The provision of credit through self-help groups may be promoted by Government, banks or 'not-for-profit' NGOs. These SHGs are generally known as bank-linked (SHG-BL). SHG-bank linkage programme was initially promoted by the NABARD. SHG-BL, besides promoting thrift and lending to the poor, is also used for providing subsidized credit to the poor households under programmes.
- **Self Help Group – Non-Banking Financial Companies:** Provision of credit through Self-Help Groups may alternatively be promoted by agencies that are private for-profit non-



banking financial company (NBFC). NBFCs also lend to the poor households through groups which are specifically organized as joint liability groups (JLGs) for lending and recovering loans on behalf of the NBFCs.

**Chit Fund:** A chit fund is a type of credit association system practiced in India. Chit fund schemes may be organized by financial institutions, or informally among friends, relatives, or neighbours. In some variations of chit funds, the savings are for a specific purpose.

## INVESTMENT AVENUES:

Investment is an asset acquired or money committed with a purpose to earn income in the future. Investments are also made to benefit from future appreciation in the value of an asset. It is basically a purchase of goods that is future-oriented, aimed at earning income in the future or creating wealth in the future. An individual may also seek to gain by selling the asset in the future for a higher price.

Investment can be done either in financial assets or physical assets. A financial asset is a liquid asset that gets its value from a contractual right or ownership claim. Cash, stocks, bonds, mutual funds, and bank deposits are all examples of financial assets. A physical asset is an item of economic, commercial, or exchange value that has a material existence. Physical assets are also known as tangible assets. For most businesses, physical assets usually refer to properties, equipment, and inventory.

### Different types of investment avenues are mentioned below:

- a) **Fixed Deposit (FD):** Fixed Deposit is a financial instrument provided by banks or NBFCs which provides investors a higher rate of interest than a regular savings account, until the given maturity date. It may or may not require the creation of a separate account.
- b) **Recurring Deposit:** Recurring Deposit is a special kind of term deposit offered by Indian banks which helps people with regular incomes to deposit a fixed amount every month into their recurring deposit account and earn interest at the rate applicable to fixed deposits. It is similar to making fixed deposits of a certain amount in monthly installments. This deposit matures on a specific date in the future along with all the deposits made every month.
- c) **Bond:** A bond is a debt investment in which an investor loans money to an entity (typically corporate or governmental) that borrows the funds for a defined period of time at a variable or fixed interest rate.
- d) **Shares:** Shares are units of ownership interest in a corporation or financial asset that provide for an equal distribution of any profits, if any are declared, in the form of dividends.
- e) **Mutual fund:** Mutual Fund is a vehicle to mobilize money from investors, to invest in different markets & securities. The investment that an investor makes in a scheme is translated into a certain no. of units in the scheme. Every unit has a face value known as

NAV i.e., Net Asset value. The number of unit multiplicities by NAV is the capital of the scheme. The Securities and Exchange Board of India (SEBI) is the regulatory authority for securities in India.

- f) **National Savings Certificates:** Popularly known as NSC, it is an Indian Government savings bond, primarily used for small savings and income tax saving investments in India. It is part of the postal savings system of India Post. These can be purchased from any Post Office in India by an adult (either in his/her own name or on behalf of a minor), a minor, a trust, and two adults jointly. These are issued for five and ten year of maturity and can be pledged to banks as collateral for availing loans.
- g) **Kisan Vikas Patra:** Kisan Vikas Patra is a saving scheme that was announced by the Government of India that doubles the money invested in eight years and seven months. Kisan Vikas Patra can be purchased from any Post Office by filling out a form and depositing the amount in cash or by cheques or demand drafts with the filed form and your photographs. The Post Office will issue a Certificate called Kisan Vikas Patra with your name, amount, date of maturity and amount on the date of maturity.
- h) **Pension Plan:** Pension Plan is an employee benefit that commits the employer to make regular contributions to a pool of money that is set aside in order to fund payments made to eligible employees after they retire.
- i) **Provident Fund:** Provident Fund is a compulsory, government-managed retirement savings scheme. Workers give a portion of their salaries to the provident fund and employers must contribute on behalf of their employees. The money in the fund is then held and managed by the government and eventually withdrawn by retirees or, in certain countries, their surviving families.

## LOANS AND BORROWINGS

Any borrowing in cash or kind to be repaid in cash or kind is termed as loan and all loans payable by the household to others, irrespective of whether they are cash loans or kind loans, are deemed as liabilities of the household. This section ensured data collection on aspects related to indebtedness. To ensure that we cover all kinds of outstanding debts for the household, the survey involved inquiring source-wise loans taken and amount outstanding.

### Purposes of Seeking Loans:

- a. **Capital expenditure in farm business:** The expenditure incurred on account of purchase of land, land rights, reclamation of land for farm business, new purchases, additions, major repairs and alterations, and improvement of barns and animal sheds, orchards and plantations, wells, borewells, tubewells, irrigation resources, agricultural machinery and implements, transport equipment for farm business, purchase and other capital expenditure incurred on milch or working/breeding cows and buffaloes, egg-laying ducks and hens, etc., constitute the capital expenditure in farm business.

- b. **Revenue expenditure in farm business:** The expenditure incurred on account of purchase of seeds, manure, fodder, payment of wages, rent, land revenue, cess, water charges etc., hire charges of pumps, implements, etc., constitute the revenue expenditure in farm business.
- c. **Non-farm business:** Loans taken to meet the expenses of both capital and revenue expenditure in non-farm business are to be considered. The expenditure incurred on account of purchase of land, purchase and constructions, additions and alterations, major repairs of workplaces, workshops/manufacturing units, shops and other construction in relation to non-farm business, transport equipment, non-farm business equipment and accessories, etc., constitute the capital expenditure in non-farm business. Whereas, expenditure incurred on account of purchase of raw materials, merchandise, fuel and lubricants, payments of rent, salaries and wages, hire charges of implements and machinery, etc., constitute the revenue expenditure in non-farm business.
- d. **For housing:** The expenditure incurred by the household on account of the purchase of residential plots; purchases, repairs, additions and alterations, and new construction of buildings for residential purposes constitute the expenditure on housing.
- e. **For marriages and ceremonies:** The expenditure incurred by the household for marriages or other social ceremonies constitute this expenditure.
- f. **For education:** The expenditure incurred by the household on account of tuition fees, admission fees, purchase of books, notebooks and stationery, etc., for education constitute the expenditure on education.
- g. **For medical:** The expenditure incurred by the household on hospitalization, doctor's fees, purchase of medicines, medical diagnostic tests like scans, X-rays, ECG, EEG and other pathological tests constitute the expenditure on medical treatment.
- h. **Other consumption expenditure:** The expenditure incurred by the household on account of the purchase of durable household assets, clothing for use of the household; etc., constitute the other consumption expenditure.
- i. **Others:** If the purpose does not fit to any of the purposes mentioned above, it is to be recorded as 'Others'. 'Others' may include financial investment expenditure, expenditure on litigation, repayment of debt etc.

## COMMUNITY-BASED INSTITUTIONS

The survey also explores the status of microfinance institutions which are critical in ensuring last mile linkage with the community and contains definitions about Self Help Groups, Joint Liability Groups, Farmer Producer Organizations/ Off Farm Producer Organizations and Livelihood collectives related to community-based institutions below:

**Self Help Groups:** A self-help group (SHG) is a village-based financial intermediary committee, usually composed of 10–20 local women or men, where members make small regular savings contributions to lend to each other whenever required.

**Joint Liability Groups (JLG):** A Joint Liability Group (JLG) is an informal group comprising of 4-10 individuals coming together for the purpose of availing bank loan on individual basis or through group mechanism against mutual guarantee. Generally, the members of a JLG would engage in a similar type of economic activity. In certain groups, members may prefer to undertake different types of economic activities as well. The members would offer a joint undertaking to the bank to enable them to avail of loans. JLG members are expected to provide support to each other in carrying out occupational and social activities.

**Farmer Producer Organizations (FPO)/ Off-Farm Producer Organization (OFPO):** Farmer Producer Organization (FPO) is one type of Producer Organization (PO) where the members are farmers. Small Farmers' Agribusiness Consortium (SFAC) is providing support for promotion of FPOs. PO is a generic name for an organization of producers of any produce, e.g., agricultural, non-farm products, artisan products, etc. If the produce in question is a nonfarm item (for example, handloom or handicraft), then the PO will be that of non-farmers hence known as Off-Farm Producer Organization.

**Livelihood collectives like Agricultural or Dairy Cooperative:** These are cooperatives wherein farmers pool their resources in certain areas of activity for cooperative and mutual benefits of all members of the cooperative. There are many agricultural cooperatives available like Krishak Bharati Co-operative Limited (KRIBHCO), National Agricultural Co-operative Marketing Federation of India (NAFED), National Co-operative Consumers' Federation of India Limited (NCCF), etc. In dairy cooperatives, Banas Dairy, Bihar State Milk Cooperative Federation, Kerala Cooperative Milk Marketing Federation, etc. are present.

## INSURANCE

Insurance is a contract between an individual and an insurance company wherein an individual or entity receives financial protection or reimbursement against losses from the insurance company. The objectives of insurance scheme are to provide financial support to the affected parties in the event of uncertainties. This section attempts to understand the preparedness of households to cope with risks and uncertainties in terms of penetration of various forms of insurance and the reasons behind not taking insurance. Some important concepts and types of insurance mentioned under this section are explained ahead:

**Different types of insurance covers-** There are different types of insurance schemes available which covers various kinds of risk factors and the ones inquired in the NAFIS Survey are mentioned below:

- a. **Life Insurance:** Life Insurance is a kind of insurance that pays out a sum of money either on the death of the insured person or after a set period. Examples of insurance providing companies include Life Insurance Corporation of India, ICICI Prudential Life Insurance, Bajaj Allianz Life Insurance, etc.
- b. **Life Insurance PMJJBY:** Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is a one-year life insurance scheme, renewable from year to year, offering coverage for death. The cover under PMJJBY is for death only and hence benefit will accrue only to the nominee.
- c. **Accident Insurance General:** Accident insurance is a type of insurance where the policyholder is paid directly in the event of an accident resulting in injury of the insured. Examples of such insurance includes Kotak Life Insurance, Niva Bupa Accidental Insurance, etc.
- d. **Accident Insurance PMSBY:** Pradhan Mantri Suraksha Bima Yojana is an accidental insurance scheme that provides one year of accidental death and disability coverage with an annual renewal. With the minimum premium rate of ₹12/- per annum, this policy is most beneficial to the poor and low-income section of the society.
- e. **Health Insurance:** Health insurance is a type of insurance that covers medical expenses that arise due to an illness. Different insurance policies are offered by different companies like Aditya Birla Health Insurance, HDFC ERGO Health Insurance, Ayushman Bharat Yojana, etc.
- f. **Vehicle Insurance:** Vehicle insurance, which is most popularly known as motor insurance, is a type of insurance which provides cover for loss or damage to any vehicle like car, two-wheeler or commercial vehicle, etc. Bajaj Allianz Motor Insurance and similar insurance schemes of different companies covers claims related to vehicles.
- g. **Animal Insurance:** Livestock insurance covers against losses to animals. These policies pay to replace livestock that dies, has to be put down, or is stolen. Different policies of such insurance are available like HDFC ERGO Insurance, Pashu Dhan Bima Yojana, etc.
- h. **Crop Insurance:** Crop insurance is a type of protection policy that covers agricultural producers against unexpected loss of projected crop yields or profits from produce sales at market. Pradhan Mantri Fasal Bima Yojana and other similar policies are available which covers claims related to crop production.

## PENSION COVERAGE

Under a pension scheme, a beneficiary receives a regular amount of money on completion of certain qualifying criteria. This section covers important aspect about the different types of pension schemes available in the country and are availed by the concerned households. Regular pension for the vulnerable individuals, such as-old or disabled persons etc. can dramatically improve their quality of life and hence it not only provides financial assistance but also reduces

their dependence on others, thus improving their self-worth and confidence and hence a separated section is attributed to pension.

- a. **Old age pension:** Under Old Age Pension schemes, fixed sum paid regularly to a person of old age by the government or employer of a person, owing to old age. National Pension Scheme (NPS), Atal Pension Yojana (APY), Pradhan Mantri Vaya Vandana Yojana (PMVVY), Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Employee Pension Scheme (EPS) and Varishtha Pension Bima Yojana (VPBY) are some of the old age pension schemes of India.
- b. **Widow pension:** Under Widow Pension schemes, a fixed sum paid regularly to a widow by the government or by the employer of her late husband, owing to her widowhood. Indira Gandhi National Widow Pension Scheme (IGNWPS) and several other state government widow pensions are available in the country. It is to be noted that a person qualifying under Widow Pension Scheme should be a female and fall below 60 years of age. If a widow is above 60 years of age, she will fall in the category of Old Age Pension Scheme.
- c. **Disability pension:** Under the Disability Pension Scheme, a fixed sum paid regularly to a disabled person by the government, owing to his/her disability. Indira Gandhi National Disability Pension Scheme and several other state government disability pension schemes are available in this category.
- d. **Retirement pension:** Under the Retirement Pension Scheme, a fixed sum is paid regularly to a retired employee by his employer, owing to retirement. National Pension Scheme, LIC New Jeevan Akshay Pension Scheme and several state governments and privately offered schemes are available in this category.
- e. **Optional pension (like Jeevan Akshay, etc.):** There may be any other pension scheme which a person starts for himself/herself, owing to surety of income in old age or for family security on the basis of risk of sudden death.
- f. **National Pension Scheme (NPS):** The National Pension System (NPS) is a voluntary, defined contribution retirement savings scheme designed to enable the subscribers to make optimum decisions regarding their future through systematic savings during their working life. NPS seeks to inculcate the habit of saving for retirement amongst the citizens.
- g. **Atal Pension Yojana (APY):** The Atal Pension Yojana (APY) aims to help the unorganized sector workers save money for their old age while they are working and guarantees returns post-retirement. The maximum amount of pension offered in the scheme is ₹5000.
- h. **Jeevan Akshay Pension Scheme:** Jeevan Akshay Pension Scheme is an Immediate Annuity or Pension plan with a single premium option where the annuity starts immediately after premium payment from the next chosen date. The annuity options can be chosen for a single life (policyholder) or joint-life (policyholder and spouse).

- i. **Pradhan Mantri Vaya Vandana Yojana (PMVVY):** PMVVY scheme is offered only by Life insurance Corporation (LIC) of India. The scheme gives a guaranteed payout of pension at a specified rate for 10 years. It also offers a death benefit in the form of the return of the purchase price to the nominee.
- j. **Indira Gandhi National Old Age Pension Scheme (IGNOAPS):** The Indira Gandhi National Old Age Pension Scheme (IGNOAPS) is a scheme that aims to provide financial assistance and social protection to eligible beneficiaries. It benefits the senior citizens falling Below Poverty Line (BPL) in India.
- k. **Indira Gandhi National Widow Pension Scheme (IGNWPS):** Under the Indira Gandhi National Widow Pension Scheme (IGNWPS), a widow from a BPL family aged 18 or above, gets the amount of 700/- per month till she gets remarried or her son attends the age of 21.
- l. **Indira Gandhi National Disability Pension Scheme:** The Indira Gandhi National Disability Pension Scheme provides social benefit to the poor household in the case of PWDs Beneficiary: People living Below Poverty Line with the age group of 18-79 years and having 80% and above / multiple disabilities are eligible to get the pension.

**Financial knowledge:** Financial knowledge involves awareness and understanding about financial concepts and procedures as well as the use of this understanding to solve financial problems. It encompasses conceptual financial knowledge, procedural financial knowledge and applied financial knowledge. It helps in decision-making by facilitating people to make informed financial decisions through problem-solving, critical thinking, and an understanding of key financial facts and concepts.

**Financial attitude:** Financial attitude may be understood as an individual's orientation towards the way he/she prefers to utilize financial resources. For example; the statements stated in the questionnaire under the heading 'Financial Attitude' are directed to measure the financial attitude of a respondent by assessing their risk-taking capacity. The statements are framed such that the scores rated by the respondents will directly correlate with their attitude towards financial risks. A person rating statements 1 or 2 will indicate that he is a risk taker while a person rating it 4 or 5 will indicate his risk aversion nature.

**Financial behaviour:** Financial behaviour is defined as how well a household or individual manages financial resources that include savings budget planning, insurance and investment. The four statements under this section in the questionnaire are framed in order to measure the financial behaviour of the individuals. These statements would serve as a source of information about various ways in which the respondents manage their money, make financial decisions, keep a tab on their expenses, and timeliness in terms of paying bills, etc.





## NOTES

## NOTES



