# Insights from NABARD's Survey Findings

## Why in news?

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NABARD has released the All India Rural Financial Inclusion Survey (NAFIS).

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## What is the NAFIS about?

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- NAFIS is based on a sample of 40,327 rural households in 29 states of which 48 per cent are agriculture households (agri-HHs), 87 per cent are small and marginal farmer households.
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- The survey combines the strengths of the NSSO's Situation Assessment Survey (SAS) and RBI's All India Debt and Investment Survey.
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- Among other things, the survey estimates 2015-16 farmers' income levels.
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## What are the significant findings of the survey?

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- **Doubling Farmers Income -** The vision of doubling farmer incomes by 2022-23 had no assessment of the base (2015-16) aggregate income levels, the estimates from NAFIS fill that gap.
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- **Benchmark Income Levels -** The Dalwai Committee set up in 2016, to advice on the strategy to double farmers' incomes by 2022, did not have any benchmark income levels for 2015-16.
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- So, the committee derived them by applying yearly growth rates of state-wise net-state-domestic-product (NSDP) to the NSSO estimates of 2012-13 income levels.

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- In terms of sources of income, NAFIS offers interesting insights, particularly for the Dalwai Committee.
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- **Agri and Non- Agri Incomes -** NAFIS estimates that in 2015-16, 35 per cent of farmers' income came from cultivation, 8 per cent from livestock, 50 per cent from wages and salaries and 7 per cent from non-farm sectors.
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- The survey also estimates income of non-agri rural HH at Rs 7,269/month, more than half of which comes from working as wage labourers.
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- **Insights based on Climate -** NAFIS data finds that working as labourers is a fall-back option for average farmers in drought years.
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- Besides, the increasing pressure as a result of shrinking average holding size is presumably forcing farmers to work as labourers to meet their needs.
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## How it differs from other surveys?

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- NSSO used wider definition of rural areas, the NABARD survey includes areas that are bigger including Tier Three, Four and Five towns.
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- NAFIS estimates that an average Indian farming household earnings based on household-level data.
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- At Rs 5,000, it has a higher threshold level of income from agricultural and allied activities compared to the NSSO's threshold income level of Rs 3,000.
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- This is likely to create an upward-bias in NAFIS's estimates of farmers' income.
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- If NAFIS followed NSSO's definitions, the 2015-16 estimate of farmers' income would have been somewhat lower, and so would have been its growth rate (below 3.7 per cent).
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- NAFIS data is very different from the assumptions of the Dalwai

Committee, which states that by 2022-23, 69 to 80 per cent of farmers' incomes will accrue from farming and animal rearing.
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## What is the way forward?

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- All three surveys of NAFIS, NSSO, and Dalwali Committee were conducted in years of deficit rainfall.
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- This creates debates over the reliability of all these surveys, as it might fail to capture the true picture of agriculture and farmers.
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- Going forward, it would be better if NSSO and NABARD ensure that their next surveys belong to normal rainfall years.
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- To achieve dream of doubling farmers' incomes by 2022-23, the Dalwai Committee points out that farmers' real incomes need to grow at 10.4 per annum, that is, 2.8 times the growth rate achieved historically (3.7 per cent).
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- This sounds like a challenge of raising country's GDP growth from 7.2 per cent to 20 per cent.
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- Thus farmer income can possibly be done by 2030, unless the government undertakes drastic steps to augment farmers' incomes at faster pace.
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### Source: Indian Express

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