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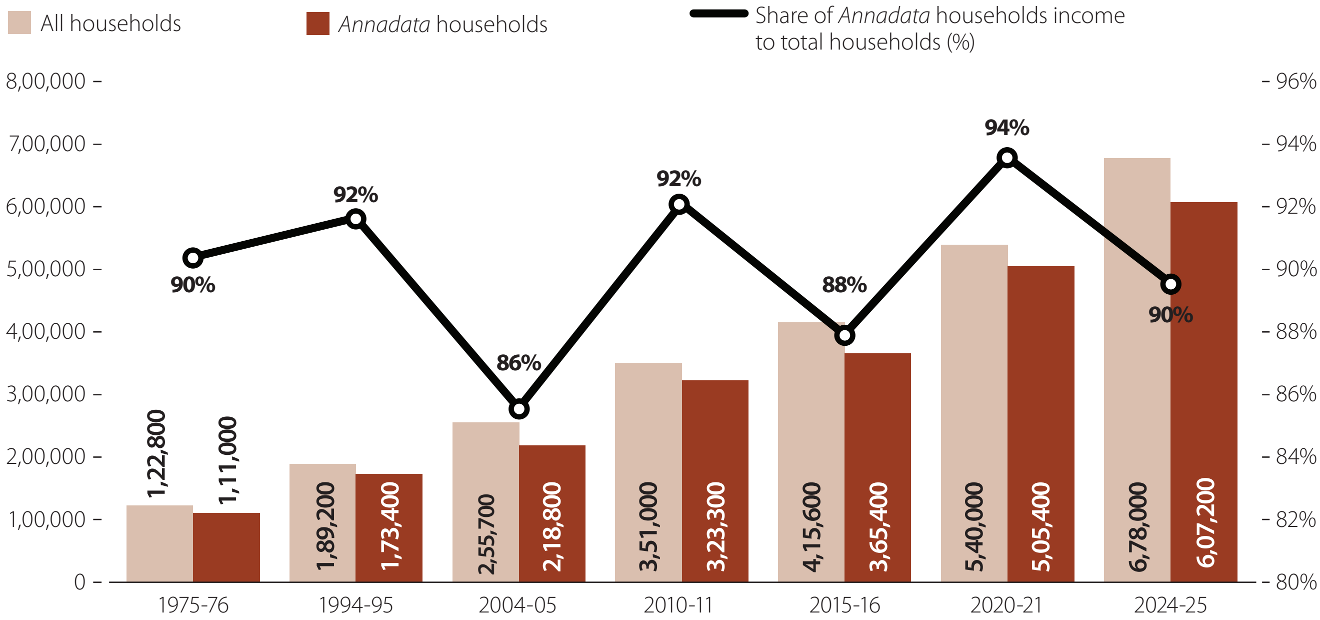
Reimagining *Annadata* Households and Their Livelihoods Beyond the Farm

Rajesh Shukla, Adite Banerjie & Tanvi Menaria

Annual average household income: All household vs. *Annadata* households
(Rs. at 2011-12 prices, 1975-2025)



People Research on India's Consumer Economy

WORKING PAPER

Reimagining *Annadata* Households and Their Livelihoods Beyond the Farm

Rajesh Shukla, Adite Banerjie & Tanvi Menaria[1]

Abstract

This paper explores the dynamic and evolving landscape of rural India, focusing on agricultural households and the diversification of their income sources. The study aims to provide a comprehensive understanding of the current situation of Indian farmers, highlighting their socio-economic profiles, income patterns, and the various challenges they face. It begins with an examination of the historical evolution of Indian agriculture, tracing the impacts of the Green Revolution and subsequent technological and policy changes. It then addresses the complexity of defining and counting actual farmers in India, providing detailed statistical data on demographics and migration trends.

A profile of Indian farmers is developed, detailing their demographic characteristics, socio-economic backgrounds, and the types of farming practices they engage in. The economic well-being of these households is analyzed through their income sources, expenditure patterns, and savings behaviors, illustrating the financial realities of agricultural livelihoods. The paper also delves into the influence of land holdings, caste dynamics, and regional variations on agricultural productivity and income. It discusses the cyclic nature of Indian agriculture, including seasonal variations, market cycles, and climate dependency, which significantly affect the economic stability of farming households. Constraints in agriculture are thoroughly examined, covering resource limitations, technological and infrastructure barriers, economic and policy challenges, and social and institutional constraints. The study highlights the pressing need for diversified income sources beyond traditional farming to enhance resilience and improve living standards.

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People Research On India's Consumer Economy

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Executive Summary

The rural economy in India is undergoing significant changes, and agricultural households, traditionally reliant on farming, are at the center of this transformation. While agriculture remains a key source of income for millions of rural families, many households are increasingly turning to non-farm activities to sustain their livelihoods. This paper seeks to reimagine the livelihoods of "*Annadata*" households, focusing on diversifying income sources, addressing systemic challenges, and ensuring the socio-economic well-being of rural communities. It draws on insights from the People Research on India's Consumer Economy (PRICE) and its ICE 360° surveys to analyze the evolving profile of agricultural households and provide policy recommendations for supporting their livelihoods beyond farming.

The key findings, their implications and recommendations of the paper are as follow:

Indian agriculture has undergone several transformative phases, beginning with the Green Revolution in the 1960s, which increased agricultural output and food security. However, this initial boost in productivity has since stagnated, and the agricultural sector now contributes less than 20% of the country's GDP while employing a significant portion of the workforce.

According to a National Council of Applied Economic Research (NCAER) study, rural economies are increasingly reliant on non-farm activities. PRICE's ICE 360° surveys support this, revealing that while 42.4% of rural households earn some income from agriculture, only 20.7% are fully dependent on it. This shift underscores the need to rethink rural development strategies.

1. Defining "Annadata" or Agricultural Households: A Complex Challenge

One of the central issues in formulating effective agricultural policies is the lack of a universally accepted definition for agricultural households or *Annadata* in India. Various government agencies and surveys use different criteria to define these households, leading to discrepancies in the targeting of policies, welfare schemes, and subsidies. The complexity arises from the diverse nature of agricultural activities, land ownership patterns, and the multi-dimensional livelihoods of rural households.

Each major government database or survey uses its own criteria, leading to inconsistencies in the number of households identified as agricultural or farming households.

- **The Agricultural Census (2015-16)** defines *"agricultural households based on the concept of operational landholdings."* It counts households that own or operate cultivable land, regardless of whether they derive their primary livelihood from farming. According to this definition, there are 146.45 million operational landholdings in India. However, this method excludes tenant farmers, sharecroppers, and agricultural laborers who do not own land but are still engaged in farming as a primary occupation.
- **The National Sample Office (NSO; 2018-19)** uses a broader definition to include *"households where at least one member is engaged in farming, either as a primary or supplementary activity"*. Based on this definition, the NSO estimated 93.09 million agricultural households, including those with part-time or marginal engagement in farming. This broader approach sometimes leads to the inclusion of households that may not rely significantly on agriculture for their livelihoods, thus inflating the total count of agricultural households.
- **PM-Kisan Database:** The Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) scheme identifies *"agricultural households based on landownership records, excluding tenant farmers and agricultural laborers who do not own land."* This database registered around 110 million landowning farmers. However, it fails to account for tenant farmers and sharecroppers who form a significant part of the agricultural workforce but do not possess formal land rights.
- **A major challenge in defining agricultural households is that many rural households** engage in multi-dimensional livelihoods, combining farming with non-farm activities. For many households, farming may provide some income, but non-farm work (such as construction, retail, or labor in urban areas) may be equally or more important for their economic survival. This reality is not captured effectively by definitions that focus solely on landholding or farming as a primary occupation.

As a result, a household that may be classified as an agricultural household by the Agricultural Census could actually derive most of its income from non-agricultural activities. Conversely, some tenant farmers or sharecroppers who do not own land may not be classified as agricultural households but are deeply involved in farming. This highlights the discrepancy between land ownership and livelihood, making it difficult for policies to accurately target the true beneficiaries.

- **Exclusion of Tenant Farmers and Sharecroppers:** A significant oversight in many definitions is the exclusion of tenant farmers and sharecroppers, who cultivate land but do not own it. In India, 12.5 million households are estimated to be tenant farmers. These farmers often face precarious conditions, including insecure land tenure, lack of access to formal credit, and exclusion from government subsidies or welfare programs.

Despite their crucial role in agricultural production, tenant farmers and sharecroppers are not covered under many welfare schemes that are based on landownership, such as PM-Kisan. This results in a large segment of the agricultural workforce being left out of policy benefits, even though they depend entirely on farming for their livelihoods.

- **Policy Implications of Inconsistent Definitions:** The lack of a consistent and inclusive definition of agricultural households has serious implications for policy design and implementation. When large groups such as tenant farmers, sharecroppers, and part-time agricultural workers are excluded from official definitions, they are also left out of critical welfare schemes, insurance programs, and subsidies aimed at supporting farmers. This limits the effectiveness of these programs and perpetuates the vulnerability of the most marginal farming households.

  To address these issues, policymakers need to develop a more inclusive and flexible definition of agricultural households, one that recognizes the diversity of livelihoods and the importance of both landowning and non-landowning farmers. Only by doing so can government programs accurately target the intended beneficiaries and ensure that no group is left behind.

- **Discrepancies Between Total Agricultural Households and Full-Time Farmers:** While many rural households report agriculture as a source of income, a smaller percentage is entirely dependent on farming. According to the PRICE ICE 360° Survey, approximately 42.4% of Indian households (140 million households) in 2024-25 have agriculture and allied activities as a source of income. However, only 20.7% (68.4 million households) are classified as ***"full-time/regular" agricultural households, meaning their primary source of livelihood is farming.*** This stark difference indicates that a significant number of households derive part of their income from non-farm activities, with agriculture playing a supplementary role in their overall economic structure.

The survey further reveals that among the 140 million households involved in agriculture, about 100 million own cultivable agricultural land. However, only 55.9 million of these households are classified as owning agricultural land and depending primarily on farming, while 12.5 million households are tenant farmers who do not own the land they cultivate. These tenant farmers, often excluded from government benefits and policy support, form a vulnerable group within the agricultural sector.

2. Tracking "Full-time/Regular" Agriculture Households or Annadata of India

While the absolute number of *Annadata* households has increased, the proportion of households relying solely on agriculture has declined significantly. This shift reflects broader demographic and economic changes, including urbanization, income diversification, and declining agricultural productivity. *Annadata* households continue to play a significant role in India's economy and workforce, but the trend toward non-farm employment signals a critical need for policies that support both agricultural livelihoods and alternative sources of income. Addressing the vulnerabilities of tenant farmers, landless laborers, and women in agriculture will be crucial for ensuring the long-term sustainability of rural households.

- **Decline in the Proportion of Annadata Households Over Time:** The proportion of agricultural households that are fully dependent on farming has been steadily declining over the past few decades, reflecting the changing dynamics of rural India. In 1975-76, *Annadata* households made up 42% of total households in India. However, this percentage has sharply declined, and by 2024-25, it is projected that only 21% of Indian households will be classified as full-time agricultural households. Despite this decline in proportion, the absolute number of *Annadata* households has grown due to the country's increasing population. In 1975-76, there were approximately 41 million *Annadata* households; by 2024-25, this number is expected to rise to 68.4 million.

  This decrease in the share of *Annadata* households highlights the increasing role of non-farm employment and income diversification in rural economies. It also signals that many rural households are shifting away from agriculture as their primary livelihood, driven by factors such as limited land availability, technological advancements, and economic opportunities outside of farming.

- **Growth in Rural Households and Urbanization Trends:** The overall number of rural households in India has increased significantly, from 99 million households in 1975-76 to an estimated 330 million households by 2024-25. This reflects broader demographic shifts, including population growth and urbanization. While the total number of households has grown, the rise in non-agricultural employment opportunities has contributed to a declining dependency on agriculture for income.

  Urbanization and migration trends have played a key role in this transformation. As rural populations move towards urban centers in search of employment, the number of households relying solely on agriculture has fallen. Moreover, technological changes in agriculture, such as mechanization, have reduced the need for labor in farming, further driving rural-to-urban migration.

- **The Role of *Annadata* Households in the Overall Population and Workforce:** *Annadata* households are expected to make up 22.1% of India's population by 2024-25, accounting for 330 million people out of a total projected population of 1,494 million. Despite being a shrinking segment of the total population, *Annadata* households continue to play a significant role in India's rural workforce. In terms of workforce participation, they will represent 26.9% of the national workforce, amounting to 122 million workers by 2024-25.

  Importantly, 32.8% of India's female workforce comes from *Annadata* households, indicating that women play a crucial role in maintaining agricultural livelihoods. In fact, the participation rate of women in the agricultural workforce is higher than the national average, which underscores the importance of addressing gender issues in agricultural policies and ensuring that women have equal access to resources, technology, and financial support.

- ***Annadata* Households Have Larger Family Sizes and Higher Dependency on Agriculture:** *Annadata* households tend to have slightly larger family sizes compared to the national average. The average household size in *Annadata* households is 4.82 members, compared to the national rural average of 4.53 members. These households also have a higher number of earners, with 1.79 earners per household compared to the national average of 1.38. This reflects the dependency of these households on multiple income sources, both from farming and non-farm activities.

  Furthermore, in *Annadata* households, an average of 1.54 members are directly involved in agricultural activities. This is significantly higher than the national average of 0.32 members per household engaged in farming, highlighting the reliance of these households on agriculture as their primary occupation. Despite the shift toward non-farm income sources, farming remains a vital livelihood for these families.

- **Income Growth in *Annadata* Households:** The income of *Annadata* households has grown substantially over the past few decades, though this growth has been uneven across regions and household types. Between 1975-76 and 2024-25, the total income of *Annadata* households, at 2011-12 prices, increased by 9 times, with an annual trend growth rate of 4.59%. However, income growth in the non-farm sector was higher than in agriculture, resulting in a larger share of national income coming from non-agricultural activities.

  These figures highlight a significant shift in the composition of rural household incomes, indicating a growing reliance on non-farm sources of income and a declining dependence on agriculture. This is a clear indication that for many households, agriculture alone is no longer sufficient to provide a sustainable livelihood.

- **The Changing Role of Agriculture in the Economy:** Agriculture's contribution to the Gross Domestic Product (GDP) has been on a declining trend, reflecting the broader economic transformation of India. In 1975-76, agriculture contributed 38% to the GDP, but by 2024-25, this is projected to stabilize at 19%. This decline demonstrates the growing importance of other sectors such as industry and services, which have absorbed some of the rural workforce transitioning out of farming.

However, the shift away from agriculture has not been smooth. The mismatch between the declining agricultural sector and the limited absorption capacity of industry and services has contributed to rural distress. Many who leave farming find themselves in insecure or low-paying jobs in urban areas, leading to a phenomenon known as "farm distress" due to the lack of viable livelihood alternatives.

3. Socio-Economic Profile of Indian Farmers

The socio-economic profile of *Annadata* households presents a mixed picture of both progress and vulnerability. While income levels have increased, thanks to non-farm diversification and some asset ownership, many households still face substantial financial challenges. High expenditures, significant debt burdens, and reliance on small landholdings continue to limit the economic potential of these households. Furthermore, regional and caste-based disparities persist, with marginalized groups such as SC and ST households earning significantly less than others. Given these challenges, it is clear that agricultural households will need sustained support in terms of agricultural productivity, infrastructure development, and access to diversified income opportunities to achieve economic security.

- **Regional and Caste-Based Disparities in Income:** There are significant regional and caste-based disparities in the income earned by *Annadata* households. Geographically, the largest concentrations of agricultural households are found in agrarian states such as Uttar Pradesh (13.1 million), Maharashtra (5.4 million), Madhya Pradesh (5.4 million), and Rajasthan (5.2 million). These states account for over 75% of India's agricultural households. However, income levels vary not only by region but also by social group. General category households report the highest annual income at ₹8.84 lakh, while Scheduled Tribes (ST) households earn significantly less, averaging only ₹5.69 lakh. Scheduled Castes (SC), another marginalized group, report an average income of ₹6.85 lakh. This disparity underscores the economic challenges faced by marginalized communities, who often lack access to the same resources, land, and opportunities as their counterparts in the General or OBC categories.

- **Household Size and Workforce Participation:** The household size of *Annadata* families tends to be larger than the national rural average. On average, these households consist of 4.82 members, compared to the rural national average of 4.53 members. This larger household size is accompanied by a higher number of earners per household, with 1.79 earners per agricultural household, compared to the national average of 1.38. This reflects the necessity for more family members to contribute economically, given the uncertainties associated with farming. Notably, women from *Annadata* households play a critical role in farming activities, with 32.8% of the female rural workforce engaged in agricultural work. Female participation highlights the gendered nature of farm labor and underscores the importance of addressing women's roles in rural economic policies.

- **Landholding Size and Access to Resources:** The majority of *Annadata* households are classified as small or marginal farmers, which severely limits their ability to scale their farming operations or invest in modern agricultural technology. Hardly 0.4% of households are large-scale farmers, with access to over 10 hectares of land, while 88% of agricultural households are either landless, tenant farmers, or small-scale farmers with minimal or no land for cultivation. The 11% of households classified as medium-scale farmers (owning between 2 and 10 hectares) face challenges related to rising input costs and market instability. These small and medium-sized farmers are disproportionately affected by the growing cost of seeds, fertilizers, and water, which further limits their financial stability. Additionally, many lack the resources to invest in technological advancements that could increase productivity and profitability.

- **Income Diversification and Non-Farm Activities:** As farming becomes increasingly volatile due to market fluctuations and environmental uncertainties, *Annadata* households are turning to non-farm income sources. 52% of agricultural households now report earning additional income from non-agricultural activities. These include self-employment in non-agricultural businesses (7.1%), salaried employment (3.4%), and agricultural labor (4.4%), along with pensions (1.4%) and remittances from family members working outside the rural sector. This trend toward diversification is crucial for reducing the risks associated with agricultural income, which can be highly unstable due to factors such as price volatility, weather events, and other external economic shocks. The reliance on non-farm income also indicates the gradual shift away from farming as the sole source of livelihood for many rural households, providing them with more financial resilience.

- **Income Levels and Composition:** The average full-time agricultural household in India is projected to earn ₹7.31 lakh annually by 2024-25, with a substantial portion of their income–67.1%–coming from farming activities. This includes ₹4.90 lakh earned directly from farming and ₹54,000 (7.4%) from allied agricultural activities such as dairy, livestock, or other subsidiary agricultural enterprises. However, farming alone is no longer sufficient to sustain rural livelihoods. A growing portion of income–approximately 33%–is derived from non-farming activities. These include non-agricultural self-employment (7.1%), salaries from jobs outside of agriculture (3.4%), and remittances (2.6%). This trend toward non-farm income highlights the increasing importance of economic diversification for the survival and stability of agricultural households.

- **Expenditure and Savings Patterns:** *Annadata* households face high expenditure levels, spending an average of ₹5.47 lakh annually on basic necessities and daily needs. This amounts to 93% of their total income, leaving only a small portion for savings or investment. Despite this, these households manage to save about ₹1.52 lakh annually, although this is often offset by debt obligations. The reliance on informal lending is high, with the average debt standing at around ₹1.13 lakh per household, resulting in a debt-to-income ratio of 16%. This level of debt places a significant burden on these households, as many rely on loans, often at high interest rates, to cover agricultural inputs, household expenses, or unforeseen financial needs. The limited savings capacity coupled with high debt highlights the financial vulnerability of many agricultural households.
- **Ownership of Assets and Digital Inclusion:** The asset ownership patterns among *Annadata* households reflect gradual improvements in their living standards. For example, 79% of these households now own a television, indicating access to information and entertainment, and 60% own a two-wheeler, providing essential mobility for rural activities. However, only 11% of households own a washing machine, suggesting that many still rely on manual labor for household chores, reflecting the persistent use of traditional methods in day-to-day life. Digital inclusion is another area where progress is visible, with 65% of households owning a smartphone and 40% are actively using digital payment methods. This signals a positive trend toward financial inclusion and access to government schemes or banking services, which can be accessed more easily through digital means.

4. Challenges and Opportunities for Diversification

With agricultural incomes being volatile and often inadequate, more and more rural households are exploring non-farm income sources. However, several systemic and structural barriers limit the potential for diversification, particularly for small and marginal farmers, have made farming a precarious and often unsustainable livelihood.

- **Heavy Reliance on Non-Farm Income:** The increasing reliance on non-farm income is one of the most notable trends among *Annadata* households. According to the PRICE ICE 360° Survey, around 52% of agricultural households now report earning some form of non-farm income. This reflects a crucial shift as rural economies adapt to the limitations of agriculture as a primary source of livelihood. Non-farm income sources include self-employment in non-agricultural enterprises (7.1%), salaried employment (3.4%), agricultural labor (4.4%), and pensions (1.4%).

  This diversification into non-farm activities is vital for mitigating the inherent risks of farming, such as fluctuating crop prices, unpredictable weather patterns, and market volatility. For many *Annadata* households, these additional income streams provide a financial buffer, helping them sustain livelihoods despite the volatility in farm income.
- **Constraints in Agriculture:** Despite being the backbone of rural livelihoods, agriculture is increasingly seen as an unstable and insufficient source of income for many households. Several systemic constraints exacerbate the economic fragility of agricultural households. These include:

Land Fragmentation: With landholdings getting smaller due to generational divisions, economies of scale in farming are difficult to achieve. Smaller farms often struggle to generate adequate returns to support a family.

Resource Limitations: Many agricultural households lack access to basic resources like irrigation, modern farming equipment, or quality inputs such as fertilizers and seeds. This limits their productivity and, consequently, their income.

Technological Gaps: Adoption of modern farming technology remains low, particularly among small and marginal farmers. This further restricts their ability to improve yields or reduce input costs, locking them into low-productivity farming practices.

These constraints are particularly severe for small and marginal farmers, who constitute a significant portion of *Annadata* households. As they operate on small plots of land and often lack the capital to invest in technology, they are especially vulnerable to agricultural risks.

- **Regional Disparities in Access to Resources:** The challenges faced by *Annadata* households are not uniform across the country. Regional disparities play a significant role in determining the economic well-being of agricultural households. Households in developed rural clusters benefit from better access to infrastructure, markets, and technology, which allows them to enhance their agricultural productivity and engage more effectively in non-farm activities.

In contrast, underdeveloped rural clusters are characterized by poor access to infrastructure and services, limiting the ability of farmers to sell their produce at competitive prices or engage in non-farm employment. For example, areas with poor road connectivity, limited access to agricultural inputs, or weak market linkages see significantly lower farm incomes and limited opportunities for diversification.

The disparities in access to resources further exacerbate existing economic inequalities within rural India, making it difficult for households in underdeveloped regions to break the cycle of poverty and low productivity.

- **Seasonal and Cyclical Nature of Agriculture:** Indian agriculture is highly seasonal and cyclical, which adds to the volatility of farm income. Agricultural households are heavily dependent on climatic conditions, with monsoon seasons determining the success or failure of crop cycles. Moreover, market cycles for agricultural commodities can lead to price volatility, further affecting household incomes.

For example, during periods of glut, when the supply of certain crops exceeds demand, prices plummet, and farmers face significant losses. Conversely, during lean periods, they may not be able to capitalize on higher prices due to limited output or poor access to markets. This cyclical nature of agriculture makes it a precarious occupation, especially for those without diversified income sources to fall back on.

- **Opportunities for Income Diversification:** The ongoing shift towards income diversification presents a key opportunity for improving the livelihoods of *Annadata* households. As rural economies increasingly rely on non-farm sources of income, there are several areas where policy interventions can support this trend. Key opportunities for diversification include:
  - **Rural Entrepreneurship:** Encouraging entrepreneurship in sectors such as agro-processing, handicrafts, and small-scale manufacturing can provide alternative income sources for agricultural households.
  - **Skill Development Programs:** By providing rural populations with the skills needed to participate in non-farm sectors such as construction, retail, and services, the government can help expand the non-farm economy.
  - **Rural Industrialization:** Developing rural industries, particularly those that add value to agricultural products, can provide employment opportunities and improve market access for farm households.

For these opportunities to be fully realized, however, rural areas will require significant investments in infrastructure, education, and access to financial services. This will enable rural households to move beyond traditional farming and tap into alternative livelihood options.

5. Policy Recommendations: Empowering *Annadata* Households for a Viksit Bharat

As India marches towards its goal of becoming a Viksit Bharat (Developed India) by 2047, the role of *Annadata* households–the agricultural backbone of the country–becomes crucial. To achieve this vision, policies must not only support farming but also enable rural households to thrive in a rapidly changing economic landscape. *Annadata* households must evolve from being mere producers of food to becoming key drivers of rural transformation, innovation, and inclusive economic growth.

The following policy recommendations highlight the necessary steps to empower *Annadata* households, aligning their progress with India's journey to becoming a prosperous and developed nation.

A. Redefine and Broaden the Definition of Annadata Households

The current definitions of agricultural households used by various government agencies are restrictive, often excluding tenant farmers, sharecroppers, and landless laborers. To ensure no one is left behind in India's growth trajectory, the definition of *Annadata* must be broadened to include all individuals engaged in agricultural activities, regardless of land ownership. This inclusive approach will:

- **Expand welfare coverage:** Ensure that all vulnerable farmers–especially tenant farmers and sharecroppers–can benefit from welfare schemes such as PM-Kisan and formal financial inclusion initiatives.
- **Accurately reflect rural realities:** Support the creation of targeted policies that reflect the diversity of rural livelihoods and address the specific challenges faced by marginal groups.

Outcome for Viksit Bharat: A broader definition will create an inclusive and resilient agricultural sector, ensuring that all contributors to India's food security and rural economy are uplifted, helping them actively contribute to the national development vision.

B. *Promote Non-Farm Employment and Rural Entrepreneurship*

As farming alone is becoming increasingly insufficient to sustain rural households, the promotion of non-farm employment and rural entrepreneurship is critical. Diversification will reduce dependency on volatile farm incomes and create new opportunities for economic growth within rural areas. Policies should focus on:

- **Developing rural industries:** Encourage agro-processing, rural tourism, handicrafts, and small-scale manufacturing by providing incentives, financial support, and infrastructure.
- **Skill development:** Equip rural populations with the necessary skills to thrive in non-agricultural sectors such as construction, retail, and services.
- **Encouraging entrepreneurship:** Provide access to credit and market linkages for rural entrepreneurs, helping them start businesses that complement the agricultural economy.

Outcome for Viksit Bharat: A robust non-farm sector will reduce the economic vulnerability of rural households and empower them to become active participants in India's broader economic growth, driving innovation and job creation in rural regions.

C. *Enhance Agricultural Productivity with Modern Technology and Infrastructure*

To ensure that agriculture remains a sustainable and profitable sector, policies must aim at improving agricultural productivity through the adoption of modern technologies and investment in rural infrastructure. The government should:

- **Promote mechanization:** Encourage the adoption of precision farming, irrigation systems, and modern agricultural equipment, particularly among small and marginal farmers.
- **Invest in rural infrastructure:** Develop better roads, cold storage facilities, and processing centers to reduce post-harvest losses and improve market access.
- **Encourage sustainable farming practices:** Support organic farming, crop diversification, and soil health improvement to boost long-term productivity.

Outcome for Viksit Bharat: Higher agricultural productivity will ensure food security for India's growing population while enhancing farmers' incomes. A technologically advanced agricultural sector will create a more resilient and sustainable rural economy.

D. *Expand Financial Inclusion and Access to Affordable Credit*

For *Annadata* households to play a significant role in making India a Viksit Bharat, they need access to affordable credit, insurance, and savings products. Current financial systems often exclude tenant farmers and sharecroppers, leaving them vulnerable to high-interest informal loans. Key actions include:

- **Expanding formal financial access:** Ensure all *Annadata* households, including tenant farmers and laborers, have access to credit through expanded coverage of the Kisan Credit Card scheme.
- **Enhancing insurance coverage:** Strengthen crop insurance schemes like Pradhan Mantri Fasal Bima Yojana (PMFBY) to provide a safety net against climate risks, crop failures, and market fluctuations.
- **Financial literacy and inclusion:** Promote financial literacy programs to help farmers make informed financial decisions and utilize digital platforms for payments, savings, and insurance.

Outcome for Viksit Bharat: Financial empowerment of *Annadata* households will reduce their vulnerability to debt cycles and ensure they can invest in productivity-enhancing technologies, leading to a more economically stable and prosperous rural India.

E. *Bridge the Gap Between Rich and Poor Farmers*

The growing divide between rich and poor farmers–both in terms of income and access to resources–threatens to leave marginalized farmers behind. To address this disparity, policies should:

- **Provide targeted support to small and marginal farmers:** Introduce policies that specifically support small and marginal farmers through subsidies for inputs, access to irrigation, and market linkages.
- **State-specific interventions:** Recognize regional disparities and implement region-specific policies to address local challenges. States with lower agricultural productivity (e.g., Bihar, Uttar Pradesh) need targeted investment in infrastructure and market access.

Outcome for Viksit Bharat: A more equitable rural economy will ensure that all farmers, regardless of landholding size or location, have the opportunity to prosper. Bridging this gap will help build a more inclusive and balanced rural economy.

F. *Empower Women Farmers as Catalysts of Rural Transformation*

Women form a significant portion of the agricultural workforce but are often marginalized in terms of access to resources, credit, and training. To unlock the potential of women farmers as catalysts for rural development, policies should:

- **Improve women's access to resources:** Provide women with access to credit, technology, and land rights to ensure they can actively participate in agricultural and non-farm sectors.
- **Promote gender-sensitive training programs:** Offer tailored agricultural training programs to help women adopt modern farming techniques and engage in rural entrepreneurship.
- **Support women-led rural enterprises:** Provide targeted support for women entrepreneurs in rural areas, particularly in agro-processing and handicrafts, where they have shown high potential.

Outcome for Viksit Bharat: Empowering women farmers will significantly boost rural productivity and ensure more balanced and sustainable growth. By tapping into the full potential of half the population, India can accelerate its journey toward becoming a developed nation.

G. *Foster Climate-Resilient Agriculture*

Climate change poses a severe risk to Indian agriculture, with *Annadata* households disproportionately affected by unpredictable weather patterns, droughts, and floods. Policies should focus on:

- **Promoting climate-resilient crops and practices:** Encourage the use of drought-resistant seeds, diversified cropping systems, and sustainable water management to mitigate the risks posed by climate variability.
- **Expand climate insurance:** Ensure that all *Annadata* households are covered by crop insurance schemes that protect against climate-induced crop failures.
- **Invest in research and development:** Increase funding for research on climate-resilient farming technologies and practices that can be easily adopted by small and marginal farmers.

Outcome for Viksit Bharat: Building a climate-resilient agricultural sector will secure the livelihoods of millions of farmers while safeguarding national food security. It will also position India as a global leader in sustainable agricultural practices.

Conclusion: *Annadata* Households as Pillars of Viksit Bharat

Annadata households are not only the backbone of India's agricultural sector but also hold the potential to become key drivers in India's transformation into a Viksit Bharat. By empowering these households with inclusive policies, modern technology, diversified income sources, and gender equality, India can create a resilient and prosperous rural economy that contributes to the national vision of development. The future of a developed India is tied to the future of its farmers. By investing in their growth, equipping them with the necessary tools and resources, and ensuring inclusive participation in the nation's economy, *Annadata* households can help India achieve its full potential as a global economic powerhouse.

1. Introduction

India's *Annadata* households–its agricultural families–have long been the backbone of the nation's rural economy, ensuring food security and sustaining millions of livelihoods. Deeply rooted in agriculture, they represent the country's agrarian identity. However, as India aspires to become a developed economy by 2047 under the vision of *Amrit Kaal*, it is crucial to rethink their future beyond traditional farming. This transformation is vital for their economic security and the overall progress of rural India.

While agriculture remains central to their identity, changing economic trends, technological advancements, and structural shifts demand a broader vision. *Annadata* households must explore opportunities beyond farming. The rapid expansion of rural enterprises, digital innovations, and alternative employment options highlight the need for a multi-sectoral approach to rural development.

Evidence, including NABARD's *All India Rural Financial Inclusion Survey (2018)* and studies by *Chand and Srivastava (2020)*, indicates a growing reliance on non-farm income. This shift is driven by factors such as climate uncertainties, fluctuating crop prices, and shrinking arable land. The rise of micro, small, and medium enterprises (MSMEs) and the expansion of rural services present viable alternatives for these households.

Despite this transition, systemic challenges hinder their socio-economic mobility. Income disparities, regional inequalities, financial insecurities, and limited alternative employment opportunities create significant obstacles. Structural problems like land fragmentation, inadequate rural infrastructure, and restricted access to formal credit further exacerbate these issues. Women, who play a vital role in agriculture, face additional barriers due to socio-cultural norms and lack of resources. Addressing these disparities requires targeted policies for inclusive growth.

As agriculture's contribution to India's GDP declines, securing the economic future of *Annadata* households requires a balanced approach–one that enhances agricultural productivity while expanding livelihood options. Empowering them with skills and knowledge to engage in non-agricultural activities is crucial. Vocational training, digital literacy, and financial inclusion initiatives can facilitate this transition. Government programs like Skill India, Startup India, and self-employment schemes provide a foundation for this shift but need better implementation and wider reach.

A forward-looking strategy must integrate technology-driven solutions into rural development. Digital platforms, e-commerce, and fintech innovations can improve market access, financial services, and knowledge sharing. Investments in rural infrastructure, including roads, electricity, and broadband connectivity, will enhance mobility and economic participation. Encouraging rural entrepreneurship through incubators, cooperatives, and public-private partnerships can further stimulate local economies and create sustainable livelihood opportunities.

Annadata households must continue to thrive–not just as food providers, but as drivers of innovation, economic diversification, and rural prosperity. Their transition from primarily agricultural entities to dynamic economic contributors is essential for India's vision of a developed economy by 2047. Achieving this requires a collaborative effort from the government, private sector, and civil society to create an ecosystem where these households can succeed in multiple economic areas, ensuring a strong and self-sufficient rural India.

This paper examines the changing socio-economic landscape of *Annadata* households, focusing on income diversification, regional disparities, and evolving rural structures. Using insights from PRICE's ICE 360° surveys and government data, it highlights the growing dependence on non-farm income sources and the limitations of current policy frameworks. The findings emphasize the need for a fresh approach to rural development–one that promotes self-employment, skill enhancement, and entrepreneurship.

2. Defining "*Annadata*" or Agricultural Households: A Complex Challenge

India's agricultural households, known as *Annadata* are primarily reliant on farming and allied activities for their livelihoods, embody India's agrarian identity. As the nation sets its sights on becoming a developed country by 2047 under the Amrit Kaal vision, the importance of addressing the socio-economic transformation of *Annadata* households becomes paramount. While over 68.4 million households can be identified as "full-time or regular" agricultural households, as per PRICE's ICE 360° data, there is a critical need to rethink their livelihoods beyond agriculture to foster resilience, income security, and sustainable rural growth.

Various government sources have attempted to define agricultural households, yet discrepancies and limitations persist in providing an accurate estimate of this population. The Agricultural Census (2015-16) and other key databases highlight the diverse criteria used to define a "farmer" or "agricultural household." These definitions shape the way government policies and welfare schemes, such as Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan) and Pradhan Mantri Kisan Maandhan Yojana (PM-KMY), target beneficiaries, but they also contribute to inconsistencies in identifying *Annadata* households.

- **Agricultural Census (2015-16):** The Agricultural Census defines an agricultural household based on "operational holdings," i.e., those who own or cultivate land. This census estimated 146.45 million operational holdings in India. However, this definition excludes tenant farmers, sharecroppers, and agricultural labourers who do not have land ownership but depend on farming for livelihood. This exclusion creates challenges in targeting welfare schemes to landless farmers, especially since many operate on informal land tenure systems.
- **National Sample Survey Office (NSSO):** According to the NSSO's 2018-19 report, an agricultural household is defined as one where at least one member worked in farming for 30 days or more in six months and produced goods worth over Rs. 4,000 annually. This survey identified around 93.09 million agricultural households. However, this broad definition includes seasonal and part-time farmers, whose primary income may come from non-farm activities. As a result, policies aimed at full-time farmers may inadvertently cover households with minimal farming engagement.
- **Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) Database:** This scheme registers landholding farmers, offering direct income support. As of 2024, over 110 million farmers have been registered. However, PM-Kisan's reliance on land ownership records excludes tenant farmers and agricultural laborers who do not own the land they cultivate. These exclusions highlight a key limitation in using this dataset to identify true *Annadata* households(In August 2022).
- **National Bank for Agriculture and Rural Development (NABARD):** NABARD's All India Rural Financial Inclusion Survey (NAFIS) found that many rural households engaged in agriculture also rely on non-farm income sources. This trend of income diversification complicates the task of defining "full-time or regular" agricultural households, as many may derive significant portions of their income from non-agricultural activities, further blurring the lines.

Each of these definitions, while helpful, presents specific challenges:

- **Over- and under-estimation:** Broad definitions may include part-time farmers, while narrow ones exclude tenant farmers and sharecroppers.
- **Inconsistent targeting:** Government schemes such as PM-Kisan often exclude tenant farmers due to a lack of formal land ownership, resulting in exclusion errors. Conversely, households with minimal agricultural engagement might be included due to outdated or broad definitions.
- **Regional disparities:** In regions with incomplete land records or informal tenancy arrangements, these definitions often do not capture the real agricultural workforce, skewing data and limiting policy effectiveness.

Against this backdrop, the definition provided by the People Research on India's Consumer Economy (PRICE) in its ICE 360° surveys offers a more nuanced and precise approach to identifying *Annadata* households. PRICE defines "full-time or regular" agricultural households as those primarily and entirely dependent on farming and allied activities for their livelihood. This is determined by collecting detailed, longitudinal household income data, including all income sources, which allows for a clearer and more reliable estimation of households that truly depend on agriculture.

According to PRICE's 2024-25 estimates, out of 330 million households in India, approximately 68.4 million can be classified as "full-time/regular" *Annadata* households. This definition is critical for the following reasons:

- **Precision in Targeting:** Unlike broader government definitions, PRICE's criteria focus on income dependency, meaning only those households that derive the majority of their livelihood from agriculture are included. This is crucial for effectively targeting policies and welfare schemes designed for full-time farmers.
- **Inclusion of Tenant Farmers:** PRICE's approach accounts for tenant farmers who, although they may not own land, are fully engaged in agriculture. This inclusion is particularly important, as these farmers often fall outside the scope of other databases like the Agricultural Census or PM-Kisan.
- **Accurate Policy Formulation:** By identifying households that are truly dependent on agriculture, PRICE's data allows for more precise policy interventions. For instance, schemes promoting income diversification or market access can be directed toward households that need it most, rather than those who are only peripherally involved in farming.
- **Support for Diversification:** As rural economies increasingly rely on non-farm income, the need for policies that encourage income diversification is growing. PRICE's data enables a better understanding of how to balance support for full-time farmers while fostering alternative livelihoods for those transitioning away from agriculture.

Therefore, reimagining the livelihoods of *Annadata* households requires a shift in how we define and understand agricultural households in India. While various government sources provide valuable insights, their limitations–particularly in excluding tenant farmers and over-including part-time farmers–make it difficult to effectively target policies and welfare schemes. The ICE 360° data from PRICE, with its detailed, income-based definition of "full-time or regular" agricultural households, offers a more precise and inclusive approach. By focusing on those who are truly dependent on farming, this report advocates for policies that support not only agricultural activities but also broader economic diversification to ensure a sustainable and prosperous future for India's rural communities.

This paper explores the shifting landscape of rural India by focusing on the income diversification of agricultural households. It begins by providing a historical context, examining the transformative effects of the Green Revolution and subsequent policy changes. The complexity of defining and counting "real" farmers is discussed, supported by statistical insights into the demographic changes and migration patterns that affect the sector.

Through profiling Indian farmers, the paper delves into their socio-economic characteristics and farming practices. It also assesses the financial realities of their livelihoods, focusing on income sources, expenditures, and savings habits. Furthermore, the challenges facing agricultural households are examined, including issues related to the cyclical nature of Indian agriculture, landholding sizes, caste dynamics, and regional disparities in productivity and income.

3. Counting "Full-time/Regular" Agricultural Households (*Annadata*) in India

According to the PRICE's survey's estimates, India is projected to have around 330 million households in 2024-25. Among these, approximately 140 million households (42.4%) have reported agriculture and allied activities as a source of household income. Out of total households, 100 million (30.3%) own cultivable agricultural land, making them eligible for government schemes like PM-Kisan, provided they meet additional criteria. However, the survey's income data shows that only 68.4 million households qualify as "*Agriculture Households*" or "*Annadata*," meaning they are entirely dependent on agriculture as their only or primary livelihood. Within this group of *Annadata* households, around 18% (12.5 million) are tenant farmers who do not own the land they work on. As a result, these landless tenant farmers are often excluded from benefits under programs like PM-Kisan, which require land ownership for eligibility. **(Table 1)**

India's estimated total population in 2024-25 is 1,494 million, with 330 million, or 22.10%, belonging to *Annadata* households. This highlights the significant presence of solely farming dependent population in the overall population. In terms of workforce participation, India is expected to have a total workforce of 455 million, of which 122 million (26.90%) come from *Annadata* households. Notably, 32.80% of the female workforce (70 million out of 212 million) also belongs to these agricultural households, underscoring the important role women play in agricultural activities **(Table 2)**.

Annadata households tend to have slightly larger families, with an average household size of 4.82 members compared to the national average of 4.53 members. Furthermore, these households have a higher average number of earners per household at 1.79, compared to the national average of 1.38. Within *Annadata* households, an average of 1.54 members are directly involved in agricultural activities, whereas the national average is much lower at 0.32 members per household.

Table 2: Demographics of "full-time/regular" agriculture households or *Annadata* households (2024-25)

Characteristics	Number (Million) All India	Number (Million) *Annadata*	Share of *"Annadata"* (%)
Population	1,494	330	22.1%
Work force - Total	455	122	26.9%
Work force - Female	212	70	32.8%
Household size	4.53	4.82	
Earner per household	1.38	1.79	
Agriculture earner per household	0.32	1.54	
Dependency ratio	3.29	2.70	
Female participation (%)	47%	57%	

Source: Authors' estimates based on PRICE's ICE 360° surveys

The dependency ratio, which measures the number of dependents per earner, is lower in *Annadata* households at 2.7, compared to 3.29 for the general population. This indicates a relatively lower economic burden on working members in agricultural households. Additionally, female participation in the workforce is significantly higher in *Annadata* households, with 57% of women contributing to the workforce, compared to 47% nationally. This emphasizes the strong involvement of women in agriculture and related activities within these households.

Table 1: The estimated number of "full-time/regular" agriculture households or *Annadata* Households (2024-25)

		Number (Million)	Per cent
1.	Households	330	100.0%
2.	Households having "Agriculture" as one source of household income	140	42.4%
3.	Household owned the "agricultural land"	100	30.3%
4.	Households having "Agriculture" as "ONLY" or "Major" source of household income – "Agriculture Households" or "Annadata"		
	(a) Total	68.4	20.7%
	(b) Owned "agricultural land"	55.9	16.9%
	(c) Do not owned "agricultural land"	12.5	3.8%

Source: Authors' Estimates based on PRICE's ICE 360° Surveys

4. Tracking "Full-time/Regular" Agriculture households or *Annadata* of India

Credible data from major national household surveys by National Council of Applied Economic Research (NCAER) and People Research on India's Consumer Economy (PRICE), conducted between 1975-76 and 2024-25, have been used in this analysis to understand the dynamics of agriculture in India. During the period, the total number of Indian households has increased significantly, from 99 million in 1975-76 to an estimated 330 million in 2024-25, reflecting broader demographic changes, including urbanization **(Figure 1)**. On the other hand, the number of *Annadata* households–those fully dependent on farming–rose from 41 million to 68 million. However, despite this numerical growth, the proportion of *Annadata* households has decreased from 42% in 1975-76 to a projected 21% in 2024-25, signalling a shift away from agriculture as the primary source of livelihood for many. Today, *Annadata* households account for one-fifth of the total households in India, and just over one-third of rural households remain primarily engaged in agriculture. These households continue to form the backbone of rural communities across the country, despite their shrinking share of the population.

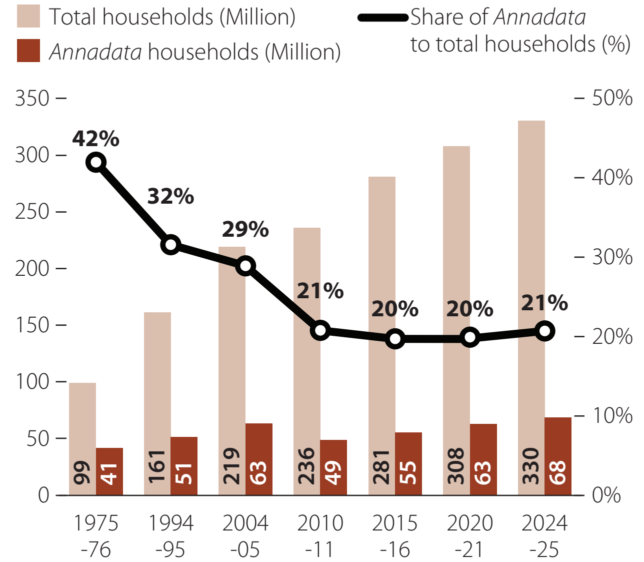
Total income earned by the *Annadata* household, at 2011-12 prices, increased 9 times between 1975-76 and 2024-25, with an underlying annual trend growth rate of 4.59 per cent.

The financial landscape of *Annadata* households has witnessed a substantial transformation from 1975 to the projected figures of 2024. Household incomes grew from Rs 4,600 billion (at 2011-12 prices) in 1975-76 to Rs 6,300 billion in 1994-95 and more than doubled to Rs 13,900 by 2004-05. By 2020-21 the income of agricultural households grew to Rs 31,700 billion and is expected to touch Rs 41,500 billion by 2024-25 **(Figure 2)**.

However, in terms of agriculture's contribution to Gross Domestic Product (GDP), it's on a declining roller-coaster trend - from a high of 38 per cent in 1975-76 to 21 per cent in 1994-95 and then marginally rising to 25 per cent in 2004-05. It dropped again to 17 per cent by 2015-16. And is expected to remain stable at 19 per cent till 2024-25. This demonstrates the economic transformation towards more diversified sectors such as FMCG and industrialised economy, leading to a smaller contribution of agriculture to GDP.

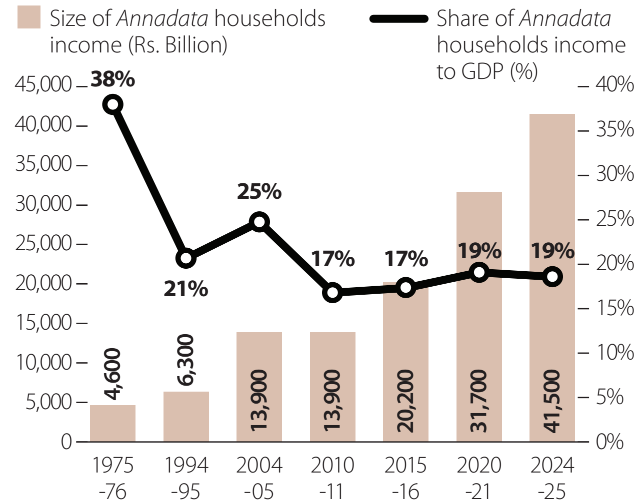
While the era of food shortages is behind us, the fact remains that the agriculture sector is in distress. The stagnation in agriculture's contribution to the GDP between

Figure 1: Estimated number of *Annadata* households
(Million, 1975-2025)



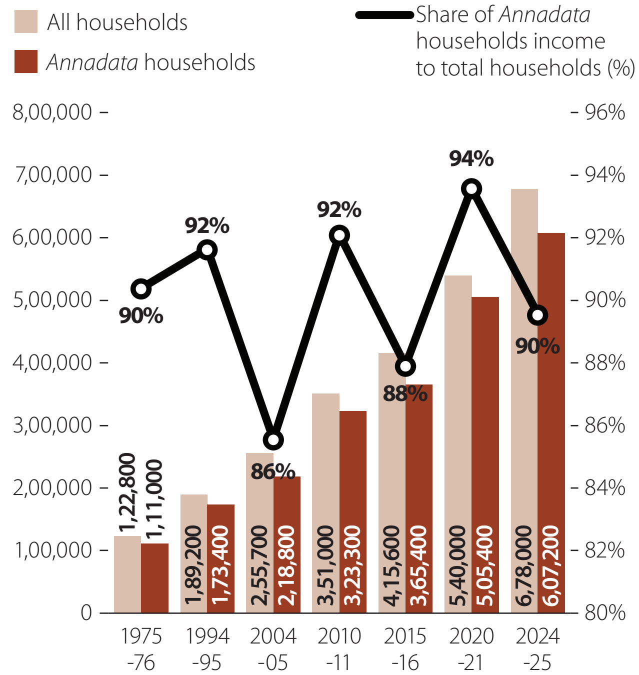
Source: Authors' estimates based on NCAER survey reports (1975-2005), 2010-11 estimates, PRICE's ICE 360° surveys (2016-2023)

Figure 2: Size of "full-time/regular" *Annadata* Economy
(Rs. Billion at 2011-12 prices, 1975-2025)



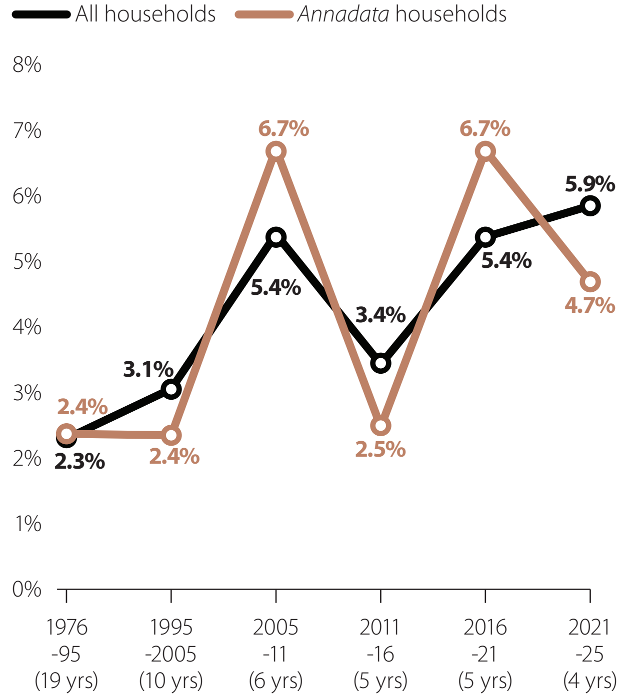
Source: Authors' estimates based on NCAER survey reports (1975-2005), 2010-11 estimates, PRICE's ICE 360° surveys (2016-2023) and GDP estimates from NSO, GoI

Figure 3: Annual average household income: All household vs. *Annadata* households
(Rs. at 2011-12 prices, 1975-2025)



Source: Authors' estimates based on NCAER survey reports (1975-2005), 2010-11 estimates, PRICE's ICE 360° surveys (2016-2023) and GDP estimates from NSO, GoI

Figure 4: Real annual average household income growth: All household vs. *Annadata* households



Source: Authors' estimates based on NCAER survey reports (1975-2005), 2010-11 estimates, PRICE's ICE 360° surveys (2016-2023) and GDP estimates from NSO, GoI

2004-05 and 2010-11 is a clear indication of the reversal of agriculture's dominating position in the economy. As the non-farm sectors have grown, agriculture alone is no longer a sustainable source of income for the rural population. On the flip side, industry and services sectors have not been able to absorb all the people who are moving out of farming and allied activities. This mismatch is one of the key factors that has led to "farm distress".

Figures 3 and 4 together provide a detailed analysis of household income trends in India, with a specific focus on *Annadata* households (agricultural households), compared to the national average for all households. The data spans from 1975 to 2025, using real income values adjusted to 2011-12 prices. When interpreted together, the figures highlight both income levels and growth rates for these two groups, illustrating not only how incomes have increased over time but also the persistent income disparity between *Annadata* households and the broader population.

Figure 3 tracking the annual average household income, shows a steady rise in income for both *Annadata* and all households. In 1975-76, *Annadata* households earned Rs 111,000, or 90% of the average household income across India. This ratio fluctuated over time, reaching its highest points of 92% in 1994-95 and again in 2010-11. During these years, *Annadata* households came closest to achieving income parity with the national average, with incomes of Rs 323,300 compared to Rs 351,000 for all households in 2010-11. After this peak, the ratio began to decline, reaching 88% in 2015-16. Projections for 2024-25 suggest that *Annadata* households will earn Rs 607,200, or 90% of the national average income of Rs 678,000, indicating a persistent gap between the two groups.

Figure 4, which focuses on real annual income growth, adds further context by showing how growth rates have varied for *Annadata* and all households. From 1976 to 1995, both groups experienced modest growth, with *Annadata* households growing at 2.4%, compared to 2.3% for all households. Between 2005 and 2011, however, *Annadata* households saw a significant surge in growth, with income growing at 6.7% annually, compared to 5.4% for all households. This rapid growth period helped *Annadata* households approach income parity, as reflected in Figure 3, which shows a 92% income ratio during this time. However, from 2011 to 2016, the growth for *Annadata* households slowed to 2.5%, while all households grew at a higher rate of 3.4%, widening the income gap.

Looking ahead to 2025, the projections suggest another period of strong growth for *Annadata* households, with an estimated growth rate of 6.7% between 2016 and

2021, almost on par with the 5.4% growth projected for all households. Yet, despite this improvement, the income disparity persists, as *Annadata* households are still expected to earn only 90% of the national average income by 2024-25.

In examining whether real income doubled between 2016 and 2025, the data indicates that while incomes for both groups increased significantly, they did not double. For all households, income rose from Rs 415,600 in 2015-16 to Rs 678,000 in 2024-25, an increase of about 63%. Similarly, for *Annadata* households, income increased from Rs 365,400 to Rs 607,200 during the same period, reflecting a 66% rise. While this represents substantial growth, it falls short of doubling.

In conclusion, the combined analysis of these two figures highlights a persistent pattern of income disparity between *Annadata* households and the national average. While *Annadata* households have experienced periods of rapid income growth, particularly between 2005 and 2011, slower growth in subsequent years has widened the gap again. Even with projected strong growth through 2025, *Annadata* households are expected to continue earning less than the national average. Moreover, although incomes for both groups will rise significantly between 2016 and 2025, they will not double, indicating the continuing challenges faced by *Annadata* households in achieving economic parity with the broader population.

5. Socio-economic Profile of "Full-time/ Regular" Agriculture households or *Annadata*

In 2024-25, India is home to around 68 million full-time agricultural households, supporting a population of 330 million people residing in such households for their livelihood. Each household, on average, consists of 4.82 members. In terms of land ownership, a significant 88% of these households are either landless (tenants)[2], small, or marginal farmers, with minimal or no land to cultivate. A majority, 11%, fall into the category of medium-scale farmers, while only 0.4% are classified as large-scale farmers, indicating a notable concentration of land among a smaller group of farmers.

Agricultural households are distributed across various income-level states, with 29% situated in high-income states[3], 21% in middle-income states, and 50% in low-income states. The largest concentration of *Annadata* households is found in Uttar Pradesh (13.1 million), followed by states like Maharashtra (5.4 million), Madhya Pradesh (5.4 million), and Rajasthan (5.2 million), among others. These top 10 populous states account for over 75% of the nation's agricultural households.

The distribution of agricultural households across rural clusters[4] shows that 10% live in developed rural areas, benefiting from better infrastructure and services. Another 38% reside in emerging rural clusters, which are undergoing gradual development. However, a substantial 53% of households are located in under-developed rural areas, where access to essential amenities remains a challenge, reflecting the disparity in rural development across the country.

The economic condition of agricultural households presents a mixed picture. On average, a full-time agricultural household earns ₹7,31,000 annually (2024-25), while spending ₹5,47,000. Despite this, they manage to save ₹1,52,000 per year. However, the presence of an average ₹1,13,000 in debt highlights the financial stress that many households experience. The expenditure-income ratio stands at 75%, indicating that nearly three-fourth of income is spent on daily needs, with only 21% of income being saved. The debt-income ratio of 16% further underscores the economic strain many farmers face.

Agricultural households, referred to as "*Annadata*" rely heavily on farming, but many also engage in a variety of other income-generating activities. The majority, 48%, depend solely on farming, while 52% of farming households have non-agricultural sources of income, reflecting a trend towards diversification.

In terms of total earnings, farming contributes the most, accounting for ₹4,90,200 annually in 2024-25 or 67.1% of household income of *Annadata* **(Table 3)**. Other important sources include allied agriculture (7.4%), self-employment in non-agriculture (7.1%), agricultural labour (4.4%), and salary (3.4%). Lesser contributions come from remittances (2.6%), DBT (2.4%), interest and dividends (2.0%), and pensions (1.4%), with minimal income generated from rent, the sale of financial investments, and other sources. The total annual household income amounts to ₹7,31,000 in 2024-25.

This income structure reveals a heavy reliance on farming, but also indicates a significant shift toward diversified income sources, which help households reduce risks associated with agricultural volatility. The diversification into non-agricultural activities, especially pensions, remittances, and government support schemes like DBT, offers financial stability to many households. However, the limited income from financial investments and rent shows that agricultural households have minimal

2. **Land class:** Landless: <0.01-hectare; Marginal farmers: 0.1 hectare–1 hectare; Small farmers: 1 hectare–2 hectare; Semi-medium farmers: 2 hectare–4 hectare; Medium farmers: 4 hectare–10 hectare; Large farmers: Over 10 hectare.

3. **High Income States:** Andaman & Nicobar Islands, Chandigarh, Daman & Diu, Delhi, Goa, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Pondicherry, Sikkim, Tamil Nadu, Telangana, Uttarakhand, Lakshadweep.
Middle Income States: Andhra Pradesh, Arunanchal Pradesh, Dadra & Nagar Haveli, Himachal Pradesh, Jammu & Kashmir, Mizoram, Nagaland, Punjab, Rajasthan, Tripura, West Bengal.
Low Income States: Assam, Bihar, Chhatisgarh, Jharkhand, Madhya Pradesh, Manipur, Meghalaya, Odisha, Uttar Pradesh

4. **Rural India** has been grouped into three sub-regions: **"Developed Rural", "Emerging Rural," and "Left-Behind Rural"**. To enable this categorisation, a District Development Score has been calculated for all the 640 districts by using a set of 21 developmental indicators based on demographics, financial inclusion, access to basic amenities, and asset penetration, among other parameters, which are available from Census 2011. Using the score value, districts have been grouped into three sub-categories as follows:
   - **Developed Rural (160 districts)** – districts with the top 25 per cent highest District Development Scores (Examples, Thane, Pune, Kozhikode, Ernakulam, Jalandhar, Ludhiana, Sonipat, Surat, Gandhinagar),
   - **Emerging Rural (160 districts)** - districts with the next 25 per cent highest scores (Examples, Agra, Mathura, Warangal, Mysore, Guntur, Cuddalore, Nashik, Solapur, Jaipur, Ajmer), and
   - **Left-Behind Rural (320 districts)** - Districts with the bottom 50 percent of scores, the least-developed or more "backward" (Example, Firozabad, Madhubani, Adilabad, Nellore, Jodhpur, Buldana, Gaya, Samastipur, Ratlam, Ganjam, Bastar, Bilaspur districts).

Table 3: Level of earning of agriculture households or *Annadata* households by sources of income (2024-25)

Sources of income of *Annadata* households	Average annual household income (Rs. 2024-25)	% share in the income
Farming	4,90,200	67.1%
Allied Agriculture	54,000	7.4%
Self-employed in		
non-agriculture	51,600	7.1%
Salary	24,500	3.4%
Agricultural Labour	32,300	4.4%
Non-agricultural Labour	11,900	1.6%
Remittances	18,700	2.6%
Direct Benefit Transfer (DBT)	17,400	2.4%
Interests/Dividend	14,800	2.0%
Pension	10,300	1.4%
Rent	3,100	0.4%
Sale of Financial Investment	800	0.1%
Income from Other Sources	1,300	0.2%
Total	7,31,000	100%

Source: Authors' estimates based on PRICE's ICE 360° surveys

engagement with formal financial markets and property-based revenue streams. Overall, while farming remains the backbone of rural income, these multiple streams of income play a crucial role in enhancing household resilience.

A majority of agricultural households own modern consumer goods, with 79% owning a television, and 38% possessing a refrigerator. Only 11% own a washing machine, highlighting the continued reliance on manual labor for household chores. In terms of transportation, 60% of farmers own a two-wheeler, while 7% have access to a car. Meanwhile, 12% of households own a tractor, reflecting the gradual adoption of mechanization in agriculture. In terms of digital access, 65% of households own a smartphone, and 40% utilize digital payment methods, signaling a growing shift toward financial inclusion and digital empowerment.

Therefore, although full-time agricultural households in India face considerable financial challenges, such as high expenditures and significant debt, there are signs of progress in terms of digital adoption and ownership of consumer goods. A large number of farmers continue to reside in under-developed rural clusters, pointing to the need for targeted interventions in infrastructure and rural development. However, with the increasing use of digital technologies and a gradual shift toward mechanization, there is hope for improving the economic conditions of these crucial contributors to India's food security and economy.

The socio-economic profile of India's full-time agricultural households presents a multifaceted landscape of both challenges and opportunities. Key factors such as landholding size, regional disparities, social hierarchies, and related characteristics significantly influence agricultural outcomes. In light of this, the following sections aim to explore the diverse aspects of agricultural households, or Annadata, to provide a clearer understanding of their profile. To secure a more sustainable and resilient future for Indian farmers, it is essential to diversify income sources, modernize agricultural practices, and establish robust institutional support systems.

5.1 Status of Indian Agricultural Households by Social Group: Bridging Gaps for Viksit Bharat 2047

In India, agricultural households (*Annadata*) are diverse not only in landholdings but also by social groups, such as Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Classes (OBC), and General. These social groups experience varied levels of income, savings, debt, and dependence on farming. By understanding these disparities, targeted policies can be designed to promote inclusive growth, contributing to India's long-term goal of Viksit Bharat by 2047.

5.1.1 Household and Population Distribution: The OBC and General Categories Lead

Among the *Annadata* households, Other Backward Classes (OBC) account for the largest share of agricultural households (46%) and population (48%) **(Table 4)**. The general category constitutes 24% of *Annadata* households and 23% of the population, while Scheduled Castes (SC) and Scheduled Tribes (ST) represent a smaller share. Importantly, STs, despite constituting 10% of the total population, make up 14% of the *Annadata* population, indicating their higher concentration in agricultural occupations.

This uneven distribution suggests that specific social groups, particularly the OBC and ST communities, are more dependent on agriculture. Policymakers need to account for this when designing schemes aimed at agricultural upliftment, as a large portion of the rural economy revolves around these communities.

Table 4: Estimates of *Annadata* households, population and household size by Social Groups (2024-25)

Social groups	Households (Million)		Population (Million)		Household size	
	Total	*Annadata*	Total	*Annadata*	Total	*Annadata*
Scheduled Caste (SC)	75	11	330	50	4.42	4.59
Scheduled Tribe (ST)	32	10	146	46	4.52	4.70
Other Backward Classes (OBC)	130	31	604	159	4.64	5.07
General	93	16	414	75	4.46	4.57
Total	330	68	1,494	330	4.53	4.82

Source: Authors' estimates based on PRICE's ICE 360° surveys

5.1.2 Income and Financial Vulnerabilities: General Households Have a Clear Advantage

There are considerable disparities in income across social groups. General category households earn an average income of ₹8.84 lakh annually, much higher than the income levels of SC (₹6.85 lakh) and ST households (₹5.69 lakh) **(Figure 5)**. The income gap results in corresponding differences in savings and debt. General households save ₹2.02 lakh annually, while SC and ST households save significantly less–₹1.34 lakh and ₹99,000, respectively.

Debt also varies substantially across groups. Although the Scheduled Tribe households have lower debt burdens (₹33,000), their income is also much lower. The debt-to-income ratio, therefore, shows that the burden of debt is most pronounced among Other Backward Classes (OBC), where the debt-to-income ratio stands at 19%.

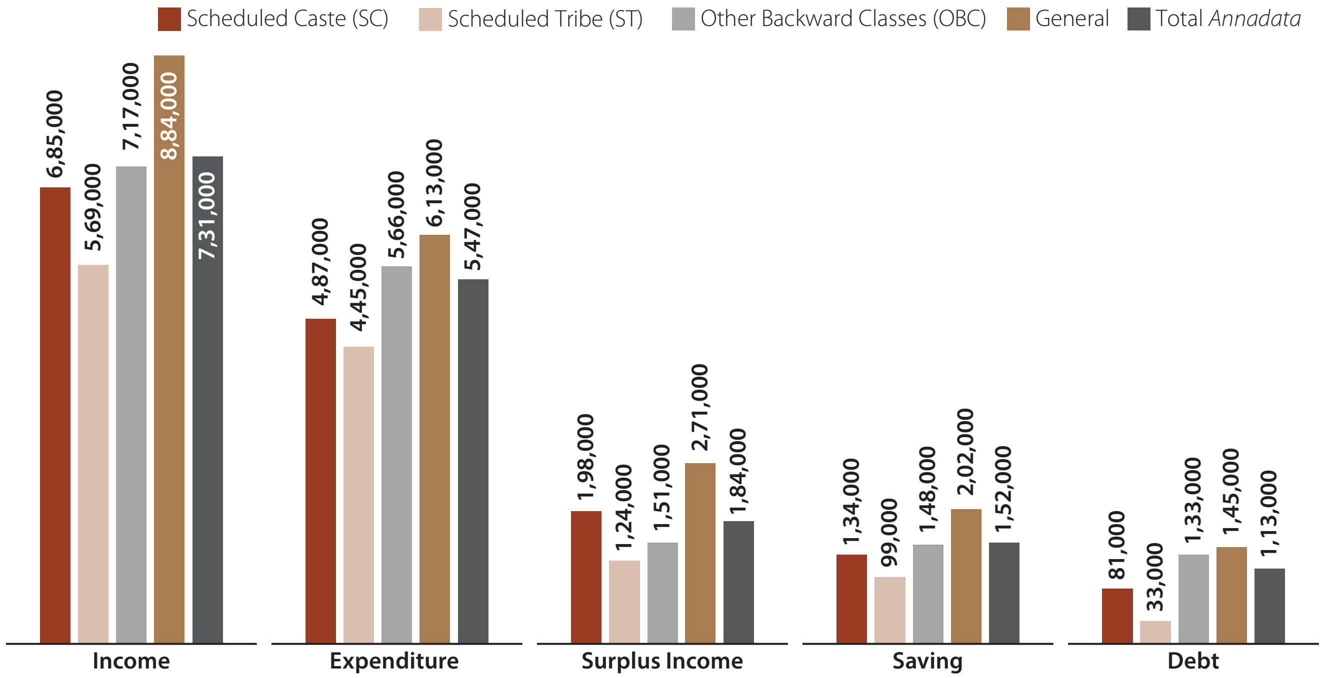
The government should prioritize financial inclusion programs for SC and ST farmers, ensuring access to affordable credit and improving their financial resilience through schemes like Kisan Credit Cards, rural microfinance, and insurance services.

5.1.3 Financial Divide Among *Annadata* Households by Social Groups

By using social group as the control, we can observe the financial disparities and contributions of each group in these key economic categories.

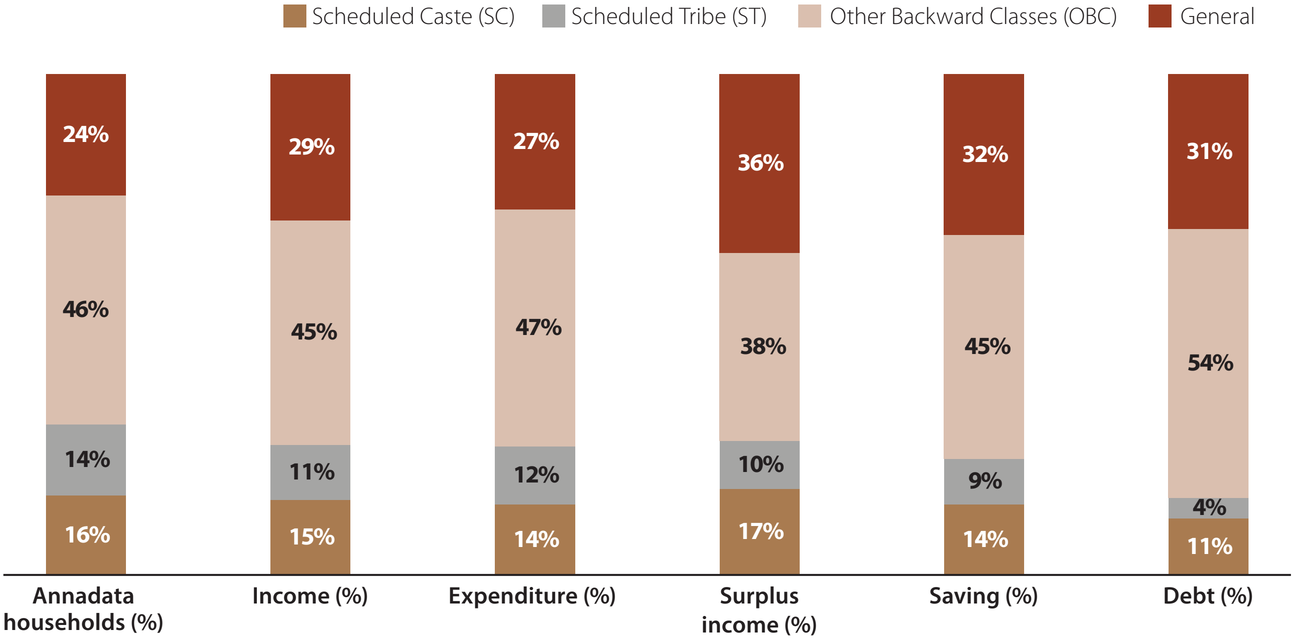
- **Scheduled Castes (SC)** farmer households make up 16% of the total, which aligns closely with their contribution to income (15%) and expenditure (14%). Their share of surplus income

Figure 5: Estimates of income, expenditure, savings and debt of *Annadata* households by social groups
(Annual average per household in Rs., 2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Figure 6: Distribution of *Annadata* households', income, expenditure, savings and debts by social groups (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

(17%) is slightly higher, suggesting that SC households are managing to retain a reasonable portion of their income after expenditures. In terms of savings, SCs contribute 14%, aligning with their income and household proportions, indicating that they are maintaining a stable savings rate relative to their population size. However, they account for 11% of total debt, which reflects a higher debt burden compared to their savings capacity. This suggests that while SC households are able to save, they also face financial pressure in terms of debt.

- **Scheduled Tribe (ST)** farmer households make up 14% of the total but contribute a slightly lower share of income (11%) and expenditure (12%). Their surplus income (10%) is also lower, suggesting that ST households are facing tighter financial conditions with less income left over after expenditures. Their savings are disproportionately low, at just 9%, indicating that they are struggling to save, possibly due to lower income levels. ST households carry the smallest share of debt (4%), suggesting that their access to credit or formal borrowing is limited, but this also reflects lower financial participation in terms of loans or credit usage.
- **Other Backward Classes (OBC)** farmer households represent the largest group, making up 46% of total households. Their share of income (45%) is almost equal to their household share, as is their expenditure (47%), which shows that OBC households are contributing significantly to overall economic activity. Their share of surplus income (38%) and savings (45%) is also aligned with their population size, indicating a balanced financial profile where they are able to save and retain a proportional surplus. However, OBC households account for 54% of total debt, which is disproportionately high relative to their income and savings, suggesting that they rely heavily on borrowing to meet financial needs or investments, leading to a higher debt burden.
- **General Category** farmer households make up 24% of the total but contribute a disproportionately large share of income (29%), reflecting their stronger financial position. Their expenditure is somewhat lower at 27%, which indicates that General households may be spending more cautiously relative to their income. Their surplus income is higher than their household share at 36%, which shows that General Category households are able to retain a larger portion of their income as surplus. In terms of savings, they contribute 32%, further reflecting their stronger financial stability and capacity to save. Their share of debt (31%) is also high, but considering their higher income and savings, this debt is likely more manageable compared to other groups.

There are significant financial disparities across social groups, with General and OBC households showing stronger economic participation, while ST households face

Table 5: Income sources of *Annadata* households by social groups (2024-25)

Social groups	Source of income of *Annadata* households (million)		Source of income of *Annadata* households (%)	
	Farm only	Farm + Non-Farm	Farm only	Farm + Non-Farm
Scheduled Caste (SC)	4.2	6.7	38%	62%
Scheduled Tribe (ST)	3.9	5.8	41%	59%
Other Backward Classes (OBC)	13.9	17.4	44%	56%
General	9.9	6.6	60%	40%
Total *Annadata*	32.7	35.7	48%	52%

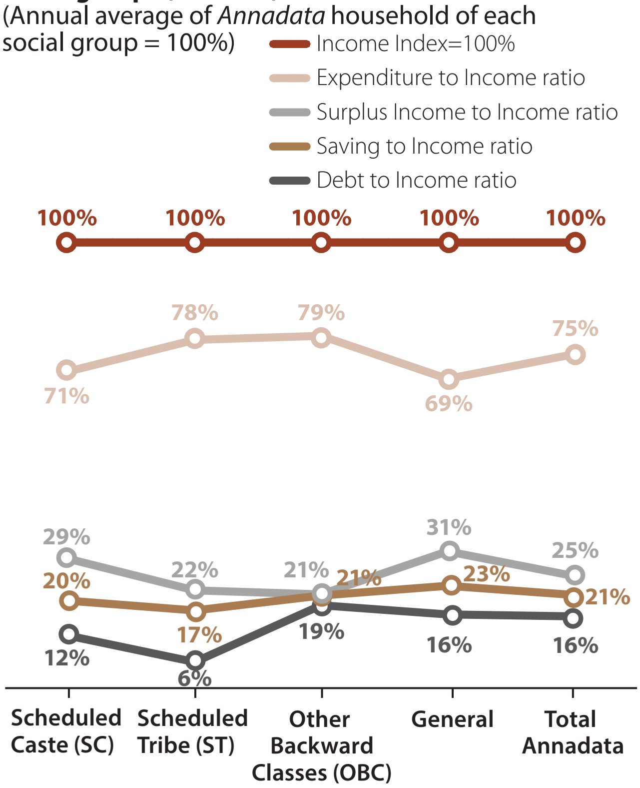
Source: Authors' estimates based on PRICE's ICE 360° surveys

substantial challenges. The high debt levels among OBC and General groups point to different borrowing patterns, likely tied to access to credit and investment capacity. In contrast, SC households show moderate financial stability but with a growing debt burden. ST households stand out for their vulnerability, with limited savings and borrowing capacity, reflecting broader economic challenges faced by this group.

5.1.4 Savings and Expenditure Patterns

Households from the general category are better placed financially, as their expenditure constitutes only 69% of their income, while their savings rate is 23% **(Figure 7)**.

Figure 7: Financial ratios of *Annadata* households by social groups (2024-25)
(Annual average of *Annadata* household of each social group = 100%)



Source: Authors' estimates based on PRICE's ICE 360° surveys

On the other hand, SC and ST households spend a higher proportion of their income (71% and 78%, respectively), indicating less room for savings and investment in farming or non-farm activities.

5.1.5 Income Diversification: ST and SC Farmers Depend More on Non-farm Activities

Non-farm income plays a crucial role for many households, particularly for SC and ST communities. For example, 62% of SC households' income and 59% of ST households' income comes from a combination of farm and non-farm sources, reflecting their greater dependence on non-agricultural activities **(Table 5)**. In contrast, general category farmers derive 60% of their income from farming alone, with relatively less reliance on non-farm income sources.

This shows that marginalized groups like SC and ST are more vulnerable to fluctuations in the agricultural sector.

5.1.6 Farming Dependence: Higher for General and OBC Households

Farming remains a dominant income source for most *Annadata* households. General households derive 70% of their income from farming, the highest among the social groups, while OBC households earn 66% from farming **(Table 6)**. Scheduled Castes and Scheduled Tribes earn 64% of their income from farming, with the remainder coming from non-farm activities.

5.1.7 Income Distribution by Source: Marginalized Communities Rely More on Agricultural Labour

A deeper look into the income shares by source shows that SC and ST households rely more on agricultural labour and allied agricultural activities. SC households earn 6.5% of their income from agricultural labour and 11.1% from allied agriculture, compared to just 2.6% and 4.8% for general households **(Table 7)**. This indicates that SC and ST communities are often involved in lower-paying, labour-intensive agricultural work rather than benefiting from farm ownership or higher-value activities.

Table 6: Farming dependence of *Annadata* households by Social Groups

Social groups	Annual average income *Annadata* households (Rs. 2024-25)			Income Share (%)	
	Total	Farm	Non-farm	Farm	Non-Farm
Scheduled Caste (SC)	6,85,000	4,39,000	2,46,000	64%	36%
Scheduled Tribe (ST)	5,69,000	3,64,000	2,05,000	64%	36%
Other Backward Classes (OBC)	7,17,000	4,76,000	2,41,000	66%	34%
General	8,84,000	6,17,000	2,67,000	70%	30%
Total *Annadata*	7,31,000	4,88,000	2,43,000	67%	33%

Source: Authors' estimates based on PRICE's ICE 360° surveys

To uplift these communities, there should be a greater focus on skill development, promoting higher-value agricultural activities, and enhancing land ownership rights for marginalized groups. Expanding programs like the Pradhan Mantri Fasal Bima Yojana (PMFBY) to better reach these communities can also provide greater financial security.

5.1.8 Financial Empowerment and Social Upliftment

The path to a prosperous and developed India by 2047 lies in uplifting marginalized communities, particularly SC and ST farmers, who are more dependent on non-farm income, have lower incomes, and face greater financial vulnerability. To bridge the socio-economic disparities and create a more inclusive and prosperous agricultural economy, the following need to be addressed:

1. Tailoring policies that focus on the socio-economic upliftment of SC, ST and OBC agricultural households and communicating how these communities can access relevant programs.
2. Promoting financial literacy and providing access to formal financial services.
3. Diversifying income through skill development and creating non-farm employment opportunities based on their skillsets.
4. Investing in soil health, irrigation and market linkages to boost productivity.
5. Expanding programs like Pradhan Mantri Fasal Bima Yojana (PMFBY) for greater financial security.

5.2 Status of Indian Agricultural Households by Religion: Understanding Disparities for Inclusive Growth

Agriculture in India, practiced by millions of households, reveals diverse patterns across different religious groups. Hindu, Muslim, Sikh, and other religious groups form distinct segments of agricultural households (*Annadata*), with varying levels of income, dependence on farming, and financial security.

Table 7: Distribution of *Annadata* households' income by sources of income and social groups (2024-25, Per cent)

Social groups	Income shares by source (Per cent)]							
	Farming	Allied Agriculture	Salary	Self-Employed Non-Agriculture	Agricultural Labour	Non-agricultural Labour	Others	Total
Scheduled Caste (SC)	64.0%	11.1%	3.0%	5.1%	6.5%	2.4%	7.9%	100.0%
Scheduled Tribe (ST)	64.0%	14.1%	1.6%	3.6%	7.7%	2.5%	6.4%	100.0%
Other Backward Classes (OBC)	66.3%	6.8%	4.0%	7.0%	4.5%	1.7%	9.7%	100.0%
General	69.8%	4.8%	3.3%	8.8%	2.6%	1.0%	9.6%	100.0%
Total *Annadata*	66.8%	7.7%	3.4%	6.8%	4.6%	1.7%	9.0%	100.0%

Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 8: Estimates of *Annadata* households, population and household size by religion (2024-25)

Religion	Households (Million)		Population (Million)		Household size	
	Total	*Annadata*	Total	*Annadata*	Total	*Annadata*
Hindu	272	60	1213	281	4.46	4.71
Muslim	42	6	213	35	5.10	5.91
Sikh	6	2	28	8	4.65	4.80
Others	10	1	41	7	3.97	5.12
Total	330	68	1494	330	4.53	4.82

Source: Authors' estimates based on PRICE's ICE 360° surveys

5.2.1 Household and Population Distribution: Hindus Dominate the Agricultural Sector

Hindus form the majority of *Annadata* households, making up 87% (60 million) of agricultural households and 85% of the agricultural population **(Table 8)**. Muslims represent the second-largest group, accounting for 9% (6 million) of agricultural households and 11% of the population, while Sikhs and others contribute a much smaller share. The Sikh community, although comprising only 2% (2 million) of the *Annadata* households, has a significant focus on agriculture, as 73% of the total Sikh households is engaged in farming activities.

This demographic distribution suggests that Hindu and Muslim communities are central to India's agricultural policies, while Sikh farmers–despite being a smaller group–play an essential role in regions like Punjab and Haryana, which are known for high agricultural productivity.

5.2.2 Income and Financial Vulnerabilities: Sikh Households Show the Highest Earnings

Sikh agricultural households earn substantially more than their counterparts from other religious groups, with an average annual income of ₹19.38 lakh. In contrast, the income levels of Hindu and Muslim households are much lower, at around ₹7 lakh **(Figure 8)**. Despite their higher earnings, Sikh households also have the highest debt levels, amounting to ₹3.94 lakh, followed by Hindu households with ₹1.12 lakh in debt. Muslim households carry significantly less debt, at ₹48,000.

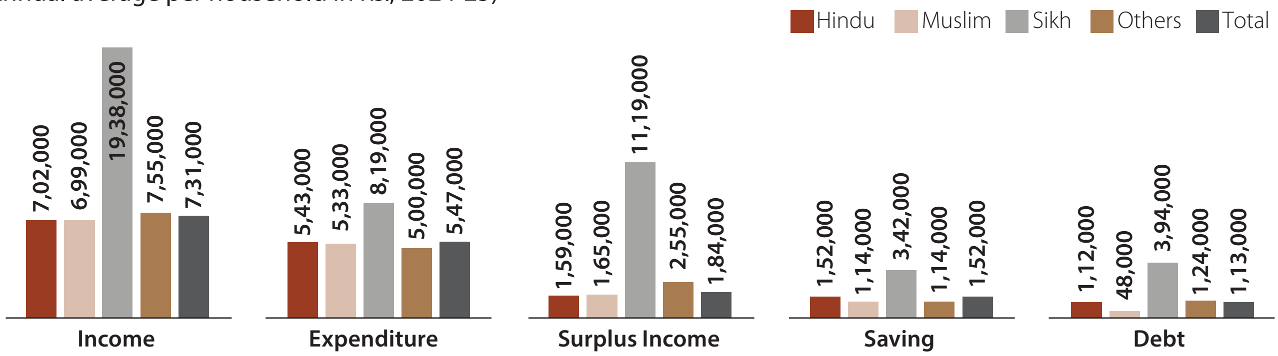
This suggests that while Sikh households are wealthier, they are also more exposed to financial risks due to higher debt burdens. For Hindu and Muslim households, policies should focus on enhancing income-generating opportunities and improving access to low-cost credit to promote financial resilience.

5.2.3 Financial Divide Among Annadata Households by Religion

By using religion as the control, we can analyze how different religious groups fare financially across these key metrics.

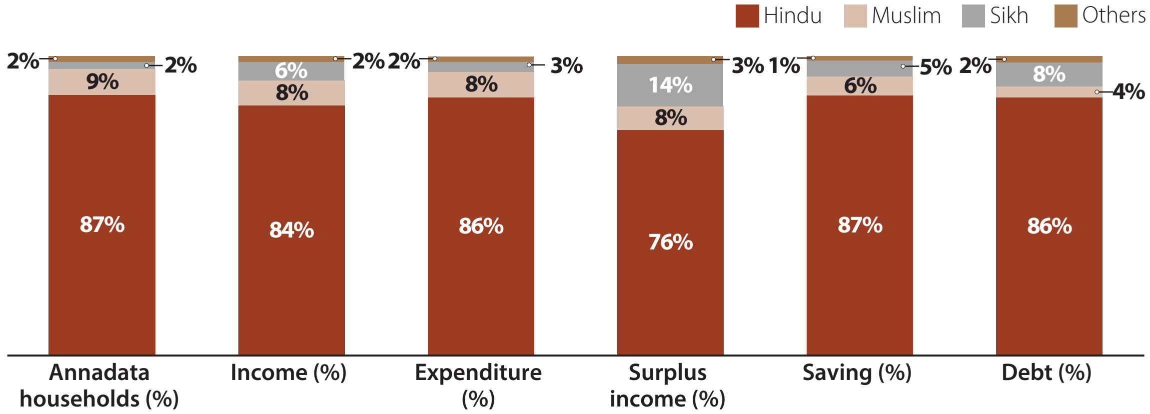
- **Hindus** represent the overwhelming majority, making up 87% of total *Annadata* households. Their share of income (84%) is slightly lower than their population share, reflecting a strong but not fully proportional contribution to overall income. Their expenditure (86%) aligns closely with their income, showing balanced financial activity. Surplus income (76%), however, is notably lower than their income share, which suggests that while Hindus are earning and spending the most, their capacity to generate surplus income is somewhat diminished. In terms of savings

Figure 8: Estimates of income, expenditure, savings and debt of *Annadata* households by Religion
(Annual average per household in Rs., 2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Figure 9: Distribution of *Annadata* households', income, expenditure, savings and debts by religion (2024-25)

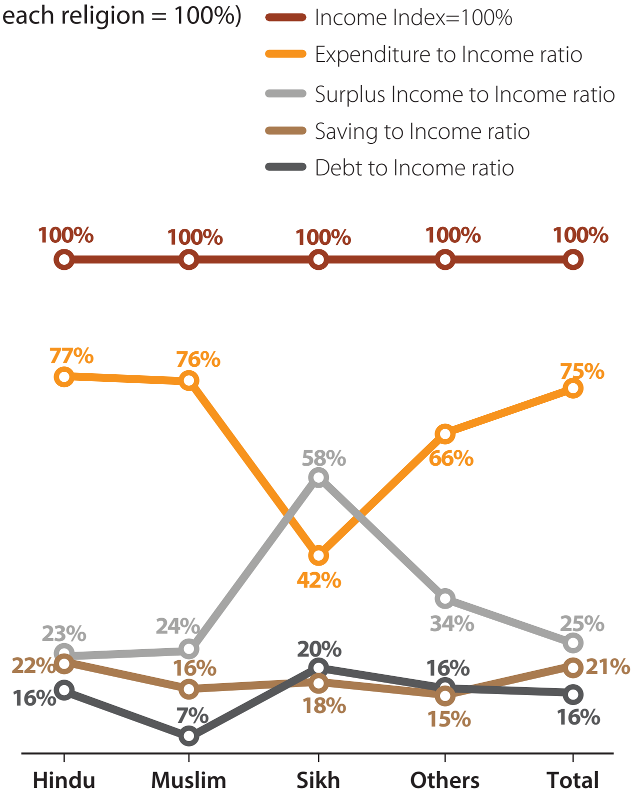


Source: Authors' estimates based on PRICE's ICE 360° surveys

(87%), they contribute exactly in line with their household size, indicating solid saving habits. Hindus also hold 86% of the total debt, suggesting that they bear the bulk of financial liabilities, proportional to their economic dominance in terms of population and income.

- **Muslims** make up 9% of *Annadata* households and contribute 8% of total income. Their expenditure (8%) is also aligned with their income share, suggesting a balanced financial approach. Their surplus income (8%) is proportional to their income and expenditure, indicating that they are neither significantly overspending nor retaining large amounts of surplus. Muslim households contribute 6% of total savings, slightly lower than their household size, which may suggest some limitations in their ability to save. In terms of debt, they hold 4% of total debt, aligning with their household size, indicating that they manage debt proportionally to their population share.
- **Sikh** agriculturists represent 2% of the total population and contribute 6% of total income, reflecting a higher income share relative to their population size, indicating economic strength within this group. Their expenditure (3%) is relatively low compared to their income, which suggests that they are able to retain a large portion of their income as surplus. Surplus income for Sikhs is 14%, which is substantially higher than their population and income share, showing strong financial management and savings potential. Their savings (5%) are also higher than their household share, although somewhat lower than their surplus income share. Sikh households hold 8% of total debt, which is aligned with their household size, indicating they are not overly reliant on borrowing, likely due to their strong surplus and savings behavior.
- **Other religions** make up only 2% of *Annadata* households and contribute a similarly small share of income (2%) and expenditure (2%). Their surplus income (3%) is slightly higher than their income share, reflecting modest but effective financial management. Savings (1%) are notably lower, suggesting that while they may generate some surplus, this is not being translated into savings at the same level. In terms of debt, they hold 2% of total debt, which is

Figure 10: Financial ratios of *Annadata* households by religion (2024-25)
(Annual average of *Annadata* household of each religion = 100%)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 9: Income sources of *Annadata* households by religion (2024-25)

Religion	Source of income of *Annadata* households (million)		Source of income of *Annadata* households (%)	
	Farm only	Farm + Non-Farm	Farm only	Farm + Non-Farm
Hindu	27.6	32.0	46%	54%
Muslim	3.3	2.6	56%	44%
Sikh	1.2	0.4	73%	27%
Others	0.6	0.7	47%	53%
Total	32.7	35.7	48%	52%

Source: Authors' estimates based on PRICE's ICE 360° surveys

disproportionate to their household size and income share, indicating a potentially higher reliance on borrowing.

Sikhs standing out for their strong financial management, with Hindus contributing the majority of economic activity, and with Muslims and Other religious groups showing more moderate but varied financial outcomes.

5.2.4 Savings and Expenditure Patterns: Sikhs Save the Most

Among *Annadata* households, Sikh households demonstrate the highest saving rates, saving ₹3.42 lakh annually, with a relatively lower expenditure-to-income ratio of 42%. On the other hand, Hindu and Muslim households save less, ₹1.52 lakh and ₹1.14 lakh respectively, with expenditure levels making up 76%-77% of their income **(Figure 10)**.

5.2.5 Income Diversification: Muslims and Sikhs Rely Heavily on Farming

Farming forms the primary source of income for Muslim households, with 56% of their earnings coming solely from agricultural activities **(Table 9)**. Sikh households derive 73% of their income from farming, the highest among all religious groups, reflecting the strong agricultural tradition in this community. In comparison, Hindu households are more diversified, with 54% of income coming from a combination of farm and non-farm sources.

This shows that non-farm income opportunities are less developed among Sikh and Muslim communities.

5.2.6 Farming Dependence and Income Share: High for Sikhs, Hindus, and Muslims

The data confirms that farming remains a dominant income source for *Annadata* households, particularly among Sikhs, who derive 73% of their income from farming **(Table 10)**. Hindu and Muslim households earn 66% of their income from farming, reflecting significant dependence on agriculture. However, non-farm income plays an essential role, contributing 34% to the overall income for Hindu and Muslim households respectively.

5.2.7 Income Distribution by Source: Variations Across Religious Groups

Sikh households rely less on agricultural labor (0.8%) compared to other religious groups, whereas Hindu and Muslim households derive around 5% of their income from agricultural labor. Sikh farmers also tend to have higher involvement in allied agricultural activities, such as dairy

Table 10: Farming dependence of *Annadata* households by religion

Religion	Annual average income *Annadata* households (Rs. 2024-25.)			Income Share (%)	
	Total	Farm	Non-farm	Farm	Non-Farm
Hindu	7,02,000	4,66,000	2,36,000	66%	34%
Muslim	6,99,000	4,62,000	2,37,000	66%	34%
Sikh	19,38,000	14,06,000	5,32,000	73%	27%
Others	7,55,000	5,18,000	2,37,000	69%	31%
Total	7,31,000	4,88,000	2,43,000	67%	33%

Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 11: Distribution of *Annadata* households' income by sources of income and religion (2024-25, Per cent)

Religion	Income shares by source (Per cent)							
	Farming	Allied Agriculture	Salary	Self-Employed Non-Agriculture	Agricultural Labour	Non-agricultural Labour	Others	Total
Hindu	66.4%	7.8%	3.2%	6.8%	5.1%	1.7%	9.0%	100.0%
Muslim	66.1%	8.3%	4.7%	7.4%	2.9%	2.3%	8.4%	100.0%
Sikh	72.5%	3.9%	4.0%	7.6%	0.8%	0.5%	10.7%	100.0%
Others	68.6%	10.3%	3.5%	4.8%	5.3%	0.9%	6.6%	100.0%
Total	66.8%	7.7%	3.4%	6.8%	4.6%	1.7%	9.0%	100.0%

Source: Authors' estimates based on PRICE's ICE 360° surveys

farming and horticulture, contributing 3.9% to their income. **(Table 11)**

The Sikh community's relatively higher earnings from farming and allied activities indicate greater agricultural productivity and market access.

5.2.8 Financial Empowerment and Policy Recommendations

It is imperative to support all religious communities engaged in agriculture, particularly Muslim and Hindu farmers, who face greater financial vulnerabilities. Improving income diversification, financial inclusion, and farm productivity are key policy areas that can promote inclusive growth across all religious groups.

Some of the key areas include:

- Promoting agro-processing, rural entrepreneurship, and skill development to reduce financial risks associated with dependence on farming.
- Expanding PMFBY coverage to include regions that are cultivated largely by Sikh and Muslim farmers and providing financial safety nets during crop failures.
- Improving access to markets, technology and financial services so that Hindu and Muslim farmers can boost their agricultural incomes and reduce dependence on low paying agricultural labor.

5.3 Status of Indian Agricultural Households by District Development Clusters (DDCs[ii]): Harnessing Regional Performance for Inclusive Growth

India's *Annadata* households are spread across diverse regions, categorized into District Development Clusters (DDCs) based on their agricultural performance. The five clusters–DDC1 (Least Performing Districts), DDC2 (Low Performing Districts), DDC3 (Moderately Performing Districts), DDC4 (Moderately High Performing Districts), and DDC5 (High Performing Districts)–show distinct economic, infrastructural, and agricultural outcomes *(Rajesh Shukla, 2018)*. This analysis focuses on the strengths and weaknesses of each DDC, providing a deeper understanding of how to tailor policies for agricultural households across these clusters to foster inclusive growth.

5.3.1 Household and Population Distribution: Concentration in DDC3 and DDC4

The majority of *Annadata* households are concentrated in DDC3 (Moderately Performing Districts) and DDC4 (Moderately High Performing Districts), which collectively account for the highest proportion of agricultural households. DDC1 (Least Performing Districts) and DDC2 (Low Performing Districts) house fewer agricultural households, yet represent significant parts of the population that rely heavily on agriculture for livelihoods. **(Table 12)**

DDC1, being the least developed, has a smaller share of *Annadata* households but requires urgent attention due to its socio-economic vulnerabilities. On the other hand, DDC5 (High Performing Districts), with the smallest population share, represents the highest levels of development and productivity, serving as a model for other districts to follow. The varying composition of these clusters suggests that region-specific policy interventions are needed to address each cluster's unique challenges and opportunities.

5.3.2 Economic Conditions of *Annadata* Households in District Development Clusters (DDCs)

Each cluster reflects varying levels of infrastructure, economic opportunity, and agricultural productivity, impacting the livelihoods of *Annadata* households to explain each category with more examples of districts and the disparities between them.

Table 12: Estimates of *Annadata* households, population and household size by DDC (2024-25)

District Development Clusters (DDC)	Households (Million)		Population (Million)		Household size	
	Total	Annadata	Total	Annadata	Total	Annadata
DDC1- Least Performing Districts	59	14	270	68	4.59	4.78
DDC2	56	16	273	80	4.87	5.02
DDC3	72	17	326	82	4.53	4.84
DDC4	65	13	290	61	4.49	4.64
DDC5- High Performing Districts	79	8	339	39	4.30	4.78
Total	330	68	1497	330	4.54	4.82

Source: Authors' estimates based on PRICE's ICE 360° surveys

DDC1: Least Performing Districts

- **Household Share and Income Contribution:** DDC1 represents 21% of *Annadata* households, yet contributes only 15% of total income, reflecting the economic challenges of these areas. Districts like Firozabad (Uttar Pradesh), Madhubani (Bihar), and Bastar (Chhattisgarh) are characterized by low agricultural productivity and limited infrastructure. Poor irrigation systems, lack of access to agricultural inputs, and reliance on traditional farming methods contribute to the income deficit in these areas. In districts like Gaya (Bihar), farming households struggle with fragmented landholdings, making it difficult to achieve economies of scale or invest in modern equipment.
- **Lower Expenditure and Surplus Income:** The 18% expenditure share in DDC1 indicates that *Annadata* households are constrained by low income, forcing them to spend cautiously. Surplus income (7%) is the lowest among all clusters, as these households are left with little to save after covering basic expenses. For example, in Madhubani, a lack of access to competitive markets and poor road connectivity restricts farmers from getting fair prices for their produce, reducing their surplus.
- **Low Savings and High Debt Reliance:** *Annadata* households in DDC1 manage only 11% in savings, reflecting their inability to accumulate financial reserves. In districts like Bilaspur (Chhattisgarh), farmers often turn to informal moneylenders to cover input costs, leading to a high debt burden of 10%. This reliance on high-interest loans exacerbates financial stress and limits the ability of these households to invest in future growth.

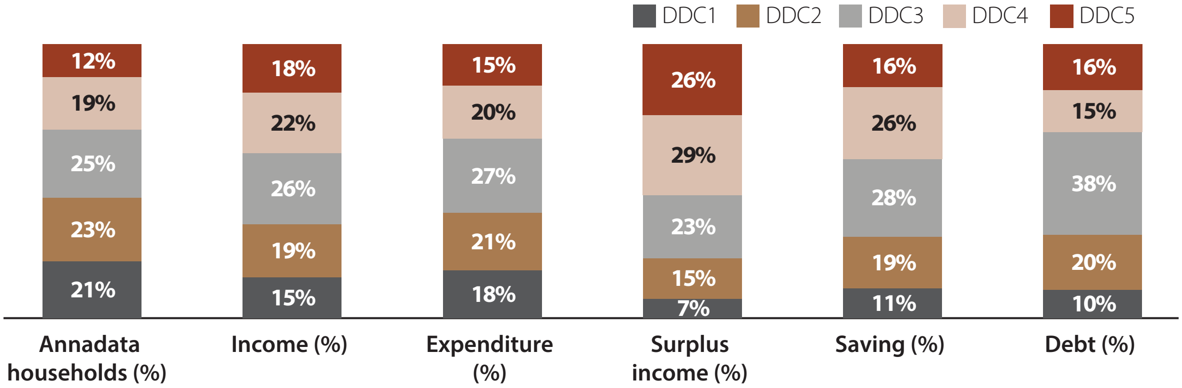
DDC2: Low Performing Districts

- **Improved Income and Household Representation:** DDC2 includes districts like Buldana (Maharashtra), Ratlam (Madhya Pradesh), and Ganjam (Odisha), which represent 23% of *Annadata* households and contribute 19% of total income. While income levels are still modest, these districts have slightly better infrastructure than DDC1. Jhabua (Madhya Pradesh) and Nandurbar (Maharashtra) are examples of districts where income growth has been slow due to dependence on rain-fed agriculture, but there are signs of improvement with recent government interventions.
- **Moderate Expenditure and Surplus Income:** Expenditure for DDC2 accounts for 21%, indicating that these households can meet basic needs but still struggle to increase their surplus income. The 15% surplus income reflects the modest improvements in productivity, thanks to small-scale irrigation projects and increased adoption of better farming practices in some areas. For instance, in Ratlam, increased cultivation of horticultural crops has helped farmers boost their income, though challenges remain in accessing broader markets.
- **Moderate Savings and Debt:** *Annadata* households in DDC2 manage to save 19%, showing some improvement in financial resilience. However, in districts like Buldana, many farming households still rely heavily on loans to cover farming inputs, reflected in the 20% debt burden. Although microfinance and agricultural credit schemes are more accessible in these regions, they have not fully alleviated farmers' financial vulnerabilities.

DDC3: Moderately Performing Districts

- **Balanced Household Share and Income Contribution:** DDC3 represents 25% of *Annadata* households and contributes 26% of total income, showcasing more balanced development. Districts like Agra (Uttar Pradesh), Guntur (Andhra Pradesh), and Cuddalore (Tamil Nadu) have

Figure 11: Distribution of Annadata households', income, expenditure, savings and debts by DDC (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

better access to infrastructure, irrigation, and market linkages. Aligarh and Saharanpur (both in Uttar Pradesh) are moderately industrialized, with thriving agro-processing industries that complement agricultural production, thus boosting income

- **Higher Expenditure and Surplus Income:** The 27% expenditure share reflects the rising income levels in these districts, allowing households to spend more on farm inputs, education, and household improvements. The 23% surplus income indicates the growing capacity of *Annadata* households to save or reinvest in their farms. For example, farmers in Guntur benefit from better irrigation facilities and the cultivation of cash crops like tobacco and chilies, which generate higher margins.
- **Improved Savings and Debt Management:** Savings in DDC3 stand at 28%, reflecting improved financial stability as households accumulate wealth from increased productivity and better market access. However, the 38% debt burden suggests that many farmers still rely on borrowing, particularly in districts like Saharanpur, where the high cost of inputs for sugarcane farming drives up the need for credit. These debts are often taken to modernize farming practices or invest in better equipment.

DDC4: Moderately High Performing

- **Higher Income and Lower Household Share:** DDC4 includes districts like Ajmer (Rajasthan), Nashik (Maharashtra), and Kolhapur (Maharashtra), which represent 19% of *Annadata* households and contribute 22% of total income. These districts benefit from well-established agricultural markets, diversified crop production, and better irrigation infrastructure. In Salem (Tamil Nadu) and Warangal (Telangana), progressive farming practices and cash crop cultivation have led to higher incomes for farmers.
- **Lower Expenditure and Higher Surplus Income:** The 20% expenditure share reflects more efficient financial management among *Annadata* households in DDC6. Surplus income is significantly higher at 29%, reflecting the ability to generate considerable profits from agriculture. In Nashik, for instance, the cultivation of grapes and onions, combined with access to cold storage and international markets, allows farmers to retain more income after expenses.
- **Strong Savings, Moderate Debt:** *Annadata* households in DDC4 save 26%, indicating robust financial health supported by diversified income sources, including allied activities like dairy and poultry farming. However, the 15% debt burden shows that while farmers in districts like Ajmer rely on credit to expand or upgrade their operations, they are less dependent on debt than lower-performing districts. The availability of formal credit channels and better financial literacy help reduce reliance on informal borrowing.

DDC5: High Performing Districts

- **Higher Income, Smaller Household Share:** DDC5 represents only 12% of *Annadata* households but contributes 18% of total income, underscoring the economic strength of high-performing districts like Thane (Maharashtra), Ludhiana (Punjab), and Karnal (Haryana). These areas benefit from proximity to large urban centers, advanced agricultural practices, and strong market linkages. In Coimbatore (Tamil Nadu) and Surat (Gujarat), farmers engage in high-value agriculture and agro-processing, contributing to higher incomes.
- **Lower Expenditure, Highest Surplus Income:** The expenditure share for DDC5 is 15%, significantly lower than its income contribution, reflecting efficient financial management among *Annadata* households. Surplus income is the highest among all clusters at 26%, indicating that these households are in a strong financial position, with substantial savings and reinvestment potential. In Ludhiana, advanced

mechanization, progressive farming practices, and government support for cash crops (e.g., wheat and rice) enable high surplus generation.

- **Strong Savings and Low Debt:** With 16% in savings, *Annadata* households in DDC5 demonstrate strong financial stability, supported by diversified income sources and access to formal banking services. Their debt share is low at 16%, reflecting limited reliance on borrowing due to higher income and better access to financial resources. Districts like Karnal and Thane have well-developed formal financial channels that help reduce dependency on informal credit.

Key Examples of Disparities

- **Thane (High Performing) vs. Firozabad (Least Performing):** *Annadata* households in Thane benefit from higher income due to proximity to urban markets, advanced agricultural practices, and diversified income sources. In contrast, Firozabad farmers face lower incomes due to poor infrastructure, traditional farming methods, and limited market access, leading to higher debt reliance and lower savings.
- **Ajmer (Moderately High Performing) vs. Gaya (Least Performing):** Ajmer has benefitted from investments in irrigation and access to markets, leading to higher surplus income and savings. In contrast, Gaya, a least-performing district, remains heavily dependent on subsistence farming, with low agricultural productivity, high debt burdens, and limited surplus income.
- **Agra (Moderately Performing) vs. Buldana (Low Performing):** Agra's strong market connections and diversified crop production result in higher surplus income and savings compared to Buldana, where farmers struggle with less developed infrastructure, lower productivity, and a higher debt burden.
- **Karnal (High Performing) vs. Ratlam (Low Performing):** Karnal benefits from high agricultural productivity in rice and wheat, supported by mechanization and market linkages, allowing for strong surplus generation. On the other hand, Ratlam still faces challenges with limited irrigation and market access, leading to lower incomes and higher reliance on debt.

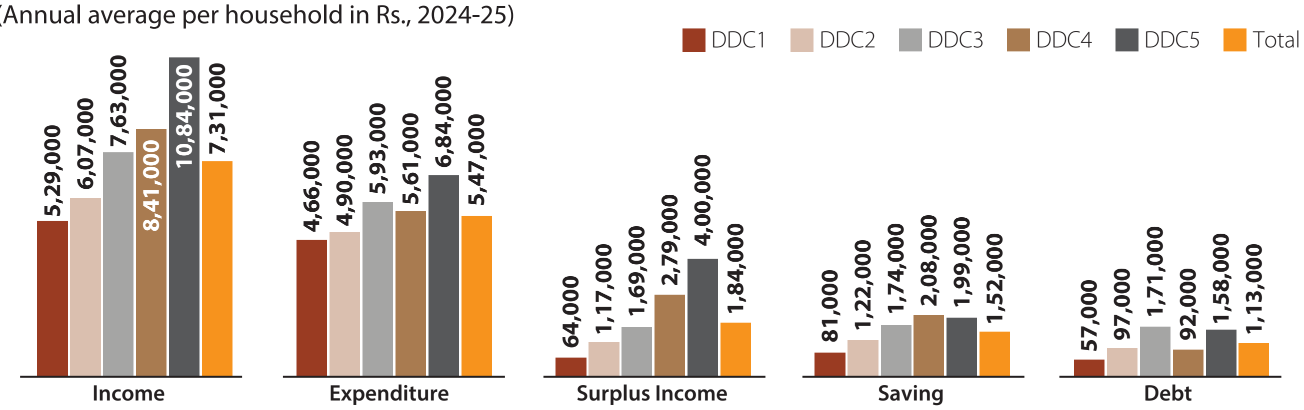
In summary, the economic conditions of *Annadata* households vary significantly across the five District Development Clusters (DDCs). High-performing districts (DDC5) showcase strong financial health, with high incomes, surplus generation, and savings. Moderately high-performing districts (DDC4) show strong surplus generation and savings, though they still rely on moderate debt for agricultural investments. Moderately performing districts (DDC3) are improving, with growing savings and surplus income, but they face higher debt burdens. Low-performing districts (DDC2) continue to struggle with lower income and high debt, while least-performing districts (DDC1) face the greatest economic challenges, with minimal surplus income, high debt, and limited savings.

5.3.3 Income and Financial Vulnerabilities: DDC5 Excels, DDC1 Faces Challenges

Income levels across the DDCs show stark differences. DDC5, the high-performing cluster, has the highest average household income of ₹10.84 lakh annually, reflecting advanced agricultural techniques, better access to markets, and diversified income sources. In contrast, DDC1 and DDC2, with incomes of ₹5.29 lakh and ₹6.07 lakh respectively, lag significantly behind **(Figure 12)**. These clusters face low agricultural productivity, poor infrastructure, and limited access to non-farm employment opportunities.

Financial vulnerabilities are more pronounced in DDC1 and DDC2, where *Annadata* households experience lower savings and higher debt burdens. In DDC1, debt levels are relatively high, further exacerbating financial stress. On the contrary, *Annadata* households in DDC5, while carrying higher absolute debt, can manage it due to higher

Figure 12: Estimates of income, expenditure, savings and debt of *Annadata* households by DDC
(Annual average per household in Rs., 2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 13: Income sources of *Annadata* households by DDC (2024-25)

District Development Clusters (DDC)	Source of income of Annadata households (million)		Source of income of Annadata households (%)	
	Farm only	Farm + Non-Farm	Farm only	Farm + Non-Farm
DDC1	7.7	6.5	54%	46%
DDC2	7.8	8.2	49%	51%
DDC3	8.2	8.9	48%	52%
DDC4	5.5	7.6	42%	58%
DDC5	3.2	4.9	40%	60%
Total	32.7	35.7	48%	52%

Source: Authors' estimates based on PRICE's ICE 360° surveys

incomes and better access to credit. This disparity calls for targeted financial inclusion programs in DDC1 and DDC2, focusing on providing affordable credit, debt relief, and promoting savings schemes.

5.3.4 Savings and Expenditure Patterns: DDC5 Saves the Most, DDC1 Struggles

Savings patterns reflect the income disparities among the clusters. DDC5 households save ₹1.99 lakh annually, leveraging higher income levels to invest in agricultural and non-farm activities **(Figure 12)**. On the other hand, DDC1 *Annadata* households save only ₹81,000 annually, with a high expenditure-to-income ratio that leaves little room for long-term investments. DDC2 also faces similar challenges, with limited disposable income available for savings.

The ability of DDC5 *Annadata* households to save more highlights their capacity to withstand economic shocks and invest in productivity-enhancing technologies. DDC1 and DDC2 *Annadata* households, with lower savings, remain financially vulnerable.

5.3.5 Income Diversification: DDC5 Benefits from Non-Farm Activities

One of the defining characteristics of DDC5 is its diverse income sources. *Annadata* households in this cluster derive 60% of their income from a combination of farming and non-farm activities, reflecting their involvement in higher-value agriculture, agro-processing, and rural industries **(Table 13)**. This diversification reduces the financial risks associated with agricultural income volatility and provides a more stable livelihood base.

In contrast, DDC1 and DDC2 *Annadata* households rely heavily on agriculture for their livelihoods, with 54% and 49% of income coming solely from farming. This heavy reliance makes them more vulnerable to agricultural shocks, such as poor crop yields, market fluctuations, or climate-related disruptions.

5.3.6 Farming Dependence: High in DDC1 and DDC2, Balanced in DDC5

Agricultural dependency is notably high in DDC1 and DDC2, where 64% and 67% of *Annadata* household incomes are derived from farming **(Table 14)**. These districts have

Table 14: Farming dependence of *Annadata* households by DDC

District Development Clusters (DDC)	Annual average income *Annadata* households (Rs. 2024-25.)			Income Share (%)	
	Total	Farm	Non-farm	Farm	Non-Farm
DDC1	5,29,000	3,39,000	1,90,000	64%	36%
DDC2	6,07,000	4,08,000	1,99,000	67%	33%
DDC3	7,63,000	5,09,000	2,54,000	67%	33%
DDC4	8,41,000	5,60,000	2,81,000	67%	33%
DDC5	10,84,000	7,47,000	3,37,000	69%	31%
Total	7,31,000	4,88,000	2,43,000	67%	33%

Source: Authors' estimates based on PRICE's ICE 360° surveys

limited diversification into non-farm sectors, which increases the risks for households in the face of agricultural shocks. In contrast, DDC5 demonstrates a more balanced income structure, with only 40% of household income coming from farming and a higher reliance on non-farm activities.

The heavy reliance on agriculture in DDC1 and DDC2 underscores the need for increased investment in agricultural infrastructure, such as better irrigation systems, access to quality seeds and fertilizers, and modern farming technologies. Additionally, encouraging the formation of farmer cooperatives and improving market access through digital platforms can help improve farm incomes and reduce the vulnerability associated with over-reliance on agriculture.

5.3.7 Financial Ratios and Debt Burdens: Managing Debt Better in DDC5, Struggles in DDC1

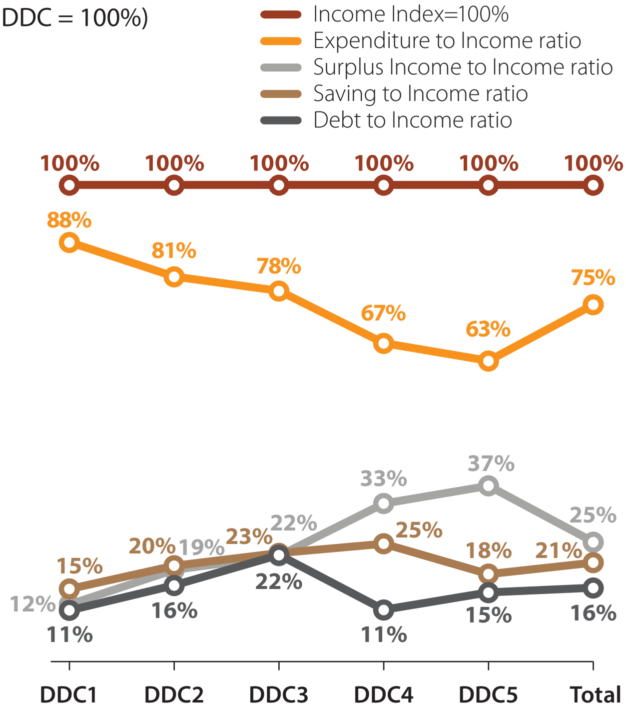
Annadata households in DDC1 and DDC2 face higher debt-to-income ratios, reflecting their financial struggles. In DDC1, the debt burden is particularly high relative to income, while in DDC5, despite higher absolute debt, *Annadata* households maintain a lower debt-to-income ratio due to their higher earnings **(Figure 13)**. This suggests that while DDC5 can manage its debts effectively, DDC1 and DDC2 *Annadata* households need greater support to prevent falling into debt traps.

5.3.8 Regional Strengths and Weaknesses: Tailored Policy Recommendations for Each DDC

Each District Development Cluster exhibits distinct strengths and weaknesses, requiring targeted interventions to maximize agricultural productivity and household income:

- **DDC1 (Least Performing Districts):** *Annadata* of DDC1 faces the greatest challenges in terms of income, debt, and reliance on agriculture. Policies should prioritize infrastructure development, such as roads and irrigation, while also expanding access to affordable credit and promoting rural diversification. Additionally, promoting non-farm employment through skill development programs and rural entrepreneurship schemes can help reduce dependency on agriculture.
- **DDC2 (Low Performing Districts):** *Annadata* of DDC2 shares many of DDC1's challenges but has slightly better outcomes. Increasing farm productivity through the promotion of modern farming techniques, improved access to inputs, and stronger market linkages can boost income levels. Additionally, promoting savings instruments and better financial management can help households build financial resilience.

Figure 13: Financial ratios of *Annadata* households by DDC (2024-25)
(Annual average of *Annadata* household of each DDC = 100%)



Source: Authors' estimates based on PRICE's ICE 360° surveys

- **DDC3 (Moderately Performing Districts):** *Annadata* of DDC3 is positioned between the struggling and high-performing districts. Households here benefit from moderate farm productivity but face high debt burdens. Policies should focus on improving debt management through financial literacy and expanding access to formal banking services. Promoting diversified income sources, such as rural industries and agro-processing, can further improve income stability.
- **DDC4 (Moderately High Performing Districts):** *Annadata* of DDC4 has strong agricultural outcomes but could benefit from further diversification into non-farm sectors. Expanding rural industries and encouraging entrepreneurship, particularly in value-added agriculture and agro-processing, will help households increase income and resilience.
- **DDC5 (High Performing Districts):** *Annadata* of DDC5 is the most advanced in terms of income, savings, and debt management. To maintain its competitive edge, policies should focus on introducing advanced technologies like precision farming, expanding export markets for agricultural products, and promoting innovation in agro-processing and rural industries.

5.3.9 Conclusion: Unlocking the Potential of DDCs for Agricultural Growth

India's agricultural future depends on leveraging the strengths and addressing the challenges of each District

Development Cluster. DDC1 and DDC2 require urgent attention in terms of infrastructure, financial inclusion, and diversification, while DDC5 serves as a model for success with its balanced income structure and advanced agricultural practices.

Through targeted investments in infrastructure, credit access, skill development, and market linkages, the government can empower *Annadata* households across all clusters to achieve greater financial stability and improved livelihoods. Harnessing the diversity of India's DDCs will be key to ensuring that no region is left behind in the nation's journey toward agricultural prosperity and development.

5.4 Status of Indian Agricultural Households by Rural District Clusters (RDCs): Understanding Regional Performance for Inclusive Growth

India's rural economy can be grouped into three sub-regions: "Developed Rural," "Emerging Rural," and "Left-Behind Rural," based on District Development Scores calculated using 21 developmental indicators. These scores help assess the socio-economic standing of *Annadata* households, categorized into Rural District Clusters (RDCs). This analysis examines the economic and agricultural performance of households across these three clusters and offers insights into their strengths, challenges, and potential policy interventions for fostering inclusive growth.

5.4.1 Household and Population Distribution: Dominance of Left-Behind Rural

The majority of agricultural households are concentrated in Left-Behind Rural districts, which account for 53% of both the *Annadata* households and the overall population **(Table 15)**. These districts, such as Firozabad, Madhubani, Adilabad, Gaya, and Bastar, represent some of the least developed areas of rural India, with large populations facing significant socio-economic challenges. Emerging Rural districts, such as Agra, Mathura, Warangal, Guntur, and Nashik, make up 38% of *Annadata* households and represent regions in transition–neither fully developed nor as backward as the Left-Behind cluster. Developed Rural districts, including Thane, Pune, Kozhikode, Ernakulam, Surat, and Ludhiana, account for just 10% of the *Annadata* population but lead in agricultural productivity and overall development.

5.4.2 Economic Conditions of *Annadata* Households in Developed, Emerging, and Left-Behind Rural Areas

The analysis provides insights into the varying economic conditions faced by *Annadata* households across these rural district clusters and illustrate the disparities and challenges in each region.

Developed Rural Areas (Top 25% of rural districts)

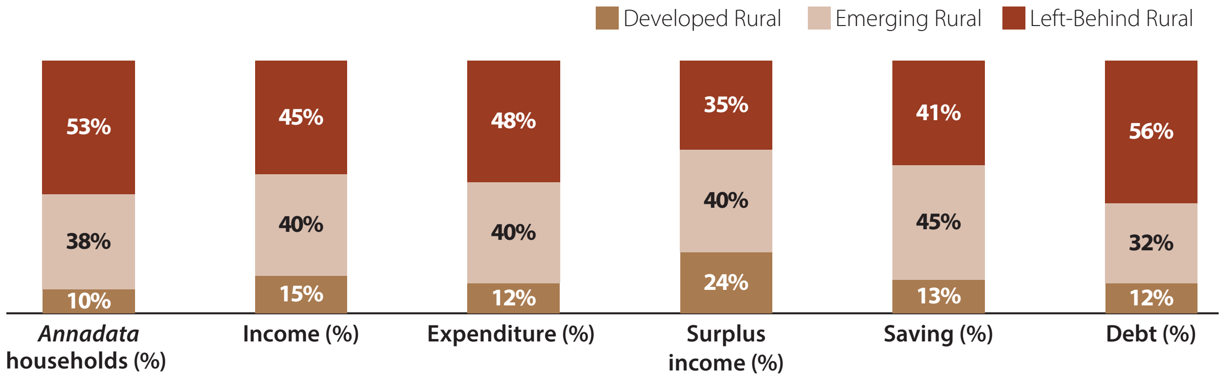
- **Smaller Household Share but Higher Income:** ***Developed rural areas make up only 10% of*** *Annadata* ***households, yet they contribute 15% of total income. These areas, such as Thane, Pune, and Ludhiana, benefit from proximity to urban centers and have better access to infrastructure and markets. These factors contribute to higher agricultural productivity and income diversification, allowing*** *Annadata* ***households to earn more despite their smaller population share. The influence of urbanization also opens non-farm income opportunities, further boosting household income.***
- **Lower Expenditure, Higher Surplus:** With only 12% of total expenditure, *Annadata* households in developed rural regions display effective financial management, with controlled spending and efficient resource use. Their surplus income (24%) indicates that they retain a substantial portion of earnings after expenses, showing that farmers in these regions can save or reinvest profits. Improved access to irrigation, mechanization, and better market prices further enhances their capacity to accumulate surplus income.
- **Higher Savings and Lower Debt:** *Annadata* households in these regions are financially more secure, as reflected by their 13% share in savings, despite their relatively smaller population size. Access to banking services and financial literacy also play

Table 15: Estimates of *Annadata* households, population and household size by RDC (2024-25)

Rural District Clusters (RDC)	Households (Million)		Population (Million)		Household size	
	Total	Annadata	Total	Annadata	Total	Annadata
Developed Rural	48	7	210	29	4.37	4.42
Emerging Rural	100	26	458	124	4.58	4.83
Left-Behind Rural	182	36	830	176	4.56	4.89
Total	330	68	1497	330	4.54	4.82

Source: Authors' estimates based on PRICE's ICE 360° surveys

Figure 14: Distribution of *Annadata* households', income, expenditure, savings and debts by RDC (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

a role in this stability. Additionally, these households exhibit lower reliance on debt (12%), which is significantly lower than other rural categories, thanks to diversified income sources and reduced dependence on risky loans.

Emerging Rural Areas (Next 20% of rural distrcits)

- **Balanced Income and Household Representation:** Emerging rural areas like Agra, Mathura, and Warangal account for 38% of *Annadata* households and contribute 40% of total income, showing that these regions are in a transitional phase. *Annadata* households in these areas are seeing improving income levels due to better connectivity, increasing access to markets, and gradual infrastructure development. These regions, while not as advanced as developed rural areas, are making headway in terms of economic opportunity and agricultural productivity.
- **Moderate Expenditure and Surplus Income:** The 40% share in expenditure indicates that *Annadata* households are gradually improving their spending capacity in line with income growth. Surplus income in emerging rural areas is also relatively healthy at 40%, reflecting the positive effects of infrastructure investments and government schemes aimed at boosting agricultural productivity. However, households are still vulnerable to market fluctuations and need stronger financial safety nets to improve their surplus potential further.
- **Stable Savings and Moderate Debt:** *Annadata* households in these regions contribute 45% of total savings, indicating that they are saving a portion of their growing income. While their income is not yet on par with developed rural areas, the savings trend suggests a focus on financial security. However, their 32% share in debt reveals that many *Annadata* households still rely on loans to support agricultural activities, invest in inputs, or meet household needs.

These debts often stem from the costs of modernization efforts, such as adopting new farming technologies or irrigation systems.

Left-Behind Rural Areas (Bottom 50% of rural districts)

- **High Household Share, Low Income Contribution:** Left-behind rural areas, such as Firozabad, Madhubani, and Gaya, account for the largest share of *Annadata* households (53%), yet contribute only 45% of total income. This imbalance highlights the economic struggles faced by *Annadata* households in these regions, where agricultural productivity is low, and market access is limited. Farming in these areas often relies on traditional methods, which are less profitable and more vulnerable to weather variability, further limiting income potential.
- **Higher Expenditure, Lower Surplus:** The 48% expenditure share in left-behind rural areas indicates that many *Annadata* households are spending beyond their income, possibly due to rising input costs, low returns on crops, or even the need to borrow to meet basic needs. Their surplus income (35%) is the lowest among the three categories, reflecting the limited capacity of these households to save or invest in future growth. Poor infrastructure, limited access to government support, and insufficient market linkages contribute to this low surplus.
- **Low Savings, High Debt:** The financial vulnerability of *Annadata* households in left-behind rural areas is evident in their 41% savings share, which is relatively low compared to their large population. Moreover, their 56% share of total debt indicates heavy reliance on borrowing to cover agricultural inputs, household expenses, and emergencies. Many of these households borrow from informal lenders, often at high-interest rates, trapping them in cycles of debt. Limited access to formal credit and insurance schemes further exacerbates their financial instability.

Key Examples of Disparities

- **Thane (Developed) vs. Firozabad (Left-Behind):** *Annadata* households in Thane benefit from advanced agricultural practices, access to markets, and the proximity to Mumbai, which increases their income and savings potential. In contrast, farmers in Firozabad face limited market access, lower productivity, and higher debt burdens due to insufficient infrastructure and dependency on traditional farming methods.
- **Pune (Developed) vs. Gaya (Left-Behind):** *Annadata* households in Pune enjoy the benefits of strong rural infrastructure, including irrigation, agro-processing facilities, and market integration, allowing them to generate higher incomes and maintain low debt levels. In Gaya, subsistence farming dominates, and poor infrastructure leads to low agricultural productivity, resulting in high debt and limited savings.
- **Warangal (Emerging) vs. Madhubani (Left-Behind):** Warangal, an emerging rural district, has seen improvements in infrastructure, agricultural support, and market connectivity, which has helped boost the income and savings capacity of *Annadata* households. Madhubani, however, remains economically stagnant, with farmers continuing to face challenges such as limited access to modern farming techniques, poor irrigation, and heavy reliance on high-interest loans.

In summary, the economic conditions of *Annadata* households vary widely across developed, emerging, and left-behind rural regions. Developed rural areas show strong financial health, with higher incomes, significant savings, and lower debt levels. These regions benefit from robust infrastructure, diversified income sources, and efficient market access. Emerging rural areas are improving, with growing income, moderate savings, and a reliance on debt for agricultural modernization. Left-behind rural areas face severe economic challenges, with low income, high expenditure, limited surplus income, and heavy debt burdens, exacerbated by poor infrastructure and market access.

5.4.3 Income and Financial Vulnerabilities: Developed Rural Leads, Left-Behind Rural Struggles

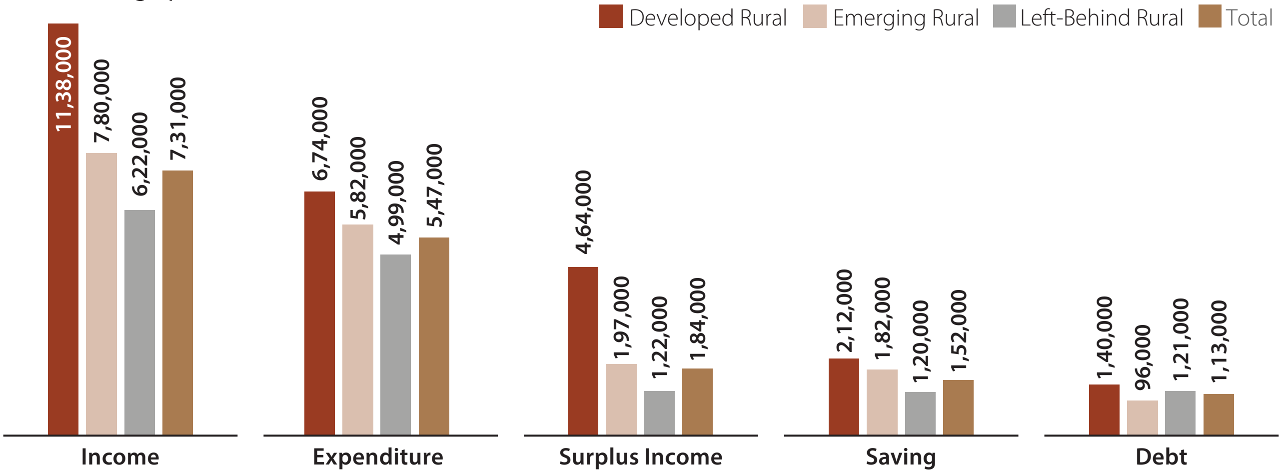
Annadata households in Developed Rural districts report the highest average annual income, ₹11.38 lakh, due to better access to agricultural inputs, infrastructure, and diversified income sources **(Figure 15)**. Districts like Thane, Ernakulam, and Surat reflect these high income levels, benefiting from strong agricultural output and access to urban markets. In contrast, *Annadata* of Left-Behind Rural districts such as Madhubani, Firozabad, and Bastar earn the least, at ₹6.22 lakh annually. *Annadata* of Emerging Rural districts, with an income of ₹7.80 lakh, occupy the middle ground, represented by districts like Mathura, Warangal, and Guntur, which are progressing but still face considerable development challenges.

Financial vulnerabilities are most pronounced in Left-Behind Rural districts, where the average debt burden of *Annadata* stands at ₹1.21 lakh, coupled with lower savings levels. *Annadata* in Developed Rural districts, while having higher debt levels (₹1.40 lakh), also report higher incomes and savings, allowing them to manage their financial liabilities more effectively.

5.4.4 Savings and Expenditure Patterns: Higher Savings in Developed Rural, Low in Left-Behind Rural

Savings rates are a key indicator of financial resilience. *Annadata* households in Developed Rural districts, such as Ludhiana and Surat, save ₹2.12 lakh annually, while those in Left-Behind Rural districts like Gaya and Bastar save just ₹1.20 lakh **(Figure 15)**. The higher savings rates in Developed Rural areas reflect their ability to reinvest in agriculture or diversify into non-farm ventures, which helps stabilize household incomes. On the other hand,

Figure 15: Estimates of income, expenditure, savings and debt of *Annadata* households by RDC
(Annual average per household in Rs., 2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 16: Income sources of *Annadata* households by RDC (2024-25)

Rural District Clusters (RDC)	Source of income of *Annadata* households (million)		Source of income of *Annadata* households (%)	
	Farm only	Farm + Non-Farm	Farm only	Farm + Non-Farm
Developed Rural	3.5	3.1	53%	47%
Emerging Rural	11.2	14.5	44%	56%
Left-Behind Rural	17.4	18.6	48%	52%
Total	32.7	35.7	48%	52%

Source: Authors' estimates based on PRICE's ICE 360° surveys

Annadata households in Left-Behind Rural districts face high expenditure-to-income ratios (95%), leaving little room for savings or investments.

This highlights the financial vulnerability of households in Left-Behind Rural districts, which remain more exposed to income shocks.

5.4.5 Income Diversification: Emerging and Left-Behind Rural Districts Benefit More from Non-Farm Activities

The data in the **Table 16** clearly illustrates the growing importance of non-farm income for rural households, particularly in Emerging and Left-Behind Rural districts, which have important policy implications. In Emerging Rural districts, such as those undergoing rapid transformation, 56% of households are already engaged in a combination of farm and non-farm activities, compared to only 44% relying solely on farming. This demonstrates that non-farm employment has become a critical component of livelihoods as these regions move away from an agriculture-only economy.

In contrast, Developed Rural districts, such as Pune, Kozhikode, and Surat, still show a high dependency on farm-only income, with 53% of households relying exclusively on agriculture. While farming remains central in these areas, it is crucial to enhance agricultural productivity and market access through policies that promote modern farming techniques, irrigation systems, and value-chain improvements. Additionally, given that 47% of households in these areas already engage in both farm and non-farm activities, there is potential to further boost diversification by encouraging entrepreneurship and small rural enterprises, allowing farm-only households to expand into non-farm sectors for additional income security.

For Left-Behind Rural districts like Madhubani, Firozabad, and Samastipur, the balance between farm-only and farm + non-farm households is almost even, with 48% of households relying solely on agriculture and 52% combining both. This indicates that while agriculture remains essential, a significant portion of households already see the value in non-farm activities.

In summary, the overall distribution–48% of all households relying on farming alone and 52% relying on both farm and non-farm sources–indicates a nationwide shift towards diversification.

5.4.6 Farming Dependence: Heavy Reliance on Agriculture in All RDCs

Farming remains the primary source of income for *Annadata* households across all RDCs. In Developed Rural districts, such as Ludhiana, Kozhikode, and Thane, 68% of household income is derived from farming, slightly higher than in Emerging and Left-Behind Rural districts, where farming contributes 67% **(Table 17)**. While farming provides the majority of

Table 17: Farming dependence of *Annadata* households by RDC

Rural District Clusters (RDC)	Annual average income *Annadata* households (Rs. 2024-25)			Income Share (%)	
	Total	Farm	Non-farm	Farm	Non-Farm
Developed Rural	11,38,000	7,74,000	3,64,000	68%	32%
Emerging Rural	7,80,000	5,19,000	2,61,000	67%	33%
Left-Behind Rural	6,22,000	4,14,000	2,08,000	67%	33%
Total	7,31,000	4,88,000	2,43,000	67%	33%

Source: Authors' estimates based on PRICE's ICE 360° surveys

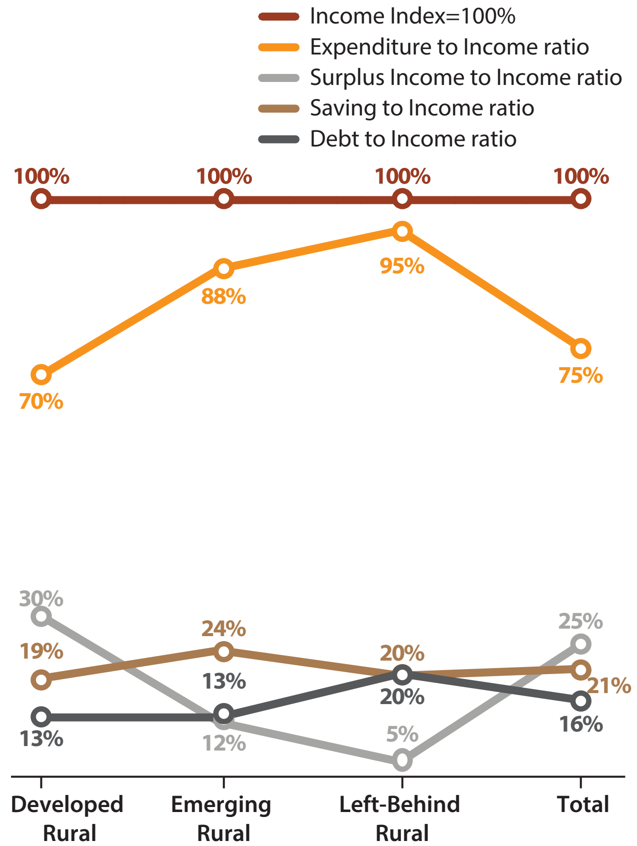
income, these regions differ in their ability to leverage allied agricultural activities and non-farm sectors to supplement agricultural income.

Emerging and Left-Behind Rural districts, including Agra, Mathura, Gaya, and Ratlam, with their heavy reliance on agriculture, face greater risks in terms of agricultural productivity and market volatility.

5.4.7 Financial Ratios and Debt Burdens: Debt High in Left-Behind Rural Districts

Financial ratios provide further insight into the economic conditions of *Annadata* households across the RDCs. Developed Rural districts, such as Surat and Ernakulam, report better financial ratios, with a debt-to-income ratio of 13%, reflecting more efficient debt management. In contrast, *Annadata* of Left-Behind Rural districts like Ganjam, Bastar, and Firozabad face a higher debt-to-income ratio of 20%, highlighting their financial distress **(Figure 16)**. *Annadata* households in Left-Behind Rural areas struggle to manage debt due to low-income levels and limited access to formal credit.

Figure 16: Financial ratios of *Annadata* households by RDC (2024-25)
(Annual average of *Annadata* household of each religion = 100%)



Source: Authors' estimates based on PRICE's ICE 360° surveys

5.4.8 Strengths and Weaknesses: Policy Recommendations for Each RDC

The diversity of India's Rural District Clusters (RDCs) presents both strengths and weaknesses. Tailored policy interventions are required to address the specific needs of *Annadata* of each cluster:

- **Developed Rural Districts:** Districts like Thane, Ludhiana, and Kozhikode benefit from higher incomes, savings, and better financial management. However, there is room for further innovation through the adoption of advanced agricultural technologies, precision farming, and value-added agriculture. Policies should focus on maintaining their competitive edge by expanding export markets, promoting agro-processing industries, and integrating these districts into global agricultural supply chains.
- **Emerging Rural Districts:** Districts such as Agra, Guntur, Warangal, and Nashik have significant potential for growth. With moderate income levels and a balance between farm and non-farm activities, *Annadata* of Emerging Rural districts would benefit from policies aimed at improving farm productivity and expanding access to non-farm employment. Promoting rural industries, agro-processing, and infrastructure development can help these districts transition into higher-performing regions.
- **Left-Behind Rural Districts:** Districts like Madhubani, Firozabad, and Bastar face the greatest challenges, with low incomes, high debt, and limited savings. Comprehensive support is required to improve agricultural productivity, infrastructure, and market access. Targeted interventions, such as expanding irrigation systems, providing quality seeds and fertilizers, and promoting crop diversification, can help increase farm incomes. Additionally, encouraging skill development and entrepreneurship in non-farm sectors will help *Annadata* households diversify their income sources and reduce dependency on agriculture.

5.4.9 Conclusion: Leveraging RDC Diversity for Agricultural Growth

India's agricultural landscape is highly diverse, with the Developed, Emerging, and Left-Behind Rural District Clusters presenting distinct strengths and challenges. While Developed Rural districts are already thriving, Emerging and Left-Behind Rural districts require more focused interventions to uplift their economic standing. By implementing tailored policies that address region-specific needs, India can ensure inclusive agricultural growth across all RDCs, ultimately contributing to the nation's broader development goals and the vision of Viksit Bharat by 2047.

Investing in infrastructure, promoting financial inclusion, and fostering rural industrialization are key strategies for empowering *Annadata* households in all RDCs. By leveraging the strengths of high-performing districts and addressing the weaknesses of lower-performing ones, India can create a more equitable and prosperous agricultural sector for the future.

Here are some key pointers for policymakers:

1. Left-Behind Rural districts, with their large populations, will require extensive support to improve infrastructure, access to markets, and financial services. On the other hand, Developed Rural areas may benefit from advanced technological interventions and innovations to maintain their leading position in agricultural productivity.
2. Targeted investments in agricultural infrastructure, irrigation, and market connectivity in Left-Behind Rural areas can reduce debt of Annadata households and increase their surplus income.
3. Access to affordable credit, financial literacy, and formal banking in Left-Behind and Emerging Rural districts will go a long way in long-term financial sustainability of such households.
4. Promotion of small-scale manufacturing and rural service sectors can absorb surplus labor and provide stable incomes and give a further boost to the trend of non-agricultural income generation.
5. Access to low-interest agricultural loans, debt restructuring programs, and provision of financial literacy training can reduce dependency on informal credit sources.
6. Enhancing farm productivity with quality inputs, modern technologies, and market linkages, development of cooperatives and farmer-producer organizations are all steps towards a more sustainable agricultural economy.

5.5 Status of Indian Agricultural Households by Region: Leveraging Diversity for Inclusive Growth

The diversity of India's regions brings unique strengths and challenges for agricultural households (*Annadata*). These geographical differences shape income levels, farming dependency, savings, and debt across the North, South, East, West, Centre, and North-East regions. This analysis examines the distinct characteristics of each region and how they impact the socio-economic status of agricultural households, offering insights to guide regional policy-making for a more inclusive agricultural economy in India.

5.5.1 Household and Population Distribution: North and South Represent Polar Opposites

The North and South regions show considerable differences in terms of household size and population. The North represents 31% of *Annadata* households and 34% of the population, with an average household size of 5.40 members **(Table 18)**. In contrast, the South accounts for only 15% of agricultural households and 13% of the population, with smaller household sizes averaging 4.20 members.

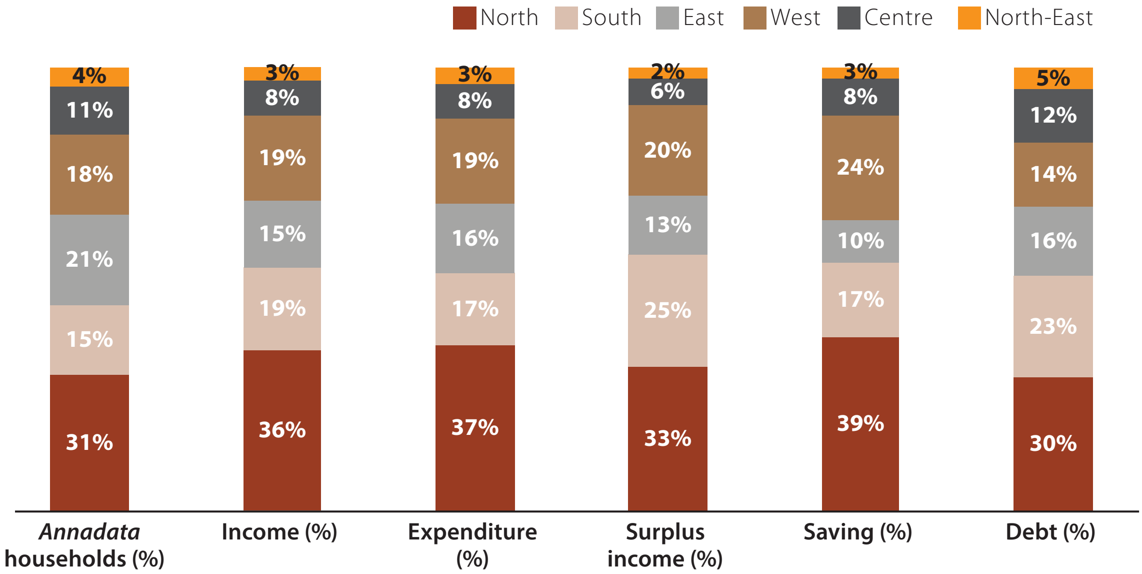
The North's larger household sizes reflect higher dependency ratios, which may strain family incomes. The South, with fewer and smaller households, could benefit from more focused policies that enhance agricultural productivity through technological advancements and market access. These contrasting household structures suggest tailored approaches for each region to address the unique needs of their agricultural populations.

Table 18: Estimates of *Annadata* households, population and household size by regions (2024-25)

Regions	Households (Million)		Population (Million)		Household size	
	Total	Annadata	Total	Annadata	Total	Annadata
North	87	21	451	114	5.17	5.40
South	82	11	311	44	3.81	4.20
East	73	14	339	63	4.63	4.47
West	49	12	217	61	4.39	4.92
Centre	26	7	121	32	4.56	4.40
North-East	12	3	56	16	4.53	5.24
Total	330	68	1494	330	4.53	4.82

Source: Authors' estimates based on PRICE's ICE 360° surveys

Figure 17: Distribution of *Annadata* households', income, expenditure, savings and debts by regions (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

5.5.2 Economic Conditions of Annadata Households by Geographical Regions in India

Each region presents varying levels of agricultural productivity, infrastructure, market access, and financial health, impacting the livelihoods of *Annadata* households. Let's explore these regions in detail and explain the disparities between them.

North India

- **Household Share and Income Contribution:** North India accounts for 31% of *Annadata* households, the largest share among all regions, reflecting the agricultural dominance of states like Punjab, Haryana, and parts of Uttar Pradesh. The region contributes 36% of total income, the highest income share, driven by high agricultural productivity in Punjab (particularly in wheat and rice production) and Haryana's advances in irrigation and mechanization. **(Figure 17)**
- **High Expenditure, Surplus Income, and Savings:** North India's expenditure accounts for 37%, indicating that households in this region spend more, likely on modern farming inputs, technology, and better living standards. However, their surplus income (33%) is also high, showing that these households are able to save or reinvest a significant portion of their earnings. The region's high productivity, supported by irrigation systems and government procurement policies (e.g., MSP), enables strong savings (39%).
- **Moderate Debt:** While North India performs well in terms of income and savings, its debt share is 30%, showing that many *Annadata* households still rely on borrowing to finance agricultural modernization. High costs for machinery, fertilizers, and seeds drive the demand for credit, especially in states like Punjab.

South India

- **Smaller Household Share, Higher Income Contribution:** The South represents 15% of *Annadata* households but contributes 19% of total income, reflecting higher per-household income compared to other regions. States like Tamil Nadu, Karnataka, and Andhra Pradesh benefit from diversified agriculture, including cash crops like coffee, tea, and spices, as well as robust non-farm rural employment.
- **Balanced Expenditure and High Surplus Income:** The South shows 17% in expenditure, reflecting more efficient financial management compared to its income share. Surplus income (25%) is relatively high, driven by effective irrigation, diversified cropping patterns, and better access to markets, particularly in Andhra Pradesh, which is a leader in aquaculture (shrimp farming).
- **Moderate Savings, High Debt:** While *Annadata* households in the South save 17%, their debt share is higher at 23%, reflecting reliance on borrowing for agricultural inputs and rural development projects. Karnataka, for example, has seen a rise in farmer debt due to investment in water-intensive crops like sugarcane and horticulture.

East India

- **Significant Household Share, Lower Income Contribution:** East India accounts for 21% of *Annadata* households, but contributes only 16% of total income, indicating low agricultural productivity and underdevelopment in states like Bihar and Odisha. Despite large agricultural landholdings, reliance on traditional farming methods and rain-fed agriculture limits income growth. West Bengal, with a more diverse economy, fares better but still faces challenges in rural income growth.

- **Higher Expenditure, Low Surplus Income:** The East's expenditure share is 16%, slightly above its income share, reflecting financial strain on *Annadata* households who often have to borrow or sell assets to cover expenses. Surplus income (13%) is among the lowest in the country, with households unable to save much after covering basic needs. Limited access to irrigation, poor market connectivity, and lower-value crops contribute to this issue, particularly in Bihar.
- **Low Savings, Moderate Debt:** With only 10% in savings, *Annadata* households in the East face difficulties accumulating wealth. However, their debt burden is moderate at 16%, partly due to lower access to formal credit. Many farmers in Bihar and Odisha rely on informal moneylenders, which often leads to financial vulnerability.

West India

- **Balanced Household Share and Income Contribution:** West India represents 18% of *Annadata* households and contributes 19% of total income, reflecting balanced economic performance in states like Maharashtra, Gujarat, and Rajasthan. While Maharashtra excels in horticulture and agro-processing, Gujarat is known for cotton production and dairy, and Rajasthan for its high-value crops like spices.
- **Moderate Expenditure, High Surplus Income:** The West shows 19% expenditure, reflecting strong financial health and spending power. Surplus income (20%) is relatively high, driven by high-value agricultural products and access to large markets. Gujarat's robust agricultural infrastructure, including efficient irrigation systems, and Maharashtra's thriving horticulture sector contribute to higher savings.
- **Strong Savings, Moderate Debt:** *Annadata* households in the West save 24%, one of the highest savings rates among the regions, reflecting their financial strength. Debt levels (14%) are moderate, as households in Maharashtra and Gujarat tend to rely on formal credit channels like banks and cooperatives, reducing dependence on high-interest loans from informal lenders.

Centre India

- **Moderate Household Share, Low Income Contribution:** Centre India accounts for 11% of *Annadata* households and contributes 8% of total income, indicating lower agricultural productivity compared to other regions. States like Madhya Pradesh and Chhattisgarh rely heavily on rain-fed agriculture, with low access to irrigation infrastructure, which limits their agricultural output and income levels.
- **Moderate Expenditure and Surplus Income:** Expenditure in the Centre region is 8%, in line with its income share, but surplus income (6%) is relatively low. This suggests that *Annadata* households in these regions struggle to generate significant surplus after meeting their expenses. Poor infrastructure, limited market access, and reliance on low-value crops contribute to this challenge.
- **Low Savings, High Debt:** Savings in the Centre region account for only 8%, showing that households struggle to save due to low income levels. The debt share (12%) indicates moderate borrowing, with many *Annadata* households relying on loans to finance basic agricultural needs, particularly in Chhattisgarh, where access to formal credit is limited.

North-East India

- **Small Household Share, Low Income Contribution:** The North-East represents only 4% of *Annadata* households and contributes 3% of total income, reflecting the region's small population and lower agricultural productivity. States like Assam, Meghalaya, and Manipur face challenges due to hilly terrain, poor infrastructure, and reliance on subsistence farming, which limits economic opportunities for *Annadata* households.
- **Low Expenditure and Surplus Income:** The North-East's expenditure share is 3%, indicating that *Annadata* households in this region spend less due to limited income and lower access to modern agricultural practices. Surplus income (2%) is the lowest among all regions, as households struggle to save after covering basic expenses, largely due to a lack of market access and low agricultural productivity.
- **Low Savings, Moderate Debt:** With only 3% in savings, *Annadata* households in the North-East face financial challenges and struggle to accumulate wealth. Their debt burden (5%) is low, largely due to limited access to formal credit channels and a lower tendency to take out large loans. However, this also reflects a lack of financial services and investment in the region's agricultural sector.

Key Examples of Disparities: The varying levels of agricultural productivity, infrastructure, access to markets, and financial health lead to significant disparities between regions. By examining these key examples of disparities, we can better understand the factors contributing to the financial well-being of *Annadata* households.

- **Punjab (North) vs. Bihar (East):** Punjab benefits from advanced irrigation, mechanization, and market access, leading to higher income, surplus, and savings for *Annadata* households. In contrast, Bihar faces challenges related to poor infrastructure and low agricultural productivity, resulting in lower income and higher expenditure relative to income.
- **Tamil Nadu (South) vs. Madhya Pradesh (Centre):** Tamil Nadu's diversified agriculture and better irrigation systems result in higher income and surplus income for *Annadata* households. In contrast, Madhya Pradesh, reliant on rain-fed agriculture, faces difficulties in achieving surplus income and savings, leading to a greater reliance on debt.
- **Maharashtra (West) vs. Assam (North-East):** Maharashtra's thriving horticulture and agro-processing sectors help generate high surplus income and savings, while Assam and other North-Eastern states struggle with subsistence farming and poor market connectivity, leading to low surplus income and minimal savings.
- **Haryana (North) vs. Odisha (East):** Haryana, with its high-yield wheat and rice crops supported by strong irrigation, has a high surplus income and savings rate. In contrast, Odisha faces more frequent natural disasters, less irrigation, and limited access to markets, leading to lower income and higher dependence on debt.

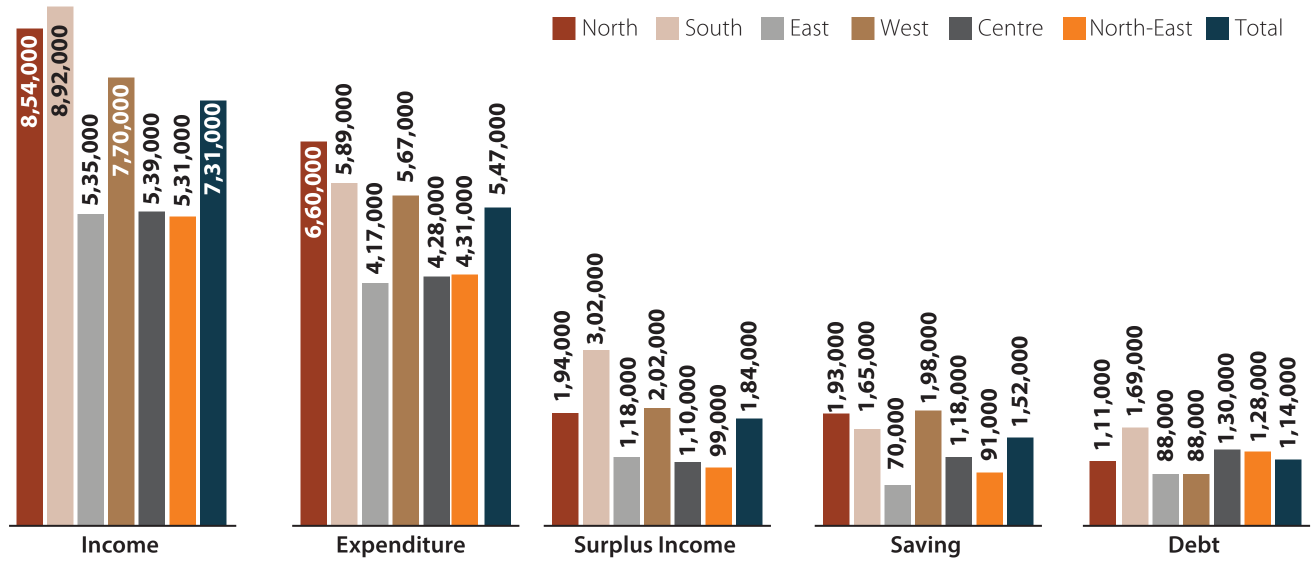
In summary, the economic conditions of *Annadata* households vary significantly across India's geographical regions. North India leads in income, surplus generation, and savings, driven by high agricultural productivity and advanced infrastructure. South India performs well with balanced spending, high surplus income, and moderate debt, supported by diversified agricultural activities. West India also shows strong financial health with high savings and surplus income, particularly in Maharashtra and Gujarat. East India and Centre India struggle with lower income, higher expenditure, and limited savings, while the North-East faces significant challenges related to infrastructure, market access, and agricultural development.

Investments in irrigation, market infrastructure, and financial inclusion are crucial to improving the economic outcomes for *Annadata* households in lower-performing regions like East India, Centre India, and the North-East. Additionally, expanding access to formal credit and improving agricultural productivity through modern techniques can help reduce reliance on debt and boost financial stability in these regions.

5.5.3 Income and Financial Vulnerabilities: South Leads, East and Centre Lag Behind

The South enjoys the highest average income among *Annadata* households, at ₹8.92 lakh annually, while the East and Centre have the lowest incomes, at ₹5.35 lakh and ₹5.39 lakh, respectively **(Figure 18)**. Despite their higher incomes, Southern *Annadata* households have higher debt levels, with an average of ₹1.69 lakh in debt. In contrast, the East and Centre, though earning less, carry more manageable debt levels of ₹88,000 and ₹1.30 lakh, respectively.

Figure 18: Estimates of income, expenditure, savings and debt of *Annadata* households by regions
(Annual average per household in Rs., 2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 19: Income sources of *Annadata* households by regions (2024-25)

Regions	Source of income of *Annadata* households (million)		Source of income of *Annadata* households (%)	
	Farm only	Farm + Non-Farm	Farm only	Farm + Non-Farm
North	8.8	12.3	42%	58%
South	4.8	5.8	45%	55%
East	7.7	6.4	55%	45%
West	7.3	5.1	59%	41%
Centre	2.2	5.2	28%	72%
North-East	2.0	1.0	66%	34%
Total	33	36	48%	52%

Source: Authors' estimates based on PRICE's ICE 360° surveys

These regional disparities highlight the need for region-specific interventions. In the South, policies should focus on reducing debt burdens by improving access to affordable credit and insurance products. In contrast, the East and Centre require income-enhancing strategies, such as promoting high-value crops, better irrigation facilities, and market integration to boost household earnings.

5.5.4: Savings and Expenditure Patterns: North Saves More, East and North-East Save Less

Savings and expenditure patterns vary significantly by region. The *Annadata* of North saves ₹1.93 lakh annually, despite having high expenditure levels (77% of income), reflecting strong financial resilience **(Figure 18)**. On the other hand, Eastern and North-Eastern *Annadata* households save the least, at ₹70,000 and ₹91,000, respectively, with expenditure levels consuming over 78%-81% of income.

The North's higher savings rate suggests that *Annadata* households are better equipped to handle financial shocks, whereas the East and North-East remain financially vulnerable. Strengthening savings schemes and improving financial literacy in the East and North-East can help enhance financial security and long-term investments in agriculture.

5.5.5 Income Diversification: West and North-East Show Strong Non-Farm Activity

While farming remains the primary income source for *Annadata* households, some regions are more diversified than others. The South and North regions exhibit strong non-farm activity, with 55% and 58% of *Annadata* household income coming from non-farm sources, respectively **(Table 19)**. By comparison, the North-East relies more heavily on farming, with 66% of household income coming solely from agricultural activities.

This regional diversity in income sources presents both strengths and weaknesses. The South and North benefit from diversified income streams, making them less vulnerable to agricultural risks.

5.5.6 Farming Dependence: North-East and West Show Highest Reliance on Farming

The North-East and West regions display the highest dependence on farming, with 68% and 69% of their *Annadata* household incomes derived from agriculture respectively **(Table 20)**. In contrast, the Centre and East have lower levels respectively of farm dependence (65%),

Table 20: Farming dependence of *Annadata* households by Regions

Regions	Annual average income *Annadata* households (Rs. 2024-25)			Income Share (%)	
	Total	Farm	Non-farm	Farm	Non-Farm
North	8,54,000	5,73,000	2,81,000	67%	33%
South	8,92,000	5,86,000	3,06,000	66%	34%
East	5,35,000	3,47,000	1,88,000	65%	35%
West	7,70,000	5,30,000	2,40,000	69%	31%
Centre	5,39,000	3,53,000	1,86,000	65%	35%
North-East	5,31,000	3,60,000	1,71,000	68%	32%
Total	7,31,000	4,88,000	2,43,000	67%	33%

Source: Authors' estimates based on PRICE's ICE 360° surveys

indicating more involvement in non-farm activities. These differences reflect both geographical and socio-economic factors, where certain regions may have fewer non-farm employment opportunities.

5.5.7 Financial Ratios and Debt Burdens: South and North Lead in Income, but Debt High in the North-East

Across regions, financial ratios paint a mixed picture of income resilience and debt management. The *Annadata* of North achieves a good balance with a high surplus income ratio of 23% and savings rate of 23%, while keeping debt manageable at 13% of income **(Figure 19)**. The *Annadata* of South, despite having the highest income levels, faces a significant debt-to-income ratio of 19%.

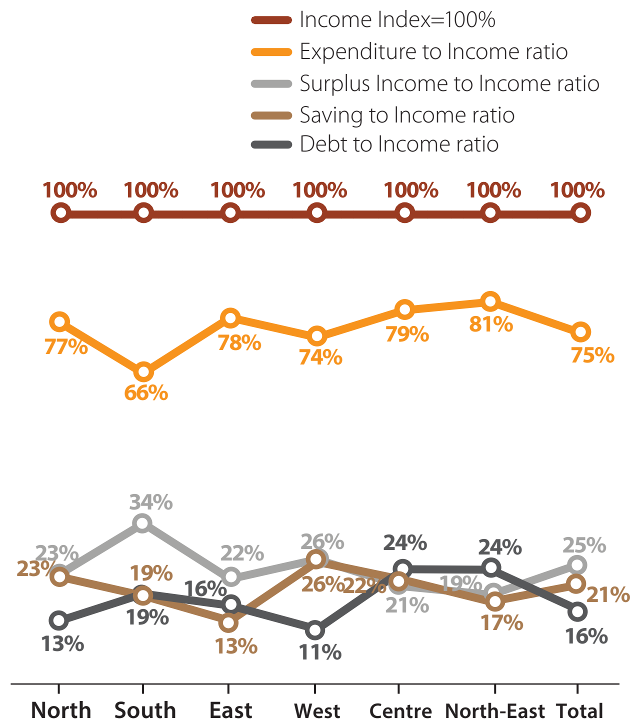
The North-East, despite its small size, has a relatively high debt-to-income ratio of 24%, reflecting financial stress of *Annadata* in this region.

5.5.8 Regional Strengths and Weaknesses: Policy Recommendations:

Each region exhibits distinct strengths and weaknesses, which can guide region-specific policies:

- **North:** With the highest savings rates and balanced financial ratios, the North's *Annadata* strength lies in its financial resilience. However, larger household sizes and a high dependency ratio necessitate policies focused on family planning and improving household incomes through productivity-enhancing agricultural techniques.
- **South:** The South's strong income levels provide a solid foundation for agricultural growth, but high debt levels need to be addressed. Expanding access to low-cost credit and developing financial literacy programs would help reduce the debt burden.
- **East and Centre:** The low-income levels and high expenditure rates in the East and Centre regions make them particularly vulnerable. Policies should focus on raising farm productivity through improved irrigation, access to modern agricultural technology, and better market integration.
- **West and North-East:** These regions show a higher reliance on non-farm income, which is a strength. Policies should further promote rural industrialization and entrepreneurship to provide alternative livelihoods, particularly in agro-processing and value-added agricultural products.

Figure 19: Financial ratios of *Annadata* households by Regions (2024-25)
(Annual average of *Annadata* household of each regions = 100%)



Source: Authors' estimates based on PRICE's ICE 360° surveys

5.5.9 Conclusion: Leveraging Regional Diversity for Inclusive Growth

The future of Indian agriculture depends on recognizing and leveraging the regional diversity of *Annadata* households. Each region presents unique strengths and challenges, requiring tailored policy interventions to foster inclusive agricultural development.

Some of the areas that need particular focus from the government are as follows:

1. Central India, which is heavily dependent on farming, needs policies that encourage diversification through rural employment programs, agro-based industries, and skill development initiatives to reduce reliance on agriculture alone.
2. Policies in the North-East and West should focus on improving farm productivity by enhancing access to modern agricultural technology, irrigation, and market linkages. For the East and Centre, where non-farm income plays a significant role, rural industrialization and entrepreneurship programs could be expanded to further reduce dependency on farming.
3. Debt-relief programs, especially in the North-East, and debt restructuring schemes in the South, could ease the financial burden on agricultural households and improve their long-term economic resilience.

Table 21: Estimates of *Annadata* households, population and household size by Income State Categories (2024-25)

State Categories	Households (Million)		Population (Million)		Household size	
	Total	*Annadata*	Total	*Annadata*	Total	*Annadata*
High Income States	115	19	491	90	4.28	4.60
Middle Income States	79	14	346	68	4.35	4.70
Low Income States	136	35	658	173	4.84	5.00
Total	330	68	1494	330	4.53	4.82

Source: Authors' estimates based on PRICE's ICE 360° surveys

5.6 Status of Indian Agricultural Households by State Categories: Assessing Income, Savings, and Agricultural Performance

India's *Annadata* households can be classified into three distinct state categories based on income and development levels: High Income States, Middle Income States, and Low-Income States. These categories provide insights into the socio-economic conditions of agricultural households and reveal regional disparities in income, savings, debt, and agricultural dependence. Understanding these differences is key to implementing tailored policies that address the unique challenges and strengths of each category, thereby supporting the national vision of Viksit Bharat by 2047.

5.6.1 Household and Population Distribution: Low Income States Dominate

Low Income States, which include states like Bihar, Uttar Pradesh, and Madhya Pradesh, represent 50% of *Annadata* households and 52% of the agricultural population **(Table 21)**. These states face significant development challenges, with large populations engaged in agriculture but with lower productivity and income levels. Middle Income States, such as Tamil Nadu, Punjab, and Gujarat, account for 21% of *Annadata* households and 20% of the agricultural population. High Income States, which include Maharashtra, Karnataka, and Kerala, house only 29% of agricultural households but represent more economically prosperous regions with better agricultural infrastructure and productivity.

This distribution highlights the need for focused development efforts in Low Income States, where the majority of the agricultural population resides, while policies in High Income States can focus on innovation and advanced agricultural practices to maintain their economic lead.

5.6.2 Economic Conditions of Annadata Households by State Richness

By examining the differences in economic outcomes for *Annadata* households across these state categories, we can identify key disparities and understand the reasons behind varying levels of economic performance.

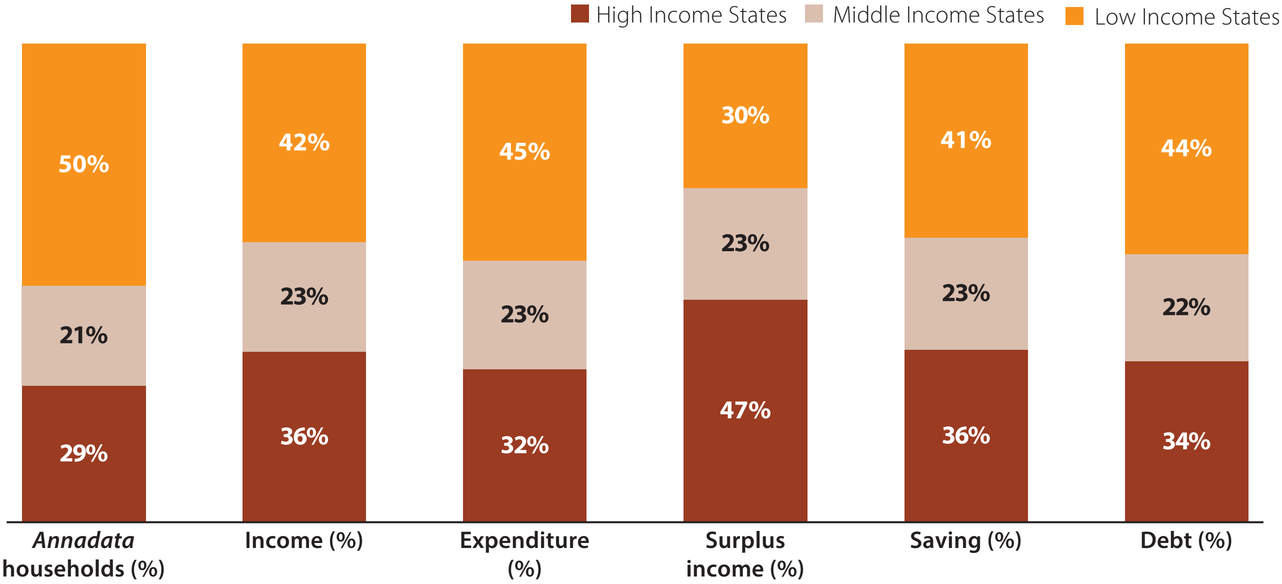
High Income States (Examples: Punjab, Haryana, Maharashtra, Gujarat)

- **Household Share and Income Contribution:** High Income States account for 29% of Annadata households and contribute 36% of total income, reflecting high agricultural productivity and well-developed infrastructure in states like Punjab, Haryana, Maharashtra, and Gujarat. **(Figure 20)** These states benefit from advanced irrigation systems, diversified agriculture, and strong government support. For instance, Punjab and Haryana are known for their high-yield wheat and rice production, supported by Minimum Support Prices (MSP) and large-scale procurement by government agencies. Maharashtra excels in horticulture and sugarcane production, while Gujarat benefits from its dairy industry and efficient irrigation systems.
- **Lower Expenditure, High Surplus Income:** Expenditure in High Income States stands at 32%, indicating that *Annadata* households in these regions manage their spending efficiently despite high incomes. The surplus income (47%) is the highest among all state categories, reflecting strong agricultural productivity, better market access, and income diversification. For example, Gujarat's robust dairy industry and high-value cash crops such as cotton and groundnuts contribute significantly to surplus income.
- **High Savings, Moderate Debt:** *Annadata* households in High Income States save 36% of their income, reflecting financial stability supported by strong agricultural productivity and diversified income sources. The debt burden (34%) is moderate, as these households invest in modern agricultural equipment and inputs, but they have better access to formal credit through banks and cooperatives, reducing reliance on high-interest informal loans.

Middle Income States (Examples: Karnataka, Andhra Pradesh, Tamil Nadu)

- **Balanced Household Share and Income Contribution:** Middle Income States represent 21%

Figure 20: Distribution of *Annadata* households', income, expenditure savings and debts by Income State Categories (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

of *Annadata* households and contribute 23% of total income, reflecting moderate agricultural productivity and a mixed level of infrastructure development. States like Karnataka, Andhra Pradesh, and Tamil Nadu have made strides in modernizing agriculture, but challenges remain in scaling these advancements. For instance, Andhra Pradesh has excelled in aquaculture and horticulture, while Karnataka is known for coffee and spices. Tamil Nadu benefits from high-value crops like rice and sugarcane, but many districts still face water shortages and limited irrigation.

- **Moderate Expenditure and Surplus Income:** The expenditure share (23%) in Middle Income States is proportional to their income contribution, indicating that *Annadata* households are gradually improving their financial situation while balancing their spending. Surplus income (23%) is moderate, reflecting ongoing efforts to increase productivity through modern farming techniques and government interventions. For example, Karnataka has invested in watershed development projects, and Tamil Nadu has focused on improving irrigation efficiency through micro-irrigation.
- **Moderate Savings and Debt:** *Annadata* households in Middle Income States save 23% of their income, which is lower than High Income States, reflecting a need for further improvements in productivity and market access. The debt burden (22%) is moderate, indicating that many households rely on loans for agricultural inputs or irrigation infrastructure. In Karnataka, for instance, investments in water-intensive crops like sugarcane have led to a rise in farmer debt, though government loan waivers and subsidies provide some relief.

Low Income States (Examples: Bihar, Uttar Pradesh, Madhya Pradesh, Odisha)

- **Large Household Share, Low Income Contribution:** Low Income States account for 50% of *Annadata* households but contribute only 42% of total income, reflecting the economic challenges faced by states like Bihar, Uttar Pradesh, Madhya Pradesh, and Odisha. These states struggle with low agricultural productivity, poor infrastructure, and dependence on rain-fed agriculture. For example, Bihar and Odisha face frequent flooding and droughts, while Madhya Pradesh relies on rain-fed farming, leading to lower crop yields. In Uttar Pradesh, small and fragmented landholdings reduce economies of scale, limiting income potential.
- **High Expenditure, Low Surplus Income:** Expenditure in Low Income States is 45%, higher than their income share, indicating that many *Annadata* households in these regions face financial strain and must borrow or sell assets to cover essential expenses. Surplus income (30%) is the second lowest among all state categories, reflecting the limited ability of households to save or reinvest in agriculture. The lack of irrigation infrastructure, poor access to markets, and reliance on traditional farming methods all contribute to low surplus generation.
- **Low Savings, High Debt:** Savings in Low Income States are only 41%, reflecting the financial challenges of *Annadata* households in these regions. Despite

low incomes, the debt burden (44%) is high, as many farmers are forced to borrow from informal moneylenders at high interest rates to finance agricultural inputs or meet household needs. For example, in Bihar and Odisha, farmers often rely on informal loans due to limited access to formal credit institutions, trapping them in cycles of debt.

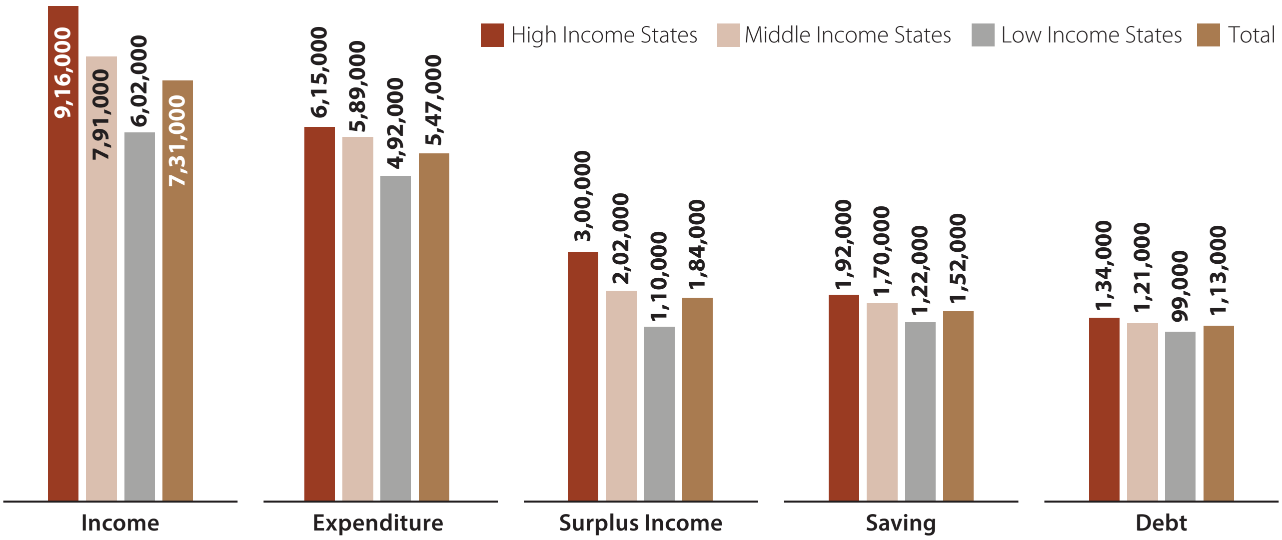
Key Examples of Disparities

- **Punjab (High Income) vs. Bihar (Low Income):** Punjab benefits from a well-established agricultural infrastructure, including advanced irrigation systems and government support through MSP. *Annadata* households in Punjab enjoy high productivity and stable incomes from wheat and rice cultivation, contributing to the state's strong surplus income and savings rates. In contrast, Bihar faces frequent flooding, poor irrigation infrastructure, and low agricultural productivity, leading to lower income and savings for *Annadata* households. Farmers in Bihar are often dependent on subsistence farming, and their ability to save or generate surplus is severely limited by frequent crop failures and low market access.
- **Gujarat (High Income) vs. Madhya Pradesh (Low Income):** Gujarat has benefited from strong irrigation networks, particularly through the Sardar Sarovar Dam, which has enabled farmers to cultivate high-value crops like cotton and groundnuts. The state's dairy industry, led by Amul, also provides a steady income stream for rural households. In contrast, Madhya Pradesh relies heavily on rain-fed agriculture, with limited access to irrigation, leading to lower crop yields and reduced income potential for *Annadata* households. While Gujarat's farmers enjoy higher savings and lower debt, those in Madhya Pradesh face higher financial strain and greater reliance on borrowing.
- **Maharashtra (High Income) vs. Odisha (Low Income):** Maharashtra benefits from a diversified agricultural economy, including horticulture, sugarcane, and agro-processing industries, which contribute to high surplus income and savings for *Annadata* households. In contrast, Odisha remains vulnerable to natural disasters like cyclones and droughts, which disrupt agricultural productivity and reduce income potential. Farmers in Odisha often rely on informal loans to cover agricultural costs, leading to higher debt levels and lower savings. While Maharashtra's *Annadata* households can reinvest in their farms and save for the future, those in Odisha face significant financial challenges due to frequent crop losses and high input costs.
- **Haryana (High Income) vs. Uttar Pradesh (Low Income):** Haryana benefits from one of the most well-developed irrigation systems in India, allowing farmers to cultivate high-yield crops like wheat and rice year-round. The state's proximity to major markets and strong government support through MSP has resulted in higher income and surplus for *Annadata* households. In contrast, Uttar Pradesh, despite being a major agricultural state, faces challenges related to fragmented landholdings, inefficient irrigation, and limited access to modern farming techniques. As a result, *Annadata* households in Uttar Pradesh earn lower incomes and are more dependent on debt to finance agricultural activities.
- **Tamil Nadu (Middle Income) vs. Uttar Pradesh (Low Income):** Tamil Nadu has made significant strides in irrigation efficiency and crop diversification, with *Annadata* households benefiting from high-value crops like rice, sugarcane, and horticulture. The state's focus on modernizing agriculture through micro-irrigation and farm mechanization has boosted productivity and income levels. In contrast, Uttar Pradesh continues to struggle with inefficient irrigation and a lack of market access, resulting in lower income and surplus for *Annadata* households. Tamil Nadu's farmers enjoy moderate savings and a balanced debt burden, while those in Uttar Pradesh face higher debt levels and greater financial strain.

In summary, the economic conditions of *Annadata* households vary significantly across High Income, Middle Income, and Low Income States. High Income States, such as Punjab, Haryana, Maharashtra, and Gujarat, lead in income generation, surplus income, and savings, thanks to advanced irrigation, diversified agriculture, and strong market access. Middle Income States, like Karnataka, Tamil Nadu, and Andhra Pradesh, are making progress but still face challenges in scaling agricultural modernization. Low Income States, including Bihar, Uttar Pradesh, Madhya Pradesh, and Odisha, struggle with low productivity, poor infrastructure, and high debt burdens, limiting their ability to save or generate surplus income.

Investments in irrigation infrastructure, market access, and financial inclusion are crucial for improving the economic outcomes of *Annadata* households in Low Income States. Expanding access to formal credit and promoting modern agricultural techniques can help reduce reliance on debt and boost financial stability for farmers in these regions.

Figure 21: Estimates of income, expenditure, savings and debt of *Annadata* households by Income State Categories (Annual average per household in Rs., 2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

5.6.3 Income and Financial Vulnerabilities: High Income States Excel, Low Income States Struggle

Agricultural households in High Income States, such as Maharashtra, Kerala, and Karnataka, report the highest average annual income, at ₹9.16 lakh **(Figure 21)**. This is due to better access to agricultural inputs, infrastructure, and diversified income sources. In contrast, Low Income States, such as Uttar Pradesh, Bihar, and Madhya Pradesh, have the lowest average income, at ₹6.02 lakh annually, reflecting lower agricultural productivity and limited non-farm employment opportunities. Middle Income States, like Punjab and Gujarat, fall in between, with an average income of ₹7.91 lakh.

The disparity in income levels highlights the financial vulnerabilities of households in Low Income States. These regions face lower savings rates and higher debt burdens, with an average debt of ₹99,000. In contrast, High Income States manage their finances more effectively, with higher savings (₹1.92 lakh) and manageable debt levels (₹1.34 lakh). This suggests that policies focused on improving access to credit, promoting financial literacy, and supporting income diversification in Low Income States can help reduce financial vulnerability.

5.6.4 Savings and Expenditure Patterns: High Savings in High Income States, Low in Low Income States

Savings rates vary significantly across the state categories. High Income States save ₹1.92 lakh annually, reflecting their higher income levels and better financial management **(Figure 20)**. These *Annadata* households, located in states like Kerala, Maharashtra, and Karnataka, can reinvest their savings into agricultural activities or non-farm ventures, ensuring a more stable income base. In contrast, *Annadata* households in Low Income States save only ₹1.22 lakh annually, with higher expenditure-to-income ratios that limit their ability to save or invest.

This highlights the financial vulnerability of agricultural households in Low Income States, which are

Table 22: Income sources of Annadata households by Income State Categories (2024-25)

State Categories	Source of income of *Annadata* households (million)		Source of income of *Annadata* households (%)	
	Farm only	Farm + Non-Farm	Farm only	Farm + Non-Farm
High Income States	9.4	10.1	48%	52%
Middle Income States	7.0	7.4	48%	52%
Low Income States	16.3	18.2	47%	53%
Total	32.7	35.7	48%	52%

Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 23: Farming dependence of *Annadata* households by Income State Categories

Income State Categories	Annual average income *Annadata* households (Rs. 2024-25)			Income Share (%)	
	Total	Farm	Non-farm	Farm	Non-Farm
High Income States	9,16,000	6,13,000	3,03,000	67%	33%
Middle Income States	7,91,000	5,30,000	2,61,000	67%	33%
Low Income States	6,02,000	4,00,000	2,02,000	66%	34%
Total	7,31,000	4,88,000	2,43,000	67%	33%

Source: Authors' estimates based on PRICE's ICE 360° surveys

more exposed to income shocks such as crop failures or market fluctuations. Strengthening savings schemes and expanding access to financial services in these states can help improve their financial security and resilience against economic shocks.

5.6.5 Income Diversification: Low Income States Rely Heavily on Agriculture

Across all state categories, a majority (52%) of farming households have diversified their income sources to include non-farm activities. Low Income States have the largest number of households, relying on both farm and non-farm incomes (18.2 million).

The split between "Farm only" and "Farm + Non-Farm" is consistent across income categories, with a small majority (52%) of households in all state categories engaging in non-farm income activities. **(Table 22)**.

5.6.6 Farming Dependence: High in Low Income States, Balanced in High Income States

Agriculture remains the dominant source of income across all state categories, though its share varies. In High Income States, such as Maharashtra, Karnataka, and Kerala, 67% of *Annadata* household income comes from farming, while the remaining 33% is derived from non-farm activities **(Table 23)**. In Low Income States, like Bihar, Madhya Pradesh, and Uttar Pradesh, *Annadata* households rely more heavily on farming, with 66% of income coming from agricultural activities.

This reliance on agriculture in Low Income States poses a challenge, as these regions face lower agricultural productivity, limited access to modern farming technologies, and inadequate market linkages.

5.6.7 Financial Ratios and Debt Burdens: Higher Debt in Low Income States

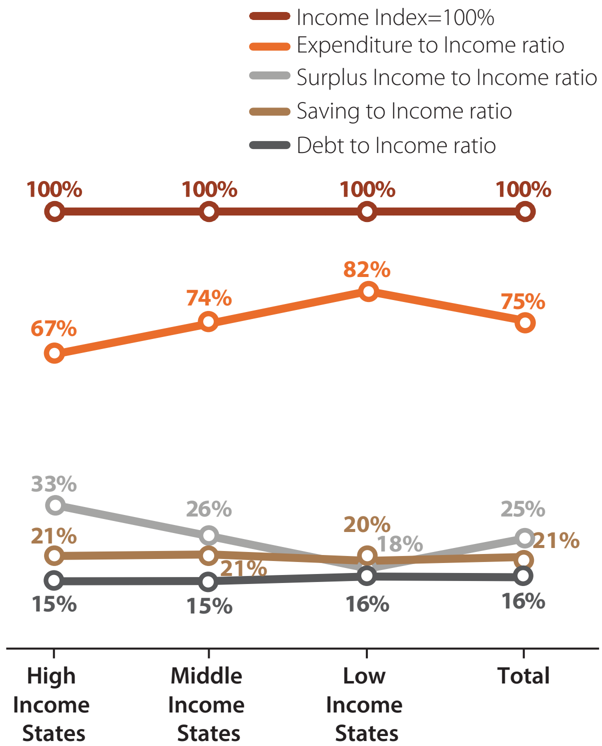
The financial health of agricultural households varies significantly across state categories. *Annadata* of High Income States have a debt-to-income ratio of 15%, reflecting better financial management and access to formal credit sources. In contrast, *Annadata* of Low Income States have a higher debt burden, with a debt-to-income ratio of 16% **(Figure 22)**. This higher debt burden is a result of lower income levels and limited access to affordable credit, forcing many households to rely on high-interest informal loans.

5.6.8 Strengths and Weaknesses: Policy Recommendations for Each State Category

The diversity among India's state categories presents both strengths and weaknesses, requiring tailored policy interventions for each group:

- **High Income States:** *Annadata* households of states like Maharashtra, Karnataka, and Kerala benefit

Figure 22: Financial ratios of *Annadata* households by Income State Categories (2024-25)
(Annual average of *Annadata* household of each Income State Categories = 100%)



Source:' Authors' estimates based on PRICE's ICE 360° surveys from higher incomes, better financial management, and more diversified income sources. However, there is room for further innovation through the adoption of advanced agricultural technologies, precision farming, and value-added agriculture. Policies in these states should focus on maintaining their competitive edge by promoting agro-processing industries, expanding export markets, and integrating these regions into global agricultural supply chains.

- **Middle Income States:** *Annadata* households of Punjab, Gujarat, and Tamil Nadu have significant potential for growth, with moderate income levels and a balance between farm and non-farm activities. Policies aimed at improving farm productivity, expanding access to non-farm employment, and promoting rural industries can help these states transition into higher-performing regions. Encouraging agro-processing and rural entrepreneurship will further improve income stability and reduce dependency on agriculture.
- **Low Income States:** *Annadata* households of states like Uttar Pradesh, Bihar, and Madhya Pradesh face the greatest challenges, with low incomes, high debt burdens, and heavy reliance on agriculture. Comprehensive support is required to improve agricultural productivity, infrastructure, and market access. Targeted interventions, such as expanding irrigation systems, providing quality seeds and fertilizers, and promoting crop diversification, can help increase farm incomes. Additionally, promoting skill development and entrepreneurship in non-farm sectors will help households diversify their income sources and reduce dependency on agriculture.

5.6.9 Conclusion: Leveraging State Category Diversity for Agricultural Growth

India's agricultural landscape is highly diverse, with the High, Middle, and Low Income States presenting distinct strengths and challenges. While High Income States are already thriving, Middle and Low Income States require more focused interventions to uplift their economic standing. By implementing tailored policies that address the unique needs of *Annadata* of each state category, India can ensure inclusive agricultural growth across all regions, contributing to the nation's broader development goals and the vision of *Viksit Bharat* by 2047.

Investing in infrastructure, promoting financial inclusion, and fostering rural industrialization are key strategies for empowering *Annadata* households across all state categories. By leveraging the strengths of high-performing states and addressing the weaknesses of lower-performing ones, India can create a more equitable and prosperous agricultural sector for the future.

A road map in achieving this goal could be charted out by:

1. Prioritising development in Low Income States where most agricultural populations reside; High Income States should focus on innovation and advanced practices.
2. Focusing on Investments in irrigation infrastructure, market access, and financial inclusion and expanding access to formal credit. Encouraging use of formal banking systems and expanding access to low interest loans can be beneficial towards lowering debt burden.
3. Supporting income diversification can help reduce financial vulnerability. Since low income states are more exposed to income shocks such as crop failures and market fluctuations, access to financial services can help build their resilience against such shocks.
4. Improvement of Farm productivity through a focus on better access to inputs and modern farming technologies with the help of farmer and farmer producer organizations is recommended.

5.7 Economic Conditions of *Annadata* Households Across Indian States

India's agricultural sector is a critical component of the country's socio-economic landscape, with 22% of the population involved in agriculture. However, the economic conditions of *Annadata* (farmer) households vary significantly across states due to differences in landholding patterns, income sources, productivity, and infrastructure. By analyzing the diversity of state-specific strengths and weaknesses presented below, we can better understand the economic conditions of *Annadata* households.

5.7.1 Annadata Household Distribution Across States: Scale vs. Productivity

India's top 10 populous states account for three-fourths of the country's agricultural households. Uttar Pradesh (UP) leads with 13.1 million households, followed by Maharashtra and Madhya Pradesh, each with 5.4 million. Other states with large agricultural populations include Rajasthan and Bihar (5.2 million each), West Bengal (4.9 million), Odisha (3.5 million), Karnataka (3.1 million), Gujarat (3.0 million), and Andhra Pradesh (2.3 million). Together, these states represent a significant portion of India's agrarian economy **(Table 24)**.

Table 24: Estimates of *Annadata* households, population and household size by Indian States/UTs (2024-25)

Indian State/UTs	Households (Million)		Population (Million)		Household size	
	Total	*Annadata*	Total	*Annadata*	Total	*Annadata*
Andhra Pradesh	18.1	2.3	65.4	10.4	3.61	4.49
Arunachal Pradesh	0.4	0.1	1.7	0.6	4.04	5.05
Assam	11.1	2.3	50.0	10.7	4.50	4.69
Bihar	30.3	5.2	155.1	28.4	5.13	5.50
Chhattisgarh	8.6	2.2	37.5	10.0	4.38	4.56
Gujarat	12.6	3.0	56.6	13.4	4.48	4.53
Haryana	5.9	1.4	29.0	7.2	4.88	5.13
Himachal Pradesh	2.8	0.8	12.2	3.3	4.30	4.39
Jammu & Kashmir	3.2	0.9	16.1	4.8	4.99	5.21
Jharkhand	9.6	2.1	46.1	10.1	4.79	4.91
Karnataka	14.9	3.1	63.2	14.3	4.25	4.58
Kerala	8.5	1.1	31.0	3.8	3.66	3.56
Madhya Pradesh	21.0	5.4	95.9	25.2	4.57	4.71
Maharashtra	25.8	5.4	110.7	23.5	4.29	4.38
Manipur	0.7	0.2	3.3	0.9	4.67	4.94
Meghalaya	1.0	0.3	4.8	1.2	5.02	4.65
Mizoram	0.2	0.1	0.9	0.2	4.41	4.16
Nagaland	0.5	0.1	1.7	0.6	3.73	3.94
Odisha	15.6	3.5	65.0	15.2	4.16	4.29
Punjab	6.7	1.1	30.4	5.2	4.52	4.84
Rajasthan	18.2	5.2	94.6	26.7	5.19	5.17
Sikkim	0.2	0.0	0.8	0.3	4.17	6.01
Tamil Nadu	18.7	1.9	68.5	6.9	3.66	3.66
Telangana	9.4	2.0	33.9	8.6	3.61	4.40
Tripura	1.3	0.2	6.0	1.0	4.52	4.94
Uttarakhand	2.8	0.7	13.0	3.6	4.63	4.94
Uttar Pradesh	52.0	13.1	278.5	72.0	5.36	5.51
West Bengal	29.2	4.9	122.9	21.4	4.20	4.35
Group of UTs	0.4	0.1	1.8	0.3	4.19	4.16
All India	330	68	1497	330	4.54	4.82

Source: Authors' estimates based on PRICE's ICE 360° surveys

Conversely, the Northeastern states, such as Meghalaya, Manipur, Tripura, Nagaland, Assam, and Arunachal Pradesh, Mizoram, account for only 3.3 million agricultural households combined, highlighting their smaller scale but higher reliance on subsistence farming. States like Nagaland and Arunachal Pradesh, despite having small populations, show a 32% and 33% share of agricultural households, respectively, indicating a high dependency on farming as a livelihood.

In contrast, Tamil Nadu and Kerala have smaller shares of their populations engaged in agriculture, with 10% and 12%, respectively. These states have transitioned toward more diversified economies, focusing on industrial and service sectors. Tamil Nadu's industrial growth in sectors like textiles and automobiles reflects its reduced reliance on agriculture, while Kerala's economy benefits significantly from remittances and tourism. **(Table 25)**

5.7.2 Agricultural Engagement: Regional Dependency on Agriculture

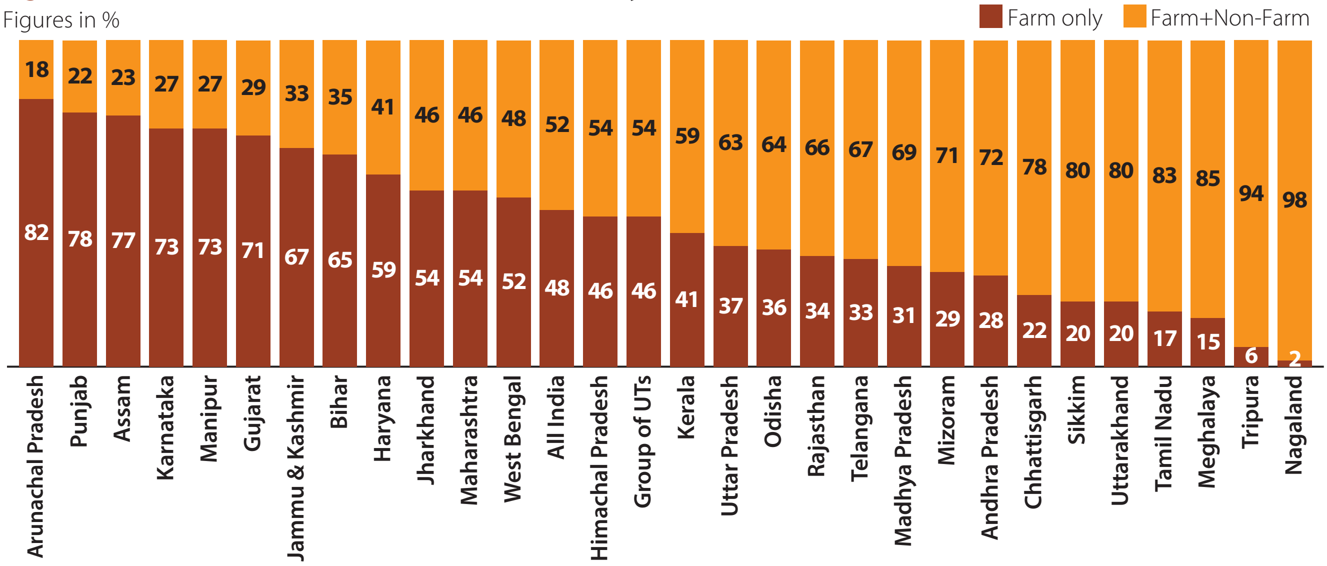
Nationally, 22% of India's population is engaged in agriculture, but many states exceed this average. For example, Sikkim has the highest share of its population involved in agriculture, at 37%, despite having a small number of agricultural households (0.05 million). Arunachal Pradesh (33%), Nagaland (32%), and Jammu

Table 25: Estimates of Annadata households, population and household size by Indian States/UTs (2024-25, Per cent)

Indian State/UTs	Households (%)		Population (%)		Share of population engaged in agriculture to total (%)
	Total	*Annadata*	Total	*Annadata*	
Andhra Pradesh	5.50%	3.40%	4.40%	3.20%	16%
Arunachal Pradesh	0.10%	0.20%	0.10%	0.20%	33%
Assam	3.40%	3.30%	3.30%	3.20%	21%
Bihar	9.20%	7.50%	10.40%	8.60%	18%
Chhattisgarh	2.60%	3.20%	2.50%	3.00%	27%
Gujarat	3.80%	4.30%	3.80%	4.10%	24%
Haryana	1.80%	2.00%	1.90%	2.20%	25%
Himachal Pradesh	0.90%	1.10%	0.80%	1.00%	27%
Jammu & Kashmir	1.00%	1.30%	1.10%	1.50%	30%
Jharkhand	2.90%	3.00%	3.10%	3.10%	22%
Karnataka	4.50%	4.60%	4.20%	4.30%	23%
Kerala	2.60%	1.60%	2.10%	1.20%	12%
Madhya Pradesh	6.40%	7.80%	6.40%	7.60%	26%
Maharashtra	7.80%	7.80%	7.40%	7.10%	21%
Manipur	0.20%	0.30%	0.20%	0.30%	26%
Meghalaya	0.30%	0.40%	0.30%	0.40%	26%
Mizoram	0.10%	0.10%	0.10%	0.10%	27%
Nagaland	0.10%	0.20%	0.10%	0.20%	32%
Odisha	4.70%	5.20%	4.30%	4.60%	23%
Punjab	2.00%	1.60%	2.00%	1.60%	17%
Rajasthan	5.50%	7.60%	6.30%	8.10%	28%
Sikkim	0.10%	0.10%	0.10%	0.10%	37%
Tamil Nadu	5.70%	2.80%	4.60%	2.10%	10%
Telangana	2.80%	2.90%	2.30%	2.60%	25%
Tripura	0.40%	0.30%	0.40%	0.30%	17%
Uttarakhand	0.80%	1.10%	0.90%	1.10%	28%
Uttar Pradesh	15.80%	19.10%	18.60%	21.80%	26%
West Bengal	8.90%	7.20%	8.20%	6.50%	17%
Group of UTs	0.10%	0.10%	0.10%	0.10%	15%
All India	100.00%	100.00%	100.00%	100.00%	22%

Source: Authors' estimates based on PRICE's ICE 360° surveys

Figure 23: Income sources of *Annadata* households by Indian States/UTs (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

& Kashmir (30%) also have high agricultural engagement, emphasizing their reliance on subsistence farming and limited economic diversification.

On the other hand, states like Jharkhand (22%), Assam (21%), and Maharashtra (21%) are close to the national average, while Bihar (18%), West Bengal (17%), and Punjab (17%) have lower shares, reflecting a gradual transition toward non-farm activities. Tamil Nadu, with only 10% of its population engaged in agriculture, has the lowest dependency on farming, followed by Kerala at 12%.

5.7.3 Income Source Distribution: Farm vs. Non-Farm Activities

The reliance on farming as a primary source of income varies greatly across states. Nationally, 48% of *Annadata* households rely solely on farm income, while 52% depend on both farm and non-farm sources. In Uttar Pradesh, where there are 13 million agricultural households, 63% of them earn mixed incomes, combining farming with non-agricultural activities. This reflects a shift towards economic diversification in the state.

States like Madhya Pradesh (69%), Chhattisgarh (78%), and Tamil Nadu (83%) also show high levels of non-farm engagement, indicating that many households have diversified their income sources. Tamil Nadu's high percentage reflects its focus on industrial sectors like automobiles and electronics, which provide alternative income opportunities for rural households. Conversely, Punjab and Assam rely more heavily on farming, with 78% and 77% of their households, respectively, dependent solely on agriculture **(Table 26, Figure 23)**.

Interestingly, Nagaland shows the highest level of income diversification, with 98% of agricultural households earning from both farm and non-farm sources. This highlights the state's growing reliance on non-agricultural income, perhaps due to the challenges posed by its hilly terrain and limited farming opportunities. Similarly, states like Himachal Pradesh (54%) and Kerala (59%) show a balanced mix of farm and non-farm incomes, reflecting more diversified economies.

5.7.4: Income Disparities: Farm vs. Non-Farm Contribution

The share of farm and non-farm income differs widely across states. Punjab leads the country with an average farm income of ₹20.55 lakh, where 79% of total household income is derived from farming. This is a reflection of Punjab's highly productive agricultural sector, supported by extensive irrigation and the Minimum Support Price (MSP) system **(Table 27, Figure 24)**.

Other states like Andhra Pradesh, Karnataka, and Maharashtra also rely heavily on farm income, with over 86% of household earnings coming from agriculture. For instance, in Maharashtra, *Annadata* households earn an average of ₹8.08 lakh, with 86% coming from farming. However, these states exhibit less income diversification compared to states like Nagaland, where 55% of household income is derived from non-farm sources.

In lower-income states such as Chhattisgarh, Assam, and Odisha, over 80% of household income comes from farming, underscoring their dependence on agriculture for livelihoods. These states face challenges related to low productivity, limited infrastructure, and poor access to markets, all of which contribute to lower income levels. Uttar Pradesh, despite having the largest number of

Table 26: Income sources of Annadata households by Indian States/UTs (2024-25)

Indian State/UTs	Source of income of *Annadata* households (Million)		Source of income of *Annadata* households (%)	
	Farm only	Farm+Non-Farm	Farm only	Farm+Non-Farm
Andhra Pradesh	0.645	1.679	28%	72%
Arunachal Pradesh	0.092	0.020	82%	18%
Assam	1.762	0.519	77%	23%
Bihar	3.347	1.811	65%	35%
Chhattisgarh	0.479	1.717	22%	78%
Gujarat	2.108	0.858	71%	29%
Haryana	0.828	0.574	59%	41%
Himachal Pradesh	0.346	0.409	46%	54%
Jammu & Kashmir	0.621	0.302	67%	33%
Jharkhand	1.107	0.959	54%	46%
Karnataka	2.285	0.841	73%	27%
Kerala	0.442	0.638	41%	59%
Madhya Pradesh	1.648	3.703	31%	69%
Maharashtra	2.872	2.489	54%	46%
Manipur	0.129	0.048	73%	27%
Meghalaya	0.040	0.228	15%	85%
Mizoram	0.017	0.040	29%	71%
Nagaland	0.003	0.138	2%	98%
Odisha	1.258	2.282	36%	64%
Punjab	0.842	0.236	78%	22%
Rajasthan	1.778	3.399	34%	66%
Sikkim	0.010	0.038	20%	80%
Tamil Nadu	0.326	1.571	17%	83%
Telangana	0.650	1.303	33%	67%
Tripura	0.014	0.199	6%	94%
Uttarakhand	0.145	0.578	20%	80%
Uttar Pradesh	4.842	8.214	37%	63%
West Bengal	2.535	2.383	52%	48%
Group of UTs	0.030	0.036	46%	54%
All India	33	36	48%	52%

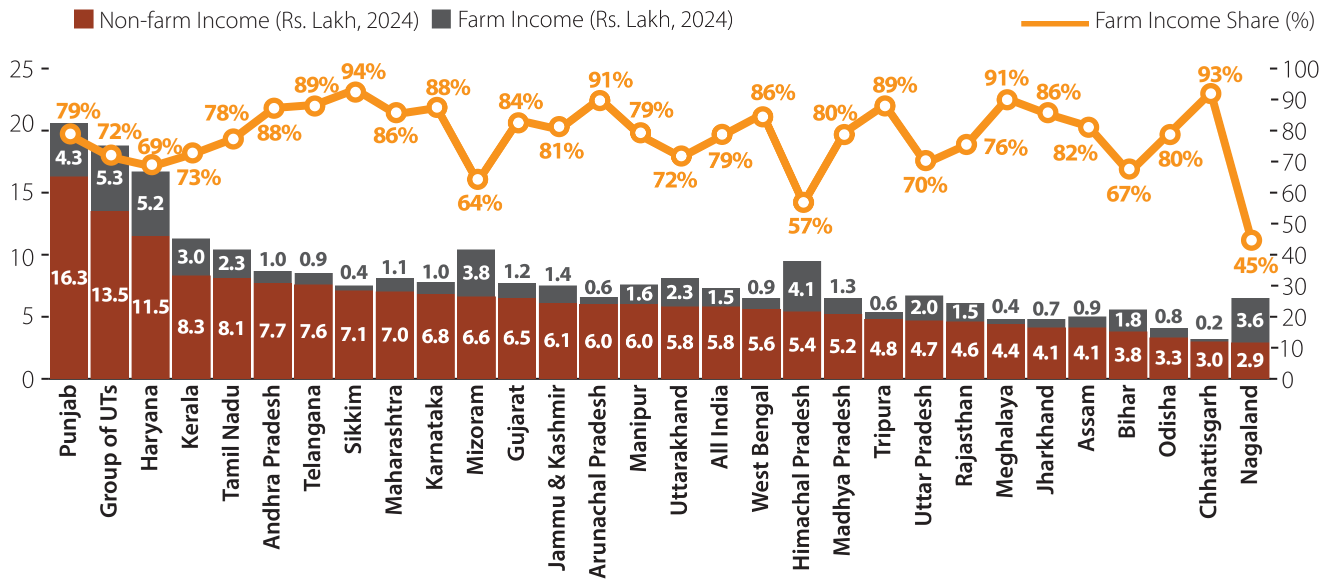
Source: Authors' estimates based on PRICE's ICE 360° surveys

agricultural households, shows a significant 30% reliance on non-farm income, indicating a growing trend toward mixed-income strategies.

5.7.5 Landholding Patterns and Agricultural Productivity

Landholding patterns play a significant role in determining agricultural productivity. Nationally, nearly half of India's agricultural households are either marginal landholders or landless, with 41% owning small plots and 3% classified as medium landholders **(Figure 25)**. In states like Bihar, Kerala, Jammu & Kashmir, and Tripura, a large percentage of farmers are marginal landholders, which restricts their ability to scale up production and adopt modern farming techniques.

Figure 24: Farming dependence of *Annadata* households by Indian States/UTs



Source: Authors' estimates based on PRICE's ICE 360° surveys

Mizoram, Nagaland, and Meghalaya stand out with a high proportion of small landholders, with 71%, 68%, and 67% of households, respectively, falling into this category. These states' reliance on small-scale, subsistence farming limits agricultural output and income potential. On the other hand, states like Punjab, Chhattisgarh, Andhra Pradesh, and Maharashtra have a more balanced distribution of small and semi-medium landholdings, supporting higher productivity through better access to mechanization and irrigation.

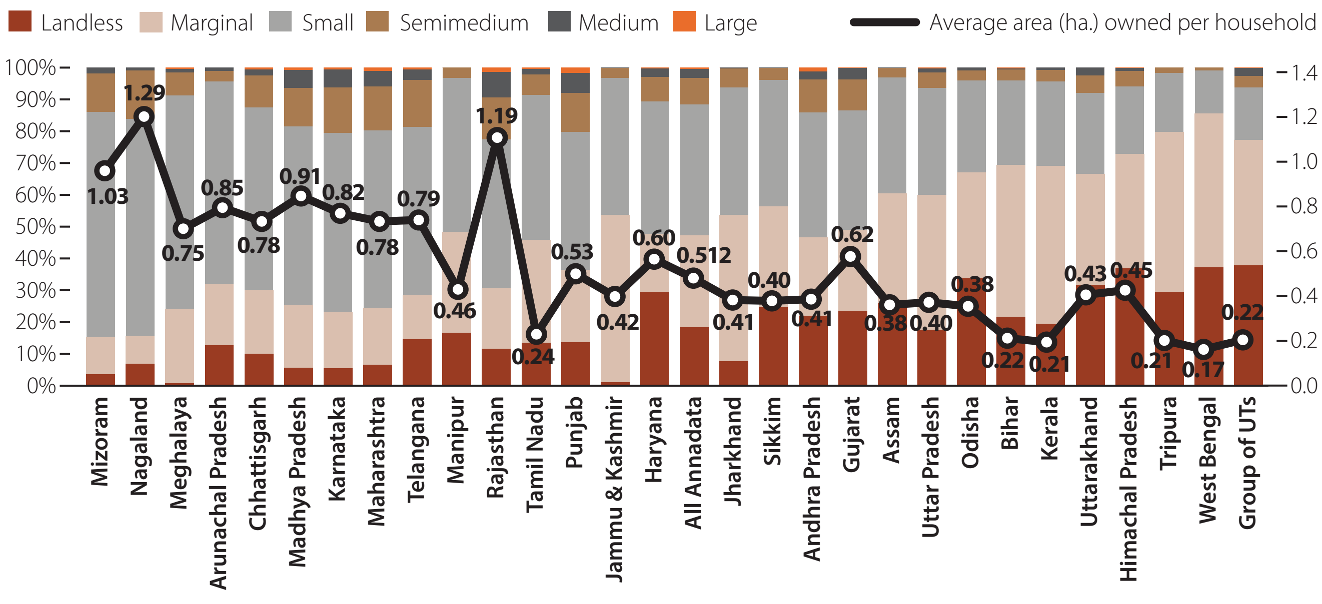
In states with significant agricultural populations, such as Haryana (29%), Uttarakhand (32%), and West Bengal (37%), a considerable percentage of households lack land ownership. However, Punjab's landholding structure, where semi-medium and large landholders prevail, allows for higher productivity and income, reinforcing its position as a leading agricultural state.

5.7.6 Key Messages for Major States and Policy Implications

Given that agriculture is a state subject, regional policy differences play a critical role in shaping the livelihoods of *Annadata* households. The following are the key insights and implications for major states, derived from the data:

- **Punjab and Haryana:** These states exhibit high agricultural productivity and income due to mechanization, irrigation, and MSP policies. However,

Figure 25: Landholding Patterns of *Annadata* Households by Indian States/UTs (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 27: Farming dependence of *Annadata* households by Indian States/UTs (2024-25)

State/UTs	Annual average income *Annadata* household (Rs.)			Income Share (%)	
	Total	Farm	Non-farm	Farm	Non-Farm
`Bihar	5,61,000	3,78,000	1,83,000	67%	33%
Chhattisgarh	3,20,000	2,98,000	22,000	93%	7%
Gujarat	7,68,000	6,48,000	1,20,000	84%	16%
Haryana	16,65,000	11,46,000	5,19,000	69%	31%
Himachal Pradesh	9,50,000	5,38,000	4,12,000	57%	43%
Jammu & Kashmir	7,51,000	6,07,000	1,44,000	81%	19%
Jharkhand	4,77,000	4,08,000	69,000	86%	14%
Karnataka	7,72,000	6,77,000	95,000	88%	12%
Kerala	11,29,000	8,26,000	3,03,000	73%	27%
Madhya Pradesh	6,47,000	5,17,000	1,30,000	80%	20%
Maharashtra	8,08,000	6,98,000	1,10,000	86%	14%
Manipur	7,51,000	5,95,000	1,56,000	79%	21%
Meghalaya	4,87,000	4,43,000	44,000	91%	9%
Mizoram	10,42,000	6,64,000	3,78,000	64%	36%
Nagaland	6,57,000	2,93,000	3,64,000	45%	55%
Odisha	4,15,000	3,33,000	82,000	80%	20%
Punjab	20,55,000	16,29,000	4,26,000	79%	21%
Rajasthan	6,02,000	4,57,000	1,45,000	76%	24%
Sikkim	7,53,000	7,11,000	42,000	94%	6%
Tamil Nadu	10,41,000	8,11,000	2,30,000	78%	22%
Telangana	8,49,000	7,56,000	93,000	89%	11%
Tripura	5,34,000	4,76,000	58,000	89%	11%
Uttarakhand	8,03,000	5,77,000	2,26,000	72%	28%
Uttar Pradesh	6,68,000	4,69,000	1,99,000	70%	30%
West Bengal	6,52,000	5,60,000	92,000	86%	14%
Group of UTs	18,80,000	13,53,000	5,27,000	72%	28%
All India	7,31,000	5,77,000	1,54,000	79%	21%

Source: Authors' estimates based on PRICE's ICE 360° surveys

over-reliance on water-intensive crops like rice poses long-term risks. Policies aimed at crop diversification and sustainable water management will be crucial to maintaining productivity.

- **Uttar Pradesh:** As the state with the largest agricultural population, UP must focus on irrigation infrastructure and land consolidation to improve productivity. Expanding credit access and promoting modern farming techniques will also help smallholder farmers increase their yields and income.
- **Bihar and Jharkhand:** These states face significant challenges in terms of low productivity and high reliance on subsistence farming. Investments in rural infrastructure, market access, and non-farm employment opportunities will be essential for boosting household incomes and reducing economic vulnerability.
- **Tamil Nadu and Kerala:** These states have transitioned to more diversified economies, with lower dependence on agriculture. Tamil Nadu should continue promoting its industrial sectors, while Kerala can further leverage its tourism and remittance income to support rural households. Both states should focus on water management and high-value crops to improve agricultural productivity.

Table 28: Estimates of Annadata households, population and household size by land category (2024-25)

Land category	Households (Million)	Population (Million)	Household size	Households (%)	Population (%)
Landless (Tenants)	12.5	51.3	4.10	18.3%	15.6%
Marginal	19.8	101.0	5.10	29.0%	30.6%
Small	28.1	133.8	4.77	41.0%	40.6%
Semi-medium	5.7	31.3	5.45	8.4%	9.5%
Medium	2.0	10.9	5.50	2.9%	3.3%
Large	0.3	1.6	5.72	0.4%	0.5%
Total	68	330	4.82	100.0%	100.0%

Source: Authors' estimates based on PRICE's ICE 360° surveys

- **North-Eastern States:** Nagaland, Meghalaya, and other states in the North-East face challenges related to small landholdings and limited access to markets. Investments in infrastructure, market linkages, and modern farming techniques are necessary to unlock the region's agricultural potential.

5.7.8 Conclusion and Policy Recommendations

The economic conditions of *Annadata* households across India vary significantly due to differences in landholding sizes, income sources, and agricultural productivity. Addressing these disparities will require region-specific policy interventions:

- Sustainable water management and crop diversification are critical for Punjab and Haryana, where over-reliance on water-intensive crops poses long-term risks.
- Irrigation infrastructure and modern farming practices should be prioritized in Uttar Pradesh and Bihar to improve productivity and income levels.
- Expanding non-farm employment opportunities is essential in states like Bihar, Jharkhand, and Odisha, where agricultural productivity is low and income diversification is limited.

By addressing these regional disparities through targeted investments and policies, India can uplift its *Annadata* households, ensuring more equitable agricultural growth and stability for its farming communities.

5.8 Status of Indian Agricultural Households by Land Category: A Pathway to Viksit Bharat 2047

Indian agriculture is dominated by millions of small and marginal farmers, making it essential to understand the dynamics of agricultural households (*Annadata*) based on landholdings. This analysis evaluates the economic and financial conditions of these households, drawing insights from various landholding categories, ranging from landless tenants to large landowners. By understanding their current status, we can develop recommendations that align with India's goal of achieving Viksit Bharat (a developed India) by 2047.

5.8.1 Household and Population Distribution: Marginal Farmers at the Core

As of 2024-25, a significant majority of Indian agricultural households are small and marginal farmers. Marginal farmers (with less than 1 hectare of land) constitute 29% (19.8 million) of agricultural households, while small farmers (1-2 hectares) represent 41% (28.1 million). Together, they account for over 71% of the farming population **(Table 28)**. By contrast, large farmers make up less than 1% of the farming population. The household size of smaller landholders is also slightly larger, which suggests higher dependency ratios and greater economic pressure on these families.

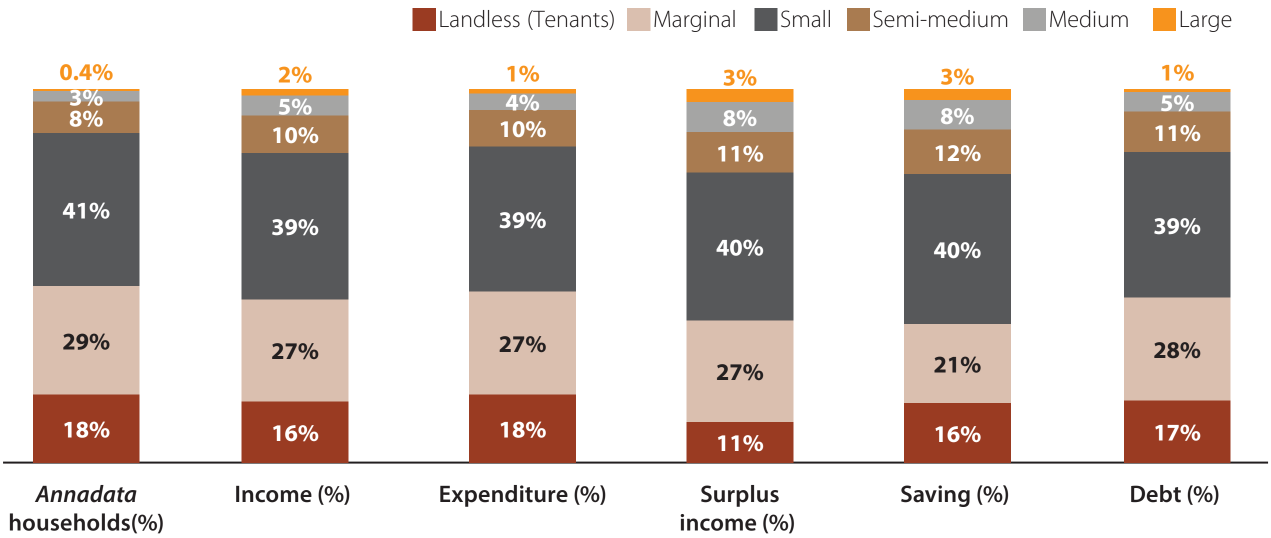
The heavy concentration of households in the marginal and small categories highlights the urgent need for policies that focus on their financial well-being, access to resources, and farm productivity.

5.8.2 Financial Divide Among Annadata Households by Land Category

By using land category as the control, we can observe how different landholding groups–Landless (Tenants), Marginal, Small, Semi-medium, Medium, and Large Farmers–fare financially in these key metrics **(Figure 26)**.

- **Landless (Tenant farmers)** make up 18% of total households, yet contribute only 16% of the total income, slightly below their population share. Their expenditure stands at 18%, closely aligning with their income, reflecting limited savings potential. Interestingly, despite their lack of land, Landless Farmers manage to contribute 11% of surplus income,

Figure 26: Distribution of Annadata households', income, expenditure savings and debts by land category (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

indicating some efficiency in managing their finances. They also account for 16% of savings, showing that, despite constraints, they are capable of setting aside a portion of their earnings. However, they also face a considerable debt burden, holding 17% of total debt, which highlights their financial vulnerability despite not owning land.

- **Small Farmers** represent the largest group, making up 41% of households. This group also contributes a significant portion of total income (39%) and expenditure (39%), reflecting their prominent role in the economy. Marginal Farmers generate 40% of surplus income, showing they can retain a reasonable amount after their expenses. Their savings account for 40%, which is substantial and demonstrates their ability to build financial reserves despite smaller landholdings. However, they also carry the largest share of the debt burden, holding 39% of total debt, likely a result of borrowing to maintain or improve their economic conditions.

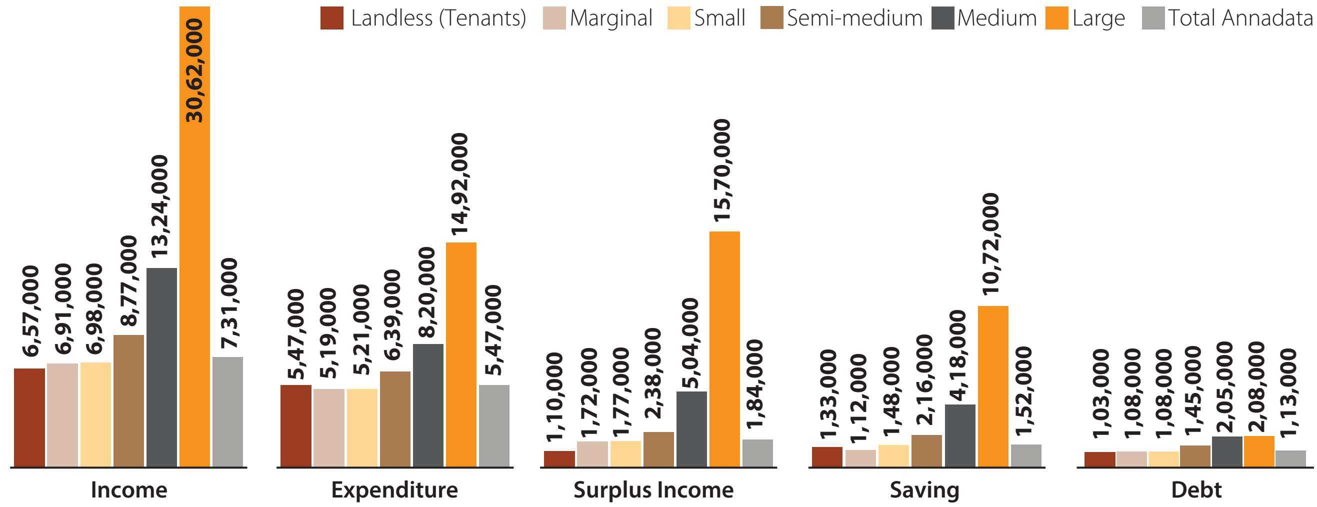
- **Marginal Farmers** comprise 29% of households and contribute 27% of income and 27% of expenditure. While their income is lower than the landless Farmers, they still contribute 27% of surplus income, indicating a capacity to generate surplus. Their savings represent 21% of the total, showing a moderate ability to save. Small Farmers carry 28% of total debt, the second highest after Marginal Farmers. This suggests that while Small Farmers have the potential to save, they also rely heavily on borrowing, possibly to fund agricultural inputs or to expand their farming operations.

- **Semi-medium Farmers** make up 8% of households and contribute 10% of total income, slightly higher than their household share, indicating relatively better financial standing. They account for 10% of expenditure, closely aligned with their income share. Semi-medium Farmers contribute 11% of surplus income, which is higher than their income share, reflecting efficient financial management and potentially lower expenses relative to income. Their savings stand at 12%, showing that they are in a strong position to set aside a larger portion of their income. They hold 11% of total debt, suggesting that while they are saving more, they still rely on borrowing to some extent, but less so compared to smaller landholding categories.

- **Medium Farmers** account for only 3% of households and contribute 5% of total income. Their expenditure mirrors their income, standing at 5%. They generate 8% of surplus income, which is higher than their income and expenditure shares, indicating that they are able to manage their finances effectively. Medium Farmers contribute 8% of total savings, showing a strong capacity to retain earnings. In terms of debt, they hold 5% of the total, reflecting a relatively low reliance on borrowing compared to smaller landholding groups, likely due to their stronger financial footing.

- **Large Farmers**, the smallest group, make up hardly 0.4% of households and contribute a modest 2% of total income. Their expenditure is similarly low at 1%, indicating that they spend relatively little compared to other groups. Large Farmers generate 3% of surplus income, which is a slight improvement over their income share. Their savings stand at 3%, showing a small but stable capacity to save. They hold just 1% of total debt, the lowest of any group, highlighting their strong financial independence and minimal reliance on external borrowing.

Figure 27: Estimates of income, expenditure, savings and debt of *Annadata* households by land category
(Annual average per household in Rs., 2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

By taking land category as the control, we see clear differences in financial outcomes based on the size of landholding. Marginal and Small Farmers dominate the economic activity in terms of income, expenditure, and savings, but they also carry the heaviest debt burdens. Landless Farmers, though lacking land, manage to save a portion of their income and face substantial debt, reflecting their financial vulnerability. Semi-medium and Medium Farmers appear to be in a better financial position, with their income and savings levels relatively higher compared to their household size, and they carry a smaller share of the overall debt. Large Farmers, though few in number, exhibit financial stability with minimal debt and modest but stable savings and surplus income.

5.8.3 Income Disparities and Financial Vulnerabilities

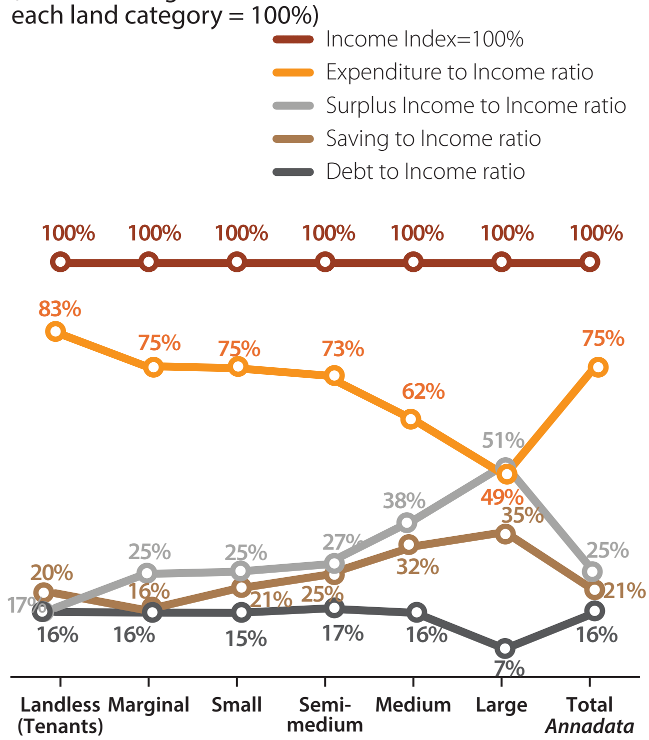
Income disparities among farmers are stark. Landless tenants, marginal, and small farmers earn between ₹6.5 lakh to ₹7 lakh annually, while large farmers earn over ₹30 lakh per annum **(Figure 27)**. This enormous gap underscores the structural inequality in Indian agriculture. Moreover, smaller landholders face a higher debt burden relative to their income. The debt-to-income ratio for semi-medium farmers is 17%, while landless tenants and marginal farmers carry a debt burden of 16%. In comparison, large farmers have a debt-to-income ratio of just 7%.

This financial disparity has long-term implications. Smaller landholders are more vulnerable to economic shocks and price volatility, making it difficult for them to invest in improving productivity or adapting to climate risks. Increasing income support programs like PM-Kisan or developing more tailored credit schemes could ease this burden and promote sustainable economic growth.

5.8.4 Savings, Debt, and Expenditure Patterns

Smaller farmers not only earn less but also have lower saving rates. Marginal and small farmers save only 16%-21% of their income, whereas large farmers save 35% **(Figure 28)**. Expenditure-to-income ratios also highlight that marginal and small farmers spend around 75% of their income on basic needs, leaving little room for savings or investment. In contrast, large farmers spend less than half

Figure 28: Financial ratios of Annadata households by land category (2024-25)
(Annual average of *Annadata* household of each land category = 100%)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 29: Income sources of *Annadata* households by land category (2024-25)

Land category	Source of income of *Annadata* households (million)		Source of income of *Annadata* households (%)	
	Farm only	Farm + Non-Farm	Farm only	Farm + Non-Farm
Landless (Tenants)	4.6	7.9	37%	63%
Marginal	10.0	9.8	50%	50%
Small	12.5	15.5	45%	55%
Semi-medium	2.9	2.9	50%	50%
Medium	1.1	0.9	55%	45%
Large	0.1	0.1	50%	50%
Total	33	36	48%	52%

Source: Authors' estimates based on PRICE's ICE 360° surveys

of their income, indicating their relative economic stability and potential for reinvestment.

To address this financial strain, rural financial institutions should focus on providing low-interest loans, crop insurance, and health insurance products to smaller landholders. This would allow them to save more, reduce reliance on informal lending, and mitigate financial shocks from crop failures or health crises.

5.8.5 Income Diversification: A Lifeline for Marginal and Landless Farmers

Non-farm activities are an essential income source for marginal and landless farmers. For instance, 63% of landless tenants' income comes from non-farm sources **(Table 29)**. Even 55% of small farmers income come from mixed farm and non-farm activities. This diversification is vital as farming alone may not generate sufficient income for these households. Furthermore, 55% of medium and half of large farmers derived their income from farming, emphasizing their stronger link to agricultural productivity.

This reliance on non-farm income demonstrates the need for policies that promote rural diversification. Expanding rural employment opportunities through initiatives like MGNREGA or promoting rural entrepreneurship could further bolster the economic resilience of smaller farmers. Investments in rural infrastructure, such as better roads, digital connectivity, and market access, will be critical to facilitating this shift.

5.8.6 Farming Dependence and Income Shares

Despite the diversification, farming remains the primary source of income for most *Annadata* households. Even landless tenants earn over 71% of their income from farming-related activities **(Table 30)**. However, marginal and small farmers also rely on allied agricultural activities (10.2% and 7.2% of income, respectively) and non-agricultural labor **(Table 31)**. This shows that while farming is important, other livelihood sources are indispensable for survival.

Government interventions should aim to improve farm productivity for smaller farmers while promoting

Table 30: Farming dependence of Annadata households by Land category

Land category	Annual average income Annadata households (Rs. 2024-25)			Income Share (%)	
	Total	Farm	Non-farm	Farm	Non-Farm
Landless (Tenants)	6,57,000	4,67,000	1,90,000	71%	29%
Marginal	6,91,000	4,20,000	2,71,000	61%	39%
Small	6,98,000	4,67,000	2,31,000	67%	33%
Semi-medium	8,77,000	6,13,000	2,64,000	70%	30%
Medium	13,24,000	9,77,000	3,47,000	74%	26%
Large	30,62,000	23,19,000	7,43,000	76%	24%
Total	7,31,000	4,88,000	2,43,000	67%	33%

Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 31: Distribution of *Annadata* households' income by sources of income and land category (2024-25)

Land category	Income shares by source (Per cent)							
	Farming	Allied Agriculture	Salary	Self-Employed Non-Agriculture	Agricultural Labour	Non-agricultural Labour	Others	Total
Landless (Tenants)	71.1%	7.8%	1.3%	6.5%	5.2%	2.1%	6.0%	100.0%
Marginal	60.8%	10.2%	3.6%	5.5%	5.3%	2.0%	12.7%	100.0%
Small	67.0%	7.2%	4.1%	6.9%	4.7%	1.7%	8.4%	100.0%
Semi-medium	69.9%	5.4%	3.1%	8.0%	3.6%	1.3%	8.6%	100.0%
Medium	73.8%	3.7%	3.5%	10.1%	2.0%	0.7%	6.2%	100.0%
Large	75.7%	2.4%	4.0%	13.5%	0.4%	0.5%	3.5%	100.0%
Total	66.8%	7.4%	3.4%	7.1%	4.4%	1.6%	9.0%	100.0%

Source: Authors' estimates based on PRICE's ICE 360° surveys

higher-value agricultural activities such as horticulture, dairy farming, and agro-processing. Encouraging cooperatives and farmer producer organizations (FPOs) can also improve bargaining power and provide better market access to smaller farmers.

5.8.7 Financial Empowerment and Rural Transformation

Achieving Viksit Bharat by 2047 hinges on empowering India's small and marginal farmers. These farmers are the backbone of the country's agricultural economy, yet they face significant challenges due to low incomes, high debt burdens, and vulnerability to financial shocks. Policies aimed at improving financial inclusion, such as expanding access to digital banking and credit facilities, can alleviate some of the stress that smallholder farmers face.

Rural India needs to be transformed into a hub of diversified economic activity. Investment in rural education, skill development, and entrepreneurship is essential for ensuring that rural youth can find employment opportunities in sectors beyond agriculture. The Pradhan Mantri Kaushal Vikas Yojana (PMKVY) can be leveraged to train rural youth in modern agricultural techniques, agro-processing, and other rural industries.

The future of Indian agriculture lies in addressing the income disparities between large and small farmers, improving the financial resilience of marginal farmers, and promoting non-farm employment opportunities in rural areas. The majority of India's *Annadata* belong to the marginal and small farmer categories, and their upliftment will be critical to the broader goal of achieving a developed India by 2047. By focusing on financial inclusion, rural diversification, and sustainable agricultural practices, policymakers can ensure that India's rural economy thrives alongside its urban counterpart, creating a prosperous and inclusive society for all.

5.9 Unequal Harvest: Comparing Economic Profiles of Rich and Poor Indian Agricultural Households or *Annadata*

The economic well-being of Indian farmers is central to the stability and growth of the country's agricultural sector, which remains the backbone of the rural economy. However, within the farming community, a wide spectrum of economic conditions exists, ranging from extreme poverty to substantial affluence. This paper analyzes the economic conditions of different categories of Indian farmers for the year 2024-25, focusing on income, expenditure, savings, and debt patterns. By examining these financial indicators, the analysis provides insights into the economic disparities among farmers and offers evidence-based policy recommendations to address these challenges and promote sustainable rural development.

The *Annadata* households are disproportionately represented in the lower-income groups. For example, 5% (16 million) of households classified as "Poor" despite *Annadata* households making up just 8%. This trend continues with 25% (17 million) of "Vulnerable" households being *Annadata*. These figures highlight that a significant portion of *Annadata* households are economically disadvantaged, facing higher rates of poverty and vulnerability compared to the general population.

Interestingly, *Annadata* households are major represented in the middle-income groups, making up 42% (29 million) of the "Aspiring Middle Class" and 17% (12 million) of the "Middle Class," **(Table 32)**. In the "Rich" category, just 8% (5 million) of the households are *Annadata*, suggesting that some agricultural households are thriving, possibly due to large-scale farming operations or successful agribusinesses. This indicates a bifurcated economic profile for *Annadata* households, where many are either struggling or doing very well, with larger in the middle-income brackets.

Table 32: Estimates of *Annadata* households, population and household size by income class (2024-25)

Income class (Annual household income, 2024-25)	Households (Million)		Population (Million)		Household size	
	Total	Annadata	Total	Annadata	Total	Annadata
Poor (< Rs.3 lakh)	16	5	74	36	4.77	6.65
Vulnerable (Rs.3-5 lakh)	76	17	351	96	4.64	5.66
Aspiring Middle Class (Rs.5-8 lakh)	150	29	681	138	4.54	4.79
Middle Class ((Rs.8-15 lakh)	69	12	305	41	4.45	3.54
Rich (>Rs.15 lakh)	20	5	86	18	4.31	3.33
Total	330	68	1,498	330	4.54	4.82

Source: Authors' estimates based on PRICE's ICE 360° surveys

Overall, the findings suggest that while *Annadata* households make up 21% (68 million) of the total Indian households (330 million), they are more heavily concentrated in the middle ends of the income spectrum. This reflects the economic challenges faced by many agricultural households, but also hints at the success of a subset of this group that has achieved financial stability or wealth.

5.9.1 Demographic and Economic Overview

The demographic distribution and household characteristics of Indian farmers reveal significant differences across income categories. The majority of Indian farmer households are concentrated within the "Aspiring Middle Class Farmers" category, which accounts for 42% of all farmer households, totaling 29 million households. This group is followed by the "Vulnerable Farmers" category, comprising 25%, or 17 million households. The "Poor Farmers" and "Rich Farmers" categories represent 8% of farmer households each, highlighting the extremes of the income spectrum. In terms of population, the "Aspiring Middle Class Farmers" category encompasses the largest group, with 138 million people, indicating that a significant portion of the farming community is positioned just above the poverty line but still remains Vulnerable Farmers to economic fluctuations.

Household size varies significantly across these categories, with the "Poor Farmers" having the largest average household size of 6.65 members. This suggests that the Poorest farmers tend to have larger family units, which may exacerbate the financial burden on these families. In contrast, the "Middle Class Farmers" and "Rich Farmers" categories have smaller average household sizes of 3.54 and 3.33, respectively, reflecting potentially better financial planning and management among wealthier farmers.

5.9.2 Income and Expenditure Patterns[5]

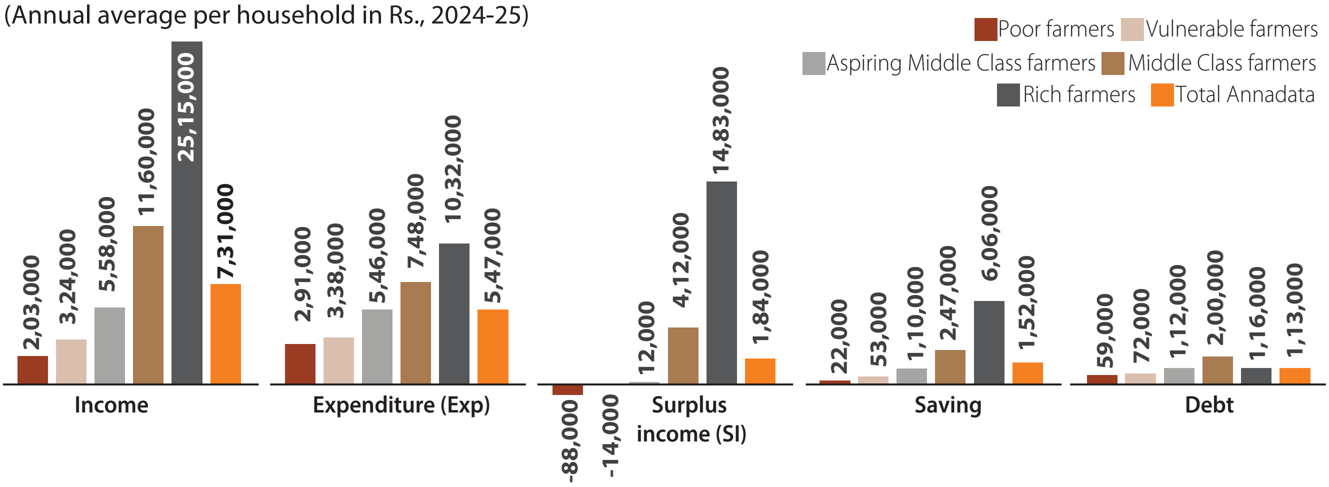
Income levels vary widely across the different farmer categories. The "Poor Farmers" earn an average annual income of ₹2,03,000, while the "Rich Farmers" earns ₹25,15,000, reflecting a vast economic gap between the Poorest and wealthiest farmers. The overall average income for all farmer households stands at ₹7,31,000, which, although it provides a general benchmark, masks the significant disparities within the farming community.

Expenditure trends closely mirror income levels, but not in a proportionate manner. The "Poor Farmers" faces substantial financial strain, with annual expenditures amounting to ₹2,91,000, which exceeds their income by ₹88,000. This deficit indicates that the Poorest farmers are likely relying on borrowing or depleting their savings to meet basic needs. In stark contrast, the "Rich Farmers" spends ₹10,32,000 annually, a relatively small portion of their income, allowing them to maintain a significant surplus of ₹14,83,000 **(Figure 29)**.

The ability to generate surplus income is a key indicator of financial health. The "Poor Farmers" and "Vulnerable Farmers" categories both experience negative surplus income, with deficits of ₹88,000 and ₹14,000, respectively. This suggests that these farmers are living beyond their means, likely accruing debt or depleting any savings they might have. Conversely, the "Middle Class" and "Rich Farmers" enjoy positive surplus income, with the latter achieving a surplus of ₹14,83,000, reflecting their economic security and capacity for future investment. Savings also

5. Household income: It refers to total income received by the household as a whole by each of its members from all sources such as wages and salaries, income from self-employment, interest and dividends from invested funds, pensions or other benefits from social insurance and other current transfers receivable during the financial year 2024-25.
Household routine expenditure: It includes consumption expenditure on food, housing, health, education, transport, clothing, durables and other such expenses that a household generally incurs made by all members of the household during the financial year 2024-25.
Surplus income: Total household income minus total household routine expenditure.

Figure 29: Estimates of income, expenditure, savings and debt of *Annadata* households by income class
(Annual average per household in Rs., 2024-25)



Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

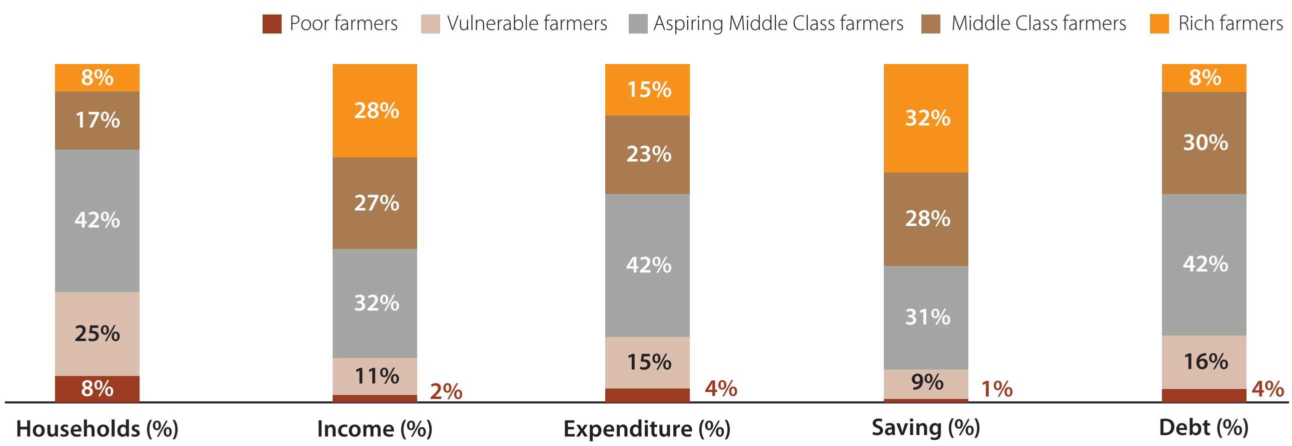
follow a similar trend, with the "Rich Farmers" saving ₹6,06,000 annually, while the "Poor Farmers" manage to save only ₹22,000, further highlighting the stark economic divide within the farming community.

5.9.3 Financial Divide Among Annadata Households by Income Category

When using income categories as the control, the **Figure 30** provides a nuanced view of how financial dynamics such as expenditure, savings, and debt vary across different income groups of *Annadata* households.

- **Poor Farmers:** Despite comprising 8% of total *Annadata* households, Poor Farmers contribute just 2% to the overall income. Their expenditure, at 4%, slightly exceeds their income share, reflecting a possible struggle to meet basic needs. However, their ability to save is severely constrained, as they contribute only 1% to total savings. Additionally, Poor Farmers account for just 4% of the total debt, likely indicating limited access to credit or formal borrowing options. In essence, poor farmers are in a vulnerable position with minimal income, meager savings, and restricted access to borrowing.
- **Vulnerable Farmers:** They make up 25% of *Annadata* households and contribute 11% to total income. Their expenditure, at 15%, is notably higher than their income share, which could point to financial strain or reliance on external borrowing to cover basic needs. Savings are extremely low for this group, with Vulnerable Farmers contributing only 9% to the overall savings pool. They hold 16% of the total debt, suggesting a significant reliance on borrowing

Figure 30: Distribution of *Annadata* households', income, expenditure, savings and debts by income class (2024-25)



Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.

Source: Authors' estimates based on PRICE's ICE 360° surveys

to manage their financial needs. This highlights their precarious economic status, where income is low, and debt is a substantial concern.

- **Aspiring Middle Class Farmers:** They are the largest group in terms of both population and economic activity. They make up 42% of the total *Annadata* households and contribute 32% to total income. Their expenditure is similarly high, accounting for 42% of total spending, indicating that this group is the most active in terms of consumption. Their savings, at 31%, are also significant, reflecting a moderate ability to save and invest. However, they hold the largest share of debt, at 42%, suggesting that while they have a higher income and savings rate than the lower-income groups, they are also burdened with significant financial liabilities. This group seems to be in transition, striving for economic mobility while managing debt.
- **Middle Class Farmers:** Comprising 17% of total households, Middle Class Farmers contribute 27% of the total income, reflecting their relatively higher earning power. Their expenditure, at 23%, is also high but remains lower than their income share, indicating better financial management compared to lower-income groups. They contribute 28% of total savings, showing a strong capacity for future investments and wealth accumulation. Middle Class Farmers hold 30% of total debt, reflecting both their financial commitments and borrowing capacity. Overall, this group enjoys a stable income and savings profile but still carries a significant debt load.
- **Rich Farmers:** They represent 8% of *Annadata* households but contribute a disproportionately large share of income (28%). Their expenditure, at 15%, is much lower than their income, suggesting strong financial discipline and a focus on retaining wealth. Their savings are substantial, contributing 32% of total savings, which reflects their ability to set aside funds for future investment or consumption. Despite their wealth, Rich Farmers hold only 8% of total debt, indicating that they are less reliant on borrowing, likely because they can fund their needs without incurring much debt. This group is clearly in a strong financial position, with high income, high savings, and minimal debt.

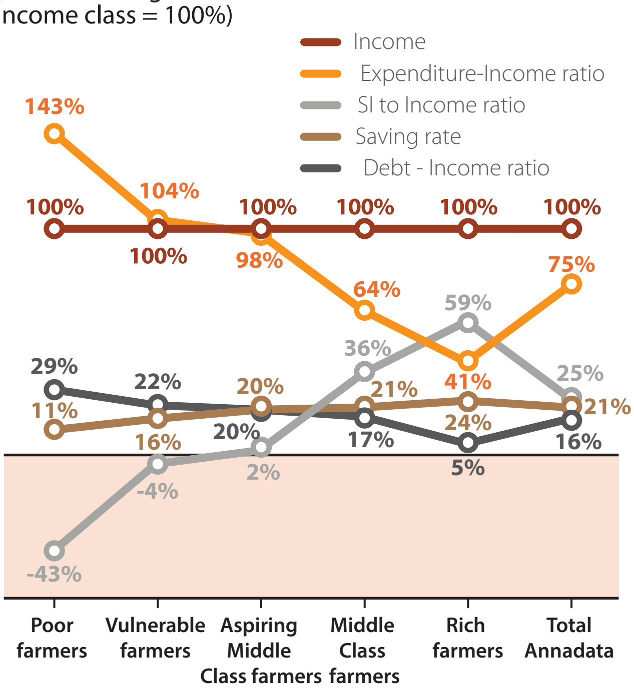
In conclusion, Poor and Vulnerable Farmers struggle with low income, limited savings, and, in the case of vulnerable farmers, a relatively high debt burden. Aspiring Middle Class Farmers are characterized by higher income, savings, and expenditure, but they also carry the largest share of debt, indicating financial stress. Middle Class Farmers are in a more balanced position, with a solid income and savings profile but still considerable debt. Finally, Rich Farmers dominate in terms of income and savings but maintain low levels of debt, reflecting their strong financial independence. This comparison highlights the significant economic divide within the farming community.

5.9.4 Debt and Financial Ratios

Debt is a significant burden for lower-income farmer categories, with the "Poor Farmers" category holding the debt level at ₹59,000 per household, which accounts for 29% of their income. **(Figure 31)** In contrast, the "Rich Farmers" has the lowest debt burden at ₹1,16,000, representing just 5% of their income. This disparity underscores the financial vulnerability of lower-income farmers, who are more likely to rely on borrowing to meet their expenses.

Financial ratios further illustrate the challenges faced by different farmer categories. The expenditure-income ratio is particularly revealing, with the "Poor Farmers" and "Vulnerable Farmers" categories exceeding 100%, indicating that they spend more than they earn. In contrast, the "Rich Farmers" have a much lower ratio, spending only 41% of their income, which allows for significant savings and surplus income.

Figure 31: Financial ratios of Annadata households by income class (2024-25)
(Annual average of *Annadata* household of each income class = 100%)



Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs.15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

The surplus income to income ratio is negative for the "Poor Farmers" and "Vulnerable Farmers" categories, reflecting their financial deficits. In contrast, the "Middle Class" and "Rich" farmers have positive and increasing ratios, with the "Rich Farmers" reaching 59%. The saving rate varies across categories, with the "Poor Farmers" saving 11% of their income, while the "Aspiring Middle-Class Farmers" saving 20%. With their high surplus income, the "Rich Farmers" has a higher saving rate of 24%, also higher investments. The debt-to-income ratio is highest among the "Poor Farmers" at 29% and decreases with rising income, reaching just 5% for the "Rich Farmers." This indicates that wealthier farmers are better positioned to manage and reduce their debt levels.

The analysis highlights significant economic disparities among Indian farmers, particularly emphasizing the financial struggles of the "Poor Farmers" and "Vulnerable Farmers" categories. These groups are trapped in a cycle of financial distress, with high expenditures relative to their income, negative surplus incomes, and substantial debt burdens. These conditions make them highly "Vulnerable Farmers" to economic shocks and limit their capacity for economic advancement. On the other hand, the "Middle Class Farmers" and "Rich Farmers" categories display greater financial stability, with positive surplus incomes, higher savings, and manageable debt levels. The "Aspiring Middle-Class Farmers" shows potential for upward mobility, indicating that targeted support could help this group further improve their financial standing.

To address the financial challenges faced by the "Poor Farmers" and "Vulnerable Farmers", direct income support and targeted debt relief are essential. This could include subsidized loans, direct cash transfers, and debt restructuring programs to alleviate their financial burden and prevent further economic deterioration. Additionally, encouraging income diversification through non-farm employment opportunities and value-added agricultural activities can help reduce the income-expenditure gap for lower-income farmers, enhancing their economic resilience and providing additional sources of income.

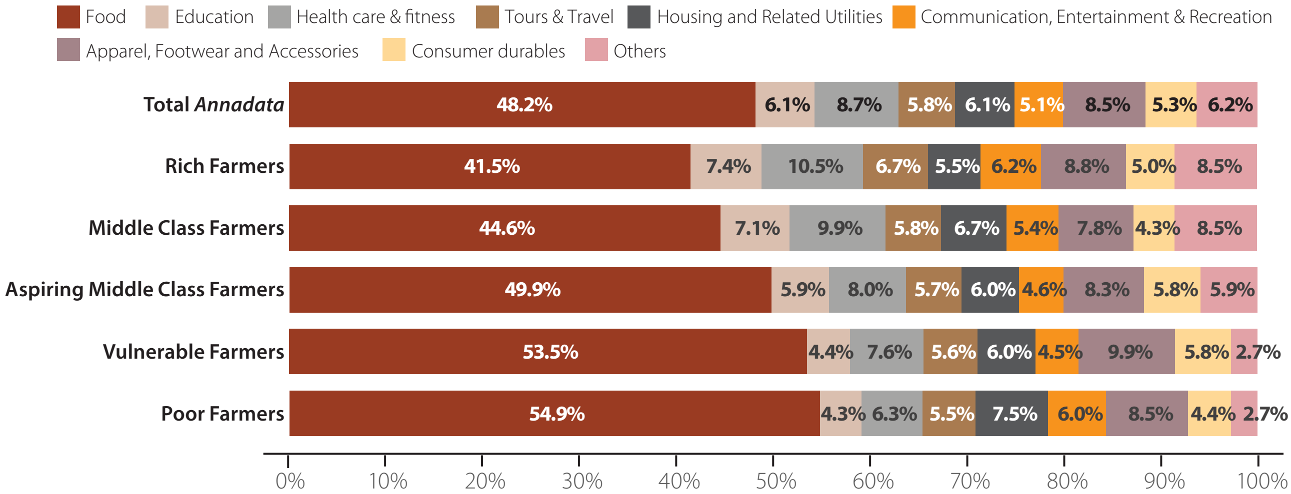
Developing savings and investment schemes tailored for the "Aspiring Middle Class" and "Middle Class" farmers can promote financial growth. These could include matched savings programs and access to low-risk investment options, helping farmers secure their financial future. Expanding access to affordable credit is crucial for all farmer categories, particularly to reduce reliance on high-interest informal lending. Credit programs with favorable terms can support the "Aspiring Middle Class Farmers" in their upward mobility and enable them to invest in productive assets. Lastly, investing in financial literacy programs is essential to equip farmers with the knowledge and skills to manage their finances effectively. Capacity-building initiatives should focus on debt management, savings, and investment strategies, empowering farmers to make informed financial decisions.

The economic conditions of Indian farmers in 2024-25 are marked by significant disparities across different income categories. The "Poor Farmers" and "Vulnerable Farmers" groups face severe financial challenges, while the "Middle Class" and "Rich Farmers" enjoy greater financial stability. Addressing these disparities through targeted interventions is crucial for ensuring the economic well-being of these farmers and promoting sustainable rural development. By focusing on income support, debt relief, savings incentives, and financial education, policymakers can help bridge the economic gap among farmers and foster a more resilient and prosperous agricultural sector in India.

5.9.5 Expenditure Patterns of Agricultural Households: A Comprehensive Analysis

- **Overview of Annual Expenditure:** The annual average expenditure of agricultural households in India is ₹5,47,000 for 2024-25, as shown in **Table 33**. However, significant disparities exist among different income groups. Poor farmers, earning less than ₹3 lakh annually, spend approximately ₹2,91,000, with their spending largely concentrated on basic necessities. On the other hand, rich farmers, earning over ₹25 lakh annually, spend an average of ₹10,32,000 annually, demonstrating a significantly higher allocation toward quality-of-life improvements. Aspiring middle-class farmers, with an average expenditure of ₹5,46,000, and middle-class farmers, who spend ₹7,48,000 annually, fall between these extremes. Their expenditure patterns reflect a transitional phase, balancing essentials with increasing investments in education, healthcare, and discretionary items.
- **Food Expenditure:** A Declining Proportion with Rising Income: Food is the largest expenditure category across all groups but its share decreases with rising income, as seen in **Figure 32**. Poor farmers allocate 54.9% of their total expenditure (₹1,59,600) to food, while aspiring middle-class and middle-class farmers spend 49.9% (₹2,72,300) and 44.6% (₹3,33,300) respectively. Rich farmers allocate 41.5% (₹4,28,200). This trend suggests that while higher-income households spend more on food in absolute terms, they allocate a smaller proportion of their income, likely due to increased spending on other areas. Aspiring and middle-class farmers reflect a middle ground, with growing capacity for discretionary spending but still prioritizing food as a major expense.
- **Education - An Investment in Future Mobility:** Spending on education increases with income in both

Figure 32: Routine consumption expenditure of *Annadata* households by income class (2024-25, Per cent)



Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

absolute terms and as a share of total expenditure. Poor farmers spend 4.3% (₹12,400), while aspiring middle-class and middle-class farmers allocate 5.9% (₹32,200) and 7.0% (₹53,400) respectively, as per **Figure 32** and **Table 33**. Rich farmers spend 7.4% (₹75,900), the highest in both percentage and absolute terms. This progression reflects the growing capacity of households to invest in education, enabling better opportunities for the next generation. For aspiring and middle-class farmers, this indicates a transition to higher aspirations and potential socio-economic mobility, aligning with wealthier groups.

- **Healthcare and Fitness – Essential Yet Unequal Access:** Healthcare expenditure also rises with income. Poor farmers allocate 6.3% (₹18,300) of their income to healthcare, while aspiring middle-class farmers spend 8.0% (₹43,700). Middle-class farmers spend 9.9% (₹74,100), and rich farmers allocate 10.5% (₹1,07,900), as shown in **Figure 32** and **Table 33**. The increasing expenditure reflects greater access to healthcare services for wealthier households, while poorer households struggle to meet essential needs. Aspiring and middle-class farmers exhibit significant progress in accessing healthcare, highlighting a shift toward better well-being, though still below the level enjoyed by rich farmers.

Table 33: Routine consumption expenditure of *Annadata* households by income class (Annual average per household in Rs., 2024-25)

Expenditure items	Poor Farmers	Vulnerable Farmers	Aspiring Middle Class Farmers	Middle Class Farmers	Rich Farmers	Total *Annadata*
Food	159,600	180,800	272,300	333,300	428,200	263,600
Education	12,400	15,000	32,200	53,400	75,900	33,400
Health care & fitness	18,300	25,800	43,700	74,100	107,900	47,500
Tours & Travel	16,000	18,800	31,100	43,200	69,300	31,900
Housing and Related Utilities	21,700	20,200	32,500	50,300	56,300	33,600
Communication, Entertainment & Recreation	17,500	15,200	25,200	40,200	64,200	27,700
Apparel, Footwear and Accessories	24,700	33,500	45,300	58,100	90,600	46,400
Consumer durables	12,800	19,600	31,800	31,800	52,000	28,900
Others	8,000	9,100	31,900	63,600	87,600	34,000
Total	291,000	338,000	546,000	748,000	1,032,000	547,000

Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

- **Housing and Related Utilities – Necessity vs. Quality:** Housing and utility expenses also show variation across income groups. Poor farmers spend 7.5% (₹21,700) of their total expenditure on housing, while aspiring and middle-class farmers allocate 6.0% (₹32,800) and 6.7% (₹50,000) respectively, as seen in **Figure 32**. Rich farmers, in comparison, spend 5.5% (₹56,300). Although the percentage decreases with rising income, the absolute spending increases, reflecting the superior living conditions of wealthier households. Aspiring and middle-class farmers' spending in this category indicates incremental improvements in housing standards, moving closer to those of rich farmers.
- **Discretionary Spending – An Indicator of Lifestyle Evolution:** Discretionary spending increases significantly with income, including travel, apparel, entertainment, and consumer durables. Poor farmers allocate 5.5% (₹16,000) to travel and 8.5% (₹24,700) to apparel. Aspiring middle-class farmers spend 5.7% (₹31,100) on travel and 8.3% (₹45,300) on apparel, while middle-class farmers allocate 5.8% (₹43,200) and 7.8% (₹58,100) respectively, as detailed in **Figure 32** and **Table 33**. Rich farmers spend the most, with ₹69,300 on travel and ₹90,600 on apparel. This pattern suggests that aspiring and middle-class farmers are increasingly allocating resources to lifestyle enhancements, bridging the gap between basic and luxury spending.
- **Policy Recommendations – Bridging the Gaps:** The disparities highlighted in **Figure 32** and **Table 33** point to the need for targeted interventions across all income groups. Poor farmers require subsidies and scholarships to improve access to education and affordable healthcare programs to ensure essential services. Aspiring and middle-class farmers, being at a transitional stage, would benefit from micro-loans for home improvements and consumer durables to accelerate their upward mobility. Subsidized housing and utilities for poorer households and improved rural infrastructure–schools, hospitals, and transportation–are critical for fostering equitable growth. Social safety nets and policies tailored to reduce disparities can empower all farming households, enabling them to contribute meaningfully to the agricultural economy while improving their quality of life.

5.9.6 Bridging the Financial Divide: Savings Behavior of *Annadata* Households

The financial habits of *Annadata* households in India reveal a stark spectrum of economic behaviors and priorities, shaped by their income levels and access to resources. While Rich Farmers enjoy financial stability and significant saving potential, Poor Farmers struggle with limited resources and pressing immediate needs. Aspiring Middle-Class and Middle-Class Farmers occupy a transitional space, displaying both growth potential and financial constraints. Understanding these differences in savings participation, motivations, and portfolio choices highlights the need for tailored interventions to foster financial inclusion and resilience across all segments.

- **Savings Participation – The Spectrum of Financial Habits:** Savings participation among *Annadata* households stands at 89%, reflecting a strong culture of financial responsibility despite varying income levels. However, this participation is not uniform across economic classes **(Table 34)**. Rich Farmers lead the pack, with 95% reporting savings during the financial year 2024-25. Their ability to save reflects surplus income and stable finances. Similarly, Middle-Class and Aspiring Middle-Class Farmers also show strong participation, with 95% and 93% of households saving, respectively. However, their savings behavior is often influenced by aspirations for upward mobility and the need to balance immediate expenditures with long-term goals.

On the other end of the spectrum, only 73% of Poor Farmers managed to save, highlighting the severe financial constraints they face. Vulnerable Farmers, a group with marginally better economic stability, fare slightly better, with 87% reporting savings. The participation of these lower-income groups reflects their struggle to balance survival needs with future planning.

Implication: To encourage greater participation among Poor and Vulnerable Farmers, targeted policies are needed to boost income opportunities and provide affordable, accessible savings mechanisms. For Middle-Class and Aspiring Middle-Class Farmers, facilitating their transition to more stable financial conditions through tailored savings products and financial literacy programs is key.

- **Why *Annadata* Households Save – Understanding Motivations Across Groups:** The motivations for saving reveal distinct priorities shaped by economic circumstances and aspirations. Poor Farmers primarily save for emergencies, with 74% citing contingency preparedness as their top reason. This focus highlights their vulnerability to financial shocks such as crop failures or medical emergencies. Vulnerable Farmers share similar priorities, with 75% saving for emergencies. Both groups allocate a smaller proportion of their savings to long-term goals due to income limitations.

For Aspiring Middle-Class and Middle-Class Farmers, the motivations for saving begin to diversify. Emergency preparedness remains a significant driver, cited by 72% and 69% of households, respectively. However, these groups also prioritize planned expenditures (27%-32%)

Table 34: Saving and Saving Portfolio of *Annadata* households (2024-25)

Characteristics	Poor Farmers	Vulnerable Farmers	Aspiring Middle Class Farmers	Middle Class Farmers	Rich Farmers	Total *Annadata*
A. Did Annadata save any money during the financial year?						
Share of Annadata said "Yes"	73%	87%	93%	95%	95%	89%
B. Reasons to save (Multiple response, % of Annadata households who saved)						
Contingency/Emergency	74%	75%	72%	69%	79%	73%
Retirement/Old Age	17%	19%	25%	32%	29%	23%
Tax Benefits	4%	5%	7%	11%	7%	6%
Wealth Creation/ Business	20%	25%	25%	29%	37%	25%
Planned/Social Expenditure	24%	26%	27%	32%	30%	27%
Medical Treatment	20%	25%	20%	16%	23%	22%
Higher Studies	27%	33%	32%	26%	40%	32%
Future Finances	25%	22%	22%	22%	24%	22%
Purchase Consumer Durables	3%	4%	4%	3%	2%	4%
C. Distribution of total amount saved? (% of saving, 2024-25)						
Keep cash at home	15%	11%	7%	5%	4%	6%
Banking Instruments	67%	65%	59%	63%	75%	65%
Capital Market	1%	1%	1%	2%	3%	3%
Life Insurance Policy	7%	9%	11%	9%	4%	8%
Informal Saving	4%	3%	4%	5%	1%	3%
Gold & Jewellery	4%	9%	12%	12%	7%	10%
Other saving instruments	2%	3%	7%	4%	6%	5%
Total	100%	100%	100%	100%	100%	100%
D. Annual average amount saved? (Rs./household, 2024-25)						
Keep cash at home	3,300	5,700	7,700	12,800	25,500	9,100
Banking Instruments	14,800	34,300	64,500	155,900	453,500	98,000
Capital Market	100	400	1,500	4,000	33,400	3,900
Life Insurance Policy	1,500	4,700	11,700	21,600	24,700	11,900
Informal Saving	900	1,700	4,200	11,400	6,900	4,800
Gold & Jewellery	900	4,800	13,100	30,100	41,000	15,200
Other saving instruments	500	1,400	7,300	11,200	21,000	9,100
Total	22,000	53,000	110,000	247,000	606,000	152,000

Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

and higher studies (26%-32%), reflecting aspirations for upward mobility. Their ability to allocate resources toward future-oriented goals signals an improving financial outlook, but many still face limitations in achieving their full potential.

Rich Farmers, with greater financial flexibility, exhibit the most diverse motivations for saving. While 79% save for emergencies, they also allocate significant resources to wealth creation and business investments (37%), retirement planning (29%), and higher education (40%).

This diversified approach reflects their financial stability and ability to plan for long-term growth.

Implication: These differences underscore the need for targeted savings products. Poor and Vulnerable Farmers would benefit from subsidized healthcare insurance, education savings schemes, and affordable retirement plans. Aspiring Middle-Class and Middle-Class Farmers, on the other hand, require tools to support their upward mobility, such as financial planning services and incentives for investing in education and business ventures.

- **Saving Portfolio - A Tale of Income and Access:** The saving portfolios of *Annadata* households provide insight into their financial strategies and constraints. On average, households save ₹1,52,000 annually, but this figure masks significant disparities. Poor Farmers save only ₹22,000, while Rich Farmers save ₹6,06,000–a nearly 28-fold difference. Aspiring Middle-Class and Middle-Class Farmers fall between these extremes, saving ₹1,10,000 and ₹2,47,000, respectively. These figures reflect both the income inequality and the transitional nature of these middle segments.

Banking Instruments: Banking instruments are the primary savings choice across all groups, indicating trust in formal financial systems. Rich Farmers allocate 75% of their savings (₹4,53,000) to banks, compared to 63% for Middle-Class Farmers, 59% for Aspiring Middle-Class Farmers, and 67% for Poor Farmers. However, the absolute amounts saved highlight the disparities in financial capacity. For example, Middle-Class Farmers save ₹1,55,900 in banks, while Poor Farmers save only ₹14,800.

Cash Savings: Poor Farmers are more reliant on cash, with 15% of their savings (₹3,300) held at home, compared to just 4% (₹25,500) for Rich Farmers. Aspiring Middle-Class and Middle-Class Farmers also show a declining reliance on cash savings, with 7% and 5% of their savings kept at home, respectively. This trend reflects greater trust in formal systems as financial stability improves.

Diversification of Portfolios: Rich Farmers exhibit the most diversified portfolios, allocating savings to gold and jewellery (7%, ₹41,000), life insurance policies (4%, ₹24,700), and capital markets (3%, ₹33,400). In contrast, Poor Farmers allocate minimal amounts to these instruments, reflecting their limited financial capacity and risk tolerance. Middle-Class and Aspiring Middle-Class Farmers occupy a middle ground, gradually exploring diversification but still heavily reliant on banking instruments. For instance, Middle-Class Farmers allocate ₹30,100 to gold and jewellery and ₹4,000 to capital markets, signaling a cautious but positive shift.

Implication: For Poor and Vulnerable Farmers, expanding access to secure and diversified savings options is essential. Financial literacy campaigns and rural outreach programs can help build trust in formal systems and encourage productive investment. For Middle-Class and Aspiring Middle-Class Farmers, financial products that facilitate diversification and support aspirational goals, such as education and entrepreneurship, are key. Rich Farmers, meanwhile, can be encouraged to further diversify their portfolios into productive investments like mutual funds and capital markets, contributing to broader economic growth.

- **Policy Recommendations: A Tailored Approach for Inclusive Growth**

Bridging the financial divide among *Annadata* households requires a multi-pronged approach that addresses the unique challenges faced by each group. The following recommendations aim to foster financial resilience and economic stability:

1. ***Income Augmentation:*** For Poor and Vulnerable Farmers, boosting income through crop diversification, improved market access, and non-farm opportunities is essential. Middle-Class and Aspiring Middle-Class Farmers can benefit from targeted support for entrepreneurial ventures and access to credit for scaling their businesses.
2. ***Financial Inclusion:*** Expanding access to formal financial systems is critical. Mobile banking solutions, rural banking outreach programs, and microfinance initiatives can help Poor and Vulnerable Farmers integrate into the banking ecosystem. Middle-Class Farmers should be encouraged to explore a broader range of financial products.
3. ***Customized Savings Products:*** Poor Farmers would benefit from subsidized healthcare insurance, education savings schemes, and affordable retirement plans. Aspiring Middle-Class and Middle-Class Farmers need products tailored to their aspirations, such as savings plans linked to higher education, business investments, or home ownership.
4. ***Promoting Diversification:*** Encouraging Middle-Class and Rich Farmers to diversify their portfolios through awareness campaigns about mutual funds, capital markets, and insurance products can drive long-term financial security and broader economic growth.
5. ***Digital Innovation:*** Leveraging technology to simplify financial transactions and savings management is critical. Digital banking platforms and mobile apps can make savings accessible and efficient for all segments, particularly for Poor and Aspiring Middle-Class Farmers.

Table 35: Income sources of *Annadata* households by income class (2024-25)

Income category	Source of income of *Annadata* households (Million)		Source of income of *Annadata* Households (%)	
	Farm only	Farm + Non-Farm	Farm only	Farm+Non-Farm
Poor Farmers	2.8	2.6	51%	49%
Vulnerable Farmers	8.5	8.5	50%	50%
Aspiring Middle Class Farmers	12.8	16.1	44%	56%
Middle Class Farmers	4.0	7.6	35%	65%
Rich Farmers	1.9	3.6	35%	65%
Total	33	36	48%	52%

Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' Estimates based on PRICE's ICE 360° Surveys

- **Conclusion – Toward Equitable Financial Growth**

The saving behaviors of *Annadata* households reflect the deep economic disparities among India's farming community. Poor and Vulnerable Farmers grapple with immediate needs and financial insecurity, while Middle-Class and Aspiring Middle-Class Farmers balance aspirations with limited resources. Rich Farmers, by contrast, enjoy the financial flexibility to save for long-term growth and diversification.

By implementing targeted policies to enhance income, expand financial inclusion, and promote portfolio diversification, India can empower all *Annadata* households to achieve greater financial stability. Addressing the unique challenges of each group will not only strengthen the financial resilience of farming communities but also contribute to inclusive and sustainable economic development.

5.9.7 Direct Correlation between Low Income households and Farming-Dependence

Annadata households are more prevalent and larger in lower-income categories. This trend highlights the economic challenges faced by the farming sector, emphasizing the need for targeted support and interventions to improve the livelihoods of those most dependent on farming.

There is a noticeable shift towards diversified income sources as household income increases, with "Middle Class" and "Rich" farmers having a higher share of farm plus non-farm income with 7.6 million (65%) and 3.6 million (65%) respectively. The poorest farmers are engaged in nearly equal proportion of farming (2.8 million) and both farming and non-farming (2.6 million) activities. **(Table 35)**

A detailed breakdown on income distribution within farming and non-farm income reveals significant insights.

Table 36: Farming dependence of *Annadata* households by income class (2024-25)

Income category	Annual average income *Annadata* households (Rs. 2024-25)			Income Share (%)	
	Total	Farm	Non-farm	Farm	Non-Farm
Poor Farmers	2,03,000	1,22,000	81,000	60%	40%
Vulnerable Farmers	3,24,000	1,97,000	1,27,000	61%	39%
Aspiring Middle Class Farmers	5,58,000	3,65,000	1,93,000	65%	35%
Middle Class Farmers	11,60,000	7,77,000	3,83,000	67%	33%
Rich Farmers	25,15,000	17,89,000	7,26,000	71%	29%
Total	7,31,000	4,88,000	2,43,000	67%	33%

Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' Estimates based on PRICE's ICE 360° Surveys

The percentage of non-farm income rises, and farm income decreases as we go up the income ladder with the "Rich Farmers" earning 29% of their income from non-farm work (₹7,26,000 per annum) **(Table 36)**. The "Vulnerable" and "Middle Class" farmers earn 39% and 33% of their income from non-farm work. By contrast, the "Poor Farmers" earn ₹1,22,000 (60%) from farming.

Clearly, there is a need for a faster and more intensive diversification into non-farm income sources, and providing better access to skill development programs can elevate the financial well-being of farming households.

5.9.8 Insights into Non-Farm Income Sources of Annadata Households

Digging further into the non-farm income sources of various income categories of *Annadata* households gives a very interesting insight. The distribution of income sources among different categories of *Annadata* households in 2024-25 reveals distinct patterns of economic activity, with a clear correlation between income level and reliance on various income streams.

Across all categories, farming remains the largest income source. For Poor Farmers, it contributes 60.1%, slightly increasing to 60.7% for Vulnerable Farmers, and further rising for Aspiring Middle-Class Farmers (65.3%) and Middle-Class Farmers (66.9%). The highest share of farming income is seen in Rich Farmers (71.1%), reflecting their heavy specialization in agriculture. The trend indicates that as farmers become wealthier, their dependence on farming grows, though with greater efficiency and possibly larger-scale operations. For All Farmers combined, farming constitutes 66.8% of total income **(Table 35)**.

Allied agriculture–activities such as livestock rearing or fisheries–is a significant source of income for lower-income categories, but its importance decreases as farmers become wealthier. Poor Farmers derive 24.9% of their income from allied agriculture, followed by Vulnerable Farmers at 18.5%. This share drops substantially for Aspiring Middle-Class Farmers (10.4%), Middle-Class Farmers (4.9%), and becomes almost negligible for Rich Farmers (1.6%). This shows that wealthier farmers are more focused on primary agriculture and less on secondary agricultural activities.

Income from self-employed non-farm activities shows the opposite trend. Poor Farmers earn only 1.5% of their income from such activities, while this figure steadily rises across categories: 2.5% for Vulnerable Farmers, 5.2% for Aspiring Middle-Class Farmers, and 9.1% for Middle-Class Farmers. Rich Farmers lead with 8.6% of their income from non-agricultural businesses, indicating significant diversification into entrepreneurial activities outside farming. This suggests that wealthier farmers have the resources to invest in businesses beyond agriculture, further boosting their financial stability.

Income from labor declines significantly as we move up the income ladder. For Poor Farmers, labor provides 10.8% of income, and this rises slightly for Vulnerable Farmers (14.5%). However, for Aspiring Middle-Class Farmers, this share drops to 14.0%, and becomes almost non-existent for Middle-Class and Rich Farmers. This trend reflects a shift away from wage-based labor among wealthier farmers, as they rely more on income from farming and other non-farming activities.

Salary income is a relatively small but growing source of income as we move up the income hierarchy. Poor Farmers and Vulnerable Farmers earn just 1.5% and 2.3% from salaried jobs, respectively. This figure rises for Aspiring Middle-Class Farmers (3.3%), and for Middle-Class Farmers (4.8%), and slightly dips to 2.6% for Rich Farmers. While salaried income is not a major contributor to total earnings, it represents an additional stable source of income for households as they improve their economic standing.

The comparative analysis clearly shows that wealthier farmer groups–Middle-Class and Rich Farmers–are less dependent on labor and allied agriculture and more involved in farming and self-employed non-farm activities. As farmers climb the income ladder, they tend to diversify their income sources, with Rich Farmers leading the way in non-agricultural businesses and entrepreneurship, suggesting a more secure financial foundation.

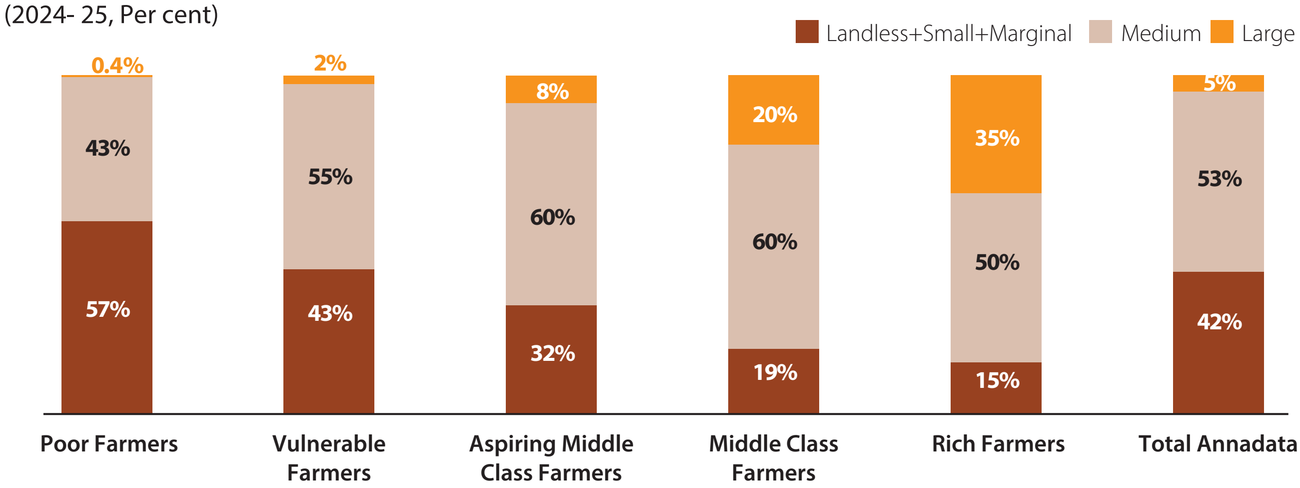
On the other hand, Poor and Vulnerable Farmers rely heavily on allied agriculture and labor to compensate for their lower earnings from farming, indicating higher economic vulnerability and fewer opportunities for non-agricultural income generation. These households depend on multiple small income streams to survive, often involving labor-intensive and lower-paying jobs.

While farming remains a central income source across all categories, wealthier farmers enjoy greater economic diversification, reduced dependence on labor, and enhanced participation in non-agricultural businesses, which positions them for more stable and secure livelihoods. Meanwhile, Poor and Vulnerable Farmers continue to struggle with economic uncertainty, relying on more precarious income sources.

5.9.9 As farmer income increases, the proportion of medium and large landholders rises, while Landless, Small, and Marginal holders decrease

For All Farmers, a majority are medium landholders at 53%, while Landless (Tenants), Small, and Marginal holders make up 42%, and only a small fraction, 5%, hold large landholdings. As we move up the income scale, the

Figure 33: Distribution of *Annadata* households' income by land category and income class
(2024- 25, Per cent)



Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

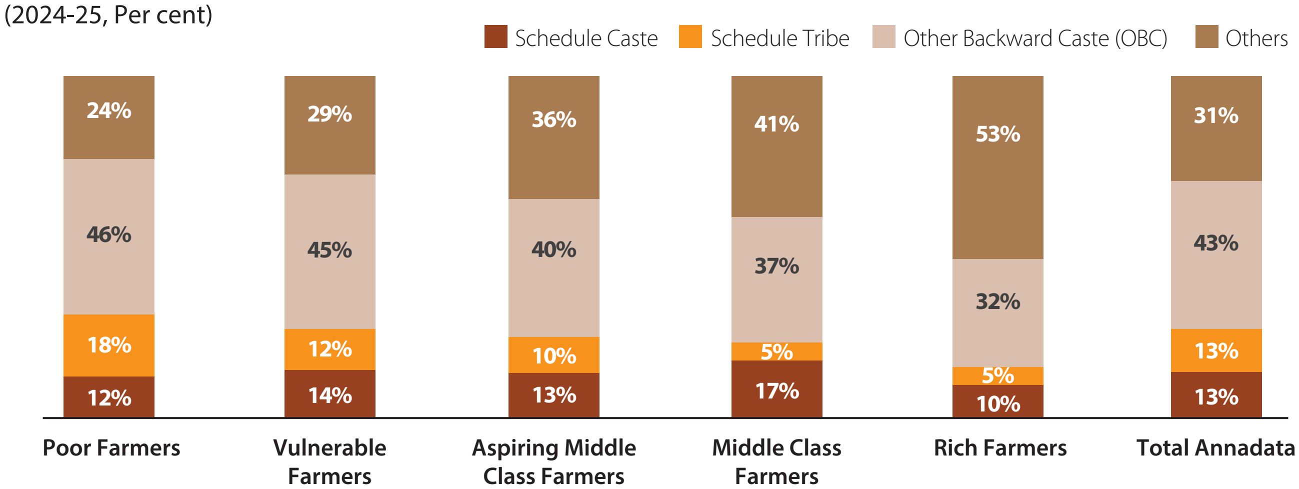
proportion of medium and large landholders increases, highlighting a shift towards larger-scale farming among the wealthier categories. Notably, Rich Farmers show the most significant concentration in medium and large categories, suggesting a strong correlation between income level and land ownership size **(Figure 33)**.

5.9.10 The social group representation varies across different farmer income categories, showing distinct patterns based on economic standing...

For All Farmers, the OBC group remains the largest at 43%, followed by Others at 31%, while Scheduled Caste and Scheduled Tribe farmers account for 13% each. This overall distribution suggests that OBC farmers have significant representation across all income categories, but higher-income groups are dominated by the "Others" category. These trends indicate the persistence of social and economic inequalities, with marginalized groups like Scheduled Tribes and Castes facing greater challenges in rising to higher income levels compared to the "Others" category **(Figure 34)**.

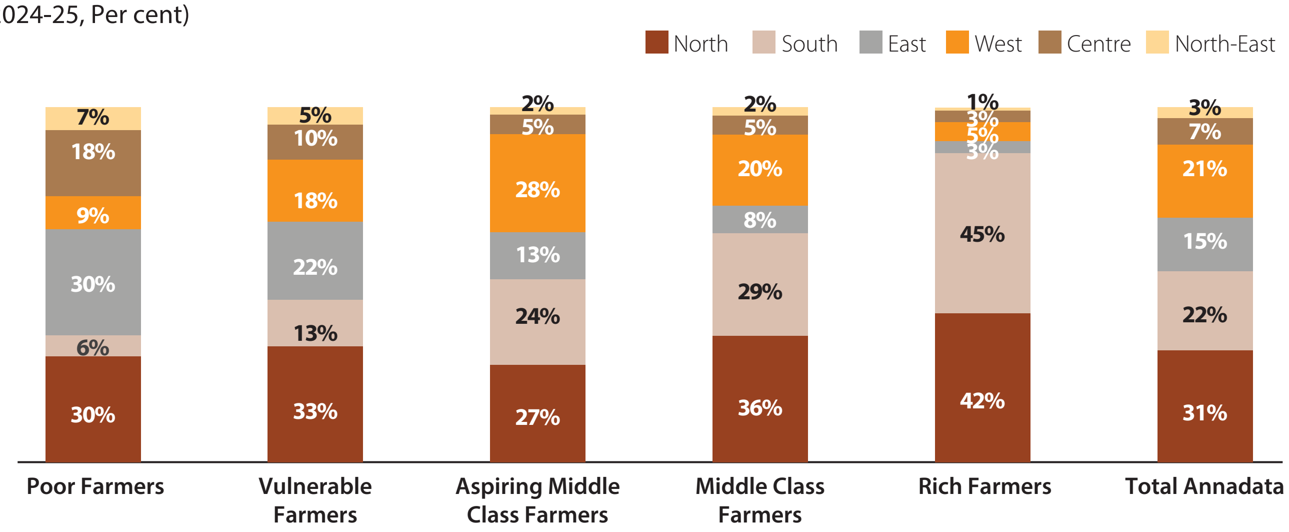
Poor Farmers are predominantly represented by OBC (46%) and Scheduled Tribe (18%), indicating that these groups are more likely to be economically disadvantaged. The share of "Others" category (24%) in this category is smaller, reflecting less representation among lower-income farmers.

Figure 34: Distribution of *Annadata* households' income by social group and income class
(2024-25, Per cent)



Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh Income sources of Annadata Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

Figure 35: Distribution of *Annadata* households' income by Regions and income class
(2024-25, Per cent)



Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

As income levels increase, the share of Others grows significantly, reaching 53% among Rich Farmers, while the OBC share declines to 32%. This suggests that the "Others" category has better access to resources and economic opportunities that allow them to achieve higher income status. Meanwhile, Scheduled Caste and Scheduled Tribe farmers have smaller representations in wealthier groups, with Scheduled Tribe farmers seeing only 5% among Rich Farmers, highlighting potential barriers to economic mobility for these communities.

5.9.11 Farmers from the North and South dominate higher income categories, while the East and North-East are more represented in lower-income groups, indicating regional economic disparities...

For All Farmers, the North region leads with 31%, followed by the South at 22%. The East accounts for 15%, the West for 21%, and the Centre for 7%, with the North-East contributing 3%. This overall distribution highlights that the majority of farmers, regardless of income class, are concentrated in the North and South regions, while the East and North-East regions have smaller shares **(Figure 35)**.

Among Poor Farmers, the North and East are the most represented regions, accounting for 30% each. The South makes up 6%, while 9% are from the West and 7% from the North-East. Only 18% of Poor Farmers come from the Centre region. This distribution suggests that poverty among farmers is more prevalent in the North and East regions of India.

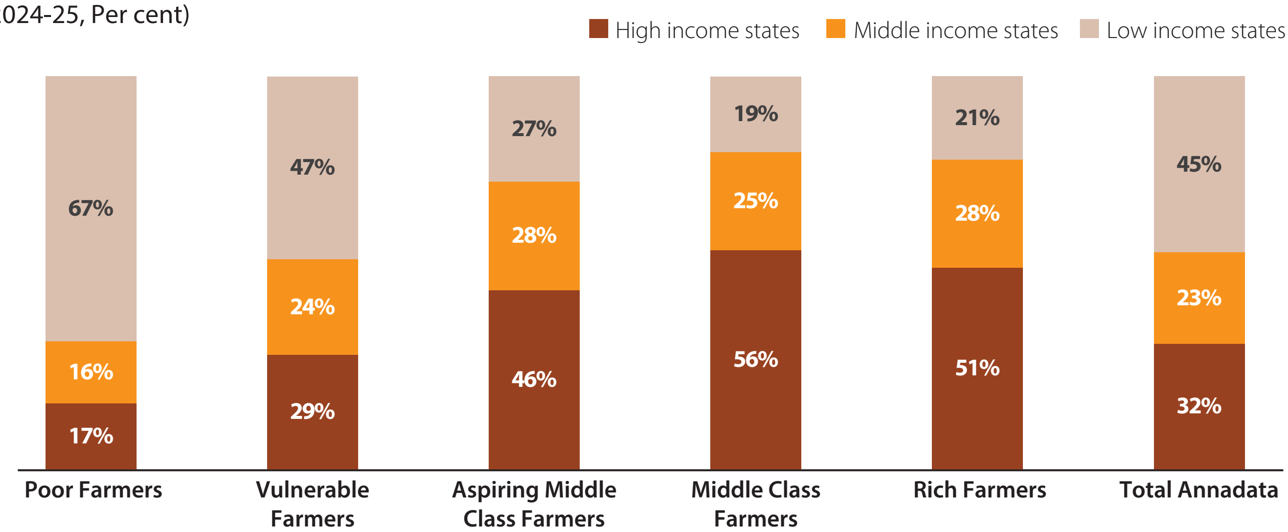
In the case of Aspiring Middle-Class Farmers, the North still leads at 27%, while the South region becomes more prominent, rising to 24%. The East decreases to 13%, while the West rises to 28%, showing a stronger presence of aspiring middle-class farmers in the West. The Centre makes up 5%, with the North-East remaining at a modest 2%.

For Middle-Class Farmers, the North continues to be well-represented at 36%, followed by the South at 29%, indicating a larger proportion of middle-income farmers in these regions. The West represents 20%, while the East declines further to 8%. The Centre and North-East have smaller shares of 5% and 2%, respectively. This distribution shows that as farmers move up the income ladder, the North and South regions maintain a strong presence, while representation from the East declines.

Among Rich Farmers, the South dominates with 45%, reflecting its higher concentration of wealthier farmers. The North accounts for 42%, while the West decreases to 5%, and the East drops to 3%. The Centre and North-East have minimal representation, with each contributing 3% and 1% respectively. This suggests that rich farmers are primarily concentrated in the South and North regions, while the East, Centre, and North-East regions have fewer wealthy farmers.

In summary, the chart shows that as farmers move up the income ladder, the North and South regions continue to dominate across all income categories. The East and North-East regions are more represented in lower-income groups, suggesting economic disparities across regions. The South region, in particular, stands out for its higher proportion of rich farmers, while the West plays a more significant role in middle-income farming categories.

Figure 36: Distribution of *Annadata* households' income by state category and income class
(2024-25, Per cent)



Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

5.9.12 Wealthier farmers are more likely to reside in high-income states, while poorer farmers are concentrated in low-income states, highlighting a strong link between state economic development and farmer income levels...

When looking at All Farmers collectively, Low-income states still contribute a significant 45%, indicating a substantial share of farmers are in economically disadvantaged areas such as Bihar and Uttar Pradesh. High-income states account for 32%, and Middle-income states make up 23%, showing a more balanced distribution across all state categories.

For Poor Farmers, the overwhelming majority (67%) come from Low-income states, indicating that a significant proportion of economically disadvantaged farmers reside in states with lower economic development, such as Bihar and Uttar Pradesh. Middle-income states contribute 16% to this group, while only 17% of Poor Farmers are from High-income states like Punjab and Haryana. This demonstrates that poverty among farmers is concentrated more in low-income regions. **(Figure 36)**

Among Vulnerable Farmers, the share from Low-income states decreases to 47%, showing some economic improvement in this group compared to Poor Farmers. High-income states contribute 29%, reflecting a stronger presence of farmers from more developed regions. Middle-income states, such as Maharashtra and West Bengal, account for 24%, maintaining a moderate representation.

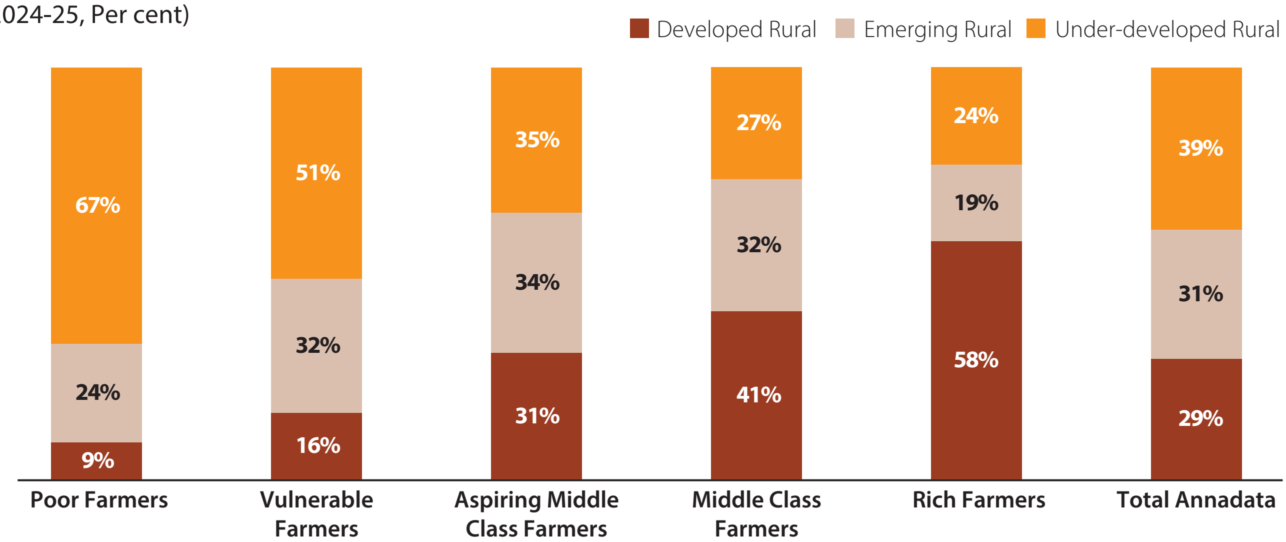
For Aspiring Middle-Class Farmers, the trend shifts further, with 46% coming from High-income states, marking a significant rise compared to lower-income groups. Middle-income states contribute 28%, while the share of Low-income states drops further to 27%. This indicates that as farmers' income levels increase, they are more likely to come from economically better-off states like Punjab and Haryana.

In the case of Middle-Class Farmers, more than half (56%) hail from High-income states, showing a clear concentration of wealthier farmers in the more developed regions. Middle-income states contribute 25%, while the representation from Low-income states continues to fall, standing at 19%. This reflects the stronger economic position of farmers in high-income states as they move up the income ladder.

For Rich Farmers, the pattern is similar, with High-income states making up 51% of the group. Middle-income states contribute 28%, while only 21% of Rich Farmers come from Low-income states. This further emphasizes the trend of wealthier farmers being concentrated in the more economically developed regions like Punjab and Haryana.

In summary, the chart highlights that as farmers move up the income scale, the proportion of those from High-income states increases, while the share of farmers from Low-income states declines. This suggests that wealthier farmers are more likely to reside in economically advanced regions like Punjab and Haryana, while poorer farmers are concentrated in less developed states like Bihar and Uttar Pradesh, with middle-income states such as Maharashtra and West Bengal showing a more moderate distribution across income groups. This indicates a clear link between state economic status and farmer income levels.

Figure 37: Distribution of *Annadata* households' income by Rural District Clusters (RDC) and Income class (2024-25, Per cent)



Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.

Source: Authors' estimates based on PRICE's ICE 360° surveys

5.9.13 Wealthier farmers are more likely to reside in developed rural districts such as Thane, Pune, and Jalandhar, while poorer farmers are concentrated in under-developed rural areas like Firozabad, Gaya, and Bastar, indicating a strong link between rural development levels and farmer income

For All Farmers, Under-developed Rural districts still contribute the largest share at 39%, followed by Emerging Rural districts at 31%, and Developed Rural areas at 29%. This overall distribution indicates that while a significant proportion of farmers still come from underdeveloped areas, the presence of farmers from developed and emerging rural regions is substantial, especially among higher-income groups.

Among Poor Farmers, a substantial majority (67%) come from Under-developed Rural districts such as Firozabad, Madhubani, and Gaya, indicating that the majority of economically disadvantaged farmers are concentrated in less developed areas. Emerging Rural districts, like Agra, Mathura, and Warangal, contribute 24% to this group, while only 9% of Poor Farmers reside in Developed Rural areas like Thane, Pune, and Ludhiana. This reflects that poverty among farmers is primarily concentrated in underdeveloped and emerging rural regions, with limited representation from more developed districts **(Figure 37)**.

For Vulnerable Farmers, the share from Under-developed Rural districts decreases to 51%, indicating some improvement compared to Poor Farmers. Emerging Rural districts like Jaipur, Nashik, and Guntur contribute 32%, with Developed Rural areas like Surat, Ernakulam, and Jalandhar making up 16% of this group. The increase in representation from developed rural areas shows some economic progress among farmers in this category.

For Aspiring Middle-Class Farmers, the trend shifts, with 31% coming from Developed Rural districts like Ludhiana, Kozhikode, and Gandhinagar, showing a significant rise compared to lower-income groups. Emerging Rural districts such as Ajmer, Mysore, and Cuddalore contribute 34%, while the share from Under-developed Rural districts like Ratlam and Bilaspur drops to 35%. This suggests that as farmers' income levels increase, they are more likely to come from economically better-off rural areas.

For Middle-Class Farmers, the share from Developed Rural districts rises to 41%, showing a stronger concentration of wealthier farmers in more developed areas like Ernakulam, Surat, and Sonipat. Emerging Rural districts such as Solapur and Warangal continue to account for 32%, while the proportion from Under-developed Rural districts, such as Samastipur and Adilabad, declines further to 27%. This reflects a growing association between middle-income farmers and more developed rural regions.

For Rich Farmers, the dominance of Developed Rural districts is even more pronounced, with 58% of this group coming from districts like Jalandhar, Surat, and Ludhiana. Emerging Rural districts such as Nashik and Guntur contribute 19%, while only 24% of Rich Farmers come from Under-developed Rural districts like Bastar, Gaya, and Bilaspur. This shows a strong correlation between wealthier farmers and residence in more economically developed rural districts.

In summary, the chart highlights that as farmers move up the income scale, the proportion of those from Developed Rural districts increases, while the share of farmers from Under-developed Rural districts declines. Wealthier farmers are more likely to reside in economically developed rural areas like Thane, Pune, and Jalandhar, while poorer farmers are concentrated in less developed rural districts such as Firozabad, Gaya, and Bastar, showing a clear link between the level of rural development and farmer income levels.

5.9.14 Wealthier farmers are concentrated in high-performing districts, while poorer farmers are largely found in least-performing areas, underscoring the direct link between district development and farmer income...

Among Poor Farmers, 44% reside in the Least Performing Districts (D1-D4), which generally have low per capita income and limited infrastructure. Examples of these districts include Firozabad (Uttar Pradesh), Madhubani (Bihar), Gaya (Bihar), Bastar (Chhattisgarh), and Bilaspur (Chhattisgarh). Another 34% of Poor Farmers live in Low Performing Districts (D5-D8) such as Buldana (Maharashtra), Ratlam (Madhya Pradesh), and Ganjam (Odisha). A smaller proportion (10%) reside in Moderately Performing Districts (D9-D12) such as Agra (Uttar Pradesh), Cuddalore (Tamil Nadu), and Guntur (Andhra Pradesh). Only 5% of Poor Farmers are located in the High Performing Districts (D17-D20) like Thane (Maharashtra) and Ludhiana (Punjab).

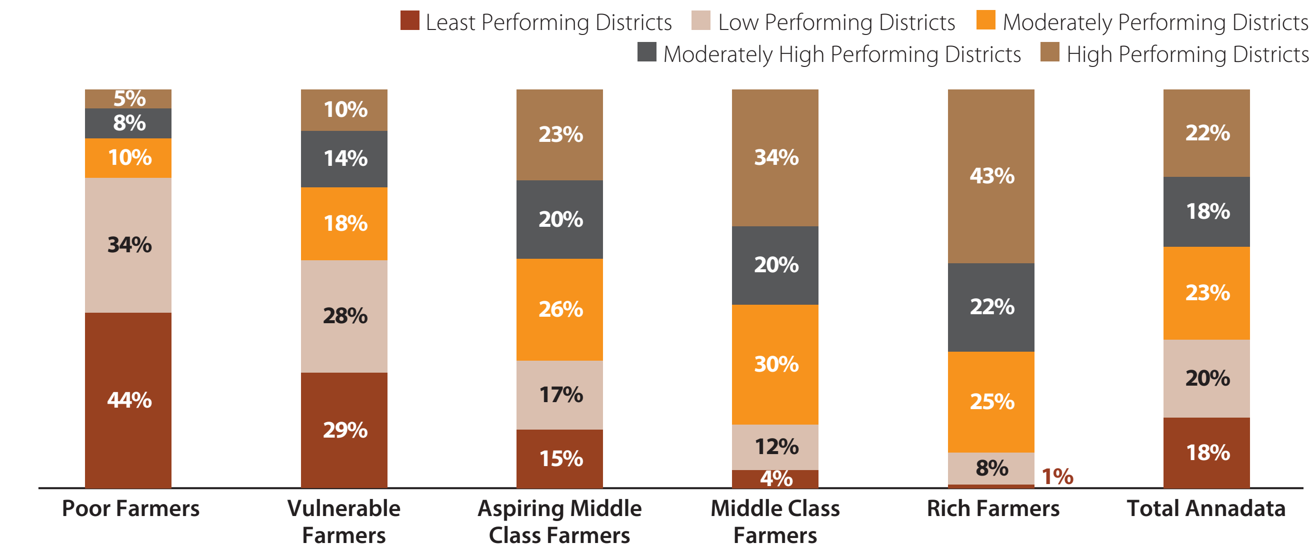
For Vulnerable Farmers, the share from Least Performing Districts drops to 29%, while 28% reside in Low Performing Districts. The proportion in Moderately Performing Districts rises to 18%, and 14% live in Moderately High Performing Districts (D13-D16), such as Ajmer (Rajasthan) and Nashik (Maharashtra). Meanwhile, 10% of Vulnerable Farmers live in High Performing Districts, including Pune (Maharashtra) and Surat (Gujarat). This shows an improvement in economic conditions as farmers move up the income scale. **(Figure 38)**.

For Aspiring Middle-Class Farmers, the trend continues upward, with 23% residing in High Performing Districts, showing a strong association between district development and rising income. Another 20% live in Moderately High Performing Districts, such as Mysore (Karnataka) and Warangal (Telangana). Moderately Performing Districts account for 26%, while Low Performing Districts contribute 17%. The share of farmers from Least Performing Districts drops significantly to 15%.

For Middle-Class Farmers **(Figure 38)**, the share from High Performing Districts rises to 34%, indicating a strong concentration of wealthier farmers in the most developed regions. Moderately High Performing Districts contribute 20%, and Moderately Performing Districts make up 30%. Farmers from Least Performing Districts account for only 4%, showing that middle-income farmers are more likely to reside in better-performing districts.

Among Rich Farmers, the dominance of High Performing Districts is even more pronounced, with 43% of these farmers coming from districts like Jalandhar (Punjab), Ernakulam (Kerala), and Surat (Gujarat). Moderately High Performing Districts account for 22%, while Moderately Performing Districts represent 25%. The proportion of Rich Farmers in Least Performing Districts is extremely

Figure 38: Distribution of *Annadata* households' Income by District Development Clusters (DDC) and Income class (2024-25, Per cent)



Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.

Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 37: Distribution of *Annadata* households' income by sources of income and income class (2024-25, Per cent)

Income category	Income shares by source (Per cent)						
	Farming	Allied Agriculture	Salary	Self-Employed Non-farm	Labour	Others	Total
Poor Farmers	60.1%	24.9%	1.5%	1.5%	10.8%	1.1%	100.0%
Vulnerable Farmers	60.7%	18.5%	2.3%	2.5%	14.5%	1.4%	100.0%
Aspiring Middle Class Farmers	65.3%	10.4%	3.3%	5.2%	14.0%	1.7%	100.0%
Middle Class Farmers	66.9%	4.9%	4.8%	9.1%	0.0%	14.3%	100.0%
Rich Farmers	71.1%	1.6%	2.6%	8.6%	0.0%	16.0%	100.0%
All Framers	66.8%	7.7%	3.4%	6.8%	6.3%	9.0%	100.0%

Note: Poor: Less than Rs.3 lakh; Vulnerable: Rs. 3-5 lakh; Aspiring Middle Class: Rs.5-8 lakh; Middle Class: Rs. 8-15 lakh and Rich: More than Rs. 15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

small at 1%, and Low Performing Districts contribute only 8%.

In summary, the chart highlights that as farmers move up the income scale, the proportion of those residing in High Performing Districts increases, while the share of farmers from Least Performing Districts (declines. This suggests a strong link between district development, as seen in areas like Pune, Ludhiana, and Surat, and farmer income, with wealthier farmers more likely to reside in the most economically advanced regions. Meanwhile, poorer farmers are concentrated in Least Performing Districts, such as Firozabad, Gaya, and Bastar, reflecting regional economic disparities.

5.9.15 Understanding the State-Wise Distribution of Farmers: Insights, Policy Implications, and Welfare Recommendations

The distribution of farmers across different economic categories–Poor, Vulnerable, Aspiring Middle-Class, Middle-Class, and Rich–reveals key insights into the varying socio-economic conditions of the farming population across India's states. From the 5 million poor farmers, the 17 million vulnerable farmers, to the 5 million rich farmers, the regional disparities become apparent. States like Uttar Pradesh, Bihar, Maharashtra, Andhra Pradesh, and Punjab show significant variations in their concentrations of farmers within these categories. This uneven distribution points to the underlying economic and infrastructural challenges that different states face, calling for targeted policy interventions to address the distinct needs of farmers across these regions.

According to the **Table 38**, Uttar Pradesh emerges as the state with the highest concentration of poor farmers (21%, or 1.05 million). Coupled with the 20% (3.46 million) share of vulnerable farmers in the state, it becomes clear that Uttar Pradesh houses a significant proportion of economically disadvantaged farmers. Bihar similarly has a high concentration of poor farmers (14%, or 0.72 million) and vulnerable farmers (9%, or 1.61 million). These regions

Table 38: Where "Poor" and "Vulnerable" farmers live? (Top ten states) (2024-25)

Ranks	Poor Farmers			Vulnerable Farmers		
	States	In Million	Share (%)	States	In Million	Share (%)
1	Uttar Pradesh	1.05	21%	Uttar Pradesh	3.46	20%
2	Bihar	0.72	14%	Maharashtra	2.03	12%
3	Madhya Pradesh	0.48	10%	Bihar	1.61	9%
4	Chhatisgarh	0.44	9%	Madhya Pradesh	1.46	9%
5	Orissa	0.36	7%	Rajasthan	1.33	8%
6	Rajasthan	0.30	6%	West Bengal	1.24	7%
7	Maharashtra	0.29	6%	Karnataka	1.17	7%
8	Assam	0.25	5%	Gujarat	0.95	6%
9	Jharkhand	0.24	5%	Andhra Pradesh	0.80	5%
10	Karnataka	0.19	4%	Assam	0.66	4%
	Rest	0.68	14%	Rest	2.29	13%
	Total	5.00	100%	Total	17.00	100%

Note: Poor: Less than Rs.3 lakh and Vulnerable: Rs. 3-5 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

Table 39: Where "Aspiring Middle Class" and "Middle Class" farmers live? (Top ten states) (2024-25)

Ranks	Aspiring Middle Class Farmers			Middle Class Farmers		
	States	In Million	Share (%)	States	In Million	Share (%)
1	Maharashtra	5.66	20%	Maharashtra	1.70	14%
2	Uttar Pradesh	3.24	11%	Andhra Pradesh	1.56	13%
3	Andhra Pradesh	2.77	10%	Punjab	1.10	9%
4	Karnataka	2.47	9%	Haryana	1.09	9%
5	Gujarat	2.34	8%	Rajasthan	1.02	9%
6	West Bengal	1.97	7%	Tamil Nadu	0.92	8%
7	Rajasthan	1.93	7%	Uttar Pradesh	0.75	6%
8	Tamil Nadu	1.53	5%	Gujarat	0.68	6%
9	Madhya Pradesh	1.42	5%	Madhya Pradesh	0.60	5%
10	Bihar	1.12	4%	Karnataka	0.57	5%
	Rest	4.54	16%	Rest	2.01	17%
	Total	29.00	100%	Total	12.00	100%

Note: Aspiring Middle Class: Rs.5-8 lakh; and Middle Class: Rs. 8-15 lakh based on annual household income at 2024-25 prices.
Source: Authors' estimates based on PRICE's ICE 360° surveys

experience challenges such as land fragmentation, lack of access to irrigation, poor market infrastructure, and limited technology adoption. The predominance of subsistence farming in these areas contributes to the persistence of poverty among the farming community.

On the other hand, states like Maharashtra, Andhra Pradesh, and Gujarat have higher concentrations of aspiring middle-class farmers and middle-class farmers. Maharashtra, for instance, is home to 5.66 million (20%) aspiring middle-class farmers and 1.70 million (14%) middle-class farmers, highlighting its relative agricultural prosperity **(Table 39)**. This success can be attributed to better irrigation infrastructure, mechanization, and access to national and international markets. These states are able to cultivate cash crops like cotton, sugarcane, and high-value horticultural produce, which enables farmers to rise to higher economic strata. However, even in these states, economic vulnerabilities remain due to climate variability, fluctuating crop prices, and rising input costs.

In the Rich Farmers category, Andhra Pradesh (19%), Punjab (19%), and Kerala (11%) stand out as states with significant numbers of wealthy farmers **(Table 40)**. These states benefit from historically strong agricultural practices, intensive irrigation, and favourable policies for cash crops like rice, wheat, and spices. Rich farmers in these regions have larger landholdings, access to modern technologies, and are better integrated into commercial agriculture. However, even here, there are growing concerns about income disparity and sustainability, with smaller farmers being left behind in these prosperous regions.

The Role of the PM-Kisan Samman Nidhi (PM-Kisan)

The PM-Kisan Samman Nidhi (PM-Kisan) scheme, which provides ₹6,000 annually in direct cash transfers to small and marginal farmers, has become a crucial support mechanism, particularly for poor and vulnerable farmers. For states like Uttar Pradesh, Bihar, and Madhya Pradesh,

Table 40: Where "Rich" farmers live? (Top ten states) (2024-25)

Ranks	Rich Farmers		
	States	In Million	Share (%)
1	Andhra Pradesh	0.96	19%
2	Punjab	0.94	19%
3	Kerala	0.57	11%
4	Haryana	0.53	11%
5	Tamil Nadu	0.41	8%
6	Karnataka	0.31	6%
7	Rajasthan	0.22	4%
8	Maharashtra	0.18	4%
9	Madhya Pradesh	0.17	3%
10	Himachal Pradesh	0.14	3%
	Rest	0.57	11%
	Total	5.00	100%

Note: Rich: More than Rs. 15 lakh based on annual household where a significant proportion of farmers fall into the poor and vulnerable categories, PM-Kisan provides essential financial relief. For example, Uttar Pradesh's combined population of 4.51 million poor and vulnerable farmers highlights the importance of direct income support in alleviating short-term financial pressures. This cash transfer helps these farmers cover basic input costs, such as seeds, fertilizers, and transportation, thereby preventing further indebtedness.

However, while PM-Kisan serves as a critical safety net, it is not enough to address the broader issues faced by farmers, particularly as input costs continue to rise. Farmers in Maharashtra, which has 2.03 million vulnerable farmers and 5.66 million aspiring middle-class farmers, benefit from the scheme, but they also need additional policy measures to address market volatility, and the risks posed by climate change. To enhance the effectiveness of PM-Kisan, expanding the cash transfer amount or coupling it with targeted subsidies for inputs, irrigation, and technology could make a greater impact.

Key Drivers of Agrarian Protests and Strikes

The recent farmer protests and strikes highlight a range of issues that stem from regional disparities in agricultural outcomes. One major point of contention is the Minimum Support Price (MSP) system, which is essential for farmers in Punjab, Haryana, and Uttar Pradesh, where middle-class and rich farmers rely heavily on MSP for crops like wheat and rice. In Punjab, which has 19% (0.94 million) of India's rich farmers, the removal or weakening of MSP could drastically affect incomes. Similarly, Andhra Pradesh, which accounts for 19% (0.96 million) of the rich farmers, would experience severe financial instability without the guarantee of MSP.

At the same time, farmers in states like Bihar and Odisha, where poor and vulnerable farmers dominate, suffer from inadequate MSP coverage and government procurement systems. As a result, these farmers are forced to sell their produce at significantly lower prices, exacerbating their poverty. Bihar, with its 14% (0.72 million) share of poor farmers and 9% (1.61 million) of vulnerable farmers, is especially vulnerable in this regard. Expanding MSP coverage to include a wider range of crops and ensuring effective procurement in poorer states would help reduce these disparities.

Another significant driver of protests is the rising cost of inputs–fertilizers, seeds, and electricity–particularly for poor farmers in states like Uttar Pradesh and Bihar, where access to credit is limited. While the PM-Kisan scheme helps alleviate some of these financial pressures, it is insufficient to fully address the increasing input costs that push many farmers into debt. Expanding subsidies for inputs and offering interest-free loans could provide much-needed relief, especially in states where poor and vulnerable farmers dominate.

Policy Implications and Recommendations for Farmers' Welfare

The results highlight the regional inequalities in the distribution of farmers across income categories, suggesting that region-specific policies are essential for addressing the unique challenges faced by each state.

- ***Enhancing PM-Kisan and Expanding Support Programs:*** While the PM-Kisan Samman Nidhi scheme provides crucial income support for poor and vulnerable farmers, its impact could be magnified by increasing the annual payment amount or providing additional support in the form of input subsidies and low-interest credit schemes. In states like Uttar Pradesh and Bihar, where the majority of poor farmers reside, such enhancements would provide relief from rising input costs and help prevent debt cycles.
- ***Strengthening MSP and Expanding Crop Coverage:*** Given that middle-class and rich farmers in states like Punjab, Andhra Pradesh, and Haryana rely heavily on MSP, expanding MSP coverage to include more crops and ensuring effective procurement in poorer states like Bihar and Madhya Pradesh would provide price stability and reduce income volatility. This would benefit not only the rich and middle-class farmers in commercialized farming states but also the vulnerable and poor farmers in states where MSP is underutilized.
- ***Improving Market Access and Infrastructure:*** Farmers in states like Maharashtra, Andhra Pradesh, and Uttar Pradesh, which have large populations of aspiring middle-class farmers, need better access to competitive markets. Investment in market infrastructure, such as cold storage, transportation, and digital platforms, would help reduce post-harvest losses and ensure better prices for farmers. Strengthening Farmer Producer Organizations (FPOs) in these regions would also improve farmers' bargaining power, ensuring they receive fair prices for their produce.
- ***Promoting Climate-Resilient Agriculture and Sustainable Practices:*** Climate change poses a growing threat to farmers, particularly in Maharashtra and Andhra Pradesh, where farmers already struggle with droughts and water scarcity. Promoting climate-resilient agricultural practices–such as drought-resistant crops, improved irrigation infrastructure, and water-saving technologies–would help safeguard the livelihoods of vulnerable farmers. Additionally, encouraging sustainable farming and

crop diversification would help farmers in regions like Punjab and Haryana reduce their dependence on water-intensive crops, ensuring long-term agricultural sustainability.

In summary, the state-wise distribution of farmers across different economic categories reveals deep regional disparities in India's agricultural landscape. Poor and vulnerable farmers are concentrated in states like Uttar Pradesh, Bihar, and Madhya Pradesh, where infrastructure deficits and market access remain major challenges. Meanwhile, wealthier farmers in states like Punjab, Andhra Pradesh, and Kerala benefit from stronger market integration, better irrigation, and favourable policies. The PM-Kisan Samman Nidhi plays a crucial role in supporting poor and vulnerable farmers, but it must be coupled with broader reforms aimed at reducing input costs, expanding MSP coverage, improving market infrastructure, and promoting climate resilience. Policymakers must take a region-specific approach, addressing the unique needs of each state's farmers to ensure equitable and sustainable agricultural growth across India. Addressing these issues holistically will not only resolve the immediate tensions driving farmer protests but also create a more inclusive and prosperous future for India's farming community.

6. Influences on *Annadata's* Well-Being

Landholding plays a significant role in determining how *Annadata* households earn their income. The relative contribution of the different agricultural household income components is linked to the farm size. The share of income from cultivation increases with the size of the landholdings. At the lower end of the spectrum of land size (marginal and small farmers, owning land size of less than 2 hectares) wages and salaries constitute the principal source of income. In turn, for medium and semi-medium farmers (owning land size in the range of 2 to 10 hectares) and large farmers (owning land size of more than 10 hectares), income derived from cultivation represents the highest share of the overall farmer income. The share of income from livestock declines with farm size (*OECD & ICRIER*, 2018).

The variations in income of farming households are also a result of the vast differences that exist in the agricultural regions of the country. Farming practices vary significantly across regions; some states focus on capital-technology-intensive farming, while others are more labour-intensive. The Green Revolution exacerbated disparities between states and crops, benefiting northern states such as Punjab, Haryana, and Western Uttar Pradesh with increased wheat and paddy production due to technological advancements. Credit flow to farmers is higher in Northern and Southern states compared to those in the Northeast. Many states struggle with low agricultural productivity and per capita output. Factors such as human capital (rural literacy), physical capital (tractors, pump sets, and other farm machinery), rural infrastructure (irrigation, connectivity, market facilities, etc.), and access to credit significantly influence agricultural development growth rates. Therefore, increasing investment in infrastructure, particularly in the eastern and northeastern states, is crucial for achieving high growth rates and reducing regional disparities in agricultural development (*NABARD*, 2021).

Irrigation Woes: The state of rural infrastructure, particularly irrigation, is a precarious issue for households that depend on agriculture. A majority of households (51%) depends on tubewells for their irrigation requirements, while 29% source water from canals. Wells, ponds, tanks and other sources make up the balance. **(Table 41)**

As we move up the income category, the reliance on diverse sources increases. For instance, 37% of households in high-income states uses canal irrigation, 33% uses tubewell and 30% others while households in low-income states are the biggest users of tubewells (61%), 27% canal irrigation and rest others. Nearly half of the middle-income states uses tubewell irrigation, 22% of canal irrigation and a quarter others. **(Figure 39)**

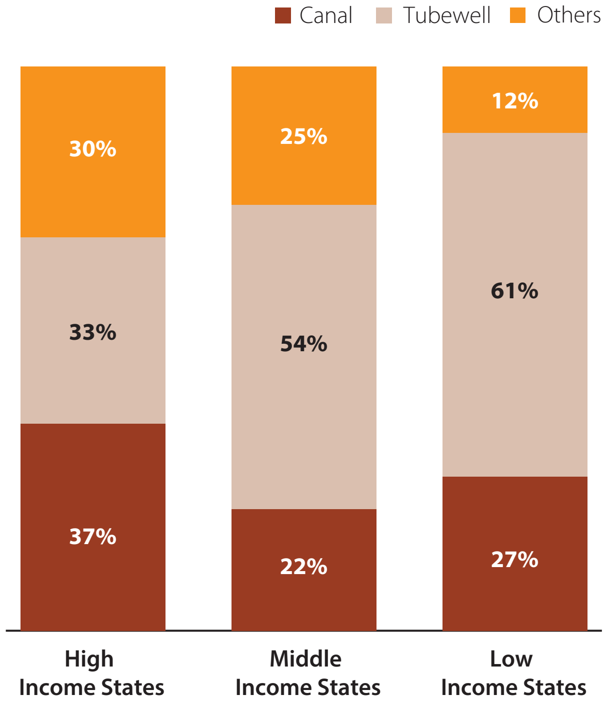
Table 41: Major Sources of Irrigation for *Annadata* households

Major sources of Irrigation	2024-25	
	Million	%
Canal	19.8	29%
Tubewell	35.2	51%
Well	3.5	5%
Pond	3.3	5%
Tank	0.4	1%
Others	6.2	9%
Total	68	100%

Source: Authors Estimates based on PRICE's ICE 360° Surveys

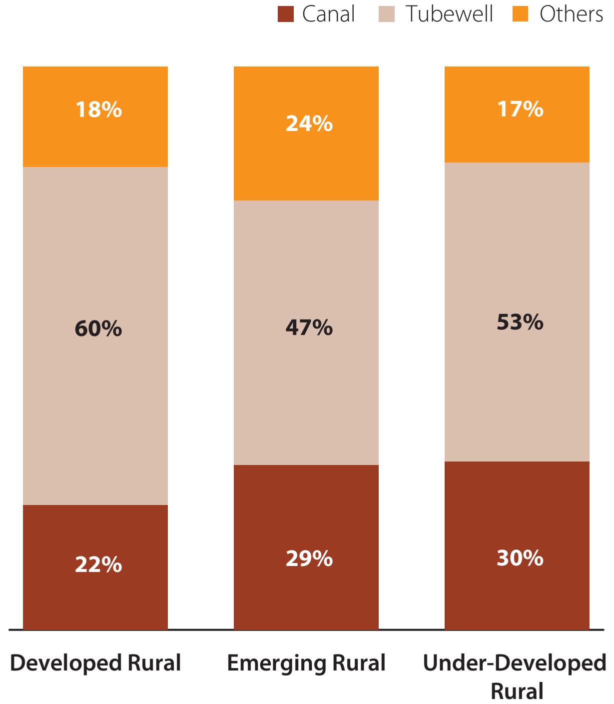
Among rural clusters, 60% Developed Rural households source their irrigation water from tubewells. For emerging and underdeveloped rural households, this percentage is 47% and 53% respectively. However, canal irrigation is highest in underdeveloped rural households, making a share of 30%, as compared to 29% in emerging rural households and 22% in developed rural households. **(Figure 40)**

Figure 39: Distribution of Irrigation Sources Across Income States (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

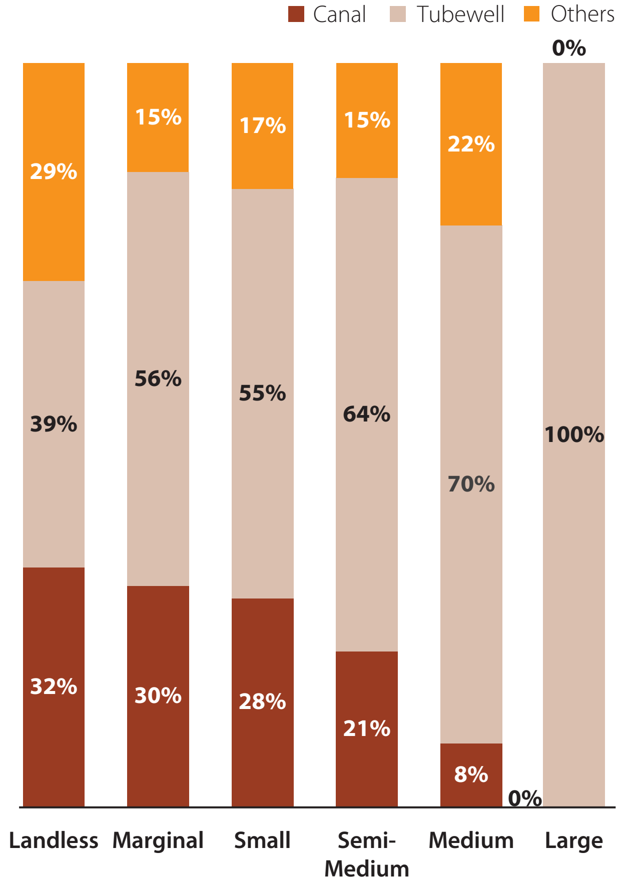
Figure 40: Distribution of Irrigation Sources Across Rural Clusters (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Among different landholding households, tubewell is the most dominant irrigation source for small, marginal as well as large land holders. Significantly, largest landholders (with 10-acres+ land) only use tubewells for irrigation. Among the landless, the percentage using tubewells drops to 39%. **(Figure 41)**

Figure 41: Distribution of Irrigation Sources Across Landholdings (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

7. Resource Constraints and Diversification: Key Challenges and Opportunities for *Annadata* Households

Irrigation emerges as the biggest challenge for *Annadata* households across all regions. Among those who say that they do not have sufficient resources to cultivate land, the percentage of households who point to irrigation being the biggest constraint is highest in the Central states (66%) and Eastern states (65%). Capital is the other major challenge - and surprisingly, the highest percentage who identify "capital" as a constraint are in the relatively agri-prosperous Northern states (27%) as against 7% in the West. For the other regions, the percentages are between 10% to 17%. **(Figure 42)**

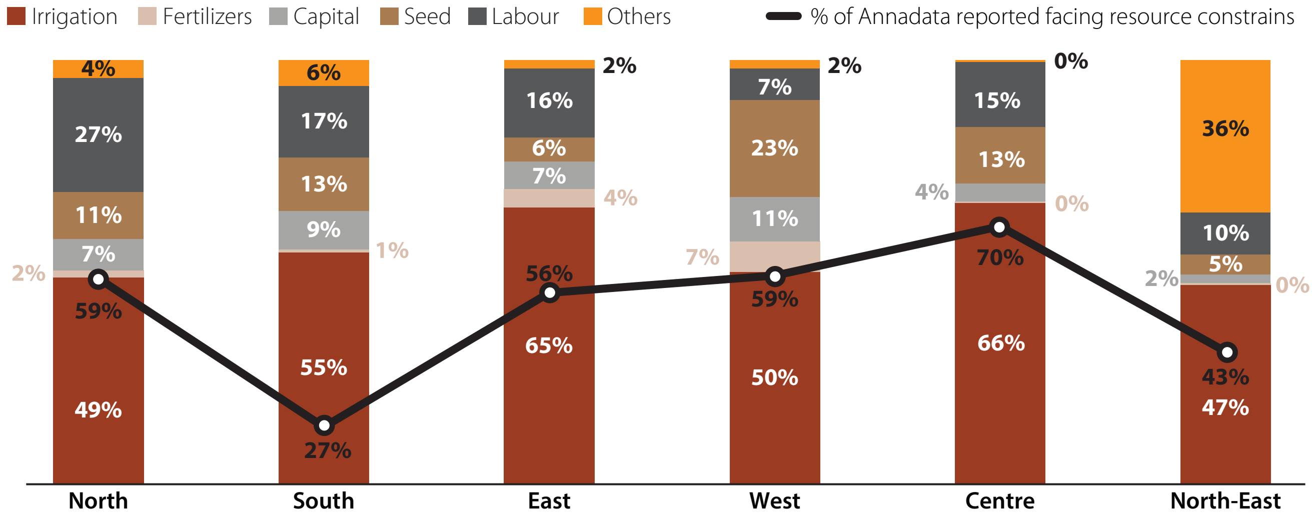
More than half of the small, semi-medium, and medium-sized farming households are facing resource constraints. Among these households, the main challenges for landholders are irrigation, followed by lack of capital, labour, fertilizers, and seeds. Additionally, 47% of large landholdings are also facing resource constraints, with 61% experiencing irrigation issues, 19% facing labor limitations, 9% lacking capital, 7% dealing with fertilizer shortages, and only 2% experiencing seed constraints. On the other hand, 31% of landless farming households are facing resource limitations, with 43% of them struggling with irrigation restrictions, followed by 29% facing capital constraints, 10% dealing with fertilizer shortages, and 3% facing labor constraints. **(Figure 43)**

When we categorize the different states of India based on constraint difficulties, we found that 79% of *Annadata* households in Jharkhand reported facing constraints. Out of this percentage, 81% cited lack of irrigation facilities as the main constraint, while 16% mentioned capital, and the remaining percentage cited other reasons. In Arunachal Pradesh, 41% of households reported facing challenges, with 50% citing labour restrictions, 26% mentioning lack of irrigation facilities, 12% reporting inadequate capital, 9% and 1% respectively facing fertilizer and seed issues, and the balance citing other reasons. **(Figure 44)**

More than half of *Annadata* households face irrigation challenges in states like Rajasthan, Bihar, Assam, West Bengal, Jharkhand, Orissa, Madhya Pradesh, Gujarat, Maharashtra, and Andhra Pradesh. It is also interesting to note that in Kerala, 26% of households are facing resource constraints, with 51% cite labour constraints, 8% report lack of access to fertilizers, 6% cite inadequate capital, and 35% face other constraints. Furthermore, seed issues are only prevalent in Jammu & Kashmir, Himachal Pradesh, Punjab, Uttaranchal, Haryana, Bihar, Uttar Pradesh, Arunachal Pradesh, West Bengal, Gujarat, Jharkhand, Orissa, Andhra Pradesh, Karnataka, Tamil Nadu, and Maharashtra.

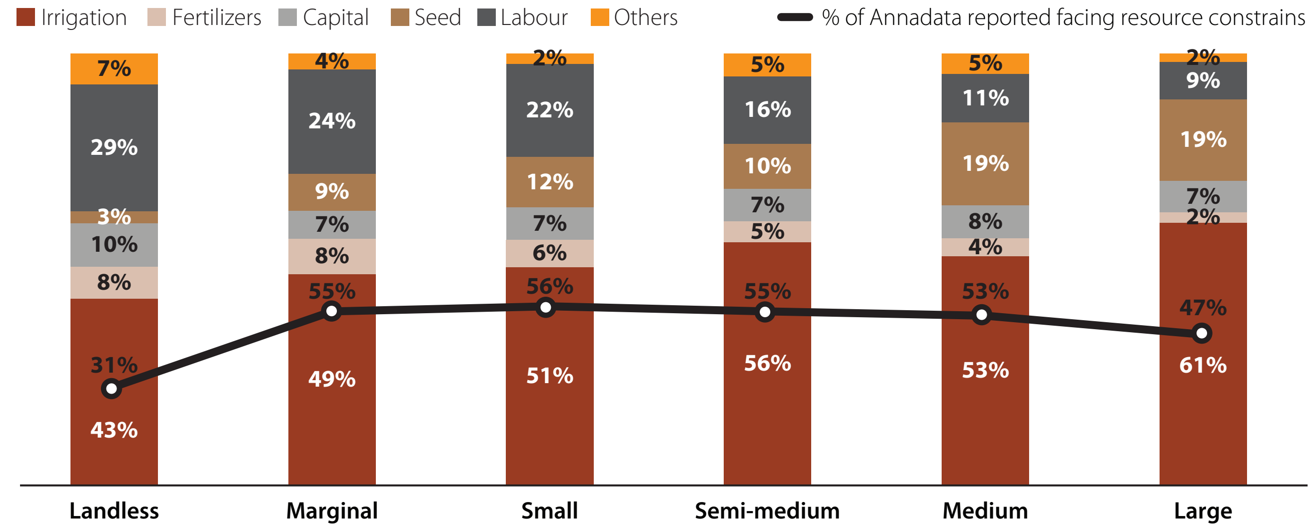
Consider the peculiar case of Maharashtra which falls in the category of high-income states as much of the state's income is derived from the tertiary sector and industry. However, its economic prosperity has not transferred to farmer households - a majority of whom are small and

Figure 42: Resource Constraints Faced by *Annadata* Households Across Regions (2024-25)



Source: Authors estimates based on PRICE's ICE 360° surveys

Figure 43: Resource Constraints Faced by *Annadata* Households Across Landholdings (2024-25)

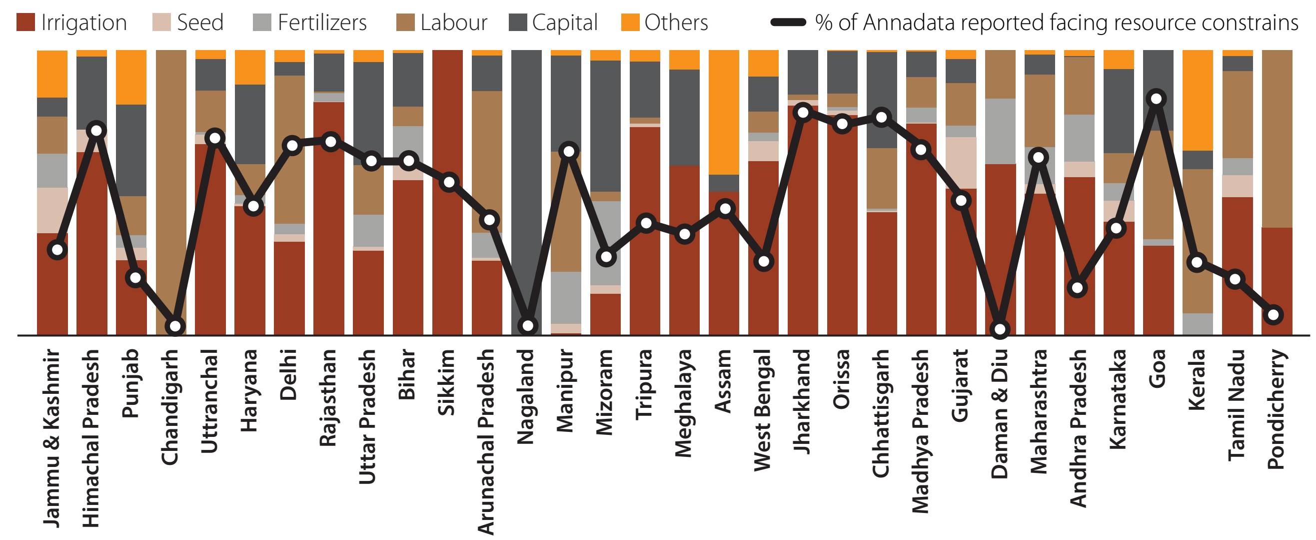


Source: Authors' estimates based on PRICE's ICE 360° surveys

marginal landholders and are totally dependent on farm income. This is especially true of farmers in the Marathwada and Vidarbha regions which have not benefited from the industrial and infrastructure growth witnessed in western Maharashtra. The agrarian crisis is most evident in Vidarbha where farmer suicides have been going on for the last four decades. Between 2021 and 2022 alone, 18,595 farmers died by suicide in the five districts of Vidarbha. Totally, 73,613 farmers in the state committed suicide in this period. Low crop yields, increasing cultivation costs, mounting debts and successive crop losses are factors that compel farmers to take their own lives.

Among the key reasons for this situation is Maharashtra's abysmally low irrigation cover (18%). As a result, it is dependent on erratic monsoons which results in low agriculture growth. Konkan, Marathwada and Vidarbha are the most prominent areas with poor irrigation. Add to this, the challenges of irregular rainfall and low productivity yields and Maharashtra contributes only 6% of foodgrains with 12% of India's Gross Cropped Area (GCA). Both Marathwada and Vidarbha are cotton-growing regions and contribute 80% of India's cotton cultivation. However, as much as 97% of the cultivation is rain-fed. By contrast, 59% of cotton cultivation in Gujarat is irrigated. Without any increase in Maharashtra's agricultural productivity, the lack of sustainable employment to its rural workforce keeps the farming community deprived and caught up in the never-ending cycle of debt. Micro-irrigation and rainwater harvesting solutions are the urgent need of the hour if the state hopes to double the incomes of its farmers.

Figure 44: Resource Constraints Faced by *Annadata* Households Across States (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

The lack of adequate investment in rural infrastructure is only one part of this complex picture. Poor education and skill sets, health challenges, inability to access financial resources or even absence of markets or demand for skills can all add up to remote districts or those that have missed out on infrastructural development, being unable to create enough sources of income.

In order to address some of these issues, the Aspirational Districts Programme which was launched in 2018 by the government to transform 112 most under-developed districts across the country is focused on five key sectors - health and nutrition, education, agriculture and water resources, financial inclusion and skill development and infrastructure. The programme follows a three-pronged strategy - convergence (of central and state schemes), collaboration (of central, state-level and nodal officers and district collectors) and competition (among the districts) to prod these districts to catch up with the best districts within their own states, and then aspire to become one of the best in the country. The project focuses on improving people's ability to participate in the economy with the aim of helping them become key leaders in driving economic growth from the bottom up (*NITI Ayog*, 2018).

The strides made by some of these backward districts have been highlighted in the UNDP's independent appraisal report on the ADP including that of Washim in eastern Vidarbha, one of the ADP's target districts. The district administration collaborated with private organisations to develop cost-effective methods of better irrigation and water resources such as recharge pits. Similarly, the report states, Chandauli in Uttar Pradesh, Simdega and Godda in Jharkhand have used their unique topographic features to harvest crops best suited for their regions. Many of these are high value crops that can be exported or used in different industries, such as the production of lemongrass in Godda.

One of the best practices identified by the report is the GoalMart, an e-commerce portal developed by Assam's Goalpara district administration to promote rural, ethnic and agrarian products of the district in the national and global markets. This initiative came as a boon to farmers and retailers during the COVID-19 lockdown. Moreover, Goalpara's black rice, which is one of the key sellers on the portal has been highly profitable for farmers. Likewise, UP's Chandauli district encouraged its farmers to grow high quality black rice, given the demand in global markets like Australia and New Zealand, thus generating profits for the farmers.

Often times, the UNDP report points out, even if skills training is provided, there may be a mismatch between the type of skills acquired and the demand for them. This could then "result in either migration of residents to bigger cities in search of skilled job opportunities or lesser uptake of the skills training programme due to lack of opportunities." Therefore, skills training initiatives need to be created based on the requirements of the local industry. For instance, Washim, which is an agrarian district, needs to have appropriate skills development programme that can meet the demands of the local industry. Providing beautician training programmes or those designed for IT sector will not be useful as such industries are available to support these types of jobs. Instead, the administration used the traditional concept of a closed well like structure to create recharge pits, covered with stones and other material to optimize use of resources to deal with the issues of scarcity of water as well as developing irrigation facilities. The low-cost initiative was an effective solution as the administration roped in private partners who were already engaged in road construction projects in the area (*UNDP*, 2021).

In this context, leveraging farm and non-farm linkages can prove to be beneficial in transforming the rural landscape of the country and providing alternate sources of income to *Annadata* households that are primarily dependent on agriculture. Such linkages already exist in most parts of India. For instance, the prevalence of rain-fed agriculture, petty handloom and handicraft activities are a common enough occurrence in most regions. However, the prosperity of the communities will depend on whether the farming and non-farming sectors generate enough surpluses and demand for each other. And, whether there is enough demand for such village-based handicraft products in the urban markets nearby. These dynamics differ from state to state and in many cases there are vast differences within districts of the same state. It also depends on how developed the non-farm sector is and whether it can provide adequate support in absorbing the products, men and materials from the farming sector.

Consider for example Dhaniakhali and Tantipara in West Bengal where traditional agriculture, mainly paddy cultivation for self-consumption and local markets, co-exists with traditional non-farm activities such as handloom weaving. In Balagarh, in contrast, there has been a decline in traditional paddy farming as well as the conventional blacksmith industry that produced implements for farmers, potters, etc. In their place, urban activities and modern industry have cropped up including floriculture, poultry business, brick manufacturing, hotels sector and urban-linked handloom activities.

One step up is the case of regions in Karnataka which have begun to reap the benefits of diversified agriculture and seen the growth of demand for modern non-farm goods and services. Thus, the rural population here is involved in advanced non-farm activities such as making mechanised sand bricks for construction. Expansion of diversified agriculture has had an impact on non-farm sector and vice-versa creating both farm and non-farm based employment opportunities for the rural workforce (*Bhattacharjee, Chakrabarti and Rajeev*, 2024).

Policy Implications

- **Irrigation as the Dominant Challenge:** Across all regions, the lack of irrigation infrastructure emerges as the most significant constraint, particularly in the Central (66%) and Eastern (65%) states. The reliance on monsoons and rain-fed agriculture places farmers in these regions in a vulnerable position, contributing to low productivity and financial instability. This is especially critical in states like Maharashtra, where the agrarian crisis is compounded by poor irrigation coverage (18%).
- **Capital Constraints in Agri-Prosperous States:** Surprisingly, in Northern states that are considered agriculturally prosperous, capital constraints (27%) are more prominent compared to other regions. This suggests that even in wealthier states, small and medium-sized farmers face difficulties in accessing financial resources necessary for investment in modern farming techniques, machinery, and inputs.
- **Differences in Constraints by State and Landholding:** The severity of resource constraints varies across states. For instance, Jharkhand has the highest percentage (81%) of households citing irrigation issues, while Arunachal Pradesh faces more labor constraints (50%). Larger landholders are less affected by capital constraints but still face significant irrigation issues (61%), while smaller farmers also struggle with labor and fertilizer shortages. These disparities highlight the need for region-specific and landholding-specific interventions.
- **Maharashtra's Agrarian Crisis and Urgent Solutions:** Despite being a high-income state, Maharashtra's agricultural sector, particularly in regions like Vidarbha and Marathwada, faces a prolonged crisis due to a combination of low irrigation coverage, erratic monsoons, and rising cultivation costs. The region's dependence on rain-fed cotton cultivation contributes to a cycle of debt and financial distress, leading to high rates of farmer suicides. Immediate solutions like micro-irrigation and rainwater harvesting are essential to improving agricultural productivity and farmer livelihoods.
- **Aspirational Districts Program and Regional Development:** The government's Aspirational Districts Programme (ADP) aims to address some of these constraints by focusing on underdeveloped regions, using a strategy of convergence, collaboration, and competition. Examples of progress, such as irrigation projects in Washim (Maharashtra) and crop diversification in Chandauli (Uttar Pradesh), demonstrate the potential of targeted interventions to alleviate resource constraints and drive economic growth from the bottom up.
- **Leveraging Farm and Non-Farm Linkages:** Diversifying income sources by strengthening linkages between farm and non-farm sectors is crucial for improving the livelihoods of *Annadata* households. Regions like West Bengal and Karnataka show how the growth of non-farm industries (e.g., handicrafts, floriculture, brick manufacturing) can complement agricultural activities, providing alternative sources of income and employment. This model can be replicated in other regions to reduce farmers' dependence on agriculture alone, thereby mitigating the effects of resource constraints.
- **Tailored Skill Development:** The UNDP report emphasizes the importance of aligning skill development programs with local economic needs. For instance, training farmers in skills related to local industries, such as irrigation technology in agrarian regions, is more effective than training in unrelated sectors like IT. Such locally-tailored programs can enhance the productivity of the farming sector and support non-farm employment opportunities.
- **Long-term Investments in Rural Infrastructure:** While the lack of irrigation and capital constraints are immediate issues, addressing the broader infrastructure gaps–such as rural roads, markets, education, and healthcare–will be essential for enabling sustainable development in rural areas. Improved infrastructure will support both farm and non-farm economic activities, boosting overall rural prosperity and reducing the migration pressures on urban centers.

In conclusion, addressing the resource constraints faced by *Annadata* households requires a combination of immediate and long-term interventions. Improvements in irrigation, capital access, and rural infrastructure, alongside the strengthening of farm and non-farm linkages, can transform the rural landscape and improve the livelihoods of millions of farming households across India.

Recommendations for Addressing Resource Constraints Faced by Annadata Households:

- Invest in Irrigation Infrastructure:
  - ***Expand irrigation coverage:*** Increase investment in irrigation infrastructure, particularly in regions like Maharashtra, Jharkhand, and Central and Eastern states where irrigation remains a major bottleneck. This can include large-scale projects

such as canal irrigation, along with localized solutions like micro-irrigation (drip and sprinkler systems) and rainwater harvesting.

- *Promote community-based water management:* Encourage community-led water conservation and management initiatives, such as watershed management and village-level water storage systems, to ensure sustainable water usage and availability throughout the year.

- Improve Access to Capital:
  - *Strengthen rural financial systems:* Expand access to affordable credit for small and marginal farmers by promoting financial inclusion through microfinance institutions, self-help groups (SHGs), and cooperative banks. Streamline procedures for government schemes like Kisan Credit Cards (KCC) to improve accessibility.
  - *Promote crop insurance and risk mitigation:* Scale up awareness and enrollment in crop insurance schemes like Pradhan Mantri Fasal Bima Yojana (PMFBY) to protect farmers against crop failures and income losses, helping them manage risks more effectively.
- Enhance Agricultural Productivity with Technology:
  - *Promote climate-smart agriculture:* Encourage the adoption of climate-resilient crops, precision farming techniques, and sustainable practices that maximize productivity while reducing the vulnerability of farmers to erratic monsoons and climate change impacts.
  - *Introduce affordable mechanization:* Provide subsidies or low-interest loans for small and medium-sized farmers to adopt modern farm machinery and equipment that can enhance productivity, reduce labor dependency, and optimize input use.
- Encourage Diversification of Income Sources:
  - *Strengthen farm-non-farm linkages:* Develop policies that encourage farmers to engage in non-farm activities, such as handicrafts, rural tourism, agro-processing, and small-scale industries. This will create additional income streams and reduce reliance on agriculture, especially during periods of crop failure.
  - *Promote agri-entrepreneurship and value addition:* Train farmers and rural youth in agri-entrepreneurship, value-added farming (e.g., organic farming, processing, and packaging), and direct marketing of products to urban markets, creating opportunities for higher income generation.
- Tailored Skill Development Programs:
  - *Focus on region-specific skills:* Develop regionally-tailored skill development programs aligned with local economic needs. For instance, in agrarian regions, training on advanced farming techniques, irrigation management, and agro-processing should be prioritized, while in more diversified regions, skills related to modern non-farm activities should be promoted.
  - *Public-private partnerships for skill training:* Collaborate with private sector companies to provide vocational training in relevant areas, ensuring skills match the demand in both local and national industries, thus reducing migration and improving rural employment opportunities.
- Revitalize Rural Infrastructure:
  - *Increase investments in rural roads and markets:* Enhance rural connectivity by improving road networks and developing rural market infrastructure. This will facilitate better access to markets for farm produce and create linkages to urban demand for non-farm goods and services.
  - *Expand access to rural education and healthcare:* Address gaps in rural education and healthcare systems to improve the overall quality of life and increase the ability of the rural workforce to participate in the economy effectively.
- Focus on Aspirational Districts and Lagging Regions:
  - *Intensify efforts under the Aspirational Districts Programme (ADP):* Scale up successful models from the ADP, such as recharge pits for irrigation in Washim (Maharashtra) and the promotion of high-value crops in Chandauli (Uttar Pradesh), to other underdeveloped regions. Encourage knowledge-sharing and replication of best practices.
  - *Leverage local strengths for economic growth:* Develop initiatives that capitalize on each region's unique topography and resources, such as promoting region-specific crops and industries (e.g., black rice cultivation in Assam or lemongrass in Jharkhand) to drive local economic growth.
- Promote Sustainable Farming Practices:
  - *Encourage organic farming and sustainable inputs:* Promote organic farming and reduce dependency on chemical inputs like fertilizers and pesticides. This can reduce input costs and improve long-term soil health, benefiting both small and large landholders.

- ***Train farmers in efficient input use:*** Educate farmers on best practices in fertilizer and seed management to optimize input use, reducing costs and environmental impacts.

- **Develop Insurance and Social Safety Nets:**
  - ***Expand social safety nets for vulnerable farmers:*** Strengthen social protection measures like direct income support schemes (e.g., PM-KISAN) and pension schemes for elderly farmers. This ensures income stability for vulnerable groups, particularly those heavily dependent on agriculture.
  - ***Implement targeted subsidy reforms:*** Ensure that input subsidies (on seeds, fertilizers, and electricity) are better targeted to benefit small and marginal farmers rather than large landholders, thereby addressing disparities in resource access.

- **Promote Cooperative Farming and Collective Action:**
  - ***Strengthen farmer producer organizations (FPOs):*** Encourage collective action through Farmer Producer Organizations (FPOs) or cooperatives, which can improve farmers' bargaining power, reduce input costs, and facilitate access to markets. FPOs can also provide a platform for collective investments in technology and infrastructure.
  - ***Facilitate shared resources and infrastructure:*** Promote community-shared infrastructure such as common warehouses, processing units, and cold storage facilities to reduce post-harvest losses and improve farmers' returns on their produce.

8. When do Farmers have Money in Hand

Given that rain-fed agriculture is the norm, incomes of *Annadata* households are totally dependent on the cropping and harvesting patterns. Since the Kharif season usually starts with the arrival of the southwest monsoons, this season lasts from June to September. Rabi season begins in October or November and extends till March or April. Thus, nearly 16.3 million households (24%) and 30.6 million (45%) households have cash income from farm-based activities during the months of March and April respectively. October, November and December are also prominent months when 26.6 million (39%), 24.9 million (36%) and 15 million (22%) households have cash income. **(Table 42)**

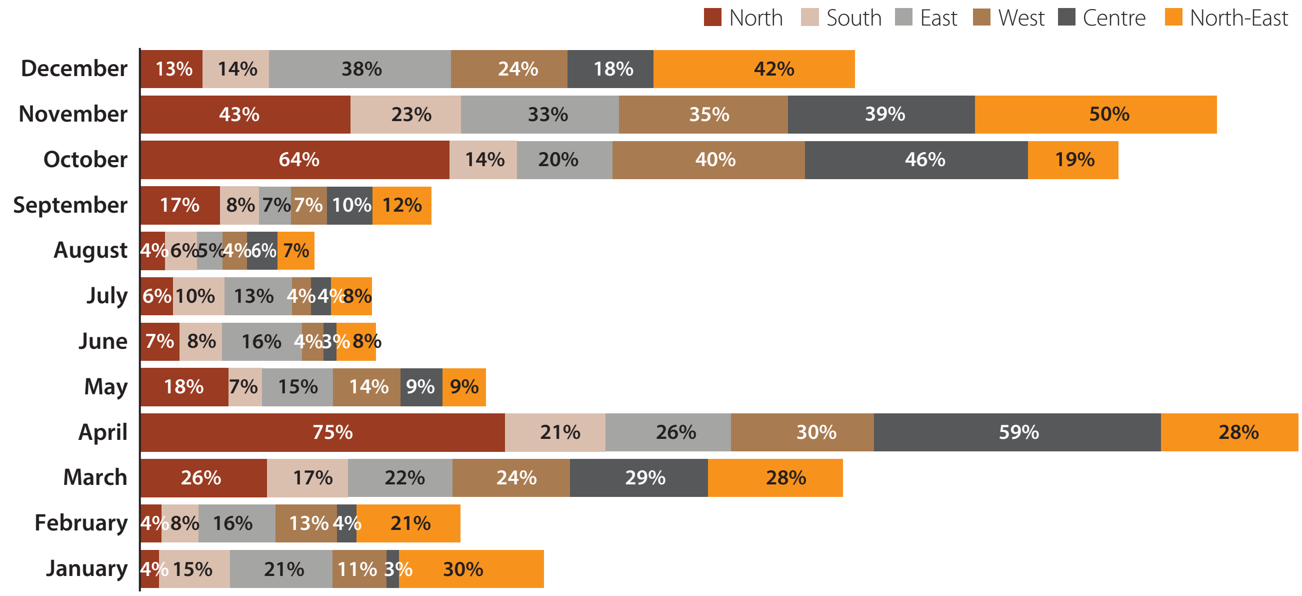
Region-wise, the North, Central and North-East states have a larger proportion of households who earn income during October and November. The North and Centre also have the highest percentage of households earning income during April as compared to other regions. The West and East have roughly equal percentage of households earning income during October-November as well as March-April. In the south, for both these periods, the percentage of households earning income during October-November and March-April is the lowest, compared to other regions. **(Figure 45)**

Table 42: Month when *Annadata* Received Cash Income from Farm Activities

Months	2024-25	
	Million	%
January	7.8	11%
February	6.5	9%
March	16.3	24%
April	30.6	45%
May	9.3	14%
June	5.6	8%
July	5.2	8%
August	3.3	5%
September	7.2	11%
October	26.6	39%
November	24.9	36%
December	15.0	22%

Source: Authors Estimates based on PRICE's ICE 360° Surveys

Figure 45: Cash Received Distribution Across Regions (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Role of Farmer Producer Organizations (FPOs)

Farmer Producer Organizations (FPOs) have emerged as key players in the agriculture sector as the trend towards collectivisation of small and marginal farmers has gathered force. Such collectivisation has enabled in overcoming the challenges faced by individual farmers in terms of access to markets, credit, extension services, weak bargaining power among others. The FPO can be formed by primary producers, such as farmers, fisherfolk, weavers, etc. They can be registered under the Cooperative Society Act, Indian Trusts Act or Societies Registration Act. There are more than 24,000 FPOs established under the Companies Act and they are being supported by apex financial institutions including NABARD (National Bank for Agriculture and Rural Development), SFAC (Small Farmers' Agribusiness Consortium), private donor organizations, Krishi Vigyan Kendras (KVK), Agriculture Technology Management Agencies (ATMA). As per media reports, some of them have achieved success and others are in the planning or struggling stages. **(Vinayak Nikam, 2024)**

There have been reports of women-led FPOs, despite being fewer in number, outperforming those that are led by men. According to an impact study by Sambodhi, "analysis of key farm metrics revealed that women farmers had significantly higher cropping intensity - 210 per cent vs 149 per cent - and cultivated a greater diversity of high-value crops". This is indeed a most positive development given that women, despite constituting almost three-quarters of the agricultural labour force, continue to be under-represented in FPOs. Consider for example, the fact that NABARD has promoted 5073 FPOs through its dedicated funds but out of these only 178 are led by women. **(Padmanand V and Manoj Kharb, 2024)**

Apart from low women's participation, FPOs face a number of key challenges that need to be addressed by policymakers if they are to become a strategic tool in raising the incomes of small and marginal farmers, particularly those located in the backwards districts of the country. Some of these challenges include:

- The legal process and paperwork involved in setting up of FPOs is a barrier to many farmers who are largely uneducated.
- Governance of FPOs requires decision-making and management skills in running collective enterprises.
- Limited access to credit due to their lack of financial credit history.
- Establishing strong market linkages is key to the success of FPOs and their limited bargaining power reduces their effectiveness.
- Crop diversification becomes an issue due to lack of knowledge and resources.
- Lack of access to modern farming technologies, storage and transport infrastructure are big constraints.
- Continuous training and capacity building are critical factors for FPOs and in their absence, they might not be able to be competitive business entities.
- Lack of financial resources to adopt climate resilient and sustainable agricultural practices.
- Reliance on NGOs and other players for funding makes them dependent on such support.

Making FPOs atma-nirbhar by building their capabilities and strengthening these organisations by providing them with necessary management skills would go a long way in creating a large pool of confident agri-entrepreneurs. This would be crucial in strengthening the agriculture eco-system and in the process increasing the incomes of agricultural households.

9. Beneficiaries of Welfare Schemes

There are several welfare schemes that seek to provide *Annadata* household's support. The PM-KISAN (PM-Kisan Samman Nidhi) is accessed by 31.2 million households (46%) followed by the PM Jandhan Yojana (PMJDY) by which direct cash transfers have reached 19.8 million (29%) households. Support for senior citizens, disabled and widows have been accessed by 5 million households (7%). MNREGA has a reach of 5% and Ayushman Bharat Yojana or PM Jan Arogya Yojana (PMJAY) 2% households. **(Table 43)**

The reach of PM-KISAN is highest among Low-income states with 54% beneficiaries of this scheme hailing from these states, 39% in high-income states, and 35% in middle-income states. PMJDY also has the highest reach among low-income states (38%), 29% in middle-income states and 13% in high-income states. On the other hand, pension, PMJAY and MNREGA schemes are less beneficial with ranging 4% to 9% across different income states. **(Figure 46)**

A higher percentage of Semi-medium and medium farmers have benefited from PM-KISAN: 63% and 66% respectively whereas the corresponding percentage of beneficiaries among small and marginal famers is: 46% and 55% respectively. **(Figure 47)**

Among PMJDY beneficiaries, the highest percentage is among marginal farmers (38%), followed by small (32%) and semi-medium (30%) farmers. Just about 5-10% households belonging to these categories have received Pensions.

Table 43: *Annadata* households benefitted from government welfare schemes

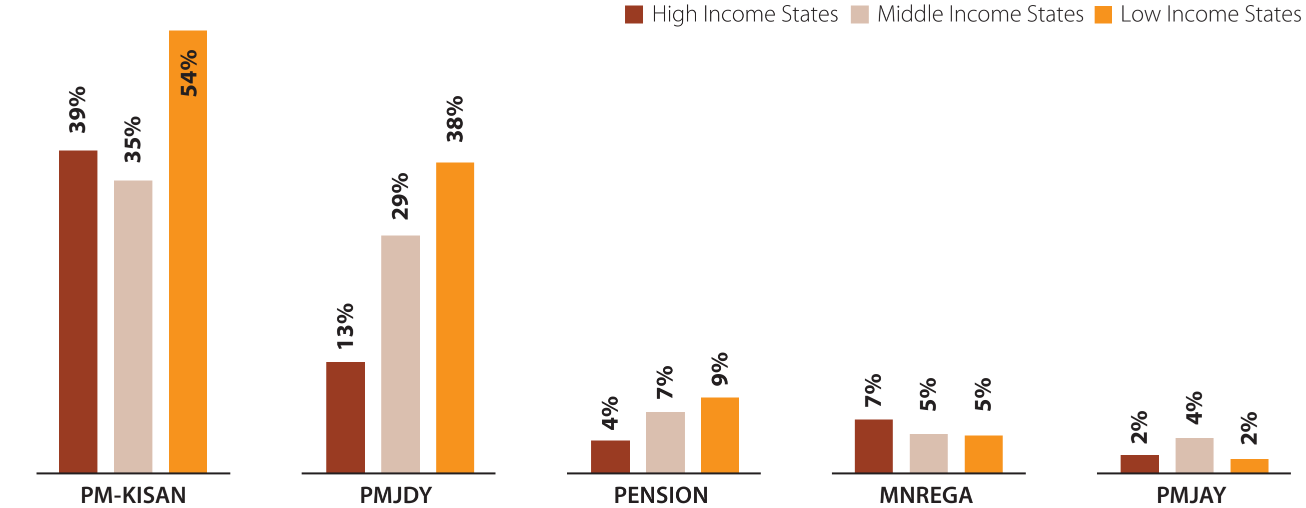
Annadata households benefitted from government welfare schemes	2024-25	
	Million	%
PM Kisan Samman Nidhi (PM-KISAN)	31.2	46%
PM Jandhan Yojana (PMJDY)-Cash transfers	19.8	29%
Support for senior citizens (above 60 years), widows & divyang	5.0	7%
Mahatama Gandhi National Rural Employment Guarantee Act (MNREGA)	3.5	5%
Ayushman Bharat Yojana or PM Jan Arogya Yojana (PMJAY)	1.6	2%

Source: Authors Estimates based on PRICE's ICE 360° Surveys

The biggest beneficiaries of PM-KISAN were OBC (52%) and general (42%). About 36% and 29% beneficiaries belonged to SCs and STS respectively. Cash transfers through PMJDY reached 33% OBC households, 28% SCs, 22% general and 17% ST households. MNREGA benefited 10% SC households compared to 4% each among General, OBC and ST households. **(Figure 48)**

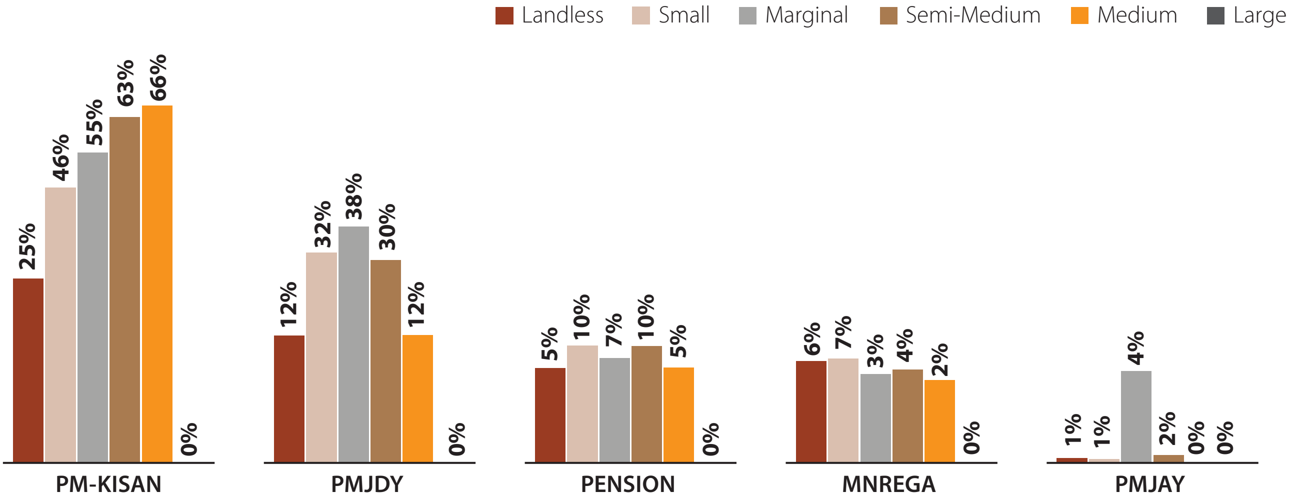
The highest percentage of beneficiaries of PM-KISAN are Other Religion households (57%) followed by Hindu

Figure 46: Government Schemes Across Income States (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Figure 47: Government Schemes Across Landholdings (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

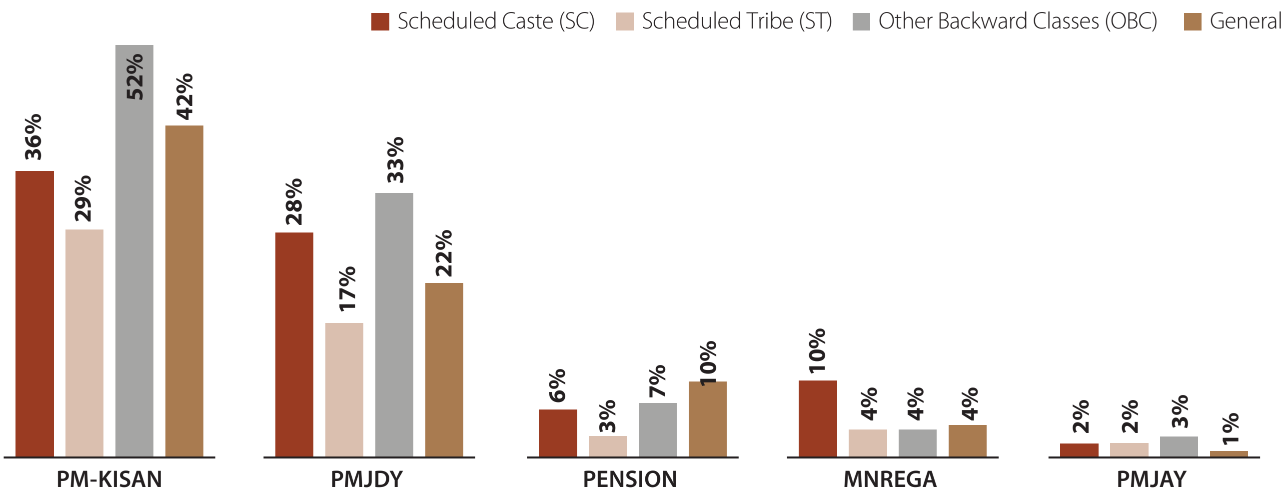
(46%) Muslim (45%) and Sikh (34%). The split for cash transfers through PMJDY is: Hindu (29%), Muslim (26%), Sikh (18%) and Others (11%). Percentage of Hindu Pension beneficiaries is 8% as against 2% Muslim, 3% Sikh and 3% Others. Additionally, the PMJAY scheme is less beneficial to farming households, with only 2% of Hindus and 2% of Muslims receiving its benefits. In contrast, the MNREGA scheme benefits 5% of Hindus, 3% of Muslims, and only 1% of others. **(Figure 49)**

Among the socio-economic categories, the poor households are among the biggest beneficiaries of PM-KISAN (55%). Nearly 44% Economically vulnerable households, 43% aspiring middle class, 47% middle class and 43% upper class households have also benefited from the scheme. **(Figure 50)**

Nearly one-third aspiring middle class have benefited from Cash transfers (PMJDY) whereas for the other groups, the percentage is between 24%-28%. The percentage range of Pension beneficiaries across the groups is between 5% to 8%. A slightly higher percentage of vulnerable households (9%) have benefited from MNREGA while for the other groups, the range is between 2% to 6%.

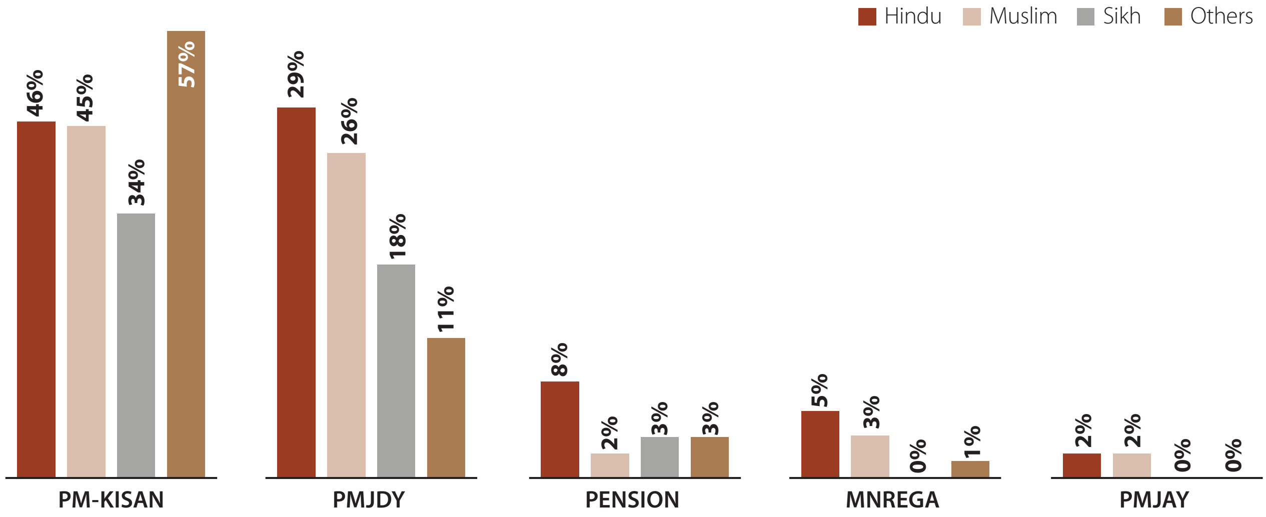
While welfare schemes have a huge role to play in mitigating the financial distress of *Annadata* households particularly those in the low-income states as is illustrated above, the fact remains that poverty is multi-dimensional and impacts households not just in income terms but also at multiple levels, including social standing, medical emergencies, access to credit. Very often, many of these households are not in a position to access the benefits of the

Figure 48: Government Schemes Across Social Groups (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Figure 49: Government Schemes Across Religion (2024-25)

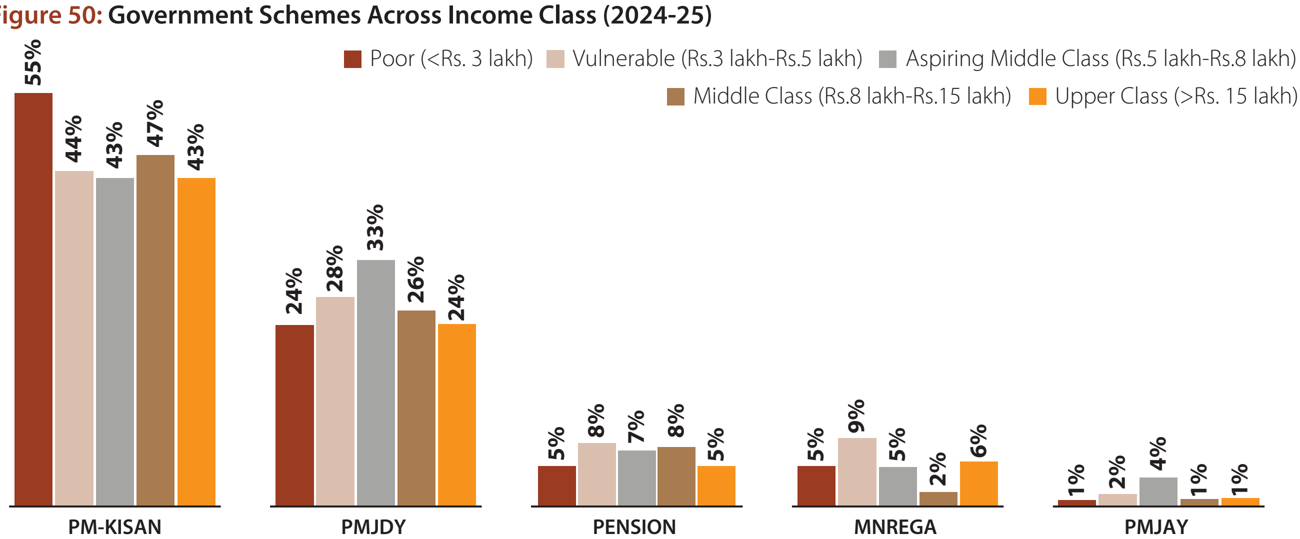


Source: Authors' estimates based on PRICE's ICE 360° surveys

welfare schemes because of inaccessibility to government documentation, knowledge and awareness of the schemes, and the paperwork involved. Many a times livelihood support needs to be customized to overcome the specific constraints faced by the communities. Examples of public-private partnerships, where creative solutions to local challenges are being devised in order to build inclusive economic wellbeing, abound. Heifer India, a global development organization, works with farming communities to identify and invest in business opportunities that deliver living incomes. One of its initiatives among the marginalized Musahar community in Bihar has helped this community of goat-herders to transform into agro-vet entrepreneurs who provide services such as deworming, vaccination, etc.

In another initiative called Hatching Hope, Heifer India focuses on transforming rural backyard poultries into a sustainable business livelihood. To increase the quality and quantity of egg and meat production, the project promotes good practices around bio-secure poultry housing, improved feed and nutrition using local resources, regular deworming and vaccination and increase production through small-scale feed mills, community hatcheries. Through a market system approach, it helps farmers to connect to new markets so they can increase sales and incomes. Collaboration between producers, community stakeholders and private sector actors is encouraged to enable farmers to become sustainable market actors. Training is provided to smallholder farmers so they can develop business plans and join farmer producer organizations that link them with new markets to expand their poultry businesses. Farmer producer organizations strengthen farmers' bargaining power and increase their income through improved business operations and access to capital.

Figure 50: Government Schemes Across Income Class (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

10. Digital Transformation in Agriculture

All 68 million (100%) farming households have access to mobile phones, their own bank accounts, and Aadhar cards. Additionally, it's worth noting that 83 percent (57 million) of them have internet access. However, only 45 million households (67%) have access to credit or debit cards, and in this just 40% of them use digital payment methods like UPI etc for shopping. **(Table 44)**

Digging further, 65% agricultural households use smartphones, while 35% use basic phones or both. **(Table 45)**

Table 44: Agriculture households Digital Profile (2024-25)

Ownership (%)	2024-25	
	Million	%
Bank Account	68	100%
Aadhaar	68	100%
Mobile	68	100%
Use Internet	57	84%
Credit/Debit card	45	67%
Use Digital payment	27	40%

Source: Authors' Estimates based on PRICE's ICE 360° Surveys

Additionally, out of 57 million households use the internet, 41% of them use for social networking apps such as Facebook, WhatsApp, and Instagram, while 40% use it for entertainment purposes. Additionally, 16% of households use the internet to access work-related information, 10% for email, 9% for shopping, and the remaining 3% for booking tickets, hotels, taxis, and internet banking. **(Table 46)**

Table 45: Ownership of Different Types of Mobile Phones by *Annadata* households (2024-25)

Ownership of mobile	2024-25	
	Million	%
Smart phone	44	65%
Basic phone	12	17%
Both	12	18%
Total	68	100%

Source: Authors' Estimates based on PRICE's ICE 360° Surveys

Table 46: Internet Usage Patterns of *Annadata* households (2024-25)

Usage of internet	2024-25	
	Million	%
Social Networking (Facebook/WhatsApp)	23.1	41%
Entertainment (e.g. downloading songs/movies)	22.8	40%
Accessing information related to work	9.2	16%
Email	5.5	10%
Shopping	5.3	9%
Tour and travel (Booking tickets/ hotels/taxis)	0.8	1%
Internet banking	1.3	2%

Source: Authors' Estimates based on PRICE's ICE 360° Surveys

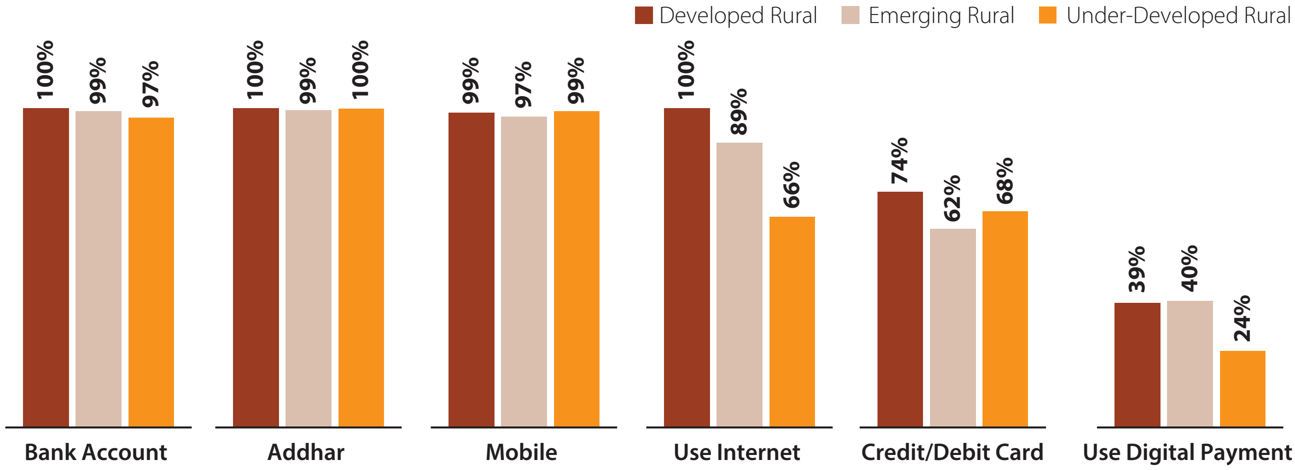
Notably, farming households whose main source of income is agriculture and other related activities, living in both developed and underdeveloped rural areas, own Aadhar cards. Additionally, all households in developed rural areas have bank accounts and access to the internet, but only 39% of them use digital payment methods like UPI, and 74% have their own credit/debit cards.

Furthermore, nearly all households in emerging and underdeveloped rural areas have access to necessities such as bank accounts, Aadhar cards, and mobile phones. However, only 89% of households in emerging rural areas and 66% in underdeveloped rural areas have access to internet facilities. **(Figure 51)**

The growing digital access among *Annadata* households is also helping towards digitalization of farm related activities. One such major initiative has been the eNam - Electronic National Agriculture Market - portal which provides a single window service for all agricultural commodities that aims at bringing together all existing mandis under one umbrella.

The Small Farmers Agribusiness Consortium (SFAC) oversees the eNam initiative under the Ministry of Agriculture and Farmers' Welfare. This platform aims to lower transaction costs, provide reliable agricultural information, and enhance market access for farmers. In its initial phase, eNam has integrated 585 mandis across 16 states and 2 Union Territories, with a user base of 1.66 crore farmers, 1.28 lakh traders, and 70,934 commission agents. SFAC is working to expand this network by adding

Figure 51: Digital Profile of *Annadata* Households Across Rural Clusters (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

415 more mandis, aiming for a total of 1,000 mandis across 21 states and UTs, moving closer to the goal of 'One Nation One Market' for agricultural commodities in India. By March 31, 2020, eNam facilitated the trade of 3.39 crore metric tons and 37 lakh units (bamboo and coconut), valued at approximately Rs 1 lakh crore. Digital transactions worth over Rs 662 crore have been conducted on the platform, benefiting more than 1,17,849 farmers.

Currently, 150 commodities, including food grains, oilseeds, fibers, vegetables, and fruits, are traded on eNam. Additionally, around 977 Farmer Producer Organizations (FPOs) are integrated with the platform, with 10% actively trading. The eNam mobile app and website, available in nine languages, feature a GPS-based mandi locator that can find mandis within a 100 km radius (Neelkamal Darbari, 2020).

11. Household Infrastructure Assets in Agriculture

Among the 68 million *Annadata* households, 54.0 million (79%) own television sets, 25.7 million (38%) of them have refrigerators, and 7.9 million (11%) have washing machines. Only 8.4 million households, which is 12% of the total, own a tractor. Additionally, two-third of them have cars and two-wheelers. **(Table 47)**

Table 47: Ownership of Assets Among *Annadata* households (2024-25)

Ownership (%)	2024-25	
	Million	%
Television	54.0	79%
Refrigerator	25.7	38%
Two-wheeler	41.3	60%
Tractor	8.4	12%
Washing Machine	7.9	11%
Car	4.6	7%

Source: Authors' Estimates based on PRICE's ICE 360° Surveys

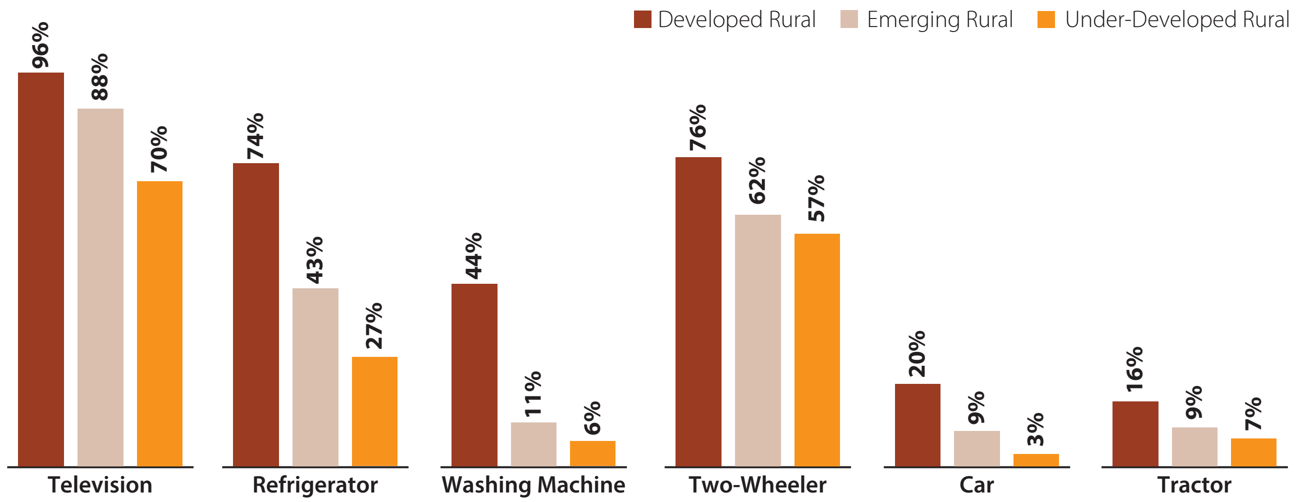
The ownership of household appliances and vehicles varies based on the development of rural clusters. For instance, the highest ownership of TV sets at 96% households is observed for those residing in developed rural areas while 70% in under-developed rural areas. Similarly, refrigerator and two-wheeler ownership are higher in developed rural areas and lower in under-developed rural areas. **(Figure 52)**

On the other hand, washing machines show a considerable drop in ownership across all categories. Developed rural areas have 44% ownership, whereas emerging and under-developed rural areas have 11% and 6% ownership, respectively. This indicates that washing machines are still considered a luxury item in many rural regions. Additionally, car ownership is relatively low across all categories, with 20% in developed rural areas, 9% in emerging rural areas, and a mere 3% in under-developed rural areas. This shows that cars are less affordable and less common in rural regions, particularly in under-developed areas.

The tractor is the primary asset of *annadata* households. However, only 16% of developed rural households, 9% of emerging rural households, and 7% of underdeveloped rural households own a tractor.

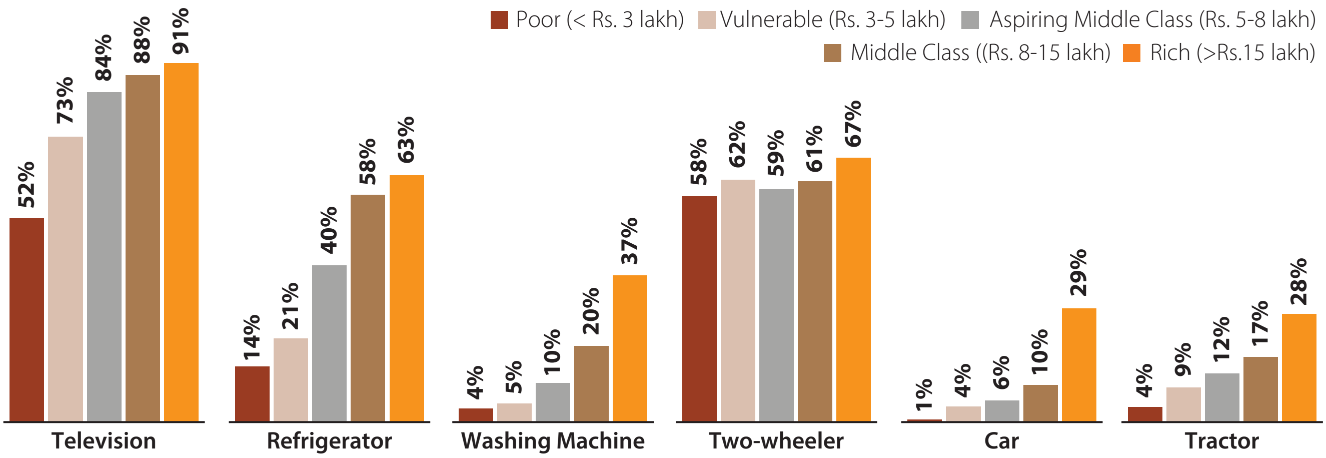
When we classify the ownership of basic items based on the income classes of households in India, we find that 91% of upper-class families earning more than Rs.15 lakh own televisions, 63% of them have refrigerators, and 37% have washing machines. Aspiring middle-class and middle-class households with an income range of Rs. 5 lakh to Rs. 15 lakh have more than 80% ownership of televisions, between 40 to 58% ownership of refrigerators, and 10 to 20% ownership of washing machines. Additionally, 73% of vulnerable households earning between Rs. 3 lakh to Rs. 5 lakh own televisions, 21% of them have refrigerators, but only 5% own washing machines. In contrast, half of poor income households earning less than Rs. 3 lakh own

Figure 52: Ownership of Assets Among *Annadata* Households Across Rural Clusters (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Figure 53: Ownership of Assets Among *Annadata* Households Across Income Classes (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

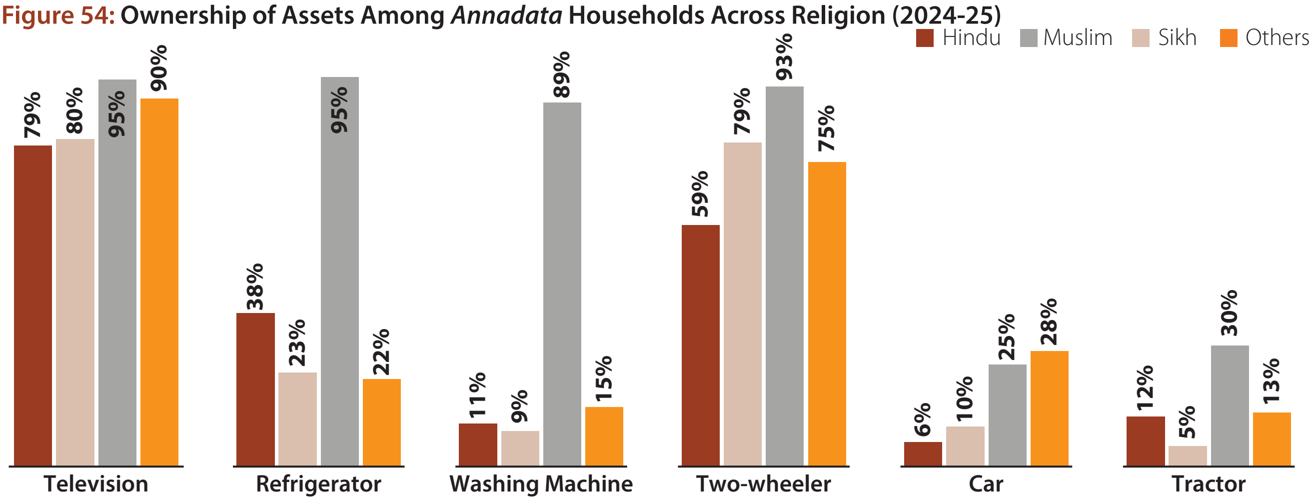
televisions, 14% of them have refrigerators, but only 4% have washing machines. **(Figure 53)**

As for private vehicle ownership, 67% of upper-class income families have two-wheelers, 29% of them have cars, but only 28% of them own tractors. Among vulnerable class families, 62% have two-wheelers, 4% have cars, and 9% have tractors. On the other hand, 58% of poor income households have two-wheelers, while only 1% have cars and 4% have tractors. As for aspiring middle-class and middle-class income families, almost 60% of them have two-wheelers, 6 to 10% have cars, and between 12 to 17% have tractors.

There is an interesting pattern of durable ownership among Sikh *Annadata* families. For instance, 95% of Sikh *Annadata* households have televisions and refrigerators, while 89% of them own washing machines. Moreover, 93% of Sikh families have two-wheelers, 25% own cars, and 30% own tractors. Among Hindu and Muslim households, 80% of Muslims have televisions compared to 79% of Hindus. Additionally, 38% of Hindus own refrigerators and 11% own washing machines, while 23% of Muslims own refrigerators and 9% own washing machines. In terms of private vehicle ownership, 79% of Muslims own two-wheelers compared to 59% of Hindus, but 12% of Hindus own tractors, while only 5% of Muslims do. On the other hand, 10% of Muslims own cars, while only 6% of Hindus do. **(Figure 54)**

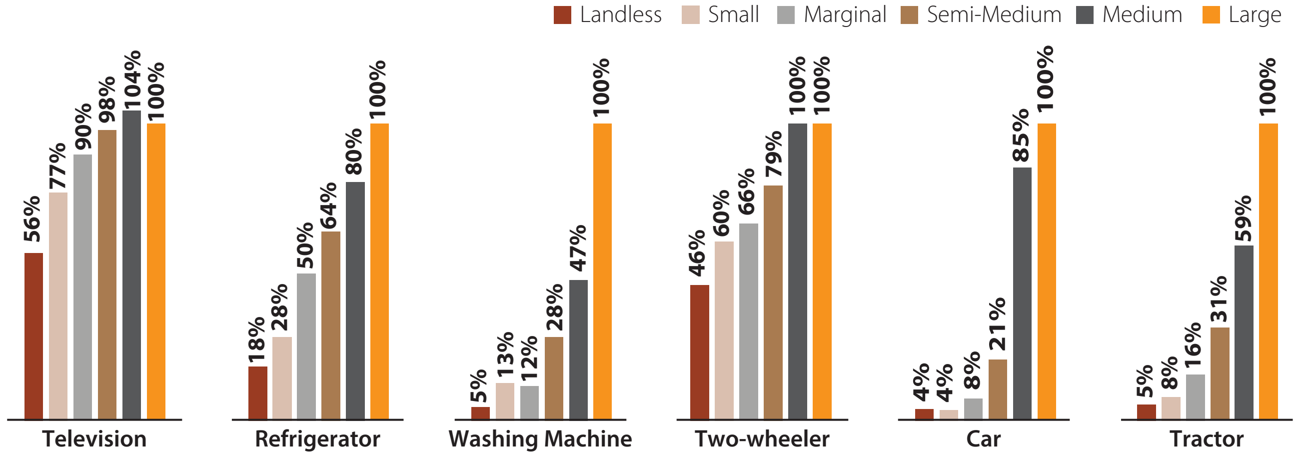
Significantly, all large landholders own basic household items such as television sets, refrigerators, washing machines, two-wheelers, cars, and tractors. In contrast, 56% of landless landholders own televisions, 46% own two-wheelers, 18% own refrigerators, and only 5% own washing machines and tractors, with 4% owning cars. It is worth noting that all semi-medium and medium landholder households own television sets, with 80% of medium landholders owning refrigerators, 85%

Figure 54: Ownership of Assets Among *Annadata* Households Across Religion (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

Figure 55: Ownership of Assets Among *Annadata* Households Across Landholding Size (2024-25)



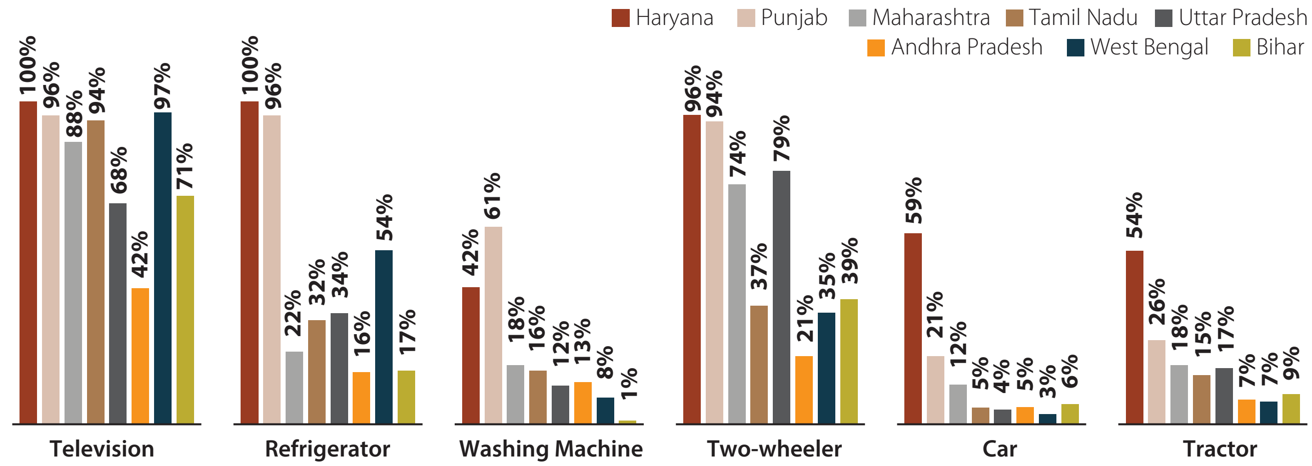
Source: Authors' estimates based on PRICE's ICE 360° surveys

owning cars, 47% owning washing machines, 59% owning tractors, and all owning two-wheelers.

Among families of small landholders, whose main source of income is agriculture and related activities, 77% own television sets, 60% own two-wheelers, 28% own refrigerators, 13% own washing machines, 8% own tractors, and only 4% own cars. On the other hand, 90 to 98% of marginal and semi-medium landholders' own television sets, 50 to 64% own refrigerators, 12 to 28% own washing machines, 66 to 79% own two-wheelers, and around 8 to 21% own cars, with 16 to 31% owning tractors. This indicates larger landholders have greater access to a variety of assets, reflecting their higher economic status and inequality. **(Figure 55)**

Television ownership is highest in Haryana and Punjab at 100% and 96%, respectively, with Tamil Nadu at 94% and West Bengal at 97%, while Uttar Pradesh and Bihar have lower rates at 68% and 71% respectively. Refrigerator ownership is also highest in Haryana and Punjab at 100% and 96%, respectively, but significantly lower in states like Maharashtra (22%), Andhra Pradesh (16%), and Bihar (17%). Washing machine ownership is notably low across all states, with the highest in Punjab (61%) and the lowest in Bihar (1%). Two-wheeler ownership is high in Haryana (96%) and Punjab (94%), moderate in Uttar Pradesh (79%), and lower in states like Andhra Pradesh (21%) and West Bengal (35%). Car ownership is relatively low across all states, peaking in Haryana at 59% and dropping to as low as 3% in West Bengal. Tractor ownership follows a similar trend, with the highest in Haryana (54%) and lower rates in states like Andhra Pradesh (7%) and West Bengal (7%). Overall, the data indicates that Haryana and Punjab lead in the ownership of most assets, while states like Andhra Pradesh and Bihar lag behind. **(Figure 56)**

Figure 56: Ownership of Assets Among *Annadata* Households Across Indian States (2024-25)



Source: Authors' estimates based on PRICE's ICE 360° surveys

12. Conclusions, Policy Implications, Recommendations, and Way Forward

Conclusions: India's *Annadata* households, the cornerstone of the nation's agricultural and rural economy, stand at a crossroads as they face new challenges and opportunities. While they have long ensured India's food security, they now need to adapt to an evolving economic landscape marked by climate unpredictability, shrinking landholdings, and rising input costs. This paper highlights the critical role these households play in both agriculture and the nation's economic development, emphasizing their potential to contribute to India's broader goal of becoming a **Viksit Bharat (Developed India)** by 2047.

The increasing reliance on non-farm income sources shows that agriculture alone is no longer enough to sustain these households. The dual focus on enhancing agricultural productivity and promoting income diversification will be key to supporting the *Annadata* households as they transition into a more complex rural economy. Empowering women farmers, bridging regional and economic disparities, and addressing the climate crisis are equally vital for achieving a resilient and sustainable rural future.

As India strives towards becoming a developed nation, it is imperative to recognize the diversity of *Annadata* households, from small and marginal farmers to large landowners, and ensure that policies reflect their varied needs. The transformation of rural livelihoods will be essential in achieving long-term food security, inclusive growth, and economic sustainability.

Policy Implications: The findings of this paper underscore several important policy implications for India's rural and agricultural future. First, the lack of consistent definitions of agricultural households across various government bodies leads to gaps in policy coverage, leaving many vulnerable groups, such as tenant farmers, excluded from welfare schemes. An inclusive and uniform definition of *Annadata* households is critical for ensuring that all individuals engaged in agricultural activities benefit from government support.

Second, the growing income disparity between rich and poor farmers across different states highlights the need for region-specific policies. While states such as Punjab and Haryana enjoy high productivity and better market access, states like Bihar and Uttar Pradesh struggle with low agricultural productivity and infrastructure gaps. Addressing these disparities is crucial for balanced and equitable rural development.

Third, climate change presents an ongoing threat to Indian agriculture, disproportionately impacting small farmers. Ensuring climate resilience through sustainable agricultural practices and better insurance coverage will be vital for the long-term viability of the agricultural sector.

Finally, the role of women in agriculture must be more fully recognized and supported. Women farmers, who make up a significant proportion of the agricultural workforce, need greater access to credit, land rights, and training in order to thrive and contribute meaningfully to India's agricultural development.

Policy Recommendations: To enable *Annadata* households to contribute effectively to India's transformation into a Viksit Bharat, the following policy recommendations are proposed:

1. **Redefine Agricultural Households:** Broaden the definition of *Annadata* households to include tenant farmers, sharecroppers, and landless agricultural workers, ensuring they are included in welfare schemes such as PM-Kisan and formal financial inclusion initiatives.
2. **Promote Non-Farm Employment:** Foster rural entrepreneurship and skill development to create alternative income opportunities for *Annadata* households. Investing in rural industries, such as agro-processing and small-scale manufacturing, will reduce reliance on agriculture as the sole income source.
3. **Enhance Agricultural Productivity:** Encourage the adoption of modern farming technologies and improve rural infrastructure, such as irrigation, cold storage, and market linkages, to boost productivity and reduce post-harvest losses.
4. **Expand Financial Inclusion:** Ensure access to formal credit, insurance, and savings products for all *Annadata* households, including tenant farmers and women. Expand coverage of crop insurance schemes like PMFBY to protect farmers from climate-related risks.
5. **Bridge the Rich-Poor Farmer Gap:** Implement targeted interventions to support small and marginal farmers, particularly in less-developed regions. Prioritize access to irrigation, market connectivity, and subsidies to ensure equitable growth for all farmers.

6. **Empower Women Farmers:** Promote gender-inclusive policies that ensure women have access to credit, land rights, and technology. Support women-led rural enterprises and encourage greater participation of women in agricultural decision-making.

7. **Foster Climate-Resilient Agriculture:** Promote the adoption of climate-smart agricultural practices and expand research on drought-resistant crops and sustainable water management. Provide incentives for sustainable farming and expand crop insurance coverage.

Way Forward: The future of *Annadata* households lies in a dual approach: enhancing agricultural productivity while simultaneously promoting income diversification beyond farming. Policies must be directed toward empowering these households to move beyond subsistence farming, enabling them to become active drivers of rural economic growth.

First, investments in modernizing agriculture through infrastructure, technology, and credit will ensure that farming remains a viable and profitable occupation. The adoption of sustainable farming practices will also help secure the future of farming amidst growing climate concerns.

Second, the promotion of non-farm employment will reduce dependence on agriculture and create new opportunities for rural households. By developing rural industries, encouraging entrepreneurship, and investing in skill development, India can create a diversified rural economy that is more resilient to economic and environmental shocks.

Lastly, the journey toward Viksit Bharat must ensure that no farmer is left behind. This means creating inclusive policies that address the needs of marginalized groups such as tenant farmers, sharecroppers, and women. By fostering an environment of economic resilience, equality, and innovation, India can unlock the full potential of its *Annadata* households, transforming them into key agents of rural development and national prosperity.

By following these steps, India can not only strengthen its agricultural sector but also ensure that its rural economy becomes a key pillar in the nation's quest to become a global economic powerhouse by 2047.

Notes

i PRICE's ICE 360° surveys (2014, 2016, 2021 and 2023) are mammoth and complex exercise, for instance, the Wave 2.0 covered about 300,000+ households through a household listing exercise, followed by a more detailed survey of 61,000 households - 25,000 in rural India and 36,000 in urban India deploying probability sample design. Geographically, the sample has been drawn from across 216 districts, 1217 villages and 487 towns spread across 25 major states. The survey is designed to be multi-dimensional and goes beyond incomes and savings. It also takes a deeper look at the economic and social well-being of Indian households, provides normative measures of social and financial inclusion, degree of access to public goods and infrastructure and welfare measures of the government.

A team of trained Research Investigators approx. (200), Supervisors (25), State Coordinators/ Professionals (10) and back-office support (10), engaged at different point of time as per requirement) from different linguistic regions were temporarily engaged to undertake the task of primary data collection for about six months.

ii The 'district cluster' approach provides a composite view to assess the level of progress in access of 'basic needs' in a groups of homogeneous districts during 2011 to 2018. At the intra-district cluster it compares one district/district clusters against its regional reference point as well as track progress and relative positions between over last eight years. It is also significant basis for policy dialogue on how best to address issues related to basic needs, especially in the specific geography with poor performance. In addition, it could help focus attention to areas of need when deciding future priorities and interventions.

In this context, a district cluster approach is adopted to measure the level of progress in accessing basic needs by Indian citizens. A district cluster is group a homogeneous group of districts identified based on composite principal component scores calculated for all 640 districts using a set of 19 district development indicators available from Census 2011.

Principal component analysis (PCA) technique is used as it captures most of the variation and co-variation in multivariate data through a few combinations of the original standardised of district-level indicators. All districts are arranged in ascending order using standardised principle-component scores and finally, district development clusters are formed by grouping all 640 districts into 20 clusters, having equal number of districts (32) in each cluster. The standardised PCA score of districts of least development district cluster (D1) is 81 against districts of most development district scored more than 717.

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