Ministry of Finance

NABARD Survey shows strong broad-based revival in rural demand, rising incomes and unprecedented optimism

80% of rural households consistently report a higher consumption over the last year

प्रविष्टि तिथि: 11 DEC 2025 9:57AM by PIB Delhi

The eighth round of NABARD's Rural Economic Conditions and Sentiments Survey (RECSS), presents the clearest evidence of a broad-based revival in rural demand, rising incomes and improved household well-being over the past year. RECSS is a high-frequency, bi-monthly assessment being conducted by NABARD since September 2024.

The survey now offers a rich, year-long dataset enabling realistic assessment of rural economic shifts of both backward-looking conditions and forward-looking household sentiments.

The past one year has seen a clear strengthening of rural economic fundamentals. With robust consumption, rising incomes, moderating inflation and healthier financial behaviour, rural India is on a positive trajectory. Sustained welfare support and strong public investment are reinforcing this momentum.

Key Findings: Rural Economy strengthens significantly (Sept 2024 – Nov 2025)

1. Consumption Boom driven by real Purchasing Power

- About 80% of rural households have consistently reported higher consumption over the last year - a hallmark of rising prosperity.
- 67.3% of monthly income is now spent on consumption, the highest share since the survey began, aided by GST rate rationalisation.

This demonstrates strong, broad-based demand - not sporadic or concentrated in specific segments.

2. Income Growth Highest since Survey inception

- 42.2% of rural households experienced income growth - the best performance across all survey rounds.
- Just 15.7% reported an income decline of any type - the lowest recorded so far.
- Future outlook is exceptionally strong: 75.9% expect incomes to rise next year - the highest level of optimism since September 2024.

3. Rural Investment Activity Picks Up Sharply

- 29.3% of households increased capital investment over the past year - more than any previous round, showing renewed asset creation in farming and non-farm sectors.
- The pick-up in investment is driven by strong consumption and income gains, not credit stress.

4. Rural Credit access to Formal sources reaches Highest Mark

- 58.3 % of rural households have accessed only formal sources of credit - the highest so far among all rounds of this survey, up from 48.7% in September, 2024.
- However, the share of informal credit is about 20%, underscoring the need for continued push for deeper formal credit penetration

5. Government Transfers Continue to Support Demand Without Creating Dependency

- 10% of average monthly income is effectively supplemented through welfare transfers such as subsidised food, electricity, water, cooking gas, fertilizers, school support, pensions, transport benefits and more.
- For some households, transfers exceed 20% of total income, providing essential consumption support and helping stabilise rural demand.

6. Inflation Perceptions Drop to Their Lowest Level in One Year

- Average inflation perception moderated to 3.77%, falling below 4% for the first time since survey initiation.
- 84.2% perceive inflation at or below 5%, and nearly 90% expect near-term inflation to remain below 5%.
- This disinflation has enhanced real income, improved purchasing power, and boosted overall welfare.

7. Loan Repayment and Capital Investment Conditions Improve

- With lower inflation and interest rate moderation, the share of income allocated for loan repayment has declined compared to earlier rounds.
- 29.3% of rural households have undertaken increased capital investment during the last year, which is the highest level among all rounds of the survey.

8. Rural Infrastructure and Basic Services Receive Strong Endorsement

- Rural households express high satisfaction with improvements in:
- roads,
- education,
- electricity,
- followed by drinking water and health services.

These improvements complement rising incomes and support long-term prosperity.

About the RECSS Survey

NABARD’s Rural Economic Conditions and Sentiments Survey is conducted every two months across India. It captures both quantitative indicators and household perceptions relating to income, consumption, inflation, credit, investment and expectations.

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