



RURAL ECONOMIC CONDITIONS & SENTIMENTS SURVEY

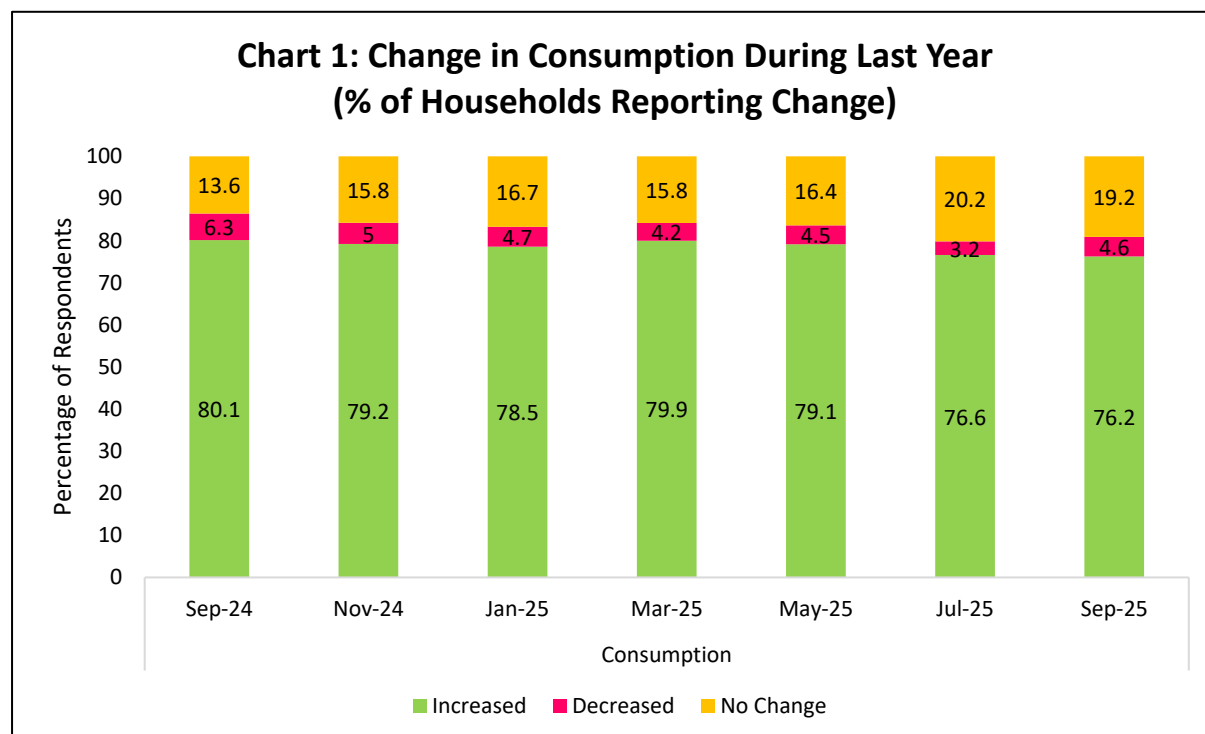
**Bi-monthly Survey Report
Round 7 (September 2025)**

Rural Economic Conditions and Sentiments Survey¹ (September 2025)

The September 2025 round of the Rural Economic Conditions and Sentiments Survey (RECSS) was conducted during the last week of August 2025 and the first week of September 2025. As in the previous rounds of the survey, it captures quantitative and qualitative data, both backward looking (economic conditions) and forward looking (household sentiments), on a limited set of key macro-financial parameters relating to the rural economy.

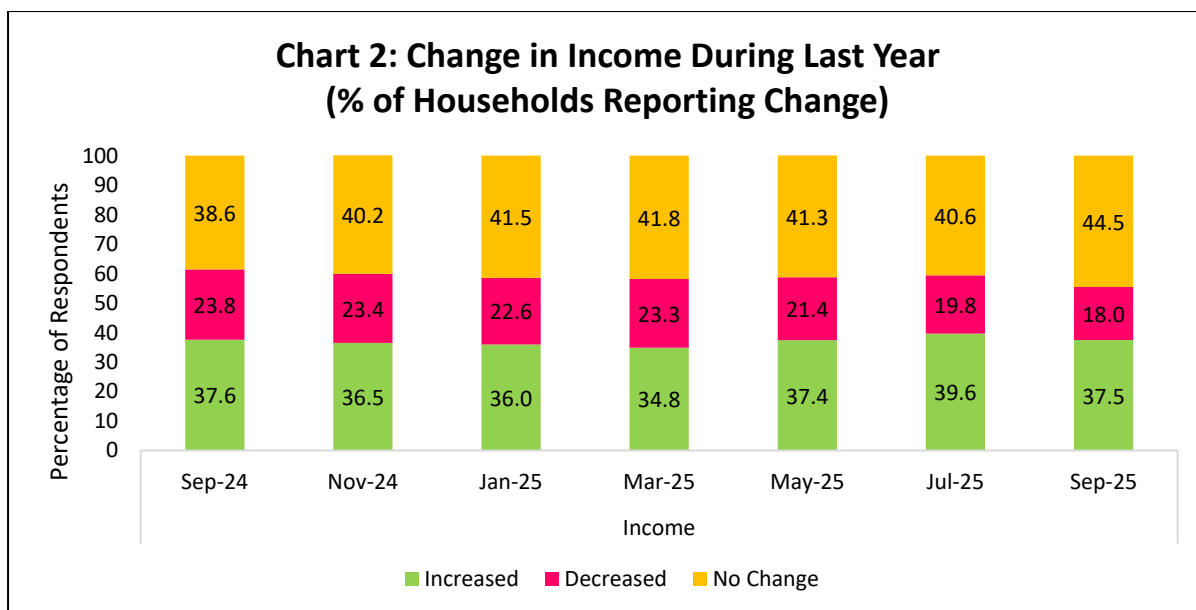
Rural Economic Conditions

Rural household responses relating to five key parameters – consumption, income, savings, investment and borrowings – could help assess the current state of rural economic conditions. In September 2025 round of the survey, 76.2% of rural households reported to have experienced an increase in consumption in last one year, which represents modest moderation relative to the previous round, and also the lowest positive response recorded since the survey started in September 2024. Thus, while the consumption led buoyancy in the rural economy continues, there is some slackening of momentum in recent months, partly reflecting the impact of severe floods and landslides in a few states² (Chart 1). A major part of the survey was completed before the announcement of GST rationalisation on September 3, 2025, and therefore, household responses don't reflect its expected positive impact on consumption.



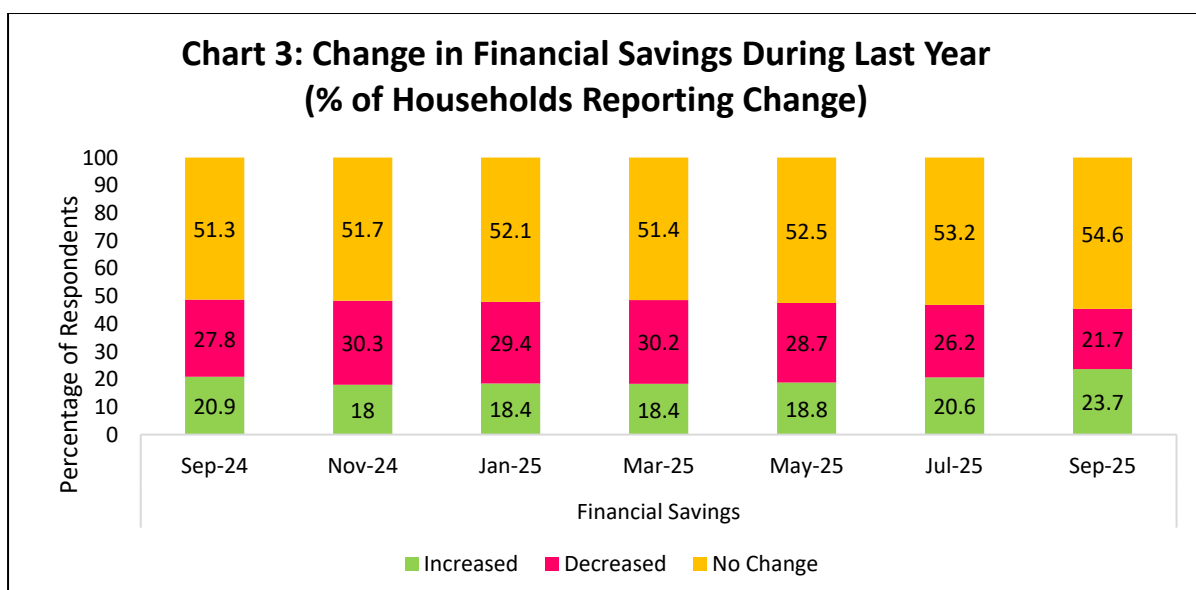
¹ The survey was commissioned by the Department of Economic Analysis and Research (DEAR), NABARD. Its findings do not reflect the views of NABARD.

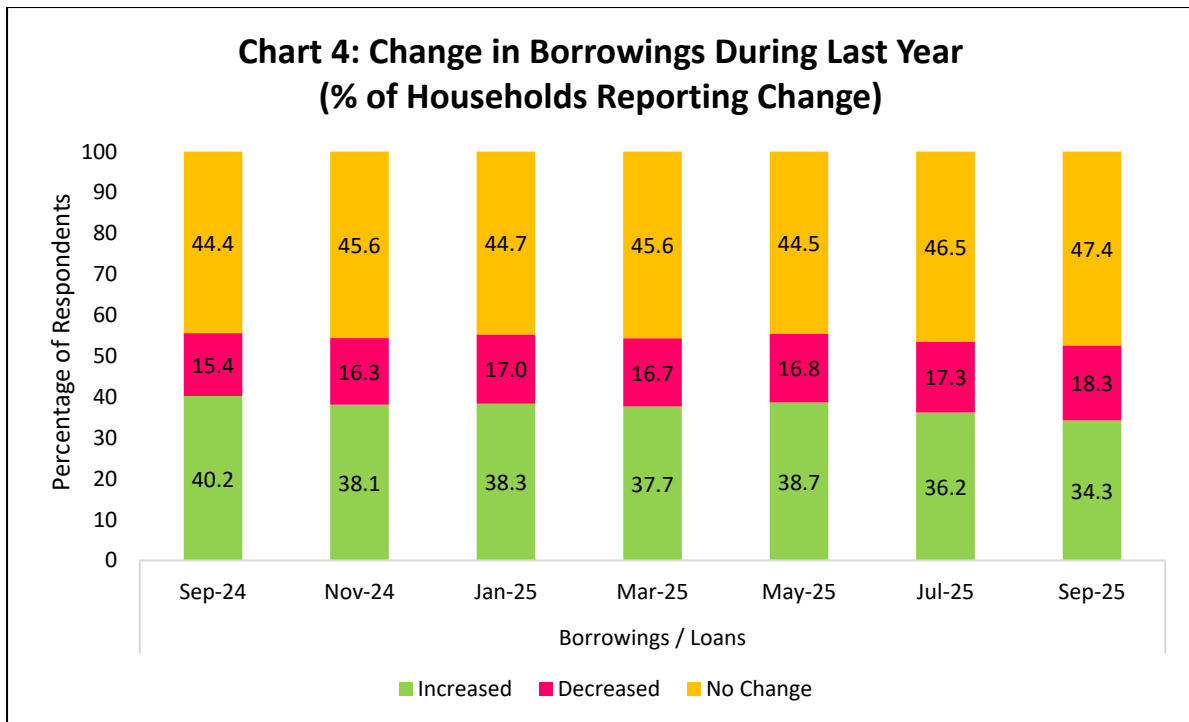
² As the survey could not be conducted in some of the villages in Punjab and Himachal Pradesh due to severe floods, more households were covered from other nearby villages within the sampling frame.



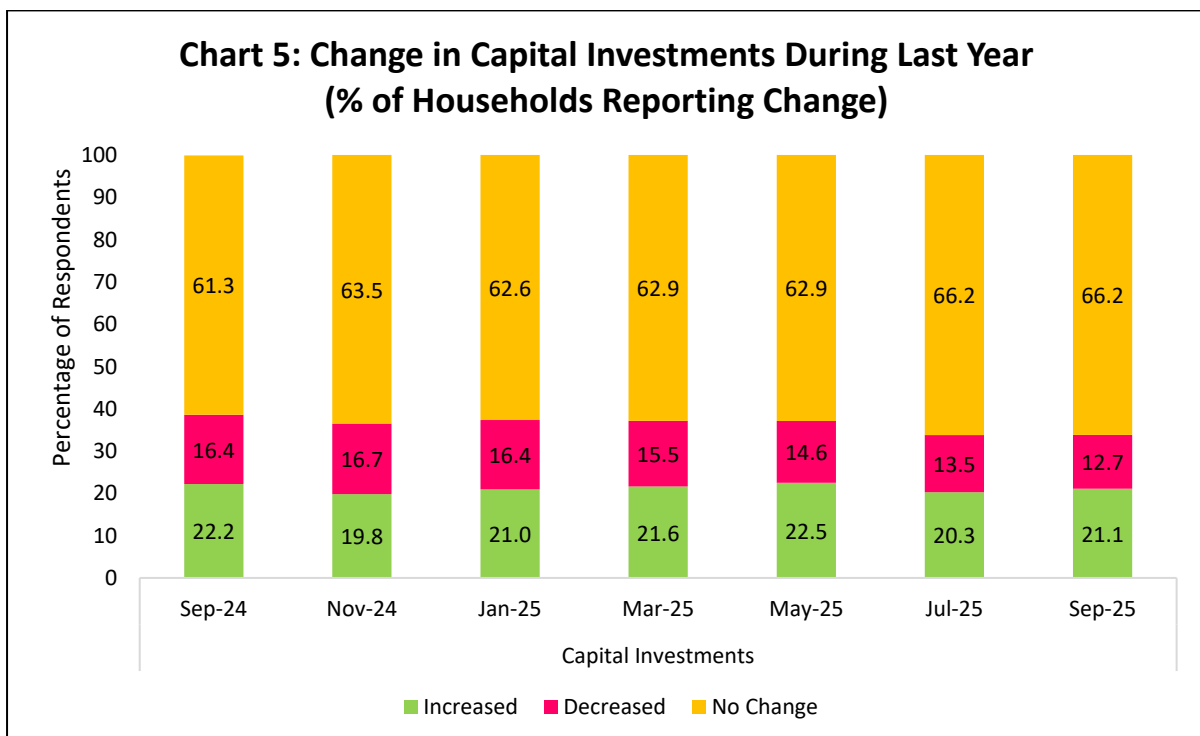
The percentage of households reporting a decrease in income in last one year fell to 18%, which is the lowest level recorded since the survey started first in September 2024 (Chart 2). Stagnation in income was reported by 44.5 per cent of the rural households, which is the highest among all rounds of the survey.

A part of the moderation in the percentage of households reporting an increase in consumption (Chart 1) could be due to a higher percentage of households reporting an increase in savings (Chart 3) and a lower percentage of households reporting an increase in borrowings (Chart 4). In September 2025, the net response for financial savings (*i.e.*, percentage of households reporting an increase in savings minus percentage of households reporting a decrease in savings) turned positive at 1.9% – the first time since the survey started in September 2024. The percentage of households that took recourse to increased borrowings during the last year fell to 34.3%, which is the lowest among all rounds of the survey. A lower percentage of rural households borrowing and a higher percentage of households saving point to an overall improvement in rural macroeconomic conditions in recent months.

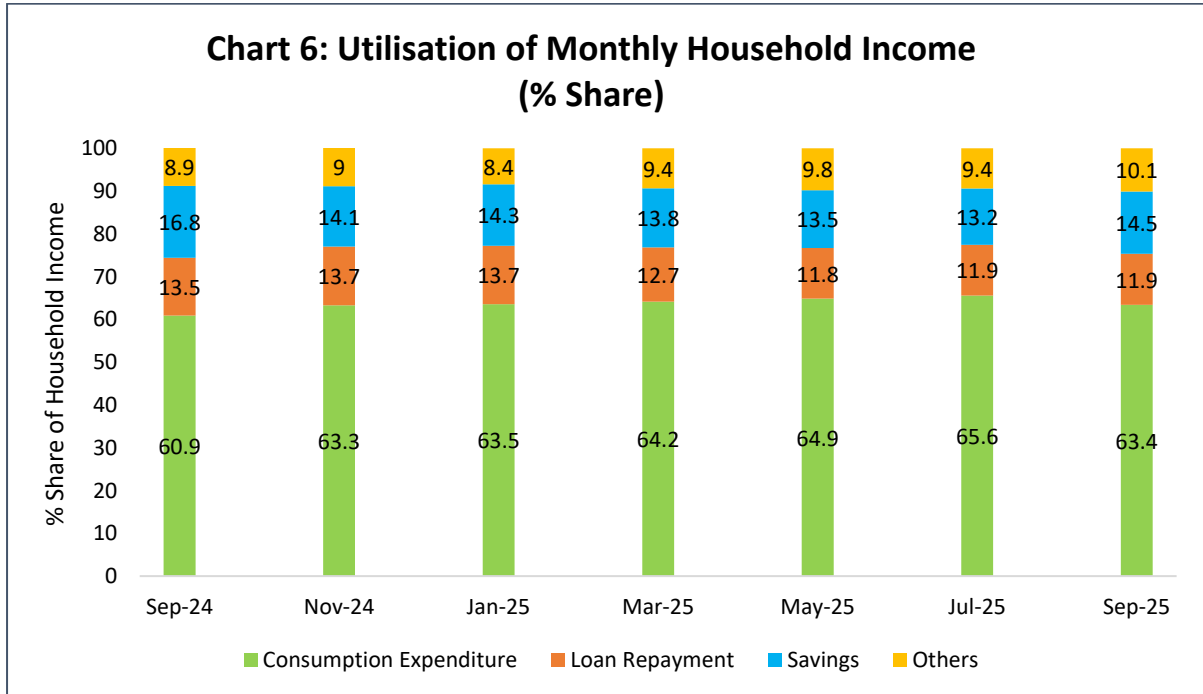




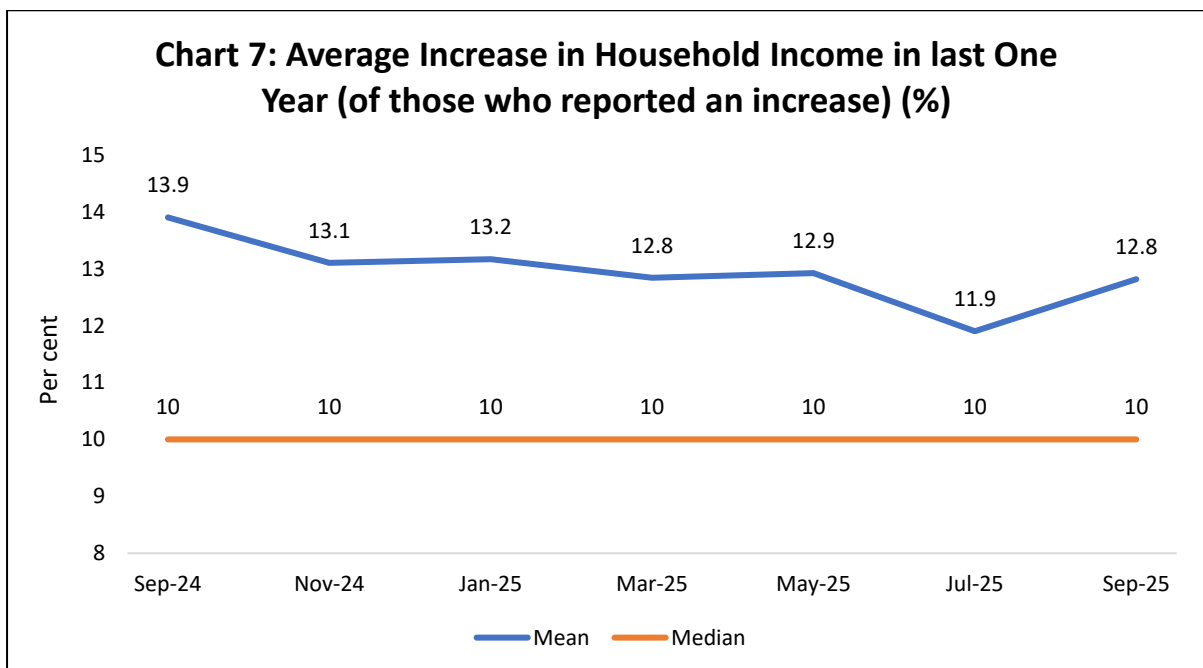
Capital investment made by rural households improved, with a marginally higher percentage of them reporting an increase in investment and a lower percentage of them reporting a decrease in investment – net response accordingly improved from 6.7% in the July 2025 round of the survey to 8.4% in the September 2025 round of the survey. The percentage of households reporting a decrease in investment fell to the lowest level since the survey first started in September 2024 (Chart 5).



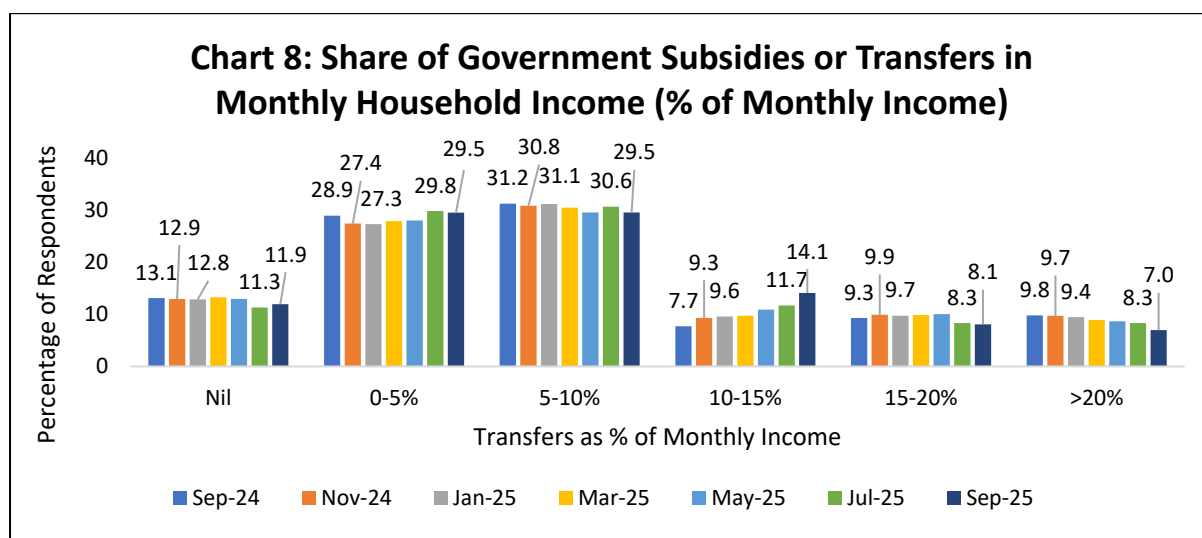
A lower percentage of monthly household income was spent on consumption (63.4% in September 2025 round of the Survey as against 65.6% in the July 2025 round of the Survey), and correspondingly, a higher percentage of income was allocated to savings (i.e., 14.5% as against 13.2%) (Chart 6). The share of income devoted to repaying loans has remained nearly unchanged in the last three rounds of the survey.



The average income of those households who reported an increase in income in last one year rose by 12.8%, which is at a higher rate than reported in the previous round of the survey (Chart 7).



Income and consumption of the rural households are supported by several fiscal transfer schemes, in both kind and cash, by the central government and state governments, in the form of free/subsidized provision of food, water, electricity, cooking gas, fertilizer; interest subventions; school uniform, books and computers; public transportation; mid-day meal; student scholarships and pensions (for old age, widows, disabled, artisans, *etc.*). Such transfers, expressed as equivalent of monthly household income, declined to its lowest since this survey started (at 9.27%) (Chart 8).

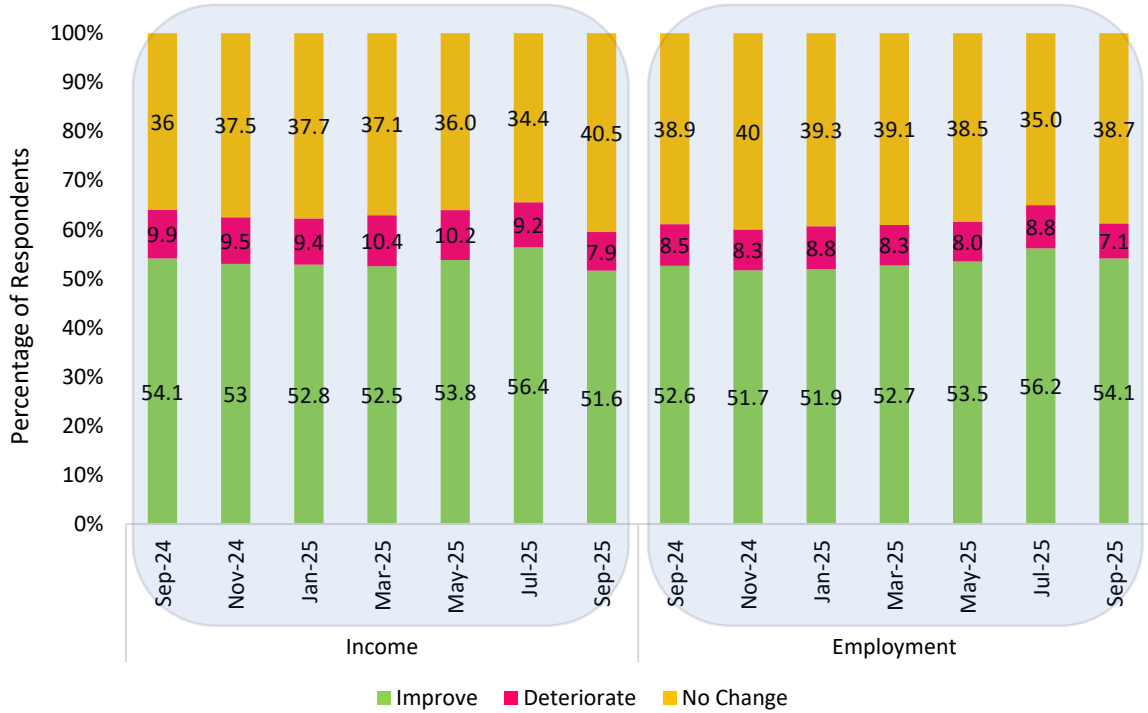


	Round 1 (Sept 2024)	Round 2 (Nov 2024)	Round 3 (Jan 2025)	Round 4 (Mar 2025)	Round 5 (May 2025)	Round 6 (July 2025)	Round 7 (Sep 2025)
Mean	9.75	10.09	10.3	9.9	10.0	10.01	9.27
Median	8	8	8	8	8	8	8

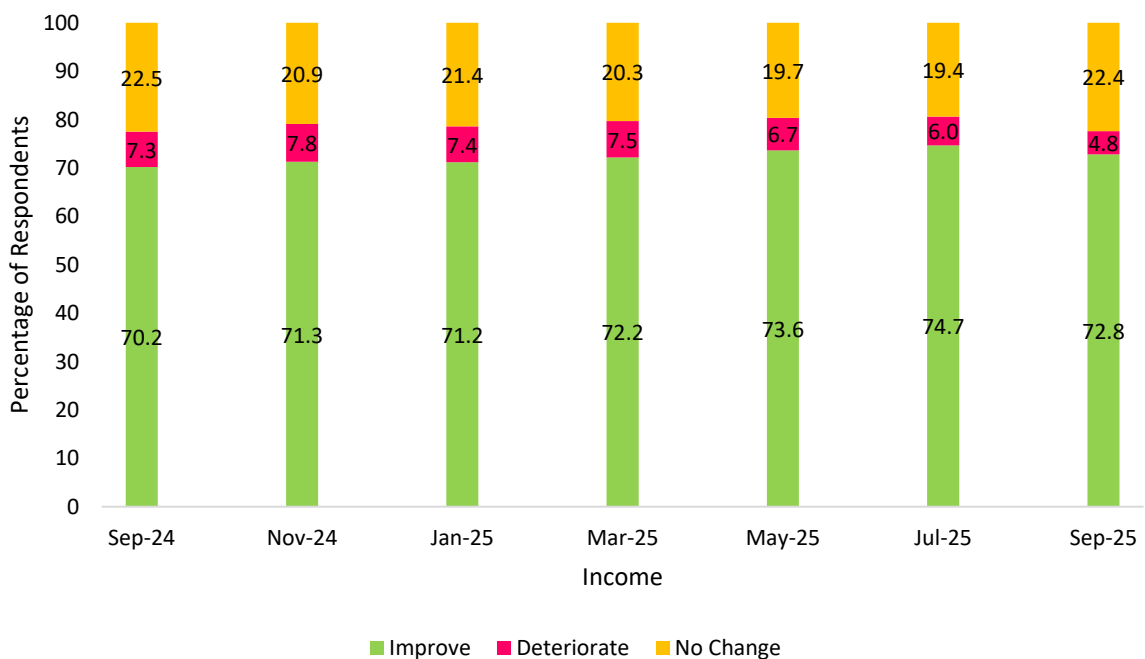
Rural Household Sentiments

The near-term forward-looking outlook for the rural economy is assessed in this survey by collecting information on expectations of the rural households. In the next one quarter, the percentage of households expecting income and employment situation to improve, moderated, relative to the previous round of the survey (Chart 9). Even for the next one year income prospects, a lesser percentage of households reported expectation of an increase in income. It is possible that Trump tariff related risks for the farm and non-farm exports, and the associated impact on rural income and employment, might have dampened the sentiments of rural households expressed through this survey. Since a major part of this round of the survey was already completed by the time the GST reforms were announced, their likely salubrious impact on expectations is not reflected in the survey findings.

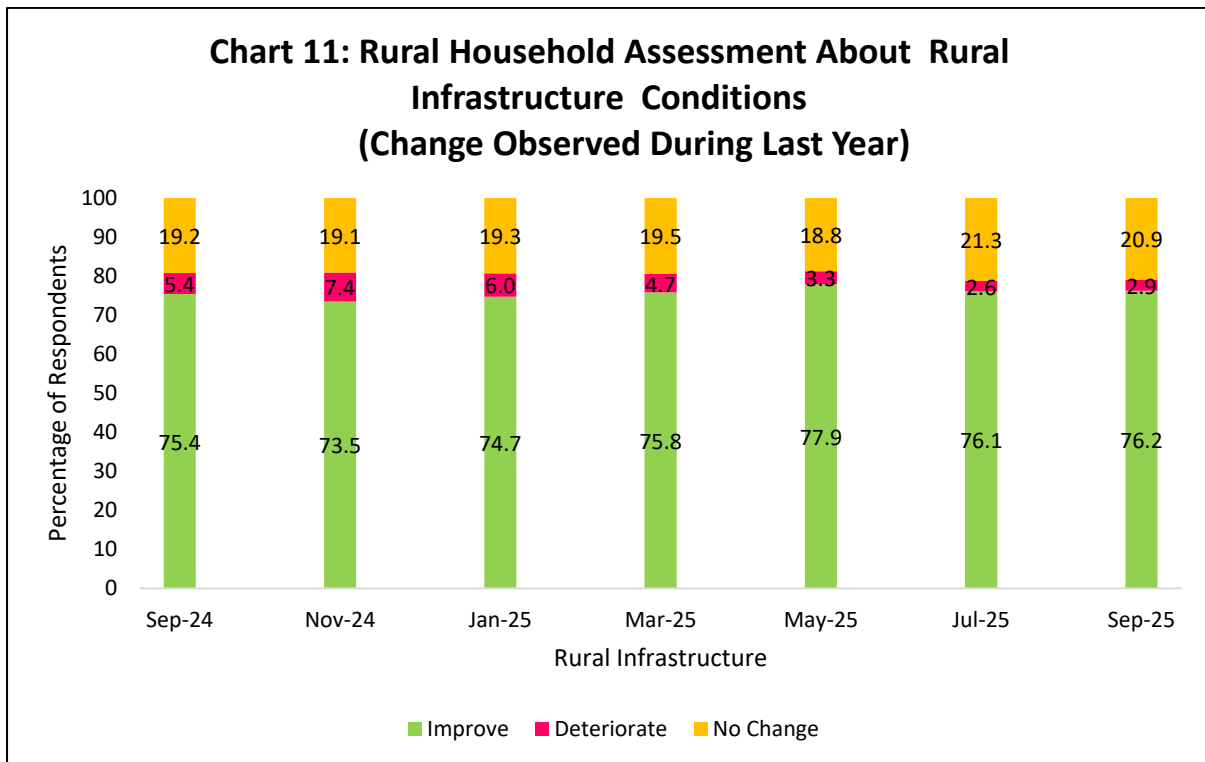
**Chart 9: Rural Household Sentiments - Income and Employment Outlook
(Expected Change During Next Quarter)**



**Chart 10: Rural Household Sentiments - Income Outlook
(Expected Change During Next Year)**

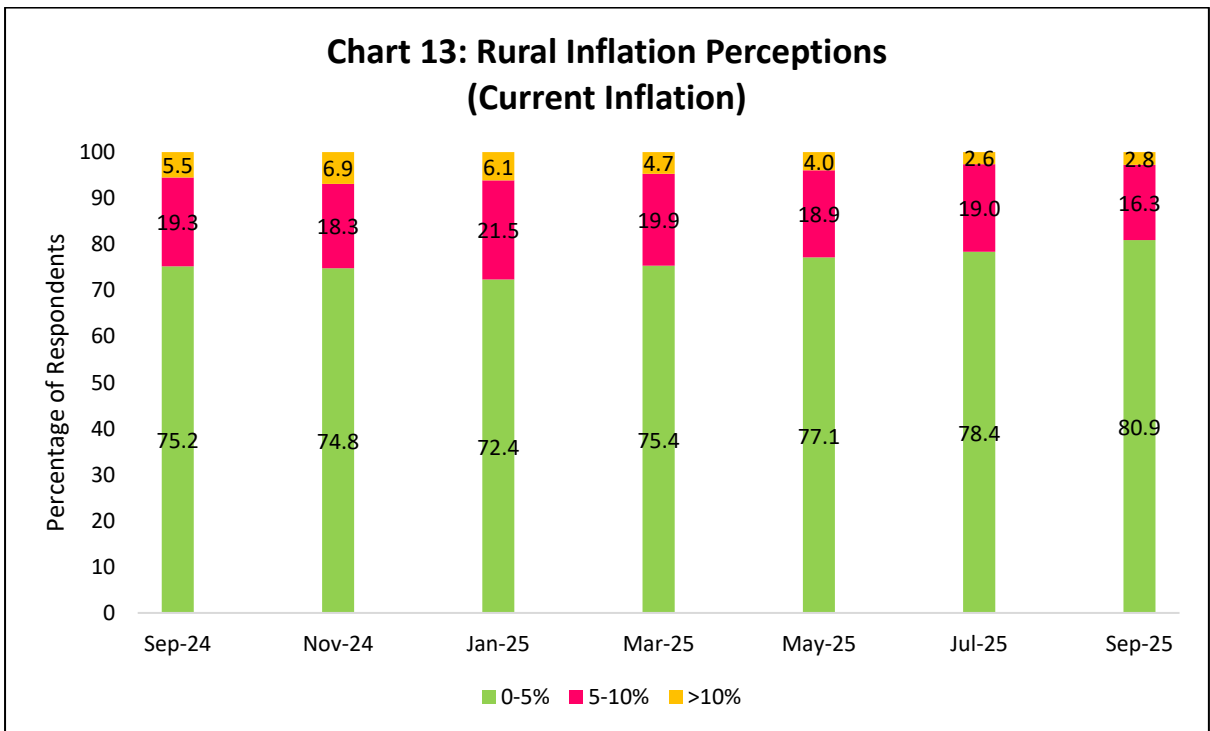
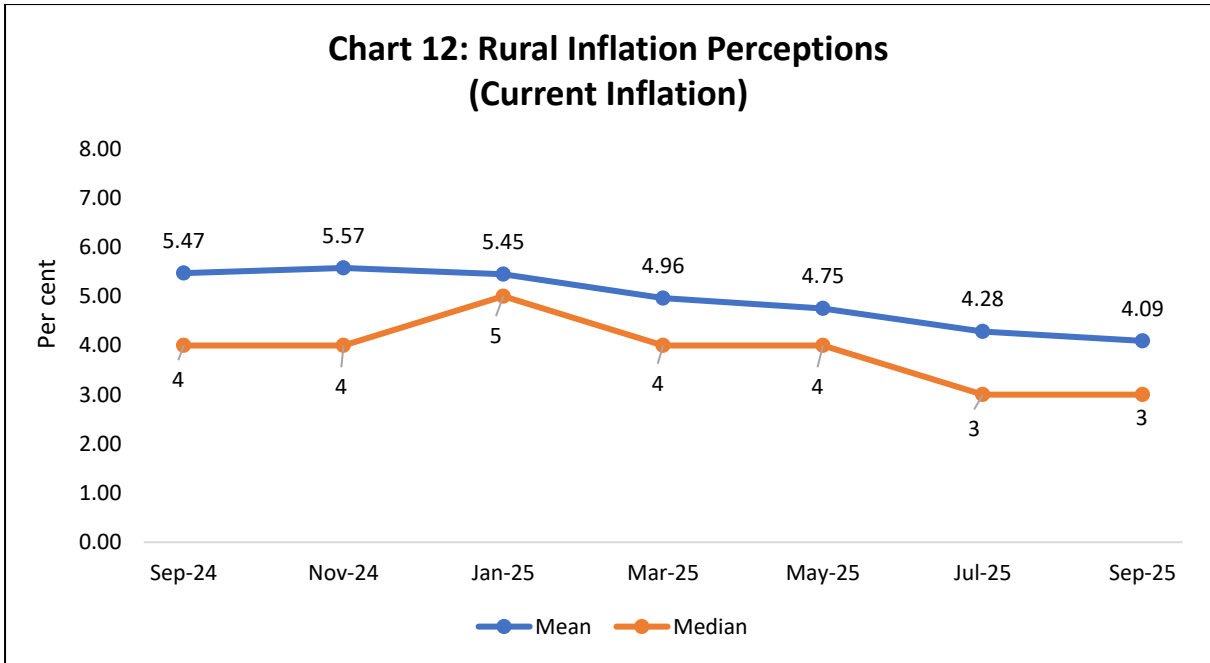


A high percentage of rural households (76.2%) continued to report observing improvement in rural infrastructure conditions in last one year (Chart 11).



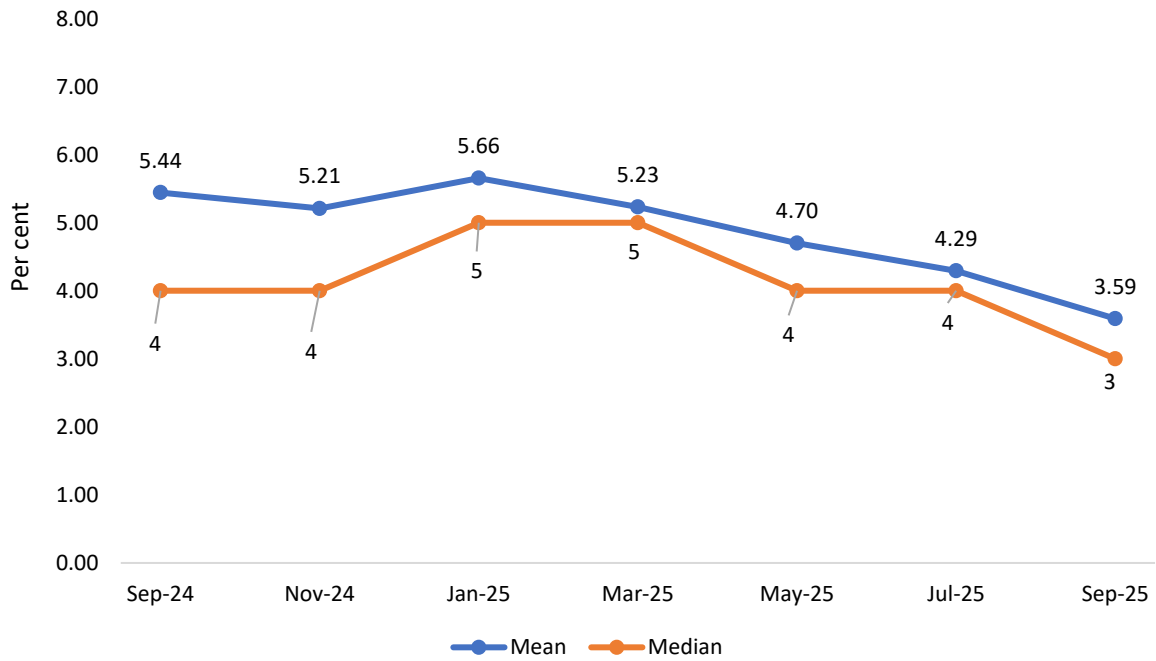
Rural Inflation Perceptions and Inflation Expectations

When the survey was conducted during the last few days of August 2025 and the first few days of September 2025, inflation data on CPI-rural inflation was available for the month of July 2025, which had declined to 1.18% from 1.72% in June 2025 and 2.59% in May 2025. In the September 2025 round of the survey, the average (mean) value of inflation perceptions of rural households moderated further to 4.09%, even as the median value remained unchanged at 3%. Since the November 2024 round of the survey, there has been a gradual decline in the average (mean) value of inflation perceptions, with a cumulative decline of about 150 basis points (Chart 12). Since the survey started, the highest percentage of households (80.9%) perceive realised inflation to have been at or below 5% (Chart 13).

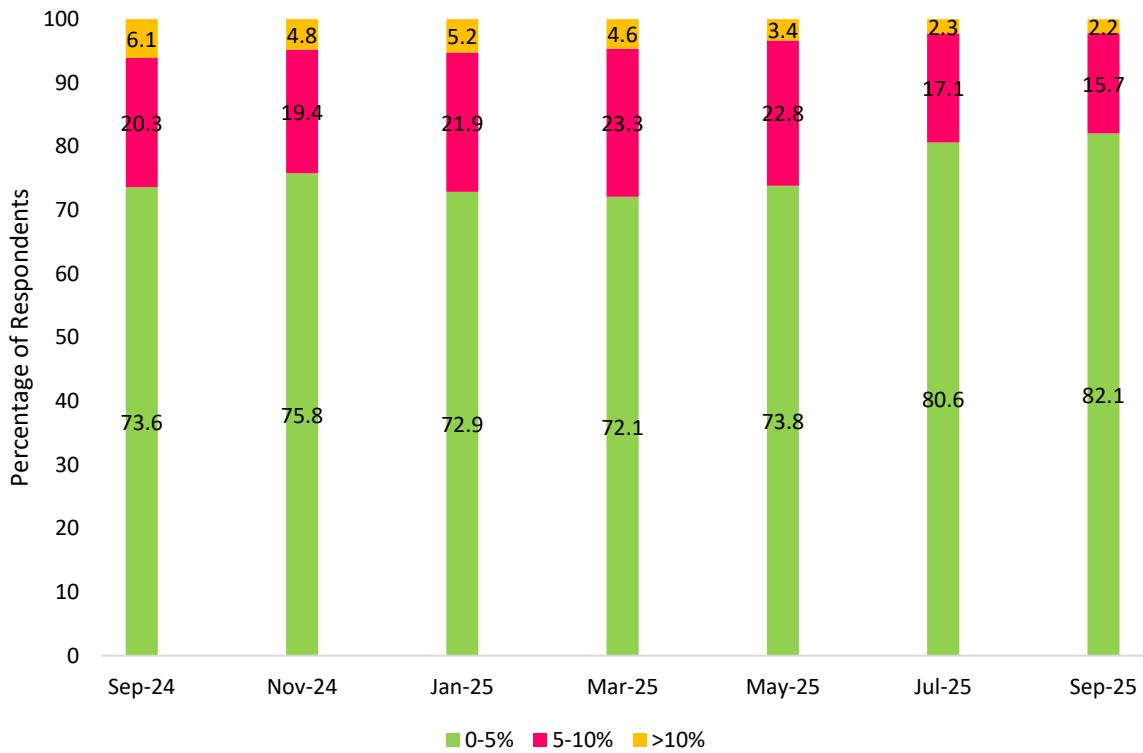


Inflation expectations of the rural households for the next quarter softened by 70 basis points to 3.59% from the previous round, which is the lowest level recorded since the survey started first in September 2024 (Chart 14). One year ahead inflation expectations softened by 64 basis points from the previous round to 4.87% (Chart 16), but 36.4 % of the households still expect one year ahead inflation to be above 5% (Chart 17).

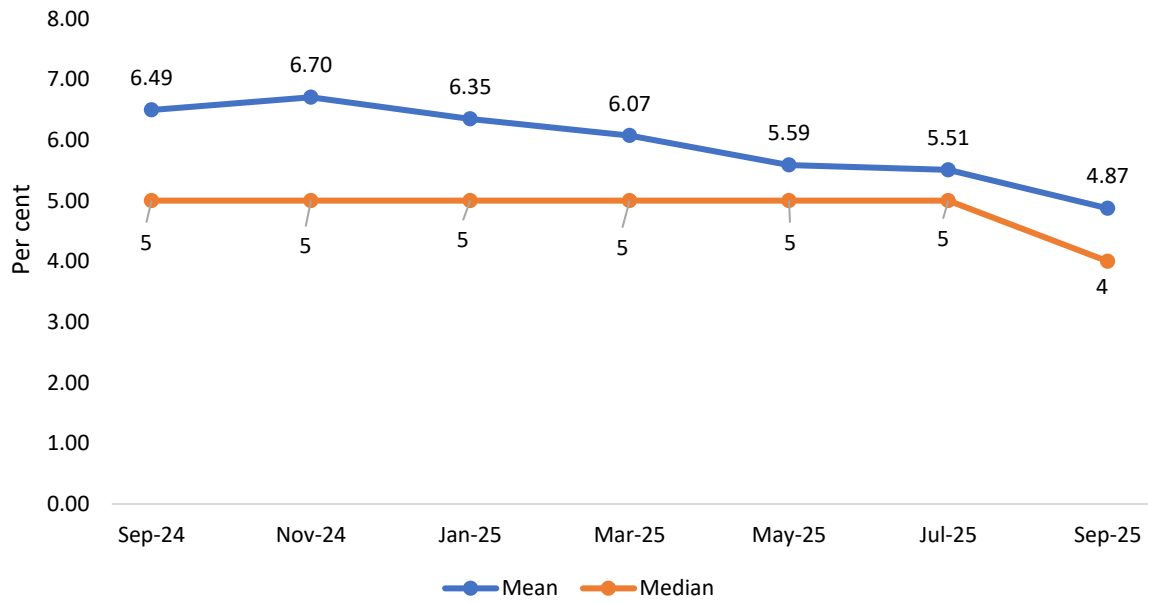
**Chart 14: Rural Inflation Expectations
(In Next Quarter)**



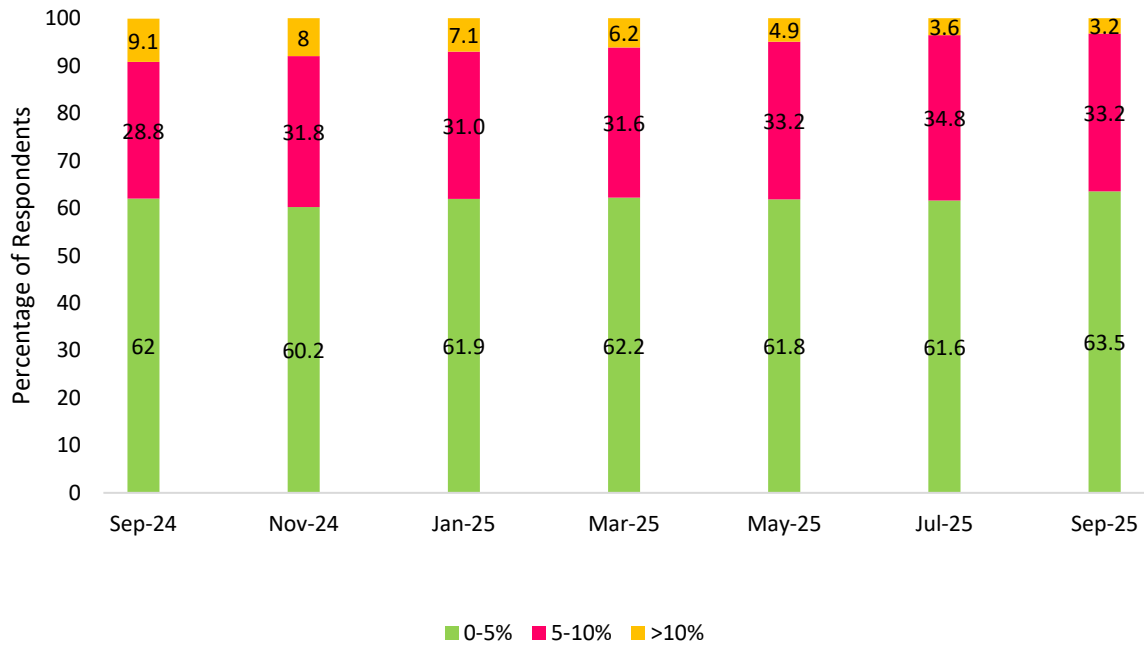
**Chart 15: Rural Inflation Expectations
(In Next Quarter)**



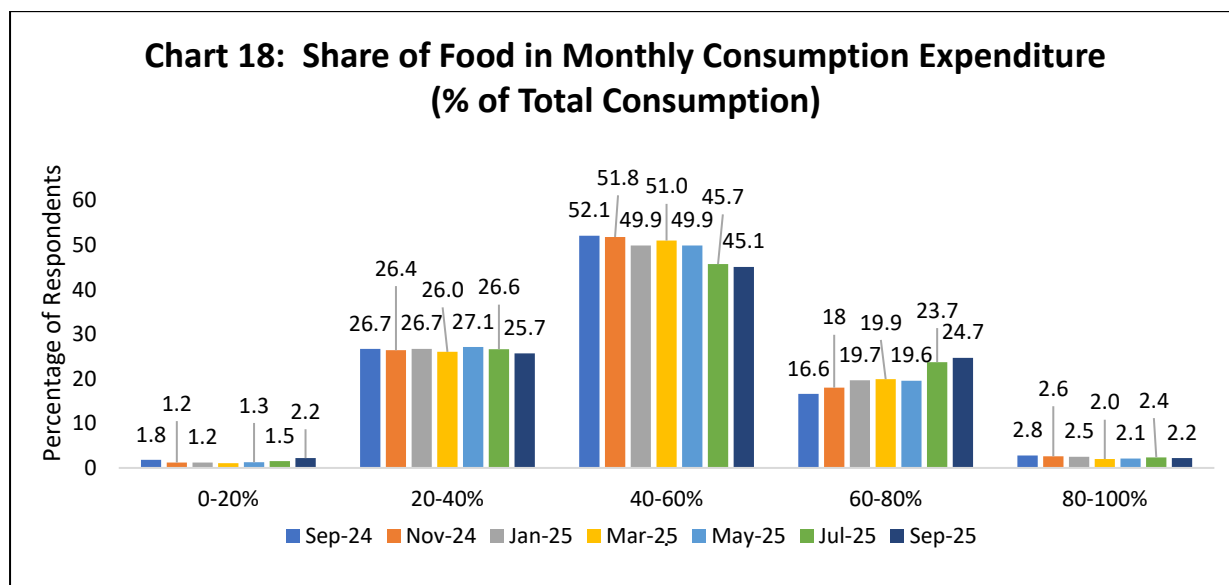
**Chart 16: Rural Inflation Expectations
(In Next One Year)**



**Chart 17: Rural Inflation Expectations
(In Next One Year)**



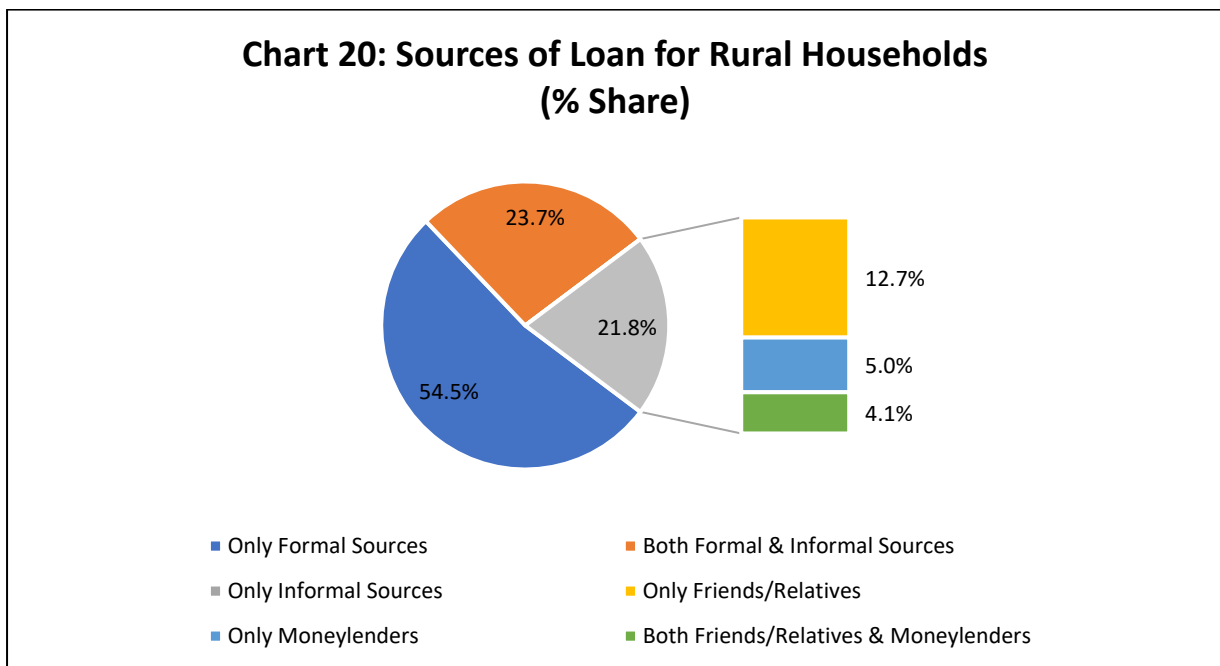
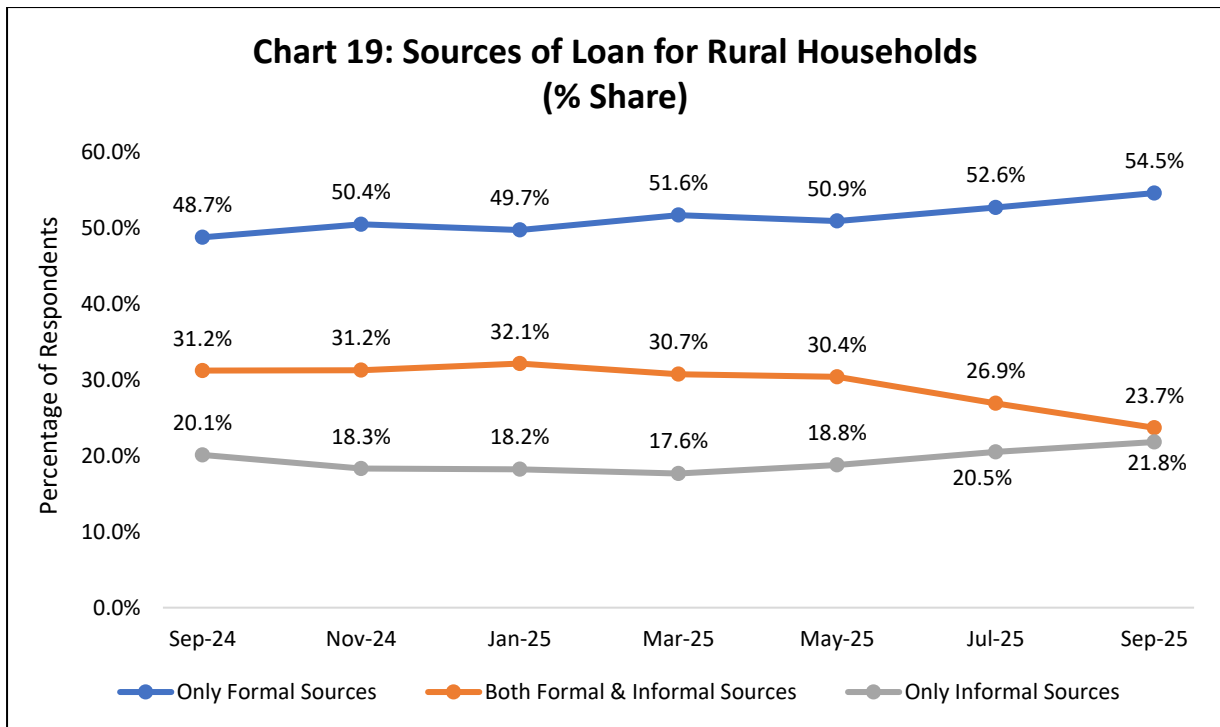
Despite the sharp decline in rural food inflation to (-) 1% in July 2025 (which is the last available inflation print when the survey was conducted), the share of monthly consumption expenditure devoted to food remained nearly unchanged (Chart 18).



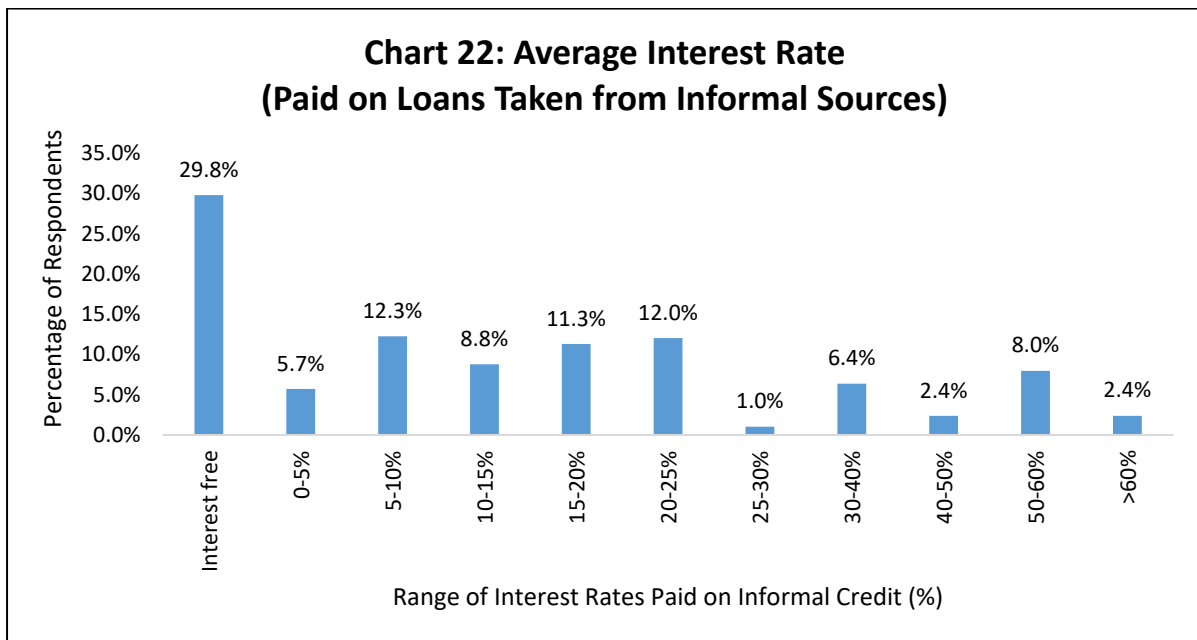
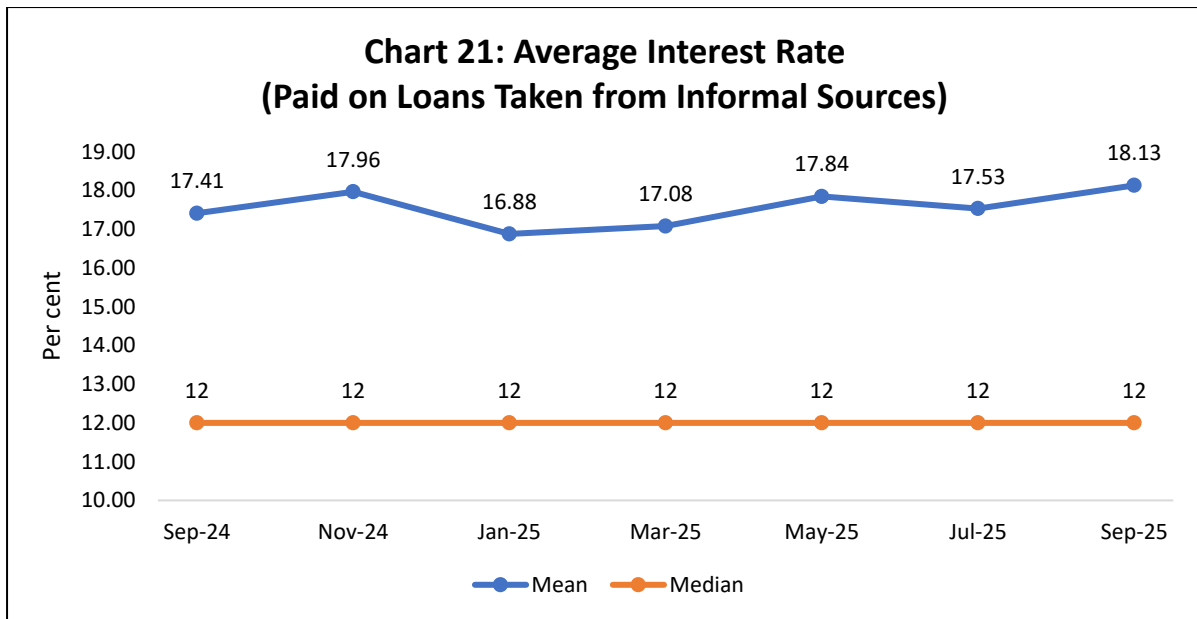
	Round 1 (Sept 2024)	Round 2 (Nov 2024)	Round 3 (Jan 2025)	Round 4 (Mar 2025)	Round 5 (May 2025)	Round 6 (July 2025)	Round 7 (Sep 2025)
Mean	52.4	53.5	53.6	53.2	52.5	53.8	53.6
Median	50	50	50	50	50	50	50

Rural Credit Conditions

Reflecting the impact of sustained policy thrust on promoting financial inclusion, the percentage of households that reported borrowing from only formal sources has increased over the previous rounds, to a peak of 54.5% in this round (Chart 19). About one fifth of the households, however, continue to borrow from only informal sources. More than half of such informal borrowings, however, as reported by the rural households, are from friends and relatives (Chart 20).

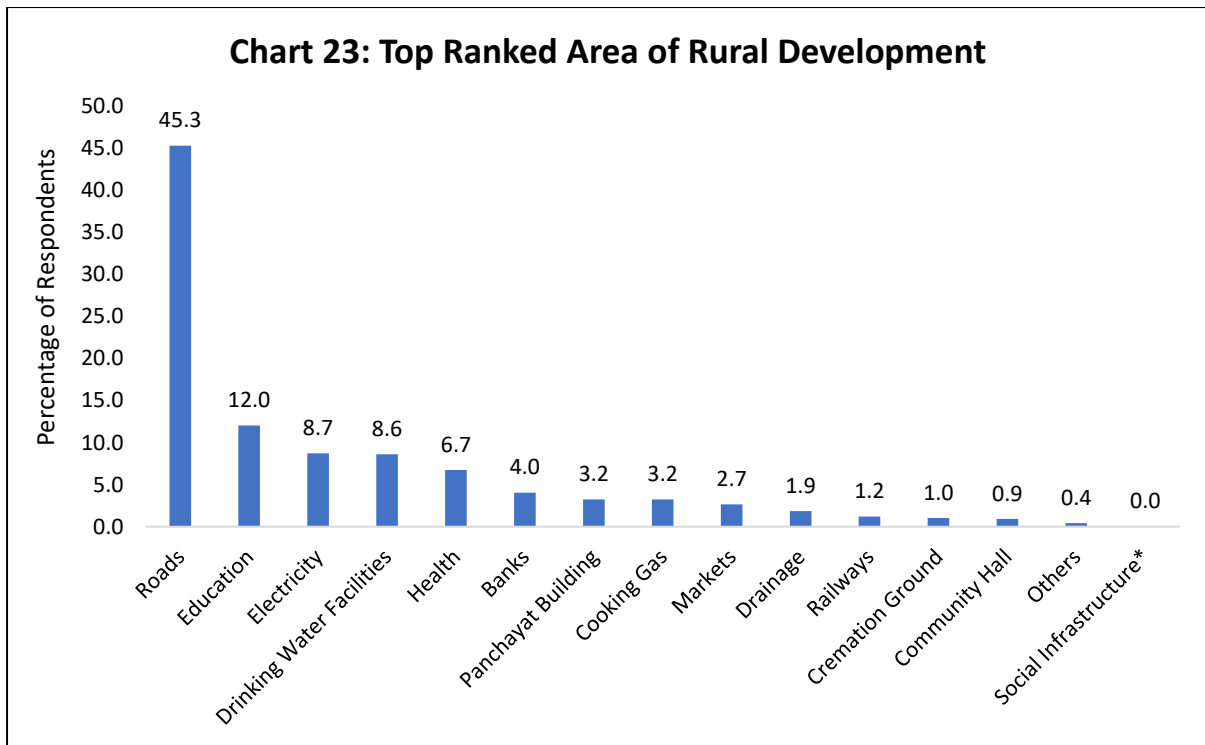


The average interest rate paid on informal credit has hovered at around 17 to 18% (Chart 21). The median interest rate paid on such informal loans remains unchanged at 12%. While about 30% of the households, possibly those taking loans from family and friends, pay no interest, about one-third of the households seem to pay high interest rates of more than 20% (Chart 22).



Rural Economic Development Performance Ranking

As in the previous rounds of the survey, rural roads emerged as the top ranked area of rural development, with majority (45.3%) of rural households expressing satisfaction about improving conditions of rural roads, followed by education (12.0%) and electricity (8.7%) (Chart 23; Table 7).



For information on the sampling design, survey approach and specific questions asked to the rural households, please refer the first six rounds of this survey.

Table 1 presents a summary assessment of the changes in the perceptions and sentiments of the rural households over the two consecutive rounds of the survey. In terms of net responses, the September 2025 round of the survey suggests positive economic conditions and sentiments continuing (depicted through green arrows).

Table 1: Key Highlights Based on Net Responses on Various Economic Parameters					
	Main Variables	Reference Period	Jul-25	Sep-25	Change
Qualitative – Economic Conditions	Income	Last 12 Months	19.8	19.5	↓
	Consumption	Last 12 Months	73.3	71.6	↓
	Financial Savings	Last 12 Months	-5.5	1.9	↑
	Borrowings	Last 12 Months	18.8	15.9	↓
	Capital Investments	Last 12 Months	6.7	8.4	↑
	Infrastructure Situation	Last 12 Months	73.5	73.3	↓
Qualitative – Household Sentiments	Employment Situation	Next One Quarter	47.3	47.0	↓
	Income Outlook	Next One Quarter	47.2	43.8	↓
	Income Outlook	Next One Year	68.7	68.0	↓
↑	Positive Sentiments with sign of improvement compared to last round		↑	Negative Sentiments with sign of improvement compared to last round	
↓	Positive Sentiments with sign of deterioration compared to last round		↓	Negative Sentiments with sign of deterioration compared to last round	
↔	Positive Sentiments with no change compared to last round		↔	Negative Sentiments with no change compared to last round	

NOTE: In view of the seasonality in some of the economic parameters in rural areas, and possible unevenness in the initial rounds in explaining the questions to the survey participants from 600 villages spread across the country, the survey findings may take some time to stabilise. Experience gained from the initial rounds will be considered while conducting the survey in future, with the aim of generating a time series of information on the select parameters that can help in assessing the changing dynamics in the rural economy.

The Survey questionnaire was designed in the Department of Economic Analysis and Research (DEAR), NABARD, keeping in view the requirement of regular flow of information for monitoring developments in the rural economy, and the Academy of Management Studies (AMS) conducted the survey, after finalising the sampling design in consultation with DEAR.

Table 2: Economic Conditions - Change in Last One Year (% of all households)				
	Increased	Decreased	No Change	Net Response (Increase – Decrease)
INCOME				
Sept 2024	37.6	23.8	38.6	13.8
Nov 2024	36.5	23.4	40.2	13.1
Jan 2025	36.0	22.6	41.5	13.4
Mar 2025	34.8	23.3	41.8	11.5
May 2025	37.4	21.4	41.3	16.0
July 2025	39.6	19.8	40.6	19.8
Sept 2025	37.5	18.0	44.6	19.5
CONSUMPTION				
Sept 2024	80.1	6.3	13.6	73.7
Nov 2024	79.2	5.0	15.8	74.2
Jan 2025	78.5	4.7	16.7	73.8
Mar 2025	79.9	4.2	15.8	75.7
May 2025	79.1	4.5	16.4	74.6
July 2025	76.6	3.2	20.2	73.3
Sept 2025	76.2	4.6	19.2	71.6
FINANCIAL SAVINGS				
Sept 2024	20.9	27.8	51.3	-6.9
Nov 2024	18.0	30.3	51.7	-12.3
Jan 2025	18.4	29.4	52.1	-11.0
Mar 2025	18.4	30.2	51.4	-11.9
May 2025	18.8	28.7	52.5	-9.9
July 2025	20.6	26.2	53.2	-5.5
Sept 2025	23.7	21.7	54.6	1.9

BORROWINGS				
Sept 2024	40.2	15.4	44.4	24.8
Nov 2024	38.1	16.3	45.6	21.8
Jan 2025	38.3	17.0	44.7	21.4
Mar 2025	37.7	16.7	45.6	21.0
May 2025	38.7	16.8	44.5	21.8
July 2025	36.2	17.3	46.5	18.8
Sept 2025	34.3	18.3	47.4	15.9
CAPITAL INVESTMENT				
Sept 2024	22.2	16.4	61.3	5.8
Nov 2024	19.8	16.7	63.5	3.0
Jan 2025	21.0	16.4	62.6	4.6
Mar 2025	21.6	15.5	62.9	6.1
May 2025	22.5	14.6	62.9	7.9
July 2025	20.3	13.5	66.2	6.7
Sept 2025	21.1	12.7	66.2	8.4
INFRASTRUCTURE SITUATION				
	Improved	Deteriorated	No Change	Net Response (Improved – Deteriorated)
Sept 2024	75.4	5.4	19.2	70.0
Nov 2024	73.5	7.4	19.1	66.0
Jan 2025	74.7	6.0	19.3	68.7
Mar 2025	75.8	4.7	19.5	71.1
May 2025	77.9	3.3	18.8	74.6
July 2025	76.1	2.6	21.3	73.5
Sept 2025	76.2	2.9	20.9	73.3

	0-5%	5-10%	10-15%	15-20%	>20%	Mean	Median
Sep-24	23.4	40.5	13	9.9	13.2	13.9	10
Nov-24	21.9	38.3	15	11.2	13.6	13.1	10
Jan-25	22.4	38.9	14.5	11.4	12.8	13.2	10
Mar-25	23.1	38.7	14.8	11.5	11.9	12.8	10
May-25	21.9	40.5	15.6	12.0	10.0	12.9	10
July-25	24.7	42.5	14.9	8.9	9.1	11.9	10
Sep-25	26.4	39.6	16.7	10.2	7.1	12.8	10.00

	Improve	Deteriorate	No Change	Net Response (Improve - Deteriorate)
EMPLOYMENT OUTLOOK (Next One Quarter)				
Sept 2024	52.6	8.5	38.9	44.1
Nov 2024	51.7	8.3	40.0	43.3
Jan 2025	51.9	8.8	39.3	43.1
Mar 2025	52.7	8.3	39.1	44.4
May 2025	53.5	8.0	38.5	45.4
July 2025	56.2	8.8	35.0	47.3
Sept 2025	54.1	7.1	38.7	47.0
INCOME OUTLOOK (Next One Quarter)				
Sept 2024	54.1	9.9	36.0	44.1
Nov 2024	53.0	9.5	37.5	43.5
Jan 2025	52.8	9.4	37.7	43.4
Mar 2025	52.5	10.4	37.1	42.1
May 2025	53.8	10.2	36.0	43.6
July 2025	56.4	9.2	34.4	47.2
Sept 2025	51.6	7.9	40.5	43.8

INCOME OUTLOOK (Next One Year)				
Sept 2024	70.2	7.3	22.5	63.0
Nov 2024	71.3	7.8	20.9	63.5
Jan 2025	71.2	7.4	21.4	63.8
Mar 2025	72.2	7.5	20.3	64.6
May 2025	73.6	6.7	19.7	66.9
July 2025	74.7	6.0	19.4	68.7
Sept 2025	72.8	4.8	22.4	68.0

Table 5: Inflation Perceptions and Expectations												
	Current Perceptions				One Quarter Ahead Expectations				One Year Ahead Expectations			
	Mean		Median		Mean		Median		Mean		Median	
	Esti mate	SE	Esti mate	SE*	Esti mate	SE	Esti mate	SE*	Esti mate	SE	Esti mate	SE*
Sept 2024	5.47	0.0002	4.0	0.0003	5.44	0.0002	4.0	0.0003	6.49	0.0002	5.0	0.0003
Nov 2024	5.57	0.0004	4.0	0.0005	5.21	0.0004	4.0	0.0004	6.70	0.0004	5.0	0.0005
Jan 2025	5.45	0.0003	5.0	0.0003	5.66	0.0003	5.0	0.0004	6.35	0.0003	5.0	0.0004
Mar 2025	4.96	0.0002	4.0	0.0002	5.23	0.0002	5.0	0.0002	6.07	0.0002	5.0	0.0003
May 2025	4.75	0.0002	4.0	0.0003	4.70	0.0002	4.0	0.0002	5.59	0.0002	5.0	0.0002
July 2025	4.28	0.0002	3.0	0.0002	4.29	0.0002	4.0	0.0002	5.51	0.0002	5.0	0.0003
Sept 2025	4.09	0.0003	3.0	0.0003	3.59	0.0002	3.0	0.0003	4.87	0.0002	4.0	0.0003

SE: Standard error of mean

SE: Standard error of median = SE * 1.2533*

Table 6A: Quantitative Indicators												
	Increase in Income During Last One Year (% per annum)				Average Interest Rate Paid on Informal Sources of Borrowings (% per annum)				Income Supplemented by Transfers from the Government (% of income)			
	Mean		Median		Mean		Median		Mean		Median	
	Est.	SE	Est.	SE*	Est.	SE	Est.	SE*	Est.	SE	Est.	SE*
Sept 2024	13.90	0.0014	10.0	0.0017	17.41	0.0024	12.0	0.0030	9.75	0.0006	8.0	0.0008
Nov 2024	13.07	0.0012	10.0	0.0015	17.96	0.0029	12.0	0.0036	10.09	0.0007	8.0	0.0008
Jan 2025	13.17	0.0011	10.0	0.0013	16.88	0.0027	12.0	0.0034	10.28	0.0007	8.0	0.0009
Mar 2025	12.84	0.0013	10.0	0.0017	17.08	0.0026	12.0	0.0033	9.89	0.0007	8.0	0.0008
May 2025	12.92	0.0014	10.0	0.0018	17.84	0.0027	12.0	0.0034	10.00	0.0007	8.0	0.0009
July 2025	11.93	0.0010	10.0	0.0013	17.53	0.0025	12.0	0.0032	10.01	0.0008	8.0	0.0009
Sept 2025	12.81	0.0023	10.0	0.0028	18.13	0.0030	12.0	0.0038	9.27	0.0006	8.0	0.0007

Est. – Estimate of mean and median

SE: Standard error of mean

SE: Standard error of median = SE * 1.2533*

Table 6B: Quantitative Indicators				
Spending Pattern of Monthly Income (% of monthly income)				
	Consumption	Savings	Loan Repayment	Others
September 2024	60.87	16.77	13.49	8.87
November 2024	63.26	14.09	13.70	8.95
January 2025	63.54	14.34	13.67	8.44
March 2025	64.15	13.78	12.68	9.38
May 2025	64.85	13.51	11.82	9.82
July 2025	65.57	13.18	11.85	9.40
September 2025	63.39	14.53	11.95	10.13

Monthly Consumption Pattern (% share of monthly expenditure)				
	Food	Fuel (Cooking plus Transportation)	Education and Health	Others
September 2024	52.36	16.28	24.50	6.86
November 2024	53.55	16.57	24.07	5.81
January 2025	53.60	17.17	23.54	5.69
March 2025	53.21	18.40	22.29	6.09
May 2025	52.46	18.42	22.49	6.64
July 2025	53.77	16.89	22.33	7.01
September 2025	53.63	17.29	24.21	4.87
Sources of Borrowings (% of total outstanding borrowings)				
	Only Formal /Institutional	Only Informal (Relatives/Friends/ Business Partners /Money Lenders)	Both Formal & Informal	
September 2024	48.72	20.09	31.19	
November 2024	50.43	18.34	31.23	
January 2025	49.69	18.19	32.11	
March 2025	51.65	17.65	30.71	
May 2025	50.86	18.77	30.37	
July 2025	52.64	20.48	26.87	
September 2025	54.54	21.79	23.66	

Table 7: Development Indicators (% of Households) (Ranking of Satisfaction Level Expressed by Households, based on their experience of last few years)									
Area	Round-5			Round-6			Round-7		
	Rank 1	Rank 2	Rank 3	Rank 1	Rank 2	Rank 3	Rank 1	Rank 2	Rank 3
Banks	4.8	1.6	1.7	3.1	1.3	1.9	4.0	1.7	1.9
Roads	50.8	13.7	8.4	46.3	12.8	8.3	45.3	12.0	7.8
Railways	1.4	1.2	1.8	2.4	2.4	2.0	1.2	1.7	1.6
Education	9.2	17.6	12.3	11.2	18.2	13.5	12.0	17.6	14.2
Health	5.6	12.7	11.5	7.5	12.8	11.0	6.7	13.6	11.3
Electricity	8.8	15.0	14.9	8.6	17.3	15.3	8.7	16.6	14.6
Cooking Gas	2.9	5.9	5.7	2.2	3.7	7.2	3.2	3.7	6.2
Markets	0.9	2.6	2.7	1.6	3.1	3.6	2.7	3.2	3.4
Other Social Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Panchayat Building	1.9	5.9	6.2	2.5	5.5	5.8	3.2	5.1	4.8
Community Hall	0.6	2.1	2.1	1.1	1.5	1.3	0.9	2.4	2.1
Drinking Water Facilities	10.8	16.3	19.6	10.0	14.5	17.7	8.6	16.3	18.8
Drainage	1.4	4.0	7.7	1.7	4.6	6.3	1.9	4.5	8.4
Cremation Ground	0.6	1.2	2.8	1.5	1.7	3.2	1.0	1.4	2.7
Others	0.4	0.4	2.6	0.4	0.6	2.7	0.4	0.3	2.1
Total	100	100	100	100	100	100	100	100	100

**Each household was asked to report the top three as per own experience.*

For information on the sampling design, survey approach and specific questions asked to the rural households, please refer the first six rounds of this survey.