

# Incomes up since Covid, but poorest 20% still below FY16 level: Study

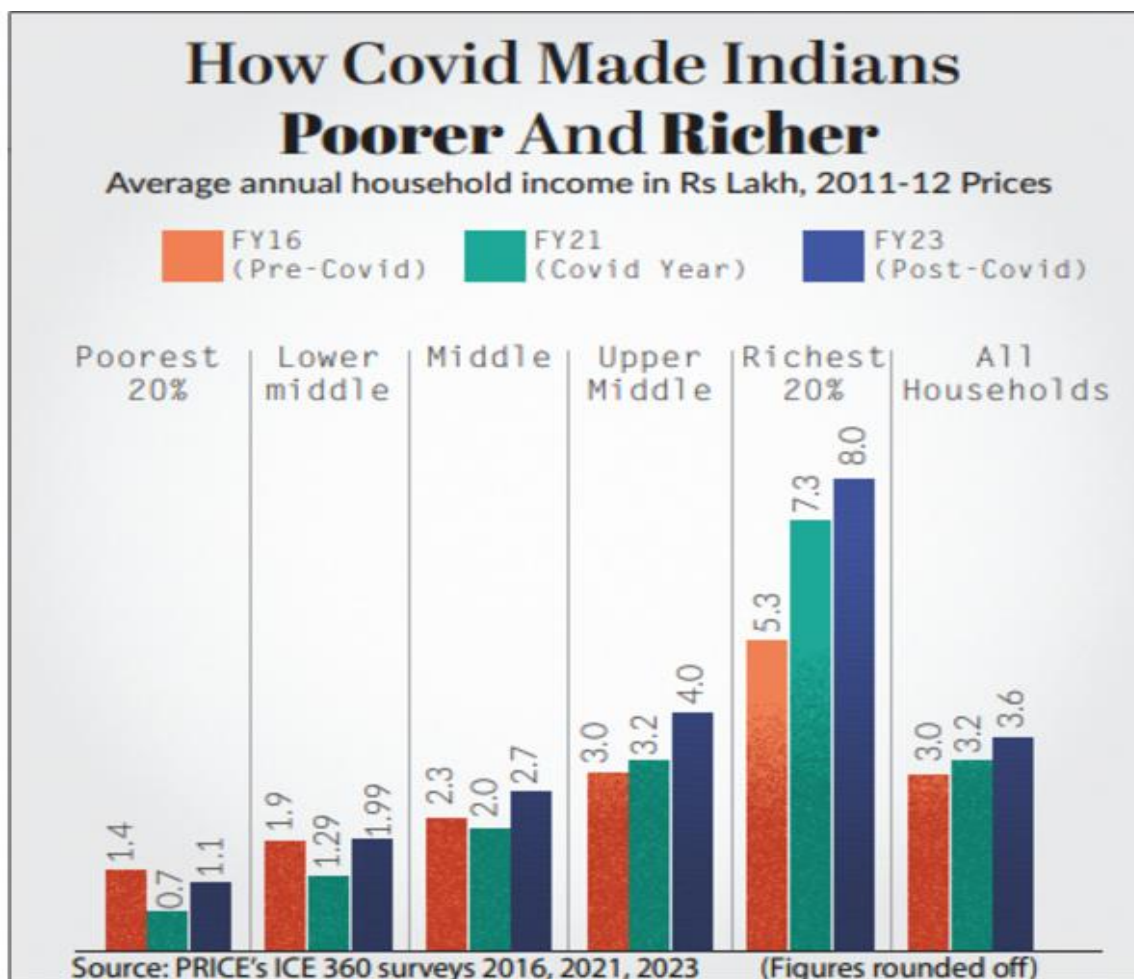
Sidhartha & Surojit Gupta

Times of India | Jan 25, 2024

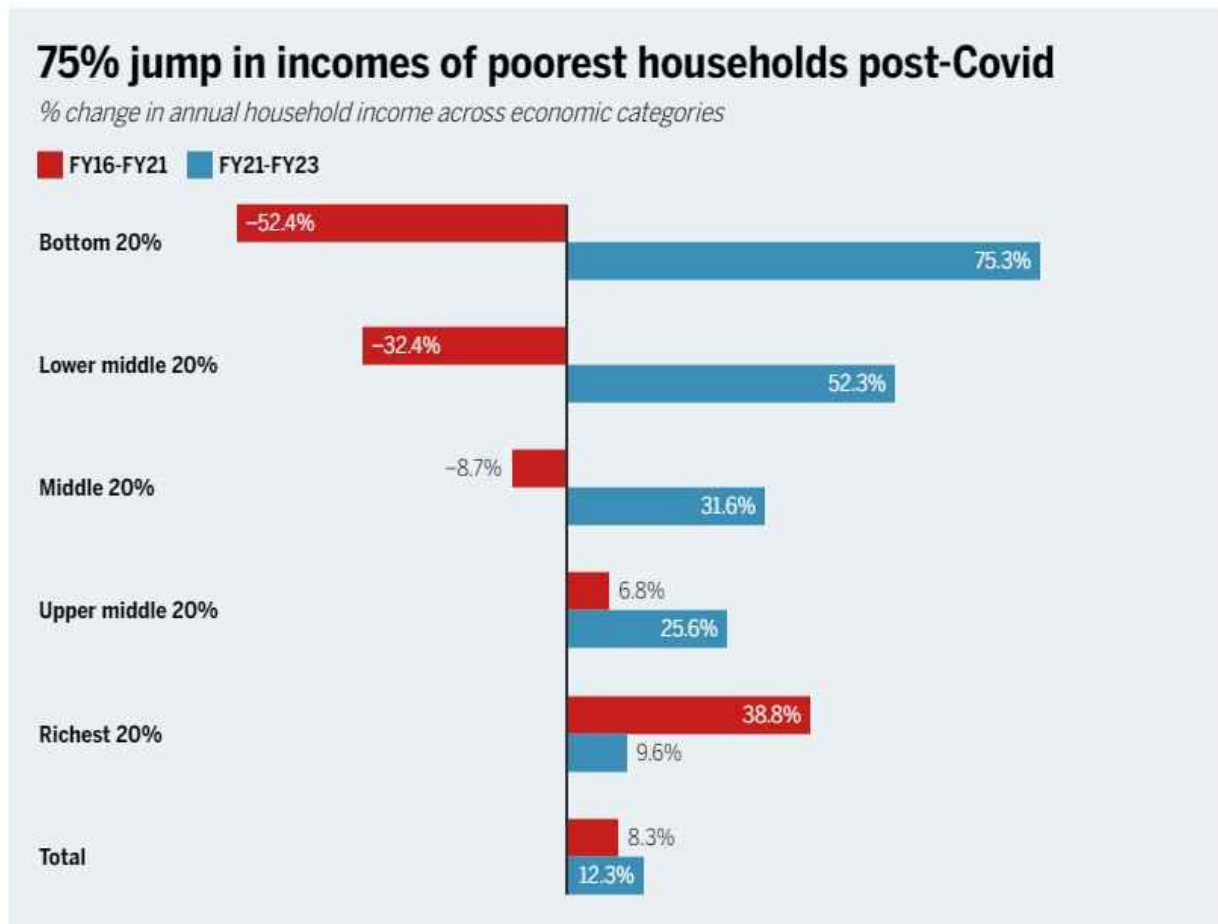
*Average household income in India has increased around 12% since the Covid pandemic-induced fall, with the poorest seeing an over 75% jump, according to a survey by PRICE. The survey also revealed that income levels in rural India have climbed 16.6%. The survey shows the vulnerability of lower income segments and the need for government intervention.*

NEW DELHI: Average household income in India has increased around 12% since the Covid pandemic-induced fall, with the poorest seeing an over 75% jump, a new survey has estimated.

While average annual household income increased to over Rs 3.6 lakh in 2022-23, for the poorest it rose to Rs 1,14,000. That was 16% below the 2015-16 level of Rs 1,37,000 (see chart).



Post-pandemic, the poorest 20% households saw income levels shrink 52% from 2015-16 level. These are findings of the latest round of ICE 360 Degree Survey by private economic think tank People Research on India's Consumer Economy (PRICE) that were shared exclusively with TOI.



During 2020-21, average household income levels had dropped below 2015-16 level in the bottom three income groups. By 2022-23, incomes of all five groups had recovered strongly in the wake of strong economic growth during last three financial years.

#### **'Covid forced occupation shift'**

Income levels in what PRICE classifies as upper-middle and rich segments not only did not fall due to Covid, but actually increased — pointing out how lower income segments are more vulnerable to such shocks, necessitating government intervention. The pandemic also resulted in the gap between the richest and the poorest 20% widening from 3.8 times in 2015-16 to 11 times in 2020-21 before narrowing to 7 times during the last financial year.

The numbers also showed that household income in rural India has climbed 16.6% to over Rs 3.1 lakh annually, as against a 7% expansion in urban areas to a little under Rs 4.5 lakh.

The latest survey also revealed a shift in occupation trends due to Covid as the lockdown forced many workers to return home and seek work as agriculture and non-agriculture labour.

With the economy opening up and their return to large cities, there has been a 39% jump in salaried households from 72 million in 2020-21 to 124 million last year. In contrast, households that were classified under the farm labour category shrunk by almost a third to 26 million, while non-farm labour households saw a 53% fall to 28 million. The rise in the number of salaried households the average household income in this category is estimated to have declined 27% to just under Rs 4.6 lakh in FY23.

“Hit by lockdowns and the loss of work, the urban poor in Tier I and Tier II cities, who are made up largely of casual labour, petty traders (hawkers, street vendors), artisans, and domestic workers, felt the greatest impact of the downward spiral in income,” said PRICE MD and CEO Rajesh Shukla.