

Challenges facing the upcoming income survey

The upcoming Household Income Survey promises to provide a detailed snapshot of India's households — their incomes, expenses, and changing dynamics. Yet, collecting accurate income data remains a challenge due to the sensitive nature of the questions, which many respondents may find intrusive or difficult to answer



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- In August this year, the proposed survey was pilot-tested by randomly selecting households across India to answer its questions. This exercise generated some concerning feedback.
- A majority of them refused to answer questions about income taxes paid.

The upcoming Household Income Survey, 2026, which is going to be the first of its kind, could offer the clearest picture yet of India's households, revealing how they are coping, changing, and moving towards the future. However, the challenge with such an exercise lies in the sensitive nature of questions about individual income, which many respondents may be reluctant to answer. While the survey design is valuable from a policymaker's perspective, for respondents, such questions can feel intrusive and, in many cases, difficult to answer accurately from memory.

On past surveys

Indian policymakers lack actionable information about household income. While surveys like the Periodic Labour Force Survey attempts to capture earnings, it views wages and salaries through the lens of labour market dynamics, and falls short of offering detailed insights into household characteristics. The Household Consumption Expenditure Survey (HCES) relies on spending patterns to infer household income. While this survey is considered more reliable, using consumption data as a proxy for income involves a leap that may not always hold up in practice. Then there is the RBI's Consumer Confidence Survey which tracks how income levels rise or fall over time among urban and rural consumers. Put together, these survey tools have either captured broad trends in income changes, relied on proxies to gauge them, or examined income through specific analytical lenses.

The upcoming Household Income Survey, however, aims to collect income data to understand income itself and its interplay with other household characteristics. The new survey gathers detailed information on social group, religion, and occupation — covering whether households are engaged in agriculture or other economic activities. It also records land ownership and use, property details such as the size and type of dwelling, and loans taken.

This survey, for the very first time, collects detailed information on regular salaries, including allowances such as overtime pay, performance-based bonuses, stock options, leave encashments, and severance payments. For casual workers, the survey will record the number of days worked, average daily wages earned, and even tips received. In the case of self-employed respondents, it will gather details on the type of crops sold, the quantity, and the value of those sales. For those engaged in non-agricultural work, the survey will note down the sector of business and the gross value of receipts earned.

By combining such information, the survey will make it easier to understand class dynamics across different types of employment and whether certain jobs are concentrated within specific social groups. It may also shed light on what share of a household's total income goes toward loan repayments — an important metric in an economy driven by EMI-based spending, particularly among urban households. When it comes to agriculture, the detailed questions make this survey an excellent direct tool to test claims like “doubling farmers’ income”, and assess related government schemes.

Expenses recorded

While measuring income is important, considering spending patterns is equally essential. Therefore, this survey repeats some questions from the HCES. For instance, the survey asks farmers to report input costs for each item, including seeds, labour, and transport. For those engaged in self-employment in other sectors, it seeks details on raw material costs, rental payments, and repair and maintenance expenses. By gathering both cost and income data from the same households, the survey enables accurate measurement of profit margins.

Additionally, it measures pension payments, family support transfers such as alimony or child support, and remittances. More importantly, for the first time, the survey collects data on funds received through State-specific schemes such as the *Kalaignar Magalir Urimai Thittam* in Tamil Nadu, along with several Union government schemes.

Testing troubles

In August this year, the proposed survey was pilot-tested by randomly selecting households across India to answer its questions. This exercise generated some concerning feedback. Close to 95% of the respondents considered the information to be sensitive and felt uncomfortable disclosing income from different sources. A majority of them refused to answer questions about income taxes paid. Most respondents thus are likely to feel cautious when answering these questions. The survey team is aware of this challenge and is addressing it by increasing public awareness, dispelling misconceptions, and planning outreach across various media. They also aim to deploy field staff familiar with local languages to build trust. The testing team observed that respondents in rural areas sought fewer clarifications, whereas those in affluent households asked for more. Due to this hesitation, unusually, the government is considering introducing a self-compilation system exclusively for affluent and gated communities. Under this system, respondents would receive a written request explaining the survey's objectives and the importance of providing accurate income data.

Moreover, during field visits, many households overstated their expenses or misunderstood their income levels. Respondents also found it difficult to recall details about their financial assets and were often unaware of the interest earned from savings or fixed deposits.