

The Better Cotton Living Income Project: Insights from India

What A Deep Dive into Cotton Farming in India Can Tell Us About Bridging the Gap to Living Incomes



At Better Cotton, improving the livelihoods of cotton farmers is at the center of our mission. As part of our 2030 Strategy, we commit to leveraging our position to support farmers and workers achieve living income and living wages to improve living standards and make a positive contribution to the eradication of poverty of smallholder cotton farming communities.

The Better Cotton Living Income Project

In 2022, we launched the Better Cotton Living Income Project as part of our Sustainable Livelihoods Approach to help farmers and workers earn fair wages and incomes that cover a decent standard of living. As a starting point for this work, we partnered with [IDH](#) to understand the income levels of cotton farmers in India, where we have the largest number of Better Cotton Farmers.

The living income study was carried out by Ecociate Consultants in the states of Telangana and Maharashtra. Our goal was to define the living income benchmarks and understand the gaps between actual incomes and living incomes in these regions.



Smallholder farmers

A smallholder farmer is defined as those who grow on 20 hectares of land or less and are not structurally dependent on permanent hired labour.

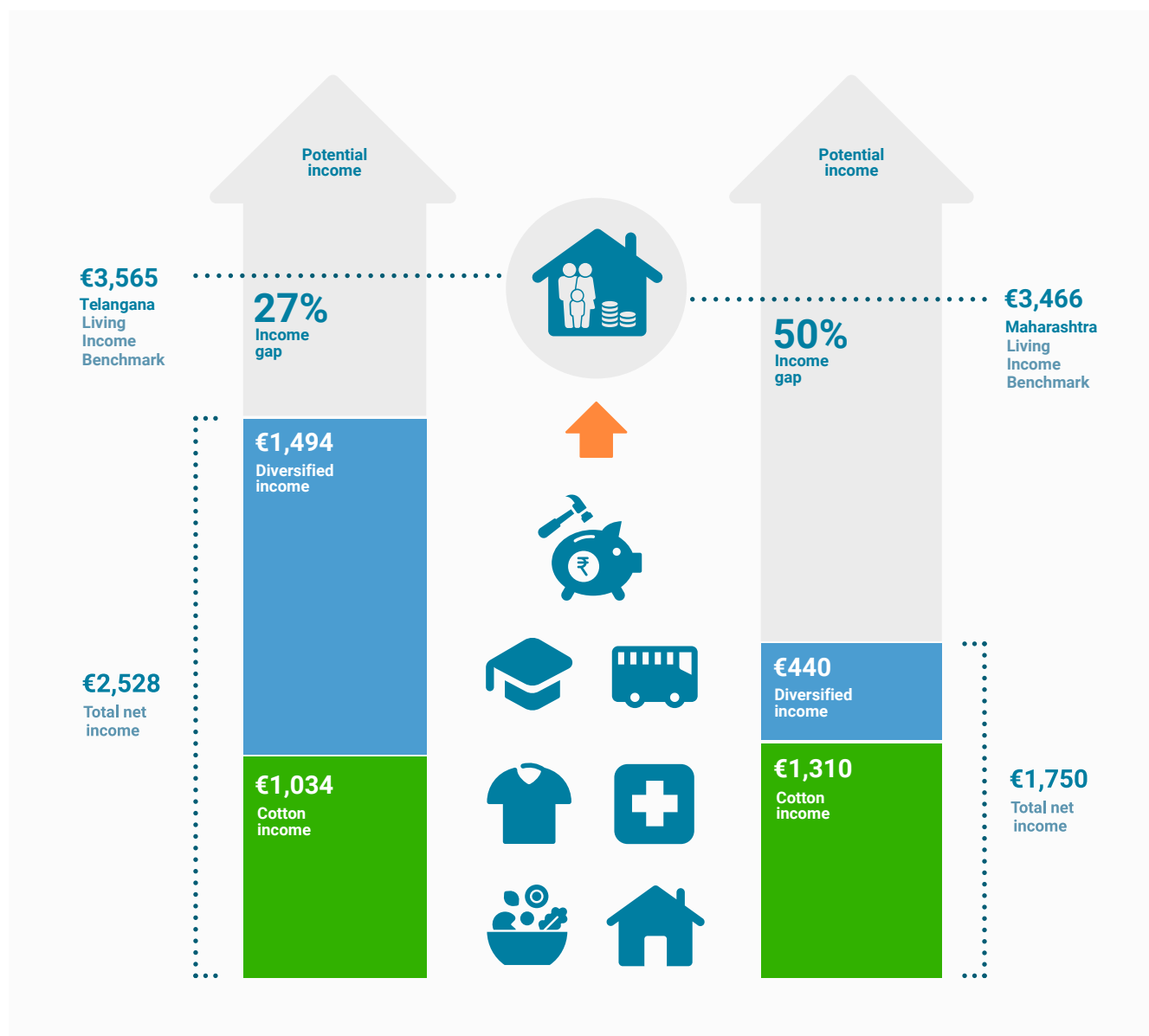
What is a Living Income?

A living income represents the amount a household needs in a year to secure essentials like nutritious food, decent shelter, education, healthcare and a little extra for emergencies or future planning. For cotton farmers, achieving this benchmark is crucial to breaking the cycle of poverty and vulnerability.

Farmer incomes in Telangana and Maharashtra¹

Adaptation based on Graphic “The Living Income Story” published by the Living Income Community of Practice

1. The Euro conversion from Indian Rupee was calculated using Google Finance data as of November 21, 2024



Understanding the Living Income Gap

Both current net household income and living income benchmarks for Telangana and Maharashtra are higher than the World Bank poverty lines.

Comparing living income Benchmarks with other Benchmarks or Poverty lines

1. The Euro conversion from Indian Rupee was calculated using Google Finance data as of November 21, 2024

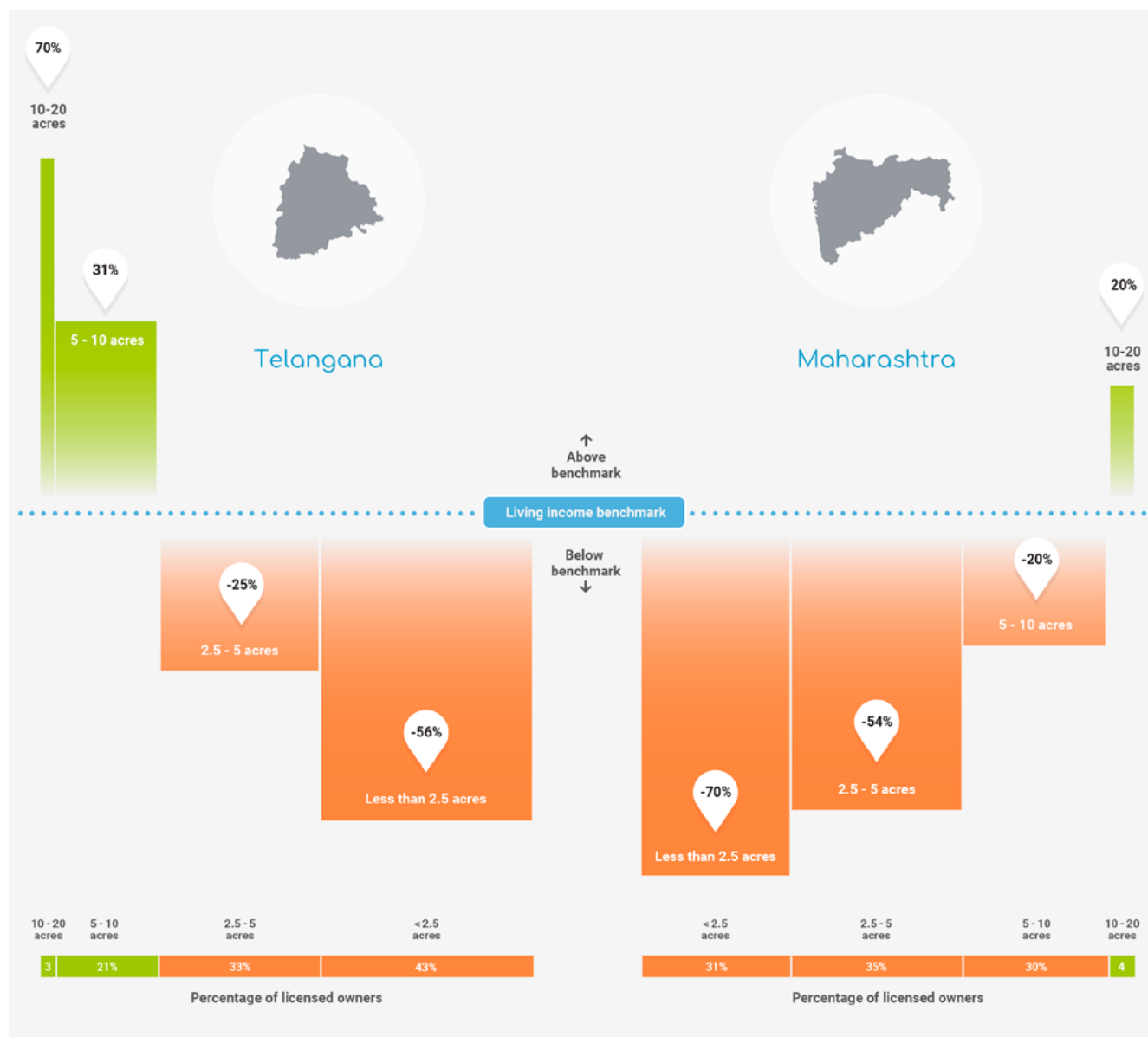


Living Income Gap India

In both states, farmers with 5 acres of land or less earned well below the living income benchmarks on average. While those with holdings of 5-25 acres fared better, they still have limited resources to handle any financial shocks. These gaps paint a picture of vulnerability in both states.

The living income gap in Telangana and Maharashtra per size of farm, showing the distribution of farm size among Better Cotton farmers

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Study Methodology

How Was the Living Income Gap Calculated?

Similar Studies

The study compared living income benchmarks already established using an internationally respected method called The Anker Methodology.

Benchmark

To establish the living income benchmarks for Telangana and Maharashtra, we brought together information from similar regions and data from the Global Multidimensional Poverty Index and local minimum wages. We used a blend of quantitative and qualitative data to gain a well-rounded view of farmers' livelihoods, including their various expenses and income sources.

Local Indicators

Since there was no exact living income benchmark data for Telangana and Maharashtra, the study looked at two important local measures to adjust the benchmark:

- Multi-Dimensional Poverty Index
- Minimum Wage Rates set under India's Mahatma Gandhi National Rural Employment Guarantee Act



Living Income Benchmark

Data Collection

The study used a blend of quantitative and qualitative data to gain a well-rounded view of farmers' livelihoods, including their various expenses and income sources.

Quantitative Data:

800 households were surveyed — 400 in Telangana and 400 in Maharashtra — delving into details about both cotton and non-cotton

income sources. Ecociate gathered data on farm and non-farm-related income, costs of production, land holdings, crop yields, ability to achieve average market prices, household expenses and debt levels.

Qualitative Data:

- **Interviews with key stakeholders** like government officials, agricultural experts,

supply chain actors and representatives from farmer cooperatives gave insights into how policies, market dynamics and support systems impact farmer incomes and livelihoods.

- **Focus group discussions** with male and female farmers revealed the 'why' and 'how' behind the challenges.

Income diversification

With a clear picture of the living income landscapes in Telangana and Maharashtra, the next step was understanding what was driving these realities. That meant analysing not just how much farmers earn but also where that money comes from.



Income from cotton



Income from other crops



Income from off-farm



Income from 'other'

Telangana

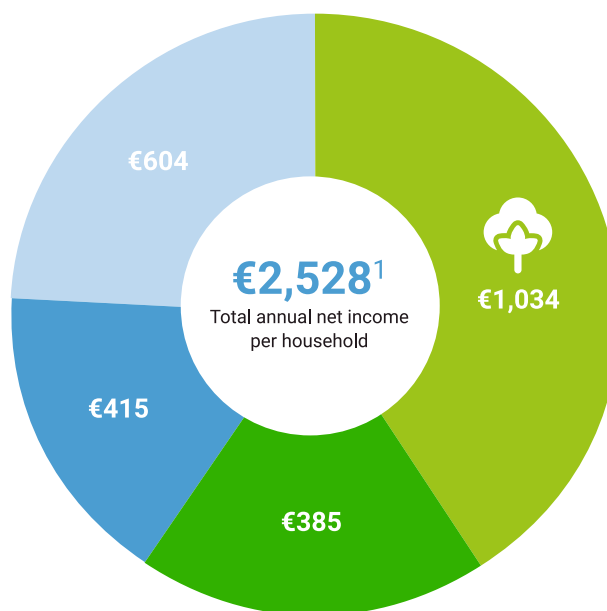
In Telangana, income sources are fairly balanced, with cotton contributing about 48% of total earnings. Farmers here draw income from a wider variety of sources.

Maharashtra

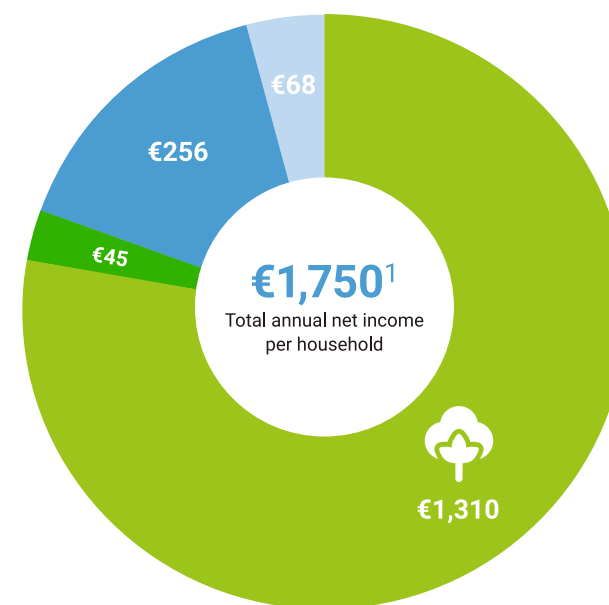
Cotton cultivation is critical in Maharashtra, contributing a staggering 79% of household income. While some farmers supplement their income with other activities, many households have no additional income sources outside of cotton.

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Telangana Moderate cotton dependance



Maharashtra High cotton dependance



Income drivers

Beyond income sources, farmers in Telangana and Maharashtra also approach production, market access and resources differently. Understanding these differences is key to designing solutions. Effective support for cotton farmers must be tailored, recognising the distinct challenges and opportunities they face. Closing the living income gap requires a smart mix of strategies that target multiple income drivers simultaneously.

Cultivation Costs



Telangana

€260
per year, per acre

Maharashtra

€214
per year, per acre

Labor Dependency



Both states are heavily dependent on hired labour, especially for seed sowing and cotton picking, making their profitability vulnerable to shifts in labour costs and availability.

Market Access & Pricing Differences



Average earnings per quintal:

Telangana

€80

Maharashtra

€84

Irrigation & Equipment Ownership



Telangana

30-52%

Maharashtra

12-44%

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Next Steps

At Better Cotton, we understand that bridging the living income gap requires more than just insights – it demands decisive action. Our strategy combines innovation, collaboration and support to transform insights into change.

Follow along as we create a path towards living incomes and more resilient cotton farming, building a future where farmers are not just surviving but thriving.

[Learn more](#)

Thank you

Thank you to all participating partners and to IDH for their support and collaborative efforts in advancing living incomes.

Collaborating partners:



Collaborative Roadmap Development

Working closely with key stakeholders, including program partners, retail and brand members, and industry experts.



Piloting Projects to Explore New Income Sources

Introduction of innovative income opportunities – both on and off the farm.



Enhanced Traceability System

Strengthening traceability across the supply chain, ensuring improved transparency to final product.



Multi-Stakeholder Engagement

Engaging with brands, retailers, and other industry players to make sustainable practices not just a goal but a standard.