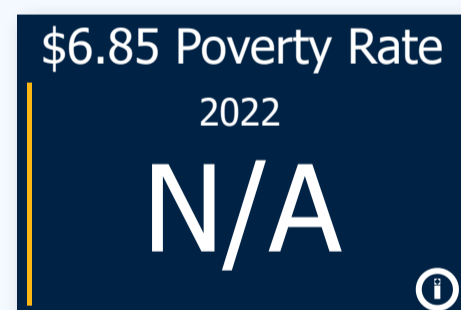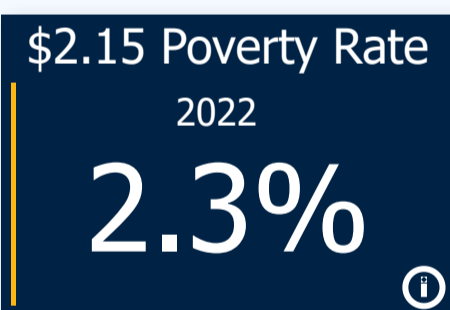# Poverty & Equity Brief

INDIA

Over the past decade, India has significantly reduced poverty. Extreme poverty (living on less than $2.15 per day) fell from 16.2 percent in 2011-12 to 2.3 percent in 2022-23, lifting 171 million people above this line. Rural extreme poverty dropped from 18.4 percent to 2.8 percent, and urban from 10.7 percent to 1.1 percent, narrowing the rural-urban gap from 7.7 to 1.7 percentage points—a 16 percent annual decline. India also transitioned into the lower-middle-income category. Using the $3.65 per day LMIC poverty line, poverty fell from 61.8 percent to 28.1 percent, lifting 378 million people out of poverty. Rural poverty dropped from 69 percent to 32.5 percent, and urban poverty from 43.5 percent to 17.2 percent, reducing the rural-urban gap from 25 to 15 percentage points with a 7 percent annual decline.

The five most populous states—Uttar Pradesh, Maharashtra, Bihar, West Bengal, and Madhya Pradesh—accounted for 65 percent of the country's extreme poor in 2011-12 and contributed to two-thirds of the overall decline in extreme poverty by 2022-23. Nevertheless, these states still accounted for 54 percent of India's extremely poor (2022-23) and 51 percent of the multidimensionally poor (2019-21). As measured by the multidimensional poverty index (MPI), non-monetary poverty declined from 53.8 percent in 2005-06 to 16.4 percent by 2019-21. The World Bank's Multidimensional Poverty Measure is at 15.5 percent in 2022-23.
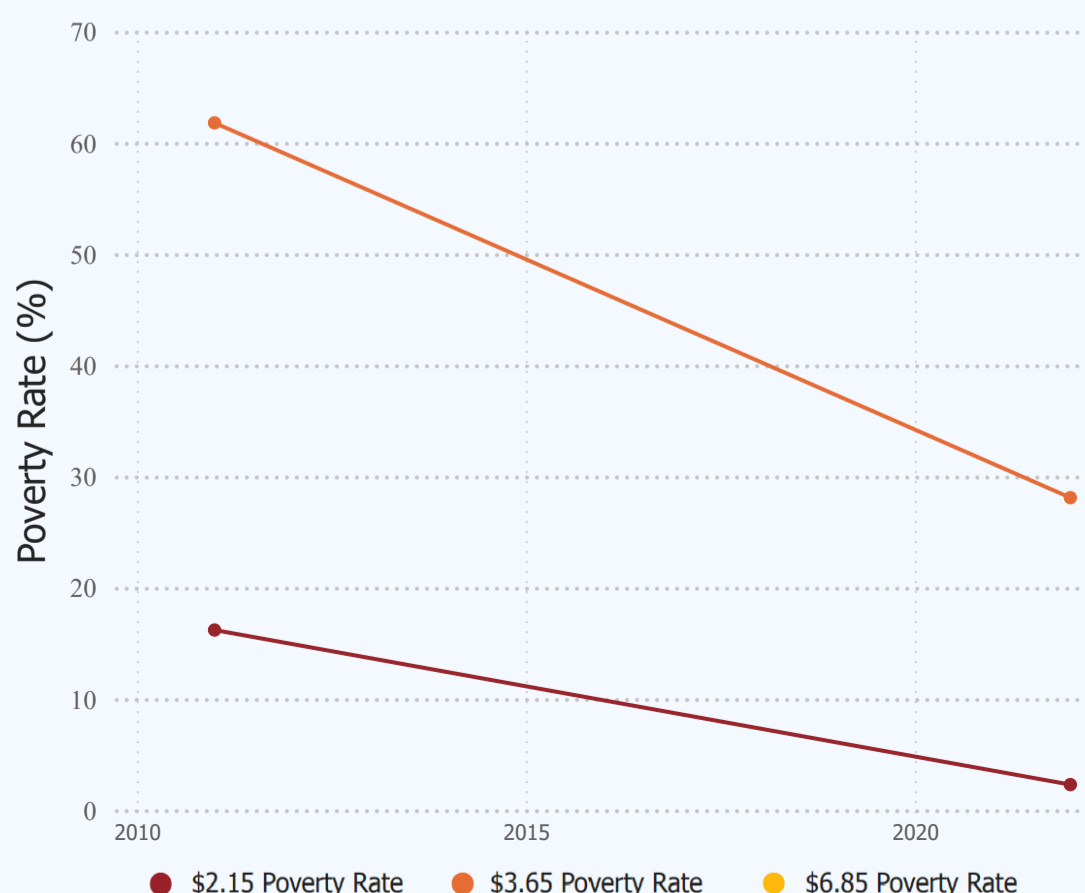
India's consumption-based Gini index improved from 28.8 in 2011-12 to 25.5 in 2022-23, though inequality may be underestimated due to data limitations. In contrast, the World Inequality Database shows income inequality rising from a Gini of 52 in 2004 to 62 in 2023. Wage disparity remains high, with the median earnings of the top 10 percent being 13 times higher than the bottom 10 percent in 2023-24.

Poverty estimates will change with the revision of international poverty lines and the adoption of 2021 PPPs. Under a revised extreme poverty threshold of $3.00 per day and a lower-middle-income line of $4.20 per day, the 2022-23 poverty rates would be adjusted to 5.3 and 23.9 percent, respectively.
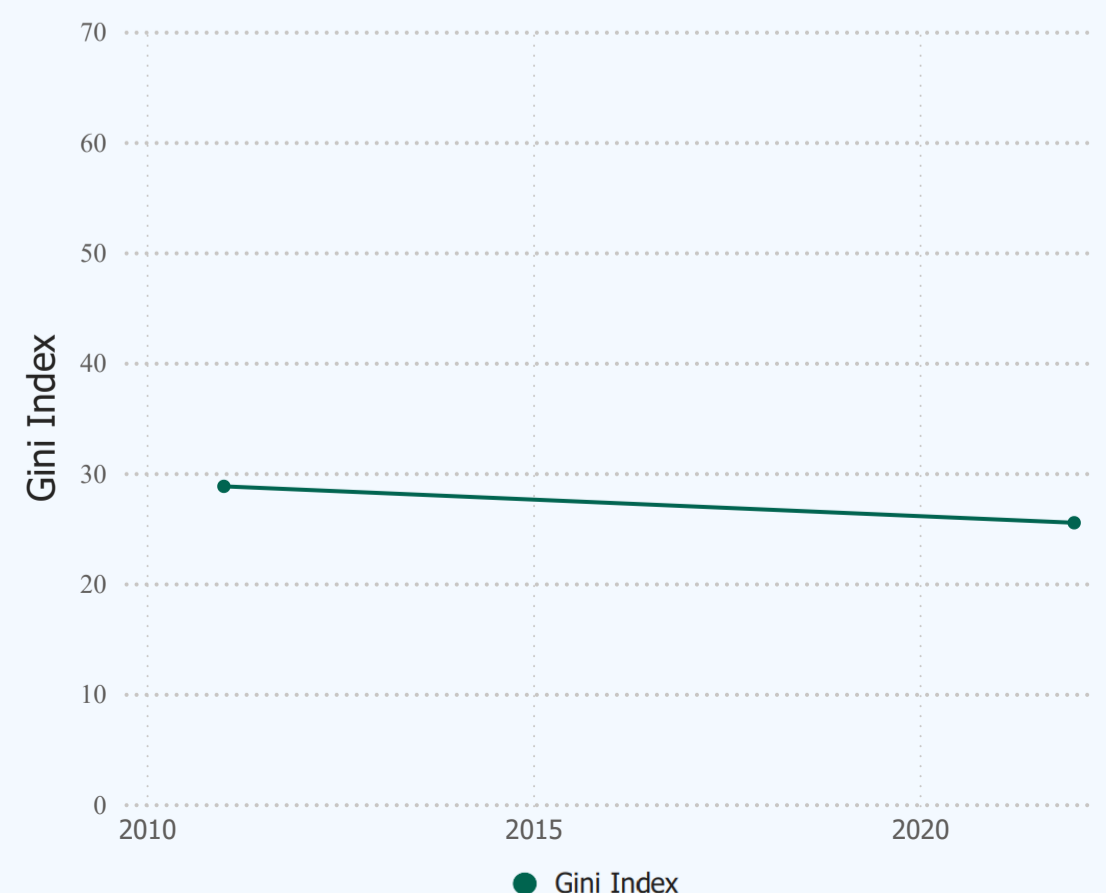
Employment growth has outpaced the working-age population since 2021-22. Employment rates, especially among women, are rising, and urban unemployment fell to 6.6 percent in Q1 FY24/25, the lowest since 2017-18. Recent data indicates a shift of male workers from rural to urban areas for the first time since 2018-19, while rural female employment in agriculture has grown. Challenges persist: youth unemployment is 13.3 percent, increasing to 29 percent among tertiary education graduates. Only 23 percent of non-farm paid jobs are formal, and most agricultural employment remains informal. Self-employment is rising, especially among rural workers and women. Despite a female employment rate of 31 percent, gender disparities remain, with 234 million more men in paid work.

$2.15 Poverty Rate	$6.85 Poverty Rate	Gini Index	Prosperity Gap
2022	2022	2022	2022
2.3%	N/A	25.5	5.8

Poverty Rate

Legend: ● $2.15 Poverty Rate ● $3.65 Poverty Rate ● $6.85 Poverty Rate

Inequality

Legend: ● Gini Index

Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
International Poverty Line ($2.15/day)	33,485.8	2.3	2022
Lower Middle Income Class Poverty Line ($3.65/day)	400,771.1	28.1	2022
Multidimensional Poverty Measure		15.5	2022

Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)
Urban population	17.2
Rural population	32.5
Males	27.5
Females	28.8
0 to 14 years old	36.2
15 to 64 years old	25.7
65 and older	23.8
Without education (16+)	35.1
Primary education (16+)	29.6
Secondary education (16+)	24.9
Tertiary/post-secondary education (16+)	14.9

Multidimensional Poverty Components	(% of Pop.)
Daily consumption less than US$2.15 per person	2.3
At least one school-aged child is not enrolled in school	N/A
No adult has completed primary education	13.8
No access to limited-standard drinking water	11.2
No access to limited-standard sanitation	29.9
No access to electricity	1.0

Note:
N/A denotes a missing/removed value, while N/A* refers to a value which was removed due to having fewer than 30 observations.
The rates in the Poverty by Group table above are shown at the $3.65 lower-middle income line.
Data for the Poverty by Group table is derived from a 2022 survey and data for the Multidimensional Poverty Components table is derived from a survey.

Poverty Data & Methodology

International poverty estimates for India are derived from the 2011-12 Consumption Expenditure Survey (CES) and the 2022-23 Household Consumption Expenditure Survey, using the modified mixed reference period and a spatially and intertemporally deflated welfare aggregate. Changes in questionnaire design, survey implementation, and sampling in the 2022-23 survey represent improvements but present challenges for making comparisons over time. Moreover, sampling and data limitations suggest that consumption inequality may be underestimated.

Extreme poverty is defined at $2.15 (2017 PPP) per person per day, while LMIC poverty is set at $3.65. Population figures from World Development Indicators and survey urban-rural shares are used. A national 2017 PPP conversion factor is applied. The estimates in this brief will change with a revision of international poverty lines and the adoption of 2021 PPPs. The revised estimates stem from changes in the real value of poverty thresholds. A $3.00 extreme poverty line would be 15 percent higher than $2.15 in 2021 prices, while an LMIC line of $4.20 would be 5 percent lower than $3.65.

The World Bank's Multidimensional Poverty Measure (MPM) is adapted from the OPHI MPI. It includes extreme poverty but excludes nutrition and health deprivation.

Harmonization

The numbers in this report are based on SARMD. The South Asia Micro Database (SARMD) is a regional database of socio-economic indicators established in 2014 and managed by the SAR Data and Stats Team. It includes household surveys covering 8 countries. It follows the Global Monitoring Database (GMD) Harmonization guidelines, including the construction of the welfare aggregate which is used for the Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.