

Poverty & Equity Brief

October 2025

INDIA

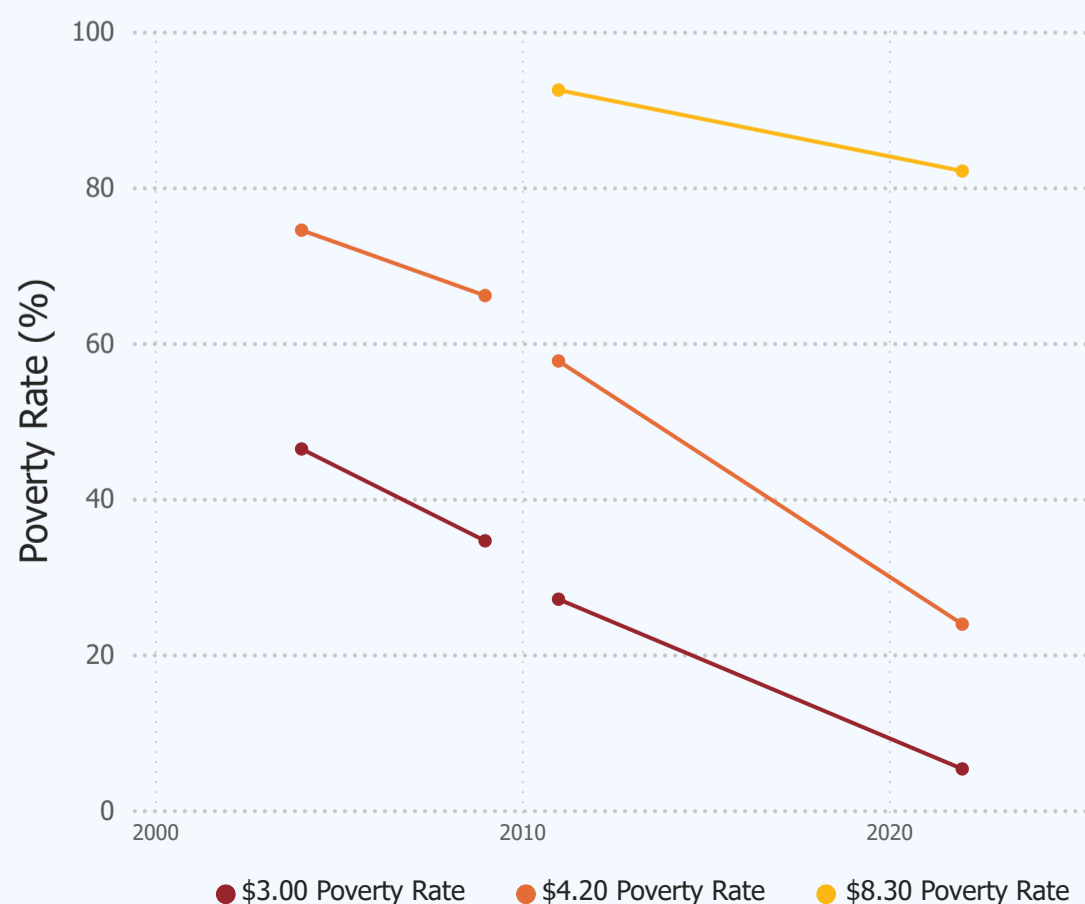
Over the past decade, India has made substantial progress in reducing poverty and gradually improving labor market conditions. From 2011–12 to 2022–23, the share of people living below the poverty line (\$4.20 per person per day, LMIC line, 2021 PPPs) dropped from 57.7 percent to 23.9 percent (7.7 percent annually). Both rural and urban areas experienced poverty reduction, each with distinct labor market trends. Rural poverty decreased from 64.9 percent to 27.7 percent (7.4 percent annually), accompanied by a rise in self-employment, which accounted for 53 percent of paid employment by 2023–24. Urban poverty fell from 39.7 percent to 14.3 percent (8.9 percent annually). Extreme poverty (\$3 per day) also fell, from 27.1 percent to 5.3 percent. Social transfers, such as subsidized food, contributed to poverty reduction across regions and demographic groups. Reduction also coincided with employment growth outpacing the increase in the working-age population since 2021–22, although nearly half a billion working-age Indians remain unemployed or inactive.

Employment trends show both improvement and ongoing challenges. Since 2021, youth employment has increased, but 29 percent of tertiary-educated youth were unemployed in 2023–24, indicating persistent skills–job mismatches despite overall poverty reduction. The number of women in paid self-employment has nearly tripled since 2017–18, reflecting evolving work patterns as economic conditions improved, but also highlighting the need for better job quality and stability. Despite these gains, nearly a quarter of the population remains poor (using the \$4.20 line). While most states saw poverty decline, it remains concentrated: in 2022–23, 46 percent of India’s poor lived in three states—Uttar Pradesh, Bihar, and Maharashtra—up from 41 percent in 2011–12. Thirteen states/UTs had poverty rates above the national average of 23.9 percent, with only Madhya Pradesh and Manipur reducing poverty faster than the national average. Additionally, 72 percent of India’s poor are concentrated in ten lagging states, where poverty rates remain above the national average and progress has been slower.

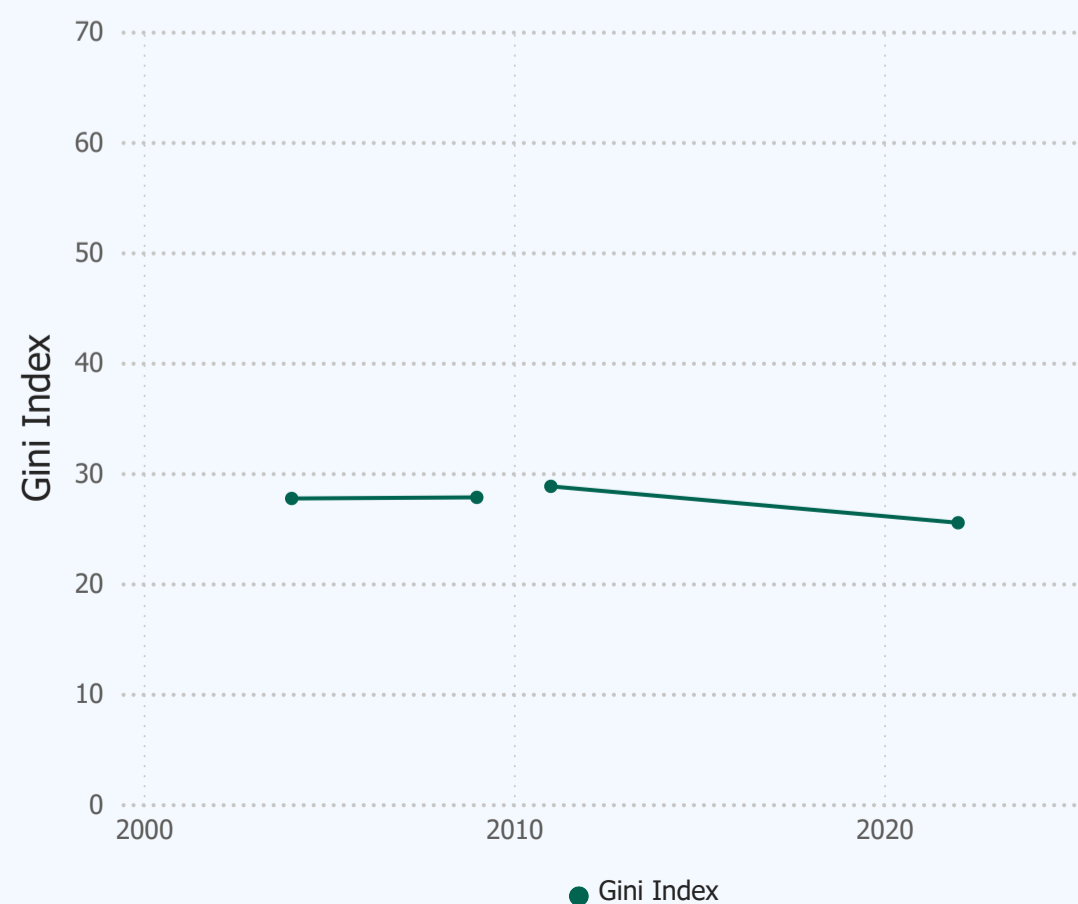
Non-monetary poverty, as measured by the MPI, fell from 53.8 percent in 2005–06 to 16.4 percent in 2019–21, with the World Bank’s MPI Measure at 15.5 percent in 2022–23. Despite overall progress, access to services varies widely, with multidimensional poverty below 1 percent in Kerala and as high as 35 percent in Bihar. India’s consumption-based Gini index improved from 28.8 in 2011–12 to 25.5 in 2022–23, though inequality may be understated due to data limitations. In contrast, the World Inequality Database reports rising income inequality, with the Gini increasing from 52 in 2005 to 61 in 2023. Wage disparities remain significant, with median earnings of the top 10 percent being 13 times higher than those of the bottom 10 percent in 2023–24, underscoring persistent labor market inequalities despite gains in poverty reduction.



Poverty Rate



Inequality



Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
International Poverty Line (\$3.00/day)	75,240.0	5.3	2022
Lower Middle Income Class Poverty Line (\$4.20/day)	342,320.0	23.9	2022
Multidimensional Poverty Measure		15.5	2022

Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)	Multidimensional Poverty Components	(% of Pop.)
Urban population	14.3	Daily consumption less than US\$3.00 per person	5.3
Rural population	27.7	At least one school-aged child is not enrolled in school	N/A
Males	23.3	No adult has completed primary education	13.8
Females	24.5	No access to limited-standard drinking water	11.2
0 to 14 years old	31.2	No access to limited-standard sanitation	29.9
15 to 64 years old	21.7	No access to electricity	1.0
65 and older	20.0		
Without education (16+)	30.2		
Primary education (16+)	25.0		
Secondary education (16+)	19.4		
Tertiary/post-secondary education (16+)	8.7		

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 \$4.20 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 2022 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 (HCES), 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 and the latest 2023-24 HCES surveys 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 \$3 (2021 PPP) per person per day, while LMIC poverty is set at \$4.20. Population figures from World Development Indicators and survey urban-rural shares are used. A national 2021 PPP conversion factor is applied.

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

The labour market estimates are based on the PLFS's "current weekly activity status" (7-day recall) which is aligned with the ILO recommendations. Since January 2025, MoSPI has revamped the PLFS to provide monthly, nationally representative urban/rural estimates and extended the quarterly series to rural areas.

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.