

# Poverty & Equity Brief

South Asia

## India

April 2018

Since the 2000s, India has made remarkable progress in reducing absolute poverty. Between 2004 and 2011, poverty declined sharply from 38.9 to 21.2 percent at the international poverty line (2011 PPP \$1.90 per person per day). With 162 million people escaping poverty, the pace of poverty reduction in India exceeded that of the developing world and the middle income countries in this period. High economic growth, a rapid rise in rural wages, and an increase in non-farm activity, especially construction, were the key drivers of poverty reduction. Since 2011, robust economic growth may have aided further reduction in poverty. However, trends in the construction sector and rural wages suggest that its pace may have moderated.

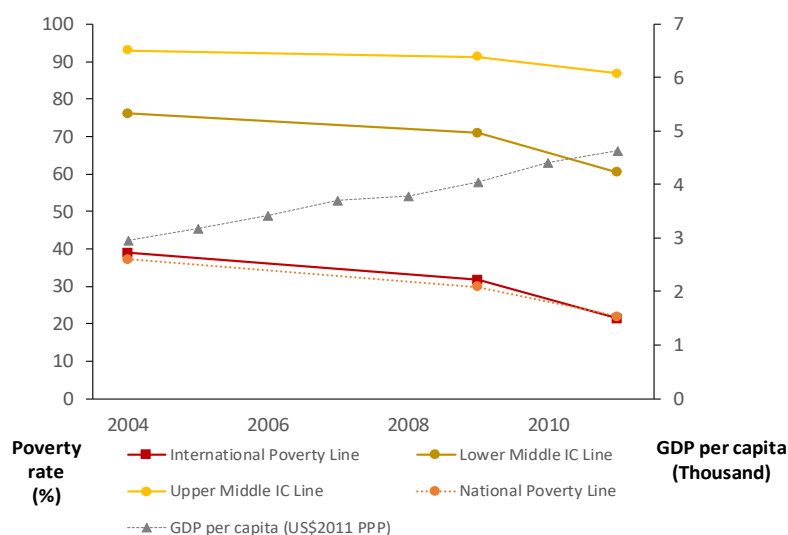
Despite this success, poverty remains widespread in India. In 2011, with the latest data, one in every five Indians was poor—269 million people. Gains from growth and poverty reduction have been uneven, with greater progress in states and social groups that were already better off. India faces the challenge of increasing poverty reduction's responsiveness to growth. This would aid (1) inclusion of women, Scheduled Tribes, and other excluded groups and (2) human development outcomes related to health, nutrition, education, and gender, where the country continues to rank poorly.

Shared prosperity was 3.2 percent per annum in the period 2004–2011. Nonetheless, growth of the bottom 40 percent of the population lagged the growth in consumption for the entire population. Inequality in India, measured by the Gini index, has remained stable at 35.4, which is relatively low by international standards. This assessment is, however, tainted by the difficulty to adequately measure consumption among the richest segments of the population based on household surveys.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	273.1	21.9	2011
International Poverty Line 27 in Indian rupee (2011) or US\$1.9 (2011 PPP) per day per capita	264.8	21.2	2011
Lower Middle Income Class (IC) Poverty Line 45.5 in Indian rupee (2011) or US\$3.2 (2011 PPP) per day per capita	753.3	60.4	2011
Upper Middle Income Class (IC) Poverty Line 78.1 in Indian rupee (2011) or US\$5.5 (2011 PPP) per day per capita	1,082.7	86.8	2011
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		3.20	2004–2011
INEQUALITY			
Gini Index		35.4	2011
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.50	2004–2011
GROWTH			
Annualized GDP per capita growth		6.6	2004–2011
Annualized Consumption Growth per capita from Household Survey		3.70	2004–2011

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of April 20th 2018, and Global Monitoring Database for the rest.

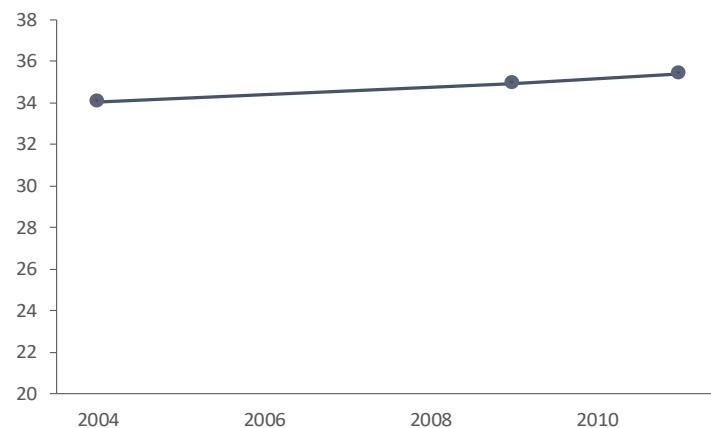
## POVERTY HEADCOUNT RATE, 2004-2011



Source: World Bank using NSS-SCH1/SARMD/GMD

## INEQUALITY TRENDS, 2004-2011

### Gini Index



Source: World Bank using NSS-SCH1/SARMD/GMD

## KEY INDICATORS (distribution among groups)

	International Poverty Line (%)		Relative Group (%)		Year
	Poor	Non-Poor	Bottom 40	Top 60	
Urban population	13	87	26	74	2011
Rural population	25	75	46	54	2011
Males	22	78	41	59	2011
Females	21	79	39	61	2011
0 to 14 years old	28	72	49	51	2011
15 to 64 years old	19	81	36	64	2011
65 and older	18	82	35	65	2011
Without education (age 16 and older)	28	72	51	49	2011
Primary education (age 16 and older)	22	78	42	58	2011
Secondary education (age 16 and older)	13	87	28	72	2011
Tertiary/post-secondary education (age 16 and older)	3	97	9	91	2011

Source: World Bank using Global Monitoring Database

## POVERTY DATA AND METHODOLOGY

The national poverty estimates for India are produced by the erstwhile Planning Commission using the Household Consumption Expenditure Survey data collected by the National Sample Survey Office (NSSO), Ministry of Statistics and Programme Implementation. Data on consumption expenditure are collected nearly every year, with larger samples of households interviewed in the “thick” rounds that are used for estimating poverty rates. The most recent thick round survey is available for the year 2011–12. State-wise poverty lines for rural and urban areas are estimated using the methodology prescribed by the Tendulkar Committee. The national or all India poverty ratio is obtained as a state-population weighted average poverty ratio, and the all India poverty line is the per capita per month expenditure that corresponds to the all India poverty ratio. The international poverty estimates are based on the international poverty line of \$1.90 per person per day in 2011 US dollars, converted to Indian rupees using the 2011 PPP conversion factor. The national PPP from ICP are disaggregated into rural and urban PPP to reflect cost-of-living differences between rural and urban areas. The national poverty estimates are useful for comparisons over time and across regions within India. The international poverty estimates, on the other hand, are useful for comparisons across countries.

## 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 managed by SARTSD. It includes 29 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.