

Poverty & Equity Brief

South Asia

India

April 2020

Since the 2000s, India has made remarkable progress in reducing absolute poverty. Between FY2011/12 and 2015, poverty declined from 21.6 to an estimated 13.4 percent at the international poverty line (2011 PPP \$1.90 per person per day), continuing the historical trend of robust reduction in poverty. Aided by robust economic growth, more than 90 million people escaped extreme poverty and improved their living standards during this period.

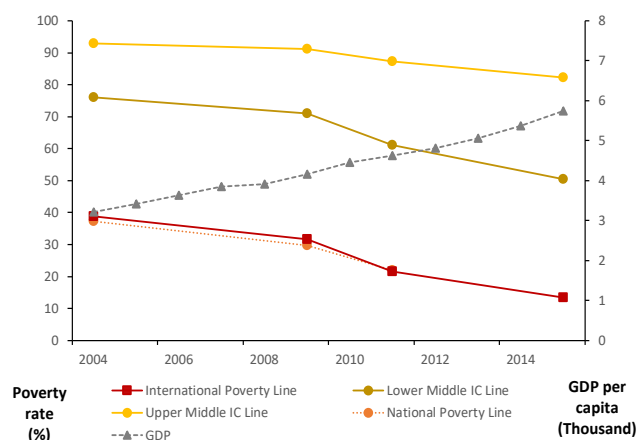
Despite this success, poverty remains widespread in India. In 2015, with the latest estimates, 176 million Indians were living in extreme poverty. In this context, the outbreak of COVID19 pandemic and the containment measures adopted by the government are expected to increase poverty in the country. Poorer households are also more exposed to the risk of COVID-19. In a 2018 survey, only 22 percent households in the lowest consumption decile reported washing hands with soap before meals. The high density of households in urban slums further reduces the efficacy of social distancing measures. The lockdown will also have an adverse economic impact on self-employed and casual workers. The closure of shops, hotels and restaurants alone will affect 11 percent of such workers in these sectors. A welfare package by the government can help poorer households cope with short-term COVID-related losses. Lower oil prices, if sustained over the medium-term, could also help mitigate inflationary concerns.

Historically, 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.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	273.1	21.9	2011
International Poverty Line US\$1.90 (2011 PPP) per day per capita	175.8	13.4	2015
Lower Middle Income Class Poverty Line US\$3.20 (2011 PPP) per day per capita	659.8	50.4	2015
Upper Middle Income Class Poverty Line US\$5.50 (2011 PPP) per day per capita	1,077.9	82.3	2015
Multidimensional Poverty Measure		N/A	N/A
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		-0.49	2004-2011
GROWTH			
Annualized GDP per capita growth		5.35	2004-2011
Annualized Consumption Growth per capita from Household Survey		3.69	2004-2011
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		3.47	2004-2011

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

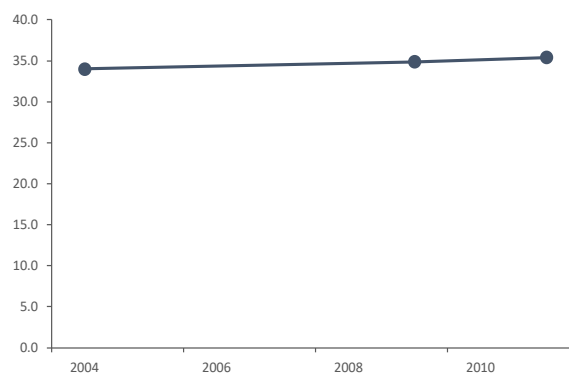
POVERTY HEADCOUNT RATE, 2004-2015



Source: World Bank using /SARMD/GMD

INEQUALITY TRENDS, 2004-2011

Gini Index



Source: World Bank using /SARMD/GMD

KEY INDICATORS

Distribution among groups: 2015	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	91	9	N/A	N/A	Monetary poverty
Rural population	85	15	N/A	N/A	Daily income/consumption less than US\$1.90 per person
Males	87	13	N/A	N/A	Education
Females	86	14	N/A	N/A	At least one school-aged child is not enrolled in school
0 to 14 years old	81	19	N/A	N/A	No adult has completed primary education
15 to 64 years old	88	12	N/A	N/A	Access to basic infrastructure
65 and older	89	11	N/A	N/A	No access to limited-standard drinking water
Without education (16+)	82	18	N/A	N/A	No access to limited-standard sanitation
Primary education (16+)	87	13	N/A	N/A	No access to electricity
Secondary education (16+)	93	7	N/A	N/A	
Tertiary/post-secondary education (16+)	98	2	N/A	N/A	

Source: World Bank using /SARMD/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

The national poverty estimates for India are based on rounds of Household Consumption Expenditure Surveys conducted by the National Sample Survey Office (NSSO). The round conducted in 2011/12 is the most recent for which consumption data is available. In 2014/15, the NSSO conducted another survey that did not collect comparable consumption data, but did include information on several correlates of household consumption. This information is used to compute household consumption by utilizing the relationship between household consumption and its characteristics in past years. Reported poverty rates at the international poverty lines use rural and urban pass-through factors (from household final consumption expenditure to survey consumption) implicit in these imputations. Because the poverty estimates are based on imputations, shared prosperity related indicators are not reported in this Brief. State-wise poverty lines are estimated using the methodology prescribed by the Tendulkar Committee. The all India poverty ratio is obtained as a state-population weighted average poverty ratio. The international poverty estimates are based on the \$1.90 per person per day in 2011 PPP terms. The national PPP is disaggregated into rural and urban PPP to reflect cost-of-living differences in these 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 managed by SARTSD. It includes 40 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.