India’s Triumph in Combating Poverty

Mains Syllabus: GS II - Issues relating to poverty and hunger.

Why in the News?

Recently the World Bank has released its “Spring 2025 Poverty and Equity Brief”.

What is the status of extreme poverty reduction in India?



- **Extreme poverty reduction** - According to the report, the proportion of people living on less than ***2.15 US dollars a day***, which is the international benchmark for extreme poverty, fell sharply from 16.2 % in 2011-12 to just ***2.3 % in 2022-23***.

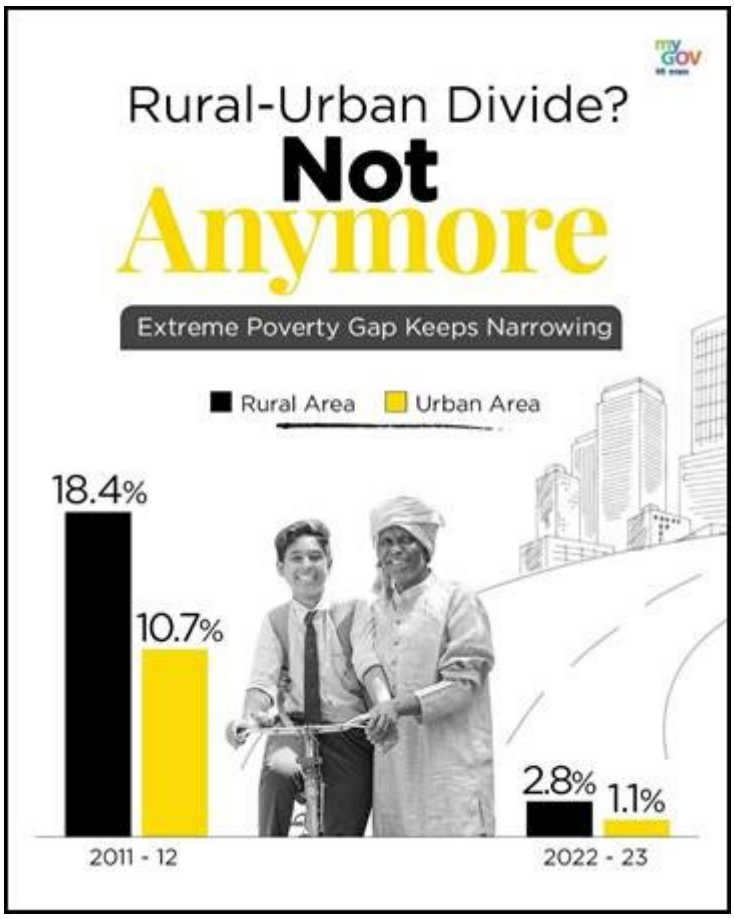




Poverty at Different Lines

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

- **Rural and Urban Poverty Reduction** - The sharp reduction in extreme poverty has been broad-based, covering both rural and urban areas.
  - In Rural areas, extreme poverty fell from 18.4 percent in 2011-12 to 2.8 percent in 2022-23.
  - In Urban centres, extreme poverty reduced from 10.7 percent to 1.1 percent over the same period.
  - The gap between rural and urban poverty shrunk from 7.7 percentage points to 1.7 percentage points.



- **Strong Gains at Lower-Middle-Income Poverty Line** - India has made strong gains in reducing poverty at the lower-middle-income level, measured at 3.65 US dollars per day.
    - India's lower- and middle-income poverty fell from 61.8% in 2011-12 to ***28.1% in 2022-23***, lifting ***378 million people out of poverty***.

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

- **Key States Contributing to Poverty Reduction** - Significant progress has been made in reducing extreme poverty across India, with key states playing a vital role in both the decline of poverty and the advancement of inclusive development.
    - Major poverty states -The five most populous states i.e. Uttar Pradesh, Maharashtra, Bihar, West Bengal, and Madhya Pradesh, represented 65% of India's extreme poor in 2011-12.
    - By 2022-23, these states contributed to two-thirds of the overall decline in

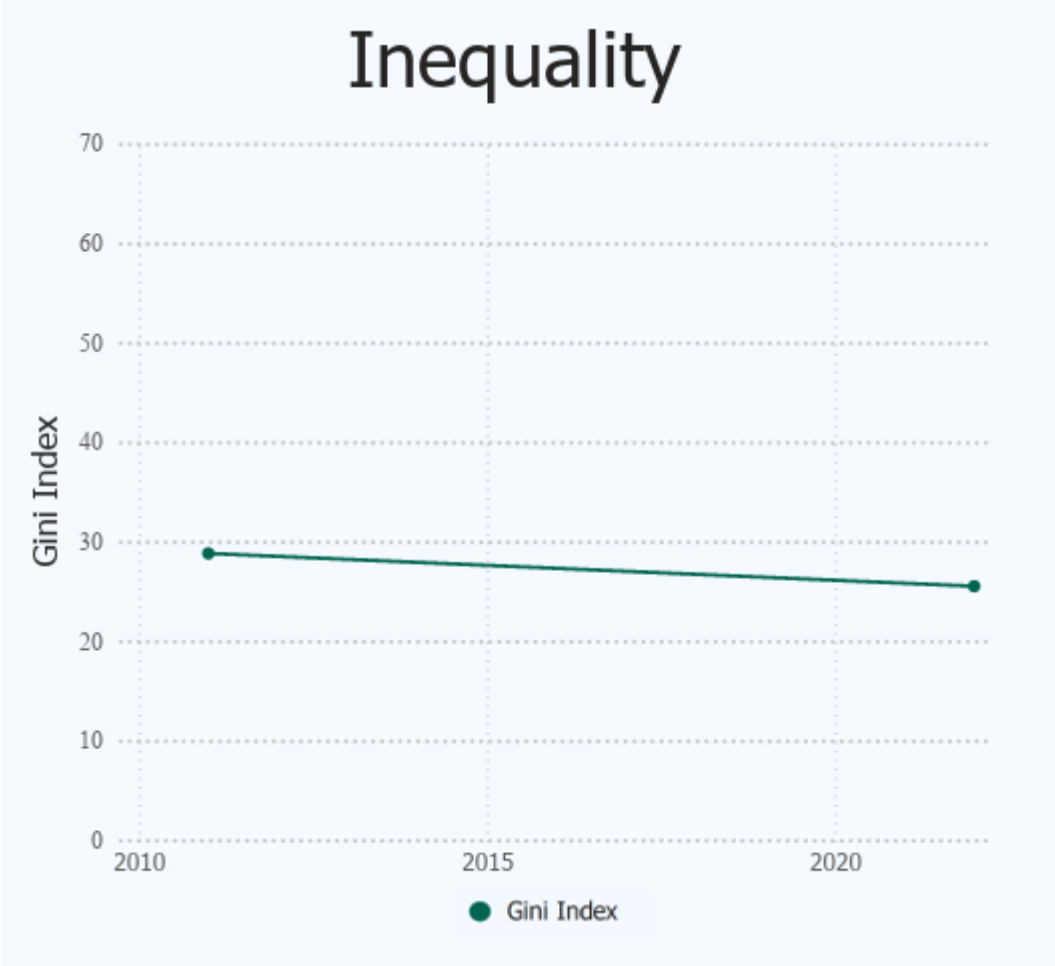
extreme poverty.

- **Decline in Multidimensional Poverty** - Non-monetary poverty, as measured by the Multidimensional Poverty Index (MPI), which considers factors like education, health, and living conditions, declined from 53.8% in 2005-06 to 15.5 % in 2022-23.



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

- **Reduction in Income Inequality** - India's consumption-based Gini index improved from 28.8 in 2011-12 to 25.5 in 2022-23, indicating a reduction in income inequality.



- **Employment Growth** - India has witnessed positive trends in employment growth, particularly since 2021-22, with significant improvements in both rural and urban areas.
    - Employment growth has outpaced the working-age population since 2021-22, with rising employment rates, especially among women.
- **Self-employment** -It has risen, particularly among rural workers and women, contributing to economic participation.

Poverty Reduction Measures of India

Through targeted welfare schemes, economic reforms, and increased access to essential services, India has made substantial strides in reducing poverty levels.

Affordable Healthcare

• **Ayushman Bharat Yojana**: The scheme provides health coverage of up to Rs. 5 lakh per family per year for secondary and tertiary care hospitalization to over 55 crore individuals.
• This significantly reduces financial burden and ensures timely access to critical treatments, especially for those who were previously unable to afford them.
• **Ayushman Arogya Mandir**: Erstwhile AB- Health and Wellness Centers HWCs, bring quality healthcare closer to rural communities.
• e-Sanjeevani OPD services through these centres, offering telemedicine consultations and bridging the gap for those in remote areas.
• **Making Medicines Affordable**: Recognizing the financial burden of medication, Janaushadhi Kendras were established across the country.
• These pharmacies offer essential medicines at 50-90% cheaper rates compared to market prices, providing significant relief to low-income families by reducing their out-of-pocket expenditures.
• **Maternal Health**: Under Pradhan Mantri Matru Vandana Yojana (PMMVY), cash incentives are provided directly to the beneficiary via Direct Benefit Transfer (DBT)

Food Security
• **Public Distribution System (PDS) / Targeted Public Distribution System (TPDS)** - This system provides subsidized food grains (wheat, rice) and other essential commodities to the poor to reduce hunger , malnutrition and to improve human capital.
• **Antyodaya Anna Yojana (AAY)** - This scheme, within the TPDS, provides highly subsidized food grains to the poorest of the poor families.
• **Mid-Day Meal Scheme**: This program provides free meals to school children, improving their nutritional status and encouraging school attendance.

Social Security and Welfare Programs
• **National Social Assistance Programme (NSAP)** - This program provides financial assistance to vulnerable groups such as the elderly (National Old Age Pension Scheme), widows (National Widow Pension Scheme), and persons with disabilities (National Disability Pension Scheme) who are below the poverty line.
• **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)** - These schemes provide affordable life and accident insurance coverage.
• **Atal Pension Yojana (APY)** - This scheme provides a guaranteed minimum pension for workers in the unorganized sector.

Employment And Skill Development
• **PM Kaushal Vikas Yojana (PMKVY):** Launched in 2015, It provides industry-relevant skill training and certification and equips individuals with the tools they need to secure better employment opportunities and improve their livelihoods.
• **Skill India Digital Platform**: Launched in September 2023, this platform acts as a one-stop shop for all skill development initiatives in India.
• **National Apprenticeship Promotion Scheme:** NAPS provides valuable hands-on experience and industry exposure to young individuals, bridging the gap between theoretical knowledge and practical skills, and preparing apprentices for successful careers.

Entrepreneurship
• **PM MUDRA Yojana**: The objective of Pradhan Mantri Mudra Yojana (PMMY) is to provide access to institutional finance to new or existing micro units/enterprises up to Rs. 10 lakh.
• **PM SVANidhi**: Recognizing the vital role of street vendors in the informal economy, PM SVANidhi has sanctioned loans to formalize their businesses, access working capital, and improve their livelihoods.
• **DAY-NRLM Mobilizes Women**: DAY-NRLM fosters financial inclusion, leadership skills, and collective action among women through formation of Self Help Groups.
• This empowers them to participate in economic activities, generate income, and contribute to community development.

What are the challenges in poverty reduction?

- **Youth Unemployment** - It is 13.3% and increasing to 29% among tertiary education graduates.
- **High Informal Jobs** - Only 23% of non-farm paid jobs are formal, and most agricultural employment remains informal.
- **Gender Disparity** - Despite a female employment rate of 31%, gender disparities remain, with 234 million more men in paid work.
- **Inequality** - 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.
- **Social structures** - Caste, religion, and gender continue to cause discrimination and exclusion, hindering access to education, employment, and economic opportunities for marginalized communities.
- **Climate Change** - Erratic weather patterns, natural disasters, deforestation, and water scarcity disproportionately affect the poor, leading to displacement, loss of

livelihoods, and increased poverty.

What lies ahead?

- To further reduce poverty, the ongoing multi-pronged strategy encompassing inclusive economic growth, targeted social programs, and improvements in human capital and governance needs to be further strengthened.

World Bank's Poverty and Equity Briefs (PEBs)

- **Poverty and Equity Briefs (PEBs)** - It highlights trends in poverty, shared prosperity, and inequality for over 100 developing countries.
- Published twice a year for the Spring and Annual Meetings of the World Bank Group and the International Monetary Fund, these briefs offer a snapshot of a country's poverty and inequality context.
- **Key development indicators** - These indicators cover various aspects of poverty, including rates of poverty and the total number of poor, using both national poverty lines and international benchmarks.
- **International benchmarks on poverty:**
  - $2.15 for extreme poverty
  - $3.65 for lower-middle-income
  - $6.85 for upper-middle-income

Reference

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