Trends in Global Poverty

Why in news?

The World Bank has released a report, titled “Poverty and Shared Prosperity 2022: Correcting Course” that provides latest estimates and trends in global poverty and shared prosperity.

What is the World Bank report about?

> *Global extreme poverty- Number of people living on less than 2.15 dollars or Rs 177 a day.*

- Poverty and Shared Prosperity is a biennial series that explores a central challenge to poverty reduction and boosting shared prosperity.

Global estimates

- **Global poverty** - The report states that global poverty reduction has been slowing down since 2015 but the Covid pandemic and the war in Ukraine have reversed the outcomes.
- The world is unlikely to meet the goal of ending extreme poverty by 2030.
- According to the World Bank report, global extreme poverty increased to an estimated 9.3% in 2020, up from 8.4% in 2019.
- In other words, the number of global poor increased by 7.1 crore people.
- **Global inequality** - Global inequality rose for the first time in decades.
- The poorest people bore the steepest costs of the pandemic - income losses averaged 4% for the poorest 40%, double the losses of the wealthiest 20% of the income distribution.
- **Global median income**- Global median income declined by 4% in 2020 - the first decline since measurements of median income began in 1990.

What about India’s poverty levels?

- **Official data**- The World Bank flagged that the lack of official data on poverty from India had become a hindrance in drawing up global estimates.
- The most recent official data on poverty in India dates back to 2011-12 by the National Sample Survey Office of India.
- The report uses data from Centre for Monitoring Indian Economy’s (CMIE) Consumer Pyramids Household Survey (CPHS).
- **India’s case**- According to the World Bank, Indians account for 80% of those who

became poor globally in 2020 due to COVID-19.

- The CPHS data for 2020 noted that 5.6 crore Indians slipped into poverty in 2020.
- The World Bank estimated that 2.3 crore Indians additionally slipped into poverty in 2020.
- The World Bank, however, observed that overall poverty in India was on a downward slide, largely due to a reduction in poverty in rural areas between 2011 and 2020.



What are the suggested solutions?

- According to the President of World Bank Group, fiscal policy offers opportunities for policy makers in developing economies to step up the fight against poverty and inequality.
- The World Bank has three specific suggestions when it comes to fiscal policy.
    - Choose targeted cash transfers instead of broad subsidies.
    - Prioritize public spending for long-term growth.
    - Mobilize tax revenues without hurting the poor.

References

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2. https://thewire.in/economy/indians-account-for-80-of-those-who-became-poor-globally-in-2020-due-to-covid-19-world-bank

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