

POVERTY REDUCTION - ECONOMY

NEWS: As per the **World Bank's Spring 2025 report**, India has **lifted 171 million people out of extreme poverty**.

WHAT'S IN THE NEWS?

About World Bank's Poverty and Equity Briefs (PEBs)

Overview and Purpose

The World Bank's Poverty and Equity Briefs (PEBs) are concise, semi-annual reports providing updated statistics and insights on poverty, inequality, and shared prosperity across more than 100 developing countries.

They serve as vital instruments for tracking progress at both global and national levels in addressing poverty and economic disparities.

Release and Structure

These briefs are typically published during the World Bank–IMF Spring and Annual Meetings.

Each edition presents trends based on international poverty thresholds: \$2.15 (extreme poverty), \$3.65 (moderate), and \$6.85 (upper-middle income), along with national poverty lines.

Indicators and Tools

PEBs utilize comprehensive indicators, including the Gini Index (to assess income inequality), and also cover multidimensional poverty metrics encompassing non-income-based deprivations.

Key Highlights of India's 2025 Poverty and Equity Brief

Extreme Poverty Decline

India's extreme poverty rate dropped sharply from 16.2% in 2011–12 to 2.3% in 2022–23, reflecting major poverty reduction progress over a decade.

Lower-Middle-Income Poverty Decline

The proportion of the population living under the \$3.65/day threshold fell from 61.8% to 28.1%, lifting approximately 378 million people out of lower-middle-income poverty.

Rural–Urban Gap Narrowing

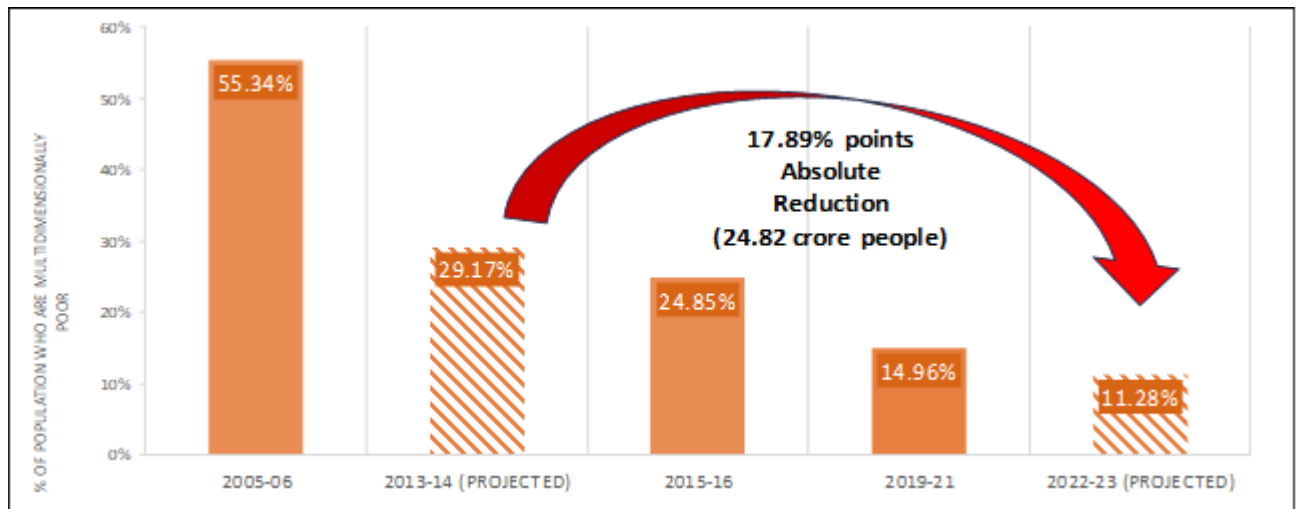
The rural–urban disparity in extreme poverty decreased significantly, shrinking from 7.7 percentage points to 1.7 percentage points, indicating more balanced development.

Multidimensional Poverty Reduction

Multidimensional poverty, which includes deprivations in health, education, and living standards, dropped from 53.8% in 2005–06 to 16.4% in 2019–21 and further to 15.5% in 2022–23.

Income Inequality (Gini Index)

India's Gini Index improved from 28.8 in 2011–12 to 25.5 in 2022–23, suggesting a more equitable distribution of income over time.



Understanding Multidimensional Poverty

Definition and Scope

Multidimensional poverty is a holistic approach that assesses poverty through multiple deprivations beyond income, affecting people's daily lives and well-being.

Key Dimensions Measured

Health: Child mortality and nutrition levels.

Education: Years of schooling and school attendance.

Living Standards: Access to electricity, clean water, sanitation, cooking fuel, housing quality, and ownership of basic household assets.

Key Factors Responsible for India's Poverty Reduction

Welfare Schemes and Human Development

Government programs such as Swachh Bharat Mission (SBM), Pradhan Mantri Awas Yojana (PMAY), Poshan Abhiyan, and Samagra Shiksha significantly improved access to sanitation, housing, nutrition, and education.

Inclusive Economic Growth

Broad-based rural and urban economic expansion, especially post-2011, helped reduce lower-middle-income poverty by enhancing job opportunities and incomes.

Improved Access to Basic Services

Infrastructure and service-oriented schemes like Jal Jeevan Mission (JJM), Saubhagya, and PM Jan Dhan Yojana (PMJDY) ensured access to drinking water, electricity, and financial inclusion.

Employment Growth

Since 2021, employment growth outpaced the rise in working-age population, with female workforce participation notably increasing and urban unemployment dropping to 6.6%.

Workforce Transformation

There was a substantial shift of male workers to urban jobs and a rise in rural women's self-employment, leading to higher household incomes and economic resilience.

Key Government Initiatives Targeting Multidimensional Poverty

Swachh Bharat Mission (SBM)

Aimed to eliminate open defecation and improve rural and urban sanitation, leading to better health outcomes.

Jal Jeevan Mission (JJM)

Focused on providing every rural household with access to piped drinking water, improving health and quality of life.

Poshan Abhiyan

Targeted nutritional improvement among children and women through better dietary awareness and monitoring.

Samagra Shiksha Abhiyan

Integrated school education scheme aimed at universal access, quality enhancement, and equity in education.

Pradhan Mantri Awas Yojana (PMAY)

Promoted affordable housing for economically weaker sections, enhancing dignity and security.

Ongoing Challenges in Poverty Reduction

Population Pressure

Rapid population growth continues to stress public infrastructure, employment, and social services.

Unplanned Urbanization

Accelerating urban migration has led to the proliferation of slums and informal settlements, complicating poverty eradication.

Climate Vulnerabilities

Over 80% of India's districts are vulnerable to climate-induced disasters, disproportionately affecting the poor and eroding developmental gains.

Economic Shocks

External crises like global recessions and pandemics heighten vulnerability, especially for informal workers.

Governance and Implementation Gaps

Challenges such as corruption, bureaucratic inefficiencies, and delay in policy execution limit the impact of development programs.

Way Forward

Fostering Inclusive Growth

Prioritise job creation, entrepreneurship, and microfinance to sustain broad-based economic development.

Social Investment

Strengthen public investment in healthcare and education to empower marginalised communities.

Infrastructure and Connectivity

Expand physical and digital infrastructure in lagging regions to bridge development gaps.

Good Governance

Ensure transparency, data-driven decision-making, and active citizen participation in development initiatives.

Climate-Resilient Development

Invest in renewable energy, disaster-resilient infrastructure, and green technologies to protect vulnerable populations.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=2124545>