

India's Extreme Poverty Falls Sharply Under Revised World Bank Poverty Line

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India's Poverty Rate Latest News

- India's extreme poverty fell to 5.3% in 2022-23 from 27.1% in 2011-12, a much sharper decline than in previous decades, the World Bank said, releasing updated data..

Introduction

- India has recorded a significant decline in extreme poverty over the past decade, according to the latest estimates by the **World Bank** using an updated threshold of \$3 per day in 2021 PPP terms.
- The new estimates reflect India's resilience and progress in reducing poverty, even after adjusting for inflation and other macroeconomic changes.

Revised Global Poverty Thresholds

- In 2022-23, the World Bank raised the extreme poverty line from \$2.15 per day to \$3 per day (in 2021 PPP terms) to better reflect cost-of-living increases across developing nations.
- This adjustment shifts the global benchmark for poverty measurement, thereby increasing the comparability and relevance of data across time.
- At this \$3/day level, the share of India's population living in extreme poverty is estimated to be **5.3%**, a steep fall from **27.1% in 2011-12**.
- In absolute terms, the number of people living in extreme poverty has decreased from **344 million to just over 75 million** in this period.

India's Progress under Different Poverty Lines

- **At the \$2.15/day line** (previous international standard based on 2017 PPP), India's extreme poverty rate stood at **2.3% in 2022**, compared to **16.2% in 2011-12**.
- Under the **lower-middle-income country (LMIC) poverty line**, now revised to \$4.20/day (up from \$3.65/day), India's poverty rate fell from **57.7% to 23.9%** in the same period.
- Interestingly, while the nominal poverty line has been raised, the new threshold of \$4.20/day is effectively lower for India compared to an inflation-adjusted \$4.40/day line, thus explaining the decline in poverty rate even under the revised standard.

Demographic and Educational Inequities in Poverty

- The World Bank's data also highlight disparities based on geography and education:
- **Rural Poverty:** Dropped from **69% in 2011-12 to 32.5% in 2022-23** under the \$3.65/day line.
- **Urban Poverty:** Declined from **43.5% to 17.2%** in the same period.
- **Educational Disparities:** 35.1% of Indians aged 16+ with no formal schooling live below the poverty line, compared to just 14.9% among those with post-secondary education.

Multidimensional Poverty Indicators

- Apart from income-based poverty, India has also seen improvement in **non-monetary dimensions** of deprivation:
- **World Bank's MPI:** India's non-monetary poverty fell from **53.8% in 2005-06 to 15.5% in 2022-23**.
- **NITI Aayog Estimates:** Show a reduction in multidimensional poverty from **29.17% in 2013-14 to 11.28% in 2022-23**.
- Indicators used include access to clean drinking water, electricity, sanitation, and educational enrolment.

Consumption Trends and Economic Implications

- The decline in poverty is also supported by rising consumption levels:
 - **Rural Monthly Per Capita Expenditure (MPCE):** Increased from ₹1,430 in 2011-12 to ₹2,079 in 2023-24 (at 2011-12 prices).
 - **Urban MPCE:** Rose from ₹2,630 to ₹3,632 during the same period, reflecting an overall improvement in living standards.

- This consumption-driven growth supports the argument that India's poverty reduction has been broad-based and sustained, aligning with macroeconomic recovery and welfare reforms.

Conclusion

- India's progress in reducing poverty, even under the revised and more rigorous international benchmarks, underscores its achievements in economic development, social welfare, and infrastructure delivery.
- While challenges remain in addressing inter-group disparities and improving human capital, the data indicate a decisive shift toward a more inclusive growth model.
- The full data for 2023-24 will be released in October 2025 under the World Bank's Poverty and Inequality Platform (PIP), potentially offering more insights into India's poverty trajectory in the post-pandemic era.

India's Poverty Rate FAQs

Q1. What is India's extreme poverty rate at the \$3/day threshold in 2022-23?

Ans. India's extreme poverty rate stood at 5.3% in 2022-23 under the World Bank's \$3/day poverty line.

Q2. How many people in India were living in extreme poverty in 2022-23?

Ans. Approximately 75.24 million people in India were living in extreme poverty in 2022-23.

Q3. What is India's poverty rate under the revised LMIC line of \$4.20/day?

Ans. The poverty rate under the \$4.20/day LMIC line fell to 23.9% in 2022-23.

Q4. What is the trend in rural and urban poverty under the \$3.65/day line?

Ans. Rural poverty fell from 69% to 32.5%, and urban poverty declined from 43.5% to 17.2% between 2011-12 and 2022-23.

Q5. What does the Multidimensional Poverty Index (MPI) indicate for India?

Ans. India's MPI-based non-monetary poverty fell from 53.8% in 2005-06 to 15.5% in 2022-23.

Source: IE | FE

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