

Poverty & Equity Brief

South Asia

India

October 2020

Between FY2011/12 and 2017, India's poverty rate is estimated to have declined from 22.5 percent to values ranging from 8.1 to 11.3 percent at the international poverty line (2011 PPP \$1.90 per person per day). However, as a result of the COVID-19 outbreak, poverty rates in 2020 are estimated to revert to levels observed in 2016.

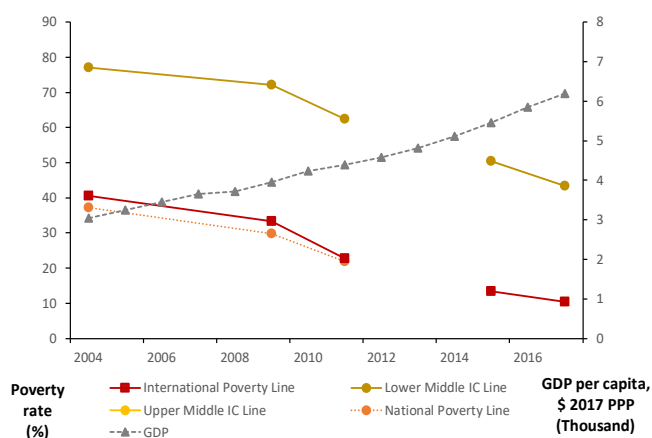
Recent household survey data suggest that as result of the outbreak, labor force participation rate in India was 3.2 percentage points lower in the last week of August than in the months leading-up to the lockdown. Between the last four months of 2019 and May-August 2020, the proportion of people working in urban and rural areas fell by 4.2 and 3.8 percentage points, respectively. Overall, the pandemic has likely raised urban poverty, creating a set of new poor that are likely to be engaged in non-farm sector and receive at least secondary or tertiary education, as compared to existing poorer households who are predominantly rural.

Even before the pandemic, broad-based poverty reduction with respect to traditionally excluded groups, such as women, and extending gains to a broader range of human development outcomes was a major challenge in India. The pandemic has further magnified these vulnerabilities. The government's emergency social protection programs have arrested the full magnitude of the COVID-19's impact. Yet, households employed in the urban informal sector continue to be exposed to COVID-19 induced vulnerabilities as they are excluded from the current social protection framework, highlighting the need for a coherent social protection system. Uncertainty about the return of approximately 30 million urban outmigrants who had returned to rural locations during the pandemic, means that creating new livelihood opportunities at scale will continue to be a challenge.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	275.5	21.9	2011
International Poverty Line US\$1.90 (2011 PPP) per day per capita	139.1*	10.4*	2017
Lower Middle Income Class Poverty Line US\$3.20 (2011 PPP) per day per capita	581.0*	43.4*	2017
Upper Middle Income Class Poverty Line US\$5.50 (2011 PPP) per day per capita	N/A	N/A	N/A
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		35.7	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 September 2020, and Global Monitoring Database for the rest. / * stands for nowcast

POVERTY HEADCOUNT RATE, 2004-2017

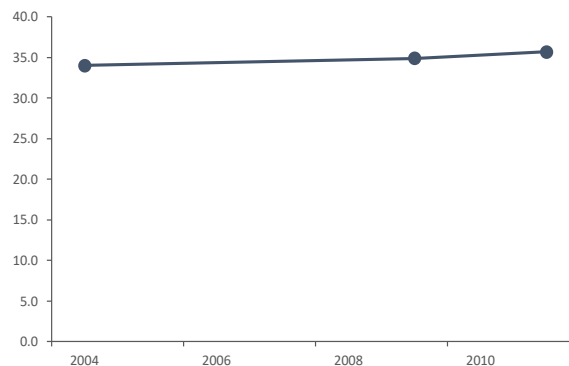


Note: Nowcast for 2015-2017

Source: World Bank using /SARMD/GMD

INEQUALITY TRENDS, 2004-2011

Gini Index



Source: World Bank using /SARMD/GMD

KEY INDICATORS

Distribution among groups: 2017	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures: (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	93	7	N/A	N/A	Monetary poverty (Consumption)
Rural population	88	12	N/A	N/A	Daily consumption less than US\$1.90 per person
Males	90	10	N/A	N/A	
Females	89	11	N/A	N/A	Education
0 to 14 years old	85	15	N/A	N/A	At least one school-aged child is not enrolled in school
15 to 64 years old	91	9	N/A	N/A	No adult has completed primary education
65 and older	91	9	N/A	N/A	
Without education (16+)	85	15	N/A	N/A	Access to basic infrastructure
Primary education (16+)	90	10	N/A	N/A	No access to limited-standard drinking water
Secondary education (16+)	94	6	N/A	N/A	No access to limited-standard sanitation
Tertiary/post-secondary education (16+)	99	1	N/A	N/A	No access to electricity

Source: World Bank using /SARMD/GMD

Source: World Bank using NSS-SCH1/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 and 2017/18, the NSSO conducted two surveys 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 for the two years by utilizing the relationship between household consumption and its characteristics in past years. Reported poverty rates at the international poverty lines use 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.