

Poverty & Equity Brief

South Asia

India

October 2021

The COVID-19 pandemic interrupted decades of India's progress in poverty reduction. Before the 'second wave', earnings of urban high-skilled workers had rebounded to pre-pandemic levels while many low-skilled workers were still struggling to recover lost ground. Hence, despite improving since the nationwide lockdowns in 2020, average household consumption in the first quarter of 2021 was estimated to be still 15 percent below the same period in 2019.

While labor market indicators improved since the first half of 2020, because of the pandemic's severe second wave, unemployment rates reached 11.8 percent in May 2021, before receding to 8.2 percent by June-Aug 2021. However, this partial recovery masks a decline in labor force participation and job quality. Urban and low-skilled workers faced the brunt of the second wave shocks.

Job losses in the private sector and an uncertain monsoon season are reflected in increased demand for work under the rural public works program. The number of households demanding work in July 2021 increased by 74.28 percent relative to the same month in 2019 [1]. Distressed households have resorted to coping strategies such as gold loans and asset depletion. Household bank deposit to GDP fell from 7.7 percent to 3 percent between Q3/2020 and Q4/2020 [2].

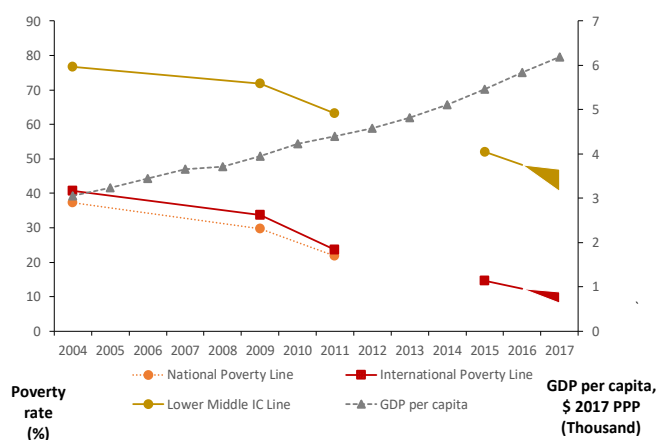
[1] https://www.business-standard.com/article/economy-policy/mgnrega-work-demand-up-77-of-budget-used-up-in-five-months-121083001029_1.html

[2] https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51776

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	109.0-151.8*	8.1-11.3*	2017
Lower Middle Income Class Poverty Line US\$3.20 (2011 PPP) per day per capita	542.9-629.2*	40.6-47.0*	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		3.18	2004-2011
INEQUALITY			
Gini Index		35.7	2011
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.48	2004-2011
GROWTH			
Annualized GDP per capita growth		5.35	2004-2011
Annualized Consumption Growth per capita from Household Survey		3.66	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 until 2011, POVCALNET as of February 2021, and Global Monitoring Database for the rest./ *PSPR2020 box1

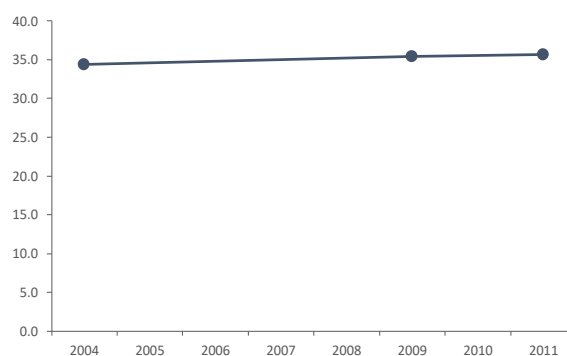
POVERTY HEADCOUNT RATE, 2004-2017



Note: Nowcast for 2015-2017
Source: GMD/SARMD/PSPR2020

INEQUALITY TRENDS, 2004-2011

Gini Index



Source: GMD/SARMD/PSPR2020

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
Rural population	88	12	N/A	N/A	Daily income/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

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.