A deadly second wave and a milder third wave of the COVID-19 pandemic is likely to have impacted India’s progress in poverty reduction for yet another year in FY2022. Average monthly per capita consumption between May-August 2021 is estimated to be still 8 percent below consumption during the same months in 2019, although higher than 2020 levels by 22 percent. High food inflation, due to global disruptions, is likely to threaten India’s poverty outlook in the short run.

Labor market outcomes also witnessed a partial recovery. Unemployment rates have returned to 2019 levels at an average of 7.4 percent between July 2021-Feb 2022, falling from a 12 percent peak in May 2021. Earnings of both low and high-skilled workers between March-June 2021 have nearly closed the gap with pre-pandemic baseline levels. However, the decline in labor force participation persists through to the end of 2021 by 3 percentage point from a low average of 42.8 percent in 2019. Abstention and withdrawal from the labor force is witnessed even among youth, potentially suggesting long term scarring. This is likely to further damage their human capital, which is already been harmed by large learning losses due to school closures.

[1] Data on labor markets and consumption are from the Consumer Pyramids Household Survey.
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.