Research Unit
Press Information Bureau
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India's Poverty Story Transformed

June 7, 2025

Introduction: A Revised Global Standard

The World Bank has announced a major revision to global poverty estimates, raising the **International Poverty Line (IPL)** from **$2.15/day (2017 PPP)** to **$3.00/day (2021 PPP)**. While the change led to a global increase in the count of extreme poverty by **125 million**, **India emerged as a statistical outlier in a positive direction**. Using more refined data and updated survey methods, India not only withstood the raised threshold but also demonstrated a **massive reduction in poverty**. The new poverty line would have increased the count of global extreme poverty by **226 million people**. But thanks to India's data revision, the **net global increase was only 125 million** — as India's revised data reduced the count by **125 million** on its own.

Why the Poverty Line Was Revised and India's Influence

The new IPL reflects:
- **Revised national poverty lines** in low-income countries.
- **Improved measurement of consumption**, particularly food and non-food items.
- The integration of **2021 purchasing power parity (PPP) estimates.**

India's updated consumption data significantly influenced the World Bank's global benchmark. Improved methods captured more actual spending, leading to a more realistic poverty line and a lower poverty rate despite the increase in threshold.

Most of this upward revision is explained by revisions in the underlying national poverty lines rather than a change in prices. — World Bank

India's Revised Poverty Profile (PIP 2025)

India's latest **Household Consumption Expenditure Survey (HCES)** adopted the **Modified Mixed Recall Period (MMRP)** method, replacing the outdated Uniform Reference Period (URP). This shift:
- Used **shorter recall periods for frequently purchased items**
- Captured **more realistic estimates** of actual consumption

As a result, consumption recorded in national surveys rose, leading to a **drop in poverty estimates**:
- In 2011–12, applying MMRP reduced India's poverty rate from **22.9% to 16.22%**, even under the **older $2.15 poverty line**.
- In 2022–23, poverty under the **new $3.00 line** stood at **5.25%**, while under the older $2.15 line it dropped further to **2.35%**.

Year	Poverty Line (PPP/day)	Poverty Rate	People Below Poverty Line
2011–12	$2.15 (2017)	16.22%	~205.9 million
2011-12	$3.00 (2021)	27.12%	~344.47 million

Year	Poverty Line (PPP/day)	Poverty Rate	People Below Poverty Line
2022–23	$2.15 (2017)	2.35%	~33.6 million
2022–23	**$3.00 (2021)**	**5.25%**	**~75.2 million**

Household Consumption Expenditure Survey (HCES), 2023–24

Household Consumption Expenditure Survey (HCES) is designed to collect information on consumption and expenditure of the households on goods and services. Key highlights of the HCES for 2023–24 are:

- **Average Monthly Per Capita Expenditure (MPCE):** In 2023–24, the average MPCE was **₹4,122** in rural areas and **₹6,996** in urban areas, excluding the value of items received free through social welfare programs. When these are included, the figures rise to **₹4,247** and **₹7,078**, respectively. This is significant increase from the rural MPCE of ₹1,430 and urban MPCE of ₹2,630 in 2011-12.
- **Urban-Rural Consumption Gap:** The urban-rural consumption gap has narrowed from 84% in 2011–12 to **70% in 2023–24**, indicating a reduction in consumption disparities between urban and rural households.
- **State-wise Trends:** All 18 major states reported an **increase in average MPCE for both rural and urban areas. Odisha** experienced the **highest rural increase** (about 14%), while **Punjab** saw the **highest urban increase** (about 13%).
- **Consumption Inequality:** The Gini coefficient, a measure of consumption inequality, decreased from 0.266 to **0.237** in **rural** areas and from 0.314 to **0.284** in **urban** areas between 2022–23 and 2023–24, suggesting a **reduction in consumption inequality** across most major states.

These findings complement the World Bank's revised figures, reinforcing the conclusion that poverty in India has reduced not just statistically, but through **tangible improvements in household living standards and incomes**.

Conclusion: A Story of Measurement and Momentum

India's poverty decline is a story of **technical refinement meeting policy results**. In the face of a raised poverty benchmark, India showed that **more honest data, not diluted standards, can reveal real progress**. As the global community recalibrates poverty goals, India's example sets a precedent: **evidence-based governance, sustained reforms, and methodological integrity can together deliver transformational outcomes**.

References

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