



Paper on India's Poverty: World Bank

For Prelims: World Bank, IMF, Poverty, NSSO, Poverty Related Initiatives.

For Mains: Important International Institutions, Poverty in India and Related Issues.

Why in News?

Recently, the [World Bank](#) published the paper titled '**Poverty has Declined over the Last Decade But Not As Much As Previously Thought**'.

- The paper came close on the heels of a working paper published by the [International Monetary Fund \(IMF\)](#) saying India has almost eradicated extreme **poverty** and brought down consumption inequality to **its lowest levels in 40** years through **state-funded food handouts** ([Public Distribution System](#)).



What are the Key Highlights of the Report?

- **Decline in Extreme Poverty:** Extreme poverty in India was **12.3% points lower in 2019 compared with 2011**, as poverty headcount rate declined from 22.5% in 2011 to 10.2% in 2019, with a comparatively sharper decline in rural areas.

- Slight moderation in consumption inequality since 2011, but by a **margin smaller than what is reported in the unreleased National Sample Survey -2017.**
- The extent of poverty reduction during 2015-2019 is estimated to be notably lower than earlier projections based on growth in private final consumption expenditure reported in national account statistics.
- The World Bank defines “extreme poverty” as living on less than **USD 1.90 per person per day.**
- **Rural vs Urban Poverty:** Poverty reduction was **higher in rural areas compared with urban India** as rural poverty declined from 26.3% in 2011 to 11.6% in 2019, while in urban areas the decline was from 14.2% to 6.3% in the corresponding period.
 - Rural and urban poverty dropped by **14.7 and 7.9% points during 2011-2019.**
 - Urban poverty in India rose by 2% in 2016, coinciding with the **demonetisation**, and rural poverty rose by 10% in 2019.
- **Small Farmers:** Smallholder farmers have **experienced higher income growth.** Real incomes for farmers with the smallest landholdings have grown by 10% in annualized terms between the two survey rounds (2013 and 2019) compared to a 2% growth for farmers with the largest landholding.
 - The growth in incomes of smallest landholders in rural areas provides more evidence of moderation in income disparity in rural areas.
 - **Smallest landholders comprise a larger share of the poor population.** This income includes wages, net receipt from crop production, net receipt from farming of animal farming and net receipt from non-farm business. Income from leasing out land has been exempted.

What is the significance of the Report?

- The World Bank’s paper is significant as **India has no official estimation of recent periods.** The last expenditure survey was released in 2011 by the **National Sample Survey Organisation (NSSO)**, when the country had also released official estimates of poverty and inequality.
- It sheds light on **how poverty and inequality have evolved since 2011 using a new household panel survey, the Consumer Pyramids Household Survey** conducted by **Centre for Monitoring the Indian Economy (CMIE).**

What are the Major Poverty Alleviation Programs of India?

- [Integrated Rural Development Programme \(IRDP\)](#)
- [Pradhan Mantri Awaas Yojana](#)
- [National Old Age Pension Scheme](#)
- [Annapurna Scheme](#)
- [Mahatma Gandhi National Rural Employment Guarantee Act \(MGNREGA\) 2005](#)
- [Deendayal Antyodaya Yojana - National Rural Livelihood Mission \(DAY-NRLM\)](#)
- [National Urban Livelihood Mission](#)
- [Pradhan Mantri Kaushal Vikas Yojana](#)
- [Pradhan Mantri Jan Dhan Yojana](#)

What is the World Bank?

- **About:**
 - It was created in 1944, as the **International Bank for Reconstruction and Development (IBRD)** along with the **International Monetary Fund (IMF)**. The IBRD later became the World Bank.
 - The **World Bank Group is a unique global partnership of five institutions** working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.
- **Members:**
 - It has 189 member countries.
 - India is also a member country.
- **Major reports:**

- [Ease of Doing Business](#) (Stopped publishing recently).
- [Human Capital Index](#).
- [World Development Report](#).
- **Its Five development institutions:**
 - International Bank for Reconstruction and Development (IBRD)
 - International Development Association (IDA)
 - International Finance Corporation (IFC).
 - Multilateral Guarantee Agency (MIGA)
 - International Centre for the Settlement of Investment Disputes (ICSID)
 - **India is not a member of this.**

[Source: HT](#)

PDF Reference URL: <https://www.drishtias.com/printpdf/paper-on-india-s-poverty-world-bank>

