PLUTUS IAS

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OVER 17 CRORE LIFTED FROM EXTREME POVERTY IN 10 YEARS

WHY IN THE NEWS?

India has made remarkable progress in poverty reduction, lifting over 17.1 crore people out of extreme poverty in the last decade. According to the World Bank's Spring 2025 Poverty and Equity report, five states — Uttar Pradesh, Maharashtra, Bihar, West Bengal, and Madhya Pradesh — were responsible for two-thirds of this overall decline in extreme poverty. In rural areas, extreme poverty dropped from 18.4% in 2011-12 to 2.8% in 2022-23, while urban areas saw a reduction from 10.7% to 1.1% during the same period. The report highlighted positive trends in employment growth, particularly since 2021-22. Additionally, it pointed out the rise in self-employment, especially among rural workers and women, as a key driver of economic participation and inclusion. These trends reflect India's continued efforts and commitment to poverty alleviation through various government schemes and initiatives.

Extreme Poverty Not in India's Future! India's Extreme Poverty Fell Sharply — 16.2% (2011-12) → 2.3% (2022-23)
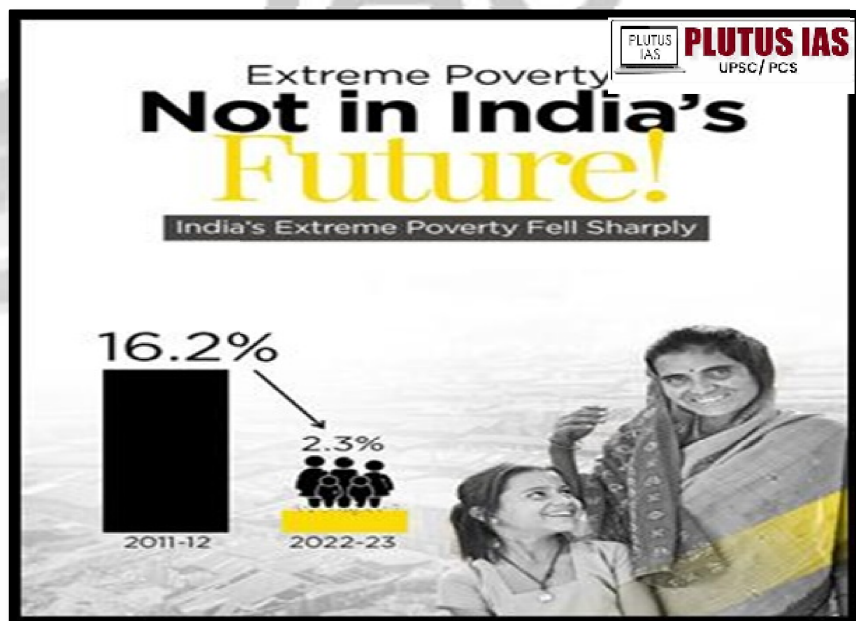
POVERTY & POVERTY DATA IN INDIA

Extreme poverty is commonly defined by the World Bank as living on less than $2.15 per day (as of 2022). In the Indian context, it reflects severe deprivation of basic human needs like food, safe drinking water, shelter,

and education. It also implies a lack of access to opportunities for upward mobility. According to World Bank data (2023), extreme poverty in India fell to below 3%. This marks a sharp decline from around 12% in 2011, indicating substantial improvement over the last decade. While rural poverty has declined, it remains higher than urban poverty due to agricultural distress and poor infrastructure. Urban poverty, though less prevalent, is concentrated in slums and informal sectors, where living conditions are harsh. States like Bihar, Uttar Pradesh, and Jharkhand have higher poverty rates, while Kerala and Himachal Pradesh have lower rates. These disparities are due to variations in governance, education levels, and access to welfare schemes. India's MPI score has improved significantly. The index considers health, education, and living standards, offering a more holistic picture than income-based measures. The NSSO's consumption surveys remain a primary tool to assess poverty trends. The recent 2022–23 survey indicates increased spending on essentials, suggesting reduced poverty. Despite progress, India still houses one of the largest absolute numbers of poor people globally. However, its poverty reduction pace is one of the fastest among major economies.

State-wise Poverty Data

State/UT	*Estimated Poverty Rate (%)	Remarks
Bihar	33.7%	Highest MPI poverty, weak infrastructure & services
Jharkhand	28.9%	High rural poverty, tribal population vulnerable
Uttar Pradesh	22.9%	Large population, slow human development progress
Madhya Pradesh	20.6%	Pockets of chronic poverty in rural areas
Chhattisgarh	19.5%	Tribal areas lack access to education & healthcare
Odisha	17.1%	Rapid improvement, but still high MPI index
Rajasthan	13.9%	Urban-rural divide persists
West Bengal	11.5%	Improvement in urban areas, rural challenges remain
Assam	10.3%	Flood-prone areas suffer repeated economic losses
Maharashtra	7.2%	Urban poverty exists in slums despite growth
Tamil Nadu	6.2%	Strong welfare programs helped reduce poverty
Himachal Pradesh	5.1%	Better health and education access
Kerala	2.4%	Lowest poverty, high HDI, strong social indicators

TYPES OF POVERTY
- -
1. Absolute Poverty: Refers to a fixed economic threshold below which individuals cannot meet basic life necessities. It is most relevant for policies targeting hunger, shelter, and healthcare. This type of poverty is measured using international standards, such as the World Bank's $2.15/day threshold, making it easier to track global progress.

2. Relative Poverty: Focuses on economic inequality and how individuals fare in comparison to others in their society. It's particularly significant in urban areas where economic disparity is more visible. Relative poverty affects social cohesion and often leads to exclusion from mainstream opportunities in education and employment.

3. Urban Poverty: Characterized by lack of housing, sanitation, and secure jobs in cities. Migrant workers, slum dwellers, and informal sector workers are the most affected. Rapid urbanization without adequate infrastructure worsens the living conditions and leads to overcrowding in urban slums.

4. Rural Poverty: Linked to low agricultural productivity, limited access to education and healthcare, and indebtedness. Many rural families depend on seasonal jobs or public work schemes like MGNREGA. Rural poverty is often exacerbated by poor connectivity and weak market linkages, hindering economic mobility.

5. Chronic Poverty: Long-term poverty that persists across generations due to systemic barriers like caste discrimination, illiteracy, and social exclusion. It is hardest to eradicate as it becomes entrenched in communities, leading to intergenerational transmission of deprivation.

6. Situational Poverty: Occurs due to a sudden crisis like natural disasters, pandemic, or job loss. For instance, the COVID-19 lockdown pushed many into temporary poverty. Though often temporary, its effects can be long-lasting without sufficient social safety nets or support systems.

7. Multidimensional Poverty: Captures the complex realities of poverty by combining income with access to education, healthcare, housing, and sanitation. It provides a more realistic measure of well-being and helps target interventions more precisely in different regions.

REASONS BEHIND DECLINE IN EXTREME POVERTY IN INDIA

1. Economic Growth: Rapid GDP growth over the last two decades created jobs and improved incomes. Sectors like services and manufacturing contributed significantly to upward mobility. For example, the IT and BPO boom in cities like Bengaluru and Hyderabad offered employment to millions, lifting families above the poverty line.

2. Social Welfare Schemes: Government programs like the Public Distribution System (PDS), MGNREGA, and PM-KISAN ensured food and income security. These helped in insulating the poor from economic shocks. The PM-Garib Kalyan Anna Yojana during COVID-19 ensured free ration to over 800 million people, preventing a spike in hunger.

3. Expansion of Infrastructure: Roads, electricity, and telecommunication networks have expanded rural connectivity. This improved access to markets, education, and healthcare.
The Pradhan Mantri Gram Sadak Yojana (PMGSY) has linked remote villages to nearby towns, boosting rural commerce and employment.

4. Financial Inclusion: Schemes like Jan Dhan Yojana and UPI enabled the poor to access formal banking, save money, and receive DBT (direct benefit transfers) without leakages.
As of 2024, over 50 crore Jan Dhan accounts have been opened, making India one of the most financially included nations globally.

5. Improved Education and Skill Development: Literacy rates and school enrollment have improved, especially among girls. Skill India Mission has provided vocational training to millions. Programs like Beti Bachao, Beti Padhao and digital classrooms in rural schools have increased female literacy and employability.

6. Rural Employment Programs: MGNREGA provided wage employment during lean agricultural periods. It not only supported income but also helped create durable assets like roads and ponds. For instance, in drought-prone Bundelkhand, MGNREGA-funded water harvesting structures have improved water access and farm output.

WHY POVERTY IS STILL PREVALENT IN INDIA

1. Unemployment and Underemployment: Many people still lack formal, secure jobs. Even those employed in informal sectors earn wages below living standards, perpetuating poverty.

The gig economy, though growing, often lacks social security and long-term stability, leading to economic vulnerability for workers.

2. Agricultural Distress: Over 50% of India's workforce still depends on agriculture, which suffers from low productivity, erratic monsoons, and price volatility. Small and marginal farmers, who form the majority, often rely on high-interest loans and face mounting debt due to crop failures or low returns.

3. Regional Disparities: Development is concentrated in a few states and metro cities. Backward states lack investment in infrastructure, education, and healthcare. States like Bihar and Odisha lag significantly in per capita income and human development indicators compared to states like Gujarat or Maharashtra.

4. Social Inequality: Caste, gender, and religious biases hinder access to opportunities. Marginalized communities face systemic discrimination in jobs, education, and land rights.

Women, particularly in rural areas, continue to face barriers in employment and financial independence, limiting their family's economic potential.

5. Inflation and Rising Living Costs: While incomes have risen, so have prices of essentials like food, rent, and education. This erodes the purchasing power of the poor. Recent food inflation spikes have made basic nutrition unaffordable for many, forcing families to compromise on quality meals.

6. Urban Slums: Rapid urbanization has led to mushrooming of slums with poor living conditions. Slum dwellers lack sanitation, electricity, and legal housing rights. Cities like Mumbai and Delhi house millions in informal settlements, often without access to clean water or primary healthcare.

7. Digital and Information Divide: Despite the digital revolution, many poor people lack access to devices, connectivity, and digital literacy, which limits their growth potential. Rural students and workers often miss out on online education and job opportunities due to poor internet infrastructure and affordability issues.

GOVERNMENT MEASURES TO ALLEVIATE POVERTY IN INDIA

1. MGNREGA: Guarantees 100 days of wage employment annually to rural households. It has been a lifeline during lean seasons and crises like COVID-19.As of April 2025, over 7.5 crore households have availed employment under the scheme in the FY 2024–25, with an average of 52 days of work provided per household.

2. PMAY (Pradhan Mantri Awas Yojana): Aims to provide affordable housing to urban and rural poor by 2024. Over 3.1 crore homes have been sanctioned across both rural and urban components. By early 2025, about 2.7 crore houses have already been constructed and handed over to beneficiaries, boosting rural asset creation and women's ownership.

3. National Food Security Act (NFSA): Provides subsidized food grains to nearly 800 million people. The PM Garib Kalyan Anna Yojana expanded its reach during the pandemic.

From January 2023 onwards, the Centre made distribution of 5 kg free food grains per person per month a permanent provision under NFSA.

4. PM-KISAN: Offers income support of ₹6,000 per year to farmers. This helps meet input costs and provides a financial cushion against crop failure. As of April 2025, over 11 crore farmers have benefited from the scheme since its launch in 2019, with the 16th installment paid in March 2025.

5. Ayushman Bharat – PM-JAY: Offers health insurance cover of ₹5 lakh per family per year for secondary and tertiary care, benefiting low-income households. By 2025, the scheme has issued more than 28 crore Ayushman cards, with over 6.1 crore hospital admissions recorded under the initiative.

6. Skill India Mission: Aims to train youth in market-relevant skills. Over 1.5 crore people have been trained as of April 2025 under programs like PMKVY and National Apprenticeship Promotion Scheme (NAPS). Recent focus has shifted toward emerging sectors such as AI, robotics, and green energy skills.

7. Digital India and Jan Dhan Yojana: Promote digital and financial inclusion. This helps in ensuring government subsidies reach the right beneficiaries directly. As of April 2025, over 50.7 crore Jan Dhan accounts have been opened, and over 90% are Aadhaar-seeded, enabling smooth and transparent DBT transfers.

RECOMMENDATIONS

1. Focus on Job Creation: Invest in labor-intensive sectors like textiles, tourism, construction, and agro-processing to create employment at scale, especially for semi-skilled youth.
Government-led production-linked incentive (PLI) schemes should be leveraged to boost manufacturing jobs. Start-ups in Tier 2 and Tier 3 cities can also be incentivized for local employment generation.

2. Improve Quality of Education: Focus on foundational literacy and numeracy in primary schools. Upgrading school infrastructure, digital learning tools, and regular teacher training is crucial for long-term poverty alleviation. National Education Policy (NEP) implementation must prioritize rural and tribal belts, where dropout rates remain high and quality of instruction is poor.

3. Strengthen Healthcare Access: Expand public healthcare infrastructure and ensure availability of essential medicines and diagnostics in rural areas. Strengthening primary health centres (PHCs), mobile health units, and telemedicine can help bridge the rural-urban health divide.

4. Agricultural Reforms: Promote crop diversification, invest in irrigation infrastructure, and ensure Minimum Support Price (MSP) implementation to improve farmers' income sustainably. Farmer Producer Organizations (FPOs) should be supported to improve access to markets, credit, and technology.

5. Urban Poor Welfare: Introduce schemes targeted at urban slum dwellers for housing, sanitation, waste management, and skill development. Urban poverty needs specific interventions beyond generic schemes. Affordable rental housing and regularization of informal settlements can improve living standards of migrant workers.

6. Targeted Social Protection: Use data analytics, Aadhaar-based platforms, and SECC data to better target subsidies and welfare schemes, ensuring leak-proof delivery. Dynamic beneficiary databases and grievance redress mechanisms can enhance efficiency and responsiveness.

CONCLUSION

India has made remarkable strides in reducing extreme poverty, lifting millions above the poverty line in just two decades. Despite gains, poverty persists in certain pockets due to regional inequality, social exclusion, and systemic inefficiencies.Sustained poverty reduction requires inclusive economic growth, focusing on education, health, and skilling the underprivileged.Climate change poses a rising threat to livelihoods, especially in agriculture, necessitating resilient development strategies. India's poverty reduction model is being closely watched by other developing nations for its scale and speed.Leveraging digital platforms for service delivery and data management can enhance the efficiency of poverty alleviation programs. Ending poverty by 2030 is a key Sustainable Development Goal (SDG). India must maintain momentum through coordinated efforts at all levels.

PRELIMS QUESTIONS

Q.Which of the following statements is true about the National Food Security Act (NFSA)?
(a) It provides food security only to urban poor
(b) It subsidizes food grains for over 800 million people in India

(c) It was introduced in 2015 to tackle extreme poverty in rural areas
(d) It is limited to providing free housing to the poor.
ANSWER: B

MAINS QUESTIONS

Q. Evaluate the current state of education in India and its role in poverty alleviation. What reforms are needed to make education more accessible and inclusive?

(15 marks, 250 words)