

India's Remarkable Progress in Poverty Eradication: An Analytical Review

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ABSTRACT

Over the past decade, India has made unprecedented progress in poverty eradication, lifting 171 million people out of extreme poverty. The poverty rate below the \$2.15/day international line fell from 16.2 per cent in 2011-12 to 2.3 per cent in 2022-23, driven by inclusive growth, targeted welfare schemes, rural and urban development, and financial inclusion. Significant reductions occurred across regions and income levels, narrowing rural-urban divides and multidimensional poverty. Key states contributed heavily, while employment growth, especially among rural women, strengthened empowerment. Despite challenges like regional disparities and climate risks, India's holistic approach offers a valuable model for sustainable poverty reduction.

Keywords: Poverty Eradication, Extreme Poverty, Inclusive Growth, Multidimensional Poverty.

INTRODUCTION

India's recent achievements in poverty eradication are remarkable in the history of human development. Over the past decade, India has made significant progress, lifting a 171 million people out of extreme poverty. According to the World Bank's Spring 2025 Poverty and Equity Brief, the proportion of Indians living below the international extreme poverty line of \$2.15 per day fell dramatically from 16.2 per cent in 2011-12 to just 2.3 per cent by 2022-23. This extraordinary progress is a testament to the nation's unwavering commitment to inclusive growth, effective policy interventions, and empowering its most vulnerable populations.

India's success in combating poverty has not been confined to one sector or one region; rather, it has been broad-based, encompassing both rural and urban areas, and spanning diverse social and economic groups. Through a series of targeted welfare programs, robust economic reforms, enhanced access to education and healthcare, and an emphasis on financial inclusion, India has built a strong foundation for a more equitable society. The reduction in both income-based and multidimensional poverty highlights the depth and breadth of this transformation, making India's experience a beacon of hope for other developing nations striving to achieve the Sustainable Development Goals (SDGs).

REVIEW OF LITERATURE

The discourse on poverty eradication in India has been enriched by a diverse range of studies, highlighting both structural challenges and policy-driven progress. Dreze and Sen (2013) emphasized that poverty reduction in India hinges not only on economic growth but also on public action aimed at enhancing access to education, healthcare, and social security. Ravallion and Datt (2002) pointed out the

critical role of agricultural productivity and rural development in driving early phases of poverty alleviation.

Recent World Bank reports, including the Spring 2025 Poverty and Equity Brief, document India's significant strides in lifting millions out of extreme poverty, attributing success to focused government initiatives, financial inclusion through schemes like Pradhan Mantri Jan Dhan Yojana, rural employment generation via MGNREGA, and improved social safety nets. Additionally, Alkire and Santos (2010) introduced the Multidimensional Poverty Index (MPI), which shifted global attention towards non-income measures of poverty, such as education, health, and living standards—areas where India has also made notable gains.

The Economic Survey of India (2022–23) further underlined the positive impact of direct benefit transfers (DBTs), digital governance reforms, and expanded healthcare access on poverty outcomes. Several scholars argue that inclusive growth strategies, such as empowering women, promoting self-employment, and supporting small and medium enterprises (SMEs), have strengthened poverty reduction at the grassroots level. Nonetheless, critiques caution that regional disparities, climate vulnerabilities, and urban-rural divides continue to pose significant challenges to sustaining these achievements.

Overall, existing literature presents a rich tapestry of factors influencing India's fight against poverty, framing the current analysis within a broader historical and global context.

OBJECTIVES AND METHODOLOGY

The present study has made an attempt to explore the key drivers behind India's achievement, analysing the patterns, policies, and pathways that enabled this unprecedented progress. It also reflects on the challenges that remain, emphasizing the need for sustained and inclusive efforts to ensure that India's poverty eradication journey becomes a lasting legacy. The present study adopts a descriptive and analytical research design, based primarily on secondary data sources. Key data and information have been drawn from the World Bank's Spring 2025 Poverty and Equity Brief Report and publications of the Government of India (e.g., Economic Survey, NITI Aayog reports), Scholarly articles and books.

ANALYSIS AND DISCUSSION

Rural and Urban Poverty Reduction: Bridging the Gap

India's progress in poverty alleviation over the last decade has been not only remarkable but also inclusive in its reach across both rural and urban regions. A key highlight of this progress has been the broad-based and balanced nature of poverty reduction, which has effectively narrowed the rural-urban divide — a persistent structural challenge in India's development trajectory.

Steep Decline in Poverty across Regions

In rural India, which traditionally housed the largest proportion of the poor, extreme poverty declined significantly, from 18.4% in 2011-12 to just 2.8% in 2022-23. This sharp reduction indicates a major upliftment in the quality of life for millions of rural families, reflecting improved access to income, housing, food security, and basic services.

Urban areas also witnessed substantial poverty reduction, with the prevalence falling from 10.7% to 1.1% during the same period. While urban centers already had relatively lower poverty rates due to

higher employment opportunities and infrastructure, the magnitude of the decline is still notable, signaling improvements in urban livelihoods and living conditions.

Narrowing the Rural-Urban Divide

One of the most striking outcomes is the shrinking of the rural-urban poverty gap, which fell from 7.7 percentage points in 2011-12 to just 1.7 percentage points in 2022-23. This represents an annual rate of reduction of 16%, suggesting a powerful trend toward convergence — a significant achievement in a country where rural-urban disparities have long fueled social and economic inequalities.

Drivers of Inclusive Progress

This convergence has been driven by a combination of targeted policy interventions and strategic development programs, particularly in rural areas. Some notable contributors include:

- **Pradhan Mantri Awas Yojana (Gramin):** Providing safe and affordable housing for rural families, thereby enhancing dignity and stability.
- **MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act):** Offering employment opportunities and income support through rural public works.
- **PM-Kisan Samman Nidhi:** Direct income support to growers, bolstering rural consumption and investment capacity.
- **Rural infrastructure development:** Improved roads, electricity, digital connectivity, sanitation, and irrigation have created conditions for sustainable growth.
- In urban India, poverty alleviation has been supported by:
- **Expansion of affordable housing,** skill development initiatives, and urban employment schemes.
- **Improved service delivery mechanisms,** such as direct benefit transfers (DBTs) and digitized welfare programs, which reduced leakages and ensured better targeting.
- **Growth in the informal and service sectors,** providing job opportunities for migrants and low-skilled workers.

Towards Inclusive and Balanced Growth

Together, these developments have helped transform cities into engines of inclusive growth while also enabling rural India to participate more equitably in the development process. The reduction in the rural-urban poverty gap suggests that India is moving towards a more balanced and spatially equitable growth model, where no region or population segment is left behind.

Going forward, sustaining this momentum will require continued investments in human capital, job creation, rural-urban linkages, and social protection systems, to ensure that gains in poverty reduction are not only maintained but deepened further.

Strong Gains at the Lower-Middle-Income Poverty Line

India has achieved significant progress in reducing poverty at the lower-middle-income poverty line of \$3.65 per day, marking a key milestone as the country advances toward becoming a middle-income economy. While much attention has traditionally focused on extreme poverty (below \$2.15/day), the lower-middle-income threshold offers a more realistic picture of economic well-being in a developing country like India, where expectations and living costs are steadily rising. The decline in poverty at this

level signals not only the improvement of living standards but also the effectiveness of economic and policy interventions over the past decade.

Between 2011–12 and 2022–23, the poverty rate at the \$3.65/day threshold fell sharply from 61.8% to 28.1%, signifying that approximately 378 million persons moved above this poverty line. This substantial reduction reflects the transformative impact of India's rapid economic growth and targeted public welfare policies. Notably, rural poverty dropped from 69% to 32.5%, while urban poverty declined from 43.5% to 17.2%, indicating broad-based progress across both regions. Also, the rural-urban poverty gap narrowed from 25 percentage points to 15, demonstrating a 7% annual decline and signalling a more inclusive growth pattern.

This positive shift can be attributed to a combination of structural reforms and policy initiatives. India's sustained economic growth during this period created employment opportunities and increased household incomes. The expansion of welfare programs, such as the Pradhan Mantri Awas Yojana (PMAY), Ayushman Bharat, and Ujjwala Yojana, improved access to housing, healthcare, and clean energy. Moreover, the Jan Dhan Yojana brought millions of previously unbanked individuals into the formal financial system, facilitating direct benefit transfers (DBTs) that reduced leakages and ensured efficient delivery of subsidies.

Skill development initiatives like Skill India, PMKVY, and DDU-GKY played a critical role in enhancing employability and income-generating capacity, particularly among rural youth. Simultaneously, rural infrastructure programs under schemes like PMGSY and Swachh Bharat Mission helped improve connectivity, sanitation, and living conditions, thereby reducing multidimensional poverty.

The impressive gains at the lower-middle-income poverty line illustrate how coordinated efforts across economic growth, financial inclusion, social welfare, and human capital development have led to a significant decline in poverty. As India continues to grow, sustaining and deepening these reforms will be vital to achieving equitable development and securing a robust pathway toward middle-income status.

Key States Contributing to Poverty Reduction

India's remarkable progress in reducing poverty has been significantly shaped by the performance of its most populous states. While the overall decline in poverty is a national achievement, states like Uttar Pradesh, Maharashtra, Bihar, West Bengal, and Madhya Pradesh have played a particularly crucial role in driving this transformation. These five states, home to a large share of India's population, collectively accounted for around 65% of the country's extreme poor in 2011–12. Still, by 2022–23, they were responsible for nearly two-thirds of the total reduction in extreme poverty nationwide.

This shift underscores the geographic breadth of India's poverty alleviation efforts, particularly in historically marginalized and underserved regions. In the past, high poverty rates in states like Bihar and Uttar Pradesh were often seen as major obstacles to national development. Yet, targeted policy interventions and better implementation of central and state welfare schemes have begun to change this narrative. Improvements in rural infrastructure, public health, education, and livelihood generation have had a tangible impact in these areas.

Several factors contributed to this turnaround. State-specific social protection programs — such as Bihar's 'Saat Nischay Yojana', Madhya Pradesh's 'Ladli Laxmi Yojana', and West Bengal's 'Kanyashree Prakalpa' — played an important role in empowering vulnerable populations, especially women and

children. These schemes often complemented central programs like MGNREGA, PMAY, and the National Food Security Act, thereby enhancing their reach and impact.

Furthermore, large-scale investments in rural roads, electrification, drinking water access, sanitation, and primary health care services helped to reduce multidimensional poverty in both rural and semi-urban settings. In agriculture-dependent states like Uttar Pradesh and Madhya Pradesh, initiatives to improve irrigation, crop insurance, and market access contributed to rising farm incomes and reduced vulnerability among smallholder farmers.

However, despite this impressive progress, regional disparities within and between states continue to pose a challenge. For instance, poverty levels in certain districts of eastern Uttar Pradesh or northern Bihar remain significantly higher than state averages. Similarly, tribal and remote areas in Madhya Pradesh and Maharashtra still lag behind in terms of access to basic services and economic opportunities.

To sustain and deepen the gains made so far, India must adopt region-specific development strategies that account for local socio-economic contexts. Strengthening decentralised governance, enhancing data-driven policy targeting, and investing in human capital — especially in lagging districts — will be essential to avoid the emergence of new pockets of deprivation and to ensure inclusive and balanced growth across the country.

Decline in Multidimensional Poverty

Poverty extends beyond just the lack of income—it encompasses limited access to essential services such as healthcare, education, sanitation, nutrition, and decent housing. India's progress in these non-monetary dimensions of poverty has been equally significant, complementing its income-based poverty reduction. According to the World Bank, the Multidimensional Poverty Index (MPI) fell sharply from 53.8% in 2005–06 to 16.4% by 2019–21, while the World Bank's own multidimensional poverty measure stood at 15.5% in 2022–23. This decline reflects a transformative shift in the quality of life for millions of Indians.

Key indicators such as school enrolment rates have improved consistently, particularly for girls, contributing to better educational outcomes and long-term empowerment. Access to maternal health services, including institutional deliveries and antenatal care, has expanded significantly, reducing maternal and infant mortality. Child nutrition indicators have also shown improvement, aided by programs like POSHAN Abhiyaan. The availability of household electricity has become nearly universal, while access to safe drinking water and improved sanitation has expanded through schemes like Swachh Bharat Abhiyan and Jal Jeevan Mission. Together, these improvements demonstrate India's commitment to addressing poverty in a holistic manner, ensuring that economic growth is accompanied by enhanced human development and social well-being.

Employment Growth and Workforce Shifts

Employment plays a dual role in the fight against poverty—it is both a key driver of economic empowerment and a result of successful poverty alleviation strategies. In India, recent labor market trends closely mirror and reinforce the country's progress in poverty reduction, particularly after the pandemic recovery period. Since 2021–22, employment growth has consistently outpaced the rise in the working-age population, signaling a healthier labor market and better absorption of the workforce into productive activities.

One of the most notable developments has been the sharp rise in female labor force participation, especially in rural areas, which historically faced low engagement due to social norms, safety concerns, and limited opportunities. This shift suggests growing economic inclusion of women, with many entering the workforce through agriculture, self-employment, and micro-enterprises. Rural female employment has shown a marked increase in agricultural labor and allied activities, often supported by self-help groups and skill training programs. Self-employment, in particular, has emerged as a powerful engine of empowerment, providing flexibility and localized economic opportunities for rural women.

Urban labor markets have also shown strong recovery, with urban unemployment dropping to 6.6% in Q1 of FY24/25, the lowest since 2017–18. Male workers are increasingly transitioning from rural to urban areas in search of better-paying jobs, indicating a diversification of employment away from traditional subsistence farming to more remunerative non-farm sectors such as construction, manufacturing, and services.

Government initiatives have played a pivotal role in supporting this employment shift. Programs like Start-up India and Stand-up India have encouraged youth and women, particularly from marginalized communities, to pursue entrepreneurship. The Skill India Mission and Pradhan Mantri Kaushal Vikas Yojana (PMKVY) have helped in building job-relevant skills, enhancing employability among rural and semi-urban youth. For rural women, the Mahila Kisan Sashaktikaran Pariyojana (MKSP) under the National Rural Livelihoods Mission has provided both financial support and capacity building, helping them transition from informal, unpaid labor to organized self-employment or micro-enterprises.

In essence, India's employment landscape is becoming more dynamic, inclusive, and closely aligned with the country's broader developmental goals. As job opportunities expand and become more equitable, they not only help lift families out of poverty but also contribute to sustained, inclusive economic growth. Strengthening this momentum through targeted policy support and ensuring quality employment remains essential for India's long-term development trajectory.

Broader Implications and Challenges Ahead

While India's progress in poverty reduction is significant, sustaining and expanding these gains requires addressing several emerging and persistent challenges. These include structural, social, environmental, and governance-related factors that must be tackled through inclusive and forward-looking policy interventions:

- **Regional Inequality**

Certain states and districts, especially in central and eastern India, continue to lag behind in poverty reduction.

Inter-district disparities within states remain stark.

Solutions require region-specific strategies, improved infrastructure, and targeted fiscal transfers to underdeveloped areas.

- **Gender Gaps**

Despite progress, women's labour force participation remains lower than expected.

Wage disparities and lack of access to decent jobs persist for women, especially in rural areas.

Addressing these requires skilling programs, safe workplaces, better social infrastructure (like childcare), and inclusion in decision-making.

- **Urbanization Pressures**

Rapid urban migration is straining city infrastructure, housing, and public services.

Growth of informal settlements (slums) poses challenges to sanitation, health, and education access. Focus on sustainable urban planning, affordable housing, and improved governance is critical.

- **Climate Vulnerability**

Rural livelihoods, particularly agriculture, are highly sensitive to climate change effects such as droughts, floods, and extreme heat.

Climate shocks can undo years of poverty reduction in affected regions.

Integrating climate adaptation, crop insurance, water management, and green livelihood promotion is essential.

- **Health and Education Gaps**

Despite expanded access, quality and affordability of healthcare and education remain uneven, especially for marginalized groups.

These sectors are vital for breaking the cycle of intergenerational poverty.

Strengthening public investment and ensuring accountability in service delivery is key.

- **Need for Inclusive and Sustainable Development**

Poverty alleviation strategies must now align with sustainability, resilience-building, and equity.

- Future policies should emphasize:

Climate adaptation and green jobs

Digital inclusion and access to technology

Universal and portable social protection

Healthcare and education reform with a focus on quality and inclusivity

India's next phase of development must ensure that economic growth translates into long-term well-being for all, with a specific focus on the most vulnerable. Only then can the vision of a truly inclusive and resilient India be realized.

CONCLUSION

India's achievement in lifting 171 million people out of extreme poverty within a decade marks a historic milestone in global human development. The sharp reduction in both extreme and lower-middle-income poverty, narrowing rural-urban disparities, widespread progress across states, advancements in multidimensional living conditions, and a dynamic labour market together illustrate a story of deep and inclusive transformation. This remarkable progress reflects the combined impact of sound economic policies, targeted social interventions, strengthened governance, and the resilience of communities across the nation. It underscores India's capacity to implement scalable and effective solutions to complex development challenges. Yet, the journey does not end here. As India transitions from poverty alleviation to fostering long-term prosperity, the focus must shift toward building a more resilient, equitable, and sustainable society — one that ensures dignity, opportunity, and security for every citizen, regardless of geography, gender, or economic background. India's experience serves as an inspiration for other developing nations, demonstrating that poverty is not an unchangeable fate but a challenge that can be addressed with vision, commitment, and collective action. The path ahead will demand innovation, inclusion, and a renewed social contract — but the foundations for a more prosperous and just future have already been laid.

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