Indian Economy · GS - III

India has made significant progress in poverty reduction, but stagnant real wages raise concerns about the sustainability of these gains. Examine the relationship between poverty reduction, employment growth and earnings in India.

Word Limit: 150 words Marks: 10

EXAM YEAR	PAPER	SUBJECT
Mains Daily Practice 15/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Poverty reduction reflects improved consumption, employment and welfare access, but stagnant real wages weaken economic security. Productive jobs, higher labour productivity and inclusive growth are essential.

Model Answer

India has made substantial progress in reducing poverty over the past decade. However, declining poverty does not necessarily imply that individual earnings are rising sufficiently to ensure sustainable improvements in living standards.

According to the October 2026 report highlighted in the news, India's poverty rate under the World Bank's $4.20-a-day poverty line declined from 57.7% in 2011–12 to 16.1% in 2023–24. The worker-population ratio also increased from 46.8% in 2017–18 to 58.2% in 2023–24.

However, inflation-adjusted daily earnings of regular salaried workers remained unchanged at ₹381, while earnings of self-employed workers declined slightly from ₹246 to ₹242. Casual workers experienced an increase from ₹189 to ₹227.

These trends suggest that employment expansion and welfare support can reduce poverty even when wage growth remains uneven.

India must therefore promote productive employment, labour-intensive manufacturing, skill development, higher productivity and stronger social protection to ensure that poverty reduction translates into durable economic security.

BECOME IAS
AI POWERED UPSC PREP