

Chapter 1

Meghalaya: A Socio-Economic Profile and Projections

Meghalaya, one of the most picturesque states in the northeast of the country, is the home to two major tribal groups, the Khasis and Garos, apart from several smaller tribes. The state's area, largely comprising tablelands and hill regions, is heavily forested and criss-crossed by several rivers. It is an abode of tremendous bio-diversity, and the soil and climate are conducive to the cultivation of a large variety of agricultural crops, horticultural produce and flowers.

As a state of the Indian Union, Meghalaya came into being on 21st January 1972. It was created by carving out two districts of the former State of Assam, namely, the United Khasi and Jaintia Hills and the Garo Hills. At present, Meghalaya comprises seven districts: East Garo Hills, East Khasi Hills, Jaintia Hills, Ri-Bhoi, South Garo Hills, West Garo Hill and the West Khasi Hills. Its capital Shillong was also the capital of undivided Assam's capital from 1874 till the creation of the new state of Meghalaya. On its south and southwest border, Meghalaya is bounded by Bangladesh with which it shares a 443-km international border; to its north and northwest is the Bhramaputra valley of Assam, while Assam's Cachar region lies to its east.

Meghalaya is one of eight states in the North-eastern Region (NER) of the country, the other seven being Assam, Nagaland, Tripura, Manipur, Mizoram, Arunachal Pradesh and Sikkim. The entire state of Meghalaya (along with the state of Mizoram and parts of Assam and Tripura) falls under the Sixth Schedule of the Constitution, which prescribes a separate code for the governance of tribal areas in the country. Administration of the districts in the state is undertaken by three autonomous district councils (ADCs) which have extensive legal and executive powers over the use of land and resources, social custom, inheritance and other areas.

The development of Meghalaya, along with other states in the NER, lags significantly behind the rest of the India. The process of development has been shaped by the specific experiences of the State, and the region in general. The partition of the country had a tremendous adverse impact on the region, which was abruptly cut off from its traditional markets and linkages, and acquired a long and porous international border overnight.

Although Meghalaya has made substantial socio-economic progress since then, it has not been sufficient to propel the state to a higher sustainable growth path. The development model for the state followed in the years after Independence was largely determined by the centre, and did little to lay a strong infrastructural base or promote linkages within the region or generate employment opportunities. Today, constrained connectivity, abysmal infrastructure and poor governance is combined with low productivity and limited access to the broader market have posed difficulties in sustaining high growth rates over medium and long periods of time. The lack of development has forced overwhelming dependence of the state on the central government for resources.

The Eleventh Plan envisages higher GDP growth and, more importantly, inclusive growth requiring a rapid increase in employment, significant improvement in human development particularly of disadvantaged groups and regions, and a sharp decline in poverty. According to a survey conducted by Meghalaya's State Rural Department in 2002, almost half the rural households (48.9 per cent) in the state fall into the BPL category. There is clearly a need and urgency to bring the state in sync with the rest of the country so it can be an equal partner in India's growth story.

This report presents a vision of the development goals of the people of Meghalaya and the strategy best suited to achieving these goals. Its perspective aims at promoting integrated development on a foundation of participative planning and implementation. The section that follows gives a brief description of the state, placing it in the context of development and growth in the rest of the country.

1.1 THE PEOPLE AND NATURAL RESOURCES

The people

Meghalaya's population has been growing at an increasing rate, at a rate that is higher than the national average. Thus, while in 1951 its decadal growth rate was 8.97 per cent, growth increased sharply in 1961 to 27.03 per cent, and to 32.86 per cent by 1991; growth declined marginally to 29.94 per cent in the most recent census in 2001. In comparison the decadal population growth rates of the country as a whole were 23.86 per cent, and 21.56 per cent in the last two censuses, respectively.⁴

The state's population density was 103.4 per sq km in 2001, based on its population of 23,18,822 and its land area of 22,720 sq km, which is far lower than the population density for the country as a whole (Appendix Table 1.A3). As in any hilly region, population density varies tremendously across the state, from 241 (people per square km) in the East Khasi Hills to only 54 in the South Garo Hills (Table 1.A3 in the annexure). The capital Shillong is located in the East Khasi Hills, the most densely populated district, with over 28 per cent of the population and only 12.3 per cent of the state's land area.

An important aspect of Meghalaya's demography is its largely youthful population; in fact has the largest share of very young people (below the age of 14 at the time of the last census in 2001) in its population among the northeast states, and indeed in the country: in 2001, 41.6 per cent of Meghalaya's population was below 14 years against a national average of 34.3 per cent (Table 1.A1 in the Annexure). With 27.13 per cent of its population in the next age category of 15-29 years, the state has more than two-thirds its population (68.73 per cent) below the age of 30, which would have important implications for its economic policy.

⁴ Table 1.2 from the State Development Report

Its ethnically diverse population is 85.9 per cent tribal, mainly comprising people from the Khasi and Garo tribes. The Khasis are the dominant group, constituting more than half (56.4 per cent) the total tribal population of the state, followed by the Garos (34.6 per cent), so that the two groups together account for 91 per cent of the total tribal population of Meghalaya. The other main tribal groups are the Hajong (1.6 per cent), Raba (1.4 per cent), and Koch (1.1 per cent), followed by smaller tribal groups like the Man (Tai speaking), Dimasa, Chakma, Pawi, and Lakher.⁵

Like most other parts of the country, the state is predominantly rural, with over 80 per cent of its population living in the countryside. Here, the East Khasi Hills is again an outlier with only 58 per cent of its population in the rural areas compared to all the other districts which have over 88 per cent rural-based populations (annexure Table 1.A2); more than 60 per cent of the urban population of the state resides in the East Khasi Hills, mainly because it is home to the state capital of Shillong.

The Resource Base

The state is richly endowed with natural resources and mineral deposits. Its long, abundant monsoon sustains intensive and varied flora, and over 70 per cent of its total geographic area is under forest cover.⁶ Wide geological, ecological and climatic variations mean that the state is home to five agro-climatic sub-zones, which have given rise to tremendous bio-diversity, and are conducive to the cultivation of a wide variety of crops and produce.

The state also has vast reserves of coal and limestone and other commercially exploitable mineral deposits, along with rich deposits of uranium. Granite of excellent quality is at present being mined in the East and West Khasi hills districts. Clay, which can be used in the ceramic, paper, rubber and refractory industries, is found in some abundance, and minerals like gypsum, phosphorite, glass-sand, base metals, quartz and feldspar exist in various parts of the state. Meghalaya is also credited with having one of the most valuable sillimanite deposits in the world.

Its resource base has not been managed to the advantage of the state and the people. While most of the reserved forests are under the control of local communities, they have not been managed to the benefit of these communities. Of its rich mineral reserves, only coal and limestone have been mined commercially, but not in a systematic or organised fashion. Streams and rivers fed by heavy rainfall, cascading down the hill slopes, provide abundant hydro-power potential, but of the assessed capacity of around 3,000 MW only 185.2 MW has so far been tapped.

⁵ Census of India, 2001

⁶ State of the Forest Report, 2005, from the *Meghalaya State Development Report*.

1.2 SOCIAL PROFILE

Along with its geological and climatic diversity, the state is characterised by large socio-economic variations across its seven districts, which are the combined outcome of geophysical conditions, the historic role of Shillong as the capital of undivided Assam, and the development strategy and priorities so far.

Meghalaya's literacy rate at 63.31 per cent (2001 census) is marginally below the national literacy rate of 65.38 per cent. And while there is little gender-related difference in literacy rates (with male literacy rates of 66.14 per cent and the female rate of 60.41 per cent), there is considerable variation in literacy rates across the districts, with total rates ranging from a low of 50.78 per cent in the West Garo Hills to 74.74 per cent in the East Khasi Hills (Annexure Table 1.A3). There is also a significant difference between literacy in the rural and urban areas: overall urban and rural literacy rates are 87.12 per cent and 57 per cent, respectively; in some districts such as the Jaintia Hills urban literacy rates are almost double rural rates. More importantly, even as the average literacy rate in the region is marginally lower than the national average, there are concerns about the quality of education, which has not translated into higher employability or productivity. Further, the slow pace of industrialisation and limited capacity of the population to engage in productive economic activities has meant a high rate of unemployment and underemployment.

This district-wise variation is further reflected in other major indicators such as the infant mortality rate and in access to basic amenities like electricity (Annexure Table 1.A3). Thus while the aggregate data for the state appears to be on par with the average for the country, they mask vast disparities that exist within the different districts, and between urban and rural populations, reflecting the poverty of access to services - health, electricity, schools, for many.

1.3 THE ECONOMY OF THE STATE

1.3.1 Income Levels

Per capita income over time is a good indicator of the economic status of people in the state. Data for Meghalaya (Annexure Table 1.A4) shows that the per capita income in the state is below the per capita income in the country as a whole average and that the gap between the rates of growth in per capita income between the country and the state has increased especially since 2005-06. Within the state, there are significant differences in the levels of living among the different districts (Annexure Table 1.A3), with per capita incomes in the East Khasi Hills being significantly higher than the per capita incomes in most other districts.

1.3.2 The State's Development Path: Sectoral Analysis

Growth of the state's economy has also been lagging behind the national economy. During the Tenth Plan (2002-07), the overall growth rate for the state was 5.6 per cent compared to 7.6 per cent for the country as a whole (at constant 1993-94 prices).

As in the rest of India, an overwhelming proportion of Meghalaya's population depends on agriculture for its livelihood, but a large majority of the people engaged in agriculture have subsistence living. While 80.5 per cent of the population resides in the rural areas of the state, income generated from the primary sector as a whole during 2007-08 was just over 21 per cent, with the secondary and tertiary sectors contribute 26.13 per cent and 52.74 per cent, respectively (Annexure Table 1.A5).

Further analysis of the sectoral data reveals an economy that that is changing slowly if at all. While the share of the primary sector in the country has declined from 25 per cent to 17.47 per cent between 1999-2000 and 2007-08, the primary sector's share in Meghalaya over the same period has fallen only marginally from 22.9 per cent (advanced estimates) to 21.13 per cent. The shares of the secondary and tertiary sectors in the state's GSDP too have changed only marginally: while the contribution of the industrial sector has risen from 23.31 per cent to 26.13 per cent over the same period, services' share has remained almost stagnant, shifting from 53.8 per cent to 52.8 per cent during the period (Annexure Table 1.A5).

With the increase in population over time and the decrease in land for agricultural purposes, levels of poverty have risen substantially. The rural areas today have few employment and income-generating opportunities, poor linkages with markets and low productivity arising from shifting cultivation and traditional methods of cultivation. And as we have shown above, they are further disadvantaged in comparison with urban areas in terms of access to amenities and other economic and social indicators of development.

Despite its rich resource endowments, which could form the basis of a vibrant industrial sector, Meghalaya continues to be industrially backward. For a start the manner of exploitation of its natural resources has been to market them mainly in primary form, with little or no value addition in the state, thus reducing employment and income-generating opportunities in the sector, as well as the revenue base. The various incentives offered to industrial investment in recent years have not been sufficient to offset the drawbacks to industrial development which include poor infrastructural facilities which have hampered communication and connectivity, shortages of power, a low technical and skills base, and the almost complete absence of non-community land that can be used for enterprise. This slow pace of industrialisation and limited capacity of the population to engage in productive economic activities has resulted in a high rate of unemployment and underemployment, especially among young people.

One of the biggest development challenges in the state is the lack of an infrastructural base. In the absence of air and rail networks to transport people and freight across the state, Meghalaya is dependent on its national and state highways or on access through neighbouring states for connectivity. However, not only is the road network inadequate in the state, so that in 2008 it had the second-highest proportion of unconnected villages (47.02 per cent) among the northeastern states, but poor maintenance means that the few existing roads are in dire need of attention and funding. In addition, less than one-third of its rural households have electricity (2001). In a recent ranking of states and union territories in the country by infrastructure, Meghalaya came twenty-first – and in fact was sixth in a ranking of seven northeastern states (minus Sikkim).

The pace of development in the region is the outcome of the development approach followed so far, which has been generated from the centre rather than determined through a 'bottom-up' process of participatory decision making by the people of the state. Various centre-based schemes have only led to unaccountable spending and no monitoring systems in place. It is only when priorities, planning and strategies involve the people they impinge on will development and progress truly lead to improved capacities and livelihoods.

Table 1.1: Some Indicators, Meghalaya and India

	Reference Year	Meghalaya	North East Region	India
Area (sq. km)	2001	22,429	262,179	32,87,240
Population (in lakh)	2001	23.18	389.84	10,286.1
Population density (per sq. km)	2001	103.38	134	324
Sex ratio (per '000 males)	2001	972	936	933
Literacy rate (%)	2001	63.31	68.5	65.38
Forest cover (%)	2003-04	75.08	66.1	20.64
Villages electrified (%)	2005-06	73.0	71.0	74.1
Electricity consumption (per capita in kwh)	2004-05	352.2		
Birth rate (per '000)	2006	24.7		23.5
Death rate (per '000)	2006	8.0		7.5
Infant mortality rate (per '000)	2006	53		57
Road density (PWD roads) (km per '00 sq. km)	2006-07	36.66	66.09 (2002)	75.54 (2002)

Source: Meghalaya State Development Report 2008, Census of India, indiastat

1.4 THE GROWTH SCENARIO

Bringing prosperity and peace to the people of Meghalaya would require sustained increases in the per capita income and a more equitable distribution among the population. At the very least, the people should have a standard of living on par with the rest of the country by 2030. Growth of the state's economy has been lagging behind growth in the national economy. During the Tenth Plan (2002-07), the overall growth rate for the state was 5.6 per cent against 7.6 per cent for the country as a whole (at constant 1993-94 prices). As against the national target of 9 per cent during the Eleventh Plan (2007-12), the projected or targeted growth rate for Meghalaya is 7.3 per cent. This lower growth rate target for the state compared to the national target implies that at the end of the Eleventh Plan period, Meghalaya will lag even further behind the other states in the country.

The *Vision 2020 Document of the North Eastern Region* has estimated that if the GDP of the country at factor cost at constant (2006-07) prices grows at an average rate of 9 per cent per year, (and per capita GDP at 7.6 per cent), the state of Meghalaya will have to grow at an annual rate of 10.96 per cent (9.72 per cent per capita) to catch up with the country's average per capita income by 2020. However, while the *Vision Document* was adopted by the North Eastern Council in May 2008, little appears to have been done to implement its recommendations, which would have had significant externality to Meghalaya as well as the entire NER. Meghalaya, however, should proceed to evolve a strategy to create an enabling environment for inclusive development without any further delay to ensure its own progress.

With the national economy poised to grow at an annual average rate of about 9 per cent, this would result in per capita income growth of 7.74 per cent annually, as over the period population is expected to decelerate and per capita income growth is expected to accelerate from 6.63 per cent during the Eleventh Plan to 7.76 per cent in the Fifteenth Plan period (Annexure Table 1.A6). Under this assumption, the per capita income of the country in 2029-30 is estimated at Rs. 2,15,266 at 2009-10 prices.

To achieve this level of per capita income, the GSDP in Meghalaya will have to grow annually at almost 10 per cent between 2007-08 and 2029-30, accelerating from 7.85 per cent during the Eleventh Plan to 10.25 per cent during the Fifteenth Plan. The growth of per capita GSDP should accelerate from 6.59 per cent per year to 9.52 per cent per year during the respective Plan periods, requiring an average annual growth rate of 8.8 per cent during the period. This order of acceleration will be carried out in phases as indicated in the table (Annexure table 1.A7).

1.5 FUNDING THE GROWTH PROCESS

The required acceleration in growth of GSDP in Meghalaya would call for a substantial increase in investments in the state and an expansion in efficiency of resource use to promote higher productivity. We have estimated the investment requirements for achieving the required growth in GSDP in two alternative scenarios – one by assuming that the incremental capital-output ratio (ICOR) at 4 and another assuming that the ICOR will show a gradual decline from 4 to 3.6 between the Eleventh Plan period and the Fifteenth Plan period. There is no state-specific ICOR available and we have assumed that the prevailing ICOR of the country will also be applicable to the State. Furthermore, the lower ICOR scenario is based on the assumption that over different plan periods, an increase in productivity will result in a marginal decline in the ICOR.

The estimates (presented in Annexure Table 1.A8) show that it is necessary to massively increase the investment required to equalise the per capita income in the Meghalaya with that of the country in 2030. Under the first scenario where the ICOR is assumed to remain constant at 4, the volume of investment required as a ratio of GSDP will have to increase from 28 per cent during the Eleventh Plan to 37.2 per cent during the Fifteenth Plan. Even under the alternative scenario of ICOR declining from 4 in the Eleventh Plan to 3.6 in the Fifteenth Plan, investment as a ratio of GSDP will have to increase to 33.7 per cent (Annexure Table 1.A8).

The large amounts of investment required for Meghalaya to catch up with the rest of the country by 2030 cannot come from public sources alone, and a large part will have to come from the private sector. However, for the private sector to make large investments in the State, it is necessary to create an enabling environment. Among other factors, the quality of infrastructure in the State is an important determinant of investment by the private sector. Given the poor condition of overall infrastructure in the state, it is important that both the Centre and State governments significantly augment their investments. Large-scale upgradation is necessary in improving connectivity within the State, between the state and the region, between the state the rest of the country and between the state and neighbouring countries and beyond. Thus, significant increases in public investment are necessary in setting up good road, rail, and air connectivity. Other enabling infrastructure that needs to be upgraded to attract private investment into the state include telecommunication networks, power supply, agricultural storage and marketing links, and border trading facilities.

Since both the central and state government will be required to make large investments to create the infrastructural environment for private investment, and for the larger benefit of the people of the state, it could be important to involve the private sector in the effort thorough public-private partnerships (PPPs). This will require the formulation of an appropriate PPP framework for infrastructural investment.

An important aspect of development in Meghalaya, as in other states in the NER is the lack of productive economic activity and extreme dependence on the government for employment and income generation. Development is not sustainable, if government is the only major economic activity in the state. Changing the structure of income-generation to shift from a predominant public-administration share to non-governmental sectors and, more particularly, to manufacturing and services other than public administration should be a priority, and will call for the entry of private investment.

1.6 THE WAY FORWARD

The people's vision for Meghalaya is to achieve happiness through peace and prosperity in a sustainable manner. They would like to see their state emerge as strong, secure, peaceful, prosperous and confident; to embrace markets gainfully and prepare to significantly increase trade within the region, with the rest of the country, with neighbouring countries, and beyond. They would like to move away from dependency in every sense of the term and towards determining their own development strategy which will harness the resources of the State for their own benefit. In the process, they would like to create abundant productive employment opportunities for the youth. At the same time, they would like to have the chance to empower themselves, by acquiring the education and skills needed to be gainfully employed in emerging productive economic activities, raise their own wellbeing, and to build the nation.

Responses to the questionnaire circulated to ascertain from the people of Meghalaya their vision of the development of the state overwhelmingly stress the lack of economic opportunities, especially for the youth in the state, mainly due to the lack of empowerment. Inclusive development requires inclusive, participatory governance. Planning is not only a means to achieve sustained and inclusive development but also an

end in itself, as it empowers people to have a voice in deciding their strategy. The responses also emphasise the need to create a climate for investment by putting in place transport connectivity and competitive infrastructure facilities (a summary of the responses is included in the Appendix to this report).

To meet the aspirations of the people, the development path of the state needs a course correction to include strategies that will place it on the road to progress in a sustainable manner. Strategies followed so far have not produced the momentum to propel the state forward in a sustained manner. Investments made in the state have not created strong backward and forward linkages, nor have they generated employment opportunities in the state. The Vision for the state proposes a shift in strategy from a centre-and state-centric approach to planning and implementation, to a people-determined model, where people participate in the planning process and determine and monitor their own programmes and schemes.

The elements of the new strategy are:

(i) Empowerment of the people through participatory planning and inclusive governance is the most important component of the strategy. An essential pre-requisite of inclusive development, it involves strengthening the traditional institutions of local governance and grassroots planning calibrated right from the village level. As the state is covered under Schedule VI of the Constitution, panchayat extension to scheduled areas (PESA) is applicable and participatory planning should be done according to the recommendations of the Ramachandran Committee (India, 2008). It is important to ensure that the planning process be taken forward in harmony with the traditional institutions of participation in decision making.

(ii) Creation of institutions and systems to promote the development of markets in the state. This will entail improving governance, as well as the development of market-promoting infrastructure.

(iii) A focus on sustainable development based on the state's comparative advantages so that natural resources are harnessed for the benefit of the population. This involves enhancing agricultural productivity through an expansion in irrigation and agricultural extension, promoting the cultivation of commercial crops, and shifting tribal populations away from "jhuming" by encouraging them to undertake organic farming and by providing alternative rural livelihood opportunities by promoting the marketing of traditional crafts and small industries. It also involves promoting manufacturing activity and value-addition based on the resources of the region. The state's pool of educated manpower provides a base for the development of information technology-enabled services (ITES) as well. At the same time, given the fragile topography and eco-system of the state, development has to be carried out in an environmentally sustainable manner.

(iv) Infrastructure development to promote markets and attract investment into the region. Improving the state's connectivity both within the region and with the rest of the country is key to its prosperity and growth. This requires significant investment in roads, rail and perhaps air connectivity. A good road network within the State which includes rural roads, opens up markets for labour and products, and enables

the rural population to access basic services, including education and healthcare. Equally important is the need to make regular, quality power available by harnessing the state's potential to generate power from its own hydal sources A good telecommunications network can help overcome the problems of providing physical infrastructure in a predominantly hilly terrain, is vital to provide connectivity to bring the state on par with other well-performing states, quite apart from being essential to the creation of a good IT trained workforce in the state. Agricultural and rural development requires, in addition to rural roads and connectivity, the creation of warehousing facilities and a cold storage chain. Building people's capabilities and strengths will require the creation and maintenance of health and education-related infrastructure – heath centers, schools, playgrounds, hospitals., Further, sustainable development calls for the provision in the urban and rural areas of environmental sanitation infrastructure - water supply, sanitation and waste disposal – to ensure the well-being of people.

(v) Expanding trade and investment opportunities is important in a globalising world. This includes expansion of trade within the region, with neighbouring countries and beyond. A number of recommendations have been made by various committees and study groups which have been summarised in the *Vision 2020 document for the Northeastern region*. These are applicable to Meghalaya as well.

(vi) Building the capacity of people and institutions is important for accelerating growth, providing employment security, and empowering people. Institutional capacity must be augmented to improve governance in the State and to design and implement development plans from village level up to the state level. Considerable capacity building is also needed to ensure responsive and market-friendly governance.

(vii) Inclusive development is possible only when vulnerable sections of the population have access to education, healthcare and employment opportunities. The development strategy should foster greater gender balance by ensuring a more equitable role for women in representative and elected bodies at all levels of government. Inclusive development also entails ensuring balanced development of the areas within the State. There are significant variations in the levels of development across districts – both physical and human - and the development strategy should ensure a more equitable development path for all areas.