

## Chapter 5

# Poverty in Meghalaya

### 5.1 Introduction

Poverty is commonly understood as having a level of welfare below a certain socially acceptable norm. This concept is operationalised with respect to basic minimum needs perceived by the civic society. This chapter seeks to (i) examine the literature on measurement of poverty with special reference to Meghalaya and identify the researchable issues that are relevant both for measurement of poverty and policy; (ii) examine the incidence of poverty in Meghalaya and (iii) suggest certain measures for alleviation of poverty.

The rest of the chapter is organised as follows. Section 5.2 reviews the procedures adopted for measurement of poverty in India by the Planning Commission and how it has been applied to Meghalaya. Section 5.3 considers poverty incidence in Meghalaya. Section 5.4 flags some major issues that have relevance for improving the assessment of poverty as well as for policy interventions. Section 5.5 presents some suggestions for removal of poverty from the state.

### 5.2 Issues in Measurement of Poverty

Poverty can be defined as a condition where one or more persons in a given society fail to attain a level of economic well being considered to be a reasonable minimum by that society. Once we agree that poverty exists, the next question is how much of it exists (quantifying poverty). These two are identification problems. The third issue is measurement of standard of living of individuals or households. Finally, a suitable index is needed to represent the quantum of poverty. These issues have been thoroughly researched and outlined very briefly here to put the discussion on poverty in Meghalaya in perspective.

Recent quantitative assessment of poverty distinguishes between absolute and relative poverty. But whichever way poverty is measured, the question of measurement of economic welfare and derivation/identification of a suitable poverty norm is central. The preferred measure of living standard of the household is current real consumption<sup>1</sup>.

In most of the developing countries, including India, poverty is measured in the absolute sense. Absolute poverty is based on socially perceived deprivation, where one or more members of the population in a predefined universe fail to fulfill their minimum basic needs. The common approach in measuring absolute poverty is to specify a bundle of goods and services deemed necessary to meet basic consumption needs<sup>2</sup>. The most widely used estimates use food energy requirements to define basic consumption needs. Then, the cost of the normative nutritional requirement is worked out. This yields a poverty norm that could be called starvation line.

<sup>1</sup>Alternative indicator of welfare is household income. Economists prefer current real consumption to income for a number of reasons. See Lipton and Ravallion (1995) and Ravallion (1995) for an elaborate discussion on this.

<sup>2</sup>Lipton and Ravallion (1995) for details. The food energy requirement based poverty line, however, turns out to be the widely accepted poverty norm in developing countries.

In India, the derivation of the minimum normative absolute living standards, in terms of per capita total consumer expenditure (PCTE) or the absolute poverty line is based on the minimum normative food basket and the calorie norm. The earliest poverty line using PCTE of RS.20 per month<sup>3</sup> at 1960-61 all India prices was suggested by the expert group appointed for the seminar on Some Aspects of Planning. This was used by the Perspective Planning Division in its planning exercises for working out the implications of ensuring a minimum standard of living, over a fifteen year planning horizon<sup>4</sup>.

A Task Force (1979) constituted by the Perspective Planning Division of Planning Commission accepted the calorie intake norms recommended by the Nutrition Expert Group (1968) according to fourteen age-sex-activity categories. A certain pre-specified activity pattern, according to age and sex (differing for rural and urban populations), was super-imposed on the (projected) rural and urban population. This provided the age-sex-activity specific composition of the rural and urban population. These specific calorie norms (assumed to be uniform for the rural and urban population) were then weighted by the corresponding composition of the rural and urban population separately, to derive the rural and urban average uniform calorie norms.

The daily calorie requirements per person worked out, on the average, to 2435 for rural and 2095 for urban areas. From the average quantities of food items that would meet the calorie requirement, the cost of food basket was calculated. This expenditure on food was used to identify the poverty line. The result is a poverty norm that has some expenditure on non-food items also, assuming that basic health care and education will be provided by the state. Therefore, the non-food component of the PL is a residual in the level of expenditure where basic food requirement is fulfilled. For the rural sector, the poverty line turned out to be Rs.49.09 at 1973-74 prices; for the urban sector, the corresponding figure was RS.56.64<sup>5</sup>.

It is apparent from the above discussion that the Indian PL suggested by the Task Force (1979) is based on an all India average food energy intake. But consumption patterns and the availability of goods and services change over time and vary across regions. The official estimates of poverty use aggregate price indices to update the poverty line (GOI, 1997)<sup>6</sup>. In order to account for variation in consumption pattern and prices over different regions, region-specific price indices are used<sup>7</sup>. Thus, the so called state-specific PLs could be obtained by adjusting all India PL by the difference in state prices indices relative to all India<sup>8</sup>.

For the states located in the North-Eastern Region, the state-specific price indices are available only for Assam. Consequently, the official poverty ratios are reported separately for Assam only from among the states in the NER (GOI, 1993, 1997, 2001). For remaining six states in the region, including Meghalaya, the poverty ratios of Assam have been assigned. The reason cited

<sup>3</sup>This is supposed to have been based on minimum normative food basket. But the derivation of this PL of PCTE of RS.20 does not appear to be as detailed as done in GOI (1979). See also Dubey and Gangopadhyay (1998) for details on this aspect.

<sup>4</sup>See Perspective Planning Division (1962, 1974), especially footnote number 1 appearing on page 13 in Srinivasan and Bardhan (ed.) (1974). A detail of the derivation is also reported in Dubey and Gangopadhyay (1998).

<sup>5</sup>For further details, see Dubey and Gangopadhyay (1998). Many researchers use an alternative poverty line worked out by Dandekar and Rath (1971).

<sup>6</sup>The GOI (1993) clearly recommended use of price indices for the population around the PL. However, the Government of India turned down this particular recommendation. See GOI (1997) for details.

<sup>7</sup>The region-specific price indices were derived by Minhas et. al (1988, 1991). They also worked out region specific price indices for the middle range of population. The Expert Group (GOI, 1993) did recommend use of the region specific price indices for the middle range of population. However, the GOI, Planning Commission did not accept it (GOI, 1997).

<sup>8</sup>In recent works, Deaton and Tarozzi (1999) and Deaton (2001) have identified some serious limitations of Indian price indices. But the official estimates of poverty are still produced using official price indices.

by the Expert Group (GOI, 1993, 1997, 2001) for using poverty incidence of Assam is that the key requirement for calculation of poverty incidence, the distribution of expenditure, is inconsistent in other states in the region.

### 5.3 Poverty Incidence in Meghalaya

Since the poverty ratios used by the Planning Commission, GOI for Meghalaya are those of Assam, we have no reliable data on the incidence of poverty in Meghalaya.

The Ministry of Rural Development, GOI advised all the states and Union Territories to conduct the BPL Census for identifying the households living below the poverty line at the beginning of every Five Year Plan. The Government of Meghalaya conducted the BPL Census in 1997 and 2002.

#### BPL CENSUS, 2002<sup>9</sup>

The identification of the poor was to be done through door-to-door survey with hundred percent coverage in each village. Identification of the specific households living 'Below the Poverty Line' is necessary for targeting them under various poverty alleviation programmes. A 'Score Based Ranking' of each household indicating their quality of life, based on both economic and social indicators, is to be adopted for the BPL Census, 2002, in contrast to the 'income' approach/ the 'expenditure' approach involving 'exclusion criteria' adopted in the previous BPL Censuses. The Schedule adopted for the BPL Census, 2002 contained both scorable and non-scorable indicators.

There are 13 scorable indicators and each indicator is to be scored on a scale of 0,1,2,3 & 4 which has been defined for each situation for each indicator. The total score for all the 13 indicators for a household will thus, vary between 0-52. The indicators are described below:

1. *Size Group of Operational holding of land:* This is the size of the land holding operated by the household. The size of un-irrigated land is assumed as twice the size of irrigated land. Households with no operational landholding will score 0 in this indicator. Those with less than 1 hectare of un-irrigated land (or less than 0.5 hectare of irrigated land) will score 1; those with 1 ha - 2 ha of un-irrigated land (or 0.5-1.0 ha of irrigated land) will score 2; those with 2 ha-5 ha of un-irrigated land (or 1.0-2.5 ha of irrigated land) will score 3 and those with more than 5 ha of un-irrigated land ( or 2.5 ha of irrigated land) will have the highest score 4.
2. *Type of house:* This depends on the material used in the construction of the house. The score for houseless is 0; 1 for kutcha; 2 for semi-pucca; 3 for pucca and 4 for urban - type.
3. *Average availability of normal wear clothing (per person in pieces):* Enquiry should be from the head of the household or from a member who can give correct information. Under garments should not be taken into account for working out the availability of clothing. Less than 2 is given score 0; 2 or more but less than 4 is given score 1; 4 or more but less than 6 is given score 2; 6 or more but less than 10 is given score 3; and 10 or more is given score 4.
4. *Food security:* A square meal is a meal containing the minimum nutritional levels. Less than one square meal per day for major part of the year is given score 0. Normally one square meal per day, but less than one square meal occasionally is given score 1. One square meal per day throughout the year is given score 2. Two square meals per day, with occasional shortage is given score 3. Enough food throughout the year is given score 4.

<sup>9</sup>For details of guidelines, instructions and schedules please refer to <http://megcnrd.gov.in>

5. *Sanitation*: The Investigator was to enquire from the head of the household or from any member of the household who can provide correct information. Thereafter, the information was, to the extent possible, to be physically verified. Households with open defecation will score 0. Group latrine with irregular water supply has a score of 1. Group latrine with regular water supply has a score of 2. Clean group latrine with regular water supply and regular sweeper has a score of 3. Private latrine has the highest score of 4.
6. *Literacy Status of the highest literate adult*: The Investigator was to tick the column after enquiring from the concerned member/ head of the household. The information should be in respect of the member of the household who had achieved highest literacy level in the household. If Illiterate the score is 0; Upto primary (Class V) the score is 1; Completed secondary (Passed Class X) the score is 2; Graduate/ professional diploma the score is 3 and in case of Post graduate/ professional graduate the score is 4.
7. *Status of the household in labour force*: The information was to be ascertained from the head of the household or from a responsible member of the household. Bonded labour will score 0; If there is female and child labour the score is 1; if only adult females work and there is no child labour the score is 2; if adult males only work the score is 3 and the score is 4 in case of others.
8. *Means of livelihood*: the Investigator had to tick the column after collecting the information from the head of the household or from a responsible member of the household. If a household derives its livelihood mainly from casual labour it will score 0; if the main source of income is from subsistence cultivation it will score 1; artisans will score 2; regular salary earning will score 3 and others will score 4.
9. *Status of children (5-14 years) (any child)*: Children in the age group of 5-14 years are only to be considered for scoring. If different children satisfy different situations under this item, the column with lowest score and satisfied by any child of the household should be ticked. If there is a child in the household who does not go to school and working, the household will score 0 in this indicator.. If there is a child in the household who goes to school and working at the same time, the household will score 1. If all children in the household go to school the score will be 4.
10. *Type of indebtedness*: The information was to be ascertained from the head of the household or from a responsible member of the household. In case the loan had been received from a Financial Institution, the same was to be verified from the concerned institution. If the loan is for daily consumption purposes from informal sources the score is 0. If it is for production purpose from informal sources the score is 1. If it is for other purposes from informal sources, the score is 2. Borrowing only from institutional agencies will score 3. No indebtedness and possess assets will score 4.
11. *Reason for migration from household*: The Investigator should assess the reasons for migration from the household. If no member has migrated, the household may be ticked as non-migrant. Migration on account of marriage is to be included in 'other purposes'. Migration for casual work will score 0; for seasonal employment the score will be 1; for other forms of livelihood the score will be 2. Non-migrant will score 3 and migration for other purposes will score 4.

12. **Preference for Assistance:** The Ministry of Rural Development has been implementing various schemes for BPL households. These households may have varying preference for different kind of assistance, which they may be offered. The Investigator should clearly indicate in the appropriate column the topmost preference of the household, after in-depth discussion with the head of the household and assessing the appropriate situation. If a household prefers wage employment/TPDS (Targeted Public Distribution System) the score is 0. Preference for self employment will score 1. Preference for assistance in training and skill upgradation will score 2. Assistance for housing will score 3. If a household prefers a loan / subsidy more than Rs. 1 lakh or does not need any assistance, the score will be 4.
13. **Ownership of consumer durables:** The Investigator must tick all the items, possessed by the household listed in the first column, after physically verifying them. A household which does not own any of the consumer durables like TV, electric fan, kitchen appliances like pressure cooker or radio will be given score 0. If a household owns any one of these, it will be given score 1. Possession of two items only will score 2. Possession of any three will be given score 3. The highest score of 4 will be given to households owning all the above items and/ or ownership of any one of the following: Computer, Telephone, Refrigerator, Colour TV, Electric kitchen appliances, Expensive furniture, Tractor, Two wheeler/ three wheeler, Power tiller, Combined thresher/ harvester, 4 wheeled mechanized vehicle.

The Government of India had notified that States/ Union Territories may exercise flexibility to decide the cut-off scores for identifying and sub-categorising of the households into 'Very Poor', 'Poor', 'Not-so-Poor' and 'Non-Poor'. The cut-off scores may be uniform or could be varying from district to district, block to block and village to village within a State keeping in view ground realities. The cut-off scores may be decided after tabulating the data for the entire State. The States/ Union Territories may identify the BPL households for targeting under different programmes of the Government in such a way that the total number of persons identified in the State/ Union Territory does not exceed the number of persons living Below the Poverty Line in that State/ Union Territory, estimated by the Planning Commission for the year 1999-2000.

Accordingly, the cut-off scores in Meghalaya vary from block to block. The summary report of the BPL Census, 2002 at the District! Block level is given in Table 5.1.

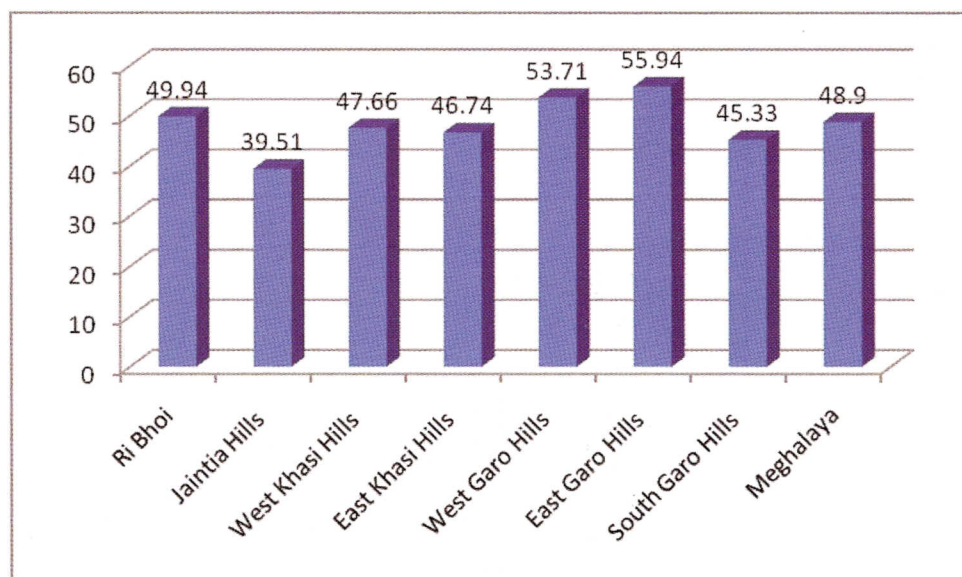
Table 5.1: Poverty Incidence in C&amp;RD Blocks of Meghalaya as per BPL Census, 2002

C&RD Block/ District/ State	Total Households	BPL Households	Percentage of BPL Households
Jirang	5078	3551	69.93
Umling	11065	4390	39.67
Umsning	16447	8335	50.68
Ri Bhoi District	32590	16276	49.94
Amlarem	7185	3735	51.98
Khliehriat	10759	3390	31.51
Laskein	10931	3364	30.77
Saipung	5155	2780	53.93
Thadlaskein	15741	6394	40.62
Jaintia Hills District	49771	19663	39.51
Mairang	15533	7089	45.64
Mawkyrwat	10203	5046	49.46
Mawshynrut	9623	4968	51.63
Mawthadraishan	8532	3698	43.34
Nongstoin	10279	4672	45.45
Ranikor	9781	5007	51.19
West Khasi Hills District	63951	30480	47.66
Khadarshnong Laitkroh	6307	3355	53.19
Mawkynrew	8594	3976	46.26
Mawphlang	14492	9594	66.20
Mawryngkneng	10960	5236	47.77
Mawsynram	11941	6615	55.40
Mylliem	35540	10936	30.77
Pynursla	12278	6986	56.90
Shella Bholaganj	9003	4299	47.75
East Khasi Hills District	109115	50997	46.74
Betasing	13094	7391	56.45
Dadenggre	7893	4354	55.16
Dalu	8827	4417	50.04
Gambegre	7469	4208	56.34
Rongram	9628	5370	55.77
Selsella	23355	12252	52.46
Tikrikilla	10544	5790	54.91
Zikzak	14889	7618	51.17
West Garo Hills District	95699	51400	53.71
Dambo Rongjeng	8830	4208	47.66
Kharkutta	9229	5201	56.35
Resubelpara	15400	10582	68.71
Samanda	6151	3566	57.97
Songsak	10788	4635	42.96
East Garo Hills District	50398	28192	55.94
Baghmara	5428	1931	35.57
Chokpot	5286	2778	52.55
Gasuapara	4136	2481	59.99
Ronggara	3298	1036	31.41
South Garo Hills District	18148	8226	45.33
Total State	419672	205234	48.90

Source: Community &amp; Rural Development Department, Government of Meghalaya.

Table 5.1 shows that the proportion of households living below the poverty line is a staggeringly huge figure at 48.9 percent. East Garo Hills district has the highest incidence of poverty at 56 percent followed by West Garo Hills district at 54 percent. Jaintia Hills district has the lowest proportion of households below the poverty line at a little less than 40 percent. The incidence of poverty in the other districts is in the range of 45 - 50 percent.

Figure 5.1: Proportion of Households Living Below the Poverty Line in Districts of Meghalaya in 2002



Source: BPL Census, 2002

However, the use of different score limits for different Blocks makes comparison impossible across the Blocks and districts except in cases where the poverty line (score limits) are the same. That is, two households which have more or less the same standard of living may be classified as poor in case of one household and non poor in case of another if they happen to be in two different Blocks with different score limits.

Estimation of the incidence of poverty as measured by the proportion of people living below the poverty line hinges crucially on the poverty line and how it is defined. There are several problems associated with the concept of poverty line, especially in Meghalaya and the other NE states as highlighted in this chapter. Nevertheless, poverty is pervasive and is evident to anyone who takes a look at the living conditions of the people of Meghalaya, especially those who reside in the remote rural areas of the state.

The BPL Census, by using the score based ranking method, provides us with very important insights into the living conditions of the people of Meghalaya. As discussed above, the 13 indicators shed light, among others, on the adequacy of food, clothing and shelter; educational status and the assets that the people possess; the important means of livelihood and the type of assistance that the people prefer.

Table 5.2 gives the percentage distribution of households in each score and for each of the 13 indicators at the district level and for the entire state. The standard of living of the majority of the people in Meghalaya is evidently very poor.

Table 5.2: Percentage Distribution of Households in each District of Meghalaya by Indicator and Score as per the BPL Census, 2002

Indicator	Score						Total
	NA	0	1	2	3	4	
Ri Bhoi District							
Operational landholding	5.9	21.7	43.4	17.9	7.8	3.3	100
Type of house	1.9	2.9	59.3	25.0	8.4	2.5	100
Normal Wear Clothing	3.1	12.3	48.4	19.8	10.3	6.1	100
Food security	1.7	6.8	12.4	9.1	40.2	29.8	100
Sanitation	1.1	60.7	10.7	4.0	0.5	23.0	100
Adult Literacy Status	2.4	54.1	31.1	9.6	2.3	0.5	100
Labour force	4.2	18.7	4.9	10.2	47.3	14.7	100
Means of livelihood	3.5	37.1	39.0	4.1	9.8	6.5	100
Status of Children	22.8	27.7	20.9	0.0	0.0	28.5	100
Indebtedness	12.8	30.1	10.2	5.3	1.0	40.7	100
Migration	4.1	12.7	10.3	2.2	67.2	3.6	100
Preferred Assistance	15.1	28.1	30.3	2.2	11.8	12.4	100
Consumer durables	0.0	73.2	16.2	5.0	1.3	4.4	100
Jaintia Hills District							
Operational landholding	1.7	46.1	33.5	13.2	3.9	1.5	100
Type of house	0.4	3.0	36.1	33.6	23.1	3.8	100
Normal Wear Clothing	0.5	10.4	42.1	28.2	13.5	5.3	100
Food security	0.2	3.9	5.0	6.8	32.5	51.7	100
Sanitation	0.3	82.0	1.8	1.1	0.2	14.6	100
Adult Literacy Status	0.4	59.2	27.6	9.7	2.2	0.9	100
Labour force	0.5	11.5	5.6	14.7	40.8	26.8	100
Means of livelihood	1.4	37.3	38.5	4.6	6.4	11.8	100
Status of Children	28.7	25.3	11.9	0.0	0.0	34.2	100
Indebtedness	0.8	29.4	8.1	7.3	2.3	52.1	100
Migration	0.5	11.8	10.7	7.8	63.8	5.5	100
Preferred Assistance	1.1	21.0	34.2	3.2	33.9	6.7	100
Consumer durables	0.0	81.6	9.4	4.5	1.8	2.7	100
West Khasi Hills District							
Operational landholding	0.5	18.1	51.2	23.3	5.9	1.0	100
Type of house	1.2	4.4	54.8	33.0	5.6	1.1	100
Normal Wear Clothing	0.8	15.4	64.9	15.4	2.9	0.6	100
Food security	0.5	3.0	9.4	12.2	64.3	10.7	100
Sanitation	0.2	75.9	11.9	3.8	0.5	7.7	100
Adult Literacy Status	0.9	38.1	48.1	10.2	2.3	0.5	100
Labour force	1.9	6.1	7.7	13.8	59.6	10.8	100
Means of livelihood	1.2	34.9	50.1	2.8	6.8	4.2	100
Status of Children	17.2	23.6	30.8	0.0	0.0	28.4	100
Indebtedness	4.3	27.5	16.9	10.0	3.2	38.0	100

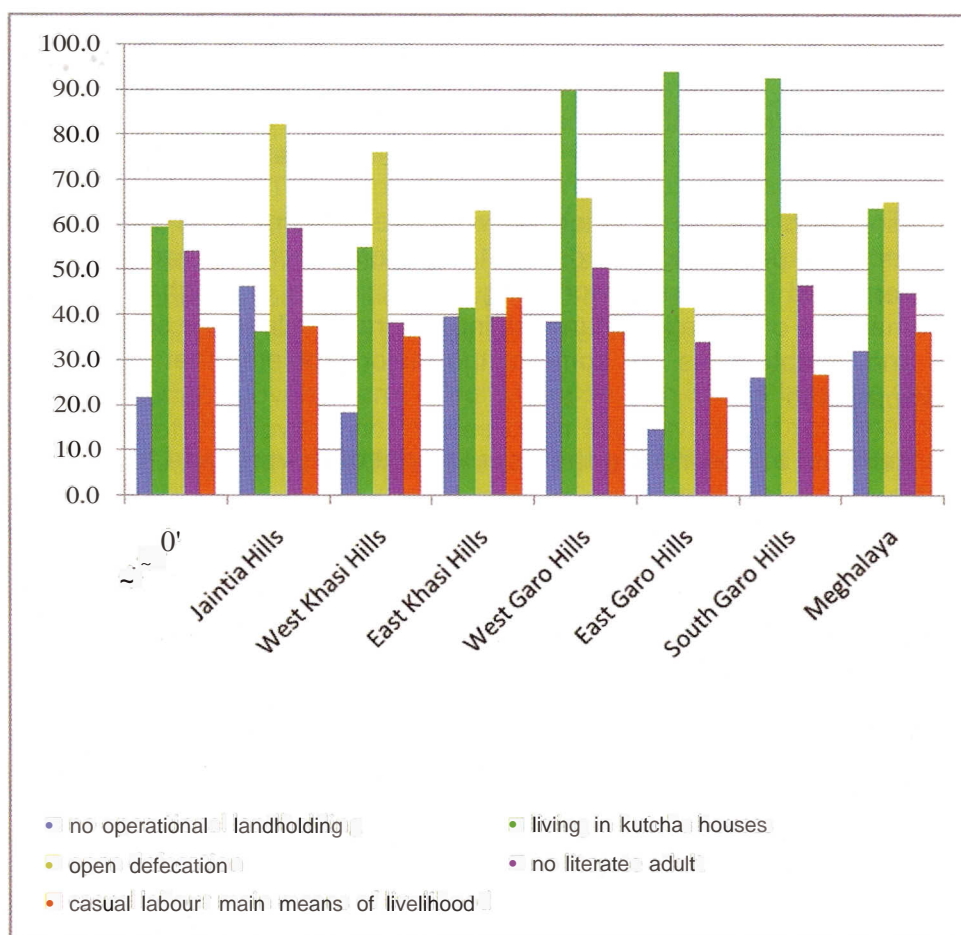
Migration	1.8	14.7	9.3	3.3	69.7	1.2	100
Preferred Assistance	1.7	11.5	45.7	6.2	29.0	5.9	100
Consumer durables	0.0	84.2	9.9	3.3	1.1	1.5	100
East Khasi Hills District							
Operational landholding	2.3	39.6	38.0	15.6	3.5	1.0	100
Type of house	1.4	6.8	41.5	35.2	11.0	4.1	100
Normal Wear Clothing	1.1	8.1	57.0	22.7	7.5	3.6	100
Food security	1.3	1.7	6.4	9.3	61.7	19.7	100
Sanitation	1.4	63.1	12.9	7.7	0.5	14.4	100
Adult Literacy Status	1.9	39.4	36.4	15.2	5.5	1.5	100
Labour force	2.1	9.6	7.9	13.5	51.0	15.9	100
Means of livelihood	2.1	43.8	28.5	3.5	11.2	11.0	100
Status of Children	28.2	15.8	20.2	0.0	0.0	35.8	100
Indebtedness	4.5	30.9	14.5	10.5	3.9	35.7	100
Migration	3.4	16.3	13.6	5.5	56.5	4.7	100
Preferred Assistance	4.6	23.0	42.1	4.8	14.6	10.9	100
Consumer durables	0.0	73.6	15.5	5.4	2.1	3.4	100
West Garo Hills District							
Operational landholding	0.2	38.5	38.9	15.8	5.0	1.6	100
Type of house	0.0	0.9	89.5	6.2	3.1	0.3	100
Normal Wear Clothing	0.0	14.6	58.8	22.8	3.3	0.4	100
Food security	0.1	7.0	17.1	17.6	49.7	8.7	100
Sanitation	0.0	65.7	8.7	3.3	0.7	21.5	100
Adult Literacy Status	0.0	50.5	35.9	12.3	1.0	0.2	100
Labour force	0.1	7.7	6.5	10.1	65.0	10.6	100
Means of livelihood	0.2	36.2	39.6	3.9	6.5	13.7	100
Status of Children	15.8	33.1	26.6	0.0	0.0	24.5	100
Indebtedness	0.3	48.2	23.1	16.1	1.7	10.6	100
Migration	0.0	13.4	7.0	8.8	67.7	3.0	100
Preferred Assistance	0.2	18.0	55.6	3.4	15.9	6.8	100
Consumer durables	0.0	73.7	17.3	5.1	2.0	1.9	100
East Garo Hills District							
Operational landholding	0.0	14.6	70.2	12.2	2.5	0.4	100
Type of house	0.0	0.8	93.9	3.1	1.5	0.7	100
Normal Wear Clothing	0.0	11.8	72.6	12.4	2.3	0.9	100
Food security	0.0	11.3	33.7	12.2	37.0	5.9	100
Sanitation	0.0	41.5	40.1	6.4	0.7	11.3	100
Adult Literacy Status	0.0	34.0	57.9	7.4	0.6	0.2	100
Labour force	0.0	2.3	15.2	5.4	49.8	27.2	100
Means of livelihood	0.1	21.6	67.7	2.4	3.6	4.6	100
Status of Children	12.0	38.9	40.9	0.1	0.0	8.1	100
Indebtedness	0.2	47.6	18.4	9.9	1.4	22.4	100
Migration	0.2	13.0	14.8	6.0	63.6	2.3	100

Preferred Assistance	0.0	28.6	40.2	3.7	21.4	6.1	100
Consumer durables	0.0	81.2	14.9	2.0	0.7	1.2	100
South Garo Hills District							
Operational landholding	0.4	26.1	45.3	20.8	4.1	3.3	100
Type of house	0.1	1.5	92.4	4.5	1.3	0.1	100
Normal Wear Clothing	0.2	23.2	59.3	10.7	3.8	2.7	100
Food security	0.2	14.4	26.6	11.1	39.0	8.7	100
Sanitation	0.1	62.4	6.1	3.0	0.2	28.2	100
Adult Literacy Status	0.1	46.6	40.6	11.8	0.7	0.1	100
Labour force	0.5	4.3	10.5	14.4	63.5	6.8	100
Means of livelihood	0.5	26.6	49.4	3.9	10.5	9.1	100
Status of Children	2.5	39.8	30.7	0.0	0.0	26.9	100
Indebtedness	0.1	22.0	10.0	10.7	2.2	55.1	100
Migration	0.2	18.6	11.2	8.5	56.8	4.7	100
Preferred Assistance	0.2	10.8	57.4	4.0	16.3	11.3	100
Consumer durables	0.0	85.4	9.9	3.2	1.4	0.2	100
Meghalaya State							
Operational landholding	1.4	31.9	44.3	16.5	4.5	1.4	100
Type of house	0.8	3.4	63.7	22.1	8.0	2.0	100
Normal Wear Clothing	0.7	12.4	58.2	20.3	6.0	2.4	100
Food security	0.6	5.5	13.7	11.7	50.3	18.2	100
Sanitation	0.5	65.1	13.3	4.7	0.5	15.9	100
Adult Literacy Status	0.9	44.9	39.4	11.6	2.6	0.7	100
Labour force	1.3	8.5	8.0	11.7	54.4	16.1	100
Means of livelihood	1.3	36.0	41.9	3.5	7.8	9.5	100
Status of Children	20.3	26.8	25.3	0.0	0.0	27.6	100
Indebtedness	3.0	35.7	16.0	10.8	2.5	31.9	100
Migration	1.6	14.3	10.9	6.1	63.6	3.5	100
Preferred Assistance	2.8	20.4	44.3	4.1	20.1	8.3	100
Consumer durables	0.0	77.6	14.1	4.4	1.6	2.3	100

Source: As in Table 5.1

Table 5.2 above shows that in the entire state of Meghalaya, 31.9 percent of households score 0 in indicator 1. In effect, this gives the percentage of households with no operational size of landholding, while 44.3 percent have less than 1 hectare of un-irrigated land or less than half a hectare of irrigated land. 63.7 percent live in kutcha houses and 22 percent live in semi-pucca houses. More than half, i.e. 58.2 percent have only 2-3 pieces of clothing per person. In respect of food, we note that 50 percent of households have two square meals a day with occasional shortage (score 3) and 18 percent of households have adequate food throughout the year. 5 percent of households suffer from acute hunger getting less than one square meal a day for major part of the year. 65 percent score 0 in sanitation. In other words, 65 percent of households resort to open defecation. 45 percent of households score 0 in literacy status of the highest literate adult. This means that 45 percent of households had no literate adult in 2002. A large proportion of households (39.4 percent) reported that their highest literate adult studied upto primary level only.

Figure 5.2: Selected Indicators of Poverty, 2002



Note: The figure shows percentages of households in each category out of the total households in each district. Detailed distributions of households in all 13 indicators are reported in Table 5.2.

Source: BPL Census, 2002.

Coming to the status of households in labour force, we observe that 54.4 percent reported that only adult males work, while 11.7 percent reported that only adult females work and there is no child labour. 8 percent of households had to send their females and children to work. Most of the households derive their livelihood from vulnerable sources. We observe that 41.9 percent reported subsistence cultivation as their means of livelihood while 36 percent of households get their livelihood from casual labour. 3.5 percent of households were artisan households. Child labour is common in Meghalaya. 26.8 percent of households have at least one child who works and does not go to school at all. 25 percent of households have at least one child who goes to school and works at the same time. Only 27.6 percent of households send all their children to school.

Rural indebtedness is a problem for many households of Meghalaya. 35.7 percent reported that they borrowed for daily consumption purposes from informal sources, i.e. friends, relatives and moneylenders. 16 percent borrowed for production purposes but from informal sources. We note that institutional credit is not significant at all in the rural areas. Only 2.5 percent of households borrowed from institutional sources. 32 percent of households reported no indebtedness.

Most of the rural households (63.6 percent) were non-migrant households. 14.3 percent migrated for casual work, 10.9 percent migrated for seasonal employment and 6.1 percent migrated

for other forms of livelihood. Coming to preference for assistance from the Government, 44 percent of households would like to get help in starting their own enterprises. 20.4 percent would like to get wage employment or Targeted Public Distribution system and 20.1 percent would like assistance for housing. Only 4.1 percent wished to have training or skill upgradation assistance. Ownership of consumer durables is another important indicator of the standard of living. 77.6 percent of households did not own any consumer durables like TV, radio or modern kitchen appliances.

Table 5.2 also shows that the picture is not very different across the seven districts of the state with minor variations in the percentages in different indicators. Therefore, we may reiterate that there is widespread poverty and the standard of living of the people of Meghalaya is abysmally poor. Landlessness or small size of operational landholding, illiteracy, vulnerable sources of income, lack of sanitary facilities and indebtedness are some of the major problems that people in this 'abode of clouds' have to grapple with.

#### 5.4 Major Issues Relevant for Improving the Assessment of Poverty and for Policy Interventions

In this chapter, we looked at the most important consequence of underdevelopment - the existence of widespread poverty. For most developing countries, removal of poverty has been at the core of their economic policies. The initial prescription that faster growth of income would take care of this problem through 'trickle down effect' did not yield desired results. Therefore, there is strong case for targeted state intervention.

For state intervention to be effective, it is important to have a complete diagnosis of poverty. What is poverty, how to quantify it, what are the characteristics of those who are currently poor are important issues to be addressed before taking up any policy question. The existing literature has contributed a great deal on these issues. But there are, still several gaps that are extremely important for policy.

First, there is disagreement over the concept of poverty. It is considered community specific or country specific. Therefore, is it that the basic needs and minimum living standards vary from country to country or community to community? Do we have to consider the quantification of poverty as per our perception? The existing practice is that most countries define their own minimum living standard and report poverty levels that are not comparable<sup>10</sup>.

Second, if we accept the communities' perception of minimum living standard, there are plenty of disagreements. A case in point is the definition of poverty norm in India. There are two widely recognized poverty norms in use; official and alternative. While their objective basis is the food energy requirement of a person, two norms differ significantly to begin with. Most of the poverty studies in India use these norms. These norms have been invariant over time. Can we keep it invariant over time knowing that there is a change in consumption behaviour and with it in the consumption basket for food over time? Apart from changes in the consumption basket, relative prices of commodities also change. Is it, therefore, not necessary to take into account this fact while using the poverty norm?

Third, there is the problem of methodology. There is some kind of objectivity behind specification of the energy requirement. This ensures, at least on the average, the requirement for biological survival. But, there is evidence to show that the derivation of poverty norms does not take into account the perception of the household about the sufficiency of food. The other problem relating to the poverty norm in India is that it does not spell out any objective basis of incorporating non-food expenditure. It

<sup>10</sup>Only sixteen industrialized countries use single international poverty line of \$14.40 per person per day at 1985 PPP. See ILO (1999) for details.

is never mentioned explicitly whether expenditure on non-food item is sufficient to ensure minimum needs for a person consistent with the norms of a society. In fact there is a likelihood of the non-food component being arbitrary and under represented in the poverty norm.

Fourth, two poverty norms are commonly used in poverty studies in India. The monetary equivalent of both the norms differs, the latter being lower. The poverty estimates obtained using two norms will naturally be different. The incidence of poverty calculated using the official poverty norm has been consistently higher. There have been no attempts to reconcile the two. The important issue is: whether the characteristics of the persons who are classified as poor by the official norm but non-poor by the alternative norm (because Official poverty norm is higher than the alternative norm) differ significantly from those who are classified poor by both the norms.

Fifth, once the 'correct' poverty norm is agreed upon, two issues become important. One, the commodity composition of the poverty norms has been kept invariant over time (since 1973-74 at least)<sup>11</sup>. Second, the poverty norms for the subsequent years will have to be updated to account for change in prices over time. It has proved to be another contentious issue as to which price indices should be used. The official estimates use aggregated indices, CPIAL (Consumer Price Indices for Agricultural Labourers) or CPIUNM (Consumer Price Indices for Urban Non-Manual Workers)<sup>12</sup>. Many researchers have been using price indices derived specially for those who are around the poverty line<sup>13</sup>. With two poverty norms in use and two methods of updating poverty norms one can get several poverty lines. It is indeed a difficult task to determine which one is the correct one.

Sixth, despite a lot of confusion in derivation of the poverty norms and price indices used to update the poverty lines, there exists a huge literature on poverty in India. The post-1973 estimates of poverty based on the large sample data show significant decline in poverty during 1973-74 to 1993-94 period. There appears to be no attempt in the literature to identify the non-poor who crossed the poverty line over time. One important question in this regard is: what are their economic characteristics--- productive asset ownership, skill/education acquisition, employment opportunities, market access and the like that helped them cross over the poverty line over time. The question also arises whether poverty alleviation programmes actually helped them in moving above the poverty line. Equally important to know is whether they could sustain themselves above the poverty level or did they relapse into poverty after the discontinuation of the benefits of the specific poverty alleviation programmes<sup>14</sup>. In other words, how were the households crossing the poverty line with the help of poverty alleviation programmes different from those households which continued to be poor.

Seventh, it is observed that the decline in poverty is not uniform over all the states. What could explain this differential rate of poverty reduction? Is it because some states have experienced faster economic growth? Also some states have implemented land reforms and followed other pro-poor policies. How far have they succeeded in reducing poverty? After taking into account the regional price variations, it is observed that there is a lot of variation in the incidence of poverty geographically,

<sup>11</sup>Poverty calculations by researchers have updated it to 1983. See Pradhan and Saluja (1998) for details on this point. See also Dubey and Gangopadhyay (1998).

<sup>12</sup>The Expert Group set up by the Planning Commission in 1993 recommended use of price indices for the population around the poverty line (GOI, 1993). However, their recommendations were not accepted and the Planning Commission has reverted back to its old methodology of using aggregate price indices. See GOI (1997).

<sup>13</sup>See, for example, Dubey and Gangopadhyay (1998) for the calculation of poverty using these price indices. Minhas et al (1988, 1989, 1991) for details of the methodology.

<sup>14</sup>There has been state intervention to help those who are currently poor through various poverty alleviation programmes. How far these programmes helped poor? For example, five years preceding 1993-94, an estimated 45 lakh household were given milch animal, draught animal and sheep/goat. Out of these, over 45 percent are classified as poor in 1993-94.

both across the states and also within the state. What possibly could explain this variation? Is it that the agriculture productivity is different in states or regions within the state? Or, is it that some states are better placed in terms of initial economic advantages, such as higher economic infrastructure in the form of irrigation, marketing network, etc? Is it that some states or some areas/regions within them have proximity to developed markets?

Eighth, the description of the socioeconomic characteristics of the poor raises three issues. One, does it vary across the states and union territories? Second, does it vary across different regions within a state? Third, can the variation in poverty incidence be explained by variations in the socioeconomic characteristics over the states?

Ninth, it is recognized the world over that the poor have less or no education, have higher family sizes, their children work<sup>15</sup> and they have hardly any assets. But the fact that the poverty alleviation programs currently undertaken do not appear to help many households to permanently move out of poverty clearly underscores the point that something is amiss in the design and implementation of the target group oriented programmes.

Finally, coming to the BPL Census of Meghalaya, it appears that the determination of cut-off points or score limits as poverty lines has certain drawbacks since different blocks have different poverty lines, which renders the poverty ratios incomparable even between two contiguous blocks. Since measurement of poverty critically depends on the definition of the poverty line, a panel of experts should be appointed to devise a proper methodology to define the poverty line for Meghalaya.

The above are some important issues relating to the concept and measurement of poverty. These are important for proper identification of the poor, the determinants of poverty and for designing short, medium and long term policies for poverty alleviation and eradication.

### 5.5 Suggestions for Poverty Alleviation

As discussed in section 5.3 the household survey conducted by the State Government in 2002 finds that 48.9 percent of the households in Meghalaya are Below Poverty Line. As of now we do not have any other firmer or more reliable measurement than this for the state. But it is also true that there is room for improvement based on a proper survey. As already mentioned above, we suggest **appointing a panel of experts to assess and devise a proper methodology and course of action to define and determine the people below poverty line at current level for Meghalaya.** We suggest state specific study would be desirable for any incisive analysis and direct action.

Meghalaya is basically agrarian with 70 percent of the total population depending on agriculture. As discussed in section 5.3, 42 percent of households derive their livelihood from subsistence agriculture in 2002. The operational land holdings in Meghalaya are predominantly small and marginal. 31.9 percent of households have no operational size of landholding, while 44.3 percent have less than 1 hectare of un-irrigated land or less than half a hectare of irrigated land. Stagnant agriculture, low productivity, and lack of backward and forward linkages need to be addressed upfront. Helping small farmers increase productivity through investment, subsidy and appropriate linkages should be our focus. Some specific suggestions to **develop agriculture** in the state are given below:

- Establish cooperatives in place to purchase Dairy Products at the Village level.
- Set up Horticulture Centres at Village level. Horticulture and floriculture to become major export earners

<sup>15</sup>There are about 11 to 14 million children aged 5 to 14 who do regular work. See Saini (1999) for details.

- Incentives and funds to establish village and cottage industries, e.g. Bamboo and Pulp based Industries Organic farming to drive agriculture: value addition, export oriented
- Network of women markets as at Ima Market in Imphal (Manipur) and lewduh in Shillong
- Chains of cold storage networks in every block which could store vegetables, fruits and meats; these to be linked to processing and packaging units for value addition and then connected through good roads and a network of trucks/transportation to nearby and distant markets thus ensuring quick market access and longer shelf life for the products.
- Jhum farmers, who are among the most marginal of agriculturists, to receive access to micro-credit and improved seeds and other farm technologies which will strengthen incomes and broaden livelihood options
- Dairying to be seen as an option to on-land farming: milk products to meet local needs and also for export
- Better veterinary facilities and training of educated rural youth as para-vets, to take knowledge and skills across the countryside
- Encourage fisheries, especially in upland areas
- Increased, better bamboo production and products for national and international competition
- Organic farming to drive agriculture: value addition, export oriented

A Programme also to include asset distribution and asset creation would be an essential subset of such action programme. Stress on non-farm activity that bolster traditional and private sector activities, with special attention to micro enterprises would also be needed in the rural areas.

Many well-conceived poverty alleviation programmes seeking to empower rural poor through group efforts (SGSY) and other programmes like National Social Assistance Programme (NSAP), National Rural Employment Guarantee Scheme (NREGS), Backward Region Grant Fund (BRGF), IAY, etc. supplemented by agriculture and allied activities and social services like education, health and social welfare, water & sanitation, and labour welfare measures already exist. All that is required is effective delivery mechanisms and instruments so that these reach the intended beneficiaries.

Enabling and empowering people with capabilities should be our major commitment.. Economic and social empowerment calls for people-centric developmental institutions, pro-poor policies with appropriate delivery systems put in place. Thus reforms are essential for bringing in transformation in rural areas and achieving the Millennium Development Goals which are essentially linked to alleviating poverty. In the words of Prof. Yunus "We can remove poverty from the surface of the earth only if we can redesign our institutions - like the banking institutions, and other institutions; if we redesign our policies, if we look back on our concepts, so that we have a different idea of poor people."

The Eleventh Plan provides an opportunity to restructure policies and institutions according to a new vision of growth that will be more broad based and inclusive, to achieve a faster reduction of poverty. We should aim at (i) Enhancement of the level of human well being with an inclusive development approach which includes - creation of essential infrastructures, provision of educational avenues including diversified training for skill development, generation of employment opportunities, extensive healthcare, adequate attention to women and children welfare, improvement of environment, provision of safe drinking water supply and sanitation. (ii) Removing disparities, bridging the divides in sharing the benefits of development and to ensure balanced regional development.. This could be done by adequate investment for the above aims and monitorable infrastructural and socio economic targets based on certain indicators for (i) Income & poverty (ii) Education (iii) Health (iv) Women & Children (v) Infrastructure and (vi) Environment..

To address the multifaceted face and challenge of poverty and deprivation we require a multifaceted approach which calls for mainly the following policy and action cluster in the context of Meghalaya:

- 1) Pro-poor Growth that stimulates labour intensive economic activities along with NREGA for all districts; launching rural works programmes and food for works programme that focuses on locations and sectors that have the maximum impact on poverty.
- 2) More investment in human development, that is, in nutrition, health (including reproductive health), education, water and sanitation which foster a productive labour force.
- 3) Rural resource centre and Skill development mission. Skills, Assets and Opportunities for Remunerative Jobs/Livelihoods can abolish poverty and hunger. There is an urgent need for ICT-SHG led programme - Rural resource centre initiated with the help of NABARD. The National Alliance for Rural Knowledge Centres and the North Eastern Space Applications Centre should work out a strategy for establishing Rural Knowledge Centres. Simultaneously job-led growth strategies and for a paradigm shift from unskilled to skilled work with Launching of Skill development Mission is necessary for the region.
- 4) Investing in rural infrastructure such as roads, communications, energy, with institutional arrangements for attending to the critical inter-sectoral gaps and linkages for establishing input supply infrastructure, processing, post harvest and market centres.
- 5) Livelihoods and income improvement programmes: Employment and improved livelihoods programmes such as Livelihoods Improvement Programme (L1PH) or proposed NERLEP of ministry of DoNER should cover poor people in all areas of the state. We should also expand successful experiments done in the past under the North Eastern Community resources management (NERCORMP) as well as other employment generation programmes. The 'Rural Business Hubs' approach recommended by the National Commission on Farmers should be implemented to improve livelihood opportunities in rural areas.
- 6) Ensuring a better targeting of nutrition programmes and subsidized access to PDS, old age and widow pension schemes, accident and maternity benefits and mid day meal programmes.
- 7) Micro-credit programme and Self Help Groups to be made the key instrument of poverty eradication and Social Empowerment programmes for the poor. A fund should be facilitated to support programmes.
- 8) Social Security programmes: All insurance programmes for rural areas should be brought under one umbrella to make it a comprehensive insurance programme for the rural poor covering life, health, accidents, assets and other vulnerabilities. An expert group could work out the modalities of its implementation in Meghalaya.
- 9) Governance and institutional framework: Creation of an appropriate governance and institutional framework for poverty reduction and human development has to be a significant area in which building capacities at various levels should be focused. A framework for integrated planning and development by refashioning the existing governmental set up, enabling traditional hierarchical and non hierarchical institutions towards making them partners in governance. Foster a decentralized, pro-nature, pro-poor, pro-women and pro-livelihood pattern of enhancing human well being. To evolve an effective delivery system is the need of the hour.