

**POVERTY, INEQUALITY AND HUMAN  
DEVELOPMENT IN THE NORTH-EASTERN  
REGION OF INDIA**

**ABSTRACT**



This study delves into the measurement of poverty and inequality along with the human development in the States located in the North-Eastern Region (NER) of India. These states, often referred to as the 'Seven Sisters', are Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. These states have been considered as underdeveloped relative to other parts of India. Our motivation in carrying out this study is lack of comparable information on poverty and inequality among these states. The NER lies between  $21^{\circ} 57'$  and  $29^{\circ} 28'$  north latitude, and between  $89^{\circ} 40'$  to  $97^{\circ} 255'$  east longitude. The total geographical area of the region is about 2.55 lakh Sq. Km. – about 8% of the country's total area. All the seven states under consideration have international borders with Bangladesh, Burma and China. In fact, the boundary with the rest of India is only 38 Km, which is the width of the narrow corridor connecting the region with the state of West Bengal. The states of NER are considered relatively underdeveloped in comparison to the rest of India.

The purpose of this study is to assess the extent of disparities in poverty incidence among the seven states of the NER as compared to the rest of the country, as well as among the different social and religious groups. This study attempts to go beyond the simple measurement of poverty by breaking up the process into three distinct steps. Firstly, we have examined the availability of data, its reliability and the possibility of calculating in a robust manner, the poverty and inequality indices for the constituent states of the region. Secondly, we have investigated the geographical distribution of poverty and inequality among different states and among the social groups in the various states by disaggregating each state into two social groups, viz.

Scheduled Castes/Scheduled Tribes (SC/ST) and others (OTH), as well as by the rural and urban sectors. Thirdly, we look at poverty and inequality in relation to other forms of deprivation as captured by the Human Development Index (HDI).

To put it simply, we have posed the following important and inter-related questions:

- i) What is the spatial variation in the incidence of poverty and inequality among the states of the NER of India?
- ii) How have these important indicators of development changed over the last two decades?
- iii) How far are these indicators of development related to a broader concept of deprivation, viz. the Human Development Index (HDI), and,
- iv) What are some of the important determinants of poverty in the region?

The study covers the period from 1983 to 1999-2000 (coinciding with the last four quinquennial rounds of survey conducted by the NSSO). In this study, we have used the raw data, rather than the published tables brought out by the NSSO. We have used the consumption expenditure data from the four household-level Consumer Expenditure surveys conducted by the NSSO during January 1983 to December 1983, July 1987 to June 1988, July 1993 to June 1994 and July 1999 to June 2000. These surveys are also referred to as the 38<sup>th</sup>, 43<sup>rd</sup>, 50<sup>th</sup> and 55<sup>th</sup> rounds of quinquennial surveys, respectively. The 38<sup>th</sup> round of survey spanned over a calendar year, while the subsequent three rounds, viz. 43<sup>rd</sup>, 50<sup>th</sup> and 55<sup>th</sup>, have the agricultural year as the reference point.

In this study we have the consumption expenditure along with the employment and unemployment data for the four rounds of survey. For the first three rounds of survey, viz. 38<sup>th</sup>, 43<sup>rd</sup> and 50<sup>th</sup>, the households and members in the households were the same. In other words, both consumption data and employment- unemployment data were collected from the same households in these rounds of NSSO survey. In the 55<sup>th</sup> round, however, the two set of data were collected from two different sets of households from the same villages under survey.

A scrutiny of the data collected by the NSSO during the aforementioned rounds of surveys cover most parts of the country. With reference to the NER, the rural areas of Nagaland were left out of the surveys during the 1983 and 1987-88 rounds. However, during 1993-94 and 1999-2000, these areas were surveyed partially, limited to within 5 Km. of direct bus routes in the state. Similarly, in the case of Arunachal Pradesh, due to problems with the storage of data by the NSSO, the required information for carrying out the calculation could not be retrieved. Thus, in the case of Nagaland, our estimates are not directly comparable over different rounds of survey as well as with other states of the region. In addition, we have also used some information from the Indian Censuses.

The most important findings of this study have been summarized below:

- (i) The estimates of poverty incidence and other related characteristics of the population based on the sampled data from the quinquennial rounds of NSSO consumption expenditure survey seem to provide reliable estimates,

- (ii) These estimates are consistent with the variation in the socio-economic characteristics of the constituent states in the region,
- (iii) There has been a decline in the vulnerability to poverty among all social groups in India as well as in the states in the region during the 1980s and 1990s,
- (iv) While disparities across social groups are substantial and continue to be significant even after providing different kinds of positive action for their upliftment for the country as a whole, the states in the North- Eastern Region present a different picture. In case of Assam and Tripura, the disparities are large and continue to be so, while in other states, the ST groups do not seem particularly vulnerable,
- (v) Among the tribal dominated states, the level of inequality seems to be less as compared to the other states as hypothesized. However, in the urban sector the inequalities seem to be increasing over time, and
- (vi) The deprivation in the broader sense as captured by the HDI in the states in the north- eastern region is consistent with the ranking of these states on the basis of poverty. Clearly, the different socio-economic characteristics do seem to be producing differential levels of vulnerability.

The problems addressed and the methods used in this study can be more fully understood by a brief summary of each of the chapters. Chapter 1 contains the introduction to the study. Here, we have discussed the background of the study, the history of the train of thoughts on development from the earlier development

economists up to the point when this study was conducted. This chapter also includes the objectives and scope of the study. The main contribution of the study is also included in this chapter. Finally the outline of the study is discussed at the end of the chapter.

Chapter 2 begins by explaining the historical evolution of measurement of poverty by examining various indicators of economic welfare, derivation of poverty norm and summary indices of poverty. This chapter also reviews the existing poverty studies in India and among Indian states. The review highlights the fact that in the large body of literature that exists on poverty studies in India, the state-level calculation of poverty and inequality for the states in the North-Eastern Region has been left out except for Assam.

In Chapter 3 we have discussed the methodology used in the study and the related issues. This chapter highlights the fact that before using the data for analysis purposes, its comparability must be first established. We have also shown that the available data for measurement of poverty is adequate and we could obtain reliable estimates of poverty for individual states in the region. Finally, we have shown that household behavioral models can be made use of for identifying correlates of poverty, as well as determinants of poverty.

Chapter 4 provides a detailed profile of the region. In the second section of this chapter, the historical evolution of the states in the region is discussed. We have examined the socio-economic and demographic characteristics of each state in the region in Section 3. An understanding of socio-economic and demographic structures

of the constituent states of the region is a pre-requisite for understanding the dynamics of underdevelopment and poverty. The structure of State Domestic Product (SDP) is investigated in detail in Section 4. These analyses of individual states in the region, provide the required background for the formulation of our hypotheses that we have tested in this study. The analysis documents the following: (i) the highest proportion of land in these states is either under forest cover or fallow land, (ii) the area available for cultivation is small and often is located on difficult terrain, (iii) the population in the states has been growing faster than the rest of the country, (iv) a large proportion of population is tribal that have their own distinct culture and ethnicity, and (v) the major proportion of population is engaged in primary sector activities with agriculture and allied services contributing a major part of the states' income.

Chapter 5 is organized as follows: First a brief review of the recent studies on poverty incidence in India is reported. This supplements the review of literature in Chapter 2 and provides the necessary background for the study of poverty incidence and other measures of poverty among the states both in the rural and urban sectors, and also among social groups in the two sectors, in Section 3. We have shown that with the available data, comparable poverty estimates can be calculated for each state in the region. This finding raises serious doubts about the prevailing official methodology of assigning poverty ratios of Assam to the other states in the region (GOI, 1993, 1997). The next section presents the inequality measures among the different states, as well as between the rural and urban sectors in these states. Finally, the incidence of poverty is

examined in relation to the broader sense of deprivation and human development in the states in Section 5.

In Chapter 6, we have estimated an econometric model to study the effects of different socio-economic characteristics on the vulnerability to poverty among the households in the states of NER. First, the suitability of Probit model is discussed for estimating the probability of a household being in poverty in Section 2. This is followed by the discussion on the list of variables used in the econometric model including the poverty eradication policy variables and hypotheses implied therein, in Section 3. The discussion of these results is given in Section 4.

Finally, the main findings with their policy implications are discussed in Chapter 7. It is clear that a comprehensive poverty alleviation policy is required to take advantages of the increased allocation of resources. We have noted that these findings have profound implications for policy, specially for designing poverty alleviation programmes and allocation of resources in the states in the region.

Despite these important findings, the study has some limitations, one being that we have not been able to identify any specific caste or tribe and it's ranking in terms of poverty and consumption. This is more due to lack of caste or tribe specific information in the data and/or inadequate number of sampled households rather than that of our analysis. Moreover, the calculation of poverty is based an all India poverty line. It would be useful to prepare poverty profile of these states using state-specific poverty lines as each of the states have different population composition and employment structure. Therefore, there is need to derive the poverty line for each state of the region.

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