

Overview

Towards Building Capabilities, Enhancing Freedom, and Accelerating Development: Meghalaya Vision 2030

A Summary and a Starting Point

Introduction

Meghalaya is a beautiful state located to the north of Bangladesh and surrounded by the state of Assam along its other borders. Literally, 'Meghalaya' means 'the abode of clouds' and the name itself lends a mystic aura to the state. It is a small state carved out of the composite state of Assam in 1972, has a geographical area of 22,429 sq km, and is inhabited by 2.96 million people as of 2011. The state, like the rest of the north-eastern region, has a predominantly tribal population which constitutes about 86 per cent of the total population. Rich in mineral deposits such as coal, limestone, and uranium, and with large potential for generating hydropower, the prospects of the state becoming an industrial engine for growth in the region are well within the realm of feasibility, if the severe constraints it faces are considerably eased. The state has a predominantly hilly terrain, and its area includes the three main hill regions of Garo Hills, Jaintia Hills, and Khasi Hills. With a forest cover of over 70 per cent of its land area and endowed with bountiful rainfall, the state has an abundance of flora and fauna.

Like other states in the north-eastern region, Meghalaya faces severe constraints in accelerating growth and improving living conditions for its people at a rapid rate, for a variety of reasons. The acidic nature of the soil, unbalanced in its nutrients, has resulted in low agricultural productivity, and shifting cultivation in the hills has endangered the sustainable ecological system. The centralised system of governance and planning has not helped in creating an enabling environment for development and spreading the fruits of development to the common people. Like other states in the region, its landlocked nature and remoteness from the rest of the country have limited the mobility of people, constrained the development of markets for goods produced in the state, increased transportation costs to render economic activities non-competitive, and restricted trade with the outside world. Poor connectivity and transport infrastructure, combined with the perception that the state is afflicted by insurgency, have resulted in

low levels of private investment in economic activities, which in turn has led to an overwhelming dependence of the people on the state government for employment and income-earning opportunities. Indeed, Meghalaya is a state which, like Sikkim, is not affected by insurgency much and yet, the perception of insurgency has inhibited private investments in the state. Above all, the low level of institutional capacity and lack of focus on building the technical capacity needed for exploiting the developmental potential of the state have posed additional constraints in ensuring the productive employability of its vast pool of human resources.

These constraints have posed serious problems in harnessing the resources of the state for the benefit of the people. Thus, despite bountiful resources and vast developmental potential, the standard of living of people, remains low.

At the time of Independence, the per capita income of the north-eastern region as a whole was significantly higher than the national average¹. However, after Independence, with the entire region becoming completely landlocked and connectivity to the rest of the country restricted to the narrow 27 km Siliguri corridor—the state and the entire region — was isolated from its traditional markets. Consequently, the per capita income of the region grew at a much lower rate than the average growth rate for the country. This is true of Meghalaya as well. Although the growth performance of Meghalaya was slightly better than the average performance of the north-eastern region, it was much below the country's average.

The composite state of Assam, which included Meghalaya at the time of Independence, had a per capita income much higher than the national average — higher by about 15 per cent. Since then, however, the growth rate in the region has been slower than the rest of the country, and per capita income in the state of Meghalaya, carved out of the composite state of Assam in 1972, has also lagged behind the country average. Although the state's performance was better than that of the region as a whole, and its per capita NSDP at 2004–05 prices (Rs 21,243) caught up with the per capita NDP of the country with the state growing at a lower rate in the decade beginning 2000–01, per capita NSDP in 2010–11 in Meghalaya was lower than the per capita NDP in the country by about 5 per cent, and in 2011–12, it was lower by 9.3 per cent. Although this is better than other north-eastern states, except Sikkim and Tripura, Meghalaya has considerable catching up to do with the rest of the country.

The poor development of the state has further fuelled dissatisfaction among the people. The issue of poor development of the region as a whole has also been a matter

¹ This issue is discussed in detail in the Vision 2020 document of the north-eastern region. See India (2008).

of considerable concern to policy makers. There have been several committees and study groups appointed by the Union as well as individual state governments to analyse various aspects of development, identify the causal factors impeding development, and recommend strategies to overcome the constraints. Various committees as well as individual researchers have made recommendations to open up the markets, improve connectivity and infrastructure in the region, create economic opportunities with the neighbouring countries, improve governance, and build capacity of the people and institutions in the region to create a congenial investment climate, and achieve political and economic empowerment of the people. Mention must be made of the Shukla Committee (India, 1998) which has quantified the investment requirements for attracting investment into the region, essential for accelerating economic growth and banishing poverty. The state development reports for each state in the region, prepared by various scholars and institutions at the initiative of the Planning Commission in collaboration with individual state governments, have identified the opportunities and constraints, quantified investment requirements, and recommended policy measures to steer them on to the road to prosperity. The most comprehensive analysis of the economic opportunities and constraints of the region as well as individual states have been mentioned in the *Vision 2020* document for the north-eastern region, prepared by the National Institute of Public Finance and Policy, and adopted for implementation by the North Eastern Council on 13 May 2008. Thus, it is not for lack of knowledge and understanding of the problem that the region continues to stagnate. What is now needed is the implementation of the recommendations made by various committees, study groups, development reports, and scholars. These recommendations are applicable to accelerating development in Meghalaya as well.

The most important challenge is to establish the institutional environment of governance. Empowerment of the people is possible only when participatory governance and development is introduced. As mentioned earlier, inclusive governance is a pre-requisite for inclusive development. This is necessary for ensuring incentives for savings and investment, which is a precondition for the growth of the economy. Governance institutions ensure incentives, and when these do not exist or do not function in a manner congenial to the growth of markets, economies cannot grow, and even if they do, growth will not be encompassing.²

² Olson (1993), in his insightful analysis, argues that there are no incentives for savings, investment, and the economy to grow when there are roving bandits. When a powerful roving bandit replaces anarchy with dictatorship, there is an incentive for savings and investment, but the resulting growth is not “encompassing”. It is under real democracy, where people are empowered to partake in decision making, that conditions for encompassing growth exist.

While it is true that the issue of insurgency in the region, and particularly in the state of Meghalaya, is exaggerated and large parts of the state are peaceful, the fact remains that sections of the population have been alienated and need to be brought into the mainstream. It is important to undertake measures to change the perception that the state is affected by insurgency in order to ensure the flow of private investment. Achieving peace and prosperity and ensuring inclusive development requires empowerment of the people and building capacity in them. In a situation where the market is nascent, it is also necessary to create and build capacity in market-based institutions, and create conditions for people to participate in the market without being exploited.

Vision 2030: Sustainable Development for Peace and Prosperity

The people of Meghalaya have a vision — a vision of achieving happiness through peace and prosperity in a sustainable manner, without harming the land and nature. They would like to see their state emerge as strong, secure, peaceful, prosperous, and confident. They would like to see their state embrace markets gainfully and to prepare themselves to significantly increase trade within the region, with mainland India, and with neighbouring countries and beyond. They would like to banish poverty, ill health, and ignorance, and enjoy a high standard of living. They would like to move away from dependency in every sense of the term and acquire the confidence to move forward on the path of determining a development strategy on their own, to 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 opportunities to empower themselves, acquire the education and skills to be gainfully employed in emerging productive economic activities, and to contribute to their own wellbeing, and to building the nation. They would like to be empowered to enjoy their freedoms — freedom from poverty and hunger, from ignorance and ill health — to meaningfully participate in the governance of the state, to enjoy a peaceful, good quality of life, and to enhance their capabilities and avocations. As persuasively argued by Amartya Sen (1999), capabilities earn freedoms.

Ensuring economic and political empowerment of the people is critical to achieving the freedom listed above. In the past, the development experience of the region in general, and the state in particular, has been disappointing, and needs a course correction to include strategies that will put the state on the path to lasting

peace and sustained progress. The response to the questionnaire circulated to elicit the views of the people to ascertain their vision of development for the state overwhelmingly stresses the lack of economic opportunities for the people and youth, mainly due to the lack of empowerment and inadequate productive economic activities, and consequent alienation, leading to a spread in insurgency. Inclusive development requires inclusive and participatory governance. Planning is not only a means to achieve sustained and inclusive development but also an end in itself; it is an important tool of empowerment as it provides a voice in deciding the development strategy. The responses also emphasise the need to create a climate for investment by putting in place efficient means of transport and connectivity, and competitive infrastructure facilities (*see Annexure-I, Part-II*). They underline the need to improve economic relations, including trade relations with Bangladesh in the south, not only to provide an impetus for economic activities within the state, but also to improve connectivity and access to markets through land, sea, and inland water routes. Access to ports in Bangladesh will improve market opportunities for the state, and a land route through the southern neighbour will substantially reduce the state's physical distance from the rest of India.

Challenges and Strategy

The challenges of participatory development — where policies need significant reform, and institutions need to be created and developed, while existing ones need to be overhauled — are formidable. The region in general and the state in particular, suffers from deficits of various kinds, and overcoming these deficits is key to placing the state on the path to progress and prosperity. First, there is a governance deficit, and unless this is overcome, it is not possible to create enabling conditions for inclusive development. Inclusive development requires participatory governance. Second, there is a trust deficit for the people. In part, the governance deficit comes from the trust deficit, and is an outcome of the functioning of successive governments in the state, and the Centre's approach in dealing with the problems of the region. These have been recorded in detail in the Vision 2020 document for the north-east and there is no need to repeat them here. Third, there is an infrastructure deficit, and unless this is met, the prospects of transforming the economy into a prosperous state will remain a dream. The infrastructure deficit comes from poor transport facilities which are necessary for the swift movement of people and goods, lack of regular and good quality power, infrastructure needed for agricultural storage, marketing and processing, and border infrastructure needed for trading with neighbouring countries.

Overcoming these deficits is a formidable challenge which cannot be met by the state government alone. A significant role will have to be played by the Central government in providing major infrastructure facilities, ensuring a friendly diplomatic relationship with Bangladesh, and facilitating border trade and smoother connectivity to the rest of India. Of equal concern is the deficit in social infrastructure, overcoming which will require the provision of quality education and skills so that people are employable in a modern economy, and access to quality health services to ensure health security for all. Another major deficit in the region in general and the state in particular is the capacity deficit. In part, this arises from the deficit in the social infrastructure. A deficit in capacity pervades both human resources and institutions. The most glaring outcome of the institutional capacity deficit is in the government's capacity to implement various programmes, particularly those initiated by the Central government. A competent government is critical to ensure efficient functioning of markets. Overcoming these deficits holds the key to ensuring an adequate flow of investment into the state and transforming the investments into inclusive developmental outcomes. This requires strategic initiatives in several areas.

We have put forward a set of seven strategic initiatives to overcome these deficits and propel the state onto the path of economic progress. These strategic initiatives are needed to accelerate growth, banish poverty, enhance human development, and bring peace and prosperity to the people of the state in a sustained manner, without unsettling the traditional and cultural milieu in which they live. These seven initiatives are interdependent and reinforce one another. These are summarised as follows:

- (i) Empowerment of the people through participatory planning and inclusive governance is the most important component of the strategy. An essential prerequisite of inclusive development, it involves strengthening the traditional institutions of local governance and grassroots planning calibrated from the village level upwards. Meghalaya is not covered by the 73 rd and 74 th Constitutional Amendments and does not have Panchayats at the village, block and district levels. The state is covered under Schedule VI of the Constitution which protects the rights and interests of the tribal people by mandating the prevailing local and district-level self-government institutions to undertake the task of local governments. Although Schedule VI was created to protect the interests of tribals and preserve the autonomy of local institutions, the Autonomous District Councils (ADCs) set up in 1952 within the larger undivided state of Assam have little relationship with traditional village-level institutions in Meghalaya today, namely, the Nokma, Syiem, and Dolloi. In fact, after the

creation of Meghalaya, there is very little rationale for the continuation of ADCs. The ADCs do not have an organic linkage with the traditional tribal institutions, and their track record in both grassroots planning and development has been abysmal. Only the Khasi Hills ADC has enacted some laws; the track record of the Garo Hills ADC is extremely poor. Reviving the traditional institutions to enable participatory planning at the grassroots level is a major challenge for inclusive growth.

- (ii) The second component is the development of institutions and systems to promote markets in the state. Besides improving governance, this entails development of market-promoting institutions and infrastructure.
- (iii) The development strategy should focus on sustainable development based on comparative advantage, so that the natural resources of the state are harnessed for the benefit of its population. This involves enhancing agricultural productivity through the spread of irrigation and agricultural extension, promoting the cultivation of commercial crops, shifting tribal populations away from the practice of “*jhuming*” by encouraging them to undertake organic farming and providing alternative livelihood opportunities, developing traditional crafts and small industries, as well as manufacturing activity 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.
- (iv) Infrastructure development to promote markets and attract investment into the region is a critical component of the development strategy. 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 rail, roads, and inland waterways. Equally important is the need to make regular, quality power available by harnessing the state’s potential to generate power from its own hydel sources. Creation of a network of roads within the state, including rural roads, opens up the markets for both labour and products, and helps the rural population access services such as education and healthcare. Investment in cold storage facilities helps minimise wastage of perishables and ensures more remunerative prices for farm products. Other important infrastructure required for market development includes telecommunication networks to strengthen connectivity. Thus agricultural and rural development requires, in addition to rural roads and connectivity, the creation of a network of cold storage facilities. It is also seen that manufacturing activity thrives when there are agglomeration economies, and urban agglomerations are the centres of economic dynamism. Sustainable urban development requires provision of amenities such as water supply, sanitation, and waste disposal.

- (v) Expanding trade and investment opportunities is another important component for the development of the state in a globalising world. This requires 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 north-eastern region. These are applicable to Meghalaya as well.
- (vi) Developing the capacity of people and institutions is equally important for accelerating growth and ensuring employment security to the people. Institutional capacity must be augmented to improve governance in the state, and to design and implement development plans from the level of the village through to the state. Considerable capacity building is also needed to ensure responsive and market-friendly governance. People's empowerment comes from building their capacity. Education and skill development must be a cornerstone of development, as these enhance people's productivity and employability. Further a more rapid pace of industrialisation requires the state to have the necessary skilled manpower.
- (vii) Inclusive development is possible only when vulnerable sections of the population have access to education, healthcare, and employment opportunities. The youth of the state will have to be provided with access to education and skill development to empower them to acquire productive employment in the new economy. 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 — both physical and human — and the development strategy adopted should ensure balanced provision of basic physical and social infrastructure in the state.

Articulating a vision of development for the state requires a clear understanding of the developmental perspective. It is important to take stock of the prevailing developmental status and identify the opportunities and constraints. The road to progress is beset with formidable challenges, and it is by no means easy to achieve the objective of securing peace, prosperity, and happiness for the people of Meghalaya by 2030. There are several factors constraining development in the state, some common to the region and others specific to the state, and to overcome them requires a considerable change in attitudes and mind-sets at both the central and state levels — from a security perspective to an orientation towards development, financial resources, and governance reform. For these changes to take place, the architecture, engineering,

and management aspects of the development strategy will have to be worked out and implemented carefully. The next section analyses the current state of development in the state to understand the magnitude of the problem and the challenges faced. Section III presents a detailed projection of the vision of development for the state, both in terms of the acceleration in growth and other qualitative factors required to ensure peace, prosperity, and inclusiveness. The strategy to achieve the goals listed above is elaborated in *Section IV*. *Section V* presents the overall perspective on the vision of development for Meghalaya.

Meghalaya is a state where nature is bountiful. Known for its flora and fauna, it is an abode of biodiversity with thick forest cover constituting 42.3 per cent of its geographical area. The overall forest cover in the state extends to over 80 per cent of its geographical area. The state receives the highest rainfall in the country. It is an ecological paradise with varieties of flowering plant species, over 300 types of orchids, and medicinal plants. There are more than 450 species of birds and 110 species of mammals. At the same time, given its large deposits of minerals, there is a real threat of unregulated mining in the forest area. Furthermore, a threat to the forest cover also comes from the practice of shifting cultivation. Development of the state should take place while preserving its fragile ecosystem and maintaining its thick forest cover. Ensuring sustainability should be a priority in any strategy to develop the state.

II. Meghalaya: The State and its People

The state of Meghalaya was carved out from two districts in the composite state of Assam — the United Khasi and Jaintia Hills District, and the Garo Hills — initially as autonomous districts in April 1970, and later converted into a full-fledged state in January 1972. According to the 2011 Census, the state had a population of 2.96 million which is estimated to have increased from 2.58 million in 2009–10. The state, with a geographical area of 22,429 sq km, has seven districts: East Khasi Hills, West Khasi Hills, Jaintia Hills, Ri-Bhoi, West Garo Hills, East Garo Hills, and South Garo Hills. It is strategically located, bounded by Bangladesh on the south and surrounded on its other borders by Assam. Meghalaya mostly comprises hills and tablelands.

The population of the state is predominantly tribal, constituting as much as 86 per cent of the population. The main tribes are the Khasis, Jaintias, and Garos in the hills, but there are also tribes in the plains such as the Koch, Rabhas, and the Bodos. Almost 86 per cent of the people live in the rural areas and are predominantly dependent upon land and agriculture for their livelihood. The literacy rate in the state,

at 75.48 per cent in 2011, was marginally higher than the average for the country at 74.04 per cent, but more importantly, the quality of education and skill development in the state, which is needed to create human resources to service the modern economy, requires significant a upgrade.

The state is endowed with abundant natural resources. Endowed with bountiful rainfall, the state has abundant water resources which make it a haven of biodiversity. The potential for hydropower generation is vast and only a fraction of that has actually been harnessed. The rich mineral resources in the state include coal, limestone, clay, kaolin, uranium, and sillimanite. The deposits of coal and limestone in the state are estimated at 640 million tonnes and over 5,000 million tonnes, respectively.

Despite the plentiful rainfall, agricultural productivity in the state is low. A large proportion of the state is hilly and agricultural practices in the hill areas are primitive. Less than 25 per cent of the net sown area is irrigated. The practice of shifting cultivation in hill areas not only damages the forest cover, it also deters the enhancement of capital formation in agriculture and agricultural productivity. By and large, the soil is acidic and abundant in organic matter, but unbalanced in terms of nutrients, as it is rich in nitrogen but poor in phosphorus. The state receives heavy rainfall and in the Mawsynram-Cherrapunjee-Pynursla belt in the Khasi Hills along the southern border, rainfall varying between 1,000 mm to 15,000 mm is recorded annually. Thus, the soil in the border areas tends to be sandy.

Agriculture practiced in Meghalaya is predominantly subsistence in nature, though in recent years many farmers have taken up horticulture and, to a lesser extent, floriculture. Horticultural products from the state include turmeric, ginger, potatoes, and pineapple. However, the absence of cold storage and processing facilities is a major constraint in securing remunerative prices for the products, and is impeding the commercialisation of agriculture in the state. There has been considerable progress in floriculture, with the Horticulture Mission of the central government playing a key role, assisted by a private company from Bangalore, Zopar Exports, which supplies farmers with flower pods from the Netherlands, introduces farmers to scientific methods of cultivation using fabricated greenhouses and drip irrigation, and purchases the flowers from the farmers to export to the Netherlands and other European countries. Farmers in the state also produce three varieties of silk (eri, muga, and mulberry); almost 60–70 per cent of the cocoons produced are transferred to Assam for conversion.

The landlocked nature of the state, and its remoteness from the mainland have been major factors constraining the realisation of the state's potential. Meghalaya is surrounded by Assam on all sides, except in the south where it borders Bangladesh.

Thus, it is cut off from the rest of the country, and the only lifeline it has with mainland India is through Assam.

As mentioned earlier, at the time of Independence, the per capita income in the composite state of Assam, which included Meghalaya, was higher than the national average by about 15 per cent. Access to the outside world through the Chittagong port, and shorter land and inland water routes to the mainland through undivided Bengal ensured relatively higher growth for the region and the state than the rest of the country. The question of the vast development potential of the region was never in doubt, for even the colonial rulers had laid their second railway line between Dibrugarh and Chittagong, as far back as the late nineteenth century. Yet after the partition of the country and separation of East Bengal to form a part of Pakistan, and later Bangladesh, the entire region, and with it Meghalaya, was virtually cut off from the rest of the country, with road connectivity to the mainland confined to the 27 km Siliguri corridor.

Not surprisingly, growth of per capita NSDP in the state was slower than both the average for the north-eastern region as well as the country average. Thus, Meghalaya, which had a per capita income 1.4 per cent higher than the average for the region in 2001–02, fell behind the all-state average in 2003–04, and the difference increased steadily thereafter; in 2010–11 it was lower than the all India average by 4.5 per cent. Similarly, the growth rate in the state was lower than the average of the north-eastern region and by 2010–11, per capita NSDP in Meghalaya was lower than the average of the north-eastern region by 7.5 per cent (Table II.1; Figure II.1). The more recent data available shows that in 2011–12, the per capita NSDP in the state, at Rs 55,306 at 2011–12 prices, was lower than the per capita NDFP in the country (Rs 60,972) by 9.3 per cent. In an environment where market infrastructure and institutions were nascent, it was too optimistic to expect a flow of trade and investment to the state, and not surprisingly, the growth rate recorded in the state was lower than the country's average. The important issue is that the Indian economy has accelerated its growth significantly during the current decade to record almost 7.7 per cent growth per year on average. However, in the aftermath of turmoil in the world economy following the global financial crisis and sovereign debt crisis in the EU, the growth rate of the Indian economy has substantially decelerated, forcing the Planning Commission to revise its growth target for the 12th Plan to 8.2 per cent, though in the subsequent plans it would be realistic to assume that the economy will revert to the 9 per cent growth path. This implies that the difference between the state's per capita income and that of the country will continue to increase. In order to catch up with the expected growth in per capita income of the country, the state will have to undertake significant reforms in both policies and institutions to attract the large investment required, and change the

quality of growth to reach the vulnerable sections. Inability to catch up with the rest of the country despite abundant natural resources is a matter of concern, and developmental efforts should be focused on taking the Meghalaya economy to the frontier of development in the country. Unless this is realised, it will not be possible to realise the vision of development in the state.

The problem with the state’s developmental profile is not the slow growth rate of incomes alone; even more important is the high concentration of poverty. According to the Planning Commission, the estimated poverty ratio in 2006–07 was 31.4 per cent. Unfortunately, these estimates relate to the state of Assam, for which the consumer expenditure data are collected, and not specifically to Meghalaya. The government of Meghalaya undertook a survey of households to estimate poverty based on the advice of the Ministry of Rural Development, Government of India in 2002. However, the sample was too small to ensure any degree of reliability of the estimates. Nevertheless, the estimate shows that almost 48.9 per cent of the population in the state is below the poverty line. Attempts at eradication of poverty of such a large scale shows that growth of the economy has been too slow to reduce poverty in any significant manner, and moreover, the quality of growth is such that by itself, it has not reduced poverty appreciably, and this calls for a second look at the development strategy followed thus far. Therefore, even as the growth rate of the economy is accelerated, it is important to make it inclusive, which requires participatory governance and planning.

Figure II.1: Per Capita Income of Meghalaya Relative to N-E Region and All States

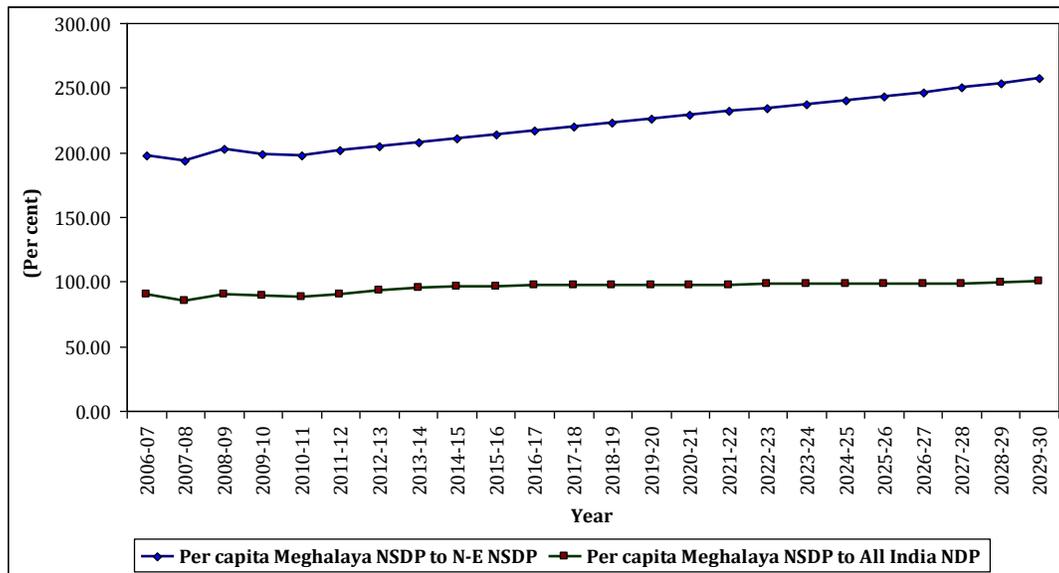


Table II.1: Per Capita Real Income in Meghalaya, North-Eastern (N-E) States, and All States

Year	(In Rupees)			(In Crore)						(Per cent)	
	Per capita NSDP of Meghalaya	Per capita NSDP of N-E States	Per capita NDP	Population of Meghalaya	Population of India	Population of N-E States	NSDP of Meghalaya	NSDP of N-E States	NDP	Per capita Meghalaya NSDP to N-E NSDP	Per capita Meghalaya NSDP to India NDP
2006–07	40443	20468	45029	0.2488	112.2	4.221	10062	86390	5052205	197.597	89.817
2007–08	41218	21289	48663	0.2518	113.8	4.275	10379	91009	5537797	193.617	84.703
2008–09	45968	22632	50943	0.2548	115.4	4.329	11713	97967	5878807	203.109	90.234
2009–10	48352	24290	54295	0.2578	117.0	4.383	12465	106449	6352503	199.065	89.054
2010–11	51115	25823	57743	0.2608	118.6	4.436	13331	114550	6848333	197.944	88.521
2011–12	55306	27421	60972	0.2640	120.2	4.490	14601	123114	7328878	201.690	90.707
2012–13	59617	29124	63842	0.2670	121.8	4.543	15918	132318	7775940	204.699	93.383
2013–14	64249	30940	67370	0.2701	123.5	4.596	17354	142210	8320255	207.660	95.366
2014–15	69249	32867	71830	0.2732	125.1	4.650	18919	152842	8985876	210.694	96.408
2015–16	74649	34919	77305	0.2763	126.7	4.704	20625	164269	9794605	213.777	96.563
2016–17	80479	37123	83147	0.2794	128.4	4.756	22486	176550	10676119	216.790	96.791
2017–18	86745	39477	89515	0.2826	130.0	4.807	24514	189749	11636970	219.736	96.905
2018–19	93543	41991	96312	0.2857	131.7	4.857	26725	203935	12684297	222.767	97.125
2019–20	100886	44688	103720	0.2888	133.3	4.905	29136	219181	13825884	225.756	97.267
2020–21	108818	47577	111631	0.2919	135.0	4.951	31764	235568	15070213	228.719	97.480
2021–22	117386	50672	120165	0.2950	136.7	4.996	34629	253179	16426532	231.658	97.688
2022–23	126644	53991	129464	0.2981	138.3	5.040	37752	272107	17904920	234.566	97.821
2023–24	136601	57549	139403	0.3013	140.0	5.082	41158	292450	19516363	237.366	97.990
2024–25	147405	61370	150126	0.3044	141.7	5.122	44870	314314	21272836	240.190	98.188
2025–26	159081	65484	161810	0.3075	143.3	5.159	48917	337813	23187391	242.931	98.314
2026–27	171699	69677	174305	0.3106	145.0	5.211	53330	363068	25274256	246.421	98.505
2027–28	185278	74123	187791	0.3138	146.7	5.264	58140	390211	27548939	249.961	98.662
2028–29	200014	78885	202347	0.3169	148.4	5.316	63384	419384	30028344	253.551	98.847
2029–30	218055	84783	218061	0.3169	150.1	5.316	69102	450738	32730895	257.194	99.998

Source: NIPFP Estimates

Data Sources: 1) Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India. www.mospi.nic.in

2) Registrar General of India, Census 2001, Population Projections for India and States 2001–2026 (Revised December 2006).

3) NEDFi Databank. <http://db.nedfi.com/user>

The state's performance in human development too has not been impressive. As mentioned earlier, the literacy rate in the state, according to the 2011 Census, at just about 75.5 per cent is only marginally higher than the country average of 74 per cent, though it is better than that of the average for the north-eastern region (64.7 per cent). However, the infant mortality rate in the state, at 59 per 1,000 births, is much worse than that of the country average (50 per 1,000 births), and much worse than that of the regional average (45 per cent 1,000 births in 2005–06). This is a matter of concern and calls for remedial action in terms of increasing access to healthcare.

Lack of inclusiveness in the growth scenario in Meghalaya becomes even clearer when we look at the inter-regional disparities in development. The inter-district distribution of per capita district development product (DDP) in 2007–08 shows variation from Rs 12,592 or 56.3 per cent of the state average in the West Khasi Hills to Rs 31,202 or 139 per cent of the state average in the East Khasi Hills. In other words, per capita income levels in the poorest district in the state, the West Khasi Hills was only 40 per cent of that of the richest, the East Khasi Hills. Wide regional disparities in living standards point to the lack of inclusiveness in the developmental process in the state. This is also evident from variations in the incidence of poverty across the districts: the analysis of the poverty ratio based on the BPL census conducted in different districts shows that the poverty ratio in 2002 varied from 39.5 per cent in the Jaintia Hills to 55.9 per cent in the East Garo Hills. This reinforces the need to rework the development strategy to make it participatory and inclusive.

III. Towards Economic Freedom and Prosperity

Ensuring inclusive development and prosperity for the people of Meghalaya would require multipronged action. As argued by Sen (1999), development is freedom from poverty and hunger, freedom to meaningfully participate in the governance of the state, freedom to enjoy a peaceful life, freedom from ignorance and ill health, freedom to enjoy a high quality of life, and freedom to enhance capabilities to choose avocations. This requires multiple interventions to enable greater participation of the people in governance and planning, accelerate growth and make it inclusive, and to improve human development to enhance the capabilities of people to earn their freedoms. As shown in the previous section, the per capita income of the state is lower than that of the country by about 10 per cent, and as the Indian economy is poised to grow, the state will have to grow at a much faster rate than in the past to catch up with the standard of living in the country.

The Vision 2020 document for the north-eastern region revealed that if GDP at factor cost at constant (2006–07) prices in the Indian economy grows at an average rate of 9 per cent per year, (and per capita GDP at 7.6 per cent), the Meghalaya state 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. To accelerate growth to double-digits and sustain it for a period of 14 years is a formidable task. Furthermore, since the Vision document was adopted by the North Eastern Council in May 2008, not much seems to have been done to reform policies and institutions and change the development strategy as recommended by the document. In the event, the Vision document has been relegated to yet being another document of intentions rather than being a blueprint for an action plan to bring peace and prosperity to the region.

As far as Meghalaya is concerned, implementation of the Vision document for the region will generate significant benefit to the state as well. However, the state should not wait, but should proceed to evolve action plans to create an enabling environment for inclusive development without any further loss of time. At the same time, it is important to have realistic targets and an action plan to achieve them.

As mentioned earlier, with the national economy poised to grow at an annual average rate of about 9 per cent, accelerating economic growth in the state economy will be a daunting task. This would result in the growth of per capita income at 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 in the 11th Plan to 7.76 per cent in the 15th Plan period (*Table 2*). Under this assumption, the per capita income of the country in 2029–30 is estimated at Rs 215,266 at 2009–10 prices. To achieve this level of per capita income, the GSDP in Meghalaya will have to grow annually at close to 10 per cent during the period 2007–08 to 2029–30, accelerating from 7.85 per cent during the 11th Plan to 10.25 per cent during the 15th Plan. Similarly, the growth of per capita GSDP should accelerate from 6.59 per cent per year during the 11th Plan to 9.52 per cent per year during the 15th Plan period, requiring an average annual growth rate of 8.8 per cent during the period (*Table III; Graph III.1*).

Ensuring inclusive development and prosperity for the people of Meghalaya would require multipronged action to achieve inclusive development. As argued by Sen (1999), development is freedom from poverty and hunger, freedom to meaningfully participate in the governance of the state, freedom to enjoy a peaceful life, freedom from ignorance and ill health, freedom to enjoy high quality of life, and freedom to enhance capabilities to choose avocations. This requires multiple interventions to enable greater participation of people in governance and planning, accelerate growth and make it inclusive, improve human development, and enhance capabilities of the

people to earn their freedoms. As shown in the previous section, the per capita income of the state is lower than that of the country by 4.3 per cent and as the Indian economy is poised to grow at about 9 per cent per year, the State will have to grow at a much faster rate than in the past to catch up with the standard of living in the country. However, given the endowments in the state, it should lead not only the region but also the country from the front and record much higher growth rates.

However, the revised estimates of NSDP in the state show that the shortfall in per capita income in the state is lower, and therefore, the growth rate required to catch up with the per capita income in the country, if the latter grows at about 9 per cent annually from 2015–16 to 2029–30, will be 9.02 per cent.

It is only development that can ensure sustained stability, lasting peace, and prosperity.

If the NDP in the Indian economy grows at 6.1 per cent in 2012–13, 7 per cent in 2013–14, 8 per cent in 2014–15, and 9 per cent every year thereafter, the per capita NDP will on average grow at the rate of growth of per capita income, i.e., at 7.33 per cent annually. Over the period, population is expected to decelerate and per capita income growth is expected to accelerate from 6.25 per cent in the 11th Plan to 7.75 per cent in the 15th Plan period (*Table III.2*). Under this assumption, the per capita income of the country in 2029–30 is estimated at Rs 215,266 at 2011–12 prices. To achieve this level of per capita income, the NSDP in Meghalaya will have to grow annually at close to 9 per cent during the period 2012–13 to 2029–30, accelerating from an average of 7.78 per cent during the last two years of the 11th Plan to 9.02 per cent during the 15th Plan period. Similarly, the growth of per capita GSDP should accelerate from 6.59 per cent per year during the 11th Plan to 9.52 per cent per year during the 15th Plan period, requiring an average annual growth rate of 8.8 per cent during the period (*Table III.3*; *Graph III.1*).

Table III.1: Projected Trajectory of Growth of India (at 2011–12 prices)

		Assumed Average Annual Growth Rate (%)	Projected NDP (Crore)	Assumed Population Growth	Derived Per Capita (End Year)	Implied Per Capita NDP Growth (%)
11 th Plan	2007–08 to 2011–12	7.62	36998522	1.39	60972	6.25
12 th Plan	2012–13 to 2016–17	7.82	45552794	1.24	83147	6.41
13 th Plan	2017–18 to 2021–22	9.00	69643896	1.11	120165	7.64
14 th Plan	2022–23 to 2026–27	9.00	107155767	1.00	174305	7.72
15 th Plan	2026–27 to 2029–30	9.00	90308178	0.90	218061	7.76
Average Annual Growth Rate (From 12 th Plan)		8.56		1.27		

Source: NIPFP Estimates from the data sources listed under *Table III.3*

Table III.2: Projected Trajectory of Growth of Meghalaya (at 2009–10 prices)

Plan Period	Years	Required GSDP CAGR (%)	Projected GSDP (Crores)	Derived Per Capita GSDP (end Year)	Implied Per Capita GSDP Growth (%)
11 th	2010–11 to 2011–12	7.78	62488	55306	6.96
12 th	2012–13 to 2016–17	9.02	95301	80479	7.79
13 th	2017–18 to 2021–22	9.02	146767	117386	7.84
14 th	2022–23 to 2026–27	9.02	226028	171699	7.90
15 th	2026–27 to 2029–30	9.02	190626	218055	8.15
Average Annual Growth Rate (%): 2012–2030		9.02			7.92

Source: NIPFP Computations

Data Source: Population Estimates: Registrar General of India

GDP and GSDP Estimates: Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India

Accelerating growth to this extent would require substantial augmentation of investment, and enhancing efficiency in resource use for higher productivity. We have estimated the investment requirements for achieving the required growth in GSDP in two alternative scenarios: one assuming that the incremental capital-output ratio (ICOR) is 4, and another assuming that the ICOR will show a gradual decline from 4 to 3.6 over the plan periods, from the 11th Plan to 15th Plan. 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, increase in productivity will result in a marginal decline in ICOR.

The estimates presented in *Table III.3* show that it is necessary to substantially increase the investment required to equalise the per capita income in the state 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 NSDP will have to increase from 29 per cent during the 11th Plan to 33 per cent during the 15th Plan. Even under the alternative scenario of ICOR declining from 4 in the 11th Plan to 3.6 in the 15th Plan, investment as a ratio of GSDP will have to increase to 30 per cent (*Table 4*). Thus, substantial increase in the investment and improvement in productivity are necessary to accelerate Meghalaya's economic growth to equalise its per capita income with that of the country's average by 2030.

The volume of investment required, estimated above, cannot come from central and state governments alone, and a large part of this will have to be made by the

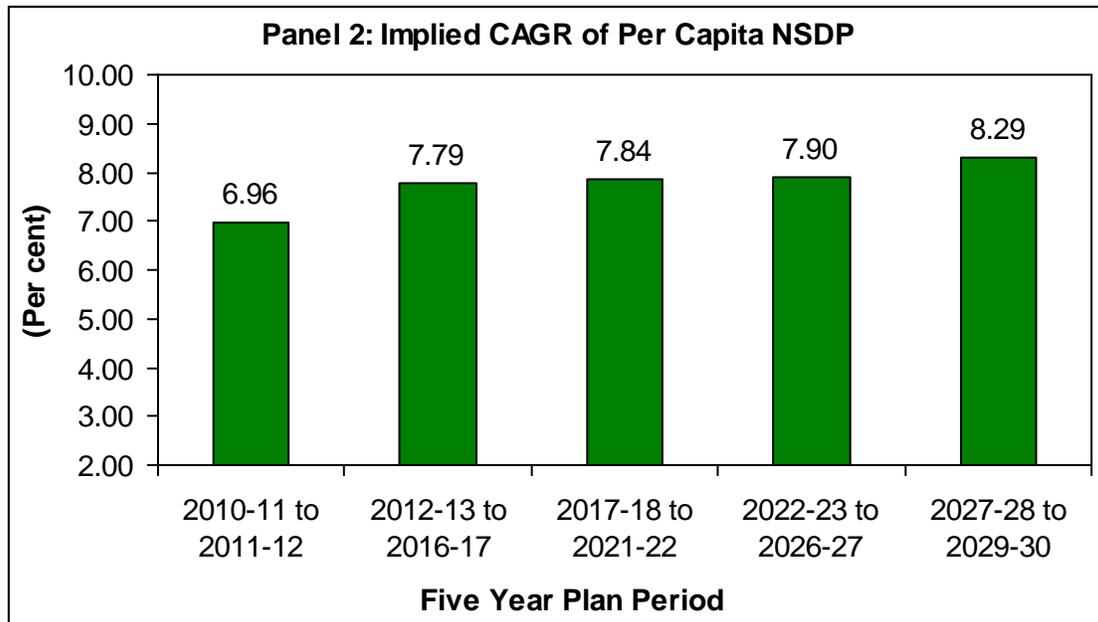
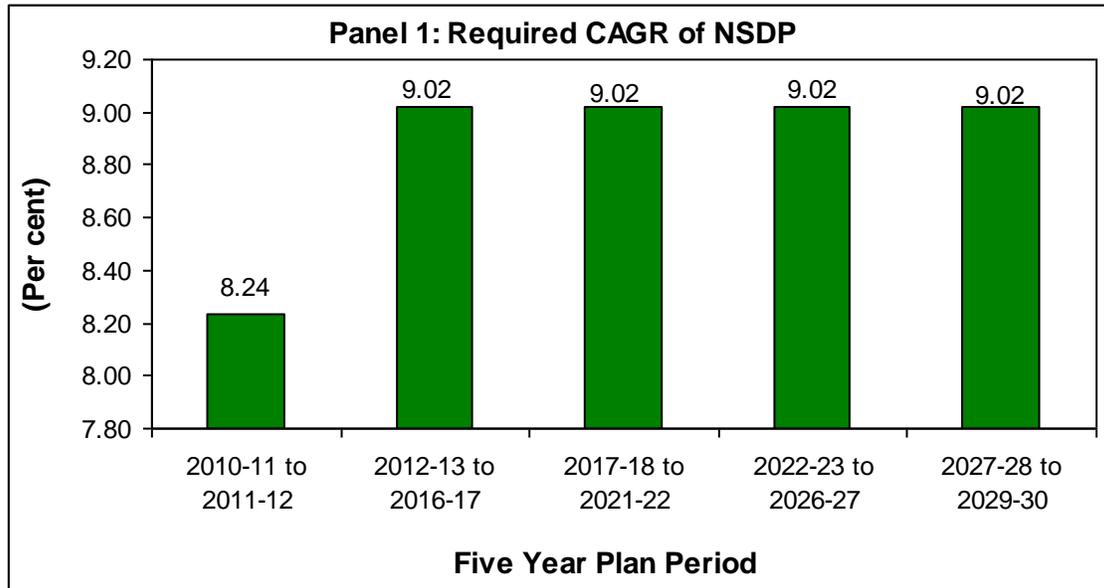
private sector. However, for the private sector to make large investments in the state, it is necessary to create an enabling environment. Among other factors, the quality of infrastructure in the state is an important determinant of investment by the private sector. Given the poor state of infrastructure in Meghalaya, it is important that both the centre and state governments significantly augment investment in this area. In particular, large scale upgradation is necessary in improving connectivity within the state, between the state and the region, between the state and the rest of the country, and between the state and the neighbouring countries and beyond. Thus, significant increases in public investment are necessary in roads, rails, inland waterways, as well as airways. It is important to develop the airport in Shillong to enable direct transfer to the rest of the country, without having to go through Guwahati. Substantial additional investments are needed to create the infrastructure required for agricultural storage and marketing, upgradation of land borders, telecommunication networks, and in ensuring regular, quality power supply.

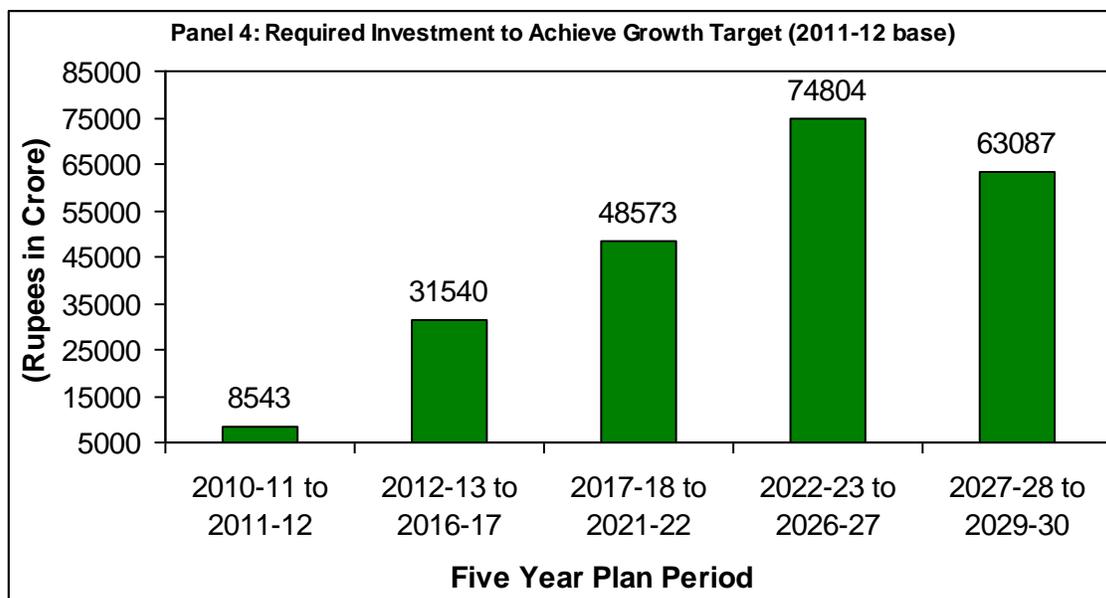
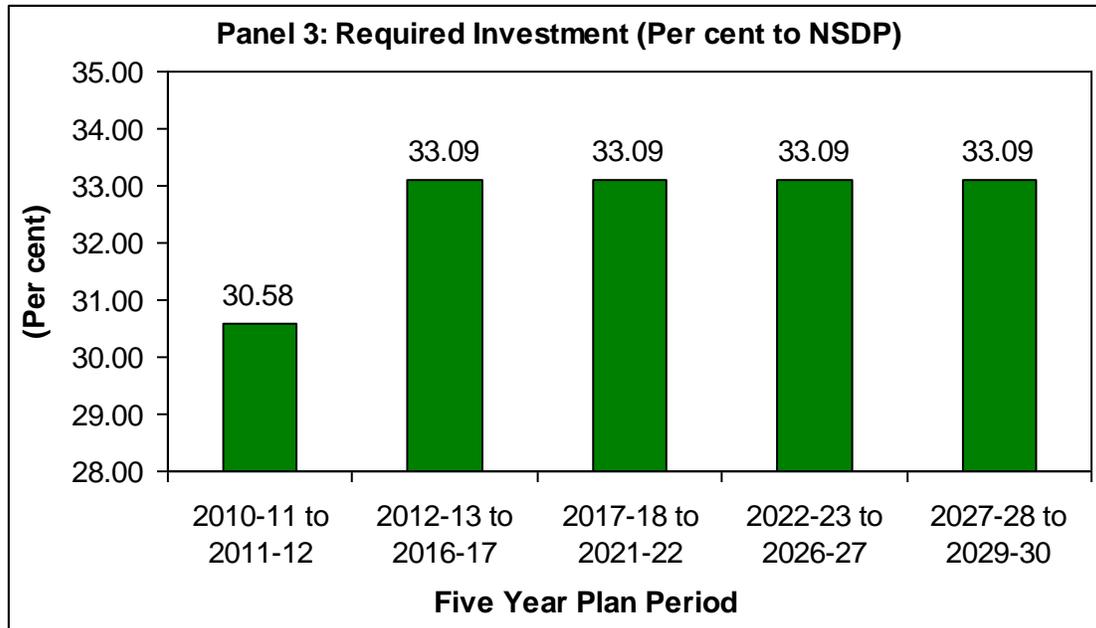
Table III.3: Projected Requirement of Investment (at 2009–10 prices)

Plan Period	Years	Investment Required in Rs Crores		Investment Required as Per Cent of GSDP	
		Assumption I ICOR Constant at 4.0	Assumption II ICOR Declines from 4.0 to 3.6	ICOR I	ICOR II
11 th	2010–11 to 2011–12	18154	18019	29.05	28.87
12 th	2012–13 to 2016–17	31540	30846	33.09	32.37
13 th	2017–18 to 2021–22	48572	46224	33.09	31.49
14 th	2022–23 to 2026–27	74803	69231	33.09	30.62
15 th	2026–27 to 2029–30	63088	57076	33.09	29.94

Source: NIPFP Estimates

Graph III.1 Projection of Investment Requirements to Achieve Economic Target by 2030





An important aspect of development in Meghalaya, as in other states in the north-east, is the lack of productive economic activity and extreme dependence on the government for employment and income generation. Development of the state cannot be sustainable if the government alone provides the major economic activity; instead it should be providing public services and creating opportunities for employment and income generation. Changing the structure of income generation to shift from a

predominant public administration share to non-governmental sectors, and particularly to manufacturing and services other than public administration, should be a priority.

Accelerating the growth rate of the economy is important, but just as important is the need to ensure that growth benefits the poor and disadvantaged groups more. Eradication of poverty requires that growth must be made inclusive. With almost 49 per cent of the population below the poverty line in 2002, empowering the poor by building their capabilities is as vital to realising the vision as accelerating economic growth.

An equally important part of the vision is empowering the people to govern themselves. Inclusive growth requires inclusive governance. Lack of participation in governance and planning has been a major shortcoming in the development strategy practiced thus far, and this has resulted in distortions in development on the one hand and a sense of alienation among the people on the other. Ensuring that the poor and disadvantaged benefit more from the growth process calls for building the governance system right from the village level upwards.

Empowerment of the people is a goal in itself, as it enables dignified living. This will require significant efforts at human development by the state. Human development indicators in Meghalaya are not very impressive; they are much below those not only in other states in the region but also that of the country. Human development automatically empowers people to live enlightened, dignified, and civilised lives. It empowers them to participate in governance in a meaningful way, a means to enhance their productivity and income-earning capacity. For those with no capital or land ownership, can possibly render help in participating in the market. In short, it expands their choices, and is therefore not only a means to achieve prosperity and happiness, but an end in itself.

IV. Realising the Vision: The Strategy for Development

We had, in the previous sections, underlined the problems and constraints impeding development in the north-eastern region as well as in the state of Meghalaya. We had pointed out the various kinds of deficit plaguing the region which are inimical to progress and prosperity. In fact, the High-Powered Committee appointed by the Prime Minister in 1997 had also drawn attention to the various kinds of deficit in the region, namely, the basic needs deficit, infrastructure deficit, resource deficit, and a two-way deficit of understanding. To this we have added the governance deficit, and the trust deficit. Realising the vision would require overcoming these deficits, which in turn requires an overhaul of the development strategy.

Components of the Development Strategy

Overcoming these deficits requires a paradigm shift in the strategy for development. This would entail significant reforms in both policies and institutions, and developing capacity in them to govern and implement inclusive development policies. In many cases, institutions required for the smooth functioning of markets may simply not exist, and it is necessary to identify the gaps and bring about conditions for their creation and development. Similarly, a large section of the population, the poor and vulnerable, cannot productively access the labour or product markets, and ensuring their participation is essential if they are to benefit from development. At the same time, their productive participation in the market requires that they be imparted with capabilities to enjoy freedoms.

In the earlier section, seven interdependent components of the development strategy were identified for implementation to realise the vision of development and to convert the dream into reality. They are discussed in some detail below:

(i) Empowerment of the People for Inclusive Growth

Local government institutions in the state are governed predominantly by Schedule VI of the Constitution, and these governance and planning systems are operating far below their potential. This scheme not only ensures that public services are provided according to the preferences of the people, but also ensures harmonious development, and can be an effective mechanism to end insurgency in the state. The entire scheme should be built on a system of communication, and should be harmonious with traditional systems and practices. At the same time, capacity building of local government institutions to undertake grassroots planning should be a major component of the strategy.

Responsive governance is also critical to creating an enabling environment for economic activity. Speedy clearances, and ensuring availability of land, water, and power for manufacturing activity are critical to achieve rapid industrialisation in the state. The governments of the day must make investors feel wanted in the system, and undertake measures to attract investments.

(ii) Promoting Market Friendly Policies and Institutions

Opening up the rural areas to the market through a network of rural roads, setting up a chain of cold storage facilities to minimise wastage of perishable farm products, and promoting marketing facilities to ensure that farmers receive remunerative prices are critical to agricultural transformation. The state has gained

considerable experience in promoting the development and export of floriculture, and it is important to expand the scale. In hill areas where shifting cultivation is practiced, it is important to wean cultivators away from the practice by providing extension services and building capacity to undertake organic farming. The development of markets for non-farm goods produced by the rural population helps to expand this avocation for supplementing incomes, and enhances the popularity of products from Meghalaya outside the state. An impetus will have to be given for setting up agro-processing facilities to bring about rural transformation.

Other important initiatives to create a market friendly environment include facilitating land acquisition for industrial purposes, including a clear relief and rehabilitation policy for the displaced, improving the governance system to ensure fast clearances, and infrastructure development.

(iii) Sustainable Development Based on Comparative Advantage

In undertaking developmental activities, it is important not to disturb the fragile ecology of the state. In particular, the forest cover needs to be maintained by weaning the tribal population away from shifting cultivation; while tribal people have a right to their natural habitat — the forests — they should be made to protect the forests. Extensive effort will be needed to build capacity among the tribal population to take up organic cultivation, and this should be supplemented by providing marketing facilities. This requires a holistic approach to the livelihood systems of tribal populations. It is important to ensure that the tribals have the right to use the forests for their livelihood and at the same time, they become part of the system to prevent exploitation of the forests.

Improving agricultural productivity is at the heart of enhancing income-earning opportunities for the large proportion of population that relies on farming for its livelihood. Ensuring balanced use of fertilisers, selection of the right crops for cultivation, and adoption of scientific cultivation methods require substantial efforts at providing easy access to soil testing, ensuring the availability of hybrid seeds and fertilisers, and, above all, agricultural extension to promote the practice of scientific methods of cultivation. Improvements in agricultural productivity also require significant expansion of irrigation, particularly in the plains.

(iv) Infrastructure Development for Manufacturing and Markets

Ensuring state-of-the-art infrastructure is one of the most important factors in creating enabling conditions for markets to develop and in attracting private investment. The Vision 2020 document has argued that in order to reach the level of per

capita income equivalent to the country's average in 2020, Meghalaya will have to accelerate its annual growth of real per capita income to 9.7 per cent during the period 2007–20. This is against the actual growth of 3.7 per cent during the period 1995–96 to 2004–05, and a mere 3 per cent during 2000–01 to 2004–05.³ Admittedly, at the prevailing productivity level, the quantum of investment required is very large, which can only be achieved with large scale private investment.

Building up an efficient network of transportation for people as well as goods, and ensuring regular, quality power supply are the two most important components of infrastructure that should be put in place without much loss of time. Strengthening the transportation network is critical to improving connectivity and minimising transportation time and cost. This requires large investments in building roads, railways, inland waterways, and airways. This also requires diplomatic initiatives to open up land as well as inland water transportation routes through Bangladesh to Kolkata, which will considerably reduce the distance and time for transporting goods. Providing access to Chittagong port (through Tripura) could remove the state's handicap of being landlocked. In the area of power, the state has significant hydroelectricity generation potential which, if harnessed, could ensure adequate supply of power; it could even result in surpluses which could be sold to neighbouring Bangladesh, which also faces power shortages.

The development of road connectivity must receive special attention during the 12th Five Year Plan. The focus should not merely be on highways but also on state highways, district, block, and village roads. Substantial additional investments are expected under the Special Accelerated Road Development Programme (SARDP) – North-East. The North Eastern State Roads Investment Program financed by the Asian Development Bank is in progress, and there are also various other schemes for the development of road connectivity by the Ministry of Road Transport and Highways (MORTH). However, considering the low road density in the state, it is important to make substantial additional investments and fast track the various projects and ensure speedy implementation.

There have been some important initiatives taken by the Central and state governments to expand the road network and improve the existing roads. The Central government has embarked on four laning of the Guwahati–Shillong Highway, eastern and western bypasses for Shillong, Shillong–Nongstoin Tura road, Phulbari–Tura–Nongstoin road, Garobadha–Dalu road, and Shillong–Silchar road. In addition,

³ See India (2008), *Annexure Table 1.1*

substantial additional investments are made through special plan allocations, non-lapsable central pools of resources, and in the state plan for the road sector.

There are other important initiatives to spruce up transport infrastructure as well. Mention must be made of the attempt to upgrade Shillong airport to enable the landing of Airbus planes. In the expansion of railways, the Dudhnoi–Mendipathar link has progressed well and is likely to be commissioned by March 2013. This will be followed by the Sutnga–Silchar and Tetlia–Byrnihat lines, which are likely to be operational by 2014–15.

Despite these initiatives, much more needs to be done to improve transportation infrastructure in the state. Substantial additional investments will have to be made to improve roads, inland waterways, railways, and air connectivity. The focus of road connectivity in the less developed areas in the state will help in improving market penetration, mobility, and employment, as well as access to education and healthcare for the people.

Other important infrastructure that is required for competitive manufacturing activity is regular and good quality supply of power. The state has significant hydroelectric potential and harnessing this potential could ensure adequate supply of power. However, despite significant potential to generate electricity from hydel sources, the state is bedevilled by a severe shortage of power. The prevailing generation capacity in the state is a mere 185 MW as against the peak demand of 800 MW. As the entire region has a shortfall in power supply, and as the grid development in the region is still in the nascent stage, the state is not able to buy power from other states and thus, the deficit results in severe power cuts. The remoteness of the state and high transportation costs make it difficult to have captive power generation by the manufacturers to avoid power shortages. Lack of adequate power supply has been one of the major factors inhibiting the growth of manufacturing in the state.

As mentioned above, the state government's power generation capacity at present stands at 185 MW. Targeting double digit growth would require substantial augmentation of power supply to meet the growing demand for power, both from industrial and commercial sectors besides higher demand from households. Making up the prevailing shortfall in supply and meeting the additional demand for power from the growing industrial and commercial sectors would require significant augmentation of availability of stable power. As mentioned earlier, unlike the industrial units in the mainland, captive power generation is not a viable solution for the manufacturing sector and unless the state is able to ensure stable power supply, it will not attract investments in the manufacturing sector, which is important to achieve the envisaged growth target.

During the 12th Plan period, with the commissioning of Leshka, Kynshi, and Umngot hydroelectric projects, the power generation capacity is likely to increase by 126 MW. The state government also expects to get an additional 80 MW from Palatana, which is a gas based power project in Tripura. Additional power is expected to be available from the Bongaigaon thermal power project. The state has also initiated some measures to augment power supply from micro-hydropower and mini hydropower projects in the PPP mode. There is a proposal to initiate a thermal power project in the Garo Hills as well. In addition to all these, the new central generation projects in the north-eastern region are expected to augment the power supply to the state. In addition, the rural energy mission for decentralised energy solutions is supposed to augment the supply, albeit to a limited extent.

It would be unrealistic to expect the central and state governments to come up with the required investments for infrastructure. The way forward would be through public-private partnerships, where feasible. This would require developing a framework for such partnerships, and appropriate regulations. It would be unwise to expect that the framework for private investment in infrastructure that has been applied in the mainland can be applied to Meghalaya without any alteration. Given the unique features and inherent disadvantages of Meghalaya, the framework will have to be modified to ensure that investments in infrastructure with private participation do, in fact, take place at the required level.

The governments will have to find resources for investing in activities where there is no high return on investments, and private sector will be unwilling to make such investments. The typical case is investments in basic infrastructure. Even when opening up the investment opportunities for the private sector through public-private partnerships, the government will have to take the lead, not just in facilitation but even more so in making the basic investments needed, and in ensuring adequate viability gap funding.

(v) Expanding Trade with the Neighbours and Beyond, and Creating Enabling Conditions for Investment

The government will have to find resources for investing in activities where returns on investments are low and the private sector will be unwilling to invest, such as basic infrastructure. Even when opening up investment opportunities for the private sector through public-private partnerships, the government will have to take the lead in facilitation, and even more so in making the basic investments needed, and in ensuring adequate viability gap funding.

Expansion of trade will have to take place within the region and beyond. For the former, it is necessary to substantially improve transport infrastructure within the region. The expansion and improvement of roads, inland waterways, railways, and airways should be a priority. In fact, the Jaleswar–Dhubri and Dhubri–Fakirganj inland water routes are the shortest routes connecting Meghalaya with Assam, and upgrading these could provide the fastest method of moving goods. As regards rail construction, the Guwahati–Shillong line has only been built from Azra to Byrnihat (30 km) and construction of the Byrnihat–Shillong segment has yet to be taken up. This work needs to be expedited. Faster movement of goods within the region can provide an impetus to growth. In addition, the opening of land and inland waterway routes to West Bengal through Bangladesh could substantially reduce transportation costs and expand trade with the rest of India as well.

Facilitating international trade would require opening up the trade routes with neighbouring countries, facilitating access to ports in Bangladesh, and activating the land route to Myanmar through Manipur or Mizoram. Opening up for trade with Bangladesh should be a priority and will be beneficial to both countries, while a land route to Myanmar could open up opportunities to the South East Asian countries if the Asian Highway is constructed and made operational. These require diplomatic initiatives, and given that the fortunes of the north-eastern states, including Meghalaya, depend on the nature of India's relationship with its neighbours, they should have a say in conducting diplomacy with Bangladesh.

Opening up for inland trade with Bangladesh requires strengthening the border trade infrastructure. At present, most of the border check-posts allow trading in only a few commodities. It is important to enable these check-posts to trade in a wide range of commodities. In any case, given that the border between the two countries is porous, commodities not allowed to be traded officially go through informal channels, and therefore, facilitating their trade will reduce transaction costs. Borsorah, Dawki, and Chasuapara are the three important border check-posts between Meghalaya and Bangladesh which need to be upgraded to enable the movement of a wide range of goods across the border. Conducting inland trade with Bangladesh also requires substantial improvement in border infrastructure which involves upgrading the roads, weigh bridges, loading and unloading facilities, parking and resting places, restaurants, and refuelling stations.

An important initiative the Government of India should take is to assist the Government of Bangladesh to develop Chittagong port into a modern international port. Access to a port through land routes would provide Meghalaya access to the outside world, which can be a harbinger of expansion of trade. Development of land routes to

the port will also ease the constraints placed on Bhutan as a landlocked country, by providing access to central and eastern Bhutan. Similarly, it will also help Assam by ensuring access to international trade.

The government of India has taken some important initiatives to develop border trade infrastructure. It has already approved the establishment of Dalu and Gasuapara land customs stations in the Garo Hills as transit points for trade between Bhutan and Bangladesh. The inland route for this is supposed to pass through Srirampur (Assam)–Dhubri–hulbari–Garobadha–Dalu–Nakugaon (Bangladesh)–Mymensingh–Chittagong. Within this stretch, Srirampur–Garobadha has been declared a National Highway, and the Garobadha–Dalu stretch is being upgraded under the project financed by the Asian Development Bank.

Despite these developments, much remains to be done both in terms of diplomatic initiatives and in building border trade infrastructure. Clearly, opening up the trade route to the outside world through Bangladesh is critical to the development of the entire north-eastern region, and more particularly to Meghalaya.

(vi) Capacity Development of People and Institutions

Capacity development is the cornerstone of inclusive development, and the most important means of empowering the people. This is particularly true of the poor and vulnerable sections which do not own land or have access to capital. Endowing them with human capital will empower them to gainfully participate in market activity. For empowerment, they also need to acquire the basic capabilities, which is possible through human development. People have the potential for gainful employment only when they have access to quality education and good healthcare. Skill development and technical education are other important areas that will prepare manpower for industrial development or even for self-employment. Focus must be given to providing a good education in information technology (IT) and IT-enabled services (ITES).

With capacity deficits in several areas, Meghalaya will have to focus on various facets. Excessive dependence on the government for state employment has not helped either the people or the government. There is considerable need for improving formal education systems, both in terms of access and quality. This is particularly true of engineering, computer science, nursing and medicine, and management education; particular focus will have to be given to providing quality education in IT and ITES. It may not be possible for the state government to create all the educational institutions needed to educate the young population of the state. What is important is that the state should create the institutions in collaboration with other north-eastern states in addition to enhancing access to national universities and institutions through

negotiations with the Ministry of Human Resource Development of the Union Government.

Skill development in important areas is necessary to prepare the manpower for industrial development. New and innovative schemes of skill development in more remunerative and modern employment avenues, such as hospitality, nursing, flight attending and stewardship, tourism and travel, computer and mobile repairs, and office management services, in addition to the traditional skill areas is extremely important. In this task, it is important to involve the private sector participation through, inter alia, public-private partnerships in advancing skill development. Seeking guidance and coordinating the efforts with the National Skill Development Corporation in advancing these efforts in the state would be fruitful.

Capacity development has to be done for both individuals and institutions. Building the capabilities of institutions will have to start from the level of the village development council. Grassroots planning requires preparing plans from the village level upwards, building and coordinating these plans at the block, district, and finally at the state level for implementation. The Vision 2020 document has recommended that the North Eastern Council (NEC) undertake planning for the entire region, which will call for capacity building within the NEC, which needs to be taken up by the Central government. Capacity building of various institutions in the state is necessary also to effectively implement various programmes, including the many central schemes, to ensure that funds defrayed result in commensurate outputs and outcomes. Equally important is the need to build capacity in the bureaucracy in various aspects of governance, and to sensitise them to the needs of the market.

The most important area where capacity needs to be augmented is in drawing up and implementing plan schemes. There is considerable need to augment the capacity of various departments in identifying the projects, working out the social costs and benefits, and evaluating the projects after completion. Although there has been considerable improvement in implementing plan schemes, particularly as seen in terms of spending the allocated expenditures, much more remains to be done to transform expenditures into outputs and outcomes efficiently.

(vii) Ensuring Opportunities to Vulnerable Sections of Population

Meghalaya is a state with a predominantly tribal population — constituting over 80 per cent — and a significant proportion of them have a subsistence living. It is important to empower them to participate in the market in a productive manner to improve their standard of living. This involves a multipronged strategy. Enforcing their

rights to use the forest products in a sustainable manner and providing them knowledge and guidance in this regard, providing them the knowledge to improve their agricultural practices, enabling them to undertake organic farming in hill areas to replace shifting cultivation practices to ensure their sustainable development, and providing marketing opportunities for their products are some of the measures needed to empower them within their natural surroundings.

It must be noted that a number of youth belonging to various tribes in the state would like to become a part of the new economy. Their empowerment lies in ensuring access to modern education and skill development. This will enable them to be a part of the labour market in the new economy, enhance their productivity, impart confidence in them to move in search of productive opportunities. At the same time, it is necessary to provide an enabling environment to the development of the new economy to create productive employment opportunities for the qualified youth of the state.