

# Globalization and Poverty in North East Region of India

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**Abstract-** The impact of globalization on poverty eradication has increasingly become the focus of attention of all states' governments and organizations of north east India. During the last twenty five years of the globalization period we have seen both the positive and negative impacts on different aspects of the Indian economy. As well serious repercussions can be seen in the north east region of India which is dominated by the people of different tribes and ethnic groups having own cultural heritages. It is seen that there is a steady incremental tendency in the list of the millionaires and billionaires in the society on one hand and there has been a steady increase in the proportion of persons living bellow poverty line during the period. It reflects that the resources available are grabbed by the rich section of our society and making the poor either remain poor or to become poorer. In this paper, an attempt has been made to examine the impacts of globalization on poverty in the North East Region of India.

**Index Terms-** Globalization, Poverty, Economic Development, North East India

## I. INTRODUCTION

Globalization is a multi-dimensional changing process which stands for integration of national economies and development of world economy through free flow of capital, labour, goods, services, technology and ideas transcending national borders. The advocates of globalization show a bright and rosy picture of globalization that, it is a sole mechanism of market expansion which benefits all the nations equally. But the critics of globalization argue that it is a new face of colonialism which adversely affects the economy, politics and culture of the third world nations. However, the process of globalization has still remained a matter continuing controversy as it witnessed various consequences in the development process of the nations of the world.

India joined the club of globalize economy in 1991 when its economy was under the spell of fiscal and balance of payment crisis. The situation compelled her to initiate several structural adjustments which had opened the door of many new opportunities as well as formidable challenges. During the last twenty five years of the globalization period we have seen both the positive and negative impacts on different aspects of the Indian economy. As well serious repercussions can be seen in the north east region of India which is dominated by the people of different tribes and ethnic groups having own cultural heritages. It is seen that there is a steady incremental tendency in the list of the millionaires and billionaires in the society on one hand and there

has been a steady increase in the proportion of persons living bellow poverty line during the period. It reflects that the resources available are grabbed by the rich section of our society and making the poor either remain poor or to become poorer.

## North East Region (NER):

The North East Region (NER) of India comprises the seven contiguous states namely – Arunachal Pradesh, Assam, Monipur, Meghalaya, Mizoram, Nagaland, and Tripura. The region is located at the remote eastern corner of Indian union. The total geographical area of the region is about 2.62 lakh sq km, which covers about 7.9 percent of the country's total area. The population of the region occupies 3.7% of the country's population. But, more than 71% of the region's population lives in Assam alone. Originally the entire region was in Assam (excluding Sikkim). But latter on new six states have been created in the region at different time after independence. Therefore the seven states of the region are popularly known as the seven sisters. However, Sikkim has also been recognized as the 8<sup>th</sup> state of the region which is officially included in the North Eastern Council ( NEC) under the Ministry of Development of North Eastern Region (DoNER) set up in 2001

The region has some peculiar characteristics which are different from that of other regions of the country as -

- 27 percent area of the region is plain area and the remaining 73% is hills.
- The region is connected with the rest of the country through a narrow strip of land in West Bengal having an approximate width of only 22 km only.
- The region shares only 2% of its border with the main land of the country and the remaining 98% connected with international border.
- The region is the home of extraordinarily diverse mosaic of ethnic groups having distinctive social, cultural and ethnic identity. 70 major population groups speaking nearly 400 different languages and dialects.
- Although the potentiality of resources is very high, the region is still lagging behind in respect of economic development.
- Assam is the only state in Indian Union who has given birth of new six states after independence.

## II. POVERTY

'Poverty' is a relative term and it is not yet amenable to a single definition which is applicable for all the countries in all

times. It's meaning changes with the change in economic conditions of every country. A poor person in one country in terms of certain indicators of poverty measurement may be considered rich by the standard of other countries. However, efforts have been made to define poverty. Simply, it may be defined as a situation in which a person is unable to secure even his basic requirements of life. These requirements include minimum human needs in respect of food, clothing, housing, education, medical facilities etc.

Numerous studies on poverty have taken different indicators to measure the extent of poverty. Measurement in terms of per capita income may not always provide satisfactory result, since such measurement may conceal the concentration of income in a few hands. Expenditure per head too may not convey the meaning of measurement of poverty, because a person may have high income, but may not have the desire to spend. Considering these factors, choice of indicators for measuring poverty is extremely crucial as well as difficult. Keeping the views in mind in modern time apart from the per capita income and expenditure, some other indications of poverty measurement are used as like- the level of unemployment, govt. expenditure per head on health services, education and other social services. Another indicator of the level of poverty may be the literacy rate, since numerous studies have revealed that there is an important co relationship between poverty and illiteracy. A nation characterized by high level poverty also has a low rate of literacy. Thus the factors such as health, education, standard of living, security, social connections and housing quality etc. may be the more accurate measures in assessment of a person's poverty level than income alone.

### III. POVERTY LINE

Poverty line refers to that line which divides the people of a region into two categories, i.e. the Poor and the non Poor. In pre-independent India, for the first time Dadabhai Naoroji gave the concept of poverty line. For the estimation of poverty line Naoroji coined the term 'Jail Cost of living'. In post-independent India, the concept of poverty line is based on Calorie intake level. The planning Commission of India defined that those living in towns who do not get minimum 2100 calories (per person per day) from their food and villagers who do not get 2400 calories from their food are bellow poverty line. In other words, the people whose income is so low that they are unable to purchase the desired calories are regarded as the people bellow poverty line. The monetary expenditure needed for meeting these minimum calorie requirements is revised upward periodically taking into consideration of rise in the prices of consumption goods. For 2004-05, the estimation of poverty line in India was Rs. 356 per capita per month for rural areas and Rs. 458 for urban areas. In the same way in 2009-10, the poverty line was fixed for rural areas as consumption worth of Rs.672.8 per person per month and for urban areas it was Rs. 859.6.

However, Professor Amartya Sen makes a refinement to the usual Head-Count Ratio (H) of poverty measurement. According to him 'H' ratio is a crude and non-discriminatory measurement of poverty. His view is that, instead of examine the persons living bellow poverty line; income shortfall of each person from the poverty line should be examined. Because all the persons living bellow poverty line are not obviously identical. If the poverty line is fixed to be say Rs. 300/- per month and person 'A' may earning Rs. 299/-, person 'B' may earning Rs. 150/- and person 'C's earning

may be Rs. 100/- per month. In this case, although, all the three persons live bellow the poverty line, they are not equal or identical. In such a situation to know the extent of poverty, according to Sen, a weighted norm of the income shortfall of the poor persons can be viewed as a measure of poverty. This is the basis of the Sen's 'P' index for poverty measurement. According to him a poorer person's income shortfall should receive a higher weight than the income shortfall of a person who is richer than the first person despite being bellow the poverty line. If there are 'Q' people with incomes bellow the poverty line, then the income shortfall of the richest among the poor gets a weight of 1, the second richest a weight of 2, and so on, ending up with a weight of 'Q' on the income shortfall of the poorest poor

Poverty is today a worldwide problem. As per the latest statistics, almost half of the world people live without minimum requirements. Poverty is also one of the main problems of Indian economy. In its last five year plans, Governments have given priority in removal of poverty and solving unemployment problem. A huge amount of plan allocation is always earmarked in this line. But, even after more than 68 years of Independence, India still have the World's largest number of poor people. About 22% of India's population still lives bellow poverty line. It means almost one fifth of the country's population continues to live bellow the poverty line and most of the poor people live in rural areas of the country. Poverty is largest among the people of schedule Caste and Schedule tribes in the rural areas of the country.

Moreover, there are two measures in India to determine the extent of poverty - Relative poverty and Absolute poverty. Relative poverty refers to poverty of people, in relation to other people, regions and nations. It is interpreted in terms of inequality of income distribution. On the other hand, absolute poverty refers to the total number of people living bellow the poverty line. At present nearly 20 percent of the country's population is absolutely poor.

### IV. IMPACTS OF GLOBALIZATION ON INDIAN ECONOMY:

During the last two and half decades of the globalization period, we have seen both the positive and negative results. The globalization policy has helped the country to tide over the immediate balance of payment crisis. As a result of it, the growth rate of the economy has also gone up, export growth rate has increased, foreign direct investment has risen and the ratio of external debt to GDP has also fallen. These are the some of positive impacts of globalization on the economy. But there are several shortcomings also. It could not remove the poverty and unemployment as desired rate and it has widened the gap between the rich and poor. The benefits of globalization are not equally distributed and tend to be concentrated among the relatively few states particularly the more advance ones. The less developed regions like NE states have not been able to sufficiently harvest the benefits of globalization. It has also neglected our agricultural sector, which engages about 50% of the country's population. As a result the suicide case of farmer is seen to be increased during the period. Although the GDP growth rate has increased in the period, yet the reform led growth has not generated sufficient employment opportunities in the country. Moreover there has been decline in the rate of public investment, posing serious treats to the

domestic small and medium scale industries and also posing challenges to the sovereignty of the country. Now many policies of India are being formulated under the pressure of IMF, World Bank, WTO and Multinational Companies.

V. EXTENT OF POVERTY IN THE STATES OF NORTH-EASTERN REGION:

The impact of globalization on poverty eradication has increasingly become the focus of attention of all states' governments and organizations of north east India. Assam's ranked 19<sup>th</sup> in the GDP contribution shared 2.58% population of the country as a whole as per the 2011 census report. The poverty ratio is highest in Chattisgarh which is 39.9% and lowest in Andaman & Nikobar Island which is only 1% and it is 32.0% in case of Assam as per the census report.

The following table: 1 depicts a comparative picture of poverty ration of Assam and other states of north east India both in pre- globalization and post globalization period.

**Table: 1**  
**Percentage share by the states of NER of India in Area, Population, GDP & Poverty**

States	Area in Sq km	Shared Population	Share in GDP	Poverty Ratio
Arunachal	2.55	0.11	0.13	34.7
Assam	<b>2.39</b>	<b>2.58</b>	<b>1.52</b>	<b>32.0</b>
Monipur	0.68	0.24	0.14	36.9
Meghalaya	0.68	0.25	0.21	11.9
Mozoram	0.64	0.09	0.10	20.4
Nagaland	0.50	0.16	0.17	18.9
Tripura	0.32	0.30	0.26	14.0
Sikkim	0.22	0.05	0.12	8.2

Source: (a) Census of India, 2011; (b) Reserve Bank of India, 2015

**Table: 2**  
**Poverty Ratio in Rural and Urban areas of the NER states ( 2001)**

States	Rural ( %)	Urban ( %)
Arunachal	45.4	19.2
Assam	<b>45.0</b>	<b>10.2</b>
Monipur	38.2	18.5
Meghalaya	12.6	12.6
Mozoram	37.4	5.2
Nagaland	39.8	17.7
Tripura	43.8	15.2
Sikkim	28.6	7.5
All India	36.3	16.8

Source: National Institute of Rural Development ( NIRD) NERC report,2006

**Table: 3**  
**Poverty Head Count Ration in NER States vis-à-vis India.**

States	1973-74	1983-84	1993-94	1999-00	2004-05	2011-12
Arunachal	51.9	40.9	39.4	33.5	31.1	34.7
Assam	<b>51.2</b>	<b>40.5</b>	<b>40.9</b>	<b>36.1</b>	<b>34.4</b>	<b>32.0</b>
Monipur	50.0	37.0	33.8	28.5	38.0	36.9
Meghalaya	50.2	38.8	37.9	33.9	16.1	11.9
Mozoram	50.3	36.0	25.7	19.5	15.3	20.4
Nagaland	50.8	39.3	37.9	32.7	09.0	18.9
Sikkim	50.9	39.7	41.4	36.6	31.1	08.2
Tripura	51.0	40.0	39.0	34.4	40.6	14.0
All India	<b>54.9</b>	<b>38.9</b>	<b>36.0</b>	<b>26.1</b>	<b>37.2</b>	<b>21.9</b>

Source: Planning Commission Report, 2014

It is seen from the above table that the poverty headcount ratio in India as a whole has declined from 54.9% in 2073-74 to 21.9% in 2011-12. Among the north eastern states, Sikkim has commendably lowered the headcount ratio from 50.8% in 1973-74 to 8.2% in 2011-12, which is followed by Meghalaya and Tripura. In Assam it has declined from 51.2% in 1973-74 to 40.9% in 1093-94 and then to 32.0% in 2011-12. As per the latest data the extent of poverty in Assam has been much larger than the national average. Moreover Assam shows a greater reduction in the proportion of rural population coming out of poverty than their urban counter parts. In rural Assam, the BPL segment fell nearly three percent point from 36.4% in 2004-05 to 33.6% in 2011-12.

The poor performances of Assam economy is also reflected in comparison of the state 's per capita income. In 1050-51, the per capita income of Assam was Rs. 229.2 which was higher than India's per capita income Rs. 245.5 and then Assam was in 5<sup>th</sup> rank among the states and UTs of the country. It was in 10<sup>th</sup> position in 1970-71, 25<sup>th</sup> in 1980-81, 19<sup>th</sup> in 1990-91, 25<sup>th</sup> in 2000-01, 29<sup>th</sup> in 2010-11 and finally 30<sup>th</sup> in 2013-14, ( GOI: Economic Survey) i.e, 4<sup>th</sup> place from the bottom. It is seen that competitive strength of Assam economy goes down despite its so-called Special Category State status till today.

The state government has been giving special thrust for elimination of rural poverty as well as upliftment of economic condition of people in rural areas. To achieve the objectives, the state governments well as the central government of India have been implementing various rural development and poverty alleviation programmes and the responsibilities of implementation of these programmes have been entrusted on the Panchayat and Rural development department of the state. A number of measures have been made in India's development plans in the direction of poverty alleviation. But these programmes have not shown desired result. The basic cause behind the bad results is defective delivery and mechanism of the govt. organization. Poverty can be effectively eradicated when the poor start contributing to growth by their active involvement in the growth process.

VI. CONCLUSION

Development of a region solely depends on its infrastructure. Without a sound infrastructural base a region can not develop economically. Assam, especially in its rural areas still lacks the basic infrastructural facilities and it is one of the main constrains economic development of the state. Since poverty is a complex and mix problems, a multi- pronged approach is required to reduce it. The problems faced by the poor people of the state have to be examined carefully and need based development

programmes should be implemented with proper monitoring specially in the field of infrastructure, education, economy and health in priority basis.

To conclude it can be mentioned here that the concept 'Glocalization' rather than Globalization has been coming into effect for development of many backward localities. The glocalization is a new terminology and combination of two words "globalization" and "localization". 'Think globally and act locally' – is the motto of the new terminology which encompasses the local sentiments in global connectedness. This approach may be appropriate for poverty alleviation and economic development not only in the state like Assam but also for the Indian economy as a whole.

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