



Summary Report for the State of Meghalaya



1. Demography

As per Census population projections for 2023, Meghalaya has a population of 3.3 million and represents 0.3 per cent of the country's population.¹ The State's projected population growth, at 0.9 per cent, is equal to the national average, as of 2023. The State's population density, at 132 people per sq. km., is markedly below the national average, while its dependency ratio, at 80.1 per cent, is above the national average, as per 2021 projections. According to the 2023 projections, majority of the State's population lives in rural areas, with only 20.6 per cent of its population residing in urban areas. As per the National Family Health Survey (NFHS V), the State's sex ratio, at 989 females per 1000 males, is higher than the national average of 929 females per 1000 males.

As of 2022-23, the State's unemployment rate, at 6 per cent, and the Female Labour Force Participation Rate, at 60.9 per cent, are both appreciably higher than the respective national averages. The working population in the State is predominantly concentrated in the Agriculture (47 per cent); Services (31.5 per cent); and Construction (17 per cent) sectors, in that order.²

2. Economic Structure (Growth and Sectoral Composition)

Meghalaya's real GSDP grew at an average rate of 2.1 per cent during the period 2012-13 to 2021-22, which is much lower than the national average growth rate of 5.6 per cent.³ The State's share in the country's nominal GDP is 0.2 per cent and its nominal per capita income is 32 per cent less than the national per capita income, as of 2021-22.

Among the major sectors of the economy, the Services sector has a share of 59.4 per cent in the State's GSVA, followed by the Industry (29.3 per cent) and Agriculture (21.6 per cent) sectors, in that order. During the period 2013-14 to 2022-23, these three sectors grew by 5.2 per cent, -2.7 per cent, and 3.7 per cent per annum, respectively.⁴

3. Socio-economic Indicators

Meghalaya's literacy rate, at 74.4 per cent, is slightly higher than the national average of 73 per cent, as of 2011.⁵ As of 2016-17, the State had a higher school drop-out rate (28.1 per cent for Classes VIII to X) as compared to the national average. However, the percentage of students passing Class XII (82.7 per cent in 2015-16) is below the national average. The Gross Enrolment Ratio at the Higher Secondary level (43.4 per cent in 2015-16) and at the Higher

¹ Projected data on population growth rate, dependency ratio, population density, and urban population is sourced from "Population Projections for Indian States 2011-2036" by the Technical Group on Population Projections, National Commission on Population, Ministry of Health and Family Welfare, Government of India.

² Data on unemployment, female labour force participation, and workforce distribution is from the Periodic Labour Force Survey, 2017-18 to 2023-24.

³ Data on Economic Structure is sourced from the Ministry of Statistics and Programme Implementation (MoSPI), as of August 2023.

⁴ Data use is sourced from MoSPI, as of March 2024.

⁵ Literacy data is sourced from Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, 2011.

Education level (25.8 per cent in 2021) are both lower than the respective national averages.⁶ For the age group 18 to 23 years, the Gender Parity Index in higher education (the ratio of girls to boys enrolled in higher education institutions) is higher than the national average, while the college density is below the national average, as of 2021.⁷

In terms of health indicators, the Infant Mortality Rate, at 29 deaths per 1000 live births, is slightly higher than the national average, while the Total Fertility Rate, at 2.9 children per woman, is one of the highest among all States, as of 2019-21.⁸ The share of fully immunised children (63.8 per cent) is lower than the national average as of 2019-21. The State has shown improvement in the “quality of life” indicators over the decades. However, the households’ access to drinking water (79.2 per cent) is much lower than the national average, whereas access to sanitation facilities (81.7 per cent) is above the national average and access to electricity (92 per cent) is lower than the national average, as of 2021.

4. State of Public Finances

Meghalaya’s debt-to-GSDP ratio, at 44.1 per cent in 2022-23, is much higher than that of a median state.⁹ Its contingent liabilities, at 7.9 per cent of GSDP, are several times higher than those of a median State, as of 2022-23.¹⁰ The fiscal deficit and primary deficit, at 4.4 per cent and 1.9 per cent, respectively, are both higher than that of a median State, as of 2022-23. The State had a revenue surplus of 3.5 per cent of GSDP in 2022-23, which is higher than a median State’s revenue deficit of 0.4 per cent.

As of 2022-23, Meghalaya collected a total revenue of 41.3 per cent of GSDP, which is higher than the revenue of the median State. Its expenditure-to-GSDP ratio, at 45.7 per cent, is much higher as compared to that of a median State.

Meghalaya’s share in taxes from the Centre, as per the recommendations of the Finance Commission (FC), increased from 0.6 per cent under the 14th FC to 0.8 per cent under the 15th FC. The State’s share in the total grants-in-aid has also increased by 0.3 percentage points, from 0.4 per cent under the 14th FC to 0.7 per cent under the 15th FC.

5. Fiscal Rules

The Meghalaya Fiscal Responsibility and Budget Management Act, 2006, was enacted under the 12th FC’s recommendations. It establishes fiscal targets to reduce revenue and fiscal deficits, reduce outstanding liabilities, and bring out annual statements for the State economy

⁶ Data on drop-out rates, pass percentage of students and Gross Enrolment Ratio at Higher Secondary Level is taken from Unified District Information System for Education, 2015-16.

⁷ Data on Gross Enrolment Ratio at Higher Education Level, Gender Parity Index, and college density is taken from the All-India Survey on Higher Education, 2020-21.

⁸ Data on health variables is sourced from National Family Health Survey and the Sample Registration System

⁹ Data on fiscal variables is sourced from Reserve Bank of India, State Finances Report, as of December 2023.

¹⁰ For calculation of a median State, the variable as a percentage of GSDP was computed for each State, with the median across 22 major States shown (excluding all Union Territories and the North-eastern States, except Assam). The Macro and Fiscal Landscape State brief includes this benchmark in the States’ Median (Large States), Column 6, Table 4A.

and related fiscal strategy.¹¹ Since 2006, the Act has been amended seven times in 2007, 2011, 2015, 2020, 2021, 2022, and 2024.

The fiscal targets under these amendments have been modified as follows:

Revenue Deficit: The initial Act mandated the State to eliminate revenue deficit completely by 2008-09. The 2007 amendment required the State to maintain revenue surplus at the same level as that of the base year 2003-04. The 2011 amendment shifted the revenue surplus targets and required the State to align these with the 13th FC recommendations. The 2015 amendment required the State to maintain revenue surplus during the award period of the 14th FC.

Fiscal Deficit: The 2006 Act required the State to reduce its fiscal deficit as a percentage of GSDP in each of the financial years as per the yearly reductions in a manner that would enable the State to achieve a fiscal deficit of 3 per cent by 2008-09. The 2011 amendment shifted the target of reducing fiscal deficit to 3 per cent of GSDP by 2014-15. The 2015 amendment required the State to maintain fiscal deficit at 3 per cent of GSDP with a maximum permissible limit of 3.5 per cent. The 2020 amendment mandated the State to maintain fiscal deficit to an annual limit of 4.1 per cent of GSDP as a special dispensation during the financial year 2019-20. In view of the COVID-19 pandemic, the State was given the flexibility for an additional borrowing of 2 per cent of GSDP above and beyond the previous 3 per cent limit in 2020-21. The first 2022 amendment required the State to maintain fiscal deficit to an annual limit of 4.5 per cent during the fiscal year 2021-22 and the second amendment brought down the limit to 4 per cent of GSDP during the fiscal year 2022-23. The 2024 amendment mandated the State to maintain fiscal deficit to an annual limit of 3.5 per cent of GSDP during the fiscal year 2023-24.

Total Outstanding Liabilities: The original 2006 Act required the State to ensure that its total outstanding liabilities on the consolidated fund would not be more than 28 per cent of the GSDP. The 2011 amendment mandated the State to ensure that its outstanding debt would be aligned as recommended by the 13th FC and its outstanding debt-to-GSDP ratio should progressively be reduced from 32.7 per cent during 2011-12 to 31.7 per cent during 2014-15.

Fiscal Discipline: As per the State Finances Audit Report of the Comptroller and Auditor General of India (CAG), during the period 2017-18 to 2021-22, the State missed achieving the revenue deficit targets thrice (2019-20 to 2020-21) as well as the fiscal deficit targets (2018-19, 2020-21, and 2021-22). It also failed to achieve the targeted ratios for the outstanding liabilities for all the five years.

¹¹ Data is sourced from the State Audit Report of the CAG for the respective years and the State Government Gazette.