

Sikkim Development Report



सत्यमेव जयते

PLANNING COMMISSION
GOVERNMENT OF INDIA
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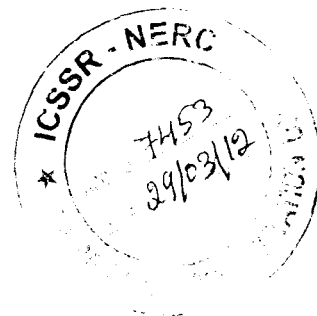
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Executive Summary

Situated on the northeast border of the country, Sikkim is a uniquely positioned mountainous state having international borders along three-fourths of its boundary. The planning process in the state was initiated in the 1950s, but it was only in 1975 after it joined the Indian union, that Sikkim's developmental agenda was placed on a fast track. Although overall social development is relatively high in the state, its small size, poor connectivity with the rest of the country, and shortage of skills and expertise have kept per capita incomes low, and poverty high.

The *Sikkim State Development Report* attempts to assess the main strengths and weaknesses of the state in achieving a high level of development. Based on the analysis of the economy's fundamentals, it recommends a development strategy that takes into account the state's potential and builds on its strengths: a peaceful environment, diverse agro-climatic topography, supply of cheap labour and vast potential in tourism, hydro-power, and horticulture. The sustainable developmental strategy recommended will seek to (i) empower people by strengthening the social infrastructure, in the form of education and skill formation and easy access to good health systems, and physical infrastructure, such as a good connectivity and communications network, quality energy supply, and (ii) vastly changed role for the government as an enabler rather than a direct participant in the production-distribution processes.

Economic Growth, Structural Change and Employment

Even though nominal growth has been 15.5 per cent per annum since the 1980s, real growth in the economy decelerated from 11 per cent in the 1980s to 9 per cent in the 1990s. Per capita income grew at around 6 per cent per annum. This period has seen a structural

change in favour of services at the cost of the primary sector, while the share of the secondary sector in GSDP remained somewhat constant. Disappointingly, while secondary sector grew at about 12 per cent in the 1990s, manufacturing growth was only one per cent, and the 13 per cent growth in services was driven mainly by the expansion of public administration and 'other services.'

Any development strategy in Sikkim has to focus on an expansion of new avenues for employment. Recent estimates indicate a worsening unemployment situation in the state with an increasing number of educated entering the job market, and shrinking of employment within the government. The government's role has to shift from direct job creator to facilitator. It has already taken steps towards shifting from low-quality employment to high-quality employment by increasing avenues for skill formation and provision of seed capital. New avenues for employment will have to be found in tourism and horticulture, which if developed appropriately can also deal with another of the issues plaguing the state—the rapid urbanisation, and environmental and infrastructural incapacity of urban centres to deal with the influx. The proposed promotion of industries such as agro-processing, knowledge-based services, and the state as a hub for healthcare and education is expected to spawn demand for different levels of skills and expand the employment base in the state.

Social protection can be ensured by enforcing labour laws, but this cannot be done at the expense of labour market flexibility and industry competitiveness.

Natural Resource Management and Sustainable Development

Any strategy for development has to be sensitive to the fragile environment of the state. Sikkim is one of

the richest states in India in terms of biodiversity and natural resources. With fragile mountain ecology threatened by landslides and floods, it is difficult to strategise development priorities maintaining the environmental needs of the state.

More than 80 per cent of the population, directly or indirectly, depends on the natural resources of the state. Since land is very scarce in the state, food security is the prime issue of concern. With growing population, unemployment in the state is becoming unmanageably high, a direct consequence of which is poverty. These fundamental issues can partly be tackled with proper planning in natural resource management.

There is an immediate need to take proper measures for land, soil, and water conservation. This will ensure sustainable growth in agriculture, forestry and animal husbandry, and improve livelihoods of the masses. By widening the protected area network, introducing regulations in trekking and other tourist activities and training programmes for registered porters and tourist guides, the state can ensure sustainable tourism. Restricting biopiracy and developing a good patent information centre in the state would restore resources drained in the absence of patents. With proper planning in disaster management and mitigation, the state can minimise unplanned losses. NGOs and CBOs should be given more autonomy to sensitise people and build awareness regarding the major environmental hazards in the state.

The garbage disposal system in the state needs to be reformed thoroughly. The 'no plastics' policy of the state has not been fully successful. The new moves in the Action Plan for municipal solid waste management are in the desired direction. There should be a separate plan of garbage disposal for the tourist destinations to attract high value tourists.

Vehicular emission is the major source of air pollution in the urban areas and tourist destinations of the state. New improved standards like 'Bharat Stage 2' should be proposed to control excessive vehicular pollution. Exploring the options of CNG in terms of cost-benefit analysis in the state might provide new solutions to the problem.

Ambient air quality is in line with national norms, but drinking water especially in rural areas needs attention. There have been some major moves in maintaining water quality. Water treatment plants and water testing laboratories have been proposed for all districts; the water-testing laboratory in the east district has started functioning. There are plans to

involve schools in the water quality improvement programmes by testing water quality in their laboratories with the spillover benefits of raising awareness among children.

Fiscal and Financial Management

Fiscal consolidation will have to focus on ensuring a healthy growth of revenues, diversifying the resource base and ensuring expenditure efficiency and accountability. Despite a relatively small own-revenue base, typical of most hill states with their limited industrial activity, both own-tax and non-tax revenues were on the upswing till recently, buoyed by receipts from lotteries, state income taxes and sales taxes.

The Tenth Plan projected outlay at Rs. 1656 crore is higher than the Ninth Plan outlay by 47 per cent. Of this, state's own resources are projected to be Rs. 95.5 crore. Sikkim is one of the three northeastern states that could make a positive contribution in financial resources towards the Tenth Plan. The flow of grants from North East Council (NEC) and Ministry of Development of North Eastern Region (DONER) are already showing signs of rising.

Though the state's dependence on central transfers has shown a decline, it still constitutes about 80 per cent of revenue receipts. On the expenditure side, capital outlays are a high 20 per cent of GSDP, based on a larger plan size and the state's positive contribution to plan financing, unlike many other northeastern states. However, the rapid growth of the wage and pension bill has put the state under fiscal stress, and an increase in debt servicing on account of repayment of loans and interest, is pushing the state towards a debt trap. With a debt-to-GSDP ratio of around 80 per cent, the crucial question is whether the present fiscal regime is sustainable.

To push forward the development strategy, the state needs more resources, but it also has to decrease its dependence on the centre. Fiscal reforms need to aim at augmenting revenues and more effective management of public expenditure for better delivery of public services and restructuring to release resources for developmental projects envisaged in this report. Reform measures initiated by the state under the Memorandum of Understanding (MoU) and the Medium Term Fiscal Restructuring Programme (MTFRP) have been satisfactory. The state has begun to initiate fiscal reforms and has initiated measures to spread the awareness of imperatives of reform to the electorate. However, realising the full development potential will

require overhauling the entire system, as piecemeal attempts will not be sufficient.

As own revenue constitutes a small percentage of state's revenue, the state should explore new avenues of resource generation. The vast revenue potential from hydel power is virtually untapped. Other revenue-augmenting measures include phasing out power subsidies, raising vehicle registration fees and making state income tax more progressive. The state needs to take some quick decisions on state public sector enterprises as closed enterprises have been draining resources over the years. With regard to local bodies, the state is advised to follow the recommendations of the State Finance Commission. Steps taken so far to consolidate and strengthen the functioning of the rural local bodies have been exemplary. However, state may ensure a corruption-free system where there is no room for patronage and political affiliation.

Education

Education in the state received a tremendous boost with the state's merger in 1975, in terms of infrastructure and training. There has been a notable decline in school dropout rates especially in the lower grades, and the gender gap in school enrolment has fallen between 1981 and 1991, and the state has one of the lowest teacher-pupil ratios in the country. The state has since witnessed a marked improvement in its effective literacy rate (69.7 per cent in 2001), although female literacy is still lagging substantially behind.

The quality of education particularly in the government system has been a major concern. The declining quality of teachers is attributed to the recruitment process, which is based on the 'sons of the soil' policy. More recently, the state has been encouraging an exchange of goods, knowledge, skills and institutions from other parts of the country (such as the Sikkim Manipal University set up in 1998) and abroad.

Reforms in the education system are needed in areas such as rationalisation of the functional powers and composition of the education department, proper planning, effective monitoring and evaluation, teachers' training and making *panchayats* responsible for the functioning of primary schools. Unproductive manpower in the education department should be phased out gradually and redeployed in terms of locations and functions.

Massive institutional revamping is required which should include the setting up of Board of Secondary

Education, University Management Board and Private Institutions Regulatory Board. Teachers' training should be made compulsory with every five years cycle at all levels in both government and private schools. All the teachers must be exposed to other schools and institutions within and outside the state. Capacity building of *panchayat* members for effective management of primary schools should be steadily carried out.

Primary schools with thin enrolment should be closed down. Students could be brought to nearby boarding schools. Teachers released should be redeployed. School maintenance rather than expansion in numbers and upgradation should be the major thrust. At least 25 per cent of the education outlay should be devoted to maintenance for at least next 8-10 years.

Indiscriminate subsidies in education have been counterproductive; subsidies need to be better targeted and preferably merit-based, which will allow the release of funds that can be put to better use, such as, school maintenance. There is also an urgent need for a proper database and information network in the state's education system.

Most of the central projects including the Sarva Shiksha Abhiyan (SSA) have been extended to Sikkim. However in many cases, there is little dissemination of information about the programmes, involvement of agencies other than the government has been limited and there is a conspicuous absence of monitoring and evaluation mechanisms. In many cases, the distribution of benefits are unbalanced both geographically, and demographically.

The state should have a very clear higher education policy. With the massive expansion of facilities at lower levels, the numbers qualifying in the higher secondary examination are rising steadily. There has been considerable enthusiasm and a growing need for expanding access to higher educational institutions. Having its own university will impart a 'completeness' to the state's education system and provide a new thrust to research and academic activities.

Sikkim requires an array of technical institutions related to IT, tea, tourism, health, horticulture-floriculture, biotechnology, engineering, mountain ecology, mass media, management and fashion technology. Opening of one good technical and professional institution could make a huge difference in the quality of human resources, local economy and future orientation of its people. All these institutions also have direct links with the tourism industry.

The Investment Policy 2003 is promoting the state as an educational hub, which should have employment-generating benefits. Sikkim's comparative advantages in the social, geo-climatic and economic spheres can be leveraged to make it a major destination for the educational and professional institutions, attracting students from neighbouring states and countries as also from the non-resident Indian population.

Health

Government efforts to increase access to health services took off after 1975, and today Sikkim's health indicators are above national averages. Crude birth rate was 21.8 in 2000 (against 25.8 for India) and crude death rate was 5.7 (against 8.5 for India). By 2002, 90 per cent of infants were immunised against the six killer diseases. However, even though the share of people below the poverty line has steadily decreased, malnutrition continues to be an issue.

The changing nature of health requirements and the pressure on health amenities are the major challenges in the health sector. Health problems arising from environmental pollution, improper sanitation, and contaminated water persist in both the urban and rural areas, and there is a gradual emergence of coronary diseases, AIDS, and diabetes in urban areas. These, and the re-emergence of diseases like tuberculosis will place enormous pressure on the public facilities.

Even though the state has a higher number of doctors and nurses than the national norm, the health system suffers from inadequacies and lack of appropriate planning. There is a shortage of necessary infrastructure, quality of health staff and availability of medicines.

The management and maintenance of the massive infrastructures and deployment of the health manpower are major concerns. This will be heightened by the increase in the incidence of diseases arising out of both poverty and stress factors. This is where the role of non-governmental organisations comes into the fore. All the primary health centres should therefore, be handed over to the *panchayats* who could run with the support of reputed NGOs which are already involved in providing health education awareness in hygiene and other communicable diseases.

The mountainous terrain hampers the timely and efficient delivery of health services in the interior regions. Interventions like those provided by AUSAid and the Sikkim Manipal University could improve efficiency in health management. Health insurance

could be considered as an option to the indiscriminate provision of treatment to patients referred outside state hospitals. The 15 per cent gap in male and female literacy rates has had serious implications on women's health. The emphasis naturally should be on preventive health, through very specialised and focused efforts to increase awareness and through education.

Sikkim is the land of faith healers. There has been a long-felt need to record traditional systems of medicine (TSM)-related knowledge and to examine whether natural biodiversity components are being used effectively for healthcare. In the absence of any systematic study, it is very difficult to assess their vanishing traits on the population.

The state needs to upgrade and rationalise the health information system. The lack of institutionalised monitoring and evaluation mechanisms for health-related projects has made the system slow, tardy, insensitive, and inefficient.

The health sector can be promoted as a potential avenue for investment, which would have revenue-enhancing and employment-generation benefits. The health insurance as a second-generation reform measure must be encouraged both to make the health amenities more sustainable and efficient use of health and financial resources.

Infrastructure

Economic progress is intrinsically linked to connectivity. For Sikkim, in the absence of rail or air services, roads are the only life line. But the slow pace of expansion and poor maintenance of the road network is worrisome. The construction of road network should receive high priority and it should no longer be used to serve short-term goals such as employment-generation. Professional firms have to be involved in the mechanised construction of roads, which should be sanctioned only after conducting a thorough environmental impact assessment.

A good telecommunications system could help overcome some of the geographical and locational disadvantages of the mountainous state, and compensate for the lack of a good road network. Information Technology has made a promising start with the establishment of several CICs across the state, some in relatively remote villages. The full potential quality of life of people in remote areas needs to be explored.

Sikkim's hydropower potential of 8,000 MW remains largely unharnessed, and the state contributes only 0.2

per cent to the total installed hydel power capacity in the country. Energy sources have been used inefficiently and imprudently. Power generation and its supply continue to remain a state monopoly. Energy prices have been kept low, revenue collection is unsatisfactory and transmission and distribution losses abound. Further, the distribution network is inefficient and technically unsound, management of the utilities is poor, the utilities are overstaffed and the employees lack adequate training and discipline.

A majority of the people are willing to pay a higher tariff for ensured regular supply of quality power. But this calls for the time-bound restructuring of the power sector. Rural electrification has been the most daunting task in Sikkim. The state has announced full rural electrification, but the use of electricity in villages is still very limited.

Investment in the power sector in the state must be made more broad-based and competitive. For this the state has to make its investment policies and enabling laws attractive as well as investor friendly. The thrust on power development in the state should be in power trading and export. A serious and institutionalised machinery should be set up for this purpose urgently. The possibilities of power trading with other states and the neighbouring countries should be explored. Neighbouring Bhutan is an apt example of how hydel power potential can transform the entire economy and development orientation.

The environmental impact assessment studies for the power projects should be carried out in a more transparent, open, and all encompassing manner particularly in terms of involving the local stakeholders. This is rather a necessity.

The harnessing of opportunities generated by the reopening of the Nathu La trade route in 2006 would largely depend upon the development of infrastructure. The Nathu La Trade Study Group has stated that the preparation on the Chinese side is being done on a massive scale whereas it is not to be found so on the Indian side. The most crucial 143 kms road link between Siliguri and Nathu La via Gangtok requires significant upgradation. The highway is also expected to act as a vital link to the old trade route between India and Tibet/China through the Nathu La pass. Efforts to improve the highway and link it with the pass are being looked after by Sikkim Industrial Development and Investment Corporation Limited (SIDICO). Future plans for the highway include linking it with the east-west corridor and with the golden

quadrilateral, so that the state becomes better integrated with the other parts of the country.

Given the expectation, the nature and composition of trade through Nathu La and the topographical constraints on the existing Jawaharlal Nehru Road from Gangtok to Nathu La, the search for alternative roads to reach this pass is already on. The multiple routing to reach Nathu La should be explored both to avoid congestion and minimise the uncertainties caused by weather/climatic conditions. This would also reduce environmental degradations. Given the extent of infrastructure required and the likely gains in the long run, the Nathu La Trade Study Group has recommended a one time Infrastructure Development Package of Rs. 1650-1700 crore. This would greatly facilitate the development of the trade route both within Sikkim and its periphery areas in Darjeeling district.

Agriculture, Horticulture and Animal Husbandry

The vital role that these sectors play in the state's economy makes it imperative that development strategies are focused on them. Around 64 per cent of the working population is dependent on agriculture for a living, and 89 per cent is rural based. Productivity has been low and declining across all these sectors, and while agriculture and animal husbandry are conducted as subsistence vocations, horticulture, especially large cardamom and ginger and flowers have great potential for commercial production. However, the absence of strong marketing links and storage facilities, and high transport costs have given farmers little incentive to increase production.

Overall strategy should involve a shift from providing free inputs to farmers to improving vital infrastructure such as irrigation, strengthening marketing links and promoting private initiatives in areas like animal health, feed and fodder supply, nurseries and storage facilities. The application of scientific and more technologically advanced farming methods is becoming imperative. A basis for this can be laid by promoting better-directed, state-relevant research in the many research institutes located in Sikkim, and better dissemination of successful outcomes.

No agri-based value addition is done within the state, and oranges, once made into juices and jams within Sikkim, are now exported to Bhutan for processing. There is tremendous potential for value addition in the form of fruit processing, cardamom-oil

extraction, ginger-preserving, etc., which needs to be tapped for its employment and revenue-generation potential. The agri-export zones proposed for some horticultural products are expected to strengthen the horticulture supply chain from the farmer to the market, and create jobs, but this initiative has been slow to take off.

The government intends to declare the entire state 'organic' by 2009. However, given the high transition costs, large scale research and extension into organic practises and methods appropriate for Sikkim and creating organic marketing links, the preferred option should be to promote organic farming in a selective manner.

Industry and Trade

Despite positive real growth in the state, industry has been lagging in terms of employment and output. The Industrial Policy, 2003 identifies and announces incentives for areas such as agro-based industry including tea and medicinal plants, tourism-related industry, knowledge-based industry, and developing Sikkim as a hub for education and health. However, it is questionable whether financial concessions alone can attract entrepreneurs, without adequate infrastructure and requisite skills and expertise among the working population.

In view of the fragility of the environment and lack of comparative advantage for many industries, only selected industries ought to be promoted. The strategy for industrial development should have both micro-level and macro-level components. Micro-level policy will provide inputs and information to individuals, expand the scope of the CICs, and use local bodies to identify households capable of initiating businesses in agro-based industries, handicrafts, and tourism. Macro-level policy will focus on setting up growth centres, to circumvent constraints related to availability of land and infrastructure, formation of an investment board, developing a marketing network and strengthening infrastructure, especially power, transport, and communication.

The reopening of the traditional trade route between Sikkim and Tibet Autonomous region of China in 2006 is to transform the entire development process in and around Sikkim into a robust and flourishing system. For Sikkim, its geographical location has been the main constraint in its development. However, the Nathu La trade route has made the same geographical location the most advantageous location.

There are indeed very distinct advantages. The Nathu La Trade Study Group has estimated that on the higher side projection, trade flow through Nathu La will be \$ 48 million (Rs. 206 crore) by 2007, \$ 527 million (Rs. 2266 crore) by 2010 and \$ 2.84 billion (Rs. 12,203 crore) by 2015. On the lower side projection, trade volume passing through Nathu La route will be Rs. 353 crore in 2010, Rs. 450 crore in 2015, and Rs. 574 crore in 2020.

Besides generating a huge revenue for the state in terms of license fees, toll taxes etc, trade-related activities could lead to direct employment of 4000 to 10,000 persons per annum (including drivers, cleaners, mechanics, loaders, warehouse keepers) and other major cascading impacts like income and employment through opening of restaurants, shops, petrol pumps, telephone booths, banking, hotels and other civic and administrative amenities on the roadside.

There is marked potential of investment activities on both sides of the border in Sikkim and Tibet Autonomous region of China in the aftermath of the reopening of Nathu La trade route. Despite so many concessions extended by the Government of Sikkim, very few investors have come to the state in the past. One of the main reasons attributed to the shyness of investment in the state is the high transport cost and limited market options. Therefore, once the Nathu La trade route is reopened, Tibet and mainland China will act as additional marketing outlets. This is bound to encourage and trigger investment activities in Sikkim and surrounding areas.

Tourism

The state's rich natural and cultural resources have not been developed to their full tourism potential. Efforts by the tourism department and travel operators and hoteliers have slowly begun to impact on the pattern of tourist traffic. If developed in a sensitive manner, tourism can be one of the main avenues to create employment to the youth and accelerate sustainable development.

The government has a clearly enunciated commitment to promoting alternate forms of tourism which are also the new leisure time activities across the world. More relaxed permit systems and the opening up of the Nathu La pass are expected to boost tourist traffic. The World Tourism and Travel Council has predicted that travel and tourism demand in India will grow by 8.8 per cent per annum, in real terms, between

2004 and 2014. Sikkim is in a good position to take advantage of this growth.

To be in line with the overall development paradigm for the state, tourism development will have to be sustainable—environmentally, culturally, and economically—with a focus on ‘non-mass’ segments, such as eco-tourism, adventure tourism, village tourism. This will entail a shrinking role for the government in the active provision of tourism services and the increasing participation of private providers. Rural communities and village-based NGOs will play an important part in making a success of rural tourism, spreading environmental awareness, training local people and ensuring a more equitable dispersion of the benefits. The government in turn needs to be actively involved in providing enabling infrastructure, preserving natural habitats, promoting the state as a whole, enabling the involvement of other agencies and, most important, regulating tourism services and initiatives.

The Nathu La Trade Study Group has recommended integration of trade with tourism between Sikkim and Tibet Autonomous region of China by 2012. For this a fresh bilateral legal framework needs to be set up to facilitate the movement of tourists across the border. The Group also recommended that by 2018, these tourism linkages should be extended to SAARC tourism thereby integrating tourism activities of third countries of the region including Bangladesh, Bhutan and Nepal. This would mean opening up all the SAARC tourists to cross the border through Nathu La.

A modern museum that would house all the artefacts, archival materials, memoirs and other objects related to various missions, agreements, and physical exchanges regarding Nathu La trade may be set up at Nathu La.

Rural Development

Sikkim’s economy is basically rural. The vast majority of the population (around 90 per cent) is rural-based. Agriculture is the most important occupation. Mixed farming with animal husbandry is also common. Poverty and unemployment are the twin blocks of rural development. Most of the poverty alleviation programmes have failed to generate the expected levels of income and employment in the state.

The pattern of growth in rural employment over the last decade is not very healthy. A fall in the proportion of main workers and a drastic rise in the proportion of marginal workers accompany the rise in the proportion of total workers. East and south, with relatively greater

concentration of industries and tourism opportunities have witnessed a slightly better pattern with a rise in the proportion of main worker. In the north the proportion of total workers has risen, with the most pronounced rise (in terms of percentage points) in the proportion of marginal workers mostly because of migration. West recorded a rise in the proportion of non-workers, which is even worse.

Rural connectivity is one of the biggest challenges for policy making in Sikkim, and progress on building rural roads has been slow. Housing and access to basic amenities such as electricity, drinking water and toilets, however, have improved for rural households which, indicates an improvement in the standard of living. Given the stagnancy in employment generation, some of this improvement can be attributed to housing and other policy initiatives. However, a superficial growth of houses has resulted from the model village schemes, the sustainability of which is questionable.

Sikkim has a strong two-tier *panchayat* network with four *zilla panchayats* and 166 *gram panchayat* units, with two traditional *zumsas* still operating as self-governments in the north district. From 2003 onwards decentralisation of financial power to the *panchayats* has been effected. Efforts are on to make the process a success by effective capacity building of the elected representatives to suit the changing scenario of *panchayati raj* institutions.

Development of Forest Resources

Deforestation is a critical issue for the state’s fragile environment. Despite its many traditional forest laws, steady deforestation took place in the past, mainly because of energy needs, land diversion for development activities, commercial deforestation, forest fires, grazing and natural calamities.

Forestry, if linked to the rural development, could benefit a large number of people. If afforestation were made part of the rural development schemes, and part of people’s livelihoods, this would naturally lead to forest protection. One way would be to link afforestation with the ‘food for work programme’ so as to match generation of income, employment, and environmental protection.

The poor coordination, low productivity and dismal usefulness of most of the central institutions working on forest, agriculture, and environment located in Sikkim should be put to a halt urgently. They should be made more purposive and useful.

The state has a wide and undiscovered development frontier in the scientific and commercial harnessing of its medicinal plants. To explore this to its full potential, it is important to: i) develop a well-planned strategy to explore medicinal plant-wealth of the state; ii) explore methods of propagation; iii) encourage sustainable harvesting of plants from the wild; iv) involve small farmers and communities in their cultivation; and v) conduct phyto-chemical, pharmacological and pharmacognostic studies on commercially exploitable species.

The TRIPS requirements under the WTO will have major relevance for a biodiversity rich state like Sikkim, which will have to address issues varying from patenting to livelihood. A national institute for natural resources management should be set up as a centre of conservation techniques, and one of its first tasks will be to develop a biodiversity data bank and status report of plant species. Scientific monitoring of biodiversity should be initiated largely based on participatory process at the grassroots level. NGOs have begun playing a role in environmental management. However, there needs to be an independent, non-governmental mechanism to promote and regulate NGO activities in the state.

Urban Development

Although Sikkim is still primarily an agrarian state, its urban areas have begun to experience the pressures of urbanisation mainly because of growing migration. Migration is likely to continue in the medium term. Rapid urbanisation has not been matched by appropriate planning and management, investment in urban systems, or improvements in service delivery. Haphazard, unplanned growth has put unsustainable pressure on the environment as it has led to spiralling pollution and congestion, construction which puts the landscape at risk, and overburdened urban service networks, leading to water and soil contamination.

The absence of any elected municipal bodies, non-implementation of any of the master plans and a general apathy towards vehicular congestion, unauthorised construction, and disregard for urban aesthetics are fast making the growth of Gangtok, and other towns, unsustainable. Growth needs to be regionally balanced and future development initiatives need to be located in other towns, besides Gangtok, which today is the centre of all activity—administrative, commercial, cultural, tourism, education and health-related. The explosion in vehicular traffic calls for an immediate reduction in taxi licenses and

government vehicles, supplemented by a minibus system within the city.

Scheduled Castes and Scheduled Tribes

Sikkim has an interesting history of evolution of the ethnic groups in the state. *Lepchas* are considered to be the original inhabitants of the state. In 1642, the *Bhutia* rule started in Sikkim under the influence of Tibetan theocracy. It was the first attempt of racial assimilation by *Bhutia* immigrants.

With the signing of the Anglo-Chinese convention at Calcutta in March, 1890, Sikkim became protectorate of British India. British contact brought in a new type of administration, revenue system, forest conservation rules and development of the area by improving the communication network. Nepali immigration was encouraged, as labour was needed for construction of roads and extension of agriculture. The ethnic composition of Sikkim changed rapidly as the Nepalese multiplied in number and has increased the latter's present share to more than 80 per cent of the population

Lepchas and *Bhutias* got the constitutional status of scheduled tribes (ST) after Sikkim's merger with India. The scheduled castes (SCs) and other backward classes (OBCs) are from Nepali community. Very recently two Nepali communities, *Limbu* and *Tamang* have been included in the ST category. STs constitute 20.6 per cent, SCs 5 per cent and the OBCs 40 per cent of the total population.

Among the four scheduled castes in Sikkim, *Kami* as a caste has the highest proportion followed by *Damai*, *Sarki* and *Majhi*. *Kami* and *Damai* constitute more than 95 per cent of the community of ST population. Among the tribes in Sikkim, *Bhutias* have a greater proportion than the *Lepchas* within the tribal community. However in the north district, the *Lepchas* outnumber the *Bhutias*.

Unlike the rest of India, in Sikkim there is not much difference between the development indicators of the ST, SC, OBC communities and those of the others. Among the STs, *Lepchas* are weaker of the lot. Among the SCs, *Damais* are the most progressive followed by *Kamis*, *Majhis*, and *Sarkis*.

A critical assessment of the policies designed for development of these communities reveals that often the beneficiaries are not from the most deserving sections of these communities. Policies aiming at poverty alleviation and employment generation should

be formulated and implemented to ensure that the benefits percolate to the lowest strata of the communities. Education and skill development programmes for these communities need to be strengthened. Sensitising the masses regarding the amendment of the land alienation law in the state is an immediate need as such an amendment is expected to minimise many distortions in the economy.

Ensuring Governance

A major hindrance to the formulation of appropriate policy is the severe lack of reliable statistics in almost all the sectors. It is difficult to target poverty alleviation programmes when accurate poverty figures are not available for the state, and estimates for Assam are used as a proxy for the State. Similarly, the severe downward revision of estimates of agricultural and horticultural output along with areas and yields in 2001 after the re-estimation based on full enumeration means a break in the trend, with no plausible explanation. Even when official data exist, different sources provide

contradictory data as in the case of tourist arrivals into the state.

The quality of governance is another major issue. Many of the centrally sponsored programmes, especially those dealing with rural poverty alleviation and employment generation, show high degrees of leakage. Transparency and widely disseminated information and data will reduce avenues for corruption, expose project delays and programme flaws, and improve programme monitoring and functioning. Governance is also a crucial issue in improved expenditure management. There should be a halt to the regularisation of muster roll and daily wage workers, and moves should be made to eliminate 'ghost' workers from the rolls. Downsizing the government will be possible if all new employment is made on contractual basis. Enforced car-pooling will help reduce car maintenance expenditures and decongest the capital. Local participation in budget-making and spending would ensure transparency and plugging of leakages, a prerequisite for better delivery of public services.