



Sikkim's Tryst with Nathu La

What Awaits India's East and Northeast?



57
I-CL

Edited by
Jayanta Kumar Ray
Rakhee Bhattacharya
Kausik Bandyopadhyay

Sikkim's Tryst with Nathu La

What Awaits India's East and Northeast?



Edited by

Jayanta Kumar Ray
Rakhee Bhattacharya
Kausik Bandyopadhyay

Maulana Abul Kalam Azad Institute of Asian Studies, Kolkata



Anshah Publishing House

Foreword

The Indian Northeast region, comprising about 5 per cent of the land area and 8 per cent of the population of the country, is one of the most complex in Asia, with about 200 ethnic groups, languages and dialects. These societies have lived in isolation not only from the rest of the country but also from each other, and both legal and illegal migrations have created new fault-lines in traditional societies. The whole area, where parochialism transcends nationalism and regionalism, is in painful transition, trying to learn tolerance of other ethnic groups and adjust to the concept of planned development.

There is a tendency to assert that the Northeast is not 'integrated' with the rest of India because of ethnicity and insurgency, but this is only partially true. Arunachal Pradesh, which has the biggest number of tribes, is peaceful, while Manipur, which is prey to secessionist groups, is otherwise well integrated in terms of art, culture and sports. Nagaland is the only state where militants are not reconciled to their tribal space being a part of the Indian Union, though, even there, many people see benefits when compared to neighbours like Myanmar and Bangladesh.

There is another aspect to human integration: 90 journalists from Assam alone work in Delhi, 10 per cent of the information technology sector people in Bangalore are from the Northeast, hospitality sectors all over India look for and employ young people from the Northeast because they speak good English. Five thousand young persons from the region each year go to other states to find employment.

The Northeast comprises eight states with only one per cent bordering India – the rest of the borders are with Myanmar, China, Nepal, Bhutan and Bangladesh. India's trade with the countries bordering the Northeast has gone up by five times, but no impact is seen in that region because this commerce is through the seaports. The five-nation BIMSTEC was supposed to help the Northeast, but there is a lack of connectivity that precludes the opportunities leading to results.

Our import substitution economy after 1947 deprived the Northeast of its natural markets, as did the 1971 Bangladesh war. There are massive imports into the region, and Chinese consumer goods are to be seen in every marketplace. The exchange rate is unreasonably low for Chinese imports, and these goods have obviously not come through established channels. Illegal trade and smuggling exist because there is no trade facilitation.

There are three points for border trade with China at places where there is no dispute regarding the boundary; Lipulekh in Uttaranchal opened in 1993 and Shipkila in Himachal Pradesh in 1994. The Indian delegation to Beijing in 1994 proposed the opening of Nathu-la to the Chinese. It then took nine years for the memorandum to be signed, and a further three for the border point to be opened for trade.

For 58 years after the Younghusband expedition of 1904, Nathu-la had been the main artery between India and China and made possible 80 per cent of the trade between the two countries. The expectation at the reopening of Nathu-la was that by 2010 trade at Nathu-la would represent 10 per cent of the total Indo-Chinese trade, namely \$1 billion. Why 2010? Because the Border Roads Organization said it would take as long as that for the one-track road to be made into two lanes. Considering that India and China are two fastest growing world economies, and with Tibet itself growing at 12 per cent, Nathu-la should improve prospects for the whole Northeast, which has been left behind at about half of India's growth rate.

However, the optimistic prospects envisaged for Nathu-la trade and its beneficial effects have not materialized, and do not look as if they ever will. If the Northeast opens up, would it be primarily for our exports or only for imports of cheaper Chinese goods? This question seems to obsess the decision-makers in New Delhi, who always want to play safe.

Progress in the Northeast depends on the creation of assets in power, infrastructure and opportunities. India may be looking East but evidently not to our own Northeast. The shocking fact is that 97 per cent of the natural resources in the Northeast, such as hydroelectricity, biodiversity and minerals, is not exploited. There is practically no private sector involvement. The entrepreneur does not need tax breaks and incentives from the state. What he looks for are raw materials sources, the potential market and logistics.

Tourism could transform the Northeast. Ethnologically and linguistically, the Northeast has historic links with South-West China and the Mon-Khmer peoples in Myanmar and Thailand. The structures for tourism are poor, but infrastructure is equally poor in South-West China, Tibet, Nepal and Bhutan, which are all also landlocked. Yet those countries

and regions attract manifold numbers of tourists; Bhutan, Nepal, Tibet and Myanmar surpass by far the tourist numbers to the Northeast. No use has been made of specialized promotion, such as adventure, veterans of World War II, wildlife, spiritual or other nostalgia (for tea planters and missionaries) or eco-tourism. Air connectivity to the neighbouring countries does not exist, and in the permit *raj* of the inner line, restricted area, and protected area, permits constitute a serious obstacle.

The Northeastern Council was set up as long ago as 1971 and has been revamped many times since. Health and education are identified as priorities, along with employment, good governance and food security. The public's interest in participating in development is high. But while multiple recommendations are drawn up, little or nothing is seen on the ground.

The centre's response has characteristically been, as in Kashmir, to throw money at the problem with no consideration of outcomes or accountability. In addition to the allocations in the state plans, there are funds from the NEC, and Central ministries, since 1998 have allocated a non-lapsable 10 per cent of their budgets for the Northeast. There is reimbursement of expenditure incurred by Northeastern states on security-related issues, funds for the modernization of the police, border areas' development grants and other sources of funding—too numerous to mention. Yet the minimum identified needs have not been met despite the massive funds poured into the region. With this cornucopia of funds, there has been great seepage and massive corruption. Effective measures to prevent this have neither been devised nor executed. Pumping in funds leads to distortions in the economy unless there are investments in real assets. The shift from agriculture to industry and services is going at a snail's pace even compared to the rest of India.

There are legitimate fears of loss of identity, and the demand by various ethnic groups for increasingly more autonomy continues and has to be addressed. The need to protect the socio-cultural and religious practices of the various ethnic groups and to give them an effective say in running their own institutions has often been underlined. But there is no adequate devolution to the minority tribes in the autonomous areas, and funds are not released directly to the autonomous councils.

The various ethnic fractures prevent cooperation in anti-militancy drives. The Union government has to deal with combating the 30-odd active militant groups both because of the state's reluctance to get involved owing to the alleged lack of financial and human resources, and the Centre's suspicion of the state governments' ability to keep intelligence reports confidential. Even to resist illegal migration, HIV-AIDS and drug

trafficking, there is little cooperation between the states. In other words, there is a lack of trust and faith all around.

This is the reason that so many aspects of governance in the region have been left to the supervision of the army, and the prolonged deployment of the military, which is unfamiliar with the local terrain, language, culture and social ethos, has led to serious recriminations and has alienated local people. After 50 years of existence in the Northeast, the Armed Forces Act is viewed as tyrannical, and it inspires hatred.

The Union government might want to look East but most of its bureaucrats in the region look West. Admittedly, life is difficult, and education facilities are limited. There are restrictions on the acquisition of property by 'outsiders'. The result is that there is no long-term commitment on the part of the civil service. An administrative and police service for the region composed exclusively of officers from the Northeast is long overdue.

It is in this context that I would appreciate the efforts of the present volume to bring together diverse perspectives on the issues of development of Sikkim in the wider context of the reopening of Nathu-la and the perceived Indo-China economic cooperation. The way it includes the voices of the locals, and gets those compared and contrasted with the scholars from outside, should inspire future forays into the subject more intrinsically.

Krishnan Srinivasan
Former Foreign Secretary, Government of India
& Hony. Fellow, MAKAIAS

Preface

Maulana Abul Kalam Azad Institute of Asian Studies (MAKAIAS), Kolkata, took up the initiative to pursue a long-term Northeast India Research Programme to understand and address the dynamics and issues of development in Northeast India in the late 1990s. Since then, it carried out a number of projects, organised conferences and symposiums, and brought out publications in this process. The aim of such initiatives was not only to pursue academic research and promote intellectual awareness on the subject, but also to provide viable suggestions and policy inputs for the central as well as the regional governments. The first phase of initiatives came to fruition in 2006, when the Institute, at the initiative of Prof. Jayanta Kumar Ray, our Chairman, undertook a Northeast India Research Programme, with a core group of Fellows working on the subject. Eminent experts like Prof. B.B. Bhattacharyya, Hon'ble Vice Chancellor, Jawaharlal Nehru University, have been our advisors in the effort.

Since the beginning of the second phase, we have already organised two national conferences – one in Aizawl on 19-20 April 2007 and the other in Shillong on 11 July 2007. These seminars covered many of the macro issues of the regions, concerned with development as the overarching factor. The seminars gave us tremendous feedback from the speakers, both from within and outside the States. Scholars participated extensively, dealing with many pertinent issues that underline the challenges today in Northeast India. Proceedings of these conferences, being published by the Institute, will serve as a valuable input to the researchers as well as to the policy makers.

While holding this kind of seminars, we work on the assumption that, going to that remotest part of the country and doing this academic exercise along with the participation of the local people, there could develop a mutual sense of trust, friendship and cooperation. The people there were over-enthusiastic to discuss their problems. So, such academic

exercises, stressing participation by the local people, can probably be one way to eliminate their sense of alienation and isolation that always prevails amongst the people in the region. The people of such remote areas of India have a feeling that it is only the Delhi bureaucracy, which works on the policies of the Government of India. But we tried to argue that, academic interactions could also be an extremely useful and powerful tool to deal with the issues of Northeast India. Grievances were ventilated vigorously by the local scholars both in their presentations and in the interactive sessions of the seminar. Many respected senior citizens of the civil society, young energetic scholars, students and professionals took part in both the above-noted seminars.

So, as a learning experience through these seminars, it was realized that, it is very important to establish a strong academic forum in the region by holding seminars, dialogues, etc. and most importantly by doing ground level/action research in collaboration with the participation of the local scholars. Thus, the reason for holding seminars in these Northeastern states is to search for a team of young and committed scholars, who can jointly take up some micro issues of development in the region, which are location-specific, and make an in-depth ground level research, using local resources and catering to the local needs and demands. This is an important dimension of the research initiative of MAKAIAS on Northeast India. With this in mind, it has been planned to organize seminars/seminar series in all the eight States of Northeast India over a long span of time, covering one State at a time, dealing with both their local problems as well as the issues arising out of relations with countries across the international border. This is because, unless local issues are understood deeply, one cannot design policies to cope with the bewildering heterogeneity and complexity of Northeast India. Also, since the region shares long boundaries with India's neighbouring countries, all economic, strategic and cultural aspects of relations with neighbours have to be given necessary attention. Only then, possibly, a degree of peace, prosperity and self-sufficiency can prevail within this region, and lasting solutions to existing problems can be found.

With all this in mind, a third conference was organised on *Sikkim in the Perspective of the Development Dynamics of East and Northeast India* in Sikkim, the most prosperous State of Northeast India. It was organised in collaboration with the Ecotourism and Conservation Society of Sikkim (ECOSS) in Gangtok on 19-20 November 2007. This conference may also be regarded as a follow-up of an earlier one-day seminar on *Perspective of Economic Development in the Teesta-Eco Region* organised

by MAKAIAS in collaboration with the Sikkim Development Foundation in Gangtok on 4 November 2003. It envisaged many of the issues taken up for academic and policy considerations after the reopening of the Nathu-la.

Jayanta Kumar Ray
Rakhee Bhattacharya
Kausik Bandyopadhyay

Acknowledgements

This volume is an outcome of the Northeast India Research Programme of Maulana Abul Kalam Azad Institute of Asian Studies (MAKAIAS), Kolkata. We take the privilege to thank all, who have remained involved and supportive in this research endeavour over the years. We extend our deep gratitude to Prof. B. B. Bhattacharya, Vice Chancellor, Jawaharlal Nehru University, New Delhi, who is the Advisor of the Northeast India Research Programme of MAKAIAS. Our thanks go to Prof. H.S. Vasudevan, Ambassador Krishnan Srinivasan, Dr. Amiya Chaudhuri, Dr. P.K. Sengupta, Dr. Binoda Kumar Mishra, Mr. Soumya Kanti Mitra and Mr. Mainak Sen for their persistent academic as well as logistic supports in this ambitious programme. We owe a special debt to Mr. P.D. Rai, without whose enthusiasm and guidance, the conference in Sikkim would have been difficult to organise. We are thankful to the staff of the Ecotourism and Conservation Society of Sikkim, Gangtok, especially its Executive Secretary Mr. Renzino Lepcha, for his unfailing cooperation in this regard. Mr. M.G Kiran deserves a special thanks for his cooperation in collating the documents and photographs for this volume. We are indebted to the distinguished authors of this volume, who, despite their pressing commitments, have enriched the volume with their insightful contributions. Finally, we thank all our friends and well wishers, who worked silently but steadily to make this venture a reality.

Contents

Foreword	
<i>Krishnan Srinivasan</i>	v
Preface	
<i>Jayanta Kumar Ray, Rakhee Bhattacharya and Kausik Bandyopadhyay</i>	ix
Acknowledgements	xiii
List of Tables	xvii
Introduction	lxx
1. Sikkim: Politics and Good Governance in Development Perspective <i>Amiya K. Chaudhuri</i>	1
2. Economic Achievements and Future Challenges of Sikkim <i>P.D. Rai</i>	22
3. Realities of Reopening: The State Government's Perspective of Nathu La <i>M.G. Kiran</i>	38
4. Indo-China Border Trade through Nathu La: Prospects for Growth and Investment in Sikkim <i>K. Elumalai</i>	43
5. Looking at Nathu La through the Security Prism <i>Binoda K. Mishra</i>	67
6. Travel and Tourism: Economic and Cultural Ties and Buoyancy <i>Renzino Lepcha</i>	81

7. Linkages across Borders: Implications for North East India <i>Shubhrajeet Konwer</i>	106
8. Teesta Eco-Region and Bio-Resources: an Awaited Future <i>J.P. Tamang</i>	123
9. Linkages between East India's Tea Industry and the Development of Sikkim: Dimensions, Challenges and Prospects <i>Sohel Firdos</i>	129
Epilogue <i>Rakhee Bhattacharya</i>	138
Documents, Speeches and Reports	143
1. Documents signed between India and China during Prime Minister Atal Bihari Vajpayee's visit to China, 23 June 2003	
2. Agreed Minutes of the meeting to operationalise border trade through Nathu La with Attachment I, II & III, 17-20 June 2006	
3. Summing up Remarks on the Nathu La Trade Route Report Presentation by Nathu La Trade Study Group led by Prof. Mahendra P. Lama, 17 June 2005	
4. Address to the Media on the Reopening of Nathu La Trade Route by Shri Pawan Chamling, 25 June 2006	
5. Speech by Shri Pawan Chamling on the Historic Occasion of the Reopening of Nathu La Trade Route between Sikkim (India) and Tibet Autonomous Region (China) at Nathu La on 6 July 2006	
6. Speech of Shri Pawan Chamling at the Inauguration of Trade Mart at Sherathang, 6 July 2006	
7. Shri Pawan Chamling's Speech at the International Tourism Bourse, Berlin, 9 March 2006	
8. First anniversary of the reopening of Indo-China Border Trade through Nathu La completes one year – A report	
9. Sikkim Investors' Meet – A report	
10. Sikkim: Economic Development	
Map The Old Silk Route	190
Photographs	191
<i>List of Contributors</i>	194
<i>Index</i>	195

List of Tables

1.1: Literacy in Sikkim (%)	4
1.2: People Below Poverty Line (%)	5
1.3: Further Geographic Statistics (Sikkim and India)	9
1.4: Population Structure and Human Development Index	10
1.5: Population and Area-wise Break-up of the state of Sikkim	10
1.6: Gradual Increase of the Work Force (1971-2001)	12
1.9: India and the North East: Population and Literacy: A Comparative Estimate	14
1.10: Growth Rate of GSDP at Constant 1993-94 Prices in the IHR (1996-97to 1999-2000)	15
1.11: Election of Legislative Assembly of Sikkim (1979-2004)	17
1.12: Chief Ministers & President's Rule	18
1.13: Sikkim Legislative Assembly Election Results (1979-2004): Seats won, Valid Votes Polled and % of Vote Polled by Party.	19
2.1: Sikkim: Estimates of Gross Domestic Product and Per Capita Income at Current Prices	23
2.2: Shares of Contribution in the Total GSDP of the Sikkim Economy	24
2.3: Sectoral Allocations of 5 yr Plans	25
3.1: India's Trade with China (US\$ Million)	45
3.2: Per cent share of India's Exports of Top 10 Principal Commodities to China	45
3.3: Per cent share of India's Imports of Top 10 Principal Commodities from China	46
3.4: Frequency of Indian and Chinese Traders who visited Trade Mart	52
3.5: Composition of Export of Permitted Commodities from India	52

3.6 : Composition of Import of Permitted Commodities from TAR of China	53
3.7 : Some Characteristics of Informal Trade through Nepal-Sikkim	58
3.8 : Chinese Goods that come to Sikkim through Nepal-Siliguri Route	59
3.9 : Proposed Industrial Units, Location, Investment and Employment	61
6.1 : World's Top Tourism Destinations	82
State-wise Domestic and Foreign Tourist Arrivals during 2000 & 2001	87
9.1 : Estimated number of Labour employed in Tea Plantation	131
9.2 : Distribution OF STGs in India (2005)	131
9.3 : Import of Tea from China	136
* 9.4 : Export of Tea to China from India	136

Introduction

This volume comprises nine essays focussing on Sikkim's development based on its own resources, on resources generated by interactions with a neighbouring country through Nathu La, and by integration with the whole of Northeast and east India, along with a few important documents, speeches and reports, relating to the reopening of Nathu La for Indo-China trade, relevant maps and photographs.

In the first essay, Amiya K. Chaudhuri casts a close look at the nature of politics and good governance in Sikkim in a development perspective. He does this by considering the stage of economic development, distributive justice, availability of economic resources actual and potential, the governing structure, competitive politics and interplay of the political parties within the state. The historical background, geographic location, demographic and cultural attributes also come out as important determinants in this context. Emphasizing the uniqueness of the Sikkimese political culture, where the question of Sikkimese identity plays a crucial role, he argues that a latecomer, small land-locked, state of India like Sikkim, even with weak communication networks and an ethnically divided society, could achieve visible economic advance because of its stable inclusive political structure and a proper socio-political vision backed by good governance. Chaudhuri rightly concludes that Sikkim can even prove itself as a model of good governance that helps in building a vibrant economy. However, when it comes to the possible impact of Nathu La's reopening on Sikkim's economy, he remains a little bit circumspect, and shows concern about Sikkim's economic security in such a context.

P.D. Rai, in his essay "Economic Achievements and Future Challenges of Sikkim", examines Sikkim's economic development in rapid transition and ponders whether the State is becoming a key model for the Northeastern States. He attributes Sikkim's economic development

to a number of important factors – a modern form of federal government, the central government's consistent policy of providing funds to accelerate the development of infrastructure and social transformation, private capital formation, growth of tourism and its associated services, recent upsurge in industrial activity, establishment of higher educational institutions, transformation in the banking sector and setting up hydropower projects. However, in the context of the reopening of Nathu La, which is sure to change Sikkim's future outlook forever, Rai cautions us about the geographical, environmental, societal, geopolitical and demographical challenges Sikkim has begun to face. Along with two most important internal assets of Sikkim – heritage and biodiversity – he draws attention to a key externality: the politico-socio-economic instability of Darjeeling district. To make Sikkim's economic transformation sustainable, Rai concludes, human resources and managerial capacities have to strongly complement the financial and infrastructural resources.

M.G. Kiran's contribution gives us a government's perspective on the true significance of the reopening of Nathu La. Outlining the potentials of this trade route, he informs how the State Government plans gradually to convert this shortest and easiest overland access to China as one of the resilient means of commodity and service exchanges in the next few years. Despite the problems of trade that remain to be resolved on both sides of the border, Kiran believes, Sikkim, with huge tourism and economic potentials, has much more to gain out of this economic tie-up, and hopes that, if India could match the Chinese infrastructure on her side of the border, Nathu La should witness free trade by 2010.

The realities of trade through Nathu La after its reopening have found illustrative elaboration in K. Elumalai's essay "India-China Border Trade through Nathu La: Prospects for Growth and Investment in Sikkim". The essay discusses the issues related to border trade between India and China through Nathu La, and its implications for Sikkim's economy through a small field survey in the form of stakeholder consultations, conducted in Sikkim and Nathu La between October 2006 and January 2007. Elumalai casts his eye on various dimensions of the trade in this context: growth of bilateral trade between India and China, the nature of border trade through various land routes, the performance of border trade through Nathu La, major problems reported by traders, the scope of expanding border trade and its impact on Sikkim's economy. For Elumalai, the opening of Nathu La provides a window of opportunities for generating various economic activities in Sikkim, thereby leading to the general welfare of the local people of the State. He therefore suggests that Nathu La should

be a regular trading point between India and China now for furthering the economic and security interests of not only Sikkim but also east and Northeast India as a whole.

Binoda K. Mishra, in his paper, "Looking at Nathu La through the Security Prism", however, approaches the matter from a somewhat different perspective and argues that while there are promises of absolute gains from border trade arrangements between Northeast India and Southwest China, the security concerns, defined in terms of relative gains, make India cautious and her policies ambivalent. Quite naturally, the calculation of benefits from the opening of this pass is just not economic but also strategic vis-à-vis a country with which India does not share a predictable action-reaction relationship. Mishra, therefore, suggests that the question of opening this pass and using it for economic prosperity of the border areas of both the countries have to be considered in the context of the overall political and strategic relationship the countries have shared in the past and expect to share in the future. Yet, he remains optimistic in his assertion that border trade, particularly through Nathu La, can be viewed as a confidence building measure, and be pursued with a positive approach, keeping it outside the relative gain calculus.

Another significant dimension of Sikkim's development in the context of reopening Nathu La has been the formidable growth potential of its tourism sector. Renzino Lepcha, in his paper "Travel and Tourism: Economic and Cultural Ties and Buoyancy", delves into the problems and prospects of tourism in the Northeast in general and Sikkim in particular in the wider context of contemporary global movement of tourism. He underlines the importance of rich religious and cultural heritage of Sikkim in developing its tourism sector to an international standard. The process of cultural revitalisation needs to go hand in hand with economic buoyancy to achieve this end. In such a perspective, the Nathu La Pass can easily become one of the most important tourism circuits in the world, thereby giving a tremendous boost to the region's economy. Despite outlining the tourism possibilities through this route by 2012, Lepcha laments that the current cautious attitude of India makes Nathu La seem far from being a viable proposition for expanding tourism between India and China. He urges the Indian Government to take positive initiatives to unlock the real value of the route.

Going beyond the issues of Sikkim's development and the implications of Nathu La, Shubhrajeet Konwer brings into focus more general concerns of security and border management with regard to the immediate international neighbours of Northeast India – China, Bhutan,

Bangladesh and Myanmar. There are serious obstacles and troubles such as the proliferation of small arms, drug trafficking, illegal migration, shelter to terrorists in Myanmar, Bhutan and Bangladesh, border disputes with China and border skirmishes with Bangladesh's army – which have multiplied Northeast India's vulnerability in recent years. Konwer's essay identifies the nature and problems of cross border terror linkages and the security challenges that the Indian state faces. In an age of growing trade and investment with the ASEAN countries, unless the issues of security are properly addressed, urges Konwer, the Northeastern States are not likely to benefit from the same, and the Indian government's avowed policy of development of the region through 'Look East' will remain very much a mirage.

Taking into consideration the rich biodiversity of the Teesta-Eco region, J.P. Tamang, in his essay "Teesta Eco-Region and Bio-Resources: An Awaited Future", discusses the future potentials of the Darjeeling hills and Sikkim as well as Northeast India as a whole in the context of the reopening of Nathu La. Being an active centre of evolution of many new gene pools, this region is possessed with such valuable components as indigenous food crops, ethnic fermented foods, edible wild plants and their fruits, wild honey, medicinal herbs, orchids, and ornamental and wild flower plants, which, if utilized properly, may lead to the region's sustainable development. Tamang also highlights the opportunity for big investment in the agro-processing sectors in the Teesta Eco-region by way of value-addition to region's food/bio resources. To him, the ample bio resources of the region can be explored by establishing a *prima facie* good bio-resources management.

The last essay by Sohel Firdos focusses on Nathu La's potential contribution to the growth of tea trade between India and China and the development of Sikkim in that process. Examining the linkages between the tea industry of West Bengal and the development of Sikkim, he explores the challenges and prospects of marketing, investment and trade in tea in the State. If good connectivity and proper infrastructure are established, Sikkim may emerge as a hub of collection, distribution and marketing of tea grown in West Bengal and Assam, since tea industry in India is facing a renewed challenge of competition to compete in the export market, both in terms of quality and quantity. In the context of the reopening of Nathu La, which can always become a vital point of tea export to Tibet, argues Firdos, Sikkim may act as a collection point and blending centre of tea from China and eastern India for re-export, thereby generating foreign exchange for the State.

Sikkim's economy has been performing brilliantly in recent years with a strong political vision and leadership, and seems to have a bright chance to catch up with many other prosperous states of India. In this sense, it can be the role model for other Northeastern states. So it is urgent to find all the economic viabilities of this state, as development is the ultimate aim and goal of this research mission. This economic viability cannot be gauged without the perspective of Nathu La, which experienced a historic reopening for trans-border trade on 6 July 2006 after 44 years with profound hope and vision for Sikkim-China relations. Nathu La has become one of the most vibrant issues for Sikkim in terms of its socio-political and economic ambience. People's dreams and despairs with Nathu La are now debated at various forums. The optimists believe that if this pass is optimally utilized, prosperity will definitely go beyond Sikkim and will have a spillover effect in the whole of east and Northeast India. So Sikkim's destiny today can no longer be envisioned without Nathu La and its related issues.

Overall, with an aim to prove that Nathu La can provide a lesson that borders should become the meeting point for people to exchange and share transnational ideas, wealth and culture for a better world, rather than dividing them with a narrow political vision, the volume is expected to draw attention to, and generate interest in, not only the problems and prospects of Sikkim, but of other Northeastern states, who also have been the victims of the closed borders with their neighbouring nations for a very long period of time.

Chapter 1

Sikkim: Politics and Good Governance in Development Perspective

Amiya K. Chaudhuri

Some Theoretical Considerations

India as a federal state with certain unique features of its own, *sui generis* as it may be defined, has been constitutionally so designed as to maintain a proper balance between the Centre and the states on the one hand, and among the states on the other in regard to legislative, administrative and financial powers. Besides, there are federal compulsions and systemic necessities pertaining to modernisation of politico-electoral processes and economic development. Specific Centre-state relationship in the recent era of intense political party competitions that has been affecting economic development is also a major concern. The role of political parties, whether national, state or local, inside or outside legislative institutions, both in the state and local levels, is an important determinant everywhere. The Constitution in its several Articles aims at providing good governance both at the central and state levels. It is a matter of conjecture whether the central administration during the past half a century has been able to achieve good governance *per se*, or at least to a minimum attainable degree. In several of the states the idea of good governance may broadly be defined as contextualized¹ in regard to contour and contents, politics and government, and the political processes. It appears therefore that the features and internal characteristics of the politics and governance of the states of India, more or less, indicate some commonalities. But on deeper examination it also reflects the micro dimensions of the proposition.

The state politics of India is a constitutionally crafted structure, but the processes following there and affecting the governance are unique, and the combination of a complex social economic, religious, linguistic and ethnic baggage, sometimes severally but more often individually.

We are to miss these complexities if the politics of the state is seen in a simple descriptive format. In this sense we find "hardly serious efforts linking the structural characteristics with broader sociological context in which the former are articulated or meaningfully explained."² The stages of economic development, distributive justice and economic resources available and potential, the governing structure, competitive politics and interplay of the political parties within the states are also to be considered to study the nature of the politics and governance of an individual state. The historical background, geographic location, demographic and cultural attributes and the legacy of the political economy of the state are important determinants in this context. In this situation "what is thus critical in any understanding of the political" in the Indian state scenarios is societal and economic underpinning of the politics and governance whereby "one can construct a framework of analysis which is plausible and theoretically refreshing."³ The observations in this regard of an expert in the study of state politics are theoretically sound and relevant. He recognized in the mid 1970s that "no discussion of the operative dimension will be complete without a passing reference to the question of style, vocabulary and language of the state politics"⁴ in India. He further noted that the recent exposition of state politics was "an analytical framework for the study of state politics in India, which has a built-in bias towards systemic approach but with a difference in so far as it insists on an application with a developmental and hence essentially dynamic perspective."⁵ Keeping in mind the outlines given above, the politics and economic development that result from the process of governance in the Himalayan state of Sikkim are to be traced in the following pages.

Sikkim as the tiniest and 22nd state of India is unique in senses more than one. It was a protectorate, and the process of integration with the mainstream politics of India had an inherent problem because it had its own socio-cultural and politico-economic system and a traditional paradigm of development⁶ with a political culture perceptibly different from what we are familiar with. Its democratic transition from an associated feudal existence to a full-fledged unit of federal India is quite unlike more than 550 princely states of the Union as existed before the adoption of Indian Constitution on 26 January 1950. It is a latecomer in its democratic orientation but quick enough to follow the process of political modernisation as far as possible in an ethnically defined society. When many of the Indian states including the smaller ones of the Northeastern region suffered from socio-political and electoral fragmentation, and more often than not having to adjust to fractured

social verdict in government making, Sikkim stands a bit apart. Wholesale political defection of individual members of the legislative bodies, sometimes changing of side by the legislature party itself, which has been found elsewhere in north Indian states including some of the Northeastern states, is rarely found in Sikkim.

The Sikkimese people are to a large extent of Mongoloid origin. It is a tribally divided society but the number of tribes, tribal divisions and consequent tensions among them are not as intense and conflicting in respect of their own identities as found in most of the other eastern Himalayan states. During a period of rapid socio-economic changes all over the country, the original inhabitants of Sikkim were very much anxious and afraid of losing their exclusive control over the state's resources and power. Therefore, the identity as Sikkimese of the locals in present day Sikkim became a crucial determinant to keep away non-Sikkimese who were supposed to be far above their local counterparts in terms of political consciousness, socio-economic status, resource position, education and "manipulative qualities."⁷

Regarding the socio-anthropological dimension, the following quote is very relevant. "The first tribe which entered this inhospitable land was the *Magar* who migrated from central Tibet. Another Mongoloid tribe-the *Lepchas*-who called themselves *Rangpo* (the ravine dwellers) entered this land via Burma and Assam. The Lepchas drove the Magars westward into the country of Limbo (presently eastern part of Nepal) and further west."⁸ The present day Sikkim society is not as it was in the later half of the 19th and the 2nd half of the twentieth century. Political calculations of the British regime in India, focussed on permitting sufficient latitude of maneuverability of the Sikkimese rulers, led to a large number of Nepalese people being allowed in Nepal to counterbalance the population structures both internally and extra territorially. Now the Nepalese settlers are the largest population components of Sikkim. Bhutias and Lepchas are the two other main tribes besides a few other miniscule shifting tribal people. The Nepalese settlement in the state brought about a significant change in the demography, and in fact exerted considerable pressure on the "land settlement pattern". Consequently, "agricultural technique"⁹ had to keep pace with emerging pattern of cultivation practiced by the other two ethnic groups, viz., Lepchas and Bhutias.

The professionals, business classes, traders and other middle levels of service sector people from other Indian states are also part of the social hierarchy, though not socially important enough. The communitarian lifestyle of the Lepchas, feudalistic order and Lamaistic way of life, Tibetan

4 *Sikkim's Tryst with Nathu La*

Buddhist socio-religious mores and Nepalese social practices and work culture were all woven into a transitional political culture. Later on after a democratic movement in Sikkim, which imbibed the spirit of nationalist Indian political movement, a democratic political culture – a mix of tribal political outlook and political modernisation under the influences of political party dynamics – began to grow in Sikkim. “After Sikkim emerged as a constituent state of India, all the basic instruments of development were geared into action. This needed to be done to give an Indian identity to the Sikkimese economy, which primarily had been a feudal state with aristocracy usurping the cream of development. Since the mid-1970s, the entire fulcrum of development in Sikkim has undergone a metamorphosis in social, economic and ecological fronts.”¹⁰

The present day Sikkim has traversed a long way economically, socially and politically. Sikkim before 1975 was sparsely populated. People used to live in far-flung areas. Educational, health, transport and communication facilities were almost nonexistent. Literacy rate was less than 15 per cent, and female literacy was not more than 4 per cent. But in the mid 1990s, and particularly since 2000, the socio-economic scenario of Sikkim appears to be brightening. Table 1.1 points to the comparison with the Indian average:

Table 1.1: Literacy in Sikkim (%)

<i>Census Year</i>	<i>India</i>	<i>Sikkim</i>
1951	18.33	6.59
1961	28.31	12.30
1971	34.45	17.74
1981	43.67	34.05
1991	52.2	56.94
2001	65.38	68.80

Source: Census of India 2001.

Table 1.1 shows almost a jump in literacy rate in 1981- the time when Sikkim already came to join the mainstream of Indian state system, so much so that it surpassed the Indian average by 3.42 per cent. It appears from the scenario as seen in Sikkim that literacy as in other advanced Indian states, is a major determinant of political modernisation and economic development.

Another important indicator of development is as to how the state tries to reduce the number of people living below poverty line. Table 1.2 shows the picture clearly.

Ranking is important, and by 2007 available data might show much more improvement.

Table 1.2 : People Below Poverty Line (%)

<i>Years</i>	<i>All India</i>	<i>Sikkim</i>	<i>Ranking</i>
1973-74	54.88	50.86	16th
1977-78	51.32	55.89	9th
1983	44.48	39.71	15th
1987-88	38.86	36.06	14th
1993-94	35.97	41.43	5th
1999-2000	26.10	36.55	4th

Source: Figures at a Glance Sikkim Vis-a-Vis India, Govt. of Sikkim.

A recent document indicates, "Twenty-five years back, when Sikkim became the twenty second State of India it had very limited development space both in economic and political sense. The onset of democracy and building of economic structures changed the entire profile of Sikkim. From a traditional economy with a feudal slant, Sikkim has emerged as a modern and robust State of today."¹¹ Actually pertinent decisions in respect of its inter-ethnic harmony and launching of major economic regeneration programmes are being taken by the political establishment headed by a forward looking chief minister Pawan K. Chamling, who is unlike his flamboyant predecessors for whom politics overshadowed economic consideration. The state is severely land-locked and its economy was mostly dependent on external considerations. Integrated and all-inclusive policy of economic development was conspicuous by its total absence. The situations remained as it was from the late 1970s to the 1990s. Development efforts have been concentrated in urban areas, and the state has witnessed a high rate of migration from the villages to the urban and periurban conglomerations. Rapid urbanisation has far outpaced the existing infrastructure and civic amenities. Although the census data show a decline in urban population from 16.65 per cent to 9.15 per cent in 1991, urban population according to the annual plan, 1998-99, was closer to 20 per cent. Lower urban population figures in the census data are a result of the re-demarcation of some of the revenue blocks surrounding Gangtok as a rural land. Earlier these blocks were part of the Gangtok Municipal Corporation¹²; apparently this conclusion does not contradict the argument above.

Institutional politics and unpolluted process of the same can only set in motion what one understands as good governance. Good governance,

defined at least contextually – politically honest decision-making, proper implementation of the decisions as far as practicable, and transparency in the process – is the essential minimum for the success of development initiatives. Misgovernance and corruption lower the revenues of the state exchequer and increase the fragility of the financial base of the revenue system of the government. “Key institutional capacity elements are a comprehensive legal framework defended by an impartial competent judicial system, accountable, open and transparent executive decision-making, coupled with a capable, flexible and efficient bureaucracy and strong civil society participation. Opportunities for corruption increase with the number and complexity of rules and regulations, licenses, taxes and subsidies, which set up conflicting property rights, investment proposals and many other things that require complicated resolutions. An efficient, uncorrupt bureaucracy is a key factor and it tends to encourage investments in different fields of economic and related activities. Efficiency of public services is particularly important for the poor, who depend on public services, such as primary education and health, to improve their lot and mitigate the risks they face. Non-transparent budgeting and spending, widespread subsidies, and corruption are likely to lower the efficiency and equity of public spending.”¹³ In the Indian context the Government of Maharashtra set up a committee to make a report on how within the limitations of a constituent state, the government could take some positive steps to achieve at least what is possible. Good government as a concept belongs to the realm of an ideal. Sometimes it may be judged as what is contextually achievable. It also “needs to be appreciated that the concept of good governance is much larger than mere administrative reforms in the conventional sense of the term. In fact, it covers much more ground and substance than administrative reforms. Good governance has much to do with the ethical grounding of governance and must be evaluated with reference to specific norms and objectives ... it must have firm moorings to certain moral values,”¹⁴ like fair play, individual and collective freedom, equity and justice—social and political. It could be approximated but next to impossible to reach. But on the other hand, without a modicum of good governance, social changes and economic development become almost elusive. It is more difficult to achieve in a democratic society like ours where intense party politics and fragile governing structures and unstable electoral coalitions, quite unlike in developed West European and some Scandinavian countries, stand as stumbling blocks. The Marxist pundits once used to claim that Soviet Russia achieved economic prosperity quite enormously, but this claim

did not take long to fall apart. In this context, we are to bring into a larger focus the high economic growth rate of modern day China following a neo-liberal approach in terms of liberalisation and globalisation. But it is to be admitted that what is possible in a monolithic party state, may not be possible in any democratic state with many demerits but with the exceptional virtue of freedom of expression and individual choice. Therefore, China achieved what once the Soviet Union did because of its uncompromising Marxist socio-economic culture and a monolithic political structure. Unlike the Soviet regime, China neither adopted *Glasnost*, i.e, a baggage of freedom of expression nor *Perestroika* or economic reforms. The Chinese system survives possibly because even adopting the latter it did not fail to realize the explosiveness of the former.¹⁵ In the name of good governance and principle of equity, even with its state and party machinery as also its absolute control over societal spaces, the Soviet system could not survive. What is to happen in China may be in some distant future or so, may be any body's guess or perception, because good governance includes harmonious relations among most sections of the people in society, responsive government and above all freedom of choice within the parameters of the constitution of the state.

Judging from the points raised above, it is really a matter to be seriously considered as to how a latecomer small land-locked state in India like Sikkim, with weak communication networks and ethnically divided society can achieve such visible economic advance. Stable political structure and governmental initiatives are obviously very necessary factors. Despite ethnic manipulation by the larger community and the negative political influence and intrigues from outside the state, Sikkim may be shown almost as a model to the other states of India particularly the Northeastern ones. The governance in Sikkim at this point of tortuous time probably does not falter in the ongoing process of political and economic modernisation and development. As the Sikkim government increasingly moves out of many of its traditional spheres and moorings, it has already begun a serious governmental down-sizing process. It will surely allow it to focus on better delivery system of goods and public services. Since the successive governments of the state have to play a very vital role in boosting up and sustaining development, one way to reduce corruption is to "ensure the broad-based participation of people in the process. Development should involve all government branches, civil society and the business community, and ensure their commitment to an anti-corruption agenda. Planned schemes have been reviewed and prioritised, as over the years several plans have been continued and

expanded incrementally. All the schemes should be thoroughly reviewed and prioritised. New schemes should be made contingent on the availability of resources."¹⁶

The above points are to be dilated further while discussing the political process and administration, the political economy and the political will of the governments of Sikkim over the years. The initial argument is that many of the potentially able state governments of India are lagging behind Sikkim, which, under the inclusive politics of the present regime, has been working with the right type of socio-political vision backed by administrative efficiency. The state politics of Sikkim and the leadership of a few politicians at the helm of the state administration appear to be moving in the right direction, and possibly this is the uniqueness of the Sikkimese people. Although their political achievements are still incomplete, yet this movement in the right direction is a positive step.

Geographical Location, Demographic, Cultural Attributes and Historical Perspective

It is very necessary to take into consideration the geographical location, demographic characteristics, cultural attributes and the legacies of past history and its contemporary dynamics to understand the politics and the evolving system of democratic governance and the direction the political economy of the state is heading towards. Sikkim is no different on this hypothesis; rather the state may grow to be a model as indicated earlier.¹⁷ This Himalayan state of Sikkim is situated between Nepal in the west and Bhutan in the east. It is a small stretch of ruggedly greenish land of just 115 by 65 kilometres. On the northern border, the gradient rises to the Tibetan plateau and its southern border runs along West Bengal. It is one of the beautiful tourist spots in India, and often found to be teeming with foreign tourists and Himalaya watchers. It is a small speck of territory, the latitude being 27 degree north and 88 degree east in the map of Asia, but to the observers its size cannot shroud its richness of culture, customs and heritage. Sikkim demonstrates that small is beautiful. It is smart and marching forward. The state of Sikkim is the inner part of the ranges of the Himalayas and has no open valley or plains. Besides, the following facts are very important to make an assessment of the prevailing development perspective of Sikkim.¹⁸ Within a distance of 80 kilometres the elevation rises from 200 metres in the Teesta river valley to nearly 8598 metres at the Kanchenjunga peak. The geo-physical area of the state comprises 7095 sq.km. The total population is 5,40,493, the male and female divisions being 2,88,217 and 2,52,276, that is 0.5 per cent of the

Indian population (Census 2001). And the density of population is only 76 per sq.km, remarkably low as compared to any of the Indian states. According to the Census Report of 2001, the sex ratio is 986 females/1000 males – considerably above the Indian average (see also Table 1.3 and Table 1.4). This is a very important point to be noted when considering the development perspective and the work culture of the segments of the population structure as also the government of the day having the objective of sustained development. The government is to chalk out a plan taking into account the demography of the state and the nature, specific needs and divisions of the people living in each of the areas. Table 1.3 and Table 1.4 show Sikkim's position in contrast with India as a whole..

Table 1.3 : Further Geographic Statistics (Sikkim and India)

<i>Items</i>	<i>Unit</i>	<i>Sikkim</i>	<i>India</i>
Area	Sq.Km	7095	3287263
Urbanization	%	11.10	27.80
Districts	No.	4	593
Divisions	No.	9	5470
Villages/Revenue Blocks	No.	453	638588
No. of Towns	No.	9	5161
Total Households	No.	114223	19357995
Average Household Size	No.	4.70	5.30
Per Capita Outlay on Housing	Rs.	463 (2nd highest among states)	27

Source: Census 2001 & Figures at a Glance Sikkim vis-à-vis India. Govt. of Sikkim

Table 1.4 indicates important per capita GSDP, BPL, HDI data that are quite high in comparison with other Indian states.

The entire state has been divided into four districts having land and population structures of its own. Table 1.5 shows the demographic details of the four districts of the state.

The State of Sikkim, that we find today, is rapidly accelerating its economic development in terms of building industrial infrastructures, centres for business expansion. The economic indices point to that direction (Table 1.5). And if one looks at the human development index one will get some idea as to the level of living standard of the people of Sikkim.¹⁹ In this regard, Sikkim, which started almost from the scratch in 1975, is presently far ahead of many of the larger and smaller states of

Table 1.4: Population Structure and Human Development Index

<i>Total</i>	<i>No.</i>	<i>540851</i>	<i>1028610328</i>	<i>2001 Census</i>
Male	No.	288484	532156772	2001
Female	No.	252367	496453556	2001
SC	%	5.00	16.20	2001
ST	%	20.60	8.20	2001
Main Workers	%	39.31	30.54	2001
Per Capita GSDP at Current Prices	Rs.	23786	23492	2003-04
People Below Poverty Line	%	36.55	26.10	1999-2000
Human Development Index	No.	0.532	0.602	1998 (SKM) 2005 (IND)
Per Capita Outlay on Health	Rs.	296 (2nd Highest among states)	11969	2002-03

Source: Figures at a Glance, Govt. of Sikkim.

Table 1.5: Population and Area-wise Break-up of the state of Sikkim

<i>District</i>	<i>Area (sq.km)</i>	<i>Population</i>	<i>Headquarters</i>
East	954.0	244790	Gangtok
North	4226.0	41023	Mangan
South	750.0	131506	Namchi
West	1166.0	123174	Gylshing

Source: Report, Government of Sikkim

India. The present chief minister of the state, in releasing an authentic and valuable report, stated, "My Government has been successful in restoring people's faith in democratic ethos and a democratically elected government. Every Sikkimese can now participate in the democratic elections at all levels and political development process in a fearless and free manner. As a result, we have perhaps an unparalleled distinction of being a State with very high degree of political stability and well-established tradition of social harmony."²⁰

Political culture of Sikkim is unlike many other states. It is a non-confrontational mix of tribal ways of life among the Nepalese settlers, dominant tribal communities, e.g. Lepchas, Bhutias, and the minor ones

like Magar, Gurung, Tamang, Sherpas etc. But to ensure this, the Constitution of India makes a special provision for the Governor of the State. For the purpose of promoting cordial relations, peace and communal harmony among the ethnic communities in the State, the Governor of Sikkim has been empowered under *Article 371F(9) [Special Power]*. These result from historical inheritance, rituals, that mostly reflect people's agricultural occupations, modes of family life, community choice, rituals and religious practices. The state, finally, had to adopt a politico-electoral process in a newly emerging democratic system of governance, political party dynamics, and adjust to the extra-regional influences brought in by the societal classes like the teachers, professionals and the modern business practitioners that gradually began opening up the closed Sikkimese societies.²¹

Like in all the other states in India, the government has always been viewed as an authority in Sikkim in its socio-political sphere. This means that the development role has to be played by the government alone. It has severely affected the resources that could otherwise be tapped from sources other than that of the government. "This is why we are trying to revive that bond of volunteerism that used to traditionally characterise Sikkimese society. It has been widely felt that there is ample space for non-governmental organisations (NGO) to work in the area of development in Sikkim."²²

The Political Economy

Before examining the emphatic views of the present chief executive of the state regarding the role of non-government organizations (NGO) as also existing capacity utilisation of the state, a few more data are to be noted. The four districts of the state are divided into nine divisions.

This is necessary to organise and activate the local governments and the local governing processes both rural and urban. These nine divisions are Gangtok, Pakyong, Namchi, Soreng, Gylshing, Rabongla, Mangan and Chunthang. Numbers of Zila Parishad wards are 100, while the Gram Panchayat units are 166 and the Revenue Blocks are 454. The main occupation profiles of the people are varied. They are mostly farmers, small-time artisans, cardamom growers, contractors, service holders, cab owners and taxi drivers. It is a multi-lingual state where Nepali, Bhutia, Lepcha, Limbo, Magar, Rai, Gurung, Sherpa, Tamang, Newari and Sunuwar languages and dialects are spoken. Surprisingly the per capita income amounts to Rs.29, 808 at current prices as in 2005-06. The income of the urban population (numbering 11.10 per cent) is naturally

comparatively higher than its rural counterpart. However, the below poverty line people's percentage point is 19.20 in 2005-2006. The gross domestic product (GDP) increased to Rs. 1717 crores in 2005-06 at current prices. Table 1.6 gives an idea of the work force in perspective since 1971.

Table 1.6: Gradual Increase of the Work Force (1971-2001)²³

<i>Item</i> <i>Population</i>	<i>1971</i> <i>209843</i>	<i>1981</i> <i>316385</i>	<i>1991</i> <i>406457</i>	<i>2001</i> <i>540851</i>
Total Workers:	111609	147436	164392	212904
Cultivators	NA	88610	97834	101200
Agricultural Labourers	—	4887	13793	9081
Workers in Household Industry	—	1586	1309	3168
Other Workers	—	52353	55785	99455
Marginal Workers	—	5378	4329	50139
Non Workers	98236	163571	237736	277808

Source: Figures at a Glance, Govt. of Sikkim.

Table 1.7 is a comparative study of the small mountainous states of India's Northeast, including Tripura. Sikkim was fairly ahead of all the states in respect of Human Development Index in and around 1994, and has been gradually improving since 2001.

The politico-economic development and political modernisation of the state have been brightened up. Several factors are responsible for it. Invitation of outside investments, serious efforts to build up modern infrastructures in terms of opening up of a closed economy in the land-locked hilly areas, boosting up of business opportunities, and prospect of opening up of trade route to Tibetan China through Nathu La pass and people's free access to mainland India and neighbouring Nepal and Bhutan, making new power plants, conservation of water resources and permission to build up a few barrages over Sikkim's main rivers, above all designing the Teesta barrage project in spite of stray protest movements by citizens fearing displacement and environmental hazards – are some outstanding achievements of Sikkim's political economy. "The Teesta Hydel Power project promises development in the long neglected region of north Sikkim. However, the region's indigenous inhabitants, largely the Lepchas and the Bhutias, along with the Buddhist community, have been engaged in a sustained campaign against the project. Such protests are not merely on grounds of displacement but that it will affect the region's cultural and ethnic traditions in the river Teesta and its environ."²⁴ But there is no denying that in a period of development in a massive way

Table 1.7: Ranking of the Hill States (out of 25 states) in Terms of Per capita Net Domestic Product (at current prices) and Poverty

State	1983-84		1987-88		1993-94	
	Per capita Rank	Poverty Rank	Per capita Rank	Poverty Rank	Per capita Rank	Poverty Rank
Arunachal	6	8	8	8	7	7
Assam	19	9	19	9	19	5
Himachal	8	25	15	23	14	15
Manipur	16	16	12	17	18	13
Meghalaya	18	14	16	14	17	9
Mizoram	22	17	6	18	11	17
Nagaland	9	13	10	13	9	9
Sikkim	12	12	7	10	10	4
Tripura	24	11	22	11	24	8

Source: Sikkim Human Development Report 2001.

some sort of a teething trouble is inevitable although the authorities spearheading the development projects need to be careful about the affected people and the totality of societal, human and ecological and environmental concerns.

Table 1.8 shows Human Development Index and its components that have been increasing since 1991.

Table 1.8: Sikkim's Human Development Index and its Components

Year	Life Ratio	Literacy	Enrolment Expectancy	Educational Attainment	Per capita Income	HDI
1991	0.625	0.569	0.436	0.525	0.274	0.454
1995	0.650	0.674	0.476	0.608	0.253	0.504
1995	0.663	0.738	0.448	0.641	0.292	0.532

Source: Compiled from Mahendra P. Lama, Sikkim Human Development Report, 2001

*Note: Latest data are still not available as on February 2008. It is learnt that another volume of Sikkim's Human Development Report 2007 is to be brought out in mid-2008.

The figures given in Table 1.8 are laid out taking into account the figures of each of the four districts of the state. To a great extent the rising trends indicate the development and the improving life profiles of the people of Sikkim. Earlier in Table 1.7, important differentials of the Northeastern states including Sikkim and its development perspective

were shown as against the whole of India. In respect of literacy, particularly female literacy rate, Sikkim is ahead of the Indian average. It is a fact, which can be empirically shown, that female literacy may check the excessive birth rate, which is a stumbling block for income generation in all underdeveloped areas.²⁵ From this hypothesis the question that may arise as to why all other north-east states having a high degree of literacy are lagging behind Sikkim in their economic development objectives. There might be several reasons as diagnosed in many of the northeastern states like Mizoram, Meghalaya, Manipur, Arunachal, Assam, and Tripura. The most important of them are corruption at different levels, leakages of central funds sent by the Centre for various development projects, funds for rural employment guarantee and literacy programmes and insufficient utilisation of central funds for specific purposes, etc. It appears from available records (possibly the development index indicates so in the present day Sikkim) that the government of Sikkim is sufficiently aware about these negatives.

**Table 1.9: India and the North East: Population and Literacy:
A Comparative Estimate**

<i>States</i>	<i>Total</i>	<i>Persons</i>	<i>Literacy Rate (%)</i>	
			<i>Males</i>	<i>Females</i>
India	1027015247	65.38	75.85	54.16
Arunachal	1091117	54.74	64.07	44.24
Assam	26638407	64.28	71.93	56.03
Manipur	2388634	68.87	77.87	59.70
Meghalaya	2306069	63.31	66.14	60.41
Mizoram	891058	88.49	90.69	86.13
Nagaland	1988636	67.11	71.77	61.92
Sikkim	540493	69.68	76.73	61.46
Tripura	3191168	73.66	81.47	65.41

Source: Compiled, Sikkim Human Development Report, 2001.

According to the analysis based on the human development perspective, Sikkim entered an era of economic development since the historic constitutional change of April 1975, when the state had joined the mainstream of national political life, becoming the 22nd State of the Union. The fact is that Sikkim, having switched over from a monarchical system to a democratic government, naturally generated great enthusiasm, and rising expectations in the minds of the people. The backlog of development that had to be made up in order to reach the level of other similarly placed states in the Union rendered the task of planned development extremely

difficult and challenging but at the same time an exciting adventure. Nevertheless, the rural population of Sikkim, who fought bravely for changing the old order and those who had sacrificed in the past, have to be provided with, at least, the national minimum of their needs.²⁶

The present political establishment, because of its stability, has been pursuing genuinely the path of economic development since 1994. Table 1.10 conclusively shows the level of development in comparative perspective, which indicates the growth trajectory that Sikkim proposes to follow in the years to come.

**Table 1.10: Growth Rate of GSDP at Constant 1993-94
Prices in the IHR (1996-97 to 1999-2000)**

<i>States</i>	<i>Growth Rate (%)</i>
Jammu & Kashmir	5.50
Himachal Pradesh	6.50
Sikkim	9.60
Meghalaya	6.30
Tripura	8.40
Mizoram	NA
Manipur	6.80
Nagaland	NA
Arunachal Pradesh	5.10
India GDP	5.80

Source: Lok Sabha Unstarred Question No. 557, 17/07/02.

Recent documents indicate that the growth rate of India exceeds a little more than 8 per cent, and still lags behind what it was in Sikkim seven years back in 2000.

To conclude, the economy of the state, the political structure and environmental concerns are to be brought into their legitimate focus. Without political will of the concerned regime as well as the effort and the vision of a balanced development perspective, the political economy of development of state cannot be pursued to its logical conclusion. Sikkim is predominantly an agricultural state that requires to be modernised. The effort may come to be fruitful only when the existing demographic structures and the possibility of any shift in foreseeable future, and proper planning in different parts of the territory, are seriously considered. Industrially, the state is still backward because of its difficult terrain, and its isolated geographic regions and locations. Exploitation of existing mineral resources, surface water and building necessary network of communications and laying up of industrial bases are very challenging.²⁷

People's participation in the development process and their influence on decision making process in the government are important for an effective delivery system. The decentralisation of power to local bodies increases the efficiency and transparency, which makes the bureaucracy really accountable to the people.²⁸ This is not impossible if the political leadership is determined and the whole territory of the state is ruled not only from a centre but the governing process is spilled over from the grassroots upward. In this discourse of political economy it transpires that the political leadership, both at the centre and the periphery, tries to ensure that rural governments in the shape of Panchayati Raj system are capable enough to undertake what exactly is required of them.

A Brief Perspective of Historical and Political Regimes

Sikkim today, as it appears from the discussion above, has appeared all the time since its merger as a vibrant democracy. But its transition from feudal autocracy with religious fervour was tortuous. It was ruled by the Namgyal dynasty till 1975. The last monarchical ruler, Chogyal, was unwilling to accede to India even in the late 1960s. Feudal by inheritance, he was intriguing and made a last moment attempt to thwart a democratic transition by influencing the border states of China, Nepal and Bhutan. As the monarch married an American woman, he tried to utilise her to win over the USA also. But Chogyal's last-ditch effort failed, and Sikkim was merged with the federal India. The monarchical system of more than 300 years came to an end. Twelve generations of the institution of Chogyal that ruled over Sikkim was abolished in 1975, and a transitional democratic process followed. China eventually recognised Sikkim as an integral part of Indian Territory in 2003, that led to the thaw in Sino-Indian relations as far as that part of Indian state was concerned (China till date has not clarified its position in respect of the Indian state Arunachal). In return India had to declare Tibet as a part of China. Subsequently, on a joint declaration by the two prime ministers Dr. Manmohan Singh of India and Wen Jiabao of China, the Himalayan pass of Nathu La was opened to cross border trade.

The Indian National Congress, along with a few state level political parties began working for the consolidation of the nascent democracy in Sikkim. After a gap of a few years a genuine politico-electoral system came to play the real role of establishing good governance, contextualised or whatever, where people have participated enthusiastically to determine their politico-economic future. It was a period of rising popular aspirations that are to be mobilised only through a relook at the political economy of the state as understood by the political leadership. The steps were taken

by stages, and the sea change that began since the mid-1990s explain the paradigm shift in the thinking and execution of the economic development projects that we find in Sikkim today. It is sufficiently appreciated by the politicians that an almost universal participation of people at central and peripheral levels was necessary.

Table 1.11: Election of Legislative Assembly of Sikkim (1979-2004)

<i>Year</i>	<i>Total Voters</i>	<i>No. of Valid Votes Polled</i>	<i>No. of Polled Votes Rejected</i>	<i>Total Votes Polled</i>	<i>% of Votes Polled</i>	<i>% of Polled Votes Rejected</i>
1979	117157	72339	3960	76299	65.13	5.19
1985	155041	97057	2378	99435	64.13	2.39
1989	192619	133619	5608	139227	72.28	4.03
1994	217743	173457	4566	178023	81.76	2.56
1999	255377	204927	4056	208983	81.83	1.94
2004	248959	196465	781	197246	79.23	0.40

Source: Report, Election Commission

Average of voters during 1979 to 2004 (6 Terms) : 197816

Average of votes polled during 1979 to 2004 (6 Terms) : 149869

% of average votes polled during 1997 to 2004 (6 Terms) : 75.76

Table 1.11 shows the percentage points of votes that have been increasing in the Legislative Assembly elections in Sikkim since 1979. Such a large percentage of votes (75.76%) polled is found only in West Bengal and Tripura for reasons of their own while the all India average is 59 per cent only. In the transitional period, Kazi Lendup Dorji played a very important part. The political groups that sprang up during the past to serve the interests of the then ruling establishment apart from a few national and known Indian political parties, were converted into local and regional parties. Shree Nar Bahadur Bhandari of the Congress Party also played an important role in the democratic process of the state, and initiated the development process. It was really easier for him, particularly during his first stints, because of his closer association with the central Congress leadership under Rajiv Gandhi. In the on-going political development process, relooking the political economy based on the rising aspirations of the state as a whole as also to serve the universal interest of the people across the spectrum of original tribes and settlers, every chief minister more or less played some constructive role despite a little corruption then and now. Table 1.12 shows the successive periods that were under the chief ministers of the state.

Table 1.12: Chief Ministers & President's Rule

<i>Period</i>	<i>Name</i>
16 May 1975 – 17 August 1979	Kazi Lendup Dorji
17 August-1979 – 18 October 1979	President's Rule
18 October 1979 – 11 May 1984	Nar Bahadur Bhandari (1st term)
11 May 1984 – 25 May 1984	Bhim Bahadur Gurung
25 May 1984 – 8 March 1985	President's Rule
8 March 1985 – 17 June 1994	Nar Bahadur Bhandari (2nd term)
17 June 1994 – 12 December 1994	Sanchman Limboo
12 December 1994 – continuing	Pawan Kumar Chamling

Source: Records, Government of Sikkim

Table 1.12 shows two terms of President's rule indicating factionalism in the Indian National Congress Party. But Nar Bahadur Bhandari came in for the 2nd term and served the governments for full two terms. There were stray corruption charges against him. He tided over the difficulty but finally had to give up to Pawan Chamling of Sikkim Democratic Front (SDF) – a state party only. The point must be noted here and as shown in Table 1.13 that no national party after Nar Bahadur Bhandari managed to have any political hold over the state to form the government either singly or collectively as coalition.

But it would be less than just if anyone ignores the initiative Bhandari took in the process of political modernisation and economic development.

The Sikkim Legislative Assembly has only 32 Members. In all, 12 seats are reserved for the Scheduled Tribes and 2 seats for the Scheduled Castes, indicating more or less a harmonious representation of the Sikkimese people. The house reflects the existing composition with different groups of the people, ethnic and otherwise. Table 1.13 shows very interesting details. There are a number of political parties, their votes are shared and the majority party forms the government. The Assembly upholds the decisions of the council of ministers led by the chief minister. Therefore the chief minister – the leader, be it of a single party or a ramshackle coalition government – directs the socio-economic vision of development of the state. It has been almost always found in Sikkim since early 1980s that the chief minister found a strong party initially, the Congress and then the state level party, backing him. As a result, the political establishment and the bureaucracy at tandem were able to carry on its economic development projects and programmes to a moderately desired level.

Table 1.13: Sikkim Legislative Assembly Election Results (1979-2004): Seats won, Valid Votes Polled and % of Vote Polled by Party.

Party	Year: 1979			1985			1989			1994			1999			2004		
	Seat Won	No. of valid vote polled	% Votes Polled by parties	Seat Won	No. of valid vote polled	% Votes Polled by parties	Seat won	No. of valid vote polled	% Votes Polled by parties	Seat Won	No. of valid vote polled	% Votes Polled by parties	Seat Won	No. of valid vote polled	% Votes Polled by parties	Seat Won	No. of valid vote polled	% votes Polled by parties
CPM	0	241	0.33	0	336	0.35	-	-	-	0	270	0.16	0	398	0.19	0	144	0.07
CPI	-	-	-	0	25	0.03	-	-	-	0	26045	15.02	0	7512	3.67	1	51329	26.13
INC	0	1476	2.04	1	23440	24.15	0	24121	18.05	2	-	-	0	-	-	-	-	-
JP	0	9534	13.18	0	913	0.94	-	-	-	-	-	-	-	-	-	-	-	-
SSCL	0	85	0.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SSCR)	4	11889	15.76	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SJP	16	22776	31.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPC	4	11400	15.76	0	438	0.45	-	-	-	-	-	-	7	85827	41.88	0	90	0.05
SSP	-	-	-	30	60371	62.20	32	94078	70.41	10	60851	35.08	-	-	-	-	-	-
RSP	-	-	-	-	-	-	0	11472	8.59	-	-	-	-	-	-	-	-	-
DPC	-	-	-	-	-	-	0	298	0.22	0	274	0.16	0	0	0	0	667	0.34
RSP (I)	-	-	-	-	-	-	-	-	-	19	72856	42.00	24	107214	-	31	139662	71.09
SDF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	1123	0.57
SHRP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	3450	1.76
IND	1	11938	16.50	-	111534	11.88	0	3650	2.73	1	10255	5.91	1	3976	1.94	0	19465	100
Total	32	72339	100	32	133619	100	32	133619	100	32	173457	100	32	204927	100	32	196465	100

Source: Election Commission of India

Note: CPM=Communist Party of India(M), CPI=Communist Party of India, INC=Indian National Congress, JP=Janata Party, SSCL=Sikkim Scheduled Caste League, Sikkim Congress (Revolutionary), SJP=Sikkim Prajatantra Congress, SSP=Sikkim Sangram Parishad, RSP=Rising Sun Party, RSP(I)=Revolutionary Socialist Party, DPC=Denzong Peoples Chogpi, BJP=Bharatiya Janata Party, SDF=Sikkim Democratic Front, SHRP=Sikkim Himali Raiya Parishad, IND=Independent.

Concluding Observations

Sikkim is a very small Himalayan state but with sufficient economic development potential. The transition of the state from its feudal ethos to democratic values was not easy, but not extremely tortuous either. The people are ethnically divided but the divisions are not as intense as elsewhere in India's Northeastern states in respect of identity politics. The people are peace loving and responsive to the cause of development. The political parties are competitive but not confrontational always. The chief ministers of the state have mostly enjoyed a stable government. The political tensions between the Centre at Delhi and the states that are observed in different regions due to several factors are hardly found in Sikkim. The politics of the state never takes precedence over economics. That is one of the major factors that help a new look political economy of development in Sikkim. The governmental decisions are carried on not only from the capital at the Centre but from the peripheries as well through the constitutionally adopted policy of decentralised governance. All these arguments made above are to show that Sikkim, although very small in comparison, can prove itself as a model of good governance that helps in building a vibrant economy of development.

But the government of Sikkim as well as the Central government should bear in mind that the opening up of Nathu La pass for mutual trade expansion may not be that advantageous for Sikkim. The Chinese side of the Nathu La is absolutely fortified.²⁹ The roadways and other communication channels are very well connected with Mainland China, whereas the Indian sides are still to be properly laid out and developed. Apart from India's external security concerns, the cheaper Chinese goods pumped into this side of the border at the peril of Sikkim's handicrafts and smaller manufacturing items might stand as a threat to Sikkim's economic security.

REFERENCES

1. Subrata K. Mitra, *The Puzzle of India's Governance: Culture, Context, and Comparative Theory*, New York: Routledge, 2005.
2. "Politics of India", available at <http://www.du.ac/du/stc/politics.pdf>.
3. Ibid.
4. Iqbal Narain, *State Politics in India*, Meerut: Meenakshi Prakashan, 1976, p.xl.
5. Ibid, p.xl.
6. Mahendra P. Lama (ed), *Sikkim: Society, Polity, Economy, Environment*, New Delhi: Indus Publishing company, Second Print, 2000.
7. Amal Datta, "Ethnicity and Resource Management in Sikkim", in Lama, *Sikkim*, pp. 68-81.

8. J.D. Hooker, *Himalyan Journal*, Vol. 1, London (1854), quoted in R.S. Chauhan, "Sikkim Politics of Immigrant", in Narain, *State Politics in India*, p. 545.
9. Datta, "Ethnicity and Resource Management in Sikkim", p. 73.
10. Mahendra P Lama, "Editor's Note", in Lama, *Sikkim*, p. 14.
11. "Foreword", *Sikkim Human Development Report 2001*, Government of Sikkim, Delhi: Social Science Press, 2001.
12. "Managing Urban Growth", Sikkim: The people's voice, available at <http://Sikkim.gov.in/ASP/Visiondocument?Managing.urban.htm>.
13. *India: Policy to reduce Poverty and accelerate Sustainable Development*, 2000, World Bank.
14. Madhav Godbole, Report of the One Man Committee on Good Governance, July 2001, <http://www.maharashtra.gov.in>
15. In the events of uprooting the peasants from land, while making way for establishing Special Economic Zones (SEZ) China had to suppress more than 87000 popular protests in the year 2005 only. See Srikanth Kondapalli, "China's Strategic & Security Policies in 2006: An Assessment", *South Asia Defence and Strategic Year Book 2007*, New Delhi: Panchsheel, 2006, p. 116.
16. Op cit, <http://www.sikkim.gov.in>
17. *Sikkim Human Development Report 2001*.
18. "Facts and figures", available at http://www.sikkim.gov.in/ASP/Misc/SG_FACTS.htm.
19. *Sikkim Human Development Report 2001*.
20. "Foreword", in *ibid*.
21. *Ibid*
22. *Ibid*.
23. Data after 2001 are not available. As reported in the 19-20 November 2007 Seminar at Sikkim by the present Education Minister, the next *Human Development Report of Sikkim* is expected to come out sometime in the mid 2008.
24. Vibha Arora, "Unheard Voices of Protest in Sikkim", *Economic and Political Weekly*, 25 August 2007.
25. A.R. Kamath of Poona Institute of Economics and Politics wrote a series of articles in the *Mainstream*, New Delhi, during late 1960s on the basis of his empirical studies on the relation between women's illiteracy and the growth of population in India.
26. *Sikkim Human Development Report 2001*, p. 16.
27. "Report", *Forest Environment and Wildlife Management Department, Government of Sikkim*, p.112.
28. For details, see <http://sikkim.gov.in/ASP/Visiondocument decentralization.htm>.
29. As observed by the team of researchers from the Maulana Abul Kalam Azad Institute of Asian Studies, which visited the Nathu La pass during 17-19 November 2007.