

# Sikkim Development Report



PLANNING COMMISSION  
GOVERNMENT OF INDIA  
NEW DELHI

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# Sikkim Development Report



PLANNING COMMISSION  
GOVERNMENT OF INDIA  
NEW DELHI

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# Core Committee

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8. Shri N.D. Chingappa, Member (present)  
*Chief Secretary, Govt. of Sikkim*



## List of Contributors with their Affiliations

N.J. Kurian

*Director, Council for Social Development,  
New Delhi (formerly, Senior Consultant,  
National Institute of Public Finance and Policy, New Delhi)*

Mahendra, P. Lama

*Vice Chancellor, Central University of Sikkim, Gangtok  
(formerly, Professor, School of International Studies,  
Jawaharlal Nehru University, New Delhi)*

Simanti Bandyopadhyay

*Senior Economist, National Institute of Public Finance and Policy, New Delhi.*

Saumen Chattopadhyay

*Associate Professor, School of Social Sciences,  
Jawaharlal Nehru University, New Delhi*

Anuradha Bhasin

*Consultant, National Institute of Public Finance and Policy, New Delhi.*



एम. एस. आहलुवालिया  
**MONTEK SINGH AHLUWALIA**



उपाध्यक्ष  
योजना आयोग  
भारत  
**DEPUTY CHAIRMAN**  
PLANNING COMMISSION  
INDIA

## FOREWORD

One of the important Tenth Plan initiatives of the Planning Commission was to sponsor the preparation of State Development Reports with much of the work being done by reputed national level institutes. This exercise was undertaken in recognition of the fact that economic circumstances and performance in individual States varied considerably and it was necessary to examine development challenges for individual States in the light of State specific constraints and circumstances. The basic idea is to produce quality reference documents on development profiles of individual States and the possible strategies for accelerating growth, and reducing poverty and inequality.

The Sikkim State Development Report reviews Sikkim's experience and highlights issues critical for the State's development in the years ahead. I hope its publication will stimulate debate on growth strategies appropriate for Sikkim. I am sure the road map indicated in the Report will stimulate a broader awareness of the critical policy issues facing the State and will assist the State to move to a higher growth path and to achieve all round human and economic development.

(Montek Singh Ahluwalia)



**Pawan Chamling**  
(*Honoris Causa*)  
Chief Minister of Sikkim



03592-202575 (O)  
03592-202304 (R)

Tashiling  
Gangtok-737103  
Sikkim

## MESSAGE

Sikkim State's Development Report has been prepared by the National Institute of Public Finance and Policy in collaboration with the Planning Commission. I would like to convey my sincere thanks and gratitude to these august institutions. I also appreciate the vision provided by Dr. N.J. Kurian and Prof. Mahendra P. Lama in this endeavour.

The peace and tranquility in the State has been a catalyst resulting in development of Tourism, Horticulture, Floriculture, Power, Industrial Growth and expansion of Infrastructure. The data on several fronts on literacy, birth rate, death rate, growth rate and per capita income all are indicative of the progress made by the State, especially during the last decade.

We are conscious of the need for a sustainable development duly dovetailing the need to preserve the Ecology and Environment, so as to ensure that the fruits of development reach the poorest of the poor. The strengths, weaknesses and potential of our State have been dwelt upon in detail in the report. We shall not leave any stone unturned in meeting the challenges ahead of us.

We accept the need for environmental sanitation and the benefits provided by the CNG in controlling vehicular pollution, as evidenced in our National Capital Delhi. We hope that the Central Government provides CNG facilities to our State also. We are consciously promoting Eco-Tourism, Horticulture and Floriculture in our State where we have a comparative advantage. We are committed to optimal utilization of our Hydel resources in an environmentally friendly manner, without causing undue hardship to our people

In order to put Sikkim in the path of sustainable development with all round improvement in human indices, we have taken a number of measures, which we are confident, would meet the economic growth rate of 8 %

prescribed by the Planning Commission in the current plan period. We aim at rationalizing revenue expenditure and increasing investment in areas leading towards more capital formation.

Our economic strategy focuses upon areas like, poverty alleviation, creation of employment opportunities and income generation through self-employment and our thrust sectors are Agriculture, Horticulture & Floriculture, Tourism and Human Resource Development. It is also our endeavor to create congenial atmosphere for promotion of business infrastructure and bringing of private investment in industries, especially services oriented sectors like tourism, IT and border trade etc. We are also actively encouraging public private partnership in the State.

Our vision is to ensure complete literacy, quality education and skill development to increase and enhance the scope of employment together with adoption of new technological devices in rural management and agriculture.

I am confident that the report would open new vistas of development for the State.



**(Pawan Chamling)**





बी. के. चतुर्वेदी

**B.K. CHATURVEDI**

सदस्य  
योजना आयोग  
योजना भवन  
नई दिल्ली-110 001  
**MEMBER**  
PLANNING COMMISSION  
YOJANA BHAWAN  
NEW DELHI-110 001  
TEL: 23096594  
e-mail: bkchaturvedi@nic.in

## MESSAGE

Preparation of State Specific Development Reports is a recent initiative of the Planning Commission with States Concerned. The objective of the State Development Report is to identify critical development issues of the State and suggest strategies for accelerating development process of respective states. The report prepared mainly by experts and specialized institutes with the cooperation of the State Government would be of immense value to the Centre and the State which would assist in the setting of the agenda for higher and more equitable growth of states.

A Core Committee under the Chairmanship of Shri N.K. Singh, former Member, Planning Commission, was constituted in October 2003. The Core Committee worked out the modalities for preparing the State Development Report for Sikkim and decided to assign the job to National Institute of Public Finance and Policy(NIPFP) and Prof. M.P.Lama of Jawaharlal Nehru University, keeping in view their involvement in preparation of "*People's vision*" on Sikkim and "*Sikkim Human Development Report, 2001*" and their interest for the job. The Government of Sikkim was also actively associated in this process.

The report has taken into account the historical evolution of the indigenous people and the state, its sensitive and fragile environment, biodiversity and natural resources, poor connectivity, underdeveloped infrastructure, shortage of skills, expertise and the role of government at the centre-stage of development while analyzing the development profile of the state. The report highlights all critical policy issues, State economy, development performance of the State Government and suggests sustainable developmental strategy through strengthening of social and

physical infrastructure and proactive role of the government. The directions and strategies suggested in the report will go as a long way in achieving a higher growth rate.

I would like to record my appreciation of the work done by NIPFP and Prof. Prof. M.P.Lama for their effective contribution in preparing the report. I am thankful to the Government of Sikkim for rendering full cooperation and support to NIPFP in preparation of the report. The efforts done by the State Plan Adviser (NE) in liaising with NIPFP, State Government Departments is noteworthy. I would like to appreciate the work done by officers of the State Plan Division in providing all necessary help to the Core Committee.

*B.K. Chaturvedi*  
(B.K. CHATURVEDI)

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M.G. Rao  
*Director, NIPFP,  
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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 minibuss 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.



## Chapter 1

# Sikkim: Development Profile and Future Directions



Sikkim, which was a protectorate, became a state of the Indian Union in 1975. It is the smallest state of India in terms of area and population. It is a landlocked state nestled in the Himalayas with Tibet to the north and northeast, Bhutan to the east, Nepal to the west, and Darjeeling district of West Bengal to the south. Though the state started late on its road to development, it has caught up with others rather quickly.

Sikkim is gifted with a rich biodiversity and a variety of natural resources. The state has been aiming to pursue an eco-friendly sustainable development process during the last 30 years. With over 500 species of orchids, 28 mountain peaks, 21 glaciers, 227 lakes and wetlands, one national park and six wild life sanctuaries, Sikkim is emerging as a popular tourist destination in India. Sikkim is also the largest producer/exporter of large cardamom accounting for about a half of the total world production. However, a stagnant agriculture and steadily declining industrial activity have severely hampered the development process. The government has been at the centre stage of development and has been involved in every sphere of activity. Since non-government employment opportunities are minimal, the government has become the principal employer. This has put the government under severe fiscal stress.

### 1.1 Sikkim's Performance at the National Level

The growth rate of state domestic product (SDP) of Sikkim during the IXth Plan at 8.3 per cent per annum was the highest among the Indian states. Only two UTs, viz., Chandigarh and Puducherry and the National Capital Territory (NCT) of Delhi experienced higher growth rates. However, since Sikkim was a relatively poor state to start with, even after this impressive

growth performance, the rank of the state in per capita income terms was 11 at the beginning of the Xth plan. The projected growth rate of SDP for Sikkim during the Xth plan is 7.9 per cent per annum against the national target of 8 per cent. The decomposition of the projected growth rate sectorally is agriculture (5 per cent), industry (5.2 per cent) and services (10.4 per cent). In comparison to the national target of agriculture (4.0 per cent), industry (8.9 per cent) and services (9.4 per cent), the state is expected to perform much better in agriculture and services.

### 1.2 Development of Social and Economic Infrastructure

In terms of income poverty, Sikkim's position is ever more worrisome. The latest available estimates for 1999-2000 indicate that the share of population below the poverty line in Sikkim is 36.6 per cent. Even the projected level of poverty in the state at the end of the Xth plan at 33.8 per cent is significantly higher than the national average of 19.3 per cent. One major limitation of the poverty estimates for the state, however, is the fact that they are based on the household data for Assam. The only Sikkim factor is the adjustment for price differentials based on prices prevailing in Sikkim. This is an anomaly, which needs to be corrected.

In terms of human development, Sikkim is far better than majority of the states. According to census 2001, Sikkim's level of literacy at 68.8 per cent is the 9th highest among the states of India. In terms of female literacy also, the state fares much better than most of the states. The state has achieved spectacular improvement in universalising literacy over the last quarter century.

The important health indicators also show that Sikkim has made impressive progress. The total fertility rate of Sikkim at 2.75 in 1998 was well below the national average of 3.2. The fertility levels of 17 states are above that of Sikkim. Again, the infant mortality of Sikkim at 52 per 1000 live births in 2001 was well below the national average of 71. In terms of access to safe drinking water, the position of Sikkim is significantly better than most states. The latest available data for 2001 indicate that 81 per cent of Sikkim households had access to safe drinking water as against the national average of 62.3 per cent. In urban areas of Sikkim access was as much as 97 per cent as compared to 81.4 per cent at all India level. While 78 per cent of the total households has electricity in Sikkim, it's share in urban household is as high as 97 per cent.

Sikkim, however, suffers from a huge disadvantage in terms of access and infrastructure. The state is land-locked and mountainous. The state has neither air link nor rail link with the rest of the country. The long-standing efforts to build the first airport of the state at Pakyong have been delayed due to the problems of acquiring the requisite land and capacity to commit funds. Indeed, flat land is very scarce in the state. The lifeline of the state connecting it to the rest of the country is highway 31A running parallel to Teesta river which links Gangtok to Siliguri in West Bengal. Even this link road which is maintained by the Border Road Organisation (BRO) is subject to frequent landslides, especially during the monsoon season. Within the state also, the road connectivity is inadequate for essential movements and economic activities of the people. Road density in Sikkim measured in terms of road length per

1000 sq. kms of area is the lowest among all the states in the country.

One of the most valuable resources of the state is its hydel potential which is estimated to be over 8000 MWs. However, only a minuscule share of this vast potential has been exploited so far. As a result, Sikkim has very low availability of electricity. Per capita consumption of electricity in the state in 1999-2000 was just 192 kwh against the all India average of 355 kwh. This position is likely to improve significantly when the ongoing hydel projects on Teesta river are commissioned in 2007. This is likely to drastically improve the power situation and the sale of power also fetch a handsome revenue for the state.

### 1.3 Sikkim's Development Profile in the Regional Context

Sikkim was included as a member of the North-Eastern Council in 2002. The Council functions as a planning body for the overall development of the north-eastern region comprising of 8 states including Sikkim. All the 8 states are characterised as special category states (SCS). And except for Assam came into existence much after the states' reorganisation in 1956. They are mostly hilly and inhabited by tribal people. Poor infrastructure and connectivity are a common problem for all (N.E.) states of them. All the 8 north-eastern states have sensitive international borders. Sikkim is one of the most peaceful states in the country.

A comparison of the development profile of Sikkim vis-à-vis other N.E. states will place the needs of Sikkim in the correct perspective. Table 1.1 presents the

TABLE 1.1  
Per Capita Income and Poverty

States	Per Capita NSDP* (Rs.)			Percentage of Population Below Poverty Line		
	1990-91	1999-2000	2000-01	1973-74	1993-94	1999-2000
India						
Sikkim	7375	10250	NA	54.88	35.97	26.1
Arunachal Pradesh	6927	8521	9575	50.86	41.43	36.35
Nagaland	8313	8726	NA	51.93	39.35	33.47
Manipur	5393	6873	6573	50.81	37.92	32.67
Mizoram				49.96	33.78	28.54
Tripura	5026	7967		50.32	25.66	19.47
Meghalaya	6928	9003	9397	51	39.01	34.44
Assam	5574	5785	9427	50.2	37.92	33.87
			5867	51.21	40.86	36.09

Note: \*: Per capita NSDP at constant prices (1993-94).

Source: Indian Public Finance Statistics, 2003-04 and Poverty figures from the Tenth Five Year Plan: Volume III.



comparative picture in terms of per capita income and the level of poverty. In 1990-91, Sikkim had the second highest average income after Nagaland. By 1999-2000 Sikkim had overtaken Nagaland. The income estimate for Sikkim in 2000-01 is not available. However, it is safe to assume that Sikkim maintained the first position in that year also in view of the very high growth of NSDP during the IXth plan period.

Because of the low level of incomes, the incidence of poverty in the N.E. states is higher than that for the country as a whole. The state-wise estimates of poverty for three time-periods presented in Table 1.1 reveals this. There, however, is a limitation to the poverty estimates of the N.E. states. They are all based on the field data relating to Assam. Only the price variations and the rural-urban population shares influence the state specific estimates. Because of the high cost of transport and the relatively low share of urban population the level of poverty is higher in Sikkim compared to other N.E. states. Indeed Sikkim's poverty level was the highest among N.E. States in 1993-94 and 1999-2000.

The relative development of Sikkim and other N.E. states in terms of infrastructure development is presented in Table 1.2. In terms of per capita consumption of electricity which is a good indicator of development, the position of N.E. states is far below the national average. Sikkim's relative position in the N.E., however, is better.

In terms of road density, the situation in N.E. is generally poor and Sikkim's position, even worse. As compared to the national average of 749 km per 1000

sq. km of area, Sikkim has only 258 km per 1000 sq. km. Among the N.E. states, the density of road in Sikkim is better than only Arunachal Pradesh and Mizoram.

The density of post offices measured in terms of population per post office is higher in Sikkim than all other N.E. states, except Mizoram.

The comparative picture of access to safe drinking water in N.E. states for 1991 is somewhat dated. The relative position of Sikkim, however, is quite good. At 73 per cent Sikkim has the highest level of access to safe drinking water in north-east and the state betters the national average of 62 per cent.

Index of social and economic infrastructure for 1999 worked out by the Eleventh Finance Commission placed Sikkim ahead of all the other N.E. states and above the national average as is given in the last column of Table 1.2.

Sectoral composition of plan expenditure of N.E. states at three different points of time is presented in Table 1.3. Social sector expenditure in Sikkim was one of the lowest among N.E. states in 1981-82. Thanks to consistent effort by the government, by 1997-98, the social sector expenditure in the State was one of the highest among the N.E. states. Even as the share of social sector in plan expenditure in all the N.E. states has been increasing in the 1980s and 1990s, the growth of social sector spending in Sikkim has been distinctly higher. Indeed, this has resulted in better performance in terms of human development indicators in Sikkim.

TABLE 1.2  
Infrastructure and Development

Infrastructure	Per Capita Consumption of Electricity, 1999-2000 (in kwh)	Road Length Per 1000 sq. km of Area in 1996-97	Population under One Post Office, 1999-2000 (2001 Population)	Access to Safe Drinking Water in per cent of Households, 1991	Index of Social and Economic Infrastructure, 1999
India	354.7	749	6639	62.3	100
<b>Sikkim</b>	<b>192.4</b>	<b>258</b>	<b>2647</b>	<b>73.19</b>	<b>109</b>
Arunachal Pradesh	68.6	168	3627	70.02	69.7
Nagaland	84.7	1107	6623	53.37	76.1
Manipur	69.5	490	3123	38.72	75.4
Mizoram	120.7	229	2221	16.21	82.1
Tripura	95.5	1405	4464	37.18	74.9
Meghalaya	160.3	278	4721	36.16	75.5
Assam	95.5	872	6776	45.86	77.7

Source: Planning Commission. Tenth Five-Year Plan 2002-2007: Volume-III.



TABLE 1.3  
Sectoral Composition of Actual Plan Expenditure

States	Social Sector			Infrastructure		
	1981-82	1991-92	1997-98	1981-82	1991-92	1997-98
Sikkim	19.83	28.09	45.38	41.42	47.07	32.9
Arunachal Pradesh	24.59	25.9	29.65	45.66	47.07	46.37
Nagaland	26.65	24.38	36.73	39.33	30.42	19.87
Manipur	29.07	24.58	32.44	29.93	37.31	38.57
Mizoram	26.54	25.68	30.35	45.93	35.38	41.1
Tripura	28.69	30.16	43.18	27.53	26.11	22.34
Meghalaya	28.97	29.32	37.83	45.09	38.99	33.58
Assam	17.97	34.31	45.89	52.56	29.97	22.12

Source: Planning Commission, Tenth Five Year Plan 2002-2007: Volume-III.

A few important demographic and health indicators for different N.E. states and all-India are given in Table 1.4. The sex ratio at 875 is the lowest for Sikkim among N.E. states. It is also well below the national average. This is surprising as in terms of child sex ratio, Sikkim stands to be better than all India average of 963 though still below most of the N.E. states.

Total fertility figures presented in column 4 indicate that Sikkim has the lowest figure among N.E. states except for Arunachal Pradesh and this is well below the national average. Infant mortality figures in column 5 show that N.E. states except Assam are better off than the country. At 52, infant mortality for Sikkim is better than that of only Assam in the N.E. region.

The N.E. states including Sikkim have been devoting

a fairly high share of plan expenditure on infrastructure during the first two time periods. The worrisome fact is that for majority of N.E. states including Sikkim, infrastructure share in plan expenditure came down sharply by 1997-98.

Table 1.5 presents the state-wise literacy levels in N.E. states and at all-India level. Except Arunachal Pradesh, Meghalaya, and Assam, the level of literacy is higher in other N.E. states as compared to the national average. Mizoram, Tripura, and Manipur have literacy levels higher than that of Sikkim. The gender gap in literacy in the region is significantly lower than that of the country. In terms of gender equity, Sikkim fares better than four of its neighbours. But the state has to go a long way to catch up with Mizoram in gender equity in literacy.

TABLE 1.4  
Sex Ratio, Total Fertility and Infant Mortality

States	General			
	Sex Ratio	Sex Ratio (0-6) yrs	Total Fertility 1998	Infant Mortality 2004
India	933	927	3.2	71
Sikkim	875	963	2.8	52
Arunachal Pradesh	893	964	2.5	44
Nagaland	900	964	3.8	NA
Manipur	978	957	3	25
Mizoram	935	964	2.89	23
Tripura	948	966	NA	49
Meghalaya	972	973	4.6	52
Assam	935	965	3.2	78

Source: Planning Commission, Tenth Five Year Plan 2002-2007: Volume III.

TABLE 1.5  
Literacy and Gender Gap

States	General			Gender Gap in Literacy
	Literacy Rate			
	Persons	Male	Female	
India	64.8	75.3	53.7	21.6
Sikkim	68.8	76	60.4	15.6
Arunachal Pradesh	54.3	63.8	43.5	20.3
Nagaland	66.6	71.2	61.5	9.7
Manipur	70.5	80.3	60.5	19.8
Mizoram	88.8	90.7	86.7	4
Tripura	73.2	81	64.9	16.1
Meghalaya	62.6	65.4	59.6	5.8
Assam	63.3	71.3	54.6	16.7

Source: Planning Commission, Tenth Five Year Plan 2002-2007: Vol. III.

TABLE 1.6  
District-wise Key Indicators: Sikkim

Indicators	Total	North	West	South	East
Area (sq. kms.)	7096	4226	954	750	1166
Districts (no.)	4	1	1	1	1
Sub-divisions (no.) (2001)	9	2	2	2	3
Zilla panchayat wards (no.)	100	20	25	24	31
Gram panchayat units (no.)	166	20	51	45	50
Gram panchayat wards (no.)	886	103	255	255	273
Revenue blocks/villages (no.)	454	54	122	145	133*
Towns (no.)	8	1	2	2	3
Households (no.) 2001	114223	10921	23244	25477	54581
Population 2001	540851	41030	123256	131525	245040
Urban Population (%)	11.1	3	1.5	3	21.6
Rural Population (%)	88.9	97	98.5	97	78.4
ST population (%)	20.6**	53.1	19.3	15.6	18.5
SC population (%)	5	2.1	4.7	4.8	5.8
Decennial growth rate 1991-2001	33.1	31.3	25.6	33.4	37.3
Population density (per sq. m)	76	10	106	175	257
Literacy rate 2001	68.8	67.2	58.8	67.3	74.7
Males	76	75.7	66.8	74.3	81.2
Females	60.4	55.4	50.1	59.7	66.8
Total main workers (%) 2001	39.4	42.8	36.8	43.6	37.8
Marginal workers (%) 2001	9.3	14.6	6.4	9.4	9.8
Non-workers (%) 2001	51.4	42.6	56.8	47	52.4

Note: \*: 2 uninhabited villages; \*\*: This is likely to go up sharply after the census of the two newly included scheduled tribes is carried out in 2005.

Source: Census 2001; No. of towns according to *Economic Survey of Sikkim, 2003-2004*.

#### 1.4 Intrastate Development Trends

Sikkim is divided into four districts and 9 subdivisions for administrative purposes. While north district accounts for about 60 per cent of the geographical area of the state, east district accounts for over 45 per cent of the population. In terms of most of the developmental indicators, east district which has got Gangtok, the state capital, is ahead of the other three districts. A few key indicators are given district-wise in Table 1.6.

Table 1.7 presents district-wise health infrastructure in 2001. While in terms of number of primary health centres and sub-centres, the coverage of east district is poorer compared to the others, in terms of hospital beds situation it is far better in east district. This is principally owing to the fact that the state referral hospital is located in Gangtok.

District-wise sex ratio and child sex ratios are presented in Table 1.8. Sex ratio varies considerably across districts. While the west and south have much

more favourable sex ratios, north has abysmally low sex ratio. When it comes to child sex ratio the differences narrow down considerably. While low sex ratio in east district can be explained in terms of male migration in search of employment, the very low sex ratio in north district is rather difficult to explain

TABLE 1.7  
Health Infrastructure

State/ District	PHC Nos.	Population Per PHC	PHSC Nos.	Population per PHSC	Total Beds Nos.	Population per Bed
East	8	30630	48	5105	480	511
West	7	17608	41	3006	120	1027
North	3	13677	19	2159	80	513
South	6	21921	39	3372	160	822
State	24	22535	147	3679	840	644

Note: Population figures correspond to 2001 Census; Total beds include beds in PHCs, State Referral Hospital, and Community Health Centers.

Source: Dept. of Health, Govt. of Sikkim.



TABLE 1.8  
General and Child Sex Ratio

State/District	General	
	Sex Ratio	Sex Ratio (0-6) yrs
Sikkim	875	963
North	752	995
West	929	966
South	927	969
East	844	950

Source: Census of India, 2001.

Tables 1.9 and 1.10 present the district-wise distribution of educational institutions and the level of literacy. It is clear that east has an edge over the other districts in terms of institutions and the literacy outcomes. Gender gap in literacy is highest in the north district. An unfavourable sex ratio coupled with high gender gap in literacy qualifies north district to be characterised as the gender insensitive district of Sikkim.

### 1.5 Objectives of State Development Report

The Sikkim Development Report attempts to draw a roadmap for the social and economic development of the state for the next 15 to 20 years. As already noted, the state has achieved a relatively high level of social development, but despite high growth seen in recent years, the level of per capita income is still relatively low and, poverty remains relatively high.

The state has several strong points for achieving fast growth. It is a peaceful state. It has an ideal climate and natural beauty. The state has great potential for tourism. There is substantial hydelpower potential. The

TABLE 1.9  
Number of Government Educational Institutions: 2005

Categories	East	West	North	South	Total
LPS	35	62	21	48	166
PS	110	95	39	92	336
JHS	48	36	16	47	147
SS	30	23	11	28	92
SSS	19	10	3	9	41
Total	242	226	90	224	782

Note: LPS: Lower Primary School; PS: Primary School; JHS: Junior High School; SS: Secondary School and SSS: Senior Secondary School.

Source: Data supplied by Human Resource Development Department, Government of Sikkim, 2005.

TABLE 1.10  
District-wise Literacy Rate in Sikkim

State/District	Literacy Rate			Gender Gap in Literacy
	Persons	Male	Female	
Sikkim	68.8	76	60.4	15.6
North	67.2	75.7	55.4	20.3
West	58.8	66.8	50.1	16.7
South	67.3	74.3	59.7	14.6
East	74.7	81.2	66.8	14.4

Source: Census of India, 2001.

state is rich in herbal and medicinal plants. The horticultural potential is only partially exploited. Its location and international borders offer great potential for trade-led growth. It has got cheap labour which adds to its competitiveness. The principal weaknesses or handicap of the state are its small size, fragile ecology, poor connectivity, underdeveloped infrastructure and shortage of skills, expertise, and enterprises.

The development strategy should build on the strengths of the state, to overcome the handicaps and to convert the handicaps into strengths. International experience shows that achieving the goals in social development is more difficult than economic goals. The state has already solved the more difficult problem by achieving a fair level of social development. Now the state will have to turn to the less difficult task of economic development to ensure higher and sustainable incomes to all households in the state.

The proposed strategy of development concentrates on empowerment of people by education and healthcare, infrastructure development, harnessing of natural resources and fiscal consolidation. The development strategy should build around both the government and the private sector, NGOs and CBOs.

Human development should continue to get priority. Universal literacy and universal healthcare should be ensured at the earliest. Higher education and skill formation will be given highest priority. Food and nutrition security have to be ensured. Infrastructure development will focus on three areas, viz., power, roads and transport, and communication. Concentration will be on three driving forces, viz., governance, resource mobilisation and people's participation.

Fiscal consolidation will have to get high priority. Healthy growth of revenues will have to be ensured, revenue base should be diversified, allocative and



technical efficiency in public spending must be ensured, and accountability must be enforced.

The great potential of reopening of Nathu La trade route should be fully exploited. The requisite infrastructure should be in position at the earliest. Appropriate policies have to be evolved to ensure optimum benefit to the state which will be widely shared by the people.

Sikkim has to evolve itself as an important regional player in the north-eastern region. The state has to ensure full benefit as the eighth member of NEC. Sikkim has to position itself to benefit from trade with neighbouring states as well as neighbouring countries.

The benefits of development of the state should be equitably distributed among all Sikkimese. To achieve this goal, the growth strategy should be an inclusive one. This can be ensured only by employment and incomes to all. Government should facilitate rather than create employment. Development and growth should be regionally balanced. Promotion of eco-tourism in the remote areas will ensure this to an extent. Other activities with great employment potential to be promoted are agro-processing and knowledge-based industries. Further, with appropriate policies Sikkim can be offered as a hub for education and healthcare.