

## Speech of Shri Pawan Chamling, Chief Minister, Sikkim

50th National Development Council Meeting on 21st December 2002 at New Delhi

I bring with me the warmest greetings from the people of Sikkim to our Hon'ble Prime Minister, his distinguished cabinet colleagues, the Deputy Chairman of Planning Commission, the Chief Ministers and other distinguished members present in this august gathering. At the very outset, I wish to express my deep gratitude to the respected Prime Minister for having kindly agreed to make Sikkim as the eighth member of the North Eastern Council. I am sure that notification for same would be issued soon. I am also extremely grateful to the Union Government for extending special industrial package to Sikkim on the lines of NE Industrial Policy and all the timely assistance in form of non-lapsable funds.

2. The National Development Council is both an apex development body and the guiding institution. The robust and resilient shape of today's India is a strong manifestation of the unflinching commitment of versatile role played by and immense contribution made by the NDC in the post-independent India. In my opinion, this meeting is historic in two significant respects:

3. First, this is the 50<sup>th</sup> meeting of the NDC. This august institution has had the leadership of very eminent public figures including Pandit Jawaharlal Nehru. We have today the great fortune of being guided by one the greatest visionaries and statesmen of India, Shri Atal Bihari Vajpayee. The very fact that the Council is meeting for the 50<sup>th</sup> time underscores the relevance, usefulness and efficacy of an apex institution like this.

4. Secondly, the NDC is meeting at a very critical juncture of the post independence period. We are here to deliberate upon and launch the 10<sup>th</sup> Five Year Plan. The global situation has undergone a massive transformation. We ourselves have been working towards achieving a goal of a very versatile and robust India. Therefore, the 10<sup>th</sup> Plan is very opportune and critical.

5. It is a well designed and substantive document meant to act both as a road map and a development guide. This Plan document, I hope, shall pave the way for a steady switch over to a new India, an economic power with an unending promise and a strong international leadership trait. The 10<sup>th</sup> Plan amply indicates the strong urge and potential shown by our country to enter into the 21<sup>st</sup> century and to make this century an era of opportunities, prospects and sustained development.

6. At the same time, there are formidable challenges and complex problems ahead. They vary from traditional concerns, such as, poverty, inequality and food security to the present day concerns like poor governance, resource crunch, energy security and environmental imbalances. The increasingly higher expectations and changing structures of demand and consumption across the country have made the development issues multidimensional. The globalisation process has only made these concerns more imminent and diabolical.

### **Reorientation of the Development Paradigm**

7. The objectives of the national Tenth Plan document are very much in tune with the present needs and future direction of our political economy. We have found the strategies as laid out in the document to be both appropriate and responsive to the changing needs and ever transforming challenges. The plan document rightly mentions that the country is in a "decelerating phase" and that restoration of momentum is extremely vital.

8. The 10<sup>th</sup> Plan target growth rate of 8 percent in the national GDP is indeed very formidable given the lackluster performance of a large number of states during the 9<sup>th</sup> Plan period. On the contrary, my state could maintain one of the highest growth rates in the country during the Ninth Plan. As mentioned in the 10<sup>th</sup> Plan draft document, with a growth rate of 8.3 percent, we were second only to Pondicherry, Chandigarh and Delhi. Thus, we were far ahead of many well performing states. This was despite the fact that we entered into the planned development and democratic process only with effect from 1975. We would like not only to maintain this growth regime, but would also strive to enter into a higher and double-digit growth rate in the 10<sup>th</sup> Plan.

9. We are emboldened in our effort by the following four imperatives:

First, the State is now firmly placed in consolidating the economic reforms introduced in the last few years. We have thoroughly studied the areas that require reform interventions and have devised specific techniques and effective instruments of interventions.

Secondly, we have been able to generate a total political and social consensus in Sikkim on the need for reforms, our chosen strategies for such reforms and the ultimate objectives of reforms.

Thirdly, our two significant reports viz., Sikkim Human Development Report 2001 and Sikkim: The People's Vision have placed before us a long term vision and a road map along with the agenda for sectoral and sub-sectoral reforms. We are also seriously focusing on social agenda to strengthen the social context of the ongoing reforms.

Fourthly, our Tenth Plan is based on large scale intensive consultations including with the Zilla Adhyakshas and other grass root functionaries.

10. We consider the Hon'ble Prime Minister's vision of doubling the per capita income within the next ten years to be both stimulating and demanding. Can we really do so given the hick ups and stumbling blocks we have in the newer dimensions of development process? Are the states ready to be the flag bearers of second generation reforms? We have the capacity, capability and core competence. What we really require is the renewal of commitment and drastic change in the contours of our system of governance. Half of the target could perhaps be achieved by merely improving the system of governance and the rest by way of injection of fresh and bold policy interventions in both private and public investment.

11. Let me again gladly mention that as per the national 10<sup>th</sup> Plan document, Sikkim has had the fifth highest growth rate of 5.6 percent in the per capita net state domestic product during 1993-94 to 1999-2000.

### **Overarching Concern**

12. Despite these two very healthy and buoyant indicators, our overarching concern, however, continues to be poverty. We still have over 35 percent of the people living below poverty line. This is rather high by the national average of 26 percent. Poverty in the state Sikkim is enmeshed in protracted feudal practices of the past, topographical ruggedness, inadequate delivery services, prolonged socio-economic deprivations and poor quality of political governance.

13. There are, however, varying estimates of poverty ratio in Sikkim including the above which is based on poverty ratio of Assam. We are intrigued by this high figure which does not go very well with our major social indicators including literacy rate, access to drinking water and housing and economic indicators like per capita income. We have performed rather exceedingly well as far as these indicators are concerned.

14. Therefore, in the Tenth Plan we would like to first scientifically determine, prudently assess and seriously analyse the nature, extent and spatial distribution of

poverty in Sikkim. In other words, we would like to carry out a one time baseline study with the support of national institutions. I appeal to the Planning Commission to carry out this exercise of crying need on an urgent basis. This, however, does not distract us from implementing the newly devised policy interventions to alleviate poverty in the state.

### **Tackling Globalisation: the Sikkimese Way ?**

15. At the same time, we are fully apprised of the possible adverse impact of globalisation on the deprived and marginalized people. We all firmly believe and have also witnessed that these reforms will bring about a higher growth. But how to transmit this high growth to the poorest of the poor is the most critical question. We have to translate this growth into people's welfare and more equitable distribution of income. We may ask, what is the transmission mechanism?

16. We have two clear options. Either we follow the same route that we followed for the last 50 years when the entire delivery mechanism remained dependent on bureaucracy, or, we set up a new and supplementary range of delivery mechanism backed by non-governmental agencies. The challenges brought forward by globalisation are diverse and they need to be comprehensively tackled. We would like to internalize. We would call it Sikkimisation of the globalization process by taking best advantage of the gains and opportunities generated. This is where we find the frank, forthright and far reaching expressions on "Governance Reforms" in the 10<sup>th</sup> Plan document to be a highly relevant policy instrument.

17. We have faith in harnessing people's power. If the skills of our people are harnessed in a more planned and scientific manner, they will change the entire face of governance, productivity and efficiency. We have perhaps an unparalleled distinction of being a state with a very high degree of political stability, a well-established example of social harmony, peace and tranquility. All these have been our strengths in achieving the development goals in the past.

18. Consequently, our objectives of the Tenth Plan are more focused, the approaches more realistic and the strategies more potent and effective. This is mainly because the entire plan preparation was done by our State Planning Commission, manned by country's eminent experts and professionals.

19. Within the broad parameters of planning and development also, we want to increasingly diversify the agencies involved, avenues of resources, delivery mechanisms and inject institutional responsibilities and individual accountability. These are the core elements and dynamic forces in the 10<sup>th</sup> Plan document of Sikkim. All these very well match with the "Dimensions and Strategies", "Sectoral Policies and Programmes" and "Trends, Concerns and Strategies of the State Plans", as incorporated and eloquently discussed in the national 10<sup>th</sup> Plan document.

20. Hon'ble Chairman for us in Sikkim we have a range of proactive actions which we would like the Union Government to come forward with. These actions and policy interventions will help us in consolidating the development achievements we have made so far. They will take us to a new frontier, show us larger horizon and provide us with material benefits and emotional contentment. The higher the level of attainment we have, the higher will be the degree of happiness and tranquility in the State. Sir, this is what development is all about.

#### **I. Repositioning Employment Scenario:**

21. Hon'ble Prime Minister's vision of generating 100 million employment opportunities over the next ten years speaks volumes about the state of unemployment and its socio-political and security ramifications. The growing numbers of our young who are unemployed or underemployed is both a challenge and opportunity for us. We are redefining the way forward through our educational policies but that is going to take some time.

22. Our Government is constantly monitoring the trend and status of unemployment in Sikkim. By now, at least 42 percent of the population recorded in 1991 who were in the age group between 10-14 to 25-29, would have entered into the job market. This would imply that over 1,70,000 younger people are in the job market today. This does not augur well for essentially a border State like ours, particularly, when variety of forces are trying to fish in the troubled waters of the region. Given the predominance of the government in the employment sector and its waning capacity to absorb more people, we are consciously diversifying the employment avenues.

23. We have tremendous potentials in specific areas like power, information technology, tourism, natural resources, health, education and agro-based industries. The service oriented sectors are our major strengths as this sector is likely to mark a double digit growth rate of 10.36 percent during the 10<sup>th</sup> Plan period. We want consistent and substantive public and private resources in these sub-sectors. They should be more

focused and effective as they have huge employment generating potentialities. The Union Government will have to play a critical role in this regard.

## **II. Skill Development Fund**

24. In order to create a "reserve army" of skilled manpower, our government is now floating Kaushal Vikas Kosh (Skill Development Fund) to train and equip youth with modern and professional skills. A Skill Development Fund will be set up to sponsor graduate and under-graduate youth to various regional and national institutions in acquiring professional degrees and skills in areas like tourism, IT, rural management, small scale enterprises, science and technology, media management, software, communication and advertisement. A range of institutions will be set up to help realize the goals. The Union Government could come up to support both Skill Development Fund and setting up institutions.

## **III. Consolidating the Education and Health sub-Sectors :**

25. We have achieved a significant degree of progress in all the critical social indicators, such as:

- As against 30 percent coverage in 1975, the infants covered by immunization was more than 70 percent in 1999.
- The number of primary health sub-centers has increased from 2 in 1975 to 147 in 1999.
- Sikkim is probably the first State to provide free Hepatitis vaccination covering 100 percent children population (below 5 years)
- From 17 percent coverage in 1971, the literacy rate has now reached over 70 percent.
- Sikkim stands out in having the best teacher-student ratio at all levels in the schools.
- 90 per cent of the villages have been electrified
- 85 per cent of the identified habitations have been provided with drinking water supply and,
- The human development index (HDI) has recorded a marked improvement from 0.504 in 1991 to 0.532 in 1998.

26. We are concentrating on two major aspects of education. First, we would now strictly adhere to improving the quality of education at all levels as this is the gateway to the new dynamics of development. For this we are re-examining the entire curriculum, reassessing the recruitment and teaching pattern, redesigning the training modules of teachers and encouraging private sector to set up schools with modern infrastructure.

27. Secondly, we are diversifying the educational system by introducing professional colleges, technical institutions and skill building schools. The primary idea is to inculcate scientific temper amongst the youngsters right at the school levels. All these will finally lead to accumulation and spread of both intellectual and professional capital. We call upon the Union Government to lend us support in setting up all these new institutions.

#### **IV Refocussing on the Rural Mass**

28. The villages are the greatest asset and strength of the Sikkimese society. We are worried by the increasing trend of migration from rural to urban areas. As we have limited urban centres, we need to encourage our young people to remain in the villages. This can be ensured only through direct intervention at the village level and by engaging the youth in non-farm and non-traditional activities. We are, therefore, extensively using the decentralisation and devolution as provided for in the 73<sup>rd</sup> amendment to the Constitution, to be the basic policy instrument. We have conducted two rounds of Panchayat elections wherein our youth have actively participated.

29. The Union Government may give us full institutional and financial backing in launching these programmes. The NGOs and other development agencies both national and international may be also encouraged to come to Sikkim.

#### **V. Acquiring the Best Technologies**

30. Technology is our main weapon to fight a war against stagnancy in certain sectors. Injection of new and cost effective technology in many of our traditional patterns of livelihood is our priority. The list is endless. The objective is to bring in new ideas and technology that will help rather than hinder. Since sustaining and preserving our environment and mountain ecology is our prime goal, the key intent is to have minimum negative impact. At the same time, Sikkim has developed indigenous technologies in areas of medicine, food, agriculture, and other rural occupations which can be used on commercial scale. These technologies require urgent patenting.

31. The Union Government may provide us with the basic and modern technologies through its various agencies including the ICAR and CSIR and we may be given all support to patent our indigenous technologies.

#### **VI. Horticulture and WTO Provisions**

32. The future of agriculture in Sikkim lies mainly in the development of horticulture. Sikkim has a comparative advantage over most of other states mainly by virtue of the rich variety of its bio-diversity and flora. Over a longer period, Sikkim has the capability of developing international competitiveness and exportable surpluses in these products. India's negotiating position on agriculture should keep this future prospect in view. For this purpose, special emphasis may be laid on two issues:

First, it should be ensured that the Agreement on Sanitary and Phyto-Sanitary measures are not used for imposing non-tariff barriers against the import of such products into the markets of developed countries. An attempt should be made to seek appropriate amendments to the Agreement on Sanitary and Phyto-Sanitary Measures to provide for flexibility to developing countries,

Secondly, maximum amount of international assistance should be sought for the development of the horticultural sector in India. In Sikkim, it is important to invest considerable amount of resources in R&D activities for adding value to horticultural products, particularly to cardamom, ginger and medicinal plants. In my opinion, India should, therefore, demand much enhanced resources under Special and Differential Treatment for developing countries for assisting the horticultural sector in states like Sikkim to be brought up to the international standard.

## **VII Infrastructures to tackle the impact of Globalisation**

33. With the removal of restrictions including the quantitative restrictions on the imports of agricultural products under the time-bound agreement with the WTO, there will be no restriction on imports of agricultural commodities now. This implies that many of our traditional agricultural products including fruits, vegetables, dairy, cardamom and ginger are likely to face stiff competition from other countries.

34. Because of high subsidies that go into agricultural products, technology and massive scale of production in the developed countries, our products may not be able to compete with them. This is a serious challenge to our farmers. We are sensitizing our farmers and preparing them for more efficient and competitive production base and system. We have already set up Agricultural Export Zones (AEZs).

35. Despite being a land locked and geo-politically a very strategic state, the road density in our state is hardly 258 kms, which is one of the lowest in the country. Most of our economic activities are dependent on just road transports which remain badly affected by the disasters more than 6 months of the year. I would, therefore, strongly urge the Union Government to take up following measures on a priority basis:

- i) Extension of East-West Corridor to Sikkim and its linking with the Golden Quadrilateral under the ongoing National Highway Development Project,
- ii) Building of an alternative highway to the present 31-A National highway linking West Bengal with the capital of Sikkim and iii) Integration of Agriculture Export Zones of Sikkim with the national export houses both in public and private sectors.

## **VIII. Appreciation of Comprehensive Security provided by Sikkim**

36. Sikkim, as you are aware, has been the most significant geographical entity that

provides comprehensive security to the Indian nation state. It provides i) military security, ii) environmental security and iii) human development related security:

First, it has been one of the very geo-strategically significant border posts of India and has a huge concentration of security and military forces. We provide the best of services in protecting our national security interests. However, besides other issues related to carrying capacity, the physical burden of these forces as a pressure on land and other natural and manufactured resources are quite gigantic. All these incur a huge development and environmental cost to the state which many other states in India do not have to incur.

Secondly, the onus of protecting and conserving the significant portion of the fragile Eastern Himalayas including the mountain range and its environment has been with the people of Sikkim. The protection of bio-diversity and the forward and backward linkages emanating from it to the entire Himalayan community and the plain land have never been quantified. However, many quarters are not able to appreciate the work Sikkim is doing for the sustainability of the region.

37. And finally, the very topography, being landlocked and agro-climatic variations have forbidden Sikkim to go for an array of interventions making economic development process very limited. At times, it has been a Hobson's choice for the state to opt for a major development intervention as the long run cost, particularly in terms of environmental security may be much higher than the short run benefit. In other states, policy makers and politicians would have jumped to such kind of interventions as they are not constrained by the factors that characterise the Sikkim Himalayas. This means Sikkim has a very constricted development choices.

38. This limited choice and the related constraints on development interventions as compared to the wide range of choice and techniques available with other states, need to be considered as the opportunity cost, Sikkim has been / will have to forego. The benefits which would have otherwise accrued to the state, need to be objectively assessed and accordingly make provisions for compensating the opportunities foregone.

39. One way to recognise these services of comprehensive security to the nation building process is to partially supplement the state resources for the upkeep of the hills. We consider this issue as very critical for the sustainability of Sikkim, the Sikkimese and the nation as a whole.

40. We earnestly urge the Union Government, therefore, to take into consideration all these three factors as invisible costs to the Sikkimese economy while deciding Sikkim's plan expenditure and revenue budgets

## **IX. Emphasis on New Avenues of Resources**

41. Though in absolute terms the grants from the Centre have been increasing in last

two decades, in relative sense its share in total revenue has been falling. In constant price term, the absolute increase in Central grant component may be either very nominal or may be actually falling. If this trend continues, by the next decade, the Centre's grant contribution to Sikkim's total annual revenue would hardly be 40 percent. Remaining 60 percent has to come through the domestic resource mobilisation effort. This is rather a formidable challenge to the state.

42. However, an optimistic sign is that, Sikkim has vastly improved its resource mobilisation capacity. During the last two decades, the revenue generation has witnessed an almost a four fold jump. This in no uncertain terms, is a substantial achievement.

43. Our worry is how to cover the persistent and deepening fiscal deficit. There is a political limit to degree and measure of taxation so the government must go in for other alternative avenues of resources. The service tax and user charges in tourism and other infrastructural facilities including communication, electricity, transport and roads and water are potential sources of future revenue generation. We have begun tapping them.

44. We have three major unexploited avenues viz., commercial exploitation of water resources and traditional medicinal knowledge and practices and opening of traditional trade route through Nathula between India and China. The hydel power is mainly for export to neighbouring states. Despite having a hydel power potential of 8000 MW, we hardly have a installed capacity of 40 MW and one of the lowest per capita consumption of electricity (182.4 KWH). This is a sheer undermining of our huge potential and comparative advantage.

45. We have one of the richest collections of bio-diversity and the Sikkimese ethos is still largely based on traditional medicinal practices. We would like to get the patents for these practices and commercialise our traditional knowledge.

46. The opening of traditional trade route between India and China could bring a large quantum of informal and illegal trade between China and India and China and India's neighbouring countries to a formal channel, thereby, generating both income and employment. China is a huge unexplored market for many Indian products and services. Sikkim has a strong tradition of having border trade. This is also the shortest route for any South Asian country to trade with China.

47. We therefore, appeal to the Union Government to effectively start in the 10<sup>th</sup> Plan, a range of medium sized hydel projects, extend institutional and professional support to commercialise the trade in traditional medicinal practices and facilitate the opening of trans-border trade with China through the traditional route.

### **The Middle Path Approach**

48. In Sikkim, we have always adopted an outward looking policy mainly aimed at complete and emotional integration with the mainstream India. This was crucial for us

because of the state's political background, our late entry into the democratic process and rather late adoption of the planned development process. More so, the people of Sikkim wanted a much deeper and wider interaction with the mainstream India. This could not be one way process. Therefore, we encouraged a variety of activities in the state that attracted the people, entrepreneurs, professionals and institutions from different parts of India. The Union Government has been extraordinarily generous to us in understanding our need and urge to be in the mainstream India.

49. Please allow me to conclude by reiterating the fact that Sikkim has immensely benefited from the planning process in the country. Planning and development have brought about significant changes in the standard of living, the way of thinking of our people and the extent of their contributions to the nation building process. We are convinced that the planned development process is more relevant in the changing context where we have to strike a balance between market driven development and planned development. We call it a "middle path approach". To me, only this approach will capture the realities of modern India and steadily transform the Indian socio-economic panorama into a vibrant, sturdy and sustainable sequence.

50. Let me assure this august House of the absolute commitment, devotion and dedication of the people of Sikkim to the nation building process. Though small and far off, Sikkim has and will more solidly contribute to the national development. The people of my state want to be in the forefront of national campaign for better livelihood, efficient governance and high growth regime. We look forward to blessings and total support from the Hon'ble Prime Minister and his able team in our movement to achieving our goal of Dhanadya Bharat bhitra sukhi Sikkim (prosperous Sikkim in affluent India).

51. Government of Sikkim, therefore, wholeheartedly extends its support and commitment to the approval and implementation of the National 10<sup>th</sup> Five Year Plan (2002-2007) as placed before the National Development Council.

52. I express my deep sense of gratitude for giving me this opportunity to present the views of the people of Sikkim at this august forum.

THANK YOU.

Jai Bharat !