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SPEECH

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NATIONAL DEVELOPMENT COUNCIL

to consider the

Approach Paper to the 11th Five Year Plan

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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 the Planning Commission, the Chief Ministers of all States and other distinguished members of the Planning Commission and senior officials present in this august gathering.

In this very significant meeting of the National Development Council to discuss the approach paper, I would first like to put in record our deepest appreciations of the very far reaching 11th Plan Approach Paper prepared by the National Planning Commission under the very able guidance of the Hon'ble Prime Minister. This document amply reflects the crossroad the Indian economy and its people stand today after successfully completing the ten five year plans since we won the Independence in 1947. The Nehruvian model of development emphasized on the very basic requirements of the country for almost 45 years where as the market oriented reforms as followed in the last 15 years has made major breakthroughs in both growth performance and deepening the development process.

This Approach Paper is a very judicious combination of both the Nehruvian and market oriented development models. This Approach Paper brings in it , the consolidation of socio-cultural foundation of India along with the building of most modern infrastructures and designing far reaching liberalization measures to steadily integrate India with the global economy. What is of greater significance in this document is the way this Approach Paper frankly and objectively admits the growing inequalities within societies and hopping imbalances in regional developments. This paper amply recognizes the serious need to raise the level of growth and transmit the gains from the derived higher growth to the most marginalised households. In other words, this Approach paper lays out clear transmission

mechanism. The strategic initiatives for inclusive development as laid out in Section 4 of the document are, in fact, the core of this entire 11th Plan Approach Paper.

Therefore, we strongly feel that the 11th Plan will be a major test case in the development history of post-independence India. We the people of Sikkim, therefore, extend our congratulations to the United Progressive Alliance Government at the Centre for adopting a very bold, dynamic and far reaching 11th Plan Approach Paper. This is an Approach Paper that makes a major dent into realising India's burgeoning global image of a big power. It solidly contributes in harnessing our great national dream to be an economic power house in the world.

Sikkim is a small landlocked state hardly constituting 0.05 percent of the national population and 0.22 percent of the total geographical area. We joined the Indian Union full 28 years after independence. Then only the modern planning process was introduced and we started building development infrastructures. However, by sheer dint of people's will, strong political determination and Union Government's generous support, today Sikkim is one of the fastest growing states in the country. Plan after plans we have made significant headways.

Abode of Peace and Prosperity

With very distinct progress in all our social indicators, we were declared as the best performing state in the whole of Eastern India by India Today magazine in 2006. With a large number of prolific examples and indicators in decentralisation programmes, environmental conservation, gender equality, affirmative actions and of course border trade management, we have emerged among the frontline of best states in the country. As against lakhs of crimes in many other States, with only 552 cases registered under the IPC during the whole of 2005, Sikkim remains the most peaceful, harmonious and stable border state in the country.

In Sikkim, we have vastly reoriented our planning process to focus our attention to the development of the villages and include the excluded people. The process of decentralization has been effectively put in place and involvement of Panchayats and Self Help Groups are being taken for service delivery. Empowerment of women is being made a reality and one-third of seats in Panchayats have been reserved. We have established District Planning Committees, as also District Technical Support Committees. Further, in line with the instructions of the Planning Commission, Village Level Gram Planning Forums have been established and in consultation with the people and the Panchayat Members, village level perspective Plan Documents are being prepared, duly taking into account the developmental aspirations as perceived by the villagers.

We are at an advanced stage of the transfer of the Departmental functionaries concerned with the 29 number of activities that are required to be delegated to the Panchayats. While funds have been already transferred **in** respect of some activities, we aim at transferring the resources fully during the next years. This is precisely because of these actions of ours, Sikkim has been declared the third best state in the country in the implementation of Panchayati Raj.

Hill and Mountain Areas: New Planning Focus

After undertaking a large number of planned projects primarily designed at the national level, we have realised that there are very special needs for the hill and mountain states. There are severe constraints which are of very specific nature to the hill and mountain regions of India.

The very topography, landlockedness and agro-climatic variations have forbidden our State 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.

Therefore, we have very limited choices in terms of development interventions as compared to the wide range of choices and techniques available to other States. The globalisation and reforms process while providing newer opportunities has further exposed the hill and mountain economies to serious dislocations and instabilities. This needs to be considered and corrected for the sustained national and regional development.

The Approach Paper partially recognizes this under section 5.6 related to Balanced Regional Development. However, we feel that there should be a more specific and targeted planning strategy drawn at the national level exclusively for the hill and mountains states like Sikkim: I have raised this issue in the National Development Council Meetings in the past. This has to be initiated in the 11th Plan itself. What we exactly want, for instance, is a newer approach to growth centers triggered by interventions like a special variety of Special Economic Zones (SEZs) that harnesses the natural and human resources of our region in the optimum manner. This is our fervent plea.

LACK IN INFRASTRUCTURES:

Nathu la Trade route-led Opportunities

In Sikkim, the most severe constraint has been the infrastructures. Though we have been able to widely cover the state with various social infrastructures, we are strongly hindered in reaching our development network by the lack of supporting physical infrastructures. The Approach Paper emphatically recognizes this key issue of connectivity. We do not have an airport as yet. Our only national highway 31 A,

the lifeline of Sikkim, remains disrupted for months together.

The Union Government had, under the Special Accelerated Road Development Programme in the North East (SARDPNE), sanctioned improvement works on Gangtok-Nathula road as also improvement works on Sevoke-Gangtok road. These works, besides improvement of access, would also facilitate a more smooth trade transaction with China through Nathula. However, these works are yet to be commenced by the National Highways Authority of India and the Border Roads Organization respectively.

Although the 12th Finance Commission has given an amount of Rs. 100 crores for establishing an airport at Pakyong in Sikkim. However, the feasibility study by the Airport Authority of India establishes the total cost at Rs. 339 crores. We have requested Government of India to provide the balance funds to take up the construction activities at an early date.

A large number of rural locations remain inaccessible. Our major tourism, health, horticulture, floriculture, industries and environment related projects are held up on grounds of inadequate infrastructures. For years together, we have asked for a railway connection. The existing ceiling of 40% on viability gap funding has remained totally inadequate. The present bandwidth available for data transmission just does not match the huge effort needed to narrow down the knowledge gap that exists in the region. I would, therefore, urge that this ceiling is raised to 80 percent in respect of the North Eastern States. Further, in the field of Information Technology, the North Eastern Region is lagging behind and the bandwidth available for data transmission needs to be, at least, doubled.

Even under these constricted infrastructures scenario, we achieved a high growth rate of over 8 percent in the 9th plan and are striving to reach the double digit

growth rate during the ongoing 10th plan.

We are very thankful and grateful to the Union Government for reopening the Nathu la Trade route which has been one of our major demands. The people of India and particularly of Sikkim and the neighbouring States would like to really make use of this trade route as a major avenue for both economic growth and multi-faceted development. We need to steadily transform the present nascent level of infrastructure to a robust and modern system that could handle a major portion of bilateral trade between India and China.

We would even think that this land route could be used for trade in services including in collaboration in areas like bio-technology, investment, energy trading, tourism and information technology. Sikkim and Tibet Autonomous Region together constitute an unparalleled variety of bio-diversity. The Nathu la Trade Study Group, in its report, very clearly lists the investment opportunities and huge market size that are now available in whole of western China region. The starting of the railway line linking Lhasa with other major eastern cities of China adds an altogether a new dimension to the market access and investment opportunities.

The reopening of Nathu la trade route also augurs well for the entire North East region of India. It is a dividend to Sikkim for maintaining peace, tranquility and stability. This is the way to realize the larger goals of India's Look East policy and consolidate sub-regional groupings like South Asia Growth Quadrangle (S AGQ) and Bay of Bengal Initiative for Multi-Sectoral Techno-Economic Cooperation (BIMSTEC).

The orthodox security threats are now changing. We have more and more examples of non-traditional security threats. We shall have to take care of all these in a substantive and durable manner. One of the potent ways to do so is to develop the

most modern infrastructures in the border states and regions which badly remained neglected in the past. Let us recall that we have a long land border of over 14300 kms. Seventeen states of India have international land borders. While most of our interactions with the neighbouring countries are through the borders, we have really ignored even the basic development needs of these borders. They require very special treatment like our coastal borders and areas. The changing international security and development paradigm rather provides us an opportunity to look at these borders as bastions of opportunities rather than sources of traditional security threats.

I would, therefore, make a sincere appeal at this august gathering to put a very special emphasis on the infrastructures development in the border states and regions particularly in a hill and mountain State like Sikkim.

Small and Medium Enterprises

We have noted the importance given to the micro and small enterprises in the 11th Plan Approach Paper. We fully agree with the suggested ways of adopting cluster approach and discarding the traditional approach of loosely targeted subsidies. The new approach would provide these units with infrastructure, information, credit and support services of better quality at lower costs. This is what we have been arguing for Sikkim in the region specific context.

Sikkim has the most liberal investment and labour laws. Despite this we have not been able to attract as much investment as we want to in the State. After seeing what is happening in China and other South East Asian countries, we have realized that there is a huge scope for opening Small and Medium Enterprises (SMEs) in Sikkim for which we need to have special enabling laws and facilities. Given the geography, liberal investment environment, rich human resources and special natural resource endowments there are foreign and national investors who would

like to invest in Sikkim.

What State like ours and many other states in the North East lack is the people's skills and institutional capacities. At our own level, we have created Skill Development Fund (SDF) and other capacity building projects to cater to the needs of the SMEs and other micro enterprises. We are also proposing to set up a Special Economic Zone where many of the small and medium enterprise from both India and abroad could be located. Therefore, it is very essential for the 11th Plan to include these provisions of enabling laws, skill development and building institutional capacities by creating a range of institutions to cater to these needs. We have quite a few proposals pending with the Union Government with regard to the scientific and sustainable harnessing of natural resources. We would like to be reassured by the Union Government in realising all these very crucial projects.

Energy Security: Hydro Power Ventures

The Approach Paper rightly mentions that the projected 9 % growth rate would not be possible without the commensurate increase in the supply of energy. Our State where there is a high hydel power potential will play a key role in contributing to the energy security in the country. From our various ongoing and projects in pipeline, we are likely to generate over 4000 MW by 2015. These projects are being carried out through both public and private sector participation.

It will solidly and sustainably enhance our revenue base and would be a major item in our export basket. We would like to have the best practices in disposing of the generated power supplies both within and outside the country. For this, we need to have adequate institutional capacities. The Approach Paper must take cognizance of our strategies and needs.

The 11th Plan should also make adequate provisions for upkeep and rehabilitations of hydro station to yield additional peaking capacity.

Eco Tourism: Cross Border Linkages

Given the importance of tourism in our country and in a state like Sikkim, we would have expected much more comprehensive strategies in development of tourism in the Approach Paper. For instance, besides the huge infrastructure needed as rightly emphasized in the Approach Paper, we were keen to receive some firm planning strategies in the arena of eco-tourism and linking Indian tourism with the tourism across the border. This is important for a state like Sikkim with magnificent natural and cultural heritage.

We would like to link our cultural heritage with the most exotic and magnificent trail of Buddhist circuit that exist in our own state like Bihar, Arunachal Pradesh and neighbouring countries like Bhutan, Myanmar, Nepal and Tibet Autonomous Region of China. The reopening of Nathu la Trade route, in fact, reestablishes this historic and unparalleled eco-tourism trail. The opportunities this trail will bring to our country will be immense and unprecedented. The 11th Plan approach paper must capitalise on this opportunity with some solid proactive interventions.

At the same time, as we are liberalising on various aspects of our economy, the tourism industry also needs to be opened up in every respect. In Sikkim, access to various prized tourism destinations is still restricted on various grounds. Such restrictions need to be either liberalised on case by case basis or the state agencies may be given the entire regulatory functions. We cannot promote modern tourism with an archaic set of guidelines.

Environment Conservations: Our Views

We remain impressed with the provisions mentioned about the environmental sustainability in the Approach Paper. Sikkim has already taken some remarkable initiatives in this front. We are the first State in the country to have effectively banned the use of nonbiodegradable products like plastic bags and grazing in the reserve forest areas. Our forest cover has increased from 42.3 % in 1991 to 45.97 % in 2005-06. This is an unprecedented feat. We have been trying to transform our State into a fully Organic State by 2009. In the last one year, we have set up Green Missions spread throughout the State. People have overwhelmingly responded to these missions.

We have two major concerns in the State. Sikkim is dotted with glaciers. Most glaciers in Sikkim originate from the Kanchendzonga, or their "five big treasures of ice" and in turn give birth to streamlets. There are reports that Sikkim's largest glacier, Zemu, has retreated by 3-4 km. If the glaciers continue to recede, it could spell disaster for Sikkim's fragile economy and may even lead to devastating floods and ultimate dryness in river Teesta. This could be rather disastrous for the array of hydel power plants that are being built (planned) in the Teesta basin. It could also change the entire hydrological map of the Eastern Himalayan regions. The recent reports that the Chinese Government has plans to divert waters in Brahmaputra to feed other drying rivers do also indicate the seriousness of the problem. We shall have to deal with the situation upfront during the 11th Plan period. Our Approach Paper must have strategies to tackle the adverse impact of global warming.

Secondly, after Trade Related Intellectual Property Rights (TRIPS) became effective under the new World Trade Organisation, a predominantly bio-diversity rich state like Sikkim has started confronting very serious issues varying from patenting to livelihood. This is an area where the state of the art technology and knowledge regarding the true value of biological resources is very limited.

I find no mention of some of these critical concerns in the Approach Paper. A good portion of the Approach Paper should therefore, be devoted to this issue of TRIPS that affect the hill and mountain regions very comprehensively.

Floriculture and Horticulture

It is heartening to note that the Approach Paper makes sound and emphatic strategy on diversification to high value output while ensuring food security. This is very crucial for a State like ours. Sikkim's inbuilt strengths are natural resources. Our main driving vehicles are horticulture, floriculture, agriculture, medicinal plants and eco-tourism. We have always advocated a natural-resource based development strategies for Sikkim and the whole of North East region. In all these, we will have very few matches within the country. In the harnessing of all these strengths we have, however, been facing four serious difficulties.

Firstly, we have not been able to produce many of these items in a commercial scale both because of lack of training and technological inputs. Secondly, the market access is very difficult and limited. Thirdly, there has been no serious R and D activities that are useful for the farmers in all these areas. Finally, there has been a lack of any substantive investment in all these sectors. Some of these concerns are being addressed though in a very limited manner by the National Horticulture Mission.

Looking at the huge potentials and opportunities that this particular sector has in the State of Sikkim and the changing nature of global demands, we strongly urge the Planning Commission to set up very targeted strategies and programmes in this sector for States in the North East Region.

Health and Education

This Approach Paper makes very substantive deviation from the traditional strategies to the planning process and thrust areas in the education and health sectors. We are fully in agreement with the strategic initiatives for inclusive development as mentioned in the Approach Paper. Let me mention that in Sikkim literacy rate increased from 56.9 % in 1991 to 82 percent in 2006. The infant mortality rate has come down to 33 per thousand as against the national figure of 60. The birth and death rates have come down to 21.9 and 5 per 1000 population as against 24.8 and 8 respectively of all India figures. Over 90 per cent of the villages have been electrified. Over 85 per cent of the identified habitations have been provided with drinking water supply.

However, I would like to place very special emphasis on reorienting the entire education system in the country. It has to match the changing nature of value system, socio-cultural profiles, economic systems and employment patterns. The quality aspect of education is the key to this reorientation. We have to begin this reorientation task right in the 11th Plan itself.

Though we have already moved on the public-private partnerships in both education and health sector, we are constrained by serious procedural issues. For instance, despite our several representations and discussions at the highest levels, the recognition of Sikkim Manipal Medical College by the Medical Council of India has not come about as yet. This has far reaching adverse impact on similar other partnership projects and investment ventures.

The State, although being small, has improved its tax and non-tax revenue base. Once the mega hydel projects start functioning, the financial position of the State will improve by the end of the 11th Five Year Plan. However, the tempo of

development has to continue for which the central assistance to the State and the special plan assistance has to be taken into consideration. The award of the 12th Finance Commission will also affect the 11th Plan of the State as Sikkim is the only State with a dismally low award of (-) 53.7% deficit grant. The State is willing to carry out the reforms and has been able to achieve some. Being a landlocked State, the mobilization of additional revenue is limited and any additional employment opportunities are also saturating. This problem needs to be reviewed by the Planning Commission and the concerned line Ministries of the Government of India so that the potential that is existing in the State is harnessed with proper investments.

The North Eastern States because of their narrow resource base, find it difficult to provide the state share under CSS, from their meager budgetary resources. In the 52nd meeting of the North Eastern Council, the Council Members had unanimously voiced their concern about resource constraints inhibiting the provision of the state share from their budget. However, the Governments of North East have been, yet again, advised to go for open market borrowing. As we are all aware, the financial position of the North Eastern States is not healthy and the loan indebtedness is putting us on the road of debt trap. As such I would urge a reconsideration of this issue at the highest quarters.

Let me extend our firm assurance to this august House of National Development Council of absolute commitment, devotion and dedication of the people of Sikkim to the nation building process. Though small and far off, Sikkim has been and will more solidly contribute to the national development. We are fully aware of our gigantic responsibility in taking the country to a greater height where India will be regarded as both the global economic power house and a country with robust national power.

We wholeheartedly extend our support and commitment to the Approach Paper of the 11th Plan placed before the National Development Council.

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

Thank you

Jai Hind