



**FIFTY FIRST MEETING  
of the  
NATIONAL DEVELOPMENT COUNCIL**

**SPEECH  
of  
PAWAN CHAMLING  
CHIEF MINISTER OF SIKKIM**

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**VIGYAN BHAWAN**

**NEW DELHI**

I bring with me the warmest greetings of the people of Sikkim to the Hon'ble Prime Minister Dr Man Mohan Singh, his cabinet colleagues, my esteemed colleagues the Chief Ministers of other States, Dr Montek Singh Ahluwalia, Hon'ble Deputy Chairman of the Planning Commission and very distinguished Members of the Planning Commission and to all the officials.

For us the meeting of the National Development Council has been of critical importance. In this august forum, we are able to communicate to the entire nation the achievements our state has made and problems we face as a small landlocked state. This is the only forum where we are able to discuss some of the crucial development and other national issues in a collective and wholesome manner.

This meeting held to primarily discuss the Mid-term Appraisal of the 10th Five Year Plan (2002-2007) prepared by the Planning Commission is very vital for us. Let me first extend our deep sense of appreciation for a very meticulous, comprehensive and highly focused Mid-term Appraisal document prepared by the Planning Commission. The frankness and openness with which this document is written speaks volumes about the commitment, intellectual capability and professional skills of the Hon'ble Deputy Chairman and very distinguished members of the Planning Commission. This document also will go a long way in reposing the faith and confidence of the people of India on an august and reputed institution amidst the growing market orientation of the country. The more we move towards market oriented reforms, the more the need of humane interventions. This is where we need much more involvement of Planning Commission both in the role of a path finder and development manager. This document also indicates as how the Planning Commission is trying to take out the best from both the traditional model of centralized development planning and the newly adopted market led development programmes.

The timeliness of the discussion of this very far reaching document in a national forum is highly appreciated. Let me broadly express our views on some of the issues that are highlighted in the Mid-term Appraisal document. I plan to make more interventions in the series of very critical issues raised by the Hon'ble Prime Minister in his personal note to the Members of the National Development Council.

## **Growth Rate and Poverty Alleviation**

Hon'ble Sir, the growth rate of 6.5 percent during the last three years falls short of the Tenth Plan target of 8.1 percent. There is this strong conviction among the planners that we would be able to achieve a much higher growth rate in the remaining two years of the Tenth Plan. However, a critical question is how these higher growth rates are translated into net benefits for the poorer segments of the population. There are definite indicators that such higher growth rates have hardly percolated down to the grass root in the past. The trickling down of all these will depend upon many factors including the political will, social arrangements, degree of economic openness, composition of output growth and the efficiency and equity of policy and institutional environment. We must debate on all these issues in a much more organized and forward looking manner.

We are equally concerned of the regional disparities that have further deepened in the country. The great variations in the projections of people below poverty line in various states by the end of the 10th plan in 2006-07 needed to be addressed more crucially. It varies from 2 percent in States like Gujarat, Haryana, Himachal Pradesh and Punjab to 41 percent and 43 percent respectively in Orissa and Bihar.

## **Rural Renaissance and Grass Root Integration**

The mid term appraisal mostly attributes the lower than targeted growth rate to deceleration in agriculture growth rate. This shows that we continue to heavily depend upon agriculture as our mainstay. The vagaries of weather only partly explains this slow down in the 'productivity growth'. We have noticed that in the last decade or so we have become too focused on what we call non-traditional areas of growth. This has diverted resources from agriculture. Farmers are opting for some quick gains thereby bringing in scope for severe distress. Our extension services have nearly collapsed and institutional credit considerably thinned down.

In a landlocked State like Sikkim, the most serious obstacle has been the market and related infrastructure. Traditional rural institutions remain highly neglected and we are not doing much to enhance the rural infrastructure. This has other serious implications that includes rural to urban migration, general waning of interests among the rural folk to remain engaged in rural activities. On the one hand,

this possibly shows urban mobilization, on the other hand, this process would really eat away the sinews of 'mainstream India'. This could bring a newer variety of instability mainly based on rural areas.

Therefore, the rural India should be reemphasized. Our resources should be refocused and reallocated. The rural India should be as attractive as the urban India in terms of infrastructures and other social amenities. This has what been the hallmark of all the developed countries. Their so called country side is as developed as any urban location. This is exactly what His Excellency Dr APJ Abdul Kalam, the President of India, has been consistently raising in various national and regional forum.

Though we have been discussing this in Sikkim since last many years, I personally think at the national level the process started only very recently under the able leadership Dr Manmohan Singh. Therefore, besides the rural infrastructure, large doses of public investment in agriculture and rural empowerment through decentralised governance, the science and technology should be taken upfront to the villages and rural areas. Our rural communities with their rich traditional wisdom, experiences and practices are, in fact, the custodians of all the intellectual properties. Unfortunately, in the absence of any serious move to institutionalize these heritages, we have tended to lose in all fronts. More injection of scientific temper and new scientific and technological inputs in simple manner would only help us in bringing out the best from the village communities. Unlike the multinational companies who do this for their private gains, we have to do so for societal gains and national power.

Our core intent should be to make each village unit in the country a self sustainable entity and bring about Rural Renaissance. This is the only way forward that will sustain the economic development process. If all the states in India follow this principle of what I call "grass root integration" within its own political economy, the emerging India will be robust, resurgent and powerful. This is what Mahatma Gandhi, Pandit Nehru and other towering personalities had in their visions about India.

No other institutions than the Planning Commission could play a more critical role in taking these two processes of "Rural Renaissance" and "Grass Root Integration" to their logical end.

## **Horticulture: Our Core Competence**

I am impressed to see the Mid term Appraisal giving a high emphasis on agricultural diversification particularly into horticultural crops. For a State like Sikkim and most parts of North East India, the most potential items are horticulture and floriculture. Our is an economy with profuse and rich bio-diversity and other natural endowments. Given the rich wealth of flora and fauna in Sikkim, our Government has decided to promote the State as the principal Floricultural State, with emphasis on production of seeds and seedlings on commercial scale. May I take this opportunity to appeal to the Union Government to recognize and declare Sikkim as the floricultural state with all-out support and patronage.

The launching of National Horticulture Mission in 2005-06 has been timely and generated a lot of hope amongst the traditionally horticulture rich states like ours. However, the Mission's activities must cater to the specific needs of the States. It could never afford to become an all-pervasive uniform programme which ignore the socio-economic and geography related local specificities. This Mission should be owned by each specific local community and situation.

For the first time, we have an opportunity brought about by a well considered and focussed programme like this Mission. Yet our major worry of generalisation and uniform treatment and market accessibility continue. In addition to the proposed amendments in the Agricultural Produce Marketing Committee, I would like to make a strong plea for correcting the marketing ills with greater vigour. Let our farmers have a range of choices in terms of market access. This is the only way to harness high potentials of states like Sikkim.

## **Total Organic State**

Let me also mention here that for an environmentally conscious State like Sikkim, use of chemical fertiliser has always been a taboo. Even during the heyday of high central subsidies, our per hectare consumption of fertiliser was hardly 6-8 kgs. We have already put a target of making our State a Total Organic State by 2009. Making Sikkim as the Total Organic State is not our casual statement but a mission that we hope to achieve in near future. We are working towards this steadily. We have taken initiative to carry out production of organically grown passion fruits, cardamom, ginger and cherry pepper as our horticultural products on a large scale.

However, we have found no mention about the vast potentials of developing organic food industry in the country in this document. The entire developed countries are consciously promoting this, whereas, we have not even started discussing the issues in the larger context. There are issues of technology, social adaptation, physical acculturation, certification and marketing. The mid term appraisal must examine and reconsider this strength of India and make a major initiative in the Eleventh Plan.

### **Reorientation of Universities**

We fully agree with the strong case for a comprehensive review of the state of university education made by the Planning Commission in this important document. On the one hand, we have comparatively very few universities to cater to the burgeoning needs of the growing demands, on the other hand, many of these relatively smaller number of universities also seriously lack professional commitment and quality service. Many of them have become irrelevant to the changing market structure, social ethos and knowledge requirements. The mid term appraisal only hints at restructuring the fees and the appointment of a Knowledge Commission. Whereas the need of the hour is to totally revamp the university education and reorient its mission to cater to the needs of next 50 years.

The State Government has requested the Union Government for establishment of a Central University in Sikkim with focus on biotechnology, environment-related and Himalayan studies. We believe that such a University in Sikkim should be viewed in the greater context of carrying out studies and research works in specialized subjects as mentioned above. In all intents and purpose, the proposed University will be a national asset, benefiting not only the Sikkimese people but the entire fellow countrymen.

### **Health Sector**

We remain impressed by the recommendations related to health sector. Inviting external grant money to supplement the health budgets, mapping of 600 districts on health provisions, placing 20,000 AIDS patients on anti-retroviral treatment, revitalization of primary health centres and launching of Sarva Swasthya Abhiyan are very critical to the entire question of health management. We welcome the introduction of the Rural Health Mission for upgrading the required infrastructure

and manpower. To sustain the programmes being considered under the mission, we request for the required assistance to sustain the project after 2012.

However, we had expected the Mid-term Appraisal to also deliberate on the health insurance issues particularly of the old and incapable. Where are the projects for rural hospitals that are most needed today? Where is the discussion on increasing treatment cost at the hospitals that are mostly concentrated in the big towns and cities?

In Sikkim, the health indicators have improved very steadily. The birth rate has been reduced to 21.9 per 1000, the death rate to 4.9 and the infant mortality rate (IMR) to 39 per 1000 in 2002. The coverage of immunization programme has reached 89.7%. We have not been able to fully control TB and there is danger of spread of resistant TB cases. Hepatitis "B" vaccine for free immunization to 0-5 age groups has been started. A health insurance programme is being implemented for the people who are above 60 years.

### **Unemployment: the Newer Techniques**

We should really be concerned on the overall deteriorating situation of unemployment particularly in the organized sector. The unemployment rate has crossed 9 percent mark. The 10th Plan started with an estimated backlog of 34.85 million unemployed persons year in 2001 -2002. The 10th plan addition to this is likely to be another 35.29 million person years. Therefore, 10th Plan will have to deal with the problem of creating job opportunities against a potential job demand of more than 70.14 million person years. This is a very serious problem in a small state like Sikkim also where there are hardly any industrial activities. The traditional government sector employment has reached a level of over saturation.

Given the diversification of employment opportunities at the national and international level, an option available to us is to provide a diverse varieties of skills to the younger generation. We have therefore, devised a range of such schemes that directly enhance the level of skills among the younger generation and help them get employment anywhere any time. Our Skill Development Fund, Career Option and Employment Project and the Chief Ministers' Self Employment Programme have, in fact, been very successful. We can see some palpable change among the educated employment seekers. They have become more outward looking.

I would therefore, suggest that the remaining two years of the Tenth Plan should concentrate in providing diverse skills to the younger generation. This should be done by encouraging as many institutions across the country in this field.

### **Reemphasis on Eco-Tourism**

The other area that directly impinges upon Sikkim is tourism. We broadly agree with the recommendations made in the tourism sector in the Mid-term appraisal. However, we find no mention of the very high potentials of eco-tourism which is actually the bastion of all the tourism activities in Sikkim and other hill and mountain states. I would make a very fervent appeal to the Planning Commission to include eco-tourism and related activities as a major strategic objective in the tourism planning process.

Eco-tourism trade has been our priority area. Over the years, we have formulated a number of policies aimed at promotion of eco-tourism in the State. Our idea has been to bring about paradigm shift in our traditional mode of occupation and to introduce service sectors as viable alternatives. Some of the aspects are village tourism and pilgrimage tourism that we encourage to bring about greater participation of the rural people. In fact, we have moved one step ahead to make tourism as a new profession of the Sikkimese people primarily focusing on meaningful youth engagement. The other concern closely connected with this area is the issue concerning capacity building and also enhancing the managerial skills of our local youths. I take this opportunity to appeal to the Union Government and the Planning Commission to support our effort by considering setting up national institutions to train our youth force for prospective entrepreneurial venture.

In substantive terms, we would demand the development of Bagdogra airport as an international airport. This could cater to the entire Buddhist circuit and adventure tourism that emanate from South, South East, Far East and Central Asian countries. Connectivity is the key problem today.

The airport under construction at Pakyong in Sikkim needs a substantive support from the Union Government. The State has acquired 200 acres of land for the purpose and DPR for Rs. 339 crores has been submitted to the Ministry of Civil Aviation. I make another sincere request to the Union Government to expedite the implementation of the project with balance of the funds as the Twelfth Finance



Commission has allotted Rs. 100 crores only for construction of the airport.

## **Energy Sector Development**

In the energy sector, many of the reform measures recommended in the Mid-term appraisal have already been implemented by our State. Many Private and Central Public Sector undertakings are actively involved in Sikkim for generation of hydel power. The installed capacity of these projects will be 4672 MWs and all these projects will be completed within the Eleventh Five year Plan.

In the joint venture projects with the Independent Power Developers, the State's equity needs to be mobilized. We are trying all the avenues for mobilizing the same. However, a major central assistance under the Special Purpose Vehicle could give us a major boost.

In the recommendations made to ensure efficiency and growth and operationalisation of open access under the Electricity Act of 2003, a crucial aspect which is missing is the possibility of permitting the generating states to trade in energy both within and outside the country. With a chain of hydel projects both under construction and in the pipeline, Sikkim is soon likely to be a power surplus economy. We would like to sale our power in a very competitive market situation which could include the power demand in the neighbouring countries. The Mid term appraisal must consider this so that such possibilities are adequately reflected in the Eleventh Plan.

At the same time, the institutions that are under the Union Government must play a vital role in locating and attracting the investors in the power sector particularly in hill and mountain states.

## **Governance Reforms**

The frank, forthright and far reaching recommendations on Governance in the Mid-term appraisal document, are the ways that will actually inject the much needed efficiency and purposefulness in our system. People are fast losing confidence on the governmental institutions. Everything seems to be changing except the mind frames of the institution of civil service both at the national and very local level. This otherwise detached institution remains politicized. They are actually the real face of the Government who are directly exposed to public dealings. The entire civil service

needs to be reoriented.

In Sikkim, we are doing much to bring about reforms in governance. There are resistance and political risks. However, governance reforms is people's demand and hence we have a strong public backing. We believe 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 in the State. We have perhaps an unparalleled distinction of being a State with very high degree of political stability, a well-established example of social harmony and a sound track record of being a State of peace and tranquility.

I also make a plea that any national commission or institutions should be well represented in both geographical and socio-cultural terms. We have found that a State like Sikkim is increasingly neglected in terms of its representation in the national commission, institutions and public offices. This trend needs to be instantly reversed. This issue of inclusion should be practiced more extensively. Even the directly relevant bodies like National Security Advisory Board and India-China Economic Committee do not have representations from Sikkim. We believe we would have contributed much to these committees.

### **Monitoring and Evaluation**

The entire process of Mid Term appraisal comes under the larger gamut of governance. Under this, a key issue has been that of monitoring and evaluation (M & E) of the various development projects undertaken in the plan period. Many of my colleagues will kindly agree with me when I say that M & E operations have been the weakest link in the planned development process in our country. Though time and again, this issue has been raised, there have been no consistent and strict implementations of M & E operations. As a result, we are always at a loss to find a waning and declining reach, efficacy and usefulness of development projects.

In the recommendations made in the governance section of this Mid term Appraisal, I find very cursory mention of M & E. Whereas after being in the helm of affairs for over 10 years now, I have realized, that the M & E operation is one of the most potent ways to governance reforms. In Sikkim, we have been able to institutionalize the monitoring and evaluation of the planned projects in a scientific and professional manner. We hope to start reaping the benefits of such exercise

over the next few years.

### **Twelfth Finance Commission Recommendations**

However, Hon'ble Prime Minister let me take this rare opportunity to express our deep sense of disappointment on the recommendations made by the 12th Finance Commission vis-a-vis our State. Despite our honest and well studied proposals placed before the 12th Finance Commission, its recommendations have been very unfavorable to our State. In a relative sense, we find it to be discriminatory. It is more so in the context of our late entry into the planning process and severe geographical and development constraints we have in the state.

We are a performing state. Our growth rate in the Ninth Plan was one of the highest in the country. We are striving hard to reach a level of 10 percent growth rate in the Tenth Plan. We have worked very hard to firstly convince the people of Sikkim about the need to undertake economic and governance reforms and to implement some of the major reform programmes. We have taken a great political risk in doing so. We should be encouraged and not deprived. If these recommendations are implemented in our State, we will have no other options than to reverse the entire reform process and derail a large number of development activities. This would be costly to a border State like Sikkim which has so assiduously built peace, tranquility and stability unparalleled anywhere in the country.

Hon'ble Sir, let me also emphatically mention that the weightage given to population figures in the devolution of financial resources have always gone against a sparsely populated state like ours. We work hard in strictly implementing a population control programme. At the same time, even if we are a small state, we have to maintain all the institutions and paraphernalia like any other bigger states. We will have to have police, institutions like high court and all the government departments. This means we will have all the non-plan expenditure that exists in other states also. It will be wrong to devolve the financial resources to our state on the basis of population. I would, therefore, make a strong plea to reconsider this criteria and encourage us to make our population control programme more effective.

Sir, let me briefly express how we feel these recommendations are not favorable.

- i) The State Government had projected Rs 4047.44 crores as pre-devolution Non-Plan Revenue Deficit Grant. With the share of Central Tax devolution, the projection for post-devolution non-plan revenue deficit grant stands at Rs 2681.50 crores for 2005-2010 against which the amount recommended by the Commission is Rs 188.67 crores for the same period. This is even much lower than what we received (Rs 841 crores) under the 11th Finance Commission. This recommended quantum of fund is no where near what other states in the North East have received.
- ii) As a Special Category State, the Commission presumed that we are also availing of the facility of diverting 20 percent of plan assistance for meeting the Non-Plan Revenue deficit. In our case it is not so. We have consciously avoided this slippery path both in view of its possible adverse impact on development performance and also to thwart entry into such a regular practice of such diversion.
- iii) Sikkim is the only State with a 53.7 reduction in regard to the non-plan revenue deficit grants. This has totally upset financial projections, making it difficult to fulfill committed obligations and continue with developmental programmes at the pace that has been set.

Under these circumstances, our entire target of achieving the 10 percent growth rate in the 10th Plan as against 8 percent in the 9th Plan will go haywire. This has happened to us when we are in the midst of the 10th Plan and endeavouring to consolidate the focused comparative advantage based sectoral achievements.

We do not want to divert the plan fund to non-plan expenditures. We do not want to set this trend and later suffer from development laggardness and low growth syndrome.

Our State is soon submitting a detailed note to both the Hon'ble Prime Minister and the Hon'ble Finance Minister for their kind considerations.

I would also like to inform this august gathering that many of the international agencies are now keenly working in Sikkim. These include the World Bank, the Asian Development Bank, AUSAID, SIDA, UNDP, UNIDO and many others.

## **Importance of State Planning Commission**

I also venture to mention that the State level Planning Commission should be institutionalised in each State with experts and professionals. Given the changing pattern of development needs and sociopolitical aspirations of the people, the entire planning process should be more localized rather than centralized. We have over the years realized as how important is it to have in place a State level Planning Commission.

The Mid term Appraisal at the state level was carried out by the Sikkim State Planning Commission. Every department has to place before the Planning Commission all the details of progress and future plans. It was in the State Planning Commission where we discussed the necessity of having a modern-scientific monitoring and evaluation system. We have implemented this in a serious and institutionalized manner. This body has already initiated the process of formulating the 11th Plan. This early initiative will provide us with adequate time and space for wider and deeper consultations so that it becomes the peoples' plan.

## **Border Trade though Nathu la: a Major Transforming Agent**

Hon'ble Sir, Over 98 percent of the North Eastern States border is shared with neighbouring countries. In the pre-independence period, the entire region was an integrated market with all the basic infrastructures. The majority of the North Eastern people continue to look at these borders as massive opportunities for trade and related services. There have been some restrictions on the cross border economic exchanges. As a result of which the market remains fragmented, the economic space has shrunk and economies in the North East have become highly inward looking.

The trade cooperation is the single most factor that can, not only open the political and economic frontier of these economies but also can inject a high growth profile to the North East region. At the same time the restrictive regimes have led to massive unrecorded trans-border trade also known as informal trade running into billion dollars.

Hon'ble Sir, the mid-term appraisal should also consider the mid-term corrections required in view of the larger development that have taken place since

the launching of the 10th Five Year Plan. With the initiative taken by our late Prime Minister Rajiv Gandhi and the consistent efforts made by other successive Prime Ministers, our relations with People's Republic of China have seen a visible transformation. This has generated both a large scale opportunities at the bilateral level and also a strong hope of this region emerging as the leading player in the global affairs. The personal efforts of former Prime Ministers and Dr. Manmohan Singh in consolidating the economic and commercial relations have made it possible to prepare for the reopening of the border trade between India and China through Nathu la pass in Sikkim.

The people of Sikkim and the neighbouring states are keenly looking forward to use this trade route to harness various opportunities related to trade, investment and tourism in both western and mainland China. If the conduct of this trade route is done keeping the long term gains and benefits to the people of Sikkim and rest of India, we would have to develop adequate infrastructures and design other trade facilitating measures as urgently. We have to be proactive in both preparations and harnessing of the opportunities and benefits. It may be noted that prior to 1962, this trade route used to be a robust and vibrant route for exchange of goods and services between India and China.

A detailed report has been submitted to the Sikkim government by a high level Nathu la Trade Study Group very recently. We shall soon share the recommendations of the Group with the Union Government. In view of the importance of this trade route to the entire Eastern and North Eastern region, Hon'ble Sir, we would like to request the Union Government for an investment package of Rs 1200 crore for infrastructure projects.

We would also fervently appeal to the Union Government that the following provisions on roads may be incorporated in the remaining years of the Tenth Plan.

- i) The extension of the East-West Corridors to Sikkim and its linking with the Golden Quadrilateral under the National Highway Development Project. This means effectively linking Kanyakumari with Nathu la in Sikkim. This will fulfill both strategic and development goals and the long cherished aspirations of the Sikkimese people.
- ii) The widening and double laning of 31 -A National Highway to fully exploit the

potential under Tourism, Power, Agro-based industries and trade. The Asian Development Bank has shown keen interest to finance the project and Government of India may expedite the decision.

- iii) An alternative highway to ensure free and regular traffic as with the heavy monsoon rains there are long spells of road blockages and dangers to human lives. A DPR for Rs. 126.85 crores for alternative highway between Melli and Mamring have been submitted to the Ministry of Roads, Transport & Highways in May, 2004.

This trade route is likely to generate a huge scope and massive opportunities for gainful economic exchanges. Its impact on the overall growth and other welfare parameters could provide a major cushion to the youths and entrepreneurs.

At the national level, this trade route should be used as transforming a major geographical region of India into another robust and thriving economic unit with long term political stability. It should evolve into a potent foreign policy instrument to enhance India's national power and international standing. It should also act as a driving force in integrating the North Eastern regions of India and the surrounding countries in the South Asia Growth Quadrangle to South East and East Asian countries in a more substantive and wholesome manner.

We are working on the required institutional regulatory mechanism. We require full support from the Union Government in terms of infrastructure development, building of institutional capacities and constant guidance as it involves trading with a neighbouring country.

The scope for correcting all these deficiencies within the Tenth Plan period is limited. They should however find emphatic spaces in the Eleventh Plan period.

Let me assure this august House of National Development Council of the 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. The people of Sikkim 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 Dr Manmohan Singh and his able team in the Government and the

august institution of Planning Commission in our movement towards reaching a goal of Dhanadya Bharat bhitra sukhi Sikkim.

I on behalf of the Government of Sikkim therefore, wholeheartedly extend our support to the far reaching recommendations made by the Planning Commission in the Mid-Term Appraisal of the Tenth Fiver Year Plan (2002-2007). The people of Sikkim extend their support and commitment to the approval and implementation of these mid term corrections and recommendations as placed before the National Development Council.

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

***Thank you***