

## **Chapter III**

# **ECONOMIC POLICIES OF THE SIKKIM DEMOCRATIC FRONT (SDF) GOVERNMENT 1994-2004**

The Chapter analyses the economic policies of the SDF government after it came to power in 1994 till the year 2004. We look at the performance of the government since policies pursued by the SDF government helped the party in order to construct a base more particularly a rural and OBC base and this had helped the party in a further increase in its support since its formation. The economic policies, which the party pursued was because in its initial stage, the party gave much emphasis on the economic development of the state, since development in the economic sector brings over all development in the state. We analyse these policies of the SDF led government in the major sectors of the state; the Agricultural sector, the Industrial Sector, and the Service Sector.

### **The Agricultural Sector**

In Sikkim more than 65% of the population is engaged in agriculture and therefore, agriculture is the backbone of the state's economy. The party thus gave more importance to the development of agriculture. For this the party promised to grant land in the beginning in 1994, particularly waste land to the landless Sikkimese to raise their standard of living. The SDF promised to open Cooperative banks for granting agricultural loans to the farmers and support the rural people in the increase of production and productivity of vegetables, fruits, flowers and other cash crops in the state.

In 1994, in its election manifesto the party promised, to give agriculture the status of industry. It also ensured that the villages would produce market and distribute all kinds of agricultural products in a scientific and profitable manner. It promised that to increase productivity the progressive farmers will be given all necessary inputs.

In the year 1999, the government came up with new progressive programmes for the agricultural sector to provide better opportunities to the farmers. The Programme included the appointment of an advisor (gram sevak) to the farmers in every gram Panchayats. The government decided to provide the farmers with scientific technologies, variety of seeds, organic manure, training and tools for better productivity. The government in its new Progressive Programme's decided to organize an exhibition show based on agriculture to encourage and help the farmers. The Programme's also included tea cultivation in all four districts of Sikkim and mushroom cultivation was also highlighted. The government decided to help the farmers with dairy farming, rabbit farming, poultry farming, piggery and fishery.

To increase production of food grains and agriculture as a whole there has been a major shift in the policy of the government under the SDF. The inputs like, seeds, fertilizer, pesticides, implements, tools etc. are now being dealt with by SIMFED; Sikkim Marketing Federation since 1996. The production of quality seeds in government farms as well as in farmer's fields is being encouraged. Agriculture has been developed through appropriate practices of soil and water conservation.<sup>37</sup>

Within a period of three years of coming to power, the Sikkim Democratic Front helped the people through various schemes to make them self-reliant. Scientific agriculture with improved seeds and seedlings were distributed. More than 400 quintals of ginger seeds were distributed to poor farmers. To encourage floriculture, horticulture, fruit, flower saplings were distributed free of cost. The government distributed milch cows and piglets to the poor agriculturalists to increase their purchasing power and make them self-reliant. It distributed fertilizer subsidy to all the farmers in Sikkim. The government also took up various measures to increase forest cover in the state and for this the year 1995 was declared as 'Green Revolution Year". Various measures

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<sup>37</sup> The production of quality seeds on a large scale was emphasized by the SDF government in the discussion held during the visit of Parliamentary study group on seeds in the month of August, 1996.

were taken to increase forest cover in the state. The year 1995 was declared as "Green Revolution Year". The achievements made in the food-grains production side during three years of its tenure was 1,05,000 tones in 1994-1995, which increased to 1,08,000 tones in 1995-1996, and then to 1,07,000 tones in 1996-1997 (Govt. of Sikkim, Department of Information and Public Relations, 1997, p.25).

After coming to power in 1994, the party made efforts for maximum utilization of the rabi fallow for double and multiple cropping in order to raise the foodgrains production in the state. In manures and fertilizers, the emphasis is given on the production of balanced use of fertilizer nutrients. The high yielding varieties of seeds has replaced the local varieties for improvement in production. The management of pest problems in crop has been playing an important role. The achievement in terms of area covered and the consumption of technical grade materials are 50,000 hectare and 20 tones in 1994-1995, 30,000 hectare and 30 tones 1995-1996 and 30,000 hectare and 32 tons in 1996-1997. Besides a total of 330 plant protection equipments were distributed from 1995-1997 (Govt. of Sikkim, Department of Information and Public Relations, 1997, p.27).

From 1994-1997, the Sikkim Democratic Front organized regular Training Programmes under the FIC-Farmer Training Centre and training workshops were organized in which 6000 farmers were trained in 1994-1995, 5000 farmers in 1995-1996 and 8000 farmers in 1996-1997 (Department of Information and Public Relations, Govt. of Sikkim, 1997, p.27).<sup>38</sup>

According to the survey conducted by the Department of Agriculture many improvements and developments were noticed in the agricultural sector. The production of oil seeds has been enhanced with the oil seed production programme was organised and following this programme the oil seeds production increased to 1050 quintals in 1994-1995, 989 tons

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<sup>38</sup> In the first three years of SDF rule (1994-1997), the Agriculture Education and Research scheme where varietal screening and the fertilizers response trials were undertaken.

in 1995-1996 and 1000 tons in 1996-1997. The programme also included a new bio-laboratory-Integrated Plant Protection Laboratory which is in operation since 1994-95. ICDP-the Integrated Coarse Cereal Development Programme- a new programme was taken up in the eighth plan where large number of mini-kit trials was conducted in the farmer's field to make it possible for the farmers to exercise their choice in the crop varieties.

A new board- Agriculture Department and Farmers' Welfare Board was established in 1995 with a Chairman and seven Directors. This board as an advisory body concentrates on guiding the agriculture department to accelerate the newly oriented programme for the farmers to improve their living. With these improvements made in the state it is clear that to some extent the Sikkim Democratic Front made an effort towards the development of economy of the state, particularly agriculture within a span of three years of its coming to power.

An analysis of the developments in the agricultural sector shows that the SDF led government made certain changes in the 1990's than the SSP led government in the 1980's. We can see rapid growth in food grains production. During the tenure of the earlier government infrastructure in agriculture was increased by establishing soil testing laboratory, VLW-village level worker, circles were increased and more land was purchased for research study and land development.<sup>39</sup> We cannot deny the fact that the earlier government also made developments in this sector. However, the government under the Sikkim Democratic Front gave more impulsive attention towards development of agriculture. In the mid 1990's, the Department of Horticulture was created realizing the potential of horticultural crops in Sikkim. And since 2003-2004 Sikkim has also been laying importance on organic farming. For this, the Department of Agriculture declared to convert two government farms as organic farms- Nazitam (East district) and Melli

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<sup>39</sup> VLW- Village Level Workers are trained in State Institute of Rural Development, Karfector, by providing 2 years Diploma Course. VLW centres have been established in 163 Gram Panchayats of the state.

Dara (South district). The department also selected 100 villages by using E.M compost package.

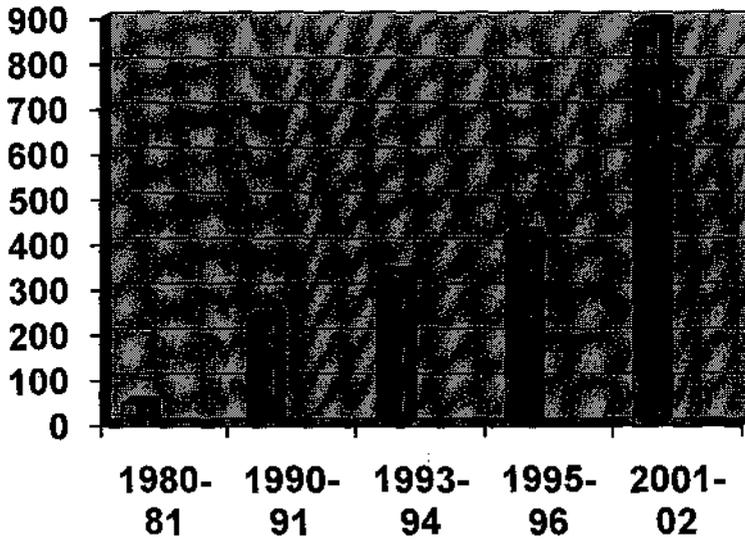
Economic growth under the SDF government has been rapid. After 1995-96 the Net State Domestic Product (NSDP) and per capita income have recorded a very steady growth. The NSDP at current prices increased from Rs 426 Crore in 1995-96 to Rs 891 Crore in 2001-2002. The per capita income also increased from Rs 8905 to Rs 16143 during 1995-1996. This shows a high growth rate of 18.19 percent and 13.53 percent per annum respectively (Govt. of India, Economic Survey, Ministry of Finance, New Delhi, 2002-2003, p. 12). For economic growth the government under the SDF has developed the state's rich potentials in agro-based industry like horticulture, medicinal plants, food processing, tea, animal husbandry, handloom and textiles, forest resources, eco-tourism, information technology and education. By providing all the above incentives, the government is trying to give agriculture the status of an industry.

After 1995-1996 both the Net State Domestic Product (NSDP) and per capita income have increased. The NSDP increased from Rs 426 Crores in 1995-1996 to Rs 891 Crores in 2001-2002. The following chart shows the increase in NSDP and Per Capita Income.

**Chart:1**

**Net State Domestic Production**

(At current prices in Rs Crore)



Source: Government of India, Economic Survey 2003-2004, Ministry of Finance, New Delhi

The Department of Agriculture and Horticulture have adopted measures to discourage the use of artificial fertilizers and pesticides. Most of the crops in Sikkim grow in organic manure for commercial and non-commercial items like cardamom, orchids, sweet orange, cherry, pepper and buckwheat as unique pulses. With the initiative of the Chief Minister, Pawan Chamling, the President of SDF Sikkim has become the first state to opt for organic farming in the country. The Department of Agriculture and Horticulture under the SDF government adopted new agricultural schemes to improve the agricultural food production in the state. The total food production has increased from 58.56 thousand tons in 1980-1981 to 1.30 lakh tons in 2000-2001.

**Table: 1**

The following table shows the growth in food production from 1980-2001(in Tones)

<b>CROPS</b>	<b>1980-1981</b>	<b>1990-1991</b>	<b>2000-2001</b>
Maize	28,930	57,600	59,612
Rice	10,630	22,040	21,358
Wheat	10,300	13,080	10,104
Finger Millet	3,840	4,620	4,323
Barley	460	1,180	1,210
Buck Wheat	1,380	1,420	1,530
Pulses	3,020	5,430	5,165
<b>Total</b>	<b>58,560</b>	<b>105,370</b>	<b>103,211</b>

Source: Department of Agriculture, Govt. of Sikkim- Economy Survey & Ministry of Finance, Govt. of India, Department of Planning and Development 2003.

**Table: 2**

The following table shows the horticulture production in the year 1975-76 to 2001-2002.

**HORTICULTURE PRODUCTION (1975-76 TO 2002-2002) in TONNES**

<b>CROPS</b>	<b>1975-76</b>	<b>1980-81</b>	<b>1985-86</b>	<b>1990-91</b>	<b>2001-02</b>
FRUITS	4800	6350	8200	10500	65300
VEGETABLES	2000	3400	13900	15000	26000
POTATO	5000	6646	16400	18000	23715
LARGE CARDAMOM	2300	3500	3900	2600	4200
GINGER	2000	3200	10900	16000	23000
<b>TOTAL</b>	<b>16100</b>	<b>23296</b>	<b>53700</b>	<b>62790</b>	<b>86465</b>

SOURCE: Department of Horticulture, Govt. of Sikkim, Annual Plan, 2003-04.

After the SDF assumed power in 1994, Sikkim has made progress in poultry production and mild (diary) production. Growth in the horticulture sector has increased.

During the period 1995-1999-2000, the state recorded an area coverage of 71,869 hectares and production of 97,228 tones with average yield of 1,353 kgs per hectare for cereals like rice, wheat, maize, finger millet, barley and buckwheat. 870 Kgs per hectare was recorded for the pulses like urd, rice, bean, rajmah, field pea, and cluster bean. And oil seeds like rapeseed, mustard, soyabean and sunflower had a area coverage of 9,786 hectares and production of 7,136 tones. The state achieved the highest over productivity level in rice with average yield per hectare of 1,473 kgs in 1999-2000 with the introduction of high yielding variety like Pant Dhan 10 (Govt. of Sikkim, Information and Public Relations, 1997). The productivity of Cereal crops has gone up from 1408.33 kg per hectare to 1508.66 kg per hectare even with the decrease in the area cereals.<sup>40</sup>

The Sikkim Democratic Front government increased the number of watersheds in the state from 12 (4 in south district, 3 in west district, 2 in east district and 3 in north district) to 24 in 1997-1998 which included 8 in south district, 7 in west district and 6 in east district and 3 in north district (Govt. of Sikkim, Department of Information and Public Relations, 1997, p.6).

The government has started new centrally sponsored schemes like Macro-management in Agriculture and Women in Agriculture from 2000-2001 to provide support to agriculture development and to encourage women's participation in agricultural activities. For the growth of agriculture the areas like genetic engineering, bio-insecticides, integrated nutrient management, integrated pest management and agri-business management are being incorporated in the field of research of

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<sup>40</sup> Total food production in the state has increased from 105.69 thousand tonnes in 1994-95 to 109.11 lakh tonnes in 2006-07. However, the area under cultivation has reduced from 78.85 thousand hectares to 74.67 thousand hectares.

agriculture (Department of Information and Public Relations, Government of Sikkim, 1997). The government allotted more budgetary grants for the improvement in the Agricultural sector.

The table below shows the revenue generated in the agricultural sector from 1999 to 2003.

**Table: 3**  
REVENUE GENERATED (1999-2003)

	1999-2000	2000-2001	2001-2003
Denzong Agri. Co-operative Society	678	1270	1891
Hide and Skin Livestock Checkpost	-	-	-
Others	737	232	149
Total	1415	1502	2040

Source: Directorate of Economics, Statistics, Monitoring and Evaluation, Gangtok, Sikkim, 2004-05

**Table: 4**

Annual Credit Plan 2003-2004 AGRICULTURE AND ALLIED ACTIVITIES

Name of the bank	Target		Achievement		% Achievement	
	No.	Amt.	No.	Amt.	No.	Amt.
State Bank of India	831	33727	520	7974	62.6	23.6
Central Bank of India	318	14949	67	1415	21.1	9.5
U.C.O Bank	65	1849	1	40	1.5	2.2
Canara Bank	7	386	0	0	0.0	0.0
Vijaya Bank	6	409	0	0	0.0	0.0
Bank of Baroda	6	424	0	0	0.0	0.0
Bank of India	6	507	5	125	83.3	24.7
Union Bank of India	84	2113	25	473	29.8	22.4

Punjab National Bank of India	25	981	20	263	80.0	26.8
S.I.S.C.O Bank Ltd.	0	11000	128	1598	0.0	14.5
U.T.I Bank Ltd.	0	0	0	0	0.0	0.0
Total	1348	66345	766	11888	56.8%	17.9%

Source: Sikkim: A Statistical Profile, 2004-2005, p.46

## The Industrial Sector

Industry is the key sector from where the economic growth in the state can be accelerated. The SDF claims that the economic condition in the state as a whole was in total distress when it came to power in December 1994. The SDF also claimed that the industrial activity in the state was given low priority by the earlier government. Thus, the new government under the SDF gave much emphasis on the development of Industries in the state.

During the 12<sup>th</sup> Lok Sabha election, 1998 the SDF in its election manifesto promised to reconstruct and revive the sick industries in the state and provide full impetus to the industries that are in good shape. To generate much needed employment opportunities to the youth, the government promised to approach the centre to finance the infrastructure for industries. The table below shows that the Plan allocation in the industrial sector has undergone major changes under the SDF led government.

**Table: 5****Sikkim Plan Allocation: Industrial sector (1954-2007)**

Sectors	I Plan	II Plan	III Plan	IV Plan	V Plan	VI Plan	VII Plan	VI Plan II	IX Plan	X Plan
Industries	4.3	0.5	6.7	3.5	6.6	4.2	3.38	3.48	2.48	1.8
Total Plan (Rs crore)	3.24	6.637	9.71	20.36	40.10	147.8	216.67	770.36	1091.32	1655.74

SOURCE: M.P Lama, Sikkim Human Development Report 2001, Social, Science Press, New Delhi, 2001. Computed from Draft Tenth Five Year Plan (2002-2007), Government of Sikkim, 2002.

Even after Sikkim's merger with the Indian Union industry in Sikkim was still in an immature stage. Before the SDF took over power in 1994 the industrial units were providing employment to only over 4,000 persons which was hardly about one percent of the state's population. Certain reasons are responsible for poor industrial performance and industrial sickness, like; default in loan repayment, lack of management of units and lack of technical tools and scientific methods. The units lacked management and technical tools and methods. Sikkim Khadi and Village Industries Board is running 13 cotton production-cum-training centers and 6 woolen centers and 7 sales centers providing employment opportunities to about 250 persons. But still 50% of the centers are sick. According to Sikkim Human Development Report, 2001, the main constraints are-lack of knowledge of the entrepreneur regarding manufacturing activities, lack of raw material, absence of proper manpower, poor marketing network, inflexible land laws and lack of enabling laws, under developed infrastructure facilities, shortage of credit and finance.

Therefore, considering these factors as constraints in its development, the SDF government implemented certain measures and policies towards the development of the industrial sector in Sikkim. At the eve of the Panchayat election scheduled for the 9<sup>th</sup> of October 2002,

the party president, Pawan Chamling promised- to help the villagers and young people to stay in the village instead of migrating to urban areas in search of better livelihood. He promised to provide better employment opportunities to the people by starting a village level agro-based industry.

The SDF government promised to reopen and maintain the sick and closed industries in Sikkim. This can be a source of employment to the unemployed people. At least one industry was to be established in every village. The government further promised the promotion of cultivation of tea in all the four districts of Sikkim, opening ginger and cardamom factory.<sup>41</sup> It was promised that the government would open hydro projects in Sikkim and promote dairy farming and renew khadi and small scale industries which were closed during the earlier government under the Sikkim Sangram Parishad (SDF, Election Manifesto, 1994, p.12).

Following its promise towards industrial development a long term industrial policy was adopted by the government under the SDF rule. The development in this field was the revival of Government Food Preservation Factory (GFPPF).<sup>42</sup> The government took over the management of units. Today, the products are famous and in high market demands including fruit juice, orange squash, pickles etc. with the brand name of "Sikkim Supreme".

In 1996, to speed up industrial development and generate employment opportunities, a new industrial policy was formulated. The policy envisaged- the creation of an atmosphere conducive to industrial growth taking into consideration the availability of natural resources and the local socio-economic environment. Maintenance of the Green State image while promoting industrial activities. It also included the rehabilitation of sick industries with comprehensive assistance and

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<sup>41</sup> These are the two cash crops which the climatic condition of Sikkim favour's its cultivation.

<sup>42</sup> The industrial unit was handed over to one private party during the earlier government, which was closed due to mismanagement.

guidance from the Department of Industry and privatization of selected state public sector undertakings. Link between agriculture and agro-based industries to develop the agricultural sector, promotion of Khadi, village, cottage, small and ancillary industries to balance regional development was emphasised. Providing adequate support in the form of common facilities like service centers, cheap raw material, technical inputs, marketing network, skill development for promotion of the traditional handloom, handicrafts and artisan sector. Development of tourism as an industry, making Sikkim developed as major center for manufacture and marketing of tea was stressed. Rapid development of basic infrastructure to promote industrial growth, encouragement of self employment and identification of such areas were undertaken. Human Resource development through appropriate skill and entrepreneurship development programme's, behavioral training at district, sub-division and block levels was given emphasis. Promotion and protection of interest of the local people was to be encouraged. Joint venture was to be encouraged between local entrepreneurs and industrialists from outside Sikkim. It stressed the need for attraction of both internal and external investors and formation of suitable mechanisms for attracting and encouraging the growth of capital formation in Sikkim.

The government seeks to achieve these objectives by pursuing the following strategies- identification of thrust areas and effective promotion of industries in these areas, announcement of attractive package and fiscal incentives, special promotional measures for rural and traditional industry, establishing industrial estates and growth centers to facilitate integrated development of industry. Development of a rehabilitation package for the sick industries, revamping the public sector undertakings, creation of appropriate organizational arrangements, development of marketing support systems and development of appropriate training facilities.

For the development promotion of the old traditions in handloom and handicrafts the government has been facilitating the people to participate in various local fairs and festival exhibitions within and

outside the state. The artisans are deputed in different market need programme, craft bazaar etc. which is sponsored by Development Commission For Handicrafts, Govt. of India, New Delhi. The government has been conducting workshops for development of different technical and traditional arts.

**Table: 6**

**ACHIEVEMENTS IN HANDLOOM AND HADICRAFTS FOR THE  
LAST FIFTEEN YEARS 1985-2000**

YEAR	No of Branch Centre created	No. of Trainees admitted	Rate of Stipend	No. of paid workers under production FLO	Budget allotted (Rs in lakhs)	Production value (Rs in lakhs)	Sale Production (Rs in lakhs)
Existing Branch Centre	5						
1985-86	1	305	Rs.125pm	514		15.64	13.86
1986-87	-	350	Rs.125pm	400		14.37	11.67
1987-88	2	400	Rs.150pm	400		18.51	10.83
1988-89	-	302	Rs.200 pm (For 1 <sup>st</sup> year & Rs. 250 for 2 <sup>nd</sup> year)	430		-	12.82
1989-90	-	331	-do-	450		-	16.49
1990-91	1	365	-do-	500		33.23	18.42
1991-92	-	403	-do-	545		37.35	-
1992-93	3	459	-do-	600		34.26	29.64
1993-94	-	427	-do-	625		42.28	32.22
1994-95	-	519	-do-	650	149.00	54.71	35.00
1995-96	7	563	Rs.300 pm (For 1 <sup>st</sup> year & Rs. 350 for 2 <sup>nd</sup> year)	-	198.50	49.78	35.35
1996-97	-	602	-do-	620	237.00	59.17	49.46
1997-98	-	519	-do-	700	270.35	59.16	42.45
1998-99	-	578	-do-	720	362.41	-	50.62
1999-2000	-	368	-do-	750	341.95	-	54.44
2000-01	-	463	-do-	-	305.61	-	-

Source: Department of Handloom and Handicrafts, Govt. of Sikkim, 2005

The state government in 1996 declared certain state schemes or incentives for industries. These incentives were state capital investment subsidy, subsidy on interest on working capital, concession on state and

central sales tax, price preference, subsidy in captive power consumption, subsidy in consultancy service, subsidy in study tours and implant training, exemption of security deposit or earnest money, international standard institute certification, subsidy on registration fee of promotion council, Indian standard institution, commodity board, chamber of Commerce, Deferment of excise duty and exemption from payment of income tax (Department of Information and Public Relations, Govt. of Sikkim, December, 1994).

In 1997, the department under the present government granted 96 numbers of permanent legislation to small scale industries and tiny industries. In 1997-1998, Temi Tea recorded the highest production, i.e. 1,16,000 kg tea leaves.<sup>43</sup> Sikkim Industrial Development and Investment Corporation Ltd. (SIDICO) was established in March 1997 in collaboration with State Financial corporative and small scale industries Development Corporation. It provides long term loans for cottage, tiny, small scale industries, hotels, hospitals, nursing homes and taxis. The Sikkim General Food Industries situated at Singtam, East Sikkim has been handed over to the Swiss party (Red Orchid) as a joint venture company with the state government on 1<sup>st</sup> August 1996. A medium scale industry especially in the power intensive sector like Ferro Alloys showed interest and another unit Akshay Input has begin project activities at Mamring, south Sikkim. Trainings for the rural artisans and small scale entrepreneurs with the help of professionals from outside have been provided by the Government of Sikkim.

The Sikkim Precision Industries Ltd (SPIL) Namchi was conceived in March 1998. It was established for industrial development of South and West Sikkim to provide employment to the people of these districts. A new high technology project was identified and the government decided to establish new public sector company to undertake the project. The Department of Industry provides consultancy services to the aspiring industrialist/entrepreneur for setting up self-venture unit through Small

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<sup>43</sup> Temi Tea was conferred a certificate by IMO Control Pvt, Ltd Bangalore declaring it as Black Orthodox Tea as Organic Conversion in 2005.

Industries Services Institute (SISI) Government of India, Tadong and Sikkim Consultancy Services (SICON), Gangtok and Sikkim Consultancy services at district level industries, keeping center at East and North districts. Free consultancy services provided to employed youths for setting their own unit and establishment for self-employment (Govt. of Sikkim, Information and Public Relations, 2001).

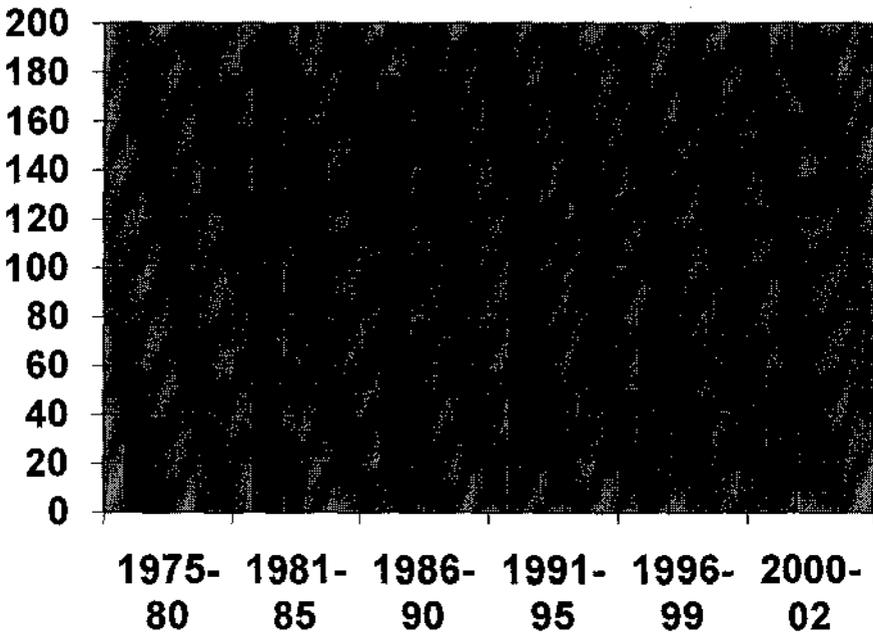
The government under the SDF has been able to provide training for rural artisans and small scale entrepreneurs by the department within four districts in collaboration with SISI-Small Industries Service Institute, SICON-Sikkim Consultancy Services, SIDBI-a nationalized bank working in cooperation with the state banks. Provisional and permanent registration to small scale industries and tiny industries is being provided. SIDICO (Sikkim Industrial Development and Investment Corporation Ltd.) was set up in 1997 has been engaged in promoting financial development of small scale industries, cottage, small and medium sectors in Sikkim. Recently the corporation has started giving financial assistance for fixed assets such as land, building etc. with the aim of setting up an industry. During the last five years from 1995-96 to 1999-2000, it has sanctioned loans amounting to Rs 10,35 Crores to 2147 beneficiaries. Training centers numbering seven in total has been opened since the party has come to power where training in various traditional arts and crafts was imparted. The rate of stipend for the farmers has been increased from a grant of Rs 200 per month to Rs 300 per month and Rs 250-350 per month. Printing of various multi crafts items is going on with the opening of a new Block Printing section. Annual Crafts Fairs and Handloom Fairs are being organized to promote production in these sectors. The sales revenue increased from 35.35 lakhs in 1996 to Rs 60.00 lakhs in 2000-2001 (Govt. of Sikkim, Information and Public Relations, 2001).

The Union Government extended the new industrial policies for the state of Sikkim on the line of the existing North- East Industrial and

Investment Promotion Policy (NEIIP) in 2003.<sup>44</sup> The policy included exemption of excise and income tax to all new industrial and expansion of existing unit for a period of ten years from the date of commencement of commercial production. The policy granted financial concessions to 12 identified thrust areas in industries. These areas are identified for the promotion of eco-tourism, handicraft and handloom, floriculture, mineral based industry, agro-based industry and pharma-products in the state (M P Lama, 2003, p.50).

**Chart: 2**

**Sikkim: Companies Registered**



Source: Department of Land Revenue, Govt. of Sikkim, 2002

According to the survey carried out by a leading national magazine '*Business Today*' in 1997-2000 Sikkim is an investor friendly state. The survey showed that the quality of electric power, social infrastructure and state government support have improved in the perception of the

<sup>44</sup> After the announcement of NEIIP IN 2003, many reputed companies mostly pharmaceutical units have set up factories in Siikim.

investors. The table shows the rank of Sikkim in these sectors among the 28 states and union territories of India.

**Table: 7**

Sikkim: Perception Ranks out of 26 states and Union Territory

	Rank 1995	Rank 1997	Rank 1999	Labour	Rank 1995	Rank 1997	Rank 1999
Physical Infrastructure	13	14	14	Labour availability	16	16	18
Power available and cost	15	11	12	Cost of Labour	14	16	11
Quality of Power	16	14	15	Labour relation	13	11	13
Proximity to posts	12	23	9	Work culture of state	18	17	14
Presence of Industrial zones/belts	17	16	18				
Quality of Governance				Social infrastructure			
State Govt. support	20	23	16	Proximity to markets	11	20	15
Flexibility of State Govt. policies	17	20	9	Availability of raw materials	22	24	18
Policy implementation	11	16	11	Degree of urbanization	20	16	9
Quality of local administration	16	9	14	Social infrastructure	21	20	15
Law and Order	12	16	12				
Political stability	17	12	11				

Source: Business Today, Delhi, December, 22, 1977- January 6, 1998, p. 134 and December 22, 1999- January 6, 2000.

The state government has set up the Board of Investment under the chairmanship of the Chief Minister to implement a SINGLE WINDOW POLICY. It is an apex body with an objective of providing efficient services to the prospective investors, grants of facilities and coordination among government agencies. The government has further designed a

new investor friendly policy with all the enabling laws and procedural manual for investment. The government has declared some areas of the state as industrial belt.

At the first Sikkim Investor's Forum meeting held on 22 February 2001 at India International Centre in New Delhi under the chairperson of Dr. George B. Arsaf, Representative and Regional Director for South Asia, United Nations Industrial Development Organization (UNIDO), Chief Minister Pawan Chamling led a delegation to the forum. The objectives of the Forum's meeting were:

- i. To introduce the investors to various development activities in Sikkim and provisions led out by the state for the potential investors and
- ii. To invite the investors to participate in the potential identified areas like power, software, education, health, horticultures and tourism (M.P Lama, 2003, p.53).

According to Sikkim Human Development Report, 2001, similar investment promotion meetings were organized at Kolkata in collaboration with the confederation of Indian Industry. As a result of all these policies a number of investors have formally applied for setting up industrial units in the state.

In May, 1999, the government made some recommendations in the policy interventions in the industrial sector of the state. The recommendations were:

- In order to reach the incentives and subsidies extended under the new industrial policy, 1996, adequate budget provisions and effective disbursement is needed.
- Estimation that Sikkim needs to generate about 6500 jobs per annum in order to solve the unemployment problem. This will be achieved by a mix policy of generating 2000 jobs in agriculture

and service sectors, 1000 in animal husbandry and 1500 in the industrial sector.

- Clear and investor-friendly policy for the investors.
- Relaxation of land laws in order to allow entrepreneurs to acquire land to set up industrial units.
- To facilitate lowest and transportation, up gradation of Bagdogra Airport as National and International Airport.
- For availability of financial benefits to the industrial units, commercial Banks were to be established.
- Setting up of central Public Sector Undertakings (PSUs) to strengthen the existing state PSUs.
- Attraction of new industrial units by industrialists from outside as well as non- Resident Indians to improve industrial and social infrastructure.
- Development of tea industry in the state.
- To encourage self-employment set up yarn bank providing woolen and cotton yarns to the weavers at a reasonable price.
- Training institutes to set up to provided training facilities in various technical fields (Sikkim Human Development Report, 2001).

The table below shows the physical Targets and Achievements in the Industrial Sector during the year 2001 to 2004.

**Table: 8****Physical Targets and Achievements 2001-2004**

Sl.No	Subject	2001-2002		2002-2003		2003-2004	
		Target	Achievement	Target	Achievement	Target	Achievement
1	Tea (Temi)N.P						
2	Dept of Handicrafts & Handloom	-	-	-	-	-	-
3	Incentives for new industries	-	-	-	-	-	-
4	E.D.P	10 Trg	10 Trg	10 Trg	10 Trg	65 Trg	65 Trg
5	Inf. and Publicity	-	-	-	-	-	-
6	Training to rural artisans	4Trg	5 Trg			6 Trg	6 Trg
7	Khadi and Village industries	-	-	-	-	-	-
8	CMRY			2001 Nos	2011 Nos	1286 Nos	1286 Nos
9	Sorajri Yodug Yojna			402 Nos	402 Nos	1000 Nos	1000 Nos
10	Assistant to Zilla Parishad	-	-	-	-	-	-
11	GPPF	-	-	-	-	-	-
12	Tea Development	-	-	-	-	-	-
13	Investment in PSU	-	-	-	-	-	-
14	Incentive to SIDICO	-	-	-	-	-	-
15	Incentive to Public sector	-	-	-	-	-	-

Source: Sikkim: A Statistical Profile, 2004-05

To accelerate industrial expansion and urban domestic and rural needs, unreliable and inadequate power supply has been a major reason for attractive private investments in Sikkim. The government views that the alternative power sources have to be explored and developed. The

state government has given top priority to industrialisation and has created conducive environment for investors.<sup>45</sup>

**Table: 9**

**Annual Credit Plan 2003-2004 (Industrial sector)**

Name of the bank	Target		Achievement		% Achievement	
	No.	Amt.	No.	Amt.	No.	Amt.
State Bank of India	258	29641	3	3324	1.2	11.2
Central Bank of India	91	13563	2	203	2.2	1.5
U.C.O Bank	19	1934	0	0	0.0	0.0
Canara Bank	5	1679	3	390	60.0	23.2
Vijaya Bank	5	1021	1	57	20.0	5.6
Bank of Baroda	7	1107	0	0	0.0	0.0
Bank of India	8	1345	0	0	0.0	0.0
Union Bank of India	32	4491	4	1150	12.5	25.6
Punjab National Bank of India	9	1621	0	0	0.0	0.0
S.I.S.C.O Bank Ltd.	0	0	0	0	0.0	0.0
U.T.I Bank Ltd.	0	0	0	0	0.0	0.0
<b>Total</b>	<b>434</b>	<b>56402</b>	<b>13</b>	<b>5124</b>	<b>3.0</b>	<b>9.1</b>

Source: Sikkim: A Statistical Profile, 2004-2005, p.46

<sup>45</sup> Sikkim was given Best State Award among the 10 smaller states for most favourable investment climate by India Today media group in 2005.

## **Tourism**

Under the Sikkim Democratic Front rule for the first time in Sikkim a fifteen year Master Plan perspective on tourism was prepared in 1997. The plan covered a period from 1997-1998 to 2011-2012. The plan emphasized on the development of three independent tourist destinations within the state to speed up economic growth in the rural areas. The plan focused mainly on eco- tourism based on natural scenic resources. This would probably bring development in the rural sector. For implementing the tourism policy in the state a draft tourism legislation was prepared by the department to promote tourism. Taking the advantage of natural scenic resources which promotes tourism, quality tourism must be maintained. For this there was a need for further permit relaxation from the Government of India. The proposal by the state government was made at New Delhi on the 30<sup>th</sup> September, 1997. Proper management of hotels, lodges and trekkers' hut was under the department of tourism. But the department could not take up too much burden of management hence the responsibility was given to the Tourism Development Corporation (Govt. of Sikkim, Information and Public Relations, 2010). Construction works have been taken up under the CSS schemes. Tourist Lodges at Singhik, Wayside amenity at Borong Hog Spring, Wayside amenity at Gangyap Hot Spring, Trekkers' hut at Aritar are some of the constructions undertaken for facilitating tourism.

With all these efforts by the government under the Sikkim Democratic Front, tourism has been developed leading to increased tourist arrivals by over 60 percent as against 1994 arrivals. In the period between 1994-2000, the annual growth of tourism has increased to 10 percent.

**Table: 10**

Increase in Tourist Arrivals

Year	Domestic	Foreign	Total
1981	19,115	2,739	21,854
1991	61,360	6,187	67,547
1994	92,435	6,888	99,323
1997	11,6,500	8,068	12,4,568
2001	14,6,923	7,757	15,4,680

Source: Government of Sikkim, Department of Tourism, Gangtok

The SDF government dreams of making Sikkim the "Number One Eco-tourism Destination in India". With this objective, the government makes efforts to develop tourist villages, trekking routes, adventure activities, bio-diversity parks, hotels and cultural centers. To attract more tourists in the state, the government has been able to lay the foundation of airport at Pakyong East Sikkim. This would give a regular connection between Bagdogra and other neighbouring airports. Helicopter flights are on operation for tourists. To avail more tourism, a rope-way at Gangtok linking Deorali with the Tashiling Secretariat has been constructed. Promoting pilgrim tourism, old temples, monasteries, churches, gurudwaras and mosques and other shrines in Sikkim have been maintained. The state government has proposed to maintain at least one tourist center in each Gram Panchayat Unit in the state. The government proposes for the establishment of Himalayan Center for Adventure Tourism at Chemchey village by investing Rs 50 lakhs. A new adventure tourist complex- The Rangit Water World (RWW) at the NHPC Dam at Legship has been started for the first time.

Many development activities in tourism have been taking place as per the Master Plan for tourism adopted by the party (SDF).<sup>46</sup> Sikkim,

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<sup>46</sup> In the year 2000, the Ministry of Tourism, Government of India, awarded the National Award for the best Tourism performing state in the North East.

for the second consecutive year took the title in 2001 also as Tourism in Sikkim is developed with a vision of peace and tranquility. The local people too appreciated the importance of tourism and development made by the government in this sector. Programme's were being organized to put tourism as an industry with an objective of providing employment opportunities to the people. In this respect, the government celebrated World Tourism Day on 27<sup>th</sup> September 2001 to create awareness about tourism in the state.<sup>47</sup> In August 2000, Tourism and Travel Fair (TTF) was held at Calcutta in which the Department of Tourism from Sikkim participated. Festival on North- East was held at Silliguri, Kanchen Dzonga stadium from 1<sup>st</sup> December to 7<sup>th</sup> December, 2000, the main objective of the Fair was to focus tourism as an industry and create awareness in the North- Eastern states, West Bengal, Bihar and Orissa. Teesta- Tea Tourism Festival was held in Sikkim from 24<sup>th</sup> December to 10<sup>th</sup> January 2001. The main objective of the festival was to create awareness of winter attractions to Sikkim both at the national and international level and also to increase the number of tourists during the winter season. For this street carnival, religion festivals and archery competition were the main attractions. Water Sports in Teesta and Rangit at national level was also held.

The Tourism Department of Sikkim participated in the Tourism and Travel Fair at Mumbai in January 2001. It also participated at London in November 2000. For the promotion of tourism in the state the Government held orientation programmes for transport operators, taxi drivers, hoteliers and tour operators and travel agents association of Sikkim at Gangtok on 18 – 20 August, 2000. The programme was organized to motivate them as these people have a key role in promoting the tourism industry. Following this programme, the same programme was organized for the same kind of people of South and West Sikkim on 8<sup>th</sup> and 9<sup>th</sup> February, 2001 at Pemayangtse in west Sikkim. Sikkim is also known as adventure destination. Adventurous

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<sup>47</sup> The World Tourism Day was sponsored by STDC for the disadvantaged children.

activities like White Water Rafting at river Teesta from Bardang to Tarkhola and river Rangit were conducted. During the year 2000-2001, many projects were completed to encourage tourism. Statue of Guru Padma Sambhava at Samdruptse, Namchi has been constructed. Artificial lake at Uttarey as a new tourist destination in West district has been created. In 1998-1999, a Tourist Information Center, at Namchi was established to facilitate the tourists with tourism information. The Department of Tourism under the SDF rule initiated several schemes and projects like Dugling, Computerization, Wayside Amenity, Refurbishment of Monastries, Tourist lodge, Lake Development, Development of waterfalls, Trekking route, improvement of old heritage Bungalows, Tourist toilets etc.

The opening of the Nathula route in 1999 has benefited the tourist to visit Nathula as one of the tourist destinations. The issuing of permits to the tourists has been simplified. Package tours are being arranged generating opportunities for income and employment (Govt. of Sikkim, Information and Public Relations, 2001). As a result of these policies of the SDF Government, the Tourism Department as claimed by the government is making profit which was incurring terrible losses earlier.

### **Service Sector: Communication**

One of the major factors for the overall development of a state is a good transport communication network through which trade will flourish and will bring economic development in the state. Thus, the total communication service depends upon road network. The government has some objectives in this sector and these are as follows; (a) to upgrade the non standard roads constructed prior to 1975, (b) up gradation of existing bridges to allow the loaded trucks to pass through it. The government also aims at constructing new roads covering as many as villages as possible. Following its objectives the government had been able to connect 360 villages out of 453 in the state by March, 1997 (Government of Sikkim, Information and Public Relations, 1997, p.55).

To promote development in this particular area programmes and new schemes have been undertaken by the Government. The narrow and steep roads were to be widened so that a higher load vehicle gets access to it. The Government's objective in this sector included the strengthening of old suspension bridges by new street and cemented bridges. The government under its new scheme replaced the old and weak roads and bridges in the state. We can point out here that the new government under the SDF has brought some development within a short period of time. The developmental works of the government included the construction of 29 Kms new roads in 1994-1995, 72 Kms road in 1995-1996 and 60 Kms road in 1996-1997. In 1997-1998, the government constructed a total of 161 Kms new roads connecting different villages in the state. The government targeted of covering 248 Kms new road by the year 2001. In 2001, 127 kilometres of road carpeting was completed.

Sikkim is a state; a land locked Himalayan State with no air, train, and water transport facility and hence it has to depend totally on road transportation. Knowing the fact that communication and transport have a vital role in the life of people and their development, communication has a direct impact towards economic growth and social upliftment, the government under the SDF sees that there is a continuous, regular services maintained in the state. The government gives the responsibility to Sikkim Nationalised Transport for providing better transportation facilities to the public as well as transportation of material goods mainly from Siliguri. Till 2001, the number of buses has increased to 123 and 134 trucks/ tankers. A computerized rail reservation service at Gangtok for the whole country has started since, 1997. The government takes the initiative of having reservation quota of Sikkim in the North-East Frontier Railways to three fold in the near future. In 2000-2001, the government promised to add seasonal busses to provide transport facilities to tourists during tourist seasons in Sikkim. The seasonal busses were provided to tourist places like Pelling, Yoksum, Gangtok and Tshongmo. The government also provided with additional interstate bus

services from Gangtok to Siliguri, Darjeeling and Kalimpong with additional schedule during tourist seasons. In addition to this, Sikkim Nationalised Transport shall provide city busses for providing economical transportation system at Gangtok.

Road transportation, being only the means of transportation the government undertakes the construction of helipads at remote areas of Sikkim. This helps during the time of emergencies when there are natural calamities, epidemics road blocks etc. This will also help to promote tourism in the state. The helipads at Lachung, Dalapchen, Rabongla, Dodak, Yoksum, Pelling are same which have been constructed in 2001.

## **Environment**

"We will safeguard our environment as in this lies the very essence of our survival and our future." This was the promise made by Pawan Chamling, the party President of the SDF after assuming power in 1994 (Government of Sikkim, Information and Public Relations, 2001, p. XV). As per the survey in 1998, forests area constituted 44.9 percent of the total area of Sikkim, as compared to 19.4 percent for the country as a whole. Forests are an important source of livelihood for the Sikkimese people and important source of revenue to the government. It covers an area of 978 sq. km of dense forest, 75 sq. km of degraded or blank forest area and area and 31 sq. km of Alpine/ Pasture/ Scrub barren and snow land. Forests are an important source of revenue for the Government because of the implementation of strict forest laws. The forest department has fixed the rates of royalty of different forest produce depending on the importance of the produce and its market value.<sup>48</sup> Thus, the SDF government has become conscious of protecting the nature of Sikkim's environment and eco-systems.

The SDF Government has taken recent measures to conserve forest and environment which includes:

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<sup>48</sup> The medicinal plants and herbs like Ipecac, Ranwoulfia Serpentine and Lycopodium has been a source of revenue to the government.

- It has adopted and enforced forest environment and wild life policy in 1999. It was a step towards the protection of its environment and consumes forest and wild life. Among the Indian states Sikkim has become the first state in the country to adopt such a policy.
- The Chief Minister's concept of "Smriti Vans" has become a real concept after the introduction of "Smriti Vans."<sup>49</sup>
- Another measure adopted by the government is ban on grazing by all domestic animals in reserve forest areas in the state to protect plantations.
- It has banned the use of non-biodegradable products like plastic bags to protect environment. Following this measure, Sikkim becomes the first state in the country to effectively implement this ban. The government has further decided to adopt "Green Road" scheme by undertaking extensive plantation on the road sides within five years period from 1999.
- It has taken measures for the protection of cultural ecology of the Mount Kanchenjunga by banning climbing expeditions.

Further the SDF government declared to make Sikkim a "Total Organic State". With his efforts in preserving the environment, Chief Minister Pawan Chamling has been awarded the "Greenest Chief Minister of India" by the Centre for Science and Environment, New Delhi in 1999.

With these schemes, programmes and policies adopted by the SDF Government since 1994 in various fields of economy like, agriculture, horticulture, industries, tourism, communication and transport services and forests and environment the Net State Domestic Product (NSDP) and per capita income has recorded a steady growth. The NSDP has increased from Rs 426 crores in 1995-1996 to Rs 891 crores in 2001-

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<sup>49</sup> Memorial Forest at various places of social religious, educational institutions, defense, police, tourism, NGO's and government agencies who have come forward with plantations in memory of their near and dear ones.

2002. The per capita income has increased from Rs 8,905 to Rs 16,143 during the same period (Government of India, Economic Survey 2003-2004, Ministry of Finance, New Delhi).

## **Policies of Social Welfare**

The SDF Government from the very beginning has a dream and purpose in investing in human resource development to make Sikkim a poverty free-state.<sup>50</sup> In Sikkim the weaker sections mainly comprises of scheduled castes, scheduled tribes and other backward classes. Most of these people depend mainly on agriculture as their source of income. According to the Planning Commission based on the expert Group Recommendations in 1993-1994, 45.01 percent of the rural population in the state lived below the poverty line, while in urban areas only 7.73 percent of the population lived below the poverty line.

The Government of Sikkim, the Department of Rural Development, based on the ministry of Rural Development, Government of India, estimated the percentage of families below the poverty line. The State Bureau of Economics and Statistics estimated that 71 percent of the total families were still below poverty line in 1995 (Government of Sikkim, Sikkim Human Development Report, 2001).

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<sup>50</sup> Prior to the merger of Sikkim with the Indian Union, its political and economic conditions did not allow it to develop. Only after 1975 growth, development and self-reliance have been achieved.

**Table: 11**

State wise (North East States) Poverty rank (1983-1994)

States	1983 – 1984		1987 - 1988		1993 – 1994	
	Per Capita Rank	Poverty Rank	Per Capita Rank	Poverty Rank	Per Capita Rank	Poverty Rank
Arunachal Pradesh	6	8	8	8	7	7
Assam	19	9	19	9	19	5
Himachal Pradesh	8	25	15	23	14	15
Manipur	16	16	12	17	18	13
Meghalaya	18	14	16	14	17	9
Mizoram	22	17	6	18	11	17
Nagaland	9	13	10	13	9	9
Sikkim	12	12	7	10	10	4
Tripura	24	11	22	11	24	8

SourSource: Government of Sikkim, Human Development Report, 2001

For alleviating poverty in Sikkim, the state Government under the SDF has taken up the task of carrying poverty survey in the state and checking the per capita income growth rate and distribution of income. Sikkim ranks 12th in the country in terms of per capita which is an indication that poverty rate is high in the state. The table cited above shows the ranking of the Hill States (out of 25 states) in the terms of per capita net state, Domestic Product and poverty.

For the socio-economic development and alleviation of poverty in the state, the Government has been providing grants of Rs 20,000 to the

homeless people in the state assisting them to construct houses under rural housing schemes since 1995-1996 (Govt. of Sikkim, IPR, 1997, p.24). In addition to this, the scheme of Indira Awas Yojna providing shelter to the homeless rural people who are below poverty line is being implemented. Till 2003, under the Indira Awas Yojna scheme, 758 physical achievements have been reached and 417 up-gradation (Sikkim- A Statistical Profile, 2004-2005, p.145).

The following table shows the year wise physical achievements of the scheme- Indira Awas Yojna.

**Table: 12**  
Indira Awas Yojna, Physical Achievements (2001-2003)

Name of the scheme	Year	Physical Achievements	Financial (Rs. in Lakhs)
Indira Awas Yojna	2000-01	872	206
Indira Awas Yojna	2001-02	762	167
Indira Awas Yojna	2002-03	758	117.37
Up-gradation	2000-01	667	66.7
Up-gradation	2001-02	404	40.44
Up-gradation	2002-03	417	37.8

Source: Sikkim- A Statistical Profile, 2004-2005, p.145

Identification of the households below poverty line and assisting them with the distribution of piglets with pig feed, milch cow, black-smithy tools and accessories, sewing machines, ginger seeds, potato seeds and fruit seedlings. The government provided the people with the advance course in computer science, hotel management, typing and stenography. The government has provided pre-matric and post- matric scholarships for children of Scheduled Caste and Scheduled Tribe's living below poverty line (Govt. of Sikkim, Social Welfare Department, 2004-2005).

**Table: 13**

Pre-Matric scholarships to ST and SC students (1997-1998 to 2001-2002)

Year	Scheduled Tribe	Scheduled Caste
1997-1998	3569	2758
1998-1999	3569	598
1999-2000	568	1645
2000-2001	2385	1614
2001-2002	4132	1974

Source: Social Welfare Department, Govt. of Sikkim, 2004-2005

**Table: 14**

Post-Matric scholarships to ST and SC students (1997-1998 to 2001-2002)

Year	Scheduled Tribe	Scheduled Caste
1997-1998	216	113
1998-1999	260	72
1999-2000	132	96
2000-2001	142	98
2001-2002	493	101

Source: Social Welfare Department, Govt. Of Sikkim, 2004-2005

The percentage of population below poverty line has gone down steadily after the SDF came to power in 1994. The following table shows the decrease of BPL percentage in the state since 1973-74.

**Table: 15**

## Population Below Poverty Line

Year	Percentage of BPL
1973-74	50.86
1977-78	55.89
1983	39.71
1987-88	36.06
1993-94	41.43
1999-2000	36.55

SOURCE: Planning Commission, Draft Tenth Five Year Plan,(2002-2007), New Delhi, Vol III, 2003, p.40.

In Sikkim two Assembly constituencies has been declared as Scheduled Caste constituencies based on the Scheduled Caste population. These constituencies are Khamdong and Rateypani. This is done mainly for development and upliftment of scheduled castes in the state. The government under the Welfare Department and Social Welfare Wing implemented policies and programmes for the upliftment of the poor and needy handicapped persons and old aged people.

**Table: 16**

## Schemes (Scheduled Caste) implemented under SCP 1999-2000

Department/ sector	Schemes implemented	No. of Beneficiaries
SIMFED	Distribution of Blacksmithy tools to SC	75 families
STCS	Distribution of sewing machines to SC	40 families
Welfare department	Distribution of piglets to SC of Mangshila	63 families
Welfare department	Distribution of piglets to SC of Khamdong	220 families

Welfare department	Distribution of piglets to SC of Ralong, Sangmo Gram Panchayat	46 families
Welfare department	Distribution of piglets to SC of Nandok	30 families

Source: Source: Social Welfare Department, Govt. Of Sikkim, 2004-2005

**Table: 17**

Schemes (Scheduled Caste) implemented under SCP 1999-2000

Department/ sector	Schemes implemented	No. Of Beneficiaries
SIMFED/STCS	Distribution of sewing machines to SC of east and south sikkim	287 families
SIMFED/STCS	Distribution of knitting machines to SC of east, west and south district	153 families
SIMFED/STCS	Distribution of 110 sets of agricultural tools to SC families of Khamdong constituency	183 families
SIMFED/STCS	Distribution of 200 sets of agricultural tools to SC families of Rateypani constituency	243 families
SIMFED/STCS	Distribution of 100 sets of agricultural tools to SC families of south and west district	153 families
SIMFED/STCS	Distribution of 100 sets of agricultural tools to SC families of east district	146 families

Source: Social Welfare Department, Govt. of Sikkim, 2004-2005

In the year 1997, the Government of India launched a scheme for providing financial assistance to the families living below the poverty line to whom girl child is born, the scheme is known as Balika Samridhi Yojna

which covers a child born on or before 15.8.1997. The government of Sikkim implemented the same scheme in the state for the upliftment and empowerment of women. The state government also launched a small family scheme in April 1997 for a girl child under which all girl child gets economic incentives and at the age of 13 years gets the financial benefit of Rs 25,00/ which is deposited in the bank for a fixed period of eight years. This is done to encourage girl child to get married at the age of 21 years or after and not before that (Govt. of Sikkim, Social Welfare Department, 2004-2005).

Following the poverty alleviation programmes, the SDF Government directed the welfare division of Social Welfare Department with the schemes of vocational training for the educated unemployed scheduled castes and scheduled tribes from 1995-1996 and other backward classes youths from 1998-1999. The state government made an arrangement from 1.7.1995 for reservation of seats for scheduled castes, scheduled tribes and OBC's in government posts and services. Allotment of seats in educational institutions for professional courses was 6 percent to scheduled castes, 23 percent to scheduled tribes and 21 percent to other backward classes.

Under the direction of the Central Government, the Government of Sikkim has set up Sikkim Scheduled Castes, Scheduled Tribes, Other Backward Classes Development Cooperation Ltd. for providing cheap financial assistance to all the backward sections of Scheduled Castes, Scheduled Tribes, and Other Backward Classes population of the state at low rate of interest. The cooperation has financed activities in agriculture for the purchase of agricultural machinery and implements goatary, poultry, dairy, piggery, cardamom plantation and ginger cultivation. It has provided assistance to the artisans and traditional occupation such handicrafts, carpet weaving, tailoring etc. (Govt of Sikkim, Sikkim: A Statistical Profile, 2004-2005).

Welfare schemes for the old persons includes old age pension scheme who are 65 years and above and who fall in the below poverty

line and have no regular service of income gets the amount of Old Age Pension of Rs 100 per month. It was increased to Rs 200 in October, 2000 and from April, 2007 the old age pension has been increased to Rs 400 per month (Government of Sikkim, Social Welfare Department, 2008).

**Table: 18**

Table showing the number of persons receiving pensions year wise

YEAR	No. of BENEFICIARIES
1995-1996	1,976
1996-1997	1,613
1997-1998	3,855
1998-1999	6,835
1999-2000	6,835
2000-2001	10,104

Source: Department of Information and Public Relations, Government of Sikkim, 2001.

For the disabled poor persons, the Government has allotted subsistence allowance of Rs 100 per month. The allowance benefited many poor people in the state and there was an increase in the number of beneficiaries each year. In 1995-97 the beneficiaries were 150 persons; it was increased to 200 persons in 1997-1999 and then increased to 400 persons in 1999-2001 (Govt. of Sikkim, Social Welfare Department, 2002).

The welfare department runs a sheltered workshop for disabled poor persons at Jorethang, South Sikkim where 15 disabled persons are engaged receiving monthly stipend of Rs 1200/-, Rs 600/-, and Rs 400/- as per their skills.

The state government under the SDF has made arrangements for providing financial assistance to voluntary organizations like National Association for Blind, Spastic Society in Gangtok and Association for

social health in India, Sikkim Branch etc. to undertake welfare works for the under privileged sections of the society. The government is providing its full effort in the upliftment of the weaker sections of society to make Sikkim a poverty free state. In the election manifesto of 2004, the party declared that it has a vision of making Sikkim a Poverty Free State by 2015.<sup>51</sup> In the achievement of this target, the government has made arrangements for providing 35 kg of subsidized rice at Rs 4 per kg per month to a family living Below Poverty Line (BPL). Till 2003, September, 9,994 poorest of the poor families from BPL category are getting benefits of Mukhya Mantri Antyodaya Annadan Yojna scheme. Under this the senior citizens above the age of 65 years who are eligible for old age pensions get rice at Rs 3 per kg. (Govt of Sikkim, Sikkim: A Statistical Profile, 2004-2005).

The following table shows the State's economy at a glance under SDF government.

**Table: 19**

**INDICATORS OF STATE ECONOMY AT A GLANCE**

Sl no	Particulars	1993-94	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02*	2002-03**	2003-04**
1	<b>Gross State Domestic Product</b>	(In lakhs)								
	At current prices	37743	55262	65106	78184	84003	97634	113925	125135	135818
	At constant prices	37743	45630	52002	57983	59583	64213	69635	-	-
2	<b>Index Number of GDP</b>									
	At current prices	100.00	146.42	172.50	207.154	222.57	258.68	301.84	331.54	359.85
	At constant prices	100.00	120.90	137.78	153.63	157.87	170.13	184.50	-	-
3	<b>Per Capita GDP(In Rs)</b>									
	At current prices	8457	11141	12644	14652	16343	18352	20639	22466	23786
	At constant prices	8457	9200	10099	10866	11592	12070	12615	-	-
4	<b>Index Number of Per Capita</b>									

<sup>51</sup> As per the Socio- economic census of the state conducted in 2005 the poverty ratio has gone down to 19.2 percent in 2005.

	<b>GSDP</b>									
	At current prices	100.00	131.74	149.51	173.25	193.25	217.00	244.05	265.65	281.26
	At constant prices	100.00	108.79	119.42	128.49	137.07	142.72	149.17	-	-
5	<b>Net State Domestic Product</b>	(In lakhs)								
	At current prices	33694	49111	58308	70209	75818	88623	103899	113942	123258
	At constant prices	33694	40851	46984	51575	52683	56941	62002	-	-
6	<b>Index Number of NSDP</b>									
	At current prices	100.00	145.76	173.05	208.37	225.02	263.02	308.36	338.17	365.82
	At constant prices	100.00	121.24	139.44	153.07	156.36	188.99	184.01	-	-
7	<b>Per Capita (In Rs)</b>									
	At current prices	7550	9901	11324	13158	14751	16658	18822	20456	21586
	At constant prices	7550	8236	9125	9666	10250	10703	11232	-	-
8	<b>Index Number of Per Capita NSDP</b>									
	At current prices	100.00	131.14	149.99	174.28	195.38	220.64	249.30	270.94	285.91
	At constant prices	100.00	109.09	120.86	128.02	135.76	141.76	148.77	-	-

Source: Directorate of Economics, Statistics, Monitoring and Evaluation, Gangtok, Sikkim, 2004-2005.

To sum up, the chapter analysed the economic policies pursued by the SDF led government in the state. The economic policies analysed included the policies in the agricultural sector, industrial sector and the service sector. The main focus of the government in the agricultural sector is the improvement of agricultural productivity by implementing various measures and schemes. The government provided the poor farmers with incentives like better variety of seeds, manures, fertilizers and other facilities like agricultural loans, scientific and modern tools and equipments. These incentives helped the farmers in the better production of agricultural products.

The government came up with new industrial policies to accelerate the industrial sector and promote economic growth in the state. It pointed out the reasons for the poor industrial growth in the

state. An agro-based industry in all the villages' was to be set up by the government in the near future which would generate employment facilities to the rural people? Under the new industrial policies the old and sick industries were to be revived and small scale and dairy farming was to be promoted. The policy attracted both the internal and external investors in the state. Many small scale industries got permanent registration and loans from both state and nationalized banks were provided for this purpose.

For the promotion of tourism in the state, the government prepared a fifteen year Master Plan in 1997. The plan focused on eco-tourism based on natural scenic resources. Promotion of tourism in the state was followed by transport and communication network. New roads were constructed connecting villages with the towns. For poverty alleviation in the state the government under the SDF implemented various schemes like Indira Awas Yojna- centrally sponsored schemes, distribution of agricultural tools, and other necessary items to the poor people. The government under the SDF implemented various measures and schemes in developing the state and making the people of Sikkim the real producers in the state.