



GOVERNMENT OF SIKKIM

PRESENTATION
TO THE
FOURTEENTH
FINANCE
COMMISSION



Tathagata Tsal, Buddha Park, Ravangla, Sikkim

SIKKIM
HEARTILY
WELCOMES
THE CHAIRMAN,
MEMBERS AND
DELEGATES OF
THE
14TH FINANCE
COMMISSION

ABOUT SIKKIM

- ❖ Three international borders (33 kms with Bhutan, 85 kms with Nepal and 200 kms with Tibet, China)
- ❖ Joined the Indian Union in April 26, 1975
- ❖ Altitude ranges from 300 to 8585 mtrs above sea level
- ❖ Area – 7096 sq. km.
- ❖ Population – 6.07 lakhs (2011 Census)
- ❖ 4 districts, 16 sub-divisions, 75 Revenue/VLO Circles, 419 Revenue Blocks, 1 Municipal Corporation, 1 Municipal Council and 5 Nagar Panchayats



OTHER FACTS ABOUT SIKKIM

- ❖ 3 major ethnic Communities - the Lepchas, Bhutias & Nepalese
- ❖ A remote, land-locked and strategically located state in the Eastern Himalayas
- ❖ Gifted with rich Biodiversity – Five different eco-regions: tropical, sub-tropical, temperate, alpine and cold desert
- ❖ Recorded forest cover of 5841 sq. km. - 82% of the total geographical area
- ❖ Focus on public and personal security, health, education, capacity building and skill development
- ❖ Absence of air or rail link. NH31A connects Sikkim to rest of the country-slow pace of expansion severely impacted overall development

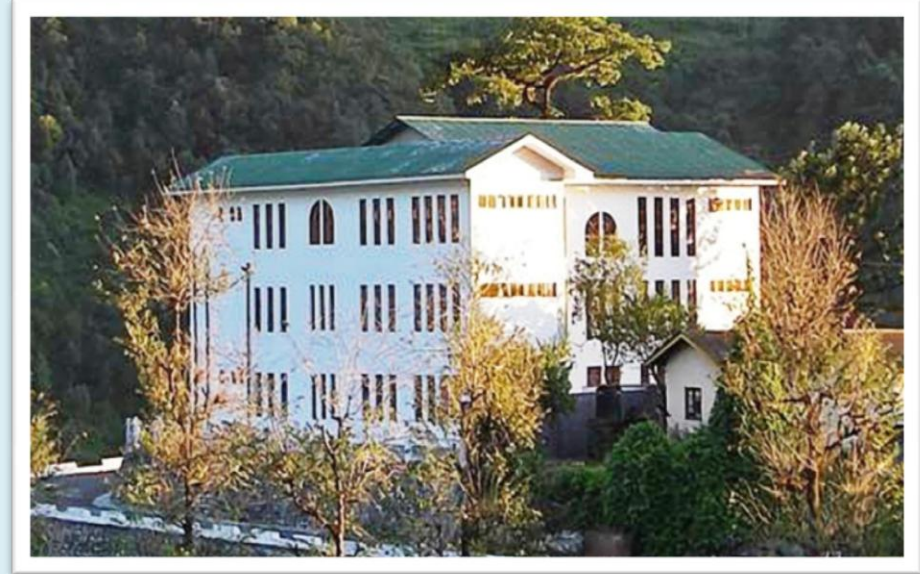


FACTS & FIGURES – AS PER 2001 AND 2011 CENSUS

Particulars	2001	2011
Population	5.40 lakhs	6.07 lakhs
Population Density	76 persons per sq. km.	86 persons per sq. km.
Urban population(%)	11.10	24.97
Rural population (%)	88.90	75.03
Decennial growth rate (%)	33.06% in 1991-2001	12.89% in 2001-2011
Literacy (%)	68.81	82.20
Male literacy (%)	77.38	87.29
Female literacy (%)	59.63	76.43
Crude birth rate	19.90 (2005-06)	17.60 (2011-12)
Infant mortality ratio	30.00 (2005-06)	26.00 (2010-11)
Total fertility rate	2.75 (2005-06)	2.00 (2010-11)

FACTS & FIGURES – AS PER 2001 AND 2011 CENSUS

Particulars	2001	2011
Main Occupation	Agriculture	Agriculture
Zilla Panchayat Territorial Constituencies	95 Nos	110 Nos
Gram Panchayat Units	163 Nos	176 Nos (as on date)
Gram Vikash Kendras	-	31 Nos (as on date)
Gram Panchayat Wards	891 Nos	989 Nos (as on date)
Households	1,14,223	1,29,006



Gram Vikash Kendra, Ranka



Gram Panchayat Unit, Melli

POPULATION GROWTH (IN %)

Year	Population (thousands)	Sikkim (%)	All India (%)
1941	121	10.67	14.22
1951	138	13.34	13.31
1961	162	17.76	21.64
1971	210	29.38	24.80
1981	316	50.77	24.66
1991	406	28.47	23.86
2001	540	32.98	21.34
2011	607	12.36	17.70

TOURIST ARRIVAL (IN LAKHS)

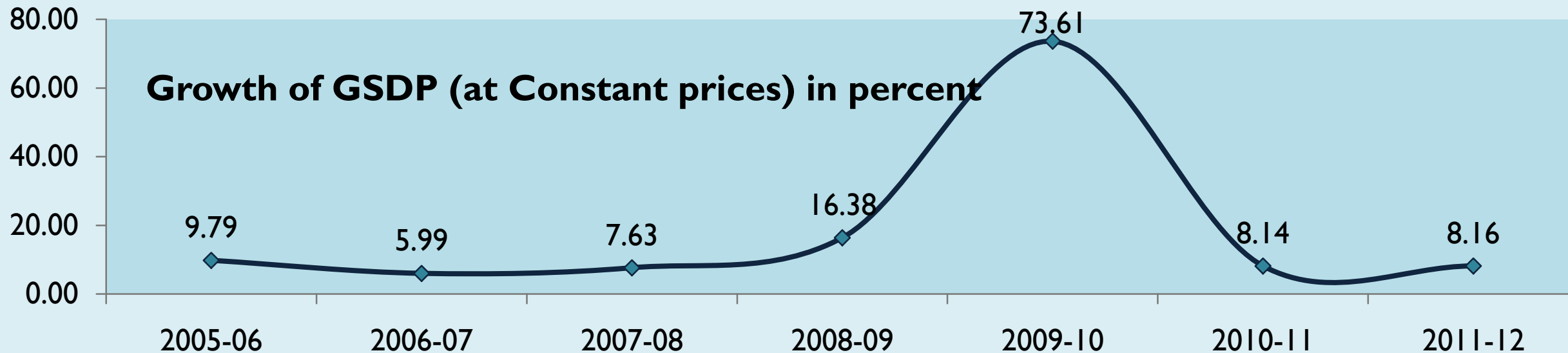
Year	Domestic	Foreign	Total
1981	0.19	0.03	0.22
1991	0.61	0.06	0.68
1994	0.92	0.07	0.99
2002	1.59	0.09	1.68
2005	3.48	0.17	3.64
2006	4.22	0.18	4.40
2007	4.65	0.18	4.83
2008	5.12	0.19	5.32
2009	6.16	0.18	6.33
2010	7.00	0.21	7.21
2011	5.52	0.24	5.76
2012	5.59	0.26	5.85



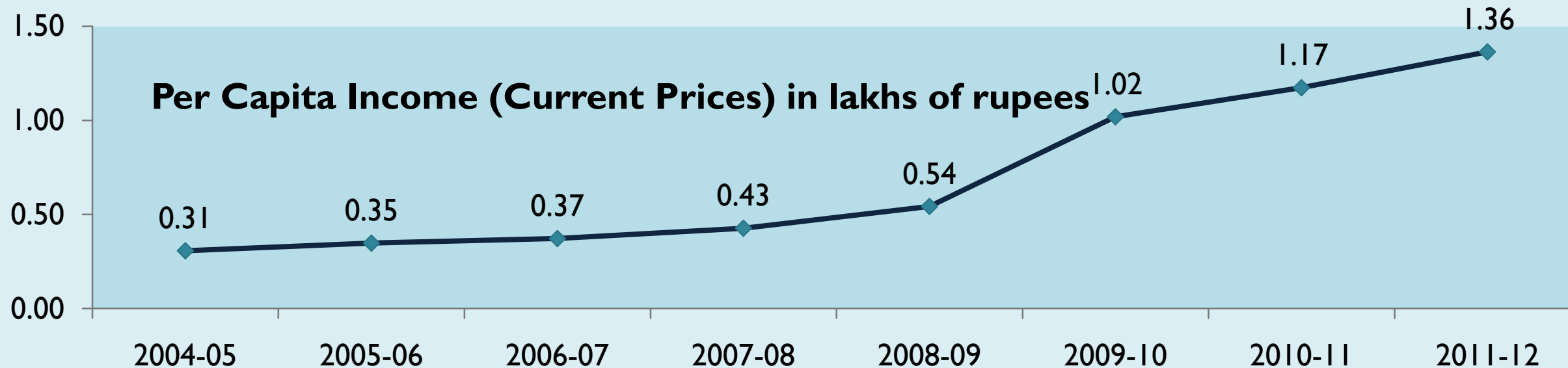
M.G. Marg, Gangtok

MACROECONOMIC OUTLOOK

Growth of GSDP (at Constant prices) in percent



Per Capita Income (Current Prices) in lakhs of rupees



ANNUAL GROWTH OF GSDP (CONSTANT PRICES)

Sectors	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Primary Sector	4.13	0.11	3.93	4.69	4.27	2.88	4.58
Manufacturing	2.34	7.80	14.66	9.00	1251.07	2.19	4.00
Electricity	12.96	18.08	26.72	141.78	83.81	13.66	8.78
Secondary Sector	11.81	7.07	9.93	34.74	173.47	7.43	7.15
Tertiary Sector	10.71	7.36	7.51	9.57	24.52	10.50	10.45
GSDP	9.79	5.99	7.63	16.38	73.61	8.14	8.16
Per Capita Income	8.45	4.53	6.53	14.81	71.59	6.90	6.93

- Power and manufacturing sectors propelled growth during 2008-09 and 2009-10, which have very negligible impact on State Revenues
- Power sector witnessed high growth after operationalization of Teesta hydroelectric project of NHPC at Singtam
- Changes in estimation methodology relating to manufacturing by NSSO, resulted in capturing the contribution of pharmaceutical in 2009-10
- One-time arrear payments due to implementation of 4th Pay Commission also had the impact on growth during 2009-10

MISSION 2015

There are 22 missions for 2015, some of which are:

100% Literate
State

Healthy Sikkim

Organic State

Youth
Empowerment &
Self Reliant

Poverty Free
State

Kutcha House
Free State

RIGHTFUL INITIATIVES

- ❖ CATCH Programme: First State to reach healthcare to people's doorsteps
- ❖ Women Empowerment: 50 % reservation in the Panchayati Raj
- ❖ Declaration of Organic State from 2004 with ban on chemical fertilizer
- ❖ State Green Mission launched from 2006
- ❖ Ban on
 - Use of non-biodegradable materials like plastics, poly-bags, bio-medical/ chemical wastes
 - Use of Gutkas like pan-parag, etc
 - Grazing in reserved forests



CATCH Programme being initiated in Sikkim



HCM's 10 minute to Earth Programme

RIGHTFUL INITIATIVES....CONTD

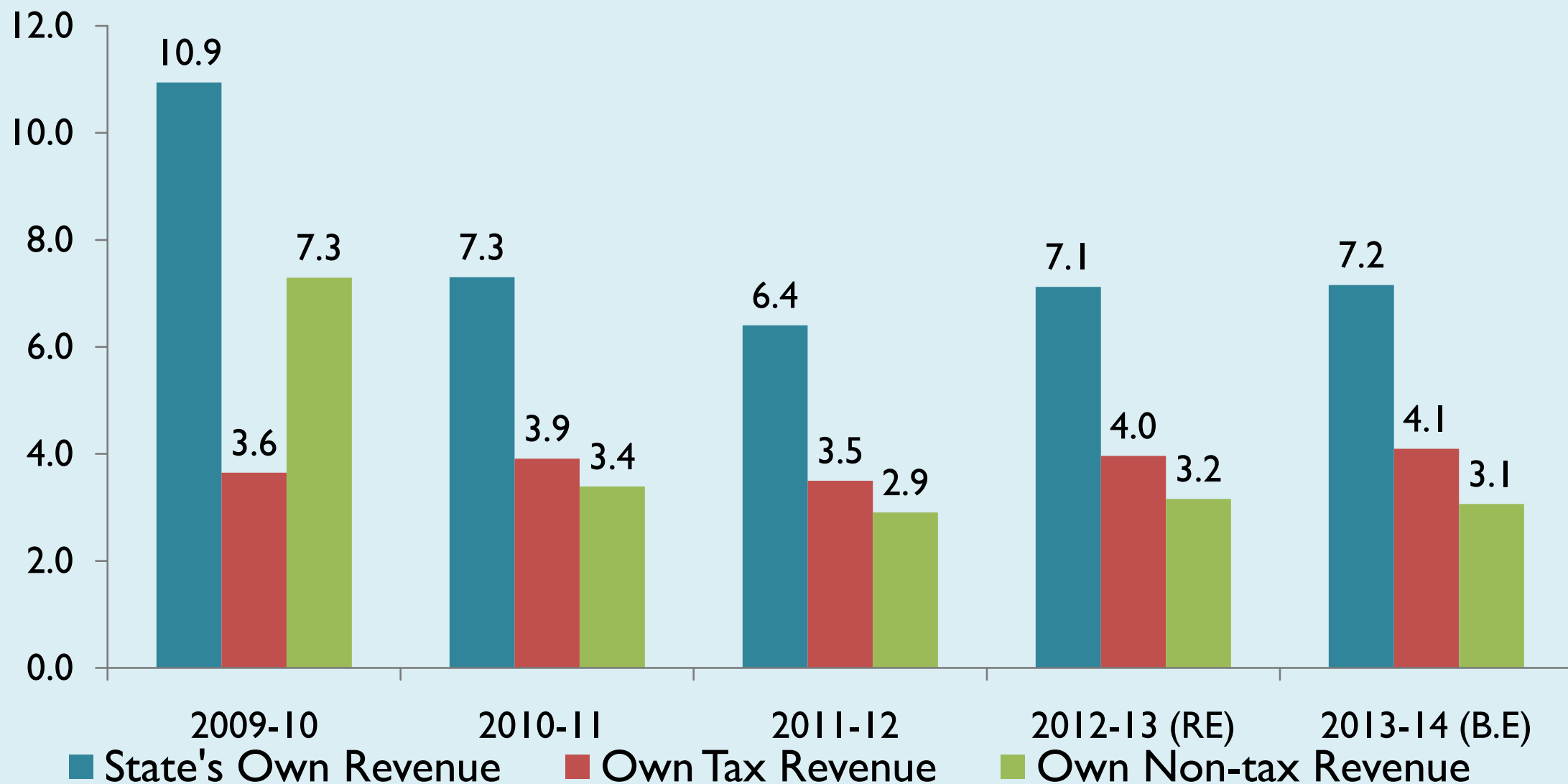
- ❖ Rural Housing Mission from 2010: A Kutcha House-Free State by 2015 for eradicating poverty from Sikkim
- ❖ Free Laptops to Class XI and XII Students
- ❖ Livelihood Schools: Greater empowerment and to develop entrepreneurial capability of unemployed persons
- ❖ Chief Minister's Special Merit Scholarship Scheme and Comprehensive Education Loan Scheme to pursue higher education
- ❖ Interest Free Loans to Educated Unemployed Youth
- ❖ Educational Loans for Higher Studies within India and Abroad
- ❖ Revival of Himalayan Springs: Use of rainwater harvesting, geohydrology and GIS techniques



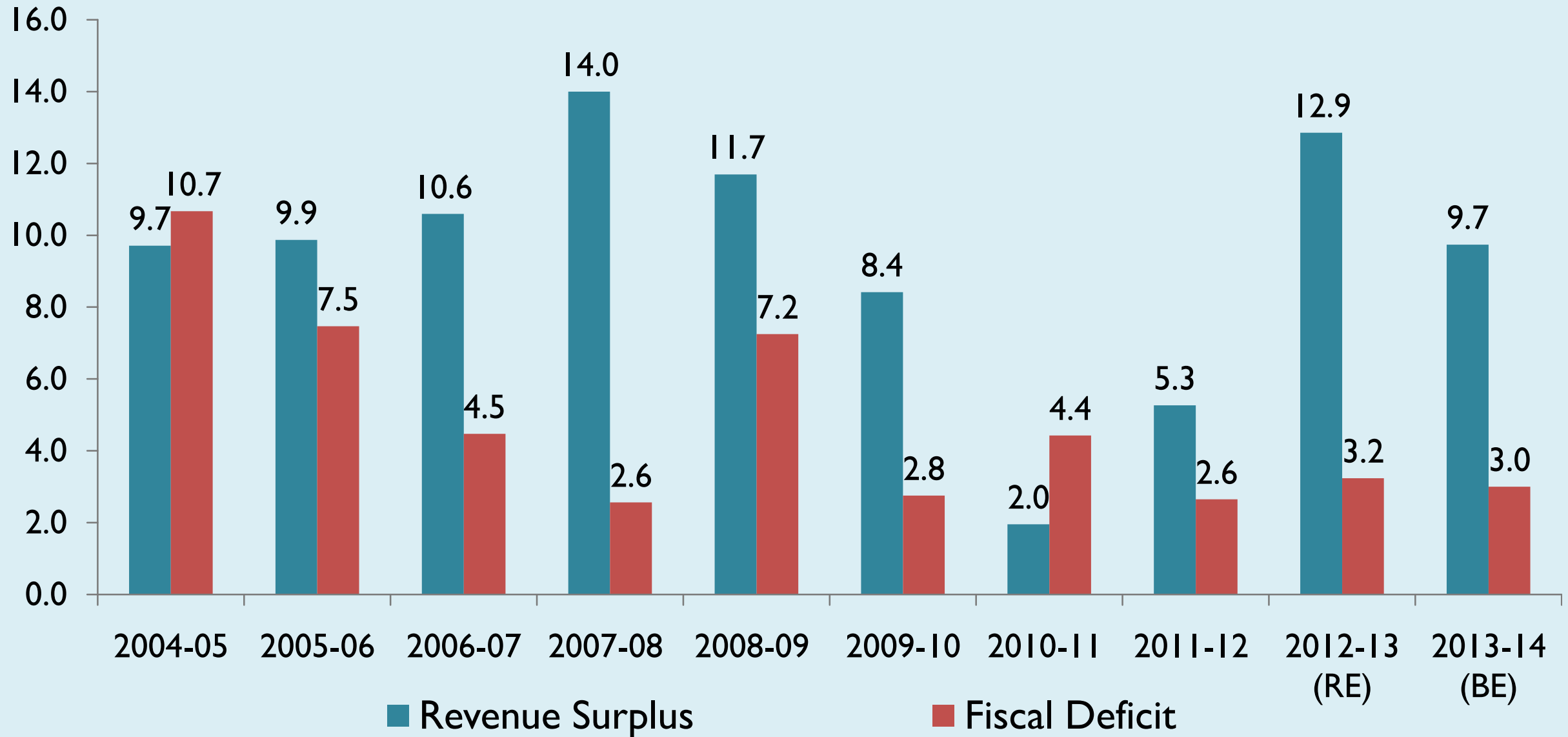
FISCAL PROFILE OF THE STATE (AS % OF GSDP)

Particulars	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13 RE	13-14 BE
Own Tax Revenue	7.4	8.0	7.9	6.2	3.6	3.9	3.5	4.0	4.1
Own Non-tax Revenue	5.7	7.9	8.5	9.1	7.3	3.4	2.9	3.2	3.1
Revenue Deficit	-9.9	-10.6	-14.0	-11.7	-8.4	-2.0	-5.3	-12.9	-9.7
Fiscal Deficit	7.5	4.5	2.6	7.2	2.8	4.4	2.1	3.2	3.0
Primary Deficit	2.3	-0.9	-2.1	2.5	0.2	1.8	-0.1	1.1	1.0
Outstanding Debt	60.3	61.2	62.3	59.9	37.4	34.0	30.4	29.9	29.9

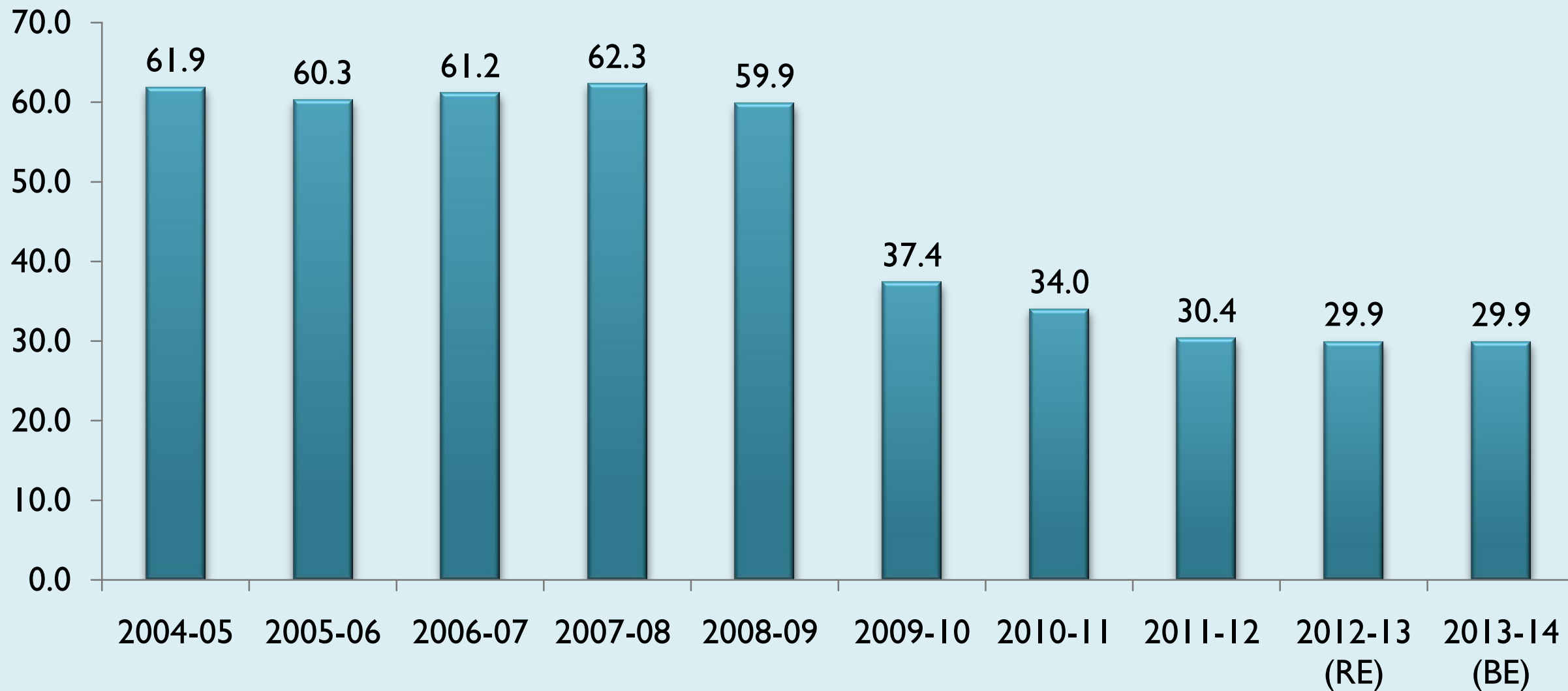
OWN REVENUE RECEIPTS (% TO GSDP)



FISCAL OUTCOMES (% TO GSDP)



OUTSTANDING DEBT (AS % OF GSDP)



OWN REVENUE TREND

- ❖ Decline in own non-tax revenue contributed to fall in own revenue to GSDP ratio
- ❖ Tax revenue did not rise commensurate with the rise in GSDP due to:
 - Rise in generation of electricity from IPPs did not contribute to State taxes
 - The pharmaceutical units transfer most of their products as stock transfer
 - Major portion of high value purchases of construction activities in hydro-electricity projects remain outside the works contract tax
 - Sales tax growth suffered in 2011-12 due to the impact of earthquake and consequent decline in sales of durables and stoppage work at Hydro units
- ❖ Income from lottery volatile and set to decline due to adverse market conditions

LOW TAX POTENTIAL

- ❖ 90% population in Sikkim is rural and is primarily dependent on agriculture with low productivity levels, thereby limiting their purchasing power and tax paying capacity
- ❖ High costs of living, higher costs of commodities, higher transportation and fuel costs further bring down the tax capacity
- ❖ Agriculture GSDP is low in comparison to GSDP arising from secondary and tertiary sectors
- ❖ Cost of agricultural production is very high
- ❖ Limited working season
- ❖ People purchase the required commodities from markets outside the State

COST DISABILITIES

- ❖ Cost of providing public services and physical infrastructure in the hill areas is very high due to delivery to a dispersed population/ scattered villages
- ❖ Low population density, topography, climatic conditions & remoteness increase the cost of creating public infrastructure manifold
- ❖ Small size of habitations, Hilly terrain and dispersed population require dispersed public Institutions leading to higher number of Government employees
- ❖ Inadequate road network and poor connectivity leads to heavy head-load cost
- ❖ Limited and compressed working season due to heavy rainfall leads to time and cost overruns
- ❖ Heavy cost of maintenance of public assets
- ❖ Fragile terrain prone to natural calamity
- ❖ High cost of infrastructure building and maintenance
- ❖ Lack of employment opportunities

EXPENDITURE PROFILE (AS % OF GSDP)

Particulars	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13 RE	13-14 BE
Revenue Expenditure	44.7	45.1	45.8	42.8	29.8	28.2	28.9	30.6	31.2
General services	14.4	15.5	15.5	13.8	10.7	9.6	9.0	10.0	10.4
Interest payment	5.1	5.3	4.7	4.8	2.5	2.6	2.3	2.2	2.0
Pension	2.1	2.3	2.0	1.8	2.1	2.2	2.1	2.6	2.7
Social Services	16.9	16.5	17.5	16.7	11.3	11.4	12.3	11.4	12.1
Education	9.4	9.3	9.1	8.4	6.4	7.6	5.6	5.7	6.0
Medical	2.3	2.3	2.6	2.3	1.8	1.5	1.4	1.3	1.3
Economic Services	13.4	13.1	12.8	12.2	7.8	7.0	7.3	8.7	8.2
Capital Expenditure	17.3	15.1	16.6	18.9	11.2	6.4	7.9	16.1	12.7

COMMITTED EXPENDITURE AS % TO TOTAL REVENUE EXPENDITURE

Particulars	07-08	08-09	09-10	10-11	11-12	12-13 RE	13-14 BE
Salaries	42.99	41.75	54.05	55.55	44.08	41.41	41.80
Interest payment	10.27	10.33	8.44	9.28	7.85	7.03	6.37
Pension	4.38	4.31	6.88	7.96	7.15	8.37	8.73
Total	57.63	56.39	69.37	72.79	59.08	56.82	56.90

REVENUE GENERATION EFFORTS

Rates for Land revenue including urban land enhanced

Stamp Duty and Registration Fee has been rationalized

Taxes on Tobacco products have been enhanced from 12.5% to 20% from 2011

State Excise duty has been increased

Sikkim Motor vehicle tax has been amended in 2011 and the rates have been revised

Levying of Cess under the 'Sikkim Educational Cess on Alcoholic Beverages Act'

Levying of Cess under the 'Sikkim Ecology Fund and Environment Cess Act, 2005

Sikkim State Electricity Regulatory Commission revised the tariff for electricity consumption in 2012

FISCAL REFORMS AND EXPENDITURE MANAGEMENT MEASURES

Adopting Fiscal Responsibility and Budget Management (FRBM) Act

Treasury Computerization with implementation of Sikkim Integrated Financial Management System (SIFMS)

Computerization of Commercial Taxes Division

Computerization/ Reforms of Pension System - Contributory Pension Schemes for fresh appointments

Conveyance allowance in lieu of Government vehicles

Curtailment of budgetary provision for housing loans of State Govt. Employees

Restriction on creation of new posts, purchase of furniture & furnishing and purchase of new vehicles. Austerity Committee set-up.

POWER SECTOR – NET RETURNS

(Rs. in crore)			
Year	Revenue Receipt	Revenue Expenditure	Net Returns
2007-08	97.66	20.10	77.56
2008-09	154.74	24.38	130.36
2009-10	285.83	34.29	251.54
2010-11	87.86	35.80	52.06
2011-12	79.70	62.72	16.98
2012-13 RE	100.05	72.04	28.01

TRANSPORT SECTOR – NET RETURNS

- ❖ Only means of connectivity to the State is the National Highway 31A
- ❖ No rail and air link
- ❖ Transport operates as a means of Social Services for providing goods and passengers to far-flung rural areas
- ❖ Cost of transportation is high compared to the plains

Rs. in crore			
Year	Revenue Receipt	Revenue Expenditure	Profit(+) / Loss (-)
2007-08	15.62	16.01	-0.39
2008-09	17.64	19.09	-1.45
2009-10	20.28	31.94	-11.66
2010-11	24.76	25.96	-1.20
2011-12	30.89	29.79	1.10
2012-13 RE	31.77	34.61	-2.84

State Transport main facilitator for carrying passengers as well as freight

LOTTERIES – NET RETURNS

Rs. in crore			
Year	Revenue Receipt	Revenue Expenditure	Profit(+) / Loss (-)
2007-08	1232.55	1201.71	30.84
2008-09	957.01	913.05	43.96
2009-10	949.92	909.02	40.90
2010-11	938.15	895.61	42.54
2011-12	843.90	800.53	43.37
2012-13 RE	780.99	730.99	50.00

Income from lottery has been volatile and set to decline due to adverse market conditions

LENGTH OF ROADS MAINTAINED BY THE STATE & BRO

Maintained by State (in km)	Black top	WBM	Earthen	TOTAL
State Highway	178.71	-	-	178.71
Major District Road	658.86	64.67	21.24	744.77
Other Roads	337.67	83.40	589.97	1011.04
PMGSY Roads	1142.32			1142.32
Total Roads	2317.56	148.07	611.21	3076.84

Maintained by BRO (in km)	
National Highway (Old 31 A)	40.60
National Highway 310 (Gangtok Nathula Road)	56.12
Indira Bye-pass	10.20
Other Strategic Roads	623.44
Total	730.36

PUBLIC SECTOR ENTERPRISES

- ❖ PSUs identified for closure in 1999 because of low rate of return and closed in 11-12
 - Sikkim Precision Industries Ltd., Sikkim Time Corporation Ltd. and Sikkim Jewels Ltd
 - All employees of closed units have been given VRS
- ❖ PSUs retained & working
 - Sikkim Tourism Development Corporation, Sikkim Hatcheries Ltd., Sikkim Poultry Development Corporation Ltd., Government Fruit Preservation Factory, Sikkim Handloom & Handicrafts Development Corporation Ltd., Sikkim Power Development Corporation Ltd., Sikkim Livestock Processing and Development Corporation Ltd
- ❖ PSUs in profit
 - Sikkim State Co-operative Bank, State Bank of Sikkim, Denzong Agriculture Co-operative Society, Sikkim State Co-operative Supply and Marketing Federation Ltd., Sikkim Scheduled Castes, Scheduled Tribes and Other Backward Classes Development Corporation Ltd., Sikkim Consumers Cooperative Society Ltd., Sikkim Industrial Development and Investment Corporation Ltd., State Trading Corporation of Sikkim, Sikkim Cooperative Milk Producers' Union Ltd.

DEVOLUTION OF GRANTS - SPECIAL CATEGORY STATES

Rs. in crore									
Special Category States	11th FC Grant			12th FC Grant			13th FC Grant		
	Shared Taxes	NPRDG	Total	Shared Taxes	NPRDG	Total	Shared Taxes	NPRDG	Total
Manipur	1377	1745	3122	2221	4392	6613	6542	6057	12599
Tripura	1833	2414	4247	2626	5494	8120	7412	4453	11865
Himachal Pradesh	2570	4549	7119	3203	10202	13405	11328	7889	19217
Mizoram	745	1676	2421	1467	2978	4445	3900	3991	7891
Nagaland	828	3536	4364	1614	5537	7151	4552	8146	12698
Assam	12362	111	12473	19851	306	20157	52620	0	52620
Arunachal Pradesh	918	1228	2146	1767	1358	3125	4756	2516	7272
Meghalaya	1287	1572	2859	2277	1797	4074	5919	2811	8730
Jammu & Kashmir	4835	11211	16046	7441	12353	19794	20182	15936	36118
Sikkim	692	841	1533	1393	189	1582	3467	0	3467

13TH FC GRANTS – RELEASE AND UTILISATION (2010-11 TO 2013-14)

Rs. in crore			
Grants recommended by 13th FC	Recommended	Released	Utilised
Elementary Education	4.00	2.00	2.00
Maintenance of Roads & Bridges	47.00	47.00	28.98
State Specific Needs	300.00	135.01	46.05
Maintenance of Forests	30.42	20.28	12.53
Improving Outcome	30.50	14.18	7.09

LOCAL BODIES - RELEASE AND UTILISATION (2010-11 TO 2013-14)

Rs. in crore			
Grants recommended by 13th FC	Recommended	Released	Utilised
Urban LB - Basic Grant	1.24	0.71	0.71
Urban LB - Performance Grant	0.59	0.05	0.05
Rural LB - Basic Grant	87.96	77.54	63.13
Rural LB - Performance Grant	41.62	1.11	1.11

BASIS OF PROJECTIONS OF REVENUE

- ❖ Revenues projected using the trend growth rate, achievability and assessments by the concerned revenue collecting Departments
- ❖ State Excise and VAT/Sales tax worked out at 10.22 % and 11% respectively which is considered to be more practical
- ❖ Land Revenue, taxes on motor vehicle and other small taxes in the category of Other Taxes on Duties on Commodities and Services have been projected using assumed GSDP growth rate of 11.25%
- ❖ Major source of Non-Tax revenue from Lottery, Power and Transport estimated on achievability

BASIS OF PROJECTIONS OF EXPENDITURE

- ❖ Expenditure projected using the trend growth rate for the period 2007-08 to 2013-14 but not more than assumed GSDP growth rate
- ❖ Probable impact of pay revision due to implementation of 5th Pay Commission in the State projected separately
- ❖ Committed liabilities of 12th Five Year Plan has been projected based on 30% of Plan revenue expenditure
- ❖ Commitment of the Govt. to regularize temporary employees projected separately

PROJECTED OWN REVENUE AND NON-PLAN EXPENDITURE

PARTICULARS	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
STATE' OWN RECEIPTS	833.82	911.16	1024.45	1172.88	1306.96	5249.27
NON PLAN REVENUE EXPENDITURE	3124.18	3529.18	5669.49	5075.12	5806.30	23204.27
ESTIMATED PRE- DEVOLUTION REVENUE DEFICIT	2290.36	2618.02	4645.04	3902.24	4499.34	17955.00

STATE'S VIEW ON 1971 POPULATION AS A FACTOR FOR DEVOLUTIONS

- ❖ 1971 census cannot be considered as error free as Sikkim was not part of the Indian Union at that time
- ❖ 1981 census shows that the growth of population over the decade was more than 50.77% for Sikkim as against All India Growth rate of 24.66% during the decade 1971-1981
- ❖ 2001 Census similarly shows a decadal growth rate of 32.98% for Sikkim as against All India Growth rate of 21.34% during 1991-2001
- ❖ 2011 census may be adopted for the purpose of devolution of Central taxes and Grants-in-aid

DEVOLUTION OF UNION TAXES AND DUTIES

❖ Vertical transfers

- Be raised to enable the fiscally disadvantaged States ones to improve public services and attain higher growth rate
- Share of net proceeds of Central Taxes be raised from 32 % to 50 %

❖ Horizontal transfers

- Proceeds from surcharge/cess on income tax be included in the divisible pool
- Population figures of the latest census be considered

CRITERIA FOR TAX DEVOLUTION

❖ Investment in human resource development

- Indicators showing progress in achieving education and health indicators be considered

❖ Fiscal discipline

- Improvement in ratio of own revenue receipts to its total revenue expenditure should include prudent fiscal management resulting in rising revenue surplus and containing fiscal deficit and debt

❖ Cost disabilities

- Remoteness, high transportation cost of goods, large proportion of forest area and difficult terrain, which increase unit cost of providing public service should be included

PROPOSED WEIGHT-AGE SUGGESTED FOR DEVOLUTION

Criteria	Weight-age
Population of 2011 Census	20 %
Area	20 %
Human Development Indicators	30 %
Fiscal Discipline	20 %
Cost Disability Index	10 %

GOODS AND SERVICES TAX

- ❖ Introduction of GST would help in reforms in indirect taxation system integrating taxes on goods and services
- ❖ Recommendations of the 14th FC on the impact of GST on State finances and the mechanism for compensation will be important inputs in this regard
- ❖ GST will throw new challenges for which the tax administration needs to be upgraded. States like Sikkim with limited resources need financial support for this
- ❖ Supports the demand of the Empowered Committee that the full compensation should be provided for five years after implementation of GST through the GST Council
- ❖ States should legislate their own GST laws based on the model prepared by the Empowered Committee

GOODS AND SERVICES TAX....CONTD

- ❖ Though optimistic about the introducing GST; there are certain areas of concern:
 - Does not favour inclusion of petroleum products under GST
 - Against the demands by some States to Levy of tax to compensate GST loss
 - Collecting taxes for the local bodies and such taxes should not be subsumed in the GST
 - Amusement and Betting tax, Electricity duty, Tobacco and Tobacco products, liquor and Stamp Duty should also be excluded from the purview of GST
 - State Governments be empowered to levy cess and surcharges and such levies being State matters may be kept outside the purview of GST.
 - Health and Education are primary services may also be kept outside the purview of GST
- ❖ Calculation of the RNR (Revenue Neutral Rate) of many States may not be accurate. To assure the States that their fiscal growth will not be hampered due to revenue losses, the Government of India may provide 100% compensation on this account

GRANTS-IN-AID

- ❖ Main objective of giving grants to the States in need is to establish a level playing field among all the States
- ❖ While the 12th FC recommended a NPRD grant of Rs.188.47 crore, the 13th FC assessed surplus position in non-plan revenue account for which no NPRD grant was recommended to the State
- ❖ State is hopeful that the 14th FC would take a liberal view on grants while considering the expenditure needs of the State and its limited ability to raise resources from a very small and inelastic source
- ❖ State Government is also hopeful that its record of prudent fiscal management would be rewarded by the Commission

GRANTS-IN-AID....CONTD

- ❖ State projection of deficit in non-plan revenue account be considered while determining the grants
- ❖ State faces problem in utilization of project specific grants due to natural calamities and climate problems in hilly areas and environment clearance for acquiring land for the projects
- ❖ Grants to flow to the States in an uninterrupted manner like share of Central Taxes without any conditionality
- ❖ 13th FC recommended grants for the maintenance of Capital assets like Roads and Bridges. The State urges the 14th FC to include maintenance of building as well under the maintenance grants.
- ❖ Commission to consider the up-gradation demands of the State favourably

ECOLOGY AND ENVIRONMENT

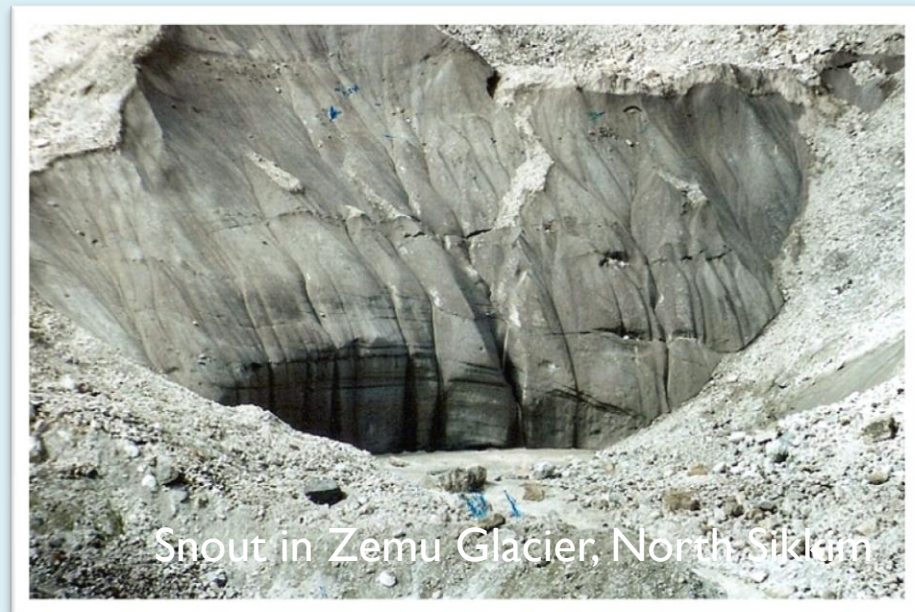
- ❖ 82% of total geographical area of the State under Forest
- ❖ Forest and tree cover constitutes 47.69%
- ❖ Government has adopted policies that are sustainable and eco-friendly. Concerted efforts made to preserve and increase forest cover and protect rare Himalayan flora and fauna
- ❖ State has adopted Green mission as State policy and encouraged the farmers to practice Organic farming.
- ❖ 14th FC urged to support the State in two key areas - forest management and proper glacier dynamics studies



- ❖ Forest Management activities for which grant is needed:
 - Preservation and Propagation of Unique Floral and Faunal Diversity of Sikkim
 - Regeneration of Degraded areas
 - Production of Quality Plantation Material
 - Forest Protection
 - Promotion of Ecotourism in Forests, National Parks, and Sanctuaries
 - Adapting Forest Management to Emerging Threats of Climate Change
- ❖ Cost Estimates: The activities proposed for forest management in the above sections are estimated to cost about Rs. 74 crores

STUDY OF GLACIER DYNAMICS

- ❖ Notable glaciers in Sikkim: Zemu, Rathong and Lonak
- ❖ Qualitative and quantitative data of glacier
 - Helps in planning, estimating, and forecasting the power generations of the glaciated river basins
 - Help in understanding the study of climatic changes.
- ❖ Considering large number of glaciers in Sikkim, it is very important to study them in a scientific manner
- ❖ Sikkim State Council of Science and Technology in support of DST, GOI has been studying the glacier dynamics
- ❖ Need of Permanent Manpower in the Glacier Studies and training of work force
- ❖ Needs to be supported to get skilled manpower trained in glaciological programmes in India
- ❖ Activity for the first five years is estimated to cost Rs.10 crores that includes cost of recruiting trained scientists in glacial studies



EARTHQUAKE OF 18.09.2011

Parameter	Value
Magnitude	6.8
Date - Time	18:10 IST, 18 / 09 /2011 Sunday
Location	27.72° N, 88.06° E
Depth	19.7 Km (shallow depth)
Duration	30-40 seconds

Major Losses and Damages

Human lives lost within Sikkim	60nos
Houses damaged	31,159 nos
Govt. building damaged	1,255 nos
Agriculture crops damaged	7,500 hectares
School/Hospital buildings damaged	1,136 nos
Religious Institutions damaged	259 nos
Road damaged	3,240 Kms
Other works damaged	13,044 nos



CALAMITY RELIEF – RECOMMENDATION AND RELEASE

	Rs. in crore
Recommended	88.25
Released	74.73
Expenditure	85.39



Road damaged between Chungthang to Lachung

FINANCING DISASTER RELIEF EXPENDITURE

- ❖ Prone to natural calamities as it is situated at very high altitude and has fragile ecology
- ❖ Entire state is categorized as a highly active seismic zone and experiences frequent earthquake
- ❖ Frequent landslides in the monsoon season due to hilly topography
- ❖ While the Disaster Management Act widened the definition of disaster, the 13th FC held the view that the existing list of natural calamities is exhaustive
- ❖ FCs have not considered the aspects of prevention of threat of any disaster, mitigation of risk and capacity building for disaster management

STATE'S SUBMISSION

- ❖ Norms of expenditure of CRF (SDRF) that allows only temporary restoration works should change to incorporate works of semi-permanent nature with use of concrete
- ❖ Existing guidelines do not permit prevention/mitigation works. In hilly terrain like Sikkim, preventive measures are the best solution for avoiding greater calamity
- ❖ Definition of Natural Calamity be widened to accommodate:
 - Deaths and damages to the houses due to lightening
 - Epidemics such as bird flu caused during the monsoon
 - Loss of life and property due to forest fire
- ❖ Given its proneness to earthquake, earthquake preventive and mitigation measures be included in SDRF
- ❖ 100% funding by the Centre for all Special Category States like Sikkim

STATE GOVERNMENT INITIATIVES

- ❖ Introduced Panchayati Raj Act in 1993 to conform to 73rd Constitutional Amendment Act
- ❖ Introduced Municipalities Act in March 2007 to conform to 74th Constitutional Amendment Act. Urban local bodies formed in 2010-11
- ❖ Tier structure
 - 2 tier for rural local bodies (Zilla Panchayats and Gram Panchayats)
 - 3 tier for urban local bodies (Municipal Corporation, Municipal Council and Nagar Panchayats)
- ❖ Presently there are Four Zilla Panchayats and 176 Gram Panchayats and One Municipal Corporation, One Municipal Council and Five Nagar Panchayats in Sikkim

STATE GOVERNMENT INITIATIVES ...CONTD

- ❖ Degree of decentralization of power in rural areas – a remarkable achievement of the State Government
- ❖ Power transferred to villages through Panchayats to make the people partners in finalizing schemes and implementing them at the grassroot level
- ❖ Activity mapping taken to:
 - Clarify delegation of functions between the State Government and the local governments both in the rural and urban areas
 - Allocation of funds and functionaries to effectively discharge such functions
- ❖ Primary schools, health centres, libraries, community information centres and small scale irrigation projects transferred to the Panchayats
- ❖ Sikkim judged as the 3rd Best State in Panchayati Raj in 2006-07, 2nd Best State in Panchayati Raj in 2009-10 and 3rd Best State in 2010-11

STATE GOVERNMENT INITIATIVES ...CONTD

- ❖ Taken several steps to help women who are socially, politically and economically underprivileged.
- ❖ Reservations for women in Panchayat elections raised from 40 percent to 50 percent.
- ❖ PRIs election held 3 times as per 73rd Amendment Act of the Constitution
- ❖ Fourth State Finance Commissions (SFCs) have been constituted by the State Government and the ATRs have been placed in the Legislative Assembly
- ❖ Recommendations of the Fourth SFC is under consideration by the Government
- ❖ Transferred 2% and 1.5 % of net proceeds of certain taxes to Rural Local bodies and Urban Local bodies respectively as recommended by the SFC
- ❖ Established Gram Vikash Kendras

SUGGESTED APPROACH FOR THE 14TH FC – RURAL LOCAL BODIES

- ❖ Capacity of PRIs to generate own resources for carrying out the responsibilities assigned to them is weak and grossly inadequate
- ❖ Adequate finances be available with the PRIs to match the transferred functions based on the activity mapping for the devolution of funds, functions and functionaries (3Fs).
- ❖ State's ability to meet the resource requirements of the PRIs based on the recommendations of SFC is not adequate as
 - State is constrained by its committed liabilities which are a priority
- ❖ Eligibility conditions for the entitlement of grants and fines for delay in transferring grants to PRIs not be imposed due to
 - Sikkim's vulnerability to occurrence of frequent landslides, difficult terrain, inadequate communication infrastructure, etc
- ❖ Taking into consideration the above issues, the 14th FC is urged that the volume of local body grants be substantially increased

SUGGESTED APPROACH FOR THE 14TH FC – URBAN LOCAL BODIES

- ❖ Urban Local Bodies formed in 2010-11
 - Still in their early stages
 - Requires funds for carrying out functions and responsibilities entrusted to them
- ❖ Grant for ULBs by the 13th FC was negligible
 - There was no urban local body in Sikkim at the time of recommendation
 - ULBs have been handicapped on many fronts
- ❖ The 14th FC to consider above issues while deciding on the quantum of grants ULBs

GRANT FORECAST FOR LOCAL BODIES (RS. IN CRORES)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20	Total
A. Rural Local Bodies						
Establishment	19.37	20.32	21.40	22.62	24.03	107.74
Maintenance	4.26	4.69	5.15	5.67	6.24	26.00
Capital Expenditure	24.22	26.64	29.30	32.23	35.46	147.85
Total A	47.85	51.64	55.86	60.53	65.73	281.60
B. Urban Local Bodies						
Establishment	5.33	5.86	6.45	7.10	7.81	32.55
Maintenance	1.11	1.22	1.34	1.48	1.62	6.77
Capital Expenditure	1.10	1.21	1.33	1.47	1.61	6.72
Welfare Expenditure	0.05	0.05	0.06	0.06	0.07	0.28
Other Expenditures	1.48	1.63	1.79	1.97	2.16	9.03
Total B	9.07	9.97	10.97	12.07	13.27	55.35
Total (A+B)	56.92	61.61	66.83	72.59	79.00	336.95

STATE SPECIFIC NEEDS

Sl. No.	Name of Department	Amount (in Cr)
A	Up-gradation of General Administrative Services	351.73
1	Public Works Department	225.00
2	Police Administration & Fire Services	119.82
3	Home/ High Court	6.91
B	Up-gradation of Social & Cultural Services	734.94
1	Conservation of Culture & Heritage	40.00
2	Health Care, Human Services and Family Welfare	130.94
3	Human Resource & Development	60.00
4	Labour	15.00
5	Water Security & Public Health Engineering	240.00
6	Social Justice, Empowerment & Welfare	59.00
7	Urban Development & Housing	190.00

STATE SPECIFIC NEEDS....CONTD

Sl. No.	Name of Department	Amount (in Cr)
C	Up-gradation of Economic Services	1049.36
1	Cash Crops, Agriculture & Horticulture	25.00
2	Animal Husbandry, Livestock, Fisheries & Veterinary Services	81.00
3	Commerce & Industries	10.00
4	Cooperation	5.00
5	Mines & Geology	3.00
6	Energy & Power	15.00
7	Rural Management & Development	257.86
8	Tourism & Civil Aviation	422.50
9	Sikkim Nationalized Transport	30.00
10	Roads & Bridges	200.00
	Total	2136.03

SUBMISSION OF BROAD ISSUE TO THE COMMISSION

Sikkim should not be treated 'at par' with other States in the Indian Union. Normative approach should not underestimate the special problem of the State

14th FC urged to pay heed to the State's demand for grants to build infrastructure to tap its inherent potentialities

Assessment of the State Finances should not omit genuine expenditures. Net deficit of Transport sector be included for accurate assessment

Sikkim should be supported to protect the Himalayan ecology and forest cover

No Stringent conditions to utilize the grants to enable utilising the funds earmarked for developmental activities

Commission to consider the difficult situation in Sikkim and not press for insulating the pricing of public utilities based on commercial principles

SUBMISSION OF BROAD ISSUE TO THE COMMISSION.....CONTD

Quantitative fiscal deficit targets be expanded to provide adequate funds for maintenance expenditure and expand the capital expenditure to create infrastructure

Commission should relook at the strict fiscal deficit target while suggesting any fiscal restructuring framework

Technical assistance be provided for comprehensive up-gradation of public expenditure management system

Committed liability of completed plan schemes be included in the Assessment

Commission to consider plan schemes up to March 31 2017 to assess the requirements for maintenance expenditure

100% funding by GOI under CRF be considered

SUBMISSION OF BROAD ISSUE TO THE COMMISSION.....CONTD

Consider 100% Liability on account of pay revision of the Govt. Employees in line with the 7th Central Pay Commission

Certain percentage of enlarged pool may be earmarked for the Special Category, resource starved and hilly states with difficult terrain and sparse population

Cost disability may be taken as a factor for consideration as our State having no rail or Air link facility deserves special consideration

The State urges the Commission to provide liberal grants for local bodies to help realizing the State goals under the 'Gram Swaraj Yojana'

To consider the latest population instead of 1971 population as a factor in the devolution formula

14th FC to consider the fiscal performance of the State while determining the grants

ACHIEVEMENTS, RECOGNITIONS & AWARDS

- ❖ e-North East Award – 2013 winner for e-Governance
- ❖ Agriculture Leadership Award 2013
- ❖ Diamond State Award 2012 (IBN7)-to Chief Minister of Sikkim in small State category
- ❖ India Today State of States Award 2012 - to Chief Minister in the field of education
- ❖ India Today - Best performing State in Investor Environment
- ❖ e-North East award 2012- Environment for Spring Conservation Project
- ❖ National Award for best performing State in Tourism for 4 consecutive years
- ❖ Third Position in best performing State in Panchayati Raj
- ❖ State Literacy Award in Horticulture
- ❖ Nirmal Gram Puruskar
- ❖ IBN – 7 Diamond State Award for Citizen Security & Justice



HCM receiving IBN7 Daimond State Award



HCM receiving Nirmal Gram Puruskar Award

HUMBLE SUBMISSION FOR CONSIDERATION

❖ Consideration of following grants:

14 th FC Grants	Amount (in Cr)
Local Body Grant	336.95
Forest Maintenance Grant	74.00
Glacier Dynamic Studies	10.00
State Specific Needs	2136.03
Pre-Devolution Non-Plan Revenue Deficit Grant	17955.00
Total	20511.98

❖ Green Bonus /Incentive

- In view of the pioneering efforts in preserving Himalayan Ecology and to maintain 82% of forest coverage.

❖ Peace Bonus /Incentive

- Despite having three International Borders, the State Government has been able to maintain absolute peace and tranquillity with no insurgency

INDELIBLE IMPRESSIONS

“There cannot be any better place than Sikkim to nurture nature and biodiversity”

- Dr.A. P.J.Abdul Kalam, President of India on 27th December 2006

“If there's heaven in this earth, then its here, its here, its here. Sikkim is a land blessed by the divine”

- Bhairon Singh Shekhawat, Vice President of India on 18th August 2006



Siddheswar Dham, Solophok, Namchi, South Sikkim

Thank You