RESEARCH PAPER

Political stability and its effect on economy: some lessons from Sikkim Himalaya

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Abstract
The Himalayan state of Sikkim has a unique political culture and social environment that could be replicated. Unlike other north-eastern states of India where ethnic identities have been intensely used for electoral politics and state developmentalism, the collective Sikkimese identity has taken precedence over narrow ethnic identity politics in Sikkim. As a result, the state has evolved as one of the most politically stable and better-governed states in India, resulting in rapid economic growth. This has been made possible by the charismatic quality of its political leadership, and the peoples’ collective vision of an inclusive Sikkimese identity.

Keywords Article 371(F) · Electoral politics · Economic growth · Political stability · Sikkimese identity · Sikkim subjects

Introduction

Sikkim, an erstwhile Himalayan kingdom founded in 1642 by the Namgyal dynasty, became an Indian ‘protectorate’ in 1950. Later, in 1975, it became the 22nd state of the Indian Union with a special provision enshrined by Article 371(F) of the constitution.¹ This Himalayan state, with a population of just 6.19 lakh as of the 2011 population census and a land area of 7096 km², is sandwiched between West Bengal, an Indian state, in the south and three countries, namely Tibet (Autonomous region of China) in the north and east, Bhutan in the east, and Nepal in the west. Due to its geographical and cultural proximity to the country’s north-eastern region (hereafter, NER or simply the region), Sikkim was included as the eighth member state of the North Eastern Council (NEC), a regional

¹ Article 371(F) of the constitution provides special provisions in terms of socio-economic and political administrations in Sikkim. For details refer: https://necouncil.gov.in/sites/default/files/uploadfiles/371F.pdf

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economic planning body of the central government, in 2003 and subsequently became a member state of the region.

Despite his strong opposition to the kingdom’s merger with India, Palden Namgyal Thodup, the then Chogyal (king), was able to negotiate a number of policy decisions that would guarantee special constitutional protections for the Sikkimese at the time of the merger (Vandenhelsken 2021; Gupta 1975; Sikkim Darbar Gazette 1961). Since then its political and economic development has been smooth, as well as unique and replicable. In contrast to other states of the country, particularly in NER, the electoral politics in Sikkim is dominated by local political parties. Even though the Indian National Congress (INC) had played a significant role in facilitating the state’s merger, its dominance was short-lived (Lepcha 2019).

Aside from theoretical understanding, several studies (e.g. Altun 2016; Radu 2015; Fayissa and Nsiah 2013; Kaufmann et al. 2007) have endorsed the importance of political stability and good governance in influencing economic growth. Of course, there is an argument that political stability can lead to complacency and stagnation, which prevents competition (Hussain 2014). Nonetheless, the majority of the studies and the general understanding hold that the relationship is unidirectional, moving from political stability to economic growth. Political stability and good governance can promote the rule of law, transparency, accountability, and even the efficient use of resources. However, it is noticeable when government machineries ensure effective delivery of basic services (Kaufmann et al. 2010a, b; Norris and Zinnbauer 2002; Schneider 1999). Sikkim is a good example from this viewpoint.

According to the Public Affairs Index 2020, Sikkim is one of the best performing states in the country both in growth and sustainability dimensions, as well as the governance and political stability components (Radhakrishnan and Singaravelu 2020). The state has not experienced major political instability caused due to infighting among its political leaders, insurgency, and ethnic strife. During British colonialism, most areas of today’s NER had different administrative structures. Soon after independence, insurgency and ethnic politics erupted in several areas of the region, centred on territoriality and underdevelopment (Singha 2017). However, in Sikkim, which was then under the Namgyal dynasty, the situation was different. The tranquility and political stability of the state have contributed to better performance of several development indicators. In terms of the Sustainable Development Goal index prepared by the Niti Aayog, all the districts of Sikkim were placed in the front runner category, scoring between 65 and 99 out of 100 (Prasad 2021). Besides, being the country’s first organic state, it has the highest Per Capita Income (PCI) among the NER states today. In 2019–2020, Sikkim registered the second and third highest in terms of PCI and per capita Net State Domestic Product (NSDP), respectively (RBI 2020). The state also has a high Human Development Index, with 0.717 points (compared to 0.645 for the national average) in 2019, the highest in the region (Singha and Nayak 2020).

Having recognised the positive effects of political stability and good governance on economic development in Sikkim over the years, the present study examines the primary driving forces behind promoting political stability. What factors have aided in the solidification of local political parties? It also investigates how different ethnic communities have contributed to well-being of their state.

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2 The Public Affairs Index is a scientifically rigorous, data-based framework that measures the quality of governance at the sub-national level and ranks the states/union territories of India on a Composite Index.
Conceptual framework and literature

Political stability, according to Sidamor et al. (2016), is a qualitative condition of public development, expressed as public order, achieved by controlling and balancing stakeholders in a society to achieve specific goals, ideals, and targets. It is also a reflection of good governance, which is defined as the act of overseeing the performance of the state apparatus. However, Ake (1975) defined political stability as members of society limiting their behaviour patterns to those constrained by political role expectations. Any act that deviates from these boundaries is an example of political instability. Fulghum (1985) attempted to identify the factors contributing to the improvement of political stability in Latin American countries, and found that it is driven by political consensus, legitimacy, and institutionalisation. Davies (1969) also agreed with the notion that political stability is determined by political consensus and social norms.

In terms of good governance, the United Nations described it as being an inclusive, focused on consensus, accountable, open, flexible, effective, fair, and grounded in the rule of law. It also ensures that corruption and popular revolts are minimised, and that the voices of the marginalised are heard in decision-making (United Nations 2021). In a nutshell, good governance at all levels is critical to economic growth, political stability, and security. In this globalised world, good governance leads to increased economic benefits and accelerates economic transitions (OSCE 2021). On the other hand, inequality, poverty, unemployment, ethnic conflict, violence, and other ills are largely the result of poor governance (United Nations 2021). Table 1 summarises the various aspects of good governance.

While investigating the relationship between political stability and economic growth, Aisen and Veiga (2011) discovered physical and human capital accumulation as political stability transmission channels. They further explored that economic freedom and ethnic homogeneity promote economic growth, but democracy has a minor negative impact on political stability. Altun (2016) also conducted a fairly succinct investigation into the factors influencing political stability and how they affect economic growth in 157 countries.

| Indicators of good governance | Measuring rods |
|------------------------------|----------------|
| Voice and accountability     | The extent to which a country’s citizens can participate in selecting their government as well as freedom of expression, association, and the press |
| Political stability and absence of violence | The likelihood that a government will be destabilised by unconstitutional or violent means, including terrorism |
| Government effectiveness     | The quality of public services, the capacity of civil services, their independence from political pressure, and the quality of policy formulation |
| Regulatory quality           | The ability of a government to provide sound policies and regulations that enable and promote private sector development |
| Rule of law                  | The extent to which agents have confidence in and abide by the rules of society, including the quality of property rights, the police and the courts, and the risk of crime |
| Control of corruption        | The extent to which public power is exercised for private gain, including both petty and grand forms of corruption as well as elite ‘capture’ of the state |
As important indicators of political stability, the study focused on executive stability as well as stability in social unrest and political systems. A country’s ability to develop through effective governance is essentially measured by these indicators of governance and political leadership. The study further discovered that a one-point increase in political stability index results in a 1.38 to 1.62% increase in GDP both in the short and long terms. Similarly, Radu (2015) found a significant positive relationship between Romanian political stability and the economic growth. A strong rule of law is linked to low levels of political instability and has a significant impact on economic growth.

Although political stability and good governance are important, many other factors can also influence economic growth. As a result, they must not be overlooked. While making quantitative analysis, measuring the impact of political stability and good governance on economic growth without controlling for other variables may be misleading. According to Fayissa and Nsiah (2013), the impact of good governance on economic growth in Sub-Saharan African economies varies depending on socio-economic levels at the two ends of the income distribution spectrum—low and affluent. Hussain (2014) has a very critical opinion in this regard, stating that political stability that results from having one party or a coalition of parties in power for a long time may have adverse impact on long-term economic growth. Changes in governance are required as time and circumstances change, or else political stability can take the form of complacency and stagnation, which prevents competition. On the other hand, political stability and long-term dominance by a single party or a coalition of parties can also boost economic growth if they change with time, support productive activities and investment projects, minimise investor risk and increase return on investment (Altun 2016; Kaufmann et al. 2007, 2010).

After summarising and analysing the concepts and literatures stated above, the present paper has constructed a modified theoretical framework based on the notions of Altun (2016), Hussain (2014), Kaufmann et al. (2007, 2010), and United Nations (2021). This modified framework portrays the transmission channels through which political stability is maintained, as well as the consequences on economic growth (given in Table 2).

Methodology and concepts

The current study used a hybrid technique that included quantitative analysis, qualitative assessments, personal observations and interviews, and historical antecedence to justify our research objectives. By employing secondary data, descriptive statistics were used to conduct the study’s quantitative analysis. Secondary data on income, human development, poverty, politics and elections, and so forth were collected from the Census of India, the Reserve Bank of India, the Election Commission of India, the Government of Sikkim, the India Brand Equity Foundation, and other publicly available sources. Along with the use of secondary data, our study has benefited greatly from discussions with a variety of stakeholders, including academia, activists, and retired political leaders. We incorporated their comments to strengthen our arguments.

In terms of qualitative judgement, the economic impact of political stability and good governance has always been positive and clear. Furthermore, numerous studies have been conducted in the past on the effects of political stability on the economy, as well as their causal effects. The majority of the research studies presented in the literature section were unambiguous and demonstrated that political stability leads to economic growth. To avoid repetition, the present study focuses more on the main driving forces that might have
Table 2  Factors influencing political stability and its effects on economy. *Source:* Authors’ modifications from Altun (2016), Kaufmann et al. (2007, 2010), United Nations (2021)

| Factors                              | Transmission channels                      | Forms                                                                 | Transmission channels                                                                 | Forms                                           |
|--------------------------------------|--------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------|
| Common agenda                        | Election process                           | Social/political and executive stability                             | Encourage productive activities and investment projects                             | More output/GSDP                                |
| Rule of law                          | Nomination of the leader                   | Absence of violence                                                  | Reduce risk and higher return on investments                                        | More efficiency                                  |
| Ethnic groups’ cohesion              | Coronation                                 |                                                                      | Property rights protection and contract enforcement                                 | More productivity                                |
| Charismatic leaders                  |                                            |                                                                      | People’s participation and support                                                  | More public and private investments              |
| Government development works         |                                            |                                                                      | Stability of public policy                                                           | Optimal (government) resource allocation         |
| Civilised citizens                   |                                            |                                                                      | Reduction in cost of capital                                                         | More financial development                      |
|                                      |                                            |                                                                      | More investments in productivity-enhancing and innovative projects requiring a long-term commitment | More domestic saving                            |
|                                      |                                            |                                                                      |                                                                                      | More inflow of foreign capital and Foreign Direct Investment |
strengthened political stability and good governance in Sikkim, after briefly depicting the state of the economy in the following section (Sect. 4). The information and issues that occurred during the COVID-19 epidemic (due to the unusual timing) were not included in our analysis.

As mentioned in the research questions, in Sect. 1, our arguments are centred on the modified theoretical framework, ‘Factors Influencing Political Stability and its Effects on the Economy’, given in Table 2. For the benefit of the readers, we use the terms political stability and good governance interchangeably. Similarly, economic growth and development are also used interchangeable and refer to citizens’ income and well-being, which is a proxy for PCI or per capita GSDP. In this study, ‘Sikkimese identity’ is roughly defined as the Sikkimese’s specific socioeconomic and political protection guaranteed by Article 371 (F) of the Constitution of India.

**Bird’s eye view of economy**

Though Sikkim’s economy progressed in the aftermath of its merger, the pace has quickened after the country’s economic reform phase began, most notably following the implementation of the North East Industrial and Investment Promotion Policy in 2007 (in short, NEIIPP 2007). For example, in 1981, the GSDP per capita in the state was about Rs 7500 (Singha and Raj 2021). It increased further, rising from Rs 1.82 lakh in 2010–2011 to approximately Rs 5 lakh in 2019–2020, compared to Rs 0.72 lakh and Rs 1.42 lakh at the national level during the same period. Since the 1980s, the Net State Value Added (NSVA) from various economic activities has increased by 7% (GoI 2021), which is significantly higher than the national average. Nonetheless, its economy has been chiefly driven by manufacturing industries (primarily pharmaceutical companies), hydropower, and tourism (Singha and Nayak 2020).

When delving deeper into the economic growth indicators, the macro data on GDP/GSDP alone do not provide a clear understanding of an individual’s well-being. According to Pilling (2018), people’s economic well-being is measured in terms of their wealth relative to others, rather than absolute wealth. As a result, we must measure at the per capita level in both absolute and relative terms, ideally at constant prices.

Figure 1 depicts the GSDP/GDP per capita differences between Sikkim and the national average. The state’s GSDP per capita has increased by 167% in the last decade, from Rs 1.82 lakh in 2010–2011 to nearly Rs 5 lakh in 2019–2020. However, in 2010–2011 and 2019–2020, India’s per capita GDP was Rs 0.72 lakh and Rs 1.42 lakh, respectively. This clearly portrays a significant increase in the state’s income, which is much higher than the national average.

Again, PCI is not a complete predictor of a society’s overall development (Singha and Nayak 2020). Therefore, the significance of the Human Development Index (HDI), a composite index based on income, education, and health, must be recognised. In 1990, Sikkim’s HDI score was 0.541, compared to the national average of 0.431. Although the state was in the low HDI category until 2000, it then advanced to the medium level and is now in the high level category. Its HDI in 2019 was 0.717, compared to the national average of 0.645 (Fig. 2).

This land-locked state has also shown a significant improvement in terms of the population living Below Poverty Line (BPL) as compared to the national average. The poverty level has declined substantially, from 32% in 1993–1994 to 8% in 2011–2012,
compared to 45% to 22% across India during the same period (Table 3). This is an indicator of Sikkim’s improved well-being in comparison to the national average, and this
considerable success may be the long-term effect of the state’s political stability and good governance.

In terms of the educated unemployment rate (15 years and above), the state has again witnessed a declining trend, especially in the urban areas during the 2000s. This declining trend has been much faster than that of the national level. The unemployment rate (15 years plus, usual principal status) in 2009–2010 (urban) in the state was estimated at 0.1%, compared to 5.4% in the country. The female educated unemployment rate, in the state, was found to be zero (0), compared to 14% at the national level in 2009–2010, for the same age group (Reimeingam 2014).

**Key drivers influencing political stability in Sikkim**

The analysis of the factors influencing Sikkim’s political stability (as depicted in Table 2) must take into account the post-merger political development. Prior to its merger, political power was concentrated in the hands of upper-class landed aristocracy operating under a feudal political system. At that time, the politically conscious middle-class people were non-existent (Sinha 1973). However, significant political development took place in the post-merger period. In contrast to other states, particularly in the NER, in Sikkim, legislative and parliamentary elections were held smoothly in which mostly middle and lower middle-class leaders were elected. Such development has definitely a positive impact on political stability (Table 2). Despite periodic pressures from national political leadership during the post-merger period (Sikkim was twice under President’s Rule), the local political parties have successfully balanced internal issues and development agenda since then (Vandenhelsken 2021; Prasad 2021). We have also seen how national parties have tried and failed to gain traction. Except for a few instances of leadership squabbles among political leaders, the electoral politics has been relatively stable, with the political leadership playing a key role in forging a collective Sikkimese identity (Chhetri 2010).

With regard to the factors that contribute to political stability (as shown in Table 2), Sikkim has able administrators who were capable of balancing socioeconomic and political/state administrations. Unlike in other NER states, the role of national political parties has been miniscule so far. Because national political parties were insignificant, the central leaders could not interfere in the appointment of Chief Ministries and ministers, as well as other internal/local issues (Ajuni 2020). The local people are sceptical of national political parties for the following reasons: One, Sikkim joined India on the condition that it is accorded special status (Act 371F) under the constitution. Only local political parties, they believe, can safeguard their special rights. As a result, local political parties have always prioritised this issue, attempting to maintain the constitutional status quo (Lepcha 2019). Furthermore, the state’s indigenous peoples who are legally referred to as the ‘Sikkim Subjects’ can only benefit from the specific protections provided in the constitution. Second, in the 1974 legislative assembly election (total of 32 seats), 15 seats were reserved for Nepalis (Sikkimese Nepalis), 15 for Bhutia-Lepcha, and one each for Sangha and the Scheduled Castes. When the Janata-led government came to power in the Centre, this reservation policy was amended. As a result, 12 seats are currently reserved for
Bhutia-Lepcha, two for Scheduled Castes, one for Sangha, and 17 seats are unreserved.\(^3\) The Nepalis are in favour of the restoration of the pre-1979 reservation policy. In 1995, the state government reminded the Central government to give Nepalis a proportionate representation in the state assembly (Chakraborty 2000), but this demand is not opposed by other communities in the state. Third, in 1989, the central government tried to extend the Income Tax Act of 1961, the Wealth Tax Act of 1957, and the Gift Tax Act of 1958 to the state. But, it could not be implemented due to the local opposition. As a result, in 2008, the central government exempted the ‘Sikkim Subjects Certificate’ holders and their descendants from paying income tax on income earned in the state, with a retroactive effect from 1990 (Rajya Sabha 2013). This was done on the ground of its geographical isolation and underdevelopment, as well as its unique constitutional protection agreed upon at the time of merger. However, this tax exemption policy is not meant for the immigrant communities of Indian descent who have been living there since 1975 and who virtually control trade and commerce. They are locally known as the ‘old settlers’ and are recognised as the ‘non-Sikkimese Subjects’ (Thatal 2015). Obviously, they wanted tax exemption. Even a Rajya Sabha committee had recommended that the ‘old settlers’ should be treated equally with the indigenous peoples (Rajya Sabha 2013). In such cases, local political parties/leaders are favoured because locals believe that only the former can protect their interests.

To name a few notable local leaders, the first Chief Minister (CM), Kazi Lhendup Dorji was a pivotal figure in Sikkim’s merger with India, and the subsequent establishment of a democratic government, for which his political opponents labelled him a ‘traitor’ (Ajuni 2020). Second, without mentioning Nar Bahadur Bhandari, the political history of this mountainous state is incomplete. He was India’s first Nepali CM who advocated for a strong regional political party to be a formidable political force in the state’s electoral politics. He was also a Nepali language campaigner, and the same was included in the constitution’s Eighth Schedule under his leadership. For nearly 14 years, he served as CM. He was succeeded by Pawan Kumar Chamling. Mr. Chamling was India’s longest-serving CM, having led the state for over 24 years (December 12, 1994 to May, 27, 2019). He emerged as a leader of the weaker sections, an adept leader whose development plan was focused on inclusive policies and the development of natural resources, primarily agriculture and tourism (Chhetri 2010). Sikkim became the first ‘organic state’ in the country in 2016, and even banned the import of chemical fertilisers and pesticides (Ajuni 2020). During his tenure, the state was conferred the prestigious ‘Oscar for best policies’ by the Food and Agriculture Organization (FAO) for promoting agro-ecological and sustainable food system. Between 2010 and 2014, a large share of the state budget was spent on improving the capacity of farmers, rural service providers, and certification bodies, as well as assisting farmers in getting certification (Panorama 2019). The current CM, and Chamling’s successor, P.S. Golay (also known as Prem Singh Tamang), who took office in 2019 is also a hardworking and capable leader. Nonetheless, it is too early to pass judgement on his efficacy and competence.

These leaders had humble beginnings, came from rural backgrounds, and were well-connected with the masses. Dorji was a monastery-trained priest, while Chamling was a police constable. Bhandari and Golay were school teachers. Regardless of their political differences, they have all dedicated themselves to the development and well-being of the people, working towards a common goal, the Sikkimese identity. Since they shun populist policies and vote-bank politics, the Sikkimese identity has become stronger than exclusive ethnic identities.

\(^3\) Sikkim Legislative Assembly [Retrieved July 16, 2021, https://sikkim.gov.in/departments/sikkim-legislative-assembly/sikkim-legislative-assembly].
As a result, their contribution in delivering political stability that includes both executive and social stability is well understood (Chhetri 2010).

The state is said to be less corrupt, and also has the tradition of promoting inclusiveness. For instance, in addition to the four official languages of English, Nepali, Sikkimese (Bhutia), and Lepcha, there are several additional official languages such as Gurung, Limbu, Magar, Mukhia, Newari, Rai, Sherpa, and Tamang (GoS, n.d.). Unlike other states in the region, except for Arunachal Pradesh, Hindi is also widely spoken. Chamling’s ‘one family, one job’ policy has been exceedingly successful and well received. The issue of one ethnic group dominating the subordinate groups is unknown. Although Nepalis make up the majority, Bhutia and Lepcha do not feel politically marginalised because they hold more than 40% of state legislative seats (including that of Sangha, the monk community reserved seat). Thus, the legitimate rights and interests of the smaller communities, including the Buddhist monks, are safeguarded (Singh and Singha 2016).

In terms of law and order, Sikkim, unlike other north-eastern states, has no insurgency or ethnic-based autonomy movement. Across India, there are various active and dormant statehood demands, with regionalist political parties at the forefront. However, strikes, road blockades, and communal violence are unheard of in Sikkim because there are no ethnic-based political parties (Singh and Singha 2016). Despite being a Nepali majority state, the call for the unification of Sikkim with Darjeeling, a Nepali dominated part of West Bengal, does not have public and political support from Sikkim, indicating a desire for a more inclusive Sikkimese identity rather than a limited ethnic agenda (Sikkim Chronicle 2021). This has proven the shared Sikkimese goal, the togetherness of different ethnic groups in Sikkim, and enabled the administration to focus on the state’s collective development. Thus, the goal of preserving a broader Sikkimese identity has not been compromised (Prasad 2021).

On the other hand, the contribution of the civilised citizen to political stability and subsequently the growth of the state has been the cherry on top. This includes their adherence to the law of the land, sense of ethnic group solidarity, and mature decision-making in electoral politics (Singha 2022). For example, Sikkim was declared the cleanest state in India in terms of rural sanitation. The state has also recorded 100% of individuals utilising household toilets and 98.2% of homes having sanitary toilets (NDTV, 2016; Scroll.in, 2016). In 2017–2018, the state has the second lowest crime rate in the country (84/lakh population) and no/zero corruption (Sharma 2020). It is also one of the top five states in terms of overall policing in 2021, as well as one of the top five best-governed states in 2020 (Indian Police Foundation 2021; Gollerkeri, et al. 2020). These can be attributed to the people of Sikkim’s effective participation in governance and are a proof of their maturity, or in other words, ‘civilised citizens’, as seen in Table 2.

### Political stability to economic growth

In this section, we will discuss briefly the transmission channels through which political stability is translated into economic growth. As previously stated, Sikkim’s economy is primarily driven by manufacturing (particularly private pharmaceutical industries) hydropower, and tourism. Its GSDP increased at a CAGR of 12.66% between 2015–2016 and 2020–2021, more than double the national average (Das 2019a). This rapid economic growth has been translated and systematically realised in Sikkim today through some of the effective transmission channels, such as encouraging productive activities and investment
projects, lowering risk and increasing return on investment, protecting property rights and contract enforcement, and people’s support (Table 2).

Unlike other states in the region, the secondary sector contributed 55.19% in Sikkim’s GSVA in 2020–2021, followed by the tertiary sector with 34.16% and the primary sector with 10.64% (Sikkim State Report 2022). Prior to the NEIIPP 2007, the state had only 16 manufacturing industries, but it jumped up to 122 in 2017–2018 (GoS 2019; Das 2019a). The contribution of the private pharmaceutical industry to the growth of the secondary sector has expanded considerably since 2007, reaching 60% in 2015–2016. All of these private pharmaceutical industries came outside of the state (Singha and Nayak 2020). In fact, pharmaceutical industries, in comparison to other heavy sectors, are appropriate for the ecologically fragile hill state (Sikkim State Report 2022). Apart from the state government’s minimal interference, the NEIIPP 2007 provides for 100% excise duty exemption on finished products manufactured here, 100% exemption on income tax, a capital investment subsidy of 30% on investments in plant and machinery, a 3% interest subsidy on working capital loans, and even reimbursement of 100% insurance premium. On top of that, Sikkim provides an appealing freight subsidy. As a result of favourable government-initiated policies, a favourable economic environment, low-cost production, and easy labour availability, pharmaceutical firms are coming to Sikkim (Das 2019a). Of course, all of these industries are concentrated in the East and South districts, near the Teesta River banks and National Highway (NH) No. 10, which have better infrastructure such as water, power, market access, and transportation (Subba 2018). However, the same policy (NEIIPP 2007) does not appear to be as effective in other states in the region. It is because, aside from the government’s effective and consistent industrial policies, the local people’s accommodating character, absence of violence, good hospitality, language advantage, and law-abiding temperament make these investments from outside and rapid development possible. Its industrial growth performance, aided by private company operations, has also bucked the prevalent narrative that the region is industrially underdeveloped due to its steep and landlocked environment (Singha 2022). Apart from political stability, Sikkim is much more advantageous than other NER states because of its proximity to Siliguri, a fast growing city in West Bengal, connecting Bhutan, Nepal and Bangladesh.

Second, despite its small geographical area and population, Sikkim generated 8112 MW of hydroelectric power in 2018, far exceeding Bhutan’s (a Himalayan nation famed for its hydropower economy) total volume of hydropower generated during the same period. The state’s per capita electricity consumption (880 kWh) is also significantly higher than the rest of the region and the national average. This approximates the degree of development, modernisation, and urbanisation (Singha and Nayak 2020). Of course, there is significant opposition to hydroelectric dam construction given its fragile ecology, but not in the violent manner seen in other states in the region, such as Manipur. It has also been discovered that the Centre has been particularly aggressive and impatient in utilising the region’s hydroelectric potential, and has violated numerous environmental norms (Singha et al. 2021). As a result, the Sikkim government has cancelled several dam projects built hastily by the Centre (Rahaman and Al-Mamun 2020). Otherwise, Sikkim has carefully balanced environment with development, and if the environment is affected, development projects may be halted. To conserve land from pollution and protection of environment, the use of plastic bags as well as chemical fertilisers and pesticides has been banned. Sikkim is regarded as the cleanest (rural sanitation) and fully organic state in the country today. Even

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4 Hindi, English, Nepali, and Bengali are extensively spoken in Sikkim in addition to various local tongues.
the use, manufacture, import, and sale of plastic water bottles with capacities of 2 L or less are prohibited since January 1, 2022 (The Telegraph 2022).

Third, tourism is one of the fastest-growing industries, contributing significantly to Sikkim’s economy. The tourist inflow was minimal until the late 1980s. However, the tourism industry has grown significantly in recent decades, registering 14.2 lakh domestic tourist arrivals in 2017–2018 alone, which was more than double the state’s total population (Das 2019b). Tourists generally visit places where they feel safe and secure. Sikkim is one of the safest, cleanest, and most comfortable tourist destinations in the country today. Tourism is becoming a household sector, directly or indirectly involving every Sikkimese in the form of hospitality, transportation, local cottage industry produce sales, home stay, local business, and so on. The state government has also done its best to maximise the sector’s potential. In January 2021, Chief Minister Mr. Prem Singh Golay launched ‘Visit Sikkim 2022’, a declaration on year-long tourism promotion and marketing (GoS, n. d.). The state government is constantly monitoring, updating, and improving its tourism policies. At the same time, other stakeholders such as transporters, tourist agencies, locals, and facilitating agents are maturely participating in and complying with the state’s regulations. To facilitate and promote tourists visiting the state, the government has systematically and reasonably revised the fare of contract carriages, daily allowances of drivers for day and night hours, and other operational guidelines. Also, for the benefit of the local private carriers/transporters, no vehicle from outside is allowed to ply tourists in the tourism circuits of Sikkim, except for the district/local vehicles (GoS 2021). Similarly, suitable policies guide the home-stay operators, travel agent, hoteliers, and other stakeholders of the sector. The state has strict tourism regulations that locals and tourism organisations must follow in order to avoid dishonesty, cheating, touting, crime, impersonation, obstruction of free choice for shopping, lodging, or travel arrangements, and charging higher prices from the tourists. Sikkim has so far not seen any violations of these regulations (GoS 2008). As the state is guided by considerable internal autonomy, provided under the 371(F), most of the tourist circuits in Sikkim require prior permit for the tourists. This, together with strong implementation machinery, allows the state and local people to reap maximum benefit from the industry without jeopardising socio-cultural and environmental resources.

Concluding remarks

Despite a brief period of political instability in the early years of its merger, Sikkim has since maintained political stability and good governance so far. This resulted in rapid economic growth. In doing so, the local political parties have been playing an important role in their electoral politics since the national political parties have been least preferred by the people/local. Though the ethnic issues have been frequently raised during elections, it takes a back seat when the collective Sikkimese interest is challenged. Thus, we argued that Sikkimese identity takes precedence over ethnic identity. State developmentalism and inclusive policies, dynamic leadership, and the absence of ethnic political parties have significantly contributed to political stability, good governance, and it finally translated to economic growth in Sikkim. To summarise, Sikkim has a distinct political culture and social environment (including citizen maturity) that has aided political stability and improved governance, guided by a common Sikkimese identity goal, leading in rapid economic growth.
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