

**DEPARTMENT OF COMMERCE AND INDUSTRIES
GOVERNMENT OF SIKKIM**

No.G.O./2/DI/2002-2003/901

Dated: 17/02/2003

NOTIFICATION

The Notification/Memorandum issued by Ministry of Commerce and Industry, Department of Industrial Policy and Promotion, Govt. of India vide No.14(2)/2002-SPS, dated 23rd December 2002 approving a special package of incentives for development of Industries in the State of Sikkim, is hereby reproduced for general information of the public and the entrepreneurs as under:

No. 14(2)/2002-SPS
Government of India,
Ministry of Commerce and Industry,
(Department of Industrial Policy and Promotion)
New Delhi. Dated 23rd Dec. 2002.

OFFICE MEMORANDUM

Subject: New Industrial Policy and other concessions for the state of Sikkim.

The Government of Sikkim has requested for a special package for development of industries in the state on the lines for the North East Industrial Policy notified by the Central Government vide Ministry of Industry's OM No.EA/1/2/96-IPD dated 24th December 1997. Discussions on Strategy and Action Plan for Development of Industries and generation of employment in the State of Sikkim were held with the various related Ministries on the issues inter alia, infrastructure development, financial concessions and easy market access.

2. Keeping in view the fact that the State of Sikkim lags behind in industrial development, a need has been felt for structured interventionist strategies to accelerate industrial development of the State and boost investor confidence. The new initiatives would provide the required incentives as well as an enabling environment for industrial development, improve availability of capital and increase market access to provide a fillip to the private investment in the State.

3. The matter has been carefully considered by the Government and it has been decided to provide the following package of incentives for the State of Sikkim.

3.1. Fiscal Incentives to new Industrial Units and substantial expansion of existing units:

- i. i) New industrial units and existing industrial units on their substantial expansion as defined, set up in Growth Center, Industrial Infrastructure Development Centers (IIDCs) and other locations like Industrial Estates, Export Processing Zones, Food Parks, IT Parks, etc., as notified by the Central Government are entitled to 100% (hundred percent) income tax and excise duty exemption for a period of 10 years from the date of commencement of commercial production. Thrust Sector Industries as mentioned in [Annexure-II](#) are entitled to similar concessions in the entire State of Sikkim without area restrictions.
- ii. All New industries in the notified location would be eligible for capital investment subsidy @ 15% of their investment in plant & machinery, subject to a ceiling of Rs.30 lakh. The existing units will be entitled to this subsidy on substantial expansion, as defined.
- iii. An interest subsidy of 3% on the working capital loan would be provided to all new industrial units in notified locations for a period of 10 years after the commencement of commercial production. This benefit would also be extended to existing units in notified locations on expansion, as defined, as well as to Thrust Industries shown in [Annexure-II](#).
- iv. The insurance premium to the extent of hundred percent on capital investment for a period of 10 years would be extended by the Central Government to all new units and to existing units on their substantial expansion, as defined.

3.2. Development of Industrial Infrastructure:

- i. The funding pattern under the Growth Centre Scheme currently envisaging a Central assistance of Rs.10 crore for each centre is raised to Rs.15 crore per centre.
- ii. The financing pattern of Integrated Infrastructure Development Centers (IIDC) between Government of India and SIDBI will change from 2:3 to 4:1, and the GOI funds would be in the nature of a grant, so as to provide the required infrastructural support.

3.3 The above concessions/subsidies shall be available to all new units and to the existing industrial units on their substantial expansion as defined, in the industrial areas notified by the Central Government ([Annexure-I](#)) and Thrust Industries ([Annexure-II](#)) irrespective of location.

3.4. Ineligible Industries under the policy:

Tobacco and tobacco products including cigarettes/cigars/gutka, etc., Aerated branded beverages, and Pollution causing paper and paper products

3.5. Nodal Agency

North Eastern Development Finance Corporation Limited (**NEDFI**) would be designated as the Nodal Agency for routing the subsidies/incentives under various schemes notified under this Policy.

Explanation:

- i. The eligible areas for above concessions and thrust industries are as identified in [Annex-I](#) & [Annex- II](#) respectively.
- ii. The notification regarding definition of substantial expansion of the existing units shall be issued separately.

4. Government reserves the right to modify any part of the policy in public interest.

5. The Ministry of Finance, Department of Revenue, Department of Development of North Eastern Region, etc. are requested to amend Act/rules/notifications, etc. and issue necessary instructions for giving effect to these decisions.

(K.B.CHETTRI)
Secretary Commerce and Industries
Govt. of Sikkim

DEPARTMENT OF COMMERCE AND INDUSTRIES
GOVERNMENT OF SIKKIM
INDUSTRIAL POLICY OF SIKKIM 1996

NOTIFICATION

No. G.O./2/DI/96-97

Date: 18/12/1996

1. A BACKDROP

1. Sikkim, the 22nd State of the Indian Union, has a total geographical area of 7096 Sq. Km. And a population of 4.6 lakh people. Over 75 percent of the land is covered with forests and around 80 percent of the population lives in villages it is ensconced in the Himalayan mountain ranges, with only 20 percent of the total area of the State being habitable.
2. Sikkim has a natural and unpolluted beauty, with many exotic varieties of flora and fauna. The state is determined to keep its environment green and pollution-free, the efforts towards industrialization should not damage the ecological balance and environment of generate unmanageable toxic industrial effluents.

3. Sikkim is one of the least industrially developed state in India, heavily dependent on Central Government grants, and needs to undertake an all-round development efforts to be at par with the other states of the country. It is hence, necessary to identify the priorities and emphasize the significance of the twin objective of speedy industrial development and generation of adequate employment opportunities. Keeping these objectives in mind, the industrial policy attempts employment opportunities. Keeping these objectives in mind, the industrial policy attempts to satisfy the aspirations of the people, through economic and industrial development of the state.

2. THE CURRENT SCENARIO AND FUTURE PROSPECTS.

1. 80 percent of the population lives in rural Sikkim and agriculture plays a dominant role in the State economy. With the total cultivable land of around 70,000 hectares, the per capita availability of land is a meagre 0.18 hectares. The rugged mountainous terrain, fragmentation of land erosion of the hilly tracts, geographical seclusion of Sikkim from mainland India, bottlenecks transportation, dependence on traditional methods of cultivation, etc, have contributed to the low productivity of agricultural crops and difficulties in undertaking large scale farming. Consequently, there has been very limited improvement in the methods of agriculture over the years.
2. The main crops produced are rice, wheat, maize, large cardamom and ginger with potential for the commercialization of large cardamom, ginger, fruits, tea, medicinal herbs and exportable flowers. There are large areas of fallow land available, which can be converted into productive farms for cash crops.
3. Sikkim produces 80 percent of India's large cardamom, which enjoys a high value export market in Pakistan, Singapore and the Middle-East. The ginger is also of a good quality and has export prospects. The large cardamom and ginger can hence be converted into value added products. Fruits can be processed for value addition. Exotic flowers can be cultured for export. Honey and tea are other agro-based products that have high potential.
4. There is a good market for the minor forest produce of the State. The varied altitude is ideal for the cultivation of a variety of herbs which can be used in the manufacture of medicines, cosmetics and aromatic products. The climate is ideal for the development of mulberry trees and hence, the establishment of a sericulture industry.
5. The absence of profitable marketing network and the lack of appropriate processing facilities for manufacturing quality finished products has resulted in most of the produce being sold at uncompetitive prices to other states as raw materials, and their true potential has not been exploited. Therefore, due attention needs to be given for the development of agro-based, food processing and forest based units.
6. There are good prospects for setting up dairy and animals husbandry units on a commercial basis. The milk production offers opportunities for developing processed food-products like cheese, butter, etc. The population being predominantly non-vegetarian, meat-processing and packaging units offer promise in the State.

7. The State has a good resource base of minerals like zinc, lead, copper, dolomite, coal, quartzite, graphite, talc etc. Commercial exploitation of some of these minerals is being carried out by the Sikkim Mining Corporation.
8. The traditional, cottage industries and specially handicrafts enjoy a good national and international market but more needs to be done on upgrading quality and design, as well as production and also improvement in the marketing network.
9. The abundant natural beauty of Sikkim offers a good potential to attract foreign and domestic tourists, and is conducive to the setting up of tourist spots, holiday resorts leisure camps of trekking and adventure sports activities. However, to develop and sustain the tourism industry, adequate travel and tourism related infrastructure needs to be created, conference tourism can also be promoted.
10. The state is dependent only on a network of roadways for transportation. At present, no air or water transport facilities are available. During the monsoon period transportation is hampered due to landslides etc. Therefore there is an urgent case for upgrading the road transportation network to and from Sikkim to other parts of India.
11. Accommodation facilities at present only adequate for tourists and must therefore be enhanced. The overall power situation though comfortable must be suitably enhanced to induce more power intensive industries to the State.
12. Human resources need to be developed with the ultimate objective of creating the necessary skills commensurate with the future industry and market requirements.
13. The current industrial scenario is not very encouraging. As on 31/03/1996 there were 1683 provisionally registered and 313 permanently registered private sector industrial units, most of which are in the tiny or small sector promoted by first generation entrepreneurs. There are 14 State Public Sector Enterprises but no Central Government Public Sector Units in the State.
14. Of the registered industrial units only 225 (two hundred & twenty five) units are functioning while most of the other units are sick. Some of the State Public Sector enterprises are also incurring continuous losses and have accumulated heavy debts over the years.

3. THE INDUSTRIAL POLICY

In view of the priority attached by the Government for speedy industrial development and generation of adequate employment opportunities through self-employment, a comprehensive industrial policy for Sikkim has been formulated which will be effective from

POLICY OBJECTIVES

The policy envisages:

- Creation of an atmosphere conducive to industrial growth, taking into consideration the available natural resources and the local socio-economic environment.
- Maintenance of the Green State image while promoting industrial activities.

- Rehabilitation of sick industries with comprehensive assistance and guidance from the Department of Industry, and privatization of select State Public Sector Undertakings.
- Enrichment of the agricultural sector through the establishment of appropriate linkage between agriculture and agro-based industries.
- Ensuring balanced regional development through promotion of Khadi, Village, cottage, and tiny, small and ancillary industries.
- Promotion of the traditional handloom, handicrafts and artisan sector, by providing adequate support in the form of common facilities like service centers cheap raw material, technical inputs, marketing network skill development, etc.
- Development of tourism as an industry.
- Development of Sikkim as a major centre for manufacture & marketing of tea.
- Rapid Development of basic infrastructure so that industrial Growth is facilitated.
- Encouraging self-employment and identification of avenues for the same by providing guidance through data bank of project-profiles and other related information.
- Promote and encourage high-value, low-volume products, in view of the transportation-bottlenecks in the State.
- Human resource development through appropriate skill and entrepreneurship development programmes behavioral training, etc., at district, sub-division and block level, to meet the emergent skill requirements of the State within a stipulated time frame.
- Protection and promotion of interest of the local people especially at the unskilled and semi-skilled levels by defining norms for a minimum percentage of employment to the local people in the industrial units.
- Encouraging joint ventures between local entrepreneurs and industrialist from outside the State for setting up of industries within industrial belt area.
- Simplification of procedures and opening up of Sikkim with a view to attract both internal and outside investors, with respect to prospects whose long-term viability is carefully evaluated.

4. STRATEGY FOR IMPLEMENTATION OF THE POLICY

The objects set out in the industrial policy are challenging and require a well-defined strategy for implementation. The Government proposes 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 rehabilitation package for the sick industries.
- Revamping the public sector undertakings.
- Creation of appropriate organization arrangements.
- Development of marketing support systems.
- Development of appropriate training facilities.

- Creation of Single Window Agency.

5. IDENTIFICATION OF THRUST AREAS

The State has identified certain thrust areas for concentrated industrial development, which will enjoy additional incentives, and are as follows:

1. Agro-based industries
2. Floriculture
3. Animal Husbandry and Dairy Products
4. Minor Forest Based Produce
5. Handloom, Handicrafts and Village Industries
6. Tourism
7. Precision oriented, High Value, Low Volume products
8. Electronic and Software
9. Hydel power and
10. Tea

6. ANNOUNCEMENT OF ATTRACTIVE PACKAGES AND FISCAL INCENTIVES:

To generate and entrepreneurial spirit and encourage investments in industry, the Government announces an attractive package of incentives and facilities, keeping in mind the increase in competition among the various States. These incentives will be in addition to the industries in the thrust areas. These are enunciated in detail in the Annexure to the policy.

7. SPECIAL PROMOTIONAL MEASURES FOR RURAL AND TRADITIONAL INDUSTRY:

The rural non-farm sector has been identified as a critical area for achieving national goals and for the creation of employment. This also provides for generation and distribution of income to the backward rural districts of any state. Rural industry comprises enterprises owned by rural entrepreneurs in agricultural and semi-urban regions and are sub-sectors of small scale enterprises and constitute micro enterprises. Some potential areas include flower processing, herbal processing sericulture, spices and oilseed processing, cane and bamboo products, power looms, brick manufacture, pottery, rural tourism, etc. Special promotional measures will be undertaken by the State Government to strengthen these sectors.

Traditional industries like Cottage, Handlooms and Handicrafts and Khadi Industries will be further encouraged. A comprehensive review of the existing institutional arrangement will be undertaken and suitable measures adopted for achieving the policy objectives. The Sikkim Khadi and Village Industries Board will be revamped.

8. ESTABLISHING INDUSTRIAL ESTATE AND GROWTH CENTRE TO FACILITATE INTEGRATED DEVELOPMENT OF INDUSTRY

The Government will encourage the setting up of self contained industrial estates and growth centers to facilitate an integrated approach towards optimization of available resources and infrastructure, including creation of infrastructure, marketing facilities and communication networks. The responsibilities related to infrastructure development will be undertaken by the Directorate of Industries and the efforts shall be made for the development of supportive infrastructure like roads, power water supply etc. for such estates. Adequate budget provision will be allotted for this purpose by the State Government.

9. DEVELOPMENT OF REHABILITATION PACKAGE FOR THE SICK INDUSTRIES

There are large number of sick industries in the state and the Government will be introducing definite scheme for their rehabilitation. The viability of each unit will be individually studied to determine whether it should be operated by the original promoters, new management, as joint ventures with the Government or shut down. A model rehabilitation package will developed for the rejuvenation of the viable units.

10. REVAMPING THE PUBLIC SECTOR UNDERTAKINGS

1. The role of the State Public Sector Undertakings will be reviewed. Government will undertake business ventures only in the core sectors and in keeping with the policies of the Central Government, some of the public sector undertakings will be privatized and introduced shortly. The State Public Sector Undertakings in the core/thrust sectors will be revamped to improve their efficiency and functioning.
2. Sikkim Industrial Development and Investment Corporation (SIDICO) will also play a more active role in the industrialization process in the State. It will provide escort services to entrepreneurs proposing the set up projects valued at Rupees Fifty Lakhs and above. An Industrial information Centre will be established to provide information on industry and market trends. SIDICO will assist the Rehabilitation Cell of the Department of Industries to revamp the sick units in the State. SIDICO itself is facing severe financial constraints due to defaults in repayment by many of its borrowers. Strong action will be taken to ensure speedy recovery of debts. Measures will be carried for its organizational and financial restructuring. Aggressive publicity drives for investment in industrial undertaking will be organised by SIDICO.
3. A Tea Development Corporation of Sikkim will be formed which shall be the nodal agency for propagation of the Tea industry in Sikkim. It will take steps to expand the Temi tea estate, acquire new gardens either wholly or partially owned by Government, and encourage small tea growers through special schemes and incentives.

11. CREATION OF APPROPRIATE ORGANISATIONAL ARRANGEMENTS

1. The strategy for industrial development will be realized when it is implemented through appropriate organizational facilities. Industrial promotion in Sikkim will be handled by the Director of Industries. The promotion of individual sectors like handlooms, handicrafts, agriculture etc. will be the responsibility of the respective departments in coordination with the Director of industries.
2. For an all-round development and efficient monitoring of the ground condition by the Director, the cooperation and co-ordination of the activities of the different departments for power supply, water supply land development, road network and telecommunication is essential. Therefore, to encourage industry and attract investors, it is stated that all the departments are committed to the industrial policy and will take an active part in its implementation.

12. RE-ORGANISATION OF THE DIRECTORATE OF INDUSTRIES

1. The Director of Industries will play a key role in facilitating and co-ordinating activities related industrial development. Therefore, necessary steps for strengthening the department, as well as upgrading the facilities will be taken immediately.
2. The District Industries Centres (DIC) of the Directorate of Industries will help to co-ordinate the district level industrial, infrastructure development work and support local entrepreneurs in setting up units and Sub-offices will be opened in the North and West District.
3. The services to be provided by District Industries Centres will include area planning for rural industrialization activity on finance, organization, production, technology and marketing assistance for submission of loan applications, speedy clearance for new industries, project supervision and management training programmes etc.
4. The District Industries Centre will also promote and encourage creation of representative organization to offer services on market information, marketing quality testing, product development, processing etc.
5. Design and Service Centres will be created under the District Industries Centre to provide designs and know-how for the development of suitable products by engaging technically qualified personnel at the block level. Community poly-techniques will be involved in efforts of skill upgradation, development of work culture, technology orientation creation of pilot project, with the help of voluntary organizations.
6. The Rehabilitation Cell of the Department of Industries, along with Sikkim Industrial Development and Investment Corporation, will actively participate in analyzing the viability of the sick units in the State and suggest measures for their rehabilitation.
7. A Public Enterprises Cell will be constituted in the Directorate of Industries to oversee the efficient function of the public sector units and formulate guidelines for their employees and fund management and organizational and structural adjustments.

8. The Industrial Training Institute will be brought under the purview of the Directorate of Industries to improve its functioning and impart training as per the requirement of the industries in the state.

13. ONE STOP SERVICE

1. A prospective investor should get all his requirements and information relating to setting up of any trade or business cleared through a single authority. The Department of Industries will offer this one stop facility through a Green Channel Committee headed by the Secretary Industries, with officials of other concerned departments.
2. This single window concept will facilitate expediting of all necessary clearances from various department like Pollution Control Board, Power Department, Urban Development and Housing Department, Public Health Engineering Department etc. By registering with the Department of Industries, the entrepreneurs will be able to leave all the follow up activities to be monitored by Department who will ensure completion of all formalities within a maximum of thirty days. The Government will review and simplify the rules and regulations for setting up an industry in Sikkim.

14. SIKKIM INVESTMENT PROMOTION COMMITTEE

1. A high power Sikkim Investment Promotion Committee (as SIPC) will be constituted with the Chief Secretary of the State as its Chairman and the concerned Department Secretaries as other Board members, along with the Development Commissioner, Finance Secretary, Secretary Industries and Director Industries.
2. On receiving a proposal whose total project cost is greater than Rs.75 lakhs from any department or public sector unit, the Directorate of Industries will undertake a critical assessment of the proposal and forward it to SIPC with its recommendations. Proposal cleared by SIPC will only be placed in the Council of Ministers for a decision.

15. DEVELOPMENT OF MARKETING SUPPORT SYSTEMS

1. There are a number of marketing organizations in the State like the State Trading Corporation of Sikkim, Industrial Marketing Federation (SIMFED). In addition, a Marketing and Export Promotion Council (MEPC) will be set up to support the sale of goods within and outside the State. It will be the apex agency for the issue of detailed guidelines for marketing activities in the State. An official from the Department of Industries will be ex-officio chairman of the council, along with other members drawn from the participating marketing organizations.
2. The existing organizations will continue their operations and take up marketing of the hitherto neglected products or new agencies will be set up by MEPC for that purpose.
3. The MEPC will develop channels for marketing and export of the local produce and provide guidelines for establishment of marketing infrastructure, roadways, warehouses etc. and provide directions for efficient functioning of the marketing agencies. It will also set up a Market Information Cell to provide the most up-to-

- date market trends on various goods. The MEPC will undertake quality testing measures on a regular basis and blacklist those units, which supply products not conforming to the prescribed quality and specifications norms.
4. The Government and private industries in the State will be requested to source their requirements from within the State as far as possible. The State Government may ask the units to supply goods at the lowest rate quoted for a tender in case they cannot compete with the lowest price stipulations. The Government will release payments promptly for purchase made from local units. The provisions of the Interest on Delayed Payments to small Scall and Ancillary Industrial Undertakings Act, 1983, will be applicable.
 5. The Government will also attempt to cost reduce of the production and transportation and enhance the overall competitiveness of the products manufactured in the State.

16. DEVELOPMENT OF APPROPRIATE TRAINING AND EDUCATION FACILITIES

- Skill development is the key to quality and productivity and the means to made available avenues for employment of the local people. The Government will introduce certain initiatives in this regard.
- Upgrading and modernization of the existing Industrial Training Institute and other training institutes;
- Opening up of training centers to provide training as per the present and future requirements of the industries in the States;
- Setting up of engineering, medical and business management schools and colleges under private or semi-government management.

To develop skill in forestry, food processing, floriculture, pisciculture and other fields, the Government plans to introduce appropriate training programmes, especially for the middle and lower levels of operations.

CONCLUSION

With the announcement of the new Industrial policy, it is expected that Sikkim will witness a rapid expansion of its industrial base which will not only increase employment opportunities but also herald further economic prosperity for the State as a whole.

(KARMA GYATSO) IAS
COMMISSIONER-CUM-SECRETARY INDUSTRIES

SINGLE WINDOW SYSTEM

A prospective investor should get all his requirements and information relating to setting up of any trade or business cleared through a single authority. The Department of Industries will constitute a committee headed by the Chief Secretary to provide time bound decisions and clearances from various department like Pollution Control Board, Power Department, Urban Development and Housing Department, Public Health Engineering Department, Law Department, etc.

SUBSIDIES AND INCENTIVES

In order to encourage the promotion and development of Small Scale, Medium Scale and Large Scale Industries the State Government of Sikkim provide a package of incentives, subsidies and assistance under the Scheme called **State Scheme of Incentives for Industries 2003**.

APPLICATION

The scheme will be applicable to all industrial units for a period of 9 (nine) years from the date of commercial production.

The scheme will also be applicable to existing units in case of diversification, modernization and expansion. Diversification, modernization and expansion means addition to the value of plants and machineries by not less than 25 % of the cost of existing machineries for the purpose of creation of additional capacity with prior approval of Department of Industries. The expansion should entail enhancement: in the existing capacity by at least 25% and the package of incentive admissible to the unit shall relate to the expanded portion only. For the purpose of this calculation undepreciated value of the capital investment made on land, building, plant and machinery of the unit will be taken into consideration.

It is clarified that all units which came into commercial production on or before effective date of State Scheme of Incentives for Industries 2003 will enjoy the incentives and concessions as per Act 2000.

DEFINITIONS:

1. Artisans and Tiny Units, Small Scale Units and Medium/large Scale Units means an Industrial Units defined by the Government of India from time to time and includes Co-operative industrial units.
2. "Capital" means the total investment of money on tangible assets like building, etc. and intangible assets like good-will.
3. "Company" means a unit registered under the provision of the Law relating to registration of Companies for the time being in force in the State of Sikkim.
4. "Co-operative Society" means any Co-operative industrial unit registered under the Sikkim Co-operative Society Act. 1978.

5. "Fixed Investment" means investment made in land, building plant and machineries and other capital goods.
6. "Partnership" means a unit formed by two or more persons.
7. "Proprietorship" means a unit owned by a single person.
8. "Term Loan" means a loan obtained from any bank or financial institution for acquiring fixed capital assets in the form of land, building, plant and machineries.
9. "Working Capital" means that component of fund/loan which is required for meeting up the expenditure on day to day operation of a unit including cost of inventories, raw materials components, works in progress and operative expenses like wages, salaries, power charges and other recurring expenses.
10. "Year" means the period commencing from the 1st day of April of the year and ending on the 31st of March of the succeeding year.
11. Words and expressions used in this Scheme but not defined shall bear the meaning respectively as defined by the Government of India from time to time.

DISQUALIFICATION

Any Industrial unit which:

- Denies or refuses to furnish any information demanded by the Department of Industries; or
- After receipt of term loan and working capital loan from banks or financial institutions, does not utilise for the bonafide purpose but diverts for some other purpose not connected with the activity of the unit; or
- Fails to fulfill its commitments relating to repayment of loans including interest in respect of loans taken from any financial institutions; or
- Furnishes wrong information or suppresses relevant facts, shall be disqualified from availing of any or all the incentives under this scheme.

SANCTIONING AUTHORITY

In all the cases of incentives under the scheme, the following authorities shall have the power of sanctioning:

- General Manager of District Industries Centres – upto Rs.10,000/- (Rupees ten thousand).
- Director of Industries upto Rs. 1,00,000/- (Rupees one lakh)
- Secretary Industries-upto Rs.1,50,000/- (Rupees one lakh and fifty thousand).
- Minister-Incharge, Industries – all cases above Rs.1.5 lakhs to Rs.5 lakhs (Rupees five lakhs)
- There shall be a Committee constituted under the scheme consisting of the Minister Industries with Secretary Industries, Secretary Finance and Director Industries as members who shall sanction subsidies incentive between Rs.5 to Rs. 8 lakhs (Rupees five to eight lakhs).
- All cases above Rs.8 lakhs (Rupees eight lakhs) will be placed in the Cabinet.

APPLICATION FOR INCENTIVES

All eligible industrial units claiming incentives under the Scheme shall apply to the Director of Industries in the form appended to this scheme.

PACKAGE OF INCENTIVE/SUBSIDY

CONCESSION ON STATE AND CENTRAL SALES TAX

Central and State sales tax shall be exempted for a period of 9 (nine) years, from the date of commencement of actual commercial production.

1. POWER SUBSIDY

- a. 100% reimbursement of power bill for consuming upto Rs.50,000/- (Rupees fifty thousand) per annum. For above Rs.50,000/- (Rupees fifty thousand) the reimbursement will be to the extent of Rs. Rs.50,000/- (Rupees fifty thousand) plus 25 percent of the balance of actual payment subject to a maximum of Rs.2 lakhs (Rupees two lakhs).
- b. The State Government shall grant a subsidy of 30 percent to power tariff to industrial units coming up Growth Centre or Thrust Areas.
- c. 50% of the cost incurred on linking of power from the main line to the factory shed subject to a maximum ceiling of Rs 50,000/-(Rupees fifty thousand).
- d. 25% subsidy will be admissible for purchase of Diesel generating sets subject to maximum ceiling of Rs.30,000/- (Rupees thirty thousand).

2. SUBSIDY ON CONSULTANCY SERVICE

An industrial unit shall receive a one-time subsidy on consultancy charge paid to an approved consultant as per the scale noted below:

For project upto Rs.10.lakhs 3 percent subject to max-

(Rupees ten lakhs) imum of Rs.20,000/-

(Rupees twenty thousand)

For project above Rs.10.lakhs 3 percent subject to a

(Rupees ten lakhs) maximum of Rs.1,00,000/

(Rupees one lakh)

3. SUBSIDY ON STUDY TOURS AND INPLANT TRAINING

Entrepreneurs sent outside Sikkim with the approval of the Directors Of Industries for study tours and / or inplant training shall be eligible for reimbursement of the return journey expenses of second class train and an allowance of Rs.1000/- (Rupees one thousand) per menses per entrepreneur:

Provided that the period of such a study tour/ inplant training does not exceed three months and the entrepreneur shall give an undertaking in writing to the Department of Industries that he shall start an industrial unit after obtaining the necessary technical know how of the industry concerned.

The study tour and inplant training for a period not exceeding three months may also be made available for workers who are sent outside the state:

Provided that the industrial unit sending such workers obtain an undertaking from them that they shall work in unit at least for a period of three years from the date they complete training. Reimbursement on expenditure on return journey of second class by train and allowance of Rs.500/- (Rupees five hundred) per workers shall be eligible to the industrial unit concerned in such cases

4. LOCAL EMPLOYMENT PROMOTION GRANT

Government will reimburse annually up to 30% (thirty percent) of the realistic wage bill for local tribal employees . This would be for three years from the date of entertainment. The maximum limit of such subsidy is Rs.1 lakhs (Rupees one lakh).

5. EXEMPTION OF SECURITY DEPOSITE AND /OR EARNEST MONEY

Industrial units shall be exempted from the payment of security deposits and/ or earnest money in respect of tenders or quotations for purchase of stores by Government Department.

6. SUBSIDY ON COST INCURRED ON QUALITY CONTROL MEASURES

- a. Cost of laboratory Equipment for the purpose of quality control and ISI certification subject to a maximum of Rs.10, 000 (Rupees ten thousand) per unit will be reimbursed in cases where it does not form part of the project cost.
- b. Export oriented units committing to export at least fifty percent of the value of the turn over will be eligible for an additional reimbursement of Rs.1, 00,000/- (Rupees one lakh) against such quality control measures.