

# Sikkim Industrial Promotion and Incentive Act, 2000

SIKKIM

India

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### Act 18 of 2000

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Sikkim Industrial Promotion and Incentive Act, 2000(Act No. 18 of 2000)Last Updated 18th February, 2020An Act To make provisions for incentives for tiny, small scale, medium scale and large scale industries set up within the State of Sikkim. Whereas it is expedient to make provisions for incentives for tiny, small scale, medium scale and large scale industries set up within the state of Sikkim. Be it enacted by the Legislature of Sikkim in the Fifty-first Year of the Republic of India as follows:-

#### 1. Short title and commencement.

(1)This Act may be called The Sikkim Industrial Promotion and Incentive Act, 2000.(2)It shall come into force at once.

#### 2. Application.

(1)This Act shall be applicable to all industrial units existing on the date of commencement of this Act and also the industrial unit as may be set up after the commencement of this Act. Notwithstanding anything contained herein the Industries set up prior to commencement of this Act and enjoyed benefits, concessions, incentives or some other package of subsidies etc. for a period of [ten] [Substituted 'five' by Sikkim Act No. 11 of 2003, dated 13.8.2003] years under any Notification or Rules or Orders or Schemes etc. shall not be eligible for any benefits under this Act.(2)[ The Scheme will also be applicable to existing units in case of diversification, modernization and expansion.(3)Diversification, modernization and 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.] [Inserted by Sikkim Act No. 11 of 2003, dated 13.8.2003]

### 3. Definitions.

- In this Act unless the context otherwise requires:-(a)"Artisan and tiny units, Small Scale Units and Medium/Large scale Units" mean an Industrial Unit as defined by the Government of India from time to time and includes co-operative industrial units;(b)"Capital" means the total investment of money on tangible assets like building, etc. and intangible assets like good will;(c)"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;(d)"Co-operative Society" means any Co-operative industrial unit registered under the Sikkim Co-operative Society Act, 1978;(dd)[ "Diversification" means separately identifiable investment made by an existing industrial unit in the fixed capital assets to set up a project for manufacturing of new products (s) provided that the additional investment in the fixed assets is not less than 25% of the gross fixed capital and increase of additional employment is at least by 10%. [Inserted by Sikkim Act No. 11 of 2003, dated 13.8.2003](ddd)"Expansion" of an industrial units means additional fixed unit. For the purpose of calculation, Gross value of all the capital investment made on land, building and plant machinery of the existing unit will be taken into consideration. Expansion shall also imply an increase of at least 25% in the existing installed capacity as well as increase of additional employment of at least by 10% . Prior to going for expansion, the units should be operating at least at a minimum of 80% capacity during the three previous years.](e)"Fixed Investment" means investment made in land, building, plan and machineries and other capital goods;(ee)[ "Modernization" means separately identifiable investment made by an existing industrial unit in the fixed capital technology having a definite advantage in reduction of cost of production provided that the additional investment in the fixed assets should not be less than 25% of the gross fixed capital. [Inserted by Sikkim Act No. 11 of 2003, dated 13.8.2003]The incentive available to the unit undergoing expansion/diversification/modernization shall be for the additional investment made and/ or the increase in production over the average of three previous years prior to the year when the unit goes for expansion/diversification as applicable. The year for this purpose shall mean a financial year. The units which have taken up expansion/diversification/modernization plan prior to coming into force of this policy should intimate the concerned agency within three months from the date of implementation of the policy.](f)"Partnership Firm" means a unit formed by two or more persons;(g)"Proprietorship" means a unit owned by a single person;(h)"Small Scale Industry" means where the investment in fixed assets in plant and machineries, (i.e. excluding the cost of land, building, etc.) whether held on ownership terms or on lease or on hire purchase, not exceeding 100 lakhs.(i)"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, component works in progress and operative expenses like wages, salaries, power charges and other recurring expenses;(j)"Working Capital Loan" means a loan required for acquisition current assets for meeting day to day requirements of an industrial unit for completing the operation cycle and include cash credit and over draft facilities and any other short term loan required by the industrial unit;(k)"Year" means the financial year commencing on the first day of April and ending on the 31st day of March next following.

#### 4. Disqualification.

- Where an industrial unit fails to furnish any information or material particulars or record or document or having received the benefits available under the act is found to have resorted to malpractice or misused benefits of concessions or suppresses or furnishes wrong information or is otherwise found to have not acted bonafide shall be disqualified from availing any benefits or concession or incentive under the Act.

#### 5. [ Sectioning Authority. [Substituted by Sikkim Act No. 11 of 2003, dated 13.8.2003]

- For the benefits/incentives under this Act, the following authorities shall have the power of sanctioning namely:-(1)General Manager of District Industries Centres - up to Rs. 10,000/- (Rupees en thousand).(2)Director of Industries upto Rs. 1,00,000/- (Rupees one lakh)(3)Secretary Industries- upto Rs. 1,50,000/- (Rupees one lakh and fifty thousand).(4)Minister-In-charge, Industries - all cases above Rs. 1.5 lakhs to Rs. 5 lakhs (Rupees five lakhs)(5)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).(6)All cases above Rs. 8 lakhs (Rupees eight lakhs) will be placed in the Cabinet.]

#### 6. Subsidy of Interest on Working Capital.

- Where an industry has received or is eligible to receive subsidy on interest, such subsidy will be for interest in excess of 14% of the interest payable by the industrial unit on the working capital loan and will be available for a period of five years in the following manner to different categories of industries from the date of obtaining the loan:-

Artisan and tiny Scale units	Small Scale Units	Medium /Large Scale unit
Rs. 10,000.00 (Rupees Rs. Ten thousand ) or actual Difference in interest Whichever is less.	50,000.00 (Rupees fifty thousand) or actual difference interest Whichever is less	Rs. 1,00,000,.00 (Rupees one lakh) or actual,difference in interest , whichever is less.

#### 6A. [ Subsidy on State Capital Investment. [Inserted by Sikkim Act No. 11 of 2003, dated 13.8.2003]

(1)An investment subsidy on the total investment shall be provided on a graded level to the industry. It will be available to both new as well as those carrying out expansion, diversification or modernization activities.(2)[ "Where an Industrial unit already enjoying a Central Investment Subsidy" shall not be eligible to claim State Investment Subsidy under the Act.]

Artisan and Tiny Scale Units	Small Scale Units	Medium/Large Scale Units
(a) 15 percent of total capital	(a) 10 percent of total capital	a) 5 percent of total capital

investment inplant and machinery subject to a maximum of Rs. 30,000/- (Rupees thirty thousand).	investment inplant and machinery, subject to a maximum of Rs.5 lacs. (Rupees five lakhs).	investment inplant and machinery, subject to a maximum of Rs. 10 lacs (Rupees ten lakhs).
(b) 30 percent of total capital investment inplant and machinery subject to a maximum of Rs. 60,000/- (Rupees sixty thousand) for units set up by local entrepreneurs.	(b) for units set up by local entrepreneurs 10percent of total capital investment in plant and machinery,subject to a maximum of Rs. 10 lacs. (Rupees ten lakhs).	(b) for units set up by local entrepreneurs 10percent of total capital investment in plant and machinerysubject to a maximum of Rs. 20 lacs twenty lakhs.
(c) for units set up in the thrust areas 20percent of total capital investment in plant and machinerysubject to a maximum of Rs. 40,000/- (Rupees forty thousand).	(c) for units set up the thrust areas 15 percentof total capital investment in plant and machinery, subject to a maximum of Rs. 7 lakhs (Rupees Seven lakhs).	(c) For units set up in the thrust area 10percent of total capital investment in plant and machinery,subject to a maximum of Rs. 15 lakhs (Rupees fifteen lakhs)
(d) for units set up in the thrust areas bylocal entrepreneurs 20 percent of total capital investment inplant and subject to a maximum of Rs. 80,000/- (Rupees eightythousand)	(d) for units set up in the thrust areas bylocal entrepreneurs 15 percent of total capital investment inplant and machinery, subject to a maximum of Rs. 14 lakhs (Rupeesfourteen lakhs).	(d) For units set up in the thrust areas bylocal entrepreneurs 20 percent of total `capital in plant andmachinery, subject to a maximum of Rs. 30 lakhs (Rupees thirtylakhs)
<p>(1)In order to encourage and assist industrial units to be self sufficient in their requirements of powers, the State Government shall subsidise upto 25 percent of the cost for purchase of captive power generating sets subject to a maximum of Rs. 1 lakh (Rupees one lakh). And in case of units set up by local entrepreneurs subsidy will be 50 percent subject to a maximum of Rs. 2 lakhs.(2)Industries set up in the thrust area shall get a 30 percent subsidy subject to a maximum of Rs. 1.25 lakhs (Rupees one lakhs and twenty five thousand). Incase of units set up by local entrepreneurs in the thrust area subsidy will be 60 percent subject to a maximum of Rs. 2.50 lakhs.A new unit with fixed capital investment exceeding Rs. 3 crores set up in a district where there are no medium or large Scale Industries will be given pioneer status. Such unit will be eligible for additional State Capital Investment Subsidy of 5% of fixed capital investment subject to a ceiling of Rs.10 lakhs. Such units will also be given Power Subsidy for an additional period of 2 years.Special incentives as detailed below shall be granted to Women entrepreneurs, namley:-(1)Additional State Capital Investment Subsidy of 5 % subject to a ceiling of Rs. 5 lakhs which constitute more than 50% of the workforce in the industry.(2)Additional Interest Subsidy on working capital of 2% subject to a ceiling of 1 lakh for a period of three years from the date of commencement of commercial production.(3)Built up factory sheds shall be allotted to the women entrepreneur on priority basis and the rent will be subsidized @ 75% of the economic rent for a period of five years from the date of commencement of commercial production. Stipend at the rate of Rs.500/- (Rupees five hundred) per month per trainee shall be provided for training of 100 youth annually for special Entrepreneurship Development Programme (EDP) to be conducted by Government approved/</p>		

recognized Institutions subject to the condition that the training period shall not be less than 3 (three) months duration. Small Scale, Village and Cottage Industrial Units will be reimbursed in full for the amount paid towards Stamp Duty and Registration fee for securing loans and other incentives from Financial Institutions including mortgage of fixed assets. The reimbursement will be admissible after disbursement of loan by Financial Institutions/Banks and will be subject to the condition that the assets mortgaged would not be transferred for a period of 5 (five) years. (1) The State Government will reimburse annually up to 30% (thirty percent) of the realistic wage bill for local employees. This would be for three years from the date of entertainment. The maximum limit of such subsidy is Rs. 1 lakh (Rupees one lakh). (2) Fifty percent of the cost incurred on the training of local employees will be reimbursed subject to the following conditions, namely:-(a) Such trained person shall be absorbed in the unit failing which the unit will refund the subsidy amount paid for the same. (b) Training shall be conducted in an Institute approved by the State Government. (1) 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. For local entrepreneurs Rs. 20,000 (Rupees twenty thousand) per unit will be reimbursed. (2) Export oriented units committing to export at least 50% (fifty percent) of the value of the turnover will be eligible for an additional reimbursement of Rs. 1,00,000/ (rupees one lakh) against such quality control measures. For local entrepreneurs Rs. 2,00,000 (Rupees two lakhs) will be reimbursed. An industrial unit shall receive a one-time subsidy on consultancy charge paid to an approved Consultant as per the scale noted below:-(1) For project upto Rs. 10 lakhs 3% subject to maximum of Rs. 20,000/- (Rupees ten lakhs) (Rupees twenty thousand). For local entrepreneurs 6% subject to maximum of Rs. 40,000 (Rupees forty thousand). (2) For project above Rs. 10 lakhs 3% subject to a maximum of Rs. 1,00,000/ Rupees ten lakhs) (Rupees one lakh). For local entrepreneurs 6% subject to maximum of Rs. 2,00,000 (Rupees two lakhs). Entrepreneurs sent out side Sikkim with the approval of the Director of Industries for study tours and inplant training shall be eligible for reimbursement of the return journey expenses of second class train fare and an allowance of Rs. 1000/- (Rupees one thousand) per mensem per entrepreneur; Provided that the period of such a study tour/inplant training should not exceed three months and the entrepreneur shall give an undertaking in writing to the Department of Industries that he/she shall start an industrial unit after obtaining the necessary technical know how of the industry concerned. The study tour and in plant 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 shall obtain an undertaking from them that they shall work in the unit at least for a period of three years from the date they complete training. The reimbursement of 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. The State Government shall endeavour to provide a developed land with all infrastructural facilities at Growth Centres to all new units except those in the Services and Village Industries Sector in the following manner, namely:-(1) The developed land will be allotted on lease basis for a period of 30 (thirty) years. (2) The State Government will subsidise the cost of land development at the rates given below: (a) Small Scale Industries - 25% (b) Export Oriented Unit and Units owned and managed by local Entrepreneurs - 30% (c) Large and medium Units (as per definition) - 15% (3) The cost of land development will be recovered from the allottee or Industrial units after framing allotment rules, which shall be notified. The State Government shall provide transport subsidy of 50% for transportation of Plant and machineries

from any part of India to the location of unit in Sikkim at maximum limit of Rs. 1 lakh (Rupees one lakh). For local entrepreneurs the maximum limit will be Rs. 2 lakhs (Rupees two lakhs). A subsidy of 50% shall be admissible to meet the cost of technical know-how obtained from organizations approved in advance by Government of Sikkim on a case to case basis. The subsidy will be released only on commencement of commercial production. The subsidy will be 60% for Small Scale Industrial Units set up in thrust areas and Export Oriented Unit. Special incentives shall be granted to the Agro and Food processing Industries as detailed below:-

**1. Additional State Capital Investment Subsidy of 5% subject to a ceiling of Rs.5lakhs for agro and food processing industries.**

**2. 50% of the cost payable for getting Food Product Order (FPO) license /AGMARK/ Trade Mark for the products for food processing industries subject to a maximum ceiling of Rs. 1 lakh (Rupees One Lakh).]**

**7. Price Preference.**

- Industrial units either small or large set up within the territory of State or Sikkim shall enjoy a price preference to the extent of 15% over the rates of price quoted for same product having same or equivalent quality brought from outside the state.

**8. [ [Substituted by Sikkim Act No. 11 of 2003, dated 13.8.2003]**

(1) There shall be 100% reimbursement of power bill for an industrial unit consuming up to Rs.50,000/- (Rupees fifty thousand) per annum. The reimbursement above Rs. 50,000 /- (Rupees fifty thousand) shall be to the extent of 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). (2) The State Government shall grant a subsidy of 30 percent power tariff to industrial units coming up in Growth Centre in Thrust Areas [subject to maximum of Rs. 2 lakhs (Rupees two lakhs)]. (3) 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) (4) Power tariff to the Industries shall be levied at the cost of production as and when available.]

**9. Exemption on security deposit and/or earnest money.**

- Industrial unit shall be exempted from payment of security deposit and or earnest money in respect of tenders or quotations for purchase of stores by Government Department.

**10. International Standard Organization/Indian Standard Institute Certificate.**

- The Industrial unit shall obtain Indian Standard Institute/International Standard Organization Certificate in respect of their products to compete at the State and national level and to ensure

product quality and for such the State Government shall reimburse 100% of the expenditure incurred on the registration fees, testing fees, annual license fees, purchase of testing equipment provided the maximum amount payable by way or reimbursement shall not exceed Rs 25,000.00.

## **11. Subsidy or Registration Fee of Promotion Council, Indian Standard Institution, Commodity Board, Chamber of Commerce.**

- The amount spent by an industrial unit in obtaining a registration with Promotion Council, Indian Standard Institution, Commodity Board, Chamber of Commerce, etc. shall be reimbursed to the unit, subject to a maximum of Rs 10,000.00 (Rupees ten thousand) or the actual registration fee, whichever is less.

## **12. Taxation matter.**

- Exemption under Notification No. 2/TIC dated the 16th February, 1974 will continue.

### **12A. [ [Substituted by Sikkim Act No. 11 of 2007]**

(1)The Value Added Tax (VAT) payable by an Industrial Unit shall be deferred for a period of 10 (ten) years and for a period of 12 (twelve) years for notified thrust industries from the date of commencement of actual commercial production. These industrial units will be permitted to collect VAT and roll it back as working capital for the entire period of deferment as the case may be. At the end of the deferment period, the VAT collected will have to be remitted to the Government Account in four half yearly installments. In case of those units which are already enjoying the sales tax exemption the same will be converted into VAT deferral scheme as above for the remaining periods of their exemption as the case may be.(2)The levy of State Excise Duty and Sales Tax on units manufacturing alcoholic/beer products shall be governed by such notification as may be issued by the State Government from time to time. (2) Central Sales Tax shall not be exempted.]

## **13. Periods of exemption.**

(1)The benefits, concessions or exemptions as conferred under this Act shall be for such period as may be notified by the sanctioning authority.(2)the sanctioning authority may with the approval of the Government from time to time, notify such additional benefits, concessions or exemptions applicable to industrial units as may be considered desirable.

## **14. Power to Remove Difficulties.**

- If any difficulty arises in giving effect to the provisions of this Act, the Government may be order not in consistent with the provisions of this Act, remove such difficulties.All the notifications, orders, instructions, circulars, schemes etc. issued from time to time for the purpose of extending benefits/incentives/concessions to industry both tiny, small scale or medium/large scale industry are hereby repealed