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Dated: The 24th September, 2024

NOTIFICATION

The Government of Sikkim is pleased to notify the "Sikkim Industrial and Investment Policy, 2024". The Policy shall come into effect from 24th September 2024, for a period of 10 (Ten) years.

Sd/-

Karma R. Bonpo, IAS

Secretary,

Commerce and Industries Department,

Government of Sikkim.

File No: 8/SGO/631/C&I/2022-23

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Memo no: 09/C&I/2024

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1. Secretary, CMO for kind information for Hon'ble Chief Minister.
2. Director, to Hon'ble Minister for Tourism and CA, and Commerce and Industries Department.
3. P.S to Cabinet Minister(s) for kind information of the Ministers.
4. Staff Officer to Chief Secretary, Govt. of Sikkim.
5. Sr. PS/PS/PA to HoD's of Govt. of Sikkim.
6. General Manager of all District Industries Centre (DICs).
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Director,

Commerce and Industries Department,

Government of Sikkim.



SIKKIM INDUSTRIAL AND INVESTMENT POLICY-2024

COMMERCE & INDUSTRIES DEPARTMENT
GOVERNMENT OF SIKKIM

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1 Preamble

Global and National Contexts

Foreign Direct Investment (FDI) and several other types of investments have been one of the key pivots in the development and growth process of a state and nation. Over the years, there are distinct shifts in the investment pattern, actors, institutions and policies across the global world. These perceptible shifts are indicated by: -

- i) Increasing movement towards Small and Medium Enterprises (SMEs)
- ii) Refocusing on energy saving ventures
- iii) Relocating technology intensive sectors
- iv) Repositioning of the green industrial potentials
- v) Reorienting the need and use of raw materials and natural resources
- vi) Market regionalization
- vii) Supply chains integration
- viii) Aiming at meeting the Sustainable Development Goals (SDGs) commitment and targets

In India, the post liberalization era triggered industrial delicensing in 1991 and subsequent progressively liberal industrial and investment policies, economic growth process, institutional structures and diversification of industrial and investment actors underwent tangible and far-reaching changes. There are several indications that demonstrate how two generations of reforms have percolated down to various federal states across the country thereby facilitating emergence of new growth centers.

- i) Remarkable structural changes have been witnessed by many states as indicated by the increasing share of secondary and services sectors as against the predominance of primary-agriculture sectors for many decades in the post independent period.
- ii) The FDIs have increased steadily and a range of new investors and MNCs have entered into the various industrial ventures varying from automobiles to energy, food processing to textiles, agriculture to infrastructure building, tourism and hospitality to mining, banking-insurance to digital payments, information technology to communications and surface transport, water ways, Railways to civil aviation.
- iii) Industrial locations have been diversified from being concentrated in few states to several other states and Union Territories.
- iv) New growth centers are emerging that include the states in the North East region of India.

Sikkim's Development Vision: Green Capital of India

Sikkim has been historically celebrated for its natural endowments, strategic location, political history, pilgrimage and trade in mountain geographies, ethnicities and cultural practices, peace and stability and institutionalization of sustainable development ethos.

Sikkim which constitutes as one of the eight states of the North East region of India, has the avowed objective of acquiring the enviable status of Green Capital of India. The State has all the determinants, wherewithal, instruments and strategies that would lead Sikkim to achieving the goal of Green Capital of India. It has already been recognized as the first Organic State in agricultural field.

With profusely endowed nature and biodiversity, rich cultural ecology and mountain heritage, its natural resources are mainly concentrated in areas like water, forests, medicinal plants and agro-horticultural advantages. It has been a globally recognized bio-diversity hotspots and constitutes a critical bridge in the Eastern Himalayas with Bhutan and Nepal and Tibet autonomous region of China and the Myanmar and other constituents. Besides being an abode of magnificent glaciers and a major water tower for the lower riparian of West Bengal and Bangladesh, Sikkim Himalaya plays a crucial role in the monsoonal rains in the country.

New variety of political and governance institutions have been built after a prolonged existence of Monarchy based institutions. Though the planned development process of India in the form of Five-Year Plan inducted only in 1975, the State today has the highest per capita income in the country with high growth regime. Sustainability is the core theme in the development ethos. However, Sikkim is likely to be the first line of mountain States to confront the wrath and fight against the negative consequences of climate change.

Sikkim is a border state with borderlands with Bhutan, China and Nepal. Therefore, national security interests are the topmost and deepest considerations in any development interventions and other policy prescriptions. Being a highland state, unlike the lowland areas, Sikkim has limited flexibility in development instruments and maneuverings.

Its small population with limited development aspirations and worldly needs, Sikkim has a huge advantage of expanding markets in India, Bangladesh, Bhutan, Myanmar, Nepal, South East Asia, China and other East Asian countries. Hence, connectivity linkages are critical. The historic Nathula Trade route with the Tibet Autonomous Region of China has been reopened in 2006, and a new multi-modal route connecting West Sikkim with the populous and biggest Province of Eastern Nepal is being designed.

Over the last few years, there has been a qualitative and quantitative upswing in the availability of skilled labor and higher skills pool. The State has recorded massive transformations in services sectors like education, health, tourism, construction, communications and banking and energy.

Several policy oriented sectoral and sub-sectoral reports including Sikkim Human Development Report 2001, Sikkim: Development Vision 2002, Sikkim Development Report:

2008, North East Region Vision 2020, North East Region Vision 2035, Tourism Master Plan have been prepared. Many of the key recommendations have been implemented.

Sikkim is expecting investors not only from India but also from the South East and East Asian countries, including Japanese and US companies. More so, substantive investment opportunities are being initiated under various sub-regional and regional arrangements including India-ASEAN Free Trade regime, the Ganga Mekong Cooperation, BIMSTEC, BBIN and ADB's South Asia Subregional Economic Cooperation, World Bank and JICA, all have Sikkim and the North East Region in their minds and actions under the Act East Policy of the Government of India.

Key Goals in Development Vision:

- i) To make Sikkim the first Green Capital of India wherein green policies are firmly put in place, green institutions are being created, green investors and entrepreneurs are invited and given crucial roles and sustainably driven methodologies and technologies will be used in all the core areas of economic, commercial, industrial and social sector development.
- ii) To use and implement the green instruments, technology, investment in agriculture, transports, educations, health, tourism, industries, water, food, waste management, banking and governance.
- iii) To take the Sikkimese society and the communities to a higher level of happiness, peace, stability and contentment by building and consolidating the factors that ensure human security, green alternatives and sustainable development.

To diversify the economic-commercial-industrial activities both in terms of sectors and sub-sectors and also in terms of geographical locations.

- iv) To achieve core targets of Sustainable Development Goals within a decade and achieve the rank of the 1st State in India from the 8th Rank (2022).
- v) To make Sikkim a zero poverty State and 100 percent literate state by 2030.
- vi) To reposition organic agriculture, horticulture, floriculture and animal husbandry as the pivotal bastion of rural development and exportable commodities/products.
- vii) To develop institutions, mechanisms, systems and instruments to minimize the impact of climate change.
- viii) To make Sikkim a major climate change study and research Centre in the entire Hindukush Himalaya region.
- ix) To make Sikkim "*Aatmanirbhar*" (self-reliant) as a crucial segment of *Aatmanirbhar* Bharat Mission.
- x) To double the per capita income of the Sikkimese from Rs.4,72,543 in 2021-22 (which is the highest in India today) by 2033.
- xi) To achieve the goal of making Sikkim a Rs 1500 billion (Rs 1,50,000 crore) economy by 2047

Industrial and Services Sector Perspectives

Sikkim has broadly undergone two phases of industrial and services sector development.

In the first phase i.e. the pre-merger phase (1947-74) , Sikkim developed some of the basic infrastructures, industries and social sector institutions. The schools were set up, mini and micro hydel projects were built, fruit processing and breweries were set up and basic tourism avenues were introduced. However, these were constrained by both fragile connectivity and also absence of nearly market bases.

The Second Phase i.e. post-merger period (1975-2023), the State recorded a massive jump in industrial sector particularly in pharmaceuticals and breweries, social sectors like education and health, hydro power development and installed capacities, tourism amenities and tourist arrivals, diverse development partners and substantive connectivity projects like railways and greenfield airports.

Third Phase starting 2024 is aimed at building the most robust, diverse, sustainable and sustainably driven Industries and services in the State. This will cover all the crucial sectors like agriculture, water, transport, education, tourism, industries, health, waste management, water, food, supply chains, textiles and fashion design, traditional medicinal systems, hydrogen – energy, IT, governance and reach all the geographies and communities in Sikkim.

Investment Opportunities

Unlike the traditional framework of both national and foreign investment, the Government of Sikkim looks forward to investment participation in various forms.

- a) Fully owned
- b) Joint venture
- c) In specific and exclusive areas like management, technology transfer, supplier of raw material, infrastructure like cold chains, professional participation and expertise provider, finance, marketing, value chain, research and development,
- d) And in exclusive services like veterinary services, horticulture-floriculture nursery management, breeding and feed management, fashion and textile design interventions, travel agency inter-connections, institutional support etc.

The strong commitment of the State Government to provide a diverse, purposeful and rewarding platform for investors, entrepreneurs, startups and also other industries is backed by the following enabling measures.

- i) Provisions of appropriate land and incentives based on locational advantages.
- ii) Facilitation by the State Government of all the basic amenities in and around the investment/production centers including water, electricity, arterial roads, legal/statutory support and security
- iii) In continuation of the Government of India's incentives to the investors introduced in 1997 specific to the North East region. The last four schemes viz.,

NEIP (1997); NEIIPP (2007), NEIDS (2017) were largely implemented in all the eight states of the North East Region. The latest scheme named the North East Region Scheme (NERS) 2022-2032 with an investment Rs 11000-15000 crore under the aegis of the Department for Promotion of Industry & Internal Trade (DPIIT) is under consideration.

- iv) Provisions of specific sector-subsector based incentives extended by the State Government of Sikkim are being continued. These include SGST exemptions, local human resources recruitments, energy consumption subsidies, stamp duty reimbursements and locational dispersal incentives.
- v) For enhanced ease of doing business, the State has onboarded with National Single Window System (NSWS) and a facilitation center has been set up in the Department.
- vi) Facilities and critical infrastructure that connect the production centers in Sikkim with the markets both in India and in the neighboring, countries are being put in place.
- vii) The entire investment activities are to be monitored and evaluated by a high-level team led by the Chief Minister of Sikkim.

2 Sikkim at a Glance

Sikkim joined the Indian mainstream in 1975 and has steered gradually from a hidden Himalayan paradise into one of the fastest growing States. It is primarily in the last 20 years or so that the State has witnessed the growth of many manufacturing and services sector units in stark contrast to the then agrarian economy of the pre-merger period i.e. before 1975. The industrial development focus in Sikkim began when the State Government emphasized on industrialization as one of the developmental goals of the State. The Sikkim Industrial Policy, 1996 was floated by the State Government for steady industrialization and generation of adequate employment opportunities. To provide fillip to these initiatives, a comprehensive set of provisions to make available incentives for tiny, small scale, medium scale and large-scale industries set up in the State was notified under the Sikkim Industrial Promotion and Incentive Act, 2000 and its subsequent revisions in 2003 and 2007.

The introduction of North East Industrial Policy, 1997 (NEIP) and North East Industrial Investment and Promotion Policy, 2007 (NEIIPP) and its extension to Sikkim after it was bestowed the membership of the North Eastern Council in 2002, have, indeed provided a major boost to the growth of industrial units in the State.

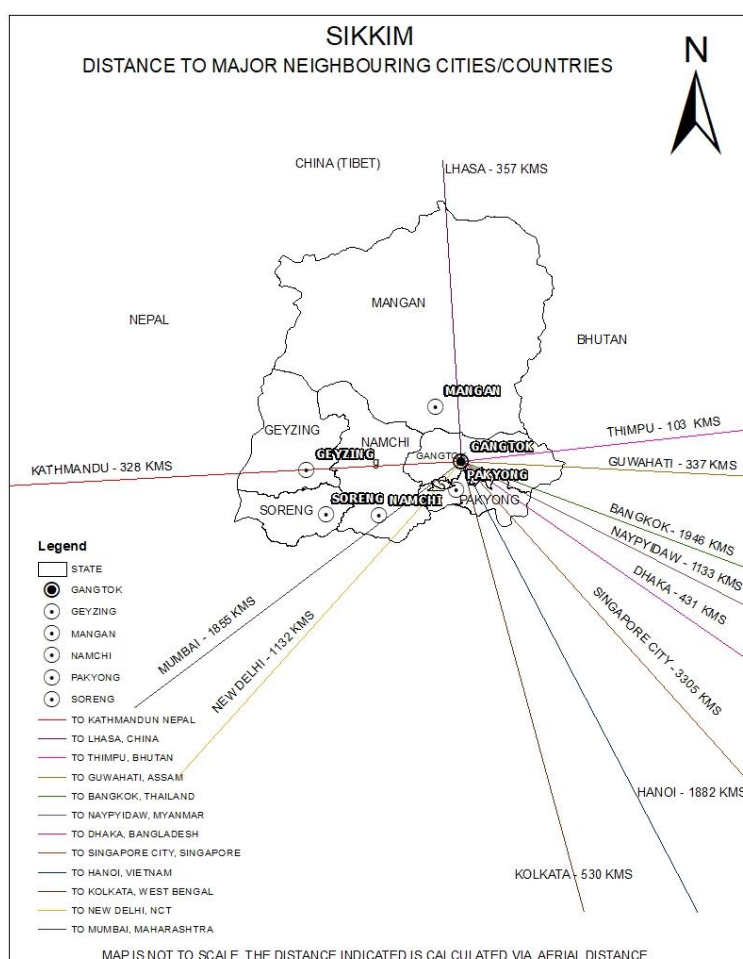
At present, 125 industrial units have been established in the State. This includes 40 large scale units, 18 medium scale units, 57 small scale units and 10 micro scale units. Some well-known drug manufacturing pharmaceutical leaders like Sun Pharma, Alkem Laboratories, Cipla, Zydus Pharma etc have set up their units in Sikkim.

In 2020-21, the secondary sector contributed 55.19% to the state's Gross State Value Addition (GSVA) at current prices. It was followed by the tertiary sector at 34.16% and the primary sector at 10.64%. However, with the Compounded Annual Growth Rate (CAGR) of 15.45%, the primary sector witnessed the fastest growth among the three sectors between 2011-12 and 2020-21. The Gross State Domestic Product (GSDP) of Sikkim expanded at a high CAGR of 12.66% between 2015-16 and 2020-21.

It can be easily inferred from the share of GDP that industrial growth and entrepreneurship are the real engines of economic growth and employment. The Sikkim Industrial and Investment Policy 2024 aims to attract investment in the sectors which will reinforce the state economy, rejuvenate industrial growth, create employment opportunities and most importantly retain the talent pool within the state.

2.1 Strategic Location

Located in the north east of India, Sikkim is a landlocked State spread across 7,096sqkm that shares three international borders with Nepal in the west, Bhutan in the east, and Tibet Autonomous Region of China in the north and east. Darjeeling and Kalimpong Districts in the State of West Bengal surround the south of Sikkim. In 2002, it joined the North Eastern Council (NEC) to become its eighth and youngest member.



2.2 State Population

With a population of 6,10,577 in 2011, Sikkim is the least populous State of India that is still largely rural, over 60 per cent of the population is directly or indirectly dependent on agriculture and allied sector. Sikkim's literacy rate has had a remarkable jump from less than 7 per cent in 1951 to 97 per cent in 2022. The State's per capita income for 2021-22 is recorded as Rs. **4,72,543**(at current price) which is the highest in India.

Road network

National highways mainly NH 10 of length 521.95km passes through the state. Over the last three decades, the network of roads in the State has increased considerably.

| Sl.no | Classification of Road | Road length in Km |
|-------|------------------------|-------------------|
| 1. | National Highway | 521.95 |
| 2. | State Highway | 743.81 |
| 3. | Major District Road | 1119.31 |
| 4. | Other District Roads | 565.93 |
| 5. | Other PWD Roads | 267.61 |
| | Total | 3218.61 |

Source: Roads & Bridges Department

2.2.1 Rail network:

The Siliguri- Rangpo railway line will be completed by December 2024 thereby ensuring much easier passenger and freight movement and also market access. This first rail network will also link Bagdogra- the nearest functional airport- and will cut down the time to reach the State capital of Gangtok.

2.2.2 Air Network:

Sikkim has one domestic green field airport in Pakyong and has flight operation to Delhi and Kolkata. The other nearest airport is Bagdogra in Darjeeling district of West Bengal and is about 112 kms away from Gangtok.

Sikkim gained the title of “Achiever State” among the NE States in the LEADS (Logistic Ease Across Different States) Survey 2023 undertaken by Ernst & Young under the aegis of the DPIIT, Govt of India which ranks states on the score of their logistic services and efficiency that is indicative of economic growth.



2.2.3 Abundant Highly qualified and Skilled Labour Pool

The state is home to one central university of Government of India, three State Universities, National Institute of Technology, fifteen private universities including Sikkim Manipal University, Shri Ramasamy Memorial (SRM) and Institute of Chartered Financial Analysts of India (ICFAI) University. The Sikkim Manipal Institute of Technology and National Institute of Technology are the premier engineering colleges in the State. Besides there are Fifteen government colleges offering various courses. There are two diploma colleges namely Advance Technical Training Centre (ATTC) Bardang and Centre for Computers and Communication Technology (CCCT) Chisopani for ensuring a steady flow of technical manpower. The State has multiple ITIs in various districts for creation of skilled manpower for various industries.

Table 30: Distribution of population by occupational status by Identification particulars

| SL No | Particulars | Workers | Non workers | Total | Regular salaried State Government | Non regular State Government | Regular salaried Central Government | Non regular Central Government | Private sector | Daily wage labourer | Farmer | Self employed | PSU-State | PSU-Central | Others | Students | Unemployed | Total |
|-------|-------------------------|---------|-------------|--------|-----------------------------------|------------------------------|-------------------------------------|--------------------------------|----------------|---------------------|--------|---------------|-----------|-------------|--------|----------|------------|--------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) |
| 1 | SSC/ Col/ Pancha | 209878 | 243879 | 453757 | 37012 | 34154 | 3667 | 3161 | 23379 | 31096 | 55659 | 20862 | 711 | 177 | 101886 | 123027 | 18966 | 453757 |
| 2 | Residential Certificate | 9280 | 11416 | 20696 | 205 | 231 | 162 | 154 | 1914 | 2304 | 1192 | 3045 | 66 | 7 | 4561 | 5855 | 1000 | 20696 |
| 3 | Others | 79197 | 84400 | 163597 | 785 | 686 | 1514 | 1041 | 21787 | 31439 | 7625 | 13893 | 88 | 339 | 32750 | 46810 | 4840 | 163597 |
| | Total | 298355 | 339695 | 638050 | 38002 | 35071 | 5343 | 4356 | 47080 | 64839 | 64476 | 37800 | 865 | 523 | 139197 | 175692 | 24806 | 638050 |

Source: Provisional Report UNNAYAN Survekshan 2022

3 Sikkim Development Vision: “Green Capital” of India

The Development vision of the State of Sikkim is to emerge as the first "Green Capital" of India. The State in an effort to realize that vision has placed a strong emphasis on green technology, green investment, green energy practices, prudence in natural resources

management, organic farming, green transport, green food and water, environmental sustainability, conservation, and eco-friendly measures in its policies, economy, and overall development. Sikkim is therefore actively working to achieve a low and zero carbon, resource efficient and socially inclusive economy while addressing the challenges posed by climate change and environmental degradation.

3.1 Environmental Protection:

Sikkim is an integral part of the globally designated biodiversity hotspots in the Eastern Himalayas. The state is incredibly rich in rare and exotic plant and animal life, including 5,000 types of blooming plants, 515 unique orchids, 60 species of primula, and 36 species of rhododendron. In terms of the production and supply of cut flowers to various markets, this places it among the top North Eastern states. Over 424 of the 6,000 medicinal species growing in India (including the well-known *Artemisia vulgaris*, an antibacterial plant) are found in Sikkim.

Sikkim is frontrunner in protection and conservation of its natural resources, forests, environment and wild life. Forests cover of Sikkim has increased by 4 per cent in last two and half decades which is testimony of the ecofriendly policy of the State. Sikkim, just covering 0.2 per cent of the geographic area of the country, has about 26 per cent of total floral diversity of the country. With 30.8 per cent of its geographic area covered under Wildlife Protection Area Network, with seven Wildlife Sanctuaries and one National Park, Sikkim has country's highest State wise percentage of protected area. Khangchendzonga National Park covering 1784 sq km (25 per cent geographic area of the State) is the India's largest UNESCO designated world heritage site on mixed criteria of nature and culture. Khangchendzonga Biosphere Reserve is in UNESCO's list of World Biosphere Reserves.

State Government introduced a blanket ban on packaged drinking water bottles of capacity up to 2 litres across the State with effect from January 1, 2022, a concrete step towards reducing plastic wastes and its pollution to environment and human health. The people's participation in management of forests through Joint Forest Management Committees and Eco- Development Committees has been rationalized and strengthened. It has also rationalized the jurisdiction of JFMCs with Gram Panchayat Units for ease of better coordination with Panchayats and local people in protecting the forests with usufruct sharing. Amongst the 100 Green Sustainable destinations in the World Khangchendzonga National Park is one such destination in Sikkim.

The botanical endowments are surrounded and sustained by a unique indigenous cultural ecology and the strong tradition of faith healers. Sikkim is positioned as a knowledge bank of traditional medicinal practices and a destination for wellness and recuperation in the Himalayas.

3.2 Clean and Green Energy

The State of Sikkim is richly endowed with huge hydro power potential of about 8000MW and has a solar power potential of 4.96GW. The State is harnessing these clean sources of energy to meet the energy demand and reducing the greenhouses gas emissions thereby playing an important role in mitigating the negative effects of climate change.

3.3 Organic State

Sikkim is the first state of Sikkim to be 100% organic certified in agricultural production and practices in 2016. About 75520 ha of land has been certified Organic out of the total available farmland of 77000 hectares. The state has implemented a strict policy of complete ban on chemical fertilizers and reliance on natural methods of farming. The State is also the leading producer of large cardamom in the country. Besides cardamom, the state produces a whole range of crops such as ginger, turmeric, buckwheat and whole range of horticulture crops such as mandarin orange, kiwis, avocados and plantation crops like tea, baboo etc.

3.4 Green Infrastructure

The State is currently investing in many eco-friendly infrastructure projects which produces minimal carbon footprint. The State plans to decarbonize its public transportation system by optimally utilising electric vehicles and green hydrogen and appropriate technology for solid waste management. The State has implemented ropeway project to important tourist destinations to make it eco-friendly and green.

3.5 Environment Education

The Himalayan region of Sikkim is located on a fragile geography susceptible to climate change effects. Therefore, in order to protect the environment from further degradation, environmental education is utmost priority to the State Government. It emphasises on education and awareness campaigns so that an informed and eco-conscious generation of citizens are always generated to undertake sustainable practices and planet protection measures.

3.6 Inclusive Development & Sustainable Development Goals

Sikkim is based on myriad of cultures and is home to about 19 different communities with its own culture and traditions. All communities in Sikkim are given equal opportunities and special development attention for their advancement so that the fruits of development are shared by all.

In the overall index of Sustainable Development Goals, Sikkim's overall composite score improved to 71 in 2021 from the base level of 58 in 2018 and 65 in 2019. In the all India ranking Sikkim now stands at eighth position. It leads the tally among all the North East States. The State has won a range of awards and accolades from both the Governmental and private-independent institutions.

Therefore, industrial development and investments made in the State will be in consonance with the UN sustainable development goals (SDGs).

3.7 Innovation and Research

In an era where the effects of climate change are being felt and wide spread destruction is taking place due to the vagaries of nature the State government is promoting research and innovation to develop new technologies and solutions that address environmental challenges and promote sustainability. The recent floods caused by Glacial Lake outburst floods (GLOF) caused due to effects of climate changes in the Sikkim Himalayas is stark reminder to

promote research and innovation in environmental science and sustainable development practises.

4 Need for new Industrial policy

Sikkim aspires to emerge as the first “Green State” of India and ensures that the long-term development goals of the State are sustainable and have very little effects on the environment of the state. Being a highland state, it has always devolved strategies and policies that will least affect any of the lowland geographies in terms of climate, rainfall, pollution, river water flows, health and disasters.

The recent floods of 4th October 2023 which has brought about huge destruction of public properties and infrastructure is a stark reminder that development needs to be balanced and industrial development is intricately tied to the wellbeing of the fragile environment of the State.

Therefore, any industrial development of the State of Sikkim will have to be in sync with the environment of the State and the nation and the neighbouring countries for the long-term sustainability.

The new Industrial policy thus aims to achieve a major shift from the earlier policies of rapid and versatile economic development to more selective, balanced and green development of the State. The development of new industries is to be carefully planned so that there are minimal negative consequences on the environment, human security and downstream and neighbouring geographies.

The new Industrial policy aims to be community centric and local geography specific so that the cream of development benefits is largely shared with the local population who are the key stakeholders in the development process.

The youth of the Sikkim are naturally talented, aspirational and with high degree of inter-mixing characterises. More importantly a new generation of educated, trained and resilient youths and promisingly vibrant entrepreneurs are now reasserting the idea of repositioning the Sikkim in the development map of India and also as geography of peace that coexist with harmonious communities and nature based comparative advantages.

Converging Towards New Development and Investment Models

It involves a non-traditional responsibility of the policy makers to steadily reverting to a growth model that retains maximum generated development gains within the communities and geographies of Sikkim. Rebuilding a class of local entrepreneurs, injecting newer technology and innovative skills, bringing a variety of national and international institutions, rejuvenating the rural economies, inducting global multilateral development and philanthropic organizations, up-skilling the youths for local-national-global employment market, promoting multiple stake holdings, reorienting the entire natural resources, commodity, hydro power and industrial policy.

5 Policy Roadmap

5.1 Vision

To emerge as the first Green State of India and a leader in Green Industries and Investment and to ensure that the economic development of the state is sustainable and have least effects on the fragile ecology of the State.

5.2 Mission

To reset Sikkim development goals and focus on sustainability and balanced industrial development duly protecting the rich bio diversity and ensure minimal harm to the fragile ecosystem of the state thereby ensuring the long-term sustainable development of the State.

5.3 Objectives

1. To attract green investments worth Rs 30,000 Cr by 2035 in the Sikkim
2. To create aspirational jobs for about 20000 youths of the state of Sikkim
3. To create an ecosystem for start-ups, innovations and entrepreneurship
4. To usher in new industries aimed at mitigation of the adverse effects of climate change
5. To usher in the new era of Industry 4.0 (Artificial Intelligence, 3D Printing, Internet of Things and Robotics Nano technology etc)

5.4 Policy Period& Applicability

This policy shall be valid for a period of 10 (ten) years from the date of issue of Government Order or till a new Policy is announced.

Incentives and concessions under this policy shall primarily be available only for Manufacturing Enterprises / Industries and specified categories of service enterprises which are not listed in Annexure-1, and meeting the definitions of “Green Industries and Investments”.

6 Thrust Sectors

The State Government of Sikkim has identified key thrust sectors based on competitive strengths, comparative advantage, resources availability, market access of the State, institutional capacities and larger dynamics of Government of India’s Act East and Neighbourhood First Policies. Further these specific core areas have been opened to the investors with a view to balance the development process with the protection of the environment and fragile ecology of the State.

The following sectors viz Green tourism, Organic Farming and Processing, Clean and Green Energy, Green Hydrogen, Creative Industries, IT and ITes, Films and Media, Pharmaceuticals, Health and Wellness, Education, Smart Cities, Climate Change Mitigation, Management and Studies; Traditional Medicine Systems; Patents and Intellectual Property Rights; Textiles and Fashion Design; Trade routes and Pilgrimage; Skill and Capacity Building; Research and Development, testing and Quality Assurance; Recreation and Entertainment, sports, music and leisure have been identified as thrust sectors which shall be accorded both priority and special treatments under the Single Window Policy.

6.1 Green Tourism

Tourism has been the main stay of the economy of Sikkim. However, with the rapid tourism development in the State, there has been undesirable effects on its fragile eco-system and limited carrying capacity. The State is now focussing on developing the State as the Green Tourism destination.

The State while attracting tourists from India and all over the world would ensure more value per tourist, longer stay, oriented towards rural vicinities and eco-heritage tourism and less carbon footprints. With the abundance of natural beauty, scenic mountain views, rich bio diversity, organic farmlands, huge cultural and historic heritage Sikkim will increasingly be the green tourism destination.

Sikkim is one of the fastest growing destinations for Meetings and Conferences, Weddings, Honeymoon and Leisure, adventure, heritage, cultural and pilgrimage destinations in the Eastern Himalayas. Corporate houses, international organisation, government ministries and NGOs and media throng this place to both have meaningfully effective and engaged interactions both within the halls and outside on the lap of a range of mountains.

The State has accorded topmost priority to Home Stay tourism in alignment with the vision of State Government in sustainable tourism and eco-tourism through the Mega Homestay Scheme of the State Government.

6.2 Organic Farming and Processing

Sikkim is the first state in the country to be declared as fully organic farming state in the year 2016. The State Government embarked on the journey to ensure the long-term protection of the soil fertility, protection of the environment and ecology, healthy living and decreasing the risk of health ailments.

About 75000 hectares of the State farms are now fully organic and the organic produces from these farms can be marketed and branded to fetch higher prices. The key organic commodities of the state are cardamom, ginger, buckwheat, turmeric, oranges, kiwis etc

Emphasis and priority is being laid now on the processing of the organic products and their exports to both captive markets in India and also international markets. The state has set an ambitious target of achieving US \$ 100 million (Rs 820 Crore) of exports of organic products by 2030. Therefore, in order to achieve this huge investment will be required in the organic food production and processing sector. There are high opportunities for the investors to scale up the production and also introduce newer varieties of crops/fruits/vegetables/flowers in an organised manner among the farmers who are fast learners, easy adapters and also friendly to innovations and entrepreneurship. Farmers and local entrepreneurs are aspiring to depart from the traditional processing system of small scales and old technologies and participate in the modern state-of-the art processing facilities.

This is the most opportune moment for investors in the food processing sector to leverage from this sunrise sector by connecting with the value and supply chain that spreads over to

many neighbouring countries including Middle East, Bhutan, Nepal, Bangladesh, Myanmar, Vietnam, Thailand and Singapore and beyond.

6.3 Clean and Green Energy

Sikkim is richly endowed with perennial rivers and water streams that has a large potential of generating electricity through Hydro Power Projects. Out of 8000 MW assessed hydro potential of the state 2300 MW has already been commissioned with the participation of Independent Power Producers (IPPs), Central Public Sector Units like National Hydro Power Corporation (NHPC) and under various Joint Ventures. Another 1000 MW is under various stages of construction and is expected to be commissioned by 2027. There are possibilities that much of the power generated will be dispatched to demand centers in the neighboring countries under the Cross Border Energy Trade Guidelines of the Ministry of Power, Government of India in 2021.

However, the State is consciously moving towards small, mini and micro hydro segments. With the primary objective of creating a favorable environment for community ownership and private sector participation in small hydro power sector the State Government has notified the existing policy for development up to 5 MW by local entrepreneurs only. The existing Transmission System in the State consists of 132 kV & 66 kV lines with total transformation capacity of 220 MVA.

The State is implementing a Comprehensive Scheme for Strengthening of Transmission & Distribution System with the support of Government of India. The scheme consists of 220 kV, 132 kV & 66 kV Sub – Stations and associated Transmission Lines and are expected to be commissioned by early 2024. With the completion of this scheme the state will have 220 kV stations for pooling the power generation from different hydro projects, 132 kV Sub-Stations at District Headquarters & 66 kV Sub – Station at all sub-divisions and load centers of the state.

The State Government while recognizing the threats of climate change impact are diversifying to other green energy sources including wind, solar and green hydrogen.

Sikkim has also a good Solar Potential of 4.94GW peak and there is high potential for development of solar parks and solar clusters in the state. The State is also promoting agro-voltaic farming in the state.

6.4 Green Hydrogen

The Government of Sikkim has identified Green Hydrogen as high potential sector for investment in the future. The Green hydrogen technology will enable the generation of Green Hydrogen from the renewable energy which is abundant in the state.

The Green Hydrogen so generated will help in the decarbonization of the transportation sector in the State. The government also intends to establish micro-grids for the remote and disaster-prone areas using the technology. There is also high potential of the use of green hydrogen for fertilizer industry and other industries and can be exported from the State.

Investors will have friendly access to these resources and develop some major ventures with the support of the State Government.

6.5 Animation, VFX, Gaming, Comics and Extended Reality Sector (AVGC-XR)

The Animation, VFX, Gaming, Comics and Extended Reality (together termed the AVGC-XR sector) has emerged as an important growth engine of the Indian economy. The AVGC-XR sector has the potential to produce powerful content and Intellectual Property.

The AVGC-XR sector has witnessed unprecedented growth rates in recent times, with many global players expressing interest in the Indian talent pool to avail offshore delivery of services. Further, the Media and Entertainment (M&E) Industry is expected to grow at an 8.8% CAGR by 2026, as per a report on Global Entertainment and Media Outlook. India is now seen as the primary destination for high-end, skill-based activities in the AVGC-XR sector. The sector has the potential to disseminate Indian culture to the world, connect the Indian diaspora to India, generate direct & indirect employment and benefit the tourism & other allied industries.

Despite a huge scope and wide opportunities, the AVGC Sector in Sikkim is in the nascent stage with only few companies engaged in the Sector. In terms of contribution to the State GSDP, it is currently miniscule and most of the entrepreneurs / designers cater to mostly local content creation. Given a conducive environment and policy support, the following are growth drivers for AVGC Sector in Sikkim

- **Creative Talent:** The State has a relatively young population with huge naturally creative talent which if harnessed well can contribute to the growth of the AVGC sector in the State. These talents range from oral history narration to mountain tales, folk and modern music to cinema, theatres and dances, farming to tourism, mountaineering to sports, food to fashion designs and farming to public health practices. There is strong preference of students towards creative subjects thereby making AVGC one of the best sectors for future employability
- **Increased technology penetration:** The state has witnessed increased digital technology penetration with most of the people owning smart devices and have access to digital data. Post Covid most of the students now access online content for their studies. The state has witness significant growth in social media platforms such as facebook, twitter and YouTube. The reach of online content through social media platforms has been phenomenal in the recent years.
- **Local Content:** There is increase consumption of local content created digitally due to huge increase in mobile phone penetration. Sikkim and surrounding areas of Darjeeling and Kalimpong districts provide a massive opportunity to generate local contents based on rich history, cross border interactions with neighbours like Bhutan, Nepal, China and Bangladesh, culture and food, nature and biodiversity and more importantly on new vistas of educational curriculum. Some of these have been

demonstrated by our talented youths who have triumphed in national and international competitions.

- **Emergence as outsourcing hub:** The State of Sikkim can emerge as the outsourcing hub for the AGVC sector given the conducive investment environment. With the right infrastructure and support for its entrepreneurs in the State, outsourcing work from various countries can be tapped.

6.6 Films and Media

The State has its own brief history of cinema. It dates back to the Kingdom of Sikkim when Satyajit Ray, widely regarded as one of the greatest filmmakers made a documentary titled “Sikkim” in 1971, showcasing the socio-cultural front of the Himalayan kingdom under the Monarchy. It can be said that his work on Sikkim laid the first foundation for a new breed of digital quest and aspiring filmmakers. Actors like Danny Denzongpa and Geetanjali Thapa and other artists have not only brought pride and fame to the state but have strengthened the bond with the film industry and become idols for others with similar passion and dreams. There is a pool of young Sikkimese artistes who are bound to grow in both national and global shows. Over the years, Sikkim has served as a perfect backdrop for movies and filmmakers have used this to their advantage. Classic movies like the Dev Anand starrer, Jewel Thief and modern movies like ‘Uff Yeh Mohabbat’, ‘Yaariyan’, ‘Qarib Qarib Single’ have all been shot around Sikkim’s picturesque valleys, towns and landscape.

Therefore, there is ample scope for investment in film production, post film processing, media studios, films schools etc in the State of Sikkim.

6.7 Pharmaceuticals & Bio technology

Sikkim is home to more than 50 pharmaceuticals companies and almost all the top pharma companies such as Sun Pharma, Cipla, Zydus, Alkem, Alembic, IPCA labs etc are manufacturing through their production Centres in the state. The North East Industrial and Investment Promotion Policy (NEIIPP) 2007 and subsequent schemes like North East Industrial Development Scheme (NEIDS) 2018 have been the major driving force for pharma companies to make investments in the greenfield projects in the state. Under these schemes of the Government of India policy benefits such as income tax exemption, GST exemption and capital investment subsidies transport subsidies have been available to the investors in a consistent manner. The State government provided the land and ample supply of power and water and local labour making it a pharma hub in the country.

There is a huge scope for diversifying to several nature-based health and beauty products, blending traditional medicines with modern allopathic medicine and also harnessing a huge reservoir of biodiversity for medicinal and health purposes. Given the brand name of Sikkim, the opportunities to reach national and global markets are high and lucrative.

Given the rich Biomass available in the State, the future of Bio technology in the State shows huge potential. The State aspires to further develop these sectors and invite companies specializing in Research and Development given the rich stock of medicinal plants available in the State.

6.8 Health and Wellness

Given the clean and pollution free environment and greeneries all around, the State government is positioning Sikkim as the health and wellness destination. Health and Wellness encompass a holistic concept that goes much beyond physical and mental health. Today consumers are more conscientious of the ethical and environmental implications of the goods they buy and looking for environment friendly and sustainable products.

Sikkim and NER are home to many traditional and herbal medicinal resources and investments commercializing this resource along with promoting medical tourism will have tremendous potential in the State.

Given the focus of the government in reviving the age-old practises, the State government also intends to train its manpower into wellness experts where manpower will be readily available for companies looking to set up their centres in the State.

Investments with modern and orthodox technology and management in yoga ashrams, meditations centres, folk healing ventures, hot spring and other natural therapies, health walks and treks, organic and slow food and drinks enterprises and others.

6.9 Education

With the advent of the New Education Policy, the State of Sikkim has prioritized quality education and setting up of world class education institutes in the States. The State is therefore, inviting inter-disciplinary universities, colleges, schools and institutions in both tertiary, professional, technical and training and skill building sectors to set up their campus in the State in the midst of the salubrious environment of the State. Sikkim has the potential to attract students from rest of India and neighbouring countries and the global world for educational purposes that have huge natural, field based, cross border, environmental, community and agricultural heritage exposures. Prime investors in education sectors are already visiting and negotiating with various agencies in the State.

Sikkim aspires to be a leader in green technologies and science and institutes focussing on climate changes, green technologies, green energy, traditional medicinal systems, disaster management, commercial use of biodiversity with strong emphasis on conservation, water resources management, high value tourism.

The upcoming Netaji Subhash Chandra Bose University of Excellence being established in Chakung in West Sikkim is a priority project of the State Government and is envisaged to

become a global hub of learning with local ethos not only of Sikkim and the North east but covering the entire Himalayan region.

The Institute will be the first such institute in the entire Himalayan region that will undertake high quality research work on the people, flora and fauna, climate change, cultural ecology, water resources, environmental issues of the Himalayan region. This will also give a major boost to the economy of the State by attracting intellectual talent pool of scholars, research centres and academia. There is a huge scope for investment and collaboration with private sectors and research institutions alike.

6.10 Smart Cities and Real Estate

Sikkim is the least populous state in the country with an estimated population of 0.60 million and an urban share of 25%. Gangtok, the capital with an area of 19.28 sq km and an estimated population of 0.1 million attributes to 66% of the urban population share of the State, thus making it a primate city, characteristic prevalent in most of the Indian states.

In order to promote a sustainable Himalayan urban growth, the State has notified the “Gangtok 2041 – GIS based Master Plan for Gangtok”. This perspective plan, developed under the sub-scheme “Formulation of GIS based Master Plan” of the AMRUT mission, covers the capital city, spanning 158 sq km. It enables the department to incorporate elements for identifying future economic nodes and unlocking economic potential through a flexible approach to urban planning.

The absence of a public transport system in most of the mountain and hill cities has been an impediment in unlocking the economic potential of lands which are already in short supply due to spatial and non-spatial attributes. The transit corridors for public transport would emerge as future economic nodes and thus has to be integrated in the master plan.

The Techno Economic Feasibility Report of Cable car as Public Transport for Gangtok has already been completed. The proposal includes 14 stations covering a length of 13.43 km stretch within the capital city. Additionally, the State has prepared the Sikkim Aerial Ropeway Bill to regulate the procurement, operations, and maintenance of aerial ropeways in Sikkim. This measure aims to promote public private partnership and ensure quality and safety of all passenger and non-passenger aerial ropeways.

In addition, as per one of the recommendations in the recently released report on “Reforms in Urban Planning Capacity in India” by NITI Aayog, the Government of Sikkim has already initiated the revision of the existing Sikkim Urban & Regional Planning and Development Act 1998 to provide a suitable and adequate legal framework to promote and regulate planned development in urban, peri-urban and hinterland areas across the State.

The extended area for urban development, with the proposed green transport network in the form of aerial cable cars and suitable legal framework under revision would be the crux of the master planning considerations for identifying and unlocking the future economic nodes within the existing and the future city limits of Gangtok.

For a small state like Sikkim, a Strategic Urban Plan (2008) was prepared for the entire state based on a regional planning approach applicable for larger states. The urban growth is lopsided with 80% of the urban population residing in the East District and hence adoption of a “multiple nuclei urban structure” with a projected urban share of 60% in the North & East Districts and 40% in the West & South Districts for a horizon year of 2040 has been proposed. Thereafter, the Structure Plan for Gangtok along with the other district headquarters has been prepared.

The State Government now proposes for the sustainable and planned development of cities such as Gangtok, Pakyong, Namchi, Mangan, Soreng and Gyalshing. These smart cities will be powered by sustainable and green energy and shall be entirely based on green principles of planning. The Cities shall be new centres of economic centres of growth and will be further helping in development of sectors like tourism and health and wellness.

The State Government therefore invites companies and investment focussing on urban development and infrastructure, real estate development, city transport development etc.

6.11 IT and ITeS

With abundance of talent in Information technology and college and universities churning talent in the sector, Sikkim has high potential for development of niche sectors using IT technology.

With the advent of Industry 4.0 new avenue for growth such as Internet of things, Artificial Intelligence, Robotics, Automation, Extended reality are making its mark in the world. The State welcomes companies and startups in this sector to invest given the resources available in the State.

6.12 Climate Change Mitigation, Management and Studies

The State Government will build low carbon and resilient cities, increase energy efficiency and use renewable energy, implement climate smart agriculture and nurture forest landscape, strengthen disaster preparedness and mitigation measures. Priority in areas of research and Development on Climate change and disaster mitigation and management will be encouraged.

6.13 Traditional Medicine Systems

Sikkim and NER is home to many traditional and herbal medicinal resources. An Ethno-medicine and Tourism Commission (EMTC) autonomously set up at the regional level under PPP mode exclusively for commercializing together with promoting medical tourism will have tremendous potential and impact.

Medical /Wellness Tourism in the region could also be built on specific themes so that high value tourists could be attracted for a relatively longer stay. The investment would be selective and with high visibility and would be fully coordinated with private operators with Government

providing the enabling infrastructure and connectivity. Sikkim has identified four themes of Religious; Nature/Adventure/Yoga/Wellness; and others like Business, Recreation around which the tourism initiatives of the State could be built

It is believed that going forward Sikkim should target higher end tourists with longer stays while continuing to grow traffic at a moderate rate of 10 per cent annually.

Given the focus of the government on reviving the practises such as yoga, meditations and folk healing, the State can play a significant role in Wellness tourism.

6.14 Textiles and Fashion Design

The State has a rich repository of knowledge in handloom, handicraft and textiles which is woven into the culture of the region. The State government will seek to create, support and sustain an enabling environment for the development and growth of the handicrafts sector and for generating sustainable livelihood of people engaged in this sector across the state and to preserve and evolve traditional craft and artisanal skills and so they may remain an integral part of cultural fabric of the state of Sikkim.

It also seeks to remove the constraints that have affected the growth trajectory of the sector through a multipronged approach of capacity building, marketing, product development, patenting and trademarking, price support, branding support and packaging.

6.15 Trade routes and Pilgrimage

Sikkim which shares three international borders with China, Nepal and Bhutan has vast potential for engaging in trade with these countries and the BIMSTEC countries which would boost the economy and tourism for these regions. The Indo-China Trade route at Nathu la in eastern Sikkim was a landmark decision of the Govt of India which commenced in 2006. The Chewabhanjyang pass located in Uttaray village of Western Sikkim has been identified as a potential trade route between (Sikkim) India and Nepal. The setting up of an integrated check post has been initiated by the State Government.

Pilgrimage tourism is expected to attract a huge number of visitors which could establish the state of Sikkim as one of the Buddhist /Pilgrimage circuits with the rest of the Himalayan regions of Nepal, Bhutan, and China. Heritage tourism like the Younghusband Expedition and Pilgrimage tourism would go a long way in attracting the interests of scholars, Mountaineers, expedition experts, pilgrims and students alike.

6.16 Recreation and Entertainment sports, music and leisure.

The leisure industry is a segment of business focussed on recreation and entertainment, sports music and tourism. Recreation and entertainment are an important factor in today's environment where work life balance is increasingly playing an important part in the physical and mental wellbeing of individual and society

According to data from the Statista Market Insights, World Bank, IMF, UN, Eurostat, in 2024, the estimated consumer spending per capita on culture and recreation in India is US\$12.49. The consumer spending per capita in hospitality and restaurants sector in India is forecast to amount US\$22.15 in 2024. Sikkim can be the next Hub of Recreation and Entertainment taking advantage of its salubrious climate, safe environment, and hospitable people.

7 Promotion of Thrust Areas

7.1 Centre of Excellence for AVGC-XR Sector

The Government of Sikkim envisage to make Sikkim a world class hub for AVGC-XR sector by the year 2030. In order to achieve this goal, the Department of Commerce and Industries in coordination with other department of the State government will initiate development of enabling infrastructure to transform the capacity and capability of AVGC industry of the state in order to compete in the global arena. The Government of Sikkim will establish a Centre of Excellence for Animation, Gaming and Visual Effects at Marchak, near Gangtok in order to create a vibrant ecosystem that will support the AVGC industry and also attract new companies from AVGC sector to set up base in the State. The Centre of Excellence is envisaged to have state-of-the-art solutions and digital infrastructure at a competitive price required for a multitude of services provided by AVGC companies.

To encourage the adoption of latest digital post-production technologies such as motion capture, 2D & 3D animation and high-speed rendering across Sikkim AVGC producers and IP creators, the Government of Sikkim will establish a common infrastructure facility at Marchak, Gangtok and at Namchi, to be available on pay-per-use basis at reasonable price. The government welcomes collaboration with Industry associations, Corporate CSR wings etc .

7.2 Food Processing Hub

The Government of Sikkim will establish Food Processing Hubs/Parks to promote food processing industries in the State through PPP/JV /partnerships which will have State of the Art facilities for processing and packaging of Food Product.

A well-equipped food safety laboratory, organic certification laboratory will be set up in the Food Park. Industries and Entrepreneurs will be able to set up their unit inside the food park.

7.3 Startups and Incubation Centres

Sikkim is emerging as the powerhouse for start-ups in the North East Region. The AIC-SMUTBI in Rangpo Sikkim has been ranked as one of the forerunner Incubators of the Country in the Ranking Framework conducted by NITI AAYOG, World Bank and IIT Delhi. The incubator is home to many startups in the country and is playing a pivotal role in fostering innovation and supporting the growth of early-stage companies.

The State Government will now in the policy period create world class and an Innovation Hub and incubation centres in all the districts of the state which will work on the various

thrust/priority sectors and emerging sectors so identified. The Government will provide infrastructure support, technology access, mentorship, and a funding support of upto Rs 10 Cr will be provided per incubation centre.

An Innovation Fund support of Rs 50.00 cr will be funded by the State government to support start-ups, women and youth particularly for setting up rapid prototyping, testing facility, scaling of their business and to provide business support from ideation stage to commercialization.

7.4 Research & Development

Research and Development (R&D) plays a critical role in determining the productivity and economic growth of the State. Sustained investments in R&D help in spurring economic growth and social development. Given the state's fragile ecosystem and geology, there is need to enhance investment in the R&D for environmental studies and climate change. The State support R&D in the following areas:-

- i. The state government will also facilitate lab to industry transfer of emerging technologies across sectors, including green sector in collaboration with academic and research institutions.
- ii. Support of R&D Oriented towards testing and quality benchmarking.
- iii. Supporting research on entrepreneurship in the State (eg Research on understanding barriers to enterprise development in a particular sector)
- iv. The State Government will support the filing of patents and shall adopt a proactive stance in protecting the Intellectual Property Rights (IPR).

An ecosystem with increased partnership with private companies and improved industry-academia linkages is the need of the hour.

7.5 Cluster Development Program and ODOP

In order to develop potential sector such as organic food products, handicraft and handlooms and other sector, clusters will be identified and develop by the Commerce and Industries Department. These clusters will aim to achieve economies of scale and will be based on the principle of One District One Product (ODOP). All clusters in various district will be provided with common facility centre which can be used by the entrepreneurs for their product development.

The Cluster Development Scheme aims to build capacity of MSMEs for common supportive action through formation of self-help groups, consortia, upgradation of associations, etc. Common facilities for testing, warehousing, effluent treatment, branding and marketing will be created in each cluster in all the district of the State for the support of the MSMEs.

7.6 Modernization of DICs

For a successful implementation and monitoring of the Industrial Policy, it is essential to enhance the capacity of the concerned government officers at District level. As a next step, empowering these officers with sufficient equipment and tools are required.

These offices will be One-Stop-Shop and provide business support services for all entrepreneurs and industrial units, undertake awareness and sensitization camps, run financial literacy workshops in collaboration with financial institutions and handhold in project preparation, submissions and track progress. Thus, it is proposed that the offices in each district Industries Centre be strengthened with sufficient infrastructure and technology support.

The State will take measures for the augmentation of the District Industries Centers to enable them to deliver their envisaged functions to the optimum levels.

7.7 Awards & Recognition

The Department of Commerce and Industries shall institute awards in various categories for encouraging increased production and economic activity. This award shall be given annually by the Department in coordination with various industries associations and organization.

- i. A Committee shall be constituted for the awards to evaluate the nominations received from the enterprises in the State.
- ii. Award shall be given annually to enterprises which exhibit best performance in Manufacturing and Service sector.
- iii. Award shall also be given for the CSR work undertaken by various companies after due evaluation by the committee
- iv. Evaluation will focus on the environment sustainability of the plant and machinery, timely renewal of permits and conducting of audits, volume of employment generation with capacity building, welfare measures of the labour, promotion of environment friendly technology, profit percentage and any other parameters as decided by the award committee.

8 Making Land and Manpower Easily Available

8.1 Land Leasing Policy

The State Government vide Notification No. 57/Home/2011 dated 11/07/2011, Notification No. 4/LR&DMD (R) dated 29/02/2008 read with Notification No.8/06/GOS /LR &DMD/Acq dated 16/08/2014 have carefully carved out provisions to lease out land to the investors within the state to facilitate Industrial growth and economic development without diluting the old protected land laws.

Under the land leasing policy of the State

- Land Bank details for industrial use shall be maintained by Commerce & Industries Department. The land shall be made available to industrial investment by the investors on mutually agreed terms & conditions
- Private lands where industries can be set up on lease agreement basis with land owners or on Public Private Partnership mode shall be encouraged as per the existing notification of the Government
- The private land shall be made available for industrial usage on lease basis for a period of 33 years as per extant Government notification

- The lease period shall be renewed automatically for one tenure at the end of 33 years lease period with lease payment to land owners as per the current market rate of land value or on mutually agreed terms & conditions.
- If the industrial investment is more than Rs. 50.00cr. second renewal shall be considered with lease payment to land owners as per the current market rate of land value or on mutually agreed terms & conditions.

8.2 Labour Laws and Employment Provisions

The State Government has ensured peaceful environment for employees and employers, to provide job securities, good hygienic working conditions and safety measures at work sites, welfare and beneficial wages to workers in time and compensation in case of accidents, medical facilities, provisions for future etc, and thereby to improve Socio-Economic condition of the working class and to bring about industrial peace and harmony which could in turn accelerate productive activity of the country resulting in its prosperity. Sikkim Labour Protection Act, 2005, Minimum Wage Act, Sikkim Interstate Migrant workmen Rules 1980, Shop and Commercial Establishment Rules 1984, Sikkim Labour Protection Act 2005, Child Labour Protection Act 1986, Building and Other Construction workers Act 1996 etc.

8.3 Minimum Wages Act

The State Government has revised the Minimum Wages Act vide Notification No 29/DL Dated 14.9.2022 wherein the daily wage rates for various categories of skilled, semi-skilled, unskilled and highly skilled workers were revised.

8.4 Reskilling provisions

For re-skilling and up-skilling of the employed workers and facilitate Assured Career Progression of the workers as well as for Lateral & Vertical professional mobility, the State Government will share the cost of training /upskilling the workers in a tripartite arrangement with the Corporate House and the employees. This would encourage lateral and vertical movement of employees and reduce high attrition rates in these industries.

Implementation of Recognition of Prior Learning (RPL) for skilled local manpower without formal education or certification through State Council of Vocational Training -Sikkim (SCVT-Sikkim) or NCVET (National Council of Vocational and Educational Training), Directorate General Training (DGT), Ministry of Skill Development and Entrepreneurship MSDE, GOI.

For example, a farmer with practical knowledge of organic farming can benefit from RPL (Recognition of Prior Learning). Armed with a universally recognised certificate, he can leverage his income as an organic farmer by taking up assignments like Training of Trainers (ToT) etc.

8.5 Industrial Parks & Frontier Economic Zones

In order to provide plug and play facilities, the State Government will create new growth centres and industrial parks in all the District of the State, where land will be available to the investors with well-developed industrial infrastructure. The Land parcel available in the industrial park and growth centres will be allotted to potential industries on fixed lease rate in a first come first serve basis.

8.6 Flatted Factories

For development of small-scale industries by local entrepreneurs, flatted factories shall be set up in all the Districts of the State. The space in the Flatted factories will be made available to eligible units to set up small scale units which will be leased out on nominal lease rate to the entrepreneurs. Priority for women entrepreneurs will be extended in these flatted factories with special provisions.

8.7 Skill Development

Skill manpower and knowledge are the key driving forces for economic growth of the state and country. The State of Sikkim has a young population in the working group of 20-59 years and these population can be productively employed for the economic growth of the State.

The Commerce & Industries will closely work with Department of Skill Development to identify the skill required by various industries and State government will undertake the skilling of all the eligible youth of the State to make them industry ready.

The Skill development Department has already set up Niyukti Kendra which will provide a one stop solution to various industries for their manpower needs. The Skill development Department through Commerce & Industries Department is required to rope in major private companies to channelize a portion of their CSR funds for skill development projects. These industries should step in to provide adequate resources for finding, training and giving jobs. The Skill development department would expect a bigger role of private companies or businesses in guiding, training and raising funds for initiatives in skill development.

The State Government has also set up ITIs in all the district to undertake the training needs of the rural youths. The courses in ITIs will be regularly updated for making it Industry ready.

On the Job Training to youth passing out from it is, Technology Institutes and Livelihood colleges would also be upgraded and equipped with latest tools and equipment as per the emerging trades through various funding sources including CSR.

8.8 Human Resource Development

In order to develop the Human Resources which are highly skilled and ready for emerging industries, the State Government will create incubation and creative labs in the selected schools and colleges of the State. These schools and college will be equipped with tinkering labs and creative design tools to enable the student to explore new sectors such as creative designing, robotics, drone technology, Internet of things (IoT), Electric vehicles, Virtual reality etc.

The Commerce & Industries Department and Education Department shall be undertaking regular activities for promoting Industry-Academia linkages and focus shall be in creating manpower who are industry ready and relevant. The Education Department shall undertake to introduce various subjects which are relevant for the development of industries in the State and for producing manpower who are readily employable in various industries.

The Higher Education Institute will promote research and development in various sector in close linkages with the industries. The state government shall provide various incentives for promotion of research and development

9 Export Promotion

The State government will provide high priority to export promotion from the State and for ensuring increased export promotion, the State government will undertake the following initiatives.

9.1 Participation in International Trade Fairs

The State shall participate in various international trade fairs to enhance the visibility of Sikkim based products in the international markets.

The State will provide various incentives and avenue for ensuring the participation of local industry associations and groups in various trade major international events.

The State will also undertake regular business delegation to various countries to promote investment in the State also market the State products.

9.2 Awareness& Branding

In order to ensure the visibility of Brand Sikkim in various international markets a wide awareness and branding campaign to promote Sikkim will be undertaken by the Commerce & Industries Department in association with other key department of the State.

The focus of the branding campaign will aim to promote the Make in Sikkim brand based on sustainability and green development principles. Sikkim shall be positioned as a Green State in the international market and also products from the state will be based on sustainability principle and practises.

A strong branding campaign to promote Green Tourism of Sikkim will be undertaken in major export markets and also domestically to promote sustainable tourism.

The Branding and Awareness campaign will be carried out in various media such as print, audio, video and social media.

9.3 Export Facilitation Cell

An Export Facilitation Cell shall be established in the Commerce and Industries department with key personnel to handhold enterprises in Sikkim on Export promotion from the State.

The Export Facilitation Cell will also provide training on export promotion and various statutory requirements.

10 Ease of Doing Business

10.1 Single Window Clearance System

A State Single Window portal (SWS) at District and State level will be set up for providing timely clearance for investment under the policy. All applications will be streamlined and monitored to provide faster and speedier clearances to the investors. All departments of the State shall be onboarded on the system and clearance shall be provided from a single portal.

The State of Sikkim has currently onboarded on the National Single Window System (NSWS) where all the approvals and clearance by various department shall be granted. Further all approvals shall be simplified to make it easier for investors to start their business in the State. Business facilitation Cells at State and District levels are put in place with dedicated manpower for a seamless experience.

10.2 Simplification of Regulatory System

A comprehensive study to reduce the regulatory burden has been undertaken by the State and regulatory system further simplified to make it easier to do business in the State. The State Government is undertaking the task to make all the approvals and clearances online in a transparent manner to facilitate investment in the State.

10.3 Time Bound Clearance Mechanism

In order to ensure Time Bound Clearance to any approval and clearance, the state government will bring about a legislation to provide timely clearance. The system of deemed clearance beyond the time limit will be made applicable for any applications.

A comprehensive IT system to manage the various approval and clearance will be developed making it easier for enterprises to operate their business in the State.

11 Fiscal Incentives

In addition to the incentives provided by the Central Government under the North East Industrial Policy and other policy announced by the Union Government from time to time, the State Government of Sikkim shall provide the following incentives in addition to the Central Incentives to all eligible units, subject to the allocation of Budget by the State Government.

11.1 SGST reimbursement

Eligible Units can claim 75%SGST reimbursement paid through debit in electronic cash ledger account in the term of sub-section (1) of section 49 of Sikkim GST Act, 2017for a period of Ten (10) years on finished products from the date of commencement of commercial production on the recommendation of the GST Council.

Reimbursement of 75% SGST as per the following scale will be available.

| Category | Limit of Tax Reimbursement |
|----------------------------|---|
| Micro Enterprises | 10 years subject to maximum of 250% of Fixed Capital Investment |
| Small Enterprises | 10 years subject to maximum of 200% of Fixed Capital Investment |
| Medium & Large Enterprises | 10 years subject to maximum of 150% of Fixed Capital Investment |

The benefit of tax reimbursement under the policy shall be subject to the condition that the unit after having availed of the benefit shall continue its production or operation at least for the next 5 (five) years not below 75% of the average production for the preceding 5 (five) years.

In case the unit violates this condition, it shall be liable to make, the full amount of tax availed of by it during the period of eligibility, as if no tax reimbursement was ever available to it: Provided that the provision of this clause shall not come into play if the loss in production is explained to the satisfaction of the authority concerned as being due to the reasons beyond the control of the unit: Provided further that a unit shall not be called upon to pay any sum under this clause without having been given reasonable opportunity of being heard.

11.2 Other Incentives

Following are the incentives put in as the other incentives category in the Policy, namely, Power subsidy, Stamp duty reimbursement, Technology Transfer and quality certification, Financial Assistance in MSME listed in Stock Exchange, Assistance for Environmental Compliance

The aggregate/overall incentives from all these components shall not exceeds 100 % of the fixed capital investment. The overall ceiling does not include subsidy accruing to the unit from the SGST reimbursement.

11.2.1 Stamp Duty reimbursement

All eligible new industrial units shall be reimbursed or exempted from payment of Stamp Duty up to 50% of the duty subject to a monetary ceiling of Rs 25.00 lakh.

- (i) The Stamp Duty reimbursement or exemption shall be available only for such parcel of land which is exclusively used for setting up of industrial units.
- (ii) In case of units run by women entrepreneur, 100 % exemption for payment of stamp duty will be provided upto Rs 50.00 lakhs.

11.2.2 Research and Development Incentives

There is need to developed a culture of innovation in the State in order to take leadership role in the sector in the future. Thus, investment in R&D by the companies of the state is of utmost important and State government propose incentives to promote innovation in various industrial sectors.

Patent Registration Incentives

Registered companies will be reimbursed the actual costs, up to a maximum of INR 2 Lacs for filing a domestic patent; and up to a maximum of INR 10 Lacs for filing an international patent, provided such patent is filed or granted within the policy period. Eligible expenses for a patent filing include filing fees paid to the patent office, attorney fees, search fees, and maintenance fees. Up to 75 percent of the eligible expense amount or 75 percent of the upper limit (INR 2 Lacs for domestic patent; INR 10 Lacs for international patent), will be reimbursed once the patent is filed. The balance 25 percent will be paid after the patent has been granted. However, the full reimbursement can also be claimed after the grant of the patent, in which case 100 percent of the eligible costs will be reimbursed post the application, subject to the maximum grant amount.

A single company will be eligible for a maximum of five reimbursements (inclusive of domestic or international patents) during the policy period. These patent filing incentives provided by the Government of Sikkim will be in addition to any existing scheme of the Government of India.

11.2.3 Special Packages for Frontier Economic Zones.

In order to bring about equitable economic growth in the State, the State will identify Frontier Economic Zones namely in Mangan District, Soreng District, Gyalshing Districts, Namchi Districts wherein special incentives will be given to industries willing to set up their plants /Units in these areas. Rental on lease of Government land will be free of cost for the initial 5 years from the date of commencement of production.

12 Claim Procedure

In general, follow the below procedure to apply for the Sikkim Industrial and Investment policy.

All eligible industrial units will have to register under the SIIP Scheme with the Department of Commerce and Industries, Government of Sikkim to avail the for any benefit under this scheme.

- i. The online application process would be developed under which the applicants have to submit the respective applications along with the Detailed Project Report (DPR).
- ii. The Department of Commerce and Industries, Government of Sikkim will separately issue all the detailed guidelines for the use of portal online for SIIP and registration of eligible units.

- iii. The final grant of registration/in-principal approval will be decided by the Committee to consider the prima-facie criteria of the industrial unit, availability of budget and decide the eligibility for registration under the Scheme.
- iv. The units should start commercial production within 18 months of registration.
- v. After receiving the incentive(s), each industrial unit shall submit Annual Progress Report (APR) to the State Government or about its working for a time period of 5 years after going into the production.

12.1 Eligibility Criteria

- (i) Only new industrial units except those listed in Annexure I shall be eligible under the scheme provided:
 - it is not formed by splitting up, or reconstruction of a business already in existence.
 - it is not formed by transfer to the new unit of plant or machinery previously used for any other purpose.
 - it has not relocated from elsewhere and/or is not an existing unit reopened under a new name and style.
- (ii) A unit shall have employment of minimum of 30% people of Sikkim in the managerial cadre and minimum of 90% people of Sikkim in the non-managerial cadre. Employment certificate shall be obtained from the competent authority at the same time the unit should follow the existing Labour Laws as regards to the employment and wages in the unit.
- (iii) Incentives/ Subsidies/ Concessions/ Financial support under this policy shall be applicable to units in the Private Sector, Joint Sector, Co-operatives, Partnership Firm, Proprietorship, Self Help Group (SHG), Trust and Non-Government organization (NGO). The unit setup by State Government and central public sector undertakings shall not be eligible for any incentives under the Policy.
- (iv) The units which are functional at the time of disbursement of subsidy will be eligible for subsidy/incentive.
- (v) No right or claim for any incentive under the policy shall be deemed to have been conferred by the policy merely by virtue of the fact that the unit has fulfilled on its part the conditions of the policy and the incentives/subsidies cannot be claimed as a matter of right.
- (vi) Any payments made in cash for any transaction shall be treated as ineligible amount for investment.
- (vii) Hotels/Resorts 3 Star and above category, generation of power through green technology shall be eligible for incentives under the policy. All hotels and resorts will have to ensure minimum 20% of procurement of furnishings, interior décor, furniture from local designers and artisans or from Directorate of Handloom and Handicrafts to encourage local craft and culture.
- (viii) The unit should undertake CSR activities in the State commensurate with the profits accruing out of the unit located in the State

- (ix) The unit should pay all the dues levied by the State Government under various laws
- (x) All eligible industrial units will be entitled to benefits under one or more components of this (present) scheme, even if such units are getting benefits under other schemes of the Government of India.

12.2 Release of Incentives

The State Bank of Sikkim will act as the nodal agency for disbursement of incentives under various elements of the Scheme. State Bank of Sikkim will release incentive amount only through e-transfer to designated bank accounts of the eligible industrial units.

Note:

- In respect of all industrial units to whom the incentive is disbursed by State Bank of Sikkim, the certificate of utilization of the incentives in Form 12(C) of the General Financial Provisions, 2017 for the purpose of which it was given would be furnished to the Department of Commerce & Industries, Govt of Sikkim by the financial institution, within a time frame of 3 months from the issued date of receipt of the whole amount or last instalment.
- No Industrial unit holds the right to register or claim the benefits under SIIP unless it is clearly approved by the State Government.
- No claims will be entertained if it is found that the Unit has been Sub-let or Sub-Leased to a Third Party.
- The account holds no interest for the delay in payment of incentive amount that can be claimed by the industrial unit. The beneficiary under this Scheme must furnish an undertaking to abide by the terms and conditions of the Scheme.
- Without getting proper approval of the Department of Commerce & Industry, no industrial unit owner after receiving an initial or the whole of the incentive amount will be allowed to modify the ownership details of the whole or any part of industrial sector or effect any actual contraction or dispose of a substantial phase of its total fixed capital investment within a time frame of 5 years after its going into the commercial production. The industrial unit will also be required to keep Department of Commerce & Industries informed about the change in location or contact information.

12.3 Claim Procedure and authority to approve claims.

Online registration through an automated portal under the Commerce & Industries department will be developed. Subsidy Claims upto Rs 1.00 crore for a Unit will be considered by a Steering Committee under the chairmanship of the Secretary of Commerce & Industries Department on FIFO basis from the date of commencement of production. Subsidy Claims above Rs 1.00 crore will be considered by an Empowered Committee under the

Chairmanship of the Chief Secretary, Government of Sikkim on FIFO basis from the date of commencement of production.

Procedure for registration and claims under the policy will be issued through a separate guideline.

13 Implementation and Monitoring

In order to promote investment in the State of Sikkim and reduce the regulatory burden and promote Ease of Doing Business in the State, the State Government has set up the following committee.

13.1 Sikkim Board of Investment

| | | |
|----------------------|--------|---|
| Chairman | : | Hon'ble Chief Minister of Sikkim |
| Vice Chairperson (1) | : | Hon'ble Minister, Commerce and Industries |
| Vice Chairperson (2) | : | Chief Secretary, Government of Sikkim |
| Member Secretary: | | Secretary, Commerce & Industries, Government of Sikkim |
| Members | : | |
| | i. | ACS/Secretary, Education Department |
| | ii. | ACS/Secretary, Tourism & Civil Aviation Department |
| | iii. | Secretary, Finance Department |
| | iv. | LR-cum-Secretary, Law Department |
| | v. | Secretary, Land Revenue & Disaster Management Department. |
| | vi. | Secretary, Urban Development Department |
| | vii. | Secretary, Planning & Development Department. |
| | viii. | Secretary, Power Department |
| | ix. | Secretary, Health & Family Welfare Department |
| | x. | Secretary, Skill Development Department |
| | xi. | Secretary, Agriculture Department |
| | xii. | Secretary, Forest & Environment Department |
| | xiii. | Secretary, Information & Technology Department |
| | xiv. | Resident Commissioner, Sikkim House, New Delhi |
| | xv. | Representative of FIICI and CII |
| | xvi. | Representative of Banking and Insurance |
| | xvii. | Representative of a multilateral agency |
| | xviii. | Representative of a key bilateral agency like JICA |
| Special Invitees | : | Hon'ble Minister of concerned department wherein interest has been shown. |

Terms of reference:

- a. To coordinate with State Departments and agencies with a view to promote investment and business growth in the state by facilitating and addressing of infrastructure challenges, reducing regulatory hurdles and improvement in the ease of doing business in the State.
- b. To review, evaluate and approve the investment proposals and modalities of land use, subsidies, incentives etc. applicable on case basis as recommended by Working Committee for Investment in Sikkim
- c. To approve the Model MoUs with potential investors and lay down on initial understanding and engagement.
- d. To approve MoUs between State Government Departments and Private Investors
- e. To approve the Action Plan for investment in Sikkim including the Investment framework for Sikkim that will anchor the strategy of Sikkim and the Budget for participation in the same.
- f. To participate in the roadshows and Investment Summit in various Investment Summits as and when required.
- g. To take action for the setting up of the Investment Promotion Agency (IPA) and an Investment Facilitation Cell as required.
- h. To advise the Working Committee on Investment Promotion & Facilitation

13.2 Working Committee for Investment in Sikkim

| | | |
|------------------|---|--|
| Co-Chairpersons | : | Secretary, Commerce & Industries Department and Secretary, Finance Department, GOS |
| Member Secretary | : | Additional Secretary, Commerce & Industries Department |
| Members | : | Director, Health & Family Welfare Department, Government of Sikkim |
| | : | CEO-SOFDA, Government of Sikkim |
| | : | Managing Director, SIDICO, Government of Sikkim |
| | : | Chief Engineer, Power Department, Government of Sikkim |
| | : | Director, Commerce & Industries Department, Government of Sikkim |
| | : | Director (MSME), Commerce & Industries Department, of Sikkim |
| | : | Principal Director, Horticulture Department, Government of Sikkim |
| | : | Principal Director, Agriculture Department, Government of Sikkim |
| | : | Special Secretary, Land Revenue & Disaster Management Department, Government of Sikkim |

- : Chief Town Planner, Urban Development Department, Government of Sikkim
- : Additional Labour Commissioner, Labour Department Government of Sikkim
- : Director, School Education Department, Government of Sikkim
- : Director, Higher Education, Education Department, Government of Sikkim
- : Director, Technical Education, Education Department, Government of Sikkim
- : Director, Sports & Youth Affairs Department, Government of Sikkim
- : Director, IPR Department, Government of Sikkim
- : Director, Skill Development Department, Government of Sikkim
- : Commissioner, Excise Department, Government of Sikkim
- : Member, State Pollution Control Board (SPCB), Government of Sikkim.
- : Additional Legal Officer, Law Department, Government of Sikkim
- : Additional Secretary, Tourism & Civil Aviation Department, Government of Sikkim
- : Additional Resident Commissioner, Sikkim House, Delhi
- : Representative from Invest India
- : Representative from FICCI
- : Representative from CII

Terms of Reference for the Working Committee:

- a. To engage with potential investors and agencies through various forums and facilitate the provisions of necessary information and support for any investment in the State and facilitate timely clearance of investment related issues faced by investors in Sikkim.
- b. To review and evaluate investment proposals and suggest the modalities of land use, subsidies, incentives etc. Applicable on a case basis and lay foundation before the Empowered Committee for Investment in Sikkim for their consideration and approval.

- c. To study Draft MoU between State Government Departments and Private Investors for consideration of the Empowered Committee.
- d. To draft the Plan of Action for Sikkim for various Investment Summits, the investment strategy that will anchor the strategy of Sikkim and the Budget for participation in Investment Summits for approval of the Empowered Committee.
- e. To draft a model MoU with potential investors of the kind that lay down an initial understanding. Once this draft MoU is approved by the Empowered Committee, the Working Committee will be authorized to sign the same at the roadshows and the summit held under the various summits, this would serve as a precursor to a more formal MoU between the concerned State Government Department and Private Investors.
- f. To prepare all presentation materials and pitch deck required for Investment Summit and represent Government of Sikkim in road shows and summits.
- g. To identify non-government entities in Sikkim who can benefit from various summits/fairs through B2B contracts that could be made during such Summits.
- h. To work with Resident Commissioner – Sikkim, New Delhi and Officers in Guwahati and Kolkata.
- i. Any other task assigned by the Empowered Committee

14 DEFINITIONS

- I. New Unit/New Industrial Unit means any industrial undertaking or eligible service sector unit, other than that run departmentally by Government which is register business enterprise under Goods & Service Tax, which has commenced commercial production/operation in the State of Sikkim during the validity period of Sikkim Industrial and Investment Policy, 2024
- II. Micro, Small and Medium enterprises mean enterprises as per investment criteria defined under the Micro, Small and Medium Enterprises Development Act, 2006 or as amended.
- III. Large unit means where the investment in plant and machinery is more than Rs.10 Cr. or as amended.
- IV. Manufacturing activity means “an activity which brings about a change in non-living physical object or article or thing (i) resulting in transformation of the object or article or thing into a new and distinct object or article or thing having a different name, character and use; or (ii) bringing into existence of a new and distinct object, article or thing with a different chemical composition or integral structure.

- V. Eligible Service Sector Unit is an enterprise in the services Sector that requires significant capital expenditure and has significant employment generation potential.
- VI. Physical Working Capital is defined to include all physical inventories owned, held or controlled by the factory as on the closing day of the accounting year such as the material fuel and lubricants, stores etc. that enter into products manufactured by the factory itself or supplied by the factory to other for processing. Physical working capital also includes the stock of materials, fuels & stores etc., purchased expressly for re-sale, semi-finished goods and work in progress on account of others and goods made by the factory which are ready for sale at the end of the accounting year. However, it does not include the stock of the materials, fuels, stores etc. supplied by others to the factory for processing. Finished goods processed by others from raw materials supplied by the factory and held by them are included and finished goods processed by the factory from raw materials supplied by others are excluded.
- VII. Raw Material means any raw material actually required and used by an industrial unit in manufacturing of the finished goods for which it is requested.
- VIII. Working Capital is the sum total of the physical working capital and the cash deposits in hand and at bank and the net balance of amounts receivable over amounts payable at the end of the accounting year. Working capital, however, excludes unused overdraft facility, fixed deposits irrespective of duration, advances for acquisition of fixed assets, loans and advances by proprietors and partners irrespective of their purpose and duration, long term loans including interest thereon and investments.
- IX. Fixed capital Investment means an investment made in building, plant and machinery as well as productive assets of permanent nature such as tools, jigs, fixtures, dyes, crane, electrification etc
- X. Plant and Machinery shall cover the cost of newly purchased industrial plant and machinery erected at site. Relocated/Recycled/Refurbished plant and machinery is not eligible for assistance under the scheme.
- XI. Commencement of Commercial Production' means starting of manufacture of finished products on commercial scale which is preceded by trial production and installation of complete plant and machinery and on that day the plant must be ready in all respects for manufacture of finished products in commercial quantity and all raw materials, consumables, etc. required for manufacture are available and as per date of registration with Central Excise/Goods and Services Tax (GST) authorities.
- XII. "Green Industry" means economies striving for a more sustainable pathway of growth, by undertaking green public investments and implementing public policy initiatives that encourage environmentally responsible private investments.
- XIII. 'Effective steps' means one or more of the following steps: - (i) that 10% or more of the capital issued for the industrial unit has been paid up. (ii) that any part of the factory building has been constructed. (iii) that a firm order has been placed for any plant and machinery required for the industrial unit.
- XIV. 'Finished Goods' means the goods actually produced by an industrial unit and for which it is registered. (d) 'Industrial Unit' means any industrial undertaking or eligible

service sector unit, other than that run departmentally by Government, which is a registered business enterprise under Goods & Services Tax.

XV. Interpretation

The decision of the Commerce & Industries Department, Government of Sikkim with regards to Interpretation of any clause of the policy shall be final and binding.

XVI. Rights of the State Government

- a. Department of Commerce & Industries, Government of Sikkim reserves the right to amend any provision(s) including amendment or withdraw any of the incentive/subsidy as and when necessary for development of industries and in the interest of the people of the State from time to time.
- b. Department of Commerce & Industries, Government of Sikkim reserves the right to review the matter regarding sanction/ disbursement of subsidies/ incentives to the eligible industrial unit(s) and the decision of the State Government shall be final and binding. The Disbursal of subsidy will be based on the budget allocated by the State Government and units cannot claim the subsidies as a matter of right.
- c. Department of Commerce & Industries, Government of Sikkim reserves the right to modify the eligible/ non-eligible list of the industries, include or delete activities under thrust sectors and when required in the interest of the State and preservation of environment and ecology.
- d. Department of Commerce & Industries, Government of Sikkim reserves the right to make/amend the necessary rules for implementation of this policy as and when required.

15 Annexure-I

Negative List

The following industries will not be eligible for benefits under SIIP,2023

- (i) All goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) which pertains to tobacco and manufactured tobacco substitutes.
- (ii) Pan Masala as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986).
- (iii) (iii) Plastic carry bags of less than 20 micron as specified by Ministry of Environment and Forests Notification No S.O 705 (E) dated 02.09.1999 and SO. 698 (E) dated 17-6-2003-
- (iv) Goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) produced by Petroleum or Gas refineries.
- (v) Plantation, Refineries and Power generating Units above 10 MW.
- (vi) Coke (including Calcined Petroleum Coke), Fly Ash, Cement, Steel Rolling Mills

- (vii) Units not complying with environment standards or not having applicable Environmental Clearance from Mo Environment & Forests and Climate Change or State Environmental Impact Assessments Authority (SEIAA) or not having requisite consent to establish and operate from the concerned Central Pollution Control Board/State Pollution Control Board also will not be eligible for incentive under the scheme.
- (viii) Low value addition activities like preservation during storage, cleaning, operations, packing, repacking or re-labelling, sorting, alteration of retail sale price etc. take place excluding high value packaging and processing.
- (ix) Any other industry/activity placed in negative list through a separate notification as and when considered necessary by the Government. It will be effective from the date of such notification.
- (x) Gold and gold dove.

16 ABBREVIATIONS

AMRUT -Atal Mission for Rejuvenation and Urban Transformation

APR – Annual Progress Report.

ATTC – Advanced Technical Training Centre.

AVGC -XR- Animation Visual Effects Gaming and Comics – Extended Reality

AIC-SMUTBI- Atal Incubation Centre-Sikkim Manipal University Technology Business Incubation Foundation

CAGR- Compound Annual Growth Rate

CCCT – Centre for Computer and Communication Technology

CII- Confederation of Indian Industries

DIC – District Industries Centre

DPIIT – Department for Promotion of Internal Investment and Trade

DPR – Detailed Project Report

FDI – Foreign Direct Investment

FICCI – Federation of Indian Chamber of Commerce & Industry

GLOF – Glacial Lake Outburst Flood

GSDP – Gross State Domestic Product

GST- Goods and Service Tax

GSVA -Gross State Value Added

ICFAI- Institute of Chartered Financial Analysts of India

IPA – Investment Promotion Agency

IPP – Independent Power Provider

IPR – Information and Public Relations

ITI – Industrial Training Institute

MICE – Meetings Incentives Conference Exhibitions

MOU – Memorandum of Understanding

MSME – Micro Small Medium Enterprise

NEC – North Eastern Council

NEIP – North East Industrial Policy

NEIPP – North East Industrial Promotion Policy

NER – North East Region

NH – National Highway

NHPC – National Hydro Power Corporation

ODOP – One District One Product

PPP – Public Private Partnership

SIDICO – Sikkim Industrial Development and Investment Incorporation

SOFDA – Sikkim Organic Farming Development Agency

SPCB – State Pollution Control Board