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No. 264

GOVERNMENT OF SIKKIM  
LAW DEPARTMENT  
GANGTOK

No. 11/LD/RC/2003

Dated 13<sup>th</sup> August, 2003

**NOTIFICATION**

The following Act of the Sikkim Legislative Assembly having received the assent of the Governor on 4<sup>th</sup> day of August, 2003 is published for general information:-

**THE SIKKIM INDUSTRIAL PROMOTION AND INCENTIVE (AMENDMENT) ACT, 2003  
(ACT NO. 11 OF 2003)**

**AN  
ACT**

To amend the Sikkim Industrial Promotion and Incentives Act, 2002.  
BE it enacted by the Legislature of Sikkim in the Fifty-Fourth Year of the Republic of India as follows:-

**Short title and  
commencement**

1. (1) This Act may be called the Sikkim Industrial Promotion and incentive (Amendment) Act, 2003
- (2) It shall come into force at once.

**Amendment of  
Section 2.**

2. In the Sikkim Industrial Promotion and incentive Act 2000, (hereinafter referred to as the said Act), section 2 shall be Renumbered as sub-section (1) of that section and in sub-section (1) as so renumbered, for the work "five" the work "ten" shall be substituted and after sub-section (1) as so renumbered, the following sub-sections shall be inserted,

namely:-

"(2) The scheme will also be applicable to existing units in case of diversification, modernization and expansion."

- (3) diversification modernization and expansion should entail enhancement in the existing capacity by at least 25% and the package

of incentive admissible to the unit shall relate to the expanded portion only.

For the purpose of this calculation un-depreciated value of the capital investment made on land, building, plant and machinery of the unit will be taken into consideration.

**Amendment of  
Section 3**

3. In the said Act, in section 3,

i) After clause (d) following clauses shall be inserted, namely:-

“(dd) diversification” means separately identifiable investment made by an existing

Industrial unit in the fixed capital assets to set up a project for manufacturing of new product(s) provided that the additional investment in the fixed assets is not less than 25% of the gross fixed capital and increase of additional employment is at least by 10%.

“Expansion” of an industrial units means additional fixed unit. For the purpose of calculation, gross value of all the capital investment made on land, building and plant machinery of the existing unit will be taken into consideration. Expansion shall also imply an increase of at least 25% in the existing installed capacity as well as increase of additional employment of at least by 10%. Prior to going for expansion, the units should be operating at least at a minimum of 80% capacity during the three previous years.”

(ii) after clause (e), the following clause shall be inserted, namely:-

“(ee) “Modernization” means separately identifiable investment made by an existing industrial unit in the fixed capital technology having a definite advantage in reduction of cost of production provided that the additional investment in the fixed assets should not be less than 25% of the gross fixed capital.

The incentive available to the unit undergoing expansion/diversification/modernization shall be for the additional investment made and/or the increase in production over the average of three previous years prior to the year when the unit goes for expansion/diversification as applicable. The year for this purpose

shall mean a financial year. The units which have taken up expansion/diversification/modernization plan prior to coming into force of this policy should intimate the concerned agency within three months from the date of implementation of the policy”.

**Amendment of  
5.** 4. In the said Act, for the existing section 5, the following **Section** section shall be substituted, namely:-

**“Sanctioning  
Authority 5**

For the benefits/incentives under this Act, the following authorities shall have the power of sanctioning namely:-

- (1) General Manager of District Industries Centres up to Rs.10,000/- (Rupees ten thousand).
- (2) Director of industries upto rs.1,00,000/- (Rupees one lakh)
- (3) Secretary Industries up to rs.1,50,000/- (Rupees one lakh and fifty

thousand).

- (4) Minister-in-charge, Industries – all cases above Rs.1.5 lakhs to rs. 5 lakhs (Rupees five lakhs)
- (5) There shall be a Committee constituted under the Scheme consisting of the Minister Industries with secretary, Industries, secretary, Finance and director Industries as members who shall sanction subsidies incentive between rs. 5 to 8 lakhs (Rupees five to eight lakhs).
- (6) All cases above Rs. 8 lakhs (Rupees eight lakhs) will be placed in the Cabinet.”

**Insertion of  
New section**

“Subsidy on State  
Capital Investment

5. In the said Act, after section 6, the following sections shall be inserted, namely:-

**6A.** An investment subsidy on the total investment shall be provided on a graded level to the industry. It will be available to both new as well as those carrying out expansion, diversification or modernization activities.

Artisan and Tiny Scale Unit	SmallScaleIndustries Scale Unit	Medium/Large Scale Unit
<p>a) 15 percent of total capital investment in plant and machinery subject to a maximum of rs.30,000/- (Rupees thirty thousand).</p> <p>b) 30 percent of total capital investment in plant and machinery subject to a maximum of rs.60,000/- (Rupees sixty thousand), for units set up by local entrepreneurs.</p> <p>c) For units set up in the thrust areas 20 percent of total capital investment in plant and machinery subject to a maximum of Rs.40,000/- (Rs.</p>	<p>a) 10 percent of total capital investment in plant and machinery subject to a maximum of Rs.5 lacs. (Rs. Five lakhs)</p> <p>b) For units set up by local entrepreneurs 10 percent of total capital investment in plant and machinery subject to a maximum of Rs. 10 lakhs (Rs. Ten lakhs).</p> <p>c) For units set up in the thrust areas 15 percent of total capital investment in plant and machinery subject to a</p>	<p>a) 5 percent of total capital investment in plant and machinery subject to a maximum of Rs.10 lakhs (Rupees ten lakhs)).</p> <p>b) For units set up by local entrepreneurs 10 percent of total capital investment in plant and machinery subject to a maximum of Rs,15 lakhs (Rupees fifteen lakhs).</p> <p>c) For units set up in the thrust area 10 percent of total capital investment in plant and machinery, subject to a</p>

<p>Forty thousand). d) For units set up in the thrust areas by local entrepreneurs 20 percent of total capital investment in plant and machinery subject to a maximum of rs.80,000/- (Rupees eighty thousand).</p>	<p>maximum of Rs. 7 lakhs (Rs. Seven lakhs) d) For units set up in the thrust areas by local entrepreneurs 15 percent of total capital investment in plant and machinery subject to a maximum of Rs.14 lakhs (Rupees fourteen lakhs)..</p>	<p>maximum of Rs.15 lakhs (Rupees fifteen lakhs) d) for units set up in the thrust areas by local entrepreneurs 20 % of total capital investment in plant and machinery, subject to a maximum of Rs. 30 lakhs (Rupees thirty lakhs).</p>
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**Subsidy on Captive power Generating sets.**

**6B** (1) In order to encourage and assist industrial units to be self sufficient in their requirements of powers, the State Government shall subsidies upto 20 percent of the cost of purchase of captive power generating sets subject to a maximum of Rs. 1 lakh (Rupees one lakh). And in case of units set up by local entrepreneurs subsidy will be 50 percent subject to a maximum of rs.2 lakhs.

(2) Industries set up in the thrust area shall get a 30 percent subsidy subject to a maximum of rs.1.25 lakhs (Rupees one lakhs and twenty five thousand). In case of units set up by local entrepreneurs in the thrust area subsidy will be 60 percent subject to a maximum of rs.2.50 lakhs.

**Special incentive To the Pioneer Unit**

**6C.** a new unit with fixed capital investment exceeding As. 3 crores set up in a district where there are no medium or large Scale Industries will be given pioneer status. Such unit will be eligible for additional state Capital Investment Subsidy of 5% of fixed capital investment subject to a ceiling of rs.1.0 lakhs. Such units will also be given Power subsidy for an additional period of 2 years.

**Special incentive for women entrepreneurs.**

**6D.** Special incentives as detailed below shall be granted to Women entrepreneurs namely:-  
(1) Additional state Capital Investment subsidy of 5% subject to a ceiling of Rs.5 lakhs which constitute more than 50% of the workforce in the industry.  
(2) additional Interest Subsidy on working capital of 2% subject to a ceiling of 1 lakh for a period of three years from the date of commencement of commercial production.  
(3) Built up factory sheds shall be allotted to the women entrepreneur on priority basis and the rent will be subsidized @ 75% of the economic rent for a period of five years from the date of commencement of commercial production.

**Stipendiary Support for EDP**

**6E.** Stipend at the rate of Rs.500/-(Rupees five hundred) per month trainee shall be provided for training of 100 youth annually for special entrepreneurship development Programme (EDP) to be conducted by Government approved/recognized institutions subject to the condition that the training period shall not be less than 3 (three) month duration.

**Reimbursement of Stamp Duty and Registration Fee**

**6F.** Small Scale, Village and cottage Industrial Units will be reimbursed in full for the amount paid towards stamp duty and registration fee for securing loans and other incentives from Financial Institutions including mortgage of fixed assets. The reimbursement will be admissible after disbursement of loan by financial Institutions/Banks and will

be subject to the condition that the assets mortgaged would not be transferred for a period of 5 years.

- Local employment Promotion grant**      **6G.**(1) The state Government will reimburse annually upto 30% (thirty percent) of the realistic wage bill for local employees. This would be for three years from the date of entertainment. The maximum limit of such subsidy is Rs.1 lakh (Rupees one lakh)  
(2) Fifty percent of the cost incurred on the training of local employees will be reimbursed subject to the following conditions namely:-  
(a) Such trained person shall be absorbed in the unit failing which the unit will refund the subsidy amount paid for the same.  
(b) Training shall be conducted in an Institute approved by the State Government.
- Subsidy on cost Incurred on quality Control measures**      **6H** (1) Cost of Laboratory Equipment for the purpose of quality control and ISI certification subject to a maximum of Rs. 10,000/- (Rupees ten thousand) per unit will be reimbursed in cases where it does not form part of the project cost. For local entrepreneurs rs.20,000/- (Rupees twenty thousand) per unit will be reimbursed.  
(2) Export oriented units committing to export at least 50% (fifty percent) of the value of the turnover will be eligible for an additional reimbursement of rs.1,00,000/- (Rupees one lakh) against such quality control measures. For local entrepreneurs Rs.2,00,000/- (Rupees two lakhs) will be reimbursed.
- Subsidy on Consultancy Service**      **6I** An industrial unit shall receive a one time subsidy on consultancy charge paid to an approved consultant as per the scale noted below:-
- (1) For project upto Rs. 10 lakhs      3% subject to maximum (Rupees ten lakhs)      of Rs.20,000/- (Rupees twenty thousand). For local entrepreneurs 6% subject to maximum of Rs.40,000/- (Rupees forty thousand).
- (2) For project above Rs.1.0 lakhs      3% subject to a maximum of Rs.1,00,000/- (Rupees one lakh). For local entrepreneurs 6% subject to maximum of Rs.2,00,000/- (Rs. Two lakhs)

**Subsidy on study tours and inplant Training.** **6J** Entrepreneurs sent out side Sikkim with the approval of the Director of Industries for study tours and in plant Training shall be eligible for reimbursement of the return journey expenses of second class train fare and an allowance of Rs.1,000/- (Rupees one thousand) per monism per entrepreneur;

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

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

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

**Allotment of land** **6K** The state Government shall endeavour to provide a developed land with all infrastructure facilities at Growth Centres to all new units except those in the “Services” and Village Industries Sector” in the following manner, namely:-

- 1) The developed land will be allotted on lease basis for a period of 30 (thirty) years.
- 2) The State Government will subsidies the cost of land development at the rates given below:
  - a) Small Scale Industries – 25%
  - b) Export Oriented Unit and Units owned and managed by local Entrepreneurs – 30%
  - c) Large and medium Units (as per definition) – 15%
- 3) The cost of land development will be recovered from the allottee or Industrial units after framing allotment rules, which shall be notified.

**Subsidy on State Transport** **6L** The State Government shall provide transport subsidy of 50% for transportation of plant and machineries from any part of India to the location of unit in Sikkim at maximum limit of Rs. 1 lakh (Rupes one lakh). For local entrepreneurs the maximum limit will be Rs. 2 lakhs (Rupees two lakhs)

**Subsidy for Technical knowhow** **6M** A subsidy of 50% shall be admissible to meet the cost of technical know-how obtained from organizations approved in advance by Government of Sikkim on a case to case basis. The subsidy will be released only on commencement of commercial production. The subsidy will be 60% for Small Scale Industrial Units set

up in thrust areas and Export Oriented Unit.

**Special Incentives  
For Agro & Food  
Processing Industries**

**6N** Special incentives shall be granted to the Agro and Food processing industries as detailed below:

1. Additional state capital Investment Subsidy of 5% subject to a ceiling of rs. 5 lakhs for agro and food processing industries.
2. 50% of the cost payable for getting Food Product Order (FPO) license/AGMARK/Trade Mark for the products for food processing industries subject to a maximum ceiling of Rs. 1 lakh (Rs. One lakh)

**Amendment of section 6** In the said Act, for the existing section 8, the following section shall be substituted namely:-

**Power Subsidy**

**8** (1) There shall be 100% reimbursement of power bill for an industrial unit consuming up to Rs. 50,000/- (Rupees fifty thousand) per annum. The reimbursement above Rs.50,000/- (Rupees fifty thousand) shall be to the extent of Rs. 50,000/- (Rupees fifty thousand) plus 25 percent of the balance of actual payment subject to a maximum of Rs. 2 lakhs. (Rupees two lakhs).

(2) The state government shall grant a subsidy of 30 percent power tariff to industrial units coming up in Growth Centre in Thrust Areas.

(3) 50% of the cost incurred on linking of power from the main line to the factory shed subject to a maximum ceiling of Rs.50,000/- (Rupees fifty thousand)

(4) Power tariff to the Industries shall be levied at the cost of production as and when available.

**Insertion of new section**

**7** In the said Act, after section 12, the following section shall be inserted, namely:-

**Concession on state  
And Central Sales Tax**

**12A** (1) the State Sales Taxes shall be exempted for a period of 10 (ten) years from the date of commencement of actual Commercial Production. However, for the units set up in the thrust areas, the exemption period will be 12 (twelve) years.  
(2) The levy of State excise duty and sales tax on units manufacturing alcoholic products will continue as per notification 6/CGO/90/DI/95-96/784 dated 03/10/2000.  
(3) Exemption of Central Sales Taxes and Central Excise Duties will be governed by various Notifications/Orders issued by Government of India in this regard.

**By Order**

**T.D. Rinzing,  
Secretary to the Govt. of Sikkim**

**SIKKIM**

**GOVERNMENT**

**GAZETTE**

**EXTRAODDINARY  
PUBLISHED BY AUTHORITY**

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**Gangtok**

**Monday, 17<sup>th</sup> February, 2003**

**No.32**

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**GOVERNMENT OF SIKKIM  
DEPARTMENT OF INDUSTRIES**

**No. GO/2/DI/2002-2003/901**

**Dated 17/2/2003**

**NOTIFICATION**

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

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

**OFFICE MEMORANDUM**

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

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

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

development, improve availability of capital and increase market access to provide a fillip to the private investment in the state.

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

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

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

3.2 Development of Industrial Infrastructure:

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

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

3.4 Ineligible industries under the policy:

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

3.5 Nodal Agency:

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

**Explanation:**

- (i) The eligible areas for above concessions and thrust industries are as identified in Annex-I & Annex-II respectively.
  - (ii) The notification regarding definition of substantial expansion of the existing units shall be issued separately.
4. Government reach, yes the right to modify any part of the policy in public interest.
  5. The Ministry of Finance, Department of Revenue, Department of Development of North Eastern Region, etc. are requested to amend Act/rules/notifications, etc. and issue necessary instructions for giving affect to these decisions.

**Secretary Industries  
Govt. of Sikkim**

**Annexure – I**

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Identified locations for notification under the new industrial Policy for the State of Sikkim.

**1. EAST DISTRICT**

Gangtok Sub-Division in East District  
Rangpo-Mazitar-Bardang-Singtam-Topachani-Martam-32 Mile-West Namli  
(Radong)-Samlik-Marchak-Ranipool-Tadong-Deorali-Gangtok-Burtuk-  
Bhojogari-Panhang-Pen long-Adam Pool-Rumatek.  
Pakyong Sub-Division in East District  
Ranipool-Saramsa-Aho-Chota Singtam-Namchey Boong-Lal Turning-  
Pakyong.

## 2. SOUTH DISTRICT

Namchi Sub-Division in South District  
Melli-Lower Kitam-Manpur-Mazitar-Jorethang-(Along the state Highway)  
Jorethand-Karfektar-Chisopant-Nandugaon-Namchi-Boomtar-Mamring

## 3. WEST DISTRICT

Soreng Sub-Division in west District  
Rohtak-Piplay-Baiguney-Reshi-Legship-Naya Bazar-Cudang-Soreng

## 4. NORTH DISTRICT

Mangan Sub-Division in North District  
Chungthang  
Chungthang Sub-Division in North District  
Lachen-Lachung

### Annexure – II

### **THRUST INDUSTRIES**

Sl.No.	Activity
1.	Eco-Tourism including Hotels, Resorts, Spa, Amusement Parks and rope ways. 2. Handicrafts and Handlooms.
3.	Wool and silk reeling, weaving & processing, printing etc. 4. Floriculture.
5.	Precision engineering including watch making.
6.	Electronics including computronics hardware & software and IT related industries.
7.	Food processing including agro-based industries. Processing, Preservation and packaging of fruits and vegetables (excluding conventional grinding/extraction units).
8.	Medical and aromatic Herbs-Plantation & Processing.
9.	Raising & Processing of Plantation Crops i.e. Tea, Oranges & cardamom
10.	Mineral based industry.
11.	Pharma products

**12.** Honey

**13.** Biotechnology.