

DEPARTMENT OF COMMERCE AND INDUSTRIES

GOVERNMENT OF SIKKIM

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

1. The Government of Sikkim has requested for a special package for development of industries in the state on the lines for the North East Industrial Policy notified by the Central Government vide Ministry of Industry's OM No.EA/1/2/96-IPD dated 24th December 1997. Discussions on Strategy and Action Plan for Development of Industries and generation of employment in the State of Sikkim were held with the various related Ministries on the issues inter alia, infrastructure development, financial concessions and easy market access.
2. Keeping in view the fact that the State of Sikkim lags behind in industrial development, a need has been felt for structured interventionist strategies to accelerate industrial development of the State and boost investor confidence. The new initiatives would provide the required incentives as well as an enabling environment for industrial development, improve availability of capital and increase market access to provide a fillip to the private investment in the State.
3. The matter has been carefully considered by the Government and it has been decided to provide the following package of incentives for the State of Sikkim.
 - 3.1 Fiscal Incentives to new Industrial Units and substantial expansion of existing units:
 - i) New industrial units and existing industrial units on their substantial expansion as defined, set up in Growth Center, Industrial Infrastructure Development Centers (IIDCs) and other locations like Industrial Estates, Export Processing Zones, Food Parks, IT Parks, etc., as notified by the Central Government are entitled to 100% (hundred percent) income tax and excise duty exemption for a period of 10 years from the date of commencement of commercial production. Thrust Sector Industries as mentioned in [Annexure-II](#) are entitled to similar concessions in the entire State of Sikkim without area restrictions.
 - ii) All New industries in the notified location would be eligible for capital investment subsidy @ 15% of their investment in plant & machinery, subject to a ceiling of Rs.30 lakh. The existing units will be entitled to this subsidy on substantial expansion, as defined.
 - iii) An interest subsidy of 3% on the working capital loan would be provided to all new industrial units in notified locations for a period of 10 years after the commencement of commercial production. This benefit would also be extended to existing units in notified locations on expansion, as defined, as well as to Thrust Industries shown in [Annexure-II](#).
 - iv) The insurance premium to the extent of hundred percent on capital investment for a period of 10 years would be extended by the Central Government to all new units and to existing units on their substantial expansion, as defined.

3.2 Development of Industrial Infrastructure:

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

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

3.4 Ineligible Industries under the policy:
Tobacco and tobacco products including cigarettes/cigars/gutka, etc., Aerated branded beverages, and Pollution causing paper and paper products

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

Explanation:

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

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

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

April 1 -15, 2007

New Industrial policy for North-East

The Cabinet Committee on Economic Affairs gave its approval to the North East Industrial and Investment Promotion Policy (NEIIPP), 2007. It's main features are:

(i) Sikkim will be included under NEIIPP, 2007 and the 'New Industrial Policy and other concessions for the State of Sikkim' announced earlier in December, 2002 will be discontinued from the date of notification of NEIIPP, 2007.

(ii) Under NEIIPP, 2007, all new units as well as existing units which go in for substantial expansion, unless otherwise specified and which commence commercial production within the 10 year period from the date of notification of NEIIPP, 2007 will be eligible for incentives for a period of 10 years from the date of commencement of production.

(iii) The incentives under the NEIIPP, 2007 will be available to all industrial units, new as well as existing units on their substantial expansion, located anywhere in the North Eastern Region. Consequently, the distinction between 'thrust' and 'non thrust' industries made in NEIP, 97 will be discontinued from the date of notification of NEIIPP, 2007.

(iv) Under NEIIPP, 2007 incentives on substantial expansion will be given to units effecting 'an increase by not less than 25% in the value of fixed capital investment in plant and machinery for the purpose of expansion of capacity/modernization and diversification' as against an increase by 33 ½ % prescribed at present.

(v) Under NEIIPP, 2007, 100% excise duty exemption will be continued as at present on finished products made in the North Eastern Region. However, in cases, where the CENVAT paid on the raw materials and intermediate products going into the production of finished products (other than the products which are otherwise exempt or subject to nil rate of duty) is higher than the excise duties payable on the finished products, ways and means to refund such overflow of CENVAT credit will be separately notified by the M/O Finance.

(vi) 100% income tax exemption will continue under NEIIPP, 2007 as at present.

(vii) Capital investment subsidy will be enhanced from 15% of the investment in plant and machinery to 30% and the limit for automatic approval of subsidy at this rate will be Rs. 1.5 crore per unit as against Rs. 30 lakhs at present. Such subsidy will be applicable to units in the private sector, joint sector, cooperative sector as well as the units set up by the State Governments of the North Eastern Region. For grant of capital investment subsidy higher than Rs. 1.5 crore but upto a maximum of Rs.30 crore, there will be an

Empowered Committee.

(viii) Interest subsidy will be made available @ 3% on working capital loan under NEIIPP, 2007 as at present.

(ix) Under NEIIPP, 2007, new industrial units as well as the existing units on their substantial expansion will be eligible for reimbursement of 100% insurance premium under the Comprehensive Insurance Scheme.

(x) To include tobacco and tobacco products, pan masala, plastics carry bags and goods produced by refineries, in a host of industries which would not be eligible for incentives under NEIIPP, 2007.

(xi) To provide incentives to service sector, bio-technology and power generating industries

(xii) To continue North Eastern Development Finance Corporation Ltd. (NEDFi) as the nodal agency for disbursal of subsidies under NEIIPP, 2007.

The provisions of the NEIIPP, 2007 would provide the requisite incentives as well as an enabling environment to speed up the industrialization of the North Eastern Region which is otherwise less than 4% p.a. against a national average of 8%.

The beginning is good. But lot will depend upon the State Governments of the region as implementing new NEIPP is their responsibility.