



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)



Sikkim State MSME Policy



MSME & Startup Committee, ICAI

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Message from Committee Leadership

Dear MSME & Startup Stakeholders,

We are pleased to share details about the ICAI MSME Clinic, an initiative designed to provide valuable guidance, support, and professional assistance to MSMEs and Startups across the country. This weekly walk-in, pro-bono advisory service aims to address key challenges faced by MSMEs, including finance, accounting, technology support and marketing.

About ICAI MSME Clinic

The ICAI MSME Clinic will be hosted every Friday by ICAI branches, where MSMEs and Startups can receive expert advice from two dedicated advisory desks:

- **Business Support Desk:** Led by Chartered Accountants specializing in MSME and Startup advisory, financial planning, compliance, and business strategy.
- **Institutional Support Desk:** Led by Bankers and Government Representatives, offering assistance with credit access, grievance redressal, and awareness of government schemes.

Introduction to the State-Specific MSME Policy

We are also excited to present the State-Specific MSME Policy, an essential resource for MSMEs & Startups in the ICAI MSME Clinic initiative. As part of this initiative, the Committee has developed a Resource Handbook and State-Specific MSME Policies, aimed at enhancing the knowledge base of MSMEs and Startups.

These State-Specific Handbooks serve as practical and accessible tools for navigating the unique opportunities, policies, and regulatory frameworks specific to each state. By consolidating available schemes, incentives, and support across states, we aim to provide MSMEs & Startups with the guidance they need to grow at the grassroots level and develop the capacity.

Vision of ICAI MSME Clinic

Through consistent, pro-bono engagement and sustainable operations, each branch becomes a local hub and incubation centre of MSME transformation, bridging professional excellence with grassroots economic development. ICAI aims to empower MSMEs & Startups annually, driving financial literacy, compliance discipline, and business growth.

Acknowledgement

We would like to extend our sincere gratitude to **CA Harshit Arya** for their tireless efforts and contributions in preparing the **State-Specific MSME Policy of Sikkim**, which will play a crucial role in this initiative.

MSME & Startup Commitment Growth

The MSME & Startup Committee, ICAI, is deeply committed to ensuring the success of the ICAI MSME Clinic and providing continuous support to MSMEs & Startups. Together, we look forward to contributing to the sustainable growth and empowerment of MSMEs & Startups, which are the backbone of the Indian economy.

CA Gyan Chandra Misra
Chairman
MSME & Startup Committee, ICAI

CA. Sanjay Kumar Agarwal
Vice Chairman
MSME & Startup Committee, ICAI

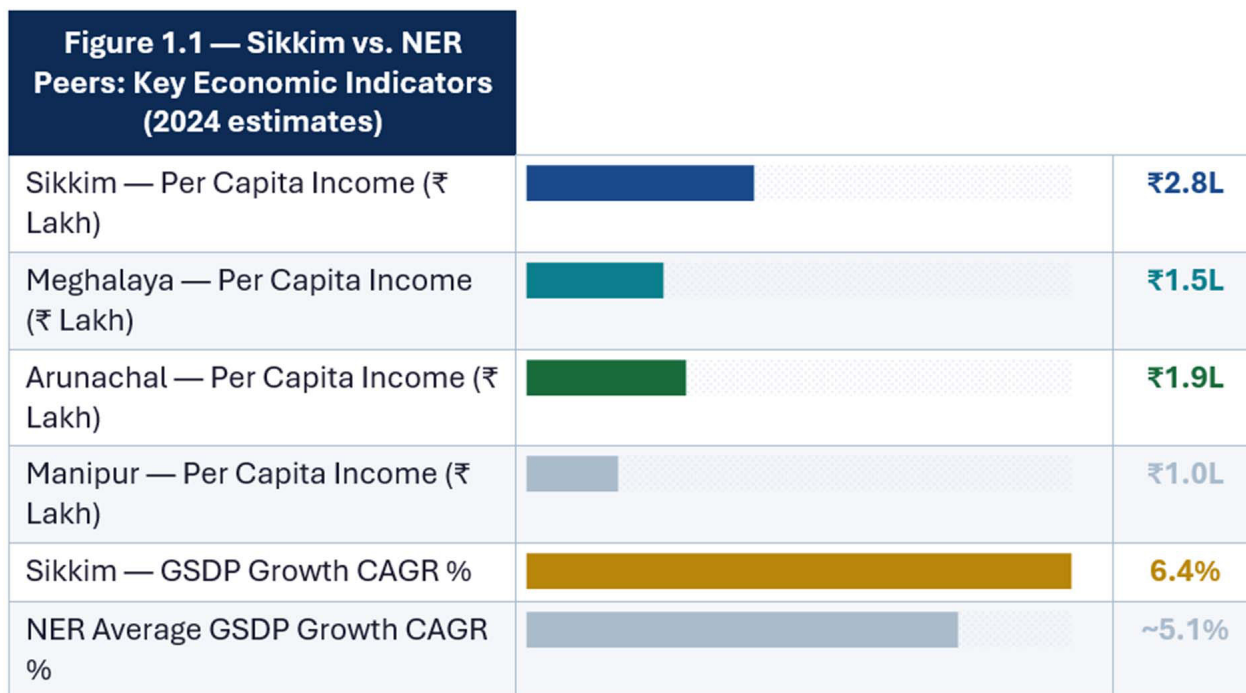
CHAPTER 1 : STRATEGIC CONTEXT & STATE PROFILE

1.1 Sikkim's Economic Identity — What Sets It Apart

Sikkim is a small state located in the northeast region of India, known for having both a small population and geographic area compared to other Indian states. Its total area is more than 7096 square km, but these only accounts for 0.2% of India's total area. It is strategically located with Nepal to its west, Bhutan and the Tibet Autonomous Region of China to its east, and the Darjeeling Gurkha Hill Council of West Bengal to its south. Sikkim has become the eighth member of the North-eastern Council of States, which was established to support the balanced development of the northeast region of India. This demonstrates Sikkim's growing importance in the area's development and strategic planning. The state recognizes 11+ languages for cultural preservation, including Gurung, Limbu, Magar, Rai, Sherpa, Tamang, Newar, Sunwar, and others. Sikkim is home to multiple snow-covered mountain peaks, including Kanchenjunga, which is the third highest peak in the world. As a result, the state attracts a significant number of tourists from all around the world who come to see these peaks. 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 mainland consumer 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 a significant producer of large cardamom in India and is known as a major global center for cardamom, contributing to approximately 80% of the country's total production. Sikkim is home to a variety of snow-capped peaks, notably Kanchenjunga, the third-highest mountain in the world and a popular tourist destination. Due to Sikkim's immense natural potential, tourism has become the new livelihood of the Sikkimese. The state's tourist industry has benefited from the promotion of rural tourism, homestay tourism, cultural tourism, trekking tourism, ecotourism, wellness tourism, flora tourism, and adventure tourism.

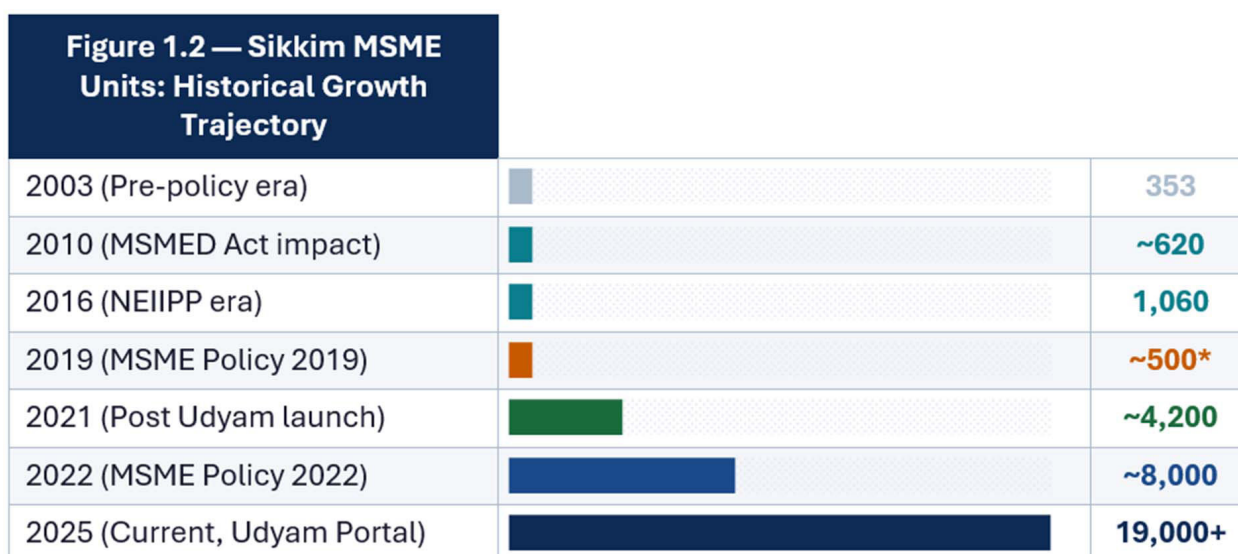
Sikkim is not simply a small Himalayan state — it is an anomaly in India's industrial geography. With a per-capita income 3.2x of the national average, the world's first and only fully organic status (FAO, 2019), and an industry sector contributing 62.6% of GSVA (dominated by hydro-power and pharmaceuticals), Sikkim operates a fundamentally different economic model than most NER peers.

This distinction is policy-critical: MSME incentives that work in Assam's flat floodplain or Meghalaya's limestone plateau need structural adaptation for Sikkim's terrain, its ecological constraints, its small population (~6.6 lakh), and its extraordinary biodiversity endowment. The MSME Policy 2022 and Industrial & Investment Policy 2024, when read together, do attempt this calibration — but not uniformly.



1.2 MSME Registration Trajectory — The Formalisation Story

Sikkim’s MSME registration journey is one of the most dramatic in NER, driven largely by policy activation and the Udyam portal launch in July 2020. The numbers tell a structural transformation story:



**2019 figure uses earlier registration system data. Post-Udyam launch (July 2020) figures reflect digital registrations. The apparent dip reflects system transition, not actual decline.*

1.3 Importance of MSME Policies

The MSME Policies of Sikkim (2019, 2022 and related Startup/Industry policies) play a crucial role in strengthening the state’s entrepreneurial ecosystem. These policies aim to promote sustainable, inclusive, and region-specific industrial growth in a hilly, biodiversity-sensitive state like Sikkim. Their importance can be understood as follows:

a. Promotion of Local Entrepreneurship:

The MSME Policies of Sikkim play a vital role in encouraging local and first-generation entrepreneurs by offering financial incentives, training, incubation, and mentorship. This helps reduce dependence on outside industries and promotes self-employment among youth and residents.

b. Development of Priority Sectors:

These policies focus on sectors naturally suited to Sikkim's hilly terrain such as organic agriculture, food processing, tourism, handicrafts, herbal products, and services. This helps in building competitive industries that utilize local resources efficiently.

c. Financial and Non-Financial Support:

Sikkim offers capital subsidies, interest subsidies, tax relief, and credit support, along with non-financial assistance like skill development, market linkage, and technology upgradation. This lowers the cost of doing business and improves the sustainability of MSMEs.

d. Promotion of Green and Sustainable Industries:

As an organic and environmentally sensitive state, Sikkim's MSME policies encourage eco-friendly production, clean technologies, and low-carbon industries. This protects the environment while attracting green investment.

e. Employment Generation:

By supporting tourism, agriculture-based units, local crafts, and service enterprises, the policies generate significant employment opportunities for youth, women, and rural populations, thereby improving livelihoods and reducing unemployment.

f. Strengthening Rural Economy:

The policies promote village industries and cottage industries, helping utilize local skills and raw materials. This reduces rural-to-urban migration and strengthens the rural economy through income generation at the grassroots level.

a. Ease of Doing Business:

Through simplified procedures, single-window clearances, and faster approvals, the policies create a business-friendly environment. This boosts investor confidence and encourages more people to start enterprises in the state.

a. Support for Innovation and Startups:

With the Startup Policy 2020 (amended 2022), Sikkim promotes innovation by providing seed funding, incubation, and technological support. This leads to the growth of modern, innovative, and knowledge-based enterprises.

1.4 Key Objectives of the MSME Policy

Given that the MSME sector needs to be promoted aggressively in the interest of local entrepreneurs, the policy must address limitations such as inadequate exposure to businesses and trade practices. To this extent, the objectives of the policy are as follows:

- a. To promote the development of entrepreneurship within the state by increasing awareness, sensitization and exposure;
- b. To assist young entrepreneurs by providing skill development training, all round incubation, funding access, subsidies, marketing assistance in order to ensure that enterprises are firmly rooted and capable of sustainable growth through business model;
- c. To encourage MSME to upscale their businesses and promote from local to national and international enterprises. Attract investment in this sector from local entrepreneurs;
- d. To provide technological support to new and existing entrepreneurs to maximize their production;
- e. To promote employment among the local populace in businesses within the capability of MSME;
- f. To ensure that enterprises follow the green development pathways by adopting environment friendly measures;
- g. Benefits of specific incentives can be availed by Sikkim Subject/Certificate of Identification/ Residential Certificate holders and their descendants;

ANALYTICAL INSIGHT: What Drove the 38× Growth?

- MSMED Act + Udyam Portal (2020): Paperless, Aadhaar-linked self-declaration removed the single biggest friction barrier — a definitional game-changer for micro enterprises
- Retail & Wholesale inclusion (2021): Expanding MSME definition to include trading activities added thousands of small shops and traders overnight
- MSME Policy 2022: Provisional 2-day registration via DIC, dedicated facilitation desk, and targeted outreach created pull at the grassroots level
- PMEGP & CGTMSE: Credit-linked access to finance provided the economic rationale for formalisation — registration became instrumentally valuable, not just a compliance exercise

CHAPTER 2 : POLICY ARCHITECTURE — FULL FRAMEWORK (2025)

2.1 The Three-Layer Policy Stack

Sikkim's MSME operating environment is defined by three interlocking layers of policy. An investor or entrepreneur navigating the system must understand all three — the cumulative benefit package is significantly larger than any single policy document suggests.

Layer	Policy Instrument	Core Value Proposition
LAYER 1 Central	UNNATI 2024 (DPIIT) ₹10,037 Crore 2024–2034	30% capital investment incentive (Zone A); interest subvention on loans up to ₹250 Cr; GST-linked incentive; covers all 8 NER states including Sikkim
LAYER 2 State	Sikkim MSME Policy 2022 +Industrial & Investment Policy 2024	20% capital subsidy (manufacturing); 25% interest subsidy (5 yrs); SGST reimbursement; stamp duty exemption; green incentives; industrial estates; facilitation infrastructure
LAYER 3 Sectoral	Startup Policy 2020/22, IT Policy 2020, Film Policy 2021, Tourism Policy 2018 + PMEGP, CGTMSE, SFURTI etc.	Sector-specific and scheme-specific incentives addressing incubation, credit access, artisan support, digital economy, and sector-level market facilitation

INVESTOR IMPLICATION: A manufacturing MSME in Sikkim can simultaneously access UNNATI (30% CII), Sikkim capital subsidy (20%), CGTMSE (collateral-free loan to ₹5 Cr), and PMEGP (15–35% margin money) — subject to non-duplication rules for the same incentive type. The effective subsidy stack can reduce net capital outlay by 35–50% for eligible units.

2.2 UNNATI 2024 — The Game-Changing Central Scheme (NEW)

The Uttar Poorva Transformative Industrialization Scheme (UNNATI) 2024, notified by DPIIT on 9 March 2024, replaces NEIIPP 2007 and NEIDS 2018 as the primary central industrial incentive for Sikkim. With a total outlay of ₹10,037 crore for 2024–2034, it represents the largest sustained central investment in NER industrialisation.

UNNATI Incentive Component	Zone A (Most Districts incl. Sikkim)	Zone B (Remote/Border Districts)
Capital Investment Incentive (CII)	30% of eligible plant & machinery value Max ₹5 Crore per unit Minimum investment: ₹1 Cr (mfg) / ₹50L (services)	30% of eligible investment Higher ceiling for border areas Minimum investment: ₹50L (micro, both sectors)
Capital Interest Subvention (CIS)	Interest reimbursement on term loans Eligible on principal up to ₹250 Crore Subvention on disbursed amount (not sanctioned)	Same rates with higher eligible loan ceiling for service sector border area units

UNNATI Incentive Component	Zone A (Most Districts incl. Sikkim)	Zone B (Remote/Border Districts)
Mfg & Services Linked Incentive (MSLI)	GST-linked incentive: net GST (output minus input credit) reimbursed Upper limit: 75% of eligible investment (Zone A)	Upper limit: 100% of eligible investment (Zone B) — full GST recovery possible for new units
Eligible Sectors	Manufacturing (positive list), Tourism, IT/ITeS, Healthcare (25+ beds), Education, EV infra, Films, Heritage tourism	Same + additional hospitality and remote-area infrastructure
Registration Window	9 March 2024 to 31 March 2026 (subject to fund availability at 115% threshold)	APPLY EARLY

2.3 State Policy Definitions

The following definitions shall apply for the purpose of interpretation, eligibility assessment, and implementation of incentives under the SIKKIM MSME Policy 2022–2027.

2.3.1 MSME

MSME Classification – Sikkim (as per MSMED Act, 2006 & GoI Notification dated 01.06.2020)

The definition of Micro, Small, and Medium Enterprises in Sikkim shall be as prescribed under the Micro, Small, and Medium Enterprises Development (MSMED) Act, 2006, as amended from time to time.

Sikkim adopts the same national criteria for MSME classification based on investment in plant & machinery/equipment and turnover.

Table 1

Category	Investment in Plant & Machinery / Equipment	Turnover
Micro Enterprises	Less than ₹1 crore	Less than ₹5 crore
Small Enterprises	₹1 crore to ₹10 crore	₹5 crore to ₹50 crore
Medium Enterprises	₹10 crore to ₹50 crore	₹50 crore to ₹250 crore

(Source: Ministry of MSME, Government of India — Notification S.O. 2119(E), dated 26 June 2020, applicable across all states including Sikkim.)

This is also reflected in the Sikkim MSME Policy (2019/2022) which follows the central definition.)

Note for Sikkim Policy Framework

For the purpose of granting incentives under the Sikkim MSME Policy, the investment criteria shall be treated as the primary eligibility parameter, and turnover shall not be considered unless specifically notified by the Government of India.

If you want, I can also prepare the Sikkim-specific MSME incentive table, eligibility rules, or comparison between UP vs Sikkim MSME policies.

2.3.2 New Project

A “New Project” shall mean any industrial unit that undertakes investment in fixed assets on or after the date of notification of this Policy.

Projects that initiated investment prior to the policy notification but could not qualify as pipeline projects under earlier industrial/MSME policies shall also be treated as new projects under this Policy, subject to conditions prescribed by the competent authority.

2.3.3 Exporter

“Exporter” means an MSME unit which exports 50% or more of its manufactured goods or services and possesses a valid Importer Exporter Code (IEC) issued by the Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India.

2.3.4 Importer Exporter Code (IEC)

IEC refers to the 10-digit registration number issued by DGFT that authorizes an enterprise to undertake import and/or export activities.

2.3.5 100% Export Oriented Enterprise (EOE)

A 100% Export Oriented Enterprise is an industrial unit that undertakes to export its entire production, subject to permissible domestic tariff area (DTA) sales as allowed by the Government of India.

Such enterprises may operate under:

- a. Export Promotion Industrial Park (EPIP) Scheme
- b. Electronic Hardware Technology Park (EHTP) Scheme
- c. Software Technology Parks of India (STPI)
- d. Special Economic Zone (SEZ) Scheme
- e. Any other export-oriented scheme notified by Government.

2.3.6 Value of Fixed Assets (VFA)

Value of Fixed Assets shall mean the total investment made on land, building and plant & machinery including R&D equipment and such other productive assets like tools, jigs & fixtures, dyes, utilities like boilers, compressors, DG Sets, cranes, material handling equipment and such other equipment directly related to production purposes. It also includes installation of plant and machinery (erection charges), electrical items including electrical wiring.

2.3.7 Special Category Units

Units established exclusively by an SC / ST, Women, Minorities, Physically Challenged & Ex-Servicemen Entrepreneurs as a proprietary concern or all the partners or directors of the partnership firm / Co-operative Society/Private limited companies or any other legal entity belonging to above-mentioned categories respectively

2.3.8 Employment

Direct Employment shall mean employees who are on the rolls of the respective companies which will include contract labours engaged in production line. However, It will not include casual labours. The percentage of contract labours engaged should not exceed 40% of total labour force

2.3.9 Expansion / Diversification / Modernisation

The existing enterprise must invest additional new capital to the tune of at least 25% of the fixed assets in the Expansion / Diversification / Modernisation program. The quantum of turnover under the Expansion / Diversification / Modernisation program eligible for base subsidy is the incremental increase in the turnover over and above the average turnover during the immediate 3 years before the commencement of the commercial production in the Expansion / Diversification / Modernisation program.

2.3.10 Turnover

The aggregate value of the realisation of amount made from the sale of manufactured goods by the company/enterprise during a financial year. Income from other sources (non-operating activities) like interest received, grants or subsidies, trading activity, resale of products/goods will not be counted under turnover

2.4 Policy Period and Applicability (Sikkim)

The Sikkim MSME Policy 2022 was officially notified by the Government of Sikkim on 18 February 2022, replacing and updating the earlier MSME Policy 2019. This policy got revised time to time as per the upcoming requirements. This policy serves as the current framework for promoting and regulating Micro, Small and Medium Enterprises across the state. It is designed to remain in force until it is amended or superseded by a new policy, meaning there is no fixed expiry period; instead, it continues as an active policy document guiding MSME growth and support measures in Sikkim. The policy aligns with central sector initiatives and integrates provisions to strengthen entrepreneurship, financial assistance, and sustainable development practices in the state.

The applicability of the Sikkim MSME Policy 2022 extends to all micro, small and medium enterprises—manufacturing, service, and job-work units—located within the territorial jurisdiction of Sikkim. It covers both new MSME units set up after the notification date and existing eligible enterprises that meet the defined criteria and seek to avail incentives such as capital subsidy, interest subsidy, skill support, and market facilitation. The policy specifically aims to benefit local entrepreneurs, first-generation business owners, and units operating in priority sectors like organic farming, food processing, tourism, handicrafts, and herbal products. It seeks to build a supportive business ecosystem in the state by offering fiscal and non-fiscal support through institutional mechanisms.

2.5 Eligibility for Incentives

The Sikkim MSME Policy 2022 provides incentives only to those enterprises that are formally registered as Micro, Small, or Medium Enterprises (MSMEs) under the Udyam Registration

system. To be eligible, an enterprise must be located within the State of Sikkim and must have commenced commercial production or operations after the date of policy notification. New units established in manufacturing, services, or job-work activities are eligible, while existing units may also qualify for certain incentives provided; they undertake expansion, modernization, or diversification as defined in the policy guidelines. The unit must make fixed capital investment within the prescribed timelines and should comply with all statutory requirements related to labour laws, environmental norms, and taxation.

Additionally, units availing incentives must ensure that land cost is excluded from fixed capital investment, as the policy does not provide incentives on land expenditure. The enterprise should not claim the same incentive under more than one policy, meaning duplication of benefits is not allowed. Units must maintain proper documentation, submit periodic reports, and follow the procedures laid down by the Department of Commerce & Industries, Government of Sikkim. Preference is given to local entrepreneurs, first-generation business owners, women-led enterprises, and units in priority sectors such as organic agriculture, food processing, tourism, handicrafts, herbal products, IT services, and eco-friendly manufacturing. Only those fulfilling all these conditions are eligible to receive financial and non-financial incentives under the Sikkim MSME Policy.

2.6 Terms & Conditions for Extending Incentives and Concessions

- **Mandatory MSME Registration:**

Incentives and concessions are extended only to units that are formally registered as Micro, Small, or Medium Enterprises under the Udyam Registration system. Without valid MSME registration, no financial or non-financial benefit can be claimed.

- **Commercial Production Requirement:**

Only those units that commence commercial production or service operations within the period specified in the policy are eligible. Delays in starting operations may disqualify the unit unless specifically approved by the government.

- **No Duplication of Benefits:**

A unit cannot claim the same incentive under more than one policy of the state or central government. If benefits are already taken under another scheme, the enterprise must choose only one policy for availing the same type of incentive.

- **Exclusion of Land Cost:**

The policy clearly states that land cost is not eligible for calculating Fixed Capital Investment (FCI). Incentives such as capital subsidy are calculated only on eligible components like plant, machinery, and equipment.

- **Adherence to Legal & Statutory Compliance:**

Units must comply with all legal requirements, including labour laws, environmental clearances, pollution control norms, GST, electricity regulations, and safety standards. Non-compliance can lead to cancellation of incentives.

- **Timely Submission of Documents:**

Entrepreneurs must submit application forms, investment proofs, utilization certificates, and periodic progress reports within the deadlines prescribed by the Department of Commerce & Industries. Late applications may be rejected.
- **Proper Maintenance of Records:**

Accurate books of accounts, invoices, and proof of investment must be maintained and made available for verification, inspection, and audit by government authorities before or after disbursement of incentives.
- **Expansion, Modernisation & Diversification:**

Existing units can receive incentives only if they undertake genuine expansion, capacity enhancement, technology upgradation, or diversification. They must show a measurable increase in fixed capital investment.
- **Employment & Local Preference:**

Units receiving support should give preference to residents in employment and skill development. Some incentives may be linked to creating a minimum level of employment, especially for youth and women.
- **Government's Right to Modify or Withdraw Incentives:**

The State Government reserves the right to suspend, modify, recover, or withdraw incentives if any misrepresentation, misuse of funds, rule violation, or fraudulent claim is found.
- **Eligibility Subject to Fund Availability:**

Disbursement of incentives depends on the availability of budgetary resources. Even eligible units may receive benefits in phases based on the financial capacity of the state.

CHAPTER 3: INCENTIVE ARCHITECTURE – INVESTOR'S REFERENCE GUIDE

3.1 Master Incentive Matrix — State + Central Combined

The table below presents the FULL incentive stack available to an MSME in Sikkim, combining state (MSME Policy 2022 + Industrial & Investment Policy 2024) and central (UNNATI 2024 + scheme-specific) benefits. This is the definitive investor reference — designed to eliminate the need to cross-reference multiple policy documents.

Incentive Type	Source	Quantum / Rate	Cap / Duration	Special Category Boost
CAPITAL SUBSIDIES				
Capital Investment Incentive	UNNATI 2024	30% of plant & machinery value (Zone A)	Max ₹5 Cr; minimum invest ₹1 Cr (mfg)	Same rate; lower minimum (₹50L)
Fixed Capital Subsidy — Manufacturing	State 2022	20% of plant & machinery (Small/Medium) 10% of plant & machinery (Micro)	Max ₹50L (Small/Med); Max ₹5L (Micro) One-time	+5% additional for women, SC/ST
Fixed Capital Subsidy — Services	State 2022	10% of equipment (Small/Medium/Micro)	Max ₹20L (Sm/Med); Max ₹5L (Micro) One-time	+5% additional for women, SC/ST
PMEGP Margin Money	Central	15–35% of project cost (35% rural/SC-ST/women/NER)	Mfg ₹1 Cr / Service ₹50L (2023 enhanced) New micro-enterprises only	35% (rural & remote) vs 25% urban
TAX & DUTY INCENTIVES				
SGST Reimbursement (New MSME)	State 2022	50% of SGST for 3 years from commencement	Max ₹2 lakhs total	+15% additional for women entrepreneurs
SGST Reimb. (Expansion — Micro/Small)	State 2022	70% of SGST for 5 years	From commencement of commercial production	Women: additional 15% on top
SGST Reimb. (Expansion — Medium)	State 2022	50% of SGST for 5 years	From commencement of commercial production	Women: +15% additional
GST-Linked Incentive	UNNATI 2024	Net GST (output minus input credit) reimbursed based on turnover	75% of eligible investment (Zone A) 100% (Zone B) — new units only	Applicable equally

Incentive Type	Source	Quantum / Rate	Cap / Duration	Special Category Boost
Stamp Duty Exemption	State 2022	100% exemption from stamp duty	For new enterprises on registration Transfer duty reimbursed: max ₹2L	COI/Sikkim Subject/RC holders only
Stamp Duty — Startup	Startup 2022	50% of stamp & transfer duty reimbursed	Applicable within 10 years of incorporation	Both new and existing startups
INTEREST & CREDIT SUPPORT				
Interest Subsidy	State 2022	25% of interest on credit loans for enterprise development	5 years from commencement; max ₹2L/year Subject to regular EMI payment	Not available if similar central scheme availed
Capital Interest Subvention	UNNATI 2024	Partial interest reimbursement on eligible term loans	On loans up to ₹250 Crore principal On disbursed amount only	Applicable equally; stackable with state
CGTMSE Credit Guarantee	Central	Collateral-free loan guarantee 75–85% coverage	Up to ₹5 Crore loan (enhanced from ₹2 Cr, Apr 2023)	85% coverage for micro up to ₹5L
OPERATIONAL INCENTIVES				
Power Cost Reimbursement	State 2022	₹1.00 per unit fixed power cost reimbursement	5 years from commencement Captive power plants excluded	Same rate
DG Set Purchase	State 2022	50% cost reimbursement (excl. installation)	One-time For uninterrupted power supply purpose	Same
DPR Preparation	State 2022	50% reimbursement from empanelled agencies	Max ₹20,000 per DPR	Same
Trade Fair Participation	State 2022	50% of transportation cost	National and international trade fairs Per event basis	Same
Export Logistics	State 2022	Sea: 50% logistics Air: 30% logistics + 50% factory-to-port transport + 50% warehouse + 25% packaging	Per shipment basis Subject to RCMC registration	Same

Incentive Type	Source	Quantum / Rate	Cap / Duration	Special Category Boost
Seed Capital for Micro	State 2022	20% of machinery cost for new enterprises	Adjusted from eligible investment subsidy	100% own-funded units get priority incubation
GREEN & SUSTAINABILITY INCENTIVES				
Energy Audit	State 2022	50% cost reimbursement	Max ₹1 lakh per audit; 3 years	Same
Water Audit	State 2022	50% cost reimbursement	Max ₹1 lakh per audit; 3 years	Same
Green Belt / Plant Site	State 2022	50% cost reimbursement for greenery	Max ₹1 lakh; one-time only	Same
ZED Certification	Central MSME	Graded incentives: Bronze, Silver, Gold levels	Ongoing; Udyam registration mandatory	Priority benefits for quality-certified units
NON-FINANCIAL & MARKET SUPPORT				
Government Procurement	State 2022	25% annual procurement mandate from MSEs 5% sub-target for priority groups	All State Govt. depts, offices, institutions, SPSUs Tender fee waived; EMD exempted	15% price preference for MSEs
Cluster Development	State + Central	Up to ₹20L state share (90:10 Govt:State) SFURTI: up to ₹5 Cr for 500+ artisans	Clusters only; implementing agency basis	SC/ST artisan clusters priority
IPR / Patent Support	State 2022	Assistance for quality cert., patent, trademark	UAM-holding micro/small enterprises	Awareness programmes organised
R&D Support	State 2022	Cost facilitation at national research institutes State bears up to ₹50,000	For local entrepreneurs only	Same
Skill Upgradation	State 2022	50% of training/incubation fee reimbursed	Registered training institutes preferred	Women, SC/ST, rural priority enrolment

NON-DUPLICATION RULE: A unit cannot claim the SAME TYPE of incentive under two or more policy layers. However, DIFFERENT incentive types from multiple layers (e.g., UNNATI CII + State SGST reimbursement + PMEGP margin money) are permissible if each addresses a distinct benefit category.

CHAPTER 4 : COMPARATIVE POLICY POSITIONING — SIKKIM vs. PEERS

4.1 Sikkim vs. NER Peer States — MSME Policy Benchmarking

The following analysis benchmarks Sikkim’s MSME policy against its NER peers on six critical dimensions. This comparative lens is essential for positioning Sikkim competitively for investment and identifying where its policy needs strengthening.

Policy Dimension	Sikkim	Meghalaya	Assam	Arunachal	Nagaland
Capital Subsidy (State)	20% mfg 10% ser-vice	Top-up to UNNATI rate	20–25% mfg	15–25% (DPIIT linked)	20–30% zone-based
UNNATI 2024 Coverage	✓ Full eligibility	✓ Full + MIIPP 2024	✓ Full + Assam policy	✓ Full + state policy	✓ Full + Nagaland policy
Interest Subsidy	25% / 5 yrs (max ₹2L/yr)	UNNATI CIS + state top-up	3–5% for 5 yrs (CM scheme)	3–5% / 5 yrs	3% / 5 yrs
Organic / Green USP	★★★★★ World’s only organic state	★★★ Meghalayan bio-diversity	★★★ Bamboo, Muga silk	★★ Forest resources	★★ Naga heritage crafts
MSME Count (2025)	~19,000 (Udyam)	~45,000 (est.)	~5.5 Lakh (Udyam)	~25,000 (est.)	~12,000 (est.)
Cluster Dev. Uptake	NIL MSE-CDP	Moderate (handicrafts)	Strong (bamboo, tea)	Low (nascent)	Low-Mod (agri clusters)
Ease of Doing Business	Good (NSWS + DIC)	Good (MSIPF Act 2024)	Strong (rank 14 national)	Improving (single window)	Moderate
Credit Access	WEAK CD ratio low	Moderate	Strong CM MSME scheme	Low	Moderate

COMPETITIVE POSITIONING SUMMARY

- SIKKIM’S MOAT: The organic state identity is genuinely irreplaceable — no competitor state can acquire this brand equity through policy alone
- PARITY ZONE: Capital subsidies, interest subsidies, and UNNATI access are broadly similar across NER states — Sikkim is competitive but not exceptional on purely financial terms
- SIKKIM’S VULNERABILITY: Credit-Deposit ratio deficit and nil cluster uptake are critical structural weaknesses vs. Assam (strong banking) and Meghalaya (active handicraft clusters)
- SIKKIM’S OPPORTUNITY: Industrial & Investment Policy 2024 + UNNATI 2024 combination creates a window — but the 31 March 2026 UNNATI registration deadline requires urgent outreach

4.2 Sikkim vs. Leading Non-NER States — Selected Benchmark Dimensions

While NER comparisons are most relevant for investment positioning, benchmarking against Maharashtra, Telangana, and Rajasthan (India’s leading MSME policy states) reveals the ceiling Sikkim could aspire to — and the structural reforms that would get it there.

Dimension	Sikkim (2025)	Maharashtra (PSI-2019)	Telangana (2024)
Capital Subsidy (Manufacturing)	State: 20% (max ₹50L) + UNNATI: 30% (max ₹5Cr) = Effective stack up to ~50% for eligible units	GST refund-based: 40–75% of FCI over 7–10 years based on taluka category (not upfront subsidy)	25% on FCI (max ₹30L) — upfront capital subsidy
SGST Reimbursement	50% for 3 years (new) / 70% for 5 years (expansion) Max ₹2L (new); unlimited for expansion	100% SGST refund as Industrial Promotion Subsidy for 7 years; linked to investment quantum and taluka category	GST rebate for eligible sectors; quantum varies by investment size
Interest Subsidy	25% (State) + UNNATI CIS (Central) Max ₹2L/year (state cap)	Not a primary feature; bank rate-linked	Interest subvention 5–7% for selected sectors
Key Policy Advantage	Organic brand + UNNATI + low competition for quality investments in clean sectors	Deep financial market, large procurement base, cluster infrastructure, global brand for manufacturing	IT sector depth, talent pool, strong FDI track record, EV policy leadership
Policy Gap vs. Sikkim	N/A — this is Sikkim	Maharashtra’s subsidy caps are MUCH higher (hundreds of crores for medium units); Sikkim’s max ₹50L cap limits medium-scale attraction	Telangana’s IT/ITES sector depth and talent pipeline are difficult to replicate; Sikkim needs a decade-long IT HRD investment

INVESTOR INSIGHT: Sikkim is NOT competing with Maharashtra or Telangana for the same investments. Its competitive space is eco-sensitive, green, organic, niche-manufacturing investments where Sikkim’s constraints (hilly terrain, organic certification, small scale) become assets, not liabilities.

CHAPTER 5 : SECTOR-BY-SECTOR INVESTMENT INTELLIGENCE

5.1 Sector Opportunity Matrix — Analytical Assessment

The following matrix assesses each major sector on five dimensions: market potential, policy support depth, resource availability, competitive advantage, and near-term investability. Ratings are on a 5-point scale.

Sector	Market Potential	Policy Depth	Resource Base	Competitive Edge	Investability Now	Investor Action
Organic Agri / Cardamom / Spices	★★★★★	★★★★★	★★★★★	★★★★★	★★★★☆	ACT NOW
Herbal / Wellness / Essential Oils	★★★★★	★★★★☆	★★★★★	★★★★★	★★★★☆	ACT NOW
Eco-tourism / Homestays / Wellness	★★★★☆	★★★★☆	★★★★★	★★★★☆	★★★★☆	HIGH PRIORITY
Food Processing (Organic)	★★★★☆	★★★★★	★★★★★	★★★★☆	★★★☆☆	HIGH PRIORITY
Pharmaceuticals / Biotech	★★★★★	★★★★☆	★★★☆☆	★★★★☆	★★★★☆	STRONG BUY
Handicrafts / Handloom / Thangka	★★★☆☆	★★★★☆	★★★★★	★★★★☆	★★★★☆	HIGH PRIORITY
IT / Digital Services / BPO	★★★★☆	★★★★☆	★★★☆☆	★★★☆☆	★★★☆☆	MEDIUM TERM
AVGC-XR / Films / Media	★★★★☆	★★★☆☆	★★★★☆	★★★★☆	★★★☆☆	EMERGING
Renewable Energy	★★★★☆	★★★★☆	★★★★★	★★★☆☆	★★★☆☆	MEDIUM TERM

5.2 Sector Specific Schemes

5.2.1 Tourism

Tourism in Sikkim has emerged as the new profession of the Sikkimese people with its vast natural potential. Promotion of village tourism, homestay, cultural tourism, trekking tourism, ecotourism, wellness tourism, flori-tourism and adventure tourism has given a fillip to the tourism trade in the state where a large number of people are engaged under different employment opportunities. Sikkim has been featured and ranked 17th in the New York Times "52 best places to go in 2017". Tourist arrival (domestic and foreign tourists) in the state increased from 99,000 in 1994 to >1.4 million in 2019. On January 30, 2019, Union Minister for Tourism inaugurated the first project under Swadesh Darshan Project at the Zero Point, Gangtok, Sikkim. The project was developed at a value of Rs.98.05 crore (US\$ 14.02 million). Ministry of Tourism, Government of

India, awarded the capital city of Sikkim, Gangtok, with the title of 'Cleanest Tourist Destination' in the country. In January 2021, Chief Minister Mr. Prem Singh Golay launched 'Visit Sikkim 2022', a declaration on year-long tourism promotion and marketing for Sikkim.

5.2.2 Agriculture

Agriculture is vital to the progress of Sikkim as more than 64% of the population depends on it for their livelihoods. The Sikkim AGRISNET is an online resource for agricultural information that promotes the use of scientific farming practices and helps the agricultural industry put research into action. Sikkim has an environment that is good for producing agricultural and horticultural goods. Rice, wheat, maize, millet, barley, urad, pea, soyabean, mustard, and big cardamom are among the many crops it supports⁹. Sikkim has 109,000 acres of surveyed arable land, but only 9.5% of it is exploited, leaving a huge untapped potential for development. The state government is also emphasizing the development of organic farming there. The Central Ministry of Agriculture and Farmers' Welfare and other reputable organisations in the nation approved the state as the nation's first entirely organic state. Sikkim was proclaimed the first state in the world to be entirely organic by UN Food and Agriculture (FAO) in August 2019. The primary sector contributed around 16.06% to Sikkim's GSDP in 2017-18.

Paramparagat Krishi Vikas Yojana (PKVY) is a sub-scheme under National Mission of Sustainable Agriculture (NMSA) through which assistance is provided for Organic Farming clusters. The state has around 150 clusters and the Government plans to develop 200 more clusters in 2017-18.

5.2.3 Food Processing

India's food processing sector is one of the largest in the world and its output is expected to reach \$535 Bn by 2025-26. The food processing industries in Sikkim include Pickles, Squashes, Jams, jelly's, Ketchup, spices etc. A pioneer initiative in direction of food processing was set up of Government Fruit Preservation.

Factory (GFPP), Sikkim to preserve in principal Oranges. Progressively GFPP diversified into processing of various fruits, vegetables and allied food products. Currently there are 20 food processing units in Sikkim. Indian Farmers Fertiliser Cooperative Limited (IFFCO) and Sikkim IFFCO Organics Limited formed a joined venture for development of two food processing units to give boost organic farming in Sikkim.

5.2.4 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.

- a. **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.
- b. **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.
- c. **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.
- a. **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.

5.2.5 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.

5.2.6 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.

5.2.7 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

5.2.8 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.

5.2.9 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.

5.2.10 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.

5.2.11 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.

5.2.12 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.

5.3 Three High-Conviction Investment Theses for 2025–2030

THESIS 1: Organic Value Chain Integration

Sikkim produces world-class organic cardamom (80% of India's output), ginger, turmeric, and Himalayan teas — but sells most of it as unprocessed commodity, losing 60–80% of potential value. The MSME policy's combined support for food processing (capital subsidy), organic certification assistance, PMFME scheme, and export logistics creates an unusually strong value-chain integration opportunity.

Investment Opportunity: Organic Value-Addition MSMEs

- Target: Agro-processing units for cardamom oil, ginger extract, organic turmeric powder, Himalayan herbal teas — all with premium global market demand
- Policy Stack: UNNATI 30% CII + State 20% capital subsidy + PMFME grant + SGST reimbursement + export logistics support
- Competitive Moat: 'India's first organic state' certification = automatic premium positioning in EU, US, Japan organic markets
- Risk: Small land parcels (average farm size <1 ha) require aggregation models; cooperatives/SHGs as aggregation vehicles recommended

THESIS 2: Himalayan Wellness & Herbal Economy

Sikkim hosts 424+ of India's 6,000 medicinal plant species. The global wellness industry exceeds \$4.5 trillion. The intersection of Sikkim's biodiversity with modern wellness demand creates an extraordinary niche. MSME policies support essential oil extraction (CREATE model), herbal product manufacturing, Ayurvedic wellness centres, and export of botanical ingredients.

Investment Opportunity: Herbal & Wellness Product MSMEs

- Target: Essential oil extraction (lemongrass, rhododendron, cardamom), herbal extract units, Ayurvedic formulation centres, wellness tourism with natural therapy offerings
- Policy Stack: UNNATI 30% CII + State capital subsidy + Green incentives + Export logistics + R&D support (₹50,000 state-funded research)
- Competitive Moat: Himalayan biodiversity + organic certification + altitude-specific plant compounds unavailable elsewhere
- Market Entry: Fair Trade / organic certification premium pricing; direct-to-consumer e-commerce enables bypassing traditional intermediaries

THESIS 3: Cultural Tourism Infrastructure MSMEs

Sikkim's tourism sector recovered strongly post-COVID. Khangchendzonga National Park's UNESCO World Heritage Status, Buddhist pilgrimage circuits linking Nepal-Bhutan-Tibet, and the upcoming Sevoke-Rangpo railway create a step-change in visitor access. MSMEs in homestays, adventure tourism equipment, cultural experiences, craft retail, and organic food services are the primary beneficiaries.

Investment Opportunity: Tourism MSME Ecosystem

- Target: Premium eco-lodges (UNNATI eligible as hospitality), adventure activity operators, cultural craft retail clusters, organic restaurant/farm-to-table concepts
- Policy Stack: UNNATI CII (hotels/resorts eligible) + State tourism incentives + SFURTI for craft clusters + PMEGP for micro hospitality units
- Timing Catalyst: Sevoke-Rangpo railway (due 2025) will reduce Gangtok–NJP travel from ~4 hours to ~45 minutes — a structural demand multiplier
- Model: Partner with local SHGs/cooperatives for culturally authentic experiences; supports the 25% procurement mandate from MSEs

CHAPTER 6 : IMPLEMENTATION GUIDE — FROM INTENT TO INCENTIVE

6.1 The Investor Decision Tree

The following framework guides an entrepreneur or investor through the correct pathway for accessing Sikkim's MSME incentive ecosystem, from initial eligibility check to disbursement.

Step	Action	Key Question / Decision	Outcome / Next Step
1	Confirm MSME eligibility	Does my investment in plant & machinery fall within MSME limits (Micro <₹1Cr / Small ₹1–10Cr / Medium ₹10–50Cr)?	YES → proceed to Step 2. NO → explore industrial policy for large investors.
2	Check residency eligibility	Am I / my enterprise a Sikkim Subject / COI holder / RC holder?	YES → full state incentive stack. NO → UNNATI 2024 (central) and some state incentives still apply.
3	Obtain Udyam Registration	Have I registered at udyamregistration.gov.in ? (Aadhaar, PAN, GST required)	Register FIRST — all incentives require Udyam cert. Certificate issued instantly on portal.
4	Apply for UNNATI 2024 registration	Is my project NEW or EXPANDING? Is my sector in UNNATI's positive list? Is my investment ≥₹1Cr (mfg) / ₹50L (services)?	URGENT: Register at unnati.dpiit.gov.in before March 31, 2026 window closes. Processing: ~4 months.
5	Prepare DPR (Detailed Project Report)	Is my DPR prepared by an empanelled agency? Have I included capital cost breakdowns, investment phasing, employment projections?	State reimburses 50% of DPR cost (max ₹20,000). DPR is also required for UNNATI and bank loans.
6	Apply for state incentives	Have I approached the MSME Facilitation Desk at Dept. of Commerce & Industries and/or DIC?	Submit: Udyam cert, UNNATI registration, DPR, investment proofs, land documents, bank details.
7	Access credit	Have I applied for CGTMSE-backed collateral-free loan (up to ₹5 Cr)?	CGTMSE + UNNATI CIS together can make term loan cost very competitive — explore with NEDFi or SBI/UCO.
8	Commence commercial production	Have I preserved all invoices, installation records, proof of production commencement?	Incentive claims triggered only AFTER commencement. Documentation at this stage is critical for all subsequent disbursements.
9	File periodic claims	Am I submitting utilisation certificates, SGST returns, interest payment records within prescribed timelines?	Late submissions may forfeit entitlement. Engage facilitation desk for timeline tracking.

6.2 Documentation Checklist — Complete Reference

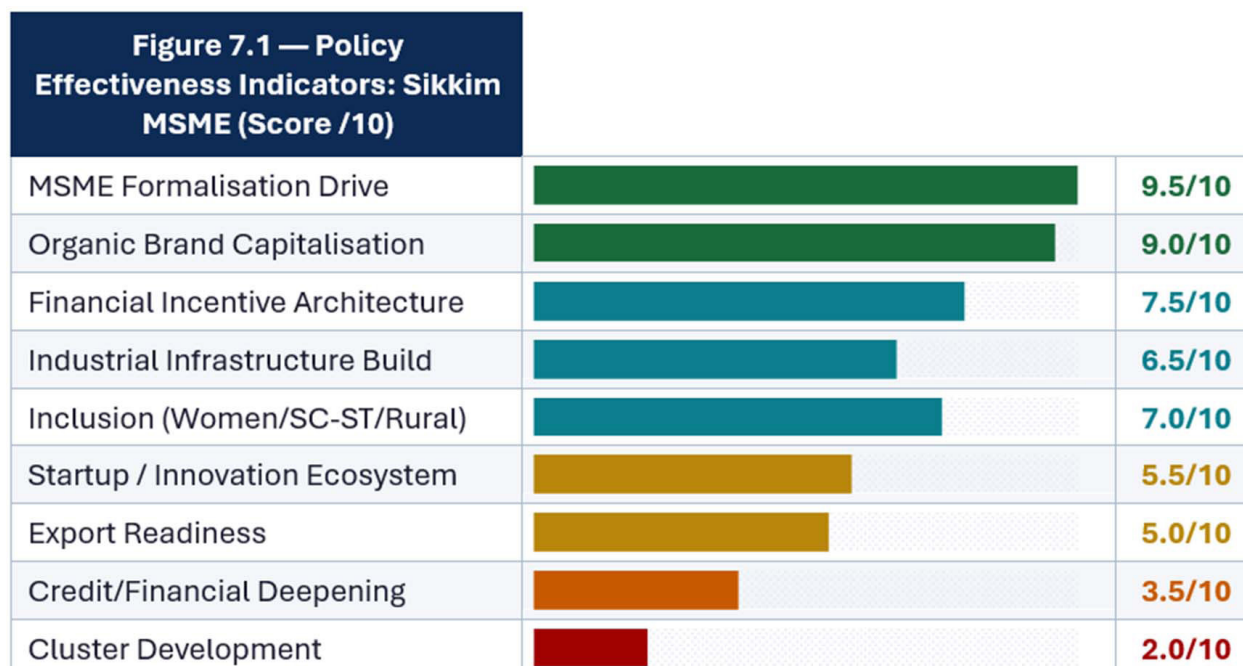
Document	Applicable Incentive	Where to Obtain
Udyam Registration Certificate	ALL	udyamregistration.gov.in — free, instant
Sikkim Subject / COI / RC Certificate	State Incentives	SDM/Collectorate office of respective district
UNNATI Registration Certificate	UNNATI 2024	unnati.dpiit.gov.in — online portal, ~4 months processing
Detailed Project Report (DPR)	All Major Schemes	Empanelled agencies (50% cost reimbursed by Dept. of Commerce)
Land/Building Ownership or Lease Deed	Capital Subsidy Stamp Duty	Revenue Dept / Sub-Registrar Office
Plant & Machinery Purchase Invoices	UNNATI CII State Capital Subsidy	Original invoices from supplier; bank payment proof mandatory (no cash)
Bank Loan Sanction Letter	Interest Subsidy UNNATI CIS CGTMSE	Bank / NBFC / NEDFi
Commencement Certificate	ALL claim triggers	DIC (District Industries Centre) after site inspection
GST Registration Certificate + Returns	SGST Reimbursement UNNATI MSLI	GST Common Portal (gst.gov.in)
EMI Payment Proof / Loan Account Statement	Interest Subsidy	Bank statement for previous year (mandatory for interest subsidy claim)
Environmental / Labour Compliance Certificates	ALL (compliance req.)	SPCB / Labour Dept. / local authorities
Utilisation Certificate (Form 12C for UNNATI)	UNNATI all components	CA-certified; submitted to nodal agency (NEDFi) within 3 months

6.3 Key Contacts — Sikkim MSME Ecosystem

Organisation	Contact	Services	Portal / Address
Dept. of Commerce & Industries, Govt. of Sikkim	Ph: 03592-206174 Email: sikkimindustries@gmail.com	All state incentives, industrial estates, MSME Directorate, facilitation desk	industries.sikkim.gov.in Gangtok, East Sikkim
DIC East/North — Gangtok	Ph: 7026282722	Udyam registration, provisional registration (2-day), DIC services	Gangtok (East & North districts)
DIC South/West — Jorethang	Ph: 9002042168 dicjorethang@yahoo.com	DIC services for South & West Sikkim districts	Jorethang, South Sikkim
MSME-DFO Gangtok (Gol field institute)	msmedigangtok.gov.in	Techno-economic guidance, central scheme facilitation, training, marketing assistance	msmedigangtok.gov.in
UNNATI 2024 Portal (DPIIT)	unnati.dpiit.gov.in Helpdesk: 011-23061271	UNNATI registration, DIC scrutiny, DPIIT approval, disbursement tracking	unnati.dpiit.gov.in Deadline: 31 March 2026
Udyam Registration Portal	udyamregistration.gov.in	Free MSME registration; certificate download; update	Free; Aadhaar + PAN + GST required
NSWS (National Single Window)	nsws.gov.in	Integrated approvals across 32 central and state departments	nsws.gov.in
NEDFi (for UNNATI disbursement)	nedfi.com	Financial channel for UNNATI incentive disbursement; project loans; NER financing	Guwahati (nodal for all NER states)
Invest Sikkim Portal	industries.sikkim.gov.in /investsikkim	Investment opportunities, land bank, sector profiles, connectivity, investor facilitation	industries.sikkim.gov.in

CHAPETR7:POLICYEFFECTIVENESSEVALUATION&STRATEGICROADMAP

7.1 What's Working — Evidence-Based Assessment



7.2 Policy Gaps — Root Cause Analysis

Gap	Root Cause	Recommended Action
NIL MSE-CDP Cluster Uptake	No dedicated cluster facilitation agency; industrial estates not yet developed in all districts; limited cluster proposal pipeline	Appoint dedicated SFURTI/MSE-CDP cluster development officer within MSME Directorate; identify 3–5 high-potential clusters (cardamom, bamboo, handloom, herbal) and fast-track DPR preparation with central funding
Credit-Deposit Ratio Deficit	Shallow banking infrastructure; lack of credit officers with MSME sector expertise; collateral constraints in hilly terrain limiting bank confidence	MoU with SIDBI for a dedicated Sikkim MSME Credit Outreach Programme; activate NEDFi for direct MSME lending in Sikkim; incentivise UCO/SBI to post dedicated MSME loan officers in each DIC
SMSEFC Not Operational	Appointment of council members delayed; operational procedures not finalised	Gazette notification of council composition with a 90-day deadline; draft operational procedures and bylaws based on MSEFC national model; begin with quarterly sitting schedule

Gap	Root Cause	Recommended Action
AVGC-XR / Film Sector Stagnant	Film Policy 2021 exists but no operational incentive disbursement mechanism; no AVGC incubation centre or studio cluster	Establish AVGC-XR Incubation Hub at NIT Sikkim or ICFAI University; announce first round of Film Production Incentive grants (₹25–50L per project); partner with FTII/SRFTI for curriculum and mentoring
UNNATI 2024 Awareness Gap	Limited awareness of 31 March 2026 registration deadline; DPR preparation capacity limited at district level; entrepreneurs unaware of ₹10,037 Cr national pool	Urgent: District-level UNNATI awareness camps in all 4 districts before Dec 2025; empanel 5 DPR-preparation agencies; translate UNNATI guidelines to Nepali/Bhutia/Lepcha for local entrepreneur access

7.3 Strategic Roadmap — Priority Actions 2025–2030

Timeline	Priority	Action	Expected Outcome
2025 IMM.	CRITICAL	District-level UNNATI 2024 awareness in all 4 districts; empanel DPR agencies; activate digital registration support at DICs	At least 500 Sikkim MSMEs registered under UNNATI before March 2026 deadline
2025 Q3–Q4	HIGH	Operationalise SMSEFC; gazette council composition; finalise operational procedures for payment dispute resolution	First SMSEFC sitting within 6 months; MSME payment protection credible
2026 H1	HIGH	Launch 3 district industrial estates (West, South, North Sikkim); complete flatted factory allocation in Deorali and Namchi	300+ MSME units accessing affordable industrial space across all districts
2026 H2	HIGH	Fast-track 3 MSE-CDP/SFURTI cluster DPRs (cardamom value chain, bamboo products, Sikkimese handloom) for central scheme funding	₹7.5–15 Cr central cluster funding unlocked; 500–1500 artisans benefited

Timeline	Priority	Action	Expected Outcome
2026–27	MEDIUM	Leverage Sevoke-Rangpo railway opening for export logistics outreach; update export policy to integrate rail-based freight incentives	Export volume from Sikkim MSMEs increases 30%+ within 2 years of rail opening
2027 Target	STRATEGIC	Establish Organic Export Facilitation Centre (OEFC) in Gangtok: aggregation, quality testing, EU/US organic certification support, cold chain	Sikkim organic products achieving 3–5× premium in global markets; direct export revenue ₹500+ Cr annually
2027–28	STRATEGIC	AVGC-XR Incubation Hub operational at university; Film Production Fund established; first slate of state-supported films in production	50+ creative economy startups; Sikkim emerging as NER's creative economy hub
2030 Vision	VISION	50,000+ registered MSMEs; MSME contribution to GSDP at 25%; Sikkim ranked top-5 NER states on Ease of Doing Business; 5 operational SFURTI clusters	Sikkim as NER's benchmark for sustainable, inclusive, green MSME development — a replicable model

REFERENCES & FURTHER READING

Primary Policy Documents

- Sikkim MSME Policy 2022 — Govt. of Sikkim, Dept. of Commerce & Industries (notified 18 Feb 2022)
- Sikkim Industrial & Investment Policy 2024 — Govt. of Sikkim
- Sikkim Startup Policy 2020 (First Amendment 2022) — Govt. of Sikkim
- UNNATI 2024 (Uttar Poorva Transformative Industrialization Scheme) — DPIIT, Gol (notified 9 Mar 2024): unnati.dpiit.gov.in
- Meghalaya Industrial & Investment Promotion Policy (MIIPP) 2024 — Govt. of Meghalaya
- Ministry of MSME, Annual Report 2024–25 — Gol: msme.gov.in

Statistical & Research Sources

- Udyam Registration Dashboard — Ministry of MSME, Gol: dashboard.msme.gov.in
- Macro and Fiscal Landscape of the State of Sikkim — NITI Aayog, March 2024
- Year-End Review 2025: Ministry of MSME — PIB, Government of India (January 2026)
- State-Wise Distribution of MSMEs in India: Facts & Figures 2025 — indiadatamap.com (Jan 2026)
- Cabinet Approval: UNNATI 2024 — PIB: pib.gov.in/PressReleaseframePage.aspx?PRID=2012362

Key Portals for Investors

- industries.sikkim.gov.in — Department of Commerce & Industries, Govt. of Sikkim
- unnati.dpiit.gov.in — UNNATI 2024 registration portal (DPIIT)
- udyamregistration.gov.in — Udyam MSME registration
- nsws.gov.in — National Single Window System (integrated approvals)
- msmedigangtok.gov.in — MSME Development & Facilitation Office, Gangtok
- nedfi.com — North Eastern Development Finance Corporation (UNNATI disbursement)
- industries.sikkim.gov.in/visitors/investsikkim — Invest Sikkim portal



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