



Strategic Investment Plan

By

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Shri Bedu Singh Panth
Hon'ble Minister
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Sikkim is India's first Organic State. The Government of Sikkim is constantly working towards developing an ecosystem for industries utilizing clean energy and maintaining the status quo of being organic State. Among the many challenges that Sikkim face, prominent one is difficult terrain which makes the cost of production higher. However, the Commerce and Industries department is constantly working towards incentivizing the industries with sustainable goals.

MSMEs form an integral part of the industrial ecosystem. The MSMEs are spread across manufacturing, services, and trade / retail sector. They are working hand in hand with the key sectors of the State i.e., tourism, and agriculture. Covid brought a slowdown in the areas of operations, but continuous efforts were made by Ministry of MSME, GoI, and Commerce and Industries department, Govt. of Sikkim to cater to the needs of MSMEs.

Raising and Accelerating Performance of MSME (RAMP), a World Bank supported scheme launched by Government of India certainly is a commendable initiative to address the comprehensive needs of the MSMEs as well the building the Center and State synergy

I would like to express my gratitude to Ministry of MSME, Government of India and the World Bank for providing great opportunity to collaborate and augment the current MSME network.



Shri Karma R. Bonpo, (IAS)
Secretary
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Sikkim is the smallest State in terms of population and the second smallest State in India in terms of area, preceded by Goa. Despite being a landlocked State having difficult terrains, Sikkim has observed positive transition from relying on tourism and agriculture to industries. In the process of developing and promoting industries, the State also looks into ways of integrating circular economy and the industries.

MSMEs form a crucial backbone of industries and cater to large industries set up in the State as well as neighboring countries. To boost the MSME sector, MSME Policy has been notified in 2022. Various incentives linked to market assistance, finance, flatted factory, export, green interventions, etc. has been identified. Our constant effort is to formalize the sector and create awareness about the Central and State schemes.

Through Raising and Accelerating Performance of MSME (RAMP) program, we foresee to benefit the MSMEs of the State with a focus on women and marginalized sections of the society. I would like to acknowledge efforts by my team at the MSME division, and fellow stakeholders for providing inputs and recommendations for preparation of comprehensive Strategic Investment Plan (SIP)

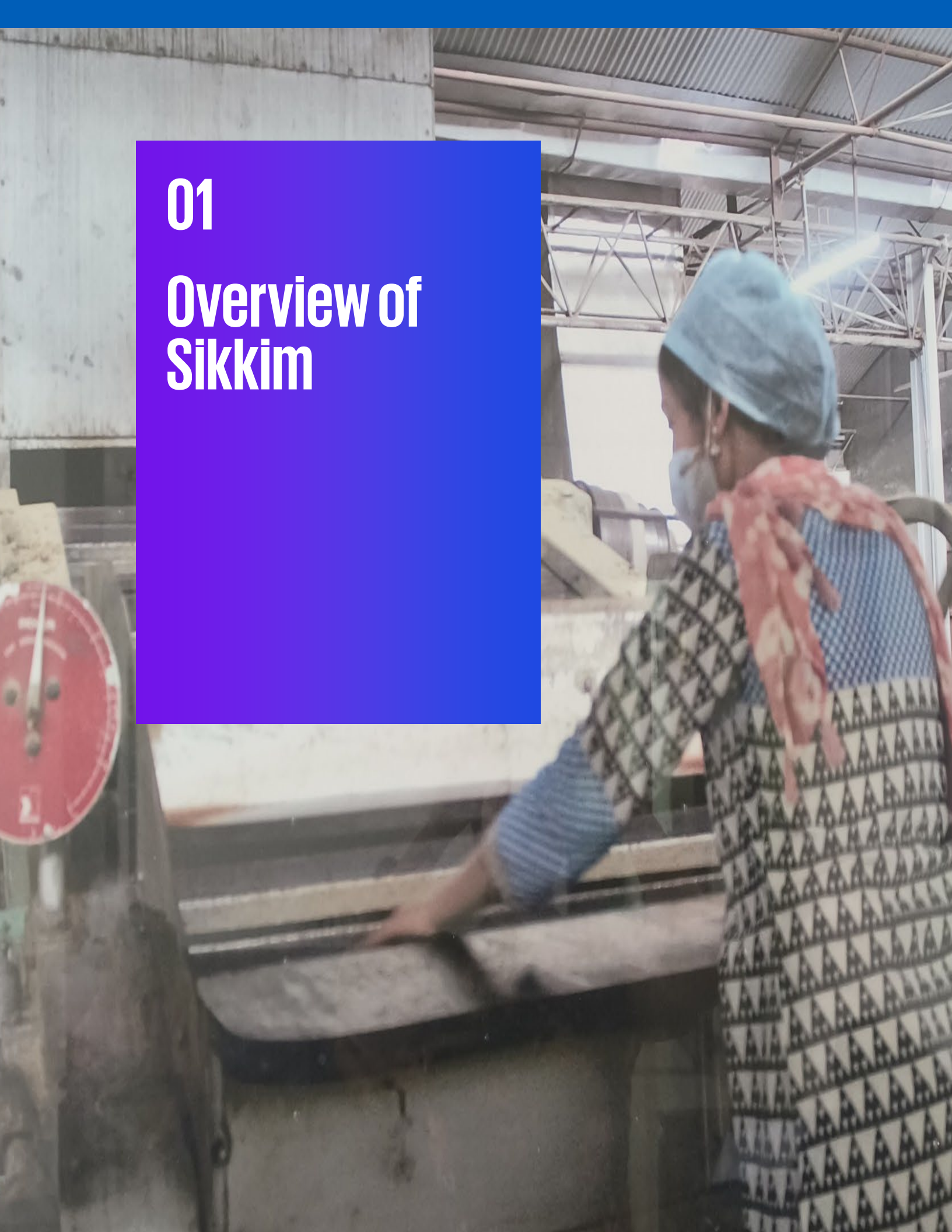
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Overview of Sikkim



1 Overview of Sikkim

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 sq km, but this 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 Gorkha Hill Council of West Bengal to its south. Sikkim has become the eighth member of the Northeastern 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. Languages spoken there are Nepali, Bhutia, Lepcha, Limboo, Magar, Rai, Hindi, and English.¹

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 Northeastern 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 tourism²

Table 1: Demographic Details of Sikkim

S.No.	Parameter	Details
1.	Capital	Gangtok
2.	State Language	Nepali, Bhutia, Lepcha, Limboo, Magar, Rai, Hindi and English
3.	Literacy Rate	92%
4.	Block Administration Centers	33
5.	Police Stations	29
6.	Health Centers	178
7.	Schools	1300
8.	Food Godowns	26
9.	Sub Divisions	18

¹ [Government of Sikkim, India](#)

² [About Sikkim State: Industries in Sikkim, Tourism, Economy Growth & Agriculture \(ibef.org\)](#)

S.No.	Parameter	Details
10.	Product which got GI tag	Large Cardamom, Dallae Khorsani (red Cherry Pepper)

1.1 Demographics

According to the 2011 census, the population of Sikkim is approximately 610,577 people, with a sex ratio of 890 females per 1000 males. Sikkim's population growth rate is 12.90%, which is lower than the overall population growth rate of India, which is 17.70%. The estimated population of Sikkim for the year 2023 is 689,700 individuals.³ Around 25.15% of Sikkim's total population resides in urban regions, while the remaining 74.85% lives in rural areas and villages. Approximately 33% of the population is Scheduled Tribe and 4.6% is Scheduled Caste as per the 2011 Census.

1.2 Key Economic Indicators of Sikkim

In 2020–21, Sikkim's Gross State Domestic Product (GSDP) increased at a CAGR of about 12.66% between 2015-16 to 2020-21 to reach INR 0.33 trillion (\$4.47 Billion). In 2020–2021, the Net State Domestic Product (NSDP) increased at a CAGR of about 12.66% between 2015-16 to 2020-21 and reached INR 0.29 trillion (US\$ 3.90 Billion). In the fiscal year 2020-21, the secondary sector was the largest contributor to the Gross State Value Added (GSVA) of the state, accounting for 55.19% of the total. The tertiary sector followed closely behind with a contribution of 34.16%, while the primary sector contributed the least at 10.64%. Over the period of 2011-12 to 2020-21, the primary sector had the highest Compound Annual Growth Rate (CAGR) of 15.45% among the three sectors. The per capita income of Sikkim, which refers to the average income earned per person in the state, is reported to be Rs. 4.72 lakhs⁴.

The Department for Promotion of Industry and Internal Trade (DPIIT) reported that the total foreign direct investment (FDI) inflow in Sikkim, including West Bengal and Andaman & Nicobar Islands, was US\$ 6.35 billion during the period of April 2000 to September 2020.⁵ From April 2022 to August 2022, the total value of goods exported from Sikkim amounted to US\$ 7.92 billion, while the figure for the previous fiscal year (FY22) was US\$ 18.91 billion. Among the various export items from the state, drug formulations, biologicals, medical and scientific instruments, cereal preparations, and miscellaneous processed items constituted a significant portion. In FY22, the total export value of drug formulation products from Sikkim was US\$ 11.27 million, which accounted for approximately 67% of the total exports.

1.3 Key Sectors in Sikkim

1.3.1 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

³ [Government of Sikkim, India](#)

⁴ [Reserve Bank of India - Publications \(rbi.org.in\)](#)

⁵ [IBEF](#)

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 Sikkim⁶

1.3.2 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.

Table 1: Area and Production of horticulture crops (2021 – 22E)⁷

Table 2: Area and Production of horticulture crops (2021 – 22E)⁷

Category	Area ('000 Ha)	Production ('000 MT)
Fruits	20.16	50.77
Vegetables	21.05	124.50
Spices	42.44	102.94
Honey	-	0.53

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 2017-18⁹.

1.3.3 Horticulture

Fruits grown in the state include Sikkim mandarin, pear, guava and other new introductions like kiwi and Asiatic pear variety, papaya and banana as filler crops in lower attitudes. Apple cultivation was traditional practice in some pockets of North Sikkim. The National Mission on Medicinal Plants, a CSS, was launched in the state during 2009-2010. The Horticulture & Cash Crop Development Department Government of Sikkim is the implementing agency in the state. It includes cultivation of medicinal plants on commercial basis. The cultivation of Finger Millet, also known as "Kodo" is widespread in Sikkim. It is used for malting and Livestockpreparing 'Jansu' or 'Change'. The powder is also used for making bread or 'Dhainro'^{Error!}

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1.3.4 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. ⁶ The food processing industries in Sikkim include Pickles, Squashes, Jams, jelly's, Ketchup, spices etc⁷. A pioneer initiative in direction of food processing was set up of Government Fruit Preservation

⁶ IBEF Report on Sikkim dated September 2022

⁷ Sikkim Annual Report; Sikkim Agrisnet; Spices Board, State Budget 2018-19, Department of Agriculture Cooperation and farmers Welfare

Factory (GFPF), Sikkim to preserve in principal Oranges. Progressively GFPF diversified into processing of various fruits, vegetables and allied food products. Currently there are 20 food processing units⁸ 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.

1.3.5 Animal Husbandry and Livestock

In Sikkim, livestock production is the endeavor of smallholders, and over 80% of all the households in the state have livestock of one species or the other and income from them. Animal Husbandry, Livestock and Fisheries Department is engaged in supporting the production of milk, meat and egg by providing requisite infrastructure in the state for improving the productivity. Malli has 8MT poultry process unit and livestock feed manufacturing unit. For meat processing, there is one slaughterhouse in Majitar, but no frozen unit or equipment. Some of the major initiatives for the department of animal husbandry started by government of Sikkim are as follows

- i. Organic Animal Husbandry
- ii. Poultry Development Program
- iii. Cattle Development Program
- iv. Livestock Sector Policy
- v. Piggery Development Program
- vi. Trout Fish Seed Production Program
- vii. Feed and Fodder Development Program
- viii. Carp Seed Production Program
- ix. Dairy Development Program
- x. Propagation of mahseer
- xi. Animal Health Services
- xii. Conservation of riverine fisheries Program
- xiii. Livestock Insurance

1.3.6 Fisheries

The water resources of Sikkim contain 48 Fish species. Trout farming (Brown Trout & Rainbow Trout Farming) is predominant followed by rich fish fauna of the Snow Trout (*Schizothorax* sp.), Mahseer (*Tor putitora*), Cat fishes (*Glyptothorax* sp., *Bagarius* sp., *Pseudechencies* sp.) and a number of Cyprinids (*Garra* sp., *Barilius* sp.) etc. With the per capita fish requirement of 11 kg, the total requirement of fish in the state is 6012 tonnes (even when only 88% of the total population is considered to be fish eaters). The present fish production in the state is just 400 tonnes and there is a huge deficit. Farming Rainbow Trout is a profitable alternative to conventional agriculture that can be practiced within very limited land.

1.3.7 Floriculture

Sikkim has ~26% of the country's biodiversity with exquisite species of flora and fauna. Sikkim's geographical and environmental conditions are conducive to the development of floriculture at a higher altitude. The state is also considered to be the Kingdom of flowers and is an innovator in cultivating *Gladiolus*. In 2019-20, the production of cut flowers and loose flowers in the state was 0.09 thousand metric tonnes and 16.50 thousand metric tonnes, respectively. Sikkim is the natural home to more than 600 different types of orchids, over 100 primulas and rhododendrons. A number of cut flowers and bulbs are supplied by the farmers to areas in Delhi, Kolkata, Kalimpong, Uttaranchal and Bihar. The Sikkim

⁸ [Press Information Bureau \(pib.gov.in\)](http://Press Information Bureau (pib.gov.in))

Government has announced a technical collaboration with floriculturists from the Netherlands and Thailand to develop the state's potential in floriculture and market cut flowers from the state globally⁹

1.3.8 Clean Energy

The Sikkim Renewable Energy Development Agency (SREDA)^{xviii} was constituted by the State Government in 1999. This autonomous agency was mandated with the task of promoting and popularizing renewable energy, and to also act as the State Nodal Agency for all renewable energy programmes and projects in the State. As of April 2023⁹, Sikkim had a total installed power generation capacity of 704.72 MW, of which 75.92 MW was under central utilities, 415.11 MW was under state utilities and 213.69 MW was under the private sector. Of the total installed power generation capacity, 11.92 MW was contributed by thermal and 692.80 MW by renewable energy.

1.3.9 Handloom and Handicrafts

Sikkim has rich base of handicraft and handlooms. One of the most commonly bought handicrafts in Sikkim are products made of 'thara' or a textile woven by the traditional Lepcha weavers. Another prominent painting form is Thangka or painted scrolls which are held in high esteem among Sikkim's Buddhist community. Artists take utmost care to produce these thangkas, which usually have an image of a deity, such as Buddha or Tara, or the Wheel of Life, as its central theme. Woodwork of Sikkim is another decors seen at the hotels and homes. Low wooden tables, painted with ornamental motifs are known as 'chokste'. Usually, three types of wood — 'tooni' (toona celiata), 'rani chaap' (macalia exelsa), and 'okher' (walnut) — are used for wood carvings. The craftspeople also make a square wooden table known as 'bakchok'. Craftspeople also make vases, tumblers, decorative items and fashion accessories out of bamboo. Cane, though found in limited areas, is also used to make household goods like moorahs (small stools), and pen stands, picture frames, baskets and dust bins. Wooden masks, traditionally used for religious ceremonies, represent various deities or animals. Usually, these masks are made of a wood called Zaru, which is found in the higher reaches of Sikkim.¹⁰

1.3.10 Music, Art, and Culture

The three ethnic communities, Lepcha, Bhutia and Nepalis constitute the folk dances and songs which are an ingrained part of Sikkimese culture. This music and folk dances relate to the beauty of the natural surroundings, depicting the harvest season and are performed for good luck and prosperity. Some of the popular music and folk dances are described below.

Nepali folk dance "Maruni" – It is one of the oldest and popular group dance form of the Nepali community, usually performed by three male dancers and the three female dancers. The dancers are usually accompanied by a clown called "Dhatu waray". Sometimes Maruni dances are performed to the accompaniment of the nine instrument orchestra known as "Nau-mati Baja".

Nepali folk dance "Tamang Selo"-This group dance of Tamang community is performed to the rhythmic sound of "Dhamphu", a musical instrument and hence are also called "Dhamphu " dance.

Bhutia folk dance "Tashi Sabdo"-This age old group dance beautifully and gracefully shows the customs of offering khadas (Scarfs) On auspicious occasion. The dancers dance to the melodious tunes dully supported by musical instrument such as Yarkha, Drum, Flute and Yangjey.

⁹ [IC_April_2023.pdf \(cea.nic.in\)](#)

¹⁰ [Microsoft Word - TK-1147_April.doc \(niscpr.res.in\)](#)

1.3.11 Pharmaceuticals

Pharmaceutical is an emerging industry in Sikkim due to tax incentives offered by the state Government as well as low manufacturing and labour costs. Sikkim is home to more than 50 major pharma companies, which have significant investments in the state. These include Cipla, Sun Pharma, Zydus Cadila, Alembic, IPCA, Alkem Lab, Intas Pharma, Torrent Pharma and Unichem.

1.4 Central Govt. Schemes benefitting MSMEs in Sikkim

MSMEs, or Micro Small and Medium Enterprises, play a significant role in the economic development of India. The sector has seen a remarkable growth in the number of enterprises in recent years, with a CAGR of 18.5% from 2019 to 2020. The sector has contributed immensely to the GDP of the country and has also promoted entrepreneurship in semi-urban and rural areas of the country. A revision in MSME definition was announced in the Atmanirbhar Bharat package on 13th May 2020. As per this announcement, the definition of Micro manufacturing and services units was increased to Rs. 1 Crore of investment and Rs. 5 Crore of turnover. The limit of small unit was increased to Rs. 10 Crore of investment and Rs 50 Crore of turnover. Similarly, the limit of medium unit was increased to Rs. 20 Crore of investment and Rs. 100 Crore of turnover. The Government of India on 01.06.2020 decided for further upward revision of the MSME Definition. For Medium Enterprises, now it is Rs. 50 Crore of investment and Rs. 250 Crore of turnover.

Sikkim has been actively implementing MSME schemes of Center and State benefiting the enterprises. Below are the details of the beneficiaries of the schemes:

Table 3: Central Government and NER Schemes and Beneficiaries

MSME Schemes	Incentives	Beneficiaries in India	Beneficiaries in Sikkim
Prime Minister's Employment Generation Programme (PMEGP)	<ul style="list-style-type: none"> Credit linked subsidy program for setting up new micro-enterprise in non-farm sector. Margin Money subsidy ranges from 15% to 35% of project cost for projects up to <ul style="list-style-type: none"> Rs. 50 Lakh in Manufacturing sector Rs. 20 Lakh in the Service sector. For beneficiaries belonging to Special categories such as SC/ST/ Women/ Minorities/ Ex-Servicemen/ Transgenders/ Aspirational districts/NER, the margin money subsidy <ul style="list-style-type: none"> 35% in rural areas 25% in urban areas 	Till 31.12.2022, 8.37 lakh micro enterprise's have been assisted with a margin money subsidy of Rs 20,775 crore providing employment to an estimated 68 lakh persons.	204 projects have been sanctioned under PMEGP as on February 2023
Credit Guarantee Scheme for Micro & Small Enterprises	<ul style="list-style-type: none"> Credit guarantee for loans up to Rs. 2 crores, without collateral and third-party guarantee. 	As on 31st December 2022, cumulatively 67.03 lakh proposals	In last 9 years, 2835 cases have been extended credit guarantee 169.9 crores. 36

MSME Schemes	Incentives	Beneficiaries in India	Beneficiaries in Sikkim
(CGTMSE)	<ul style="list-style-type: none"> Guarantee coverage ranges from 85% (Micro Enterprise up to Rs 5 lakhs) to 75% (others). 50% coverage is for retail activity. 	have been approved for guarantee cover of Rs. 3.86 lakh crores.	cases have been settled for amount of Rs. 1.66 crores
Micro & Small Enterprises Cluster Development Programme (MSE-CDP) Scheme	<ul style="list-style-type: none"> Creation of Common Facility Centers including Plug & Play Facilities. Support for Infrastructure Development Projects including Flatted Factory Complexes. 	As on 04.01.2023, 113 Projects are completed under this Scheme.	-Nil-
Scheme of Fund for Regeneration of Traditional Industries (SFURTI)	<ul style="list-style-type: none"> GoI support: <ul style="list-style-type: none"> Upto Rs. 2.5 cr. for upto 500 artisans Rs. 5 cr for more than 500 artisans. A production facility is set up with latest machineries Soft Interventions – upto Rs. 25 lakhs Raw material support, Exposure Visits, Buyer Seller Meets, Marketing connect, e-commerce, Design support 	From the year 2015 to 31st December 2023, 498 clusters have been approved with GoI grant worth Rs. 1292.24 crore that will benefit about 2.94 lakh artisans. 85 of these clusters are approved in North Eastern Region.	4 clusters have been established under SFURTI
Entrepreneurship and Skill Development Programme (ESDP) Scheme	<ul style="list-style-type: none"> Widen the base of entrepreneurship by development, achievement, motivation and entrepreneurial skill to the different sections of the society 	Upto 18.01.2023, Total No. of Programmes Completed under ESDP are 1105 and No. of Beneficiaries under ESDP are 66502.	-Nil-
National SC-ST Hub Scheme	<ul style="list-style-type: none"> Central State Collaboration initiative Marketing and mentoring support through participation in exhibitions and vendor development programmes. Free skill trainings and distribution of trade specific 		More than 150 SC-ST entrepreneurs were benefitted through Central and State Collaboration initiative.

MSME Schemes	Incentives	Beneficiaries in India	Beneficiaries in Sikkim
	tool kits to trained candidates under the Skill Development programmes.		
Promotion of MSMEs in - NER & Sikkim	<ul style="list-style-type: none"> Common facilities for MSMEs to develop new products & processes including toolings. Developed infrastructure for entrepreneurs for establishing new units or expanding their units. Support for creation of common infrastructures to boost tourism in NER & Sikkim. 	40 Total Projects are approved	<p>7 approved projects</p> <ol style="list-style-type: none"> 1. Construction of Flatted Factory at Deorali, Gangtok, Sikkim under the scheme “Promotion of MSME in NER & Sikkim” of Ministry of MSME 2. Technology centre for Bamboo processing at Temi Tea Estate, Temi, South Sikkim under the scheme “Promotion of MSME in NER & Sikkim” of Ministry of MSME 3. Technology centre for creative entrepreneurs at Temi Tea Estate, Temi South Sikkim under the scheme “Promotion of MSME in NER & Sikkim” of Ministry of MSME 4. Angora Sheep wool processing by KVK, Namthang, South Sikkim under the scheme “Promotion of MSME in NER & Sikkim” of Ministry of MSME 5. Construction of Flatted Factory at Namchi, Sikkim under the scheme “Promotion of MSME in NER & Sikkim” of Ministry of MSME

MSME Schemes	Incentives	Beneficiaries in India	Beneficiaries in Sikkim
			<p>6. Construction of Flatted Factory at Soreng District, Sikkim under the scheme “Promotion of MSME in NER & Sikkim” of Ministry of MSME</p> <p>7. Construction of Flatted Factory at Pakyong District, Sikkim under the scheme “Promotion of MSME in NER & Sikkim” of Ministry of MSME</p>
MSME CHAMPIONS Scheme	<ul style="list-style-type: none"> • MSME-Sustainable (ZED) • MSME-Innovative(for Incubation, IPR, Design) • MSME-Competitive (Lean) • Digital MSME 	<ul style="list-style-type: none"> • Over 26000 nos. of MSMEs registered under MSME Sustainable (ZED) certification Scheme. • In MSME-Innovative (Incubation), Host Institutes (HIs) approved: 632 nos. & Ideas approved: 257 nos. • Under MSME-Innovative (Design), No. of Professional Design /Student Projects approved: 22 • MSME-Innovative (IPR) <ul style="list-style-type: none"> ○ No. of IP Facilitation Centres On-boarded: 88 ○ No. of Reimbursement for Patent – 108 ○ No. of Trademark reimbursement- 863 	-Nil-

MSME Schemes	Incentives	Beneficiaries in India	Beneficiaries in Sikkim
		<ul style="list-style-type: none"> No. of Design reimbursement- 37 Awareness Programme- 67 National level workshop-1 Official Training – 5 	

1.5 MSME in Sikkim

MSMEs are an essential component of India's economy, contributing 37.5% to the GDP and accounting for over 45% of total industrial production.¹¹ 5,856 MSMEs are registered on Udyam Registration out of which 97.66% are micro enterprises. The sector is not formalized, and many businesses are not informed about the formalization initiative by Ministry of MSME and the State. Registered MSMEs are majorly looking forward for finance and marketing assistance.

1.6 State Initiatives for MSME

MSME Division, Commerce and Industries Department has been enthusiastically enrolling the enterprises under Udyam Registration. As per the Udyam data, Sikkim has a total of 5,856 Udyam registrations, out of which, 5,5719 are registered as micro enterprises, 125 as small enterprises, and 12 as medium enterprises. Breakdown of Udyam Registration in Sikkim districts are provided below:

Table 4: Udyam Registration - District Wise in Sikkim

S.No.	District Name	Total Udyam	Micro	Small	Medium
1.	Gangtok	3254	3151	93	10
2.	Namchi	1054	1038	14	2
3.	Gyalshing	590	582	8	0
4.	Pakyong	463	458	5	0
5.	Mangan	330	325	5	0
6.	Soreng	165	165	0	0
	Total	5856	5719	125	12

The department has recently launched a comprehensive MSME Policy in 2022 valid for a period of 5 years. Under the scheme following incentives are proposed:

¹¹ [Sikkim-MSME-Policy-draft-converted.pdf](#)

Table 5: Incentives under Sikkim MSME Policy 2022

S.No.	Incentives & Assistance	Details
1.	Duties and Taxes	<ul style="list-style-type: none"> 100% exemption from stamp duty for new enterprises Reimbursement of transfer duty upto max Rs. 2 lakhs paid on purchase of land or for lease of land/shed/buildings for MSME activities undertaken by COI holder/Sikkim Subject Certificate holder/Residential Certificate holder
2.	SGST	<ul style="list-style-type: none"> Reimbursement of 50% SGST for a period of 3 years from the date of commencement of commercial production/services (subject to a maximum of Rs. 2 lakhs) for new MSME belonging to manufacturing, servicing and job work
3.	Interest Subsidy	<ul style="list-style-type: none"> Interest Subsidy of 25% for the first five years shall be provided to MSME for their credit loan availed for enterprise development, subject to the payment of EMI without default by the MSME for the previous year. This interest subsidy shall not exceed a maximum of Rs 2 lakhs per year.
4.	Trade fairs	<ul style="list-style-type: none"> Provide 50% of MSMEs' transportation cost for participation in national/ international trade fairs.
5.	Training	<ul style="list-style-type: none"> Exposure training for entrepreneurs in established industrial firms outside the state will be arranged from different schemes for their first-hand information and knowledge if not availed under some central Government scheme.
6.	Export	<ul style="list-style-type: none"> State Government will help design, innovate, develop and popularize traditional industries following the contemporary market trends and frame an export policy.
7.	Green Incentives	<ul style="list-style-type: none"> Reimbursement of 50% cost or maximum of Rs. 1 lakh for water audit and Rs. 1 lakh for energy audit shall be provided to all the sectors of MSME for three years. Reimbursement of 50% of the cost or upto Rs. 1 lakh for creation of greenery in and around the plant site for one time only. The Udyam registered MSME of Sikkim shall also claim the graded incentives as notified by the Ministry of MSME, Government of India under Zed initiatives.
8.	Industrial Estate	<ul style="list-style-type: none"> The Government of Sikkim shall develop industrial estates in all the districts of Sikkim having minimum 15 acres each. Flatted factories shall be constructed for providing working space to micro and small enterprises

S.No.	Incentives & Assistance	Details
		<ul style="list-style-type: none"> 20% of the flatted factory/Industrial estate area shall be reserved for women entrepreneurs/PWD/SC-ST and entrepreneurs from rural areas.
9.	Marketing Assistance	<ul style="list-style-type: none"> Set an annual target of 25% procurement from MSEs of Sikkim by every State Government Departments/Offices/ Institutes/ Universities/Colleges/SPSUs. A sub-target of minimum 5% out of the 25% target from Women/PWD/SC/ST and rural entrepreneurs. Tender fee shall be free of cost Exemption from payment of earnest money to registered MSE to participate in State Govt/Private enterprises tenders in Sikkim. Price preference of 15% shall be given due advantage to MSE at the time of tender quote. Insurance cover shall be extended for the goods and commodities registered under RCMC for 2 years.
10.	Quality Certification/Patent and Trademark registration	<ul style="list-style-type: none"> Department of Commerce and Industries will assist the UAM holders of micro and small enterprises to avail for quality certification/patent registration/trademark etc. and organise awareness programmes.
11.	MSME Facilitation	<ul style="list-style-type: none"> MSME facilitation desk shall be opened at Department of Commerce and Industries. Online single window for MSME shall be developed. Provisional registration will be introduced to simplify the enrolment of micro enterprises into formalized business. Micro enterprises can register with DICs through an online process, and the registration will be conveyed to them within two working days. The MSMEs shall be reimbursed 50% of the cost or a maximum of Rs. 20,000/- for preparing Detailed Project Report from the empanelled agencies to avail the schemes of Central or State Governments. Sikkim Micro and Small Enterprises Facilitation Council (SMSEFC) shall be constituted under MSME Development Act, 2006 for addressing payment related matters of micro and small enterprises. Incubation centers, Tools room and Technology Centers shall be created at appropriate locations in the districts to assist micro and small enterprises. The first generation entrepreneurs with a target of 20 entrepreneurs per year shall be given exposure to the established incubation centers
12.	Cluster Development	<ul style="list-style-type: none"> Financial assistance upto Rs.20 lakhs as implementing agencies share shall be provided by the Government where the government schemes/projects have been implemented with 90:10 funding pattern by Government of India and Government of

S.No.	Incentives & Assistance	Details
		Sikkim/Promoters contribution. This benefit can only be availed by clusters.
13.	Export Facilitation	<ul style="list-style-type: none"> There shall be an Export Facilitation Export Certificate (IEC) from the Director General of Foreign Trade (DGFT) The Micro and Small Enterprises shall be reimbursed with 50% of logistic expenses incurred for their export through seaports or 30% expenses incurred through airports. 50% cost on Transportation from factory site to ports, 50% cost on warehouse charge and 25% cost on packaging expenses shall be reimbursed.
14.	Research and Development	<ul style="list-style-type: none"> Research and Development for modernizing start-ups shall be facilitated in national level research institutes by the State Government. The State shall facilitate and bear the cost to the extent of Rs.50,000 for such research work if it is carried out by local entrepreneurs.

MSME Policy of Sikkim has envisioned to establish a dedicated MSME Directorate to be setup in the Department of Commerce and Industries headed by a Director. The same synchronizes with the discussion in Second National Chief Secretary Conference held in Delhi between 5th to 7th January 2023. The role of the MSME Directorate in the Department of Commerce and Industries shall broadly consist of the following aspects:

- To organize awareness among engineers, technocrats, managerial persons and other graduates for developing enterprises based on innovative ideas and IT based services and as an end-product will cater manufacturing entities to large industries;
- To facilitate and coordinate skill development and incubation of potential entrepreneurs;
- To facilitate financial assistance through different financial schemes launched by the government, from different nationalized banks and financial institutions/agencies for setting up of enterprises;
- Implementation of Central and State Government schemes to develop industrial estates, technology centres, common facilities centre etc. to the benefit of local entrepreneurs;
- To facilitate handholding of the emerging entrepreneurs through already established firms as their ancillaries

Formation of State MSME Advisory Committee has been proposed in the MSME Policy of Sikkim, 2022. The Sikkim State MSME Advisory Committee shall be an autonomous body comprising of officials and experts from different State Departments, Central Ministries/Offices State/Central Universities and representatives of associations who have the mandate to work in the MSME sector or are related to its development. The Advisory committee will be headed by the Secretary, Department of Commerce and Industries. It will also induct members from the line departments of the Government of Sikkim, the MSME Development Institute of the Government of India, National Small Industries Corporation, Entrepreneurs associations, Lead Bank and National Bank for Agriculture and Rural Development (NABARD). The committee shall have the following mandate:

- To conduct quarterly coordination meetings with all the line departments and agencies for sharing of all available schemes for the benefit of entrepreneurs.

- b. To advise dovetailing of the available schemes.
- c. To facilitate setting up of single window for Ease of Doing Business of MSME sector.
- d. To facilitate in solving issues faced by entrepreneurs while starting or running an enterprise.
- e. To facilitate entrepreneurs at a single point. Different departments can share resources, technical expertise to bridge the gap so that enterprises can thrive.
- f. To take initiatives for regular revision and updation of MSME Policy as and when required according to the needs of the sector.

A photograph of a woman with grey hair, wearing a patterned shawl, sitting in a shop filled with colorful textiles. She is holding a small object, possibly a piece of fabric or a tool, and looking down at it. The shop is filled with many rolls of colorful fabric, including scarves and shawls, hanging from the ceiling and stacked on the floor. The lighting is warm and the atmosphere is busy.

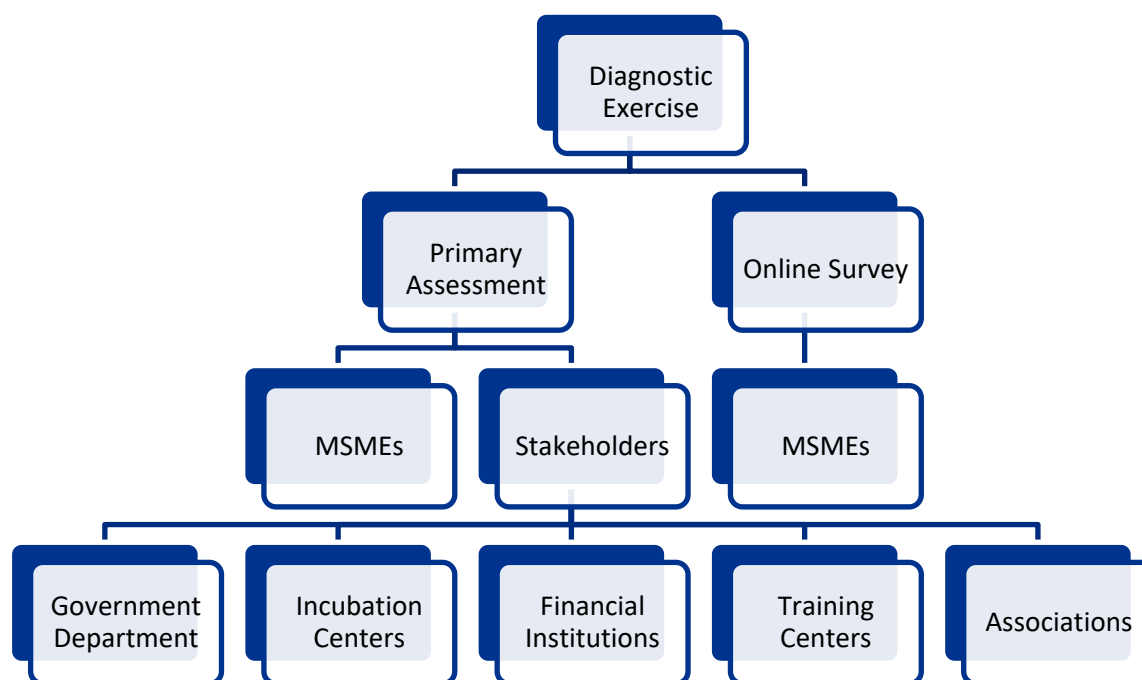
02

Diagnostic Exercise

2 Diagnostic Exercise

2.1 Coverage of Diagnostic Exercise

To make a comprehensive SIP, it is crucial to have a 360-degree view of the MSMEs, artisans, government departments, industry associations, banks, incubations centers, etc. As part of our diagnostic study, a mix of primary assessment and secondary research was performed. Primary assessment consists of interacting with MSMEs both physically and virtually, government departments, administration bodies, banks, incubation centers, training institutes, etc. A detailed list of challenges and suggestions are captured in Section 2.1.1. A stakeholder workshop was also conducted on 23 May 2023 under the chairpersonship of Secretary, Commerce and Industries Department, Govt. of Sikkim. As part of secondary research, reports related to Sikkim MSMEs and Industries were studied, summary of which has been captured in our introduction section.



2.1.1 Primary Assessment

As part of primary assessment, we tried to capture challenges not only from MSME perspective but also from implementation perspective. Being an organic state and tourism hub, agri business and tourism sector is the most prominent sectors. Other sectors which are emerging as thrust sectors are animal husbandry, floriculture, horticulture, fisheries, piggery, education, tea, spices, handlooms, and handicrafts. Majority if these businesses are unorganized, and unaware of the Central government schemes. Recommendations were suggested primarily in the areas of development of cluster, CFCs, incubation centers to promote these areas of business. Other recommendations were provided for capacity building, media, marketing, technology upgradation, and greening initiatives. A snapshot of the interactions with stakeholders are listed below:



Figure 1: Diagnostic Exercise - Visit to North Sikkim Lachung Dzumsa



Figure 2: Diagnostic Exercise - Visit to North Sikkim



Figure 3: Diagnostic Exercise – Focused Group Discussion at Jorethang, South Sikkim

Table 6: Challenges and Interventions captured during Primary Study

#	Sectors/ Stakeholders	Officials / Owners	Challenges	Interventions recommended
Stakeholder 1: MSMEs / SHGs				
1.	Organic store	Himalayan Fresh	<ul style="list-style-type: none"> Lack of Marketing Support 	<ul style="list-style-type: none"> Media and Marketing Support Participation in Exhibitions
2.	Women entrepreneurs	<p>Agapi (2 women entrepreneurs – Bamboo & skincare products)</p> <p>And</p> <p>SHGs Consisting of 8 women making traditional handbags/file covers, etc.</p>	<ul style="list-style-type: none"> Lack of awareness about Govt. schemes Cumbersome documentation and procedures to avail Govt. schemes benefits Eligibility criteria not encouraging for startups or new business enterprises Packaging & marketing a challenges 	<ul style="list-style-type: none"> Leverage govt schemes, more awareness on availing benefits Work on est. marketing linkages. These women are currently selling through Instagram and have displayed products at some cafes Entire value chain to be created
Stakeholder 2: Associations				
1.	Travel and Hospitality Association	Travel Agent Association of Sikkim	<ul style="list-style-type: none"> Limited support from the Govt of Sikkim 	<ul style="list-style-type: none"> Promotion of tourism sector by introducing trekking, birdwatching, rafting

#	Sectors/ Stakeholders	Officials / Owners	Challenges	Interventions recommended
			<ul style="list-style-type: none"> Limited branding of Sikkim as tourist location Geographical barriers Few travel businesses have availed funds under the PMEGP scheme Cabs and Taxis are not registered, hence the fares are not rationalized 	<ul style="list-style-type: none"> Promote local food/culture Homestays to be revolutionized Eco-tourism to be promoted such as fisheries, cow milking, farming, etc. Incentivize & promote entrepreneurs to attend national/ international fares/ workshop to get exposure Youtube/ Instagram influencers travel bloggers can promote the tourism in Sikkim Celebrity cab be onboarded as state icon Sikkim to be placed as shooting destination by augmenting the capacity like Mumbai Film city
Stakeholder 3: Government Department				
2.	AD Horticulture, Sikkim	Mr. Bhim Lall Dahal, Additional Director	<ul style="list-style-type: none"> Lack of marketing support for the organic products of Sikkim <ul style="list-style-type: none"> Cauliflower Dale chilli Turmeric Big Cardamom High logistics cost for products since they are sourced from hilly & remote regions of Sikkim. This increase input cost and leading decreased competitiveness of their products in the open market. Lack of awareness about Govt. schemes for MSMEs. 	<ul style="list-style-type: none"> Capacity building of government officials about government schemes Development of proper and complete supply chain for agro organic products Marketing and branding support to the local entrepreneurs for promoting their products

#	Sectors/ Stakeholders	Officials / Owners	Challenges	Interventions recommended
3.	Sikkim Handloom & Handicraft Development Corporation	Artisan – bamboo products, handloom, silk traditional dress, carpet weavers, bags, thangka paintings, clay/wooden masks, etc.	<ul style="list-style-type: none"> Lack of Marketing Support for their products. Market is flooded with Chinese and Nepalese items. Due to lack of Market and sale, people are not taking up the traditional Artisanal work (RISK OF PHASING OUT OF TRADITION) 	<ul style="list-style-type: none"> Marketing Support- On the lines of Madhubani, ThangKa should be promoted. Export potential of handicraft should be harnessed.
4.	Department of Animal Husbandry	Dr P Senthil Kumar, Secretary, AH and VS Dr. Sarman Rai, Additional Director (Piggery)	<ul style="list-style-type: none"> Lack of frozen unit for meat processing and storage Insurance cover for certain items not available making it difficult to get scheme benefit Packing and processing unit do not exist, hence only dress chicken processing happens 	<ul style="list-style-type: none"> Insurance mechanism to be placed for processed meat units Packing and processing units to be set up Frozen unit of storage capability upto 50MT to be provided
5.	Directorate of Fisheries	Mr. N. Jaswant, Director	<ul style="list-style-type: none"> Dovetailing of schemes is not available Fish Farmers are not getting exposure to outside market Approval process for taking scheme benefits is cumbersome 	<ul style="list-style-type: none"> Dovetailing of schemes to be allowed Exposure visit for fish farmers Development of aqua center for learning and skill development
6.	Govt Food Processing Factory	Ms. Chanda Rani, Managing Director	<ul style="list-style-type: none"> Lack of marketing assistance Training on operations of machineries Limited capacity to meet the increasing demand 	<ul style="list-style-type: none"> Enhance capacity by procurement of additional machineries Utilise the factory premise for tourism by making it a one-stop for authentic food / juices factory
7.	Development and Facilitation Office (DFO), Gangtok	Assistant Director	<ul style="list-style-type: none"> Weather- Rains, Landslides, etc.; Less availability of Land (More than 75% area under forest cover). 	<ul style="list-style-type: none"> Flatted Factory Complex in all the 6 Districts. Home stay clusters to be promoted.

#	Sectors/ Stakeholders	Officials / Owners	Challenges	Interventions recommended
			<ul style="list-style-type: none"> Lack of Awareness. 	<ul style="list-style-type: none"> Adventure tourism should be promoted. Carpet Cluster in Sikkim to be strengthened
8.	DIC North Gangtok		<ul style="list-style-type: none"> Awareness about government schemes Infrastructure challenges 	<ul style="list-style-type: none"> Special trainings for Tourism and ancillary sectors, Other sectors like Pharma, Transport, Logistics, and Food Processing to be promoted
9.	Sikkim KVIB (Stakeholder-Implementing Agency (IA) for PMEGP)	CEO, KVIB	<ul style="list-style-type: none"> Challenges during implementation of PMEPG scheme: <ul style="list-style-type: none"> Implementing Agency has not received funds under Backward & forward linkages component during past 2 years, leading to: <ul style="list-style-type: none"> Lack of fund for implementation-high logistics cost Lack of fund for sustained awareness programme Delay in release of Margin Money (MM) subsidy by Nodal Agency, i.e., KVIB Beneficiaries are unaware about online EDP programme which is mandatory post sanctioning loan, leading to delay in release of 1st installment of loan Lack of sustainable supply of products like organic honey, turmeric, etc. to meet the increasing demand 	<ul style="list-style-type: none"> Increase in funding for effective implementation and organizing awareness program Strengthening the value chain for production and supply of organic products like honey, turmeric, etc. Better branding, packaging and marketing of organic products based out of Sikkim Providing skill training to beneficiaries on mechanized handlooms

#	Sectors/ Stakeholders	Officials / Owners	Challenges	Interventions recommended
10.	Sikkim KVIC (Stakeholder- Implementing Agency (IA) for PMEGP)	Director, Sikkim KVIC	<ul style="list-style-type: none"> Challenges during implementation of PMEPG scheme: <ul style="list-style-type: none"> Lack of manpower- only 1 resource was there during last year Lack of infrastructure facilities, transportation at IA 70% loan under PMEGP in Sikkim are disbursed for Tourist Vehicles. Scope of employment generation through tourist vehicle is limited to only 1 person. People are not willing to take loan for manufacturing sector which can lead to more employment generation because: <ul style="list-style-type: none"> Lack of raw material High logistics cost 	<ul style="list-style-type: none"> Beekeeping, handloom, milk products (especially in East Sikkim), turmeric, Dal chini, Temi Tea, Kiwi production should be promoted Increase in funding under B&FL component of PMEGP. Tomato Ketchup (Food processing) can be set-up.
11.	DIC South Sikkim (Stakeholder- Implementing Agency (IA) for PMEGP)	<p>DIC officials and 15+ entrepreneurs</p> <p>(Success story under PMEPG: Mr. Praveen took a loan of Rs. 25 lakhs under PMEGP to set up a spice manufacturing unit (M/s Mehak Masala) with a 35% subsidy on project cost. Now, his products are</p>	<ul style="list-style-type: none"> Lack of awareness about government schemes on MSMEs- out of 15+ entrepreneurs only 2 were aware about PMEGP Unavailability of market for piggery due to a fear of swine flu outbreak Lack of knowledge about various central government programs catering to MSME sector in DIC staffs Lack of knowledge in prospective entrepreneurs on how to 	<ul style="list-style-type: none"> Timely disbursement and increase in funding under B&FL component of PMEGP to Implementing Agencies (DIC, KVIC, KVIB) Awareness program need to be organized about govt run MSME schemes More number of trades should be taught in State Institute of Capacity Building (SSCB)- apart from

#	Sectors/ Stakeholders	Officials / Owners	Challenges	Interventions recommended
		being sold not only in Sikkim but also nearby states)	<ul style="list-style-type: none"> setup and run a business Rationalization of proposals that are being approved and sanctioned under SYSS (State run scheme on PMEGP lines) Lack of handholding support to prospective beneficiaries in filling up PMEPG applications (Digital Literacy Initiatives to be pushed) No fund has been released to the DIC under B&FL component of PMEGP in last 2 years. Sector/Business Relevant training (Needs Based) is unavailable. 	<ul style="list-style-type: none"> beautician, driving, training should also be given on value addition for piggery products, etc. Improving marketing channel for piggery products Capacity building of staff/ officials at DIC Organic products of the state should be encouraged: <ul style="list-style-type: none"> Organic turmeric Large cardamom
12.	Sikkim Tea Estate	Managing Director	<ul style="list-style-type: none"> Lack of marketing Lack of awareness about government schemes 	<ul style="list-style-type: none"> GI of Temi Tea Capacity building of tea workers
Stakeholder 4: North Sikkim Administration				
1.	North Sikkim - Lachen Zhumsa	Home Stay Association (Additional Information: Approx 30 Homestays and 70 Hotels are there in Lachen)	<ul style="list-style-type: none"> Lack of Infrastructure- Roads, Mobile Network, broadband Lack of medical facilities at Lachen, especially at high altitude tourist hotspot- Gurudongmar lake where the air is very thin Lack of Awareness about the government schemes. Lack of Marketing Support. High logistics cost Tourist permits are not given to foreigners for Gurudongmar lake leading to loss in revenue for the State and nearby MSMEs 	<ul style="list-style-type: none"> Potential Sectors: <ul style="list-style-type: none"> Tourism Agro-Processing: Sea buckthorn (Hippophae)- can be used for juice, oil, cosmetics, Potato Model Villages can be created for harnessing tourism potential in Yathang, Thalang, Denzin, etc. Yak Milk- Used for making Soaps/Bars- Value chain can be established. Biodiversity Tourism- Kanchenjunga National Park.

#	Sectors/ Stakeholders	Officials / Owners	Challenges	Interventions recommended
2.	North Sikkim - Lachung Zhumsa	Pipon (local decision maker/ leader) Representative & local youths/ entrepreneurs	<ul style="list-style-type: none"> Lack of awareness about government schemes, especially Central Government schemes like PMEGP Lack of fund for plantation drive – cherry, peach, saffron, rhododendron, etc. No Training institute/ DIC office which provide handholding support to the prospective entrepreneurs Lack of sufficient public toilets and medical facilities at tourist hotspot 	<ul style="list-style-type: none"> Adventure Tourism <ul style="list-style-type: none"> Mountain biking (zero point near yumthang valley) Ropeway Eco-trail path Skiing Eco-friendly sustainable Homestays- Greening <ul style="list-style-type: none"> Solar Geyser Solar light Eco-haats Creation of complete value chain for following agro products: <ul style="list-style-type: none"> Seabock thorn berry Peach Pears Blue berry Rhododendron Saffron (a govt trial at a small has started since last year) Tourism festival utilizing regions' organic products- cherries, fruit beer, rhododendron, etc. Development of Hot-spring facility at Yumthang along with its commercialization (ticketing) Provision of sufficient public toilets and medical facilities along the way towards Yumthang valley and zero point. Training institute & handholding support to the prospective beneficiaries
Stakeholder 5: Financial Institutions				

#	Sectors/ Stakeholders	Officials / Owners	Challenges	Interventions recommended
1.	Financing Institution - NABARD	AGM, NABARD, Gangtok, Sikkim	<ul style="list-style-type: none"> Topography Challenge – Non availability of flat land. Lack of Marketing for GI Tagged Products (<i>Dalle Khursani Chilli, Large Cardamom</i>) 	<ul style="list-style-type: none"> Increasing awareness programme in coordination with Banks. Potential Sectors: Food Processing (Sea buckthorn, Mandarin), Handloom Weaving, Bee Keeping Promotion of Dairy Processing and Fisheries Strengthening fragmented value-chain production for various products
2.	Financing Institution – State Bank of India (SBI)	Lead District Manager, SBI, Gangtok	<ul style="list-style-type: none"> Higher number of proposals received under PMEGP are from transport/tourist sectors – cab (around 70-80%) Lack of awareness about PMEGP scheme over SYSS Trade licenses are not given to Non-local in MSME sector High NPA in PMEGP – around 20% NPA Delay in disbursement of subsidy amount which is claimed by the bank under SYSS scheme 	<ul style="list-style-type: none"> Rationalization between PMEGP and SYSS (state run scheme) The turnaround time (TAT) for disposal of PMEGP application has reduced to just 1 month. This can be further improved. Increase in awareness programme about MSME related govt scheme
Stakeholder 6: Incubation Center				
1.	AIC STUMBI	Chief Executive Officer	<ul style="list-style-type: none"> Reluctance from micro and small enterprises on learning new skills regarding running the business; their opinion is that we already know how to run the business Less women participation owing to push back from families 	<ul style="list-style-type: none"> Services and Tech related incubation center may be established for SMEs
2.	Sikkim Entrepreneurship & Economic Cell (SEED Cell)		<ul style="list-style-type: none"> One family One Entrepreneurship scheme was launched in 	<ul style="list-style-type: none"> Market Linkages – forward and backward

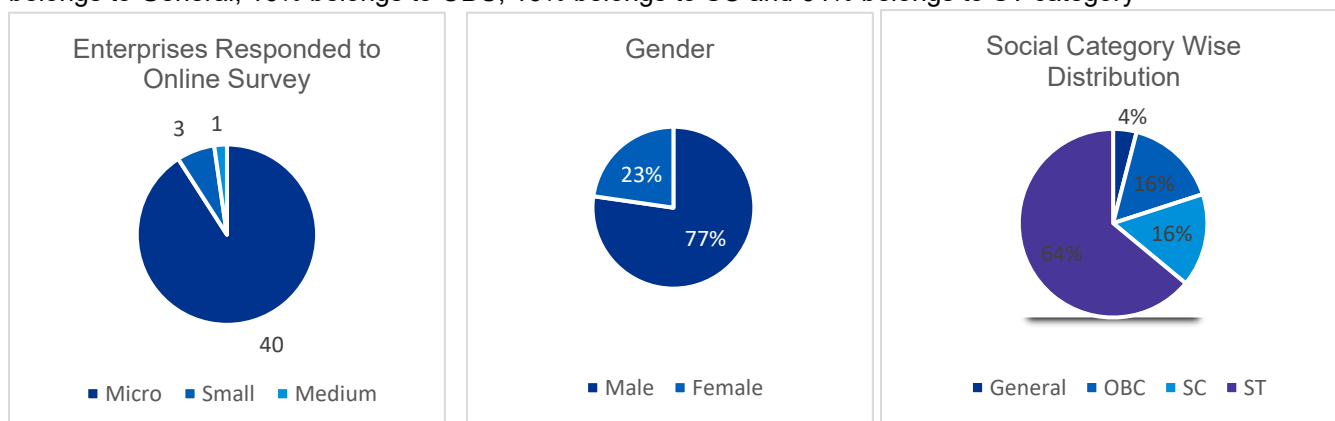
#	Sectors/ Stakeholders	Officials / Owners	Challenges	Interventions recommended
			2021 and SEED cell was est. <ul style="list-style-type: none"> Conducted a pilot study to understand the scenario of entrepreneurs in the state 	

2.1.2 Online Survey and its Analysis

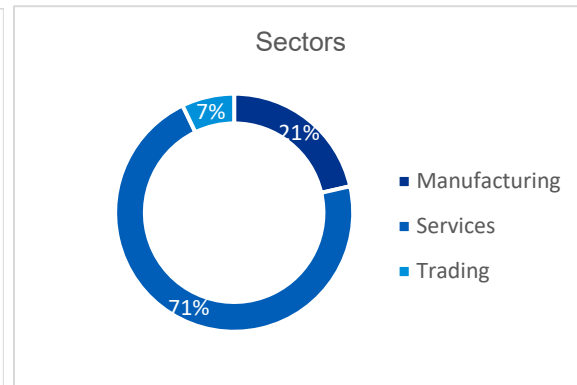
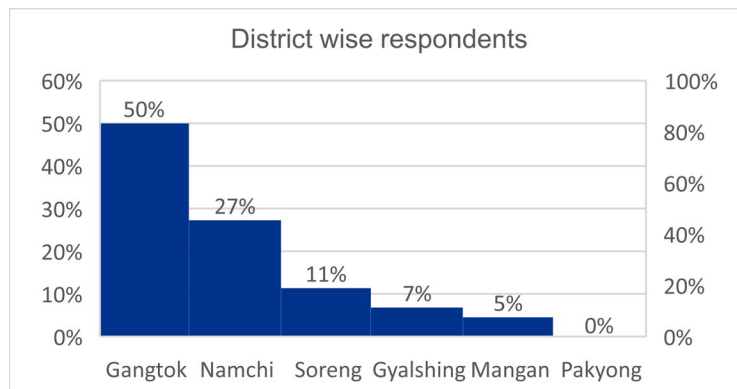
A survey through offline medium was conducted for 40 enterprises while online survey of 45 micro enterprises, 2 small enterprises and 1 medium enterprise were conducted. The survey comprises of questions to capture MSME growth in turnover, employment, scheme awareness, access to finance, market linkages, TReDS, and greening initiatives. Survey form is attached in Annexure 1. Below is the analysis of survey conducted.

2.1.2.1 Socio Demographic Profile of respondents

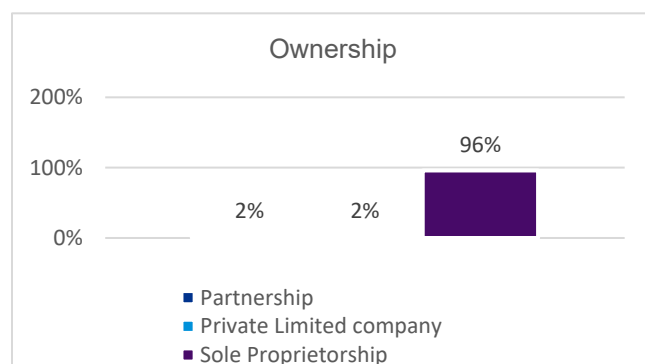
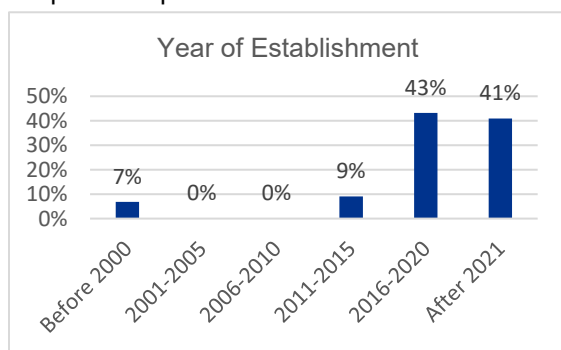
77% of the subjects surveyed are male whereas 23% are females. Out of the responses received, 4% belongs to General, 16% belongs to OBC, 16% belongs to SC and 64% belongs to ST category



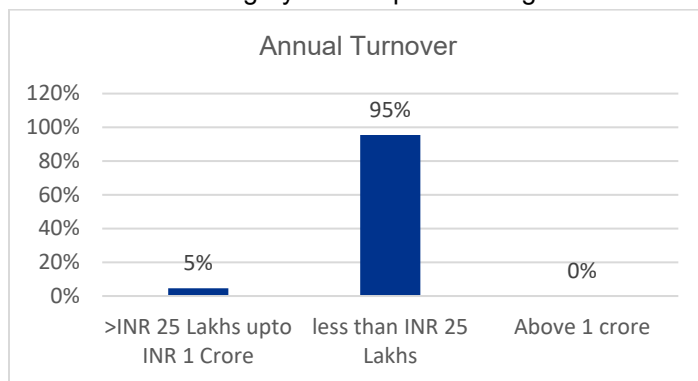
50% of the respondents have enterprises set up in Gangtok, 5% in Mangan, 11% in Soreng, 27% in Namchi and 7% in Gyalshing. Since 95% of the responses collected are of micro enterprises, it is found that amongst micro enterprises, 71% are engaged in Service sector, 21% are engaged in Manufacturing sector and 7% are engaged in Trading.



84% of the respondents started their businesses post 2016, this indicates the increase in entrepreneurship as a choice for Sikkim residents. Even during Covid phase, 41% of the enterprises were set up in Sikkim. Since majority of the enterprises in Sikkim are micro, the ownership type also came out to be Sole Proprietorship for the units interviewed.

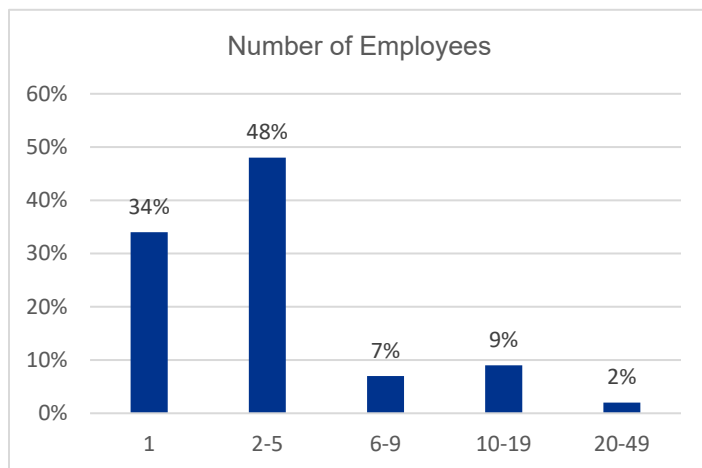
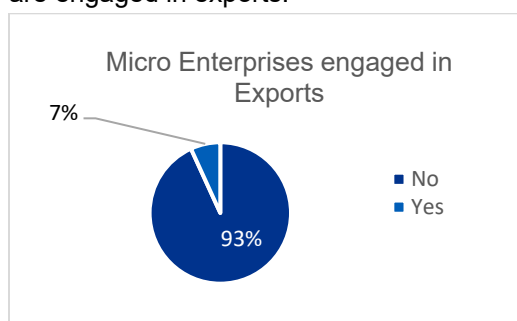


Out of the microenterprises surveyed, 95% of them have annual turnover less than 25 lakhs, thus we observed nano category of enterprises being established in Sikkim

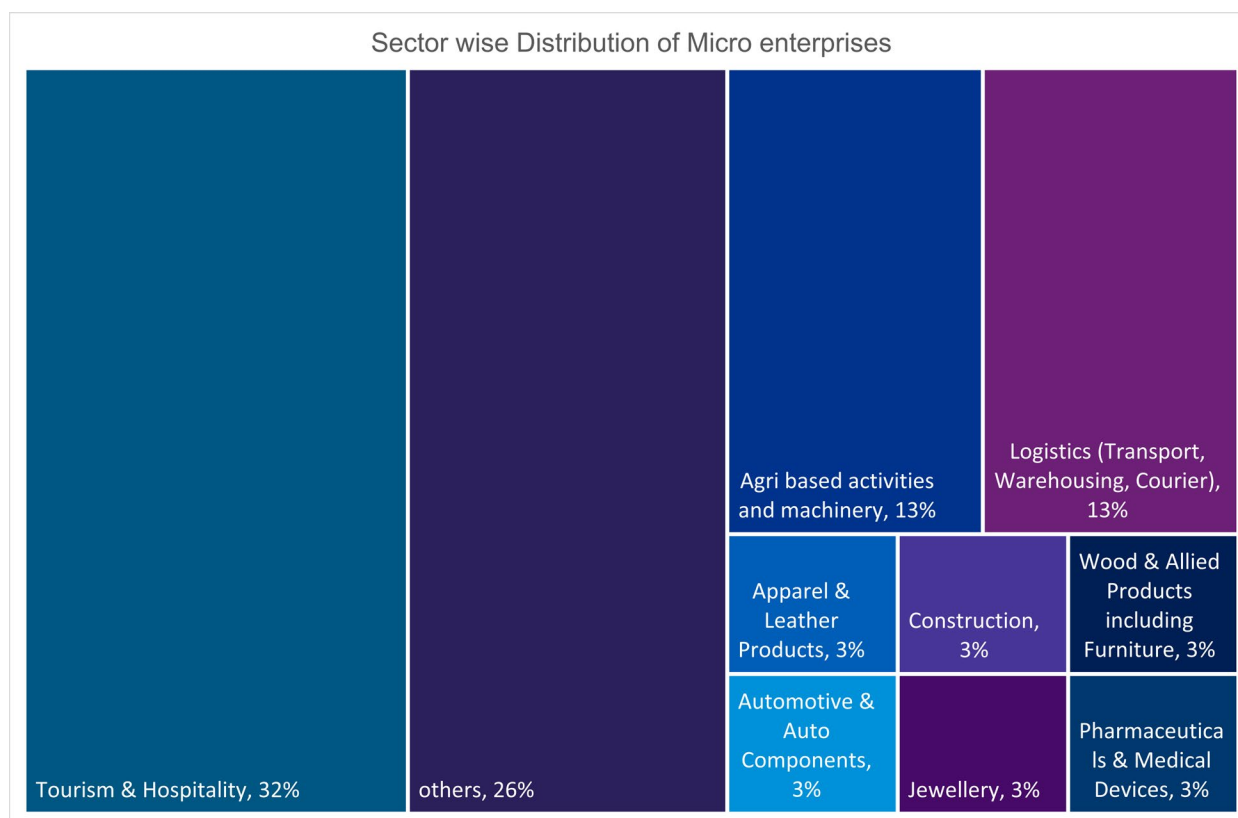


48% of the enterprises have 2-5 employees, 34% of the enterprises surveyed has only one person, 7% have 6-9 employees, 9% have 10-19 employees and only 2% have 20-49 employees. Boosting single owner oriented and operated firms is required as these owners themselves manage the finances, marketing, and supply chain operations. Incentives for them will lead to employment generation and increase in turnover

5% of the small & micro enterprise surveyed are engaged in exports.

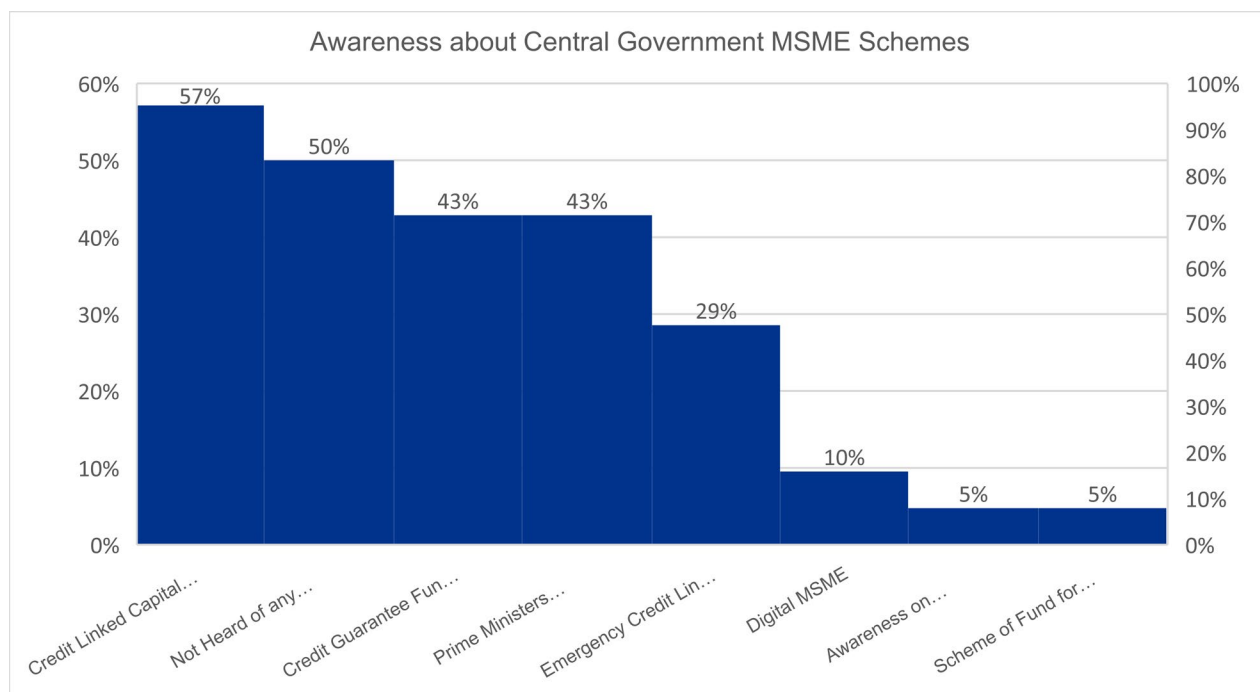


Out of the microenterprises surveyed telephonically, 32% are engaged in Tourism & Hospitality, 13% are engaged in Agri based activities and Logistics each where as 3% are engaged in Apparel & leather industry, Automotive industry, Construction, Jewelry, Wood & Furniture industry, Pharmaceuticals each. 26% choose others as their mode of sector for commercial activity.

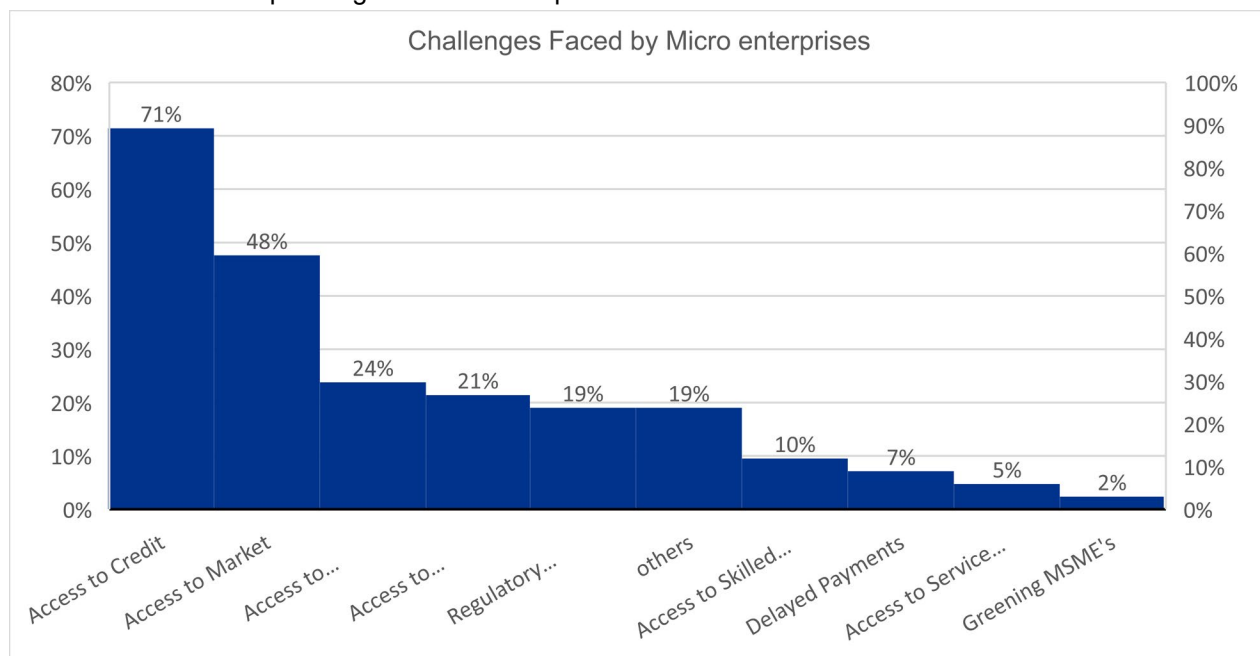


2.1.2.2 Awareness about Central Government Schemes

Entrepreneurs of Micro enterprises are surveyed about their awareness of different central government schemes for MSME's and observed that 50% of subjects have not heard about any central government scheme. Amongst the people who have heard about government schemes, 57% have awareness about Credit linked Capital Subsidy & Technology Upgradation Scheme, 43% have heard about Credit Guarantee Fund trust for Micro & Small Enterprises (CGTMSE) and Prime Minister Employment Generation Programme (PMEGP), 29% have heard about Emergency Credit Line Guaranteed Scheme (ECLGS), 10% have heard about Digital MSME and 5% have awareness on Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and Awareness on Intellectual Property Rights (IPR).



With regards to challenges faced by Entrepreneurs, the three most common challenges are Access to Credit, Access to Market and Access to infrastructure with 71%, 48% and 24% respectively voted by entrepreneurs. 21% entrepreneurs faced challenges related to access of technology, 19% with respect to Regulatory approvals & clearances, 10% with skilled manpower, 7% with delayed payments, 5% with respect to access to Service Providers, 2% faced challenges regarding Greening MSME's and 19% faced other challenges like Low tourist inflow, corruption, illegal licenses granted to Entrepreneurs, more demand for customized and imported goods over local products.

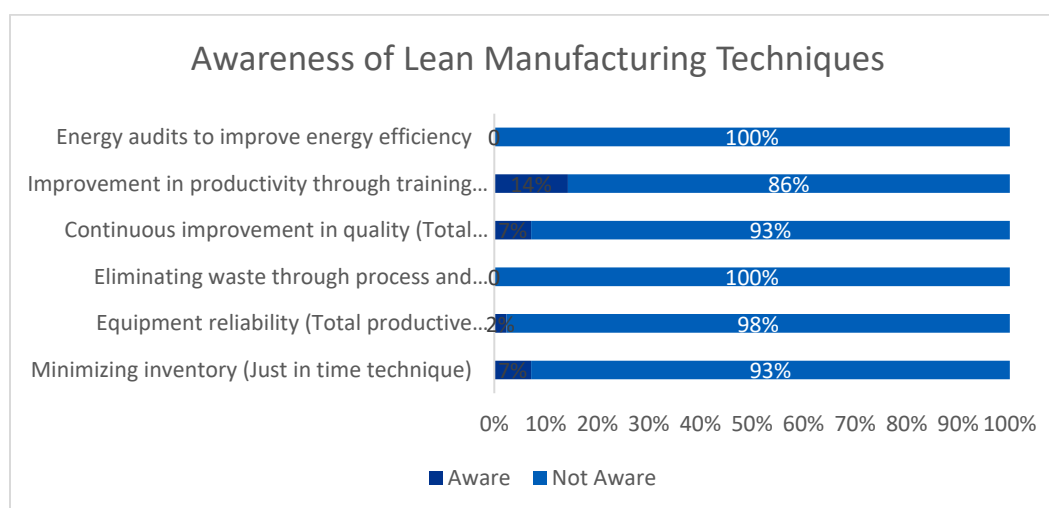


On asking information regarding quality standard certification 90% are not aware of any where as 10% are only aware about ISO 9001:2015 certification and not of others like Zero-defect, Zero-effect (ZED) Certification- Gold, Silver, Bronze.

Lean Manufacturing Techniques

While assessing the awareness of entrepreneurs regarding the Lean Manufacturing Techniques, it is found that

- Only 7% are aware about Minimizing inventory (Just in time) technique
- 2% are aware about Equipment reliability (Total productive maintenance) technique
- None of them is aware about Eliminating waste through process and workplace redesigning (Cellular manufacturing) technique
- Only 7% are aware about Continuous improvement in quality (Total quality management)
- 14% are aware about Improvement in productivity through training etc.
- None of them has heard about Energy audits to improve energy efficiency

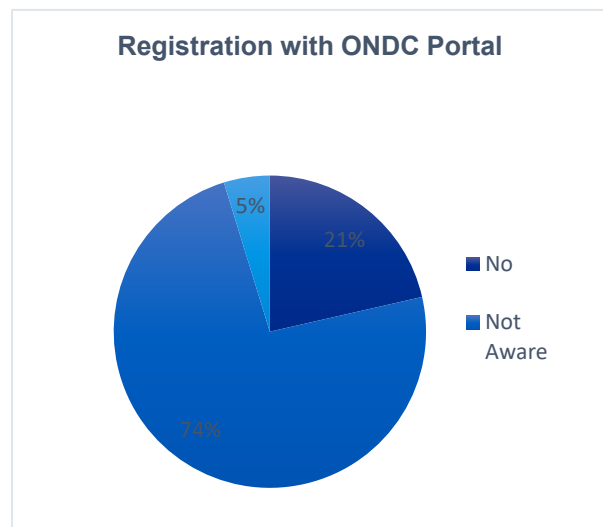
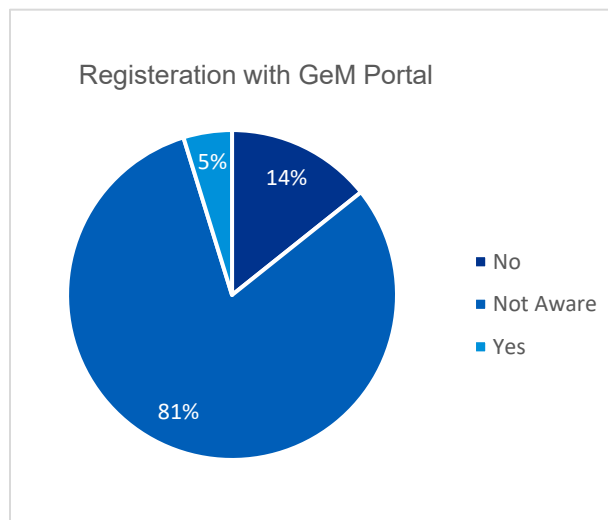


Also, it is found that, they have not availed marketing support under any Central Government scheme. In terms of marketing support under state government scheme, 98% have not availed any, 2 have received support under CMSS Scheme.

2.1.2.3 Online Access to MSMEs

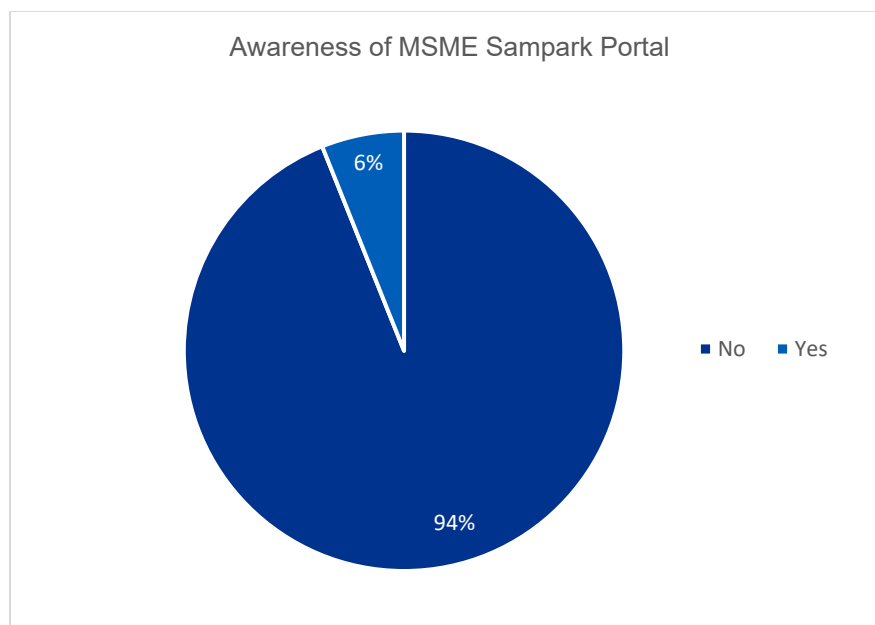
On surveying about GeM (Government e marketplace) portal, it is found out that 81% of the respondents are not aware of GeM Portal, 14% are not registered on it and only 5% are registered on GeM Portal. Similarly, for ONDC portal 74% of the respondents are not aware, 21% are not registered on it and only 5% are registered with ONDC Portal.

None of the surveyed respondents were aware about



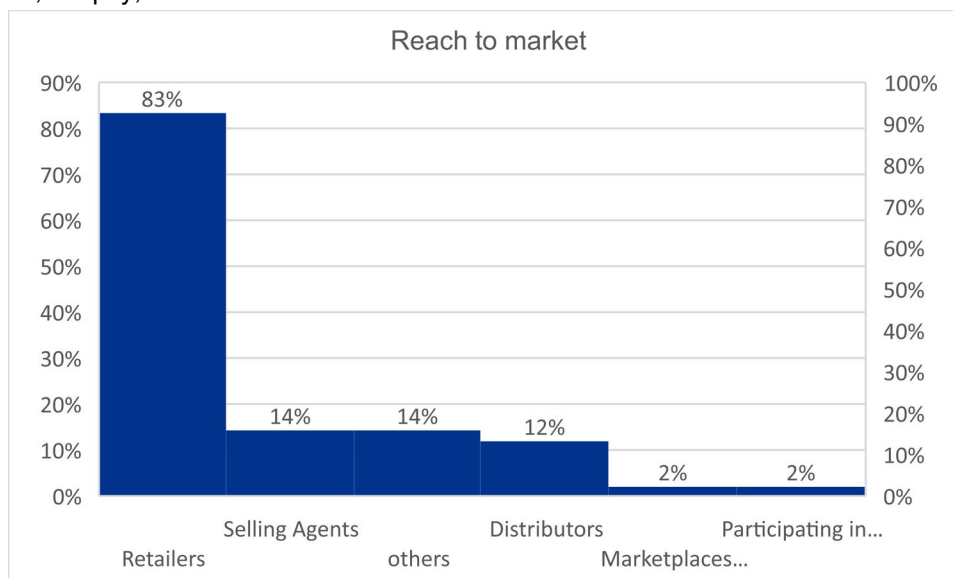
(OEMs)

With respect to awareness about the digital job portal MSME SAMPARK, it is observed that only 6% have heard about it.

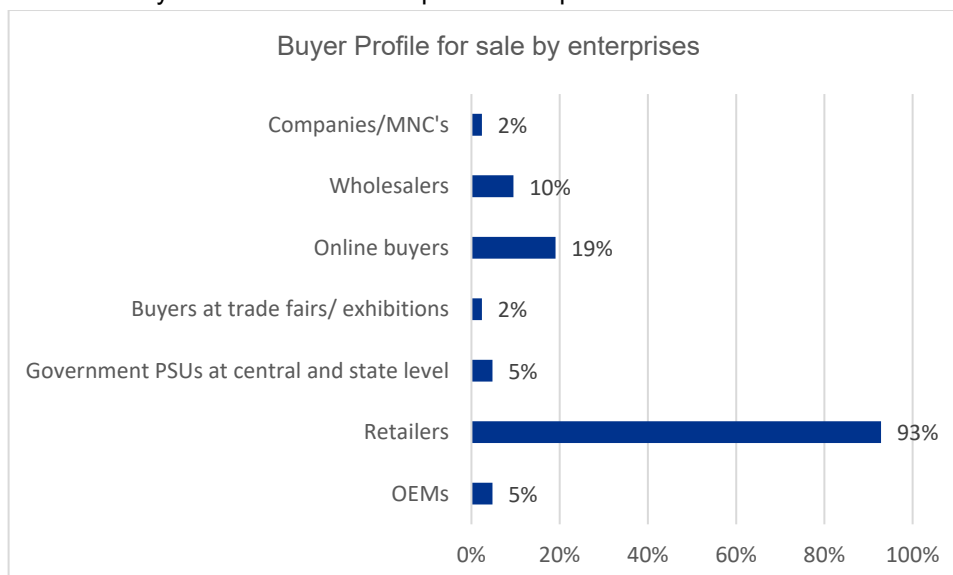


2.1.2.4 Market Access

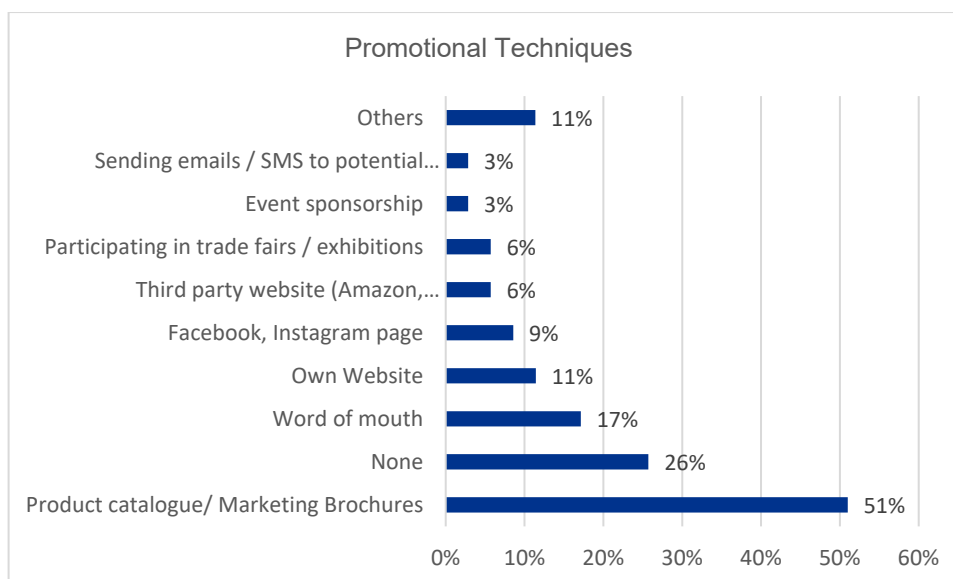
When respondents were asked about how they reach their markets, it is found out that 83% of the micro entrepreneurs reach their market via retail outlets, 14% by selling others, 12% by distributors, 2% by Marketplaces such as GeM, Open Network for Digital Commerce, Indiamart, Trademart, etc., and Participating in Trade fairs/exhibitions each, and 14% reach their market by other modes like with the support of government or by using online platforms such as Instagram, Facebook, shopsy, own website etc.



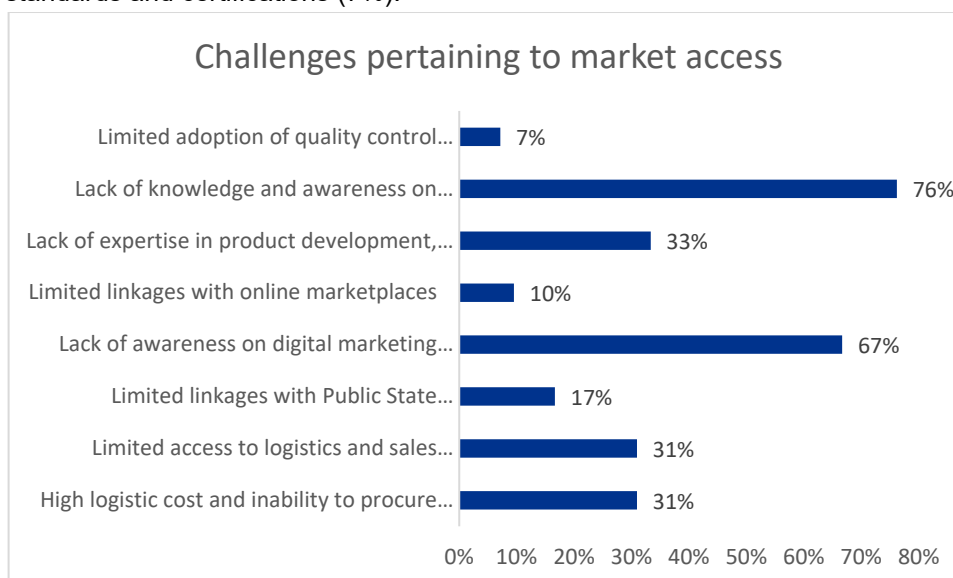
The Buyer profile for enterprises are mostly retailers. It is found that 93% of the buyers are retail customers, 19% are online buyers, 10% are wholesalers, 5% are Government PSU'S and OEM each and 2% are buyers at trade fairs and private companies.



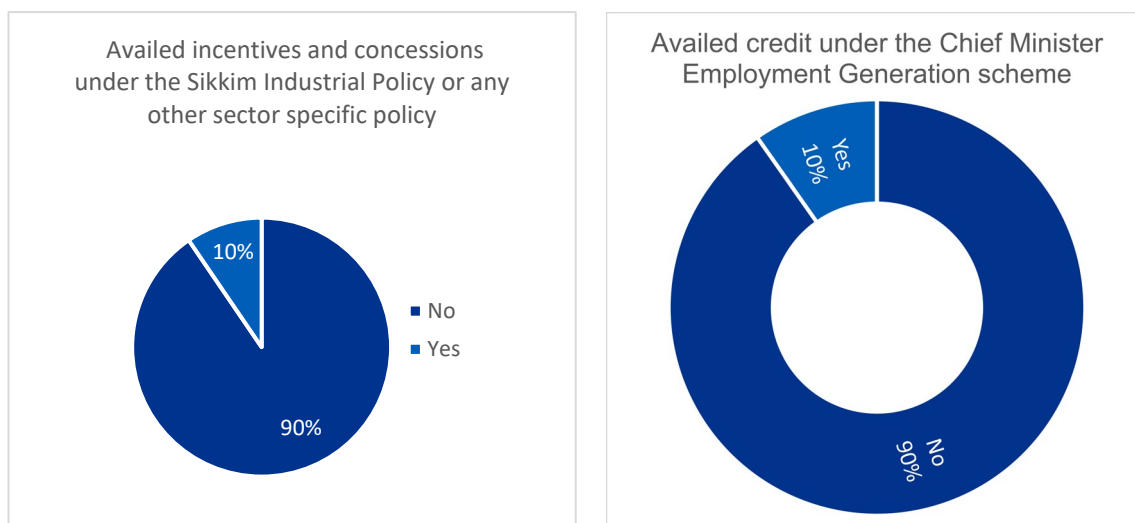
On surveying entrepreneurs about how they promote their product amongst the customers, it is found that 26% of the customers are not aware of any promotional techniques, 51% of them are using Product catalogue(Menu cards) / Marketing Brochures for conveying the customers what they are offering, 17% believes on worth of mouth promotion, 11% has their own website, 9% are using facebook and Instagram pages to promote, 6% are using Third party website (Amazon, Indiamart.com, Trademart.com, etc.), 6% feel Participating in trade fairs / exhibitions, 3% are using Event sponsorship and Sending emails / SMS to potential customers each to promote their products. 11% are using others ways to promote their product like selling agents, giving discounts, home delivery, government support etc. to promote their product.



In terms of Challenges pertaining to market access that they face, major ones are Lack of knowledge and awareness on potential markets (76%), Lack of awareness on digital marketing channels for brand promotion (67%), Lack of expertise in product development, designing, packaging, and marketing strategy (33%), Limited access to logistics and sales support, and information and communication technology (ICT) support (31%), High logistic cost and inability to procure raw material at competitive prices (31%). Some of the other challenges that they face include Limited linkages with Public State Undertakings, Government Departments, Wholesalers, Retailers (17%), Limited linkages with online marketplaces (10%) and Limited adoption of quality control standards and certifications (7%).



On inquiring, whether they have availed incentives and concessions under the Sikkim Industrial Policy or any other sector specific policy, it is found that 90% have not availed any. Reasons being lack of knowledge and absence of need. 10% have received incentives under sector specific policy like Mudra Scheme, Start up scheme etc.

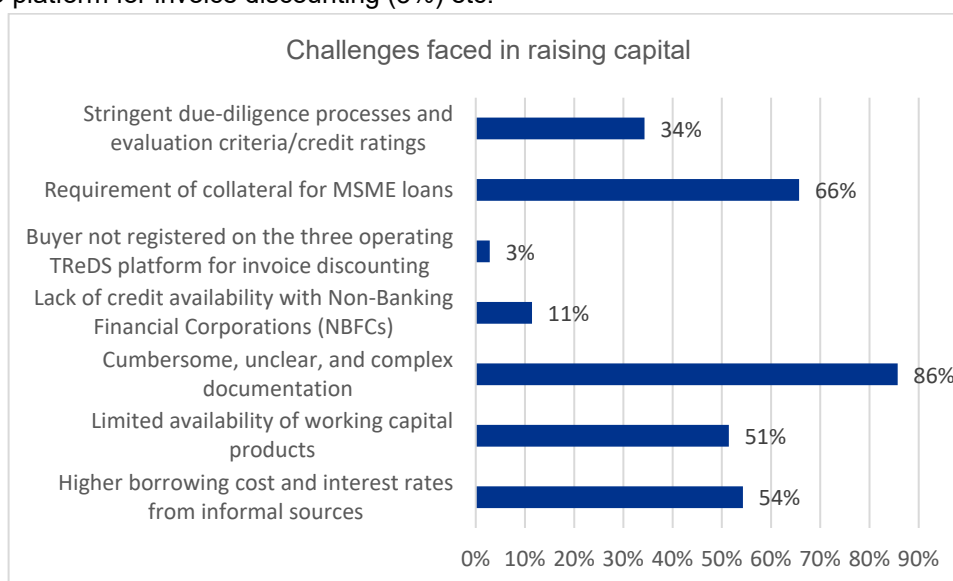


On analyzing whether they have availed credit under the chief minister employment generation scheme, it is observed that only 10% have availed, 90% have not availed. Reasons being lack of knowledge, absence of need, surpassed age criteria, cumbersome process.

2.1.2.5 Credit Access and TReDS

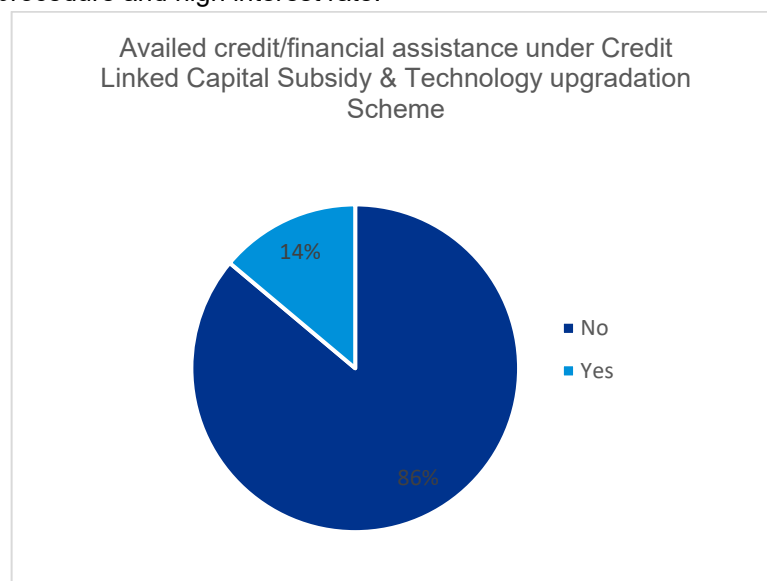
None of the entrepreneurs surveyed have awareness about the Trade Receivables electronic Discounting System (TReDS) platform of Government of India which helps to facilitate the discounting of trade.

With respect to challenges entrepreneurs face in raising capital, major ones are Cumbersome, unclear, and complex documentation (86%), Requirement of collateral for MSME loans (66%), Higher borrowing cost and interest rates from informal sources (54%), Limited availability of working capital products (51%). Some of them also faced challenges regarding Stringent due-diligence processes and evaluation criteria/credit ratings (34%), Lack of credit availability with Non-Banking Financial Corporations (NBFCs) (11%), Buyer not registered on the three operating TReDS platform for invoice discounting (3%) etc.



In regards to whether the entrepreneurs have availed any credit or financial assistance under credit linked capital subsidy and technology upgradation scheme, only 14% have availed this. The

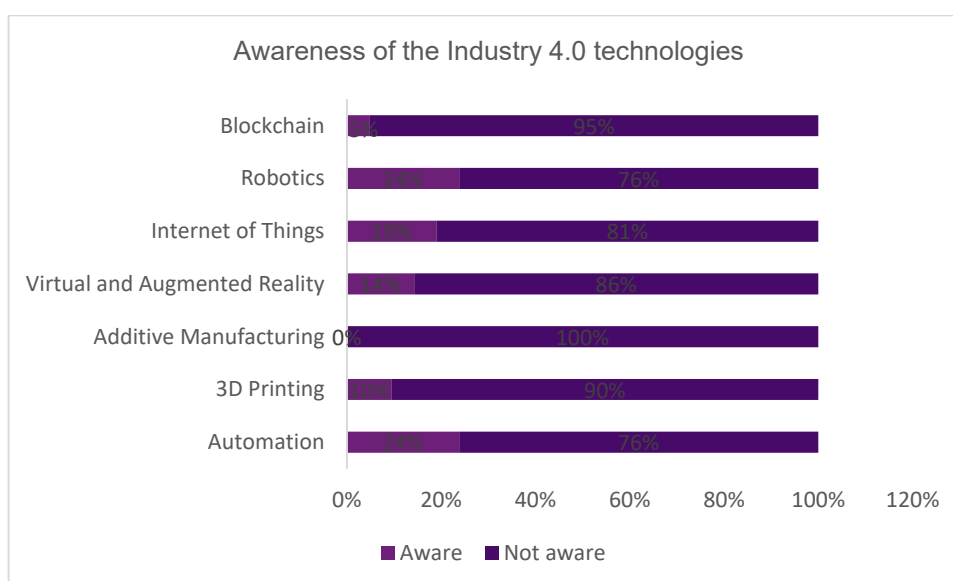
reasons of not availing as stated by them including lack of awareness, don't know procedure to apply, difficult procedure and high interest rate.



2.1.2.6 Technology

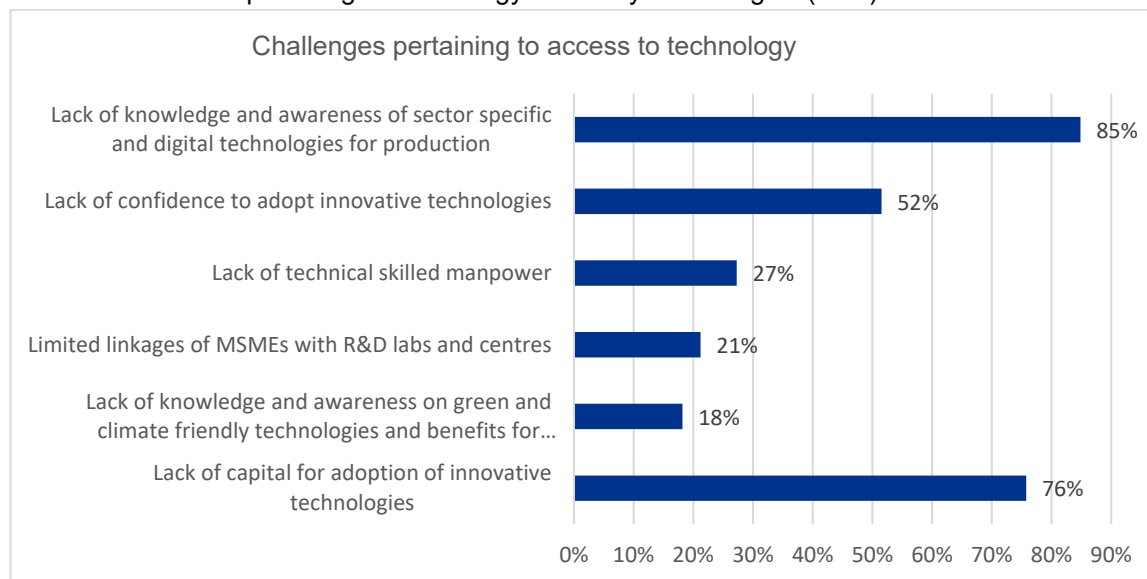
In context of awareness of listed industry 4.0 technologies, it is observed that:

- Only 5% entrepreneurs surveyed have heard about Block chain technologies.
- 24% have heard of Robotics.
- 19% have heard of the term internet of things
- In context of Virtual and augmented reality, 14% have heard of it
- None of them has awareness regarding Additive Manufacturing.
- 10% know about 3D Printing
- 24% have awareness of Automation.



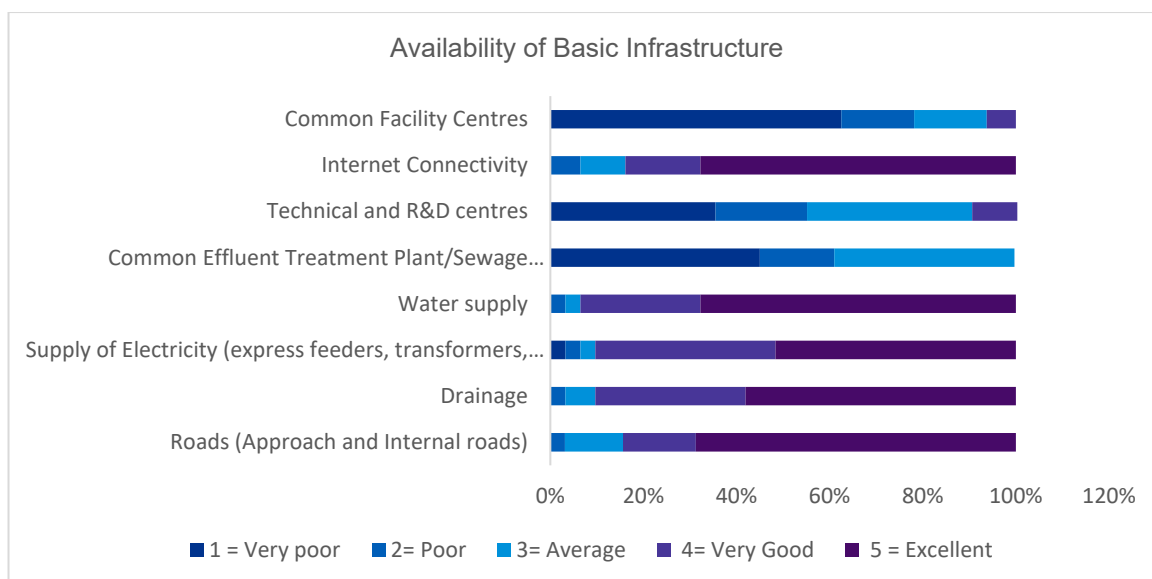
With regards to the challenges pertaining to access to technology that they face, it is observed that 85% feel Lack of knowledge and awareness of sector specific and digital technologies for production as major problem, 76% find Lack of capital for adoption of innovative technologies and 52% feel Lack of confidence to adopt innovative technologies is a major hurdle. Other challenges include Lack of technical skilled manpower (27%), Limited linkages of MSMEs with R&D labs and

centers (21%) and Lack of knowledge and awareness on green and climate friendly technologies and benefits for adoption of green & energy efficiency technologies (18%).

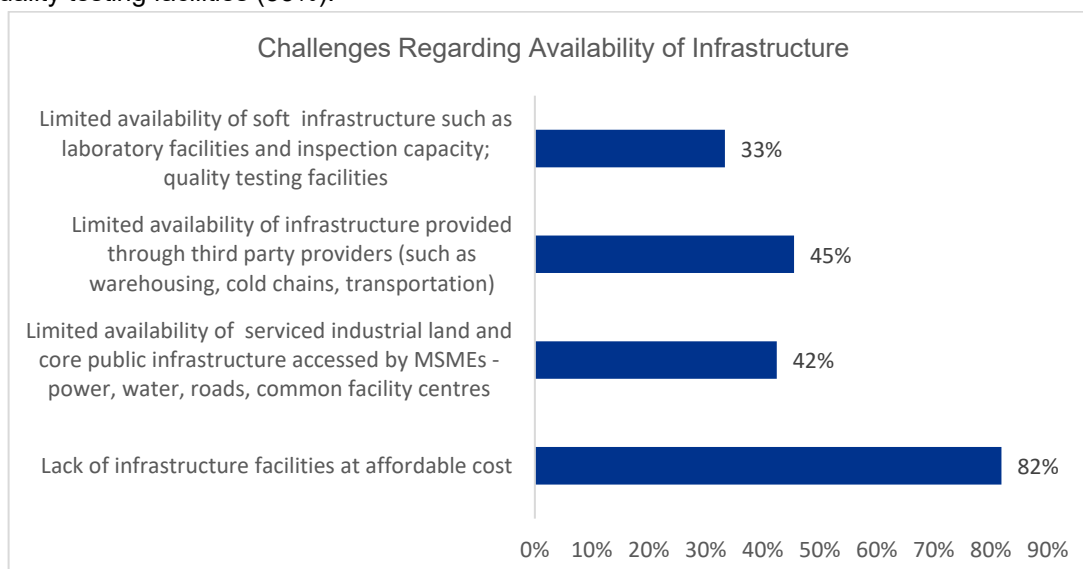


2.1.2.7 Infrastructure

- Around 69% of entrepreneurs feel that roads are in excellent condition, 16% feel very good, 13% feel average and 3% find condition of roads poor.
- In case of Drainage, 58% voted it as excellent, 32% as very good, 6% as average and 3% as poor.
- With regards to electricity i.e availability and condition of express feeders, transformers, poles, conductors, it is observed that 52% voted excellent, 39% as very good, 3% as average, 3% as poor and 3% as very poor
- For water Supply, 68% voted as excellent, 26% as very good, 3% as average and 3% as poor.
- For Common Effluent Treatment Plant/Sewage Treatment Plant, 39% voted as average, 16% as poor and 45% as very poor.
- In context of Technical and R&D centers, 10% voted as very good, 35% as average, 20% as poor and % as very poor.
- With regards to Internet connectivity, 68% found it excellent, 16% as very good, 10% as average and 6% as poor.
- For Common Facility Centers, 6% voted as very good, 16% as average, 16% as poor and 63% as very poor.

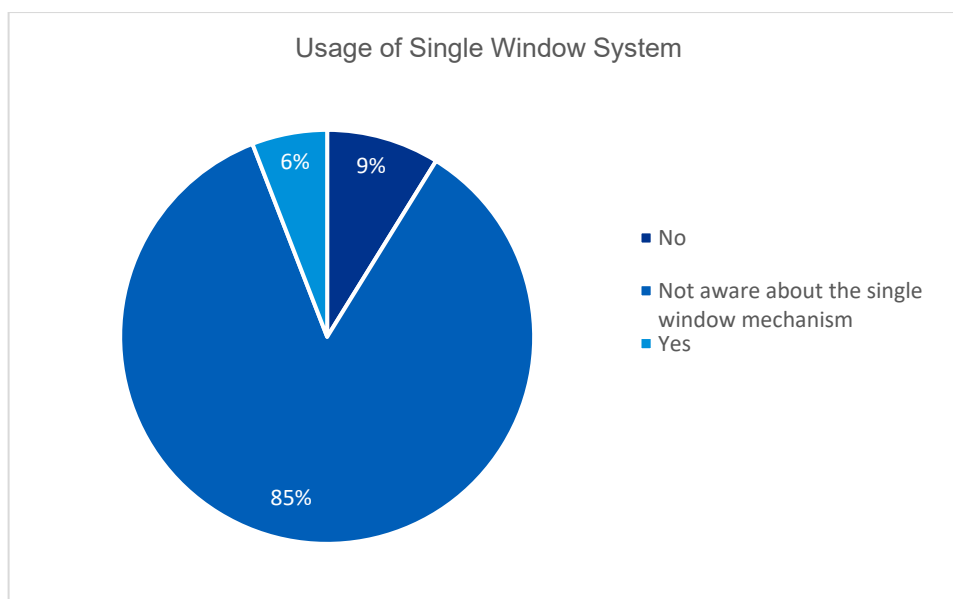


About the challenges that they face regarding availability of infrastructure, it is observed that Lack of infrastructure facilities at affordable cost is the major challenge (82%) followed by Limited availability of infrastructure provided through third party providers (such as warehousing, cold chains, transportation) (45%), Limited availability of serviced industrial land and core public infrastructure accessed by MSMEs - power, water, roads, common facility centers (42%) and Limited availability of soft infrastructure such as laboratory facilities and inspection capacity; quality testing facilities (33%).



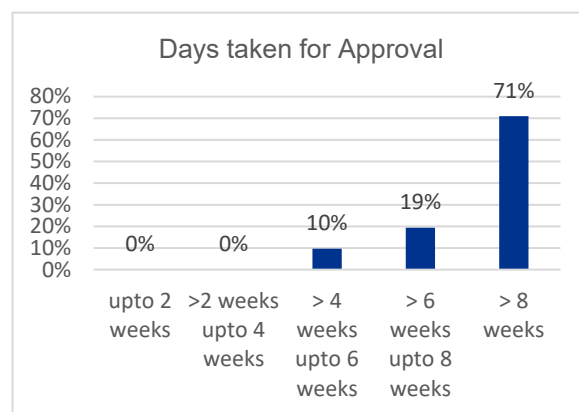
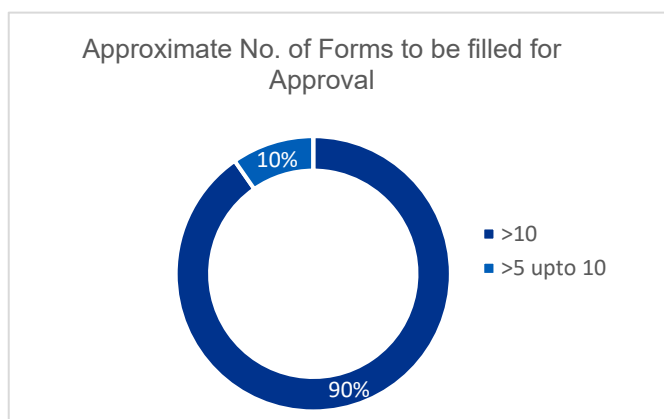
2.1.2.8 Single Window Access for Ease of Business

On surveying entrepreneurs whether they are filing the application for various departmental approvals/clearances for their unit through the single window mechanism called 'Sikkim Single Sign on' facilitated by Government of Sikkim, it is observed that 85% are not aware of it, 9% are not using it and only 6% are using this.



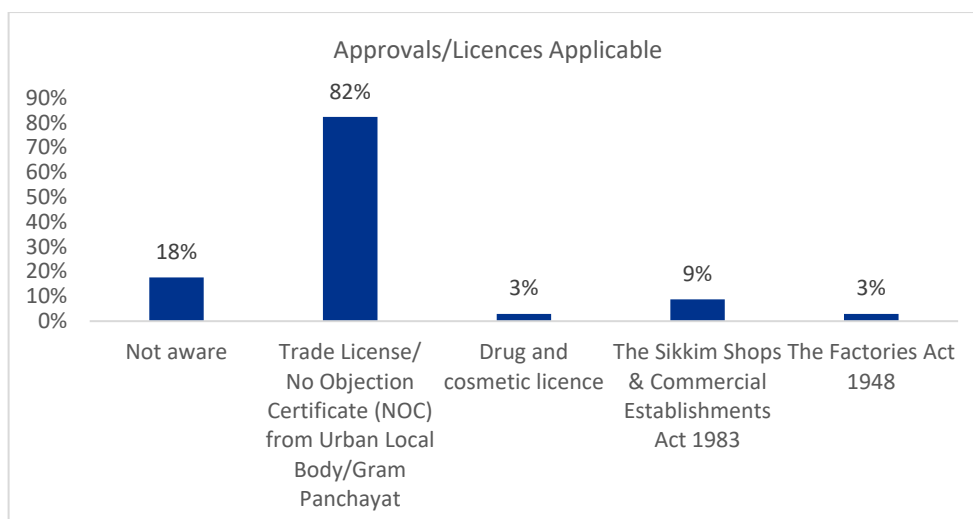
In the absence of Single window system, Approximate number of departments / agencies at the state level from which clearances were taken by entrepreneurs were surveyed as more than 10 (>90% want for this), 5-10 (10%) and none of them choose less than 5 number of agencies need to be visited for approval

With respect to approximate number of forms to be filled for obtaining any approval or clearance, it is observed that more than 10 number of forms need to be filled usually (90%), followed by 5 to 10 forms (10%)

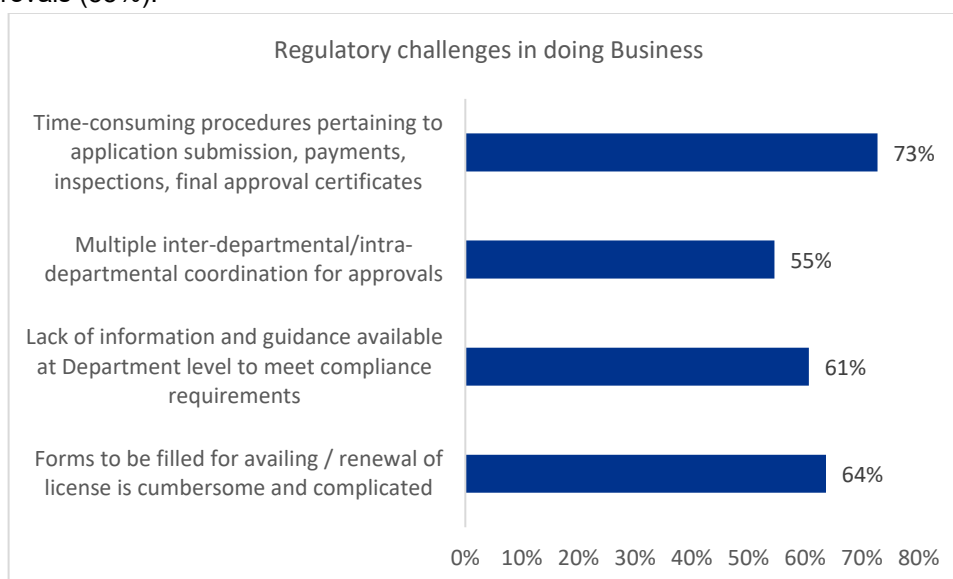


Approval takes more than 8 weeks as per 71% of the respondents, followed by 6-8 weeks as per 19% of the respondents, 4-6 weeks for 10%

In the aspect of approvals and licenses needed by enterprises, 82% of them need Trade License/ No Objection Certificate (NOC) from Urban Local Body/Gram Panchayat, 18% were not aware of any approvals or licenses, 9% got approval under The Sikkim Shops & Commercial Establishments Act 1983 and 3% choose for Drug and cosmetic license and The factory Act, 1948.



In context of Regulatory challenges that they face in doing business, major one is Time-consuming procedures pertaining to application submission, payments, inspections, final approval certificates (73%), followed by Forms to be filled for availing / renewal of license is cumbersome and complicated (64%), Lack of information and guidance available at Department level to meet compliance requirements (61%) and Multiple inter-departmental/intra-departmental coordination for approvals (55%).



2.1.2.9 Skillset of the Entrepreneurs

Regarding the **operational skills of the employees** of micro enterprises, it is found that

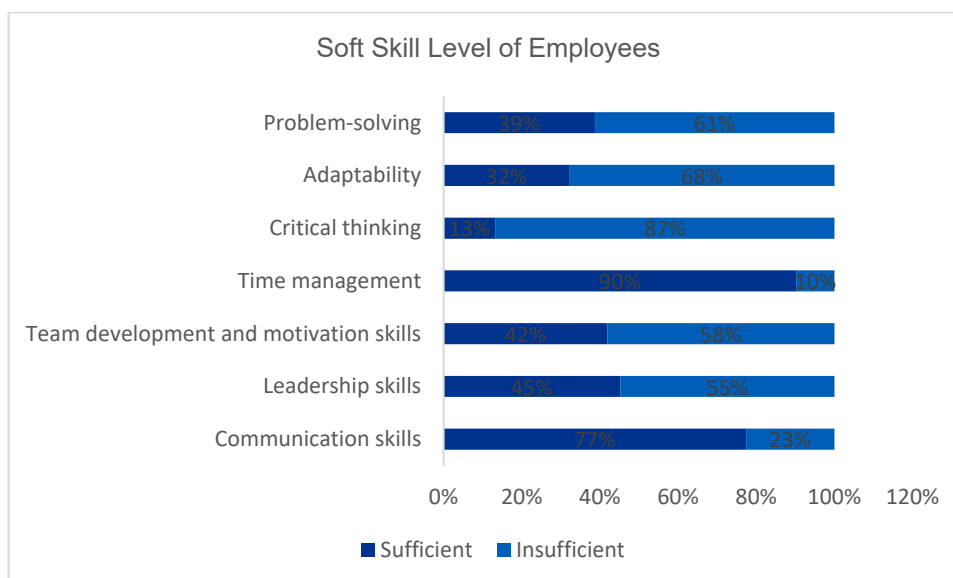
- For process planning, 48% of employees have sufficient skills.
- For Production planning, 42% of employees have sufficient skills.
- For Scheduling, 35% of staff had sufficient skills
- For inventory management, 29% of employees have relevant skills
- For marketing, only 6% of staff has relevant skills
- For quality check, 30% of staff has relevant skills
- For Packaging, 39% of staff has relevant skills



Soft Skills of Employees

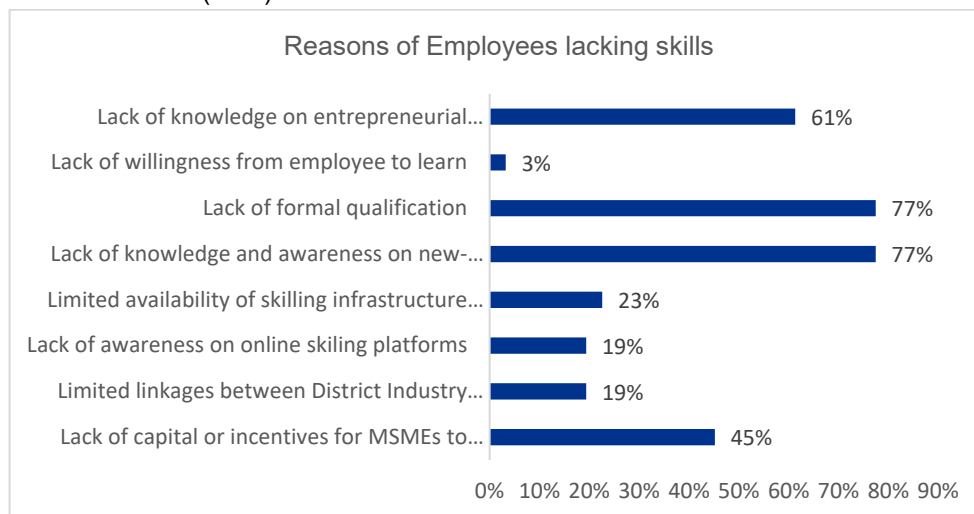
With respect to soft skills, it is observed that,

- 77% have sufficient communication skills
- 45% of the employees have sufficient leadership skills
- 42% of the staff has team development and motivational skills.
- Around 90% of the staff has time management skills
- 13% of the employees has critical thinking skills
- 32% has sufficient adaptability skills
- 39% of the staff has problem solving skills



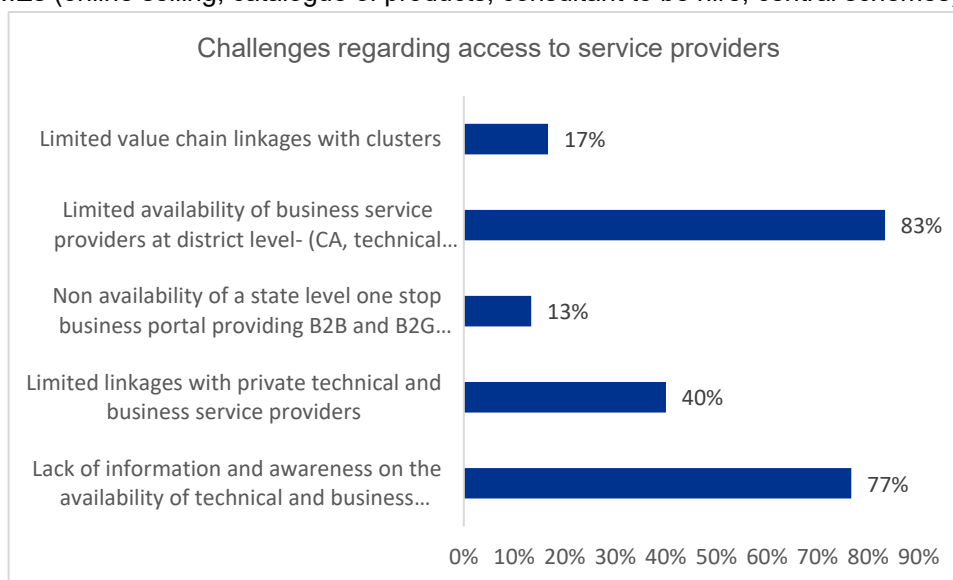
In terms of reasons due to which employees lack skills, predominant ones are Lack of formal qualification (77%), Lack of knowledge and awareness on new-age sector skills (77%), Lack of knowledge on entrepreneurial development programs, domain- specific training programs and re-skilling/up-skilling programs (61%), Lack of capital or incentives for MSMEs to train workers or invest in skill development (45%). Others include Limited availability of skilling infrastructure i.e. Technology Centres, ITIs (23%), Lack of awareness on online skilling platforms (19%) and Limited

linkages between District Industry Centres, Industrial Training Institutes (ITIs), Sector Skill Council and Industrial Clusters (19%).



2.1.2.10 Business Development Services

More than 90% of the entrepreneurs have not undertaken any Business Development Services. Those who have taken business development services took it for financial and marketing purposes. Major challenges regarding access to service providers, they face includes Limited availability of business service providers at district level- (CA, technical consultants) (83%), Lack of information and awareness on the availability of technical and business service provisions (77%), Limited linkages with private technical and business service providers (40%). Some of other challenges are Limited value chain linkages with clusters (17%) and Non availability of a state level one stop business portal providing B2B and B2G platform for all the services required by MSMEs (online selling, catalogue of products, consultant to be hire, central schemes) (13%).

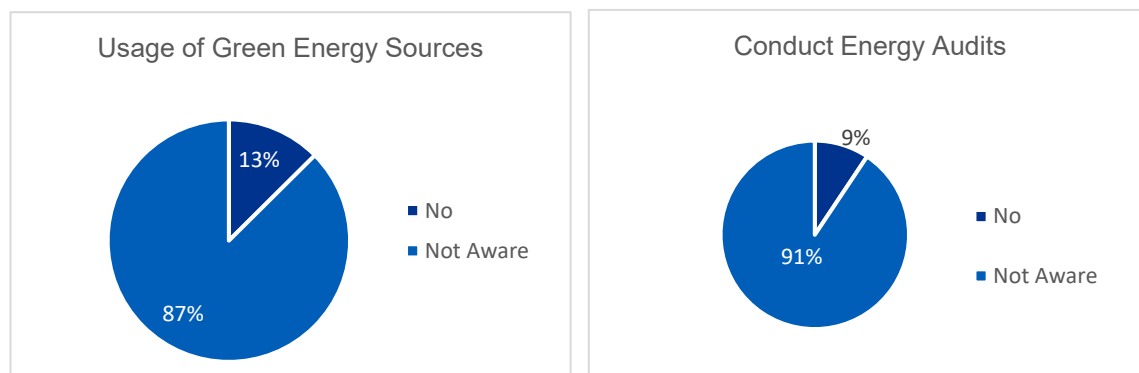


2.1.2.11 Sustainability

None of the entrepreneurs surveyed have availed any credit/ financial assistance under Central or State Government scheme for adopting sustainable practices, reasons being lack of awareness of the scheme and not knowing the need to go for sustainability practices.

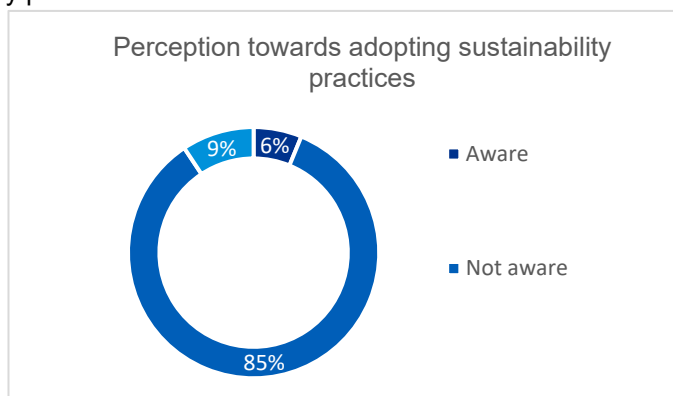
On Finding whether they are you using green energy sources such as (solar, hydro, wind, geothermal, etc.), it is observed that 87% are not aware of this and 13% know this but are not using this.

On analyzing whether the respondents conduct energy audits to improve energy efficiency, it is found that none of them is doing this, 91% are unaware of it and 9% are not doing even having idea about it

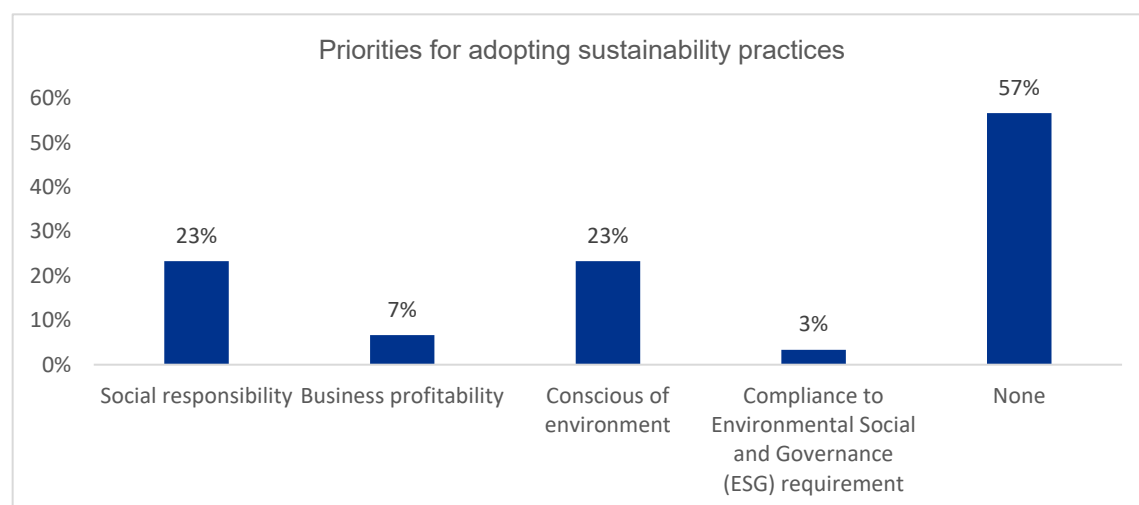


On asking what their perception are towards adopting sustainability practices such as resource efficient and cleaner production techniques, it is observed that 85% are not aware, 6% are aware and 9% are willing to adopt sustainability practices.

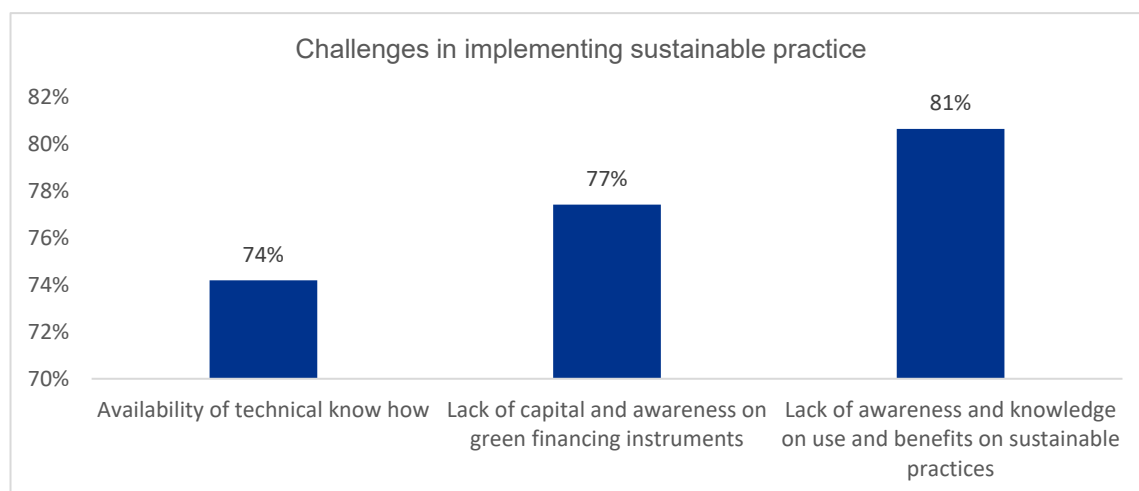
With respect to priorities for adopting sustainability practices, more than half of them has not any priorities towards sustainable practices. 23% of them has priorities with respect to consciousness of environment and social responsibility. Few have priorities regarding business profitability (7%) and Compliance to Environmental Social and Governance (ESG) requirement (3%).



With regards to the percentage of the total consumption of water, heat or raw materials are recycled/ recovered, none of them are recycling them. With respect to awareness regarding green finance instruments with financial institutions, NBFCs, Fin tech companies, etc , more than 95% of them are unaware of it.



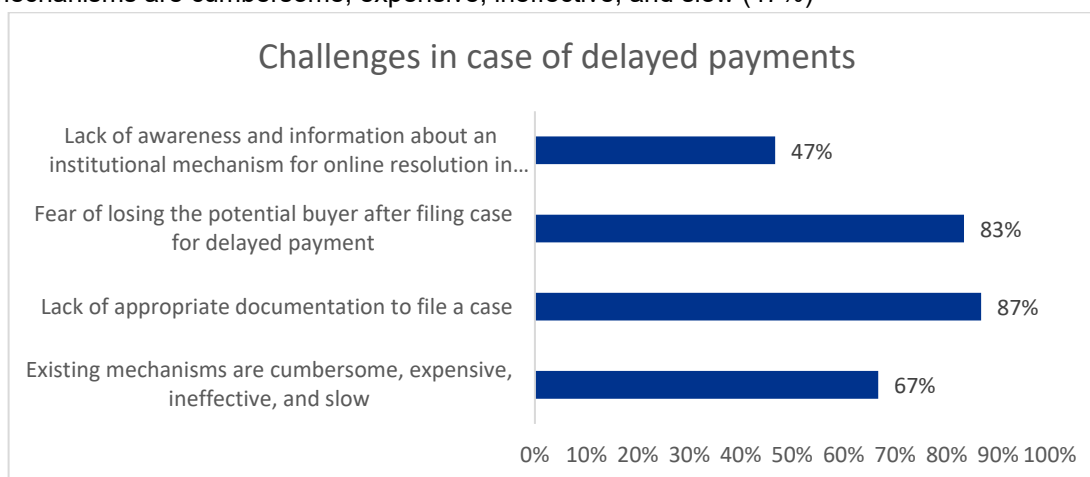
In context of challenges that they face in implementing sustainable practice, they Lack awareness and knowledge on use and benefits on sustainable practices (81%), Lack of capital and awareness on green financing instruments (77%), Availability of technical know how (74%).



2.1.2.12 Delayed Payments

In context of awareness about the Government MSME Samadhaan Portal (where a MSME can file a case in instances of delayed or non-payment of dues from buyer/customer), 97% of the entrepreneurs are not aware about it.

With regards to challenges, they face in case of delayed payments, mostly it is Lack of appropriate documentation to file a case (87%), Fear of losing the potential buyer after filing case for delayed payment (83%), Existing mechanisms are cumbersome, expensive, ineffective, and slow (67%) and Lack of awareness and information about an institutional mechanism for online resolution in instances of delayed or non-payment of dues, such as MSME Samadhaan Portal, Existing mechanisms are cumbersome, expensive, ineffective, and slow (47%)



2.2 Main challenges/Key constraints to MSME growth

Based on the primary assessment and secondary research, below key constraints have been identified:

- A. Business environment: The growth in number of enterprises in last 5 years indicates the favorable business environment set up by Govt. of Sikkim. Single window system have been established to cater the compliances and approvals required, however, more than 95% of the

subjects surveyed were not aware of the Single window mechanism facilitated by Government of Sikkim. Significant number of MSMEs find it challenging to navigate through various licenses, permits and compliance requirements. Administrative process was very cumbersome as requirement for approval from more than 5-10 departments exists. MSMEs are tired of filling multiple forms and spend around 4-6 weeks at least to get any approval. Thus, major regulatory challenges they face include Time-consuming procedures, Lack of information and guidance available at Department level to meet compliance requirements and Multiple inter-departmental/intra-departmental coordination for approvals

B. Infrastructure: Micro, Small and Medium Enterprises (MSMEs) in Sikkim face various infrastructure-related challenges that impact their growth and sustainability

a. Roads:

The road network in Sikkim is limited and mostly consists of narrow and winding roads that make it challenging to transport goods. Amongst the 6 districts of Sikkim, East Sikkim has the best road network followed by South Sikkim. Lack of last mile road connectivity increased their logistic cost which decrease the competitiveness of their products in the open market.

b. Water:

Water supply is mostly good in the state of Sikkim except during water times. They do not have adequate water storage and rainwater harvesting facilities. Entrepreneurs recycle less than 10% of their water for consumption.

c. Energy or Power:

The power supply in Sikkim is often inadequate, with frequent power outages affecting the production capacity of MSMEs. The inadequate power supply can also impact the quality of goods produced, leading to additional costs for MSMEs. They are mostly dependent upon nonrenewable sources of energy for their consumption and nearly 100% of the micro enterprises do not recycle or recover heat for consumption.

d. Common Effluent Treatment Plant/Sewage Treatment Plant:

MSMEs in Sikkim often do not have access to a common effluent treatment plant (CETP) where they can discharge their wastewater. This can result in the uncontrolled release of untreated or partially treated wastewater into the water bodies and landfills, leading to water pollution and health hazards.

e. Technical and R&D centers:

There is a limited availability of R&D centers in the state of Sikkim. This can limit the opportunities for MSMEs to access advanced technology, acquire new skills, and innovate their products and services. More than 2/3rd of the enterprises has no awareness of these centers.

f. Internet Connectivity:

In Sikkim, despite various initiatives taken by the Government of India to promote internet connectivity in remote areas, Sikkim still lags behind in terms of internet penetration. As a result, MSMEs in Sikkim struggle with slow internet speeds and poor connectivity, which hampers their ability to conduct online transactions and communicate with clients. But in cities like Gangtok and Namchi, internet connectivity is relatively good.

g. Common Facility Centers

Location and accessibility of CFC is a major challenge to entrepreneurs. Most of the people surveyed are not aware of CFC nearby. Another major challenge is limited capacity of CFC. Moreover, maintaining and upkeeping of infrastructure, equipment and services provided by CFC's can be a challenge.

- C. Credit: Credit is basic requirement for every business. Many MSME's struggle to provide adequate collateral or assets that can be pledged as security for loans. In remote areas of Sikkim, financial institution penetration is less, which hinder the access to formal financial institutions. Also lack of financial literacy, complex procedure, incomplete documentation, administrative compliances are other challenges which obstructs their access to credit. Along with these, entrepreneurs in Sikkim are not aware of various subsidies and schemes available to them like Credit Guarantee Fund trust for Micro and Small Enterprises (CGTMSE), Prime Minister Employment Generation Programme (PMEGP), Credit Linked Capital Subsidy and Technology Upgradation Scheme, Digital MSME etc. Most of them are only availing State Government scheme like Skilled Youth StartUp Scheme (SYSS).
- D. Delayed Payment to MSMEs: More than 95% of the entrepreneurs surveyed were not aware of the MSME's Samadhaan Portal, where an MSME can file a case in instances of delayed or non-payment of dues from buyer/ customer. It was observed during stakeholder consultation that MSMEs not registered on Udyam have issues with delayed payment, however, these MSMEs are not able to take benefit from SAMDHAAN portal due to absence of URC.
- E. Target Markets and Product Standards: Less than 10% of the enterprises respondents during survey are engaged in exports. The exports are done where we have common land borders like Nepal, Bhutan, Bangladesh etc. Most of them are involved in business activities within the State and some with neighboring states of India. The first level target selling occurs at retail shops, followed by selling agents, distributors and some by e-market places like GeM and social media platforms. Challenges exist in terms of lack of knowledge and awareness on potential markets, lack of awareness on digital marketing channels for brand promotion, lack of expertise in product development, designing, packaging, and marketing strategy, limited access to logistics and sales support, and information and communication technology (ICT) support, high logistic cost and inability to procure raw material at competitive prices.
- F. Technology: There is a limited availability of R&D centers in the state of Sikkim. This can limit the opportunities for MSMEs to access advanced technology, acquire new skills, and innovate their products and services. More than 2/3rd of the enterprises has no awareness of these centers. In Sikkim, despite various initiatives taken by the Government of India to promote internet connectivity in remote areas, Sikkim still lags behind in terms of internet penetration. As a result, MSMEs in Sikkim struggle with slow internet speeds and poor connectivity, which hampers their ability to conduct online transactions and communicate with clients. But in cities like Gangtok and Namchi, internet connectivity is relatively good.
- G. Strengthening of Firm capabilities and adoption of Resource Efficient and Cleaner Production (RECP) practices by MSMEs: There is a lack of awareness amongst the entrepreneurs in context of sustainable practices. Less than 10% of the water, heat and raw materials are recycled by the entrepreneurs in context of their commercial activity or consumption. Major challenge behind this is lack of knowledge on use & benefits of sustainable practices, lack of capital and technology.
- H. Market for Service provision to MSMEs: The availability of service providers catering specifically to the needs of MSME's in Sikkim are limited. Cost consideration is also a significant challenge for MSME's when accessing services. The major challenges they face regarding access to service providers include Limited availability of business service providers at district level- (CA, technical consultants), Lack of information and awareness on the availability of technical and business service provisions, Limited linkages with private technical

and business service providers. Some of other challenges are Limited value chain linkages with clusters and Non availability of a state level one stop business portal providing B2B and B2G platform for all the services required by MSMEs (online selling, catalogue of products, consultant to be hire, central schemes).

- I. Gender gaps: The State has more than one fourth of the enterprise run by women. The women are observed to work in service sectors like homestays, hospitality, hotels, laundry services, etc. The mindset to run the business is not developed for women, and they continue to work under some other enterprises.
- J. Skills: MSME's often struggle to find skilled manpower with the specific skill set required for the industry. Even though the literacy rate in Sikkim is higher than the country's average literacy level but to find skilled employees is difficult there. The employees are not aware of lean manufacturing techniques like just in time, total quality management etc. Also, they have no experience of new world techniques like automation, blockchain, 3D printing etc. Reason is limited access to technical and vocational training and lack of Industry-Academia Collaboration.
- K. Environmental, labour management and occupational health and safety standards compliance: MSMEs in Sikkim often do not have access to a common effluent treatment plant (CETP) where they can discharge their wastewater. This can result in the uncontrolled release of untreated or partially treated wastewater into the water bodies and landfills, leading to water pollution and health hazards.
- L. Behavioral issues: Entrepreneurs show reluctance to seek support through MSME Schemes due to a sense of self reliance or fear of dependence. Some entrepreneurs prefer to handle their business challenges on their own, even if assistance is available. Some of them have concerns about credibility of the schemes, leading to trust issues. They show reluctance to go for UDYAM Registrations. They also have concerns regarding corruption and red tapeism happening in Government institutions. Resistance to change can hinder the uptake of schemes.

2.3 Key gaps in MSME support, policy development and delivery

A. Mapping of the Institutions and Agencies in the State for MSME development

S.No.	Institution/ Agency	Details
1.	District Industries Centers	<p>District Industries Centers are managed and operated at the district level to provide all the necessary support services to entrepreneurs or first-time business owners to start their own MSMEs. DICs also promote the Registration and Development of Industrial Cooperatives. The state of Sikkim has 2 DICs-</p> <p>1) DIC (East & North) which caters 3 Districts- Gangtok, Pakyong and Mangan.</p> <p>2) DIC (South and West) which caters 3 Districts- Gyalshing, Soreng and Namchi.</p> <p>The above mentioned 2 DICs work to cater the needs of existing and aspiring entrepreneurs. However, due to the challenging terrain of the state, the penetration of DICs should be increased and each district should have DIC office in each district.</p>

S.No.	Institution/ Agency	Details
2.	Sikkim Entrepreneurship and Economic Development (SEED) Cell	The SEED cell envisages to provide end-to-end support to Sikkim's Startup ecosystem and therefore imbibe a culture of innovation and creativity in creating new markets and serving a new generation of consumers. The role of this cell has not attained its full potential. Strengthening of SEED cell by conducting capacity building of the officials will help in addressing issues of the entrepreneurs.
3.	Khadi & Village Industries Commission / Sikkim Khadi & Village Industries Board	KVIC is the nodal agency for implementing the Prime Ministers' Employment Generation Program (PMEGP). However, the regional office doesn't have adequate staff to implement the scheme in mission mode. The State Village Board also has limited staff to cater to the needs of growing enterprises. This creates a burden on the existing one HeadQuarter and 2 DICs in Sikkim.
4.	Directorate of Handloom and Handicrafts	The state of Sikkim has a rich cultural heritage. The DHH facilitates effective marketing of quality-based products and creates more jobs and avenues available for craftsmen. It is a repository of exquisite hand-woven carpets, blankets, shawls including hand-carved. The growth in tourism in the last 5 years has resulted in growth of business of handicraft and handloom items in the State. However, it has been noticed that the souvenirs and mementos are imported rather than made in the State. The required infrastructure and CFCs will help production of these items for internal consumption as well as exports.

B. Existing Capacity:

Sikkim has its two offices at District levels, offices at SEED Cell, private incubation center - Atal Incubation Centre-Sikkim Manipal University, MEITY established Software Technology Parks of India (STPI), Government Food Preservatory Factory and many regional technical colleges, and institutes. The MSME Division works closely with other departments and utilizes their capacity for organizing State level programs, awareness campaigns, and capacity building trainings.



Figure 4: STPI Center at Gangtok, Sikkim



Figure 5: Innovative Products designed and developed by Incubates at AIC SMUTBI, Sikkim



Figure 6: Glimpse of Government Food Preservatory Factory Outlet

C. Portals:

Sikkim-Go - Sikkim GO is a Single Sign-On based system for identity and access management that enables users to securely authenticate with multiple State Delivered applications and websites by logging in only once—with just one set of credentials (username and password).

Sikkim GO enables Citizens of Sikkim to access all the services integrated with it in a Single Platform using a Single Username and Password.

D. Monitoring and Evaluation (M&E) systems – Currently, MSME division, Commerce and Industries does not have a consolidated portal to monitor the beneficiaries, new enterprises set up, grievances, or tracking the mandate of 25% procurement from MSMEs. Portal for Commerce and Industries Department, Government of Sikkim exists where primary information about EODB, tenders, schemes and programs, etc. are provided



Figure 7: Commerce and Industries Department, Govt. of Sikkim Portal

E. Existing Interventions in the State:

- 1. Skilled Startup Youth Scheme (SYSS):** The "Skilled Youth Start-Up Scheme (SYSS)" was launched with effect on 15th August 2020 by the Commerce & Industries Department, Government of Sikkim, with the vision to reduce unemployment and create adequate self-employment opportunities in the long run. SYSS is intended to generate equitable entrepreneurial opportunities in rural as well as urban areas of Sikkim, particularly among the educated unemployed youth to become self-employed by setting up Manufacturing / Service / Business / Co-Operative / Agriculture & Allied Activities by availing loans (category wise) with back ended subsidy assistance from the State Government @ 50% for Below Poverty Line (BPL) and @ 35% for rest on financially viable/ bankable Projects cost. Till Date Loan has been sanctioned for 2050 projects in 33 business areas. The details of these are provided in Annexure 1. This indicates the wide variety of business

being set up during Covid and post Covid Areas. Through RAMP we are targeting to benefit these businesses to upscale and increase the capacity and productivity.

2. **MSME Policy 2022:** The recent scheme by MSME division, Commerce & Industries Department of the Government of Sikkim, focus on providing incentives for aspiring and existing MSMEs in the areas of tax, export, market access, cluster development, DPR preparation, green initiatives, etc.

A vibrant display of various handicrafts in a shop. The background features shelves with woven baskets, ceramic mugs, and decorative items. The foreground shows a collection of small, patterned bags and baskets. A blue overlay with white text is positioned in the upper left quadrant.

03

Interventions

3 Interventions

3.1 Capacity Building

Sikkim is an Organic State and Tourist Hub for national and international visitors. This has been observed during our primary assessment and secondary research. The demand for organic fruits/ organic vegetables/ and organically produced products has increased as mentioned in Section 1.3. Similarly, the influx of tourists has risen rapidly in last 10 years. The tourists usually prefer Sikkimese souvenirs, handicraft, handlooms, paintings, etc. Thus, a series of skill development and capacity building trainings have been identified to cater to the needs of local entrepreneurs and increase in demand in and outside India.

Table 7: Details of Capacity Building Programs

#	Course Name	Duration of the Training (Days)	Number of MSMEs in each batch	Y1	Y2	Y3	Y4	Districts Covered per year	Total Number of Trainings in 4 years (x) = [(v)+(vi)+(vii)+(viii)] x (ix)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	
1.	Decorative Candle Making	15	20	1	1	1	1	3	12
2.	Handicraft Training	120	20		1	1	1	2	6
3.	Bamboo Furniture / Handicrafts	60	30		1	1	1	2	6
4.	Honey Processing	15	20	1	1	1	1	3	12
5.	Spices Cluster Training	10	20	1	1	1	1	3	12
6.	Entrepreneurship Awareness, Government Official Training about Government Scheme and e-tender, GeM, etc.	5	20	1	1	1	1	1	4
7.	Sports Equipment	5	20		1	1		2	4
8.	Floriculture	15	20		1	1	1	2	6
9.	Carpet Making	120	20	1	1		1	2	6
10.	Packaging	60	20		1	1	1	2	6
11.	Export Facilitation and Marketing	1	20	1	1	1	1	3	12
12.	Meat processing	10	20		1	1	1	2	6
13.	Milk Processing	10	20		1		1	3	6
14.	Food Processing Cluster Training	10	20	1	1	1	1	3	12
15.	Technical – Industrial Machinery and Manufacturing	60	20		1	1	1	1	3
16.	Technical – Wastewater	10	20		1	1	1	1	3
17.	Technical – Logistics	60	20		1	1	1	1	3

#	Course Name	Duration of the Training (Days)	Number of MSMEs in each batch	Y1	Y2	Y3	Y4	Districts Covered per year	Total Number of Trainings in 4 years (x) = [(v)+(vi)+(vii)+(viii)] x (ix)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	
18.	Thangka Painting	90	20	1	1	1	1	1	4
19.	Millet, Pulses & Grains Processing & Value Addition	5	20	1	1	1	1	3	12
20.	Tuber & Rhizome processing & Value Addition	5	20	1	1	1	1	3	12
21.	Apparel Manufacturing	60	20		1	1	1	2	6
22.	Creative Design/ 3D/ Animation/ Gaming/ Film Editing,sound editing etc.	120	20		1	1	1	2	6
23.	Homestay Operations/ Village Tourism/ Service Sector - Tourist Guide, Translators etc.	10	20	1	1	1	1	3	12
24.	Wellness Training (Aroma Therapy, Sowa-Rigpa)	30	20		1	1	1	2	6
25.	Adventure Tourism / bird Watching / Trekking / Rock Climbing / Water Sports	30	20		1	1	1	2	6
26.	Traditional Snacks & Confectionary	5	20	1	1	1	1	2	8
27.	Micro-Hydropower	30	20		1	1	1	2	6
28.	Fiber/Wool processing	10	20	1	1	1	1	2	8
Total		981	570	13	28	26	27		205

3.2 Awareness Campaigns / Seminars / Workshops

During the diagnostic exercise, it was found that the entrepreneurs are aware about the SYSS Sikkim Government Scheme, but not of Central Government Schemes. This was because of the limited capacity of DICs, KVIB offices as well as lack of awareness through other mediums like TV, Radio, Newspaper, etc. To make MSMEs avail the benefits of the varied schemes designed for them, it is decided to organize a series of awareness programs in the State. Depending upon the importance level of the program, the work plan has been drafted to accommodate programs every month in each district or constituency

Table 8: Details of Awareness Programs

S.No.	Awareness Programs Topic	No. of events in each district per year	Justification
(i)	(ii)	(iii)	(iv)
1.	Udyam Registration	31	One in each constituency
2.	Importance of PAN and GST	6	One in each district

S.No.	Awareness Programs Topic	No. of events in each district per year	Justification
(i)	(ii)	(iii)	(iv)
3.	PMEGP Scheme	6	One in each district
4.	CHAMPIONS Scheme – ZED and LEAN	31	One in each constituency
5.	CHAMPIONS Scheme – IPR Component	31	One in each constituency
6.	CHAMPIONS Scheme – Incubation Component	31	One in each constituency
7.	CHAMPIONS Scheme – Design Component	31	One in each constituency
8.	MSE-CDP Scheme	31	One in each constituency
9.	CGTMSE Scheme	31	One in each constituency
10.	TReDS	6	One in each district
11.	SAMADHAAN Portal / ODR	6	One in each district
12.	SFURTI Scheme	31	One in each constituency
13.	Sikkim Government Schemes - SYSS	31	One in each constituency
14.	GeM / e-Tendering	31	One in each constituency

3.3 Exhibitions / Trade Fairs / Events

An important parameter to enhance market access is to provide national and international exposure. The need of the hour is to promote Sikkim as top export State among the North Eastern region, Europe and Gulf Countries. Export items like spices, tea, milk products, carpet, handicraft, handlooms, drugs and pharmaceuticals, have high demand in these regions. Thus it is proposed to have International and National Exhibitions, Exposure Visits, Trade Fairs to promote Sikkim products and heritage

Table 9: Details of Exhibitions, Trade Fairs, and Events

S.No.	Event Name	State / National / International	Y1	Y2	Y3	Y4	Theme	No. of MSME participants per year	No. of unique MSMEs benefitted in 4 years
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x) = [(iv) + (v) + (vi) + (vii) x (ix)]
1.	South East Asia Exhibition	International	1	1	1	1	Sikkim GI products, export ready products	20	80
2.	Europe Exhibition	International		1	1	1	Sikkim GI products, export ready products	20	60
3.	Exposure Visits	International	1	2	2	2	Farmers and	20	140

S.No.	Event Name	State / National / International	Y1	Y2	Y3	Y4	Theme	No. of MSME participants per year	No. of unique MSMEs benefitted in 4 years
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x) = [(iv) + (v) + (vi) + (vii) x (ix)]
							Fisheries Industries		
4.	Sikkim Expo	National (Delhi, Mumbai, Hyderabad, and NE State)	1	2	2	2	Mix of agriculture, horticulture, floriculture, hospitality businesses	30	420
5.	Sikkim Trade Fair	National (Delhi, Mumbai, Hyderabad, and NE State)	1	2	2	2	All businesses promoting export products	30	210
6.	Sikkim State Promotion	Districts of Sikkim	3	6	6	6	Regional products and services of the districts	50	1050
Total			7	14	14	14			2320

3.4 Development of Clusters and Common Facility Center

Sikkim currently has 4 Clusters established under SFURTI Scheme of Ministry of MSME. MSME-DFO Gangtok is also working on completing projects for the following:

- Creation Technology Center for Bamboo Products Industry in South Sikkim
- Creation of Technology Center/ Center for Excellence for creative entrepreneurship including graphics, animation, media, and entertainment equipped production house in South Sikkim
- Establishment of Industrial Estate in the form of flatted factory complex at Deorali, Gangtok, Sikkim
- Development of facilities for Sheep and Angora Wool Processing Unit Namthang, Sikkim

Apart from the above requirement, and based on the key sectors of the State, below clusters are proposed to be established in next 5 years leveraging Central Ministry schemes - SFURTI and MSE-CDP. Currently, support would be required for preparation of DPR and light equipment purchase for the aspiring MSMEs. The entrepreneurs trained in the Capacity Building Programs as designed in Section 3.1 will be brought under the umbrella of Cooperative Societies of the State. There are more than 400 active Cooperative Societies in the State. These societies will be forming a SPV to undertake the trained entrepreneurs and forming a sustainable clusters. The clusters and CFCs are proposed below

Table 10: Details of Cluster and CFCs

S.No.	Cluster Sector formed under Co-Operative Societies of Sikkim	Number of Cluster and CFCs	Min MSMEs per Cluster	Total MSMEs
(i)	(ii)	(iii)	(iv)	(v)
1	Decorative Candle Making	2	50	100
2	Handicraft	2	50	100
3	Bamboo Furniture / Handicrafts	2	50	100
4	Honey Processing	1	50	50
5	Spices Cluster	2	50	100
6	Sports Equipment	1	50	50
7	Floriculture / Aromatic Plants Processing Cluster/ CFC- Oil, soap, incense stick	2	50	100
8	Carpet Making (Existing Cluster Augmentation)	1	50	50
9	Packaging	2	50	100
10	Meat Processing	2	50	100
11	Food and Juice Processing	2	50	100
12	Thangka Painting	1	50	50
13	Millet, Pulses & Grains Processing & Value Addition	2	50	100
14	Tuber & Rhizome processing & Value Addition	2	50	100
15	Apparel Manufacturing	2	50	100
16	Traditional Snacks & Confectionary	2	50	100
17	Tea Processing Cluster	2	50	100
18	Creative Design / IT services / Education	2	50	100
19	Trout Fish Culture	2	50	100
Total		34	950	1700

3.5 Institutional Strengthening

For a successful implementation and monitoring of RAMP program, it is essential to enhance the capacity of the concerned government officers at District level. Section 3.1 contains few capacity building activities for the government officers. As a next step, empowering these officers with sufficient equipment and machinery is required. These offices will be One-Stop-Shop for all grievances, awareness, and handholding activities. Thus, it is proposed that the offices in each district be strengthened with sufficient infrastructure. Below is the proposition details:

Table 11: Details of Infrastructure Requirement for Institutional Strengthening

S.No.	Department	District	Min No. of Personnel	IT infrastructure	Others
1.	Directorate of MSME, Head Office, Gangtok	1	2	Desktop including keyboard, CPU, mouse, WiFi, security system like CCTV, projector, biometric	Furniture, and fixtures
2.	DIC	6	4		
3.	KVIB	6	4		
4.	MSEFC	6	4	Desktop including keyboard, CPU, mouse, WiFi, security system like CCTV, projector, biometric	Furniture, and fixtures
5.	Directorate of Handicraft and Handlooms	6	4		

The headquarter at Gangtok, Sikkim has 6000 sq.ft. area for training center. It has been planned to upgrade the training center with required infrastructure for residential and non-residential trainings. It is thus proposed that the infrastructure augmentation funding will partly be done through RAMP

3.6 Augmentation of State Portal to strengthen M&E

Currently, Government of Sikkim has designed a common portal where information about each of the departments is accessible. A link to individual department is also provided for more information. Commerce and Industries department details are also put up on the common portal. While accessing the individual portal of Commerce and Industries Department, Sikkim ([Commerce and Industries Department \(sikkim.gov.in\)](http://Commerce and Industries Department (sikkim.gov.in))), details of schemes, programs, ease of doing businesses are listed out. However, there is no information or link solely for MSMEs. It is thus proposed to design, develop, host, and maintain MSME portal of Sikkim which will have details but not limited to below categories:

- Details of Central Government Schemes and State run Schemes
- Dashboard for beneficiaries
- Grievance Linkage
- MSME mart for MSMEs
- MSFEC update and dashboard
- Capacity Building and Skill Development program details with calendar and institutes list
- Procurement of public departments and organizations regarding procurement from MSMEs
- RAMP DLIs and the dashboard
- MIS report generation
- Cluster, CFC, Incubation details for MSMEs
- District Performance Report

- Annual Progress Reports

The portal shall also have provision for getting all requisite approvals for setting up of business. This will be integrated with Single Window System of Government of Sikkim. A list of compliances like land lease approval, fire safety, environment, power, etc. will be mentioned as per the sector in which the business is being set up. Relevant departments shall be given access to view, edit, approve, reject (with comments), of the application received by them. Commerce and Industries Department, Government of Sikkim shall have the admin access to check for monitoring and improvisation.

3.7 Feasibility Study and DPR for Flatted Factory

A flatted factory is a multistorey complex where groups of units / firms can run individual operations while sharing some common services and facilities. Sikkim with limited space and terrain regions plans to establish Flatted Factory as it helps avoid challenges related to land acquisition for new firms. The flatted gala will help in providing readymade space and facilities to entrepreneurs to run their business. It is proposed to hire an agency to conduct and feasibility study and prepare DPR for set up flatted factory space in all 6 districts on government land on PPP model. This study will also capture the needs of the entrepreneurs, compliances to be met, proposed model of flatted factory, etc. Further the modus operandi shall also be designed by the selected agency. These flatted factories will have 50% reservation of space for the women, SC/ST/PWD, and rural entrepreneurs.

3.8 Industrial Estates for Anchor Buyers

To attract investments from private players in Sikkim, Govt. of Sikkim shall make necessary arrangements to identify places in 6 districts of Sikkim to set up of Industrial Estates. These Industrial Estates will be developed to cater to specific business like Logistics, Handicraft, and IT/ITeS services. An agency will be hired to draft a model for development and operations of the Industrial Estates. The agency will also work in identification of Anchor Buyers to address the issue of market linkages. It is proposed to have MoUs with Public and Private players for empanelment of selected MSMEs. This will serve in two ways – firstly, meeting the Ministry of MSME, GoI mandate of Procurement from MSMEs, and secondly providing stable market to their products and services.

3.9 Green Initiatives

One of the features in MSME Policy 2022 of Sikkim is to reimburse 50% upto 1 lakhs for energy audit and water audit. To take this forward, we would also be reimbursing 25% of the any green audit upto Rs. 50,000/- for each enterprise in a year. The target is to cover minimum 500 enterprises in 4 years.

3.10 Promotion of CHAMPIONS scheme under RAMP

As we are aware that CHAMPION Scheme comprises of three schemes i.e., Zero Defect Zero Effect (ZED), LEAN, and Innovative Scheme. Innovative Scheme further have three components i.e., Incubation, Design, and IPR. MSME Division, Commerce and Industries Department, Govt. of Sikkim has planned various awareness programs at constituency level (Section 3.2) to promote the awareness. To increase the uptake, access to relevant tools, software and licenses shall be provided free of cost for next 3 years. MSMEs taking ZED and LEAN certifications shall be recognized by the Commerce and Industries Department. 20% of the stalls at Sikkim exhibitions, and trade fairs shall have reservations for ZED and LEAN certified MSMEs.

3.11 Outreach and IEC Activities

A dedicated media and marketing team shall be deployed for outreach and IEC activities in the State. The Team shall help in designing content for flyer, brochure, standees, banners, etc. to promote RAMP, Central and State government schemes. The team shall also be interacting with multiple stakeholders for outdoor activities like nukad natak, mobile registration camps, etc.

Table 12: Components of Outreach and IEC Activities

S.No.	Components
(i)	(ii)
1	Marketing Collateral
A	Brand Manual
B	Creative and design
2	On Ground – Events, Workshops, Conferences, Awards
A	Launch
B	BTL Activation
C	National Activity
3	Digital - Website & social media
A	Social Media
B	Internet Marketing
C	Mobile
4	Radio
A	All India Radio
B	Private FM Stations
C	Community Radio
5	Print Media
A	News Papers
B	Magazines
6	Audio/Video
A	Promotional Campaign film (3–4-minute duration)
B	User experience film (3-4 minute)
C	Video (Animation)
7	TV
A	TV FCT
B	Talk Shows/ Half Hour Specials
C	Product placement
8	Outdoor
A	Cinema Ads
B	Bill Boards
C	Digital OOH
	Total

3.12 Venture Capital Grant Fund

Sikkim has two prominent cells – SEED and AIC SMUTBI which work towards promoting entrepreneurship through incubators / accelerator programs. Government of Sikkim is planning to

establish a fund of fund for the entrepreneurs who pass out from these centers and wish to upgrade their business to next level. A framework will be developed to check the current status of the business, and the required capital requirement. The grant provided to these businesses will be monitored on a half-yearly basis. The corpus of the Grant will be INR 50 crore out of which the State Government will fund INR 10 crores, and would require INR 40 crores from the Central Government under RAMP.

3.13 Export Facilitation Center

Sikkim has exported INR 38.87 crore worth of products across 8 sectors in Q3 – FY 2022 -23. Sectors were Chemicals, Surgical and other instruments, Prepared Food, Animal hide, Vegetable and Food, Machinery and Electrical, Base Metals, and Plastic and Rubber. Total unique products exported were 74. Commodities were shipped to 71 countries. Out of the earlier established 4 districts, three have shown increase in the Quarter-to-Quarter exports. Top countries where exports were made are Singapore, Nepal, Vietnam, Ghana, Bhutan, Germany, Mauritius, Taiwan, Bahrain, and France. To facilitate the growing demand across the nation, it is proposed to set up a Pilot EFC in Gangtok, followed by two more EFCs. The other two EFCs will be set up post evaluation of performance of one EFCs. These EFCs will be run by 2 representatives from Sikkim, who will be trained by institutes like IFT.

04

Financial Estimates



4 Financial Estimates

4.1 Budgetary Provisions for Identified Interventions

#	Main Interventions under SIP [including MOMSME and State schemes – including convergence of schemes	Total Budgetary Outlay	Convergence of existing scheme financing	Gap financing required through RAMP Programme
1.	Strengthening of M&E systems			
(a)	Institutional Strengthening	21,440,000		
(b)	Impact Assessment Study	2,000,000		
2.	Strengthening of State portals and Integration of State portals with National portal	44,400,000		
3.	Implementation of RAMP Programme Communication and Outreach strategy			
(a)	Awareness Campaigns	33,400,000		
(b)	Exhibitions and Exposure Visits	330,313,500		
(c)	Outreach and IEC Activities	118,345,500		
4.	Funding under new schemes			
(a)	Venture Capital Seed Money for new entrepreneurs / start ups	400,000,000		
(b)	EFC Set Up in 3 Districts	7,200,000		
(c)	Green Initiatives Reimbursement Scheme	25,000,000		
(d)	CGTMSE Insurance Cover Reimbursement	4,000,000		
(e)	ZED and LEAN Certification Manpower Deployment	4,000,000		
(f)	ZED and LEAN Certification Uptake by MSMEs	20,000,000		
(g)	Logistics and Insurance Coverage for MSME products outside Sikkim	20,000,000		
5.	Anchor Company Supplier Development Programmes (Number of Agreements signed)			
6.	Capacity building of nodal Technical Support Institutions completed (Number)	591,280,000		
7.	Cluster and CFC Development	329,400,000		
8.	Survey, Studies, and Policy Research			
(a)	Preparation of DPR for Flatted Gala Factory	2,000,000		
(b)	Preparation of Feasibility Report for Industrial Estate Set up	2,000,000		
(c)	Preparation of Export Readiness and Capability of MSMEs in the State	2,000,000		
9.	Revamping of Training Institution	18,000,000		
10.	Augmenting Packing Unit with Lab equipment, Security, Biometric, etc.	18,000,000		
11.	Technical Experts and SPIU	80,000,000		

Summary of Critical Actions to be supported Under SIP (Year 1-Year 4 of implementation period of SIP)

#	Critical Actions	Target Outputs and Outcomes			
		Year 1	Year 2	Year 3	Year 4
1.	Strengthening of M&E systems				
(a)	Institutional Strengthening				
(b)	Impact Assessment Study				
2.	Strengthening of State portals and Integration of State portals with National portal				
3.	Implementation of RAMP Programme Communication and Outreach strategy				
(a)	Awareness Campaigns	64 events	90 events	90 events	90 events
(b)	Exhibitions and Exposure Visits	7 events	14 events	14 events	14 events
(c)	Outreach and IEC Activities				
4.	Funding under new schemes				
(a)	Venture Capital Seed Money for new entrepreneurs / start ups	500 businesses	550 businesses	600 businesses	650 businesses
(b)	EFC Set Up in 3 Districts	20 businesses	25 businesses	30 businesses	35 businesses
(c)	Green Initiatives Reimbursement Scheme	100 businesses	125 businesses	150 businesses	200 businesses
(d)	CGTMSE Insurance Cover Reimbursement	20 businesses	25 businesses	30 businesses	35 businesses
(e)	ZED and LEAN Certification Manpower Deployment	1 person	1 person	1 person	1 person
(f)	ZED and LEAN Certification Uptake by MSMEs	46	65	74	83
(g)	Logistics and Insurance Coverage for MSME products outside Sikkim	20 businesses	25 businesses	30 businesses	35 businesses
5.	Anchor Company Supplier Development Programmes (Number of Agreements signed)	1	2	3	4
6.	Capacity building of nodal Technical Support Institutions completed (Number)	500	1000	1500	1500
7.	Cluster and CFC Development	200	400	400	700

4.2 Summary Results Targeted

#	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4
1.	Number of MSMEs completing bronze level under ZED	0	24	30	36	42
	(of which women-headed)	0	8	10	12	14
2.	Number of MSMEs completing silver level under ZED	0	12	15	18	21
	(of which women-headed)	0	4	5	6	7
3.	Number of MSMEs completing gold level under ZED	0	10	20	20	20
	(of which women-headed)	0	2	2	2	2
4.	Number of women-headed MSMEs accessing credit under CGTMSE	0	2	3	6	6
5.	Number of MSMEs accessing credit under CGTMSE for RECP/ Greening investments	0	5	5	5	5
6.	Number of MSMEs initiated a case for Online Dispute Resolution through Samadhaan Portal and direct referrals by State Facilitation Councils (SFCs)	0	5	5	5	5
7.	Number of MSMEs completing Lean	0	12	15	18	21
	(of which women-headed)	0	4	5	6	7
8.	Number of trained and accredited service providers in core focus areas developed in State		6	12	12	12
	(Of which women)					
9.	Number of MSMEs on-boarded onto TReDS platform.	0	20	30	40	50
	(of which women-headed)	0	8	10	12	14
10.	Number of Government Departments / PSU / Corporations / Govt. Undertakings / Municipal Councils etc. on-boarded on TReDS	0	5	10	20	30
11.	Number of MSME delayed payments cases resolved by ODR	0	12	15	18	21

#	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4
	through the Samadhaan Portal					
12.	Training and capacity building of State Industries Department and DICs for outreach and implementation support of MSME Programme	Proportion of staff trained	500	1000	1500	1500
13.	Cluster and CFC Development	4	5	9	10	10
14.	GI enlisted	1	1	2	2	2
15.	MSMEs provided with IPR / Copyrights Support	0	2	4	4	4
16.	Empanelment with OEMs / Anchor Buyers	0	2	4	4	4
17.	Collaboration with Foreign Players	3	1	2	2	2

4.3 Budgetary Provision for Capacity Building

#	Course Name	Duration of the Training (Days)	Number of MSMEs in each batch	Y1	Y2	Y3	Y4	Districts Covered per year	Total Number of Trainings in 4 years (x) = [(v)+(vi)+(vii)+(viii)] x (ix)	Total number of MSMEs beneficiaries (xi) = (iv) x (x)	Cost of Training per MSME per day (xii)	Cost of Training per MSME during duration (xiii) = (iii) x (xii)	Cost of training for 1 batch (xiv) = (iv) x (xiii)	Cost of training for all batch (xv) = (ix) x (xiv)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)						
1.	Decorative Candle Making	15	20	1	1	1	1	3	12	240	5000	75000	1500000	18000000
2.	Handicraft Training	120	20		1	1	1	2	6	120	5000	600000	12000000	72000000
3.	Bamboo Furniture / Handicrafts	60	30		1	1	1	2	6	180	5000	300000	9000000	54000000
4.	Honey Processing	15	20	1	1	1	1	3	12	240	5000	75000	1500000	18000000
5.	Spices Cluster Training	10	20	1	1	1	1	3	12	240	5000	50000	1000000	12000000
6.	Entrepreneurship Awareness, Government Official Training about Government Scheme and e-tender, GeM, etc.	5	20	1	1	1	1	1	4	80	2000	10000	200000	800000
7.	Sports Equipment	5	20		1	1		2	4	80	5000	25000	500000	2000000
8.	Floriculture	15	20		1	1	1	2	6	120	5000	75000	1500000	9000000
9.	Carpet Making	120	20	1	1		1	2	6	120	5000	600000	12000000	72000000
10.	Packaging	60	20		1	1	1	2	6	120	5000	300000	6000000	36000000
11.	Export Facilitation and Marketing	1	20	1	1	1	1	3	12	240	2000	2000	40000	480000
12.	Meat processing	10	20		1	1	1	2	6	120	5000	50000	1000000	6000000

#	Course Name	Duration of the Training (Days)	Number of MSMEs in each batch	Y1	Y2	Y3	Y4	Districts Covered per year	Total Number of Trainings in 4 years (x) = [(v)+(vi)+(vii)+(viii)] x (ix)	Total number of MSMEs beneficiaries (xi) = (iv) x (x)	Cost of Training per MSME per day	Cost of Training per MSME during duration	Cost of training for 1 batch	Cost of training for all batch
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)			(xii)	(xiii) = (iii) x (xii)	(xiv) = (iv) x (xiii)	(xv) = (ix) x (xiv)
13.	Milk Processing	10	20		1		1	3	6	120	5000	50000	1000000	6000000
14.	Food Processing Cluster Training	10	20	1	1	1	1	3	12	240	5000	50000	1000000	12000000
15.	Technical – Industrial Machinery and Manufacturing	60	20		1	1	1	1	3	60	5000	300000	6000000	18000000
16.	Technical – Wastewater	10	20		1	1	1	1	3	60	5000	50000	1000000	3000000
17.	Technical – Logistics	60	20		1	1	1	1	3	60	5000	300000	6000000	18000000
18.	Thangka Painting	90	20	1	1	1	1	1	4	80	5000	450000	9000000	36000000
19.	Millet, Pulses & Grains Processing & Value Addition	5	20	1	1	1	1	3	12	240	5000	25000	500000	6000000
20.	Tuber & Rhizome processing & Value Addition	5	20	1	1	1	1	3	12	240	5000	25000	500000	6000000
21.	Apparel Manufacturing	60	20		1	1	1	2	6	120	5000	300000	6000000	36000000
22.	Creative Design/ 3D/ Animation/ Gaming/ Film Editing, sound editing etc.	120	20		1	1	1	2	6	120	5000	600000	12000000	72000000
23.	Homestay Operations/ Village Tourism/ Service Sector - Tourist Guide, Translators etc.	10	20	1	1	1	1	3	12	240	5000	50000	1000000	12000000

#	Course Name	Duration of the Training (Days)	Number of MSMEs in each batch	Y1	Y2	Y3	Y4	Districts Covered per year	Total Number of Trainings in 4 years (x) = [(v)+(vi)+(vii)+(viii)] x (ix)	Total number of MSMEs beneficiaries (xi) = (iv) x (x)	Cost of Training per MSME per day	Cost of Training per MSME during duration	Cost of training for 1 batch	Cost of training for all batch
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)			(xii)	(xiii) = (iii) x (xii)	(xiv) = (iv) x (xiii)	(xv) = (ix) x (xiv)
24.	Wellness Training (Aroma Therapy, Sowa-Rigpa)	30	20		1	1	1	2	6	120	5000	150000	3000000	18000000
25.	Adventure Tourism / bird Watching / Trekking / Rock Climbing / Water Sports	30	20		1	1	1	2	6	120	5000	150000	3000000	18000000
26.	Traditional Snacks & Confectionary	5	20	1	1	1	1	2	8	160	5000	25000	500000	4000000
27.	Micro-Hydropower	30	20		1	1	1	2	6	120	5000	150000	3000000	18000000
28.	Fiber/Wool processing	10	20	1	1	1	1	2	8	160	5000	50000	1000000	8000000
Total		981	570	17	28	28	28		253	5120			100740000	743780000

4.4 Budgetary Provision for Awareness Campaigns

S.No.	Awareness Programs Topic	No. of events in each districts per year	Justification	Cost for one Awareness Campaign (including standees, posters, brochure, food, travel, guest fees, projector, etc.)	Total Cost
(i)	(ii)	(iii)		(iv)	(v) = (iii) + (iv)
1.	Udyam Registration	31	One in each constituency	100000	3100000
2.	Importance of PAN and GST	6	One in each district	100000	600000
3.	PMEGP Scheme	6	One in each district	100000	600000
4.	CHAMPIONS Scheme – ZED and LEAN	31	One in each constituency	100000	3100000
5.	CHAMPIONS Scheme – IPR Component	31	One in each constituency	100000	3100000
6.	CHAMPIONS Scheme – Incubation Component	31	One in each constituency	100000	3100000
7.	CHAMPIONS Scheme – Design Component	31	One in each constituency	100000	3100000
8.	MSE-CDP Scheme	31	One in each constituency	100000	3100000
9.	CGTMSE Scheme	31	One in each constituency	100000	3100000
10.	TReDS	6	One in each district	100000	600000
11.	SAMADHAAN Portal / ODR	6	One in each district	100000	600000
12.	SFURTI Scheme	31	One in each constituency	100000	3100000
13.	Sikkim Government Schemes - SYSS	31	One in each constituency	100000	3100000
14.	GeM / e-Tendering	31	One in each constituency	100000	3100000
Total					33400000

4.5 Budgetary Provision for Exhibitions, Exposure Visits, Trade Fairs

S.No.	Category	Duration of Exhibition	Y1	Y2	Y3	Y4	Number of MSMEs per visit	No. of government officials per visit	Return Air Fare per person	Total Air fare	Stall Cost per MSME	Freight Cost	Total Stall and Freight Cost	Lodging and Fooding (Double Occupancy) per night	Total Lodging and Fooding (Double Occupancy)	Cab travel (Double Occupancy) per day	Total Cab Travel
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi) = [(viii) + (ix)] x (x)	(xii)	(xiii)	(xiv) = [(viii)] x (xii) + (xiii)[(xv)	(xvi) = (xv) x [(viii) + (ix)] x (iii)	(xvii)	(xviii) = (xvii) x [(viii) + (ix)] x (iii)
1	International Exhibition	4	1	2	2	2	20	2	150000	3300000	300000	75000	7500000	20000	880000	5000	220000
2	Exposure Visit	4	1	2	2	2	20	2	150000	3300000	300000	75000	7500000	20000	880000	5000	220000
3	Domestic Exhibitions	4	2	4	4	4	30	4	50000	1700000	100000	40000	4200000	10000	680000	2500	170000
4	State Exhibitions	2	3	6	6	6	50	2	0	0	50000	20000	3500000	8000	416000	2500	130000
Total			7	14	14	14											

S.No.	Category	Duration of Exhibition	Y1	Y2	Y3	Y4	Total Expenditure Y1	Total Expenditure Y2	Total Expenditure Y3	Total Expenditure Y4
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(xix)	(xx)	(xxi)	(xxii)
1	International Exhibition	4	1	2	2	2	11900000	23800000	23800000	23800000
2	Exposure Visit	4	1	2	2	2	11900000	23800000	23800000	23800000
3	Domestic Exhibitions	4	2	4	4	4	6112500	27000000	27000000	27000000
4	State Exhibitions	2	3	6	6	6	3773000	24276000	24276000	24276000
Total			7	14	14	14	33685500	98876000	98876000	98876000

4.6 Budgetary Provision for Cluster and CFC Development

S.No.	Cluster Sector formed under Co-Operative Societies of Sikkim	Number of Cluster and CFCs	Min MSMEs per Cluster	Total MSMEs	Equipment / Plant and Machinery	Miscellaneous fixed assets (fixture, furniture, firefighting equipment, first aid equipment, backup power supply, etc.)	Preliminary & Preoperative Expenses (DSR, DPR, legal & admin expenses, registration, CAD with estimates & tender forms, telephone, stationery, etc.)	Total Cost - Soft Interventions
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix) = [(vi) + (vii) + (viii)] x (ii)
1	Decorative Candle Making	2	50	100	1000000	100000	300000	2800000
2	Handicraft	2	50	100	6200000	100000	300000	13200000
3	Bamboo Furniture / Handicrafts	2	50	100	5000000	100000	300000	10800000
4	Honey Processing	1	50	50	4000000	100000	300000	4400000
5	Spices Cluster	2	50	100	2700000	100000	300000	6200000
6	Sports Equipment	1	50	50	5000000	100000	300000	5400000
7	Floriculture / Aromatic Plants Processing Cluster/ CFC- Oil, soap, incense stick	2	50	100	3500000	100000	300000	7800000
8	Carpet Making (Existing Cluster Augmentation)	1	50	50	14000000	100000	300000	14400000
9	Packaging	2	50	100	10000000	100000	300000	20800000
10	Meat Processing	2	50	100	2200000	100000	300000	5200000
12	Food and Juice Processing	1	50	50	10000000	100000	300000	10400000
13	Thangka Painting	2	50	100	27000000	100000	300000	54800000
14	Millet, Pulses & Grains Processing & Value Addition	2	50	100	5000000	100000	300000	10800000
15	Tuber & Rhizome processing & Value Addition	2	50	100	20000000	100000	300000	40800000
16	Apparel Manufacturing	2	50	100	1000000	100000	300000	2800000

S.No.	Cluster Sector formed under Co-Operative Societies of Sikkim	Number of Cluster and CFCs	Min MSMEs per Cluster	Total MSMEs	Equipment / Plant and Machinery	Miscellaneous fixed assets (fixture, furniture, firefighting equipment, first aid equipment, backup power supply, etc.)	Preliminary & Preoperative Expenses (DSR, DPR, legal & admin expenses, registration, CAD with estimates & tender forms, telephone, stationery, etc.)	Total Cost - Soft Interventions
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix) = [(vi) + (vii) + (viii)] x (ii)
17	Traditional Snacks & Confectionary	2	50	100	2800000	100000	300000	6400000
18	Tea Processing Cluster	2	50	100	1000000	100000	300000	2800000
19	Creative Design / IT services / Education	2	50	100	40000000	100000	300000	80800000
20	Trout Fish Culture	2	50	100	1000000	100000	300000	2800000
Total		34	950	1700			5700000	329400000

4.7 Budgetary Provision for Institutional Strengthening

S.No.	Office	Number of Offices	No. of Personnel	Cost of Desktop System including keyboard and CPU per personnel	Tablet for field visit	Cost of Projector Screen	Furniture and Fixtures	Total Cost per Office	Total Cost for all Offices	Y1 (One Office)	Y2 (Two Offices)	Y3 (Three Offices)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)		(xiii)	(xiv)	(xv)	(xvi)	(xvii)
1	MSME Department, HQ, Gangtok	1	2	50000	35000	500000	780000	1415000	915000	1415000	1415000	
2	DIC	6	3	50000	35000	200000	710000	1112500	5370000	6675000	1112500	2225000
4	KVIB	4	3	50000	35000	200000	710000	1112500	3580000	4450000	1112500	2225000
4	MSEFC	4	3	50000	35000	200000	710000	1112500	3580000	4450000	1112500	2225000
4	Directorate of Handicraft and Handlooms	4	3	50000	35000	200000	710000	1112500	3580000	4450000	1112500	2225000
Total (INR)									21440000	5865000	8900000	6675000

4.8 Budgetary Provision for State Portal Development

S.No.	Components	CAPEX Y1	Opex Y2	Opex Y3	Opex Y4	Total
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
1	Design and Development of Commerce and Industries Department, Govt. of Sikkim	5000000				
2	Perpetual Software Purchase	1000000				
3	Annual Licenses Purchases		1000000	1000000	1000000	
4	Hosting and Maintenance Cost including manpower support	500000	1500000	1500000	1500000	
5	Change Management	100000	100000	100000	100000	
6	Integration with line department for requisite approvals / Software Requirements		10000000	10000000	10000000	
Total		950000	16600000	12600000	12600000	44400000

4.9 Budgetary Provision for Outreach and IEC

S.No.	Components	Y1	Y2	Y3	Y4
(i)	(ii)	(iii)	(iv)	(v)	(vi)
1	Marketing Collateral	500000	550000	605000	665500
A	Brand Manual				
B	Creative and design				
2	On Ground – Events, Workshops, Conferences, Awards	1000000	1100000	1210000	1331000
A	Launch				
B	BTL Activation				
C	National Activity				
3	Digital - Website & social media	1000000	1100000	1210000	1331000
A	Social Media				
B	Internet Marketing				
C	Mobile				
4	Radio	1000000	1100000	1210000	1331000
A	All India Radio				
B	Private FM Stations				
C	Community Radio				
5	Print Media	2000000	2200000	2420000	2662000
A	News Papers				
B	Magazines				
6	Audio/Video	10000000	11000000	12100000	13310000
A	Promotional Campaign film (3–4-minute duration)				
B	User experience film (3-4 minute)				

S.No.	Components	Y1	Y2	Y3	Y4
(i)	(ii)	(iii)	(iv)	(v)	(vi)
C	Video (Animation)				
7	TV	5000000	5500000	6050000	6655000
A	TV FCT				
B	Talk Shows/ Half Hour Specials				
C	Product placement				
8	Outdoor	5000000	5500000	6050000	6655000
A	Cinema Ads				
B	Bill Boards				
C	Digital OOH				
	Total	25500000	28050000	30855000	33940500

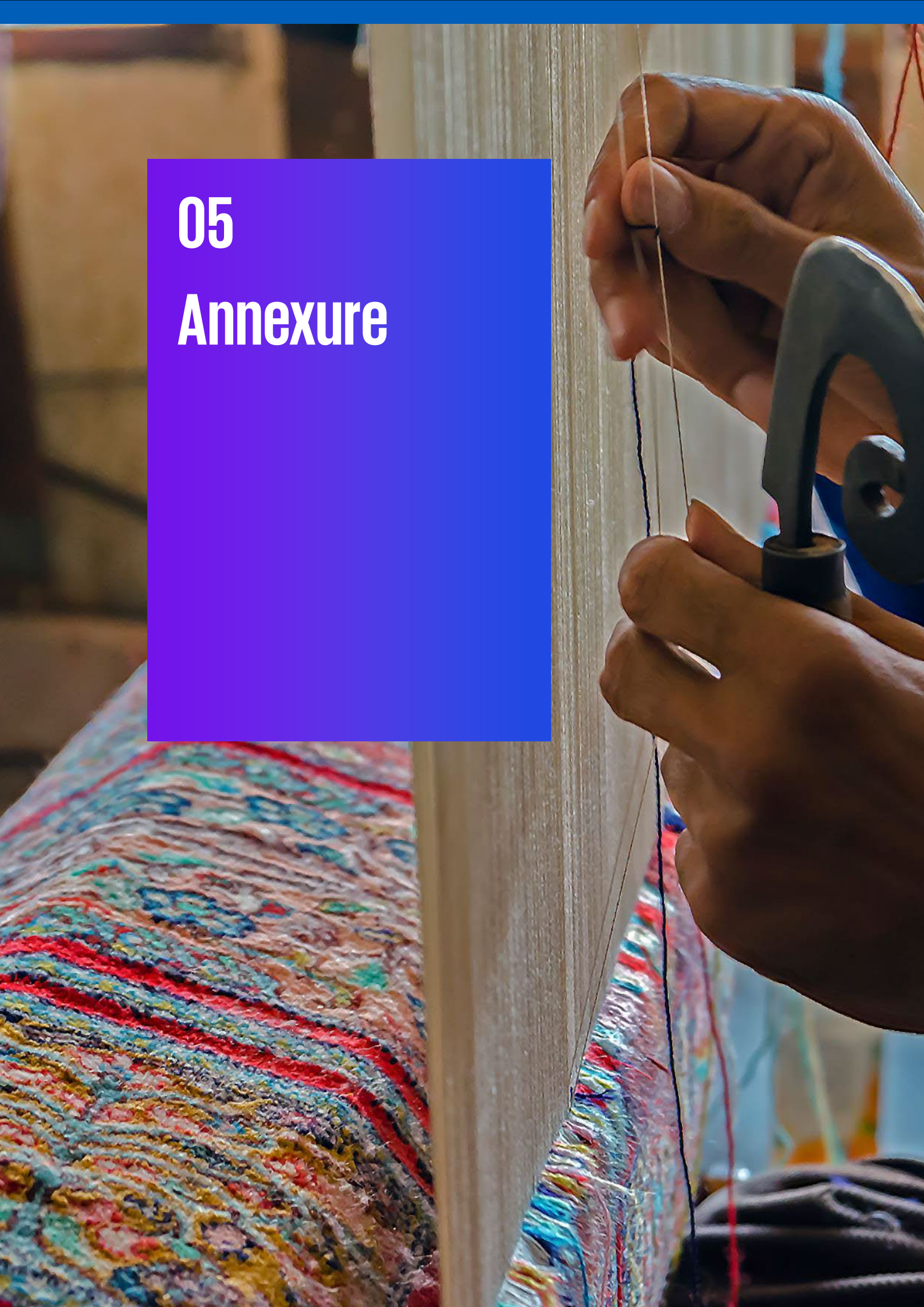
4.10 Summary of Budget

S.No.	Category	Y1	Y2	Y3	Y4	Total Cost
1.	Capacity Building - Skilling and Upskilling	5,73,20,000	18,73,20,000	16,03,20,000	18,63,20,000	59,12,80,000
2.	Clusters and CFC	8,23,50,000	8,23,50,000	8,23,50,000	8,23,50,000	32,94,00,000
3.	Venture Capital Seed Money for new entrepreneurs / start ups	10,00,00,000	10,00,00,000	10,00,00,000	10,00,00,000	40,00,00,000
4.	Awareness Campaigns	83,50,000	83,50,000	83,50,000	83,50,000	3,34,00,000
5.	Exhibitions and Exposure Visits	3,36,85,500	9,88,76,000	9,88,76,000	9,88,76,000	33,03,13,500
6.	Institutional Strengthening	58,65,000	89,00,000	66,75,000	0.00	2,14,40,000
7.	Website Development	66,00,000	26,00,000	26,00,000	26,00,000	1,44,00,000
8.	IEC and Outreach Programs	2,55,00,000	2,80,50,000	3,08,55,000	3,39,40,500	11,83,45,500
9.	Revamping of Training Institution	90,00,000	90,00,000			1,80,00,000
10.	Augmenting Packing Unit with Lab equipment, Security, Biometric, etc.	90,00,000	90,00,000			1,80,00,000
11.	Preparation of DPR for Flatted Gala Factory		20,00,000			20,00,000
12.	Preparation of Feasibility Report for Industrial Estate Set up		20,00,000			20,00,000
13.	EFC Set Up in 3 Districts		24,00,000	24,00,000	24,00,000	72,00,000
14.	Preparation of Export Readiness and Capability of MSMEs in the State		20,00,000			20,00,000
15.	Green Initiatives Reimbursement Scheme	62,50,000	62,50,000	62,50,000	62,50,000	2,50,00,000
16.	CGTMSE Insurance Cover Reimbursement	10,00,000	10,00,000	10,00,000	10,00,000	40,00,000
17.	ZED and LEAN Certification Manpower Deployment	10,00,000	10,00,000	10,00,000	10,00,000	40,00,000
18.	ZED and LEAN Certification Manpower Deployment	50,00,000	50,00,000	50,00,000	50,00,000	2,00,00,000

S.No.	Category	Y1	Y2	Y3	Y4	Total Cost
19.	Logistics and Insurance Coverage for MSME products outside Sikkim	50,00,000	50,00,000	50,00,000	50,00,000	2,00,00,000
20.	Technical Experts and SPIU	2,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000	8,00,00,000
Total Cost (without GST)		37,59,20,500	58,10,96,000	53,06,76,000	55,30,86,500	204,07,79,000
Sikkim Nodal Office Administration Charges @ 10 %		37592050	58109600	53067600	55308650	20,40,77,900
Grand Total (without GST)		41,35,12,550	63,92,05,600	58,37,43,600	60,83,95,150	224,48,56,900

05

Annexure



5 Annexure

Annexure 1: Activity Wise and Constituency Wise Loan Sanctioned Details under Skilled Youth Start Up Scheme

S.No.	Business for which loan sanctioned	Constituency	Total Sanctioned Loan
1.	Retail Business	Poklok Kamrang	1
2.	Poultry Farm	22 Constituency	112
3.	Piggery	18 Constituency	443
4.	Dairy Farm	20 Constituency	473
5.	Restaurant, Bar, Fastfood, and Bakery items	All Constituencies	173
6.	Beauty Parlour	21 Constituency	32
7.	Ornamental Nursery	23 Syari	1
8.	Diagnostic Center	19 Rhenock 18 West Pendam Zoom Salgari 22 Namcheybong 04 Gyalshing Barnyak 14 Temi Namphing	11
9.	Grocery Store	All Constituencies	184
10.	Cattle Feed Shop	15 Yangang Rangang	1
11.	HomeStay	All Constituencies	184
12.	Automobile Garage cum Car Wash	16 Constituencies	26
13.	IT Project	Soreng Chakung Dzongu	2
14.	Textile Showroom	17 Khamdong Singtam Namthang Ratepani Namchi Sinithang	3
15.	Herbal Product Outlet	24 Rumtek	7

S.No.	Business for which loan sanctioned	Constituency	Total Sanctioned Loan
		22 Namcheybong 26 Arithang 19 Rhenock	
16.	Music Studio	27 Gangtok	4
17.	Organic Farming	24 Rumtek	2
18.	Fitness Center	28 Upper Burtuk 24 Martam Rumtek 22 Namcheybong 26 Arithang 20 Chujachen Namthang Rateypani	15
19.	Grill Fabrication	12 Melli 04 Gyalshing Barnyak 05 Rinchenpong 06 Daramdi	8
20.	Stationery Shop	8 Constituencies	8
21.	Food Processing	25 Upper Tadong 22 Namcheybong 31 lachen Mangan 26 Arithang 04 Gyalshing Barnyak 27 Gangtok	9
22.	Adventure Tourism	19 Rhenock	1
23.	Advertising Designing Printing	27 Gangtok 25 Upper Tadong 29 Kabi Lungchuk	4
24.	Commercial Vehicle	All Constituencies	178
25.	Cinema Hall	12 Melli	1
26.	Chips Factory	20 Chujachen	

S.No.	Business for which loan sanctioned	Constituency	Total Sanctioned Loan
		05 Rinchenpong 06 Daramdi	
27.	Coaching Computer Training Institute	04 Gyalshing Barnyak	1
28.	Hardware and retail Shop / Furniture	14 Constituencies	65
29.	Yoga Training Studio	27 Gangtok	
30.	Online Business	28 Upper Burtuk 24 Martam Rumtek Soreng Chakung	3
31.	Botique Unit	27 Gangtok 04 Gyalshing Barnyak 20 Chujachen	3
32.	Bricks Production Unit	05 Rinchenpong	1
33.	BPO Business Processe	22 Namcheybong	1
Grand Total			2050

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