5th Edition

States' Startup Ecosystem Ranking
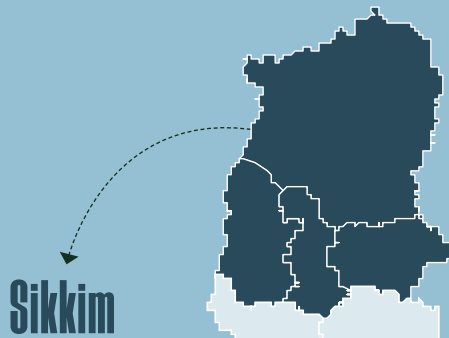
Sikkim
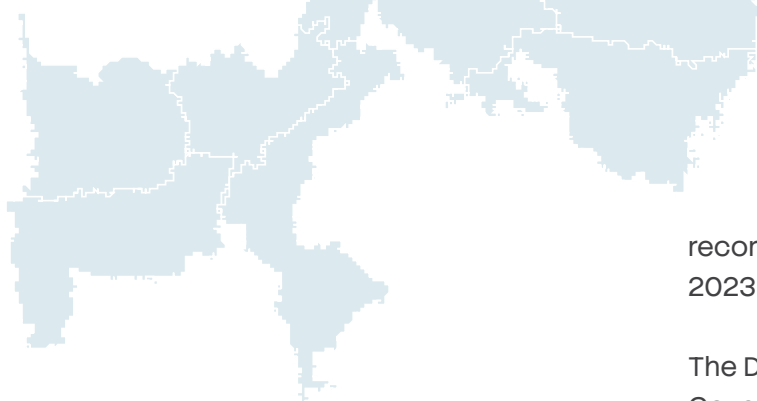
Aspiring Leader

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1. About the State

Sikkim is steadily nurturing an enabling environment for innovation and entrepreneurship through its nodal agency The Department of Commerce & Industries.

Sikkim, located in the north-eastern region of India, has a population of 6.11 Lakhs as per the Census 2011. Nestled in the eastern Himalayas, the state is spread over 7,096 Sq. Km area, with an urbanization rate of about 25%. It borders Tibet in the north and northeast, Bhutan in the east, Nepal in the west and West Bengal in the south. SIkkim is also located close to India's Siliguri corridor near Bangladesh.

The state has a Gross State Domestic Product (GSDP) of 0.5 Lakh Cr as of 2023-24, and has recorded a CAGR of 12% between 2011-12 and 2023-24.

The Department of Commerce & Industries, Government of Sikkim, serves as the nodal agency for promoting industrial development and entrepreneurship in the state. It plays a pivotal role in driving economic growth, supporting startups, and addressing unemployment through targeted policy interventions.

Sikkim is steadily nurturing an enabling environment for innovation and entrepreneurship. The state's focused efforts toward skill development, youth empowerment and incubation support position it as a promising emerging ecosystem in India's startup landscape.

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2. State Startup Policies and Initiatives

2.1 State Startup Policies

The Sikkim Startup Policy 2024 has been introduced to strengthen the state's entrepreneurial ecosystem and promote innovation-driven enterprises. The policy aims to nurture local talent, create employment opportunities, and encourage sustainable business models aligned with Sikkim's unique socio-economic and environmental context. Through this policy, the Government of Sikkim envisions positioning the state as a hub for innovation-led growth in the Northeastern region.

Some of the key incentives under the policy include:

- **Financial and Seed Funding Support:** Equity-free seed funding is provided to startups in key sectors, along with lease rental reimbursement of up to INR 3 lakh for 3 years and a one-time grant of INR 1 lakh for Sikkim-based startups.

- **Innovation and R&D Assistance:** Eligible startups receive 100% reimbursement of patent filing costs (up to INR 5 lakh), 50% reimbursement on R&D expenses (up to INR 5 lakh), and full reimbursement for quality certification for 3 years.

- **Gender and Inclusivity Incentives:** Women-led startups with at least two-thirds female leadership are eligible for a subsidy of up to INR 3 lakh, while startups employing women, transgender individuals, or persons with disabilities receive INR 1 lakh per year for 3 years.

- **Employment and Rural Development Support:** Startups employing at least 90% local staff are granted INR 1 lakh per year for 3 years, with additional subsidies for rural entrepreneurs promoting reuse, recycling, and sustainable innovation.

Market Access and Sectoral Grants:
Performance-based grants of up to INR 10 lakh are provided for startups in priority sectors such as tourism, organic farming, and handloom, along with annual entrepreneurship challenges offering INR 4–5 lakh to top-performing startups.

GST Reimbursement:
Startups can claim reimbursement of State GST paid on sales for up to three years, with a ceiling of INR 5 Lakh per startup.

Lease Rental Reimbursement:
Reimbursement of 50% of lease rent paid for co-working or incubation spaces, up to INR 5 Lakh over three years.

Preferential Market Access:
Startups receive relaxed eligibility conditions (like turnover and experience) for participation in government procurement and tenders.

Assistance for Creation of Incubation Centers:
Financial assistance of up to 75% (maximum INR 5 crore) for establishing incubation centers in universities, educational institutions, corporates, and PSUs, covering costs of infrastructure, equipment, and connectivity.

2.2 Key Initiatives Driving Growth

The Government of Sikkim, through the Department of Commerce & Industries and the Sikkim Entrepreneurship and Economic Development (SEED) Cell, has implemented several initiatives to strengthen the state's startup and innovation ecosystem under the mission "One Family, One Entrepreneur." These efforts aim to foster self-employment, skill development, and inclusive economic growth:

SEED Cell Initiatives: 'One Family, One Entrepreneur':
The SEED Cell, in collaboration with the State Education Department, conducts Entrepreneurship Development Programmes (EDPs) to equip youth and students with entrepreneurial and financial skills. The mission envisions at least one entrepreneur in every family, promoting innovation-led self-reliance.

Skilled Youth Start-Up Scheme (SYSS) Support Programs:
The flagship SYSS programme provides financial assistance and training to educated unemployed youth. The Department conducts workshops on business planning, marketing, and quality production, supporting the *Atmanirbhar Bharat* vision.

Sikkim Startup Ecosystem Workshop – Skill Development:
The MSME Division regularly organizes workshops to promote innovation, incubation, and entrepreneurship across key sectors such as tourism, food processing, handicrafts, and technology. These initiatives strengthen local enterprises and startup capacity.

District-Level Awareness Programs on MSME and Startup Schemes:
District-level programmes conducted by the SEED Cell raise awareness on central and state MSME schemes, training, and subsidy benefits, with a focus on women and youth entrepreneurship.
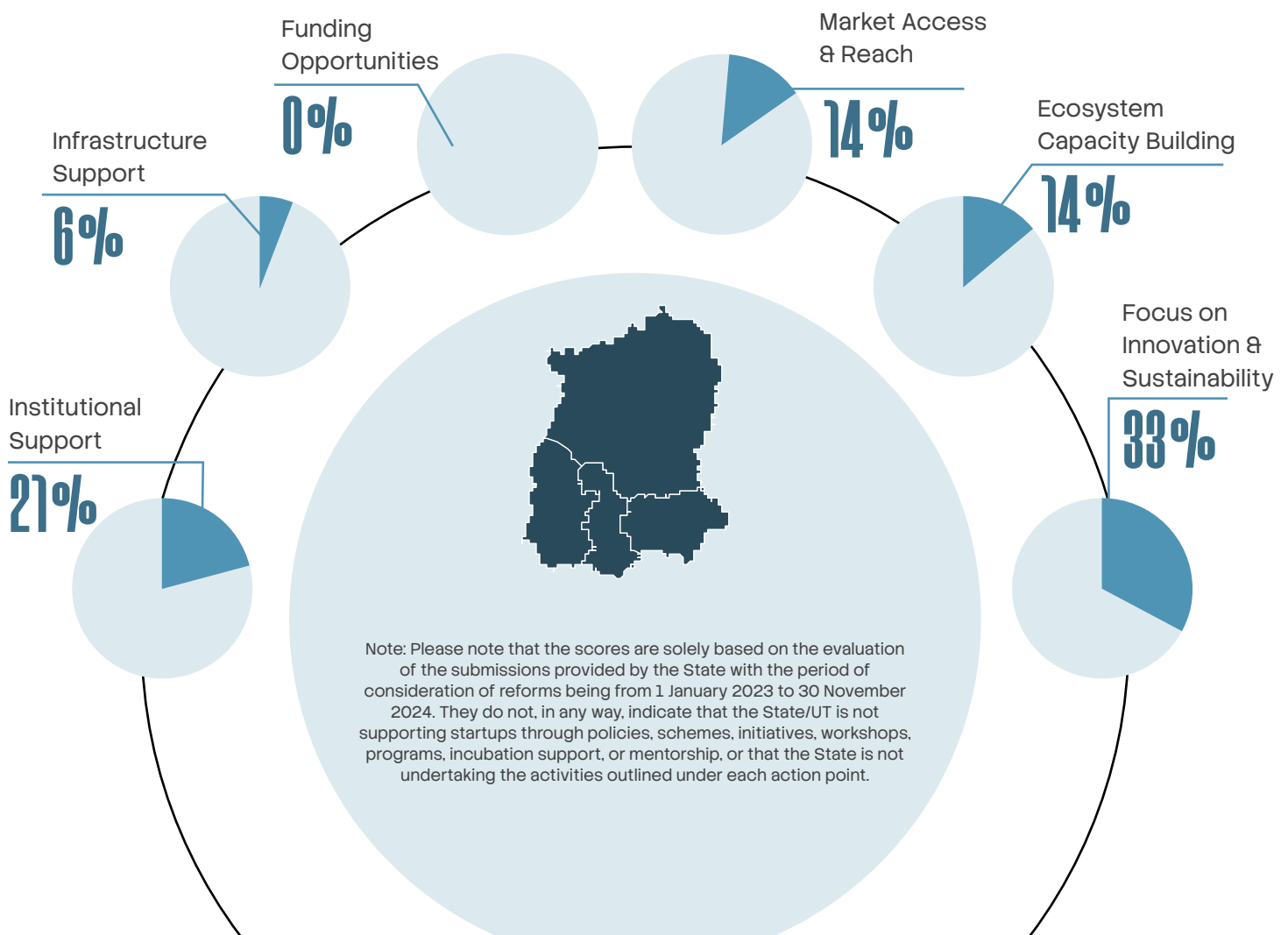
3. States' Startup Ecosystem Ranking Results

Sikkim participated in all 6 Reform Areas and 16 Action Points under the 5th edition of States' Startup Ecosystem Ranking, and has been positioned as an "Aspiring Leader" State in Category B.

The state's performance across different reform areas is presented below as percentile scores, which is the relative performance of the State in each Reform Area as compared to States/UTs in Category B. For example, if the state has a score of 100th percentile in the 'Institutional Support' reform area, this implies that the state has scored higher than all the participating Category B States/UTs in that reform area. The state has been evaluated on six Reform Areas that have a significant contribution towards propelling the startup ecosystem in the State. Detailed analysis with insights into the initiatives taken by the State to promote its startup ecosystem are discussed in the subsequent sections.

Figure 1: Reform area wise scores for Sikkim

Funding Opportunities
0%

Market Access & Reach
14%

Infrastructure Support
6%

Ecosystem Capacity Building
14%

Focus on Innovation & Sustainability
33%

Institutional Support
21%

Note: Please note that the scores are solely based on the evaluation of the submissions provided by the State with the period of consideration of reforms being from 1 January 2023 to 30 November 2024. They do not, in any way, indicate that the State/UT is not supporting startups through policies, schemes, initiatives, workshops, programs, incubation support, or mentorship, or that the State is not undertaking the activities outlined under each action point.

4. Reform Area 1 - Institutional Support

4.1 Introduction

Institutional Support focuses on the foundational support provided by state governments to foster startup ecosystems. It evaluates whether states have active startup policies, designated nodal departments, and dedicated teams. It also assesses the extent of support provided by other government departments beyond the nodal agency. Key action points include the presence of a startup policy, identification and development of priority sectors, support for women entrepreneurs and initiatives for young student entrepreneurs.

It covers 6 action points:

Action Point 1:
Support Provided to Startups by State/UT Department(s)

Action Point 2:
For Development with a Futuristic and Disruptive Focus

Action Point 3:
Women Entrepreneurial Development

Action Point 4:
For the Growth of Young Entrepreneurs

Action Point 5:
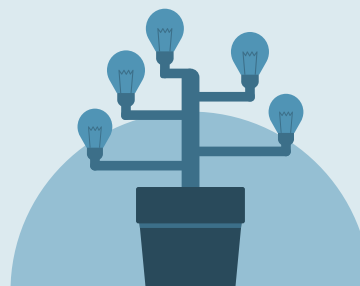Entrepreneurial Growth in the Social Innovation Landscape

Action Point 6:
Mentorship Support Provided to Startups

4.2 Performance

2+

Schemes and Initiatives in Priority Sector

Institutional support provided to Startups

The State has put in place an institutional framework to support startups through its Startup Policy, The Sikkim Startup Policy, with its nodal department being Department of Commerce and Industry, Government of Sikkim. Several incentives have been extended under this policy, including GST reimbursement, lease rental support, power tariff subsidy, patent & quality certification reimbursement.

The State also has a dedicated nodal officer responsible for startup promotion and facilitation.

Development with a Futuristic and Disruptive Focus

The State has shared the 2+ policies including the Sikkim Startup policy as part of its submission for promoting startups operating within the identified priority sectors.

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5. Reform Area 2 - Infrastructure Support

5.1 Introduction

Infrastructure Support evaluates the availability and quality of both digital and physical infrastructure provided by states to startups. Digital infrastructure includes state startup portals with features like online registration, grievance redressal, and accessibility in local languages and for persons with disabilities. Physical infrastructure focuses on the establishment and upgrading of incubators, especially those supporting manufacturing and hardware startups. It also assesses the number of startups receiving incubation support and the facilities available to them.

It covers 2 action points:

Action Point 7:
Access to Digital Infrastructure

Action Point 8:
Access to Physical Infrastructure

5.2 Performance

20+ Startups registered on the State Startup portal

Access to Digital Infrastructure

The State has enabled digital access for startups through a unified State Startup Portal that serves as a single-window interface for registration, information dissemination, and service delivery. As per the records submitted, **20+ startups** are registered on the State Startup Portal.

6. Reform Area 3 - Funding Opportunities

6.1 Introduction

Funding Opportunities examines the financial mechanisms established by states to support startups. It includes the creation and management of seed funds, venture funds, and funds of funds, especially those targeting priority sectors. It also evaluates the number of startups that have received funding through these mechanisms and the extent of collaboration with financial institutions. Additionally, it assesses initiatives like pitching sessions and investor connect programs that facilitate access to private capital.

It covers 3 action points:

Action Point 9:
Access to Funding

Action Point 10:
Number of Startups which have Received Funding through State Supported Funds or Mechanisms

Action Point 11:
State Support in Fundraising Initiatives

Access to Funding

The State has shared a policy document that includes provisions for a seed fund to support startups.

Further, the State did not participate in Action Point 11 on *State Support in Fundraising Initiatives.*

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7. Reform Area 4 - Market Access & Reach

7.1 Introduction

Market Access & Reach focuses on how states help startups access markets by relaxing public procurement processes, awarding Government Work Orders, and domestic and international exposure. It evaluates the number of tenders floated with startup-friendly relaxations, the number of startups awarded work orders, and the reach of market access initiatives across districts. It also considers programs that connect startups with government departments, corporates, and international trade bodies for product showcases and pilot projects.

It covers 3 action points:

Action Point 12:
Market Access Opportunity Provided to Startups through Public Procurement

Action Point 13:
Number of Startups Awarded Purchase Orders or Work Orders

Action Point 14:
Access to Domestic and International Market Access Opportunities

7.2 Performance

2+ Unique market access opportunities

Access to Domestic and International Market Access Opportunities

The State has undertaken structured initiatives to enable startups to access domestic and international markets through programs that are funded or executed end-to-end by the **State/UT,** as well as through facilitative partnerships with external agencies.

During the evaluation period, the State implemented **2+ market access initiatives,** including trade fairs and buyer–seller meets designed to improve visibility, customer acquisition, and business expansion opportunities for startups.

Some of these include events such as AAHAR Exhibition 2024 and World Food India 2024.

AAHAR is the largest Food fair in India organized annually with participation from national and international food processing firms, food machinery manufacturer, supply chain firms and service providers. A delegation of S Sikkim entrepreneurs participated in AAHAR 2024 Exhibition.

Sikkim organic products such as large cardamom, ginger, tunneric, buckwheat, dalley chilli products, Temi Tea were displayed at this Exhibition.

This Exhibition provided wide exposure to the Sikkim Entrepreneurs in food processing sector and provided them a platform for networking and market linkages (B2B and B2C).

8. Reform Area 5 - Ecosystem Capacity Building

8.1 Introduction

Ecosystem Capacity Building evaluates efforts to strengthen the startup ecosystem through training and sensitization programs. It includes workshops for government officials, capacity development for incubators, and sensitization programs for ecosystem enablers like mentors, investors, and accelerators. The focus is on building awareness, improving stakeholder capabilities, and fostering collaboration across the ecosystem.

It covers 3 action points:

Action Point 15:
Capacity Building of Officials of State Government Departments on Startup Ecosystem of India

Action Point 16:
Number of State-supported Incubators Trained Through Capacity Development Workshops

Action Point 17:
Number of Programs Conducted to Sensitize Ecosystem Enablers

8.2 Performance

2+ Workshops or programs conducted

Number of Programs Conducted to Sensitize Ecosystem Enablers

The State has conducted targeted programs to sensitize existing and potential ecosystem enablers, focusing on themes such as knowledge-based sessions and one-on-one interactions to facilitate investor to investor connects, and have been designed to encourage greater engagement with startups at various stages of growth. As per the documentary evidence submitted, the State conducted or supported **2+ sensitization programs during** the evaluation period.

One such workshop was the North-East States Brainstorm Innovation and Entrepreneurship Workshop. The key objective of the workshop was engaging stakeholders-policymakers, entrepreneurs, investors and support organizations in overcoming the challenges and barriers fostering a thriving startup environment across North-East India.

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9. Reform Area 6 - Focus on Innovation & Sustainability

9.1 Introduction

Focus on Innovation and Sustainability assesses how states promote innovation and sustainability through support for Intellectual Property Rights (IPR), Research and Development (R&D), and startups focused on climate change and circular economy. It evaluates the presence of policies facilitating IPR, the extent of R&D support, and the number of sustainability-focused startups receiving incentives.

Initiatives Undertaken by the State/ UT to Facilitate Research and Innovation

The State has extended R&D support to startups operating in identified priority sectors through targeted incentives and programs through its Sikkim MSME Policy 2022.

Provisions for RD& Support under Sikkim MSME Policy 2022
Research and Development for up scaling or modernizing start-ups shall be facilitated in national level research institutes by the State Government wherever possible or in institutes under the MSME Ministry. The State shall facilitate and bear the cost to the extent of INR 50,000 for such research work if it is carried out by local entrepreneurs.

10. Way Ahead

- The state may establish a dedicated startup support team and publish clear contact details on the state startup portal to improve access and coordination.

- The state may upgrade existing incubators, assess the need for new facilities, and build a sector-wise mentor network with domain experts.

- The state government may introduce relaxed procurement norms for startups, including exemptions from earnest money deposits and earmarking a share of state procurement for startups.

- The state government may expand market access initiatives such as demo days, grand challenges, buyer–seller meets, and pilot deployments with departments and PSUs.

- The state government may introduce targeted incentives and support measures for startups in sustainability, renewable energy, circular economy, and rural innovation.

- The state may offer a customised set of benefits such as concessional loans, grants, and incentives to encourage women entrepreneurship.

- The state may increase the number and depth of support schemes and initiatives within educational institutions to encourage student entrepreneurship.

- The state may strengthen its focus on social welfare by clearly defining priority social sectors and offering customised support such as capital subsidies, concessional finance, grants, and capacity-building programmes.

- The state may identify, train, and onboard mentors responsible for providing structured guidance and ongoing support to startups.

- The state may strengthen digital support services for startups, including access to incentives, grievance tracking, and technology-enabled assistance tools.
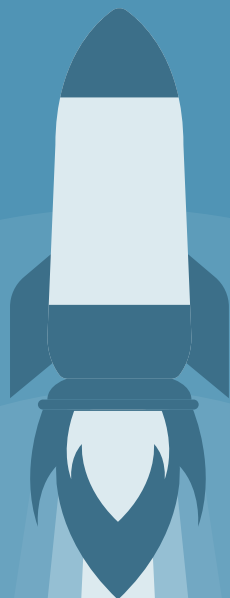
11. Annexures

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Contact Us

www.startupindia.gov.in
1800 115 565