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GOVERNMENT OF MIZORAM



THE INDUSTRIAL POLICY OF MIZORAM 2025

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INDUSTRIAL POLICY OF MIZORAM 2025

1 Background and necessity:

The first Industrial Policy of Mizoram State was notified on March 15, 1989, to provide direction for the industrial development strategy of the State. It emphasized reducing shifting cultivation by promoting a shift from primary to secondary sectors while safeguarding the socio-cultural and ethnic identity of indigenous enterprises in Mizoram.

In 2000, the Government of Mizoram launched a new Industrial Policy to align with the National Industrial Policy aimed at fostering industrial development in the North Eastern Region. The primary goals of this policy were to promote rapid and sustainable industrial growth, particularly by utilizing locally available raw materials.

The Micro, Small & Medium Enterprises Development (MSMED) Act was enacted on October 2, 2006, establishing a legal framework for supporting small and medium enterprises. Following this, the Industrial Policy of Mizoram,

2012, was developed to enhance industrial growth in accordance with the MSMED Act.

At present, the primary focus of industrial development in the state is the MSME (Micro, Small, and Medium Enterprises) sector.

The Micro, Small, and Medium Enterprises (MSME) classification is defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Based on the amount of investment and turnover, the classification is as follows:

1.1 Micro Enterprises:

Investment: Not exceeding INR 2.5 crore in plant and machinery or equipment.

Turnover: Not exceeding INR 10 crore.

1.2 Small Enterprises:

Investment: Not exceeding INR 25 crore in plant and machinery or equipment.

Turnover: Not exceeding INR 100 crore.

1.3 Medium Enterprises:

Investment: Not exceeding INR 125 crore in plant and machinery or equipment.

Turnover: Not exceeding INR 500 crore

Currently, the industrial landscape predominantly consists of micro enterprises. A few of these micro enterprises, with support from various MSME schemes, have significantly increased their investments and turnover, gradually transitioning into small enterprises. However, the number of medium enterprises in the state remains limited, not yet reaching double figures.

Data from the Udyam Registration portal of the state reveals that 99% of registered enterprises fall under the classification of Micro enterprises. Entrepreneurs in the state are predominantly first-generation with minimal industry experience. Most of these enterprises operate as sole proprietorships, making them vulnerable to competitors and susceptible to exploitation by unscrupulous middlemen.

The entrepreneurs require handholding to familiarize themselves with relevant Acts, rules, compliances, application procedures, and the locations of government

offices for submitting applications and obtaining necessary certificates and licenses to start or expand their enterprises and access government incentives. The awareness campaigns conducted by support institutions have been insufficient in encouraging these entrepreneurs, who often hesitate to seek loans due to limited financial knowledge and other constraints.

The challenges outlined have necessitated the formulation of a new Industrial Policy aimed at accelerating the growth of industrial enterprises in the state with special focus on Micro and Small enterprises.

2 Vision, mission and Objectives:

2.1 Vision:

The Industrial Policy of Mizoram 2025 aims to stimulate the growth of industrial enterprises, particularly Micro and Small enterprises, through handholding, while fostering sustainable development in the formation of larger industries through increased investment and an improved business environment.

2.2 Mission:

The mission of this policy is to accelerate industrial development in Mizoram by enhancing the business ecosystem to attract investment, create employment opportunities, and boost the competitiveness of industrial units through improved infrastructure, human resources, incentives, and administrative support.

2.3 Objectives:

The following are the key objectives of this policy.

To establish robust infrastructure to support industrial growth, with a focus on industries that can leverage locally available raw materials. Promote high-value, low-volume products suitable for the region's hilly terrain.

To provide incentives and technical assistance to local entrepreneurs to set up micro and small enterprises and to enhance the employability and entrepreneurial skills of local youth, fostering self-employment.

To address sectoral and regional imbalances by promoting a diverse range of industries and ensuring inclusive and sustainable development.

To establish strong connections between processing industries and local agricultural, horticultural, floricultural, forestry, and livestock produce. Encourage growth in selective thrust sectors while maintaining ecological balance.

To promote research and development within industries, encourage export-oriented businesses, and support the growth of tourism, information technology and other service sectors to diversify the economic base.

To encourage investment by creating a streamlined, business-friendly environment that reduces procedural formalities and expedites the investment process.

3 Thrust areas for Industrial Development:

The hilly terrain of the State and transportation bottleneck has limited the scope for development of large industries in Mizoram. Therefore, thrust will be given for those industries based on value addition of locally available resources such as –

- Forest-based Industries
- Food processing Industries
- Handloom Industries
- Handicraft Industries
- Plantain fibre and hill brooms
- Tea, rubber, coffee and plantation based Industries
- Textile related Industries.
- Animal feed and poultry feed Industries.
- Entertainment/Music industries
- Packaging Industries
- Bamboo Industries
- Tourism & Hospitality
- IT and IT enabled Services
- Sports related Services
- Animal Husbandry & Dairy

Any other Industry to be notified by the Government in this regard from time to time.

A few of the thrust areas are elaborated below:

3.1 Bamboo and forest-based Industries:

The bamboo industry in Mizoram is crucial and requires updates in policy to harness its full potential. With 35 identified bamboo species, including 20 indigenous varieties, the state has significant potential for industrial applications.

Key Considerations for Development:

- 3.1.1 **Supply Chain Development:** Establishing strong linkages between bamboo growers, industries, and markets is essential for the growth of the bamboo industrial sector.
- 3.1.2 **Market-Based Handicrafts:** The handicraft sector should adopt a market-driven approach to enhance its viability.
- 3.1.3 **Commercial Utilization of Thin-Walled Species:** Initiatives to utilize thin-walled bamboo species for commercial purposes need to be launched.
- 3.1.4 **Revitalization of Existing Industries:** Exploring avenues to strengthen or revive current bamboo-based industries is vital for sustainable development.

The State shall also explore ways to produce non-edible oils by harnessing the potential of oil-bearing trees such as Tung, Jatropha, etc.

3.2 Food Processing Industries:

Mizoram's favorable temperate climate and moderate rainfall throughout the year create ideal conditions for the cultivation of a wide variety of crops, fruits and spices with significant potential for value-added processing and export. With over 60% of the population engaged in agriculture and allied sectors, there is a robust base for agro-based industries.

Given the abundant resources and unique agricultural products, the food processing industry in Mizoram holds immense potential. By leveraging the state's natural advantages and distinctive produce, the industry can significantly contribute to the state's economic growth, providing value-added products for both domestic and international markets. The development of food processing units in tandem with cold chain management will not only enhance the shelf life and marketability of Mizoram's agricultural produce but also create employment opportunities and foster sustainable economic development.

3.3 Handloom & Textiles Industries:

The handloom sector in Mizoram is a vital part of the informal economy, supporting rural livelihoods, empowering women, and preserving cultural heritage. Its low capital requirements, eco-friendliness, and adaptability make it a unique and sought-after industry both locally and internationally. However, the sector faces challenges in fulfilling large orders due to its unorganized nature, which hampers systematic production and quality control. Therefore, the state aims to boost small-scale production to meet increasing market demands.

To address these issues, the sector needs infrastructure development, skill enhancement, market-driven design, and the formalization of businesses. These steps will improve weaver income, ensure reliable quality, and enhance competitiveness against machine-made fabrics. Government efforts are already contributing to the sector's growth and competitiveness, fostering a stronger, more organized handloom industry.

3.4 Processing of hill brooms:

The hill broom processing industry in Mizoram constitutes a vital component of the state's rural economy. Notably,

Mizoram's hill brooms are recognized for their superior quality. This crop requires minimal care, making it an excellent source of income for local farmers. The government aims to promote post-harvest technology and facilitate market expansion for hill brooms.

3.5 Tourism and Hospitality Industries:

The government recognizes the Tourism and Hospitality Sector as vital to Mizoram's economic growth and cultural exchange, leveraging the state's scenic beauty, National Parks, Wildlife Sanctuaries, and natural attractions. Committed to sustainability, the government aims to promote Mizoram's natural and cultural heritage, creating jobs and economic benefits while pursuing strategic partnerships to position the state as a premier tourist destination.

To enhance tourism infrastructure, the government shall prioritize investments in hotels, lodges, travel agencies, convention halls, and other leisure facilities. Additionally, the state's potential for adventure sports and eco-tourism will be explored to attract more visitors. Recognizing the high quality of Mizoram's nursing professionals, the government sees "wellness tourism" as another opportunity for growth,

capitalizing on their global recognition and the spirit of Tlawmngaihna- representing the ultimate form of altruism.

3.6 IT & IT-enabled service Industries:

Recognizing the potential of its young literate population and tech-savvy youth, the government is committed to fostering an environment conducive to IT & ITES Industries, including infrastructure development and skill development.

The government is committed to advancing Artificial Intelligence (AI) and drone technology to enhance skills and productivity, aiming to position Mizoram as a competitive player in the global IT and ITES market. It encourages entrepreneurs and industrialists to leverage AI and drone – based technologies and invites investments in IT parks, high-speed internet, Plug & Play facilities, and AI- and drone-focused startups. This initiative aims to create a robust IT ecosystem, boosting economic growth and employment opportunities for residents.

3.7 Sports Related Industries:

Mizoram has demonstrated remarkable potential and talent in the realm of sports which enjoys widespread popularity across the country. C&I Dept. will endeavor to cover various activities under Sports related industries in the State

Incentive Schemes and other schemes pertaining to Industries.

Strategic focus on these areas will enhance investment and development in the sports sector:

- 3.7.1 Infrastructure Development and Training: Establish sports academies, training centers, and rehabilitation facilities, upgrading existing venues and building new ones for national and international competitions to enhance Mizoram's sports ecosystem.
- 3.7.2 Sports Tourism and Community Engagement: Promote sports tourism through major events and adventure sports, leveraging Mizoram's terrain. Implement community programs to encourage youth participation, foster fitness, and drive economic growth and job creation.
- 3.7.3 Sports Goods Manufacturing: Explore opportunities to develop a sports goods manufacturing hub, leveraging local resources and skilled labor to support entrepreneurship and meet growing demand for quality sports equipment and apparel.

4 Thrust on MSME

The government recognizes the important role played by MSMEs in overall economic growth and job creation. Hence, it aims to foster a supportive ecosystem for MSMEs to thrive and enhance their competitiveness in national and international markets.

4.1 Formalization of Enterprises

Many micro enterprises are unorganized and informal. The government will prioritize their formalization through a state-specific act, providing tailored registration and preferential treatment in government procurement. This will enable access to institutional finance, expand market reach, and improve overall business opportunities.

4.2 Accelerating Micro Enterprises (AMEn) Scheme

Since Mizoram has 99% Micro Enterprises, Accelerating Micro Enterprises (AMEn) scheme will be introduced. This scheme aims to provide handholding support and assistance to these micro enterprises through 'Bankaitu' (hand-holders), who are registered agencies or consultants. These Bankaitu will identify 'BANTU - Business Aspirants Unit' who are entrepreneurs and provide support and guidance in the establishment and management of new enterprises, helping

them navigate various procedural and legal hurdles and complete the necessary formalities for setting up and running their businesses. The components of the Accelerating Micro Enterprises Scheme (AMEn Scheme) include assisting first-generation entrepreneurs and facilitating bank financing with a 100% guarantee on credit for registered micro enterprises.

4.3 Preference in Government Procurement:

To promote MSMEs in the state, preference will be given to the products of MSME in the state.

4.4 Fiscal incentives and subsidy support:

The existing State Incentive Subsidy will be reviewed and enhanced within the state's financial limits. The government will notify detailed schemes and guidelines for availing these subsidies. The following subsidies will be initially available and may be reviewed from time to time based on the condition of the MSMEs in the state. The claims for the following subsidies shall be applicable only on commencement of commercial production –

4.4.1 Land Development Subsidy

Eligibility: New MSME unit established inside Notified Industrial Area within 5yrs of existence.

Amount Claimable: (i) 25% of the amount spent by the unit on development of undeveloped land allotted to MSME, with an upper ceiling of Rs.10 Lakhs, provided that prior approval of the Govt. of Mizoram on the plan and estimate for land development shall be obtained.

4.4.2 Subsidy on Factory Building

Eligibility: New MSME unit established inside Notified Industrial Area within 5yrs of existence.

Amount Claimable: (i) 25% of the amount spent by the unit on construction of factory building on land allotted to MSME, with an upper ceiling of Rs.15 Lakhs, provided that prior approval of the Govt. of Mizoram on the plan and estimate for factory building shall be obtained

4.4.3 Interest Subsidy

Eligibility: New micro and small enterprises.

Amount Claimable:

- i) Interest on term loan paid by an industrial unit shall be subsidized up to a maximum of 5% for an initial period of 5 years.

ii) Subsidy shall be limited to a claim on a total amount not exceeding Rs. 10,00,000/- paid by an industrial unit towards interest on term loan in a full year.

iii) If the unit avails interest subsidy under any other Central/State government scheme, only the shortfall amount, if any, will be applicable for interest subsidy.

iv) Regular re-payment of loan shall be a mandatory requirement.

4.4.4 Power Subsidy

Eligibility: New MSME for a period of 5yrs from the date of commencement of production

Amount Claimable:

i) 60% of total expenditure on power consumption in case of micro enterprises.

ii) 25% of the total expenditure on power consumption in case of small enterprises.

iii) 15% of the total expenditure on power consumption in case of medium enterprises.

4.4.5 Subsidy on Power Line

Eligibility: New MSME within 1yr from the date of commencement of production

Amount Claimable: 50% of the actual expenditure to a ceiling of Rs. 5,00,000/- per unit.

4.4.6 Subsidy on Captive Power Generating Set

Eligibility: New MSME for a period of 5yrs from the date of commencement of production.

Amount Claimable: 50% of the cost of Captive Power generating set and installation charge (including renewable source of energy) thereof subject to a ceiling of Rs.5 Lakhs per unit.

4.4.7 Subsidy on transportation of Plants & Machineries

Eligibility: New MSME within 1yr from the date of commencement of production

Amount Claimable: 50% of the actual cost of transportation by railway or on road or both of plants and machineries.

4.4.8 Incentives for Skilling/Re-skilling

Eligibility: New MSME unit on a case-to-case basis; proposals must include details of trainees, training location, skills to be upgraded, expected outcomes, and training costs. Prior Government approval must be obtained for attending the training. This shall not include training sponsored by GoMz or GoI or any other organisation where all the training expenses are borne by the sponsoring organisation.

Amount Claimable: Covers upto 50% of training expenses with a ceiling of Rs. 2 Lakhs per training per annum.

5 UNNATI Scheme, 2024

Units availing incentives and benefits under UNNATI scheme shall also be eligible to receive incentives under this policy unless otherwise stated in this policy.

6 Investment Promotion and Incentives:

In alignment with 'The Mizoram Sustainable Investment Policy, 2024', the government is committed to extending support to larger investment in the state. This initiative aims

Name of Subsidy	Eligibility	Amount claimable
Incentive for IT/ITES Sector	<p>New MSME for a period of 5 years from the date of commencement of production</p> <p>Or MSMEs for setting up new projects for a period of 5 years from the date of commencement of production</p>	<p>a) Rental Subsidy: Reimbursement of 50% of monthly office space rental for a period of 3 years, subject to a ceiling of Rs. 1.5 lakh per annum for MSMEs operating in notified IT zones or approved incubation centers.</p> <p>b) Internet Connectivity Support: Reimbursement of 50% of expenditure on highspeed broadband lease line connection (minimum 100Mbps) for a period of 2 years, subject to a ceiling of Rs. 50,000 per annum.</p> <p>c) Employment-Linked Incentive: A onetime incentive Rs. 25,000 per employee shall be provided for each new local employee hired (minimum employment: 10), subject to retention of at least 1 year and applicable to only first-time hires in Mizoram.</p> <p>d) Tech Infrastructure Support: 25% subsidy on subscription charges for eligible cloud service used for hosting applications and platforms (up to Rs. 1 lakh annually for 2 years)</p> <p>e) Skill/ Re-skilling: as per S. No. 9</p>

to attract investment and foster economic growth in the state. Customized fiscal and other incentives other than those in the MSME sector will be taken up on case-to-case basis. The government is committed to give support to industries that emphasize sustainable practices, renewable energy, value addition to local resources, and substantial employment generation. This dual approach not only encourages industrial development but also ensures environmental sustainability and local economic benefits.

7 Land Utilization & Infrastructure Development:

The government is focused on accelerating infrastructure projects including the development of road networks, power supply, telecommunications, and industrial clusters to bolster the state's industrial landscape. In addition, there is a concerted effort to earmark and map industrial areas utilizing Geographical Information System (GIS) technology, which will be synchronized with the Industrial Land Bank for enhanced planning and allocation. Furthermore, the government is committed to developing dedicated industrial

parks equipped with modern amenities and plug-and-play infrastructure to attract and facilitate investment, thereby creating a conducive environment for industrial growth and development.

7.1 Land Allotment:

The government focuses to include provisions for land allotment to local entrepreneurs within declared industrial areas for a duration of 50 to 99 years. This initiative aims to promote local entrepreneurship and provide long-term security for businesses, facilitating investment and development in the region. The policy prioritizes the allocation of industrial plots to start-ups that successfully complete incubation, further supporting the growth of micro, small, and medium enterprises (MSMEs) in the state.

8 Ease of Doing Business and Simplification of Regulatory Reforms:

Simplification of regulatory procedures through a single window clearance system and reduction in compliance burden will be accelerated to promote ease of doing business.

9 Green Investment:

The government is dedicated to promoting eco-friendly industries and ensuring strict compliance with environmental regulations. Furthermore, the government aims to encourage and nurture green initiatives by providing robust support for research and development in these fields, fostering sustainable industrial growth and innovation.

9.1 Green Incentives:

To ensure that industrial development is strategized sustainably with minimum damage to the environment, incentives for the following shall be notified by the government from time to time-

- Construction of wastewater recycling units and effluent treatment plants
- Deploying Zero Discharge facility
- Deploying Solid Waste Management
- Installation of Pollution Control Devices (PCD)
- Installation of captive power plant

10 Promotion of Startups:

The State shall also emphasize support for existing incubation centers to enhance entrepreneurship by identifying, training, and securing seed funding for aspiring industrialists and start-ups.

11 Technology Adoption and Innovation:

The government aims to boost productivity and competitiveness by encouraging adoption of modern technologies like Internet of Things (IoT), Artificial Intelligence (AI), and blockchain. It plans to establish technology incubators and innovation hubs to support startups and research institutions.

The government will leverage its rich biodiversity for biotechnology creating incubation centers and partnerships to position the state as a hub for innovation and sustainable resource use.

12 Market Promotion & Marketing Support:

The government will boost market promotion for local industries through trade fairs, buyer-seller meets, and export missions, while helping export-oriented businesses meet international quality standards. It will also develop infrastructure and provide strategic support to strengthen Mizoram's role as a key trade link between India and Southeast Asia.

To enhance the visibility and market reach of Micro, Small, and Medium Enterprises (MSMEs), the state government will provide support for their participation in marketing events so as to facilitate MSMEs in showcasing their products and services at various trade shows and exhibitions.

The state will offer a subsidy of up to 30% on the stall rental costs at trade shows or exhibitions, subject to a ceiling of Rs. 1 lakh per stall.

13 Industrial Emission

13.1 New Industries in Critically Polluted Areas (CPAs):

The State shall endeavour to develop an Action Plan for setting up new industries in Critically Polluted Areas (CPAs).

13.2 Setting up of e-waste recycling units:

The state shall endeavour to establish e-waste recycling units in industrial areas wherever feasible, ensuring compliance with e-Waste Management Rules.

13.3 Shifting of industries/commercial units to gaseous fuels (CNG/PNG/CBG):

Given that gaseous fuels (CNG/PNG/CBG) are less polluting, and considering the implementation of North East Gas Grid Pipeline Project by Indradhanush Gas Grid Ltd. in the State, the Government of Mizoram will encourage the transition of industries/commercial units to these gaseous fuels.

14 Monitoring and Evaluation:

The government plans to establish a robust monitoring and evaluation framework to track the progress of industrial policy implementation effectively. This will be complemented by conducting periodic reviews and stakeholder consultations to address emerging challenges and fine-tune policy interventions as needed.

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