

Government Policies and Assistance for MSMEs in North East (Assam)

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Abstract: To implement various policies and various programmes/schemes for providing support services to MSME's (Micro, Small and Medium Enterprises) both the Central and the State Government are bringing more policies and schemes with different types of incentives and initiatives for the MSME sector, still the sector have huge difficulty in accessing technology needs of the sector and maintaining competitiveness, getting quality raw materials, proper financial incentives, guidance on marketing, import and export supports etc. The reasons for these can be listed as lack of awareness, lack of knowledge of running MSME, poor manpower in terms of skill, poor financial situations and low levels of R&D; risk-averting attitude; non-availability of technically trained human resources; lack of access to technological information and consultancy services; isolation from technology hubs; low focus on production costs; etc. Thus, more initiatives need to be taken at the Centre and the State level to ensure proper management of human resources in the small and medium scale enterprises sector. This would raise their production capacity, improve their marketing and distribution network, set links with people/ industries within different parts of India and/ or abroad, as well as motivate new and talented manpower to join the sector. There has been a prominent increase in the exports from this sector of both traditional and non-traditional goods including jewellery, garments, leather, hand tools, engineering goods, software, etc. Also, the enterprises with good export performance have greater stability in the economy.

Key Words: Policies, MSMEs, Government, Industry, Infrastructure.

Introduction:

The Government of India is playing a vital role in the Industrialisation in the state. To motivate and help the entrepreneurship in the country the Government is bringing the best of the policies for the industrial sector. Since from 1948 different industrial policies have been framed and modified from time to time to meet the best requirement of the industrialisation in the country. The first ever industrial policy of the country was Industrial Policy Resolution (IPR) 1948 which focused on promotion of the industries in the country. The first policy targeted to promote all types of industries from village level, starting with Khadi Village Industries, coir industries.

The present descriptive study based on secondary information tried to understand the different policies and supports extended by Government of India to support the growth and development of MSME. The secondary information followed was also specific to the Government provided details and information. The study threw light on different supports and assistance available for the MSMEs and can be helpful for the new generation entrepreneurs, students, different stake holders related to the same study field.

The Industrial Policy are the official strategies, guides and plans related to industrial sector which tries to make effort to improve the present conditions and to move towards the development and growth phase. Immediately after the independence to achieve industrialisation the Government of India (GOI), started Industrial Policy Resolutions and Statements. The GOI announced its first IPR on 1948. The following are the various policies and support and assistance available for Assam:

Industrial Policy for Northeast:

The policies (Industrial Policy Resolution and Statement) focused of promotion, growth and development of industries in the entire country. To remove the regional imbalances, different state have been authorised to take up initiative to develop industrialisation. Viewing the continuing backwardness of North East region the need for

a new and synergetic incentive package was widely felt to stimulate development of industries. Expert committee were constituted by the ministry of Industry and Planning Commission to concretize the initiative announced by the Honourable Prime Minister in 27 October 1996 for industrial development of the North Eastern region. The government of India announced different policies of North eastern region from time to time.

The Industrial Policy for North East was announced in 1997. Government approved the new North East Industrial Policy (NIEP) and other Concessions in the North Eastern Region which envisage the following:-

- a) **Development of Industrial Infrastructure:** The funding pattern for the growth centres envisages a Central assistance of ₹10 crores for each centre and balance amount to be raised by the state government. Growth centres to get assistance directly from Central Government, subject to a ceiling ₹ 15 crores. In respect of Integrated Infrastructure Development Centres (IID), the landing pattern would be changed from 2:3 between Government of India (GOI) and Small Industries Development Bank of India (SIDBI) to 4:1 and the GOI funds would be a grant.
- b) **Transport Subsidy Scheme:** The Policy announced that the transport subsidy scheme to be extended further in so far as N.E (North Eastern) States are concerned, for a period of another 7 years i.e. upto 31st March, 2007 being Cotermious with the 10th Five Year Plan in same terms and condition as per applicable now.
- c) **Fiscal Incentives to new industrial units and their substantial expansion:**
 - (i) Government has approved for converting the growth centres and IIDCs into a total tax free zone for the next 10 years. All industrial activity in these zones would be free from income tax, excise, for a period of 10 years from the commencement of production. State Governments would be requested to grant exemptions in respect of Sales Tax and Municipal Tax.
 - (ii) Industries located in the growth centres would also be given capital investment subsidy at the rate of 15% of their investment in plant and machinery. Subject to a maximum ceiling of ₹ 30 lakhs.
 - (iii) The commercial banks and the North East Development Financial Corporation (NEDFI) will have dedicated branches/counters to process applications for term loans and working capital in these centres. An interest subsidy of 3% on the working capital loans would be provided for a period of ten years after the commencement of production.
 - (iv) The benefits would to be extended to the new industrial units or their substantial expansion in other Growth centres or IIDCs or industrial estates/parks/export promotion zones set up by the States in the NE region.
- d) **Relaxation of Pradham Mantri Rojyar Yajona (PMRY) norms:** The PMRY would be expanded in scope to cover areas of horticulture, piggery, poultry, fishing. Small tea gardens, etc. so as to cover all economically viable activities. PMRY would have a family income ceiling of ₹ 40,000 per annum for each beneficiary along with his/her spouse and upper age limit will be relaxed to 40 years'. Projects costing upto ₹ 2 lakhs in other than business sectors have been provided for eligible for assistance. No collateral will be insisted for projects costing upto ₹ 1 lakh. Group financing upto ₹ 5 lakhs will be eligible. Scheme will have a subsidy component @ 15% with an upper ceiling of ₹ 15,000. The margin money may vary from 5% to 12.5% of the project cost to make the subsidy and margin contribution at 20% of the project cost.

Other Incentives Proposed:

- (i) A comprehensive insurance scheme for industrial units in the North East will be designed in consultation with General Insurance Corporation of India Ltd and 100% premium for a period of 10 years would be-subsidised by Central Government.

- (ii) A onetime grant of ₹20 crores will be provided to the North East Development Financial Corporation (NEDFI) by the Central Government through NEC to fund techno-economic studies for industries and infrastructure best suited to this region.
 - (iii) For development of mothers in north east possibilities of exports of products of north east to the neighbouring countries particularly Bangladesh, Myanmar and Bhutan would be explored.
 - (iv) It may be considered to provide assistance for restructuring State PSUs from National Renewal Fund.
- e) **Procedure for release of Assistance under the New Initiatives:** It is approved that the transport subsidy budget may be released by a designated agency on the basis of the recommendations of the S.L.C. It is proposed that NEDFI may be designated as the nodal agency for release of transport subsidy in N.E. States. NEDFI may be paid administrative expenses for this service which may be decided in consultation with IDBI.
- f) **Development of Village and Small Industries Sector:** Weaver's Service Centres (WSCs) in NE region and Indian Institute of Handloom Technology at Guwahati would be suitably strengthened to provide technology and training support to the weaver National Handloom Development Corporation will give priority in supply of hank yarn to the NE region. All the four varieties of silk would be covered under the Mill Gate Price Scheme. Priority would be given to the N.E. region in scheme of setting up of market complexes and permanent exhibition facilities. A new design centre for development of handicraft would be setup in NE region.

North-East Industrial and Investment Promotion Policy (NEIIPP): The Government of India announced North Eastern Industrial and Investment Promotion Policy (NEIIP), 2007 another step towards the industrialisation of the state where special emphasis has been given on the word "Investment". Special provisions like providing comprehensive insurance subsidy, incentives for setting up of Bio- Technology Industry, Power Generating Plants up to 10MW, Transport Subsidy Scheme etc are incorporated into the Policy to attract more and more investors to the region.

Industrial Policy of Assam: The Government of Assam plays an important role for the development of its economy. Along with the Central Government, the State Government also announces different policies and programmes for the development and the growth of the industries in the region.

Mukhyamantrir Karmajyoti Aachani: During the year 2005-06 the Mukhyamantri Karamjyoti Aachani scheme which was sponsored by the Government of Assam was implemented. The objective of the scheme is for skill development and upliftment of traditional artisans through financial assistance. The scheme covers all the traditional trade viz., manufacturing of textile, black smithy, pottery, carpentry etc.

Chief Minister Self Employment Scheme and Vocational Training under Assam Bikash Yojana (ABY): The Government of Assam has launched a unique self-employment scheme called Chief Minister Self Employment (CMSS) and Vocational Training from the year 2008-09 in place of the scheme of the same nature called Chief Minister's Saw-Niojan Yojana (CMSY), which had been continuing from the year 2001-02 to 2007-08. The scheme (CMSS) provides an opportunity to the educated unemployment youths, where they are sent for 6 month training to reputed industrial unit and commercial houses throughout the country.

7.3.3 Udyog-Jyoti Scheme: The Udyog-Jyoti Scheme has been launched by the Industries and Commerce Department of Government of Assam with the objective to motivate the student community of the State towards entrepreneurship. Under the Scheme, the young Graduate level college students of the State are taken to various industries, institutions, industrial organizations like Guwahati Refinery, CIPET, CTRTC etc, to give educational exposure about industrial activities at the 1st phase so that they can show their interest to start their own venture or get employed in such industries etc. At the 2nd phase some of the selected trainees are sent outside the State for higher exposure in the field of entrepreneurship.

Industrial Policy of Assam-2008: To generate economic development by accelerating the process of industrialisation and to generate employment and increase income, the Government of Assam has declared Industrial Policy 2008 with high expectations to attract more investment from other parts of the Country as well as to provide more support to the local entrepreneurs.

Employment Generation Scheme for Educated Unemployed youths: The “Assam Bikash Yojana” is an ambitious employment generation schemes undertaken by the Government of Assam. Under the Scheme the tourism department has taken up programmes like providing financial assistance to local educated unemployed youths so that the youths could engage themselves in tourism promotional activities like transport, wayside amenities, food kiosk, restaurants, dhabas, and cottages for accommodation etc.

Conclusion:

The different policies and supports provided for the growth of entrepreneurship in the Northeast region is remarkable, when it comes to implementation of the policies it becomes a matter of question, having immense resources and potentials, the NER is not growing with the pace of main stream line.

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