

## **CHAPTER 4**

### **STATE INDUSTRIAL POLICIES OF NER: A COMPARATIVE ANALYSIS**

#### **4.1 Introduction**

For India, to gain the status of a wholly developed nation would require that every nook and corner of the country experiences the growth impetus and that these experiences are not sporadic in nature but are a continuing process. India's aim to promote inclusive growth would, thus, be incomplete if the North East Region is ignored. The fact that, the NER occupies a very strategic position in terms of its geographic location, sharing international borders with China (South Tibet) in the north, Myanmar in the east, Bangladesh in the southwest, and Bhutan to the northwest has not gone unnoticed. In order to bring out the best of what the region has got to offer, the Government of India has been working towards the development of the region.

However, the Central Government alone cannot bring in the desired results. Therefore, it necessitates the proactive involvement of the respective State Government and its denizens to accelerate the process. It should also be ensured that whatever policy initiatives or assistances are introduced, these should be suitable for such an environment as the NER. With the aim to study and understand the efforts put in by the respective Government of the eight (8) North-Eastern States towards industrialization and promotion of MSMEs and also in fulfilment of Objective 1 of the research study, an attempt has been made to carry out a comparative study of each States' Industrial Policy. We will also briefly highlight the salient features of NEIP 1997 and NEIIP 2007. It should however be mentioned that the NEIIP 2007 has been suspended since 1<sup>st</sup> December, 2014 due to credit crunch (GoI DIPP Suspension of Registration n.p).

##### **4.1.1 North East Industrial Policy (NEIP) 1997**

Prior to 2002, the North East Region comprised of only seven States, popularly known as the Seven Sisters. Because of the severity of the socio-economic problems faced by the Region, both economically as well as industrially, it gave rise to the need for Central intervention. Thus, with the aim of bringing economic development in the Region, the Government of India (GoI) announced the "North East Industrial Policy 1997", which was operational for a period of 10 years from 24 December, 1997 to 23 December, 2007. Under this policy,

emphasis was laid on the development of industrial infrastructure and also provision of fiscal subsidies and incentives to encourage the people of the Region to be more involved in such activities.

The salient features of this policy are briefly highlighted as follows:

- i) Development of growth centres to be financed entirely by the Central Government, subject to a ceiling of Rs. 15 crores.
- ii) Financing of Integrated Infrastructure Development Centres (IIDCs), to be shared between Government and SIDBI in the ratio 4:1.
- iii) Transport subsidy scheme extended for another 7 years.
- iv) Industrial activities in growth centres and IIDCs to be exempted from income tax and excise for a period of 10 years from the commencement of production.
- v) Central capital investment subsidy to eligible units @15% of their investment in plant and machinery, upto a ceiling of Rs.30 lakhs.
- vi) Central interest subsidy to eligible units @3% on working capital loan, for a period of 10 years after the commencement of production.
- vii) Central comprehensive insurance scheme wherein eligible units can avail 100% subsidy on premium paid for a period of 10 years.
- viii) One time grant of Rs.20 crores by the Central Government to North East Development Financial Corporation (NEDFi) for techno-economic studies on industries and infrastructure for the region.
- ix) Explore export possibilities of products of North East to neighbouring countries like Bangladesh, Myanmar and Bhutan.
- x) Development of village and small industries through trainings, exhibitions etc.

#### **4.1.2 North East Industrial and Investment Promotion Policy (NEIIPP) 2007**

In pursuance with the aim to enable industrial growth, development and also encourage private investments, the NEIIP-2007 was introduced with a substantial increase of the fiscal incentives and other concessions under NEIP-1997. However, registrations of units for schemes falling under this policy were suspended w.e.f from December 1<sup>st</sup>, 2014. Following are the salient features of the policy:

- i) Excise duty exemption – Continuation of 100% excise duty exemption on finished products made in NER, as in NEIP-1997.

- ii) Income tax exemption – Continuation of 100% income tax exemption as was available under NEIP-1997.
- iii) Substantial expansion – Under NEIP, in order for an enterprise to enjoy incentives for expansion, it required that the substantial expansion should not be less than 33.5% in the value of fixed investment and plant and machinery for the purpose of expansion of capacity or modernization and diversification. This was brought down to not less than 25% under the new industrial policy.
- iv) Capital investment subsidy scheme – All eligible industrial units located anywhere in India, be it in the private sector, joint sector or cooperative sector as well as units set up by the concerned State Governments of the NER, will be given capital investment subsidy at the rate of 30% of their investment in plant and machinery or additional investment in the same. Limit for automatic approval of subsidy at this rate would be Rs.1.5 crore and for an amount above this, would require the intervention of an Empowered Committee.
- v) Interest subsidy scheme – Made available at 3% on working capital loan as was available under NEIP-1997.
- vi) Comprehensive insurance scheme – New industrial units as well as existing units will be eligible for reimbursement of 100% insurance premium on their substantial expansion.
- vii) Transport subsidy scheme –90% of transport cost of raw material and finished goods to and from location of unit to designated rail-head. 50% if transportation is within NER.
- viii) Incentives for service/other sector industries – The incentives under NEIIPP-2007 will be applicable to the service sector activities/industries and includes (a) hotels (not below two star category), adventure and leisure sports including ropeways; (b) medical and health services in the nature of nursing homes with a minimum capacity of 25 beds and old age homes; (c) vocational training institutes such as institutes for hotel management, catering and foodcrafts, entrepreneurship development, nursing and paramedical, civil aviation related training, fashion, design and industrial training.
- ix) Incentives for bio-technology industry – The bio-technology industry will also be eligible for benefits under the new industrial policy.
- x) Incentives for power generating industries – As earlier, the power generating industries will continue to receive the benefits under this policy. Also, power

generating industries upto 10mw based on both conventional and non-conventional sources will also be eligible for capital investment subsidy, interest subsidy and comprehensive insurance as applicable under NEIIPP-2007.

## **4.2 Comparative Analysis of Nagaland State Industrial Policy with the other Northeast States**

Except for Assam, which is the most advanced industrially developed State when compared to the other seven States, namely, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura, are still considered industrially backward (Dutta & Mandal 100). While the rest of the country is surging towards progress, the NER, which is a vital part of India, cannot be left behind. For, a country to develop and reach its peak requires the all-round development of its entire region. However, because of the inherent geographical drawbacks of the region with the addition of unstable law and order and problem of insurgency, private investors are reluctant to come forward and invest. While in the current scenario, it cannot be said that the influx of investment from private investors is very high, one can observe that there has been a gradual but positive change in the outlook of the rest of the country towards the region.

It, therefore, becomes vitally important to develop a policy framework that not only encourages the denizens of the States but also boost the confidence and attract prospective investors to the region. It should also be ensured that whatever policy initiatives or assistances are introduced, these should be suitable for such an environment as the NER. Therefore, it necessitates the proactive involvement of the respective States' Government and its denizens to accelerate the process. With the aim to study and understand the efforts put in by the respective Government of the eight (8) North-Eastern States towards industrialization and promotion of MSMEs and also in fulfilment of Objective 1 of the research study, an attempt has been made to carry out a comparative study of each States' Industrial Policy. Special emphasis has, however, been laid on the Industrial Policy of the State of Nagaland, as the aim of the first objective is also to find out the similarities and differences that the State Industrial Policy of Nagaland has with the other NE Industrial Policies.

As mentioned in the previous chapters, with the passing of the Micro, Small & Medium Enterprises Development Act, 2006, the scope of the sector has increased to a large extent

which now includes the service sector. Keeping up with this change, following are the North-Eastern States that have reviewed and formulated new Industrial Policies:

- i) Arunachal Pradesh (State Industrial Policy - 2008)
- ii) Assam (State Industrial Policy - 2008)
- iii) Manipur (The Industrial and Investment Policy of Manipur - 2013)
- iv) Meghalaya (New Industrial and Investment Policy of Meghalaya - 2012)
- v) Mizoram (New Industrial Policy of Mizoram - 2012)
- vi) Tripura (Industrial Development Promotion Policy - 2007)

The remaining two States have continued to follow the existing Industrial Policies:

- ii) Nagaland (State Industrial Policy - 2000 (revised-2004))
- iii) Sikkim (Industrial Policy of Sikkim - 2003)

The comparative study has been carried out by identifying the similarities as well as the differences from each States' policy.

#### **4.2.1 Objectives and Thrust Areas of the 8 States Industrial Policies:**

The major emphasis of all the eight (8) States Industrial Policy is to facilitate sustainable industrial development through the provision of better infrastructural facilities, attractive incentive packages and utilization of the existing resources. This will help in creating a conducive environment for prospective investors and also generate employment opportunities for the local population. It is no secret that the NER is a goldmine of unexplored natural and mineral resources as well as opportunities. Keeping in mind this advantage, the Government of each State aims to develop and encourage industrial and entrepreneurial ventures into areas which will make use of the available resources. These can be in the form of public, private, joint or even assisted ventures. Apart from its natural resources the NER also has a vast pool of human resource. In order to equip them with the necessary skills, providing trainings at district, sub-division and block levels has also been identified as an important aspect.

While the importance of creation of medium and large enterprises is acknowledged, due consideration is also given to the micro and small enterprise sector. Special incentive schemes and subsidies as well as creation of industrial estates and industrial parks, where critical infrastructural facilities such as power, water, transport and communication etc. are provided have been given due importance. In addition, promotion of tourism industry is also a high priority of the State Governments of the region. The problem of sick units is also a

serious issue and to address this, identification of viable units and their rehabilitation is also necessary through special incentive packages. Except for Manipur, the remaining seven States have mentioned its importance in their objective. The Industrial Policy of Assam has clearly stated the kind of relief which such units can be eligible for, in terms of tax exemption under VAT for a period of 3 years upto a maximum ceiling of 100% of additional investment made for rehabilitation.

NER occupies an extremely strategic location, sharing borders with Nepal, China, Bhutan, Myanmar and Bangladesh. In order to take advantage of this opportunity, provisions have been made to encourage entrepreneurs and investors to take up ventures in border areas to improve trade and commerce. Because of the favourable agro-climatic conditions that the NER possess, it is an objective to encourage entrepreneurs to engage in the processing and manufacturing of medicinal herbs such as citronella, eucalyptus, ginseng etc., and also aromatic oils and dyes. The NER is rich in forest resources as well as mineral resources and in order to ensure that these are put to productive usage, the State Governments have identified these as thrust areas. The handloom and handicraft sector is also a major part of the regions' economy. In it is found the cultures and traditions of our ancestors, our beginnings. It is important, therefore, to preserve this culture and encourage entrepreneurs and individuals to embark into this sector.

This is the age of information technology because its influence can be seen in our everyday lives. In order to ensure that the region keeps pace with the rapid progress of technology, the IT sector has also been identified by the State Governments as thrust areas. While on the one hand, there is much emphasis for industrialization which means the utilization of resources, on the other hand, lies the issue of maintaining the ecological balance. For men to survive, it is important to remember that while Mother Nature has a lot to offer, the relentless exploitation of her goodness without making any allowances for sustainability will in the end be the ruin of men. Realizing the need and importance for co-existence between man and nature, while it is the aim of the State Governments to accelerate the pace of industrialization, they have also made provisions to maintain the ecological balance of the region. It is noteworthy to mention that the States of Assam, Manipur, Mizoram and Sikkim have specifically mentioned for the promotion of eco-friendly industries in their objectives.

#### 4.2.2 Incentive Schemes:

The incentive packages offered under the State Industrial Policy of each State have been presented in table format showing the differences in the rates and ceilings as provided by the respective policies.

**Table 4.1: Power Subsidy**

State	Connected Load	Rate of Subsidy	Ceiling of Subsidy per annum
Nagaland (for a period of 5 years from the date of commercial production)	a) Upto 1 MW b) Above 1MW	a) 30% b) 25%	Rs.2 lakhs for both (a) and (b)
Arunachal Pradesh	Regulated by the State Power Policy and NEIIPP 2007		
Assam & Manipur (for a period of 5 years from the date of commercial production)	a) Upto 1MW b) Above 1MW	a) 30% b) 25%	a) Rs.10 lakhs b) Rs.25 lakhs
Meghalaya (for a period of 5 years from the date of commercial production)	a) Upto 2 MW	a) 30% for micro and small units.	a) Rs.25 lakhs
Mizoram (for a period of 5 years from the date of commercial production)		a) 60% for micro enterprise. b) 50% for small enterprise. c)30% for medium enterprise.	Not mentioned
Sikkim		a) 100% b) Above ₹50,000 consumption c) 30% for industrial units in Growth Centres or Thrust Areas	a)Upto Rs.50,000 consumption b) Rs.2 lakhs c) Not mentioned
Tripura (for a period of 5 years from the date of commercial production)		a) 15%	b) Rs.12 lakhs

Source: State Industrial Policies of the 8 NER States

In terms of power subsidy, as shown in table 4.1, all eight States have made provisions for assisting its enterprises and in the case of Arunachal Pradesh, the same is being regulated under the State's Power Policy and NEIIPP 2007 and as such details were not available in its State Industrial Policy. Except for Mizoram, all the other States have mentioned the ceiling of the subsidy. The maximum ceiling for Nagaland and Sikkim is, however, low, upto Rs. 2 lakhs when compared to that of Assam, Manipur, Meghalaya and Tripura where the ceiling goes to Rs.10 lakhs and above.

**Table 4.2: Power Line Subsidy (available only once)**

State	Rate of Subsidy/ KV	Ceiling of Subsidy
Nagaland	a) 33/11 KV	a) Rs.2 lakhs
Arunachal Pradesh	Regulated by the State Power Policy and NEIIPP 2007	
Assam	a) 25% for micro and small units	a) Rs.10 lakhs
Manipur	a) 20 KV and above	a) Rs.15 lakhs
Meghalaya (for micro and small units)	a) 20 KV and above b) 50% on service connection	a) Rs.10 lakhs b) Rs.2 lakhs
Mizoram	a) 50%	a) Rs.50,000
Sikkim	a) 50%	a) Rs.50,000

Source: State Industrial Policies of the 7 NER States

In Table 4.2, except for Tripura, the remaining 7 States have provided subsidy for drawing of power line wherein, Mizoram and Sikkim have set their ceiling to Rs.50,000, which is the lowest when compared to the rest. In terms of subsidy for purchase of power generating sets which is shown in Table 4.3, provisions have been made only by the States of Manipur, Meghalaya, Mizoram and Sikkim. No such provision has been made under the State Industrial Policy of Nagaland.

**Table 4.3: Subsidy for Power Generating Sets**

State	Rate of Subsidy	Ceiling of Subsidy
Nagaland	No provision available	-
Manipur	a) 30% b) 50% for purchase and installation of mini solar power plant of atleast 400watts for eligible micro enterprises.	a) Rs.20 lakhs b) Rs.40,000
Meghalaya	a) 50% for micro and small enterprises b) 30% on cost of D.G. set	a) Rs.20 lakhs b) Rs.50 lakhs
Mizoram	a) 50%	a) Rs.3 lakhs
Sikkim	a) 25% for purchase of Diesel generating sets	a) Rs.30,000

Source: State Industrial Policies of the 4 NER States

**Table 4.4: Subsidy for Feasibility Study Cost (should be carried out by a Govt. approved agency)**

State	Rate of Subsidy	Ceiling of Subsidy
Nagaland	a) 50% of cost of the report and investment in plant & machinery should be above Rs.25lakhs.	a) Rs.1 lakh
Arunachal Pradesh	a) Micro Sector – 90% b) Small Sector – 75% c) Medium/Large Sector – 50%	a) Rs.9000 b) Rs.25,000 c) Rs.1 lakh
Manipur	a) Micro Sector – 90%	a) Rs.9000



	b) Small Sector – 75% c) Medium/Large Sector – 50%	b) Rs.50,000 c) Rs.1 lakh
Meghalaya	a) Micro Sector – 100% b) Small Sector – 100%	a) Rs.50,000 b) Rs.1 lakh
Mizoram	a) Micro enterprise – 90% b) Small enterprise – 75% c) Medium enterprise – 50%	a) Rs.5,000 b) Rs.25,000 c) Rs.50,000
Sikkim	a) 3% for a project upto Rs.10lakhs b) 3% for a project above Rs.10lakhs	a) Rs.20,000 b) Rs.1 lakh

Source: State Industrial Policies of the 6 NER States

Many times business ventures fail to take off not only because of the lack of resources but also because the entrepreneurs do not have a clarity of idea of what they want, how they plan to achieve it, what are the opportunities and threats in the market, what is their strength and their weaknesses, etc. In Table 4.4, under the above mentioned scheme, with the help of experts of Government approved agencies, entrepreneurs can prepare feasibility study reports to venture into new arenas. This subsidy is however not provided for in the State Industrial Policies of Assam and Tripura. Although Nagaland has made provision for the same, the condition for obtaining the subsidy specifically targets the manufacturing sector since the State has not revised its Industrial Policy even after the passing of the MSMED Act 2006. If we are to look at the subsidy from the perspective of the current definition for MSME, the rate of subsidy is not applicable for micro enterprises under both manufacturing and service sector and part of the small enterprise under service sector. The States of Arunachal Pradesh, Mizoram, Meghalaya and Mizoram have, however, have defined clearly the rate and ceiling based on the size of the enterprise.

**Table 4.5: Manpower Subsidy/ Local Employment Promotion Grant**

State	Rate of Subsidy	Ceiling of subsidy per annum
Nagaland (for a period of 5(five) years)	25% of actual wage bill where the number of employees exceeds 10(ten) numbers with atleast 50% of local tribal youth.	a) Rs.1 lakh for units with investment in plant and machinery from Rs. 5 lakh to Rs 25lakh. b) Rs. 2.5lakh for units with investment in plant and machinery from Rs 25lakh to Rs 100lakh. c) Rs. 5lakh for units with investment in plant and machinery above Rs. 100lakh.
Sikkim (for a period of 3(three) years)	a) 30% of actual wage bill for local tribal employees.	a) Rs. 1 lakh

Source: State Industrial Policy of Nagaland and Sikkim

In Table 4.5, Nagaland and Sikkim are the only States that offer subsidy for employment of local tribal youth. However, in the case of Nagaland, since the changes have not been made with regard to the guidelines provided by the MSMED Act, the investment ceilings are based on the old definitions of small scale industries, small scale service business enterprise, tiny industry and export oriented units.

**Table 4.6: Support for Entrepreneurship Development Programmes**

State	Amount of Stipendiary Support	Duration
Nagaland (training of 100 youth annually)	a) Rs.500/month per trainee	a) Not less than 3 months

Source: State Industrial Policy of Nagaland

**Table 4.7: Study Tours and In-plant Training**

State	Amount of Support	Duration
Nagaland	No provision made	-
Sikkim	a) Reimbursement of return journey by second class train and Rs.1000/month per entrepreneur b) Reimbursement of return journey by second class train and Rs.1000/month per worker.	Not more than 3 months

Source: State Industrial Policy of Sikkim

**Table 4.8: Manpower Development**

State	Rate of Reimbursement	Ceiling
Assam and Manipur	a) 50% of admission fee as well as course fee.	a) Rs.4000
Mizoram	a) 50% of actual expenditure for training subject.	a)Rs.10,000/trainee per year b) Rs.50,000/unit per year

Tables 4.6, 4.7 and 4.8 are related towards development of manpower. Only five states, namely, Nagaland, Sikkim, Assam, Manipur and Mizoram have made provisions.

**Table 4.9: Subsidy for Quality Control Measures**

State	Rate of Subsidy	Ceiling of Subsidy
Nagaland	a) Cost of laboratory equipment for quality control and ISI/BIS/ISO 9000 certification.	a) Rs.50,000 for small scale industries. b) Rs.1 lakh for large and medium units.
Arunachal Pradesh	a) Subsidize cost of quality testing equipment procured from recognized firm by 50% b) 100% for cost of tests incurred by micro and small enterprises. c) Registration of fee and annual fee with the Bureau	b) Rs.50,000

	of Indian Standards etc. will be reimbursed in full for first five years.	
Assam	a) 50% for fees paid for obtaining BIS/ISO/FPO/AGMARK or know-how from recognized laboratory.	a) Rs.1 lakh
Manipur	a) Reimbursement of fee paid for BIS/ISO/FPO/AGMARK for micro & small units and upto medium units for service sector. b) 30% of cost for purchase of testing equipment for quality control	a) Rs.50,000 b) Rs.5 lakh
Meghalaya	a) 50% of cost of laboratory equipment for quality control and BIS/ISI certification. b) ) 50% of cost of laboratory equipment for quality control and ISI certification.	a) Rs.5lakhs for micro and small units. b) Rs. 20lakh for medium, large, mega and ultra-mega units.
Mizoram	a) 100% of expenditure for registration fee, testing fee etc. and purchase of laboratory equipment.	a) Rs.50,000 b) Rs.1 lakh for units set up in thrust areas.
Sikkim	a) Cost of laboratory equipment for quality control and ISI certification. b) Export oriented units exporting atleast 50% of the value of turnover.	a) Rs.10,000 b) Rs.1 lakh
Tripura	a) One-time full reimbursement of fees/charges/other expenses for obtaining certification.	

Source: State Industrial Policies of the 8 NE States

Quality control is one of the important aspects of a business and for the MSME sector to be able to compete with its larger counterparts, requires for the enterprises to produce quality products. Keeping this in mind, in table 4.9, we see that the Government of each State has provided subsidy for quality control, with Meghalaya providing the highest ceiling rate amongst all the eight NE States.

**Table 4.10: Special Incentives for Export Oriented Units**

State	Rate of Subsidy	Ceiling of Subsidy
Nagaland	a) An additional 5% capital investment subsidy. b) Sales tax exemption for an additional period of 1 year.	a) Rs.3lakhs
Meghalaya (for medium, large, mega and ultra- mega units)	a) Additional 15% capital investment subsidy for units exporting upto a minimum of 25% of its installed capacity.	a) Rs. 50 lakhs
Mizoram	a) Additional 5% capital investment subsidy for investment in plant and machinery. b) Additional 2 % capital investment subsidy	a) Rs. 5 lakhs for 100% EOUs.

	for investment in plant and machinery.	b) Rs.2 lakhs for less than 100% EOUs.
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Source: State Industrial Policies of the 3 NER States

In order to promote and encourage export of goods, table 4.10 shows the three States offering subsidy for the same, Nagaland, Meghalaya and Mizoram. The subsidy ceiling of Nagaland is however, low compared to the other two States.

**Table 4.11: Price Preference**

State	Type of Industries	Price Preference
Nagaland	a) According to Govt. Store Purchase Programme for all eligible units.	
Arunachal Pradesh	a) Cooperative Ventures b) Cottage, Micro and Small Enterprises	a) 7.5% b) 7.5%
Manipur	a) Micro and Small Enterprises	a) Upto 15%
Meghalaya	a) According to Meghalaya Preferential Stores Purchase Rules, 1990 for manufacturing units only.	
Mizoram	a) According to Mizoram Preferential Stores Purchase Rules 1994.	

Source: State Industrial Policies of the 5 NER States

Tables 4.11 and 4.12, shows that all 8 States have made provision for either price or purchase preference. This provision is required because the financial resources of the MSME units are limited and as such, it is difficult for them to participate in more than one tender at a time floated by any government departments or Public Sector Enterprises (PSUs) as this will end up blocking their limited capital for a long period.

**Table 4.12: Purchase Preference**

State	Form of Incentive
Arunachal Pradesh	Preference given by State Govt. Departments and other State Govt. controlled bodies and organizations.
Manipur	Purchase preference of products of micro and small enterprises located in the State.
Tripura	Preference to local enterprises whose quoted price is within 15% of the lowest bidder outside the State.

Source: State Industrial Policies of the 3 NER States

Although food processing has been identified as one of the thrust areas in the State Industrial Policy of Nagaland, no specific incentive has been made for the sector. Table 4.13 shows that Arunachal Pradesh and Meghalaya are the only two States that have

**Table 4.13: Special Incentives for Food Processing Industries**

State	Form of Incentive
Nagaland	None
Arunachal Pradesh	Additional 20% State Capital Investment Subsidy subject to a ceiling of Rs.25 lakhs.
Meghalaya (medium, large, mega and ultra-mega units)	For all food processing industries.

Source: State Industrial Policies of Arunachal Pradesh and Meghalaya

In table 4.14, we see that all 8 NER States have offered tax incentives to boost the industrial activities in the region. And in table 4.15,

**Table 4.14: Tax Incentives**

State	Rate of Exemption	Ceiling of Years
Nagaland	Sales tax exemption for all new industrial units.	For a period of 7 years
Assam (VAT)	<p><b>New Units:</b></p> <p>a) 200% of fixed capital for micro units.  b) 150% for small units.  c) 100% for medium and large units.</p> <p><b>Units undergoing Expansion:</b></p> <p>a)150% of additional fixed capital for micro units.  b) 100% for small units.  c) 90% for medium and large units.</p>	7 years for all categories.
Manipur (VAT, CST & any Commodity Tax)	99% for all new units.	<p>a) 7 years for Micro and Small units.  b) 7 years subject to 200% of fixed capital investment.</p>
Meghalaya	<p>a) 99% of MVAT and CST for 7 years.  b) New and existing units undergoing expansion upto 25% eligible for expansion for further 5 years.</p> <p>c) 100% CST reimbursement for purchase of machinery and equipment.</p>	<p>For all types of enterprises in case of option (a) and (b)</p> <p>c.1) Rs.25 lakhs for micro and small enterprise  c.2) Rs.100 lakhs for medium, large, mega and ultra-mega units.</p>

Mizoram	a) Exemption for a period of 7 years in general. b) For units set up in thrust areas, exemption period is 10 years.	
Tripura	a) Equal to the net amount of TVAT, CST and any other commodity tax.	Rs. 50 lakhs for a period of 5 years.
Arunachal Pradesh	Sale tax (VAT)/ entry tax exemption upto 99% to eligible units	For a period of 7 years
Sikkim	Concession on State and Central Tax	For a period of 9 years

Source: State Industrial Policies of the 7 NER States

**Table 4.15: Exemption from Stamp Duty & Registration Fee**

State	Rate of Exemption	Ceiling
Nagaland	a) 50% exemption for securing loans from financial institutions including mortgage of fixed assets for a period of 5 years.	
Arunachal Pradesh	a) 80% of the applicable amount for a period of 5 years.	
Assam	a) 100% reimbursement for setting up of industrial infrastructure.	
Manipur	a) For securing loans from financial institutions including mortgage of fixed assets for a period of 5 years.	a) Rs.50,000
Meghalaya	75% exemption for securing loans from financial institutions including mortgage.	a) Rs.3lakhs for micro and small units. b) Rs.5lakhs for medium, large, mega and ultra-mega

Source: State Industrial Policies of the 5 NER States

**Table 4.16: Participation in Trade Fairs**

State	Rate of Reimbursement	Ceiling
Assam	a) 50% of rent. b) 50% of transport cost for exhibitions in South-East Asia. c) Preference for women and physically handicapped entrepreneurs.	a) Rs.10,000  b)Rs.50,000/ exhibition
Manipur	a) 90% by surface transport within the country for a period of 5 years.	a) Rs.50,000

Source: State Industrial Policies of Assam and Manipur

**Table 4.17: State Capital Investment Subsidy**

<b>State</b>	<b>Rate of Subsidy</b>	<b>Ceiling of Subsidy</b>
Manipur (new manufacturing units)	a) 30% of investment in plant and machinery for new manufacturing units. b) Additional 15% for units set up within 40kms from international border areas and export oriented units. c) Additional 10% for units set up by women & physically challenged persons.	a) Not mentioned  b) Rs.50 lakhs per unit  c) Rs.5 lakhs
Meghalaya	a) 35% of factory building and plant & machinery for micro enterprises for micro & small units. b) 30% of fixed capital for micro & small enterprises. c) Additional 10% for women and physically challenged persons for micro and small enterprises. d) 30% on cost of cost of factory building, plant and machinery to large and medium enterprises.	a) Rs.7 lakhs  b) Rs.75 lakhs  c) Rs.5 lakhs  d) Rs.100 lakhs
Mizoram	<b>a) Subsidy in general:</b> a.1) 15% of investment in plant and machinery. a.2) 10% of investment in plant and machinery. a.3) 5% of investment in plant and machinery. <b>b) Subsidy for units in thrust areas:</b> b.1) 20% of investment plant and machinery. b.2) 15% of investment in plant and machinery. b.3) 10 % of investment in plant and machinery.	a.2) Rs. 5 lakhs  a.3) Rs.10 lakhs  b.2) Rs. 7 lakhs  b.3) Rs.15 lakhs
Tripura	a) 30% on fixed capital b) Additional 2.5% for ST/SC and women enterprises.	Rs. 50 lakhs for both (a) and (b), reduced to the extent of entitlement under the NEIIPP 2007.

Source: State Industrial Policies of the 4 NER States

**Table 4.18: State Interest Subsidy**

State	Rate of Subsidy	Ceiling of Subsidy
Assam	a) 30% of interest	a) Rs.1 lakh per year for micro industrial units
Manipur (eligible manufacturing units)	a) 4% per annum on term loan for micro and small units for a period of 5 years. b) 4% per annum on term loan for medium and large units for first three years. c) 3% on working capital for first three years.	a) Not mentioned b) Rs.40,000 per month c) Not mentioned
Meghalaya	a) 4% on term loans for micro and small enterprise for 5 years for micro & small units. b) 4% for medium, large, mega and ultra-mega units.	a) Rs.1 lakh b) Rs.30,000 per month
Mizoram (for a period of 5 years)	a) 4 % on term loan	a) Rs.3,60,000 b) Rs.1,20,000 for working capital loan.
Tripura	a) 3% on term loans for a period of 5 years.	a) Rs.1.50 lakhs

Source: State Industrial Policies of the 5 NER States

**Table 4.19: State Transport Subsidy**

State	Limit of Subsidy
Mizoram	50% of actual cost for transportation of plant and machinery by railway or on road or both.
Tripura	Covers the portion which Central Transport Subsidy is not available.

Source: State Industrial Policies of Tripura and Mizoram

**Table 4.20: Other Incentive Packages**

State	Name of Incentive	Form of Assistance
Assam	a) Special incentives for mega projects  b) Special incentives for revival of sick units	a) Priority land allotment, raising ceiling amount of subsidy, period of validity for tax concession.  b) 99% tax exemption under VAT for 3 years and ceiling of 100% of additional investment made for rehabilitation.
	a) Subsidy for substantial expansion/modernization/upgradation/diversification	a.1) 30% on investment on plant and machinery for micro & small units to a ceiling of Rs.50 lakhs. a.2) 4% interest subsidy on term loans for a period of 5 years.



Manipur	<p>b) Reimbursement for registration/ renewal fee with the office of the Controller General of Patents, Designs &amp; Trade Marks</p> <p>c) Allotment of developed and undeveloped land to manufacturing enterprises and industrial units.</p> <p>d) Allotment of sheds to micro and small enterprises.</p> <p>e) Incentives to innovator/inventor.</p> <p>f) Subsidy for technical know-how.</p> <p>g) Special scheme for development of Handicraft.</p> <p>h) State transport subsidy provided to cover the portion where Central Transport Subsidy is not available for a period of 5 years.</p>	<p>b) For micro, small and in case of service sector upto medium enterprise, reimbursement upto Rs.50,000.</p> <p>c) Developed land allotted on lease basis for a period of 30 years which is renewable.</p> <p>d) Factory sheds on monthly rental basis at industrial estates, industrial park, etc.</p> <p>e) 90% assistance upto a ceiling of Rs.20,000 for cost incurred in R&amp;D per annum.</p> <p>f) 50% upto a ceiling of Rs.1 lakh of cost.</p> <p>g.1) Provide developed land on hire-purchase basis to artisans.</p> <p>g.2) Upto 50% subsidy for construction of work-shed/store room by micro enterprises in rural areas.</p> <p>g.3) Subsidy to micro enterprises for hiring building for use as work-shed, store-room, show-room.</p> <p>h) 90% of cost incurred from any place exceeding 50kms.</p>
Meghalaya	<p>a) Development Subsidy for purchase of technical know-how and fee for registration for micro and small units.</p> <p>b) Micro and small enterprises set up by tribal</p>	<p>a) 75% of expenses upto a ceiling of Rs.3 lakhs.</p> <p>b) Preference in allotment of land/shed in industrial area</p>

	<p>entrepreneurs.</p> <p>c) Subsidy for Pollution Control Measure for medium, large, mega and ultra-mega units.</p> <p>d) Special incentives for mega large enterprises.</p> <p>e) Special incentives for ultra large enterprises.</p> <p>f) Border area subsidy for medium, large, mega and ultra-mega units set within 10 kms from international border.</p> <p>g) All the incentive schemes present under the States' Policy will be available for all types of units under tourism sector, entertainment sector, health sector, agro and horticulture, educational sector and IT &amp; IT related service industries.</p>	<p>with concession of 25% of lease rent.</p> <p>c) 50% of cost incurred upto a maximum of Rs.25 lakhs per unit.</p> <p>d) Approved projects in border areas granted exemption from paying royalty on minerals used for manufacturing activity for 6 months.</p> <p>e) Approved projects in border areas granted exemption from paying royalty on minerals used for manufacturing activity for 1 year.</p> <p>f) Additional 15% State Capital Investment Subsidy not exceeding Rs.50 lakhs.</p>
Mizoram	<p>a) Subsidy of registration of promotion council, commodity board and chamber of commerce.</p> <p>b) Land subsidy</p> <p>c) Factory rent subsidy for tiny and small scale units.</p>	<p>a) Upto Rs. 20,000</p> <p>b.1) 25% of lease charged/fee of allotted developed/undeveloped land for period of 5 years.</p> <p>b.2) 25% spent by unit for development of undeveloped land.</p> <p>c.1) 50% of assessed rent of factory shed upto a ceiling of Rs.30,000 per unit year.</p>

Tripura	<p>a) Reimbursement of Standard Certification charges, fees and expenses.</p> <p>b) Partial reimbursement of floor space rentals for IT industries employing a minimum of 15 persons.</p>	b) 20% reimbursement upto a ceiling of Rs.12 lakhs per enterprise per annum for a period of 5 years.
Manipur, Nagaland, Sikkim and Tripura	Exemption of Earnest Money and Security Deposit	

Source: State Industrial Policies of the 8 NER States

#### 4.2.3 Performance of Central Schemes under NEIIPP-2007 in Nagaland

In this section, we will take a look into the performance of schemes offered by the Central in terms of number of beneficiaries, the amount of subsidy allocated and the level of awareness amongst the respondents. As discussed earlier, in order to facilitate the growth and development of industrialization and promote the spirit of entrepreneurship in the North East Region, the Central Government had introduced NEIIPP-2007 especially for the region. Under NEIIPP there are four major central subsidy schemes offered, namely;

- i) Capital Investment Subsidy,
- ii) Transport Subsidy,
- iii) Comprehensive Insurance Scheme; and
- iv) Interest Subsidy Scheme.

In order to avail the benefits, it is required that an enterprise registers itself by filing of Entrepreneur Memorandum I and II. These are forms filed by prospective enterprises and existing enterprises, respectively. The filing of these forms is not compulsory under law, except in case of medium enterprises involved in production of goods. The advantage of registering ones enterprise is that it makes it eligible for the various exemptions, subsidy schemes and financial incentives or assistances offered by the government. However, in order to simplify the process of registration of MSMEs all over the country, the MoMSME had, in September 2015, notified the Udyog Aadhaar Memorandum (UAM) under the MSMED Act, 2006 to replace filing of EM-I/II by States/UTs. Also, as mentioned earlier, registration under NEIIPP 2007 has been suspended for the time being. But since the study was carried out

before the notification of the UAM and suspension of the central subsidy schemes, it therefore requires for us to also deal with data pertaining to the same.

It should be mentioned that out of the four schemes, only two of the schemes – Capital Investment Subsidy Scheme and Transport Subsidy Scheme were being availed by the enterprises in Nagaland. The status of the two schemes in the State is shown in Table 4.21 and 4.22, while the number of EM-II filed is shown in table 4.23.

**Table 4.21: Central Transport Subsidy under NEIIPP-2007**

Year	No. of Beneficiaries	Amount Disbursed (in Rs.)
2007-08	Nil	Nil
2008-09	341	31,48,24,418
2009-10	19	1,74,75,582
2010-11	Nil	Nil
2011-12	Nil	Nil
2012-13	Nil	Nil
2013-14	Nil	Nil
2014-15	Nil	Nil
<b>Total</b>	<b>360</b>	<b>33,23,00,000</b>

Source: Directorate of Industry & Commerce, Nagaland

**Table 4.22: Central Capital Investment Subsidy under NEIIPP-2007**

Year	No. of Beneficiaries	Amount (in Rs.)	Status
2007-08	267	7,85,28,496	Payment pending with NEDFi
2008-09	762	25,09,84,580	Payment pending with NEDFi
2009-10	162	13,48,94,000	Payment pending with NEDFi
2010-11	484	16,47,15,000	Payment pending with NEDFi
2011-12	---	---	Under compilation
2012-13	---	---	Under compilation
2013-14	---	---	Under compilation
2014-15	---	---	Under compilation
<b>Total</b>	<b>1675</b>	<b>629122076</b>	<b>---</b>

Source: Directorate of Industry & Commerce, Nagaland

When we look at the figures in the above two tables, the picture, however, does not look so promising because in Table 4.21, out of the total eight years, the subsidy scheme has been availed only for two years while for the remaining six years, the number of beneficiaries is nil. In Table 4.22, although there are beneficiaries, no amount has been released to date. Upon interaction with the officials at the Directorate of Industry & Commerce, Nagaland, it was stated that no further payments have been received from NEDFi, the nodal agency for disbursement of such claims. Also when asked the reason for the absence of beneficiaries in case

of Central Transport Subsidy, the answer was that since they had not received any application from enterprise owners in those years, the status showed nil. With regard to Comprehensive Insurance Scheme and Interest Subsidy Scheme, it was stated that no enterprise had applied for the two schemes.

**Table 4.23: No. EM-II filed from 2007-08 till 2014-15**

Type Year	Micro	Small	Medium	Total
<b>2007-08</b>	598	89	0	<b>678</b>
<b>2008-09</b>	2168	325	5	<b>2498</b>
<b>2009-10</b>	1065	377	3	<b>1445</b>
<b>2010-11*</b>	213	4	0	<b>217</b>
<b>2011-12*</b>	211	2	0	<b>213</b>
<b>2012-13</b>	230	1	0	<b>231</b>
<b>2013-14</b>	164	13	1	<b>242</b>
<b>2014-15</b>	88	3	0	<b>91</b>
<b>Total</b>	<b>4,737</b>	<b>437</b>	<b>9</b>	<b>5,615</b>

Source:- Entrepreneurs Memorandum (Part-II) Data on MSME Sector

\* Revised

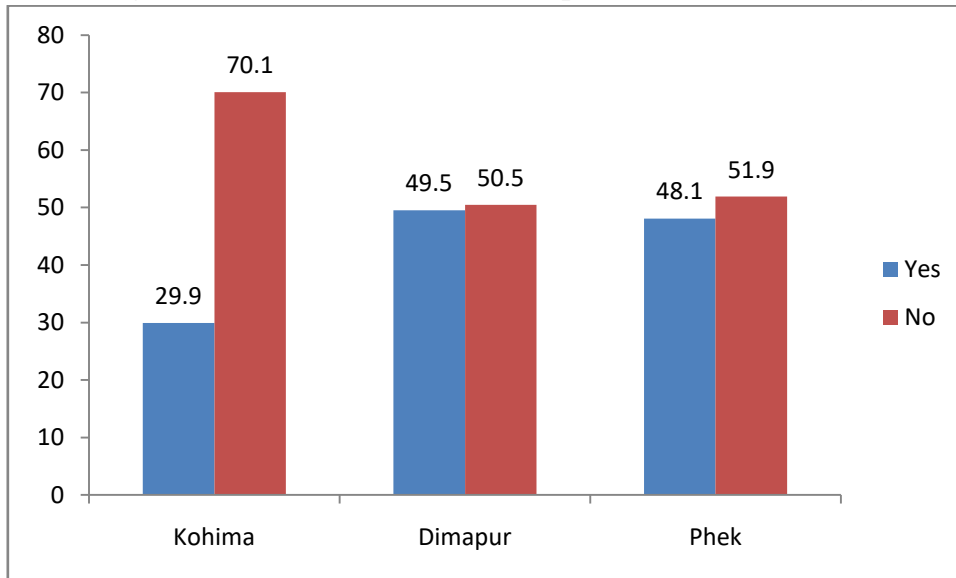
Table 4.23 depicts the number of EM-II filed by the MSMEs in Nagaland from 2007-08 till 2014-15. The overall data shows that micro enterprises form the largest share of units in the sector, with very few small enterprises and extremely low number of medium enterprises. Year 2008-09 saw a huge rise in the number of micro as well as small enterprises and the coming up of a few medium enterprises. From the period 2009-10, in case of micro, there began a decline in the number of registration. After showing an increase in 2009-10, registration of small enterprises also showed a drastic decrease in number. In case of medium enterprises, except for 2013-14, the period from 2010-13 and 2014-15 showed nil registration. When we compare the data in tables 4.21 and 4.22 with the data in table 4.23, the number of beneficiaries availing the subsidies is low compared to the number of enterprises registered, which in turn paints a bleak picture.

#### **Awareness of Schemes under NEIIPP 2007**

In order to study the level of awareness with regard to the schemes under NEIIPP-2007 and Nagaland State Industrial Policy, the respondents were asked questions, the responses to which is discussed as follows. In Figure 4.1, we can see the level of awareness with regard to Central Capital Investment Subsidy. Surprisingly, Kohima, which is the capital of the state,

has the lowest percentage of respondents who are aware of the subsidy, 29.9 percent. Dimapur and Phek districts are almost equal when it comes to the percentage of awareness, 49.5 percent and 48.1 percent, respectively.

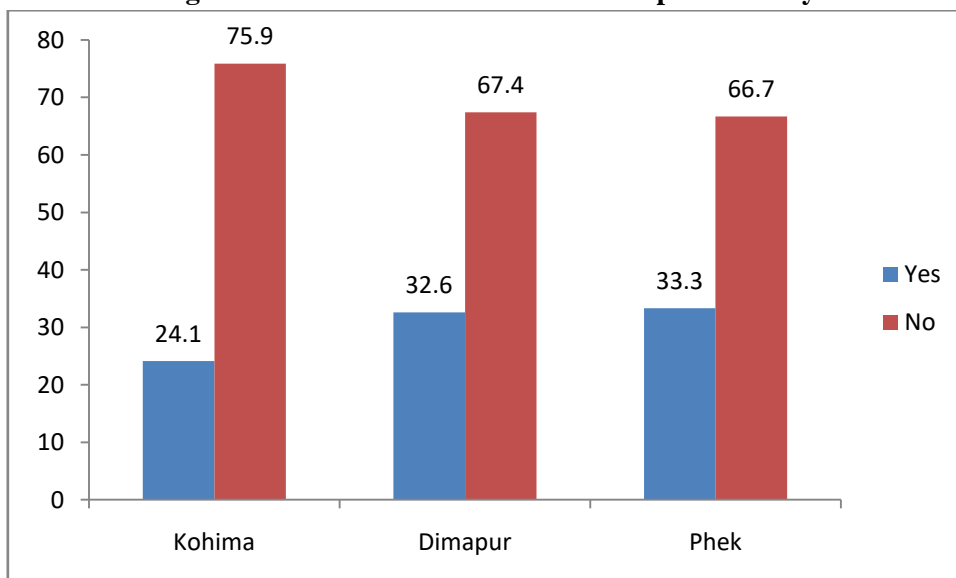
**Figure 4.1: Awareness of Central Capital Investment Subsidy**



Source: Primary data

In figure 4.2, with regard to Central Transport Subsidy, Phek district has the highest percentage of respondents who are aware of the scheme, 33.3 percent, followed by Dimapur, 32.6 percent and lastly Kohima, 24.1 percent. It is disappointing to note the percentage of respondents who are not aware of the scheme, 75.9 percent respondents in Kohima district were not aware, 67.4 percent in Dimapur and 66.7 percent in Phek.

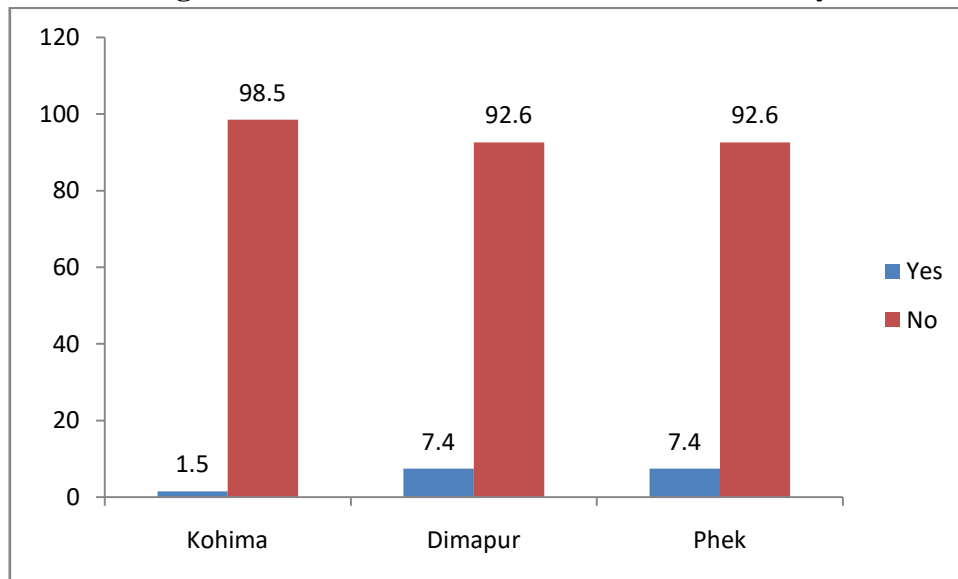
**Figure 4.2: Awareness of Central Transport Subsidy**



Source: Primary data

In figure 4.3, under Central Interest Subsidy, the level of awareness is dismal for all the three districts. Kohima has the highest percentage of respondents who answered in negative, 98.5 percent, followed by Dimapur, 92.6 percent and lastly Phek, 92.6 percent. The percentage of respondents who were aware of the subsidy is the same in case of Dimapur and Phek, 7.4 percent each, while in the case of Kohima, it is 1.5 percent only.

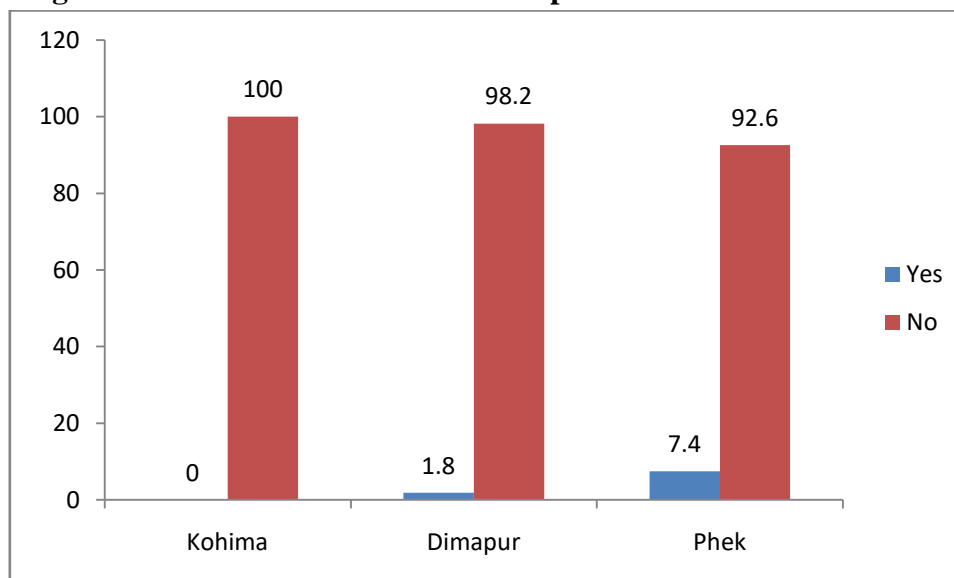
**Figure 4.3: Awareness of Central Interest Subsidy**



Source: Primary data

In figure 4.4, once again, the level of awareness of Central Comprehensive Insurance Scheme is very low for all the three districts. 100 percent of respondents in the case of Kohima answered that they were not aware of the subsidy, 98.2 percent in Dimapur and 92.6 percent in Phek. Only 7.4 percent of respondents in Phek said that they had were aware of the subsidy and 1.8 percent in Dimapur answered in positive.

**Figure 4.4: Awareness of Central Comprehensive Insurance Scheme**



Source: Primary data

#### 4.2.4 Performance of Incentive Schemes under State Industrial Policy of Nagaland

As per the Nagaland State Industrial policy 2000 (revised-2004) there are 10 incentive schemes out of which, according to data received from the State officials, 4 of these are being availed, namely:

- i) Manpower Subsidy;
- ii) Power Subsidy;
- iii) Drawal of Powerline; and
- iv) Support for Entrepreneurship Development Programmes (EDP)

The status of the four incentive schemes are mentioned in the following tables.

**Table 4.24 : Manpower Subsidy under State Industrial Policy**

Year	No. of Beneficiaries	Amount (in Rs.)	Status
1999-00	Nil	Nil	---
2000-01	Nil	Nil	---
2001-02	Nil	Nil	---
2002-03	Nil	Nil	---
2003-04	94	78,80,523	Amount released
2004-05	Nil	Nil	---
2005-06	196	2,93,51,640	Amount released
2006-07	89	90,00,000	Amount released
2007-08	364	1,82,00,000	Amount released
2008-09	367	2,91,75,000	Amount released
2009-10	Nil	Nil	---
2010-11	280	1,96,00,000	Amount released
2011-12	Nil	Nil	---



2012-13	391	3,91,00,000	Pending
2013-14	Nil	Nil	---
2014-15	Nil	Nil	---
<b>Total</b>	<b>1781</b>	<b>15,23,07,163</b>	<b>----</b>

Source: Directorate of Industry & Commerce, Nagaland

**Table 4.25. : Power Subsidy under State Industrial Policy**

Year	No. of Beneficiaries	Amount (in Rs.)	Status
1999-00	Nil	Nil	---
2000-01	Nil	Nil	---
2001-02	Nil	Nil	---
2002-03	Nil	Nil	---
2003-04	53	23,63,387	Amount released
2004-05	Nil	Nil	---
2005-06	18	6,81,982	Amount released
2006-07	Nil	Nil	---
2007-08	13	17,87,923	Amount released
2008-09	7	10,05,200	Amount released
2009-10	Nil	Nil	---
2010-11	3	1,70,000	Amount released
2011-12	Nil	Nil	---
2012-13	Nil	Nil	---
2013-14	Nil	Nil	---
2014-15	Nil	Nil	---
<b>Total</b>	<b>94</b>	<b>60,08,492</b>	<b>---</b>

Source: Directorate of Industry & Commerce, Nagaland

**Table 4.26 : Drawal of Powerline under State Industrial Policy**

Year	No. of Beneficiaries	Amount	Status
2008-09	3	6,00,000	Amount released
2009-10	3	2,30,000	Amount released
2010-11			
2011-12	3	---	Amount released
2012-13	9	9,00,000	Amount released
2013-14	Nil	Nil	---
2014-15	Nil	Nil	---
<b>Total</b>	<b>18</b>	<b>17,30,000</b>	<b>---</b>

Source: Directorate of Industry & Commerce, Nagaland

(Note: Data before 2008-09 not available)

Tables 4.24, 4.25 and 4.26 represents the data related to incentive schemes for entrepreneurs under the State Industrial Policy. Tables 4.24 and 4.25 show the data from 1999 till 2015, i.e., for 16 years and in both tables, up till 2003, there are no beneficiaries. In Table 4.24, under the Manpower Subsidy, while it cannot be said that the scheme is performing better than the others, there seems to be a regular flow of beneficiaries. Under Table 4.26, the number of beneficiaries is low, a total count of 18 units. However, it is a positive sign that the subsidies

have been released. Apart from these subsidy schemes, the State has also provided trainings under the following programmes. However, it should be mentioned that specific details of these training programmes were not available.

**Table 4.27: Rural Industrial Programme (RIP) – 12 months**

Name of the Location/Place	Name of the Training	No. of Trainees
Textile Design & Training Centre, Dimapur	Weaving	15
DIC, Tuensang	1. Weaving	15
	2. Carpentry	10
DIC, Mon	1. Weaving	10
	2. Handicraft	10
DIC, Mokokchung	Weaving	15
Sub- DIC, Aghunato	1. Weaving	5
	2. Handicraft	5

Source: Directorate of Industry & Commerce, Nagaland

**Table 4.28: Rural Artisan Programme (RAP) – 9 months**

Name of the Location/Place	Name of the Training	No. of Trainees
DIC, Kohima	Stenography	20
DIC, Dimapur	1. Automobile	15
	2. Sheet Metal	15
	3. Radio Mechanic	10
DIC, Dimapur	Welding	12
Sub-DIC, Tseminyu	Cutting & Tailoring	10
Sub-DIC, Pughoboto	Cutting & Tailoring	10
Sub-DIC, Bhandari	Cutting & Tailoring	10

Source: Directorate of Industry & Commerce, Nagaland

**Table 4.29: Training outside Nagaland – 3 years Course**

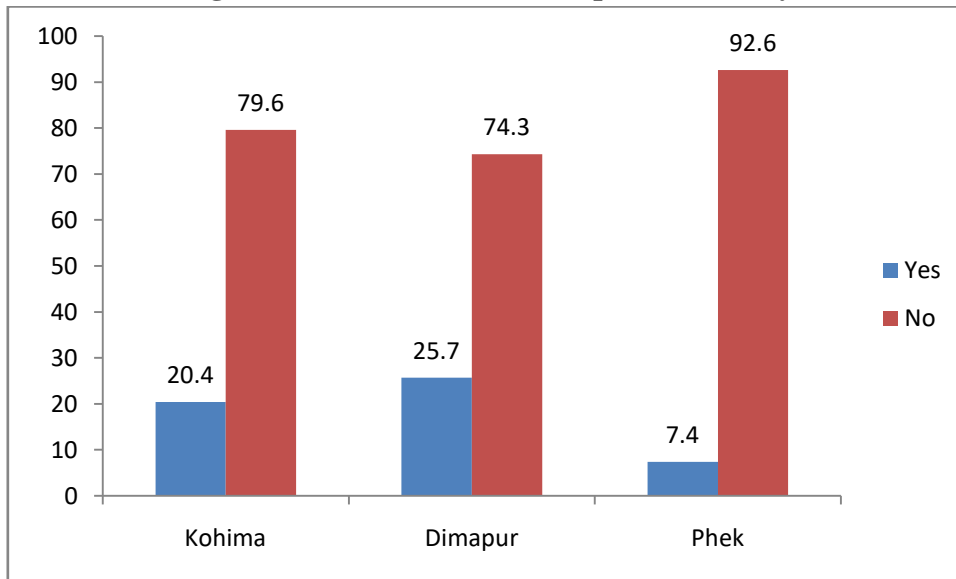
Name of the Location/Place	Name of the Training	No. of Trainees
Handloom Technology, Guwahati	Textile & Handloom	5

Source: Directorate of Industry & Commerce, Nagaland

### **Awareness of Schemes under State Industrial Policy**

In this section, we will deal with the incentive schemes available under Nagaland State Industrial Policy-2000. Figure 4.5 shows the level of awareness of the respondents with regard to Manpower Subsidy. Dimapur has the highest percentage of respondents who are aware, 25.7 percent, followed by Kohima, 20.4 percent and Phek, 7.4 percent. The percentage of number of respondents who were unaware is very high for all the three districts, as can be seen.

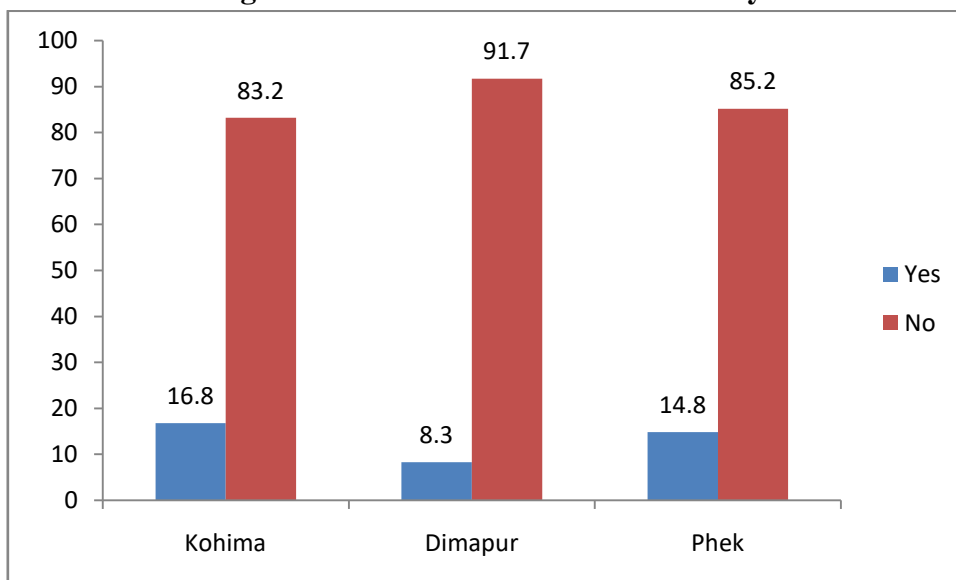
**Figure 4.5: Awareness of Manpower Subsidy**



Source: Primary data

In figure 4.6, 16.8 percent of respondents from Kohima answered that they were aware of the subsidy, 14.8 percent from Phek and 8.3 from Dimapur. Dimapur has the highest percentage of respondents who said they were not aware of the subsidy, 91.7 percent, followed by Phek, 85.2 percent and Kohima, 83.2 percent.

**Figure 4.6: Awareness of Power Subsidy**

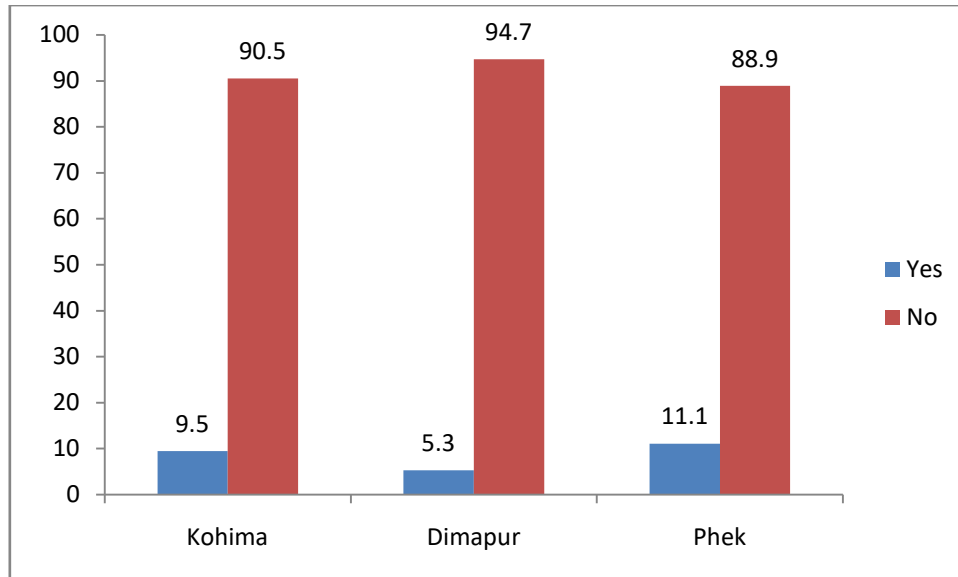


Source: Primary data

In figure 4.7, with regard to Drawal of Powerline, 11.1 percent respondents in Phek district said that they were aware of it, 9.5 percent in Kohima and 5.3 percent in Dimapur. 94.7

percent of respondents from Dimapur said that they were not aware, followed by 90.5 percent from Kohima and 88.9 percent from Phek.

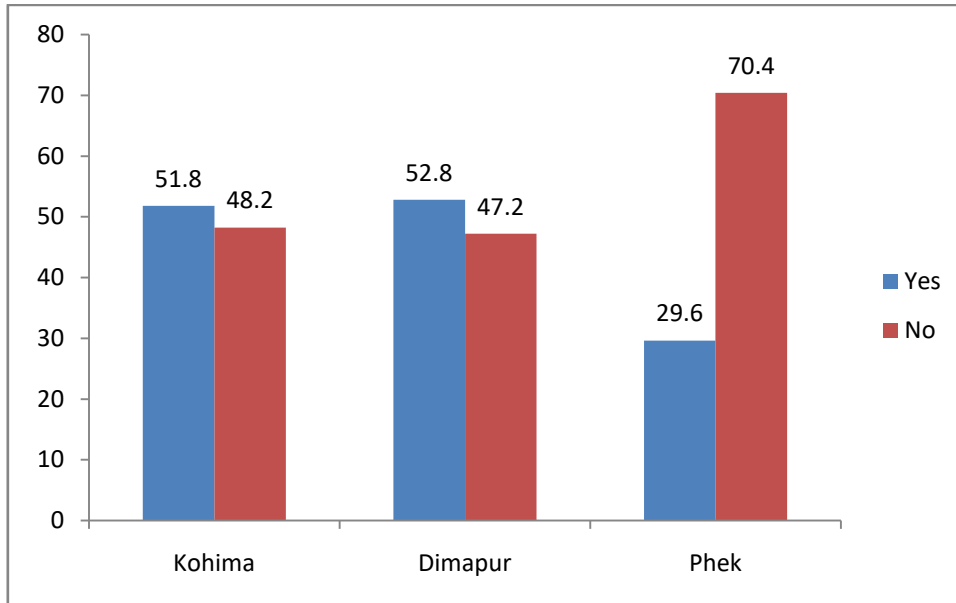
**Figure 4.7: Awareness of Drawal of Powerline Subsidy**



Source: Primary data

Figure 4.8, shows the level of awareness amongst the respondents, of EDPs offered by the State Government. While in case of Kohima and Dimapur the percentage of respondents who answered that they were aware is higher, it is still disappointing to see almost half of them did not know about such programmes, 48.2 percent in case of Kohima and 47.2 percent in the case of Dimapur. Phek on the other hand has the lowest rate of awareness, only 29.6 percent of the respondents were aware of the EDPs offered and 70.4 percent answered negative.

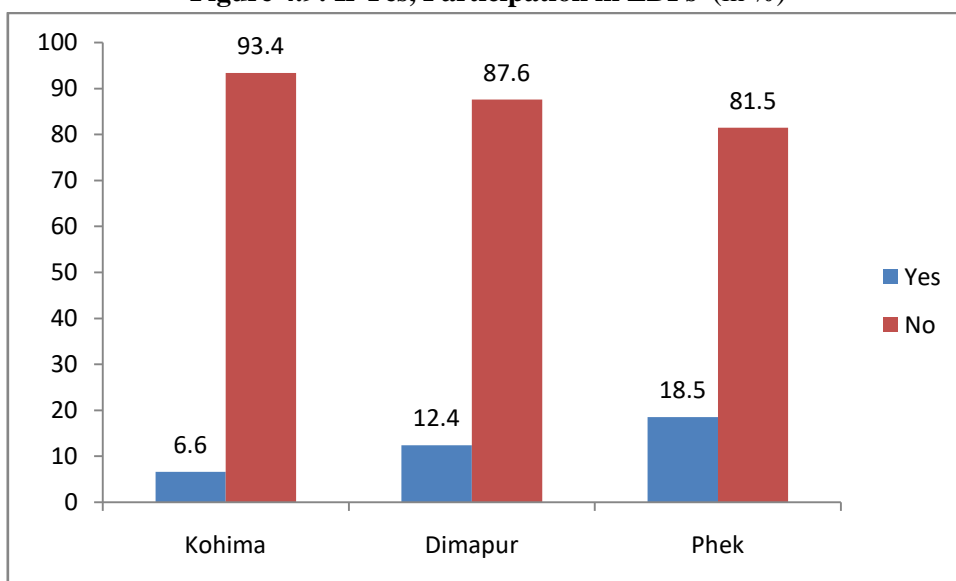
**Figure 4.8: Awareness of EDPs offered by State Govt.** (in %)



Source: Primary data

In figure 4.9, respondents who were aware of EDPs were further asked if they had participated in any, out of which majority of them responded negatively, 93.4 percent in Kohima, 87.6 percent in Dimapur and 81.5 percent in Phek. It is interesting to note that although the level of awareness in Phek district is the lowest, the percentage of respondents who attended EDPs is the highest for this district, 18.5 percent, followed by Dimapur, 12.4 percent and lastly Kohima, only 6.6 percent.

**Figure 4.9: If Yes, Participation in EDPs** (in %)

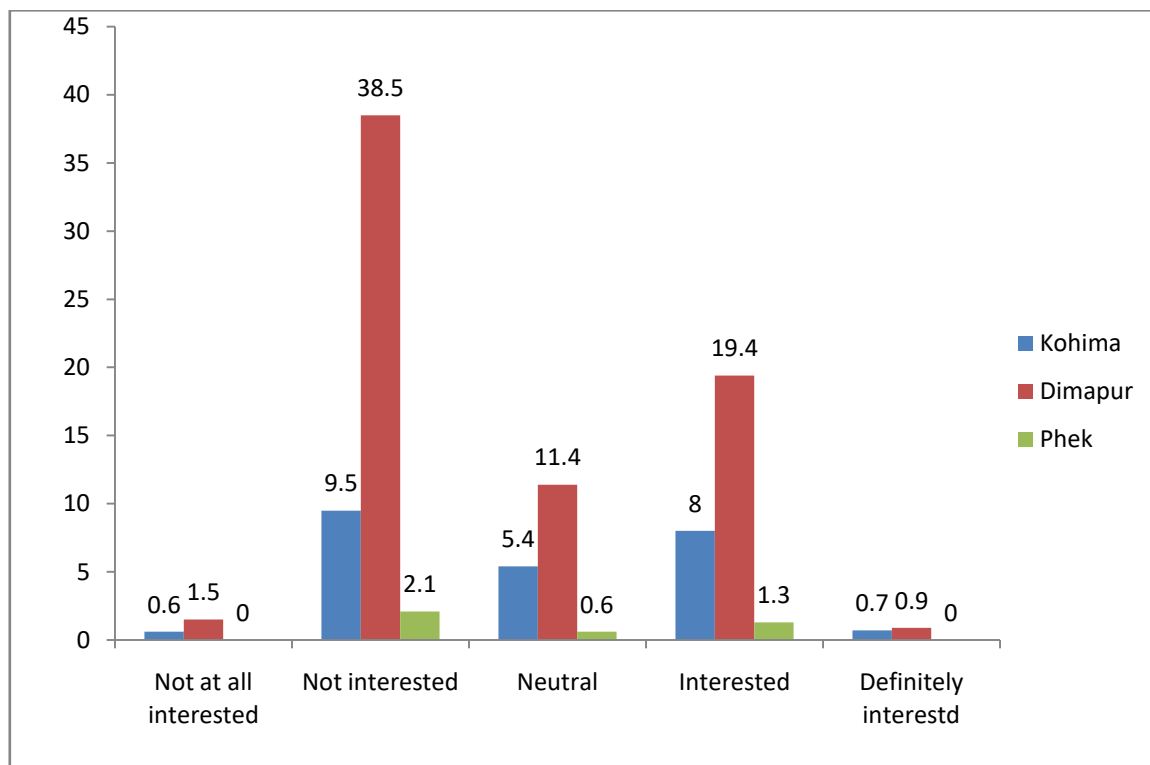


Source: Primary data

The respondents were also asked how many such programmes they had participated in. 76.1 percent said that they had attended only one EDP, 20.9 percent answered two EDPs and only 3 percent said that they had attended five EDPs. They were also asked the names of the agencies that had conducted the EDP, to which majority of them answered Directorate of Industry & Commerce, Nagaland followed by District Industry Centre and Br.MSME-Development Institute, Dimapur.

Respondents who said that they had never participated in EDPs were asked if they would be interested to attend such programmes. Majority of them, 52.2 percent, answered that they were not interested in such programmes, while 30 percent said that they were interested. The responses is presented in the following Figure 4.10:

**Figure 4.10: If did not attend EDP, will you be interested to participate in future? (in %)**



Source: Primary data

In Figure 4.10, we can see the district wise percentage of response. Dimapur shows the highest percent of both uninterested respondents as well as interested respondents, followed by Kohima and Phek respectively.

## **Summary of Chapter**

When we study the data from the above figures, we can see that the level of awareness with regard to the various schemes and incentives under NEIIPP and the State Industrial Policy is very low. In case of central subsidy schemes, Capital Subsidy and Transport Subsidy are the most popular schemes. Insurance and Interest Subsidies are the two schemes which the respondents in the three districts were least aware of. With regard to the incentive schemes available under the State Industrial Policy, Manpower Subsidy, Power Subsidy and Drawal of Powerline have the highest to least percentage of respondents who were aware, respectively. Most of the respondents were aware of EDPs offered by the State Government, but, even though they knew of it, only a very small percentage of them had participated in such programme.

Respondents were also asked the reason why they were not aware of the mentioned schemes to which most of them said that they had no idea, no interest, or that they had heard that subsidies were available but they had no idea what the subsidy scheme was called while some also cited lack of proper education as one of the reason why they had not applied for the schemes. But the most interesting answer given by most of the respondents was that, if one were to apply for such schemes, it required having good contacts with the officials' in-charge and constant follow ups about the status of the applications. Respondents who answered so, were sceptical that even after investing so much time, energy and money, they would receive the subsidy and therefore decided against applying for it.

In conclusion, we can say that the primary need of the hour is first and foremost, the formulation of a new State Industrial Policy that takes into account the various changes introduced by the passing of the MSMED Act-2006. Also, more effort needs to be put into creating awareness of the various subsidies, financial assistances and programmes that the Government is offering and projecting a positive approach towards registration of enterprises.