Chapter-VI

Policies and Programmes for Entrepreneurship Development
6.1 Introduction

Government contributes to entrepreneurship development by adopting policies and programmes that expand opportunities for entrepreneurs. Policies and programmes of the Government identify thrust areas and provide a direction to entrepreneurial as well as industrial development. Keeping in view of the contribution of micro, small and medium enterprises to employment generation, balanced regional development of the country and promotion of exports, the Government of India’s policy thrust has been on establishing, promoting and developing entrepreneurship in MSME sector. Both Central and State Govt. have been actively participating in the promotion of entrepreneurship in the MSME sector through various policy incentives and programmes. This chapter examines the incentives given to entrepreneurs through different industrial policies and programmes, especially to micro and small enterprises (MSEs), known earlier as small scale industries (SSI). The policies are discussed under central Government policy, state Government policy and policy for North Eastern Region.

6.2 Industrial Policy and Entrepreneurship Development

Industrial policy and plays an important role in entrepreneurship development in a country or a state. However, until independence India did not have an industrial policy to give a direction for industrial development and hence, entrepreneurship development.
6.2.1 Central Government Policy

In 1948, the Government of India announced its first industrial policy. This policy envisaged a mixed economy. It laid emphasis on the development of cottage and small scale industry, as they would play an important role in the rehabilitation of displaced persons. The government modified the 1948 policy in 1956. The 1956 industrial policy gave importance to the role of the State to assume a predominant and direct responsibility for industrial development. Along with the development of capital based industries, the 1956 industrial policy recognized the role of SSI sector in generating employment opportunities by mobilizing local skills and capital resources. The industrial policy was modified in 1973, 1977 and 1980. The 1977 industrial policy introduced the concept of District Industries Centre (DIC) to provide services to village and small industry (VSI) sector under a single roof. It also introduced the concept of tiny sector enterprise. The 1980 policy laid stress on ancillarisation and the creation of nucleus plant for promotion of SSIs. Promotion of SSIs is also accepted as a strategy for rural and backward area development. Until 1991, the Central government followed the policy of protection, particularly for the SSI sector. In 1991, the policy of protection was replaced by the policy of promotion. The prime objective of this industrial policy was to free the Indian economy from bureaucratic controls and integrate it with world economy (DC-SSI, 2000).

In August 2000, a new package for SSI and tiny sectors was announced. This package includes policy support, fiscal support, credit support, infrastructure, technological support and quality improvement, marketing support, streamlining rules and regulations, entrepreneurship development and other measures. This package also includes measures for the tiny sector. In February 2007, the Government of India announced another package of promotional measures for MSE sector, which includes policy
support, fiscal support, credit support, marketing support, technologies and quality up-gradation support, etc.

6.2.2 Assam Government Industrial Policy

Assam did not have any industrial policy until 1969. The first industrial policy of the state was announced on 8th March 1969. From 1969 to 2008 Assam announced six industrial policies, three before economic reforms programmes were initiated, namely industrial policy of 1982, 1986 and 1991 and three more policies during the post-reform era, namely, 1997, 2003 and 2008 policies for rapid industrial development of the state.

Objectives of Industrial Policy

Each industrial policy had some basic objectives. Each policy also adopted measures to achieve the objectives. The first industrial policy announced in 1969 wanted speedy industrial development (Department of Industry, 1969). It also wanted to encourage local entrepreneurs to take up industrial ventures by extending assistance in the initial stages. Though this policy created awareness about possibilities of industries and a few industries were established here and there, it largely failed to induce industrial development in the state. The next policy announced in 1982 was also unable to create desired result in industrial development, hence, entrepreneurship development in the state (Mali, 1995).

The basic objectives of the industrial policies of 1986 and 1991 aimed at ensuring balanced regional development through rapid promotion of Khadi and Village industries, tiny, small and ancillary industries as these industries have employment potentials. In order to create
suitable environment both the policies emphasized creation of basic infrastructure facilities such as transport and communication facilities, power, setting up of industrial areas, industrial estates and commercial estates, etc. The policy also emphasized to make endeavors to ensure that there was proper development of local skills and entrepreneurship through intensive publicity, motivation and training at district, sub-division and block levels.

These policies announced a number of incentives to promote and protect the interest of the local people. The 1986 industrial policy made 100 percent employment of local people in the SSI sector a condition to become eligible for state incentives (Department of Industry, 1986). Such units were also to comply with the state Government’s Store Purchase Rules. It also provided for up to 10 percent equity participation of a project. As regards the decentralized sector, the policy announced to encourage the traditional artisan and handicraft sector, such as cane and bamboo products, brass and bell metal, and others. The policy proposed a data bank for the benefit of local entrepreneurs. The 1986 policy also proposed to replace the Assam Preferential Store Purchase Rules by an Act and set up *Udyog Sahayak*, a single window clearance agency at each DIC.

The 1991 industrial policy considered downstream projects based on gas cracker project, other plastic based industries, limestone based industries and electronic industries as thrust areas (Department of Industry, 1991). The goal of the 1997 industrial policy was to provide an effective thrust to promotion of all industries to create a strong industrial base and create employment opportunities. The basic thrust of this policy was to create conditions for utilization of local resources and offer competitive advantages to investors including foreign investors setting up industries in the state. Besides, it wanted to give special attention for the
development of local skill and entrepreneurial abilities, and women entrepreneurs and creation of employment opportunities for local people. Development and promotion of VSI sector was also encouraged under these policies (Department of Industry, 1997).

The objectives of the 2003 industrial policy were to increase the share of the industrial sector to the State Domestic Product (Department of Industry, 2003). Priority was given to generate more employment opportunities. Development of infrastructure was also given importance to encourage outside investors and private investment in industrial infrastructure projects. Priority was given for creating awareness for sustained growth and development of small and tiny industries as well as rural handicraft. Preference was also given for administrative reform to simplify the procedural formalities and gave priority for fast track clearance of industrial proposals through single window clearance system. In addition to these objectives, this policy also gave priority to promote Information Technology, High-tech, Knowledge based and Biotech industries.

Thrust industries identified by the 2003 industrial policy for industrial development of the state include petroleum and natural gas based industries, industries based on locally available minerals, processing of plantation crops, food processing; herbal products; pharmaceuticals; chemical and plastic; export oriented; electronic and IT industries including service sector; textile and sericulture; engineering; cane and bamboo based industries and other handicraft industries.

An analysis of the objectives of the different industrial policies reveals that they are largely similar. The policies emphasized balanced regional development, development of
infrastructure facilities, employment of local people, encourage local entrepreneurs to set up industries, utilization of locally available resources and development of Khadi & Village industries, Tiny, Small and Ancillary industries, setting up of Large and Medium industries as mother industries to create an industrial base; and shifting of Head Office of Tea Board, and revival of the potentially viable sick industrial units, etc.

The state Government announced the Industrial policy 2008 on 23 February 2009. This policy is effective from 1st October 2008 to 30th September 2013. Objectives of this industrial policy are to promote economic development by accelerating the process of industrialization, generate employment and increase income by encouraging the establishment of micro enterprises, increase the share of the Industrial sector in the State Domestic Product (SDP), make Nature – Economics centric development and make agro and rural area linked to industrial investment as focused programme (Industrial Policy of Assam, 2008). Assam Government considers this policy as the most industry-friendly in the whole country. The Government of Assam claims that there has been a major paradigm shift in the policy which has been prepared on the basis of recommendations of Ahijit Baruah committee (Government of Assam, online: accessed on 12th June, 2011).

It may be observed that one important objective of the policy is the establishment of micro enterprises to generate employment and increase the level of income. The 2008 policy has adopted the definition of micro, small and medium enterprises as per the definition given in the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.
To achieve different objectives, various incentive schemes were introduced by the Government of Assam in each policy. Analyses of these incentives are made in two heads-

- Incentives for MSE development before economic liberalization
- Incentives during post-liberalization.

**Incentives for MSE Development before Economic Liberalization**

Before economic liberalization, 1969, 1982 and 1986 industrial policies were implemented. The 1969 policy announced to give preference to products produced by entrepreneurs of Assam. However, the first two industrial policies could not create much impact on industrial development in the state. The 1986 industrial policy announced a number of incentives for industrial development including development of small scale industries (SSI).

The major incentives announced in the 1986 industrial policy are:

**Feasibility study**

- 100 percent subsidy on cost of feasibility study and project report preparation for project up to Rs 10 lakh and, 90 percent for project above Rs. 10 lakh,

**Infrastructure**

- Priority to provide infrastructure facilities like roads, water, and power to entrepreneurs and developed land with all infrastructural facilities. Cost of land and infrastructure development would be recovered in installments.
- 35percent subsidy in ‘no industry district’ and electronic industry
- Provision for allotment of factory sheds in industrial estates (IE) on rental basis in concessional term or on hire purchase system.

Tax exemption

- Exemption of sales tax on purchase of raw material and sale of the finished product for five years to improve the competitive strength of the manufacturing units of Assam.
- Decrease in the rate of the Assam finance tax from 12 percent to 4 percent, that is, to the level of central sales tax.

Power

- Power subsidy 50 percent (60% for electronic industry) for 5 years for SSI unit.
- 50 percent subsidy (75% in no industry district and electronics industry) on cost of drawal of power lines for the SSIs or tiny units.
- Subsidy on purchase of generator sets at different rates depending on its capacity.

Manpower Development

- Reimbursement of training expenses at the rate of Rs.1000 and Rs. 2000 per trainee for general and specialized training respectively, subject to Rs 0.60 lakh per SSI unit.
- In no-industry district and electronic industry, the rate is Rs.2000 and Rs.5000 per trainee respectively subject to Rs 1.50 lakh.
Interest Subsidy

- Interest subsidy on working capital above 8 percent for SSI units for 3 years

Stamp duty

- Stamp duty exemption of 100 percent for tiny units and 50 percent for SSI units.
- In addition, the 1986 industrial policy announced that ASIDC would make equity contributions in small and tiny sector up to a ceiling of Rs. 2 lakh in each case. Besides, there were specific incentives for industries set up in No Industry District and electronic industries.
- The 1986 industrial policy announced a number of incentives and facilities for SSI, Cottage and Handicraft Industries. However, the policy suffered during implementation, because of non finalization of rules and procedures. The government did not reduce the Assam Finance Tax rate. This is obvious from the fact that the 1991 policy repeated it once again.

Incentives during Post-liberalization Industrial Policies

Feasibility Study

The 1991 industrial policy retained the subsidy of 1986 policy for SSI; but raised the ceiling of subsidy to Rs. 20000. Subsidy limit was raised further to Rs 50000 in the 1997 Industrial
policy. The 2003 industrial policy announced 100 percent subsidy on feasibility study, subject to maximum Rs 1 lakh or 1 percent of the project cost.

**Infrastructure facilities**

The 1991 industrial policy, announced to allot developed land on 30 years renewable lease and permit entrepreneurs to mortgage leased land for obtaining loans from banks and financial institutions. There was also provision to allot land on hire purpose basis and to provide underdeveloped land in case developed land was not available. Government proposed to provide land development cost as an interest free loan subject to certain ceilings and recoverable in 15 installments. The 1997 industrial policy retained this subsidy for infrastructural development. The 2003 industrial policy, however, did not announce any subsidy for infrastructural development. The 2008 industrial policy also did not announce subsidy on infrastructure, however, this policy, has given importance for quality infrastructure for industrial growth. The policy also announced setting up of at least one modern industrial estate/park in the districts having potential for setting up industries. Besides, Government would identify traditional industrial cluster and develop them involving both private sector and gaon panchayats. For nontraditional items also Government would identify clusters and develop required common facilities.

**Sheds in Industrial Estates**

The 1991 policy announced to allot built up factory sheds to new SSI entrepreneurs on rental basis and subsidize 50 percent of the economic rent for 5 years, preference being given to the...
entrepreneurs of the state. But the industrial policies of 1997 and 2003 and 2008 are silent regarding allotment of factory shed in IE.

Marketing Facilities
The 2003 industrial policy announced a scheme of subsidy on marketing. This scheme provided for 50 percent subsidy on rent or fee payable by an industrial unit for participation in trade fair or exhibition, subject to a ceiling Rs 5000 for participation in India and Rs 1 lakh, for international fair and exhibition; 50 percent subsidy on advertisement cost through cinema hall or electronic media, subject to a ceiling; 50 percent subsidy on transport cost for participation in trade fair or exhibition, subject to a maximum of Rs 20000 per unit per annum.

Market linkage is one of the critical factors for development of MSE sector. Hence, the 2008 industrial policy announced a marketing assistance scheme for MSEs irrespective of the year of establishment. The scheme provides for reimbursement of 50 percent of the rent/fee paid by MSE unit for participation in trade fair/ exhibition within India, subject to a ceiling of Rs.10, 000. Fifty percent reimbursement of transport cost on exhibits for participation in trade fair/ exhibition in South East Asia, subject to a ceiling of Rs.50, 000 per exhibition is also given. A unit is eligible to avail this benefit for three times. Women and physically handicapped entrepreneurs would get preference for participation in trade fair.
Tax Concession

The 1991 policy provided to exempt sales tax for a period of 7 years. The 1997 policy extended this concession to both new and existing units going for expansion, diversification or modernization for 7 years. The 2008 industrial policy has provided for exemption of 99 percent of the tax payable under the Assam Value Added Tax Act, 2003 and the Central Sales Tax Act, 1956 for manufactured goods in Assam. Limit for new micro and small enterprises are 200 percent and 150 percent respectively on fixed capital investment and for 7 years. Units undergoing substantial expansion can get this benefit at lower rate, (150%) for micro enterprise and (100%) for small enterprise and for similar period.

Power

The 1991 industrial policy announced power subsidy based on connected load and for a period of 5 years. The 1997 policy made the power subsidy available to the industrial units in the form of reinvestment of fully paid power bills. The 2003 industrial policy also announced power subsidy on the power tariff paid against the actual units consumed for a period of 5 years. In the 2008 policy, makes changes in respect of connected load, rate of subsidy ceiling of subsidy.

The 1991 industrial policy proposed to subsidize cost of drawal of HT/LT line under development subsidy of the policy. The 1997 policy provided for drawal of power line under miscellaneous subsidy. The 2003 policy announced 20 percent of the cost payable to ASEB for drawal of HT/LT power lines up to the factory premises. In the new policy subsidy is raised to 25 percent on drawal of power line. In addition, there was subsidy on generating set

191
including non-conventional energy generating sets in 1991 policy. This incentive was retained in 1997 and 2003 policy. The 2008 industrial policy has not announced any subsidy on generator set.

**Interest Subsidy**

The 1991 industrial policy declared subsidy on interest on working capital above 8 percent subject to maximum of 5 percent for SSI units for Bank loan. The 1997 policy continued this subsidy. There is modification of this subsidy in the 2003 industrial policy. This policy provided for 30 percent subsidy on the amount of interest paid to the banks on working capital loans and for 5 years as against 3 years in earlier policies. The 2008 policy retained this scheme; but for micro enterprises only.

**Development subsidy**

The 1991 industrial policy introduced a development subsidy up to 10 percent of the fixed capital investment. This subsidy is on payment of stamp duty for purchasing or taking lease of land, registration of loan documents, cost for drawal of HT/LT line; charges to local body or any statutory body for any permission or registration; fees payable for conversion of annual patta land to periodic patta; 50 percent fees paid for procurement of know-how and cost of pollution control and monitoring equipments and quality control measures, etc. This was applicable for all sectors of industries where fixed investment did not exceed Rs.5 crore. The 1997 policy renamed the development subsidy as miscellaneous subsidy.
Subsidy on Quality Certification/ Technical Know-How

The 2003 policy introduced a subsidy on fees payable for obtaining quality certification, such as BIS/ISO/FPO/AGMARK and for getting technical know-how from recognized research laboratory/ institutions like CFTRI, CIPET, etc. The subsidy is 50 percent on the fees paid, subject to maximum Rs 1 lakh per unit. The 2008 industrial policy retained this subsidy without any modification. There was no development subsidy as such.

State Capital Investment Subsidy

The 1991 industrial policy announced 30 percent State Capital Investment Subsidy on cost of fixed investment. The 1997 policy retained this subsidy. The 2003 industrial policy raised the ceiling of subsidy from Rs 10 lakh to Rs 20 lakh and for export-oriented unit (EOU) Rs 25 lakh. There is no state investment subsidy in the 2008 industrial policy.

Incentives for Export Oriented Units

The 1997 industrial policy provided special incentive for 100 percent EOU unit by providing 10 percent additional state capital investment subsidy (SCIS) and also on purchase of testing equipment for obtaining ISO 9000 or BIS 14000 series registration.

Incentives for woman and handicapped entrepreneurs

The 1997 industrial policy offered special incentives to woman and physically handicapped entrepreneurs. There is 5 percent additional SCIS, and additional 2 percent interest subsidy on working capital for these groups of entrepreneurs. For woman entrepreneur, priority in
allotment of built-up factory shed, and 75 percent rent subsidy were also promised. In the 2003 industrial policy also special incentives was provided as additional state capital investment subsidy to industrial units setup by physically handicapped and women entrepreneurs at the rate of 10 percent subject to a ceiling of Rs.5 lakh.

**Special incentive for agro and food processing industries**

The 1997 industrial policy offered additional 5 percent SCIS, ceiling Rs.5 lakh for agro and food processing industries. There was also 50 percent subsidy of cost for getting FPO license or AGMARK or Trade Mark, ceiling Rs.1 lakh. The 2003 industrial policy included electronics and biotech industries for 10 percent additional SCIS, ceiling Rs.5 lakh.

**Special incentives for handicraft industries**

The 1997 industrial policy provided for 10 percent additional SCIS for handicraft industries, ceiling of Rs.2 lakh, besides 2 percent additional interest subsidy on working capital for a period of 3 years, ceiling of Rs.1 lakh per annum.

All the industrial policies aimed at rapid growth of industries by utilizing locally available resources and proposed preference to local entrepreneurs. To achieve this goal all the policies have announced certain incentives. Some of the incentives, such as feasibility study and project report preparation, subsidy on infrastructure facilities, allotment of sheds in industrial estates, marketing facilities, tax concession, reduction of Assam finance tax, subsidy on drawals of power lines, financial assistance including participation in share capital by the
government and availability of easy finance from financial institution, manpower development subsidy, interest subsidy, rehabilitation of viable sick units, were included in all the industrial policies. In the post liberalized period special incentives were announced for the promotion of pioneer unit, export oriented units, agro and food processing units, handicraft industries, industry set up through foreign direct investment, women entrepreneurs and physically handicapped entrepreneurs.

6.2.3 Policy for the North Eastern Region

In view of the continuing backwardness of North East region, the need for a new and synergetic incentive package was widely felt to stimulate development of industries. So far, two industrial policies were announced for the entire North East region. The North East Industrial Policy (NEIP) was announced on 24 December 1997 and after the expiry of NEIP in 2007, a new North East Industrial and Investment Promotion policy (NEIIPP) was announced in 2007. Under NEIIPP 2007, Sikkim was also included (Department of Industrial Policy and Promotion 1997 and 2007).

The NEIP 1997, tried to give a package of incentives. The salient features of this policy are:

- Expenditure on Growth Centres (GC) up to Rs 15 crore (as against Rs 10 crore earlier) would be met through Central assistance.

- Funding pattern for Integrated Infrastructure Development Centres (IIDC) changed from 2:3 between the Government of India (GOI) and Small Industries Development Bank of India (SIDBI) to 4:1. The GOI funds would be in the nature of grant.
• Transport subsidy scheme has been extended by 7 years up to 31\textsuperscript{st} March 2007 and the amount would be disbursed through North Eastern Development Finance Corporation (NEDFi).

• Industries located in the GCs would be given 15 percent capital investment subsidy on plant and machinery, subject to a ceiling of Rs 30 lakh.

• GCs and IIDCs become tax-free zones. Certain high growth potential industries have also been given the tax-free status irrespective of location.

• An interest subsidy of 3 percent would be provided for a period of 10 years after commencement of production.

• Comprehensive insurance scheme for new industrial units has been put in place under which industrial units would be given 100 percent premium subsidy for 10 years.

• This policy also relaxed PMRY norms to cover all economically viable activities, raised age limit of beneficiaries and family income level. PMRY is now merged with PMEGP.

\textit{Incentives under NEIIPP}

\textbf{Substantial Expansion}

Both the policies had announced incentives for units that go for substantial expansion. The 1997 policy provided for incentives on 33.5 percent expansion in the value of fixed capital investment in plant and machinery/modernization and diversification. The 2007 NEIIPP policy reduced the value of fixed capital investment in plant and machinery to minimum 25 percent of the expanding unit.
Excise Duty Exemption

The 1997 policy announced 100 percent excise duty exemption on finished products made in the Region. This incentive remains the same under NEITPP, 2007.

Income Tax Exemption

100 percent Income Tax exemption was announced under NEIP, 1997. This incentive would be continued under NEIIPP, 2007 also.

Capital Investment Subsidy

Under 1997 policy CIS was 15 percent. The 2007 policy raised the rate to 30 percent. Limit automatic approval of subsidy is Rs.1.5 crores per unit as against Rs.30 lakhs in the earlier policy. This subsidy is available for units in all sectors including government sector.

Interest Subsidy

Interest Subsidy 3 percent on working capital loan announced in 1997 policy remained unchanged in under NEIIPP 2007.

Comprehensive Insurance

NEIIPP 2007 retains the comprehensive insurance scheme. This scheme provides for reimbursement of 100 percent insurance premium for new units as well as the existing industrial units on their substantial expansion.
Incentives for Service/other Sector Industries

The NEIIPP, 2007 announced a number of incentives to service/other sector industries: These incentives are applicable to:

- Hotels (not below two star category), adventure and leisure sports including ropeways;
- Medical and health services, e.g. nursing homes with a minimum capacity of 25 beds and old-age homes;
- Vocational training institutes, e.g. institutes for hotel management, catering and food crafts, entrepreneurship development, nursing and Para-medical, civil aviation related training, fashion, design and industrial training.

A number of tax concessions under the Income Tax Act are available to the IT sector. Tax benefits under Section 80 IC of the Income Tax Act would be extended to IT related training centres and IT hardware units.

Bio-technology industry

The biotechnology industry would also be eligible for benefits under NEIIPP, 2007.

Transport Subsidy Scheme

The Transport Subsidy Scheme would continue beyond 31.3.2007. However, an early evaluation of the scheme will be carried out with a view to introducing necessary safeguards to prevent possible leakages and misuse.
**Value Addition**

Benefits under NEIIPP 2007 would be available to genuine industrial activities and not to peripheral activities like preservation during storage, cleaning operations, packing, re-packing, labeling or re-labeling, sorting, alteration of retail sale price etc.

**Nodal agency**

NEDFi would continue to act as the nodal agency for disbursal of subsidies under NEIIPP 2007.

**Negative List**

The industries in the negative list would not get benefits under this policy. The negative list include all goods pertaining to tobacco and manufactured tobacco substitutes; Pan Masala; plastic carry bags of less than 20 microns and goods produced by petroleum oil or gas refineries.

Performance of NEIP, 1997 is given in the Table-6.1.
### Table-6.1: Scheme Wise Disbursement of Central Subsidy Claims in Assam

(2000-01 to 2010-11 as per 1997 NEIP)

<table>
<thead>
<tr>
<th>Name of Incentives</th>
<th>No of beneficiaries</th>
<th>Amount (Rs in crore)</th>
<th>Percentage of beneficiaries</th>
<th>% of central subsidy claims disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport subsidy</td>
<td>1990</td>
<td>706.51</td>
<td>52.5</td>
<td>57.1</td>
</tr>
<tr>
<td>Capital investment subsidy</td>
<td>602</td>
<td>80.72</td>
<td>16</td>
<td>6.5</td>
</tr>
<tr>
<td>Interest subsidy</td>
<td>816</td>
<td>76.30</td>
<td>21.5</td>
<td>6.2</td>
</tr>
<tr>
<td>Comprehensive Insurance subsidy</td>
<td>380</td>
<td>373.35</td>
<td>10</td>
<td>30.2</td>
</tr>
<tr>
<td>Total</td>
<td>3788</td>
<td>1236.88</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Note 1: Comprehensive insurance subsidy figures are from 2006-07.

Source: NEDFi office, Guwahati

It may be observed that highest number of transport subsidy claims was dispersed to 1990 entrepreneurs followed by interest subsidy (816), capital investment subsidy (602) and insurance subsidy (380).

### 6.3 Programmes for Entrepreneurship Development

There are also several programmes or schemes for promotion of entrepreneurship in the country in general and Assam, in particular. Among the central Government schemes already mentioned are: transport subsidy scheme introduced in July 1971, capital investments subsidy for NE Region, interest subsidy scheme and comprehensive insurance policy. There are also technology up-gradation programme, integrated infrastructure development scheme for SSI,
national programme for rural industrialization (NPRI), cluster development programme, guarantee trust for small and micro enterprises (CGTSME), and many other pro which have direct bearing on the development of entrepreneurship in the M. Besides, there are programmes for entrepreneurship development, Industrial es. Some of these programmes are discussed herein.

Prior to 1999, a large number of programmes were under implementat: objective to expand avenues for self-employment and wage employment. All the programmes were merged into two programmes, namely Swarnajayanti Gram Swarojgar Yojan (SGSY) and Swarna Jayanti Sahari Rojgar Yojana (SJSY).

The SGSY programme was launched in April 1999 after restructuring the erstwhile programmes like IRDP, TRYSEM, DWCRA, SITRA, GKY and MWS.

The basic objective of the SGSY was to bring the assisted poor families above the Poverty Line by providing them income-generating assets through a mix of bank credit and governmental subsidy. SGSY is a comprehensive programme and covers all aspects of self-employment such as, organization of the rural poor into Self Help Group (SHG), training, credit, technology infrastructure and marketing. This programme is now restructured and renamed as National Livelihood Mission.
6.3.1 Rural Employment Generation Programme

KVIC launched the Rural Employment Generation Programme (REGP) in April, 1995 for generation of employment under the khadi and village industry sector to develop entrepreneurial skill and attitude among rural unemployed youth. Under this programme, capital subsidy in the form of margin money is provided at the rate of 25 percent of the project cost up to Rs. 10 lakh and 10 percent on the balance project cost up to Rs. 25 lakh. Up to 31st March 2005, 3865 projects were financed under REGP in Assam (KVIC, online: accessed on 15th May, 2010). During 2005-06 to 2007-08, 6488 projects were financed under REGP programme. (KVIC, 2005-08). In 2008, REGP was merged with PMRY and a new programme PMEGP was introduced.

6.3.2 Prime Minister’s Rojgar Yojana

Prime Minister’s Rojgar Yojana (PMRY) was launched in October, 1993, with the objective to provide self-employment to one million educated unemployed youth in the country in micro enterprises, manufacturing services and business ventures. During the period 2003-2008, 8600 cases were sanctioned with total amount of Rs 7476.41 lakhs and 5581 cases were disbursed with total amount of Rs 5354.97 lakhs (DI&C office, 2010: Guwahati). In August 2008, REGP and PMRY were merged and Prime Minister’s Employment Generation Programme (PMEGP) was launched.
6.3.3 Prime Minister’s Employment Generation Programme

The objective of the programme is to generate employment opportunities through establishment of micro enterprises in rural as well as urban areas. The upper limit of cost of project in manufacturing micro enterprise and service sector micro enterprise is Rs 25 lakh and Rs 10 lakh respectively. Individuals above 18 years of age, Self Help Group (SHG), registered institutions, production co-operatives; charitable trusts are eligible to get benefit under the scheme. Individuals taking up project worth Rs 10.00 lakh and above in manufacturing sector and Rs 5.00 lakh and above in service sector are to have minimum 8th standard pass qualification. Assistance under this scheme is available for new units only. The scheme provides subsidy of 25 percent and 15 percent of project cost for general category individuals in rural and urban areas respectively. Individuals belonging to special category (SC/ST/OBC/ minority/women etc., and individuals belonging to North Eastern Region) are to contribute 5 percent of project cost. In this region, individuals from urban area are eligible to get 25 percent subsidy, and from rural area, 35 percent subsidy of their project cost. They can get financial assistance from banks and financial institutions for starting their enterprise.

It may be observed that this is not a scheme for educated unemployed youth. But more and more educated youth are taking advantage of this scheme for starting self-employment ventures. There is no minimum educational qualification for individuals for taking up project up to Rs 10.00 lakh for manufacturing project and up to Rs 5.00 lakh for service sector project. This scheme has given the minimum age of beneficiary; but there is no mention about the maximum age limit. Among the self-employment programmes under implementation in the country, subsidy provided under this scheme appears to be highest, 35 percent of the
project cost in rural areas in NE region. Promoter’s contribution is also lowest, 5 percent of the project cost. This is also a bank-friendly scheme since banks are allowed to take their decision on the scheme on the basis of technical and commercial viability of a project.

The KVIC is the nodal agency at the national level to implement PMEGP. At the State level the scheme is implemented by the state KVIC, KVI Board and District Industries Centres. During 2008-09 to 2010-11 Rs 10255.2 lakh margin money is released in Assam as against Rs 209161.3 lakhs in the country, accounting for 4.9 percent of the country (PMEGP, online: accessed on 8th June, 2011).

During 2010-11 the target of providing margin money under PMEGP in Assam was 3193. 59 percent of this target was achieved. Achievement of DICs was 66 percent, followed by KVIC (57.5%) and KVIB (51.1%) (DI&C office, 2010: Guwahati).

Because of low level of subsidy and low size of project, PMRY became unattractive compared to REGP. Besides, repayment of loans under PMRY was also very low compared to those under REGP. PMEGP improves upon the subsidy levels and cost limits of projects compared to those available under PMRY and ensure that the attractiveness of REGP is not diluted in any way while simultaneously strengthening the selection process, implementation and monitoring mechanism.

Besides the central government programmes, Government of Assam has also a number of programmes for self employment and entrepreneurship. Some of them are: Chief Minister
Self Employment Scheme (CMSS) and Vocational Training under Assam Bikash Yojana, Mukhyamantrir Karmajyoti Aachani and Udyogjyoti scheme.

6.3.4 **Chief Minister Self Employment Scheme (CMSS) and Vocational Training under Assam Bikash Yojana**

Introduced in 2008-09, this scheme has two components - (i) educated unemployed youth are to undergo 6-month training in reputed industrial units and commercial houses anywhere in India, (ii) organizations accepting them get their services free of cost and trainees gain practical knowledge and experience.

In case of vocational training, unemployed youth get one month industrial training within the state in their field of interest. Government bears cost of training. During 2008-09, 70 youth were trained under CMSS and 907 under vocational training (DI&C office, 2010: Guwahati).

6.3.5 **Mukhyamantrir Karmajyoti Aachani**

Launched in 2005-06, its basic objective is to uplift traditional artisans through financial assistance and skill development of traditional artisans. During 2005 to 2008, 1,73,145 artisans were benefitted through this scheme (DI&C office, 2010: Guwahati).

6.3.6 **Udyog jyoti scheme**

This scheme launched in 2005-06 is for motivating student community to entrepreneurship. Degree final year students are given exposure at industrial centres for developing their
motivation for self-employment and entrepreneurship. There is provision for exposure visits of selected students outside the state. During 2005-07, 4511 students participated in exposure visits within the state. Provision was made for exposure visits within and outside the state during 2007-09 and target fixed. But there was no such visit. (DI&C office, 2010: Guwahati).

6.3.7 Industrial Infrastructure Programmes

There are Industrial estate (IE), industrial area (IA), industrial growth centre (IGC) and other infrastructure programmes. IE programme was initially a centrally sponsored programme to encourage entrepreneurship in the SSI sector; not now. Gujarat was the first state to set up the first IE of the country at Rajkot in 1955. Assam started IE Programme in 1956 with the construction of Industrial estate at Guwahati. There are now sixteen industrial estates in the state, with three hundred fifty sheds. In addition to IE, there are one export promotion industrial park (EPIP) at Amingaon, one food processing park at Chaygaon, eleven Industrial Growth Centres, ten Integrated Infrastructure Development Corporations, seventeen Industrial Areas, six mini Industrial Estates and sixty four commercial estates. Total number of sheds of all varieties of industrial estates is one thousand fifty eight, of which eight hundred forty eight sheds have already been allotted to entrepreneurs (DI&C office, 2010: Guwahati).

In order to facilitate export-import business with neighbouring countries, central Government has approved two border trade centres, one at Sutarkandi in Karimganj district and other at Mankachar in Dhubri district. The objective is to provide high standard infrastructure, information and service facilities to the exporter and importer.
6.4 Conclusion

The government has adopted various policies and programmes for the development of entrepreneurship in the MSE sector, which have had varying effect on the development of entrepreneurship. Lack of awareness, procedural formalities, and delay in getting benefit are some of the factors that hindered entrepreneurs getting benefit from government policies and programmes. Besides, there are always differences between the policies and practices. In addition, delay in implementation of polices announced discourages entrepreneurs to approach for any benefit from the government.