

INSTITUTIONAL SUPPORT FOR DEVELOPMENT OF MSMEs IN NORTH EAST INDIA

1. Dr. Bimala Kishore Acharya, Associate Professor, MBB College, Agartala, Tripura
2. Dr. Jyotirmayee Dash, Asst. Professor, K.N. Mahavidyalaya, Sonamura, Tripura.

Introduction

The North East India as it often called North East Region consisting eight states viz: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Sikkim situate in the north east part of India. Earlier they were called seven sister states due to similarity in their geographical location and distinct ethnic cultural affinities. Sikkim was included in the North East Region (NER) in the year 2010.

Unexplored for years together, each of the north eastern state is God's unique creation with nature's bounty and lush green environment. Insurgencies, poor communication network, language barrier ethnic conflict, internal territorial issues, between states, infiltration, restricted trade and economic activities are often symbolises NER.

The bio-diversity of NER, abundant natural resources including oil, gas, forest, minerals, fresh water are its treasure trove. The region is blessed with endemic flora and fauna. The NER is covered with vast forest areas comprising 25% of country's total forest coverage and 65% of total geographical area of the region. The literacy percentage of the region is 78.50 as per 2011 census which is ahead of national average of 74.0%.

Table-1 INDIA vis-a-vis NER

Parameters	INDIA	NER
Area	262184 Km ²	3287469 Km ²
Population	1210.9 m	45.7m
Density	368	175
Literacy	74.0	78.5
Forest Area	701495Km ²	171964Km ²
International Border	15106.7Km	5483Km
Airports	123	11

Many policies like the *Look East Policy* of Narsimha Rao government and the *Act East Policy* of the Narendra Modi Government provided an opportunity for the NER to play an important role in the economic development and bilateral relation with neighbouring countries. *The Look East Policy* was implemented in 1991 by the union government during the reign of late P.V. Narsimha Rao with an aim to develop political control, increasing economic integration with South East Asia. In 2014 the Narendra Modi Government launched a new iteration *Act East Policy* to promote economic cooperation, enhance connectivity, and cultural ties and develop strategic relationship with the countries in the Indo-Pacific region.

Despite abundance of natural resources and scope for international market, the pace of industrialisation in NER is very slow in comparison to the main land India. The government has also laid special emphasis on economic and infrastructural development of North Eastern States. Establishment of North East Council as a Statutory Advisory Board way backs in 1971 was the first step in this regard to address the issues of NER. In 2001, the Department of Development of North East Region (DONER) was created and later on was accorded the status of a full-fledged ministry in May, 2004.

Against this backdrop the present paper attempts to analyse and discuss the role of various institutions working for the industrial and economic development of NER.

Objectives

The basic objective of the paper is to discuss the role of various institutions functioning in the NER for development of enterprises in MSME sector.

1. To generate a basic idea on North Eastern Region of India
2. To have a comparison of NER Vis-AVIs India on the basis of certain economic and demographic parameters
3. To discuss the promotional and financial role played by various central and state level institutions working in North Eastern Region for development of MSMEs.

Methodology

The present paper is developed on the basis of secondary data made available for the purpose. The secondary data is collected from various publication, Research journals, News paper, RBI Bulletins. Annual Reports and publication of Press Information Bureau (PIB) etc.

Scope

The study is basically relate and limited with the geographical territory of NER. All India data relating to some aspects is taken in to consideration for the purpose of the study when ever required.

Need for Institutional support for MSMEs

MSME sector is the back bone of the country's economy. The sector accounts for 45% of total manufacturing output and contribute to 30% of Country's GDP and generate employment to 11crore persons. As most of the units in MSME sector is started by the first generation entrepreneurs, so need and support is required in various field starting from finance to marketing. For its tremendous contribution to the economy, it becomes imperative for the government to provide various financial, marketing and promotional supports to the MSMEs to grow and sustain themselves.

Institutional Support

A number of institutions, organisations and agencies are functioning in the NER for promotion, development and growth of MSMEs. The role and activities of few such institutions are discussed in following pages.

North Eastern Development Finance Corporation Ltd (NEDFi)

North Eastern States were deprived of by All India Financial Institutions so far as sanction and disbursement of financial assistance is concerned. Only a negligible share was accorded to them. To cater the needs of the region, the necessity of separate development bank was long felt. It was in this context ,North Eastern Development Corporation was established in 1995 on the recommendation of Borthakur Committee.

Financial assistance

NEDFi provides financial assistance to Micro Small and medium enterprises for setting up industrial, infrastructure ,and agri-allied projects in the NER. It also provides micro finance through MFI/NGOs. It is also engaged in consultancy and advisory services.

Nature of Finance

NEDFi provides financial assistance through a number of tailor made schemes to the MSME sector. Viz:

- ❖ Project Finance
- ❖ Loan for existing and new business
- ❖ Working capital loan for women entrepreneurs
- ❖ Loan for Micro Finance Institutes
- ❖ Short Term Loan against Central subsidy
- ❖ Loan for Artisans

Performance of NEDFi in terms of financial assistance during last three years is depicted in Table-2

Table-2 State wise Financial Assistance Sanctioned and Disbursed from 2014-15 o 2016-17

States	2014-15		2015-16		2016-17	
	Sanctioned	Disbursed	Sanctioned	Disbursed	Sanctioned	Disbursed
Arunachal Pradesh	3623.43	3799.85	1047.00	1072.01	3273.00	2371.70
Assam	15069.69	20726.39	24654.63	17278.44	21091.03	18527.08
Manipur	4404.45	3858.78	2048.50	2895.94	3299.85	4644.26
Meghalaya	4285.74	5989.06	4587.50	5510.86	7166.81	4463.30
Mizoram	681.20	701.92	571.30	556.50	490.33	474.83
Nagaland	810.00	725.00	488.95	633.23	623.10	553.89
Sikkim	1111.30	1700.80	2096.25	1468.25	2117.00	2436.00
Tripura	1217.97	1119.42	692.05	883.47	1427.10	1437.90
NER	31203.35	38720.22	36180.18	30298.70	3948.22	34908.96

Source: Compiled from Annual Reports of NEDFi

North East Venture Fund

In 2016, NEDFi has set up North East Venture Fund (NEVF) with a corpus of Rs.100 cr. to encourage start up ventures and entrepreneurship in the NER. The fund set up in the line with **Start Up India** initiative of Government of India acts as an enabler to stimulate innovation and entrepreneurship in NER.

Techno-Economic Development Fund

The Corporation conducts various sector or state specific techno-economic studies funded under TEDF to map the resources available in the region for setting up industrial and infrastructural projects suitable to NER. It acts as nodal agency for disbursement of Government of India incentives to the industries in North East India under the North East Industrial and Investment Promotion Policy-2007

Promotional Activities

Besides financial support, NEDFi also engaged itself in various promotional activities which includes

- NEDFi convention Centre
- NEDFi pavilion
- Promotion of Craft Sector

Assam Financial Corporation Ltd.

Assam Financial Corporation was established as joint State Financial Corporation under the State Financial Corporation Act-1951 way back in 1954 to meet the financial requirement of industries established in the erstwhile undivided Assam and two union territories of Manipur and Tripura in the North East Region. The AFC provides financial assistance to Micro, Small and Medium scale industries within the jurisdiction covering eight North Eastern states. Since inception the corporation has been providing financial assistance and other promotional services as a premier financial institution in the NER. The corporation provides financial assistance under following scheme

- Schemes for Medical Professionals
- Scheme for Working Capital Loan
- Equipment Finance Scheme
- Transport Loan Scheme
- Axom Fund Scheme

National Small Industries Corporation (NSIC)

The National Small Industries Corporation (NSIC) came in to existence in 1955 with an aim to promote, aid and foster the growth of Micro, Small and Medium Enterprises (MSME) sector. It has wide network of offices and technical centres across the country. It has also established training cum incubation centres managed by professional manpower. NSIC has branch office at Guwahati and sub offices at Imphal, Agartala, Shillong, Naharlagun, Aizawl and Dimapur in NER.

Functions

NSIC provides service like Credit support, technological assistance, marketing strategy etc.

It basically fulfils the machinery, raw material and equipment requirements of MSMEs.

It provides marketing support to MSMEs through Single Point Registration Scheme.

To create supportive eco system towards Sc/ST entrepreneurs, NSIC has established National SC and ST Hub.

Activities in NER

- Skill Development training to youths and women from all over NER in various trades like fashion design, beauticians, food processing. Shoe and leather, bag making and decorative candle making.
- Awareness programme about the schemes of NSIC
- Registration of MSME units in Government GEM portal
- Vendor Development programme cum seminar for Bio fuel Project and Bamboo processing machine
- Conducting buyer-seller meet

Indian Institute of Entrepreneurship (IIE)

Indian Institute of Entrepreneurship was established in Guwahati in the year 1993 by the then Ministry of Industries (now MSME) with an aim to undertake training research and consultancy activities for entrepreneurship development in MSME sector. The Institute now works under the administrative control of Ministry of Skill Development w.e.f 22nd May, 2015.

Objectives of IIE

The Institute was established with following broad objectives.

- To promote and develop entrepreneurship
- To conduct research and provide consultancy for entrepreneurship development
- To coordinate and collaborate with other organisation
- To undertake training, research and other activities
- To provide consultancy and monitoring services

Functions

For promotion and development of entrepreneurship in MSME sector, the institute perform following functions.

- Design and organising training activities
- Improving the efficiency and effectiveness of MSMEs
- Providing consultancy services to the prospective and existing entrepreneurs

Activities

IIE conducts training programmes on different topics to make prospective and existing entrepreneurs skilled and trained. Entrepreneurship Development programme, Skill development programme, Management Development programme, Entrepreneurship Education programme, Research and consultancy are some of the important activities undertaken by the institute. During the year the institute has conducted a total number of 185 training programmes in North Eastern States and West Bengal benefiting 5940 individuals. Various training programmes conducted by IIE during last three years are depicted in table-3

Table-3 Training programmes conducted by IIE in last Three years

Programme	2014-15		2015-16		2016-17	
	number	participants	number	participants	number	participants
EDPs	32	831	10	386	11	326
ESDPs & SDPs	698	21429	112	3039	98	2867
MDPs	10	192	2	42	20	531
Others	82	5177	29	1763	56	2216
Total	822	27629	153	5230	185	5940

Source:-Annual Reports,IIE,Guwahati

The institute conducts training programmes in all the eight states of NER and some parts of West Bengal. The state wise training programmes conducted by IIE in last three years is incorporated in table-4

Table-4 State wise training programme conducted by IIE in last three years

States	2014-15		2015-16		2016-17	
	number	participants	number	participants	number	participants
Arunachal Pradesh	34	1020	22	642	2	72
Assam	463	16622	85	3229	174	5347
Manipur	50	1507	10	264	nil	nil
Mizoram	66	2017	4	109	nil	nil
Meghalaya	41	1303	4	106	6	435
Nagaland	86	2642	10	394	2	61
Sikkim	24	770	7	180	nil	nil
Tripura	56	1719	11	306	1	25
West Bengal	2	29	nil	nil	nil	nil
Total	822	27629	153	5230	185	5940

Source: Annual Report,IIE,Guwahati

Small Industries Development Bank of India(SIDBI)

Small Industries Development Bank of India (SIDBI) was established in the year 1990 to cater the financial, promotional and developmental needs exclusively of MSME sector which was hitherto neglected by the Development Banks. SIDBI plays an important role in financing and development support to small and medium enterprises in NER.

Activities in NER

The bank has given special attention to the development of MSMEs in NER in terms of micro finance, Rural Industrialisation, Handicraft cluster development, Entrepreneurship Development, Marketing support etc.

SIDBI in collaboration with NEDFi extended several promotional and developmental activities in NER. SIDBI have established eight Business Facilitation Centres in the eight North Eastern States. SIDBI has promoted 2710 units in 25 districts in NER under the Bank's Micro Enterprises Promotion Programme (MEPP). The Bank has supported 49 Cluster Development programme (CDP) in various states of NER covering activities like Bamboo mat weaving, carpet weaving, handicraft, handloom weaving, pottery, bee keeping etc. benefiting 7000 artisans as on 31 March, 2017. SIDBI has conducted 137 Skill cum Technology up gradation Programmes (STUPS) benefiting over 4567 participants/individuals in NER by 31st March, 2017.

SIDBI's Development Support

SIDBI as a development bank has laid emphasis right from the beginning on developmental activities. Some of the major development programmes initiated by SIDBI in NER is highlighted here.

Rural Industrial Programme (RIP)

SIDBI has started Rural Industrial programme with an aim of promotion of rural enterprises and entrepreneurship development.

In Assam, RIP is implemented through IIE, Guwahati. In Tripura the programme is being implemented in West Tripura District with the help of Tripura Industrial Development Corporation (TIDC) as the implementing agency. RIP is also implemented in Kohima and North Tripura in association with North Eastern Industrial Consultants Ltd (NECON), Agartala. In Sikkim the programme is implemented by Sikkim Consultancy Centre. So far 86 units have been promoted in the NER and another 100 units are in pipeline.

Management Development Programme (MDP)

For managerial development of MSME units in NER, SIDBI provides training programme on MDP through IIE, Guwahati. SIDBI has also initiated the Small Industries Management Development Programme (SIMAP) for providing trained manpower to MSME units.

North Eastern Handloom and Handicraft Development Corporation (NEHHDC)

Handloom and Handicraft form an integral part of the life style and economy of the tribal people of the NER. The region covers 65% of India's total handloom production with vast potential artisans who possess immense traditional knowledge in handloom and handicraft.

The NEHHDC was established in 1977 to develop and promote the indigenous craft of the region. It provides a platform for the skill artisans and weavers of the region to showcase their unique products like saree, jewellery, home decor, apparels etc. It acts with the goal of preserving this rich heritage and making it productive for the economy.

Activities

- Procurement of handicrafts and handloom products from artisans and weavers across the NER
- Ret ailment of the products through its outlets "*Purbashree*"
- Promote the products in various national and international markets through exhibition and trade fairs
- Provides technology and skill to artisans
- Offers financial and marketing assistance
- Capacity building and skill up gradation
- Creation of infrastructure and providing support facilities

A total number of 14605 artisans and weavers registered under NEHHDC across NER.

Tribal Cooperative Marketing Development Federation (TRIFED)

Tribal Cooperative Marketing Development Federation was established in 1987 under Multi State Cooperative Societies Act-1984 for the social and economic development of tribal people.

Objectives of TRIFED

- i. To institutionalise the trade of Minor Forest Products (MFPs) and Surplus Agricultural Produce (SAPs)
- ii .To help tribal people to manufacture products for national and international markets
- iii. To promote marketing development

Activities of TRIFED

- Empanelment of tribal producers/artisans
- Development of Minor Forest Products
- Retail marketing and development

TRIBES INDIA-The Retail Outlets

A network of *Tribes India* retail outlets has been setup across the country to show case the magical handicrafts by tribals exclusively under the aegis of TRIFED .There are 117 such outlets running across the country. These stores stock the very best of tribal workmanship ranging of tribal handloom, handicrafts, jewellery, natural and organic products. With value addition these products are good revenue generator to the tribal. There are 10 such outlets operating in North Eastern States One in Manipur, six in Assam, One in Sikkim and two in Tripura.

North Eastern Industrial and Technical Consultancy Organisation Ltd (NEITCO)

Consultancy plays an important role for survival of MEME units. Most of the entrepreneurs in North Eastern Region lack technical and professional expertise .For starting an enterprise, the entrepreneur needs to fulfil a lot of formalities including legal one. Even after commencement of the unit, a sound technical, financial, taxation and managerial knowledge is required for its day to day operation, growth and survival.

In order to cater the consultancy needs of the small entrepreneurs of NER, NEITCO was established in 1973.It is a leading consultancy organisation working with the support of IDBI. The institution provides cost effective quality and timely consultancy service to MSME units in the area of legal, accounting, auditing ,tax, market research.

National Institute of Design, Jorhat, Assam

Handloom and handicraft are the age old profession which have been practising in NER. The people of NER are engaged in traditional weaving activities for generations without any professional training. In order to create a design enabled innovation economy, NID was established in Assam. The institute offers 3 main courses in textile and apparel design, commercial design and industrial design with an aim to nurture the young talent in the field of textile design in order to enable them to be skilled in the field.

Besides, Institute of Hotel Management and Catering in Shillong and Guwahati provides training and education in hotel management and hospitality. This enable the youth of NER to be skilled in the field so that they can start their own start-up. Film and Television institutes in Arunachal Pradesh and Assam provide opportunity for skilling and nurturing young creative talent and design aspirants from NER to boost entrepreneurship development in the field.

CONCLUSION

The NER of India is a land locked area with little accessibility to the main land India. Despite many challenges, the region is crucial for its strategic situation with international border to five countries. The Government India has taken a lot of initiatives including the *Act East Policy* for economic and infrastructure development in the region. There is ample opportunity for entrepreneurship development in the region. The Government, Both the union and states have implemented many schemes for development of MSMEs in the region. With active support from various institutes the pace of entrepreneurship is bound to be developed in the region.

References

1. Sahid, M. & Irshad,M.(2016)”A Descriptive Study on Pradhan Mantr Muda Yojana” International Journal Of Latest Trend in Engineering and Technology,Special Issue,121-125
2. Roy, A.K.”Mudra Yojana: A Strategic Tool for Small Business Financing” International Journal of Advance Research in Computer Science and Management tudies, 2016(4)1,68-72
3. Gouri P.G.Padma “Institutional Support for Small Busines
4. Ministry of Development of North East region,Government of India
5. Annual Report of SIDBI 2016-17
6. Annual Report of NEDFi,2016-17
7. Annual Report of MUDRA 2016-17
8. Debroy,A.& Bhattacharya,R. “Entrepreneurship Development in North East Region withSpecial Refwerence to IIEGuwahati,International Journal of SCintific Research,Vol-3,Issue-1Jan,2014
9. Annual Reports of NSIC
10. Annual Reports of IIE,Guwahati
11. Annual Reports of SIDBI
12. Annual Report of TRIFED
13. Annual Report of NEHHDC Ltd.

