

North Eastern Development Finance Corporation Limited



Potential and impact on small and medium enterprises in the districts of Dhemaji, Lakhimpur, Dibrugarh, Tinsukia and adjoining districts of Arunachal Pradesh due to upcoming road cum rail bridge at Bogibeel

January 2021

EXECUTIVE SUMMARY

TITLE OF THE STUDY

POTENTIAL AND IMPACT ON SMALL AND MEDIUM ENTERPRISES IN THE DISTRICTS OF DHEMAJI, LAKHIMPUR, DIBRUGARH, TINSUKIA AND ADJOINING DISTRICTS OF ARUNACHAL PRADESH DUE TO UPCOMING ROAD CUM RAIL BRIDGE AT BOGIBEEL

The 4.94 km long Road-cum-Rail Bridge over the River Brahmaputra, connecting the Dibrugarh and Dhemaji districts of Assam and popularly known as the 'Bogibeel Bridge', is the longest bridge of its kind in India. The Hon'ble Prime Minister of India had formally inaugurated it on 25 December 2018. Located just 20 km away from the Assam-Arunachal Pradesh border, the above bridge has a great significance from the administrative, defence and economic viewpoints. It has greatly improved the connectivity between the north and south bank areas of Eastern Assam, besides vastly facilitating travel between Itanagar, the capital of Arunachal Pradesh and the eastern districts of this state.

The present study covers an assessment of the 'Potential and Impact on MSMEs in the districts of Dhemaji, Lakhimpur, Dibrugarh, Tinsukia and adjoining districts of Arunachal Pradesh due to the upcoming road cum rail bridge at Bogibeel'. The focus of this work is upon the Micro Small & Medium Enterprise (MSME) sector. The Terms of Reference have been furnished at Section-2 and may be referred to therein. The present assignment has been supported under NEDFi's Techno Economic Development Fund (TEDF). This fund was established to undertake techno economic studies for industry and infrastructure best suited to the North Eastern (NE) Region of India.

The assignment had been awarded to Deloitte Touche Tohmatsu India LLP (DTTILLP). This document is the Final Report, which is being submitted by DTTILLP to NEDFi as the fourth and final deliverable in connection with its performance of the current works. It furnishes the study recommendations based on the findings and analysis carried out, as well as the outline of a strategic action plan for implementing these recommendations. This plan has been developed with the intent of facilitating the industrial development of the study districts in Assam and Arunachal Pradesh located near the above bridge, stressing upon the MSME sector.

Study Findings: The profile of the study districts located in Assam and Arunachal Pradesh is available at Section- 4 of this Report, including the area and location, demographic profile, composition of economic output and the work-force participation. Section-5 contains the details of the resources available in the area, apart from the prevailing agro-climatic conditions. The resources of the study districts include natural resources, non-natural resources, and human resources. This section analyses the available surplus of various crops after considering the local production and the estimated consumption. In addition, the sectors like livestock and poultry, fishery, forest resources (including cane and bamboo) and mineral resources have been assessed. The section also covers the fields like healthcare and IT & ITES, apart from the existing systems for the skills development of humanresources in the study districts of both the states.

The industrial scenario of the study areas in Assam and Arunachal Pradesh has been covered at Section-6. The discussion includes the coverage of related infrastructure such as industrial areas and estates, utilities (power and water), transport, logistics and the banking network. The key areas for interventions have been discussed at Section-7. It includes an exercise for determining the priority areas for industrial development. The focus items thus determined included processing of crops like orange, pineapple, ginger, banana, areca-nut, Assam lemon, and tea; apart from crafts based on cane and bamboo.

Section-7 also furnishes the value chain analysis has been carried out for the above items. Further, a market analysis has been carried out for these products based on product characteristics, target markets, message to these markets, pricing strategies, and distribution and logistics arrangements. Further, the stakeholders' feedback on the key issues and constraints has been presented, which include fields like transport infrastructure, productivity issues of crops, industrial land, utilities, financial support from banks, market access, and export infrastructure. The recent policies of the Government of India related to the MSME sector have witnessed changes. These have been briefly discussed in this section, along with the impact of the current changes on account of the global COVID-19 pandemic. In addition, the skills requirements and skill gap analysis are available in the above- mentioned section for the study areas of

both the states.

Study Recommendations: The recommendations of the present study are available at Section-8 of this Report. These cover the necessary interventions across the value chain of potential industries, as well as the development of a supporting eco-system. Such suggestions have been derived upon the basis of the study findings, as reported in the previous sections, and an analysis of these findings. The recommendations cover the following themes:

- Identifying **Priority Areas** for Industrial Focus;
- Establishing Viable **MSME Clusters**;
- Reviving the **Tea Industry** of Assam;
- Encouraging **Local Entrepreneurship** and **Addressing the Issues of MSME Sector**;
- Augmenting **Industrial Infrastructure**;
- Strengthening the **Logistical Position**;
- Providing additional **Financial Support** for Industries;
- Undertaking **Skills Development** of the Workforce;
- Improving the **Ease of Doing Business** (EODB) in the Study Area;
- Attracting Investments in the **Medium & Large-scale sector**; and
- Unlocking the **Longer Term Prospects**.

It may be noted that the above recommendations, excluding the last one (viz. ‘Unlocking the Longer Term Prospects’) cover both the short term (up to 2 years) and for the medium term (for 3-5 years hence). The longer term recommendations have been separately covered under the theme of ‘Unlocking the Longer Term Prospects’. The following table briefly gives the study recommendations against each of the above themes. Their details have been furnished at Section-8, along with the basis for making the recommendations. This section may be referred to regarding the pertinent information.

Table-ES.1: Summary of the Study Recommendations

Theme	Study Recommendations
Identifying Priority Areas for Industrial Focus	<p>The priority areas for the industrial development, especially of the MSME sector, have been listed as follows.</p> <p>Assam Districts Processing of surplus agricultural and horticultural crops like paddy and potato (in Lakhimpur and Dhemaji), ginger, pineapple, banana etc.; Cane and bamboo based units; Tourism and travel based service sector units; and MSME units to support the PSU units in the Tinsukia and Dibrugarh districts based on their viability.</p> <p>Priority Areas for Industrial Development in the Arunachal Pradesh Districts Processing of the following horticultural crops: ginger, pineapple and orange; Cane and bamboo based units; and Tourism based units.</p>
Establishing Viable MSME Clusters	<p>The following MSME clusters may be considered in the study districts:</p> <p>Food processing cluster in Lakhimpur & Dhemaji, with cluster being located in the existing IIDCs;</p> <p>Horticultural processing cluster in the Tinsukia district of Assam for crops like orange, lemon, ginger, pineapple, banana etc.; and</p> <p>Eco-tourism clusters in the districts of Arunachal Pradesh.</p>
Reviving the Tea Industry of Assam	<p>The tea industry of Assam, which is especially concentrated in the study districts of Tinsukia and Dibrugarh, be supported by the Government at the Central and State levels through the means of a revival package that is finalized in consultation with all the stakeholders.</p>

Theme	Study Recommendations
<p>Encouraging Local Entrepreneurship and Addressing the Issues of MSME Sector</p>	<p>This study recommends the promotion of local entrepreneurship in the study districts of Assam and Arunachal Pradesh with the cooperation of all stakeholders.</p> <p>The MSME units in study areas have reported constraints, especially power problems, low awareness of the NEIPP, availability of skilled labour etc. Hence, special attention may be paid by the State Departments of Industry & Commerce to address these issues with the coordinated support of the concerned stakeholders like Departments and Agencies connected to electricity supply, skills development etc. In addition, bank credit flow can be increased to the MSME sector, including for the revival of stressed units, with the support of the banks.</p>
<p>Augmenting Industrial Infrastructure</p>	<p>The industrial infrastructure in the study districts of Assam and Arunachal Pradesh needs to be augmented as noted below:</p> <p>Industrial Infrastructure in Assam Districts</p> <p>Conversion of a part of the Plastic Park in Tinsukia for general use as permissible;</p> <p>Completion of on-going works for IIDC at Jagun and Industrial Area at Sadiya (both in Tinsukia district);</p> <p>Take up works for the implementation of Agriculture Export Zone for Tea covering Dibrugarh, Tinsukia and Sivasagar; and</p> <p>Increased capacity for the distribution of power for industrial use, including through dedicated feeder lines to the industrial estates / industrial areas.</p> <p>Industrial Infrastructure in Arunachal Pradesh Districts</p> <p>Completion of supporting infrastructure for Industrial Growth Centre (IGC) at Niglok Ngorlung, including sub-station for adequate supply of power.</p>
<p>Strengthening the Logistical Position</p>	<p>The following measures need to be taken in order to leverage the connectivity benefits conferred by the opening of the Bogibeel Bridge, so that industrial development accelerates in the study districts located in Assam and Arunachal Pradesh:</p> <p>Connectivity Measures in Assam</p> <p>Completion of the road construction works around Dibrugarh in order to facilitate smoother connectivity on the southern side of the Bogibeel Bridge;</p> <p>Taking up with the Indian Railways for the improved use of the railway lines constructed as a part of the Bogibeel Bridge project;</p> <p>Commencement of cargo flights from Dibrugarh airport, as well as expansion of airport runway length; and</p> <p>Development of a Logistics Hub in Tinsukia city.</p> <p>Connectivity Measures in Arunachal Pradesh</p> <p>Improvement to the road leading from Silapathar to Aalo, since this is the direct route to the above area.</p> <p>Strengthen selected internal roads within the study districts of Arunachal Pradesh to meet tourism needs.</p> <p>Improve availability of supporting facilities like taxi operators, travel agents to support tourism.</p>
<p>Providing additional Financial Support for Industries</p>	<p>Government of India Measures</p> <p>The Government of India may take steps to improve awareness regarding the operational guidelines of the North East Industrial Development Scheme (NEIDS), 2017, which was declared in March 2018. It may be noted that the guidelines of the above scheme had been subsequently announced in February 2019.</p> <p>Continued ...</p>

Theme	Study Recommendations
<p>Providing additional Financial Support for Industries</p>	<p>Government of India Measures (Continued) As per NEIDS 2017, Transport Incentive (TI) has been limited to 20% of the cost of transport of finished goods by rail and waterway (or to 33% of the cost of airfreight). These limits may be suitably increased for MSME units located in geographically remote areas of the NE Region, including in the study areas that are located in the extreme eastern part of India. The cash flows of the MSME units can be improved if they avail of the electronic system for facilitating the financing of trade receivables of MSMEs called Trade Receivable e-Discounting System (TReDS). Awareness may be created regarding the pertinent procedures and other necessary steps in this regard. As a further measure, interest subvention on new or incremental loans could be extended to all MSMEs. It may be noted that this being contemplated by the Central Government in order to strengthen the cash flows of MSME units after the on-going pandemic. In the medium term, NEIDS 2017 may have to be relooked after it expires in March 2022. During any deliberations for its extension or modification; the pertinent stakeholders, such as entrepreneurs and their associations, the State Government etc., may propose the consideration of additional incentives to the Government of India. This will enable the development of a more progressive policy for industrial development.</p> <p>(b) State Government Measures Assam The study districts are located in the extreme eastern part of Assam, which impedes industrial investments here. Hence, additional support may be extended for new MSME units located in these districts. These measures may include: Interest subsidy on working capital; Incentive to units for the employment of local youth; 100% stamp duty reimbursement limit. The above additional support can supplement the financial support announced under the Industrial & Investment Policy of Assam</p> <p>Arunachal Pradesh The rates and limits of various incentives (like State Capital Investment Subsidy, State Interest Subsidy, SGST reimbursement etc.) declared by the State Government under its recent Industrial and Investment Policy may be increased for the study districts.</p>
<p>Undertaking Skills Development of the Workforce</p>	<p>In order to improve the skills levels of the industrial work-force, it is recommended that the following steps may be taken up in the study districts: Undertake steps for the skills development of entrants to the workforce - by training and other means – as this will benefit both the youth entering the workforce, as well as the unemployed persons already looking for work; and Measures for upgrading the skills levels of the existing work-force in the study districts who desire to either improve their capabilities or expand their areas of competence to cover new trades. Due attention may be given to areas where skills may be needed in the study districts and elsewhere. These can include the recommended priority areas stated earlier (like food processing, cane and bamboo, tourism etc.), apart from skills development in other areas having market requirements.</p>

Theme	Study Recommendations
Improving the Ease of Doing Business (EODB) in the Study Area	The State Governments of Assam and Arunachal Pradesh, in coordination with the Government of India, may actively undertake steps aimed to improve the 'Ease of Doing Business' in their states. These measures may include the different action points highlighted by the Department for Promotion of Industry & Internal Trade, Government of India for action by the states / UTs of India from time to time
Attracting Investments in the Medium & Large-scale sector	The State Governments of Assam and Arunachal Pradesh can actively take up consider steps to attract medium and large-scale investments in the study districts, especially in fields like value addition to tea, gas based power generation, expansion of PSUs (or revival of ailing ones) infertilizers, coal, petrochemicals etc. Apart from the above, investments may be attempted in the priority areas detailed earlier. In addition to the various incentives being now declared under the new Industrial & Investment Policy of Assam (2019), other support may be extended to attract such investments in the study areas as per decision of the concerned State Government.
Unlocking the Longer Term Prospects	For the longer term development of MSME and other industries in the study districts of Assam and Arunachal Pradesh, the concerned State Governments can take up measures for unlocking the prospects on account of the improved connectivity provided by projects like the Bogibeel Bridge. This can be done in concert with the stakeholders like industrialists, entrepreneurs, institutional bodies etc.

Strategic Action Plan: Action Points

Section-9 discusses the Strategic Action Plan for the industrial development of the study areas in Assam and Arunachal Pradesh on account of improved connectivity due to the completion of the Bogibeel Bridge. The recommendations presented in the previous section form the basis of the suggested action points. The related workings have been furnished at Annex-9 [Section 10.9], and may be referred to therein.

The study recommendations cover the necessary activities for the short term (up to 2 years hence) and for the medium term (for 3-5 years hence), except for the last recommendation. This recommendation is titled 'Unlocking the Longer Term Prospects' and it separately covers the actions to be carried out over a longer time horizon, viz. beyond 5 years. Accordingly, the Strategic Action Plan has been discussed as tabulated in the following pages, with this being done separately for each of the above time horizons.

Table-ES.2: Strategic Action Plan – Action Points based on the Study Recommendations

Theme & Recommendations	Action Points	
	Short Term Action Points(for up to 2 years hence)	Medium Term Action Points(2-5 years hence)
<p>Theme: Identifying Priority Areas for Industrial Focus</p> <p>Recommendations The priority areas for the industrial development, especially of the MSME sector, have been listed as follows.</p> <p>Assam Districts Processing of surplus agricultural and horticultural crops like paddy and potato (in Lakhimpur and Dhemaji), ginger, pineapple, banana etc.; Cane and bamboo based units; Tourism and travel based service sector units; and MSME units to support the PSU units in the Tinsukia and Dibrugarh districts based on their viability.</p> <p>Priority Areas for Industrial Development in the Arunachal Pradesh Districts Processing of the following horticultural crops: ginger, pineapple and orange; Cane and bamboo based units; and Tourism based units.</p>	<p>Finalize Project Profiles for the priority areas such as the processing of surplus agricultural and horticultural crops, cane and bamboo units, tourism, ancillary units etc. including the suggested project sizes. Emphasize the potential of such priority areas for industrial development of the study districts in any road shows, conferences, fairs, exhibitions etc. that may be undertaken by the State Governments to attract outside investment</p>	<p>Study whether any other crops have become sufficiently surplus to be included in the list of crops in the priority area Gauge the changes in the socio-economic scenario of the study districts that make it viable to focus on additional areas of industrial investment Finalize the Project Profiles for such newly emerging priority areas</p>
<p>Theme: Establishing Viable MSME Clusters</p> <p>Recommendations The following MSME clusters may be considered in the study districts: Food processing cluster in Lakhimpur & Dhemaji, with cluster being located in the existing IIDCs; Horticultural processing cluster in the Tinsukia district of Assam for crops like orange, lemon, ginger, pineapple, banana etc.; and Eco-tourism clusters in the districts of Arunachal Pradesh.</p>	<p>List out the entrepreneurs having suitable experience and some financial strength whose units can be set up in the clusters as the core units. In order to crystallize the formation of the clusters, associate the relevant Government agencies, along with interested academic and research institutions located in the study districts and in nearby areas.</p>	<p>Finish the basic civil construction related to the infrastructure of the cluster, along with associated works, including augmenting facilities in IIDCs for food cluster. Support identified entrepreneurs with a suitable package of assistance including finances, market information, infrastructure etc.</p>

Theme & Recommendations	Action Points	
	Short Term Action Points(for up to 2 years hence)	Medium Term Action Points(2-5 years hence)
<p>Theme: Establishing Viable MSME Clusters[Continued]</p> <p>Recommendations The following MSME clusters may be considered in the study districts: Food processing cluster in Lakhimpur & Dhemaji, with cluster being located in the existing IIDCs; Horticultural processing cluster in the Tinsukia district of Assam for crops like orange, lemon, ginger, pineapple, banana etc.; and Eco-tourism clusters in the districts of Arunachal Pradesh.</p>	<p>Enter into detailed discussions with banks and financial bodies for supporting the clusters financially. Finalize suitable land to locate the proposed clusters in the study districts, with food processing cluster being located in existing IIDCs. Identify crop belts within the study districts and in nearby feeder areas for extension of support.</p>	<p>Support the growers associated with the clusters with improved planting materials and other inputs, improved package of practices, equipment etc. that will boost their output and productivity. Associate the identified Government agencies and academic and research institutions / other stakeholders for the development of the clusters. Involve the interested banks and financial bodies for supporting the cluster units.</p>
<p>Theme: Reviving the Tea Industry of Assam</p> <p>Recommendations The tea industry of Assam, which is especially concentrated in the study districts of Tinsukia and Dibrugarh, be supported by the Government at the Central and State levels through the means of a revival package that is finalized in consultation with all the stakeholders.</p>	<p>Discourage the expansion of area under tea cultivation in the next few years, especially in the Small Tea Grower (STG) segment in order to balance the supply –demand position in the short run. [Government of India may be requested to discontinue schemes for expansion of tea in the non-traditional areas for the next few years.] Support on a temporary basis the tea estates to meet some of the welfare costs on account of subsidy for food, education and health facilities etc. Explore avenues for value addition to made tea, to enable tea industry to improve its revenues.</p>	<p>Take up with the Tea Board so that measures can be undertaken up to increase the domestic consumption of tea, especially of Assam tea. Explore avenues for supplementing the revenues of tea estates like cultivation of horticultural crops, utilization of fallow lands, tea tourism etc. Implement vigorous measures for e-auctions for better discovery of prices.</p>

Theme & Recommendations	Action Points	
	Short Term Action Points(for up to 2 years hence)	Medium Term Action Points(2-5 years hence)
<p>Theme: Encouraging Local Entrepreneurship & Addressing the Issues of MSME Sector</p> <p>Recommendations</p> <p>This study recommends the promotion of local entrepreneurship in the study districts of Assam and Arunachal Pradesh with the cooperation of all stakeholders. The MSME units in study areas have reported constraints, especially power problems, low awareness of the NEIPP, availability of skilled labour etc. Hence, special attention may be paid by the State Departments of Industry & Commerce to address these issues with the support of the concerned stakeholders. In addition, bank credit flow can be increased to the MSME sector.</p>	<p>Identify potential entrepreneurs in the study districts of Assam and Arunachal Pradesh and impart relevant training for them.</p> <p>Hand-hold such entrepreneurs to crystallize their ideas and to finalize their Business Plans.</p> <p>Prepare a list of mentors to support entrepreneurs working in the identified priority areas. (The list may have commonalities for both the states.)</p> <p>Form a mechanism at the state level and district levels with the involvement of all stakeholders for addressing the major issues of the MSME sector.</p> <p>Prioritize the actions that can be taken up in the short term (within 2 years) and the medium term (2-5 years hence).</p> <p>Take the actions that have been identified for attention during the short term for addressing the issues of the MSME sector.</p>	<p>Support the entrepreneurs located in the study districts of Assam and Arunachal Pradesh to establish their units by helping them to obtain finance, sheds, power connection, and compliance and permissions etc.</p> <p>Assist the entrepreneurs in developing market linkages by helping them to participate in Trade Meets and Business Conferences.</p> <p>Monitor the progress of the entrepreneurs in terms of business revenues, loan repayment etc.</p> <p>Associate the mentors in supporting the progress of the entrepreneurs</p> <p>Encourage the entrepreneurs to form a supportive network with outreach to similar networks in India and outside.</p> <p>Take the actions that have been identified for attention during the medium term for addressing the issues of the MSME sector.</p>
<p>Theme: Augmenting Industrial Infrastructure</p> <p>Recommendations</p> <p>The industrial infrastructure in the study districts of Assam and Arunachal Pradesh needs to be augmented</p>	<p>Take up with the Government of India, so that apart of the mostly completed Plastic Park in Tinsukia can be used for general units.</p> <p>Take up initial works for the implementation of Agriculture Export Zone for Tea covering Dibrugarh and Tinsukia (apart from Sivasagar).</p> <p>Complete the on-going works for IIDC at Jagunand Industrial Area at Sadiya (both in Tinsukia district) which will provide infrastructure for further industrial development in the district.</p> <p>Completion the supporting infrastructure for Industrial Growth Centre (IGC) at Niglok Ngorlung, including sub-station for adequate supply of power.</p>	<p>Take measures for the allotment of newly available industrial infrastructure in the Tinsukia district is completed.</p> <p>Study the feasibility of additional gas based power plant in the Dibrugarh or Tinsukia districts to feed the rising demand for power.</p> <p>Complete all works for the implementation of Agriculture Export Zone for Tea covering Dibrugarh and Tinsukia (apart from Sivasagar).</p> <p>Measures for supply of power to industrial units through dedicated feeders.</p>

Theme & Recommendations	Action Points	
	Short Term Action Points(for up to 2 years hence)	Medium Term Action Points(2-5 years hence)
<p>Theme: Strengthening the Logistical Infrastructure for Connectivity</p> <p>Recommendations: Measures need to be taken in order to leverage the connectivity benefits conferred by the opening of the Bogibeel Bridge.</p>	<p>Ensure the completion of the road construction works around Dibrugarh in order to facilitate smoother connectivity on the southern side of the Bogibeel Bridge. Take up with the Indian Railways for the improved use of the railway lines constructed as a part of the Bogibeel Bridge project.</p> <p>Facilitate cargo flights to commence operations from Dibrugarh airport.</p> <p>Prepare / update plan for a Logistics Hub in Tinsukia</p> <p>Improvement to the road leading from Silapatharto Aalo.</p> <p>Survey the internal roads within the study districts of Arunachal Pradesh that need to be strengthened to meet tourism needs</p> <p>Take steps to improve availability of supporting facilities like taxi operators, travel agents to support tourism in Arunachal Pradesh districts</p>	<p>Implement steps to establish the Logistics Hub in Tinsukia</p> <p>Improve selected internal roads within the study districts of Arunachal Pradesh needed for tourism</p> <p>Continue steps to improve availability of supporting facilities like taxi operators, travel agents to support tourism in Arunachal Pradesh districts</p>
<p>Theme: Providing additional Financial Support for Industries</p> <p>Recommendations The following recommendations have been made in order to provide additional financial support for the growth of industries in the study districts:</p>		
<p>(a) Government of India Measures</p>		

Theme & Recommendations	Action Points	
	Short Term Action Points(for up to 2 years hence)	Medium Term Action Points(2-5 years hence)
The Government of India may take steps to improve awareness regarding the operational guidelines of the North East Industrial Development Scheme (NEIDS), 2017, which was declared in March 2018. It may be noted that the guidelines of the above scheme had been subsequently announced in February 2019.	Put in place a mechanism for the creation of awareness amongst entrepreneurs about the provisions of NEIDS and compliance with its rules notified subsequently. This may be done with the involvement of Governments and other stakeholders in the study districts. Supporting the interested MSMEs located in the study districts of Assam and Arunachal Pradesh for compliance with provisions of NEIDS 2017, in order for them to be eligible to receive benefits.	Any revisions to NEIDS after March 2022 may be communicated through the above awareness creation mechanism. (As per Step 1 of the Short Term Action Points)
As per NEIDS 2017, Transport Incentive (TI) has been limited to 20% of the cost of transport of finished goods by rail and waterway (or to 33% of the cost of airfreight). These limits may be suitably increased for MSME units located in geographically remote areas of the NE Region, including in the study areas that are located in the extreme eastern part of India.	Organize representations by stakeholders before the Government of India to marginally raise the limits for Transport Incentive (TI) under NEIDS 2017.	In case of extension of NEIDS 2017 or the announcement of new policy in its place; the concerned stakeholders have to properly petition the Government to marginally raise the limits for Transport Incentive (TI) for MSME units located in geographically disadvantaged areas of the NE Region, including the study areas that are located in the extreme eastern corner of India.
The cash flows of the MSME units can be improved if they avail of the electronic system for facilitating the financing of trade receivables of MSMEs called Trade Receivable e-Discounting System (TReDS). Awareness may be created regarding the pertinent procedures and other necessary steps in this regard.	Activate the awareness mechanism (same as contemplated for NEIDS 2017) with stakeholder participation. Hand-hold the eligible MSEs to receive benefits under scheme after compliance with rules. (Can be a paid service if needed, based on success of the application)	Continue the works to cover newly formed MSEs during this time horizon – including hand-holding for compliance and receipt of benefits.
As a further measure, interest subvention on new or incremental loans could be extended to all MSMEs. It may be noted that this is being contemplated by the Central Government in order to strengthen the cash flows of MSME units after the on-going pandemic.	Study the measures being proposed for strengthening cash flows for MSME units across India to meet outcome of pandemic Request if these measures can be extended to MSME units located in the NE Region for a longer period, including measures to provide any interest subvention.	---

Theme & Recommendations	Action Points	
	Short Term Action Points(for up to 2 years hence)	Medium Term Action Points(2-5 years hence)
<p>In the medium term, NEIDS 2017 may have to be relooked after it expires in March 2022. During any deliberations for its extension or modification; the pertinent stakeholders, such as entrepreneurs and their associations, the State Government etc., may propose the consideration of additional incentives to the Government of India. This will enable the development of a more progressive policy for industrial development.</p>	---	<p>Make additional suggestions to the Government of India for a more proactive policy for industrial development aimed at the MSME Sector in remote parts of the NE Region (such as the study districts of Assam and Arunachal Pradesh). Communicate changes in policy and rules to MSME units in the study area and assist them in compliance to receive benefits under extended policy.</p>
<p>(b) State Government Measures</p>		
<p>Assam The study districts are located in the extreme eastern part of Assam, which impedes industrial investments here. Hence, additional support for may be extended for new MSME units located in these districts. These measures may include: Interest subsidy on working capital; Incentive to units for the employment of local youth; 100% stamp duty reimbursement limit. The above additional support can supplement the financial support announced under the Industrial & Investment Policy of Assam</p> <p>Arunachal Pradesh The rates and limits of various incentives (like State Capital Investment Subsidy, State Interest Subsidy, SGST reimbursement etc.) declared by the State Government under its recent Industrial and Investment Policy may be increased for the study districts.</p>	<p>Prepare proposals to Governments of Assam / Arunachal Pradesh for the additional support to new MSME units (green-field / brown-field) located in the study districts. Create awareness amongst the MSME units located in the states, in case of any changes to the policy, so that they can meet the requirements and avail of the benefits.</p>	<p>Prepare suggestions so that the Government of Assam can consider a more proactive policy for industrial development aimed at the MSME Sector in the study districts, after the tenure of the 2019 Policy expires. [As the Industrial & Investment Policy of Arunachal Pradesh has been announced only this year, no similar action is needed for this state.]</p>

Theme & Recommendations	Action Points	
	Short Term Action Points(for up to 2 years hence)	Medium Term Action Points(2-5 years hence)
<p>Theme: Undertaking Skills Development of the Workforce</p> <p>Recommendations</p> <p>In order to improve the skills levels of the industrial work-force, it is recommended that the following steps may be taken up in the study districts:</p> <p>Undertake steps for the skills development of entrants to the workforce - by training and other means – as this will benefit both the youth entering the workforce, as well as the unemployed persons already looking for work; and</p> <p>Measures for upgrading the skills levels of the existing work-force in the study districts who desire to either improve their capabilities or expand their areas of competence to cover new trades.</p> <p>Due attention may be given to areas where skills may be needed in the study districts and elsewhere. These can include the recommended priority areas stated earlier (like food processing, cane and bamboo, tourism etc.), apart from skills development in other areas having market requirements.</p>	<p>The short term action points have been briefly given below:</p> <p>Assess the skill development needs of the incoming cohorts to the work-force in the study districts of Assam and Arunachal Pradesh, as well as the existing work-force, based on their aspirations and the employment avenues available locally and elsewhere in India.</p> <p>Survey the supply of skill development facilities in the study area of both states, and determine the need for augmenting these facilities.</p> <p>Propose to the Government / private units to meet the demand – supply gap in skill development facilities.</p> <p>Undertake steps to create awareness among the new entrants and existing workforce about the need and availability of skill development.</p>	<p>The above steps may be continued, especially to take advantage of emerging areas of employment. Support of the State Government and Ministry of Skill Development & Entrepreneurship, Govt. of India may be actively sought.</p>
<p>Theme: Improving the Ease of Doing Business (EODB) in the Study Area</p> <p>Recommendation: It is recommended that the State Governments of Assam and Arunachal Pradesh, in coordination with the Government of India, may actively undertake steps aimed to improve the ‘Ease of Doing Business’ in their states. These measures may include the different action points highlighted by the Department for Promotion of Industry & Internal Trade, Government of India for action by the states / UTs of India from time to time</p>	<p>Undertake an assessment of the EODB in the study districts of both states, based on the parameters of The World Bank & list areas for local improvements</p> <p>Take steps in both states in order to improve the EODB in the 2-5 years horizon starting from the 2nd Year.</p> <p>Measures highlighted by the Ministry periodically under its BRAP may be given priority.</p>	<p>Continue with the above measures for improving the EODB over the medium term as feasible.</p>

Theme & Recommendations	Action Points	
	Short Term Action Points(for up to 2 years hence)	Medium Term Action Points(2-5 years hence)
<p>Theme: Attracting Investments in the Medium & Large-scale sector</p> <p>Recommendations: The State Governments of Assam and Arunachal Pradesh can actively take up consider steps to attract medium and large-scale investments in the study districts, especially in fields like value addition to tea, gas based power generation, expansion of PSUs (or revival of ailing ones) in fertilizers, coal, petrochemicals etc. Apart from the above, investments may be attempted in the priority areas detailed earlier. In addition to the various incentives being now declared under the new Industrial & Investment Policy of Assam (2019), other support may be extended to attract such investments in the study areas as per decision of the concerned State Government.</p>	<p>Prepare a shelf of projects for medium and large investments Highlight these projects in the Investor Meets and other programmes designed to attract investments to the states (especially to the study districts) Work out the support packages for larger units based on investment, output and employment levels.</p>	<p>Undertake special efforts to attract larger investments to the study districts based upon the prepared shelf of projects. Identify land for these projects including the added infrastructure needed for industry</p>
<p>Theme: Unlocking the Longer Term Prospects</p> <p>Recommendations It is recommended that for the longer term development of MSME and other industries in the study districts of Assam and Arunachal Pradesh, the concerned State Governments can take up measures for unlocking the prospects on account of the improved connectivity provided by projects like the Bogibeel Bridge. This can be done in concert with the stakeholders like industrialists, entrepreneurs, institutional bodies etc.</p>	<p>Long Term Action Points (After 5 years hence) Convene Stakeholder Consultations to concretize steps for unlocking the longer term prospects on account of the improved connectivity provided by infrastructural projects like the Bogibeel Bridge Prepare an Action Plan for unlocking the longer run prospects. Take the steps as per the above Action Plan in concert with the Government of India</p>	