

Chapter-VI

Efficacy of Various Incentives from Central Government and State Government for the Promotion of Micro and Small Enterprises

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Chapter-VI

Efficacy of Various Incentives from Central Government and State Government for the Promotion of Micro and Small Enterprises

This chapter is divided into two sections. Section one deals with the incentives of Central Government, efficacy of various incentives from Central Government for the promotion of micro and small enterprises and efficacy of various incentives from Central Government for the promotion of manufacturing enterprises and service enterprises in Barak Valley. Section two deals with the incentives of State Government, efficacy of various incentives from State Government for the promotion of micro and small enterprises and efficacy of various incentives from State Government for the promotion of manufacturing enterprises and service enterprises in Barak Valley.

6.1 Incentives of Central Government

The micro and small enterprises play important role to the development of our country. To develop this sector the Government of India has formulated a series of industrial policy resolutions / statement since independence and designed suitable incentives for the development of micro and small enterprises in the country. The Central Government provides various incentives to micro and small enterprises to remove their financial problems and these incentives are important sources of finance of micro and small enterprises (Rahman & Dey, 2010).

The Central Government provides various incentives to micro and small enterprises in North East India under 'North East Industrial and Investment Promotion Policy (NEIIPP), 2007' (Department of Industries and Commerce, Government of Assam). The policy effected from 1-04-2007 and will be valid for 10 years. The North East Industrial Development Finance Corporation will continue to act as the central agency for distribution of subsidies under NEIIPP, 2007. All incentives under NEIIPP, 2007 will be applicable to notified service sectors like Hotels (not below Two Star category), Medical and health services in the nature of nursing homes with a

minimum capacity of 25 beds and old-age homes, Vocational training institutes such as institutes for hotel management, catering and food crafts, entrepreneurship development, nursing and para-medical, civil aviation related training, fashion, design and industrial training. All incentives under NEIIPP, 2007 will be applicable to bio-technology industries. Power generating plants up to 10 MW based on both conventional and non-conventional sources will also be eligible for capital investment subsidy, interest subsidy and comprehensive insurance as applicable under NEIIPP, 2007. The NEIIPP, 2007 of the Government of India has mentioned the six fiscal incentives for the enterprises in North East India (North East Industrial and Investment Promotion Policy (NEIIPP) Report, 2007, Government of Assam). These incentives along with their salient features are highlighted below:

Table 6.1: Incentives under ‘North East Industrial and Investment Promotion Policy (NEIIPP), 2007’

Sl. No.	Incentives	Salient Features
1	Excise Duty Exemption	Excise duty exemption will be given on finished product made in the North Eastern Region and the rate of exemption will be 100%.
2	Income Tax Exemption	The rate of income tax exemption will be 100%.
3	Capital Investment Subsidy	Capital Investment Subsidy will be given at the rate of 30% of enterprises’ investment in plant and machinery and the limit for automatic approval of the subsidy at this rate will be Rs.1.5 crores per unit. For granting the subsidy higher than Rs.1.5 crores but up to a maximum of Rs30 crores there will be an Empowered Committee. This subsidy will be applicable to the enterprises in the private sector, Joint sector, co-operative sector as well as the enterprises set up by the state government of NE region.
4	Interest Subsidy on Working Capital Loan	3% interest subsidy will be provided on working capital loan.
5	Comprehensive Insurance Scheme	The NEIIPP, 2007 has provided comprehensive insurance scheme to all new industrial enterprises as all as the existing enterprises on their substantial expansion where 100% premium will be borne by the Central Government of India.
6	Transport Subsidy	90% transport subsidy for purchase of new materials and finished goods.

Source: North East Industrial and Investment Promotion Policy (NEIIPP) Report, 2007, Government of Assam.

6.1.1 Efficacy of Various Incentives from Central Government for the Promotion of Sample Enterprises

For the purpose of analysing the efficacy of various incentives from Central Government for the promotion of micro and small enterprises in Barak Valley all the six fiscal incentives of Central Government namely ‘excise duty exemption’, ‘income tax exemption’, ‘capital investment subsidy’, ‘interest subsidy on working capital loan’, ‘comprehensive insurance scheme’ and ‘transport subsidy’ are considered in the present study on the basis of pilot survey. The efficacy of these incentives has been analysed on the basis of the perceived level of awareness of sample enterprises about incentives of Central Government and application and receiving status of incentives of Central Government by the enterprises in Barak Valley. The following table exhibits the perceived level of awareness of sample enterprises about incentives of Central Government in Barak Valley.

Table 6.2: Perceived Level of Awareness of Sample Enterprises about Incentives of Central Government

Incentives	Aware	Not Aware
Excise Duty Exemption	84 (34.15)	162 (65.85)
Income Tax Exemption	83 (33.74)	163 (66.26)
Capital Investment Subsidy	87 (35.37)	159 (64.63)
Interest Subsidy on Working Capital Loan	79 (32.11)	167 (67.89)
Comprehensive Insurance Scheme	69 (28.05)	177 (71.95)
Transport Subsidy	73 (29.67)	173 (70.33)

Note: Figures denote number of enterprises

Figures in parentheses denote percentage of total micro and small enterprises.

Source: Field Survey

Table 6.2 reveals that 34.15% of the sample enterprises are aware of ‘excise duty exemption’ while 65.85% of the enterprises are not aware of this incentive.

It further reveals that 33.74% of the total micro and small enterprises are aware of ‘income tax exemption’ while 66.26% of the enterprises are not aware of this incentive.

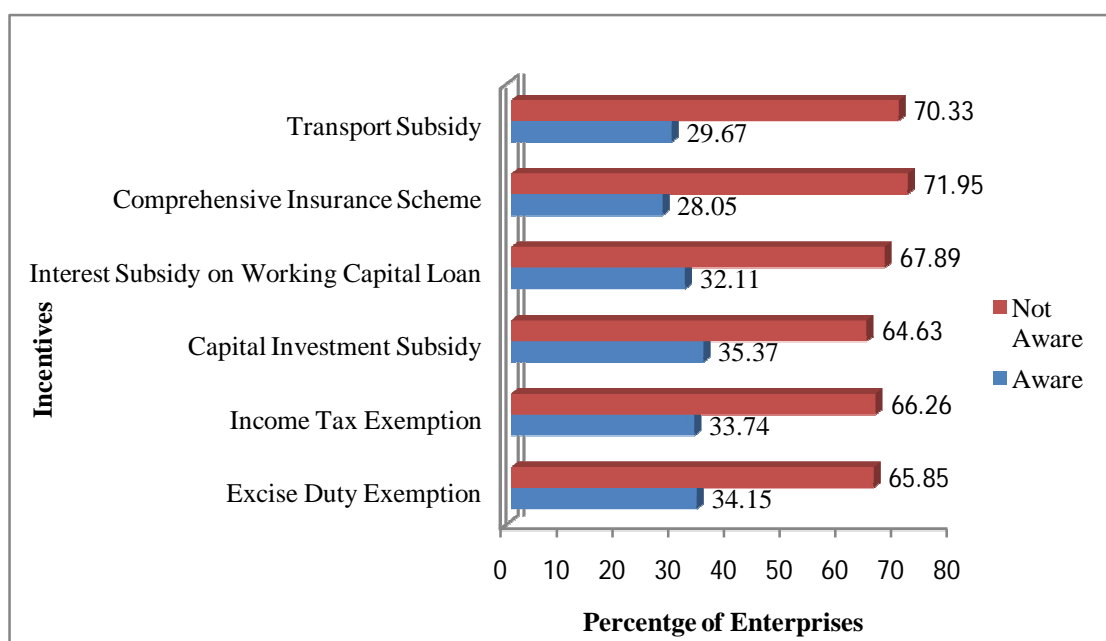
It is found that 35.37% of the total micro and small enterprises are aware of ‘capital investment subsidy’ and 64.63% of the enterprises are not aware of this incentive.

The table exhibits that 32.11% of the total micro and small enterprises are aware of ‘interest subsidy on working capital loan’ while 67.89% of the enterprises are not aware of this incentive.

It also exhibits that 28.05% of the total micro and small enterprises are aware of ‘comprehensive insurance scheme’ and 71.95% of the enterprises are not aware of ‘comprehensive insurance scheme’.

The above table displays that 29.67% of the total micro and small enterprises are aware of ‘transport subsidy’ for purchase of raw materials and finished goods while 70.33% of the enterprises are not aware of this incentive.

Figure 6.1: Perceived Level of Awareness of Sample Enterprises about Incentives of Central Government



On an overall, it has been found from the study that most of the total micro and small enterprises in Barak Valley are not aware about incentives of Central Government as it is observed from the field survey that there is lack of proper co-operation from officials of the District Industries and Commerce Centres of the three districts of Barak Valley and the educational qualifications of the respondents of the Valley are

very poor. The perceived level of awareness of micro and small enterprises about incentives of Central Government in Barak Valley varies from 28.05% to 35.37%. It is very surprising that 64.63% to 71.95% of the total micro and small enterprises in the Valley are not aware about any of the incentives of Central Government. Most of the micro and small enterprises in Barak Valley are aware of ‘capital investment subsidy’ (35.37%) and least of them are aware of ‘comprehensive insurance scheme’ (28.05%).

The following table exhibits the application and receiving status of incentives of Central Government by sample enterprises in Barak Valley.

Table 6.3: Application and Receiving Status of Incentives of Central Government by Sample Enterprises

Incentives	Aware but not applied	Applied but not received	Applied and received	Total Aware
Excise Duty Exemption	63 (75.00)	8 (9.52)	13 (15.48)	84 (100.00)
Income Tax Exemption	54 (65.06)	18 (21.69)	11 (13.25)	83 (100.00)
Capital Investment Subsidy	53 (60.92)	17 (19.54)	17 (19.54)	87 (100.00)
Interest Subsidy on Working Capital Loan	45 (56.96)	11 (13.93)	23 (29.11)	79 (100.00)
Comprehensive Insurance Scheme	50 (72.46)	10 (14.49)	9 (13.05)	69 (100.00)
Transport Subsidy	57 (78.08)	8 (10.96)	8 (10.96)	73 (100.00)

Note: Figures denote number of enterprises

Figures in parentheses denote percentage of total aware micro and small enterprises.

Source: Field Survey

Table 6.3 reveals that 75.00% of the micro and small enterprises who are aware of ‘excise duty exemption’ but have not applied for the incentive. Only 25.00% of the enterprises have applied for ‘excise duty exemption’ of which 15.48% have received the incentive and 9.52% have not received the incentive.

It further reveals that 65.06% of the micro and small enterprises who are aware of ‘income tax exemption’ but have not applied for the incentive. Only 34.94% of the

enterprises have applied for 'income tax exemption' of which 13.25% have received the incentive and 21.69% have not received the incentive.

It has been found from the table that 60.92% of the micro and small enterprises who are aware of 'capital investment subsidy' but have not applied for the incentive. Only 39.08% of the enterprises have applied for 'capital investment subsidy' of which 19.54% have received the incentive and 19.54% have not received the incentive.

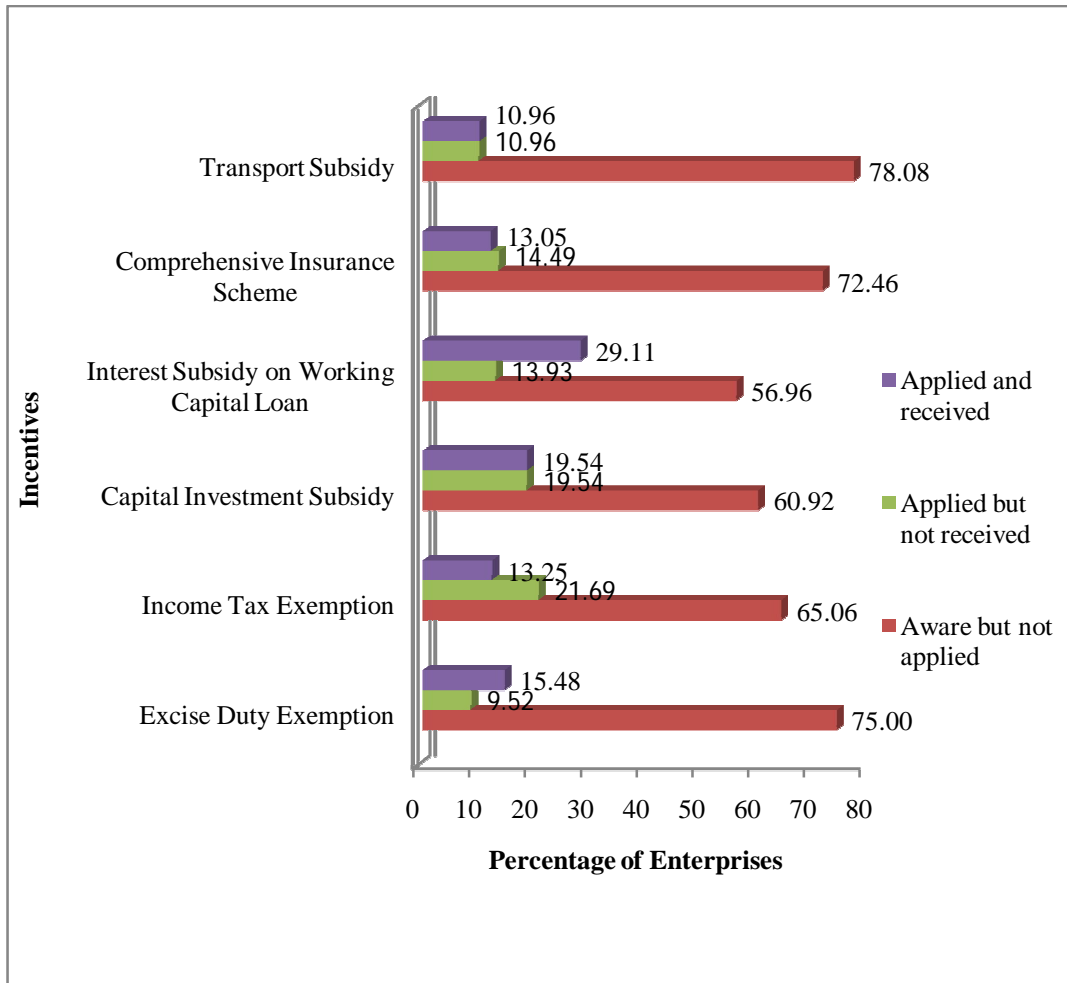
The table exhibits that 56.96% of the micro and small enterprises who are aware of 'interest subsidy on working capital loan' but have not applied for the incentive. Only 43.04% of the enterprises have applied for 'interest subsidy on working capital loan' of which 29.11% have received the incentive and 13.93% have not received the incentive.

It further exhibits that 72.46% of the micro and small enterprises who are aware of 'comprehensive insurance scheme' but have not applied for the incentive. Only 27.54% of the enterprises have applied for 'comprehensive insurance scheme' of which 13.05% have received the incentive and 14.49% have not received the incentive.

It has been observed from the above table that 78.08% of the micro and small enterprises who are aware of 'transport subsidy' but have not applied for the incentive. Only 21.92% of the enterprises have applied for 'transport subsidy' of which 10.96% have received the incentive and 10.96% have not received the incentive.

On an overall, it has been found from the study that micro and small enterprises in Barak Valley who are aware about incentives of Central Government, most of them have not applied for the incentives. To be more specific the micro and small enterprises in Barak Valley who are aware about incentives of the Central Government but have not applied for 'excise duty exemption' (75.00%), 'income tax exemption' (65.06%), 'capital investment subsidy' (60.92%), 'interest subsidy on working capital loan' (56.96%), 'comprehensive insurance scheme' (72.46%) and 'transport subsidy' (78.08%).

Figure 6.2: Application and Receiving Status of Incentives of Central Government by Sample Enterprises



After discussion with the respondents, it is found that most important reasons for not applying the incentives of Central Government are procedural complicity, legal formalities, private payment to officials and delay in sanctioning and releasing the incentives.

6.1.2 Efficacy of Various Incentives from Central Government for the Promotion of Micro Enterprises

After analysing the efficacy of various incentives from Central Government for the promotion of sample enterprises in Barak Valley it is necessary to analyse the efficacy of these incentives for the promotion of micro enterprises in the Valley. The efficacy of these incentives has been analysed on the basis of the perceived level of awareness

of micro enterprises about incentives of Central Government and application and receiving status of incentives of Central Government by the enterprises in Barak Valley. Table 6.4 gives an overview of the perceived level of awareness of micro enterprises about incentives of Central Government in Barak Valley.

Table 6.4: Perceived Level of Awareness of Micro Enterprises about Incentives of Central Government

Incentives	Aware	Not Aware
Excise Duty Exemption	49 (24.38)	152 (75.62)
Income Tax Exemption	47 (23.38)	154 (76.62)
Capital Investment Subsidy	53 (26.37)	148 (73.63)
Interest Subsidy on Working Capital Loan	48 (23.88)	153 (76.12)
Comprehensive Insurance Scheme	39 (19.40)	162 (80.60)
Transport Subsidy	40 (19.90)	161 (80.10)

Note: Figures denote number of enterprises

Figures in parentheses denote percentage of micro enterprises

Source: Field Survey

Table 6.4 reveals that 24.38% of the micro enterprises are aware of ‘excise duty exemption’ on finished products while 75.62% of the enterprises are not aware of the incentive.

The table delineates that 23.38% of the micro enterprises are aware of ‘income tax exemption’ while 76.62% of the enterprises are not aware of the incentive.

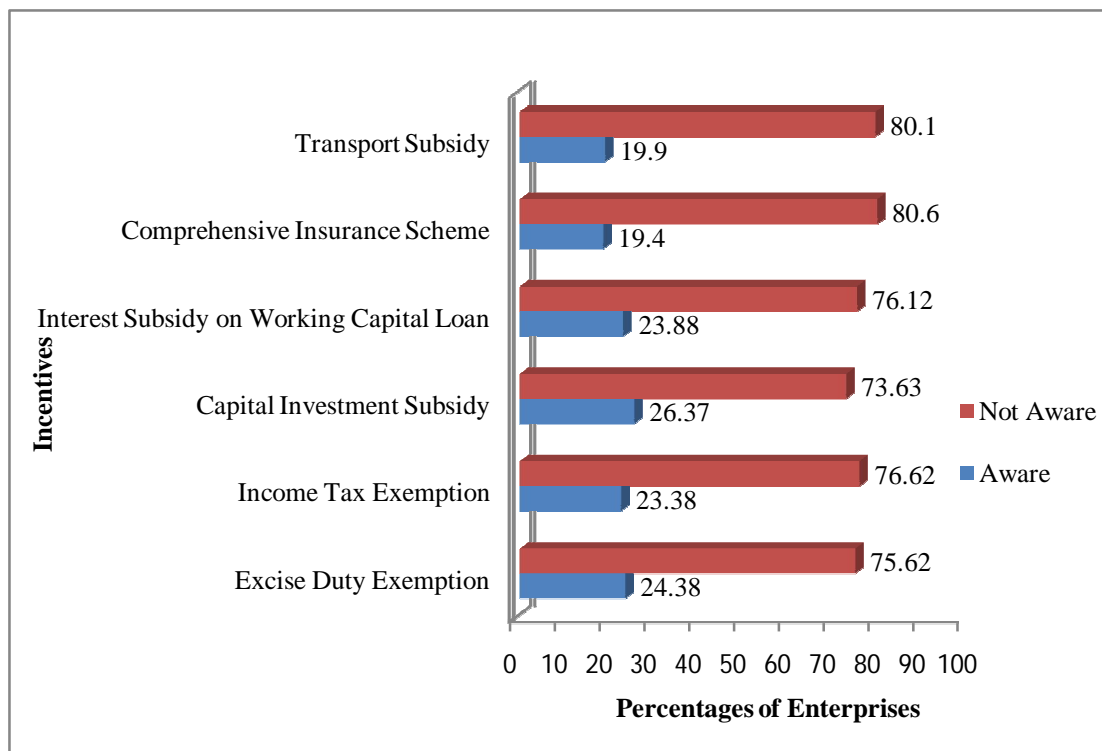
It further delineates that 26.37% of the micro enterprises are aware of ‘capital investment subsidy’ and 73.63% of the enterprises are not aware of the incentive.

It is found from the above table that 23.88% of the micro enterprises are aware of ‘interest subsidy on working capital loan’ while 76.12% of the enterprises are not aware of the incentive.

Table 6.4 exhibits that 19.40% of the micro enterprises are aware of ‘comprehensive insurance scheme’ and 80.60% of the enterprises are not aware of the incentive.

It further exhibits that 19.90% of the micro enterprises are aware of ‘transport subsidy’ for purchase of raw materials and finished goods and 80.10% of the enterprises are not aware of the incentive.

Figure 6.3: Perceived Level of Awareness of Micro Enterprises about Incentives of Central Government



On an overall, it has been found from the study that most of the micro enterprises in Barak Valley are not aware about incentives of Central Government. The perceived level of awareness of micro enterprises about incentives of Central Government in the Valley varies from 19.40% to 26.37%. It is very surprising that 73.63% to 80.60% of the micro enterprises in the Valley are not aware about any of the incentives of Central Government. Most of the micro enterprises are aware of ‘capital investment subsidy’ (26.37%) and least of them are aware of ‘comprehensive insurance scheme’ (19.40%).

The following table exhibits the application and receiving status of incentives of Central Government by micro enterprises in Barak Valley.

Table 6.5: Application and Receiving Status of Incentives of Central Government by Micro Enterprises

Incentives	Aware but not applied	Applied but not received	Applied and received	Total Aware
Excise Duty Exemption	43 (87.76)	3 (6.12)	3 (6.12)	49 (100.00)
Income Tax Exemption	34 (72.34)	9 (19.15)	4 (8.51)	47 (100.00)
Capital Investment Subsidy	35 (66.04)	9 (16.98)	9 (16.98)	53 (100.00)
Interest Subsidy on Working Capital Loan	30 (62.05)	7 (14.58)	11 (22.92)	48 (100.00)
Comprehensive Insurance Scheme	26 (66.67)	8 (20.51)	5 (12.82)	39 (100.00)
Transport Subsidy	32 (80.00)	2 (5.00)	6 (15.00)	40 (100.00)

Note: Figures denote number of enterprises

Figures in parentheses denote percentage of total aware micro enterprises

Source: Field Survey

Table 6.5 displays that 87.76% of the micro enterprises who are aware of ‘excise duty exemption’ but have not applied for the incentive. Only 12.24% of the enterprises have applied for ‘excise duty exemption’ of which 6.12% have received the incentive and 6.12% have not received the incentive.

It further reveals that 72.34% of the micro enterprises who are aware of ‘income tax exemption’ but have not applied for the incentive. Only 27.66% of the enterprises have applied for ‘income tax exemption’ of which 8.51% have received the incentive and 19.15% have not received the incentive.

It has been found from the table that 66.04% of the micro enterprises who are aware of ‘capital investment subsidy’ but have not applied for the incentive. Only 33.96% of the enterprises have applied for ‘capital investment subsidy’ of which 16.98% have received the incentive and 16.98% have not received the incentive.

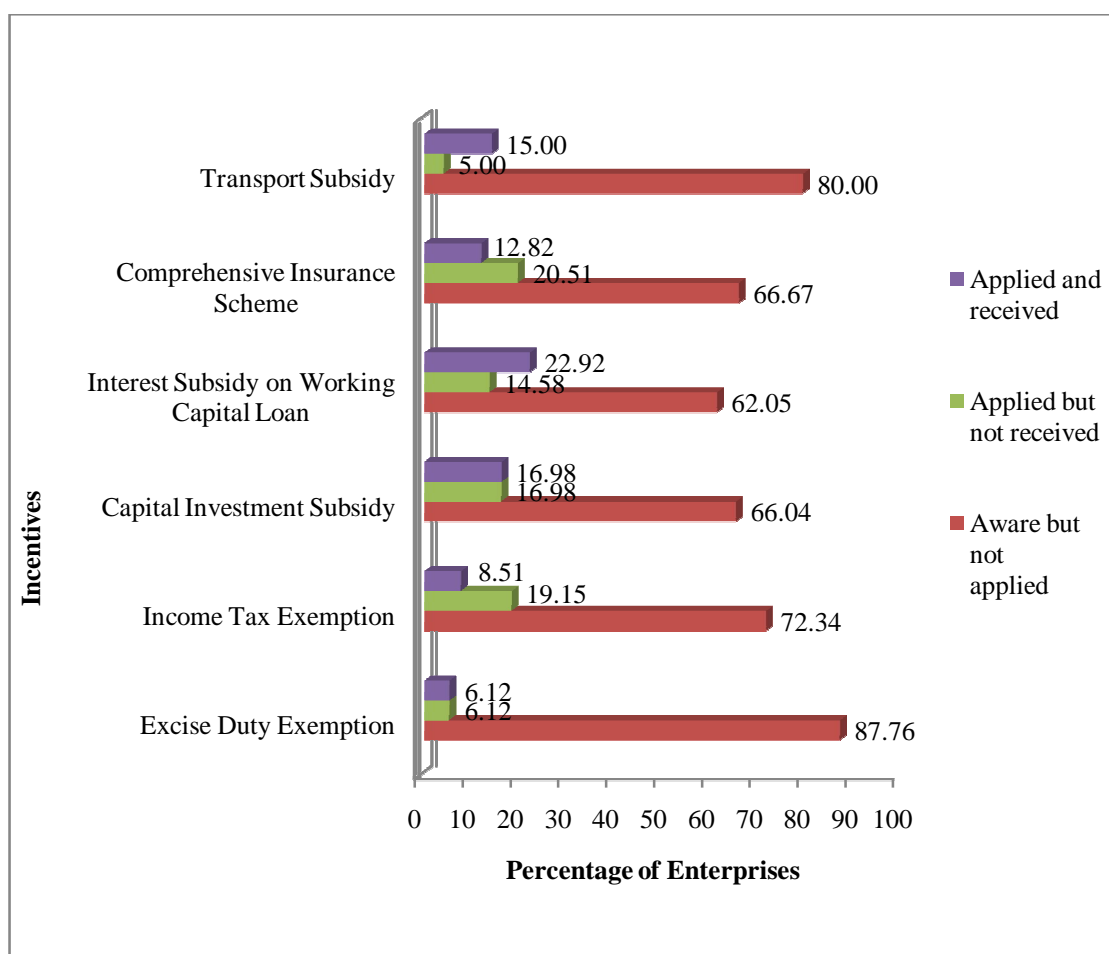
The table exhibits that 62.05% of the micro enterprises who are aware of ‘interest subsidy on working capital loan’ but have not applied for the incentive. Only 37.50%

of the enterprises have applied for ‘interest subsidy on working capital loan’ of which 22.92% have received the incentive and 14.58% have not received the incentive.

It further exhibits that 66.67% of the micro enterprises who are aware of ‘comprehensive insurance scheme’ but have not applied for the incentive. Only 33.33% of the enterprises have applied for ‘comprehensive insurance scheme’ of which 12.82% have received the incentive and 20.51% have not received the incentive.

It has been observed from the above table that 80.00% of the micro enterprises who are aware of ‘transport subsidy’ but have not applied for the incentive. Only 20.00% of the enterprises have applied for ‘transport subsidy’ of which 15.00% have received the incentive and 5.00% have not received the incentive.

Figure 6.4: Application and Receiving Status of Incentives of Central Government by Micro Enterprises



On an overall, it has been found from the study that the micro enterprises in Barak Valley who are aware about incentives of Central Government, most of them have not applied for the incentives. To be more specific the micro enterprises in Barak Valley who are aware about incentives of the Central Government but have not applied for ‘excise duty exemption’ (87.76%), ‘income tax exemption’ (72.34%), ‘capital investment subsidy’ (66.04%), ‘interest subsidy on working capital loan’ (62.05%), ‘comprehensive insurance scheme’ (66.67%) and ‘transport subsidy’ (80%).

6.1.3 Efficacy of Various Incentives from Central Government for the Promotion of Small Enterprises

After analysing the efficacy of various incentives from Central Government for the promotion of micro enterprises in Barak Valley it is necessary to analyse the efficacy of these incentives for the promotion of small enterprises in the Valley. The efficacy of these incentives has been analysed on the basis of the perceived level of awareness of small enterprises about incentives of Central Government and application and receiving status of incentives of Central Government by the enterprises in Barak Valley.

Table 6.6 gives an overview of the perceived level of awareness of small enterprises about incentives of Central Government in Barak Valley.

Table 6.6: Perceived Level of Awareness of Small Enterprises about Incentives of Central Government

Incentives	Aware	Not Aware
Excise Duty Exemption	35 (77.78)	10 (22.22)
Income Tax Exemption	36 (80.00)	9 (20.00)
Capital Investment Subsidy	34 (75.56)	11 (24.44)
Interest Subsidy on Working Capital Loan	31 (68.89)	14 (31.11)
Comprehensive Insurance Scheme	30 (66.67)	15 (33.33)
Transport Subsidy	33 (73.33)	12 (26.67)

Note: Figures denote number of enterprises
Figures in parentheses denote percentage of small enterprises.

Source: Field Survey

Table 6.6 delineates that 77.78% of the small enterprises are aware of ‘excise duty exemption’ and only 22.22% of the enterprises are not aware of the incentive.

It further delineates that 80.00% of the small enterprises are aware of ‘income tax exemption’ and 20.00% of the enterprises are not aware of the incentive.

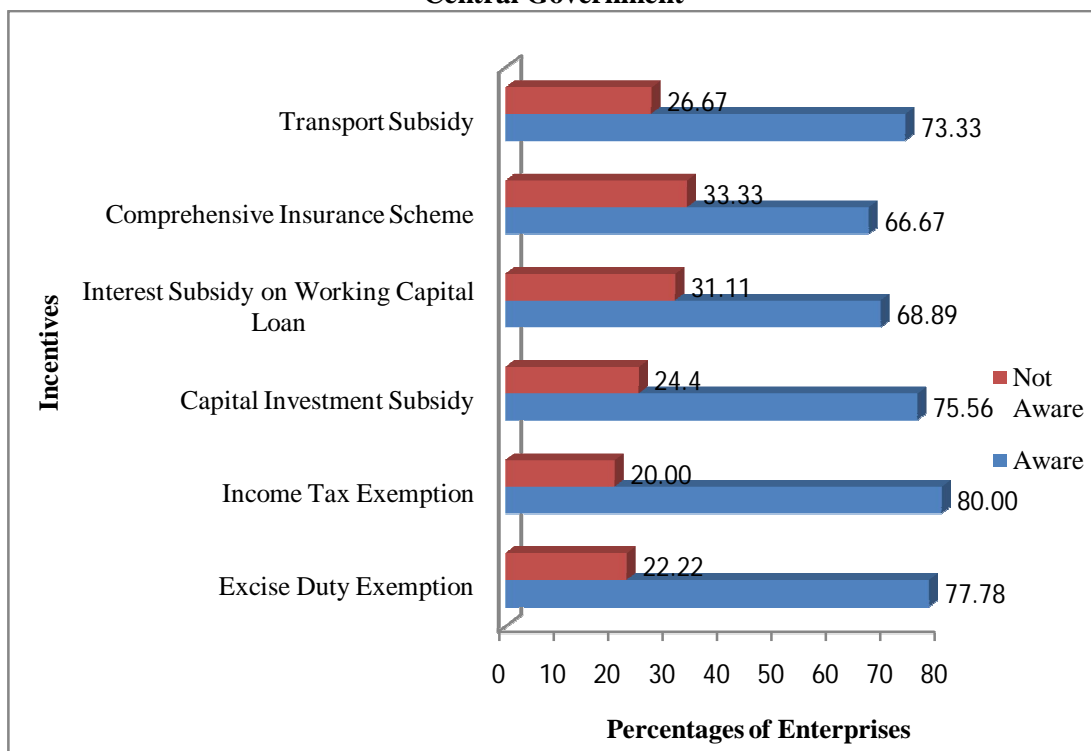
The table displays that 75.56% of the small enterprises are aware of ‘capital investment subsidy’ while 24.44% of the enterprises are not aware of the incentive.

It exhibits that 68.89% of the small enterprises are aware of ‘interest subsidy on working capital loan’ while 31.11% of the enterprises are not aware of the incentive.

Table 6.6 further exhibits that 66.67% of the small enterprises are aware of ‘comprehensive insurance scheme’ while 33.33% of the enterprises are not aware of the incentive.

It has been observed from the above table that 73.33% of the small enterprises are aware of ‘transport subsidy’ while 26.67% of the enterprises are not aware of the incentive.

Figure 6.5: Perceived Level of Awareness of Small Enterprises about Incentives of Central Government



On an overall, it has been found from the study that most of the small enterprises in Barak Valley are not aware about incentives of Central Government. The perceived level of awareness of small enterprises about incentives of Central Government in the Valley varies from 66.67% to 80.00%. However, 20.00% to 33.33% of the small enterprises in the Valley are not aware about any of the incentives of Central Government. Most of the small enterprises are aware of 'income tax exemption' (80.00%) and least of them are aware of 'comprehensive insurance scheme' (66.67%).

The following table exhibits the application and receiving status of incentives of Central Government by small enterprises in Barak Valley.

Table 6.7: Application and Receiving Status of Incentives of Central Government by Small Enterprises

Incentives	Aware but not applied	Applied but not received	Applied and received	Total Aware
Excise Duty Exemption	20 (57.14)	5 (14.29)	10 (28.57)	35 (100.00)
Income Tax Exemption	20 (55.56)	9 (25.00)	7 (19.44)	36 (100.00)
Capital Investment Subsidy	18 (52.94)	8 (23.53)	8 (23.53)	34 (100.00)
Interest Subsidy on Working Capital Loan	15 (48.39)	4 (12.90)	12 (38.71)	31 (100.00)
Comprehensive Insurance Scheme	24 (80.00)	2 (6.67)	4 (13.33)	30 (100.00)
Transport Subsidy	25 (75.76)	6 (18.18)	2 (6.06)	33 (100.00)

Note: Figures denote number of enterprises
Figures in parentheses denote percentage of total aware small enterprises.

Source: Field Survey

Table 6.7 reveals that 57.14% of the small enterprises who are aware of 'excise duty exemption' but have not applied for the incentive. Only 42.86% of the enterprises have applied for 'excise duty exemption' of which 28.57% have received the incentive and 14.29% have not received the incentive.

It further reveals that 55.56% of the small enterprises who are aware of ‘income tax exemption’ but have not applied for the incentive. Only 44.44% of the enterprises have applied for ‘income tax exemption’ of which 19.44% have received the incentive and 25.00% have not received the incentive.

It has been found from the table that 52.94% of the small enterprises who are aware of ‘capital investment subsidy’ but have not applied for the incentive. Only 47.06% of the enterprises have applied for ‘capital investment subsidy’ of which 23.53% have received the incentive and 23.53% have not received the incentive.

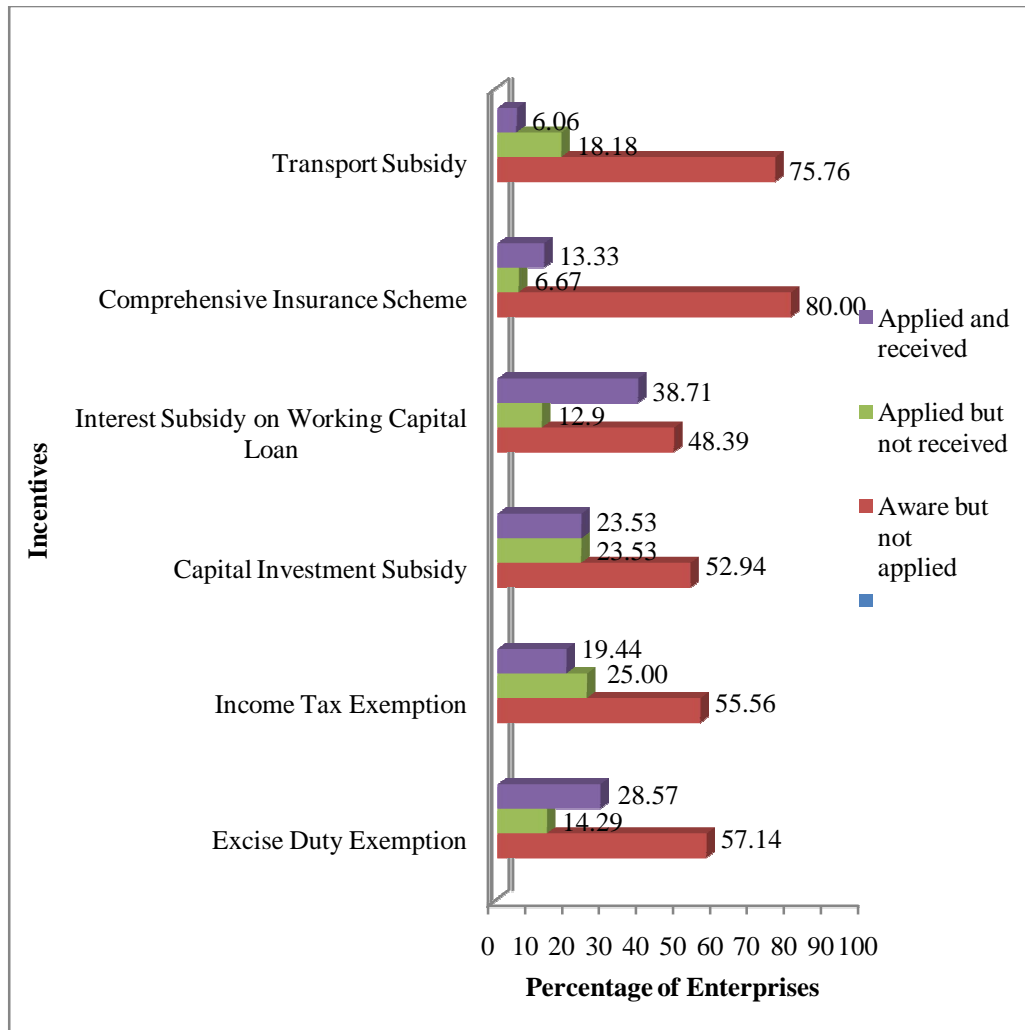
The table exhibits that 48.39% of the small enterprises who are aware of ‘interest subsidy on working capital loan’ but have not applied for the incentive. Only 51.61% of the enterprises have applied for ‘interest subsidy on working capital loan’ of which 38.71% have received the incentive and 12.90% have not received the incentive.

It further exhibits that 80.00% of the small enterprises who are aware of ‘comprehensive insurance scheme’ but have not applied for the incentive. Only 20.00% of the enterprises have applied for ‘comprehensive insurance scheme’ of which 13.33% have received the incentive and 6.67% have not received the incentive.

It has been observed from the above table that 75.76% of the small enterprises who are aware of ‘transport subsidy’ but have not applied for the incentive. Only 24.24% of the enterprises have applied for ‘transport subsidy’ of which 6.06% have received the incentive and 18.18% have not received the incentive.

On an overall, it has been found from the study that the small enterprises in Barak Valley who are aware about incentives of Central Government, most of them have not applied for the incentives. To be more specific the small enterprises in Barak Valley who are aware about incentives of the Central Government but have not applied for ‘excise duty exemption’ (57.14%), ‘income tax exemption’ (55.56%), ‘capital investment subsidy’ (52.94%), ‘interest subsidy on working capital loan’ (48.39%), ‘comprehensive insurance scheme’ (80.00%) and ‘transport subsidy’ (75.76%).

Figure 6.6: Application and Receiving Status of Incentives of Central Government by Small Enterprises



6.1.4 Efficacy of Various Incentives from Central Government for the Promotion of Manufacturing Enterprises

The researcher has also analysed the efficacy of various incentives from Central Government for the promotion of manufacturing enterprises in Barak Valley. The efficacy of these incentives has been analysed on the basis of the perceived level of awareness of manufacturing enterprises about incentives of Central Government and application and receiving status of incentives of Central Government by the enterprises in Barak Valley. Table 6.8 gives an overview of the perceived level of awareness of manufacturing enterprises about incentives of Central Government in Barak Valley.

Table 6.8: Perceived Level of Awareness of Manufacturing Enterprises about Incentives of Central Government

Incentives	Aware	Not Aware
Excise Duty Exemption	75 (38.66)	119 (61.34)
Income Tax Exemption	73 (37.63)	121 (62.37)
Capital Investment Subsidy	76 (39.18)	118 (60.82)
Interest Subsidy on Working Capital Loan	70 (36.08)	124 (63.92)
Comprehensive Insurance Scheme	60 (30.93)	134 (69.07)
Transport Subsidy	66 (34.02)	128 (65.98)

Note: Figures denote number of enterprises

Figures in parentheses denote percentage of manufacturing enterprises

Source: Field Survey

Table 6.8 delineates that 38.66% of the manufacturing enterprises are aware of ‘excise duty exemption’ on finished products while 61.34% are not aware of the incentive in Barak Valley.

It further delineates that 37.63% of the manufacturing enterprises are aware of ‘income tax exemption’ and 62.37% of the enterprises are not aware of the incentive.

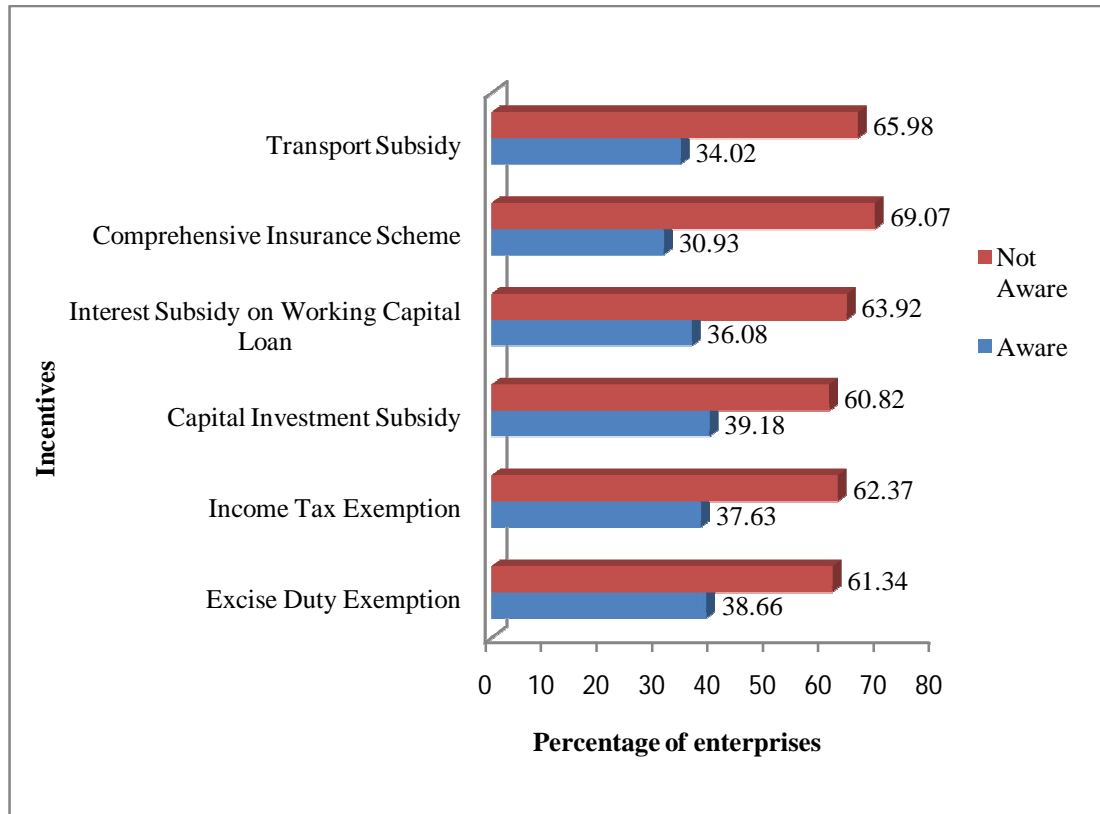
The table exhibits that 39.18% of the manufacturing enterprises are aware of ‘capital investment subsidy’ while 60.82% of the enterprises are not aware of the incentive.

It has been observed from the above table that 36.08% of the manufacturing enterprises are aware of ‘interest subsidy on working capital loan’ and 63.92% of the enterprises are not aware of the incentive.

Table 6.8 shows that 30.93% of the manufacturing enterprises are aware of ‘comprehensive insurance scheme’ while 69.07% of the enterprises are not aware of the incentive.

It is found that 34.02% of the manufacturing enterprises are aware of ‘transport subsidy’ for purchase of raw materials and finished goods and 65.98% of the enterprises are not aware of the incentive.

Figure 6.7: Perceived Level of Awareness of Manufacturing Enterprises about Incentives of Central Government



On an overall, it has been found from the study that most of the manufacturing enterprises in Barak Valley are not aware about incentives of Central Government. The perceived level of awareness of manufacturing enterprises about incentives of Central Government in the Valley varies from 30.93% to 39.18%. It is very surprising that 60.82% to 69.07% of the manufacturing enterprises in the Valley are not aware about any of the incentives of Central Government. Most of the manufacturing enterprises are aware of ‘capital investment subsidy’ (39.18%) and least of them are aware of ‘comprehensive insurance scheme’ (30.93%).

The following table exhibits the application and receiving status of incentives of Central Government by manufacturing enterprises in Barak Valley.

Table 6.9: Application and Receiving Status of Incentives of Central Government by Manufacturing Enterprises

Incentives	Aware but not applied	Applied but not received	Applied and received	Total Aware
Excise Duty Exemption	54 (72.00)	8 (10.67)	13 (17.33)	75 (100.00)
Income Tax Exemption	46 (63.01)	17 (23.29)	10 (13.70)	73 (100.00)
Capital Investment Subsidy	44 (57.90)	16 (21.05)	16 (21.05)	76 (100.00)
Interest Subsidy on Working Capital Loan	38 (54.29)	10 (14.29)	22 (31.42)	70 (100.00)
Comprehensive Insurance Scheme	43 (71.67)	10 (16.67)	7 (11.66)	60 (100.00)
Transport Subsidy	50 (75.76)	8 (12.12)	8 (12.12)	66 (100.00)

*Note: Figures denote number of enterprises
Figures in parentheses denote percentage of total aware manufacturing enterprises*

Source: Field Survey

Table 6.9 reveals that 72.00% of the manufacturing enterprises who are aware of ‘excise duty exemption’ but have not applied for the incentive. Only 28.00% of the enterprises have applied for ‘excise duty exemption’ of which 17.33% have received the incentive and 10.67% have not received the incentive.

It further reveals that 63.01% of the manufacturing enterprises who are aware of ‘income tax exemption’ but have not applied for the incentive. Only 36.99% of the enterprises have applied for ‘income tax exemption’ of which 13.70% have received the incentive and 23.29% have not received the incentive.

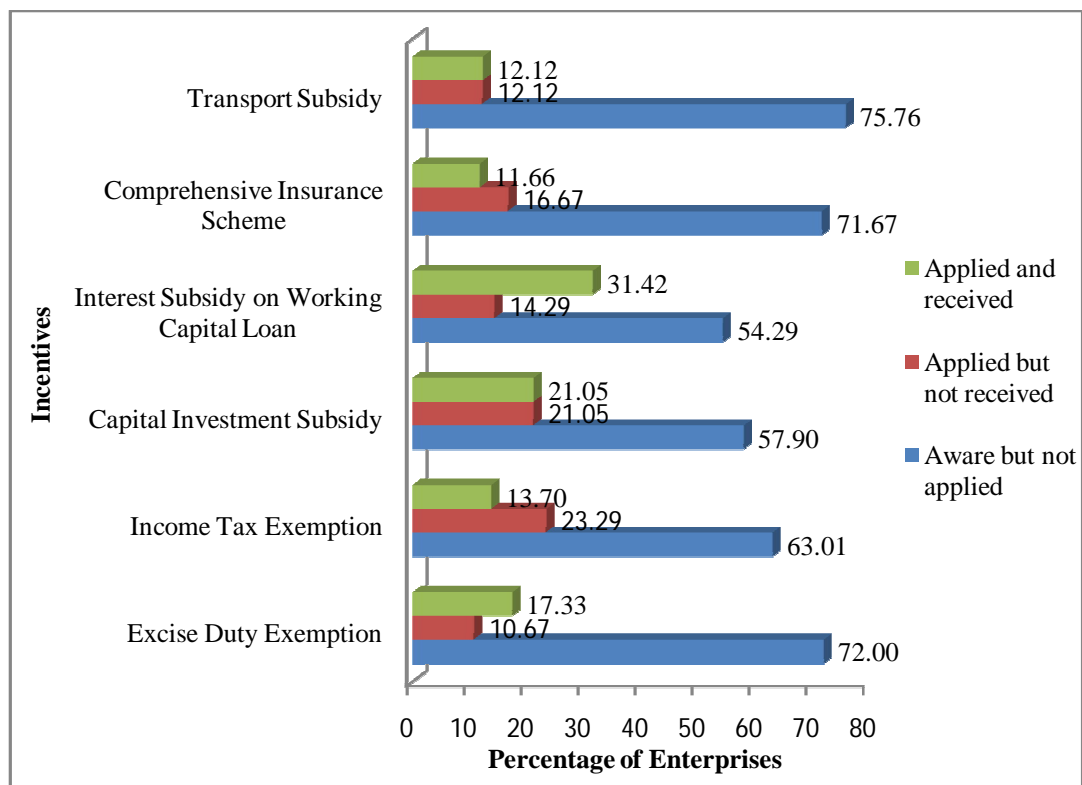
It has been found from the table that 57.90% of the manufacturing enterprises who are aware of ‘capital investment subsidy’ but have not applied for the incentive. Only 42.10% of the enterprises have applied for ‘capital investment subsidy’ of which 21.05% have received the incentive and 21.05% have not received the incentive.

The table exhibits that 54.29% of the manufacturing enterprises who are aware of ‘interest subsidy on working capital loan’ but have not applied for the incentive. Only 45.71% of the enterprises have applied for ‘interest subsidy on working capital loan’ of which 31.42% have received the incentive and 14.29% have not received the incentive.

It further exhibits that 71.67% of the manufacturing enterprises who are aware of ‘comprehensive insurance scheme’ but have not applied for the incentive. Only 28.33% of the enterprises have applied for ‘comprehensive insurance scheme’ of which 11.66% have received the incentive and 16.67% have not received the incentive.

It has been observed from the above table that 75.76% of the manufacturing enterprises who are aware of ‘transport subsidy’ but have not applied for the incentive. Only 24.24% of the enterprises have applied for ‘transport subsidy’ of which 12.12% have received the incentive and 12.12% have not received the incentive.

Figure 6.8: Application and Receiving Status of Incentives of Central Government by Manufacturing Enterprises



On an overall, it has been found from the study that the manufacturing enterprises in Barak Valley who are aware about incentives of Central Government, most of them have not applied for the incentives. To be more specific the manufacturing enterprises in Barak Valley who are aware about incentives of the Central Government but have not applied for ‘excise duty exemption’ (72.00%), ‘income tax exemption’ (63.01%), ‘capital investment subsidy’ (57.90%), ‘interest subsidy on working capital loan’ (54.29%), ‘comprehensive insurance scheme’ (71.67%) and ‘transport subsidy’ (75.76%).

6.1.5 Efficacy of Various Incentives from Central Government for the Promotion of Service Enterprises

The researcher has also analysed the efficacy of various incentives from Central Government for the promotion of service enterprises in Barak Valley. The efficacy of these incentives has been analysed on the basis of the perceived level of awareness of service enterprises about incentives of Central Government and application and receiving status of incentives of Central Government by the enterprises in Barak Valley.

The following table exhibits the perceived level of awareness of service enterprises about incentives of Central Government.

Table 6.10: Perceived Level of Awareness of Service Enterprises about Incentives of Central Government

Incentives	Aware	Not Aware
Excise Duty Exemption	9 (17.31)	43 (82.69)
Income Tax Exemption	10 (19.23)	42 (80.77)
Capital Investment Subsidy	11 (21.15)	41 (78.85)
Interest Subsidy on Working Capital Loan	9 (17.31)	43 (82.69)
Comprehensive Insurance Scheme	9 (17.31)	43 (82.69)
Transport Subsidy	7 (13.46)	45 (86.54)

Note: Figures denote number of enterprises
 Figures in parentheses denote percentage of service enterprises.

Source: Field Survey

Table 6.10 delineates that 17.31% of the service enterprises are aware of ‘excise duty exemption’ and 82.69% are not aware of the incentive.

It further delineates that 19.23% of the service enterprises are aware of ‘income tax exemption’ and 80.77% of the enterprises are not aware of the incentive in the Valley.

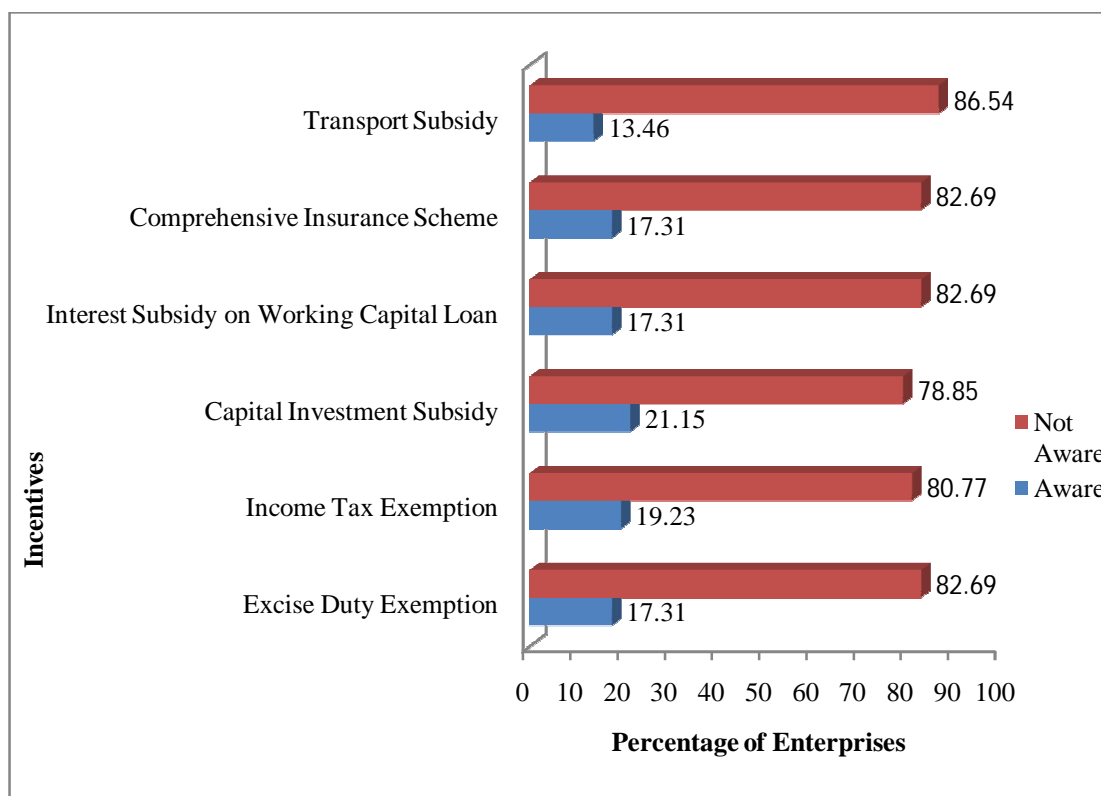
It exhibits that 21.15% of the service enterprises are aware of ‘capital investment subsidy’ while 78.85% of the enterprises are not aware of the incentive.

It has been observed from the above table that 17.31% of the service enterprises are aware of ‘interest subsidy on working capital loan’ and 82.69% of the enterprises are not aware of the incentive.

Table 6.10 shows that 17.31% of the service enterprises are aware of ‘comprehensive insurance scheme’ while 82.69% of the enterprises are not aware of the incentive.

It is found that 13.46% of the service enterprises are aware of ‘transport subsidy’ and 86.54% of the enterprises are not aware of the incentive.

Figure 6.9: Perceived Level of Awareness of Service Enterprises about Incentives of Central Government



It has been found from the study that most of the service enterprises in Barak Valley are not aware about incentives of Central Government. The perceived level of awareness of service enterprises about incentives Central Government in the Valley varies from 13.46% to 21.15%. It is very surprising that 78.85% to 86.54% of the service enterprises in the Valley are not aware about any of the incentives of Central Government. Most of the service enterprises are aware of ‘capital investment subsidy’ (21.15%) and least of them are aware of ‘transport subsidy’ (13.46%).

The following table shows the application and receiving status of incentives of Central Government by service enterprises in Barak Valley.

Table 6.11: Applications and Receiving Status of Incentives of Central Government by Service Enterprises

Incentives	Aware but not applied	Applied but not received	Applied and received	Total Aware
Excise Duty Exemption	9 (100.00)	0 (0.00)	0 (0.00)	9 (100.00)
Income Tax Exemption	8 (80.00)	1 (10.00)	1 (10.00)	10 (100.00)
Capital Investment Subsidy	9 (81.82)	1 (9.09)	1 (9.09)	11 (100.00)
Interest Subsidy on Working Capital Loan	7 (77.78)	1 (11.11)	1 (11.11)	9 (100.00)
Comprehensive Insurance Scheme	7 (77.78)	0 (0.00)	2 (22.22)	9 (100.00)
Transport Subsidy	7 (100.00)	0 (0.00)	0 (0.00)	7 (100.00)

Note: Figures denote number of enterprises
Figures in parentheses denote percentage of total aware service enterprises.

Source: Field Survey

Table 6.11 reveals that all the service enterprises who are aware of ‘excise duty exemption’ but they have not applied for the incentive.

It further reveals that 80.00% of the service enterprises who are aware of ‘income tax exemption’ but have not applied for the incentive. Only 20.00% of the enterprises have applied for ‘income tax exemption’ of which 10.00% have received the incentive and 10.00% have not received the incentive.

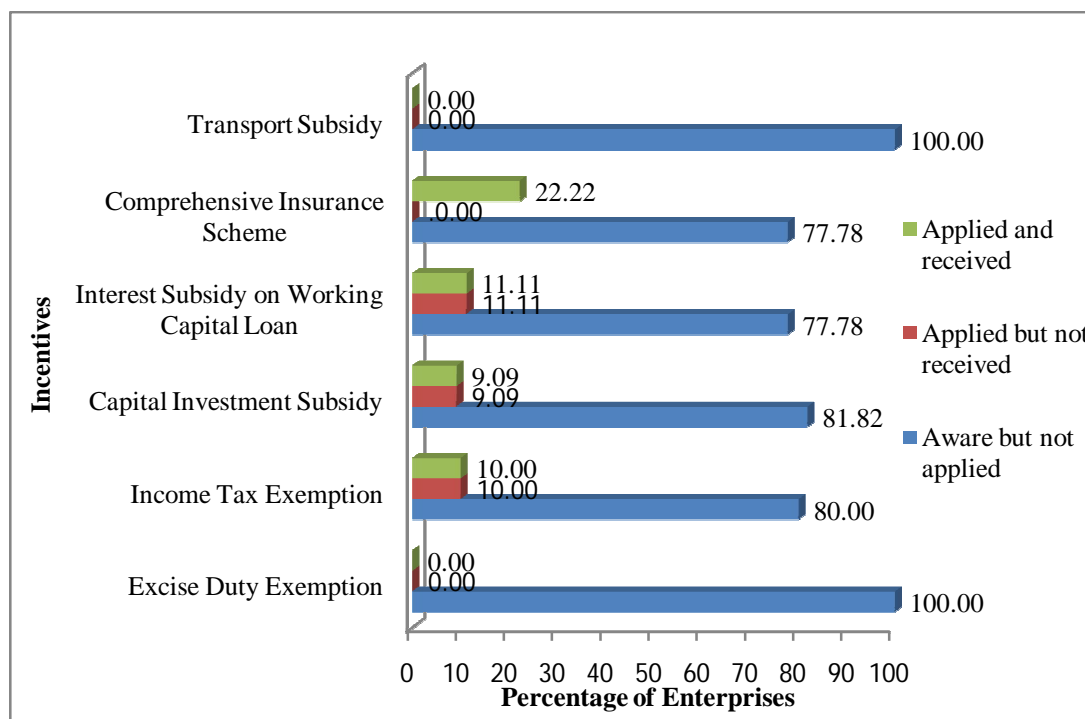
It has been found from the table that 81.82% of the service enterprises who are aware of ‘capital investment subsidy’ but have not applied for the incentive. Only 18.18% of the enterprises have applied for ‘capital investment subsidy’ of which 9.09% have received the incentive and 9.09% have not received the incentive.

The table exhibits that 77.78% of the service enterprises who are aware of ‘interest subsidy on working capital loan’ but have not applied for the incentive. Only 22.22% of the enterprises have applied for ‘interest subsidy on working capital loan’ of which 11.11% have received the incentive and 11.11% have not received the incentive.

It further exhibits that 77.78% of the service enterprises who are aware of ‘comprehensive insurance scheme’ but have not applied for the incentive and the remaining 22.22% of the enterprises have applied and received the incentive.

It has been observed from the above table that all the service enterprises who are aware of ‘transport subsidy’ but they have not applied for the incentive.

Figure 6.10: Application and Receiving Status of Incentives of Central Government by Service Enterprises



On an overall, it has been found from the study that the service enterprises in Barak Valley who are aware about incentives of Central Government, most of them have not

applied for the incentives. To be more specific the service enterprises in Barak Valley who are aware about incentives of the Central Government but have not applied for ‘excise duty exemption’ (100%), ‘income tax exemption’ (80.00%), ‘capital investment subsidy’ (81.82%), ‘interest subsidy on working capital loan’ (77.78%), ‘comprehensive insurance scheme’ (77.78%) and ‘transport subsidy’ (100.00%).

6.2 Incentives of State Government

The development of rural and urban areas is not only the preview of Central Government but the State Government is also usually responsible. The State Government of Assam has launched the industrial policies in this direction and has made the efforts through the prospective incentives to promote industrialisation in the state. The State Government provides various incentives to micro and small enterprises in Assam under ‘Industrial policy of Assam, 2008’ and ‘Industrial and Investment policy of Assam, 2014’ (Department of Industries and Commerce, Government of Assam). Incentives under the ‘Industrial and Investment policy of Assam, 2014’ have not been analysed in the present study because this policy was effected from 01-03-2014 (Industrial and Investment Policy Report 2014, Government of Assam) and respondents in the Valley are totally not aware about this policy which is observed in the pilot survey during April, 2014. Hence, in order to properly analyse the efficacy of various incentives from State Government, incentives under ‘Industrial policy of Assam, 2008’ have been analysed in the present study. The industrial policy of Assam, 2008 effected from 1-10-2008 and will be valid for a period of 5 years i.e. up to 30-09-2013 (Industrial Policy Report 2008, Government of Assam). The incentives under ‘industrial policy of Assam, 2008’ along with their salient features are listed below (table 6.12) –

Table 6.12: Incentives under ‘Industrial Policy of Assam, 2008’

S.L No.	Incentives	Salient Features
1	Interest Subsidy on Term Loan	30% of interest paid on term loan to financial institutions for micro enterprises subject ceiling of Rs. 1 lacks per year.
2	Power Subsidy	(a) 30% subsidy on power tariff on actual units consumed for 5 years up to connected load of 1.00 MW subject to ceiling of Rs. 10lacks per annum. (b) 25% subsidy on power tariff on actual units consumed for 5 years up to connected load above 1.00 MW subject to ceiling of Rs. 25 lacks per annum.
3	Subsidy on Quality Certification / Technical Know-how	50% subsidy subject to ceiling of Rs. 1.00 lacks for fees paid for obtaining BIS/ISO/FPO/Agmark or know-how obtained from reorganized laboratory like CFTR/CIPET.
4	Subsidy on Drawl of Power Line	25% of cost payable to ASEB for drawl of power line including cost of transformer subject to ceiling of Rs. 10.00 lacks per enterprises to micro and small enterprises.
5	Exemption from Value Added Tax	(a) 7 years ceiling of maximum 200% of fixed capital for micro enterprises, 150% for small enterprises and 100% for medium & large enterprises. (b) 7 years ceiling of maximum 150% of additional fixed capital for micro enterprises, 100% for small enterprises and 90% for medium & large enterprises undergoing substantial expansion.
6	Exemption from Stamp Duty and Registration Fee	100% reimbursement of stamp duty and registration fees for setting up of industrial infrastructure.
7	Special Incentives for Mega Projects and Revival of Sick Enterprises	Priority land allotment, raising ceiling amount of subsidy, period of validity of tax concession on case to case basis for Mega Projects (100 crores or 1000 minimum employment). For revival of sick enterprises exemption of 99% of tax payable under VAT for 3 years ceiling of 100% of additional investment made for rehabilitation.
8	Market Linkage Assistance Scheme	(a) Reimbursement of 50% of the net fees paid by the unit for the participation in trade fair / exhilaration within India subject to a maximum of Rs 10,000. (b)Reimbursement of 50% of transport cost paid by the unit for the participation in government sponsored / recognized trade fair / exhibition in South East Asia subject to a maximum of Rs 50,000 per exhibition. (c)The maximum three times can be allowed to each unit to get the benefit from this incentive. (d)The Woman and physically handicapped enterprises (more than 50% ownership) will be given preferences in selection for participation in trade fair.

Source: Industrial Policy Report 2008, Government of Assam.

6.2.1 Efficacy of Various Incentives from State Government for the Promotion of Sample Enterprises

For the purpose of analysing the efficacy of various incentives from State Government for the promotion of micro and small enterprises in Barak Valley all the eight incentives of State Government namely ‘interest subsidy on term loan’, ‘power subsidy’, ‘subsidy on quality certification / technical know-how’, ‘subsidy on drawl of power line’, ‘exemption from value added tax’, ‘exemption from stamp duty and registration fee’, ‘special incentives for mega projects and revival of sick enterprises’ and ‘market linkage assistance scheme’ are considered in the present study. The efficacy of these incentives has been analysed on the basis of the perceived level of awareness of sample enterprises about incentives of State Government and application and receiving status of incentives of State Government by sample enterprises in Barak Valley. The following table exhibits the perceived level of awareness of sample enterprises about incentives of State Government in Barak Valley.

Table 6.13: Perceived Level of Awareness of Sample Enterprises about Incentives of State Government

Incentives	Aware	Not Aware
Interest Subsidy on Term Loan	97 (39.43)	149 (60.57)
Power Subsidy	89 (36.18)	157 (63.82)
Subsidy on Quality Certification / Technical Know-how	70 (28.46)	176 (71.54)
Subsidy on Drawl of Power Line	68 (27.64)	178 (72.36)
Exemption from Value Added Tax	91 (36.99)	155 (63.01)
Exemption from Stamp Duty and Registration Fee	72 (29.27)	174 (70.73)
Special Incentives for Mega Projects and Revival of Sick Enterprises	70 (28.46)	176 (71.54)
Market Linkage Assistance Scheme	60 (24.39)	186 (75.61)

Note *Figures denote number of enterprises Figures in parentheses denote percentage of total micro and small enterprises*

Source: *Field Survey*

Table 6.13 reveals that 39.43% of the total micro and small enterprises are aware of 'interest subsidy on term loan' while 60.57% of the enterprises are not aware of the incentive.

It further reveals that 36.18% of the total micro and small enterprises are aware of 'power subsidy' while 63.82% of the enterprises are not aware of the incentive.

It is found that 28.46% of the total micro and small enterprises are aware of 'subsidy on quality certification / technical know-how' and 71.54% of the enterprises are not aware of the incentive.

The table exhibits that 27.64% of the total micro and small enterprises are aware of 'subsidy on drawl of power line' and 72.36% of the enterprises not aware of the incentive.

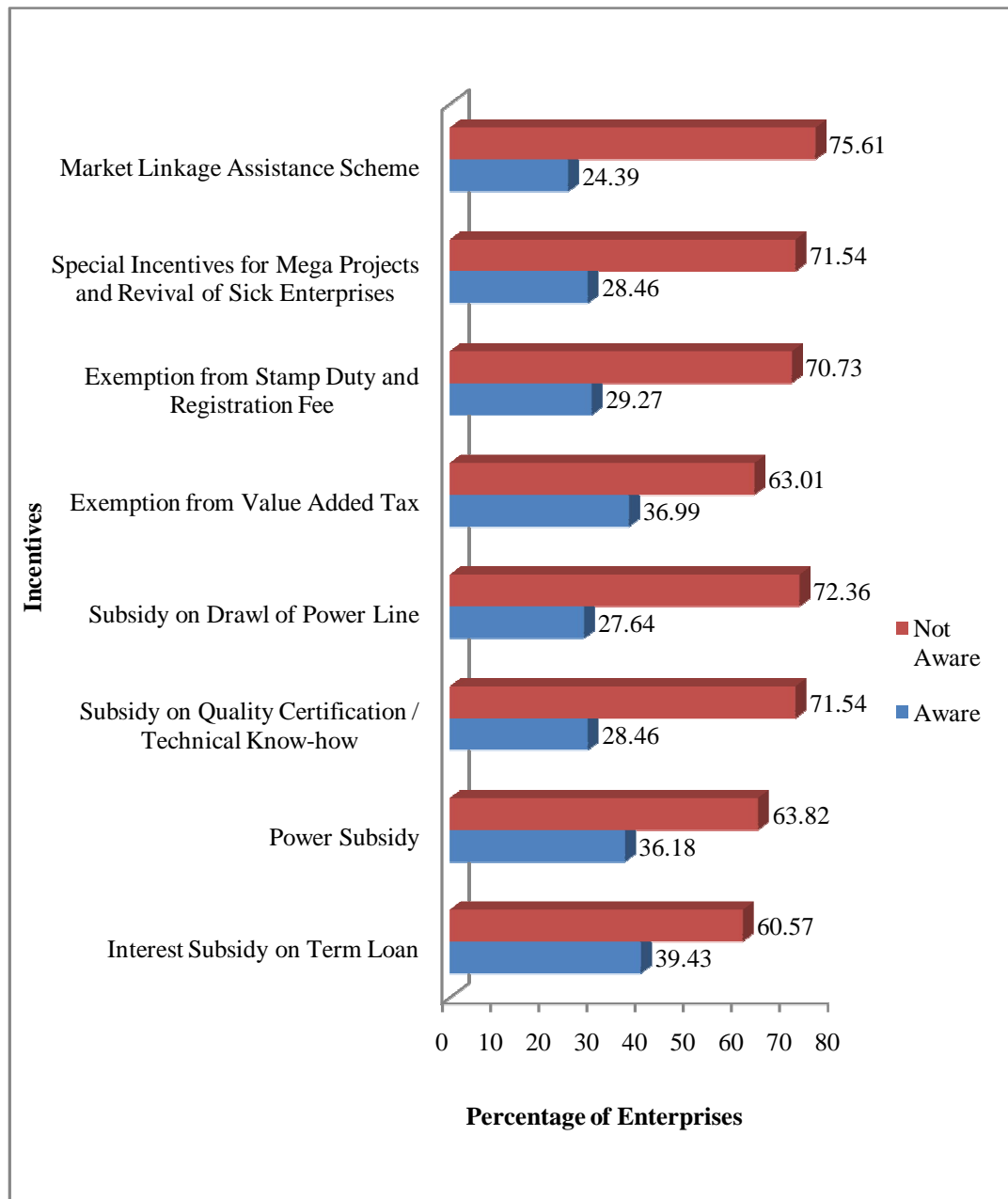
It also exhibits that 36.99% of the total micro and small enterprises are aware of 'exemption of value added tax' while 63.01% of the enterprises are not aware of the incentive.

It has been observed from the above table that 29.27% of the total micro and small enterprises in the Valley are aware of 'exemption of stamp duty and registration fee' for setting up of industrial park/estate while 70.73% of the enterprises are not aware of the incentive.

The above table displays that 28.46% of the total micro and small enterprises are aware of 'special incentives for mega projects and revival of sick enterprises' while 71.54% of the enterprises are not aware of the incentive.

It further displays that 24.39% of the total micro and small enterprises are aware of 'market linkage assistance scheme' while 75.61% of the enterprises are not aware of the incentive.

Figure 6.11: Perceived Level of Awareness of Sample Enterprises about Incentives of State Government



On an overall, it has been found from the study that most of the total micro and small enterprises in Barak Valley are not aware about incentives of State Government as it is observed from the field survey that there is lack of proper co-operation from officials of the District Industries and Commerce Centres of the three districts of Barak Valley regarding awareness about incentives of State Government and the educational qualification of the respondents in the Valley are very poor. The perceived level of awareness of micro and small enterprises about incentives of State

Government varies from 24.39% to 39.43%. It is very surprising that 60.57% to 75.61% of the micro and small enterprises in the Valley are not aware about any of the incentives of State Government. Most of the micro and small enterprises in Barak Valley are aware of ‘interest subsidy on term loan’ (39.43%) and least of them are aware of ‘market linkage assistance scheme’ (24.39%).

The following table exhibits the application and receiving status of incentives of State Government by sample enterprises.

Table 6.14: Application and Receiving Status of Incentives of State Government by Sample Enterprises

Incentives	Aware but not applied	Applied but not received	Applied and received	Total Aware
Interest Subsidy on Term Loan	63 (64.95)	20 (20.62)	14 (14.43)	97 (100.00)
Power Subsidy	55 (61.80)	19 (21.35)	15 (16.85)	89 (100.00)
Subsidy on Quality Certification / Technical Know-how	61 (87.14)	4 (5.72)	5 (7.14)	70 (100.00)
Subsidy on Drawl of Power Line	56 (82.35)	11 (16.18)	1 (1.47)	68 (100.00)
Exemption from Value Added Tax	68 (74.73)	11 (12.09)	12 (13.18)	91 (100.00)
Exemption from Stamp Duty and Registration Fee	68 (94.44)	3 (4.17)	1 (1.39)	72 (100.00)
Special Incentives for Mega Projects and Revival of Sick Enterprises	60 (85.72)	5 (7.14)	5 (7.14)	70 (100.00)
Market Linkage Assistance Scheme	58 (96.67)	2 (3.33)	0 (0.00)	60 (100.00)

Note: Figures denote number of enterprises

Figures in parentheses denote percentage of total aware micro and small enterprises

Source: Field Survey

Table 6.14 displays that 64.95% of the sample enterprises who are aware of ‘interest subsidy on term loan’ but have not applied for the incentive. Only 35.05% of the enterprises have applied for ‘interest subsidy on term loan’ of which 14.43% have received the incentive and 20.62% have not received the incentive.

It further reveals that 61.80% of the micro and small enterprises who are aware of 'power subsidy' but have not applied for the incentive. Only 38.20% of the enterprises have applied for 'power subsidy' of which 16.85% have received the incentive and 21.35% have not received the incentive.

It has been found from the table that 87.14% of the micro and small enterprises who are aware of 'subsidy on quality certification / technical know-how' but have not applied for the incentive. Only 12.86% of the enterprises have applied for 'subsidy on quality certification / technical know-how' of which 7.14% have received the incentive and 5.72% have not received the incentive.

The table exhibits that 82.35% of the micro and small enterprises who are aware of 'subsidy on drawl of power line' but have not applied for the incentive. Only 17.65% of the enterprises have applied for 'subsidy on drawl of power line' of which 1.47% have received the incentive and 16.18% have not received the incentive.

It further exhibits that 74.73% of the micro and small enterprises who are aware of 'exemption from value added tax' but have not applied for the incentive. Only 25.27% of the enterprises have applied for 'exemption from value added tax' of which 13.18% have received the incentive and 12.09% have not received the incentive.

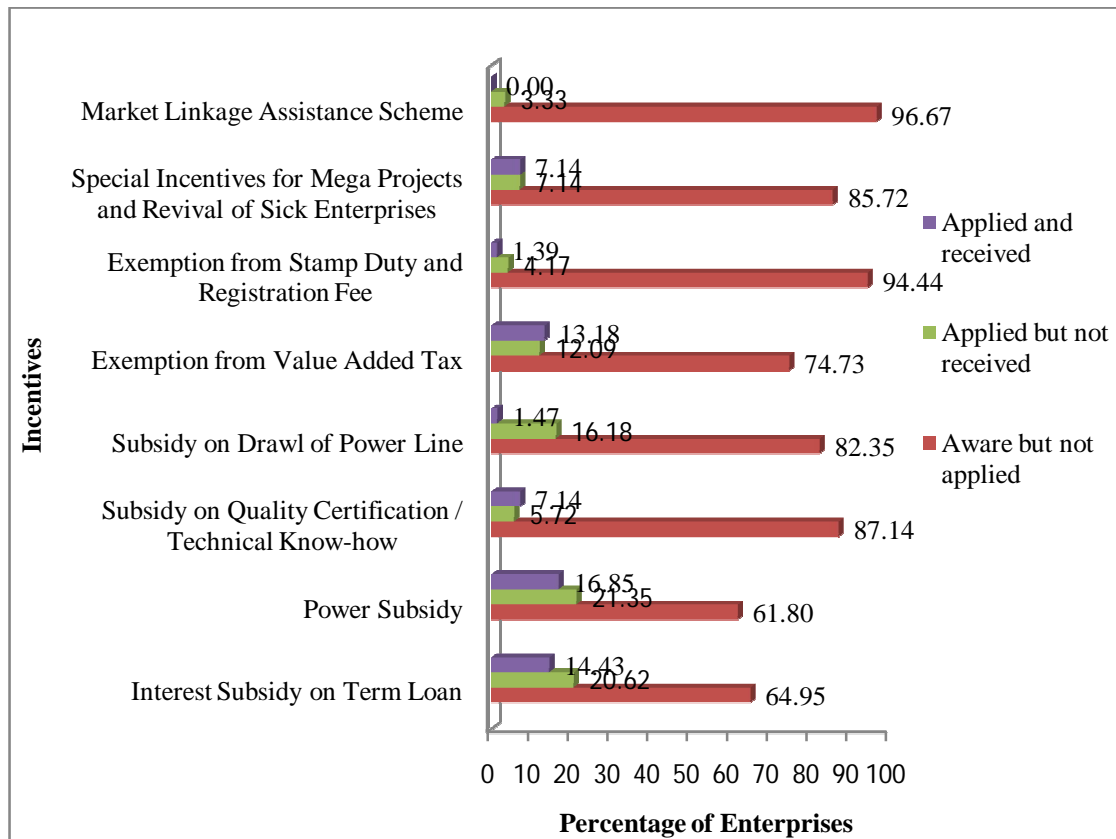
It has been observed from the above table that 94.44% of the micro and small enterprises who are aware of 'exemption from stamp duty and registration fee' but have not applied for the incentive. Only 5.56% of the enterprises have applied for 'exemption from stamp duty and registration fee' of which 1.39% have received the incentive and 4.17% have not received the incentive.

The table delineates that 85.72% of the micro and small enterprises who are aware of 'special incentives for mega projects and revival of sick enterprises' but have not applied for the incentive. Only 14.28% of the enterprises have applied for 'special incentives for mega projects and revival of sick enterprises' of which 7.14% have received the incentive and 7.14% have not received the incentive.

It further delineates that 96.67% of the micro and small enterprises who are aware of 'market linkage assistance scheme' but have not applied for the incentive and

remaining only 3.33% of the enterprises have applied for the incentive but have not received the incentive.

Figure 6.12: Application and Receiving Status of Incentives of State Government by Sample enterprises



On an overall, it has been found from the study that micro and small enterprises in Barak Valley who are aware about incentives of State Government, most of them have not applied for the incentives. To be more specific the micro and small enterprises in Barak Valley who are aware about incentives of the State Government but have not applied for ‘interest subsidy on term loan’ (64.95%), ‘power subsidy’ (61.80%), ‘subsidy on quality certification / technical know-how’ (87.14%), ‘subsidy on drawl of power line’ (82.35%), ‘exemption from value added tax’ (74.73%), ‘exemption from stamp duty and registration fee’ (94.44%), ‘special incentives for mega projects and revival of sick enterprises’ (85.72%) and ‘market linkage assistance scheme (96.67%)’. After discussion with the respondents, it is found that most important reasons for not applying the incentives of State Government are

procedural complicacy, legal formalities, private payment to officials and delay in sanctioning and releasing the incentives.

6.2.2 Efficacy of Various Incentives from State Government for the Promotion of Micro Enterprises

After analysing the efficacy of various incentives from State Government for the promotion of sample enterprises in Barak Valley it is necessary to analyse the efficacy of these incentives for the promotion of micro enterprises in the Valley. The efficacy of the incentives has been analysed on the basis of the perceived level of awareness of micro enterprises about incentives of State Government and application and receiving status of incentives of State Government by micro enterprises in Barak Valley. The table 6.15 gives an overview of the perceived level of awareness of micro enterprises about incentives of State Government in Barak Valley.

Table 6.15: Perceived Level of Awareness of Micro Enterprises about Incentives of State Government

Incentives	Aware	Not Aware
Interest Subsidy on Term Loan	66 (32.84)	135 (67.16)
Power Subsidy	53 (26.37)	148 (73.63)
Subsidy on Quality Certification/Technical Know-how	37 (18.41)	164 (81.59)
Subsidy on Drawl of Power Line	37 (18.41)	164 (81.59)
Exemption from Value Added Tax	54 (26.87)	147 (73.13)
Exemption from Stamp Duty and Registration Fee	41 (20.40)	160 (79.60)
Special Incentives for Mega Projects and Revival of Sick Enterprises	41 (20.40)	160 (79.60)
Market Linkage Assistance Scheme	36 (17.91)	165 (82.09)

Note: Figures denote number of enterprises
 Figures in parentheses denote percentage of micro enterprises

Source: Field Survey

Table 6.15 delineates that 32.84% of the micro enterprises are aware of ‘interest subsidy on term loan’ while 67.16% of the enterprises are not aware of the incentive.

It further delineates that 26.37% of the micro enterprises are aware of ‘power subsidy’ while 73.63% of the enterprises are not aware of the incentive.

The above table reveals that 18.41% of the micro enterprises are aware of ‘subsidy on quality certification / technical know-how’ and 81.59% of the enterprises are not aware of the incentive.

It further reveals that 18.41% of the micro enterprises are aware of ‘subsidy on drawl of power line’ while 81.59% of the enterprises are not aware of the incentive.

It is found from the above table that 26.87% of the micro enterprises are aware of ‘exemption from value added tax’ and 73.13% of the enterprises are not aware of the incentive.

Moreover, 20.40% of the micro enterprises are aware of ‘exemption from stamp duty and registration fee’ and 79.60% of the enterprises are not aware of the incentive.

Table 6.15 displays that 20.40% of the micro enterprises are aware of ‘special incentives for mega projects and revival of sick enterprises’ while 79.60% of the enterprises are not aware of the incentive.

It further displays that 17.91% of the micro enterprises are aware of ‘market linkage assistance scheme’ and 82.09% of the enterprises are not aware of the incentive.

On an overall, it has been found from the study that most of the micro enterprises in Barak Valley are not aware about incentives of State Government. The perceived level of awareness of micro enterprises about incentives of State Government in the Valley varies from 17.91% to 32.84%. It is very surprising that 67.16% to 82.09% of the micro enterprises in the Valley are not aware about any of the incentives of State Government. Most of the micro enterprises are aware of ‘interest subsidy on term loan’ (32.84%) and least of them are aware of ‘market linkage assistance scheme’ (17.91%).

Figure 6.13: Perceived Level of Awareness of Micro Enterprises about Incentives of State Government

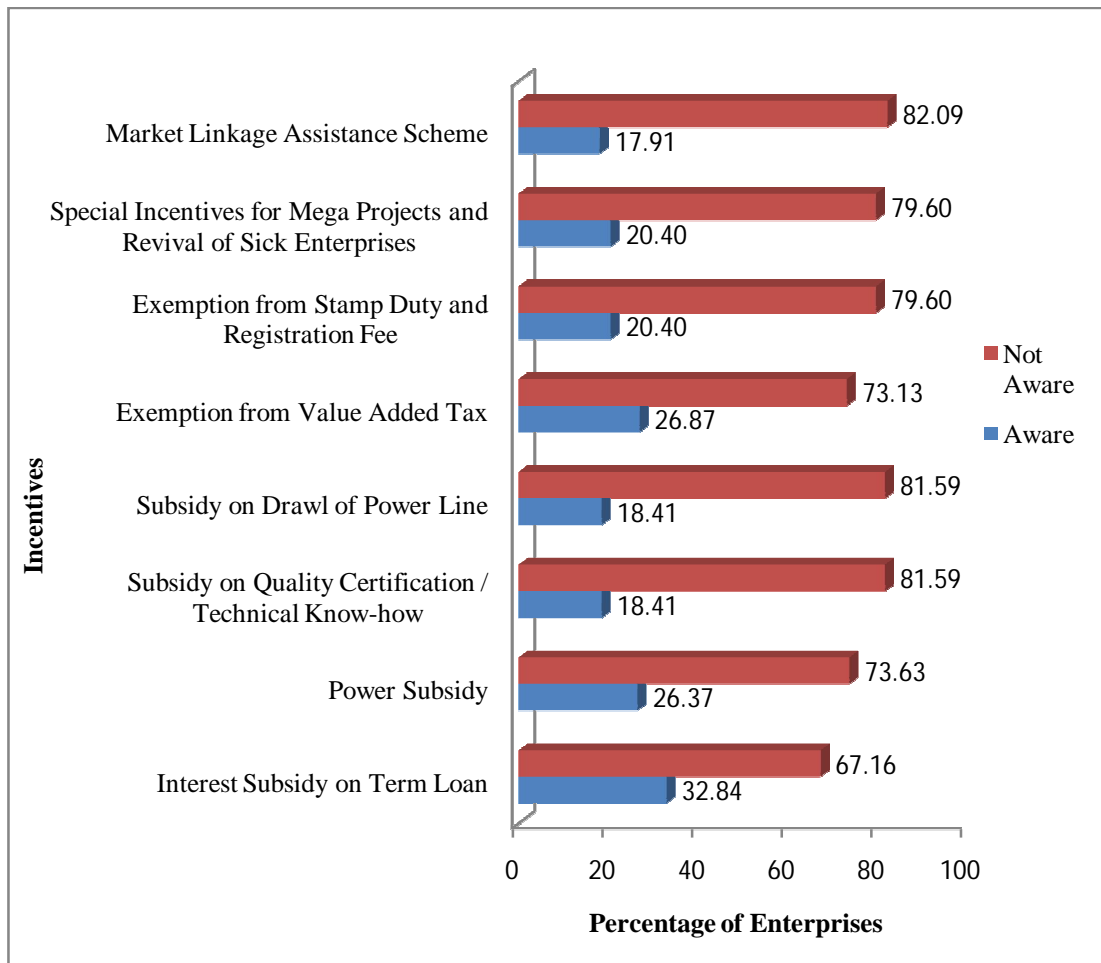


Table 6.16 exhibits the application and receiving status of incentives of State Government by micro enterprises in Barak Valley.

Table 6.16 displays that 59.09% of the micro enterprises who are aware of ‘interest subsidy on term loan’ but have not applied for the incentive. Only 40.91% of the enterprises have applied for ‘interest subsidy on term loan’ of which 15.15% have received the incentive and 25.76% have not received the incentive.

It further reveals that 66.04% of the micro enterprises who are aware of ‘power subsidy’ but have not applied for the incentive. Only 33.96% of the enterprises have applied for ‘power subsidy’ of which 13.21% have received the incentive and 20.75% have not received the incentive.

**Table 6.16: Application and Receiving Status of Incentives of
State Government by Micro Enterprises**

Incentives	Aware but not applied	Applied but not received	Applied and received	Total Aware
Interest Subsidy on Term Loan	39 (59.09)	17 (25.76)	10 (15.15)	66 (100.00)
Power Subsidy	35 (66.04)	11 (20.75)	7 (13.21)	53 (100.00)
Subsidy on Quality Certification / Technical Know-how	34 (91.89)	2 (5.41)	1 (2.70)	37 (100.00)
Subsidy on Drawl of Power Line	34 (91.89)	2 (5.41)	1 (2.70)	37 (100.00)
Exemption from Value Added Tax	43 (79.63)	7 (12.96)	4 (7.41)	54 (100.00)
Exemption from Stamp Duty and Registration Fee	39 (95.12)	2 (4.88)	0 (0.00)	41 (100.00)
Special Incentives for Mega Projects and Revival of Sick Enterprises	34 (82.93)	4 (9.76)	3 (7.31)	41 (100.00)
Market Linkage Assistance Scheme	35 (97.22)	1 (2.78)	0 (0.00)	36 (100.00)

*Note: Figures denote number of enterprises
Figures in parentheses denote percentage of total aware micro enterprises*

Source: Field Survey

It has been found from the table that 91.89% of the micro enterprises who are aware of ‘subsidy on quality certification / technical know-how’ but have not applied for the incentive. Only 8.11% of the enterprises have applied for ‘subsidy on quality certification / technical know-how’ of which 2.70% have received the incentive and 5.41% have not received the incentive.

The table exhibits that 91.89% of the micro enterprises who are aware of ‘subsidy on drawl of power line’ but have not applied for the incentive. Only 8.11% of the enterprises have applied for ‘subsidy on drawl of power line’ of which 2.70% have received the incentive and 5.41% have not received the incentive.

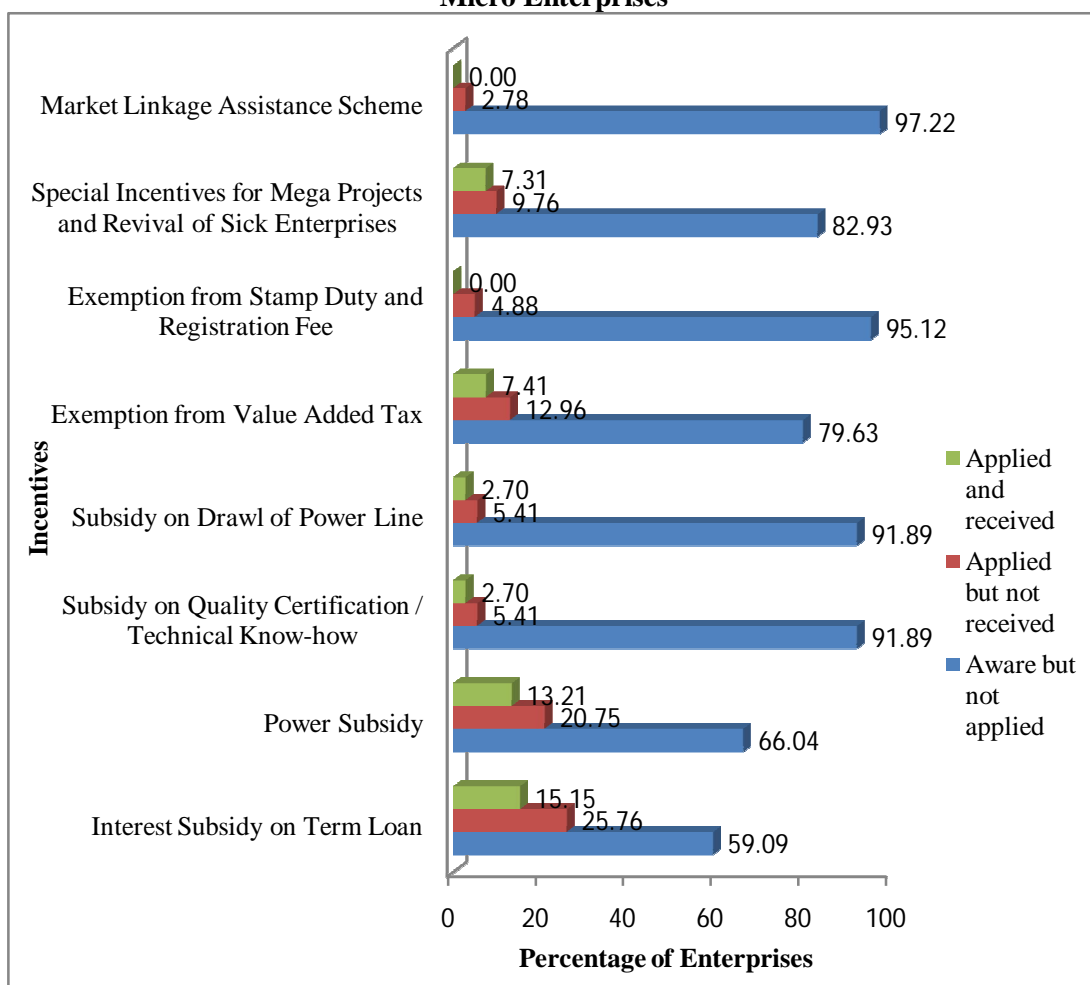
It further exhibits that 79.63% of the micro enterprises who are aware of ‘exemption from value added tax’ but have not applied for the incentive. Only 20.37% of the

enterprises have applied for ‘exemption from value added tax’ of which 7.41% have received the incentive and 12.96% have not received the incentive.

It has been observed from the above table that 95.12% of the micro enterprises who are aware of ‘exemption from stamp duty and registration fee’ but have not applied for the incentive and remaining 4.88% of the enterprises have applied for the incentive but have not received the incentive.

The table delineates that 82.93% of the micro enterprises who are aware of ‘special incentives for mega projects and revival of sick enterprises’ but have not applied for the incentive. Only 17.07% of the enterprises have applied for ‘special incentives for mega projects and revival of sick enterprises’ of which 7.31% have received the incentive and 9.76% have not received the incentive.

Figure 6.14: Application and Receiving Status of Incentives of State Government by Micro Enterprises



It further delineates that 97.22% of the micro enterprises who are aware of ‘market linkage assistance scheme’ but have not applied for the incentive and remaining 2.78% of the enterprises have applied for the incentive but have not received the incentive.

On an overall, it has been found from the study that the micro enterprises in Barak Valley who are aware about incentives of State Government, most of them have not applied for the incentives. To be more specific the micro enterprises in Barak Valley who are aware about incentives of the State Government but have not applied for ‘interest subsidy on term loan’ (59.09%), ‘power subsidy’ (66.04%), ‘subsidy on quality certification / technical know-how’ (91.89%), ‘subsidy on drawl of power line’ (91.89%), ‘exemption from value added tax’ (79.63%), ‘exemption from stamp duty and registration fee’ (95.12%), ‘special incentives for mega projects and revival of sick enterprises’ (82.93%) and ‘market linkage assistance scheme (97.22%)’.

6.2.3 Efficacy of Various Incentives from State Government for the Promotion of Small Enterprises

After analysing the efficacy of various incentives from State Government for the promotion of micro enterprises in Barak Valley it is necessary to analyse the efficacy of these incentives for the promotion of small enterprises in the Valley. The efficacy of the incentives has been analysed on the basis of the perceived level of awareness of small enterprises about incentives of State Government and application and receiving status of incentives of State Government by small enterprises in Barak Valley.

Table 6.17 gives an overview of the perceived level of awareness of small enterprises about incentives of State Government in Barak Valley.

Table 6.17 delineates that 68.89% of the small enterprises are aware of ‘interest subsidy on term loan’ and 31.11% of the enterprises are not aware of the incentive.

Moreover, 80.00% of the small enterprises are aware of ‘power subsidy’ and 20.00% of the enterprises are not aware of the incentive.

It further delineates that 73.33% of the small enterprises are aware of ‘subsidy on quality certification / technical know-how’ while 26.67% of the enterprises are not aware of the incentive.

It is found from the above table that 68.89% of the small enterprises are aware of ‘subsidy on drawl of power line’ while 31.11% of the enterprises are not aware of the incentive.

Table 6.17: Perceived Level of Awareness of Small Enterprises about Incentives of State Government

Incentives	Aware	Not Aware
Interest Subsidy on Term Loan	31 (68.89)	14 (31.11)
Power Subsidy	36 (80.00)	9 (20.00)
Subsidy on Quality Certification / Technical Know-how	33 (73.33)	12 (26.67)
Subsidy on Drawl of Power Line	31 (68.89)	14 (31.11)
Exemption from Value Added Tax	37 (82.22)	8 (17.78)
Exemption from Stamp Duty and Registration Fee	31 (68.89)	14 (31.11)
Special Incentives for Mega Projects and Revival of Sick Enterprises	29 (64.44)	16 (35.56)
Market Linkage Assistance Scheme	24 (53.33)	21 (46.67)

*Note: Figures denote number of enterprises
Figures in parentheses denote percentage of small enterprises.*

Source: Field Survey

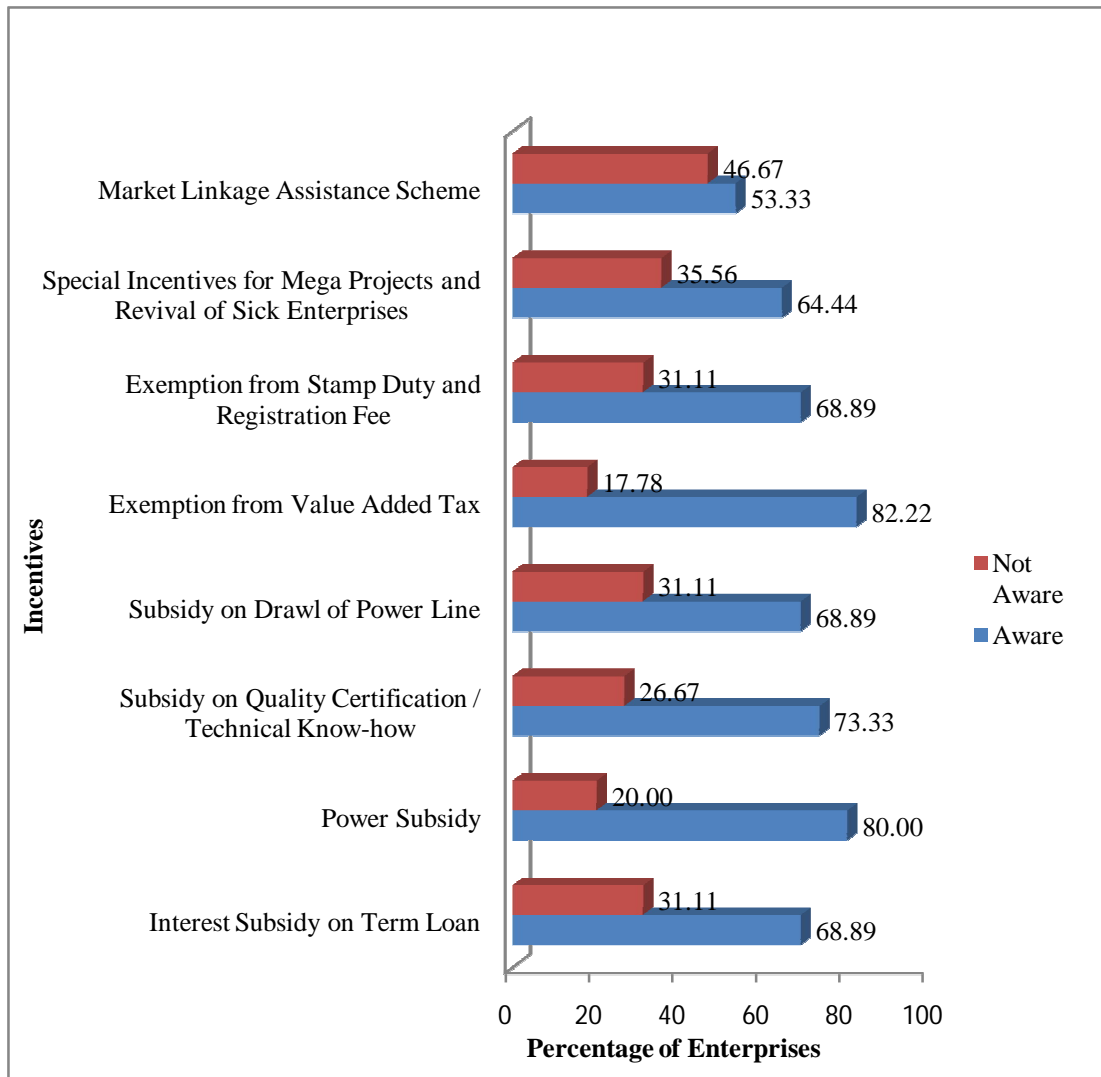
Moreover, 82.22% of the small enterprises are aware of ‘exemption from value added tax’ while 17.78% of the enterprises are not aware of the incentive.

The above table reveals that 68.89% of the small enterprises are aware of ‘exemption from stamp duty and registration fee’ while 31.11% of the enterprises are not aware of the incentive.

The table displays that 64.44% of the small enterprises are aware of ‘special incentives for mega projects and revival of sick enterprises’ while 35.56% of the enterprises are not aware of the incentive.

It further displays that 53.33% of the small enterprises are aware of ‘market linkage assistance scheme’ and 46.67% of the enterprises are not aware of the incentive.

Figure 6.15: Perceived Level of Awareness of Small Enterprises about Incentives of State Government



On an overall, it has been found from the study that most of the small enterprises in Barak Valley are not aware about incentives of State Government. The perceived level of awareness of small enterprises about incentives of State Government in the Valley varies from 53.33% to 82.22%. However, 17.78% to 46.67% of the small enterprises in the Valley are not aware about any of the incentives of State Government. Most of the small enterprises are aware of 'exemption from value added tax' (82.22%) and least of them are aware of 'market linkage assistance scheme' (53.33%).

The following table exhibits the application and receiving status of incentives of State Government by small enterprises.

Table 6.18: Application and Receiving Status of Incentives of State Government by Small Enterprises

Incentives	Aware but not applied	Applied but not received	Applied and received	Total Aware
Interest Subsidy on Term Loan	24 (77.42)	7 (22.58)	0 (0.00)	31 (100.00)
Power Subsidy	20 (55.56)	8 (22.22)	8 (22.22)	36 (100.00)
Subsidy on Quality Certification / Technical Know-how	27 (81.82)	2 (6.06)	4 (12.12)	33 (100.00)
Subsidy on Drawl of Power Line	22 (70.97)	9 (29.03)	0 (0.00)	31 (100.00)
Exemption from Value Added Tax	25 (67.57)	4 (10.81)	8 (21.62)	37 (100.00)
Exemption from Stamp Duty and Registration Fee	29 (93.55)	1 (3.23)	1 (3.22)	31 (100.00)
Special Incentives for Mega Projects and Revival of Sick Enterprises	26 (89.66)	1 (3.45)	2 (6.89)	29 (100.00)
Market Linkage Assistance Scheme	23 (95.83)	1 (4.17)	0 (0.00)	24 (100.00)

Note: Figures denote number of enterprises

Figures in parentheses denote percentage of total aware small enterprises.

Source: Field Survey

Table 6.18 displays that 77.42% of the small enterprises who are aware of ‘interest subsidy on term loan’ but have not applied for the incentive and remaining only 22.58% of the enterprises have applied for the incentive but have not received the incentive.

It further reveals that 55.56% of the small enterprises who are aware of ‘power subsidy’ but have not applied for the incentive. Only 44.44% of the enterprises have applied for ‘power subsidy’ of which 22.22% have received the incentive and 22.22% have not received the incentive.

It has been found from the table that 81.82% of the small enterprises who are aware of ‘subsidy on quality certification / technical know-how’ but have not applied for the incentive. Only 18.18% of the enterprises have applied for ‘subsidy on quality

certification / technical know-how’ of which 12.12% have received the incentive and 6.06% have not received the incentive.

The table exhibits that 70.97% of the small enterprises who are aware of ‘subsidy on drawl of power line’ but have not applied for the incentive and remaining only 29.03% of the enterprises have applied for the incentive but have not received the incentive.

It further exhibits that 67.57% of the small enterprises who are aware of ‘exemption from value added tax’ but have not applied for the incentive. Only 32.43% of the enterprises have applied for ‘exemption from value added tax’ of which 21.62% have received the incentive and 10.81% have not received the incentive.

It has been observed from the above table that 93.55% of the small enterprises who are aware of ‘exemption from stamp duty and registration fee’. Only 6.45% of the enterprises have applied for ‘exemption from stamp duty and registration fee’ of which 3.22% have received the incentive and 3.23% have not received the incentive.

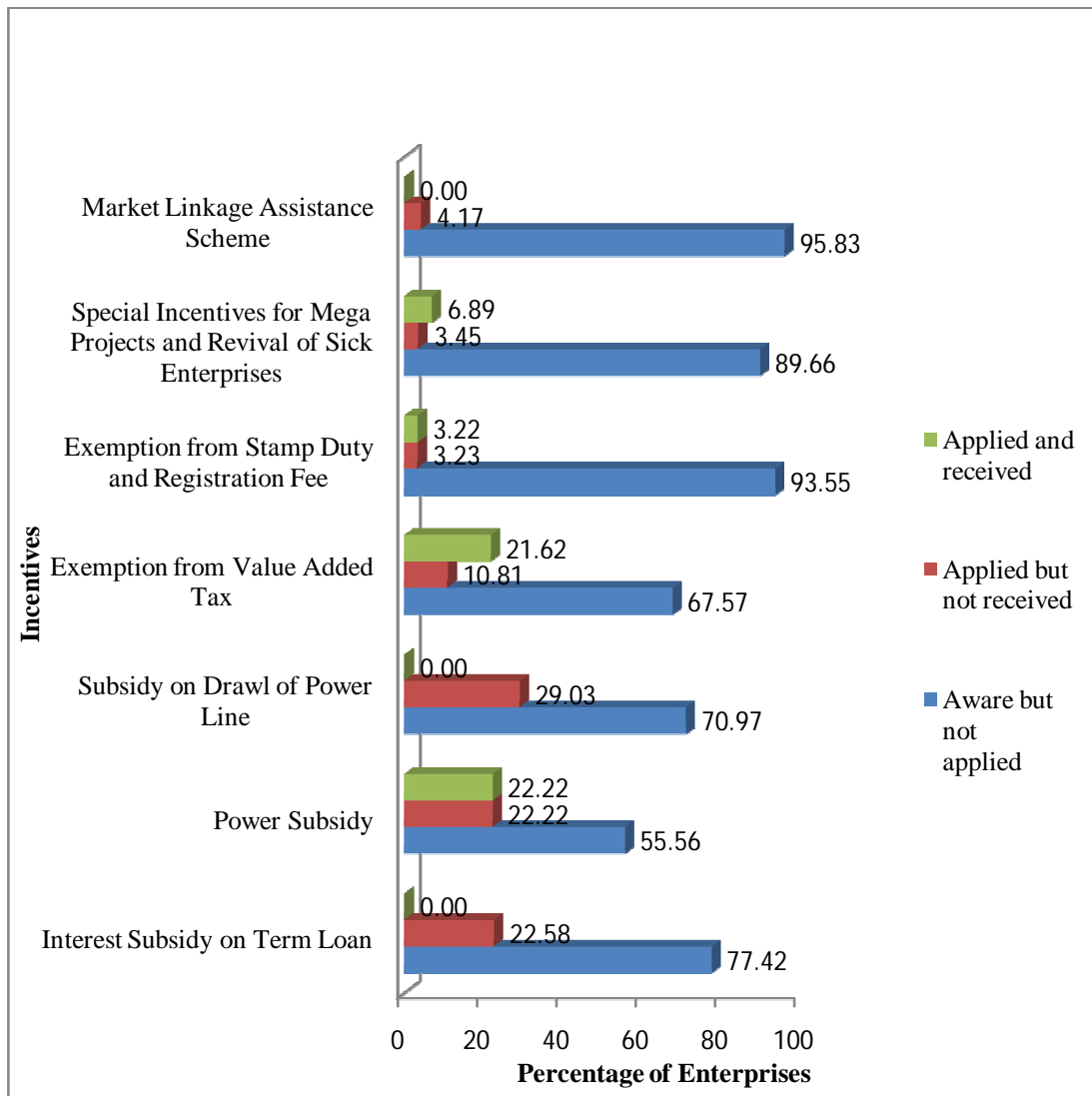
The table delineates that 89.66% of the small enterprises who are aware of ‘special incentives for mega projects and revival of sick enterprises’ but have not applied for the incentive. Only 10.34% of the enterprises have applied for ‘special incentives for mega projects and revival of sick enterprises’ of which 6.89% have received the incentive and 3.45% have not received the incentive.

It further delineates that 95.83% of the small enterprises who are aware of ‘market linkage assistance scheme’ but have not applied for the incentive and remaining 4.17% of the enterprises have applied for the incentive but have not received the incentive.

On an overall, it has been found from the study that the small enterprises in Barak Valley who are aware about incentives of State Government, most of them have not applied for the incentives. To be more specific the small enterprises in Barak Valley who are aware about incentives of the State Government but have not applied for ‘interest subsidy on term loan’ (77.42%), ‘power subsidy’ (55.56%), ‘subsidy on

quality certification / technical know-how' (81.82%), 'subsidy on drawl of power line' (70.97%), 'exemption from value added tax' (67.57%), 'exemption from stamp

Figure 6.16: Application and Receiving Status of Incentives of State Government By Small Enterprises



duty and registration fee' (93.55%), 'special incentives for mega projects and revival of sick enterprises' (89.66%) and 'market linkage assistance scheme (95.83%).

6.2.4 Efficacy of Various Incentives from State Government for the Promotion of Manufacturing Enterprises

The researcher has also analysed the efficacy of various incentives from State Government for the promotion of manufacturing enterprises in Barak Valley. The efficacy of incentives has been analysed on the basis of the perceived level of

awareness of manufacturing enterprises about incentives of State Government and application and receiving status of incentives of State Government by manufacturing enterprises. The table 6.19 gives an overview of the perceived level of awareness of manufacturing enterprises about incentives of State Government in Barak Valley.

Table 6.19: Perceived Level of Awareness of Manufacturing Enterprises about Incentives of State Government

Incentives	Aware	Not Aware
Interest Subsidy on Term Loan	83 (42.78)	111 (57.22)
Power Subsidy	80 (41.24)	114 (58.76)
Subsidy on Quality Certification / Technical Know-how	61 (31.44)	133 (68.56)
Subsidy on Drawl of Power Line	59 (30.41)	135 (69.59)
Exemption from Value Added Tax	82 (42.27)	112 (57.73)
Exemption from Stamp Duty and Registration Fee	62 (31.96)	132 (68.04)
Special Incentives for Mega Projects and Revival of Sick Enterprises	62 (31.96)	132 (68.04)
Market Linkage Assistance Scheme	54 (27.84)	140 (72.16)

Note: Figures denote number of enterprises

Figures in parentheses denote percentage of manufacturing enterprises

Source: Field Survey

Table 6.19 delineates that 42.78% of the manufacturing enterprises are aware of ‘interest subsidy on term loan’ while 57.22% of the enterprises are not aware of the incentive.

Moreover, 41.24% of the manufacturing enterprises are aware of ‘power subsidy’ while 58.76% of the enterprises are not aware of the incentive.

It further delineates that 31.44% of the manufacturing enterprises are aware of ‘subsidy on quality certification / technical know-how’ and 68.56% of the enterprises are not aware of the incentive.

It is found from the above table that 30.41% of the manufacturing enterprises are aware of ‘subsidy on drawl of power line’ while 69.59% of the enterprises are not aware of the incentive.

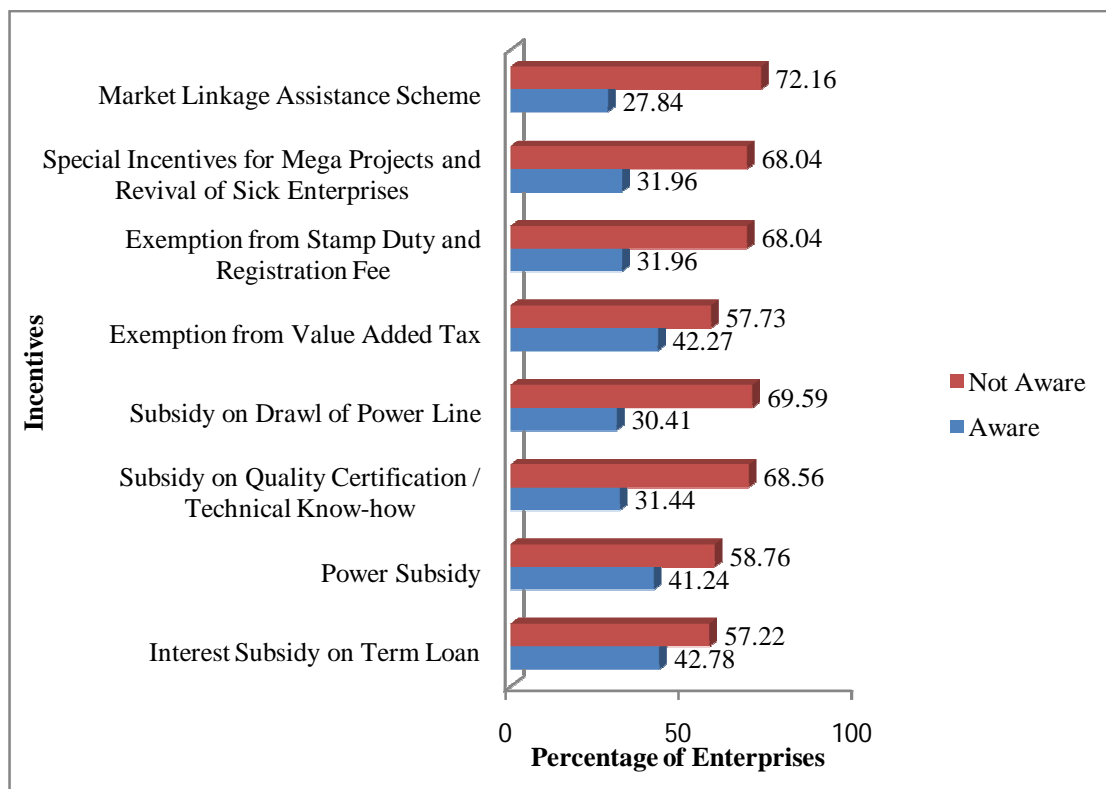
Moreover, 42.27% of the manufacturing enterprises are aware of ‘exemption from value added tax’ and 57.73% of the enterprises are not aware of the incentive.

Table 6.19 reveals that 31.96% of the manufacturing enterprises are aware of ‘exemption from stamp duty and registration fee’ and 68.04% of the enterprises are not aware of the incentive.

The table displays that 31.96% of the manufacturing enterprises are aware of ‘special incentives for mega projects and revival of sick enterprises’ while 68.04% of the enterprises are not aware of the incentive.

It further displays that 27.84% of the manufacturing enterprises are aware of ‘market linkage assistance scheme’ and 72.16% of the enterprises are not aware of the incentive.

Figure 6.17: Perceived Level of Awareness of Manufacturing Enterprises about Incentives of State Government



On an overall, it has been found from the study that most of the manufacturing enterprises in Barak Valley are not aware about incentives of State Government. The perceived level of awareness of manufacturing enterprises about incentives of State Government in the Valley varies from 27.84% to 42.78%. It is very surprising that 57.22% to 72.16% of manufacturing enterprises in the Valley are not aware about any of the incentives of State Government. Most of the manufacturing enterprises are aware of ‘interest subsidy on term loan’ (42.78%) and least of them are aware of ‘market linkage assistance scheme’ (27.84%).

The following table exhibits the application and receiving status of incentives of State Government by manufacturing enterprises in Barak Valley.

Table 6.20: Application and Receiving Status of Incentives of State Government by Manufacturing Enterprises

Incentives	Aware but not applied	Applied but not received	Applied and received	Total Aware
Interest Subsidy on Term Loan	49 (59.03)	24 (28.92)	10 (12.05)	83 (100.00)
Power Subsidy	48 (60.00)	19 (23.75)	13 (16.25)	80 (100.00)
Subsidy on Quality Certification / Technical Know-how	54 (88.52)	4 (6.56)	3 (4.92)	61 (100.00)
Subsidy on Drawl of Power Line	47 (79.66)	11 (18.64)	1 (1.70)	59 (100.00)
Exemption from Value Added Tax	59 (71.95)	11 (13.42)	12 (14.63)	82 (100.00)
Exemption from Stamp Duty and Registration Fee	58 (93.55)	3 (4.84)	1 (1.61)	62 (100.00)
Special Incentives for Mega Projects and Revival of Sick Enterprises	52 (83.87)	5 (8.06)	5 (8.07)	62 (100.00)
Market Linkage Assistance Scheme	52 (96.30)	2 (3.70)	0 (0.00)	54 (100.00)

*Note: Figures denote number of enterprises
Figures in parentheses denote percentage of total aware manufacturing enterprises*

Source: Field Survey

Table 6.20 displays that 59.03% of the manufacturing enterprises who are aware of ‘interest subsidy on term loan’ but have not applied for the incentive. Only 40.97% of

the enterprises have applied for ‘interest subsidy on term loan’ of which 12.05% have received the incentive and 28.92% have not received the incentive.

It further reveals that 60.00% of the manufacturing enterprises who are aware of ‘power subsidy’ but have not applied for the incentive. Only 40.00% of the enterprises have applied for ‘power subsidy’ of which 16.25% have received the incentive and 23.75% have not received the incentive.

It has been found from the table that 88.52% of the manufacturing enterprises who are aware of ‘subsidy on quality certification / technical know-how’ but have not applied for the incentive. Only 11.48% of the enterprises have applied for ‘subsidy on quality certification / technical know-how’ of which 4.92% have received the incentive and 6.56% have not received the incentive.

The table exhibits that 79.66% of the manufacturing enterprises who are aware of ‘subsidy on drawl of power line’ but have not applied for the incentive. Only 20.34% of the enterprises have applied for ‘subsidy on drawl of power line’ of which 1.70% have received the incentive and 18.64% have not received the incentive.

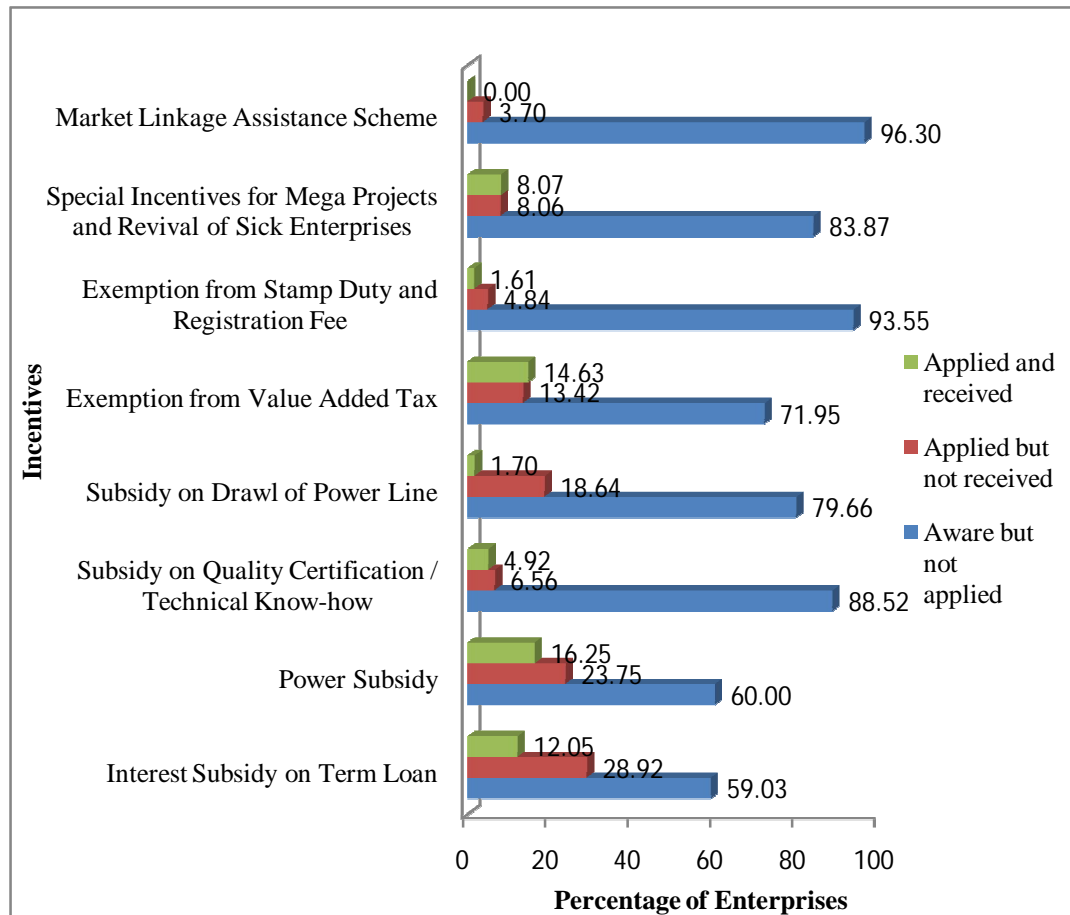
It further exhibits that 71.95% of the manufacturing enterprises who are aware of ‘exemption from value added tax’ but have not applied for the incentive. Only 28.05% of the enterprises have applied for ‘exemption from value added tax’ of which 14.63% have received the incentive and 13.42% have not received the incentive.

It has been observed from the above table that 93.55% of the manufacturing enterprises who are aware of ‘exemption from stamp duty and registration fee’ but have not applied for the incentive. Only 6.45% of the enterprises have applied for ‘exemption from stamp duty and registration fee’ of which 1.61% have received the incentive and 4.84% have not received the incentive.

The table delineates that 83.87% of the manufacturing enterprises who are aware of ‘special incentives for mega projects and revival of sick enterprises’ but have not applied for the incentive. Only 16.13% of the enterprises have applied for ‘special incentives for mega projects and revival of sick enterprises’ of which 8.07% have received the incentive and 8.06% have not received the incentive.

It further delineates that 96.30% of the manufacturing enterprises who are aware of ‘market linkage assistance scheme’ but have not applied for the incentive and remaining only 3.70% of the enterprises have applied for the incentive but have not received the incentive.

Figure 6.18: Application and Receiving Status of Incentives of State Government by Manufacturing Enterprises



On an overall, it has been found from the study that the manufacturing enterprises in Barak Valley who are aware about incentives of State Government, most of them have not applied for the incentives. To be more specific the manufacturing enterprises in Barak Valley who are aware about incentives of the State Government but have not applied for ‘interest subsidy on term loan’ (59.03%), ‘power subsidy’ (60.00%), ‘subsidy on quality certification / technical know-how’ (88.52%), ‘subsidy on drawl of power line’ (79.66%), ‘exemption from value added tax’ (71.95%), ‘exemption from stamp duty and registration fee’ (93.55%), ‘special incentives for mega projects

and revival of sick enterprises’ (83.87%) and ‘market linkage assistance scheme (96.30%).

6.2.5 Efficacy of Various Incentives from State Government for the Promotion of Service Enterprises

The researcher has also analysed the efficacy of various incentives from State Government for the promotion of service enterprises in Barak Valley. The efficacy of incentives has been analysed on the basis of the perceived level of awareness of service enterprises about incentives of State Government and application and receiving status of incentives of State Government by service enterprises in the Valley.

The table 6.21 gives an overview of the perceived level of awareness of service enterprises about incentives of State Government in Barak Valley.

Table 6.21: Perceived Level of Awareness of Service Enterprises about Incentives of State Government

Incentives	Aware	Not Aware
Interest Subsidy on Term Loan	14 (26.92)	38 (73.08)
Power Subsidy	9 (17.31)	43 (82.69)
Subsidy on Quality Certification / Technical Know-how	9 (17.31)	43 (82.69)
Subsidy on Drawl of Power Line	9 (17.31)	43 (82.69)
Exemption from Value Added Tax	9 (17.31)	43 (82.69)
Exemption from Stamp Duty and Registration Fee	10 (19.23)	42 (80.77)
Special Incentives for Mega Projects and Revival of Sick Enterprises	8 (15.38)	44 (84.62)
Market Linkage Assistance Scheme	6 (11.54)	46 (88.46)

Note: Figures denote number of enterprises

Figures in parentheses denote percentage of service enterprises

Source: Field Survey

Table 6.21 delineates that 26.92% of the service enterprises are aware of ‘interest subsidy on term loan’ and 73.08% of the enterprises are not aware of the incentive.

Moreover, 17.31% of the service enterprises are aware of ‘power subsidy’ and 82.69% of the enterprises are not aware of the incentive.

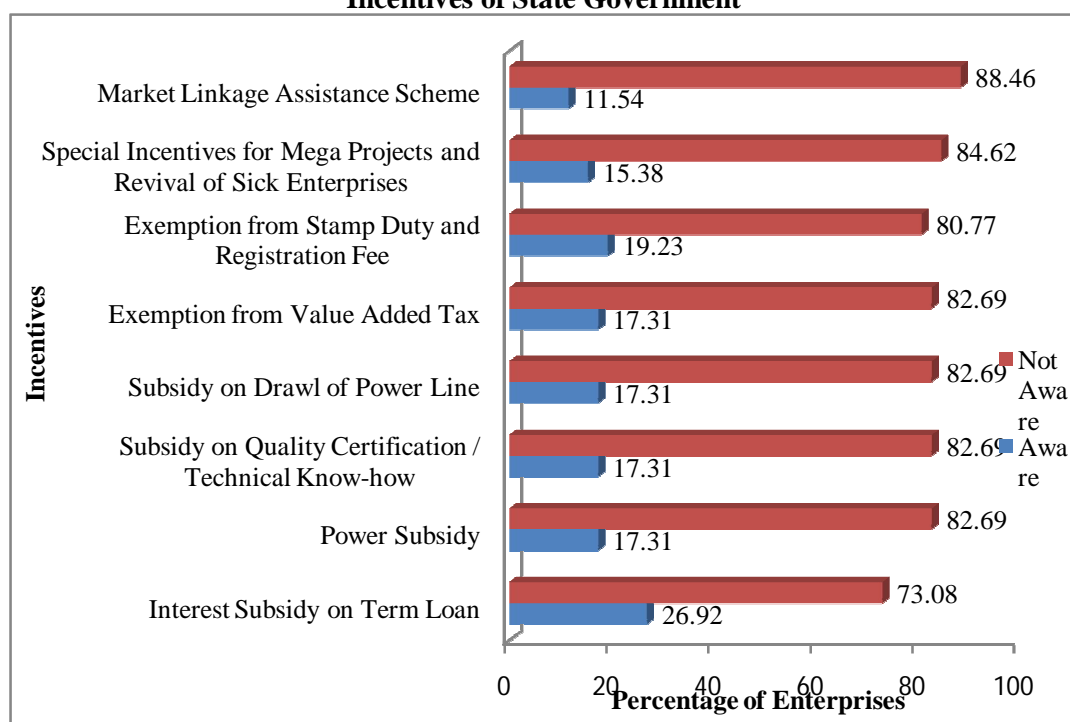
It further delineates that 17.31% of the service enterprises are aware of ‘subsidy on quality certification / technical know-how’ while 82.69% of the enterprises are not aware of the incentive.

It is found from the above table that 17.31% of the service enterprises are aware of ‘subsidy on drawl of power line’ while 82.69% of the enterprises are not aware of the incentive.

Moreover, 17.31% of the service enterprises are aware of ‘exemption from value added tax’ while 82.69% of the enterprises are not aware of the incentive.

The above table delineates that 19.23% of the service enterprises are aware of ‘exemption from stamp duty and registration fee’ while 80.77% of the enterprises are not aware of the incentive.

Figure 6.19: Perceived Level of Awareness of Service Enterprises about Incentives of State Government



The table displays that 15.38% of the service enterprises are aware of ‘special incentives for mega projects and revival of sick enterprises’ while 84.62% of the enterprises are not aware of the incentive.

It further displays that 11.54% of the service enterprises are aware of ‘market linkage assistance scheme’ and 88.46% of the enterprises are not aware of the incentive.

On an overall, it has been found from the study that most of the service enterprises in Barak Valley are not aware about incentives of State Government. The perceived level of awareness of service enterprises about incentives State Government in Barak Valley varies from 11.54% to 26.92%. It is very surprising that 73.08% to 88.46% of service enterprises in the Valley are not aware about any of the incentives of State Government. Most of the service enterprises are aware of ‘interest subsidy on term loan’ (26.92%) and least of them are aware of ‘market linkage assistance scheme’ (11.54%).

Table 6.22 exhibits the application and receiving status of incentives of State Government by service enterprises in Barak Valley.

Table 6.22: Application and Receiving Status of Incentives of State Government by Service Enterprises

Incentives	Aware but not applied	Applied but not received	Applied and received	Total Aware
Interest Subsidy on Term Loan	14 (100.00)	0 (0.00)	0 (0.00)	14 (100.00)
Power Subsidy	7 (77.78)	0 (0.00)	2 (22.22)	9 (100.00)
Subsidy on Quality Certification / Technical Know-how	7 (77.78)	0 (0.00)	2 (22.22)	9 (100.00)
Subsidy on Drawl of Power Line	9 (100.00)	0 (0.00)	0 (0.00)	9 (100.00)
Exemption from Value Added Tax	9 (100.00)	0 (0.00)	0 (0.00)	9 (100.00)
Exemption from Stamp Duty and Registration Fee	10 (100.00)	0 (0.00)	0 (0.00)	10 (100.00)
Special Incentives for Mega Projects and Revival of Sick Enterprises	8 (100.00)	0 (0.00)	0 (0.00)	8 (100.00)
Market Linkage Assistance Scheme	6 (100.00)	0 (0.00)	0 (0.00)	6 (100.00)

Note: Figures in parentheses denote percentage of total aware service enterprises.

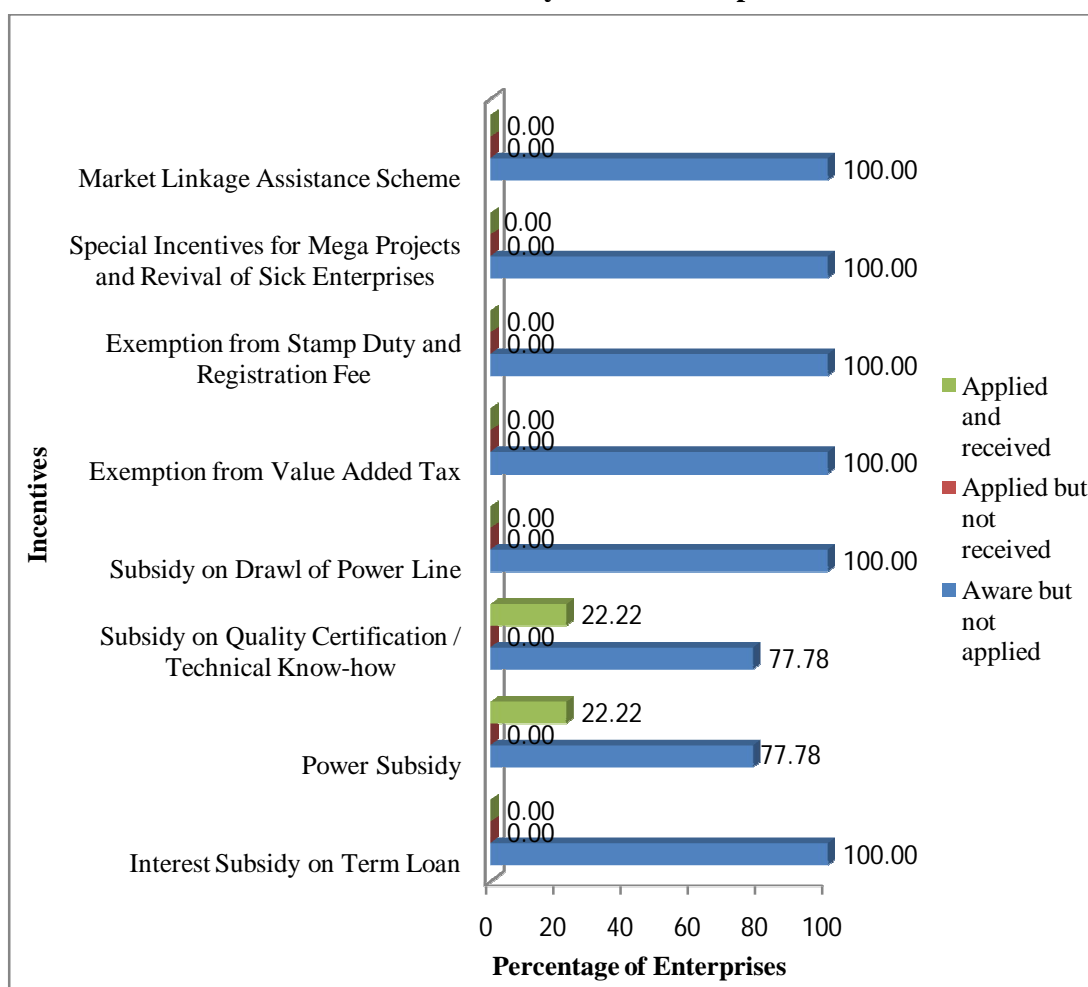
Source: Field Survey

Table 6.22 displays that all the service enterprises which are aware of ‘interest subsidy on term loan’ but have not applied for the incentive.

It further displays that 77.78% of the service enterprises who are aware of ‘power subsidy’ but have not applied for the incentive and remaining 22.22% of the enterprises have applied and received the incentive.

The above table depicts that 77.78% of the service enterprises who are aware of ‘subsidy on quality certification / technical know-how’ but have not applied for the incentive and remaining 22.22% of the enterprises have applied and received the incentive.

Figure 6.20: Application and Receiving Status of Incentives of State Government by Service Enterprises



The above table reveals that all the service enterprises which are aware of 'subsidy on drawl of power line', 'exemption from value added tax', 'exemption from stamp duty and registration fee', 'special incentives for mega projects and revival of sick enterprises' and 'market linkage assistance scheme' but have not applied for these incentives.

On an overall, it has been found from the study that the service enterprises in Barak valley who are aware about incentives of State Government, most of them have not applied for the incentives. To be more specific the service enterprises in Barak Valley who are aware about incentives of the State Government but have not applied for 'interest subsidy on term loan' (100.00%), 'power subsidy' (77.78%), 'subsidy on quality certification / technical know-how' (77.78%), 'subsidy on drawl of power line' (100.00%), 'exemption from value added tax' (100.00%), 'exemption from stamp duty and registration fee' (100.00%), 'special incentives for mega projects and revival of sick enterprises' (100.00%) and 'market linkage assistance scheme' (100.00%).

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