

Small scale industries seek Assam government's sympathy



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Daya Nath Singh 30 June 2009 20489 views

The recent slow down in the global economy has seriously affected the business of micro and small scale industries in Assam. This has coupled with existing road blocks and pushed back this most employment generation sector into dire straits. While the global recession can not be tackled easily, the many existing impediments can easily be removed by the state government intervention,' said B L Agarwal and J N Baruah, the president and general secretary respectively of the All Assam Small Scale Industries Association. They were addressing the media persons in Guwahati, recently.

Agarwal said that the existing VAT laws in Assam are heavily loaded against the local industries. If major buyers in Assam like the Indian Railways and big public sector industries go in for local products they have to pay Assam VAT @12.5 percent, while if they purchase goods manufactured outside Assam they have to pay CST @2 percent only. Therefore, even if the actual cost of production of an item made in Assam is competitive, the buyer prefers to buy goods produced outside Assam, since they straightaway save 10.5 percent on taxes. As a result of this, the local industries can not meet large local demands of public sector buyers due to no fault of theirs. Immediate action on the part of the government is necessary to remove major hurdle, he said.

The Assam Preferential Stores Purchase Act (APSP Act) was a big help to local industries. Under this Act, the state government departments give price preference to locally produced goods thereby enabling many micro and small industries in Assam to survive because of our state government's patronage. This Act needs to be strengthened and implemented in right earnest, he demanded.

He further added that there was a scheme by Govt of India, MSME dept to give 15 percent preference to micro enterprises over medium and large industries. But this was not sufficient to support the local industries of Assam, particularly the micro sector and as such he suggested that the APSP Act should be strengthened to support the local micro industries. There should also be a special support by the Govt of Assam in their purchase programme to the local industries, specifically the micro industries.

J N Barua, the general secretary of AASSIA said that the department of industries, Govt of Assam is the parent department for industries and as such the categorization, decision, permission by this department should be applicable to all other government departments. It is found that other departments like Assam State Electricity Board (ASEB), Pollution Control Board, Sales Tax; Labor etc put their own conditions for the industries. Eligibility certificate for availing various incentives is issued by the director of industries. However, in the case of sales tax exemption, the sales tax department wants separate application for the same. This sort of duplication should be avoided for micro and small industries as these sectors are always short of manpower, he said.

Printing presses, steel fabrication units etc; duly registered as industrial units by the industries department are not provided electricity by the ASEB at the tariffs applicable to the small scale industries. The ASEB should therefore be directed to provide power at rates applicable to micro and small industries to any unit registered as a micro or small industry by the industries department, they demanded.

They further said that despite this recessionary time, the state government has approved a very steep hike in the rentals to be charged by the industrial estates. Coercive measures like eviction of functioning micro scale units have also been threatened to realize these exorbitant rentals. This has created a very demoralizing affect on struggling micro scale industries since they do not have their own land and buildings and have to depend on land or sheds provided by the government agencies. Under these circumstance the order approving massive hike in the rentals, far beyond the paying capacity of micro scale industries, may be withdrawn. As soon as the recession is over, their Association can take the initiative of organizing a dialogue with the concerned departments. All aspects of the matter can be discussed in detail and mutually acceptable formulae revolve, they said.

The aim of the AASSIA to work in tandem with the state government with the common objective of acting as facilitators for the healthy growth of the micro and small scale industrial sector in Assam, which would help in creating jobs for the local youths, they said.

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