



Strategic Investment Plan for Nagaland under RAMP Scheme

January 2024

Abbreviations

ACBP	Annual Capacity Building Plan
ACP	Annual Credit Plan
AFSEZ	Agro & Food Processing Special Economic Zone
APEDA	Agriculture and Processed Food Products Development and Authority
APMC	Agricultural Produce Market Committees
AWB	Amazon Web Service
BAN	Business Association of Nagas
BEE	Bureau of Energy Efficiency
BIS	Bureau of Indian Standards
BRAP	Business Reform Action Plan
CA	Chartered Accountant
CDP	Catalytic Development Programme
CFC	Common Facility Centre
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
CHAMPION	Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength
CIBIL	Credit Information Bureau India Limited
CII	Confederation of Indian Industry
CLCS-TUS	Credit Linked Capital Subsidy - Technology Upgradation Scheme
CMMFI	Chief Minister's Micro Finance Initiative
COVID	Coronavirus
CPSE	Central Public Sector Enterprise
Cr.	Crore
CSC	Common Service Centers
CSP	Customer Service Points
CSS	Central Sector Scheme
DCS	Distributed Control System
DIC	District Industries Centre
DICC	District Industries and Commerce Centres
DLIs	Delivery Level Interventions
DPIIT	Department for Promotion of Industry and Internal Trade
DPR	Detailed Project Report
DUDA	Department of Under Developed Areas
EDC	Entrepreneurship Development Centres
EM	Entrepreneurs Memorandum
EMC	Energy Management Centre
EoDB	Ease of Doing Business
EPB	Export Promotion Bureau
EPCH	Export Promotion Council for Handicrafts
EPI	Export Preparedness Index
EPIP	Export Promotion Industrial Park
ESCO	Energy Service Companies
ESG	Environmental, social and governance
EY	Ernst & Young
FCs	Facilitation Council
FGD	Focus Group Discussions
FI	Financial Institutions
FIEO	Federation of Indian Export Organisations
FPCs	Farmer Producer Companies

FPO	Farmer Producer Organizations
FSSAI	Food Safety and Standards Authority of India
FY	Fiscal Year
GDP	Gross Domestic Product
GeM	Government e-Marketplace
GHG	Greenhouse Gas Accounting
GI	Geographical Indication
GM	General Manager
GoI	Government of India
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
GSVA	Gross State Value Added
HACCP	Hazard Analysis Critical Control Point
HMNEH	Horticulture Mission for North-Eastern and Himalayan
HPC	Hindustan Paper Corporation Ltd
HRD	Human Resource Development
IA	Industrial Association
ICT	Information and Communications Technology
ID	Industrial Estates
IDAN	Investment and Development Authority of Nagaland
IEC	Information Education Communication
IGC	Industrial Growth Centre
IGEA	Investment Grade Energy Auditors
IIDC	Integrated Infrastructure Development Centre
IIE	Institute of International Education
IIFT	Indian Institute of Foreign Trade
IIM	Indian Institutes of Management
IPR	Intellectual property right
ISI	Indian Standards Institution
ISO	International Organization for Standardization
IT	Information Technology
ITDP	Integrated Tribal Development Project
ITES	Information Technology Enabled Services
KCCI	Kohima Chamber of Commerce & Industry
KVIB	Khadi and Village Industries Boards
KVIC	Khadi and Village Industries Commission
KYA	Know Your Approval
LCS	Land Customs Station
LEAN	Lean Manufacturing Competitiveness Scheme
LMC	Lean Manufacturing Consultants
LPG	Liquified Petroleum Gas
M&E	Monitoring & Evaluation
MARCOFED	Nagaland State Co-operative Marketing & Consumers' Federation Ltd
MCRRP	MSME Covid Resilience and Recovery Programme
MIS	Management information system
MOVCD-NER	Mission Organic Value Chain Development for North East Region
MSDE	Ministry of Skill Development & Entrepreneurship
MSE	Micro and Small Enterprises
MSE-CDP	Micro and Small Enterprises - Cluster Development. Programme
MSME	Micro, Small and Medium Enterprises

MSME-DFO	MSME- Development and Facilitation Office
MT	Metric Tonne
NABARD	National Bank for Agriculture and Rural Development
NABL	National Accreditation Board for Testing and Calibration Laboratories
NBDA	Nagaland Bamboo Development Agency
NBFC	Non-Banking Financial Corporation
NBHM	National Beekeeping & Honey Mission
NBI	Nagaland Bamboo Industry
NE	North East
NEDFI	North Eastern Development Finance Corporation Ltd
NER	North East Region
NERTPS	North East Region Textile Promotion Scheme
NFSM	National Food Security Mission
NGO	Non-Governmental Organization
NHHDC	Nagaland Handloom & Handicrafts Development Corporation
NIC	National Industrial Classification
NIDC	Nagaland Industrial Development Corporation
NIELIT	National Institute of Electronics and Information Technology
NI-MSME	National Institute of Micro, Small and Medium Enterprises
NITex	Nagaland International Trade Expo
NMDFC	National Minorities Development & Finance Corporation
NMIU	National Monitoring and Implementing Unit
NMSA	National Mission for Sustainable Agriculture
NPA	Non-Performing Asset
NPC	National Productivity Council
NPCB	National Programme for Control of Blindness
NPCDC	Nagaland Plantation Crops Development Corporation
NPPCL	Nagaland Pulp and Paper Company Limited
NRI	Non-Resident Indians
NSDC	National Skill Development Corporation
NSIF	Naga Model Integrated Settled Farming
NSKFDC	National Safai Karamcharis Finance & Development Corporation
NSRLM	Nagaland State Rural Livelihood Mission
NSTFDC	National Scheduled Tribes Finance and Development Corporation
NTFP	Non-timber forest products
NTTC	Nagaland Tool Room and Training Centre
ODOP	One District One Product
ODR	Online Dispute Resolution Mechanism
OEM	Original Equipment Manufacturer
ONDC	Open Network for Digital Commerce
PAN	Permanent account number
PHED	Public Health Engineering Department
PLP	Potential Linked Plan
PMEGP	Prime Minister's Employment Generation Programme
PMFME	PM Formalisation of Micro Food Processing Enterprises
PMKSYWDC	Pradhan Mantri Krishi Sinchayee Yojana-Watershed Development Component
PMKVY	Pradhan Mantri Kaushal Vikas Yojana
PPE	Personal Protection Equipment
PPP	Public Private Partnerships

PSU	Public Sector Undertaking
PWD	People with Disability
QCI	Quality Council of India
RAMP	Raising And Accelerating MSME Productivity
RBI	Reserve Bank of India
RCMC	Registration-Cum-Membership-Certificate
RECP	Resource Efficiency and Cleaner Production
RKVY	Rastriya Krishi Vikas Yojana
RXIL	Receivables Exchange of India Ltd
SAHAY	Sports Action toward Harnessing Aspiration of Youth
SAP	Special Area Programme
SC	Scheduled Caste
SCADA	Supervisory Control and Data Acquisition
SEZ	Special Economic Zones
SFAC	Small Farmers' Agri-Business Consortium
SFC	State Financial Corporation
SFURTI	Scheme of Fund for Regeneration of Traditional Industries
SHG	Self Help Groups
SICDP	Small Industries Cluster Development Programme
SIDBI	Small Industries Development Bank of India
SIP	Strategic Investment Plan
SLBC	State Level Bankers' Committees
SPV	Special Purpose Vehicle
SSI	Small scale industries
ST	Scheduled Tribe
TC	Technology Centre
TNA	Training Need Assessment
TReDS	Trade Receivables Discounting System
TRIFED	Tribal Co-operative Marketing Development Federation of India
UAM	Udyog Aadhaar Memorandum
UCO	United Commercial Bank
UT	Union Territory
VC	Venture Capital
VDP	Vendor Development Programme
VLE	Village Level Entrepreneur
WENN	Women Entrepreneurs Network Nagaland
Yi	Young Indians
YTD	Year To Date
YWEF	YouthNet Women Entrepreneurship Fellowship
ZED	Zero Defect Zero Effect
ZED	Zonal Energy Efficiency Drive

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--- Executive Summary

1 Executive Summary

1.1 Status of MSME Sector in Nagaland

MSMEs are an integral part of Nagaland's economy. As per the NSS 73rd Round ranks 4th among the NE states in the total MSMEs. There are 20,197 MSMEs in Nagaland registered under the Udyog Aadhar. Out of these 99% are categorized as micro, 0.9% as small and only 0.07% as medium enterprises. As per detailed data available for 15,306 units, it was observed that manufacturing enterprises make up 36% of UAM enterprises, service enterprises account for 24% and trading enterprises account for 40% of UAM registrations in Nagaland. Prior to UAM 5,624 MSMEs were registered under EM from 2007 to 2015 and 1,332 were registered under SSI till 2006.

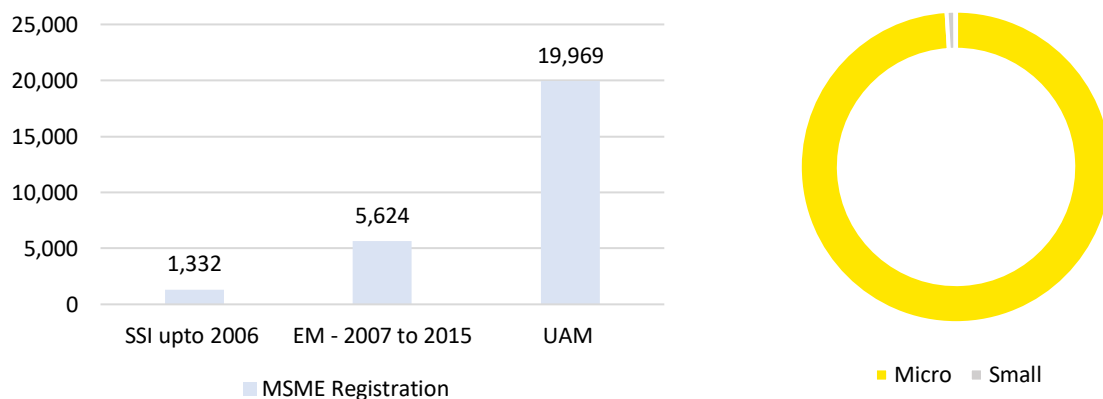


Figure 1: MSME Registration (Nagaland)

As per the UDYAM Portal, 37% of the registered units are engaged in Manufacturing against the national average of 26%, while 24% of the registered units are engaged in Services against the national average of 74%. Agriculture and horticulture based industries are popular in the state including food processing units. Over 70% of the population depends on agriculture and allied activities. The state is abundant in variety of fruits, vegetables and NTFPs including honey, pineapple, bamboo and banana which provide livelihood to several farmers and attract entrepreneurs to set up processing units.

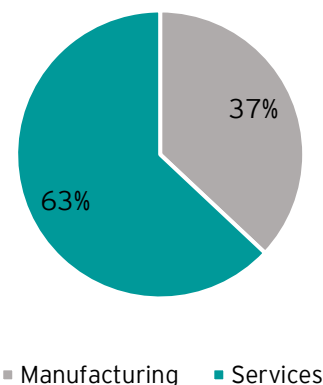


Figure 2: UAM MSMEs by Category

However, the state faces several challenges. Poor road conditions coupled with illegal tax collections hinders movement of goods and people, especially in the rural parts of the state. It is a major deterrent for MSMEs as they find it difficult and expensive to procure raw material from rural areas and evacuate finished goods out of the state alike. The high cost of transportation makes the product uncompetitive in the market, especially outside the state and at the same, time long delivery period impacts the movement of perishable products the most.

The government under the state Industrial Policy 2004, implemented several measures to promote infrastructure development, export and entrepreneurship in the State by identifying the following thrust areas for Industrial Development:

- ▶ Food Processing Industries
- ▶ Tourism Industry
- ▶ Agro-based industries
- ▶ Mineral based industries
- ▶ Handloom and Handicrafts
- ▶ Sericulture
- ▶ Floriculture
- ▶ Electronics and IT
- ▶ Pharmaceuticals
- ▶ Petrochemicals
- ▶ Bio-tech Industries
- ▶ Cane & Bamboo Processing/manufacturing Industries
- ▶ Distillations of oils from Medicinal & Aromatic Plants including value added products,
- ▶ Processing/manufacturing of indigenous Herbs & Natural Dyes and
- ▶ Small Scale Service & Business Enterprises.

In addition, the policy states to focus on the following areas:

Strengthening District Industries Centres	NRI & Foreign Direct Investment	Trade & Export	State Public Sector Undertakings	Congenial atmosphere
<ul style="list-style-type: none"> ▶Strengthen DICs with adequate facilities ▶Train officers & staff with the latest technology/skill. ▶Newly created Dimapur DIC to be upgraded to full-fledged DIC ▶DICs will guide the entrepreneurs in setting up of Industries 	<ul style="list-style-type: none"> ▶Actively promote foreign direct investment in the projects that improve infrastructures like power, roads, social and health care facilities. ▶Similarly, foreign direct investment shall be encouraged in manufacturing activities in thrust areas identified under this policy. 	<ul style="list-style-type: none"> ▶Provide necessary infrastructure in all the identified trade centres at Longwa, Pangsha, Mimi, Molhe and Avangkhu on priority. ▶Expedite formalization of trade with Myanmar ▶Upgrade cargo handling facilities at Dimapur airport. 	<ul style="list-style-type: none"> ▶Make a distinction between the promotional and purely commercial PSUs. ▶Viable commercial PSUs to be restructured and reduce financial and budgetary support to all the PSUs so as to make them stand on their own feet. 	<ul style="list-style-type: none"> ▶The Government of Nagaland shall strive to create a congenial atmosphere for sustained growth by maintenance of law and order. ▶The State Government shall consider provisioning a dedicated state force for industrial security.

Figure 3: Focus Areas of the State Industrial Policy of Nagaland

As this policy is a two-decade old policy, the government is working on a new industrial policy aimed at promoting Micro and Small Enterprises (MSE), with a particular emphasis on start-ups, including those in the agricultural sector. With an objective to equip budding entrepreneurs and create conducive environment for the local entrepreneurs, Nagaland Start-up Policy has been notified in the year of 2019 which provides the following incentives for start-ups in the State:

- ▶ GST Reimbursement
- ▶ Reimbursement of Patent Filing Cost
- ▶ Digital Upgradation Subsidy
- ▶ Special Focus on Women Entrepreneurship
- ▶ Broadband Connectivity Reimbursement

As of now, there are 262 registered startups, 12 seed funded startups, and have established 5 incubation centres in Nagaland.

1.2 RAMP execution phases

The RAMP Nagaland team successfully executed the SIP in four phases:

- ▶ **Identify Phase - Stakeholder Onboarding & Desktop Assessment:**
 - Creation of a tailored roadmap for MSME Ecosystem Development in Nagaland.
 - Definition of the strategic approach, methodologies, and timelines for the SIP.
- ▶ **Design Phase: Baseline Study, Need Assessment, Sampling:**
 - Analysis of UDYAM data for MSME registration trends at the district level.
 - Development of a systematic sampling plan, shortlisting 3,000 registered MSMEs for in-depth study.
 - Policy & Schemes Benchmarking against industry standards.
 - Stakeholder engagement through workshops and focus group discussions.
 - Training workshops conducted for field surveyors.
- ▶ **Diagnostic Study:**
 - Thorough engagement with over 20 Department of Industries and Commerce, District Industries and Commerce Centres (DICC)s across the State of Nagaland, approximately 5 industry associations, over 1,000 number of MSMEs spread across 16 districts of Nagaland.
 - Comprehensive surveys covering MSME challenges in various sectors, financial access, technology integration, and other key areas. The survey design was primarily guided by the MSME landscape in Nagaland. We used, stakeholder consultations coupled with desk research to develop understanding of the state and decide on the sample drawn from each district. It was ensured that questions referring to basic parameters of RAMP are asked. Separate set of questionnaires were prepared for getting information from clusters and industry association.

The sampling was done on random basis, making sure that all the different aspects of the MSMEs in various regions of Nagaland are covered in the sample size. This method ensured that every member of the MSME has an equal chance of being selected and hence would minimize the bias in the survey and increase the reliability and validity of the findings. A total of 1,000+ registered and un-registered MSME units were surveyed.

After finalizing the survey sample and questionnaire for the survey, survey agency with extensive experience was onboarded and a workshop was conducted for the surveyors of the agency which has been onboarded to familiarize them with the survey methods, notifying them the need of the survey and the details of the questionnaire. This workshop also aided in imparting the necessary communication skills needed for the survey along with notifying them regarding the ethical considerations to be followed during the survey. After completion of the workshop, the testing of the questionnaire was done on field for 5 days and with the feedback, the questionnaire was finalized.

To develop an effective SIP for the State of Nagaland, a comprehensive questionnaire has been used for the survey, which covered the following aspects related to MSMEs:

- Basic information on MSMEs
- Status of employment in the enterprise
- Access to market status and issues
- Access to finance challenges
- Raw material procurement aspects
- Technology upgradation
- Awareness about TreDs platforms
- Delayed payments and Samadhan Portal
- Issues related to government procurement and GeM/ONDC portal
- Adoption and issues related to environment and safety standards
- Infrastructural challenges of MSMEs
- Capacity building related issues
- Awareness and benefits of various State and Centre schemes
- Basic information about MSME owners

► **Gap Assessment:**

- Evaluation of market demand, identification of gaps in financial and technological access crucial for MSME growth.
- Analysis of infrastructure gaps, assessment of existing skills, examination of green technology adoption, and investigation into factors limiting women-headed MSMEs' representation.
- Identification of branding and outreach gaps for enhanced visibility and market reach.

► **Recommendation and SIP Formulation:**

- Mapping MSMEs/Districts with Champion Schemes.
- Recognition of areas for policy intervention, including financial support, marketing, branding assistance, technology, and skill development.
- Mapping interventions across 6 Delivery Level Interventions (DLIs).
- Development of a detailed action plan with well-defined steps for implementation, roles, and responsibilities, incorporating insights from advisors/experts

The formulation of the SIP has been a product of extensive collaboration, reflecting a multi-stakeholder approach. NIDC and Department of Industries and Commerce has played a pivotal role, actively engaging with and visiting over 16 District Industries and Commerce Centres (DICC)s spread across the State of Nagaland where multiple Focus Group Discussions (FGDs) have been facilitated were organized that brought together a diverse array of stakeholders, including MSMEs, government bodies, industry associations, institutional buyers, traders, and consumers.

Additionally, the SIP development involved close collaboration with approximately 5 industry associations, fostering a comprehensive understanding of diverse perspectives and needs within the business community.

The inclusive approach extends to a wide-ranging survey covering over 1,000 MSMEs, providing valuable insights into the challenges and opportunities faced by businesses at the grassroots level. NIDC, the Office of the Commissioner of Industries & Commerce, and the

Department of Industries and Commerce have been integral contributors, bringing their expertise and organizational support to the collaborative effort.

Furthermore, key financial institutions, including NEDFi, NABARD, and SIDBI, have been actively involved in shaping the SIP. Their participation signifies the importance of aligning financial strategies with the broader economic goals outlined in the plan. This collaborative synergy ensures that the SIP is well-informed, comprehensive, and representative of the diverse interests and requirements of stakeholders across government, industry, and financial sectors.

Nagaland has a vibrant industrial base with opportunities spread across all districts. Amongst numerous options, the thrust sectors identified in Nagaland as per State Industrial Policy and Nagaland Economic Survey 2022-23 report are tea industry, bamboo industry, handloom, agriculture & horticulture sector and food processing industries.

1.3 Insights and highlights from the MSME survey in Nagaland

To develop an effective roadmap for MSME ecosystem transformation in the state, it is crucial to understand the current situation and needs of MSMEs. A diagnostic study, consisting of desk research, stakeholder interviews, focus group discussions, and MSME surveys, was carried out to gain insights into the challenges currently affecting the MSMEs. A comprehensive approach was taken, which included conducting 1,000+ field surveys, engaging in multiple stakeholder consultations (+20), and visiting 5 industrial clusters. After a thorough analysis of the gathered responses, the major issues currently MSMEs are facing, were identified as follows:

1.3.1 Financial Assistance to MSMEs

When it comes to credit preferences, the survey results found the following:

- ▶ MSMEs in the state resort to peer lending (>50%) when it comes to seeking capital to start their businesses or run their enterprises to fund their expansion.
- ▶ Formal lending institutions like commercial banks is preferred by only 17.9% of the respondents in the survey, cooperative banks and Small Finance Banks are preferred by only 11% and 5.4% of the respondents.
- ▶ One significant observation which can be seen is that the informal lending market has a significant preference of 14.5% by the respondents of the survey

The insights discussed during the stakeholder meeting was also reinforced with the survey data showing very similar observations. The challenges faced by the MSMEs when they approach the banks for financing their businesses are highlighted below:

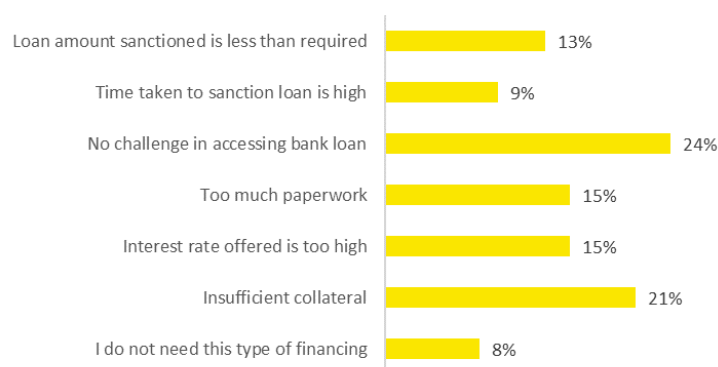


Figure 4: Survey Results - Challenges in Financing

As per the enterprises, the primary obstacles to obtaining loans from formal financial institutions to be high interest rates, collateral requirements, and extensive paperwork, among others. Despite the availability of several relief programs such as the Scheme for Interest Subvention to Nano-Units, Entrepreneur Support Scheme, and CGTMSE, enterprises still face challenges in acquiring credit. Additionally, discrepancies between the loan amount requested and sanctioned, as well as the processing time for applications, are of significant concern. These issues may correlate to the size of the enterprises in question, which in turn might be due to a more rigorous review of their loan applications.

In addition, credit ratings significantly influence lending decisions, with higher ratings implying lower risk for lenders. The survey data on credit rating awareness among the MSMEs in Nagaland presents a very dismal figure: 89% of the enterprises are not aware credit ratings, credit rating agencies, CIBIL scores, and it is important to have a credit history data of the enterprises with the banks. Only 1% have avail it while 10% of the enterprise responded they have limited knowledge about credit ratings but no detailed knowledge on how to avail it or how credit rating scores are calculated or enhanced.

1.3.2 Technology Upgradation for MSMEs

The survey conducted among the MSMEs was aimed at finding out any hindrances and roadblocks facing these enterprises with regard to technology upgradation for their units. The figure below captures the response of MSMEs for the same:

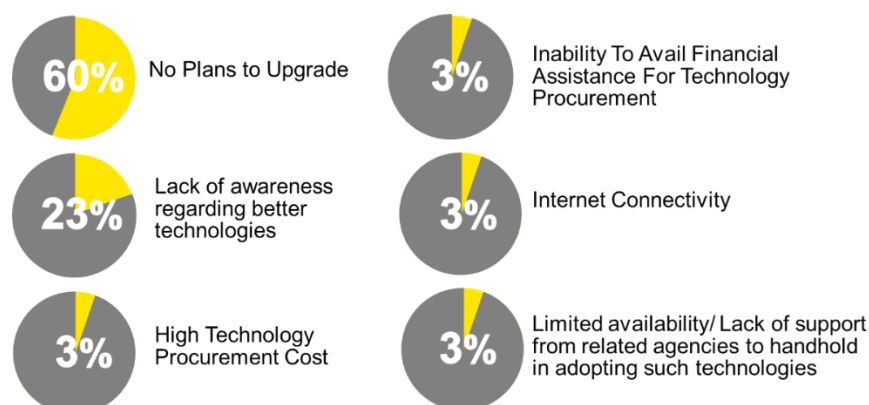


Figure 5: Survey Results - Technology Adoption of Surveyed Enterprises

The survey highlights the need for more awareness towards schemes such as Credit Linked Capital Subsidy scheme for Technological Upgradation Scheme (CLCS-TUS) which can provide financial assistance to MSMEs - this can be achieved through interventions such as capacity building programs on the benefits of technology adoption and awareness programs on new technologies. High cost of technological adoption also highlights the need for greater investments and innovations in technology which are MSME friendly in terms of cost.

1.3.3 Cluster Development & Infrastructural Assistance to MSMEs

The survey data clearly shows that 97% of the enterprises are not part of any clusters, Farmer Producer Organisations, Industry Association, or co-operative societies. Only 2% subscribe to being a member of an Industry organisation and 1% of enterprises are a member of co-operative societies. A dismal 0.09% (n=1) of the enterprises survey was part of a cluster.

One factor for the very low membership in clusters among the surveyed enterprises can be the low number of clusters spread out across the state. The CFC identified and sanctioned through MSE-CDP is still ongoing completion. None of the surveyed enterprises were part of any FPOs. One can construe that most of these enterprises surveyed are not in the farming sector. This is validated by the survey data wherein 23% of the enterprises surveyed operated in the food processing sector while 77 % of the enterprise are composed of small stationary shops, general shops, small tea shops, etc.

1.3.4 Assistance in Quality Certification

A snapshot of the survey results based on quality certifications is highlighted in the table below:

Table 1: Quality Certifications obtained by Surveyed Enterprises

S. No	Types of Certifications	Number of respondents/ enterprises	% of respondents/ enterprises
1	No certification obtained	1171	98.24%
2	ISO	11	0.92%
3	BIS ISI Product certification	5	0.42%
4	Handloom Mark	2	0.17%
5	BEE Star rating	1	0.08%
6	BIS Hallmark	1	0.08%
7	HACCP	1	0.08%
8	ZED	0	0.00%

Few distinct observations can be made from the table above:

- ▶ More than 98% of the enterprises did not have any type of quality certifications.
- ▶ ISO certified enterprises constituted only 0.92% followed 0.42% of enterprises who had their products BIS ISI certified.
- ▶ There was no ZED certified enterprises amongst the surveyed enterprises.

1.3.5 Market Outreach

1.3.5.1 Primary Market

A deep dive into the survey results related to Market Access shows that majority of the MSMEs sell their products or services within the district and nearby districts. 87% of the enterprises primary market is within the district and 84% of the enterprises have their primary market both within the district and in the adjoining districts (figure below). More than 99% of the MSMEs surveyed are in the Micro category of MSMEs and the analysis of the combination of Micro MSMEs and primary market shows that this category of enterprise is not able to sell their products/service outside the adjoining districts due to the inability of the Micro MSME to create a network or connections further than their existing primary market.

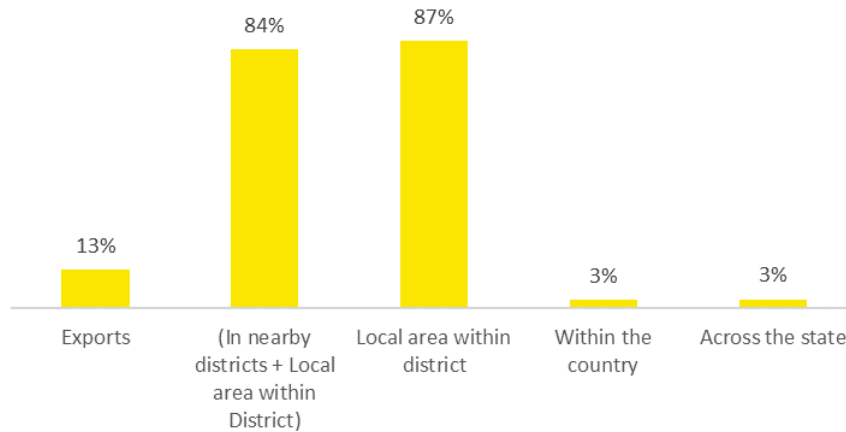


Figure 6: Primary Market for Surveyed Enterprises

1.3.5.2 Digital Platforms

Adopting e-commerce platform to increase sales and accessing new market even beyond the state must be capitalized by the MSMEs. Social Media platforms such as Facebook, Instagram, and WhatsApp are also being used by businesses to carry out 'online' sales. As per the survey conducted, a significant 60% of them have not used any online platform. Only 21% of the enterprise have less than 10% of their sales carried out through various online platforms while 17% of the enterprises carried out between 10% and 25% of their sales through online platforms.

The survey results also give us a deep insight into the awareness levels and the utilization rate of the MSMEs towards digital e-commerce platforms. Respondents were grouped into 3 categories of their awareness levels:

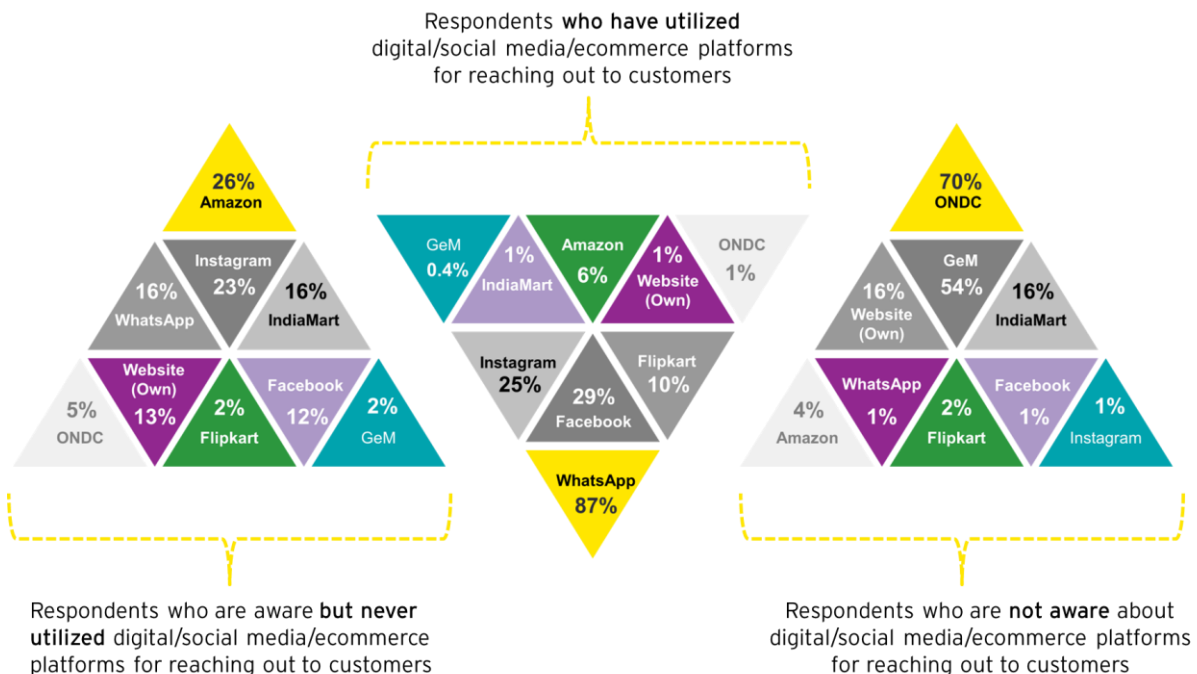


Figure 7: Awareness & Utilization of Digital Platform to reach customers

To understand the impediments towards using digital marketing, the survey also focused on the difficulties faced by the enterprises in using digital platforms. The responses given by the enterprises are as follows:

- ▶ **Low penetration of Internet facility is a major concern for the MSMEs:** Even in urban areas such as Kohima and Dimapur, the internet speed and the quality of existing internet service provider are big hindrances. Rural areas have a much more difficult scenario in this matter. The survey shows that 33% of the enterprises highlighted the difficulty in accessing high speed internet connections.
- ▶ **Lack of Financial Resource:** As per the survey more than 90% of the MSMEs had an annual revenue of INR 25 lakhs and below. With profit margins very low in most of the cases for these enterprises, they are not willing to pay the e-commerce seller fee. 22% of the enterprises surveyed responded they lack the financial resources to enrol and register on such platforms.
- ▶ **Lack of staff with relevant skills & knowledge:** In the survey, 16% of the enterprise responded that due to lack of technical know-how of their staffs or themselves, it deters them from using digital platforms. These enterprises may be willing to utilize these platforms but lack of technical or financial skills is a barrier.

1.3.5.3 Marketing and Sales

The vitality of marketing and sales as the driving force behind any enterprise, crucial for its sustainability and development, cannot be overstated. The survey we conducted aimed at identifying the key obstacles that enterprises encounter in this area. The observation from the marketing and sales challenges of the MSMEs from the survey is highlighted below:

- ▶ A considerable 38% of the enterprises in the survey suggested that the considerable cost of product promotion poses a significant hurdle. Marketing promotional activities and an effective strategy to implement is a significant hurdle for many enterprises especially Micro enterprises.
- ▶ Moreover, for a substantial 7% of the enterprises, maintaining profitability is a worry as they frequently secure minimal returns on their goods.
- ▶ While digital platforms are essential for marketing and sales, 23% of enterprises indicated their lack of awareness regarding the use of ecommerce platforms and digital advertising. This indicates the need to enhance digital proficiency and training.
- ▶ The chance to exhibit products is critical for enticing potential customers. However, this opportunity is perceived as limited by 14% of the enterprises.
- ▶ Quality can set a product apart in a competitive market. 2% of the enterprises indicated difficulties in adopting quality control standards and certifications, which can notably affect customer confidence and brand reputation.
- ▶ Adding value to a product can significantly differentiate an enterprise from competitors. Only 1% felt that their progress in areas such as unique features, quality packaging, or new product development has been unsatisfactory.
- ▶ For any business, maintaining a healthy cash flow is critical. From the survey, 5% of participants responded that delayed payments as one of the major issues, which can financially impact their business operations.
- ▶ Only 14% of the enterprises responded they do not face any challenges

1.3.5.4 Participation in Trade Fair/Exhibition/Vendor Development Programs/ Buyer Seller Meet

Trade shows, exhibitions, supplier development initiatives, and buyer-seller meetings present essential opportunities for businesses to broaden their networks, exhibit their offerings, and interact with potential customers or partners. Our survey reveals various obstacles that firms face when contemplating involvement in these activities.



Figure 8: Issues Faced Related to Participation in Events

Some of the highlights of the survey results regarding participation in promotion and marketing events is given below:

- ▶ 75% of survey respondents reported being unaware of such events. This reflects a communication breakdown, suggesting a need for more efficient promotion of these events or improved information access for businesses.
- ▶ Our survey also revealed that 8% of enterprise perceive a dearth of such events, indicating a demand for a greater frequency or diversity of these opportunities.
- ▶ Financial factors play a crucial role in business decisions. 4% of enterprise pointed to the financial burdens associated with event participation as a significant deterrence, including setup and logistics costs.
- ▶ In addition, 8% of the enterprise reported unawareness of any support schemes that could offset some costs and assist these enterprises in participating in such events. This emphasizes the need for better dissemination of information.
- ▶ Only 1% of the enterprises responded that previous experiences were unsatisfactory as they felt they did not gain substantial benefit from participation. Multiple factors could contribute to this, from event organization to audience relevance.
- ▶ A significant 6% of the enterprises surveyed responded their disinterest in such events. One factor for this can be the misalignment of the event's objectives and the enterprise's objectives by participating in such events.

1.3.6 Business Operations

1.3.6.1 Sourcing of Raw Material

Access to quality raw material in adequate quantity at an optimum price with good logistical support are crucial factors to successfully an enterprise. The survey results on raw materials sourcing and its challenges are described below:

- ▶ Most of the enterprise (77%) responded they do not face any issues regarding procuring raw materials. One reason leading to this can be local sourcing of within their district or local area to reduce procurement cost.
- ▶ 14% of the respondents highlighted the logistics cost to be one of the main challenges due to remoteness and poor road conditions. The transportation cost along with the time taken to deliver goods in such scenarios can prove costly for the enterprises.
- ▶ A small but notable 4% of the enterprises do not get the quantity of raw material they want to procure.
- ▶ One area of concern for 3% of the enterprises were the rising cost of raw materials. Coupled with logistics cost, it serves as barrier for the enterprises in raw material procurement.
- ▶ 2% of the enterprises are not satisfied with the quality of the raw they procure. This puts additional financial burden to these enterprises to procure raw materials from relatively far places which ultimately increases the final price of their products/services.

1.3.6.2 Skilled Manpower

Skilled human resources are crucial for any enterprise as they significantly enhance productivity, efficiency, and overall operational performance. The challenges facing enterprises while hiring skilled workers was also put forward in the survey questionnaires and highlighted below are the results of it:

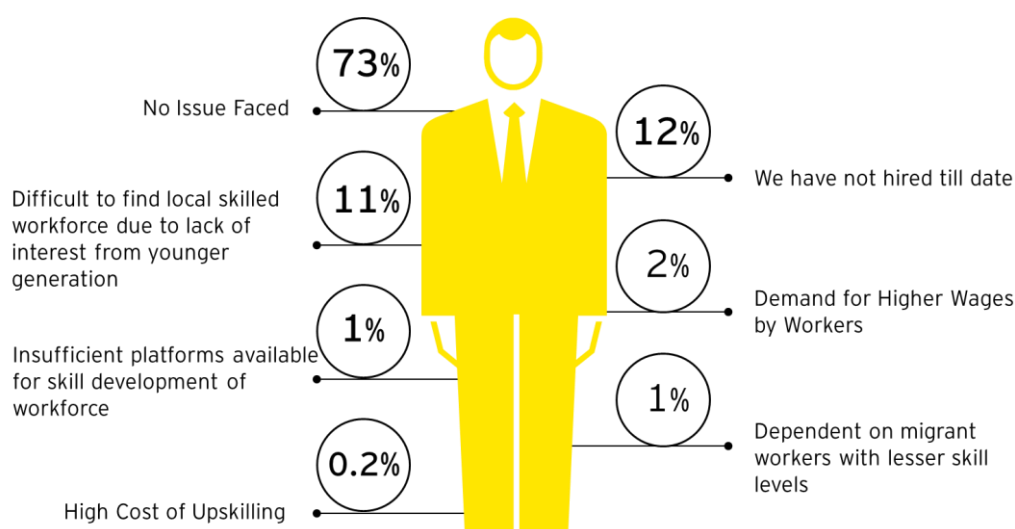


Figure 9: Workforce Challenges

1.3.6.3 Key Services for hiring Professionals

Enterprises hire professional help for services where they don't have their core competency. The survey questionnaire also required enterprises to respond to the kind of professional help they hire for their businesses. Some key highlights for hiring professional help are given below

- ▶ Digital Marketing professional were hired by 23% of the enterprises. This could mean that the enterprises are willing to venture into digital marketing space. 2% of the enterprises indicated they hired professional to impart Digital Literacy training for the enterprise and its employees.
- ▶ Export related documentation experts were also hired by 7% of the enterprises while experts in the loan application processing domain were hired by 10% of the enterprises. 15% of the enterprises hired experts are Chartered Accountants (CA) for filling taxes. These enterprises are aware and see the need of proper documentation but are unable to do it themselves due to lack of expertise. Workshops, and capacity building programs can help them to counteract this lack of expertise.
- ▶ Manpower hiring professionals were also hired by 14% of the enterprises while process mapping experts were hired by only 3% the enterprise to support and make their business process efficient.

1.3.6.4 Digital Tools Adoption

The survey response based on digital tools adoption highlights very low figures of these tools. The enquiry of digital tools through the survey was based on the reasoning that the more the number of enterprises using these tools the more the awareness for digital tools. The highlights of the survey are given below:

- ▶ 49% of the enterprises have not adopted any form of digital tool. This is a very large percentage considering the importance of implementing new age digital tools.
- ▶ 34% of the enterprise is utilizing digital payment applications such as PayTm, PhonePe, Google Pay, etc. Cashless transactions are increasing in India YoY and more awareness needs to be pushed forward.
- ▶ Cloud based services like Amazon Web Service (AWB), Google Cloud Services, etc are used by 13% of the enterprises.
- ▶ Tax Filing applications/websites like ClearTax, TaxBuddy, etc were used by 4% of the enterprise.
- ▶ Only a small percentage (2%) of the enterprise used basic accounting software applications like Zipbooks, and Quickbooks while another 2% of the enterprise used design-based software like Adobe, AutoCAD, etc. Only a very minuscule percentage of enterprises used ERP based software or marketing-based software solutions like Marketo, Freshbook, etc.

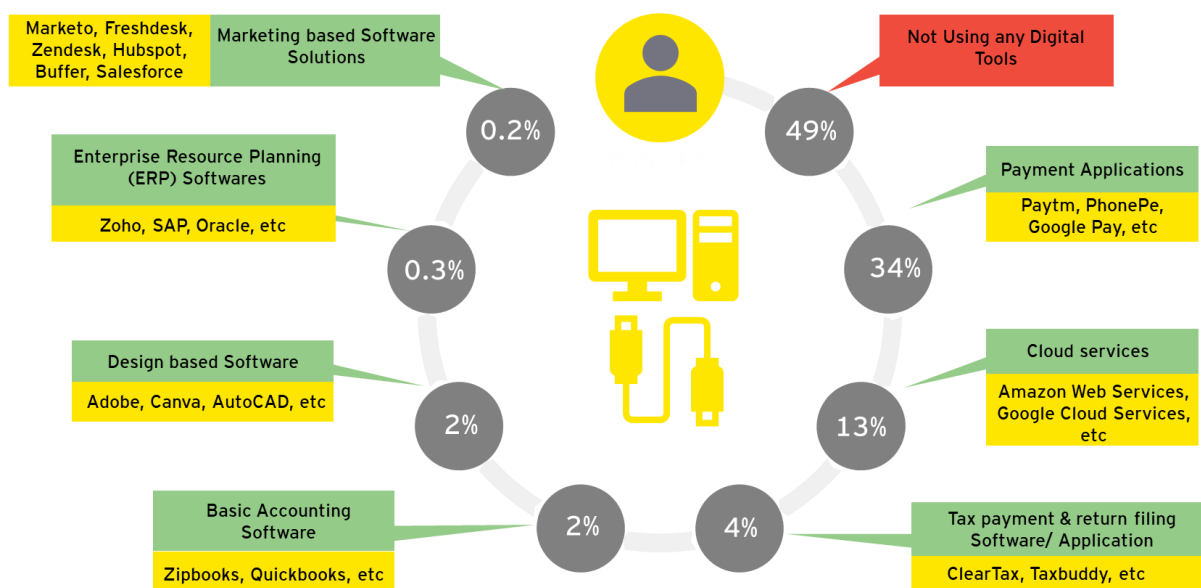


Figure 10: Digital Tools Adoption of Surveyed MSMEs

1.3.7 Awareness of Schemes

Timely and accurate information is crucial for decision-making among MSMEs. The key areas identified by the enterprises through the survey for information support are:

- ▶ Government Schemes Information at 66% were on the top priority list of information support the enterprises needed. Understanding financial and non-financial governmental support schemes can help MSMEs better utilize these resources.
- ▶ 30% of the enterprises required Emerging Technologies Information. Knowledge of new technologies can allow MSMEs to stay updated and adopt these technologies, understand industry transformations, and identify potential competitors.
- ▶ Proposal writing guides or business proposal guides were also on the priority information support list of 15% of the enterprises.
- ▶ Regulatory and taxation policies support information was indicated as one of the top information support they needed, with 5% of the enterprises indicating the same. Regulatory and Taxation guides/information can help MSMEs to maintain compliance and reduce burdensome procedures.

9% of the enterprises responded that Exhibitions and Symposiums Information were on their top information list. Participation in industry events can broaden market access for MSMEs, providing opportunities for product diversification and the identification of potential buyers or markets

1.3.7.1 TReDS

The survey took a deep dive into the awareness of MSME portals like TReDs portals, SAMADHAN, ONDC, GeM, etc amongst the enterprises. The results from the survey are not assuring given the importance of these portals and the benefits the MSMEs can get out of using these portals.

- ▶ We found that 89% of the enterprises are not aware of the MSME portals which is an unsatisfactory performance indicator.
- ▶ Only 11% of the enterprises are aware of it but have not taken the benefits of these portals.

- ▶ Only a small percentage of the enterprises (6%) have utilized and taken benefits of these portals.

When we bifurcate the results, amongst the enterprises who are aware of these portals but have not utilized it, only 17% of them are aware of GeM while for TReDs portals like Invoicemart, M1xchange, and Orxil, the awareness amongst the enterprises were 25%, 1%, and 2% respectively. A respectable 59% of the enterprise are aware of 'PSB Loan in 59 Minutes' portal but have not utilized it.

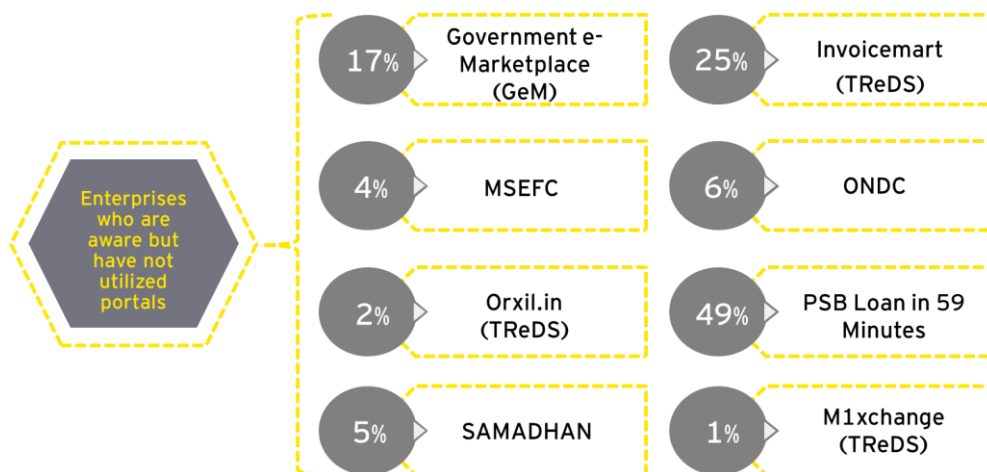


Figure 11: Proportion of Surveyed MSMEs that are aware of MSME portals but not utilized

The enterprises who have utilized these portals: 80% of them have taken benefits of 'PSB Loan in 59 Minutes'. 16 % of the enterprise in this segment has utilized GeM, and only 4% have utilized ONDC.

1.3.7.2 Samadhan

The issue of delayed payments has been among the biggest challenges faced by MSMEs that inhibit businesses' working capital flow and competitiveness in the market to tap new opportunities and fulfil orders. The survey delved into the challenges faced by the MSMEs while facing delayed payments.

The highlights of the survey result regarding delayed payments are given below:

- ▶ One concerning area is that 38% of the respondents are not aware not aware of any institutional mechanisms for delayed payment resolution like SAMADHAN.
- ▶ 23% of the enterprise rarely faced delayed payments. This can be a result of small ticket size of service or products of the business.
- ▶ A genuine concern of 21% of the enterprises was they fear losing out potential buyer if they file a case for delayed payment. Selling to a buyer through credit plays in many sectors, and hence this action may affect the reputation of the enterprise filing the case.
- ▶ 14% of the enterprise who wants to file a case don't have proper documentation.
- ▶ A small percentage of enterprises (3%) do not have the finance to file a case.
- ▶ Only 1% of the enterprises feels the existing mechanism are cumbersome and slow.

1.3.8 Green Practices

The survey result shows us some very discouraging figures when it comes to green sustainable practices amongst the MSMEs in Nagaland. The outcomes of the survey response based on green practices are given below:

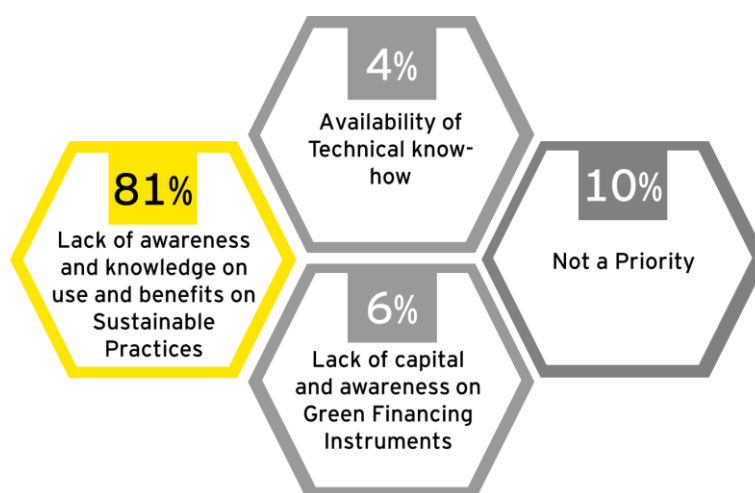


Figure 12: Challenges faced by Surveyed MSMEs in implementing sustainable practices

- ▶ Amongst the survey questionnaire response on green sustainable practices, 81% of the enterprises have no awareness or lack the knowledge on the advantages and the benefits of implementing green sustainable practices.
- ▶ Green financing instruments plays an important role in enterprises sustainable practices. Limited availability of customized financial products for green financing can be a cause for very low adoption. 6% of the enterprises responded they lack the capital and awareness on any green financing instruments.
- ▶ Only 4% of the enterprise are aware of green practices and green financing, but they the non-availability of technical expertise is a hindrance to their adoption.
- ▶ Green practices were not their priority at present according to 10% of the enterprise.

1.4 Summary of Interventions

Through SIP, the state has devised interventions which is help state in its vision to promote development and growth of sustainable and global micro, small medium enterprises, through cooperative and competitive spirit, ensuring larger employment opportunities and economic growth.

Our SIP is aligned with the core theme of RAMP and is designed to help MSMEs to make a positive impact and create a ripple effect that will benefit the entire state's economy. With our strategic approach and comprehensive enablers, we are poised to make a significant contribution to the growth and development of MSMEs in Nagaland. The sub-sections below capture the pillars and enablers which have been identified for SIP Nagaland.

Table 2: Summary of Proposed Interventions

Recommendations	
Pillar 1: Enhancing MSME Firm Capabilities	
Understanding of problem statement	Suggested Interventions
<ul style="list-style-type: none"> ▶ There is a pressing need for skill development in entrepreneurship. This would include trainings on business management & planning, and capacity building of entrepreneurs. ▶ Potential women entrepreneurs, particularly from rural areas, face difficulties in starting or expanding their 	<ul style="list-style-type: none"> A. Capacity building of ~10,000 MSMEs B. Capacity building of educated unemployed youth to start their own venture by awareness programs/trainings for 3 days C. Formalisation of existing unorganized MSMEs (Udyam Registration drive)

businesses due to an information and knowledge deficit	
Pillar 2: Promoting 'Make in Nagaland' and enhancing domestic import substitute products	
Understanding of problem statement	Suggested Interventions
<ul style="list-style-type: none"> ▶ Many enterprises face challenges in meeting demand because they are unable to introduce new products. There is a growing demand for products that feature a creatively contemporary Naga design rooted in traditional skills. Design training and workshops offer a competitive advantage, distinctiveness, and yield futuristic outcomes, therefore enhanced design adds value. ▶ Potential women entrepreneurs, particularly from rural areas, face difficulties in starting or expanding their businesses due to an information and knowledge deficit 	<ul style="list-style-type: none"> A. Make in Nagaland support centre (to be run by SPV) for the identified products B. Workshops for interaction at field level with technical experts C. Capacity building of MSME under Make in Nagaland - access to market/management skills/quality control/export etc. D. Subsidy on marketing and branding E. Nagaland MSME Display hangers for promoting 'Make in Nagaland'
Pillar 3: Improving Digital Infrastructure	
Understanding of problem statement	Suggested Interventions
<ul style="list-style-type: none"> ▶ The department's website and its associated departments lack dedicated dashboards for monitoring the progress of various schemes and initiatives ▶ None of the DICs possess tablets, and only a limited number have laptops. This poses a challenge to the monitoring and evaluation process, creating an obstacle in establishing an effective delivery mechanism. Furthermore, the lack of internet connectivity in the state, especially in some parts of the far-flung areas is a widespread issue in most DIC offices. 	<ul style="list-style-type: none"> A. Providing digital devices for Field level offices B. Upgrading IT infra in District Industries Centres (DICs) and NIDC C. Web Portal for Department/NIDC/MSMEs for monitoring, notifications and ease of access to the central and state schemes D. Web/Mobile/Tablet application for data collection of MSMEs and software integration with the concerned MSME departments
Pillar 4: Competitiveness Support and Green initiatives	
Understanding of problem statement	Suggested Interventions
<ul style="list-style-type: none"> ▶ MSME units lack awareness and clear understanding of the benefits and implementation of RECP practices. ▶ Access to information, technical expertise, and necessary resources to enforce RECP practices have significant gaps. This includes difficulties in acquiring relevant training, technical assistance and financial resources needed to improve technologies or processes. ▶ For MSMEs, especially micro entities which make up 99% of units in Nagaland, the perceived high initial cost of adopting RECP practices can pose hurdles 	<ul style="list-style-type: none"> A. Workshops on decarbonisation, greenhouse gas accounting (GHG), carbon pricing, energy audit. B. Financial support to MSMEs through energy audits C. Workshops on maximising awareness of LEAN Scheme and ensuring maximum coverage of BASIC LEVEL LEAN certification with the support of local recruits/VLEs (village level entrepreneurs) D. Workshops on maximising awareness of ZED Scheme and ensuring maximum coverage of BRONZE certification with the support of local recruits/VLEs E. Awareness programme on getting FSSAI Basic license and ensuring certification to 1,000 MSMEs per year

	<p>F. Financial support for FSSAI Basic License to a maximum amount of INR 6,000/- per MSME on reimbursement basis</p> <p>G. State MSME Excellence Awards</p>
Pillar 5: Enhancing Access to Finance	
Understanding of problem statement	Suggested Interventions
<ul style="list-style-type: none"> ▶ Absence of collateral to avail bank loans ▶ Lack of proficiency in making business proposals or Detailed Project Reports while applying for loans. ▶ MSMEs have limited access/awareness to external financing sources and are reluctant to take loans. ▶ MSMEs are primarily focused on managing day-to-day operations and expenses, as opposed to making long-term investments. ▶ Low adoption rate for TRedS ▶ Samadhan: benefits of the platform are not reaching the intended beneficiaries with additional key challenge faced by MSMEs server issue due to various reasons such as inadequate infrastructure, network issues, or excessive traffic on the platform ▶ Financial institutions having multiple procedural checks for MSMEs ▶ Delayed payments impact financial operations of enterprises 	<ul style="list-style-type: none"> A. Capacity building workshops and awareness programmes on all access to finance related schemes B. Special financial literacy workshops for women and PWD entrepreneurs C. CGTMSE Guarantee support up to 15% for MSE Loans with maximum ceiling of Rs. 10 Lakhs credit facility D. Banker's meet to facilitate access to finance with special focus on CGTMSE E. Knowledge sharing workshops with FIs, associations of NBFCs, PSUs in association with Institute of Chartered Accountants of India F. Interest subvention for MSMEs up to 3% (up to INR 50,000 for micro units, INR 2,00,000 for Small units and INR 5,00,000 for medium units)
Pillar 6: Enhancing Access to Market	
Understanding of problem statement	Suggested Interventions
<ul style="list-style-type: none"> ▶ Limited Market Coverage: 87% of the enterprises primary market is within the district and 84% of the enterprises have their primary market both within the district. Only 13% exports outside the country ▶ Out of the surveyed enterprises, 60% of enterprises have not utilized any online digital platforms for business purposes. The reasons for lack of adoptions range from limited internet connectivity, financial constraints and Inadequate staff training and knowledge ▶ From the survey we can see that only 6% of the surveyed enterprises have utilized MSME portals to increase their market. ▶ Operational Challenges: <ul style="list-style-type: none"> ○ High product promotion costs ○ Concern over maintaining profitability due to meagre returns on their products. ○ Belief that owners have of limited opportunities to showcase their products to potential customers. ○ Inability to implement quality control norms and certifications, 	<ul style="list-style-type: none"> A. Workshop for Awareness on e-commerce websites for MSMEs such as ONDC, Amazon Flipkart, Myntra, etc B. Participation in national/international trade fairs/expos C. Preparation of annual reports for Export readiness, MSME growth in Nagaland, Annual district report for MSME sector D. Vendor development program for 400 MSMEs E. Organize Buyers and suppliers meet including reverse buyer supplier meet F. "Exporter State Summit G. IEC (Information, Education and Communication) and Outreach program H. Technology Clinics for MSMEs for 2 days in a year. I. Dedicated workshop on Packaging, Branding and Marketing with the Experts

<p>subsequently affecting a brand's reputation.</p> <ul style="list-style-type: none"> ○ Lack of product differentiation, such as unique features, quality packaging, or new product development. ○ Unaware of Trade Fair/Exhibition/Vendor Development Programs organized by the State 	
Pillar 7: Institutional Strengthening	
Understanding of problem statement	Suggested Interventions
<ul style="list-style-type: none"> ▶ Dated technology and training methods, minimal industry engagement, and inadequate soft skills and digital literacy training result in discord between skilling curricula and industry needs. ▶ There is a need to upgrade knowledge on the use of machines to increase the capacity to produce more volumes in lesser time ▶ Artisans should be guided and empowered to explore new products aligned with current demand. The emphasis should be on creating products that are creatively contemporary yet rooted in traditional craftsmanship 	<ul style="list-style-type: none"> A. Management Development Programme at Indian Institute of Management (IIM) for Executive officers of the Department B. Exposure trips for executive officers of the Department C. Capacity building training for Inspector of Industries Officers by IIFT/IIE (1 week) D. Training for Udyami Saathis /VLEs (GoI & State Govt. schemes, soft skills, field visits etc.) E. Engaging field level sector expert to assist implementation of enhancing firm capability, enhancing CHAMPION scheme, CGTMSE, LEAN, quality certification, product designers, legal experts, green energy, financial consultants etc. F. To onboard trainers for monthly training to local district entrepreneurs on various aspects. G. Compulsory training hours for DIC officials on entrepreneurship development, managerial skills, basic computer proficiency skills
Pillar 8: Innovative Interventions	
Understanding of problem statement	Suggested Interventions
<ul style="list-style-type: none"> ▶ Inadequate infrastructure, such as ports, warehouses, and navigational aids, impedes efficient cargo movement along these routes. Additionally, environmental concerns further disrupt transportation activities ▶ Ensuring the financial soundness of projects and accessibility of bank finances is crucial for entrepreneurial success but there is a low ratio of sanctioned loan applications resulting in challenges in project evaluation, financial viability assessment, and project report preparation 	<ul style="list-style-type: none"> A. Banker Facilitation Cell to support the preparation and evaluation of DPRs for key schemes such as PMEGP and PMFME B. International networking and collaboration C. Cluster Development Program which will include skill training, research and development, marketing initiatives, etc.
Pillar 9: Feasibility studies and preparation of DPRs	
Understanding of problem statement	Suggested Interventions

<p>► For its domestic needs, Nagaland relies heavily of imports from other states of the country although the potential to produce various products from the abundance of huge natural resources in the state is available.</p>	<p>A. Survey and study for Strategic Plan preparation on import substitution for potential products</p>
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1.5 RAMP Nagaland Objective and Budget Estimate

Nagaland intends to implement RAMP to achieve following objective:

- Formalizing 13,000 enterprises within a span of 4 years.
- Enhancing domestic manufacturing of import-substitute products and advocating Make in Nagaland.
- Empowering DICs, field offices, and NIDC through the integration of digital tools for economic transformation.
- Cultivating global competitiveness and fostering green innovation.
- Broadening the financial horizons of MSMEs to promote sustainable growth and prosperity.
- Opening up expansive markets for flourishing MSMEs.
- Strengthening institutions and enriching enterprises.
- Nurturing innovation.
- Pioneering success for Nagaland's MSMEs.

As a result of this rigorous analysis, the State has identified grassroots-level interventions that emphasize the following key domains: Enhancing MSME firm capabilities, Promoting 'Make in Nagaland', Improving Digital Infrastructure, Competitiveness Support and Green initiatives, Enhancing Access to Finance, Enhancing Access to Market, Institutional Strengthening, Innovative Intervention, Feasibility studies and preparation of DPRs, within the MSME ecosystem.

Following table reflects the total budget estimate for RAMP under the state of Nagaland:

Table 3: Total Budget Estimate for Nagaland RAMP SIP

Sl.No.	Intervention	DLI	Total Budget for 4 years (in INR Cr.)	State Contribution (in INR Cr.)	Demand from RAMP (in INR Cr.)
A	Enhancing MSME firm capabilities	2,3,5,6	10.00	0.50	9.50
B	Promoting 'Make in Nagaland'	2,3,4,5,6	16.15	0.81	15.34
C	Improving Digital Infrastructure	3	06.99	0.34	6.64
D	Competitiveness Support and Green initiatives	2,3,4,5,6	20.18	1.00	19.17
E	Enhancing Access to Finance	3,4,5	36.72	1.84	34.88
F	Enhancing Access to Market	2,3,4,5,6	25.47	1.27	24.19
G	Institutional Strengthening	2,3	34.80	1.74	33.06
H	Innovative Intervention	2,3,5	35.96	1.79	34.16

Sl.No.	Intervention	DLI	Total Budget for 4 years (in INR Cr.)	State Contribution (in INR Cr.)	Demand from RAMP (in INR Cr.)
I	Feasibility studies and preparation of DPRs	2,3,5	1.50	0.08	1.43
	Total		187.78	9.39	178.39
	Misc. Cost and Operational Cost (10%)		18.78	0.94	17.84
	Grand Total		206.56	10.33	196.23

The total budget allocated for a period of **4 years** is estimated to be **₹206.56 Crores**, with the State of Nagaland willing to contribute approximately 5% of the total estimation, amounting to ₹10.33 Crores.

1.6 Output and Outcome of Interventions

Table 4: Output Outcome for the Proposed Interventions as part of SIP for RAMP, Nagaland

SL.No.	Interventions for Nagaland	DLI	Total MSMEs/ units targeted
A	Enhancing MSME firm capabilities	2,3,5,6	31,510
1	Capacity building of ~18,000 MSMEs (awareness programs - financial management, market research, digital literacy, innovation, quality standards, supply chain management, human resources, technology adoption, export readiness, sustainability practices, networking, and legal compliance) (20% focus on women and 3% on PWD)	2.3,3.2,5.2, 5.3,6.2	18,710
2	Capacity building of educated unemployed youth to start their own venture by awareness programs/trainings (3 days)	2.3,3.2,5.2, 5.3,6.2	NA
3	Formalization of existing unorganized MSMEs - Udyam Registration drive	2.3	12,800
B	Promoting 'Make in Nagaland' and enhancing domestic import substitute products	2,3,5,6	14,180
1	Make in Nagaland support centre (to be run by SPV) for the identified products	2.3,3.1, 5.2	NA
2	Workshops for interaction at field level with technical experts (focussing on atleast 20% women)	2.3	6,400
3	Capacity building of MSME under Make in Nagaland - access to market/management skills/quality control/export etc. (focussing on atleast 20% women) Project report preparation, assessment, evaluation, Project planning and implementation, Production planning and management, Market survey and marketing including SME portal of department etc., MSME promotional Schemes & Facilities of the state & GoI, Etc	2.3,3.2,5.2, 5.3,6.2	7,680
4	Subsidy on marketing and branding (that includes design and logo, Marketing Collateral, Website Development)	2.2,3.2	100
5	Nagaland MSME Display hangers - for promoting 'Make in Nagaland'	2.2,3.2	NA
C	Improving Digital Infrastructure	2,3	NA

SL.No	Interventions for Nagaland	DLI	Total MSMEs/ units targeted
1	Providing digital devices for Field level offices	3.1	
2	Upgrading IT infra in District Industries Centres (DICs) and NIDC	3.1	
3	Web Portal for Department/NIDC/MSMEs for monitoring, notifications and ease of access to the central and state schemes	2.2,3.1	
4	Web/Mobile/Tablet application for data collection of MSMEs (for udyam, scheme related, etc.) and software intergration with the concerned MSME departments	2.2,3.2	
D	Competitiveness Support and Green initiatives	2,3,5	25,760
1	Workshops on decarbonisation, greenhouse gas accounting (GHG), carbon pricing, energy audit.	2.3,3.2,5.2, 5.3	3,200
2	Financial support to MSMEs through energy audits (Financial support to MSMEs to the tune of 20% of the cost of the machinery and equipment replaced, retrofitting and technology acquired for the purpose of improving energy efficiency (subject to a maximum of Rs.20k per MSME) in 10000 MSMEs)	3.1,5.1	900
3	Workshops on maximising awareness of LEAN Scheme and ensuring maximum coverage of BASIC LEVEL LEAN certification with the support of local recruits/VLEs (village level entrepreneurs)	2.3,3.2,5.2, 5.3	400
4	Workshops on maximising awareness of ZED Scheme and ensuring maximum coverage of BRONZE certification with the support of local recruits/VLEs	2.3,3.2,5.2, 5.3	15,360
5	Awareness programme on getting FSSAI Basic license and ensuring certification to 1000 MSMEs per year	2.3,3.2,5.2, 5.3	3,840
6	Financial support for FSSAI Basic License to a maximum amount of INR 6,000/- per MSME on reimbursement basis	3.1,5.1	1,400
7	State MSME Excellence Awards	3.2	660
E	Enhancing Access to Finance	3,4,5	38,960
1	Capacity building workshops and awareness programmes on all access to finance related schemes (modules on financial literacy, preparing effective business plans, understanding financial markets, credit management, navigating loan application processes, building creditworthiness, and fostering relationships with financial institutions)	3.1	19,200
2	Special financial literacy workshops for women and PWD entrepreneurs	3.1,4	9,600
3	CGTMSE Guarantee support up to 15% for MSE Loans with maximum ceiling of Rs. 10 Lakhs credit facility [Maximum 80% Guarantee Coverage through CGTMSE (for NE region) + 15% Guarantee Support Coverage]. Averaging 500 CGTMSE cases for 4 years & Rs. 5 lakhs average ticket size. (15% of Rs.5 Lakhs * 500 CGTMSE cases)	5.1,5.2	NA
4	Banker's meet - facilitate access to finance with special focus on CGTMSE	3.1,4.1,5.1	
5	Knowledge sharing workshops with financial institutions, associations of NBFCs, public sector	4.1,5.1,5.2	7,680

SL.No	Interventions for Nagaland	DLI	Total MSMEs/ units targeted
	undertakings in association with Institute of Chartered Accountants of India		
6	Interest subvention for MSMEs upto 3% (up to INR 50,000 for micro units, INR 2,00,000 for Small units and INR 5,00,000 for medium units)	3.1,5.1	2,480
F	Enhancing Access to Market	2,3,5	61,310
1	Workshop for Awareness on e-commerce websites for MSMEs such as ONDC, Amazon, Flipkart, Myntra, etc	2.3,3.2,5.2, 5.3	38,400
2	Participation in national/international trade fairs/expos	2.2, 3.2	320
3	Preparation of annual reports for - Export readiness, MSME growth in Nagaland, Annual district report for MSME sector	2.3	NA
4	Vendor development program for 400 MSMEs (MSMEs under Made in Nagaland centre also may be covered) *20% focus on women and 3% PWD MSMEs	3.2, 5.2, 5.3	400
5	Organize Buyers and suppliers meet including reverse buyer supplier meet	2.3, 5.2, 5.3	10,000
6	Exporter State Summit: This event brings together the micro, small and medium-sized exporters, trade professionals and trade assistance providers from across Nagaland, providing them with an opportunity to exchange and share best practices and lessons learned that have contributed to their export success.	2.3,3.2,5.2, 5.3	190
7	IEC (Information, Education and Communication) and Outreach program	2.3,3.2,5.2, 5.3	NA
8	Technology Clinics for MSMEs - 2 days in a year. Technological clinic is conducted in thrust areas like in manufacturing (agro based & food processing, mineral based, textiles, electronics &IT, bamboo based, waste management, etc.) and service sector (tourism, hospitality, health, power and renewable energy). The Topics that would be covered: (New Packaging Technologies, Modern Technologies and Value addition in Food Processing Sector, Energy Conservation Techniques, Quality Management using Technology, etc.).Targeting 10000 for 4 years (2500 MSME each year) (this is 50% of the Total udyam registrations)	2.3,3.2,5.2, 5.3	10000
9	Dedicated workshop on Packaging, Branding and Marketing with the Experts	2.3,3.2,5.2, 5.3	2,000
G	Institutional Strengthening	3	NA
1	Management Development Programme at Indian Institute of Management (IIM) for Executive officers of the Department	3.1	
2	Exposure trips for executive officers of the Department (will provide valuable insights, networking opportunities, and inspiration, fostering knowledge exchange, policy improvement, and enhanced problem-solving skills)	3.1	

SL.No	Interventions for Nagaland	DLI	Total MSMEs/ units targeted
3	Capacity building training for Inspector of Industries Officers by IIFT/IIE (1 week)	3.1	
4	Training for Udyami Saathis /VLEs (GoI & State Govt. schemes, soft skills, field visits etc.)	3.1	
5	Engaging field level sector expert to assist implementation of enhancing firm capability, enhancing CHAMPION scheme, CGTMSE, LEAN, quality certification, product designers, legal experts, green energy, financial consultants etc.	3.1	
6	To onboard trainers for monthly training to local district entrepreneurs on various aspects. (trainers of the trainer)	3.1	
7	Compulsory training hours for DIC officials on entrepreneurship development, managerial skills, basic computer proficiency skills (Partner with online training provider platforms eg. Udemy etc.)	3.1	
H	Innovative Intervention	2,3,4,5,6	400
1	Banker Facilitation Cell, comprised of financial analysts, technical experts, and sector-specific specialists, to aid GM-DICs and financial institutions in preparing and evaluating Detailed Project Reports (DPRs) for schemes like PMEGP, PMFME and CGTMSE	2.3,3.1,4.1, 5.1,5.2,6.2	
2	International networking and collaboration	2.2,2.3,3.1, 3.2	
3	Cluster Development Program (This include skill training, research and development, marketing initiatives, etc.)	2.3, 5.3	400
I	Feasibility studies and preparation of DPRs	2,3	NA
1	Survey and study for Strategic Plan preparation on import substitution for potential products	2.2,2.3,3.1, 3.2	



Introduction to the Study

2 Introduction to the Study

2.1 Background

The Micro Small and Medium Enterprise (MSME) sector plays an important role as the growth drivers of Indian economy contributing about 28.83% to the country's Gross Domestic Product (GDP) and around 42.67% of the overall exports of country are dependent on the sector making it an integral part of the supply chain. The sector has over 63 million operational units (with 32.41 million operational micro enterprises from rural background) employing around 110.90 million individuals.

MoMSME in its constant endeavor to support MSMEs and to mitigate challenges faced by MSMEs in its journey, have taken multiple measures to cater to challenges of MSMEs. Interventions have been undertaken in areas spanning access to finance, access to market, infrastructure support, and access to technology. To improve the overall competitiveness, cluster approach has also been adopted where focus has largely been on creation of tangible assets. Several measures were taken under Aatmanirbhar Bharat Abhiyan (Self-Reliant India Mission) to respond to reeling situation of MSMEs affected by COVID pandemic. Under the mission, several relief steps to improve MSMEs' access to finance and market were provided by Government of India (GoI). Assistance given to MSMEs included Rs 3 trillion collateral free loan, fund of funds with a corpus of Rs 100 billion, Rs 200 billion of subordinate debt, disallowing of global tender up to Rs 2 billion to encourage MSME participation, expediting payment of dues from government and CPSEs within 45 days and facilitating e Market linkage to MSMEs.

MoMSME, GoI understands that these relief measures should be supported by a comprehensive recovery and resilience package where robust state-central coordination becomes important. As a result, GoI has come up with an initiative called- **"Implementing MSME competitiveness Programme- post Covid Resilience and Recovery Programme (MCRRP)"**, which focuses on supporting the MSMEs in their journey from local to global, while also redesigning the Programme to introduce greater outreach to women owned enterprises as well as to transit the MSMEs towards adopting greener practices. This initiative is further supported by World Bank Scheme called **"Raising and Accelerating MSME Performance (RAMP)"**. RAMP supports the overall Covid Resilience and Recovery Programme of MoMSME and aims at improving market access, access to credit, strengthening institutions and governance at the Centre and State, improving Centre-State linkages and partnerships, addressing issues of delayed payments, and greening of MSMEs.

RAMP benefits to MSMEs includes:

- ▶ Institutional support: supporting MSMEs through improved, state and central coordination, inclusive policy support and integrated M&E functions
- ▶ Market: Enhancing MSME capabilities and access to markets through adoption ZED/Lean/and another competitive Programme.
- ▶ Finance: Strengthening the receivables financing market through supporting MSMEs in undertaking transaction through TREDs platform and increase in volume of MSME term loans under the CGTMSE umbrella.
- ▶ Technology upgradation & quality certification: promoting MSMEs in adopting technologies and using green energy sources

► Expanding access of MSMEs to Online Dispute Resolution Mechanism (ODR)

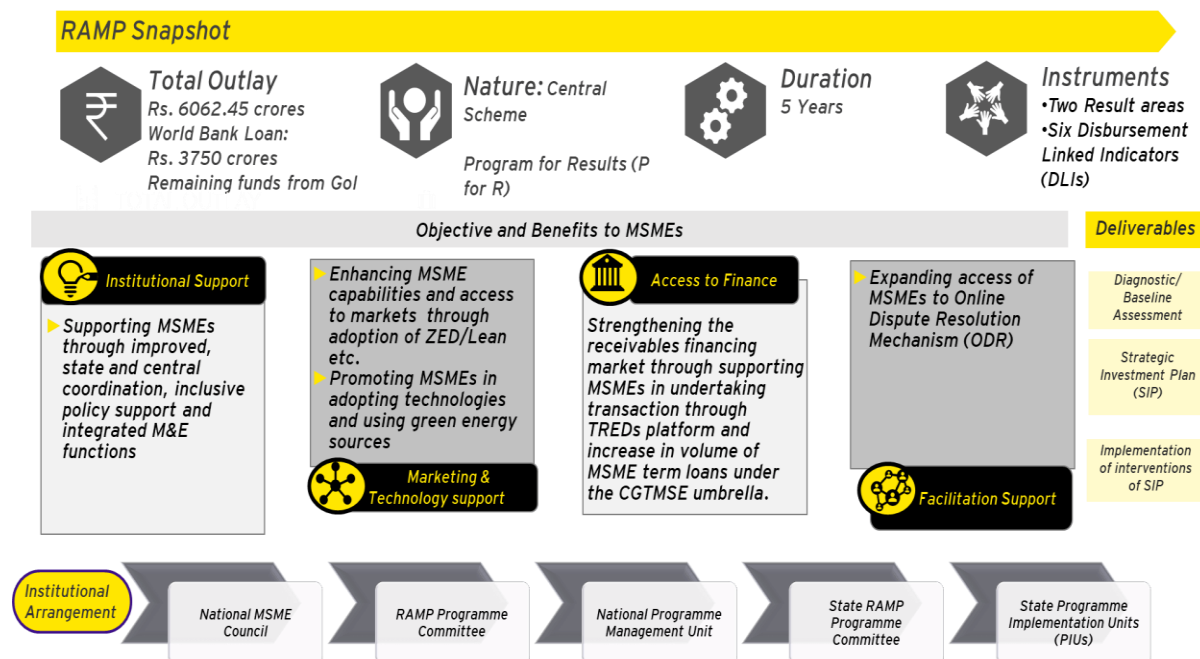


Figure 13: About Raising and Accelerating MSME Performance (RAMP)

2.2 Project Rationale

The RAMP programme seeks to scale up implementation capacity and the firm coverage in states thus boosting MSME Competitiveness through a strong centre state collaboration. As per the programme design, the participating states are required to prepare a Strategic Investment Plan (SIP), a long-term strategic roadmap for enhancing the performance & strengthen the resilience of MSMEs and provide support for the development of the MSME sector in the State. SIP will serve as a blueprint for the MSME transformation strategy at state. It will address not just traditional challenges faced by the MSME sector but will also build systemic capacity to respond to emerging challenges. The purpose of Strategic Investment Plan is to develop a holistic MSME-support Programme to further complement the State's efforts towards boosting MSME growth. The main segment of the SIP is presented below:

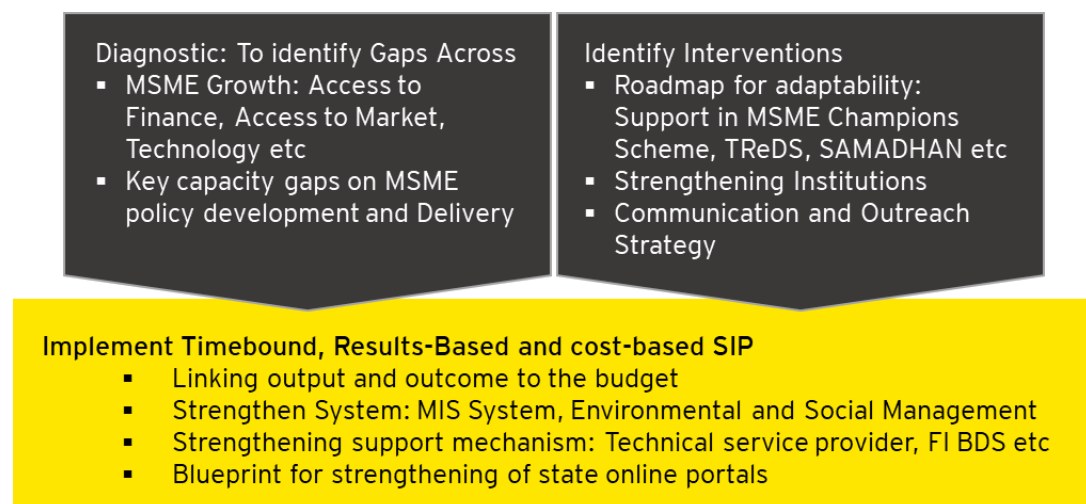


Figure 14: SIP Segments

2.3 Approach and Methodology

NIDC has prepared the SIP based on a comprehensive diagnostic exercise and structured stakeholder consultation to gather data and information on the MSME sector in the State across various parameters. Based on the diagnostic exercise, we have identified specific interventions which will play a key role in enhancing the competitiveness of Nagaland State's MSMEs. The approach and methodology for SIP Preparation is divided into 5 components as presented below:

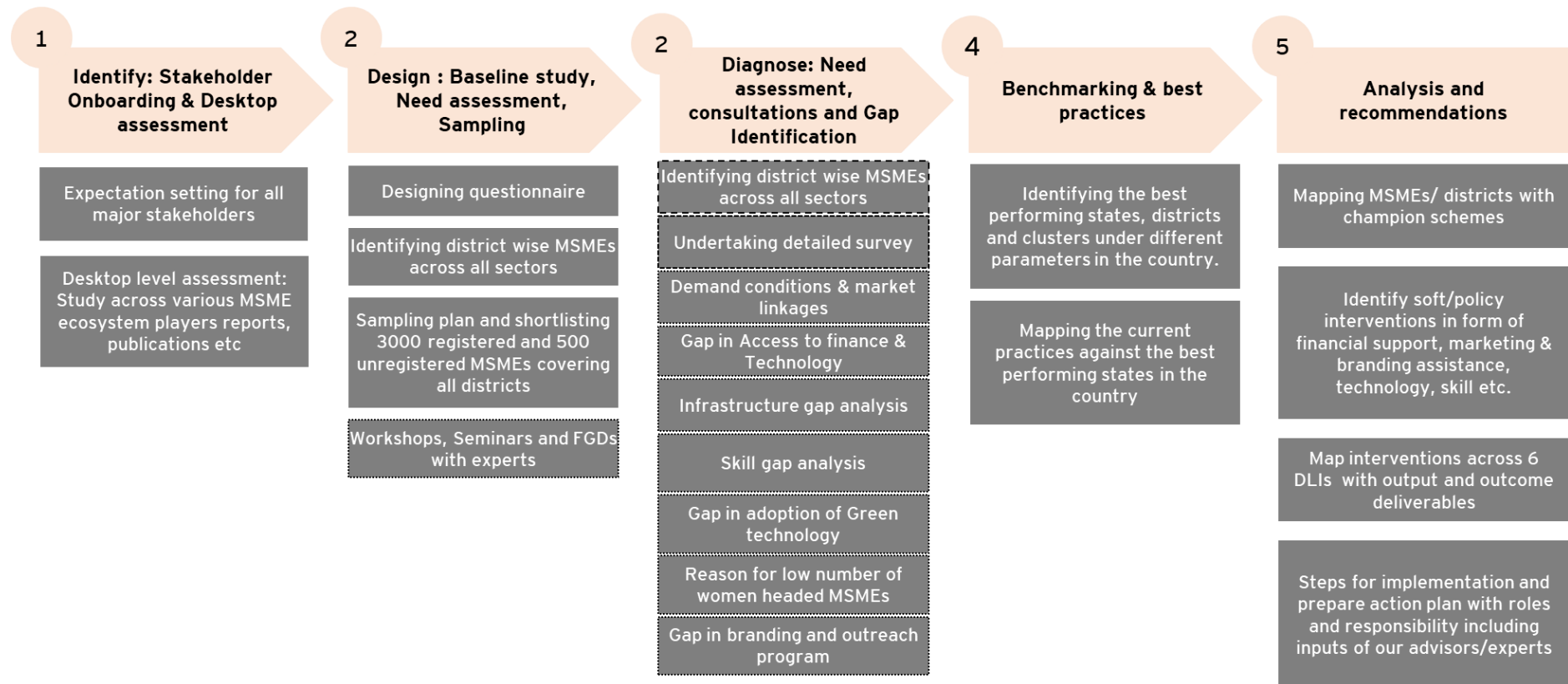


Figure 15: RAMP SIP Preparation

2.4 Designing Questionnaire

The survey design was primarily guided by the MSME landscape in Nagaland. We used, stakeholder consultations coupled with desk research to develop understanding of the state and decide on the sample drawn from each district. Key data sets to be included in questionnaire were identified and is presented below:

- a) Basic Information
- b) Business Environment (Running and starting of Business)
- c) Product Specific Information
- d) Access to Market
- e) Market Linkages in terms of channels through which you sell product
- f) Marketing assistant scheme (Exhibition/ Trade Fair/ workshop/ vendor development programmes)
- g) Technology
- i) Product Standard
- j) Testing & Certification
- k) Infrastructure Challenges
- l) Employment
- m) MSME Capabilities
- n) Access to Finance
- o) Greening Initiatives
- p) SAMADHAN Platforms (Online)
- q) TReDS Platforms (Online)
- r) Govt. e Market place (GEM) platform (Online)
- s) Other Important Policies
- t) Grievance Redressal
- u) Expectations from the State / Central Government (related to infrastructure/training/finance/ Marketing & Branding/ Capacity Building etc.) for growth

It was ensured that questions referring to basic parameters of RAMP we're asked. Separate set of questionnaires were prepared for getting information from clusters and industry association.

2.5 Survey and Sampling

Based on the above parameters, the sampling was done on random basis, making sure that all the different aspects of the MSMEs in various regions of Nagaland are covered in the sample size. This method ensured that every member of the MSME has an equal chance of being selected and hence would minimize the bias in the survey and increase the reliability and validity of the findings. A total of 700+ registered and 300 un-registered MSME units were surveyed. Our survey and sampling plan is presented below:

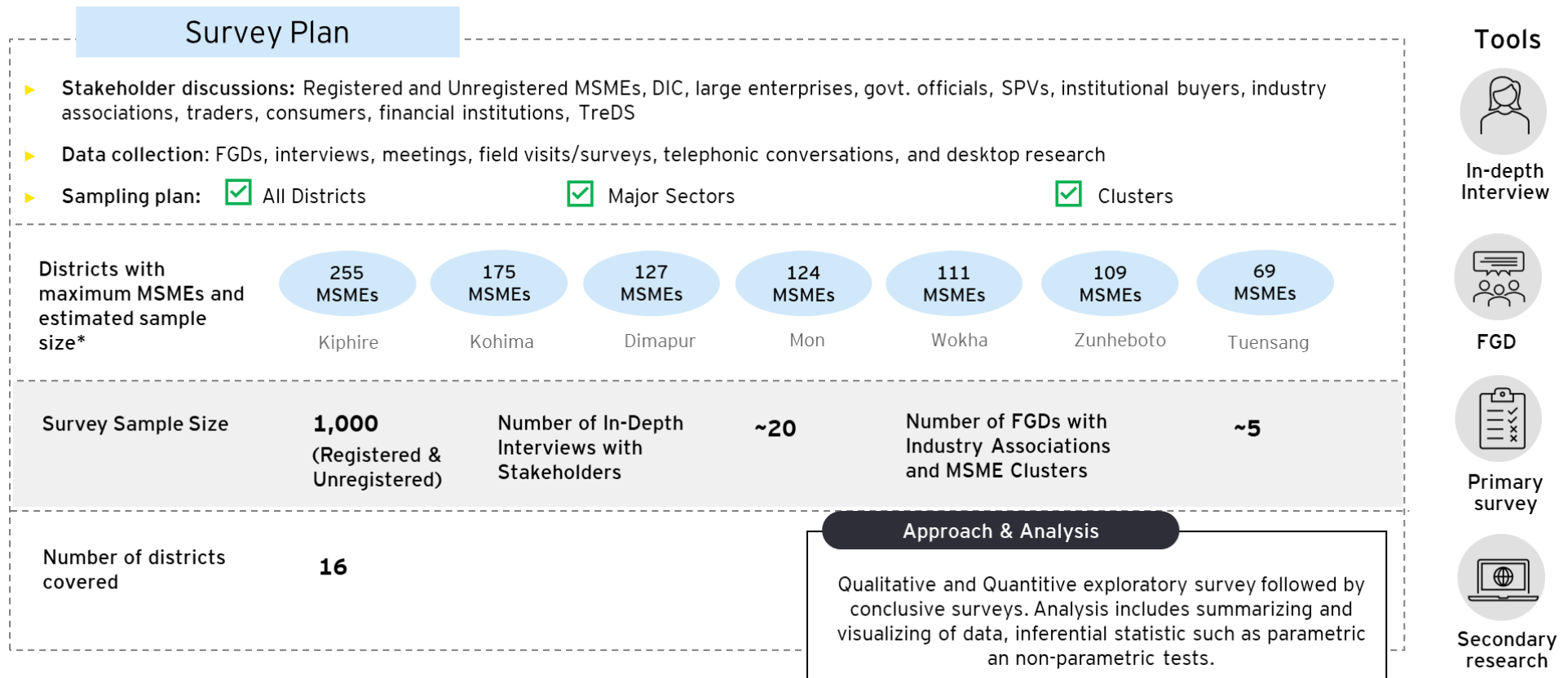


Figure 16: Survey Plan



Overview of the MSME Sector

3 Overview of MSME Sector

3.1 MSME Sector: India

MSMEs contribute significantly to the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture. They are complementary to large industries as ancillary units and contributes significantly to the inclusive industrial development of the country. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. We present here a brief on India MSME scenario.

India's MSME Sector Glance		
Manufacturing Output 45%	>30% GDP	>40% Exports
No. Of MSMEs	Employment in MSMEs	
Manufacturing Rural - 114.14 Lakhs Urban - 82.50 Lakhs	Manufacturing Rural - 186.56 Lakhs Urban - 173.86 Lakhs	
Trade Rural - 108.71 Lakhs Urban - 121.64 Lakhs	Trade Rural - 160.64 Lakhs Urban - 226.54 Lakhs	
Other Services Rural - 102.00 Lakhs Urban - 104.85 Lakhs	Other Services Rural - 150.53 Lakhs Urban - 211.69 Lakhs	

Figure 17: India MSME Snapshot

Udyog Aadhar Memorandum, a one-page online registration portal for registering Micro, Small and Medium enterprises have been replaced by Udyam Registration Portal (<https://udyamregistration.gov.in>) for incorporating the revised definition of MSMEs through a notification issued by Ministry of Micro, Small and Medium Enterprises on 26th June 2020 as a part of Aatma Nirbhar Bharat Package. The introduction of the "Udyog Aadhaar Memorandum" has simplified the registration process for MSMEs and has made it easier for them to avail various benefits and schemes where a composite criterion consisting of investment in plant and machinery, or equipment and turnover has been adopted in the revised definition whereas investment (plant and machinery or equipment) was the only criterion for defining MSMEs in the old definition. The composite criterion applies to both Manufacturing and Services Sector.

3.2 MSME Sector: North-Eastern Region

Although North-Eastern states are rich in biodiversity and agricultural resources, the full potential of industries in NER has not been tapped fully. Less than 1% of the country's registered MSMEs have been set up in the region as per the Udyog Aadhar website. There has been limited growth in case of large-scale industries. Most of these large units are based in Assam and cater to heavy industrial sectors such as cement, refining, chemicals, fertilisers and paper products. In absence of large-scale industries, manufacturing in the North East is currently dominated by these small and medium enterprises.

Currently there are a total of 5,57,017 registered MSME units across the 8 states. Out of these, 98% are micro units followed by 1.7% small units. There are only 734 medium units registered in NER. The table below provides the state wise break up of MSMEs.

Table 5: Registered MSMEs in NER Region

Sr. No.	State	Total Number of Working Registered MSMEs ¹			
		Micro	Small	Medium	Total
1	Arunachal Pradesh	10,665	291	19	10,975
2	Assam	3,83,669	7,663	549	3,91,881
3	Manipur	59,492	542	24	60,058
4	Meghalaya	17,165	368	42	17,575
5	Mizoram	19,802	191	8	20,001
6	Nagaland	19,989	194	14	20,197
7	Sikkim	8,787	148	15	8,950
8	Tripura	46,687	825	64	47,576
	Total NER	5,66,256	10,222	735	5,57,016

In the NER region, the food processing sector is one of the key sectors in which MSMEs have set up units due to availability of abundant raw material. Non-timber forest produce processing units such as honey, spices, rubber units are also common in the region. Several entrepreneurs are producing and promoting organic foods with the support of the recently launched MOVCD-NER scheme. Traditional bamboo and cane products are popular among the rural/tribal artisans, as well sericulture and weaving are also practiced widely. In the service sector hospitality and tourism is dominant and contributes to a large part of employment.

As per the SSI registration, recorded till 2006, NER comprised of 2% of registered MSMEs. The EM registration which followed the SSI registration, between 2007 and 2015 comprised of 1.34% registration from NER. Although the total number of registrations increased from 29,421 to 5,70,237, under UAM in NER, there overall share is 2.5% of total MSME registrations in India². With large parts of the region remaining underdeveloped with over 80% of the MSMEs concentrated in these rural areas, there is a potential to increase formalization of MSMEs in the region.

It is critical for these states to provide a conducive industrial environment backed by systematic investment and adequate infrastructure to encourage establishment and sustenance of MSMEs in the region.

SWOT Analysis of North-Eastern Region:

With a presence in all NER States excluding Manipur, the EY team consulted with its team members to gather an understanding of the overall MSME ecosystem on ground in each State and available opportunities and challenges. Based on the insights received, a brief SWOT analysis for North-Eastern Region analysis was prepared and is provided below:

¹ https://dashboard.msme.gov.in/Udyam_Statewise.aspx

² https://dashboard.msme.gov.in/Udyam_Statewise.aspx

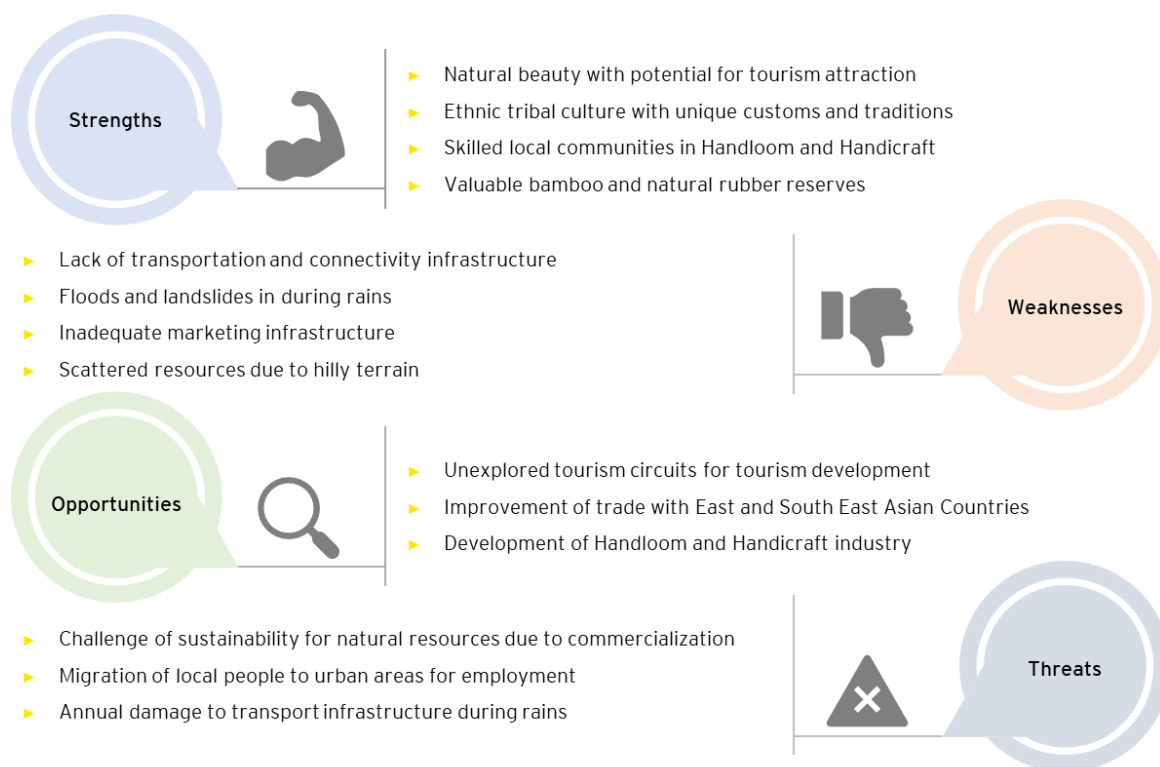


Figure 18: SWOT Analysis (NER Region)

3.3 MSMEs Sector: Nagaland

3.3.1 Udyam Data

MSMEs are an integral part of Nagaland's economy. As per the NSS 73rd Round ranks 4th among the NE states in the total MSMEs. There are 20,197 MSMEs in Nagaland registered under the Udyog Aadhar. The figures below show the district wise bifurcation of MSMEs in Nagaland:



Figure 19: District wise Udyam Data

Out of the 20,197 MSMEs in Nagaland, 99% are categorized as micro, 0.9% as small and only 0.07% as medium enterprises. As per detailed data available for 15,306 units, it was observed that manufacturing enterprises make up 36% of UAM enterprises, service enterprises account for 24% and trading enterprises account for 40% of UAM registrations in Nagaland. Prior to UAM 5,624 MSMEs were registered under EM from 2007 to 2015 and 1,332 were registered under SSI till 2006.

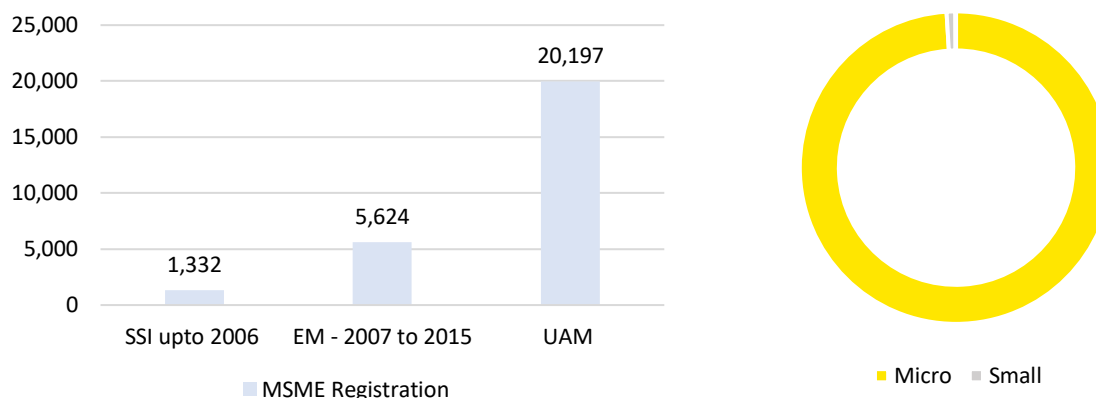


Figure 20: MSME Registration (Nagaland)

As per the UDYAM Portal, 37% of the registered units are engaged in Manufacturing against the national average of 26%, while 24% of the registered units are engaged in Services against the national average of 74%. Agriculture and horticulture-based industries are popular in the state including food processing units. Over 70% of the population depends on agriculture and allied activities. The state is abundant in variety of fruits, vegetables and NTFPs including honey, pineapple, bamboo and banana which provide livelihood to several farmers and attract entrepreneurs to set up processing units. Bamboo is found extensively in the region and accounts for 5% of the total growing stock of the country.

Apart from this, the textiles and handloom sector is also popular and there are a total 42,411 handloom worker households in the state as per the 4th Handloom Census 2019-2020. Weaving is primarily undertaken by females who make shawls, sling bags, headgear and the traditional wraparound, mekhela.

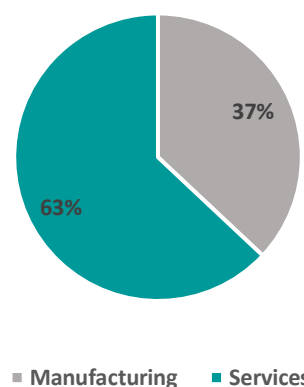


Figure 21: UAM MSMEs by Category

The tourism and hospitality sector is also prominent.

The flagship Hornbill festival draws over 2 lakh tourists in the month of December alone, which provides business to a number of MSMEs in the state including tour operators, local craftsmen, hotels, restaurants, etc.

However, the state faces several challenges. Poor road conditions coupled with illegal tax collections hinders movement of goods and people, especially in the rural parts of the state. It is a major deterrent for MSMEs as they find it difficult and expensive to procure raw material from rural areas and evacuate finished goods out of the state alike. The high cost

of transportation makes the product uncompetitive in the market, especially outside the state and at the same, time long delivery period impacts the movement of perishable products the most.

The government under the state Industrial Policy has implemented several measures to promote infrastructure development, export and entrepreneurship. The below sub-sections capture the overall industrial policies in the State of Nagaland.

3.3.2 MSME Industrial Policy in Nagaland

While a new industrial policy is being formulated to replace the two-decade old State Industrial Policy, the Industrial Policy of Nagaland was implemented in 2000 with the aim of fostering continuous and rapid industrial development within the state. Subsequently, it underwent an amendment in 2004.

To foster a thriving industrial landscape and ensure a secure environment for businesses, a comprehensive strategy was devised for the state in the policy adopted. This multifaceted approach encompasses several key initiatives as laid down in the policy:

- ▶ **Promotion of Industrial Culture:** Taking proactive measures to cultivate an industrial culture and establish a secure environment conducive to entrepreneurial endeavours.
- ▶ **Project Expedition:** Urgently expediting the completion of ongoing projects like Growth Centre and Export Promotion Industrial Park (EPIP) while simultaneously implementing measures to revitalize existing industrial estates.
- ▶ **Industrial Infrastructure Development:** Creating high-quality industrial infrastructure in compact areas, including Integrated Infrastructure Development Centres, Food Parks, Information Technology Parks, Bio-technology Parks, Cold Storage chains, and Warehouses.
- ▶ **Single Window Clearance:** Establishing Industrial Facilitation Committees tasked with providing a single window clearance system for large and medium industries. This framework is proposed to be adopted at the district level as well.
- ▶ **Investment Thrust Areas:** Identifying strategic thrust areas for investment, taking into consideration the comparative advantages of the state.
- ▶ **International Trade Points:** Providing necessary infrastructure at identified International Trade points in the state and expediting the operationalization and up-gradation of these trading points.
- ▶ **Strengthening Training Institutes:** Strengthening the network of training institutions in the state and creating top-notch training facilities in sophisticated and specialized trades. This includes encouraging investment in such facilities by the Government of India, the State Government, and the private sector.
- ▶ **Entrepreneurial Training Support:** Offering liberal support for the training of entrepreneurs to enhance their skills and capabilities.
- ▶ **NIDC Empowerment:** Strengthening the role of the NIDC (Nagaland Industrial Development Corporation) as the premier promoter of large and medium-scale industrial units. This involves extending suitable financial and policy support to the NIDC.
- ▶ **Incentive Package:** Providing an attractive incentive package of subsidies and concessions, exceeding those available in the Central Government's North East Industrial Policy 1997, to attract substantial private investment in the state.

- ▶ **Credit Facilitation:** Facilitating credit availability from banks and other financial institutions to promote industrial activity.
- ▶ **Handloom and Handicraft Promotion:** Taking effective steps to promote the handloom and handicraft sectors, including providing marketing access to producers through organizations like NHHDC (Nagaland Handloom & Handicrafts Development Corporation).
- ▶ **Tourism Industry Development:** Developing the tourism industry and providing necessary support, aligning it with other industrial activities.
- ▶ **Revitalization of State PSUs:** Reviving potentially viable sick State Public Sector Undertakings (PSUs) through effective measures, including privatization, and taking steps to close down unviable sick PSUs.

3.3.2.1 Thrust Areas under the State Industrial Policy of Nagaland - 2004

The following are the thrust areas for Industrial Development in the state.

- ▶ Food Processing Industries
- ▶ Tourism Industry
- ▶ Agro-based industries
- ▶ Mineral based industries
- ▶ Handloom and Handicrafts
- ▶ Sericulture
- ▶ Floriculture
- ▶ Electronics and IT
- ▶ Pharmaceuticals
- ▶ Petrochemicals
- ▶ Bio-tech Industries
- ▶ Cane & Bamboo Processing/manufacturing Industries
- ▶ Distillations of oils from Medicinal & Aromatic Plants including value added products,
- ▶ Processing/manufacturing of indigenous Herbs & Natural Dyes and
- ▶ Small Scale Service & Business Enterprises.

In addition, the policy states to focus on the following areas:

Strengthening District Industries Centres	NRI & Foreign Direct Investment	Trade & Export	State Public Sector Undertakings	Congenial atmosphere
<ul style="list-style-type: none"> ▶Strengthen DICs with adequate facilities ▶Train officers & staff with the latest technology/skill. ▶Newly created Dimapur DIC to be upgraded to full-fledged DIC ▶DICs will guide the entrepreneurs in setting up of Industries 	<ul style="list-style-type: none"> ▶Actively promote foreign direct investment in the projects that improve infrastructures like power, roads, social and health care facilities. ▶Similarly, foreign direct investment shall be encouraged in manufacturing activities in thrust areas identified under this policy. 	<ul style="list-style-type: none"> ▶Provide necessary infrastructure in all the identified trade centres at Longwa, Pangsha, Mimi, Molhe and Avangkhu on priority. ▶Expedite formalization of trade with Myanmar ▶Upgrade cargo handling facilities at Dimapur airport. 	<ul style="list-style-type: none"> ▶Make a distinction between the promotional and purely commercial PSUs. ▶Viable commercial PSUs to be restructured and reduce financial and budgetary support to all the PSUs so as to make them stand on their own feet. 	<ul style="list-style-type: none"> ▶The Government of Nagaland shall strive to create a congenial atmosphere for sustained growth by maintenance of law and order. ▶The State Government shall consider provisioning a dedicated state force for industrial security.

Figure 22: Focus Areas of the State Industrial Policy of Nagaland

As this policy is a two-decade old policy, the government is working on a new industrial policy aimed at promoting Micro and Small Enterprises (MSE), with a particular emphasis on start-ups, including those in the agricultural sector. With an objective to equip budding entrepreneurs and create conducive environment for the local entrepreneurs, Nagaland Start-up Policy has been notified in the year of 2019.

3.3.2.2 Nagaland Start-Up Policy 2019

With an aim to promote entrepreneurs and support their enterprises, the Department of Industries and Commerce is appointed as the nodal department to implement the Nagaland Start-up Policy for the state. The policy aims to establish Nagaland as a model Start-up leader in the startup ecosystem within the region. It aims to cultivate an entrepreneurial culture that fosters creativity and innovation among the youth. This approach is designed to empower them to establish successful startup companies, generate employment opportunities, and contribute significantly to building a sustainable economy. Some of the incentives provided includes:

- ▶ GST Reimbursement
- ▶ Reimbursement of Patent Filing Cost
- ▶ Digital Upgradation Subsidy
- ▶ Special Focus on Women Entrepreneurship
- ▶ Broadband Connectivity Reimbursement

3.3.2.2.1 Policy implementation

The policy states that the implementation shall be carried out in the following manner.



Figure 23: Nagaland Start-Up Policy Implementation Roadmap

3.3.2.2.2 Creating innovative culture in education system

The policy also aims to promote culture amongst the youth in the state. Some of the key interventions recommended are to embed entrepreneurship modules in schools, university, skill training and vocational training institutes, organize Annual State Innovation Fest, establish Entrepreneurship Development Centres (EDCs) in schools and colleges wherein the state will fund up to 10 lakhs per college/school.

3.3.2.2.3 Funding models and capital availability for entrepreneurs

The policy states to establish Nagaland Investor Network, to provide a platform for key stakeholders including venture capitalists and impact investors, international donor and funding agencies, private sector partners, and state and central government to invest in the startups in the state. Further, a Nagaland Innovation Fund will be established to proactively invest, providing matching capital to select Venture Capital investors (VCs) with substantial potential.

According to the Nagaland Startup website, there are 262 registered startups, 12 seed funded startups, and have established 5 incubation centres.

3.3.3 Focus Sectors in Nagaland

The year 2020 experienced unparalleled upheaval due to the COVID-19 pandemic in the state, much like other parts of the country. It had a detrimental impact on the state's economic growth, with both the supply and demand sides experiencing shocks that led to a reduction in the production of goods and services. Despite these challenges, new micro-production units emerged to meet household demands, making a positive contribution to the state's economy. According to the advanced estimate of the Gross State Domestic Product (GSDP) for the fiscal year 2021-22, **the economy has shown significant recovery, rebounding from a negative growth of -2.10 percent in 2020-21³**. The growth rate of the economy is estimated at 6.68 percent during 2020-22⁴.

In terms of sectoral growth, the overall state economy has returned to its pre-COVID pandemic growth trajectory. However, there is apprehension regarding the secondary sector, as it has exhibited a consistent contribution to the total Gross State Domestic Product (GSDP) in the range of 11 to 13 percent from 2011-12 to 2021-22, reflecting a stagnant trend⁵. **The tertiary sector holds the dominant position in the state's economy, with the primary sector and secondary sector following in terms of their contributions.**

Table 6: Sectoral Contribution to GDP

Sector	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Primary	31.41	31.35	32.46	32.21	30.38	30.35	28.05	26.78	25.05
Secondary	12.41	12.07	8.98	9.62	11.22	11.49	12.90	12.90	12.27
Tertiary	56.17	56.58	58.56	58.16	58.40	58.16	59.06	59.06	62.68

3.3.3.1 Agriculture & Allied Activities

Nagaland, being a predominantly agrarian state relies significantly on agriculture for livelihoods and economic sustenance, making it a vital sector for MSME development. The agriculture sector in Nagaland typically includes both traditional and modern farming practices. In Nagaland, more than 60 percent of the population depend on agriculture farming resulting in contributing significantly to the Net State Domestic Product and is the largest employer of the working force in the state. The sector comprises of crops, livestock, forestry and logging, fishing and aquaculture. **The contribution of the sector to Gross State Value Added (GSVA) at basic prices is estimated at 23.85 percent⁶.**

The state produces a range of agricultural products, including rice, maize, pulses, oilseeds, fruits, spices, and vegetables. Nagaland presents vast prospects for investment and growth in the food processing sector, agro-horticultural sector, packed food, fruits, and vegetables, making it an appealing destination for business ventures. **It is identified as an aspiring leader in the overall logistics services category in LEADS 2022.⁷**

The state has a conducive climate that is suitable for growing variety of horticultural crops. It therefore, enjoys a natural comparative advantage in the production of horticultural products. **The state has achieved Geographical Indication (GI) registration for Naga Chilly**

³ Nagaland Economic Survey 2021-22

⁴ Nagaland Economic Survey 2021-22

⁵ ibid

⁶ Nagaland Statistical Book 2021

⁷ Results of Ranking of States' Exercise 2021 on Support to Start-up Ecosystems declared| Ministry of Commerce & Industry

in 2007 and for Tree Tomato in 2012, and subsequently for Naga Cucumber, Chak-Hao or Black Aromatic Rice as well. The state boasts being the top producer of plum and peach in the North-east region, and the second largest producer nationwide for passion fruit production.⁸ The state is also the second largest producer of green chillies, and the eighth largest producer of pineapples among the North-Eastern States.

Nagaland hosts a rich variety of 650 medicinal and aromatic plant species, thereby offering significant potential for the agro and food processing industries to explore fruitful opportunities⁹. Other main agriculture and horticulture crops produced in large quantities are banana, orange, potato, cabbage, cucumber, tapioca, and tomato¹⁰. High quality spices like ginger, garlic, cardamon, and turmeric are also some major products of the state. With this abundant agricultural bounty, Nagaland offers ample opportunities for creating a diverse range of processed food products. MSMEs in this sector can focus on food processing, value addition, and the production of organic and niche products.

In March 2021, the Nagaland government initiated the implementation of an innovative cluster agricultural development model known as the **Naga Model Integrated Settled Farming (NISF)**. The pilot project was launched at Boke-Botsa in the Kohima district and marked a significant milestone as it **brought together eight different departments and a public undertaking**. These departments include agriculture, sericulture, horticulture, animal husbandry and veterinary science, water resources, fishery and aquatic resources, land resources, soil and water conservation, and the Nagaland Beekeeping and Honey Mission. **This collaborative effort between the government and the village community marked the first instance of such convergence to collectively work towards the development of the farming community.**

In 2022, the **Horticulture Department** achieved a significant milestone by establishing eleven Sub-Divisional Horticulture Offices at various locations including Pfutsero, Meluri, Mangkolemba, Tuli, Pughoboto, Seyochung, Tobu, Tening, Ralan, Sanis, and Chiephobozou. This strategic expansion aims to enhance service delivery and support to farmers in these regions. The Horticulture Department also successfully covered a total area of 21,250 Ha under micro-irrigation, benefiting 7,344 farmers over the past six years. This milestone demonstrates the Department's commitment to sustainable farming practices. Efforts are made to further increase the adoption and coverage of micro-irrigation techniques.¹¹

Six Farmer Producer Companies (FPCs) covering 3,000 Ha of land have successfully been formed under Mission Organic Value Chain Development for North East Region (MOVCD-NER), a central sector scheme, a sub-mission under National Mission for Sustainable Agriculture (NMSA), launched by the Ministry of Agriculture and Farmers Welfare. **These FPCs focus on cultivating organic Dragon fruit, Avocado, Apple, Spices, and Banana.** The formation of these FPCs enables farmers to aggregate their produce and collectively market their products, potentially leading to the export of surplus crops. This development promises opportunities for farmers to tap into export markets and maximize their potential earnings. The six FPCs are listed below:

⁸ Department of Agriculture & Farmers Welfare| Horticulture| State Level| Area and Production of Horticulture crops for 2021-22 (3rd Advance Estimates)

⁹ Department of Environment, Food and Climate Change| Govt of Nagaland

¹⁰ Ibid

¹¹ <https://hortidept.nagaland.gov.in/docs/Horticulture%20AAR%202023.pdf>

- ▶ Botsa Organic Farmers Producer Company Limited
- ▶ Thanamir Organic Producer Company Limited
- ▶ Akhoya Organic Farmers Producer Company Limited
- ▶ Tribal Pitaya Fruit Producer Company Limited
- ▶ Wakching Organic Producer Company Limited
- ▶ Ralan Organic Producer Company Limited

In the State of Nagaland, there are a total of **23 Farmer Producer Organizations (FPOs)**¹². Among these 23 FPOs, two are registered with **Small Farmers' Agri-Business Consortium (SFAC)**, five are registered with **NABARD**, and 16 FPOs registered by IAs under **CSS for formation & Promotion of 10,000 FPOs**. Out of these, the following indicative list highlights the FPOs that focus on major crop and produce production in the state.

Table 7: Farmer Producer Organisation

District	FPO Name	Commodity
Kohima	Kohima Distict Organic Farmers Producer Organisation	Ginger, King Chilli, Glutinous rice, Soyabean, Brown Rice, Kiwi
Mokokchung	Mokokchung District Organic Farmer Co-operative society Ltd.	Ginger, Chilli, Glutinous rice, Passion fruit
Tuensang	Tuensang District Oragnic Farmer Co-operative society Limited.	Ginger, Maize, Large
Phek	District Organic Farmer Co-operative Society limited	Ginger, Soyaben, Large Cardamom, Kiwi
Wokka	Wokka District Organic Farmer Co-operative society Limited.	Ginger, Chilli, Passion fruit
Zumheboto	Zumheboto District Organic Farmer Co-operative society Limited.	Ginger, Soyabean, Large Cardamom, Maize, Glutinous Rice, Kiwi
Dimapur	Dimapur District Organic Farmer Co-operative society Limited.	Ginger, Turmeric
Peren	Peren District Organic Farmer Co-operative society Limited.	Ginger, King chilli, Turmiric
Mon	Mon District Organic Farmer Co-operative society Limited.	Ginger, Large Cardamom
Longleng	Longleng District Organic Farmer Co-operative society Limited.	Ginger, Large Cardamom
Kiphire	Kiphire District Organic Farmer Co-operative society Limited.	Rajmah, Maize, Soyabean
Dimapur	Molsang Pineapple Organic Producers Company Limited.	Pineapple
Tuensang	Changsang Farmers Agri & Allied Co-operative society	Ginger
Phek	Phek Organic Large Cardamom Producer Company Limited	Large Cardamom

The state government implements various centrally sponsored schemes such as National Food Security Mission (NFSM), Rastriya Krishi Vikas Yojana (RKVY), National Mission for Sustainable Agriculture (NMSA), Mission Organic Value Chain Development for North

¹² <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1806232>

Eastern Region (MOVCD-NER), etc. These programs have been successful in enhancing the production and productivity of crops and connecting it to market.

Under MOVCD-NER program, during the Phase III (2020-21), 140 clusters have been established in the state that are growing horticultural crops in 7000 Ha. The details are given below:

Table 8: Cluster details under MOVCD_NER¹³

District	No. of clusters	Crops	Area (Ha)
Dimapur	18	Ginger, Soyabean	900
Kohima	16	King Chilli, Brown Rice and Ginger	800
Kiphire	8	Kidney beans and Maize	400
Longleng	9	Large cardamon and Ginger	450
Mon	10	Colocassia, Large cardamon and Ginger	500
Mokokchung	12	Ginger, Soyabean, Glutinous rice and Chilli	600
Peren	10	Ginger, King chilli and Turmeric	500
Phek	10	Large cardamon and Ginger	500
Tuensang	10	Maize, Kidney beans, Large cardamon and Ginger	500
Wokha	12	Ginger, Chilli and Turmeric	600
Zunheboto	25	Soyabean, Kidney beans Large cardamon and Ginger	1250
Total	140		7000

Under Rastriya Krishi Vikas Yojana (RKVY), the Horticulture Department has established Integrated Market Infrastructure for women vendors, establish nurseries for augmenting planting material production, support for popularization of kiwifruit cultivation, ginger and pineapple for community development.

Air Cargo Facility

The Air Cargo facility at Dimapur Airport was officially inaugurated on March 2, 2021. This facility has significantly reduced the transportation duration for horticultural products to reach the market. Entrepreneurs, Farmer Producer Companies (FPCs), Farmer Producer Organizations (FPOs), and traders are utilizing the Air Cargo Facilities to efficiently dispatch their agricultural products to various destinations across the country.

3.3.3.2 Floriculture

Floriculture stands out as one of the most rapidly expanding segments within the State's Horticulture Sector, with its success primarily linked to substantial involvement from women. The State boasts the production of high-quality Roses, Anthuriums, Liliiums, Orchids, sparking significant demand not only locally but also beyond its borders. This is evident from the proliferation of numerous florist shops that have emerged throughout the State, catering to the flourishing market for exquisite flowers.

¹³ Source: Nagaland Economic Survey 2021-22

Nagaland's engagement in commercial floriculture came into focus comparatively later than in other states. Since the fiscal year 2004-05, an expansion in floriculture for commercial purposes has been observed, owing to the active backing of the Horticulture Mission for North-Eastern and Himalayan states (HMNEH). This growth can be attributed to the rising domestic market demand for fresh-cut flowers as well as the support provided by state governments. Consequently, more women are being encouraged to engage in commercial flower cultivation. The Horticulture Department has facilitated the formation of the Flower Growers Society, which has brought together more than 1000 flower growers in the State. These growers, driven by their determination to succeed, have formed a united front, and transformed themselves into accomplished entrepreneurs.

In a bid to enhance the floriculture sector within the state, the Investment and Development Authority of Nagaland (IDAN) is organizing Bloom Bazaar every Friday and Saturday at the Heritage, Kohima from September, 2023. A total of 45 stalls for flowers, jewellery, fashion, crafts, etc. have been set up for various entrepreneurs.

3.3.3.3 Food Processing Industry

Nagaland's agri-horticultural sector presents promising opportunities for the growth of agro and food processing industries. There has been a recent trend among forward-thinking farmers to embrace mechanization and incorporate value-added processes, leading to the emergence of commercial agro enterprises in the region. However, this is yet to translate into a robust agro-based economy. The increasing prominence of the horticulture sector in the state suggests that the key to enhancing business value for the diverse fruit crops grown lies in food processing. This, in turn, is expected to provide incentives for the agricultural sector.

To promote food processing industries in the state, upgrade existing units, and establish new processing units for local produce, the Department has assisted 20 units under the National Mission on Food Processing (NMFP). Additionally, to enhance skills and train manpower for the growing food processing sector, two units/institutions have been supported to run Food Processing Training Centres under the Human Resource Development (HRD) Scheme of NMFP. The Department has also conducted awareness campaigns to modernize traditional meat shops, providing basic infrastructure and equipment to ensure safe and hygienic meat products. Under the Modernization of Meat Shop scheme of NMFP, 15 meat shops have received assistance for modernization.

The National Food Processing Policy places special emphasis on the Northeastern region (NER), Hilly Areas, Islands, and Integrated Tribal Development Project (ITDP) areas in the country, offering fiscal incentives like excise duty/sales tax concessions and a 10-year tax holiday for food processing units. Moreover, the state's strategic location, connecting to the Southeast Asian market, positions it as an attractive potential manufacturing hub. The Agriculture and Processed Food Products Development and Authority (APEDA), operating under the Ministry of Commerce and Industry, actively works towards attracting investments and creating opportunities. APEDA's initiatives led to the historic export of Nagaland's King Chilli to London in 2021, and 13 products from 16 districts in Nagaland are selected under the One District One Product (ODOP) scheme.

Table 9: One District One Product (ODOP) of Nagaland¹⁴

Sl.No.	District	ODOP	Potential Products from ODOP
1	Kohima	Pickle	Fermented sweet and sour, unfermented pickles, salt-stock pickle (fruits & vegetables)
2	Dimapur	Pickle	
3	Peren	King Chilli	Pickles, dehydrated pods, powder, oil, etc.
4	Wokha	Fish	Dehydrated fish, fermented, salted, canned
5	Phek	Kiwi	Osmo-dehydrated kiwi slices, chunks, candies, beverages, jam, marmalades
6	Zunheboto	Soyabean	Tofu, soya milk, oil, chunks, nuggets, powder, health drinks, fermented soya (axone), pickle
7	Kiphire	Kholar	Dried kholar (whole), powder
8	Tuensang	Kholar	
9	Shamator	Kholar	
10	Mokokchung	Coffee	Roasted coffee beans, instant coffee, powdered coffee
11	Longleng	Ginger	Pickle, paste, powder, dyhydrated slices, ginger ale, oil, etc
12	Niuland	Bambooshoot	Fermented, dehydrated, canned, bottled bambooshoot, etc
13	Chumukedima	Pineapple	Canned, dehydrated slices, chunks, candies, beverages, marmalades, preserves, jelly, egtc
14	Mon	Large cardamon	Powder, oil, etc
15	Noklak	Millet	Value added products, snacks
16	Tseminyu	Turmeric	Powder, oleoresin

Under PM Formalisation of Micro Food Processing Enterprises (PMFME) Scheme, it aims to provide financial, technical, and business support to establish or upgrade micro food processing enterprises. While promoting “vocal for local”, entrepreneurs including women have benefitted through the scheme in the state. Given below is the status.

Status of Credit Linked Subsidy¹⁵

Table 10: Status of Credit Linked Subsidy

No of beneficiaries	Status
1531	Application submitted
133	Under process
122	Loan sanctioned

Mini TRIFOOD under PMFME

A total of 14 project proposals from DUDA, MARCOFED & NBHM received.

- DUDA- 4(four) Nos of Mini Trifood processing Units
- MARCOFED- 8(Eight) Nos. of Mini Trifood processing Units

¹⁴ Department of Industries & Commerce

¹⁵ Department of Industries & Commerce

- NBHM- 2(Two) Nos of Mini Trifood processing Units

3.3.3.4 Plantation based Industries

The major crops grown in the state are Coffee, Bamboo, Coffee, Rubber and Arecanut.

Table 11: Area and Production of Plantation crops (2020-21)

Item	Area (Ha)	Production (tonne)
Coffee Plantation	8996.5	56.08
Rubber Plantation	19132.5	15715
Arecanut	1147	6056

3.3.3.4.1 Coffee

Coffee cultivation in Nagaland was initiated in the 1970s, with support from the Coffee Board of India. Financial assistance for the program was provided by the National Bank for Agriculture and Rural Development (NABARD), while the State Plantation Crops Development Corporation oversaw the planting efforts. In Nagaland, the project was implemented in collaboration with the Nagaland Plantation Crops Development Corporation (NPCDC). The primary focus was not only on promoting coffee cultivation but also discouraging harmful Jhum (slash-and-burn) practices, preventing soil degradation, and improving the socio-economic conditions of tribal communities.

However, due to political unrest and a lack of proper market linkages, coffee plantations were abandoned in 1991. More recently, a Special Area Programme (SAP) has been introduced to revive coffee cultivation in the region. Under this program, growers receive subsidies to convert their land into coffee plantations or expand existing ones. Additionally, they are provided with seeds and training in coffee cultivation techniques. By 2005, 1,372.50 Ha of coffee had been planted under the SAP program, out of the identified 4,000 Ha.

In 2014, the Coffee Board collaborated with the Department of Land Resources to revive coffee plantations, and in 2016, thirteen lakh coffee seedlings were distributed to farmers. The Government of Nagaland, through its Nagaland Vision 2030, emphasizes the importance of reviving and expanding coffee plantations, adopting a cluster approach, and reducing rural labor outflow.

As of 2022-23, the total area under coffee plantation in Nagaland has expanded to 10,202.2 Ha against the potential area of 10,40,100 Ha of the state¹⁶. In the last financial year 2021-22, an additional 370 Ha were brought under coffee cultivation under the Pradhan Mantri Krishi Sinchayee Yojana-Watershed Development Component (PMKSYWDC 2.0). Coffee development in the state aligns with the promotion of a "green economy" to achieve ecological, social, and economic benefits, known as the 3 Es (Ecology, Employment, and Economy).¹⁷ 863.714 Ha is under harvest with the present production at 102.10 MT generating gross income of Rs. 1.84 Cr.

¹⁶ Department of Land Resources

¹⁷ Annual Administrative Report (AAR) 2022-23 of the Land Resources Development (LRD) Nagaland

The department of Land Resources has supported in market linkage for **exporting Nagaland Coffee with Noble Cause Company, a South Africa based company and as on 2019-20, 27 MT have been exported from the state.** Additionally, 23 Coffee Bars have also been established across the state and have trained 20 entrepreneurs on Barista skills.

3.3.3.4.2 Bamboo

Bamboo is abundantly distributed throughout Nagaland, with significant concentrations in portions of the Dimapur, Peren, Mon, and Mokokchung districts. In other districts of the state, bamboo is commonly found mixed with various other forest species. The estimated total growing stock of bamboo in India stands at approximately 8.96 million hectares, with Nagaland possessing around 5 percent of this stock. **This translates to approximately 0.448 million hectares or 448,000 hectares of available bamboo resources in the state.**¹⁸

The **Nagaland Bamboo Development Agency (NBDA)** established in 2004 is responsible for spearheading bamboo-related research, processing, and marketing development in the state. As part of their efforts, the agency has established a state-of-the-art Bamboo Resource Centre in Dimapur, which serves as a comprehensive hub for all things bamboo.

Furthermore, the Bamboo Resource Centre boasts top-notch facilities for bamboo processing. These facilities are built on a common facility center model and feature well-equipped sheds for producing various bamboo products. These include bamboo charcoal, briquettes, venetian blinds, and incense sticks. Additionally, the center is equipped with high-quality machinery and equipment for slicing, splitting, and treating bamboo. These state-of-the-art facilities within the Bamboo Resource Centre are not only utilized by micro, small, and medium enterprises (MSMEs) for manufacturing bamboo products, but they also serve as training centers for students and aspiring bamboo entrepreneurs. By imparting practical training and skills, the NBDA aims to foster the growth and success of individuals in the bamboo industry.

Tuli Paper Mill closure and non-utilisation of bamboo plantation

Nearly 34 percent of the bamboo available in the form of plantation in community forest, was grown as source for the Nagaland Pulp and Paper Company Limited (NPPCL) or Tuli paper mill- a joint venture of Hindustan Paper Corporation Ltd (HPC) and Government of Nagaland had to close down due to several factors including damage to boiler machine, poor supply of power and deteriorating law and order situation. With the revival of NPPCL located at Tuli, Mokokchung also coming to a standstill, farmers were looking forward to the start of the Bioethanol extraction by Numaligarh Refinery Limited for which the Government of Nagaland had signed a MoU to supply 2 lakh MT annually. However, there has no activity carried out in this regard.

Farmers have not been able to realize the full economic potential and benefit of bamboo. In the present scenario, further promotion of bamboo poses a challenge unless the existing stock is translated into economic benefits. Established in 2022, the Nagaland Bamboo Industry addresses the pressing needs of bamboo farmers in Nagaland, especially in the Mokokchung district. Hundreds of farmers had cultivated bamboo on vast acres to supply to paper mill in Tuli, which unfortunately shut down, leaving the farmers in dismay. In

¹⁸ <https://www.nbm.nic.in/Documents/Policies/NagalandStateBambooPolicy.pdf>

response to this economic challenge, the Nagaland Bamboo Industry has been set up as an alternative to the Tuli Paper mill in the bamboo farming area under the jurisdiction of Akhoya village. On May, 2023, the NBI proudly launched its first product, **Tir Mijang**, an organic bamboo charcoal. This marks a significant step forward for the industry, utilizing and adding value to the region's abundant bamboo resources.

Bamboo has many domestic, agricultural and commercial uses, and cultural linkage with the Nagas. Products made from Bamboo and Cane are in high demand and Naga artisans have traditional knowledge and skills to make use of the resources. However, products are yet to reach larger markets and attract national as well as global attention due to poor connectivity, lack of credit support, high transportation cost, and competition from industrially produced goods which are usually better designed and cheaper. Given appropriate research from the trade and market perspective, identify niche market segments, appropriate design for effective sales, and proper analysis to ensure sustainable utilization of the resource. Bamboo enterprises will form an important component of sustainable forest management and economic forestry development

3.3.3.4.3 Tea

Tea stands as an essential beverage in Nagaland, offering not only health benefits but also significant socio-economic and environmental advantages. The state holds significant potential for commercial tea cultivation, suitable for various altitudes in both hilly and foothill areas. Traditionally limited to domestic use in home gardens, tea cultivation has evolved into a major cash crop for farmers in recent years. The Annual Administrative Report 2019-20 of the Agriculture department highlighted the increasing number of tea growers in certain districts, indicating a growing trend in tea cultivation. Despite the fragmented nature of land holdings leading to small and scattered tea plantations, the state produces high-quality organic tea.

The Nagaland government has actively fostered the growth of the tea industry within the state, providing assistance to small-scale tea farmers and promoting the cultivation of premium-quality teas. Consequently, there has been a rise in the presence of Nagaland tea in the market, enhancing accessibility for tea enthusiasts worldwide. Given the climatic suitability for tea cultivation in various parts of the state, the Land Resource Department have been concentrating on the foothill areas bordering Assam. These areas offer the advantage of easy sales to nearby factories, providing alternate livelihoods. Collaborating with the Tea Board of India, the Department has been undertaking tea plantation initiatives. Local and organic processing of tea can replace the current reliance on imports, reducing the financial outflow from the state.

The department has provided financial assistance to 24 entrepreneurs across the state for low-cost processing, packaging and labelling of various natural teas endemic to the state such as Ginger, Gooseberry, Sumac, Roselle, Butterfly blue pea tea & Cinnamon teas. Additionally, training sessions were organized throughout the state to educate entrepreneurs on value addition techniques for natural teas.

There has been a growth in private players in tea industry. To name a few, Cold Mountains, Sunika Enterprise, Lensendi, Tiza Miraki, Tizit Tea and many tea brands have been established in the state.

3.3.3.5 Apiculture

Apiculture, or beekeeping, has emerged as a lucrative and sustainable agricultural practice in Nagaland. Nagaland is home to various species of bees, including **Rock bees (*Apis dorsata*)**, **Little bees (*Apis florea*)**, **the Indian honeybee (*Apis cerana*)** and **the Stingless bees (*Trigona* species)**. One of the key factors contributing to the growth of apiculture in Nagaland is the state's abundant floral resources. Nagaland's diverse forest cover, coupled with its rich biodiversity, provides a natural habitat for a wide range of flowering plants that serve as excellent sources of nectar and pollen for bees. This ensures a consistent honey flow and facilitates the production of high-quality honey with distinctive flavors. Nagaland tops the list in the production of natural honey from amongst the North Eastern States of India. **The average honey production of 440 MT per annum¹⁹** is sourced from both domesticated as well as wild honey bees from different indigenous species.

The Government of Nagaland, in collaboration with various national and international organizations, has taken several initiatives to promote apiculture and support beekeepers in the state. The **Nagaland Beekeeping and Honey Mission (NBHM)**, a dedicated body for beekeeping development, provides training, technical assistance, and financial support to beekeepers. It also focuses on research and development, aiming to improve bee breeds, honey production, and marketing strategies. On the national level, the Mission holds a lifetime registration as a member with the National Bee Board and has enrolled numerous forward-thinking beekeepers from the state with the Board.

The sustainable and eco-friendly nature of beekeeping aligns with Nagaland's efforts to promote organic farming and sustainable agriculture practices. Beekeeping not only contributes to honey production but also plays a vital role in pollination, contributing to increased agricultural productivity and biodiversity conservation. Farmers in Nagaland have witnessed the positive impact of honeybees on crop yields, making beekeeping an essential component of their farming practices.

Under Value added enterprise, beeswax products are processed and made as they are currently in high demand both in the local and outside markets due to increased awareness and high value attached to hive products. **Bee Dazzled Lip Balms** are a product range of 9 different flavours from the Hive that promises wellness from the buzzing bees. They also have 3 (three) different **Bee Dazzled Soothing Pain Balms** namely, Wintergreen, Camphor and Olive. Beeswax soaps is on the pipeline, soon to be launched in the market under our value-added enterprise.

As per the State Government's documentation on Nagaland Vision Document 2030, Nagaland, with its vast bee foraging area spanning approximately 10,942 sq. kms (66 percent of the state's total area), has the potential to support over 22 lakhs bee colonies²⁰. This suggests that the state is well-equipped to economically sustain a significant number of beekeeping activities. With this advantageous setting, Nagaland holds the capacity to produce an estimated 10,000 metric tonnes of honey and 10 metric tonnes of beeswax.

¹⁹ Glimpse of Beekeeping Project implemented by NBHM under NEC

²⁰ <https://nbhmnagaland.com/about/>

Such production volumes present substantial commercial prospects and employment opportunities for the state.

The long-term vision of the mission is to achieve an annual production of 2000 metric tonnes of honey and 2 metric tonnes of wax by 2030. This envisioned milestone, valued at approximately INR 100 Cr. annually, showcases the ambition to tap into the full potential of Nagaland's beekeeping industry and create a thriving ecosystem for honey production and its associated products. Despite the growth of apiculture in Nagaland, there are challenges that need to be addressed. These include limited access to modern beekeeping equipment, training facilities, market linkages, and issues related to pest and disease management.

3.3.3.6 Handicrafts and Handloom

The Naga crafts have not only found a place in the national market but have also left a lasting impression on foreign tourists. The detailed handicrafts from the region possess a rustic charm, making them distinct in appearance and environmentally friendly. In Nagaland, the number of households engaged in handloom work totals 42,411, with 31,970 households located in rural areas and 10,441 households in urban areas²¹. The Nagaland Handloom and Handicrafts Development Corporation holds the responsibility of offering crucial support to the sector, encompassing training, product procurement, and market linkages. The Nagaland Handloom & Handicrafts Development Corporation Ltd. was established in 1979 as a Government Undertaking. Its primary goals include the production of state-specific Handloom and Handicraft products, marketing of finished goods, and promoting the handloom and handicraft sector within Nagaland. Additionally, the corporation ensures access to yarn by providing cotton and acrylic yarn sourced through the National Handloom Development Corporation to yarn banks, thereby facilitating availability for weavers.

The corporation actively engages in procuring products directly from artisans and craftsmen. These products are subsequently sold through the corporation's own outlets. Moreover, the corporation plays a vital role in facilitating the sale of these products to entrepreneurs in prominent cities such as Delhi and Kolkata. This strategic facilitation enhances the reach and market opportunities for artisans and craftsmen, thereby promoting their sustainable growth and commercial success.

Naga handicrafts exemplify the rich history and cultural heritage of the tribal people in the state. These handicraft products are renowned for their vibrant colors, exceptional quality, and long-lasting durability. **The popular handicrafts from the region include shawls, cane and bamboo work, wood carving, blacksmithing, and pottery.** One of the key initiatives supporting the development of Naga handicrafts is the cluster-based approach under the North East Region Textile Promotion Scheme (NERTPS), funded by the State government. This initiative has identified six clusters for support: Pfutsero in Phek district, Longwa in

²¹ <https://handlooms.nic.in/assets/img/Statistics/3736.pdf>

Mon district, Ghathashi in Zunheboto district, Longleng in Longleng district, Jalukie in Peren district, and Tuli in Mokokchung district²².

3.3.3.7 Sericulture

Nagaland has a rich tradition of silk production, encompassing all four major varieties. The cultivation of Mulberry silk thrives in the districts of Dimapur, Kohima, Peren, and Mokokchung, both in the lower areas bordering Assam and the higher altitudes of Wokha and Zunheboto. The production of Oak tasar silk is primarily concentrated in the forested regions of Phek and Tuensang. Muga silk is cultivated in Mokokchung, Tuensang, and Wokha, while eri culture finds widespread practice throughout Nagaland.

Currently, a sizeable 7,672 hectares of land in Nagaland is dedicated to the cultivation of silkworm food required for the production of mulberry, eri, muga, and oak tasar silk. This initiative has engaged approximately 18,017 farmers hailing from 754 villages across the state²³. It is worth noting that Nagaland proudly holds the third position in the Northeast region for silk production, trailing behind Assam and Meghalaya. Eri silk is the major variety of silk produced in the state followed by mulberry, oak tasar and muga. Sericulture is practiced in all 11 districts of Nagaland, involving multiple silk varieties in some districts.

The Government of India is committed to providing consistent support to Nagaland in the comprehensive development of sericulture across all aspects. This support aims to optimize the existing capacity, enhance consolidation efforts, and establish new infrastructure at the grassroots level. Key initiatives involve the establishment of common facility centers for farm mechanization, reeling, spinning, and silk weaving activities, as well as seed infrastructure for the state government. Through these interventions, the goal is to transform Nagaland into the leading silk hub of India by generating self-employment opportunities and safeguarding the rich heritage within an eco-friendly environment, aligning with the overarching objective of "Make in India".

The Government of India has provided support to Nagaland through the implementation of the Catalytic Development Programme (CDP), which is a centrally sponsored scheme spanning from the 9th Plan to the first three years of the 12th Plan. In 2015-16, the Government of India discontinued the Catalytic Development Programme (CDP) and introduced the Silk Samagra (Integrated Silkworm Seed Development Initiative) to restructure the centrally sponsored scheme.

Silk Samagra is a central sector scheme implemented by the Central Silk Board from 2017-18 to 2019-20, aiming to develop the sericulture industry nationwide. It is implemented directly and through state governments, fostering efforts to enhance the quality, productivity, and production of raw silk while generating employment opportunities, particularly in rural areas. An amount of Rs. 0.63 crore has been released to the state for spinning machines in the year 2018-19. Infrastructure has been established by the State and Central Silk Board to support the comprehensive development of sericulture at all

²²<https://industry.nagaland.gov.in/developement-of-bamboo-cane-woodwork-ckusters-under-nertp-north-east-regional-textile-promotion-scheme-government-of-india/>

²³ <https://csb.gov.in/wp-content/uploads/2019/02/Seri-States-Profiles-2019.pdf>

stages of the silk production value chain. Additionally, the Central Silk Board has set up the Muga P3 unit in Kobulong and the Mulberry Research Extension Centre in Dimapur.

Nagaland lacks an organized marketing system, but the state government enables farmers to sell their produced cocoons at designated locations through open auctions. This marketing system operates on a seasonal basis since sericulture activities in Nagaland are intermittent. Additionally, the state plays a significant role in sericulture production, particularly in the production of quality bivoltine silk alongside eri and muga. To empower women and meet national priorities, the Ministry has approved a bivoltine sericulture development project in Wokha district. This initiative aims to cover 400 acres of plantation and benefit 436 beneficiaries by producing high-quality bivoltine silk as an import substitute

3.3.4 Distribution of MSME units in Nagaland²⁴

State of Nagaland is divided into 16 districts. The most developed districts are Dimapur and Kohima having the maximum number of Udyam registrations. As per NITI Aayog, there is 1 district viz. Kiphire identified as the “Aspirational District” in Nagaland²⁵.

Table 12: Distribution of MSME units in Nagaland

Sr. No.	Districts	Micro	Small	Medium	Total
1	Dimapur	6,438	129	12	6,579
2	Kohima	3,036	34	1	3,071
3	Mokokchung	1,322	13	0	1,335
4	Phek	1,302	0	0	1,302
5	Zunheboto	1,281	3	0	1,284
6	Mon	1,107	3	0	1,110
7	Wokha	1,020	4	0	1,026
8	Chumoukedima	905	6	0	909
9	Tuensang	898	0	0	898
10	Peren	762	0	0	672
11	Kiphrie	609	1	0	610
12	Longleng	449	0	0	449
13	Niuland	262	1	1	264
14	Tseminyu	263	0	0	263
15	Noklak	237	0	0	237
16	Shamator	40	0	0	40

3.3.5 Clusters in Nagaland²⁶

Currently, there are 3 CFCs under the MSE-CDP scheme in the State of Nagaland. This includes the following:

- ▶ Wooden Furniture Cluster, Dimapur
- ▶ Longkhim & Chare Area on Honey, Spices & Food Processing Cluster, Tuensang

²⁴ https://dashboard.msme.gov.in/udyam_dist_wise.aspx?stid=13

²⁵ <https://niti.gov.in/sites/default/files/2022-09/List-of-Aspirational-Districts.pdf>

²⁶ List of Identified Clusters for Interventions under MSE-CDP, SFURTI, LEAN, etc | <https://www.dcmsme.gov.in/schemes/Clusters.pdf>

► Food Processing Cluster, Mokokchung

In addition, given below is a list of identified clusters, all of which are located in the district of Mon, for interventions under MSE-CDP, SFURTI, LEAN, etc

Table 13: Identified clusters for interventions under MSE-CDP, SFURTI, LEAN, etc

Sr. No	Name of the Cluster	Location in District Mon	No. of MSMEs in the Cluster	Cluster suitable for which scheme
1	Brass Metal	Long	70	CFC
2	Beed Making	Mong	50	
3	Cane & Bamboo	Tobu	42	
4	Cane & Bamboo	Aboi	44	
5	Food Processing	Phomching	46	
6	Handloom and Weaving	Wakching	42	
7	Handloom Clyster	Tizit	50	
8	Honey Cluster	Village Ngangching	66	
9	Mini Tea Cluster	Naginimora	44	
10	Mini Tea Cluster	Tizit	40	

3.3.6 Industrial Complexes

The Government of Nagaland and Industries and Commerce Department is of the view that the State needs infrastructure led growth. The Department has so far created the following infrastructures in order to facilitate growth in the State²⁷.

- Industrial Growth Centre (IGC) at Ganeshnagar, Dimapur
- Export Promotion Industrial Park which is now being upgraded to Product Specific Special Economic Zones (SEZ)
- Nagaland Tool Room and Training Centre (NTTC) Dimapur aimed with Human Resource Development & Deployment in the Industrial Sector
- Integrated Infrastructure Development Centre (IIDC) at Kiruphema
- Four Industrial Estates (ID) at Mokokchung, Mon, Peren and Dimapur during current plan period.

3.3.6.1 Industrial Estates & Parks ²⁸

With the objective to encourage and promote industrial activity NIDC manages four industrial complexes in the State. These complexes contain various factory sheds which are rented out to manufacturing oriented businesses at concessional rates.

Table 14: Industrial Estates & Parks

Sr. No.	Particulars	Industrial Estates	Vacant Plots/Sheds
1	Number of Factory Sheds	21	Nil
2	Number of Plots (Open Space)	24	Nil
3	Industries/sectors for which the land can be used	Industrial Units	

²⁷ Annual Administrative Report 2021-22, Dept. of Industries & Commerce, Govt. of Nagaland.

²⁸ <https://nidc.nagaland.gov.in/industrial-complexes/>

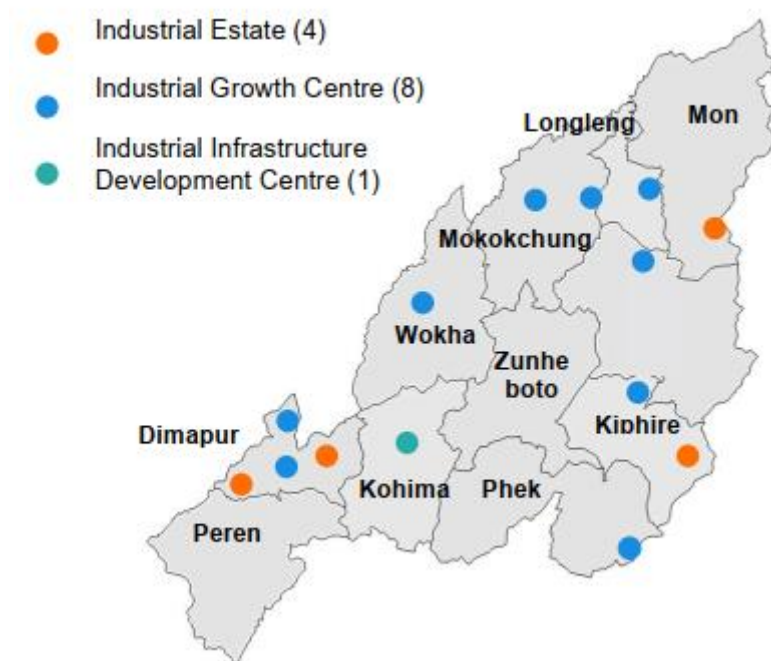


Figure 24: Industrial Estates & Parks (Nagaland)

3.3.6.2 Special Economic Zone, Ganeshnagar, Nagaland²⁹

This AFSEZ is the only Special Economic Zone (SEZ) in North East India and one of the few exclusive Agro Food Products SEZs in India. The Project is planned across an area of 125 acres. The Agro & Food Processing SEZ would offer a perfect blend of industrial, business and social infrastructure amid lush and green eco-friendly environment incorporating latest state of the art green technologies. The total estimated project cost is Rs. 35.00 crore for the project.

The Agro & Food Processing Special Economic Zone (AFSEZ) seeks to capitalize on the abundant agro-horticulture resources of the North East Region and address the problems of post harvest wastage and thereby provide a boost to the horticulture and agriculture activities of the North East States with ready outlet for their produces.

Table 15: Special Economic Zone, Ganeshnagar, Nagaland

Sr. No.	Particulars	AFSEZ	Vacant Plots/Sheds
1	Number of Factory Sheds	3	3
2	Number of Special Design Factory	4	4
3	Industries/sectors for which the land can be used	Agro based Industrial Units	

3.3.7 State Institutional Set up for promotion of MSMEs

The Department of Industries and Commerce is endeavouring to promote Industrialization in the State through various Industrial and commercial activities. The task of the Department is, however, a difficult one. The remoteness of the State along with poor industrial infrastructure like road linkages/electricity are the major problems. The second is the special land laws that restrict the transfer of land to non-locals.

²⁹ <https://nidc.nagaland.gov.in/industrial-complexes/>

In order to carry out and monitor the activities in the centres mentioned above, the following are the structures of the Department:

1. **Administrative Set-Up:** The Commissioner & Secretary to the Government of Nagaland, heads the Administrative Department
 - ▶ **Directorate:** A Director heads the Directorate who is assisted by 29 Officers, 3 Inspectors and 142 Ministerial & Grade IV Staff. A construction wing (Housing Division VI) attached to the Directorate is headed by the Executive Engineer who is assisted by 3 SDOs, 1 Divisional Accounts Officer, 3 Junior Engineers and 7 Sectional Officers to look after the civil works under the Department including PSUs under the control of the Department.
 - ▶ **District Industries Centre (DIC):** There are 11 full-fledged DICs headed by the General Manager and assisted by the Functional Managers & Inspectors and 14 Sub-DICs headed by a Functional Manager and assisted by Inspectors.



Existing Market for MSMEs in Nagaland

4 Existing Market in Nagaland for MSMEs

An efficient marketing system ensures better prices for producers and enhances the availability of competitively priced produce for consumers. The adoption of technology may face setbacks if the marketing system is outdated, uncertain, or risky. Marketing stands on equal footing with production and consumption, serving as a prerequisite for development. Enterprises, regardless of the volume of produce, may incur losses without access to markets, while proper market access can lead to profits, especially for those with smaller yields. However, Nagaland has faced challenges in this regard due to its geographical isolation and socio-political instability. As a result, the state has experienced a lower growth rate compared to other states, leading to inadequate or underdeveloped markets.

It has been reported that the primary challenge throughout the entire value chain is marketing of produce/products. This challenge is contingent on various factors such as the supply potential, the quality of products, market demand, linkages and accessibility, and awareness of market trends. The survey results indicate that very few are acquainted with prevailing market trends and demand. While middlemen, including aggregators and traders, play a role in connecting entrepreneurs with consumers. However, this dynamic also results in having limited information about the available markets.

4.1 Nature of markets

In Nagaland, various types of markets cater to the needs of the local population and facilitate economic activities. These markets differ in terms of the products and services they offer, their frequency, and the nature of transactions. Here are some of the commonly found markets in the state:

4.1.1 Weekly Bazaars/Periodic Markets

These markets typically occur on a specific day of the week or at regular intervals. Farmers, traders, and artisans gather to sell their products. The agricultural markets in Nagaland are characterized by daily and weekly bazaars, also known as "mandies," which operate without proper regulations. The government and others have established marketing at different point across the state for producers to sell their produce. These bazaars serve as the only outlet for farmers to sell their surplus produce at fair prices. However, the income generated from these sales is minimal and insufficient to support their livelihoods.

4.1.2 Agricultural Produce Market Committees (APMCs)

The Nagaland State Agricultural Marketing Board (NSAMB) was established in 2005 under the APMC Act of 2005, along with the General Rule-2006. The primary responsibility of NSAMB is to regulate the trade of agricultural and horticultural produce within the state. To facilitate this, a total of 19 Agricultural Produce Market Committees (APMCs) were established with necessary infrastructure such as warehouses, drying yards, auction platforms, and office complexes. These APMCs operate as daily markets, weekly markets, and wholesale markets. However, the functionality of these markets is at question The table below provides the locations of these 19 APMCs.

Table 16: APMCs in Nagaland

APMC	Year of Formation	Areas Covered
Dimapur APMC	2008	Entire Dimapur Sadar Area
Niuland AMC	2008	Entire Niuland Sub-Division
Kiphire APMC	2008	Entire areas under Kiphire District

APMC	Year of Formation	Areas Covered
Kohima APMC	2003	Entire areas under Kohima sadar including Chephobozou
Longleng APMC	2008	Entire area under Longleng
Mokokchung APMC	2003	Entire area under Mokokchung Sadar
Mangkolemba APMC	2014	Entire Mangkolemba sub-division
Tuli APMC	2008	Entire Tuli sub-division
Mon APMC	2003	Entire area under Mon-district
Phek APMC	2003	Entire area under Phek district
Pfutsero APMC	2003	Entire area under Pfutsero and Chazouba sub-division
Tenning APMC	2008	Entire Tenning sub-division
Jalukie APMC	2003	Entire Jalukie sub-division and Peren Sadar
Tuensang APMC	2003	Entire area under Tuensand district
Wokha APMC	2003	Entire area under Wokha sadar
Baghty APMC	2008	Entire area under Sanis, Bhandari, and Ralan sub-division
Zunheboto APMC	2003	Zunheboto district excluding Pughoboto and Ghathashi
Ghathashi APMC	2003	Pughoboto sub-division and Ghathashi area
Tseminyu APMC	2008	Entire area of Tseminyu sub-division

4.1.3 Exhibitions & Melas

While most departments conduct exhibitions and melas for market assistance in the state, the Department of Industries & Commerce being the state nodal agency for conducting the expos and exhibition for market assistance provides financial assistance, capacity building, technical and skill development support to existing food processing units, individuals/entrepreneurs, technical and skill development support to existing food processing units, individuals, entrepreneurs. Recently concluded Nagaland International Trade Expo (NITex) is to create and promote entrepreneurs, particularly in identifying their value addition. It also creates market linkages and would enable market research exposure. About 140 stalls with three international exhibitors from countries like Japan, Germany and Bangladesh participated along with the local entrepreneurs. The various achievements and activities conducted during 2021-22 are highlighted as follows.

Table 17: Expos and Exhibitions – 2021-2022 under Department of Industries & Commerce

Sl.No	Particulars	Date
1	Workshop on PMFME scheme to NSRLM staff	February 2021
2	Workshop on “strengthening Micro Food Processing Eco system and availing FPI schemes”	March 2021
3	Sambhav E- National Awareness Programms	November 2021
4	Exhibition on indigenous Rural Technology designs and developed by NTTC	November 2021
5	Vanjiya Utsav	September 2021
6	State Handloom Expo	December 2021
7	Gandhi Shilp Bazar / Craft Bazar	December 2021
8	Integrated Design & Technical Development Project	December 2021
9	Worskhop-Cum-Seminar	December 2021
10	Improve Toolkits Distributions Programme	December 2021
11	Handicrafts Exhibitions	December 2021
12	Handlooms Expos (Marketing)	December 2021

Sl.No	Particulars	Date
13	Handicrafts Thematic Exhibitions at Kisama Haeritage Village Kohima	December 2021

4.1.4 Emporiums

Emporiums in Nagaland and outside of the state serves as an ambassador of the state. It provides a platform to globally showcase the talent and capabilities of Nagaland, highlighting its cultural richness and skilled craftsmanship. The recently renovated space in New Delhi captures the essence of the Naga way of life, intending to captivate visitors' interest and encourage them to delve deeper into understanding Nagaland and its vibrant culture. Likewise, there are Nagaland Emporiums established in metropolitan cities of the country. The Nagaland Handloom and Handicraft Development Corporation Ltd under the department has also established emporiums across the state to showcase handlooms and handicrafts made by the artisans and weavers. Additionally, Nagaland Bamboo Development Agency has also established an emporium at the resource centre in Dimapur to sell bamboo and cane products manufactured by the artisans. Such emporiums have made an effort to link the market for the producers and artisans to sell their produce and products, however, the volume of sale has been moderate due to poor visibility of the emporiums and issues with supply side.

4.1.5 E-commerce

This is another channel to market products through online portals like www.ilandlo.com, <https://madeinnagalandcenter.in/>, to sell products from Nagaland. This however needs to be promoted amongst the artisans and their capacities need to be built to use such portals.

In addition, there are also social media handles that sell products made in Nagaland. Instagram handle like Fusion Store houses various original creations from homegrown designers, creators and brands. While it has a physical store in Dimapur, online sales have been equally good.

Ilandlo emerged as an online portal based in Dimapur, showcasing, and selling various products, sourced from artisans and producers across the state. Functioning as an aggregator, the platform stocks products and enhances their value before making them available to customers. The platform caters to both individual and bulk orders, with the latter primarily coming from hotels and restaurants.

Ilandlo offers a range of value-added services, including cataloging, content writing, photography, and advertising for the products. The portal goes beyond being a mere marketplace; it strives to illuminate the history, tradition, and cultural significance associated with each product.

Ilandlo's reach extends beyond the state, with its sale items reaching other states in the North East and metropolitan cities such as Delhi, Mumbai, and Bengaluru.

4.1.6 Support Centres

The entrepreneurial landscape in Nagaland has experienced significant positive growth, with numerous individuals aspiring to launch their own initiatives. Recognizing this trend, government as well as organizations have established centres to create a market chain for the entrepreneurs from Nagaland. One of such initiative is Made in Nagaland centre which is supported by YouthNet organization and Naturally Nagaland which was launched in 2022 by the state government.

Made in Nagaland centre: YouthNet has played a pivotal role in fostering entrepreneurship by inaugurating the "Made in Nagaland" Centre.

The primary objective is to offer exposure and create a centralized platform for local entrepreneurs, enabling them to showcase and promote their products and services not only within Nagaland but also beyond its borders. The Made in Nagaland Centre, strategically situated near the Nagaland Civil Secretariat in Kohima, serves as a hub for entrepreneurial activities. The centre serves as a vibrant space, housing 260 entrepreneurs. Within its walls, a diverse array of locally produced goods and services are proudly displayed, providing a unique and comprehensive overview of the entrepreneurial spirit thriving in Nagaland.

The Made in Nagaland Centre acts as a bridge, connecting these entrepreneurs with broader markets and opportunities, contributing to the sustainable development of the entrepreneurial ecosystem in Nagaland.



Naturally Nagaland launched under the initiative “Monetising Organic Agri and Allied Products of Nagaland through Value Chain Development” is a comparatively new initiative inaugurated in the year 2022 which supports local indigenous organic products and market it. This intervention acts as a platform for showcasing Nagaland's rich handicrafts, artifacts, and handloom products, promoting local culture and craftsmanship while attracting potential buyers and tourists, thereby contributing to the promotion of the state's heritage and economy. At present, there are stores in Dimapur and in Kohima.

Table 18: Key market access related issues for major sectors

Sl. No.	Sector	Access to Market Related Issues
1	Agriculture and allied	<ul style="list-style-type: none"> ▶ Limited Market Information: Access to accurate and timely market information, including consumer trends and preferences is often limited. This lack of information can make it difficult for businesses to tailor their products to meet market demands. ▶ Infrastructure Issues: Less developed infrastructure impedes effective transport and distribution of agro-forestry goods. ▶ Restricted Export Access: SMEs in Nagaland often miss global market opportunities due to limited involvement in export events and direct interactions with foreign buyers. ▶ Branding Hurdles: Agriculture and Horticulture products from Nagaland lack strong brand recognition, hindering market penetration. ▶ E-commerce Capabilities: With the growing trend of online food sales, businesses that lack an online presence and e-commerce capabilities are at a disadvantage. ▶ Knowledge of government Online Platforms: Knowledge of platforms like the Government e-Marketplace (GeM) and the Open Network for Digital Commerce (ONDC) is relatively low among the units. These platforms can be instrumental in helping businesses reach new markets and customers.

Sl. No.	Sector	Access to Market Related Issues
2	Food Processing Industries	<ul style="list-style-type: none"> ▶ Quality vs. Scale: While consumers prefer artisanal and local foods, businesses grapple with maintaining quality while scaling up. ▶ Distribution Limitations: Smaller units face difficulties accessing broader markets due to distribution challenges. ▶ Branding Issues: Some lack the know-how or resources for impactful marketing, affecting their market presence. ▶ Market Intel Shortage: Businesses often miss up-to-date market trends, affecting product alignment with consumer demands. ▶ E-commerce Gaps: Without online presence, many are unable to leverage platforms like Flipkart and Amazon, limiting their reach. ▶ Platform Awareness: Familiarity with platforms like GeM and ONDC is low, though they offer significant market expansion opportunities.
3	Coffee and Tea	<ul style="list-style-type: none"> ▶ Stiff Competition: The tea and coffee industry grapples with rivals from various coffee and tea-growing zones, both within India and beyond. ▶ Stringent Quality Standards for Exports: Navigating the rigorous international quality criteria poses a significant hurdle, particularly for the smaller cultivators. ▶ Branding and Promotion: Despite its unique taste and storied legacy, it hasn't been as proactive in its branding and global marketing endeavors. ▶ Limited Digital Presence: A sizable portion of stakeholders are yet to fully embrace and exploit the potential of online marketing channels. ▶ Lack of Global Market Insights: A significant number of entrepreneurs may lack comprehensive knowledge about international market dynamics and evolving consumer tastes. ▶ Budget Constraints: Restrictive marketing budgets can stymie the efforts of MSMEs, curbing their promotional reach. ▶ Dependence on Traditional Channels: A heavy tilt towards age-old marketing avenues might not resonate with the rapidly changing market landscapes. ▶ Feedback Mechanisms: An absence of well-defined processes to obtain and analyze feedback on promotional strategies can impede refining and aligning with the market pulse.
4	Bamboo and Cane	<ul style="list-style-type: none"> ▶ Geographical Limitations: Being distanced from India's major Bamboo and Cane trading hubs, the state grapples with higher transportation costs and extended delivery schedules, diminishing the appeal of its products. ▶ Limited Brand Awareness: Nagaland's Bamboo and Cane crafts, though unique, may not have the widespread brand resonance enjoyed by products from more famous regions, affecting market presence. ▶ Absence of Digital Presence: Not all Bamboo and Cane businesses have embraced the digital wave, leaving them behind in capturing a rapidly growing online market. ▶ Reliance on Traditional Markets: A pronounced focus on age-old, local markets could be preventing the state's Bamboo and Cane sectors from reaching a more extensive and diverse clientele. ▶ Lack of Participation in Trade Fairs: By not consistently marking their presence in leading trade events, both domestically and globally, the state's Bamboo and Cane industries might be missing out on key visibility and networking prospects.

Sl. No.	Sector	Access to Market Related Issues
		<ul style="list-style-type: none"> ▶ Competitive Pressure: With the market getting flooded with cheaper Bamboo and Cane products from elsewhere, the state's offerings face a daunting task in maintaining their pricing and positioning. ▶ Limited Export Channels: Lacking a robust mechanism and understanding of international exports, the state's Bamboo and Cane ventures might be struggling to tap into overseas markets effectively.
5	Handloom	<ul style="list-style-type: none"> ▶ Market Access: Weavers have limited exposure to both domestic and global markets. ▶ Machine Competition: Handloom items compete with cheaper, widely available machine-made products. ▶ Branding Gap: Absence of effective branding and marketing diminishes market presence. ▶ Infrastructure Deficit: Lack of roads and transport facilities restrict market access. ▶ Middlemen Reliance: Weavers often rely on intermediaries, reducing their profits. ▶ Trend Blindness: Many weavers are unaware of current market trends and preferences. ▶ High Transit Costs: Nagaland's location increases transportation costs, affecting product competitiveness. ▶ E-commerce Barrier: Limited access to online platforms restricts their market reach. ▶ Inadequate State Support: Government schemes exist but are often poorly implemented, leaving weavers unsupported.
6	Handicraft	<ul style="list-style-type: none"> ▶ Market Reach: Artisans often operate within local markets, limiting their audience. ▶ Mass Production Rivalry: Handicrafts compete with cheaper, factory-made items that mimic traditional patterns. ▶ Marketing Deficit: Many artisans lack expertise or resources for wider product marketing. ▶ Infrastructure Concerns: Transport and logistic barriers constrain market expansion. ▶ Branding Gap: Nagaland's handicrafts frequently miss distinct branding, affecting their market stance. ▶ E-commerce Hurdles: Many artisans are unaware or unable to utilize online marketplaces. ▶ Quality Inconsistencies: Variable product quality can deter access to high-end markets. ▶ Insufficient Support: Despite existing support schemes, artisans struggle with red tape and awareness issues.
7	Tourism	<ul style="list-style-type: none"> ▶ Infrastructure and Capacity Issues: Inadequate infrastructure, including transportation, accommodation, and tourist facilities, can limit a destination's capacity to handle an influx of visitors, leading to overcrowding and a decline in the quality of the tourist experience. ▶ Competition among Destinations: Intense competition among destinations for tourists can lead to price wars, over-tourism, and challenges in maintaining the quality of the visitor experience. ▶ Lack of Strong Brand Identity: The state has not been able to achieve a distinctive and memorable brand that represents the unique features of

Sl. No.	Sector	Access to Market Related Issues
		<p>Nagaland; consistent branding across all marketing channels to build recognition is essential.</p> <p>► Poor Digital Marketing: The tourism has a website with details, however, a strong online presence through a well-designed website is desired, that provides information about attractions, activities, and accommodation options.</p>

4.1.7 GeM Adoption

Amongst all States and UTs put together, lowest in terms of Gross Merchandise Value on the GeM portal with a 149 Cr GMV in FY 22-23. The GMV received by Nagaland's MSEs on the platform has steadily increased over the years from 30.9 Cr in FY 21-22 to 47.9 Cr in 2022-23, partly attributable to this growth is the fact that through GeM portal, MSEs gain access to CPSEs both inside and outside State thus opening doors to national market. GeM also offers SAHAY App through which collateral free loan is made available to MSE sellers winning orders on the platform. Through stakeholder discussions, it is understood that there is significant improvement on these aspects. Based on the primary research by the GeM executives.

- 385 MSEs are registered on the platform from Nagaland but only 300 are active. This indicates hand holding support required for MSEs to complete registration and catalogue creation.
- Since inception of GeM, 8.1 Cr worth of business has been captured by Nagaland MSEs out of which 0.2 Cr has been placed by Nagaland State Government Buyers. There is increased scope to monitor and place more orders by the Government to the State MSEs.
- Around 10+ workshops have been organized by DIC and MSME-DFO in the last 3 years. Typical average turnout per session for GeM workshops has been 25 per workshop. However, many of these workshops have been online and predominantly focussed on awareness. There is scope to provide handholding and troubleshooting support in terms of actual usage of the portal.

Additionally, in alignment with the new GoI guidelines regarding Public Procurement and incentives for local manufacturers in other states, there are states like Tamil Nadu and Kerala introduced a policy for procurement from MSMEs within the state. There should be adoption of such policies in the state so there could be more transactions happening in the state level.

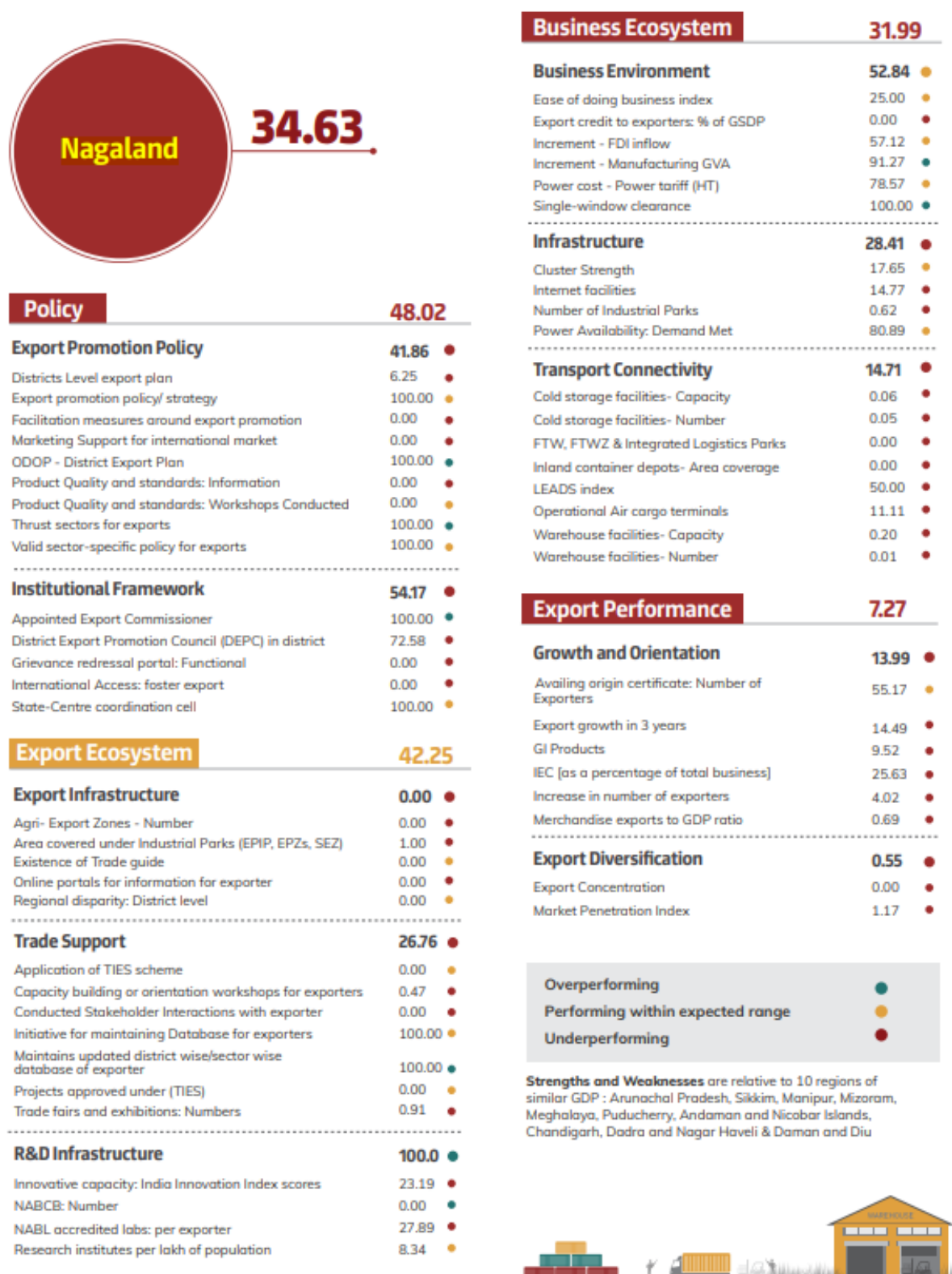
4.2 Export overview

The state enjoys certain resource advantages in agriculture and horticultural products with or without value addition, natural resources including medicinal plants, organic tea/coffee and honey. The state also has a plethora of products in handicraft and handloom sector, which has good markets outside the state and in the external markets. Lately, there has been a widespread effort across the country to boost exports from various states, and Nagaland is no exception to this trend. The current focus on the 'Act East' policy, coupled with the advantageous geographic location of the state—being near Myanmar and beyond—has instilled optimism among policymakers regarding the potential export opportunities for Nagaland.

According to the Export Preparedness Index 2022 released by NITI Aayog, Nagaland recorded an Export Preparedness Score of 33.33³⁰, securing an overall 28th rank in the country. As per category-wise rankings, the state secured 6th rank in Himalayan category. Dimapur has been identified as the highest exporting district (2021-22).

The Export Preparedness Index (EPI) 2022 Report evaluates the performance of the states across four pillars - Policy, Business Ecosystem, Export Ecosystem, and Export Performance. The index uses 56 indicators which holistically capture the export preparedness of States and UTs in terms of exports at both the state and district-level.

³⁰ Export-Preparedness-Index-2022_0.pdf (niti.gov.in)

Figure 25: Export Preparedness Index of Nagaland³¹

As per the sub-pillar - Research and Development, in this category, Nagaland stands out as an unexpected exception with a flawless score of 100. This could be attributed to the limited

³¹ Ibid

number of exporters in the state, consequently elevating its ratios of NABL-accredited lab per exporter and certification agency per exporter.

In the face of a worldwide economic downturn, India achieved an unparalleled milestone in the fiscal year 2021-22, surpassing a record-breaking US\$ 675 billion in exports, with trade in goods contributing US\$ 420 billion. During recent years, India has expanded its export reach to novel markets, exemplified by the export of products like King Chilli from Nagaland to London. In terms of diversity products like Plywood products, Handloom products, and electronic instruments were also top exports from the state. Given the cultural heritage of Nagaland, there can be a plethora of products which can be exported globally and help it diversify its basket.

Table 19: List of top exporting districts by sector³²

S.No	District	Items
1	Dimapur	Chewing Tobacco
2	Dimapur	Sheets for Plywood
3	Dimapur	Bedsheets, Bed covers, Cotton Handloom
4	Dimapur	Pillowcases, Pillow slips, Cotton Handloom
5	Dimapur	Cushion Covers, Handloom
6	Dimapur	Human hair dressed
7	Kohima	Leather Handbags
8	Kohima	Sheets for Plywood
9	Peren	Salt
10	Phek	Steering wheels, Steering columns
11	Tuensang	T-Shirt etc of other fibres
12	Wokha	Medicine Retail sales

4.2.1 Export infrastructure:

The state had envisioned establishing a total of five border trade centers connecting to Myanmar, with planned locations at Longwa in Mon district, Pangsha in Tuensang district, Mim in Kiphire district, Mohe, and Avangkhu in Phek district. While the infrastructure for trade centers at Longwa and Avangkhu has been completed, actual trade activities are yet to thrive.

Challenges, including poor road conditions from commercial towns like Dimapur and Kohima, inadequate storage facilities, and disputes over borderland, were reported during field visits, impeding the utilization of these centers. Additionally, the implementation of a Land Customs Station (LCS) in Avangkhu is currently in progress.

4.2.2 Factors affecting Export Performance in the state

- ▶ **Non-price factors:** The existing exporters have acknowledged the significance of various non-price factors, such as capacity, technology, products, quality, response time, and adherence to international standards in their business practices. These factors have been identified as obstacles hindering their access to foreign markets for exports.
- ▶ **Price factors:** It was observed that entrepreneurs do not find themselves in a favorable position across all price factors, including product variety, the number of buyers, competitiveness of the produced goods, transportation costs to the port, order size, price pressures, and reliance on intermediaries.

³² Ministry of Commerce and Industry - 2021 -22 report: Ministry of Commerce and Industry - 2021 -22 report

- ▶ **Transportation:** Inadequate and underdeveloped transportation infrastructure, including roads and connectivity, hinders the smooth movement of goods from Nagaland to export hubs.
- ▶ **Logistics:** Lack of efficient logistics services and cold chain facilities impacts the quality and timely delivery of perishable goods, such as agricultural produce.
- ▶ **Limited Market Exposure:** Limited exposure to national and international markets restricts the diversification of Nagaland's exports beyond traditional sectors.
- ▶ **Market Information:** Lack of real-time market information and awareness about global trends pose challenges in identifying and tapping into new export opportunities



Policies & Schemes supporting MSME Competitiveness in Nagaland

5(a) Policies and Schemes supporting MSME Competitiveness in Nagaland

5.1 Understanding MSME Competitiveness

Competitiveness is a critical aspect for MSMEs to achieve sustainable growth and survival in the dynamic business environment. It involves the ability of an organization or country to produce and sell products/services that meet market quality standards at the same on lower prices while maximizing returns on the resources consumed in producing them. For MSMEs, competitiveness is of paramount importance as they often deal with one business. They need to be dynamic and adaptable to changing market demands, industry phases, breakthrough or disruptive innovations, and new entrants in the market. Quality and sustainability have become a competitive must, with appropriate certifications and services to support regulations and trade policies. Innovation is another pillar that can allow a firm to be competitive, increase productivity, and be more likely to export.

5.2 Ease of Doing Business

Nagaland has been actively working on improving its business environment to attract investments and promote entrepreneurship in the recent years. Efforts to enhance the Ease of Doing Business in Nagaland are simplifying administrative procedures, improving infrastructure, and facilitating online services. These measures aim to create a conducive environment for businesses to start, operate, and expand. It is crucial to streamline processes for obtaining permits and licenses, implement investor-friendly policies and development of necessary infrastructure, including reliable power supply and transportation networks for the state in becoming a business-friendly state.

Since the initiation of this exercise, the Ease of Doing Business (EoDB) Index, by the Central Government aligning with the World Bank's initiative, the Department for Promotion of Industry and Internal Trade (DPIIT) has been formulating an annual Business Reform Action Plan (BRAP). This plan consists of action points to be executed by the states and Union Territories (UTs).

Out of the 301 action points, the state of Nagaland successfully documented evidence for Reform Action points during the fiscal year 2020-21, resulting in an overall submission percentage of 29 percent. The remaining 71 percent could not be implemented due to various challenges, including the reluctance of many line departments to transition their services online, the absence of a Public Service Delivery Guarantee Act (or its equivalent), and the lack of a Single Window System. **The Ease of Doing Business Index places Nagaland in the 'Aspirers Category', ranking it in the 28th position among the 36 participatory states.** However, this ranking indicates a desire to reform and attract private investments.

5.3 Financial Schemes for MSMEs

5.3.1 Prime Minister's Employment Generation Programme (PMEGP)

The scheme aims to create employment opportunities in both rural and urban areas of the country by promoting the establishment of new self-employment ventures, projects, and micro-enterprises. It specifically focuses on increasing the wage-earning capacity of artisans and contributing to the overall growth rate of rural and urban employment.

The Khadi and Village Industries Commission (KVIC) serves as the nodal agency at the national level for implementing this scheme. At the state level, implementation is carried

out through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centers (DICs), and banks.

The scheme supports projects or units in the manufacturing sector with a maximum cost of Rs. 50 lakh, and in the business/service sector with a maximum cost of Rs. 20 lakh. Beneficiaries under the scheme are only required to invest 5-10% of the project cost, while the government provides a subsidy of 15-35% based on various criteria. The remaining funds are provided to the entrepreneur as term loans by participating banks.

The funding for this scheme is allocated annually to the nodal agency, KVIC, which then determines state-level targets and notifies them to the State Level Bankers' Committees (SLBCs) in each state. Borrowers have the option of applying either through the KVIC PMEGP Portal or directly approaching banks for loans under the PMEGP scheme.

Currently, the performance of Nagaland under the scheme is summarized below:

Table 20: Nagaland PMEGP Performance FY2018-24

Year	Target			Achievement		
	Projects Assisted	Margin Money Disbursed	Estimated Employment Generated	Projects Assisted	Margin Money Disbursed	Estimated Employment Generated
2018-19	-	-	-	1,208	2,349.67	9,664
2019-20	1319	3412.08	10552	1109	2650.24	8872
2020-21	1719	4296.52	13752	740	2045.46	5920
2021-22	1607	4425.65	12856	1241	2494.89	9928
2022-23	1383	3544.86	11064	469	1,535.13	3,752
2023-24 (up to 30 th November 2023)	-	-	-	211	726.21	1,688

5.3.2 Credit Guarantee Funds Trust for Micro and Small Enterprises (CGTMSE)

The Credit Guarantee Funds Trust for Micro and Small Enterprises (CGTMSE) is a trust established by the Government of India in collaboration with the Ministry of Micro, Small, and Medium Enterprises (MoMSME) and the Small Industries Development Bank of India (SIDBI). Introduced in the year 2000, the CGTMSE scheme plays a vital role in facilitating collateral-free lending to Micro and Small Enterprises (MSEs) through banks and other financial institutions, including Non-Banking Financial Companies (NBFCs).

The scheme provides guarantees to eligible lending institutions, allowing them to extend collateral-free credit facilities such as term loans and working capital to both new and existing micro and small enterprises, with a borrowing limit of up to Rs. 200 lakh per unit. The guarantee cover provided under this scheme ranges from 75% to 85%, depending on the loan amount and the type of beneficiary. Additionally, an Annual Guarantee Fee is charged, calculated based on the outstanding loan amount of the credit facility sanctioned.

By offering guarantees, the CGTMSE scheme aims to encourage banks and financial institutions to extend credit to MSEs without requiring traditional collateral. This initiative promotes easier access to finance for MSEs, fostering their growth and development in the Indian business landscape.

Table 21: Nagaland CGTMSE Performance FY2018-23

Year	Number of Guaranteed	Amount Guaranteed	Number of Claims Settled	Claims Settled Amount
		(Rs. in Crore)		(Rs. in Crore)
2018-19	1003	39.62	315	2.79
2019-20	967	60.44	232	2.59
2020-21	965	55.08	177	1.45
2021-22	1687	138.86	92	1.3
2022-23	1225	100.31	201	1.68

5.3.3 Trade Receivables Discounting System (TReDS)

Trade Receivables Discounting System (TReDS), is a platform designed to expedite payment processing for Micro, Small, and Medium Enterprises (MSMEs). It also offers reduced annual interest payments for Small and Medium Enterprises (SMEs). The main objective of TReDS is to assist MSMEs in managing their working capital requirements by allowing them to discount their invoices issued to major corporations. This enables MSMEs to receive payment for their invoices more quickly and provides them with more funds to operate and expand their businesses.

Currently, the Reserve Bank of India has approved three platforms to function as TReDS (Trade Receivables Discounting System) platforms. These platforms include:

- ▶ Receivables Exchange of India Ltd (RXIL)
- ▶ TReDS Ltd, known as Invoicemart
- ▶ Mynd Solutions, known as M1 Xchange

Acting as intermediaries between MSMEs and large corporations, these TReDS platforms serve as financial solutions that benefit both parties involved. The registered TReDS platforms in India play a crucial role in supporting the growth and financial stability of MSMEs, which are essential to the Indian economy

However, the usage of TReDs as a platform to resolve delayed payment issues is very dismal in the MSME ecosystem in Nagaland. The data in the table below shows the current status of the TReDs platform in context of Nagaland. The data was compiled from the three platform namely M1xchange, Invoicemart, and RXIL. The number of financiers is nil from inception till date which is not a favourable landscape for the MSME ecosystem. Only a little more than INR 2 Cr. worth of invoices were transacted till date in total.

Table 22: TReDs Data for Nagaland

S.No	Parameter	From Inception - Till date	Break up of FY22-23 (in INR Cr.)
1	How many PSU's have been onboarded onto the TReDS platform?	0	0
2	Total No. of Buyers	0	0
3	Total No. of Suppliers	4	0
4	Total No. of Financers	0	0
4	Sum of Invoice Amount	2.090	0.590

S.No	Parameter	From Inception - Till date	Break up of FY22-23 (in INR Cr.)
5	Avg. Invoice Amount	0.051	0.195
6	Lowest Invoice Amount	0.0005	0.029
7	Total Business Transactions	40	3
8	No. of Active Sellers	2	1
9	No. of Active Buyers	0	0

The Strategic Implementation Plan (SIP) will investigate the possibility of establishing a Memorandum of Understanding (MoU) with a TReDS platform. Additionally, it will strategize the process of onboarding major state Public Sector Undertakings (PSUs) and Government bodies onto the platform.

5.4 Cluster Development Schemes for MSMEs

5.4.1 Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

The SFURTI scheme, or the Scheme of Fund for Regeneration of Traditional Industries, was introduced in 2005 by the Ministry of MSME under the Indian government. Its core purpose is to facilitate the growth and development of traditional industrial clusters across the country.

By providing vital amenities and advantages to these clusters, the scheme strives to enhance their competitiveness within the industry and bolster their revenue and profitability. The ultimate objective is to foster the overall economic development of traditional industries in India.

The SFURTI scheme provides a subsidy of up to 90% of the project cost for setting up the CFCs and other interventions. The remaining 10% is contributed by the cluster members or the nodal agency. The maximum project cost per cluster is Rs. 5 crores for soft interventions (such as training, marketing, etc) and Rs. 10 crores for hard interventions (such as CFCs, machinery, etc). The project duration is usually 3 years.

Table 23: Clusters under SFURTI Scheme (Nagaland)

Cluster Name	District	Sector	Total Artisans	SFURTI Assistance (Rs. In Lakhs)	Status
Bamboo & Cane Craft Cluster	Mokokchung	Bamboo	250	237.86	Functional
Cane & Bamboo Processing and Furniture Making Cluster	Zunheboto	Bamboo	280	192.13	Functional
Dimapur Bamboo & Textiles Cluster	Dimapur	Bamboo	300	147.86	Functional
Pineapple Processing And Value Addition Cluster Nagaland	Mokokchung	Agro	250	207.45	Functional

Cluster Name	District	Sector	Total Artisans	SFURTI Assistance (Rs. In Lakhs)	Status
Thipuzumi Kiwi and Allied Food Processing Cluster	Phek	Agro	567	427.01	Under Implementation
Turmeric, Ginger and Moringa Processing Cluster	Zunheboto	Agro	600	388.1	Functional
Agribusiness Cluster	Kiphire	Agro	500	247.34	Functional

Out of the 513 approved clusters till date, Nagaland has 7 approved clusters (1 under implementation) which is 1.36% of the total approved clusters till date under SFURTI. 4 clusters are agro-based while the other 3 clusters are bamboo-based clusters. One cluster, namely Agribusiness Cluster (Kiphire), falls in the aspirational district of Nagaland³³.

5.4.2 Micro and Small Enterprises - Cluster Development Programme (MSE-CDP)

The Small Industries Cluster Development Programme (SICDP) was initiated in 1991 by the Ministry of Micro, Small and Medium Enterprises (MSMEs) of the Government of India. Its primary objective is to promote and advance small-scale industries across the country. The program was initially introduced as a centrally sponsored scheme, offering financial and technical assistance to MSMEs located within clusters, with the aim of enhancing their competitiveness and productivity.

In October 2007, the program underwent a name change and became known as MSE-CDP (Micro and Small Enterprises - Cluster Development Programme). This revamped scheme is designed to drive the sustainability and growth of MSEs by addressing common challenges such as technological improvement, skill development, quality enhancement, and market access through a cluster-oriented approach.

The latest version of MSE-CDP provides assistance for two main types of interventions: Hard interventions and infrastructure development. Hard interventions involve the establishment of Common Facility Centers (CFCs) with a maximum eligible project cost of Rs 15.00 crore, with a Government of India contribution of 70% (90% for special category States and clusters with more than 50% women/micro/village/SC/ST units). Infrastructure development focuses on new or existing industrial estates/areas, with a maximum eligible project cost of Rs 10.00 crore, and a Government of India contribution amounting to 60% of the project cost (80% for special category States and clusters with more than 50% women/micro/SC/ST units).

Table 24: Status of Nagaland Clusters under MSE-CDP

Common Facility Centers ³⁴	Approved CFCs	3
	In Progress	3
	Completed	0

³³ https://my.msme.gov.in/MyMsme/List_of_AspirationalDistricts.aspx

³⁴ https://www.dashboard.msme.gov.in/msme_cdp.aspx

Infrastructure Development Projects (ID)	Approved Centres	ID	2
	In Progress		1
	Completed		1
	Grand Total		5

5.4.3 Pradhan Mantri Formalisation of Micro food processing Enterprises

The Pradhan Mantri Formalisation of Micro food processing Enterprises (PMFME) Scheme is a scheme launched as part of the Aatmanirbhar Bharat Abhiyan program. It is a centrally sponsored scheme that aims to strengthen the competitiveness of individual micro-enterprises operating in the unorganized segment of the food processing industry. Additionally, the scheme seeks to encourage the formalization of this sector.

Under the PMFME Scheme, financial, technical, and business support is provided to upgrade existing micro food processing enterprises. The Ministry of Food Processing Industries is responsible for implementing this scheme, which has a total allocation of Rs. 10,000 crores. The scheme aims to cover 2,00,000 enterprises over a span of 5 years, starting from 2020-21 until 2024-25.

The scheme encompasses several objectives, including the following:

- ▶ Enhancing the capacity of entrepreneurs through technical knowledge, skill training, and hand-holding support services.
- ▶ Facilitating improved access to credit for existing micro food processing entrepreneurs to facilitate technology upgradation.
- ▶ Providing support to Farmer Producer Organizations (FPOs), Self Help Groups (SHGs), Producers Cooperatives, and Cooperative Societies throughout their entire value chain, enabling micro enterprises to access shared services.
- ▶ Assisting existing enterprises in transitioning into a formal framework for registration under regulatory requirements and ensuring compliance.
- ▶ Integrating with organized supply chains by strengthening branding and marketing efforts.

The status of PMFME can be seen in the table below. Since the launch of the scheme, the numbers of applications from Nagaland have significantly increased but the actual numbers of loans disbursed is not satisfactory.

Table 25: Performance of Nagaland under PMFME

Period	Applications received	ODOP Applications	Non-ODOP Applications	No. of Loans Sanctioned	No. of Loans Disbursed
2021-22	184	180	4	0	0
2022-23	178	132	46	26	23
2023-24	371	155	216	42	24

5.5 Schemes for Technology Upgradation and Assistance in Quality Certification

5.5.1 CHAMPIONS Scheme

The CHAMPIONS initiative, which stands for Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength, has been developed to

uplift Indian MSMEs and elevate them to the status of national and global champions. The primary focus of this initiative is to address the grievances of MSMEs and provide them with extensive support, encouragement, and guidance to overcome obstacles and thrive in the business landscape.

The scheme revolves around three core objectives:

- ▶ **Support:** The CHAMPIONS initiative aims to extend assistance to MSMEs during challenging times by addressing their needs related to finance, raw materials, labor, permissions, and other crucial aspects.
- ▶ **Explore:** It actively encourages MSMEs to seize new opportunities, particularly in the manufacturing sector, such as the production of medical accessories and products like Personal Protection Equipment (PPE), masks, and other essential supplies.
- ▶ **Promote:** The scheme also strives to identify promising MSMEs that demonstrate exceptional potential and capabilities. These "sparks" are not only capable of withstanding challenging circumstances but have the potential to become national and even international champions in their respective industries.

By incorporating these objectives, the CHAMPIONS initiative aims to revitalize the MSME sector, empower businesses with the necessary tools and support, and foster their journey towards long-term success and global recognition.

The CHAMPIONS scheme comprises five distinct tools designed to enhance the capabilities and competitiveness of MSMEs. These tools include the Quality Estimator Tools, LEAN Manufacturing Scheme, Zonal Energy Efficiency Drive (ZEDs), Global Environment Facility (GEF-5), and MSME Innovate, which encompasses incubation, design, and intellectual property rights (IPR) support. Each tool serves a specific purpose in fostering the growth and development of MSMEs in different areas of their business operations.

5.5.1.1 Zero Defect Zero Effect Scheme (ZED)

The MSME Sustainable (ZED) Certification is a comprehensive initiative aimed at raising awareness among MSMEs about the significance of Zero Defect Zero Effect (ZED) practices. The objective is to motivate and incentivize MSMEs to obtain ZED certification, while also inspiring them to become MSME champions in their respective industries.

The ZED certification program is designed to promote the adoption of Zero Defect Zero Effect practices among MSMEs with the following goals in mind:

- ▶ **Encouraging and Empowering MSMEs:** The certification program aims to encourage and enable MSMEs to manufacture high-quality products using the latest technology and tools available in the market.
- ▶ **Creating an Ecosystem for ZED Manufacturing:** The initiative seeks to develop a supportive ecosystem that nurtures ZED manufacturing practices within MSMEs, fostering their growth, and sustainability.
- ▶ **Enhancing Competitiveness and Facilitating Exports:** By promoting ZED practices, the certification program aims to enhance the competitiveness of MSMEs, enabling them to meet global standards and expand their reach through exports.
- ▶ **Promoting the Adoption of ZED Practices:** The initiative aims to create a culture of adopting ZED practices across the MSME sector, emphasizing the importance of minimizing defects and environmental impact.

At present, there are only two MSMEs in Nagaland with a bronze certification level. The Strategic Implementation Plan (SIP) exercise will identify key sectors with potential for boosting the adoption of the Zero Defect Zero Effect (ZED) scheme in the state. The aim of this exercise is to identify stakeholders who can provide benefits based on ZED certification and assess the availability of ZED certified assessors in the state. The SIP exercise will carefully analyze these factors to strategically promote and support the implementation of the ZED scheme among relevant stakeholders in the state.

5.5.1.2 Lean Manufacturing Competitiveness Scheme (LEAN)

With growing domestic and global competitiveness, it has become imperative for MSMEs to adapt to the changing business environment, particularly considering disruptions in global supply chains and the convergence of multiple sourcing in vendor development. MSMEs play a critical role in various value chains, forming a mutually beneficial relationship with larger corporations as their suppliers. Recognizing the significance of economic growth, productivity enhancement, competitiveness, and employment generation, as well as resource optimization, many countries have implemented institutional mechanisms to improve the quality of manufacturing and services at a national level.

The Ministry of Micro, Small & Medium Enterprises, Government of India, aims to address these objectives through the implementation of the MSME Competitive (Lean) Scheme. The scheme is designed to enhance the productivity, efficiency, and competitiveness of MSMEs by reducing wastages in processes, improving inventory management, optimizing space utilization, and minimizing energy consumption, among other aspects.

Under this scheme, small and medium-sized businesses in selected clusters will receive support to reduce their manufacturing costs through the expertise of Lean Manufacturing Consultants (LMC) who will be financially sponsored by the government. These LMCs will work closely with the MSMEs to implement various Lean Manufacturing techniques, including optimizing personnel management, improving space utilization, implementing scientific inventory management systems, streamlining processes, reducing engineering

The LEAN Manufacturing scheme was initially introduced as a pilot phase during the 11th Five Year Plan in 2009. It focused on 100 mini-clusters and the National Productivity Council (NPC) was chosen as the National Monitoring and Implementing Unit (NMIU) responsible for facilitating and monitoring the scheme's implementation. Lean techniques were implemented in 89 mini-clusters, with successful completion achieved in 59 mini-clusters during the pilot phase, involving an expenditure of Rs 16.17 crore.

Based on the evaluation report conducted by the Quality Council of India (QCI), the scheme was upscaled in September 2013. The evaluation report recommended the continuation of the scheme, highlighting approximately a 20% increase in productivity for units involved.

Following the successful completion of the pilot and upscaled phases, Phase II of the scheme was initiated in 2019. The objective was to enhance the competitiveness of MSMEs by utilizing LEAN Methodology within the evolving global environment. The primary goal was to equip MSMEs with the necessary tools and efficiency to effectively participate in product exports and remain competitive in the global marketplace.

The project aimed to achieve the following objectives:

- ▶ Minimizing waste throughout the process.
- ▶ Enhancing productivity levels.

- ▶ Implementing innovative practices to improve overall competitiveness.
- ▶ Establishing robust management systems.
- ▶ Cultivating a continuous improvement culture.

The scheme components are stated as follows:

- ▶ Industry Awareness Programmes/Workshop: MSMEs will be made aware of the Scheme through Nation-wide awareness programmes (online and/or face-to-face, as appropriate) with the assistance of stakeholders like Industry Associations, Implementing Agencies, MSME-DFOs, District Industries Centres (DICs), Large Enterprises/OEMs.
- ▶ Training Programmes: Stakeholders like the MSME Officers, Assessors and Consultants will be trained on the MSME Competitiveness (Lean) Scheme to enable an effective implementation by Implementing Agencies like QCI, NPC.
- ▶ Handholding: MSMEs will be provided handholding towards the implementation of Lean Tools and Techniques at three different levels - Basic, Intermediate, and Advanced. Completion of each stage is verifiable end term assessment or assessment by Implementation Agency along MSME -DFOs.
- ▶ Benefits/Incentives: Graded incentives will be announced by the Ministry of MSME for MSMEs for encouraging MSME units' participation under the scheme. Implementation of Lean (Generation of Lean ID) Lean Pledge & Undertaking (Generation of Lean Pledge Level) Implementation of Lean (Basic, Intermediate, Advanced).
- ▶ PR campaign, Advertising & Brand Promotion: For popularizing the Lean Scheme, a Nation-wide publicity will be done.
- ▶ Digital Platform: Lean Scheme process will be e-enabled through a single window digital platform which will be utilized for the implementation of the scheme

In Nagaland, there are no certified LEAN units at present. Interventions which will push MSMEs into LEAN certified units will be explored as part of SIP preparation.

5.6 State Scheme: Chief Minister's Micro Finance Initiative (CMMFI)

Availability of affordable credit is vital for individuals to utilize their skills, establish businesses, create livelihoods, and combat poverty. Several central government schemes exist in the State to support agriculture, allied sectors, and small entrepreneurs, including individuals and Self-Help Groups (SHGs).

However, the uptake of credit by non-government sectors has not met expectations. To encourage credit for economic activities, the Government has approved an omnibus scheme called CM's Micro Finance Initiative.

The scheme includes the following components:

- ▶ Provision of interest subvention or subsidy for credit provided by banks to Self Help Groups, Farmer Producer Organizations, and Individuals engaged in identified activities.
- ▶ Additional interest subvention, beyond what is offered in existing central government schemes, to enhance the attractiveness and affordability of credit.

The selection of beneficiaries for the scheme will be carried out by District Level Selection Committees, with assistance from Village Councils as guarantors if required. The detailed framework of the scheme will be announced separately. The scheme is open to eligible

beneficiaries, including farmers, entrepreneurs, Self Help Groups (SHGs), Farmer Producer Organisations (FPOs)/companies, and cooperative societies.

The eligible schemes covered under the program include the construction of circular eco-hatchery, rejuvenation of animal husbandry through credit linkage, procurement of transport vehicles for agricultural products, integrated farming system, horticulture crop loan scheme, and microfinance scheme for micro-enterprises.

A list of eligible beneficiaries (non-exhaustive) are given below:

Individual Farmers

- ▶ Individual farmers must not have any default history with any bank.
- ▶ They should possess sufficient land in their name or on lease, with the remaining lease period not shorter than the loan tenure. In non-cadastral areas, a document issued by the Village Council and countersigned by the area administrative officer certifying the landholding will suffice.
- ▶ Experience or training related to the desired activity for which they seek assistance is generally expected.

Self-Help Groups (SHGs)

- ▶ All SHGs, including non-NSRLM SHGs, that fulfill the Panchasutra concept (holding regular meetings, regular savings, regular inter-lending, timely repayment, and maintaining up-to-date books of accounts) will be considered for assistance under the Scheme.
- ▶ Bank financing for SHGs should primarily be facilitated through the bank where they maintain their bank account.
- ▶ SHGs will be graded based on their adherence to the Panchasutra concept, and group members should possess sufficient land (either self-owned or on lease) to engage in land-based activities.

Farmer Producer Organizations

- ▶ The FPO must be a registered entity and have a minimum of three years of audited balance sheets.
- ▶ All board members of the FPO, as well as its members, should have a clean repayment history with no defaults to any bank or financial institution.
- ▶ The FPO should not be operating at a loss.
- ▶ The FPO should have a minimum of 100 shareholders and a paid-up capital of at least Rs 1,00,000.
- ▶ The activities of the FPO should be relevant to its main activity.
- ▶ The maximum borrowing limit for the FPO should be capped at 2/3rd of its paid-up share capital or based on the borrowing power outlined in its bye-laws.
- ▶ At least 80% of FPO members should actively participate in and benefit from the FPO, either through the supply of input or the aggregation of produce and marketing activities.

Table 26: CMMFI applications (as of August 2023)

Applications Received	Approved	Sanctioned
198	190	8

Wokha and Dimapur districts with 86 and 53 applications respectively were the major districts with maximum number of applications. Homestays and Mobile Food Services sector were some of the major applications in this initiative. Out of the sanctioned applications, two beneficiaries were from homestays and one beneficiary each from Black Cherry wine, Golden Psychiatry and De-addiction clinic, Gym/Fitness center, Pottery unit, Upgradation of existing Printing Press Unit, and Urban Design.



— Stakeholders Perspective

5(b) Stakeholders Perspective

As part of the diagnostic assessment, the team had conducted meetings and in-depth interviews (IDIs) with different stakeholders including government line departments, banks, associations, and enterprises that are involved in the MSME ecosystem. Following are the stakeholders with points of discussion and insights from the meetings are discussed below.

Table 27: List of Stakeholders Met

Sl. No.	Stakeholder Type	Name of the organization/department
1	State Government Departments	Officials, Department of Industries and Commerce, Nagaland
		Programme Officers, Department of Industries and Commerce, Nagaland
		Officials, Nagaland Industrial Development Corporation Ltd (NIDC Ltd)
		Officials, Department of Land Resource
2	Other government Organizations	Start-Up Nagaland Cell
3	Banks/FIs	State Level Bankers Committee (SLBC)
4	Industry Associations	Business Association of Nagas (BAN)
		Kohima Chamber of Commerce & Industry (KCCI)
		Women Entrepreneurs Network Nagaland (WENN)
		Young Indians (Nagaland Chapter)
5	MSME Units	Industrial Estate Dimapur

5.7 State Government Departments

5.7.1 Department of Industries and Commerce, Nagaland

The Department of Industries and Commerce is taking proactive initiatives to bolster industrial growth in the state, targeting a comprehensive array of commercial and industrial activities which includes the Hospitality and Business Service Sector. The department, however, faces a challenging task. The state's remote location, alongside an underdeveloped industrial infrastructure featuring inadequate road connectivity and unreliable electricity, poses significant hurdle. Additionally, local land laws make it difficult to transfer land ownership to non-local entities/persons.

Both the Nagaland Government and the Department of Industries and Commerce are of the belief that improvements in infrastructure could serve as the backbone of the state's continued growth, hence, their focus on its development. The Department has already established five projects aimed at accelerating the state's industrial growth, including the creation of an Industrial Growth Centre at Ganeshguri, Dimapur; a Product Specific Special Economic Zone; a Nagaland Tool Room & Training Centre; an Integrated Infrastructure Development Centre at Kiruphema; and four Industrial Estates located in Mokochung, Mon, Peren, and Dimapur districts.

5.7.1.1 Organisational Structure

The Administrative Department of the Government of Nagaland is overseen by the Commissioner and Secretary. The Directorate of Industries and Commerce is managed by

the Director, aided by 29 officers, three inspectors, and 142 staff members. An Executive Engineer, who is assisted by three Sub-Divisional Officers, one Accounts officer, three Junior Engineers, and seven Sectional Officers, leads a construction wing attached to the

Directorate, which addresses all civil-related issues under the Department and its Public Sector Units (PSUs).

Eleven distinct District Industrial Centres (DICs) function under the leadership of General Managers, assisted by Functional Managers and Inspectors. Furthermore, 14 sub-DICs exist, each managed by a Functional Manager and Inspectors.

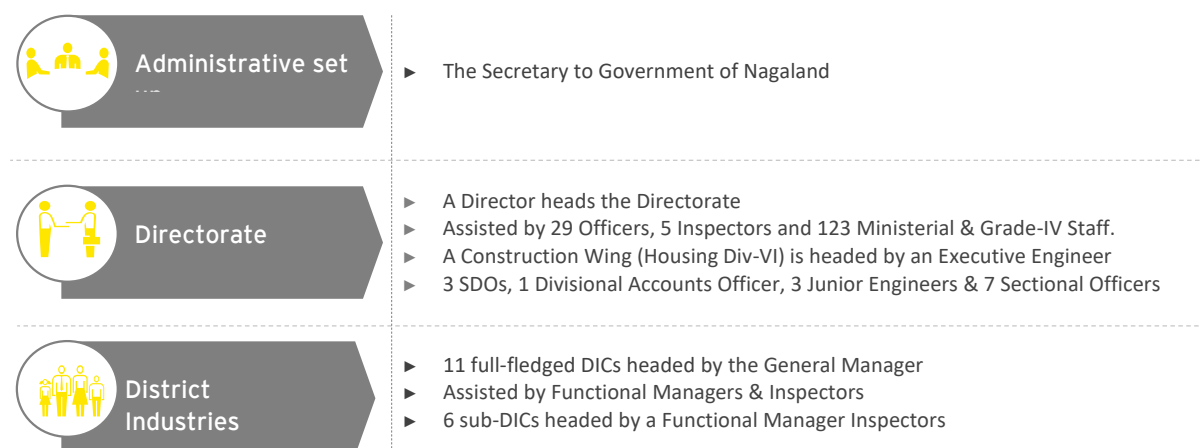


Figure 26: Organisational Structure for Department of Industries and Commerce, Nagaland

Programme Officers Meet & Points of Discussion

A RAMP consultative meeting was held in the Director Conference Hall, Directorate of Industries & Commerce, Kohima on the 11th January, 2024. This focus group discussion was held with the objective of getting deep insights of the programmes implemented by the department and its various challenges.



Figure 27: Participants in RAMP Consultative Meeting

In our discussions, several significant issues were covered, including financial access, market connections, technological advancement adoption, and adherence to regulations. The involved parties emphasized the urgent requirement for improved credit access and underscored the necessity of raising awareness among MSMEs regarding their available financing alternatives. Greater market connections and the acquisition of technology were seen as crucial in boosting the competitiveness of MSMEs.

The discussion also encompassed the obstacles MSMEs encounter in complying with multiple regulatory frameworks, effectiveness of policies. The need to simplify the regulatory context and offer enhanced assistance to MSMEs to achieve adherence was emphasized by the stakeholders. The stakeholders also utilized these meetings as an opportunity to discuss an array of initiatives and

schemes that the government and industry associations are currently employing to bolster the growth of MSMEs.

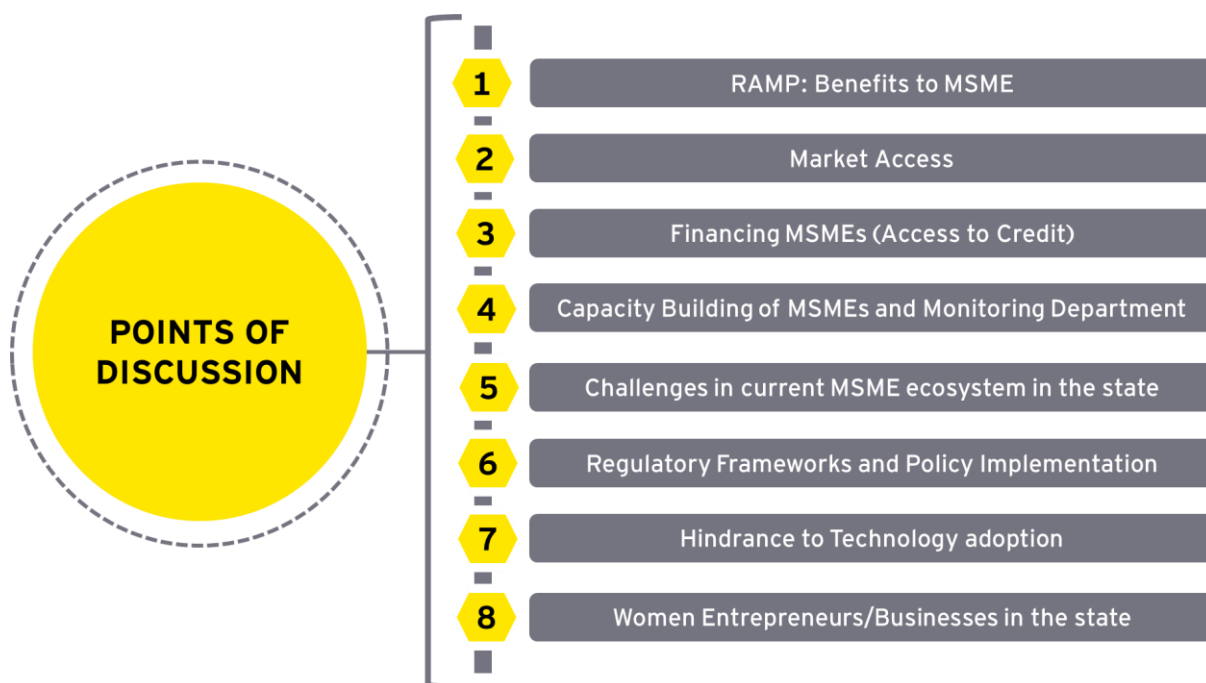


Figure 28: Discussion Points during RAMP Consultative Meeting

Insights from the stakeholder meeting

Table 28: Insights from Stakeholders Meetings

S. No	Points of Discussion	Highlights of the Discussion with Insights
1.	RAMP: Benefits to MSMEs	<ul style="list-style-type: none"> ▶ RAMP a very crucial & important scheme initiated by the Central Government along with the World Bank ▶ The State Government and the Department of Industries & Commerce has been vigorously trying to upskill, upgrade, and push forward the enterprises in the state with limited funds. ▶ The RAMP scheme will help the department in easing the financial burden in implementing various planned projects/programs of the department.
2.	Market Access	<ul style="list-style-type: none"> ▶ At present, the Department is implementing the MSE-CDP scheme. ▶ There are 2 ongoing CFCs projects and 3 approved CFCs in the state. ▶ Most of the potential beneficiaries of these CFCs are not aware of these facilities. ▶ Cold Storage facilities limited in the state. The existing cold storage facilities are location very far away from the source of produce. ▶ Training and upskilling programs to the MSMEs on product sorting, grading, packaging in agro-based enterprises one of the focus goals of the department.

S. No	Points of Discussion	Highlights of the Discussion with Insights
3.	Financing MSMEs (Access to Credit)	<ul style="list-style-type: none"> ▶ Most enterprises not aware of CGTMSE Scheme ▶ The Department along with the MSME DFO (Dimapur) have been regularly holding awareness workshops and programs for enterprises in multiple sectors to disseminate information of MSME schemes ▶ Synergy between the Banks, MSMEs, & the department is missing
4.	Capacity Building of MSMEs and Monitoring Departments	<ul style="list-style-type: none"> ▶ The Department is of the view that with rapid technological advances focused on green sustainable goals, it is of primary importance to enhance & upgrade the capabilities and skillsets of its officers, project/program coordinators, and inspectors. ▶ Experts from various fields especially from the private sector focused towards the MSMEs is needed to upskill and upgrade the enterprises. Experts from various sectors/fields such as food processing, marketing, branding, product enhancement, financial houses, etc are needed to train and skill the MSMEs. The Department is keen on collaborating with these experts to build a robust MSME ecosystem. ▶ Sector Wise Capacity Building programs is needed rather than a 'generic' capacity building programs.
5.	Regulatory Frameworks and Policy Implementation	<ul style="list-style-type: none"> ▶ There is a Start-Up Policy 2019 but only targeted towards 500 entrepreneurs.
6.	Challenges in current MSME ecosystem in the state	<ul style="list-style-type: none"> ▶ Non-repayment of loans by the beneficiaries of various schemes ▶ Many cases of wilful defaulters.
7.	Hindrances to Technology adoption	<ul style="list-style-type: none"> ▶ The cost to acquire new technology. ▶ Many enterprises are unwilling to adopt new technology. One reason can be that they are satisfied with their current business arrangement
8.	Women Entrepreneurs/Businesses in the state	<ul style="list-style-type: none"> ▶ The Department has been regularly rolling out Capacity Development Programs for women entrepreneurs to increase the participation of women led businesses and entrepreneurs. ▶ The Department also supports various fellowship programs for women entrepreneurs in collaboration with various NGOs. One notable support the department provides is the 'YouthNet Women Entrepreneurship Fellowship (YWEF)'

Apart from the above-mentioned insights, there were several key concerns expressed by the attendees of the consultative meet:

- ▶ In the food processing sector, the officers highlighted that it is difficult to monitor the enterprises especially the new ones since most of them are home based and majority of them are unregistered.

- Getting these enterprises registered is essential for monitoring them in terms of food safety aspect. Currently, the department is the implementing agency of the PM Formalisation of Micro food processing Enterprises (PMFME) Scheme, and the department is of the view that these MSMEs get themselves registered under UDYAM and take the maximum benefit of the various food processing schemes, and credit guarantee schemes implemented by the government.
 - The Department is also in the final process of coming up with a Registration-Cum-Membership-Certificate (RCMC) in consultation with the Department of Health & Family Welfare wherein it would require enterprises applying to get a FSSAI certification of their products must get the RCMC from the department.
- ▶ One of the concerns highlighted during the consultative meet was the progress regarding implementation of Centrally Sponsored Schemes. For example, the proposal rejection rate is very high especially in PMFME scheme. In the FY 2022-23, out of the total 185 application received for PMFME scheme, 126 were rejected, 32 were pending with the banks, and only 27 applications were sanctioned³⁵. As per the discussions, Detail Project Reports (DPRs) preparation or Business Proposal were the pain points in the application rejection process. Regarding this constraint, targeted capacity building programs with focus on preparing Detailed Project Report/Business Proposals, financial evaluation processes for both the department and MSMEs will be helpful in mitigating this issue as proposed by the officers.
- ▶ One major factor which also hinders the outreach of the department to rural and remote areas is low allowances given to the agency that facilitates various schemes implemented by the department. For example, the Department of Industries & Commerce as the nodal agency for implementing the new PM Vishwakarma Scheme have been carrying out outreach program in all the districts of Nagaland with the help of Common Service Centers (CSCs) in the districts. The CSCs are managed and operated by Village Level Entrepreneurs (VLEs). The CSCs are allocated only Rs. 68 per person enrolled into the PM Vishwakarma Scheme. There are instances where the CSC staffs had to travel long distances to enrol only a handful of applicants. The low allowance is creating a roadblock where in many instances the CSC staffs are not willing to travel. To counter this, it was suggested to explore if any interventions could be taken up to under RAMP, it would give a boost to the outreach plans of the department.

Suggested Interventions

Basis our discussions with Department of Industries and Commerce, Nagaland, the interventions which can be proposed, and implemented is given in the schematics below.

³⁵ Agenda-cum-Background Paper, For the combined Quarter ended Dec'22 & Mar '23, State Level Bankers' Committee, Nagaland

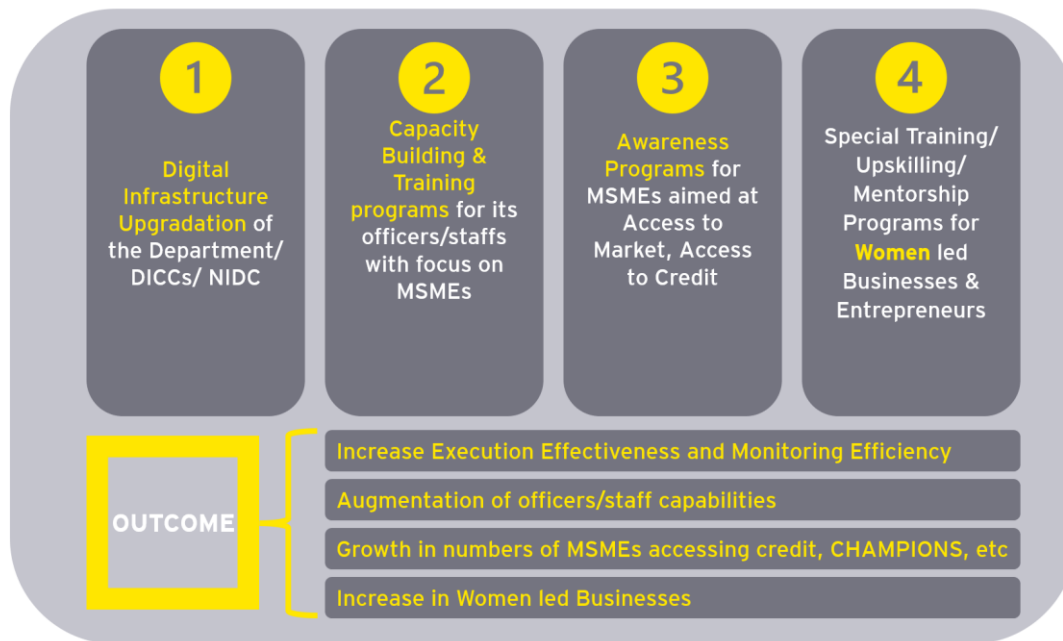


Figure 29: Initial Recommendations as per RAMP Consultative Meeting with the Department of Industries and Commerce, Nagaland

5.7.2 Nagaland Industrial Development Corporation Ltd (NIDC Ltd)

The Nagaland Industrial Development Corporation Ltd (NIDC) is a government-backed organization operating with the primary objective of stimulating industrial growth and economic development in the state of Nagaland, India. This corporation serves as the nodal agency of the state for industrial and agricultural investments, providing both financial and technical assistance for the establishment of industries and businesses within the state.

Since its inception, the NIDC has successfully implemented several industrial projects across various sectors such as agro-based industries, horticulture, sericulture, and handicrafts, among others. Additionally, the corporation has taken charge of several central government projects aimed at industrial development in the region.

The NIDC also provides several services to prospective entrepreneurs. These services include the preparation of project reports, providing guidance during the early stages of project implementation, and assisting in obtaining necessary clearances from governmental agencies.

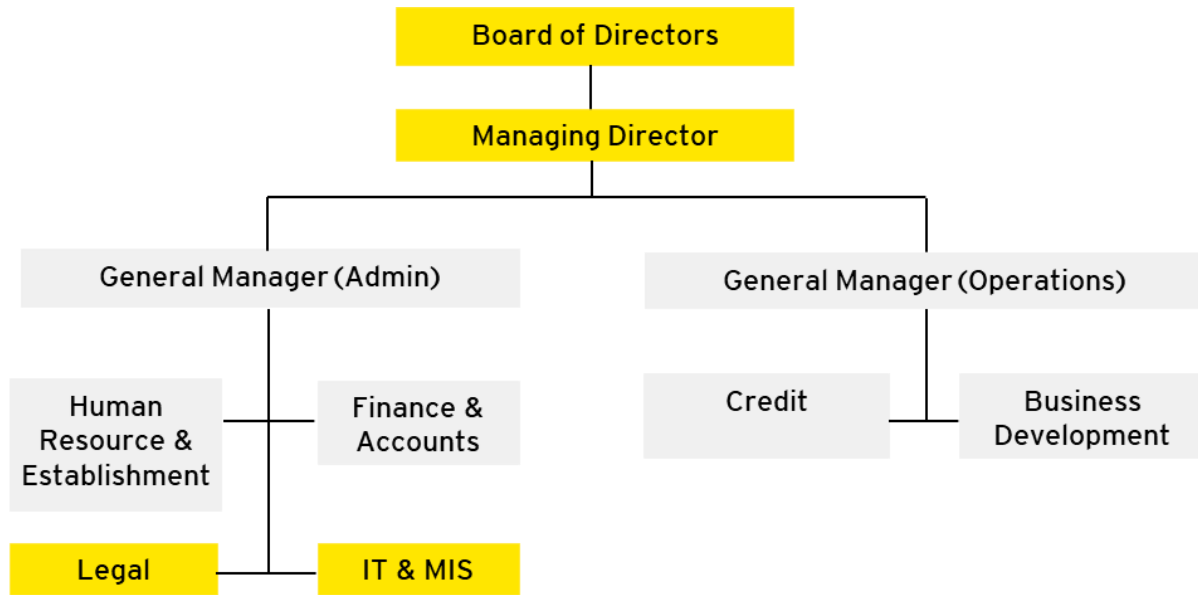


Figure 30: Organizational Structure of NIDC

Points of Discussion

The discussions and meetings with NIDC delve into various challenges faced by Micro, Small, and Medium Enterprises (MSMEs) which is discussed below:

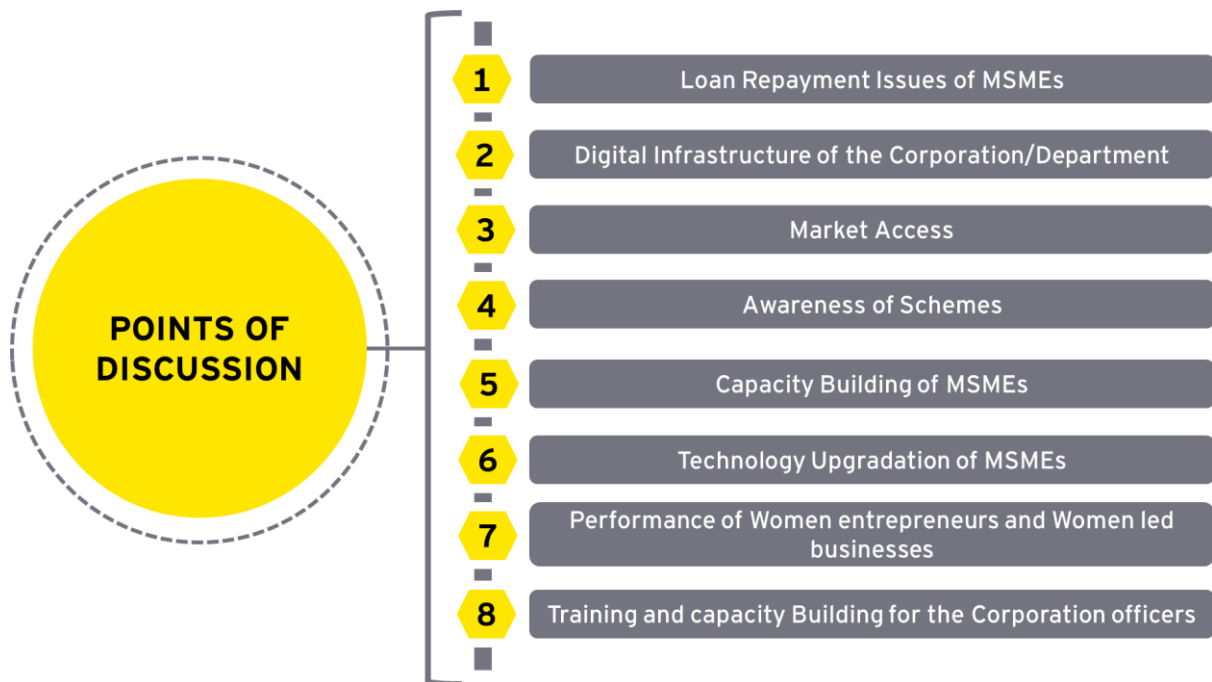


Figure 31: Discussion Points with NIDC

- ▶ One of the key issues shared was problems with loan repayment. There is a necessity to explore solutions to mitigate the financial burdens that affect MSMEs' functioning and growth.
- ▶ The utilization of Industrial Estates and their present challenges is another critical focus area. Industrial Estate use is instrumental in scaling MSME operations, but current challenges obstruct optimal usage.

- ▶ The digital infrastructure of the corporation and the department overall is fundamental for efficiency, improvement in performance, and monitoring the various state/central projects undertaken by the corporation. Thus, an assessment of the existing digital infrastructure and potential upgrades is key to maintaining competitive advantage and increase the corporation's effective in implementation of it stated goals.
- ▶ The meetings with NIDC stakeholders also observed greater market access have the potential to accelerate trade, boost growth and increase employment among MSMEs. Hence, enhancing market linkages is a must for growth. The discussions brought attention to the importance of awareness of schemes. Despite numerous initiatives and programs to support MSMEs, the lack of awareness undermines their potential benefit.
- ▶ Capacity building of MSMEs holds paramount importance. This involves skills development, knowledge sharing, and training. Enhancing capacity is instrumental in addressing developmental challenges facing MSMEs.
- ▶ Technology upgradation is another crucial area of focus of the discussions. Many MSMEs either do not have the capital or the awareness to access new technology to upgrade their enterprises and make it more efficient.
- ▶ The performance of women entrepreneurs and women-led businesses was also discussed in these meetings, highlighting the potentials of this segment and the need for creating a favourable environment for their growth and development.
- ▶ Training and capacity building for the Corporation staff is indispensable for their competence and productivity. It is essential for the staff to be updated with the latest trends, skills, and knowledge to effectively support the growth of MSMEs.

Insights from NIDC

Table 29: Insights from the meeting with NIDC Officials

S. No	Agenda	Highlights of Discussion
1.	Loan Repayment Issues of MSMEs	<ul style="list-style-type: none"> ▶ As of October 2023, there are 1577 defaulters amounting to almost INR 70 crores under various schemes monitored by NIDC such as NMDFC, NSTFDC, NSKFDC, Small Road Transport, and Term Loans³⁶ ▶ There are many cases of wilful defaulters. ▶ Many of them are not able to repay their loans due to their businesses going into loss. ▶ As per the discussion with NIDC, majority of the enterprises wanting to secure loans through centrally sponsored schemes does not have a clarity about the business plans they are proposing. The intent to succeed in the business is there but the business proposals or plans put forward to the NIDC or the banks is not optimum with regards with present and projected financial performance of the enterprise.
2.	Digital Infrastructure of the Corporation/Department	<ul style="list-style-type: none"> ▶ The discussions with the NIDC also highlighted the need for an upgraded digital infrastructure. The proposal from the corporation is to upgrade their current website, integrate it with the optimum

³⁶ Nagaland Industrial Development Corporation Ltd (NIDC Ltd)

S. No	Agenda	Highlights of Discussion
		<p>software solutions to access and monitor real time data of the department and the varied project under its umbrella.</p> <ul style="list-style-type: none"> ▶ At present, real time monitoring of the various activities under NIDC is absent. ▶ Online Loan Repayment system and monitoring through the corporation's portal is one of the priority components of the corporation plan to upgrade its digital infrastructure. ▶ NIDC was of the view that integration of a new digital infrastructure between the Department of Industries and Commerce, and NIDC will help in effectively implementing and monitoring its various activities. In regard to this proposal, MIS dashboards for the department, corporation and the DICs is one of the major components in its plan to upgrade its digital infrastructure. ▶ A real time data gathering and monitoring application which can be installed in the authorized smartphones, or laptops will be an effective tool to support the projects under the corporation or the department.
3.	Market Access	<ul style="list-style-type: none"> ▶ Upskilling of enterprises and businesses based on international guidelines to export and promote the finished goods is one of the primary focus and proposal from NIDC. ▶ Value added products and product-diversification training for the MSMEs is also a priority for the corporation and the department.
4.	Awareness of Schemes	<ul style="list-style-type: none"> ▶ To disseminate information on the various schemes and initiatives of the government, usage of social media, radio, local TV news channels, print media, etc must be utilized to the maximum. ▶ An 'up-to-date' corporation website highlighting the various schemes and initiatives of the government has to be integrated with the department's website as part of the plan to integrate and upgrade the existing digital infrastructure under RAMP.
5.	Capacity Building of MSMEs	<ul style="list-style-type: none"> ▶ Workshops, training programs, etc have been regularly held in collaboration with the department and other NGOs. ▶ Capacity Building programs targeting specific issues such as making business proposals, cash flow plans, project reports, KYC documentation, & sector specific schemes workshop are some of the proposed interventions which can be implemented. ▶ Most enterprises are not part of the formal economy and banks do not have enough data on these enterprises. This is also one of the reasons highlighted by NIDC for the banks not willing to give out loans to many enterprises or new entrepreneurs. Capacity Building program and awareness workshops targeting this issue can also be one of the interventions which can be proposed

S. No	Agenda	Highlights of Discussion
6.	Technology Upgradation of MSMEs	<ul style="list-style-type: none"> ▶ NIDC and the Department of Industries & Commerce through its vast experience of holding various conferences, workshops, training programs, awareness week, etc has highlighted the issue that although many enterprises are accommodating of integrating and implementing new technologies into the businesses they are reluctant of procuring these technologies due to the misconception that they would have to shell out a procuring and maintenance cost which may be true in many cases but various government MSME initiatives for procuring machineries or new technology can compensate for these issue. ▶ The above reason is also a factor in the Nagaland having very low ZED certified enterprises hindering their way forward into MSME CHAMPION
7.	Performance of Women entrepreneurs and Women led businesses	<ul style="list-style-type: none"> ▶ NIDC has highlighted that women entrepreneurs or women who are partners in businesses has been increasing in the last decade in Nagaland which is a positive sign. ▶ Many women led enterprises are success stories and the corporation and the department has been supporting these businesses and enterprises through capacity building workshops, exhibition exposure trips in the state & nationally, and training programs. ▶ Advancement of women in businesses is one of the priorities of the corporation and the department.
8.	Training and capacity Building for the Corporation officers	<ul style="list-style-type: none"> ▶ The corporation officers along with the various DIC officers needs tailored MSME based capacity building programs to initiate, execute, and implement projects. ▶ Enhancing the capabilities of the officers and inspectors is a major focus for the corporation

Suggested Interventions

The insights from the discussions and meetings with NIDC has highlighted various areas where RAMP can intervene.

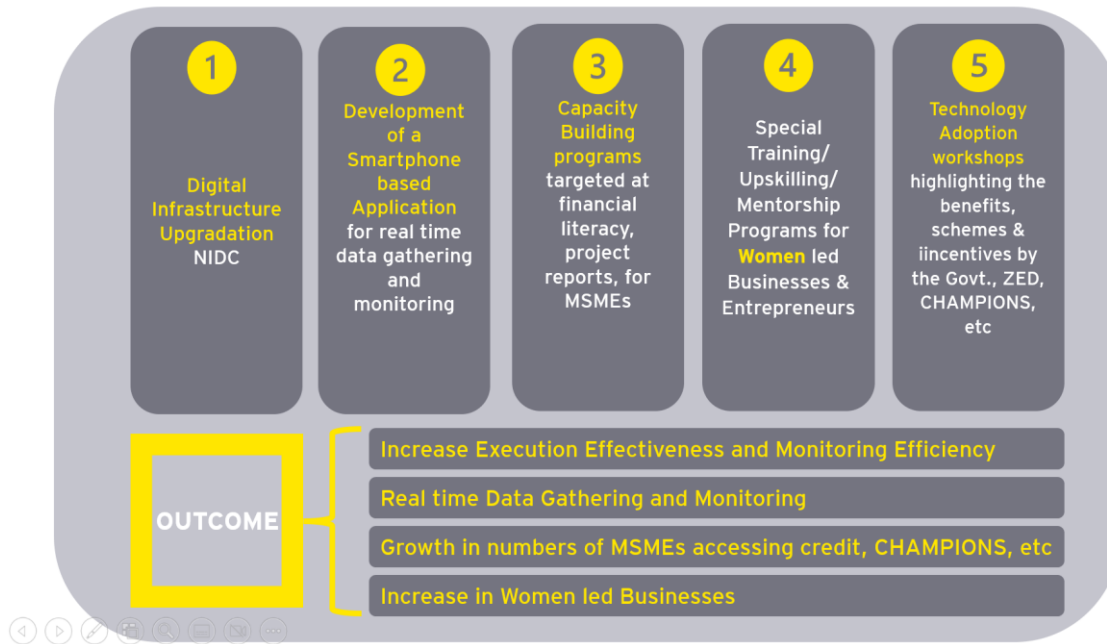


Figure 32: Initial Recommendations as per meeting with NIDC

5.7.3 Department of Land Resource

The Department of Land Resources was founded in September 1993 by the Nagaland Government with the primary goal of executing watershed programs and other community-oriented projects. These initiatives are financially supported by both the Central and State government. The department is tasked with the development of holistic strategies for the optimized use of natural resources. It also strives to promote actions aimed at restoring ecologically balanced environments, improving the productivity of degraded lands, and generating livelihood and employment opportunities for rural communities.

The Department acts as the nodal agency for the development and promotion of coffee in the state. The Department has tied up with a South Africa based Company, Noble Cause Company, to establish market linkage for exporting coffee from Nagaland and in the FY 2019-29, 27 MT of Nagaland Coffee was exported.

Tea being one of the major beverages consumed by the state, the Department is strategizing to achieve self-sufficiency in meeting domestic requirements by expanding operations to all Districts. The primary aim of this expansion initiative is to enhance local and organic processing of tea for local consumption, currently imported from external sources. This will significantly reduce the existing financial drain incurred by the state due to these external imports. Promotion efforts for Butterfly Pea, Rosella, Ginger, Sumac, Cinnamon, and Gooseberry teas are underway across the state. The key advantages of these teas are multifarious, including the need for low initial investment as they are native to the state; outstanding quality attributed to organic cultivation; numerous health benefits; less demanding labor requirements; and high profits generated by processing. Training programs across the districts is being planned and implemented by the department to give training focusing on processing, packaging, and marketing of natural teas.

Discussion Points

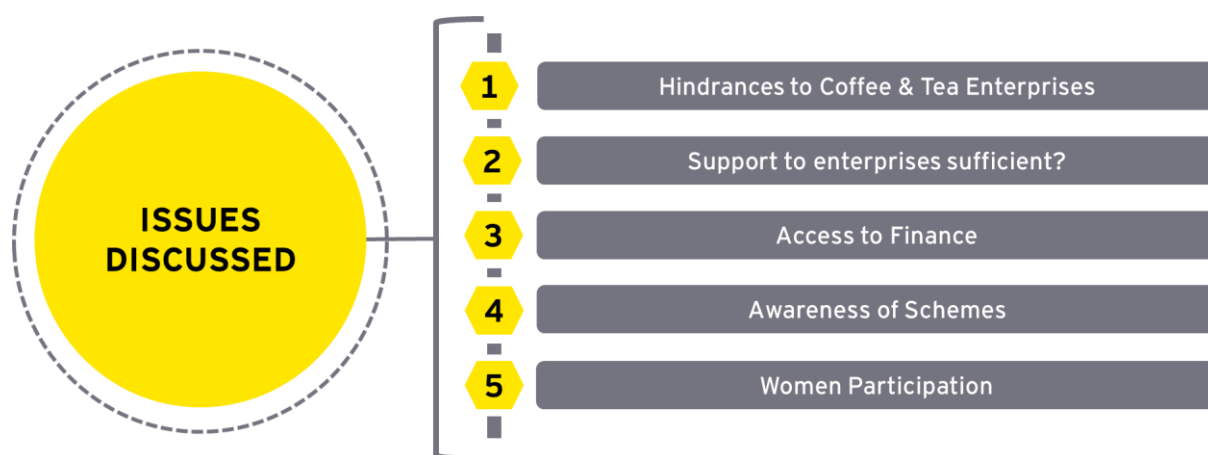


Figure 33: Discussion points with the Department of Land Resource

Insights from Department of Land Resource

Table 30: Insights from the meeting with the Department of Land Resources

S. No	Insights	Description
1	Training on Sorting, grading, packaging, marketing	<ul style="list-style-type: none"> ▶ There are many local enterprises who are interested in buying the raw materials (coffee, tea) from the growers, repackage them and sell the products under their own brand. ▶ The challenge they are facing primarily is in the areas of grading/sorting, and packaging technology. ▶ At present, the department has tied up with Noble Cause Company to export coffee overseas. But there are also many local enterprises, many of whom are women led businesses, who are interested in coffee & tea businesses, but they face challenges regarding the mentioned hindrances above. ▶ Lack of expertise in this specific area is a major hindrance for the enterprises.
2	Market Linkages	<ul style="list-style-type: none"> ▶ 'Made in Nagaland' Coffee and Natural Products is being currently sold in various State Emporiums within and outside the state. ▶ Buyer-Seller Meet or Exhibitions will help the local enterprises in forming business relationships to sell and export their value added products within the state, country and outside the country.
3	Women Led Enterprises	<ul style="list-style-type: none"> ▶ The Department was of the view that it was very encouraging to see interest shown by women in these areas of value-added coffee and tea products. ▶ More support in terms of handholding and financial assistance is needed for women
4	Financial Assistance and Awareness of Schemes	<ul style="list-style-type: none"> ▶ The Department has been rigorously helping young entrepreneurs to help their enterprises grow. 24 entrepreneurs have been given financial assistance by the department for low-cost processing, packaging, and labelling of various natural teas. ▶ Banks are reluctant to provide credit to the enterprises in this area since they view it as risky in the context of Nagaland.

S. No	Insights	Description
		<ul style="list-style-type: none"> ▶ The awareness among the enterprise regarding government schemes or financial assistance is also poor. ▶ The Department also put forward the suggestion that if there is a workshop between the enterprises and banks regarding processes to acquire business loans and government schemes focusing on why many loan applications are rejected, it would be beneficial to the enterprises.

Suggested Interventions

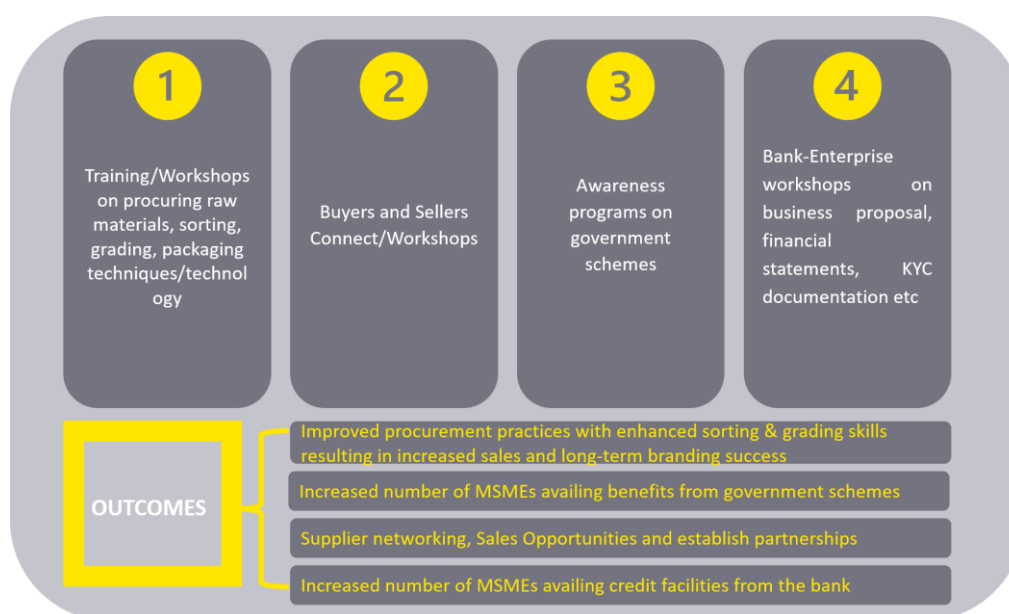


Figure 34: Initial Recommendations as per meeting with the Department of Land Resources

5.7.4 Other government Organizations

5.7.4.1 Start-Up Cell, Nagaland

The Department of Industries & Commerce in Nagaland has been designated as the Nodal department to drive the acceleration and development of local entrepreneurs through the implementation of the Start-up Policy 2019. This initiative will foster a conducive environment for start-up growth, underpinned by knowledge exchange, capacity building, policy interventions, and funding accessibility. The Nagaland Start-up Policy 2019 is designed to position Nagaland as a regional leader in start-ups, fostering an entrepreneurial culture for innovative youth to initiate successful businesses and contribute to a robust economy. The policy emphasises rural and social enterprise innovation, sustainable business models, human capital development, industry engagement, and women's start-ups.

The objective of the policy includes promoting district-based start-ups, establishing a state-of-the-art Innovation Hub, facilitating start-up investment funding, promoting creativity and innovation culture, and creating employment opportunities in the private sector.

Roundtable Discussion

A roundtable discussion was held on the National Startup Day 2024 where various Incubators and entrepreneurs were given the opportunity to discuss on 'How to bring about Innovative Ideas in the State'. EY representatives along with Incubators like YouthNet Incubator Center, NagaBots, National Institute of Electronics and Information Technology (NIELIT), EduCentre School of Business, Nagaland Tool Room & Training Centre, and entrepreneurs in different fields were present. The discussions revolved around the challenges faced by entrepreneurs while running their enterprises. The discussion also touched upon the future roadmap to bring innovation in the start-up nascent start-up ecosystem of the state.

Highlights and Insights of the Roundtable Discussion

Table 31: Insights from the meeting with the Start-Up Cell, Nagaland

S. No	Issues	Highlights
1.	Lack of knowledge and Skill of Government officials	<ul style="list-style-type: none"> ▶ It was highlighted that due to lack of technical know-how of the government officials while implementing various programs has resulted in slow to adapt to new ideas or technologies. hindered in effectively making decisions. The incubators shared that this can hinder officials from acquiring and applying the necessary knowledge and skills for effective project implementation. ▶ Government officials may not always have access to adequate training programs that help them stay updated on the latest project management methodologies, technological advancements, and best practices. Budget constraints and lack of prioritization for training may have exacerbate this problem.
2.	Lack of Capital Funding or access to credit	<ul style="list-style-type: none"> ▶ One of the major issues highlighted was lack of funding or lack of awareness on finance. Many small and medium-sized enterprises (SMEs) face difficulty in accessing traditional financing options such as bank loans. Financial institutions may perceive these businesses as high-risk or may require stringent collateral, making it challenging for enterprises to secure the necessary capital. ▶ Banks and financial institutions are mostly risk-averse, particularly in certain industries and in this region. This risk aversion has resulted in limited investment opportunities for enterprises, especially those in innovative or emerging sectors. ▶ Despite efforts from the government, enterprises, particularly startups, still suffer in accessing credit for their businesses as they lack collateral to secure loans. This has been a significant barrier, as financial institutions in the state demands assets as security for loans.
3	Poor Logistic Support	<ul style="list-style-type: none"> ▶ There is either no provision or very little provision for funding logistic if any of the enterprises participate in trade fairs and expos, which has resulted in inability of the enterprise to promote their products. The incubators have shared that for promotion of their products or their enterprise, it is essential to

S. No	Issues	Highlights
		participate in such events to showcase their products/enterprise as well meet buyers/investors.
4	Ease of doing business	▶ With regard to ease of doing business, the department official shared that the process of onboarding all services into one online portal has been challenging as government officials are either unaware or gets transferred to another district which has hampered in getting it done.

Suggested Interventions

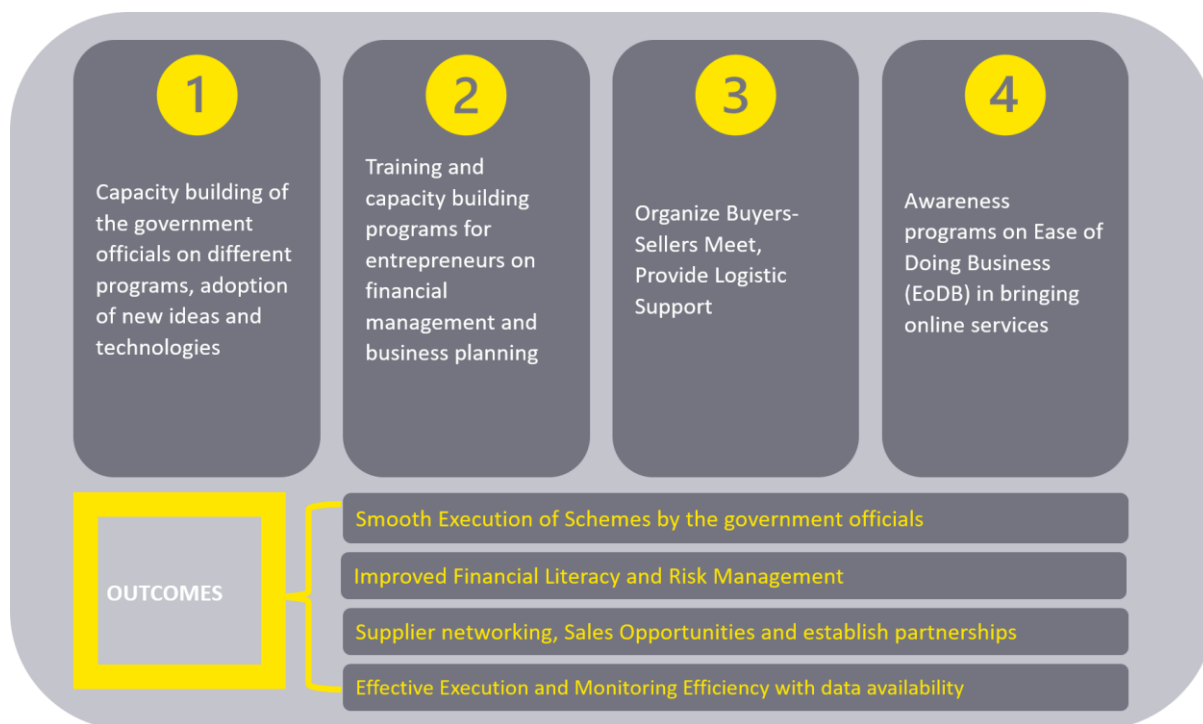


Figure 35: Initial Recommendations as per meeting with the Start-Up Cell, Nagaland

5.8 Banks/FIs

State Level Bankers Committee (SLBC)

The State Level Bankers' Committee (SLBC) is a committee established in every state in India, comprising of senior executives from the Reserve Bank of India (RBI), major commercial banks, and regional rural banks. Other institutional participants include the National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), and the Reserve Bank of India among others. It is considered a vital platform for coordination and joint consultation between banks, government agencies, and other stakeholders.

The State Level Bankers' Committee was set up with the main aim of ensuring proper coordination and effective implementation of various developmental and financial inclusion programs at the state level. In particular, it focuses on schemes related to rural development, agriculture, small-scale industries, government-sponsored schemes, and other sectors of relevance.

The SLBC provides a forum for resolving any issues that may arise in the implementation of such programs. It helps in arranging for adequate and timely credit to the needy sectors of the rural economy. Apart from this, the SLBC also assists banks in the state to deal with problems like recovery of loans, reduction of non-performing assets, and issues related to banking services.

The State Level Bankers' Committee convenes quarterly review meetings to examine the performance of banks in the state, including their achievements against set targets, challenges faced, and to chart out future strategies. They also keep track of the progress of banking service covering unbanked rural areas under the financial inclusion plan.

In India, every state has its own SLBC. The convenor bank, one of the major public sector banks functioning in the state, convenes the SLBC meetings. The convenor bank is assigned by the Reserve Bank of India.

The State Level Bankers' Committee plays a significant role in promoting banking activities at the state level, ensuring the smooth implementation of various governmental and developmental schemes, and facilitating the process of financial inclusion. They bring about coordination and cooperation among commercial banks, co-operative banks, and regional rural banks, ensuring effective credit flow to more marginalized and needy sectors of the economy. The SLBC serves as a bridge connecting the banking sector, government, and developmental agencies, thereby fostering the overall economic growth and development of the state.

Points of Discussion

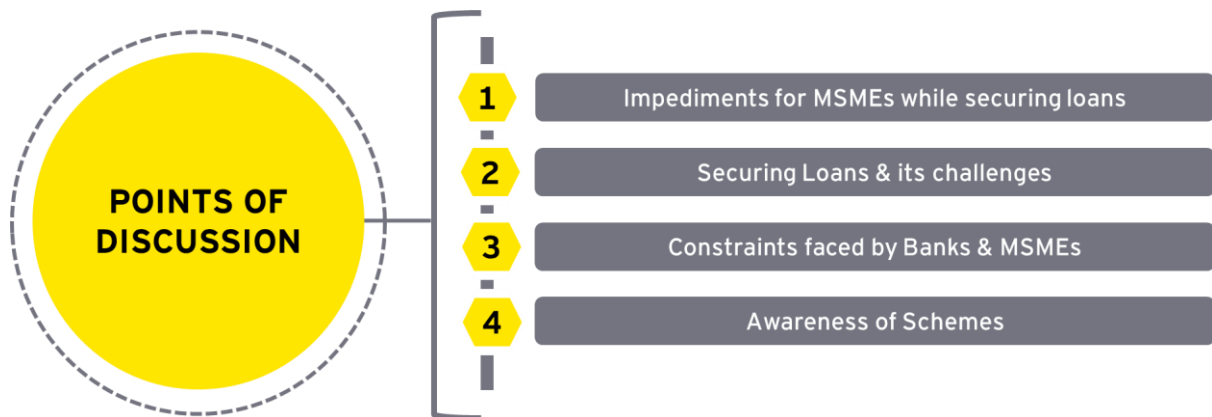


Figure 36: Discussion points with State Level Banking Committee (SLBC)

Insights from SLBC & UCO Bank

EY had the chance to interact with the chairman of SLBC Nagaland and an official from UCO Bank. The insights given to EY presents some very crucial issues faced by the enterprises.

Table 32: Insights from the meeting with SLBC & UCO Bank

Persons/People Interacted	Insights	Description
Lunkhomang Singsit (Chairman, SLBC Nagaland) & Goutam Das (UCO Bank)	Poor Business Proposal/Portfolio	<ul style="list-style-type: none"> ▶ The major reason as highlighted by both the officials is that most of the schemes of the government or loan products of the banks requires the applicant to submit business proposal to gauge the viability of the business/start-up. ▶ Most applicants are rejected in this phase. Although many businesses/ventures have the growth potential, it is the business proposal framing which get them rejected. ▶ There are many instances where the banks do not have enough data on the person/entity trying to secure loans.
	Incomplete/Incorrect Documents	<ul style="list-style-type: none"> ▶ Many applicants also failed in securing schemes/loans due to incorrect entry of their credentials and wrong document submission. ▶ Many requisite documents are also found to have mistakes/errors (Names, wrong PAN ID, AADHAR name different to identity card, etc)
	Low CIBIL scores	<ul style="list-style-type: none"> ▶ Many applicants wanting to secure loans has low CIBIL scores or irregular payments in their credit history. ▶ Some of them are offered loans at a higher interest rate but many of them are not willing to take credit with a higher interest rate
	Awareness of schemes among staff members of the bank	<ul style="list-style-type: none"> ▶ There are also many instances where the staffs of the banks are not able to communicate to the applicants about various schemes in Nagaland, especially relating to various Government Schemes/Initiatives like TReDs, CGTMSE etc

Suggested Interventions

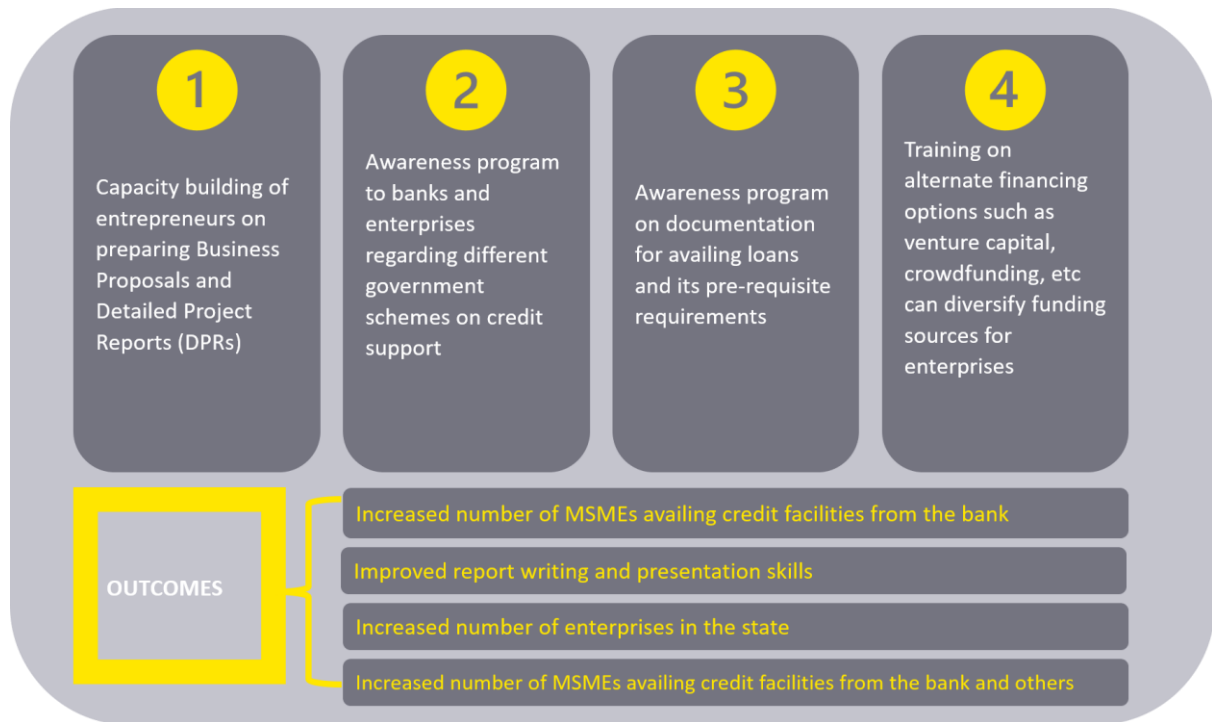


Figure 37: Initial Recommendations as per meeting with SLBC

5.9 Industry Associations

5.9.1 Business Association of Nagas (BAN)

Founded with the prime objective of fostering growth and development within the business ecosystem of Nagaland, the Business Association of Nagas (BAN) has been incessantly working towards promoting entrepreneurship and forming a conducive environment for start-ups in the region. This not-for-profit organization represents the interests of the local business community at both regional and national platforms.

Functioning as per the tenets of sustainability, transparency, and inclusivity, BAN aims to empower businesses by providing not just promotional support, but also facilitating networking opportunities, making relevant information accessible, and organizing various capacity-building programs. It endeavors to fortify the North-East Indian business community by creating avenues for knowledge sharing, collaborations, and strategic alliances.

BAN devotes a significant portion of its resources towards providing comprehensive business education to emerging entrepreneurs. From conducting workshops to organizing seminars, the association is actively involved in nurturing the entrepreneurial skills within the community members. Additionally, it advocates for favorable governmental policies that would catalyze business activities, triggering subsequent job creation and reinforcing economic stability.

By bringing together businesses of all sectors and sizes on a single platform, BAN strengthens the collective negotiating power of the community. It actively addresses the concerns and challenges faced by the local business fraternity and seeks actionable solutions from the concerned authorities.

Moreover, the Association has been instrumental in encouraging innovation and fostering value-based business practices that could contribute towards the region's economic growth. It also promotes local products and businesses on different platforms to increase their exposure, thereby providing them with a larger market base to cater to.

BAN also hosts various events and business fairs to provide a platform for local entrepreneurs to showcase their products and services. These platforms also allow entrepreneurs to connect with potential customers, business partners, and investors, thus expanding their growth potential.

Furthermore, BAN incessantly works towards integrating the Nagaland business community with mainstream markets, making them more competitive in the dynamic business environment. By facilitating the acquisition of the best practices and latest trends, BAN ensures that the community maintains its relevance in the continuously evolving market landscape.

Points of Discussion

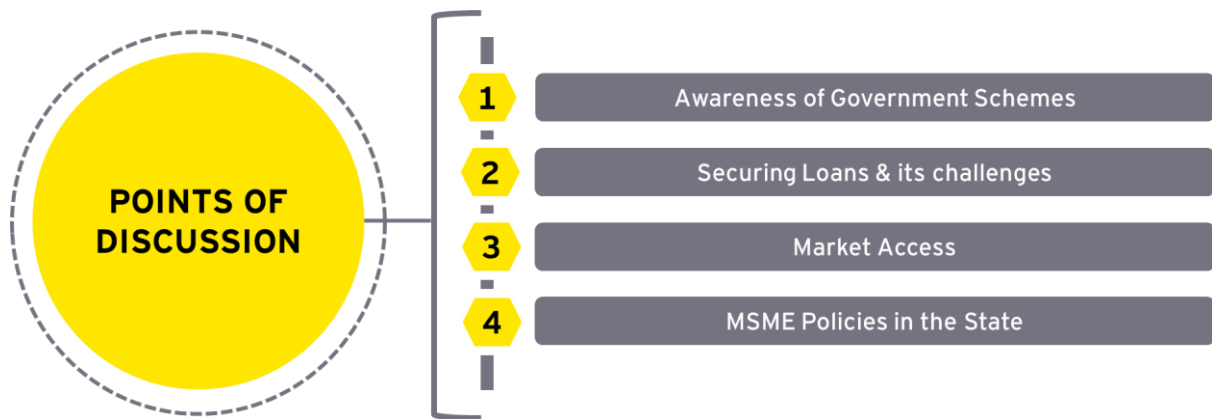


Figure 38: Discussion points with Business Association of Nagas (BAN)

Insights from Interaction with BAN

Table 33: Insights from the meeting with Business Association of Nagas (BAN)

Insights	Description
Lack of a robust Industrial Policy in Nagaland	The State Industrial Policy which was framed in 2000 and later revised in 2004 was not implemented in a proper way
	The association also highlighted that due to lack of proper policy in place potential investors wanting to invest in various projects in Nagaland have backed out in the past
	At present, the Department of Industries and Commerce is in process to replace the two decades old State Industrial Policy

Insights	Description
Businesses not aware of Central/State Government Schemes	Communication channels where various beneficiaries of schemes floated either by the central/state government is not being created or if created for some schemes have very little reach
	They highlighted the fact that the potential beneficiaries either had to go to the departments or get the information through WhatsApp and social media channels forwarded by a third-person and not the department
Difficulty in securing loans	Many businesses are unaware on how to pitch their business ideas to secure loans from banks or be a beneficiary of centrally sponsored schemes.
	As per BAN's interaction with various enterprises with the activities they are engaged in, majority have some requisite documents to process loans but not all documents are available with them at the same time
	One major hurdle faced by individual trying to set up businesses is that banks are reluctant to issue loans in absence of collaterals.
Market Linkages not functioning properly	The unregulated nature of markets especially in agriculture and a fragmented supply chain is a huge hindrance
	Nagaland being an agriculture dominated state, the only place for farmers to sell their produces are in unregulated 'mandies' or 'bazaars' where the middlemen exercises authority on the prices.

Suggested Interventions

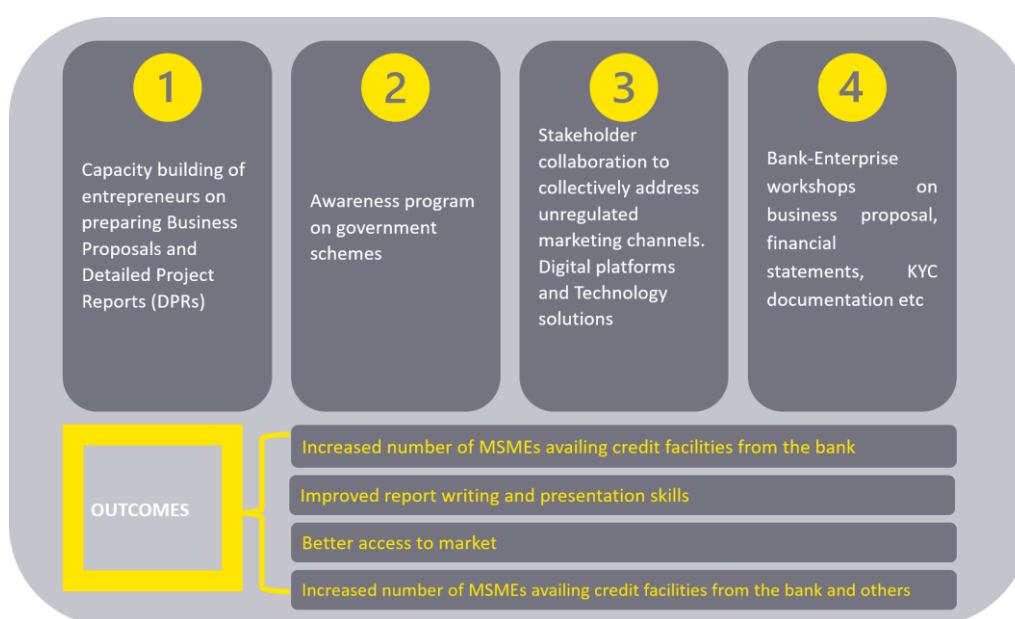


Figure 39: Initial Recommendations as per meeting with Business Association of Nagas (BAN)

5.9.2 Kohima Chamber of Commerce & Industry (KCCI)

The Kohima Chamber of Commerce and Industry (KCCI) works as a premier institutional body and a voice for businesses and commerce in the capital city of Nagaland, India. Focusing on the overall development of commerce, trade, and industry in the region, it provides a platform for local businesses to engage with each other, fostering a positive business environment and driving economic growth.

It provides a broad range of services, including advocacy, networking opportunities, information services, and business advice. Through its initiatives, it helps to guide businesses in various sectors such as retail, manufacturing, real estate, hospitality, and professional services and promotes sustainable methods and practices within these businesses.

KCCI also has a significant role in engaging with policymakers at the local, state, and national levels, raising issues that directly impact the business community and advocating for favorable policies which foster a conducive business environment. They work closely with government bodies, seeking to establish an effective dialogue between the business community and the government.

In addition, KCCI frequently organizes business forums, events, workshops, and seminars aimed at expanding knowledge, building capacity, and promoting networking among its members.

Insights from KCCI

Table 34: Insights from the meeting with KCCI

Insights	Description
Irregular electricity	As per the officials of KCCI, due to irregular power cuts in the state capital micro enterprises engage in small scale manufacturing or value-added products in agri sector suffers from scaling up or meeting their targets.
Land & rent issues	The officials also highlighted that in the past 15-20 years it is getting difficult to set up new businesses in Kohima due to high rent which is a result of limited availability of real estate
Financial literacy lacking among businesses	While most businesses have a certain knowledge about book-keeping, businesses wanting to scale up their operations, lack of financial acumen which also makes it difficult for them to secure loans
Difficulty in securing loans	In our interaction with KCCI, businesses wanting to secure loans either do not have the proper documentation or have irregular repayment records
	Some businesses may have all the requisite documents but they are not aware of the various loan products available to them which makes them choose the wrong loan product

Insights	Description
	Even as the bank are willing to provide loans, they may not get the full amount required by the business/entrepreneur

Suggested Interventions

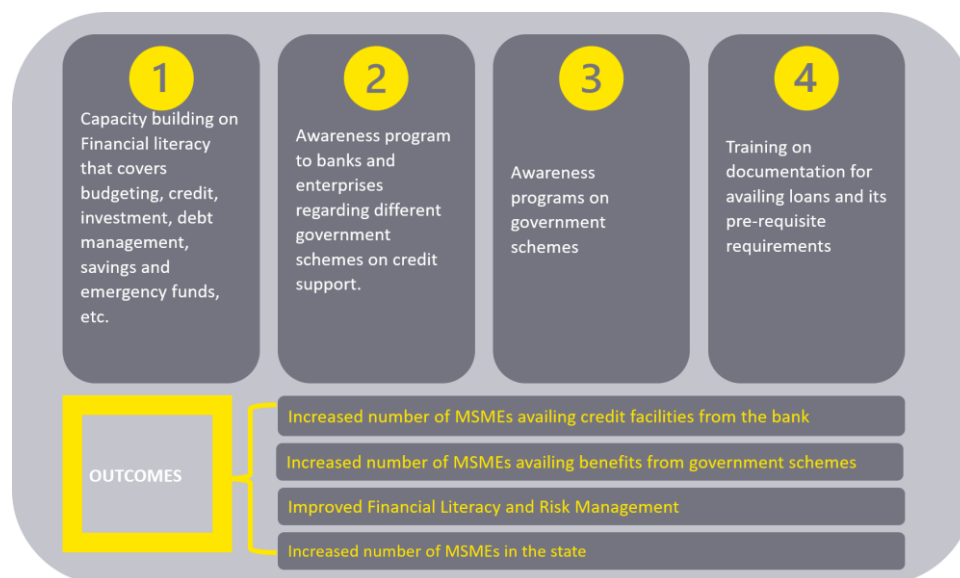


Figure 40: Initial Recommendations from the meeting with KCCI

5.9.3 Women Entrepreneurs Network Nagaland (WENN)

Women Entrepreneurs Network Nagaland, abbreviated as WENN, is an association composed of dynamic female entrepreneurs. Their mission is to foster an environment conducive to the proliferation of female-led entrepreneurial initiatives in Nagaland. WENN offers membership to all female entrepreneurs and businesses spearheaded by women.

WENN aims to address the need for a women led entrepreneurial ecosystem bringing in knowledge, skillsets, access to credit, market linkages, mentorship, infrastructure upgradation, etc.

Insights from WENN

Table 35: Insights from the meeting with Women Entrepreneurs Network Nagaland (WENN)

Insights	Description
Primary Wage Earners	Many women are the primary earners in the family earning Rs. 5000-10000 per month
Lack of Business Skills	Most women coming to workshops, skill development programs organised by WENN have very little knowledge about the business they want to delve in

Insights	Description
Apprehension on taking credit/loans	While many women entrepreneurs are keen on accessing credit through various financial institutions or government schemes, a significant percentage of women WENN has mentored are not open to the idea of taking credit/loans as they fear they may not be able to pay it back
Lack of Mentors	As per the discussion with WENN officials, one of the main problems faced by women in the state is the lack of good mentors who can guide them in their businesses. In this regard, they have highlighted that if good mentorship is provided to these young women entrepreneurs the issues stated above is secondary since they have the capacity to excel in their business and also many being the primary earners have the responsibility and accountability to start their own ventures

Suggested Interventions

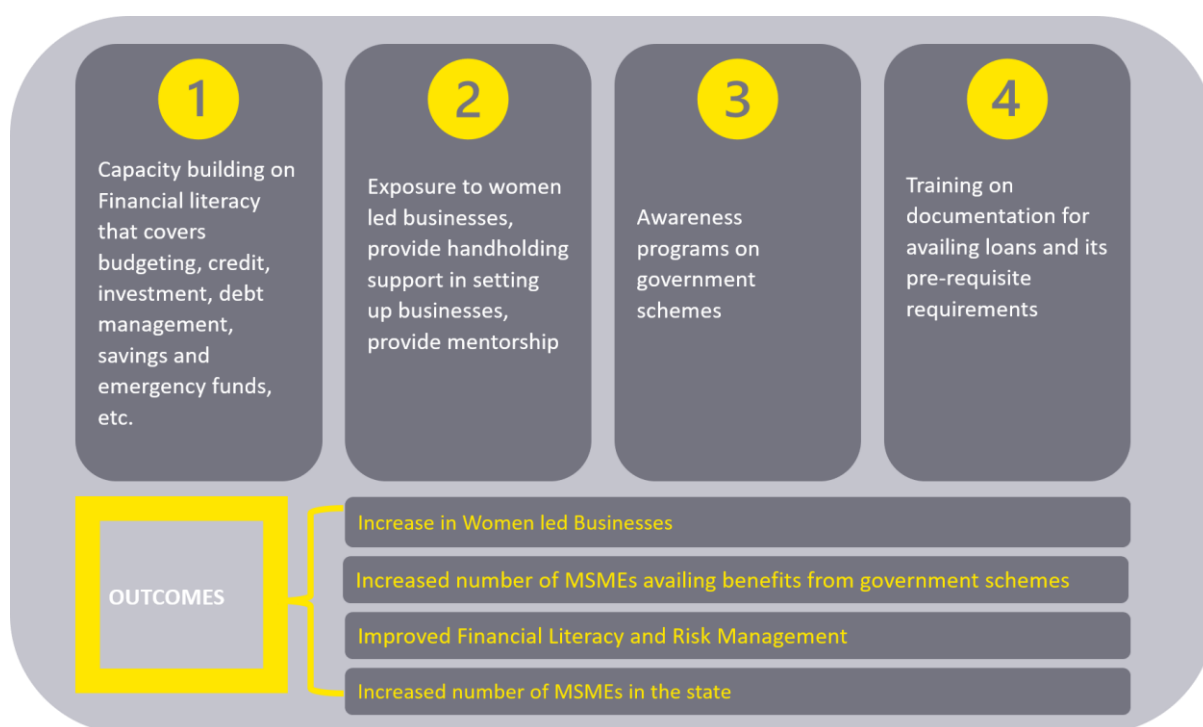


Figure 41: Initial Recommendations from meeting with Women Entrepreneurs Network Nagaland (WENN)

5.9.4 Young Indians (Nagaland Chapter)

Young Indians (Yi) is an integral part of the Confederation of Indian Industry (CII), a premier business association in India. Established in 2002, Yi is a dynamic and rapidly growing platform for young Indians between the ages of 21 and 45 years. It forms a substantial and influential network of progressive Indians who are dedicated to creating a sustainable and inclusive future for the nation.

Yi has approximately 3,500 direct members and aims to influence, inspire, and motivate millions of youths across the country indirectly. It enjoys an outreach in 25,000 colleges, through its numerous projects encompassing the areas of education, health, environment, and rural initiatives.

Yi's vision centres around becoming the voice for young Indians, with a commitment to nation-building and asserting a positive influence on Indian society. Yi operates on the principle of the three pillars of leadership: thought leadership, youth leadership, and business leadership.

Under the thought leadership umbrella, Yi initiates interactive sessions with eminent personalities from different walks of life. To foster youth leadership, Yi involves students across India in initiatives to develop their leadership skills, and as future torchbearers of the nation. Simultaneously, Yi also promotes business leadership by providing a platform to young entrepreneurs and professionals to interact, learn, and grow together.

The organization encourages innovative entrepreneurial endeavours, policy advocacy, social change, and thought leadership. Yi's work further includes initiatives in areas like public health, education, environment, rural development, skill development, arts, and disaster management.

Yi (Nagaland Chapter) has 51 members most of them comprising of young entrepreneurs. EY attended a workshop conducted by the Young Indians (Yi) - Nagaland Chapter in Dimapur, where various insights on the business landscape were shared to EY by 32 Entrepreneurs. The compiled list of insights is given below in Table.

Insights from Yi (Nagaland Chapter)

Table 36: Insights from the meeting with Young Indians (Nagaland Chapter)

S. No.	Parameters	Questions	Recommendations
1	Access to Finance (Loans / Working Capital /Equipment Purchase /Credit Note, etc)	Is the environment (financial) conducive for MSMEs?	No dedicated MSME policy from the state. No dedicated Department in this regard. Also, State Industrial Policy is vague or not practical
		What is the biggest challenge? Is it the process, the policy or awareness?	Policy framing and most importantly execution of the policy. Awareness is secondary
		What is the main reason for application rejection?	Businesses have very little knowledge on how to frame their business ideas to secure loans/credit
		Is the issue more prevalent with Micro, Small, or Medium enterprises?	Most businesses in Nagaland are Micro enterprises
2	Market Linkages / Market Support (Exhibitions /Trade fairs / empanelment with OEMs /	How to enhance Competitiveness? How to go global?	Proper policy formation regarding these issues. Also, the Industrial Estate and SEZ in Dimapur is underutilized
		Is there a dissonance between industry requirements and delivery?	Yes. Supply Chain is fragmented. Difficult to connect with buyers

S. No.	Parameters	Questions	Recommendations
	Connect to Anchor Buyers)	Lack of awareness about market, digital outreach and other aspects?	Most Businesses are aware of online marketing but seldom uses it
		Is there enough support from the government?	Not Enough. But many entrepreneurs are also not 'consistent' with their business ventures
3	Initiatives for Women and Marginalized sections	Are the existing policies not enough for Women and marginalized sections	No
		What is the biggest challenge? Is it the process, the policy or awareness?	State Government has made many initiatives in the state but still more needs to be done
		What support can be expected from the government to increase these sections presence in MSME	Firstly, to formulate a MSME friendly Industrial Policy to replace the redundant policy of 2000
4	Green Initiatives(Certifications / Plant and Machinery)	What do you think about greening initiatives? Do you think it is needed?	Upcoming entrepreneurs are open to greening initiatives but reluctant to invest in it
		Is there enough awareness/information regarding green initiatives and why it is needed?	Yes
		Will greening be better for business in short/long term?	Long Term, maybe. No businesses at the moment have fully dedicated themselves into greening initiative although some are going towards using less plastics
5	Capacity building and Skill Development	Are there enough Labours (Skilled/Semi/Unskilled) as per industries requirement	Most of the labours are semi-skilled
		What are the major challenges in skill development and capacity building?	Identifying correct people to train. Most of the people trained leaves the business entity in 1-2 years
		Requirement and capacity building of Mid/senior management	Needed.
6	Scheme Implementation (both Central and State Govt.)	What do you think about the existing schemes and their implementation?	Lots of good schemes. But implementation is the problem
		Where is the challenge? Is it in scheme design, or its implementation?	Implementation
		What are the steps the govt. can take to improve the schemes?	Streamline the application process at the very least. Make in online.

S. No.	Parameters	Questions	Recommendations
		How to increase the awareness of the schemes among the public? Digital/other ways?	For Nagaland, newspapers is one of the main communication channel. And also, the department websites needs to properly communicate the latest schemes and their progress.
7	Technology Upgradation Support	What are the challenges in technology upgradation? Finances? Apprehension in using new tech/others?	Cost associated with upgradation
		Is there enough R&D for sectors and new tech?	Almost zero
		Is there a benefit of technology upgradation?	The businesses/entrepreneurs see the benefit but due to cost factors they are not willing
		What steps can be taken for promoting tech upgradation? What kind of support is expected?	Firstly, regular supply of electricity is needed. Lots of power cuts in the state hence using generators is a financial burden in the long run. And the cost associated with running a business with diesel generators hinders them to invest in new technology.
8	Other Handholding Activities	Is the incubation support enough? Do start-ups get good handholding support?	The past 5 years have been a great start for start-ups in Nagaland. Lots of support and mentorship is in place. But without a robust State industrial Policy to complement the Start-Up policy of 2019 things will not improve
	► Patent		
	► Incubation Support		
	► Accelerator Support	Testing labs/incubators, accelerators and other facilities are useful?	Yes. But more is needed
	► Marketing and Branding	What kind of support is needed for marketing and branding?	For marketing, buyer-seller connect workshops are needed. As for branding, the businesses/entrepreneurs may not need that much support.

Suggested Interventions

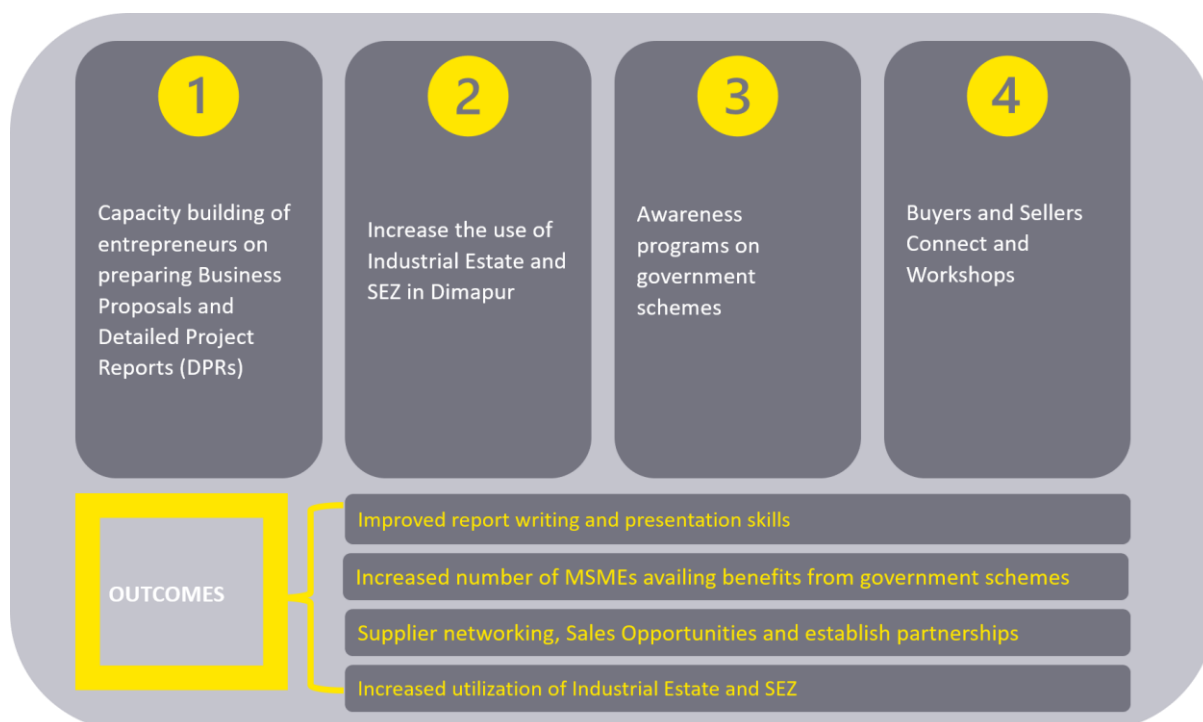


Figure 42: Initial Recommendations from the meeting with Young Indians (Nagaland Chapter)

5.10 MSME Units

Industrial Estate Dimapur

The Industrial Estate in Dimapur, Nagaland, is a significant hub for industrial and economic activities in the region. Established by the Nagaland Industrial Development Corporation (NIDC), it serves as a platform for numerous small and medium scale industries. Most of these industries are engaged in creating handicraft items, woodwork, bamboo products, and cultivating organic and tropical fruits. The main objective is to boost the local economy, generate employment opportunities, and promote entrepreneurship amongst the local populace. The main advantage of this estate is its connectivity to major transportation channels ensuring easy access for businesses to market their products.

Insights from Industrial Estate Dimapur

Table 37: Insights from the visit to Industrial Estate Dimapur

Woodworking & Metal Fabrication Enterprises			
S.No	Enterprise Name	Contact	Key Challenges
1	Mechanised Molted Beads & Woodworks	9862564725	a. Raw materials cost rising every year. Wood, Bamboo, and steel prices rising every year.
2	Beats Designing & Wood Working Unit	841589733/ 7085750503	
3	Touchwood Enterprise	8974003213	b. Not aware of most of the government schemes for MSMEs
4	Alie Meyase Mechanise	9436003872	
5	Naga Wood Designing Unit	9862489709	c. Irregular electricity hampering their productivity. Fuel cost for generators rising every year
6	Nokenwar Wood Working	9436006902	

Woodworking & Metal Fabrication Enterprises			
S.No	Enterprise Name	Contact	Key Challenges
7	Pongen Steel Fabrication	9862590758	d. Criteria to avail loan products for businesses from banks and also from government schemes too stringent/strict. Hence, many of them are taking personal loans at higher interest rates
8	Jamir Moulding Beat	9612910833	e. Government Schemes too inconvenient to apply. The potential scheme beneficiary has to visit many departments to get information for the targeted schemes
9	Aier Furniture Unit	7005571232	
10	Jenty Steels & Hot mix	9612901484/ 8837275578	f. Lack of skilled workers especially for latest machineries. The enterprises have to call up service teams based out of Kolkata & Guwahati to repair/service machineries if it breaks downs
11	Modern Mechanized Furniture Unit	9366368231	
12	Akaha Mechanized Furniture	8974588051	g. Lack of clarity of MSME schemes even among the government departments thereby discouraging the enterprises
13	Tzudir Mechanised Furniture Unit	8415082373/ 7005952264	
14	Senkey Mechanised Furniture	9436064047	h. Cost of Procuring latest machineries too high. Bank Loans or Schemes to procure such machineries not easy to secure.
15	M/s Mechanised Furniture Unit	9856277382	
16	Imchen Mechanised Furniture	9077375200	I. Infrastructure Support is required. The available space in Industrial Estate is too small and many sheds/buildings are not safe to operate
17	S.J. Fibres Unit	9612874371	
18	Tiles Manufacturing Industry	9612822286	

Table 38: Contact Details of Agro Food Enterprises located in the Industrial Estate, Dimapur

Agro Products Enterprises			
S.No	Enterprise Name	Contact	Key Challenges
1	Lim Food Products	9862047479	a. Branding of products are key challenges

Agro Products Enterprises			
S.No	Enterprise Name	Contact	Key Challenges
2	Zonee Food Products	7006805690	b. Demand is available for the products but raw material supply from farmers/cultivators can be a challenge
3	M/s Woodland Products	8415920772	c. Most of the enterprises in this category is owned by women or has a good percentage of women as proprietors/partners but most of them are not aware about government schemes targeted for women
4	Moz Agro Industry	7005092139	
5	Northeast Pure Beverages	7627986389	
6	Viva Beverages	7627986389	d. Most enterprises interested in certification of their food products but lab testing cost, certification cost, etc is a hindrance. Also, the unavailability of adequate number of food testing centres in the state is a hindrance
7	Tsuipu Food Products	8787687578	

Suggested Interventions

While most of the challenges discussed are related to infrastructure, and technology, here are some of the soft interventions that RAMP could address.

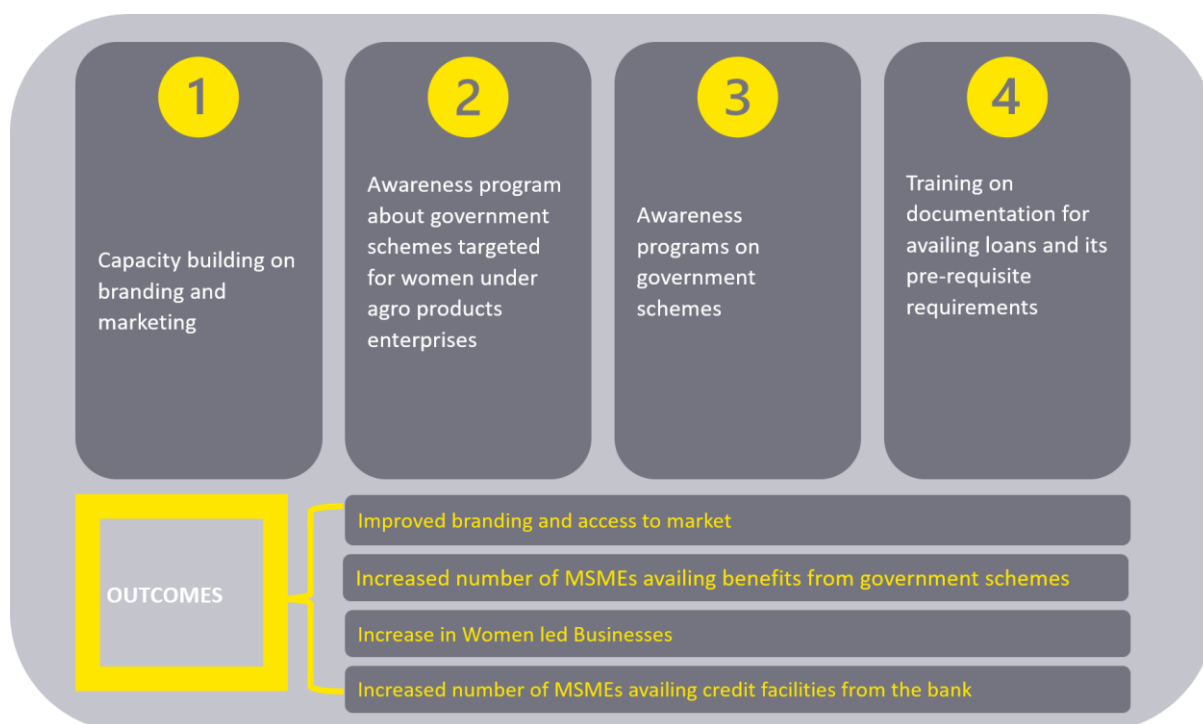


Figure 43: Initial Recommendations as per visit to Industrial Estate, Dimapur



--- Diagnostic Assessment

5(c) Diagnostic Assessment

To prepare an effective roadmap for MSME ecosystem transformation in the state, it is important to understand the current situation and needs of the MSMEs in the state. The diagnostic study is therefore the first step towards the transformation of the MSME ecosystem. The diagnostic exercise which was carried out was mix of desk research covering existing report, stakeholder interviews and focus group discussions and MSME surveys. The overall approach and methodology in preparing the Diagnostic study is summarized as below:

- ▶ **MSME surveys:**
 - 1000+ surveys conducted using stratified random sampling method
 - Covered all 16 districts from Udyam portal
- ▶ **Stakeholder Discussion:**
 - Discussions held with various stakeholders
 - Aimed to understand requirements for drafting SIP
 - Stakeholder suggestions and views considered during report preparation

5.11 Description of Survey

The survey design was primarily guided by the MSME landscape in Nagaland. We used, stakeholder consultations coupled with desk research to develop understanding of the state and decide on the sample drawn from each district. Key data sets to be included in questionnaire were identified and is presented below:

- a) Basic Information
- b) Business Environment (Running and starting of Business)
- c) Product Specific Information
- d) Access to Market
- e) Market Linkages in terms of channels through which you sell product
- f) Marketing assistant scheme (Exhibition/ Trade Fair/ workshop/ vendor development
- g) programmes)
- h) Technology
- i) Product Standard
- j) Testing & Certification
- k) Infrastructure Challenges
- l) Employment
- m) MSME Capabilities
- n) Access to Finance
- o) Greening Initiatives
- p) SAMADHAN Platforms (Online)
- q) TReDS Platforms (Online)
- r) Govt. e Market place (GEM) platform (Online)
- s) Other Important Policies
- t) Grievance Redressal
- u) Expectations from the State / Central Government (related to infrastructure/training/finance/ Marketing & Branding/ Capacity Building etc.) for growth

It was ensured that questions referring to basic parameters of RAMP we're asked. Separate set of questionnaires were prepared for getting information from clusters and industry association.

5.12 Overview of Survey Results - Registered MSMEs

Based on the survey results of 1,192 enterprises, the following observations is being made:

- ▶ 99.8% of enterprises surveyed are micro enterprises.
- ▶ 64% of the enterprise are in Trading sector, 19% in Service Sector, and 17% are in the manufacturing sector.
- ▶ 64% are male led enterprises and 36% is female led enterprises.
- ▶ Proprietorship and One -Person Company constitutes the major form of ownership with 71.1% and 23.8% respectively.
- ▶ 29.3% of the enterprises are in food processing business.

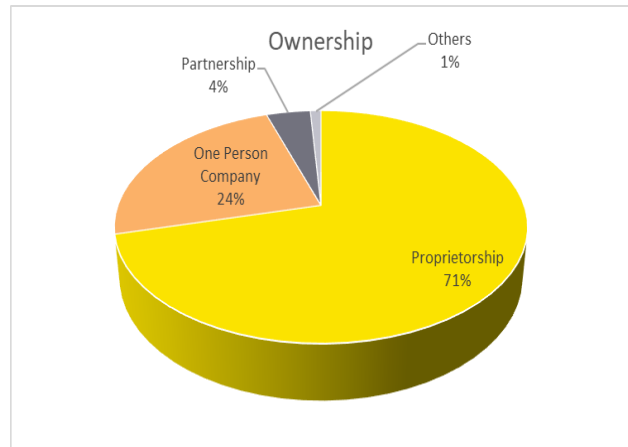


Figure 45: Survey Results - Type of Ownership of Surveyed Enterprises

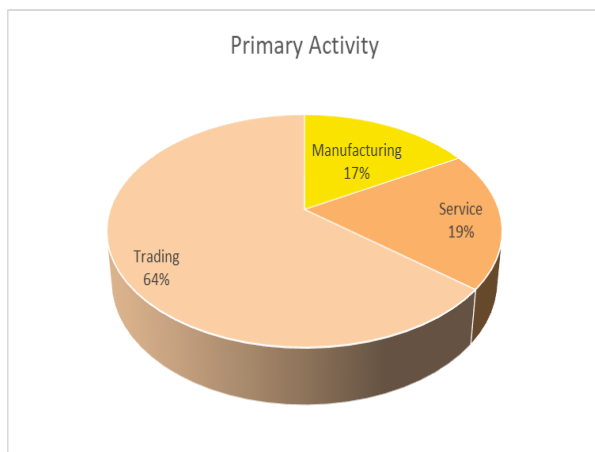


Figure 44: Survey Results - Primary Activity of Surveyed Enterprises

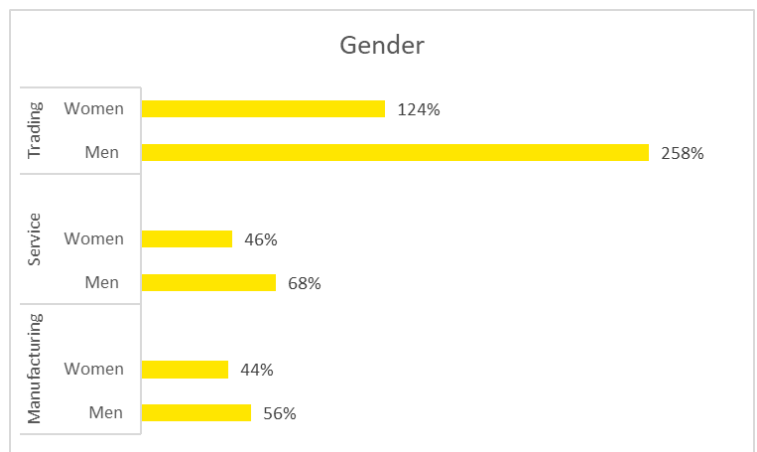


Figure 46: Survey Results - Primary Activity and Gender Correlation

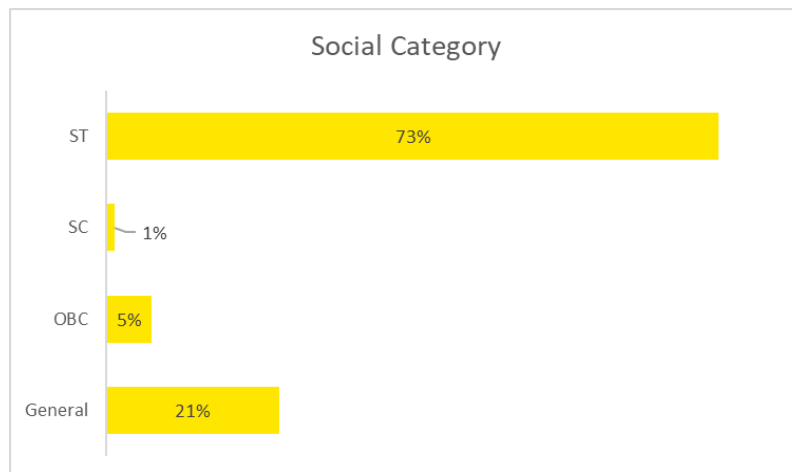


Figure 47: Survey Results - Social Category of Owners

The data from the survey shows that women led businesses constituted 44% in the Manufacturing Sector, 40% and 32% in the Service and Trading sectors respectively. In the social category classification, 73% of the enterprises were owned by ST owners followed by the General category owning 21% of the surveyed enterprises.

5.12.1 Financial Assistance to MSMEs

The success of Micro, Small, and Medium Enterprises (MSMEs) is highly dependent on securing suitable finance. They typically have scarce resources, challenges in offering

collateral security, and barriers to gaining loans from conventional lending institutions. Critical to the significance of attaining finance for MSMEs is its role in facilitating business investment. Such enterprises require starting capital to initiate activities, acquire raw materials, engage employees, and manage other costs. In the absence of financial provision, these businesses could experience challenges in starting up, and this could also hinder their growth potential. Additionally, loans can assist MSMEs in business expansion, penetration into new markets, and enhancing their market competitiveness.

A comprehensive study on the financial landscape of the state MSMEs was executed wherein certain important findings have been discussed and highlighted below.

When it comes to credit preferences, we can observe the following:

- ▶ The survey result shows that MSMEs in the state resort to peer lending (>50%) when it comes to seeking capital to start their businesses or run their enterprises to fund their expansion, or upgradation.
- ▶ Formal lending institutions like commercial banks are preferred by only 17.9% of the respondents in the survey, cooperative banks and Small Finance Banks preferred by only 11% and 5.4% of the respondents.
- ▶ One significant observation which can be seen is that the informal lending market has a significant preference of 14.5% by the respondents of the survey

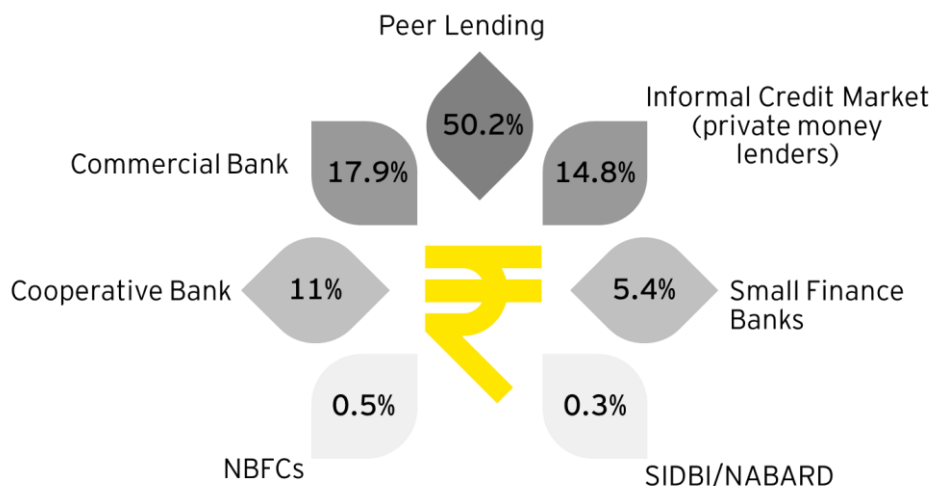


Figure 48: Survey Results – Credit Preference

As seen in Figure above, peer lending and informal lending constitutes a combined preference of 65% when it comes to availing credit. Through our discussion in different stakeholder meetings, FGDs, consultative meets, and roundtable conferences, various insights regarding the accessibility of the financial institutions to provide credit were brought out. Issues like collaterals, high interest rates, time taken to sanction loans, or the sanctioned amount being very less were some of the key outcomes when MSMEs would approach the formal banking sector for credit funding.

The insights discussed during the stakeholder meeting were also reinforced with the survey data showing very similar observations. The challenges faced by the MSMEs when they approach the banks for financing their businesses are highlighted below:

- ▶ 21% of the enterprises responded that banks reject their loan application because of insufficient collateral from the enterprise owners.

- ▶ 13% responded that if the banks decide to sanction loans, then the sanction amount is less the applied amount.
- ▶ Another pertinent issue faced by the MSMEs is the high interest rate. 15% of the enterprises responses was directed to this hindrance.
- ▶ 15% of the enterprises responded that the paperwork is cumbersome while 9% responded that the time taken to sanction the amount is very long.
- ▶ A significant 24% of the enterprises responded that they did not face any challenges while accessing bank loan which we can also infer is a subset of those enterprise who have responded that their preference for availing credit is the formal banking sector (commercial banks, cooperative banks, Small Finance Banks, NBFCs) from Figure below which stands at 35.3%.
- ▶ 8 % responded that they do not need this type (loans) of financing.

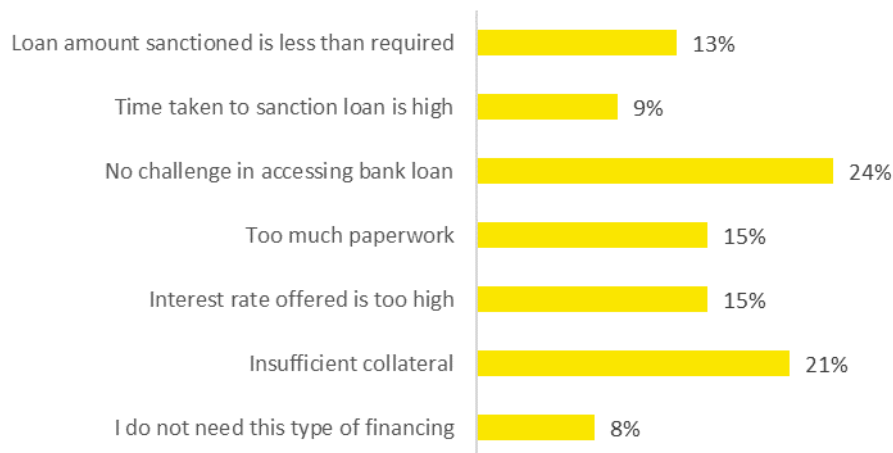


Figure 49: Survey Results - Challenges in Financing

As per the enterprises, the primary obstacles to obtaining loans from formal financial institutions to be high interest rates, collateral requirements, and extensive paperwork, among others. Despite the availability of several relief programs such as the Scheme for Interest Subvention to Nano-Units, Entrepreneur Support Scheme, and CGTMSE, enterprises still face challenges in acquiring credit. Additionally, discrepancies between the loan amount requested and sanctioned, as well as the processing time for applications, are of significant concern. These issues may correlate to the size of the enterprises in question, which in turn might be due to a more rigorous review of their loan applications.

Credit ratings significantly influence lending decisions, with higher ratings implying lower risk for lenders. The importance of MSME being aware of credit rating is a crucial factor for MSMEs in Nagaland to secure loans. The survey data on credit rating awareness among the MSMEs in Nagaland presents a very dismal figure:

89% of the enterprises are not aware credit ratings, credit rating agencies, CIBIL scores, and it is important to have a credit history data of the enterprises with the banks.

Only 1% have avail it while 10% of the enterprise responded they have limited knowledge about credit ratings but no detailed knowledge on how to avail it or how credit rating scores are calculated or enhanced.

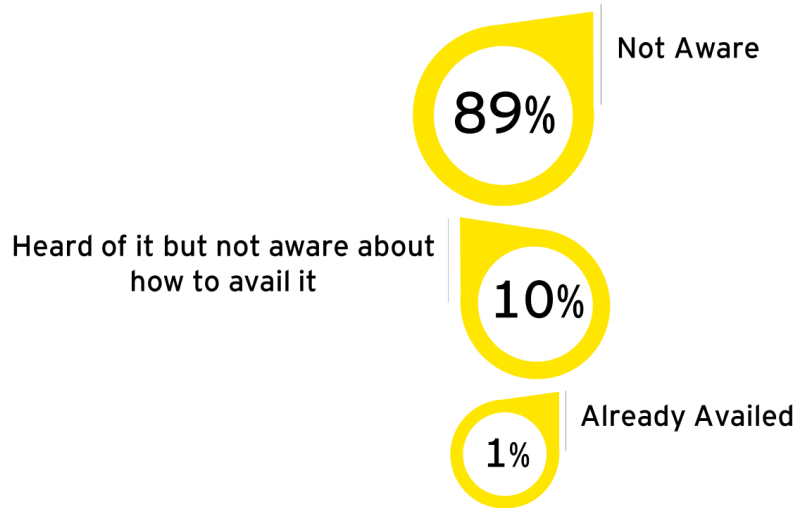


Figure 50: Survey Results - Credit Rating Awareness

With inference from the survey result on Access to Finance and stakeholder consultation, we can observe several factors for the low performance of MSMEs in acquiring finance for their enterprises:

- ▶ Loan refusal often due to **limited credit history**, missed payments, or defaults. Improving creditworthiness can involve paying bills on time and reducing debt.
- ▶ Lenders often require **collateral**; businesses without sufficient assets may struggle to gain financing.
- ▶ The **loan application process, complex and time-consuming**, can be difficult for businesses lacking in resources or expertise, and might be eased with the help of a financial advisor or accountant.
- ▶ Rejection might result from **incomplete application information or financial statement errors**. An experienced financial advisor or accountant can ensure application completeness and accuracy.
- ▶ Lenders may **hesitate to finance small businesses** due to repayment concerns. Microloans or crowdfunding might be accessible alternatives for start-ups.
- ▶ Financing could be challenging for new entrepreneurs due to **lack of experience** or track record. Mentorship can help build skills and credibility and increase chances of securing finance.
- ▶ Lenders may hesitate to finance **businesses with poor performance histories** or insufficient revenue. Improving business operations and financial performance can make businesses more attractive to lenders

5.12.2 Technology Upgradation for MSMEs

Technological modernization is imperative for MSMEs to remain competitive in the rapidly evolving business sector. With the emergence of novel technologies and a gradual shift towards digital solutions, businesses that don't keep up may be at a competitive disadvantage. Through technological enhancement, MSMEs can elevate their operational proficiency, minimize costs, and bolster their overall competitiveness.

Technological modernity becomes a necessity due to a transforming business environment and customer demands. For instance, the rise of e-commerce compels businesses to embrace digital technology to efficiently engage with customers and manage their supply chain. Similarly, growing customer preferences for personalized products and services

necessitate the adoption of technologies that facilitate product customization and production-process adaptability.

For the expansion and advancement of MSMEs, enhancing productivity and upholding product quality are critical, with technology acting as the cornerstone for both. Given this backdrop, MSMEs were surveyed to identify the significant obstacles they face when trying to implement technological upgrades. Most enterprises reported experiencing at least one challenge when incorporating technological enhancements into their production processes.

The survey conducted among the MSMEs was aimed at finding out any hindrances and roadblocks facing these enterprises. The following observations were made:

- ▶ 60% of the enterprises responded they faced no issue when the enterprises wanted to adopt new technology.
- ▶ A significant 23% responded they lack the awareness regarding the latest technology.
- ▶ Lack of handholding support (3%), bad internet connectivity (3%), High Procurement cost of the Technology (3%), inability to avail financial support to upgrade to new technologies (3%), were the other factors highlighted in the survey

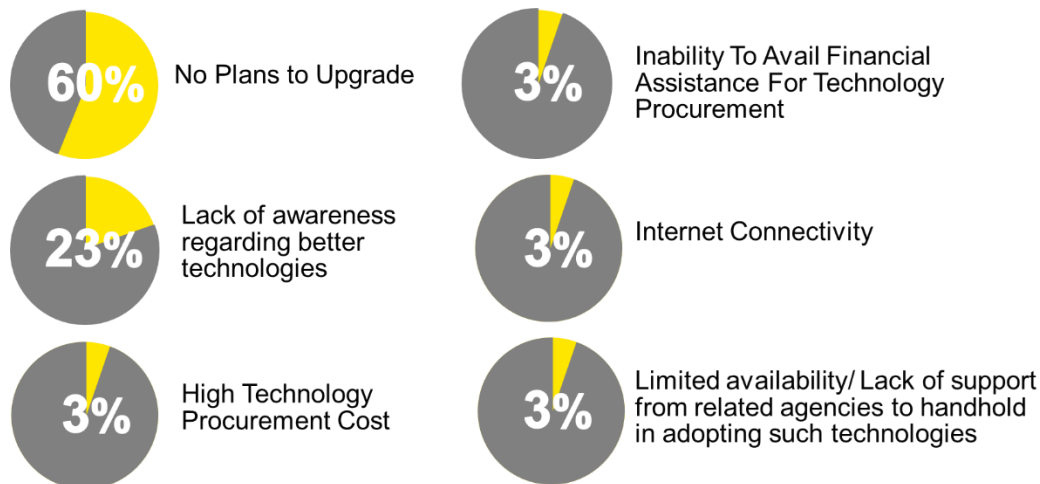


Figure 51: Survey Results - Technology Adoption of Surveyed Enterprises

It is concerning that of the MSMEs surveyed 23% are not aware of new technologies. While other factors highlighted are important in equal measures, the prime factor towards upgrading to new technology or availing government schemes such as CLCS-TUS is being aware of upcoming technologies which are efficient and greener.

The survey highlights the need for more awareness towards schemes such as Credit Linked Capital Subsidy scheme for Technological Upgradation Scheme (CLCS-TUS) which can provide financial assistance to MSMEs - this can be achieved through interventions such as capacity building programs on the benefits of technology adoption, awareness programs on new technologies. High cost of technological adoption also highlights the need for greater investments and innovations in technology which are MSME friendly in terms of cost.

5.12.3 Cluster Development & Infrastructural Assistance to MSMEs

Cluster development approach is being adopted by the state and the central government as a key strategy to enhance the competitiveness, productivity, and capacity building of MSMEs in the state and country.

Enterprises in a cluster are characterized by:

- ▶ Complimentary production methods, quality controls, testing processes, pollution control, consumption of energy.
- ▶ Similar marketing practices and identical technological levels
- ▶ Communication channels which are similar
- ▶ Enterprises in clusters face similar challenges.

The survey data clearly shows that 97% of the enterprises are not part of any clusters, Farmer Producer Organisations, Industry Association, or co-operative societies. Only 2% subscribes to being a member of an Industry organisation and 1% enterprise being a member of co-operative society. A dismal 0.09% (n=1) of the enterprises survey was part of a cluster.

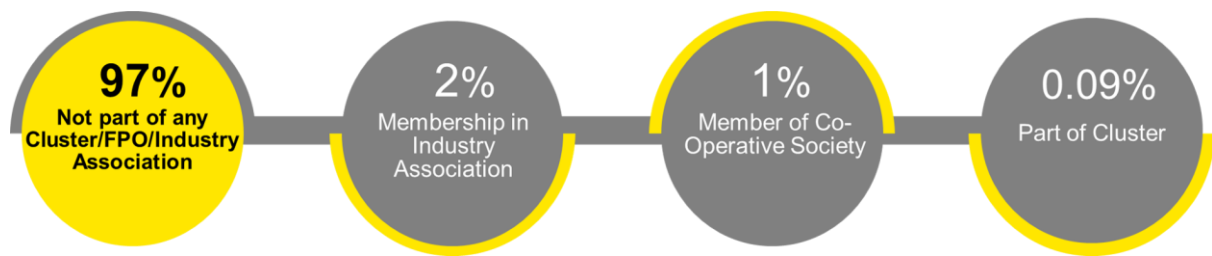


Figure 52: Membership of Surveyed Enterprises

One factor for the very low membership in clusters among the surveyed enterprises can be the low number of clusters spread out across the state. The CFC identified and sanctioned through MSE-CDP is still ongoing completion. None of the surveyed enterprises were part of any FPOs. One can construe that most of these enterprises surveyed are not in the farming sector.

However, the need for an outreach program to get as many enterprises as possible under a cluster or to make them aware of the benefits of a cluster is crucial. The awareness for the need and benefit of a common facility centre or a cluster must be rolled out as part of an extensive outreach program.

Of the surveyed enterprises, a significant 23% are in the food processing sector as highlighted in Figure below. 77% of the enterprises are composed of small stationary shops, general shops, small tea shops, etc. One focus area of the Department of Industries & Commerce through the PMFME schemes is to aid these food processing enterprises. One of the interventions which can be proposed is outreach programs to these enterprises for disseminating the benefits of clusters simultaneously giving capacity building training to these enterprises.

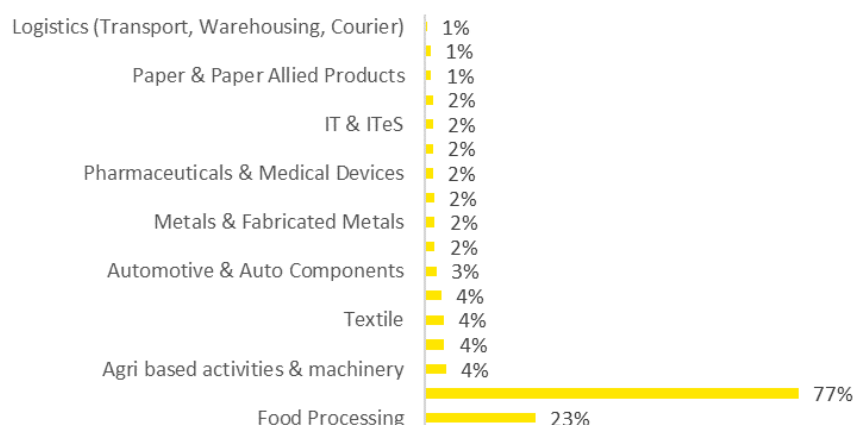


Figure 53: Survey Results - Sectoral Analysis of Surveyed Enterprises

5.12.4 Assistance in Quality Certification

The survey questionnaire also targeted the level of awareness of quality certification amongst the MSME and the types of quality certifications the enterprises have been able to receive. A snapshot of the survey results based on quality certifications is highlighted in the table below. Few distinct observations can be made basis the data received:

- ▶ More than 98% of the enterprises did not have any type of quality certifications.
- ▶ ISO certified enterprises constituted only 0.92% followed 0.42% of enterprises who had their products BIS ISI certified.
- ▶ There was no ZED certified enterprises amongst the surveyed enterprises.

Table 39: Quality Certifications obtained by Surveyed Enterprises

S. No	Types of Certifications	Number of respondents/ enterprises	% of respondents/ enterprises
1	No certification obtained	1171	98.24%
2	ISO	11	0.92%
3	BIS ISI Product certification	5	0.42%
4	Handloom Mark	2	0.17%
5	BEE Star rating	1	0.08%
6	BIS Hallmark	1	0.08%
7	HACCP	1	0.08%
8	ZED	0	0.00%

Suggestions were taken from the enterprises who had at least one quality certification, with particular focus on ZED scheme. The suggestions included support to the enterprise in terms of awareness program or advertisement in the print media local news channels regarding ZED Schemes.

Support for awareness can help these enterprises in gaining a more comprehensive understanding of the advantages of different schemes as well as how these can improve their operations. Workshops, seminars, awareness campaigns, training support can equip MSMEs with the required skills to adequately apply the schemes and to attain the intended

outcomes. This training could be offered through tailored training courses, mentorship, and coaching.

The ZED Scheme (Zero Defect, Zero Effect) is a program initiated by the Indian Government's Ministry of Micro, Small and Medium Enterprises (MSME) to encourage high-quality manufacturing among India's MSMEs. Its objective is to assist these enterprises in meeting global quality benchmarks, minimizing waste, and enhancing their production efficiency. Currently, there are only 2 certified Bronze ZED certified enterprise in the state.

5.12.5 Market Outreach

In the survey conducted, a segment was dedicated to exploring their market access. Queries were made about the destinations their products get to, if involved in exporting to other districts, states, or outside the country, and an understanding of their channel linkages for sales. Furthermore, challenges they encounter during the selling of their products were also documented.

The significance of this data cannot be overemphasized, as it avails an understanding of the coverage of MSMEs' products and gives an indication of their capacity to penetrate new markets. Insights into the channels they utilize for product sales and their market-related obstacles become clear. Such insights could be employed by policymakers in crafting effectual corrective measures and support machineries to help MSMEs in navigating market access hindrances, both within and beyond state/national borders. Similarly, the information gathered could also guide MSMEs in formulating tactics to widen their market coverage and elevate sales.

Interventions based on the evaluation of the survey results for Market Access can be strategize as highlighted below:

- ▶ Data Analysis
- ▶ Identifying the challenges faced by MSMEs
- ▶ Formulate support mechanisms & Interventions
- ▶ Collaboration between MSMEs
- ▶ Facilitate the MSMEs in accessing finance for better market outreach
- ▶ Promoting exports of MSMEs products

5.12.5.1 Primary Markets

A deep dive into the survey results related to Market Access shows that majority of the MSMEs sell their products or services within the district and nearby districts. 87% of the enterprises primary market is within the district and 84% of the enterprises have their primary market both within the district and in the adjoining districts (figure below). More than 99% of the MSMEs surveyed are in the Micro category of MSMEs and the analysis of the combination of Micro MSMEs and primary market shows that this category of enterprise is not able to sell their products/service outside the adjoining districts due to the inability of the Micro MSME to create a network or connections further than their existing primary market.

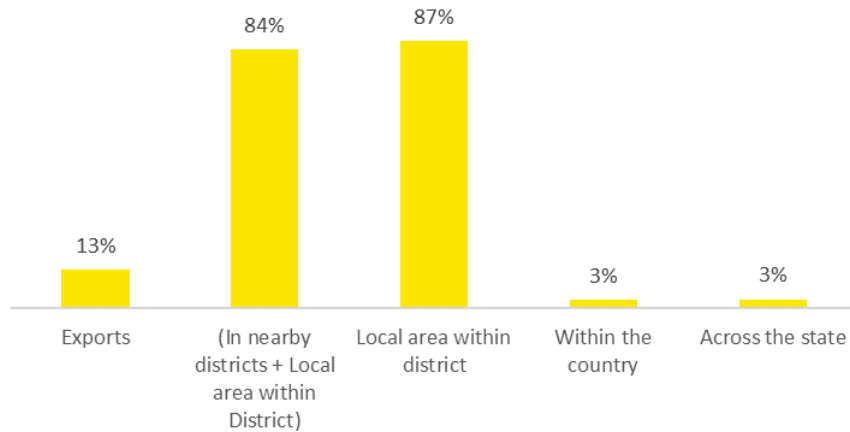


Figure 54: Primary Market for Surveyed Enterprises

The data highlights the imperative for MSMEs to concentrate on broadening the extent of their market beyond state boundaries and to diversify their customer base. In the process, MSMEs can minimize their reliance on a single district or state's economic performance and increase their sources of income. This could be realized through venturing into unexplored markets, new customer base, devising innovative marketing tactics, bolstering their distribution networks, and by capitalizing on e-commerce platforms.

5.12.5.2 Digital Platforms

Adopting e-commerce platform to increase sales and accessing new market even beyond the state must be capitalized by the MSMEs. Social Media platforms such as Facebook, Instagram, and WhatsApp are also being used by businesses to carry out 'online' sales. As per the survey conducted, a significant 60% of them have not used any online platform. Only 21% of the enterprise have less than 10% of their sales carried out through various online platforms while 17% of the enterprises carried out between 10% and 25% of their sales through online platforms.

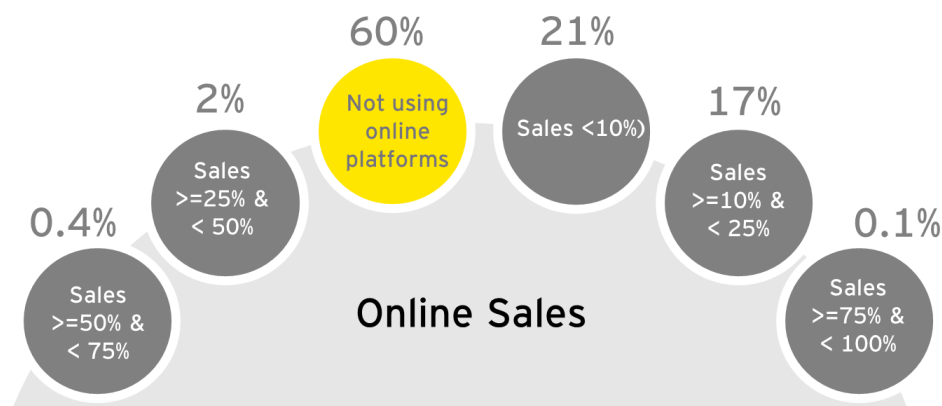


Figure 55: E-Commerce sales of Surveyed MSMEs

The apparent first step towards increasing an enterprises revenue share % from online digital platforms is getting themselves enrolled or registered in these platforms as sellers. The concerning factor here is that 60% have not use any online digital platforms for business purpose. Interventions such as awareness programs, or PR campaigns to promote the use of online platform to negate the high percentage of MSMEs not using online digital platforms for business needs can be initiated.

As mentioned above, awareness is the first key step in increasing the usage of digital platform. The survey results also give us a deep insight into the awareness levels and the utilization rate of the MSMEs towards digital e-commerce platforms. Respondents were group into 3 categories of their awareness levels and a further deep dive into their results shows us some interesting results.

- **Aware but Never Utilized Digital/ Social Media/ E-Commerce Platforms:** Among these respondents, 26% of the enterprise were aware of Amazon but never utilized it. Instagram, WhatsApp, and IndiaMart portal awareness were at 23%, 16%, and 16% respectively. Government e-Marketplace, and ONDC has very low awareness among the enterprises at 2%, and 5% respectively.
- **Utilized Digital/ Social Media/ E-Commerce Platforms:** Of the enterprises who have utilized these platforms and portals, 87% of them have utilized WhatsApp to reach to their customer base. A dismal 1% of the enterprises have utilized ONDC and 0.4% of the enterprises have utilized GeM.
- **Not aware about Digital/ Social Media/ E-Commerce Platforms:** One concerning result which can be seen from this segment is that 70% of the enterprise are not aware of ONDC and 54% of the enterprises are not aware of GeM.

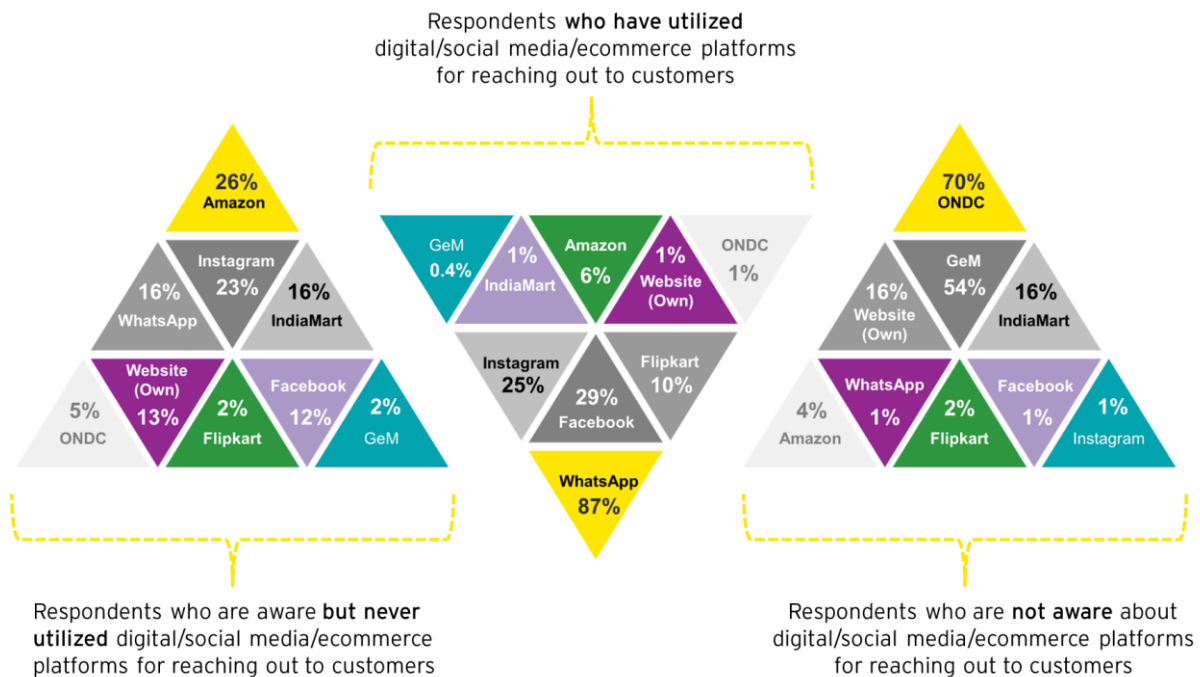


Figure 56: Awareness & Utilization of Digital Platform to reach customers

To understand the impediments towards using digital marketing, the survey also focused on the difficulties faced by the enterprises in using digital platforms. The figure below gives us a highlight on the response given by the enterprises:

- **Low penetration of Internet facility is a major concern for the MSMEs:** Even in urban areas such as Kohima and Dimapur, the internet speed and the quality of existing internet service provider are big hindrances. Rural areas have a much more difficult scenario in this matter. The survey shows that 33% of the enterprises highlighted the difficulty in accessing high speed internet connections.
- **Lack of Financial Resource:** As per the survey more than 90% of the MSMEs had an annual revenue of INR 25 lakhs and below. With profit margins very low in most of

the cases for these enterprises, they are not willing to pay the e-commerce seller fee. 22% of the enterprises surveyed responded they lack the financial resources to enrol and register on such platforms.

- **Lack of staff with relevant skills & knowledge:** In the survey, 16% of the enterprise responded that due to lack of technical know-how of their staffs or themselves, it deters them from using digital platforms. These enterprises may be willing to utilize these platforms but lack of technical or financial skills is a barrier.

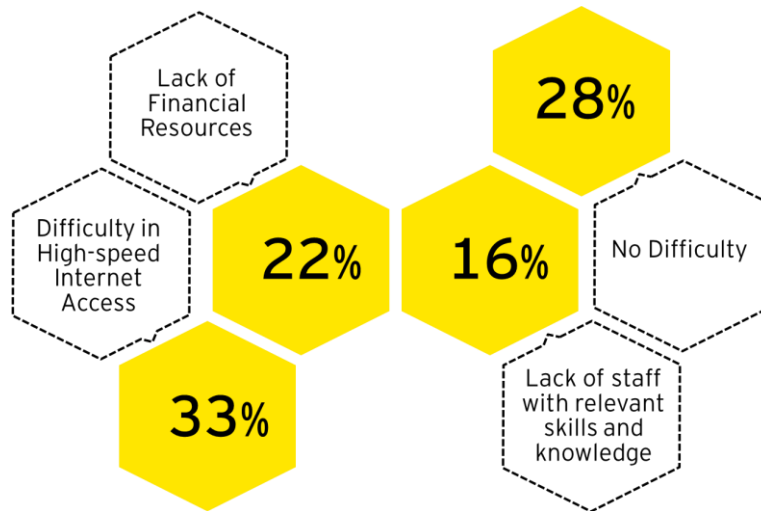


Figure 57: Difficulties in accessing Digital Platforms

To counteract the above issues, awareness programs could address these gaps by providing MSMEs with an understanding of the latest trends in online selling, best practices for optimizing online sales channels, and guidance on how to leverage digital technologies to their advantage. Micro Enterprises could potentially gain from personalized support provisions like individual coaching or mentorship, aimed at assisting them through the complexities of online selling.

5.12.5.3 Marketing & Sales

The vitality of marketing and sales as the driving force behind any enterprise, crucial for its sustainability and development, cannot be overstated. The recent survey we conducted aimed at identifying the key obstacles that enterprises encounter in this area.

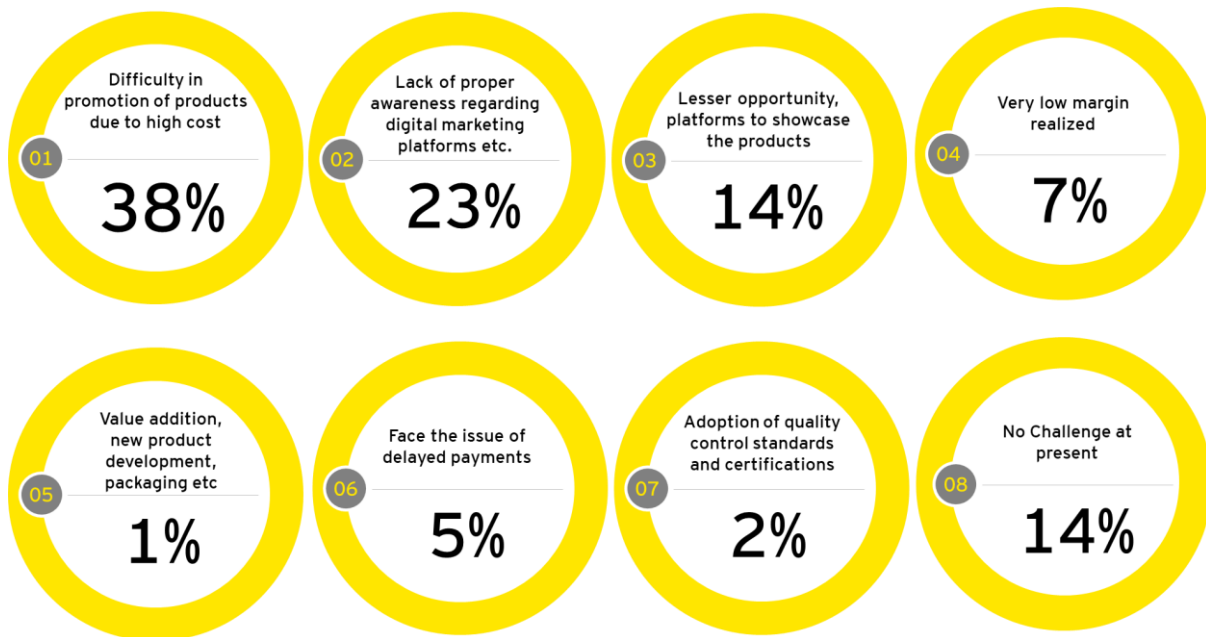


Figure 58: Marketing and Sales Challenges faced by Surveyed MSMEs

The observation from the marketing and sales challenges of the MSMEs from the survey is highlighted below:

- ▶ A considerable 38% of the enterprises in the survey suggested that the considerable cost of product promotion poses a significant hurdle. Marketing promotional activities and an effective strategy to implement is a significant hurdle for many enterprises especially Micro enterprises.
- ▶ Moreover, for a substantial 7% of the enterprises, maintaining profitability is a worry as they frequently secure minimal returns on their goods.
- ▶ While digital platforms are essential for marketing and sales, 23% of enterprises indicated their lack of awareness regarding the use of ecommerce platforms and digital advertising. This indicates the need to enhance digital proficiency and training.
- ▶ The chance to exhibit products is critical for enticing potential customers. However, this opportunity is perceived as limited by 14% of the enterprises.
- ▶ Quality can set a product apart in a competitive market. 2% of the enterprises indicated difficulties in adopting quality control standards and certifications, which can notably affect customer confidence and brand reputation.
- ▶ Adding value to a product can significantly differentiate an enterprise from competitors. Only 1% felt that their progress in areas such as unique features, quality packaging, or new product development has been unsatisfactory.
- ▶ For any business, maintaining a healthy cash flow is critical. From the survey, 5% of participants responded that delayed payments as one of the major issues, which can financially impact their business operations.
- ▶ Only 14% of the enterprises responded they do not face any challenges.

5.12.5.4 Participation in Trade Fair/Exhibition/Vendor Development Programs/ Buyer Seller Meet

Trade shows, exhibitions, supplier development initiatives, and buyer-seller meetings present essential opportunities for businesses to broaden their networks, exhibit their

offerings, and interact with potential customers or partners. Our survey reveals various obstacles that firms face when contemplating involvement in these activities.



Figure 59: Issues Faced Related to Participation in Events

Some of the highlights of the survey results regarding participation in promotion and marketing events is given below:

- ▶ 75% of survey respondents reported being unaware of such events. This reflects a communication breakdown, suggesting a need for more efficient promotion of these events or improved information access for businesses.
- ▶ Our survey also revealed that 8% of enterprise perceive a dearth of such events, indicating a demand for a greater frequency or diversity of these opportunities.
- ▶ Financial factors play a crucial role in business decisions. 4% of enterprise pointed to the financial burdens associated with event participation as a significant deterrence, including setup and logistics costs.
- ▶ In addition, 8% of the enterprise reported unawareness of any support schemes that could offset some costs and assist these enterprises in participating in such events. This emphasizes the need for better dissemination of information.
- ▶ Only 1% of the enterprises responded that previous experiences were unsatisfactory as they felt they did not gain substantial benefit from participation. Multiple factors could contribute to this, from event organization to audience relevance.
- ▶ A significant 6% of the enterprises surveyed responded their disinterest in such events. One factor for this can be the misalignment of the event's objectives and the enterprise's objectives by participating in such events.

5.12.6 Business Operations

5.12.6.1 Access to Quality Raw Material

For Micro, Small, and Medium Enterprises (MSMEs), the effectiveness of sourcing and procuring necessary raw materials can notably affect production schedules, cost efficiency, and product quality. Consequently, examining market access dynamics yields important

information about the hurdles and prospects that MSMEs face in their efforts to obtain regular and superior raw materials for their business operations.

Access to quality raw material in adequate quantity at an optimum price with good logistical support are crucial factors to successfully an enterprise. The survey results on raw materials sourcing and its challenges are described below:

- ▶ Most of the enterprise (77%) responded they do not face any issues regarding procuring raw materials. One reason leading to this can be local sourcing of within their district or local area to reduce procurement cost.
- ▶ 14% of the respondents highlighted the logistics cost to be one of the main challenges due to remoteness and poor road conditions. The transportation cost along with the time taken to deliver goods in such scenarios can prove costly for the enterprises.
- ▶ A small but notable 4% of the enterprises do not get the quantity of raw material they want to procure.
- ▶ One area of concern for 3% of the enterprises were the rising cost of raw materials. Coupled with logistics cost, it serves as barrier for the enterprises in raw material procurement.
- ▶ 2% of the enterprises are not satisfied with the quality of the raw they procure. This puts additional financial burden to these enterprises to procure raw materials from relatively far places which ultimately increases the final price of their products/services.

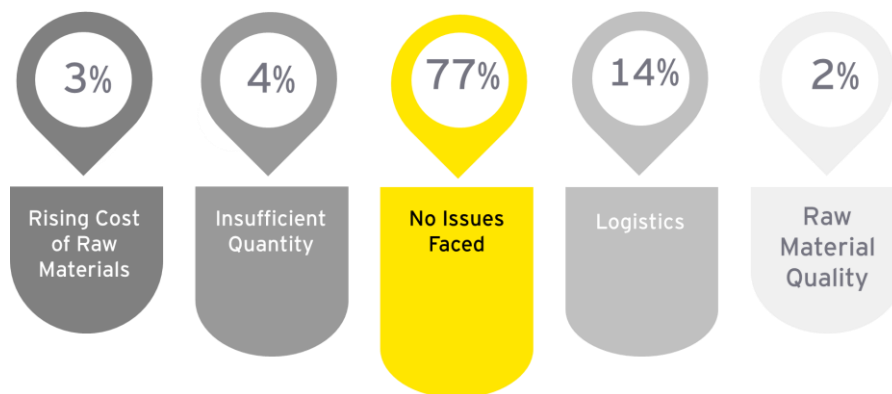


Figure 60: Challenges in raw material sourcing

5.12.6.2 Skilled Manpower

Skilled human resources are crucial for any enterprise as they significantly enhance productivity, efficiency, and overall operational performance. The challenges facing enterprises while hiring skilled workers was also put forward in the survey questionnaires and highlighted below are the results of it:

- ▶ 73% of the enterprises responded they do not face any issues while hiring skilled labour. This can be due to the small business size of Micro enterprise and the nature of business especially in Nagaland where most of the enterprise have a revenue of less than INR 25 lakhs per annum and they usually hire 1-2 person every year.
- ▶ 12% of the enterprises have not hired till date.
- ▶ Due to lack of interest from the local younger generation, 11% enterprises of the face difficulty in hiring skilled workforce. Most enterprises need to grow to attract

young skilled workers. Interventions where enterprises are pushed and motivated to grow while adopting better forms of productions/service needs to be explored.

- ▶ Demand for higher wages from the workers is also a hindrance while hiring new skilled works according to 2% of the enterprises while 1% of the enterprise are dependent on migrants with lower skills.
- ▶ Only a minuscule percentage of enterprises (1%) responded there is insufficient platforms skill development and only 0.2% agree see the cost of upskilling a challenge.

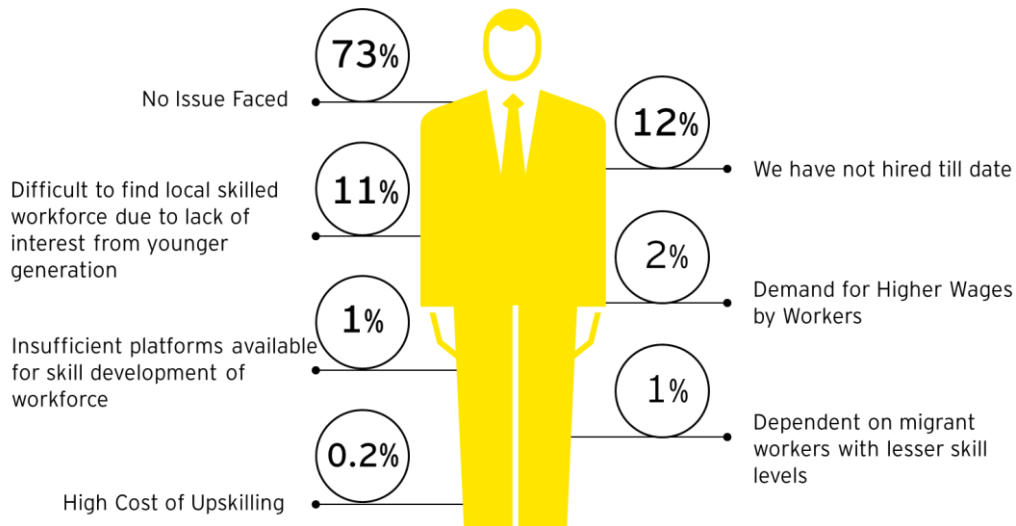


Figure 61: Workforce Challenges

5.12.6.3 Key Services for hiring Professionals

Enterprises hire professional help for services where they don't have their core competency. The survey questionnaire also required enterprises to respond to the kind of professional help they hire for their businesses. Some key highlights for hiring professional help are given below

- ▶ Digital Marketing professional were hired by 23% of the enterprises. This could mean that the enterprises are willing to venture into digital marketing space. 2% of the enterprises indicated they hired professional to impart Digital Literacy training for the enterprise and its employees.
- ▶ Export related documentation experts were also hired by 7% of the enterprises while experts in the loan application processing domain were hired by 10% of the enterprises. 15% of the enterprises hired experts are Chartered Accountants (CA) for filling taxes. These enterprises are aware and see the need of proper documentation but are unable to do it themselves due to lack of expertise. Workshops, and capacity building programs can help them to counteract this lack of expertise.
- ▶ Manpower hiring professionals were also hired by 14% of the enterprises while process mapping experts were hired by only 3% the enterprise to support and make their business process efficient.

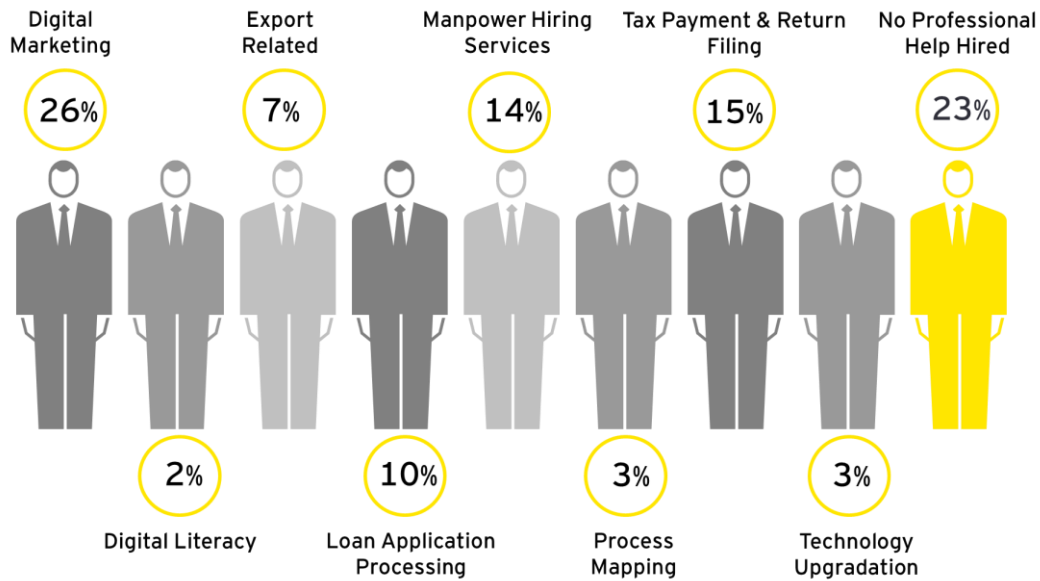


Figure 62: Key Services for Hiring Professionals

5.12.6.4 Digital Tools Adoption

The importance of digital adoption of tools has been accentuated with the acceleration of digital transformation due to the COVID-19 pandemic. Digital business tools have been established as key growth drivers for small and medium-sized businesses across various sectors, including the field service industry. Service-providing companies, irrespective of their size, are adopting multiple business tools.

Major points which can benefit enterprises by adopting digital tools:

- ▶ Streamline Processes
- ▶ Improved Quality and Consistency
- ▶ Increased Productivity
- ▶ Improved Customer Service

The survey response based on digital tools adoption highlights very low figures of these tools. The enquiry of digital tools through the survey was based on the reasoning that the more the number of enterprises using these tools the more the awareness for digital tools. The highlights of the survey are given below:

- ▶ 49% of the enterprises have not adopted any form of digital tool. This is a very large percentage considering the importance of implementing new age digital tools.
- ▶ 34% of the enterprise is utilizing digital payment applications such as PayTm, PhonePe, Google Pay, etc. Cashless transactions are increasing in India YoY and more awareness needs to be pushed forward.
- ▶ Cloud based services like Amazon Web Service (AWB), Google Cloud Services, etc are used by 13% of the enterprises.
- ▶ Tax Filing applications/websites like ClearTax, TaxBuddy, etc were used by 4% of the enterprise.
- ▶ Only a small percentage (2%) of the enterprise used basic accounting software applications like Zipbooks, and Quickbooks while another 2% of the enterprise used design-based software like Adobe, AutoCAD, etc. Only a very minuscule percentage

of enterprises used ERP based software or marketing-based software solutions like Marketo, Freshdesk, etc.

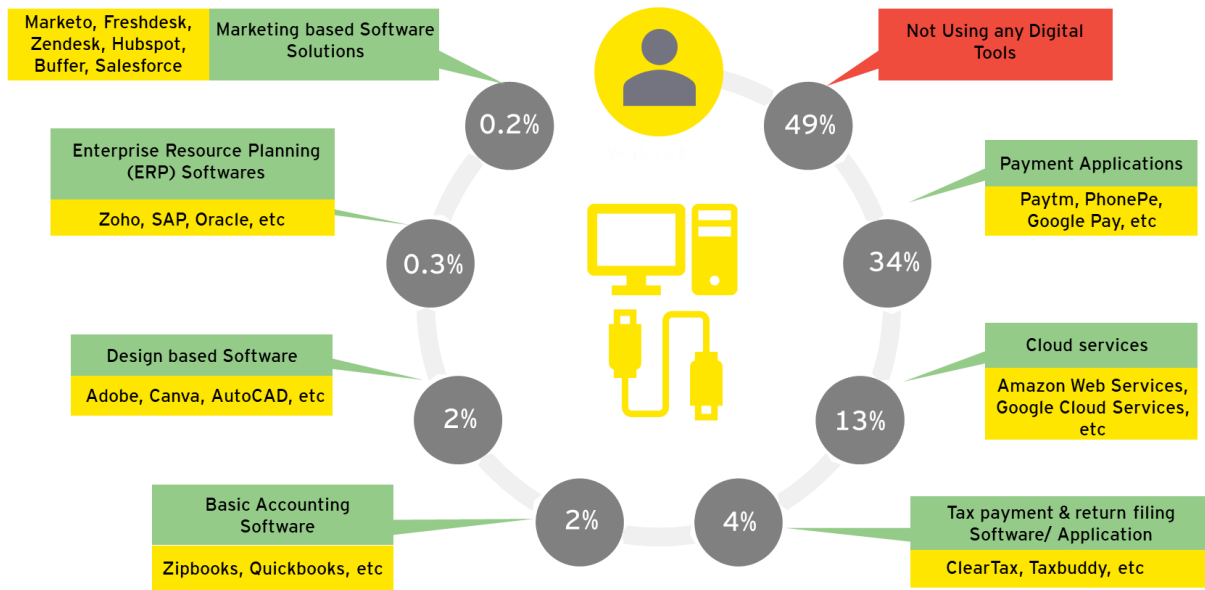


Figure 63: Digital Tools Adoption of Surveyed MSMEs

5.12.6.5 Awareness of Schemes

The enterprises in the survey were enquired about their top-3 information which they consider important. The reasoning behind this question was to find out what the potential interventions could be to converge with their top information requirements. The figure below gives us an overview on the top information the enterprises need.

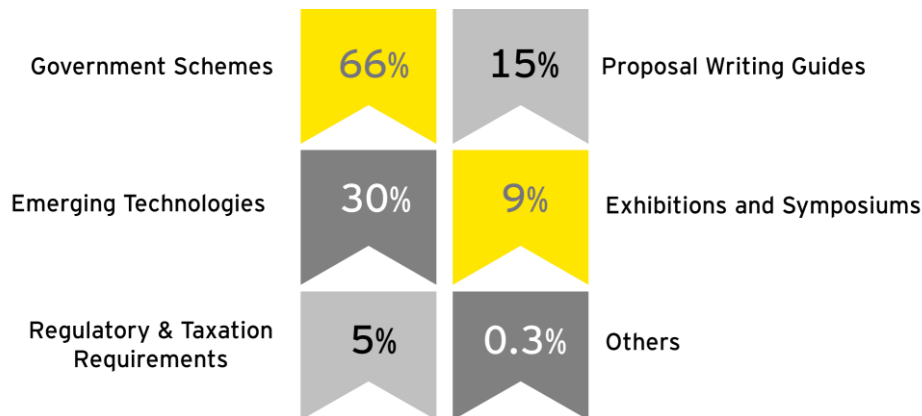


Figure 64: Top areas of information required by MSMEs

Timely and accurate information is crucial for decision-making among MSMEs. The key areas identified by the enterprises through the survey for information support are:

- ▶ Government Schemes Information at 66% were on the top priority list of information support the enterprises needed. Understanding financial and non-financial governmental support schemes can help MSMEs better utilize these resources.
- ▶ 30% of the enterprises required Emerging Technologies Information. Knowledge of new technologies can allow MSMEs to stay updated and adopt these technologies, understand industry transformations, and identify potential competitors.

- ▶ Proposal writing guides or business proposal guides were also on the priority information support list of 15% of the enterprises.
- ▶ Regulatory and taxation policies support information was indicated as one of the top information support they needed, with 5% of the enterprises indicating the same. Regulatory and Taxation guides/information can help MSMEs to maintain compliance and reduce burdensome procedures.
- ▶ 9% of the enterprises responded that Exhibitions and Symposiums Information were on their top information list. Participation in industry events can broaden market access for MSMEs, providing opportunities for product diversification and the identification of potential buyers or markets.

5.12.6.6 Trade Receivables Discounting System (TReDS)

The survey took a deep dive into the awareness of MSME portals like TReDs portals, SAMADHAN, ONDC, GeM, etc amongst the enterprises. The results from the survey are not assuring given the importance of these portals and the benefits the MSMEs can get out of using these portals.

In the Figure below, we can see that 89% of the enterprises are not aware of the MSME portals which is unsatisfactory performance indicator. Only 11% of the enterprises are aware of it but have not taken the benefits of these portals. Only a small percentage of the enterprises (6%) have utilized and taken benefits of these portals.

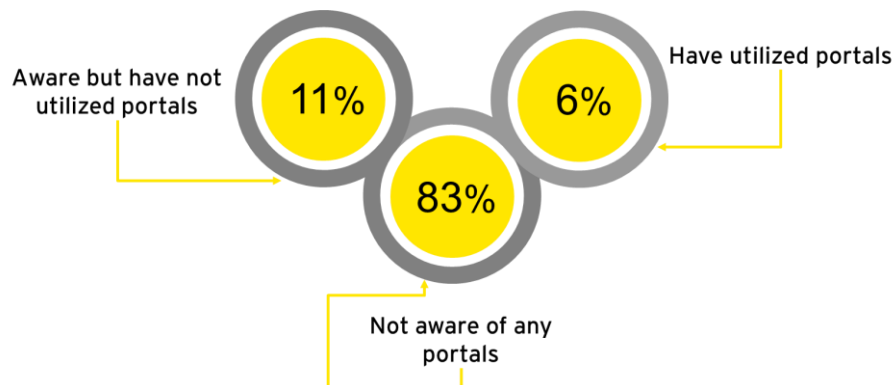


Figure 65: Awareness of MSME Portals

When we bifurcate the results, amongst the enterprises who are aware of these portals but have not utilized it, only 17% of them are aware of GeM while for TReDs portals like Invoicemart, M1xchange, and Orxil, the awareness amongst the enterprises were 25%, 1%, and 2% respectively. A respectable 59% of the enterprise are aware of 'PSB Loan in 59 Minutes' portal but have not utilized it.

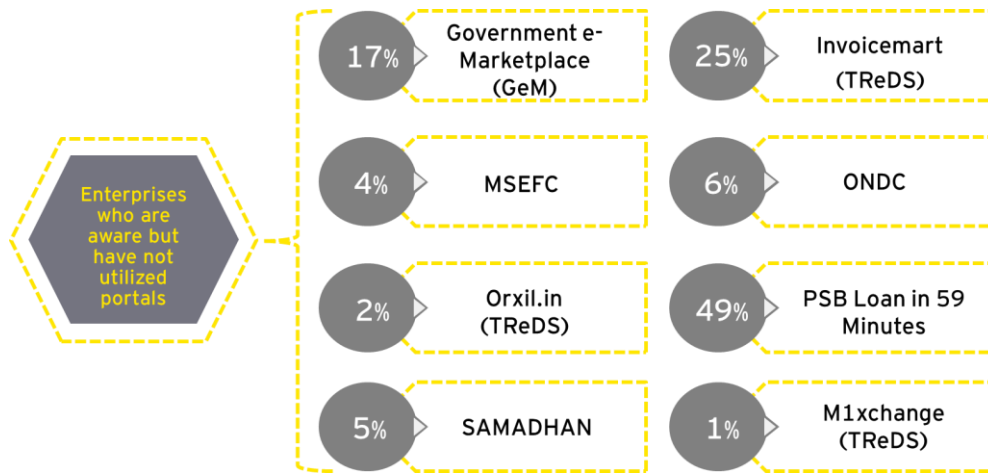


Figure 66: Proportion of Surveyed MSMEs that are aware of MSME portals but not utilized

The enterprises who have utilized these portals (Figure below), 80% of them have taken benefits of 'PSB Loan in 59 Minutes'. 16 % of the enterprise in this segment has utilized GeM, and only 4% have utilized ONDC.

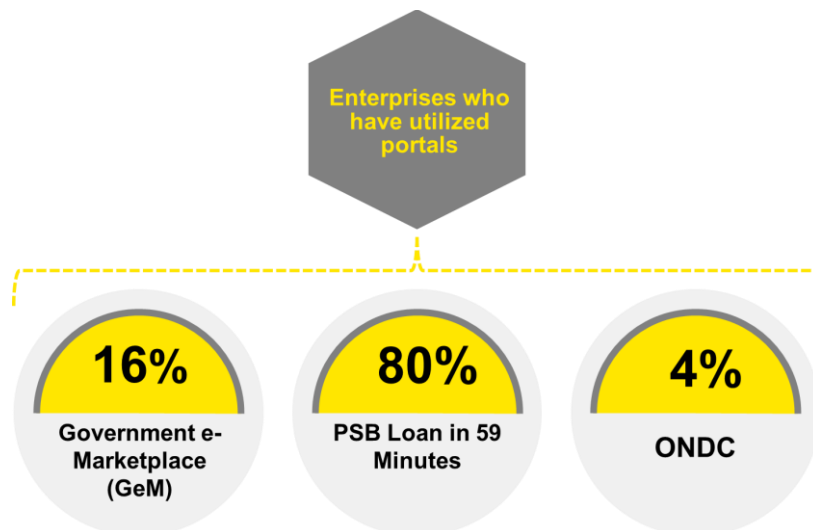


Figure 67: Proportion of Surveyed MSMEs that are aware of MSME portals and utilize them

5.12.6.7 MSME SAMADHAN

The issue of delayed payments has been among the biggest challenges faced by MSMEs that inhibit businesses' working capital flow and competitiveness in the market to tap new opportunities and fulfil orders. The survey delved into the challenges faced by the MSMEs while facing delayed payments. The figure below give us an overview of delayed payment challenges.

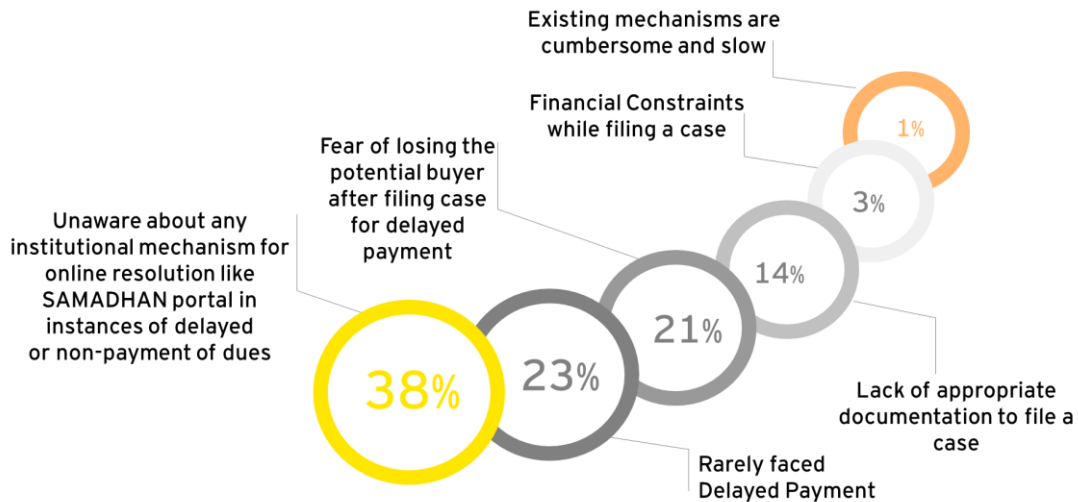


Figure 68: Challenges faced by Surveyed MSMEs due to Delayed Payment

The highlights of the survey result regarding delayed payments are given below:

- ▶ One concerning area is that 38% of the respondents are not aware not aware of any institutional mechanisms for delayed payment resolution like SAMADHAN.
- ▶ 23% of the enterprise rarely faced delayed payments. This can be a result of small ticket size of service or products of the business.
- ▶ A genuine concern of 21% of the enterprises was they fear losing out potential buyer if they file a case for delayed payment. Selling to a buyer through credit plays in many sectors, and hence this action may affect the reputation of the enterprise filing the case.
- ▶ 14% of the enterprise who wants to file a case don't have proper documentation.
- ▶ A small percentage of enterprises (3%) do not have the finance to file a case.
- ▶ Only 1% of the enterprises feels the existing mechanism are cumbersome and slow.

5.12.7 Green Practices

MSMEs often lack awareness of green technology solutions that can enhance their sustainability, a challenge that large industries, with greater access to resources and experience, do not face. Emphasizing sustainability in MSMEs implies developing procedures that foster future sustainability and worldwide preservation. This includes the integration of eco-friendly technology, beyond simply reducing waste or energy consumption.

The figure below shows us brief overview on the awareness level and the challenges facing MSMEs while implementing sustainable green practices.

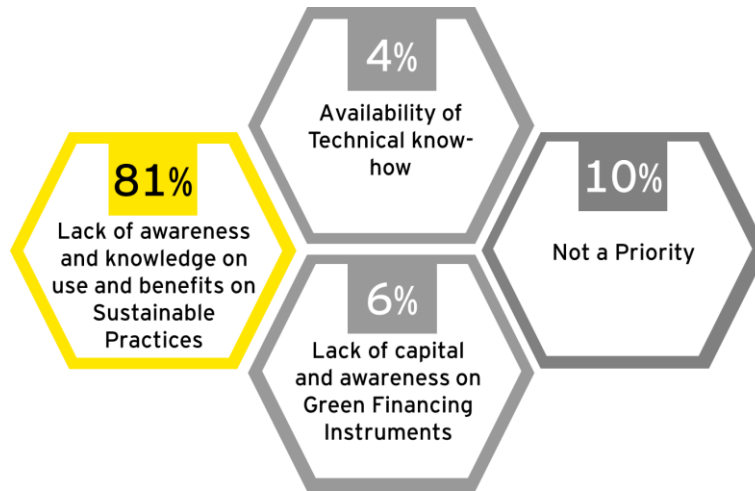


Figure 69: Challenges faced by Surveyed MSMEs in implementing sustainable practices

The survey result shows us some very discouraging figures when it comes to green sustainable practices amongst the MSMEs in Nagaland. These outcomes of the survey response based on green practices are given below:

- ▶ Amongst the survey questionnaire response on green sustainable practices, 81% of the enterprises have no awareness or lack the knowledge on the advantages and the benefits of implementing green sustainable practices.
- ▶ Green financing instruments plays an important role in enterprises sustainable practices. Limited availability of customized financial products for green financing can be a cause for very low adoption. 6% of the enterprises responded they lack the capital and awareness on any green financing instruments.
- ▶ Only 4% of the enterprise are aware of green practices and green financing, but they the non-availability of technical expertise is a hindrance to their adoption.
- ▶ Green practices were not their priority at present according to 10% of the enterprise.

Certain intervention like promotion and awareness programs for green practices can be the first step towards adoption sustainable practices. The policy makers can also establish dedicated funds to provide credit guarantees, and interest subsidies to promote the adoption of sustainable practices. The financial institution should also come up with customized green financing products to better cater to the diverse set of enterprise in different sectors



Gap Analysis

6 Gap Analysis: Overall Impediments to MSME Competitiveness

Micro, Small and Medium Enterprises (MSMEs) need to recover at various levels to mitigate the effects of the pandemic and be prepared to deliver to their highest standards. The degree of productivity achievable by these businesses depends on the competitiveness of the region they are in. The competitiveness of an enterprise refers to the ability of a company to surpass competitors and gain monetary benefits. In a business context, competitiveness can be described as the capability of companies to offer goods or services maintaining a balance between quality and price that ensures profitability while also being the preferred choice over competitors. This competitiveness contributes to the business' long-term sustainability and endurance.

In today's rapidly evolving business environment, it is imperative for organizations to maintain their competitiveness to guarantee growth and longevity. To optimize the returns on resources invested for generating them, a country, a state or an organization must have the capability to produce and sell goods and services which meet market quality standards at similar or lower costs. MSMEs need to be adaptable and agile to cater to changing market requirements, industry trends, disruptive technologies, and the emergence of new competition in the market.

6.1 Access to Finance

Bank loans are a customary source of external financing for entrepreneurs and MSMEs. However, procuring bank loans has inherent difficulties. The reluctance of numerous MSME enterprises to apply for loans from commercial banks stems from factors like illiteracy, lack of technological awareness, collateral requirements, and more. Entrepreneurs perceive that extensive documentation required during loan approval is a significant reason for banks' loan processing delays. Other sociological and economic aspects influencing access to bank finance include banks' risk tolerance and business type reservations.

Despite numerous policies and regulations set up by the Central and State Governments and the Reserve Bank of India to enhance the credit flow to the MSME sector, there is evidence of these businesses having limited access to bank finance, inhibiting their growth and development.

6.1.1 Current Status of Financial Institutions

Access to a formal credit ecosystem is an advantage for the MSMEs in terms of getting loans at a lower interest rate compared with the informal lending sector. Interest rates on loans for Micro, Small, and Medium Enterprises (MSMEs) from banking institutions typically fall within the range of 7.65% to 16.25% annually. In contrast, Non-Banking Financial Companies (NBFCs) charge between 17% to 21% annually. However, these formal financial institutions are significantly cheaper compared to potential rates from informal sources, which can range anywhere from 12% to a staggering 200% annually.³⁷ Furthermore, it's salient to note that the loan agreements and collateral pledges through these formal channels are legally binding and can be enforced in a court of law.

³⁷ <https://documents1.worldbank.org/curated/en/759261548828982149/pdf/134150-WP-IN-Financing-India-s-MSMEs-Estimation-of-Debt-Requirement-of-MSMEs-PUBLIC.pdf>

According to the Reserve Bank of India (RBI), the total credit outstanding to the MSME sector by Scheduled Commercial Banks nationwide as of March 2023 stands at 22.60 lakh crore.³⁸

In the context of comprehending authentic credit demand within Nagaland, the Annual Credit Plan (ACP) plays a critical role by delineating annual credit distribution frameworks for the banks and districts in the state. To formulate the ACP, **the Potential Linked Plan (PLP) developed by NABARD** is carefully assessed and integrated. The evaluation of the PLP for each district is overseen by the respective District Level Consultative Committee, headed by the District Collector. Therefore, the ACP for a designated state is essentially a compilation of projected targets of District Annual Credit Plans. These projections are determined by Lead District Managers considering the district's potential through the PLP, ground-level credit targets related to agriculture, and the track record of past achievements.

Table 40: District wise no. of MSME and amount

S.No	Districts	MSME	
		No. of units	Amount (in INR Lakhs)
1	Dimapur	158	17,664
2	Kiphire	50	750
3	Kohima	2,713	5,774.2
4	Longleng	45	215.4
5	Mokokchung	1,821	2,095.2
6	Mon	157	1572
7	Peren	17	250
8	Phek	64	960
9	Tuensang	10	206.8
10	Wokha	578	1,394.6
11	Zunheboto	537	1,954.73
	Total	6,150	32,836.93

The Potential Linked Plan (PLP) identifies the possible credit potential under both ongoing and new activities by considering the physical potential in the long run, availability of infrastructural support, marketing facilities, and government policies/programs. From the PLP we can see there is huge potential for the MSMEs in accessing credit.

At the end of FY 2022-23, we see a **26.29% YoY growth of MSME advances under Priority Sector Advances** in Nagaland by various commercial banks and NBFCs. ³⁹ The medium sector enterprises borrowing increased the most from March ended 2021 to March ended 2023.

³⁸

<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1985021#:~:text=Banks%20lend%20loans%20to%20Mico,2023%20is%2022.60%20lakh%20crore.>

³⁹ Agenda-cum-Background Paper, For the combined Quarter ended Dec'22 & Mar '23, State Level Bankers' Committee, Nagaland

Table 41: MSME Advances (in INR Cr.)

Sector	Outstanding (as on Mar'21)	Outstanding (as on Mar'22)	Outstanding (as on Mar'23)	YTD Growth (%)
Micro	570.13	611.71	765.82	25.19%
Small	237.88	257.26	321.31	24.90%
Medium	96.65	94.16	138.70	47.40%
Others	32.65	23.31	19.94	-14.41%
Total	937.31	986.44	1245.77	26.29%

Non-Performing Assets (NPA) is a significant challenge faced by the Micro, Small, and Medium Enterprises (MSME) sector in India. Essentially, an asset becomes a NPA when it ceases to generate income for the lending institution for a certain period. MSMEs in India have been heavily impacted by NPA, largely due to difficulties in financial management, lack of technology upgrade, improper business planning, and competition in markets.

The MSME gross non-performing assets (GNPA) declined to 4.7 per cent in September 2023 from 6.8 per cent in March 2023 and 7.7 per cent in September 2022. In March 2022, the GNPA ratio was 9.3 per cent ⁴⁰. Compared with the national average, according to the State Level Bankers' Committee, Nagaland Background Paper, Nagaland has MSME NPA rate of 15.86%

Table 42: MSME Outstanding & NPA Report of Nagaland as on date 31-12-2023 (Excluding RIDF & NEDFi)

Sr. No.	District Name	Total MSME (PS) O/S No.	Total MSME (PS) O/S Amt.	Tot MSME (PS) NPA No.	Total MSME (PS) NPA Amt. (in INR Lakhs)	MSME NPA Amt % (in INR Lakhs)
1	Chumoukedima	418	3,280.25	74	158.22	4.82
2	Dimapur	9,887	55,064.15	2,497	8,557.77	15.54
3	Kiphire	0	0	21	13.33	
4	Kohima	5,007	19,140.47	1,096	2,647.31	13.83
5	Longleng	2	31.83	22	13.39	42.07
6	Mokokchung	994	3,412.23	249	822.59	24.11
7	Mon	245	403.05	122	197.56	49.02
8	Niuland	160	286.5	1	3.42	1.19
9	Noklak	0	0	6	6.88	
10	Peren	22	54.42	36	73.85	135.7
11	Phek	31	278.13	130	349.08	125.51
12	Shamator	36	104.06	0	0	0
13	Tseminyu	55	177.34	9	37.72	21.27
14	Tuensang	3	25.33	33	28.52	112.59
15	Wokha	187	535.81	107	154.7	28.87
16	Zunheboto	93	145.3	49	93.23	64.16
	Grand Total	17,140	82,938.87	4,452	13,157.57	15.86

⁴⁰ <https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=1253>

One observation which can be seen above, is that the total MSME outstanding amount and MSME units is nil or in poor shape in several districts.

The district spread of bank branches in the state (FY 2021-22) is given in Table: 6.4. showing a skewed distribution with 70.3% of bank branches located in Dimapur, Kohima, and Mokokchung. Kiphire district, which the Aspirational district in Nagaland has only 3 bank branches in total. The convenience of bank branches located in a particular locality, or town plays a major role in enterprises or entrepreneurs being able to access credit efficiently.

Table 43: District wise number of Bank Branches

District	No. of Bank Branches (FY 2021-22)
Dimapur	66
Kiphire	3
Kohima	45
Longleng	2
Mokokchung	24
Mon	9
Peren	4
Phek	9
Tuensang	7
Wokha	12
Zunheboto	10
Noklak	1
Total	192

The banking penetration, in terms of bank branches, is very low in many districts in Nagaland. As per SLBC Nagaland, factors like connectivity issues (roads), remuneration for the bank officers/staffs, high maintenance cost of the branches due to remote geographic locations, electricity and internet connectivity, hilly terrain, and the distance between Customer Service Points (CSP) and linked branches in rural areas contribute to the low numbers of bank branches in these 'unbanked' districts/villages.

6.1.2 Impediments to Access to Finance

A. Collateral

A major obstacle to obtaining bank loans for MSMEs is the absence of collateral. These enterprises often don't have robust cash flow projections, necessitating the inclusion of collateral to deliver the needed assurance to lenders. However, the proprietors of these MSMEs typically lack the necessary assets to serve as collateral.

Through the interactions with various stakeholders, industry associations, and banks, similar inference where lack of collateral was one of the major hindrances for accessing loans was seen. More than 50% of the surveyed enterprise resorted to peer lending which can be due to collateral free and interest free credit. Only 17.9% accessed loans through formal lending institutions while 14.8% accessed funds through informal lending sector.

B. Risk Factor of Micro Sector

The resiliency of Micro sector enterprises is important for a healthy economy. However, due to various factors such as weak cash flows, micro enterprises are more affected by economic uncertainties. Due to this factor, the risk factor in lending to micro enterprise is more skewed towards the micro enterprises. In the figure below, more than 60% of the Non-Performing Assets (NPAs) are skewed towards Micro sector enterprises. With more than 99% of the enterprises in Nagaland categorized in the micro sector, this NPA numbers is not reassuring.

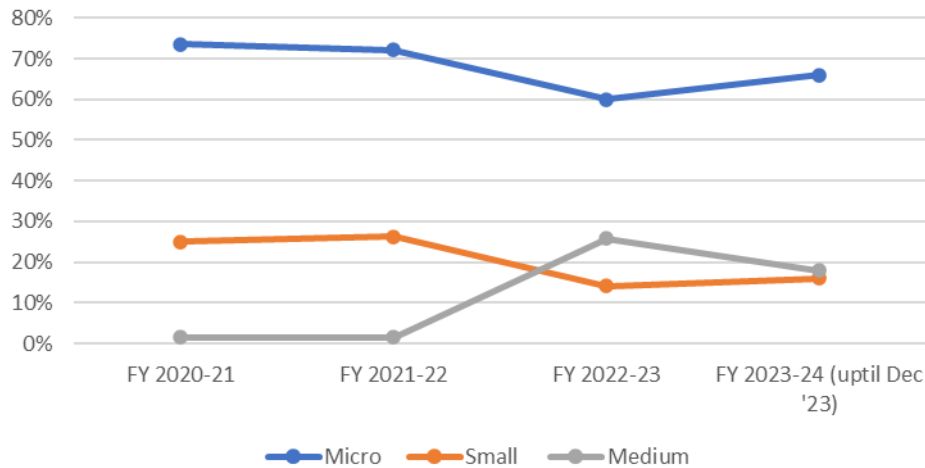


Figure 70: MSME (Nagaland) segmented by NPA%⁴¹

The risk factor involved with lending to micro enterprise in large part can be attributed to various reasons:

- ▶ Unstable Cash flows
- ▶ High operational cost due to poor Business planning by the micro enterprises
- ▶ Overleveraging by the enterprises which makes the micro enterprises to repay back loans.
- ▶ Many micro enterprises have seasonal incomes which affects their repayment schedule.
- ▶ Utilizing loans for personal use rather than investing in business activities
- ▶ Many micro enterprises may also encounter delayed payments which can affect their loan repayment cycle.
- ▶ A significant portion of the population that borrows has minimal or no documented credit history with national credit bureaus.
- ▶ A history of previous loan defaults underscores the difficulties borrowers face in maintaining financial discipline and managing loans effectively.

C. Delayed Payment

Delayed payments to MSMEs severely impacts their cash flow and operational stability. At the core of the problem lies inefficient payment practices and businesses obstacles. These delays can cripple the MSMEs, making it difficult for them to pay their workers, replenish their raw materials, or invest in business expansion. This chronic problem has been

⁴¹ <https://onlinesbcne.nic.in/NL>

exacerbated due to the COVID-19 pandemic, pushing many MSMEs towards financial distress.

The Reserve Bank of India (RBI) unveiled the Trade Receivables Discounting System (TReDS) in 2018 as a solution to the persistent delayed payment issues impeding MSME growth, aiming to enhance their service experience. This platform is especially advantageous to small businesses nowadays. TReDS, initiated by the central bank in 2014, effectively provides a shared platform that gathers various participants such as MSME sellers, corporate and other buyers, including Government Departments and Public Sector Units (PSUs), as well as financiers. Licenses to employ the TReDS system were granted in 2017 to three platforms - M1xchange from Mynd Solutions and Axis Bank, Invoicemart from mjunction services, and RXIL.

However, the usage of TReDs as a platform to resolve delayed payment issues is very dismal in the MSME ecosystem in Nagaland. The data in the table below shows the current status of the TReDs platform in context of Nagaland. The data was compiled from the three platform namely M1xchange, Invoicemart, and RXIL. The number of financiers is nil from inception till date which is not a favourable landscape for the MSME ecosystem. Only a little more than INR 2 Cr. worth of invoices were transacted till date in total.

Table 44: TReDs Data for Nagaland

S.No	Parameter	From Inception - Till date	Break up of FY22-23 (in INR Cr.)
1	How many PSU's have been onboarded onto the TReDS platform?	0	0
2	Total No. of Buyers	0	0
3	Total No. of Suppliers	4	0
4	Total No. of Financers	0	0
4	Sum of Invoice Amount	2.090	0.590
5	Avg. Invoice Amount	0.051	0.195
6	Lowest Invoice Amount	0.0005	0.029
7	Total Business Transactions	40	3
8	No. of Active Sellers	2	1
9	No. of Active Buyers	0	0

From our survey data, we can find that 83% of the enterprises are not aware of any MSME portals and of the enterprises which are aware and have utilized the MSME portals, none have utilized any of the three listed TReDs portal.

When diving deep into the non-utilization of TReDs portal from MSMEs in Nagaland, we can see several findings some of which are highlighted below:

- ▶ Vendors have to be MSMEs only
- ▶ Many of the enterprises are not willing to register in TReDs platform since Companies Act is applied on these MSMEs
- ▶ For Micro enterprises documentation and other TReDs registration policies is a hindrance

- ▶ As can be seen from the table above, no buyers or limited number of buyers can restrict the registration and usage of these portals for both Buyers and Vendors

Additionally, if we look at SAMADHAN cases pending in Nagaland, as of date there are only 11 applications filed in the portal with an amount of INR 65.55 Cr. as payable as per the applications filed out of which an amount of INR 37.70 Cr. is still pending to be resolve⁴². One reasoning for the low numbers of applications filed in the SAMADHAN portal can be the lack of awareness among the enterprises to resolve disputes arising out of their business operations. A good 38% of the surveyed enterprises responded that they are not aware of any institutional mechanism for online resolution like SAMADHAN.

6.1.2.1 Business Proposal/DPR Rejection & Documentation

One of the prominent points which came out through various stakeholder interactions, and survey analysis is the issue relating to lack of proficiency in making business proposals or Detailed Project Reports while applying for loans. Business proposals can have basic requirements such as Business Model, Financial Statements, Cash Flow Statements, Balance Sheet, Loan Repayment Capability of the enterprise, credit history, purpose for taking loan, etc. This intricate detailed application process is a daunting task for many micro enterprises in the state and as per out interaction with various stakeholders this is where many of the loan applications are rejected. Many of the enterprise may have the capability of repaying back the loan but due to the complex nature of loan procurement many fail in this step.

6.1.3 Recommendation

- ▶ The first step towards accessing finance through formal lending institutions is making the MSMEs aware of the importance and existence of MSMEs schemes. Awareness workshops and dedicated financial literacy workshop where the enterprises are coached and mentored on preparing effective business plans, credit management, building a strong credit history, etc.
- ▶ As highlighted in various interactions with the stakeholders, more women are opening new enterprises. Special financial literacy workshops for these entrepreneurial women and People-with-Disabilities can be deliberated in the interventions.
- ▶ Knowledge sharing workshop with banks and other financial institutions can help navigate the MSMEs through the rigorous checks while applying for loans or other subsidies.
- ▶ Discounts under existing finance or micro-finance schemes can help ease the financial strains of the micro enterprises.

6.2 Market Access

Nagaland has a huge potential when it comes to attracting in investments into the state and export potential outside the state. A pool of highly educated youths with literacy rate of 79.55% and international trade route connecting with Southeast Asian countries make is an investible destination. There is immense potential especially for horticulture and Agro based industries. Despite their potential for growth, numerous MSMEs encounter substantial hurdles in accessing markets, connecting with customers, and competing effectively in a consistently changing business environment.

⁴² https://samadhaan.msme.gov.in/MyMsme/MSEFC/MSEFC_StatePendingRpt.aspx

6.2.1 Export Status of Nagaland

The export data from Nagaland shows an inconsistent trend as seen in the figure below.

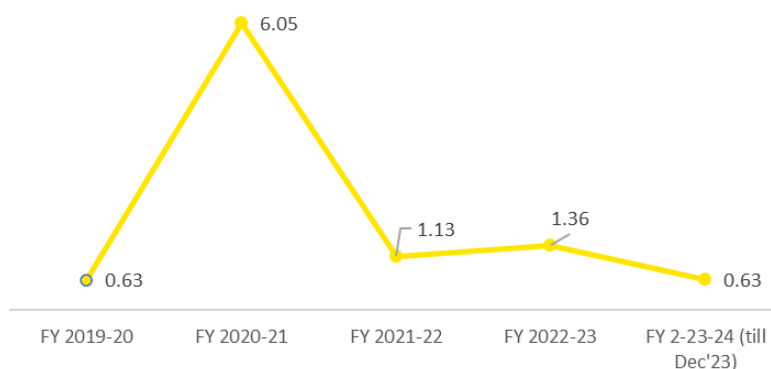


Figure 71: Export Trend of Nagaland (in \$millions)⁴³

Looking into the export preparedness index⁴⁴, overall Nagaland ranks 28th out of 36 states and UTs with a 33.33 score index. When it comes to the Pillar wise ranking, Nagaland ranks 29th in the Policy Pillar with an index score of 48.02. This presents a challenge to the people, and companies wanting to invest in Nagaland. Additionally, under Policy Pillar ranking, if we look at the figures for Business Ecosystem Pillar, Nagaland ranks at 21st overall with an index score of 35.65 and surprisingly better ranked than Kerala which is ranked at 25th. The Export Ecosystem Pillar score index is 42.25 placing Nagaland at 19th position but it scores index is 7.27 in the Export Performance pillar score placing Nagaland at 31st position in the rankings. We can infer from these numbers that the Nagaland needs to enhance its export capabilities. Policy makers may consider drafting policies which can boost export from the state and at the ground level, interventions such as capacity building workshops, skill development can help in creating a more robust business ecosystem which is conducive for economic activities both within the state and outside the state.

To build a conducive business environment and to attract more investors, the state government has drafted several policies which are under consideration⁴⁵ and is very likely to be implemented in the coming years. Some of these policies drafted which can help in business environment eventually helping the MSMEs are given below:

- ▶ Nagaland Trade Investment and Industrial Policy
- ▶ Nagaland State Logistics Policy
- ▶ The Nagaland Land Lease Guidelines
- ▶ Policy Brief on Nagaland Women Entrepreneurship
- ▶ Nagaland State Food Processing Industries Policy
- ▶ Nagaland Public Service Delivery Guarantee Act

In 2021, the Ministry of Commerce and Industry identified a total of 20 products and service which have export potential from the state of Nagaland. Most of the products are Agro

⁴³ <https://niryat.gov.in/>

⁴⁴ Export Preparedness Index 2022, NITI Aayog

⁴⁵ Investment Development Authority of Nagaland (IDAN)

based products, handicrafts, handlooms, etc. It also includes tourism sector in the potential list. The full list district wise is given in Table below:

Table 45: Export Potential Products

Districts	Products
Dimapur	Anthuriums, Orchids, Bamboo, Banana, Rice
Kiphire	Naga Mircha, Boot jolokia, Fish, Boulders, Pineapple
Kohima	Naga Mircha, Ginger, Orchids, Tourism, Orange
Longleng	Tourism, Ginger, Orchids, Bamboo, Rice
Mokokchung	Tourism, Ginger, Pineapple, Cardamon, Orchids
Mon	Vegetables, Ginger, Orange, Orchids, Banana
Peren	Tea, Medicinal Herbs, Traditional jewellery, Orchids, Naga Mircha
Phek	Handloom Products, Handicraft Products, Ginger, Bamboo, Pineapple
Tuensang	Anthuriums, Orchids, Ginger, Pineapple, Rice
Wokha	Ginger, Oranges, Tea, Fish, Pineapple
Zunheboto	Tea, Ginger, Orchids, Anthoriums, Naga Mircha
Noklak	Handloom Products, Orchids, Limestone, Cement, Ginger

6.2.2 Impediments to Market Access

D. Limited Market Coverage

If we investigate the areas where MSMEs sell their goods and services from the survey data, 87% of the enterprises primary market is within the district and 84% of the enterprises have their primary market both within the district. Only 13% exports outside the country. A push towards expanding the market coverage of the MSMEs must be made in this regard.

E. Online Platform usage

The noticeable initial step for enterprises wanting to enhance their revenue share from online digital platforms involves registering themselves as sellers on these platforms. However, worryingly, 60% of enterprises have not utilized any online digital platforms for business purposes. Initiatives such as awareness programs or PR campaigns can be introduced to endorse the use of online platforms and reduce the high percentage of MSMEs not utilizing these platforms for business requirements.

The challenges faced by enterprises in utilizing digital marketing, with the following main barriers are given below:

- ▶ **Limited Internet access:** This is a significant obstacle for MSMEs. Even in urban areas such as Kohima and Dimapur, internet speed and service quality are substantial hindrances. The situation is even more challenging in rural areas. The survey revealed that 33% of enterprises indicated difficulty in accessing high-speed internet connections.
- ▶ **Financial constraints:** According to the survey, over 90% of MSMEs reported an annual revenue of Rs. 25 Lakhs or less. Given the slim profit margins common for these enterprises, they are often reluctant to pay e-commerce seller fees. 22% of surveyed enterprises cited a lack of financial resources to register on such platforms.

- ▶ **Inadequate staff training and knowledge:** 16% of enterprises suggested inadequate technical knowledge among their staff as a barrier to utilizing digital platforms. These businesses would willingly use these platforms if not for the lack of technical or financial skills.

F. GeM Adoption

The order value awarded to MSMEs through the GeM portal is very less. Only INR 129 Cr. worth of order value was given to the MSMEs from April 2018 till December 2023⁴⁶. From the survey we can see that only 6% of the surveyed enterprises have utilized MSME portals to increase their market. Additionally, out of these 6% only 16% of them have utilized GeM. This could be one of the reasons why the order value awarded to MSMEs in Nagaland through GeM is very poor. More awareness and capacity building workshops targeting GeM usage needs to be advocated to counter this trend.

G. Operational Challenges

We can observe from the survey on marketing and sales challenges faced by MSMEs that 38% of enterprises cited high product promotion costs as a significant obstacle, especially for Micro enterprises. 7% of businesses expressed concerns over maintaining profitability due to meagre returns on their products. 23% of enterprises pointed out their unfamiliarity with using digital platforms for marketing and sales, emphasizing the necessity of enhancing digital knowledge and training. 14% of enterprises believe they have limited opportunities to showcase their products to potential customers. 2% struggled in implementing quality control norms and certifications, subsequently affecting their brand's reputation. Only 1% felt dissatisfied with their efforts at product differentiation, such as unique features, quality packaging, or new product development. Delayed payments were flagged as a significant issue impacting financial operations by 5% of surveyed participants. 14% of enterprises reported not facing any challenges. Additionally, 75% of the surveyed enterprises responded they are not aware of any Trade Fair/Exhibition/Vendor Development Programs/ Buyer Seller Meet programs which are organised by the state.

6.2.3 Recommendations on bridging the gap to Market Access

- ▶ Organizing workshops to spread awareness on e-commerce can be an effective method to propel the digital transformation of businesses, particularly small and medium-sized enterprises. These workshops can focus on enlightening participants about the benefits and potentials of e-commerce, such as reaching a wider audience, improving sales, and operating 24/7. They can offer insights into how to set up an e-commerce platform, the various strategies to attract and retain customers, as well as understanding policies, online payments, and security. The workshops can also provide hands-on sessions where attendees can learn to navigate different e-commerce sites. All these measures could potentially clarify e-commerce, encouraging more businesses to embrace it. Moreover, such workshops can also help eliminate fears related to technology usage, online frauds, and cybersecurity, thereby enhancing the overall digital literacy of the business community.

⁴⁶ https://commerce.gov.in/wp-content/uploads/2023/08/ilovepdf_merged.pdf

- ▶ Buyer-Sellers Meet to expand market network provides an excellent opportunity for businesses to showcase their products or services, understand the current market trends, and meet potential clients. The meets can also provide a platform for sellers to exhibit their new product lines, get instant feedback, and gauge the market pulse. Meanwhile, buyers benefit by getting access to a wide range of products, special deals, and industry trends.
- ▶ Export Summit will serve as a platform for networking, sharing best practices, learning from success stories, and one-to-one discussions with industry veterans. It also provides businesses with the chance to showcase their products or services, identify potential markets, and establish contacts with potential overseas partners. These summits will also involve capacity building program regarding procedures and documentation on exports, financial tools, quality standards and assessments guidelines, trade agreements, etc
- ▶ Vendor Development Programs will provide MSMEs with the knowledge and strategies needed to effectively collaborate with large organizations, while enhancing their own business processes and market competitiveness. The curriculum often includes modules on quality standards, regulatory compliance, supply chain management, negotiation skills, financial management, and technological advancements.

6.3 Capacity Building & Skill Development

Skill development is crucial for empowering individuals, securing their future, and promoting their overall growth. It significantly boosts a person's employability. Skill acquisition can facilitate industrial progress, economic diversification, innovation, technological advancements, and the comprehensive development of a nation. To stimulate a region's local economy, it's crucial to comprehend the region's skill development needs. Additionally, understanding the sectors with the potential to generate enterprise and employment and the associated skill development requirements, is essential to create local wage and self-employment opportunities.

6.3.1 Current Status

The Department of Employment, Skill Development, and Entrepreneurship under the Government of Nagaland operates nine training institutes in the state that offer training in 22 trades, including 14 Engineering and 8 Non-Engineering. It has also established Industrial Training Institutes in most of the districts. The department has initiated the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), the Ministry of Skill Development & Entrepreneurship (MSDE)'s flagship program, in line with other states. This Skill Certification Scheme aims to provide industry-relevant skill training to large numbers of youth to enhance their livelihood prospects. Under the PMKVY's Centrally Sponsored State Managed component, 8577 youths have been trained to date, with 5244 of them successfully placed. Presently, 7882 youths are in training at various centres⁴⁷.

The employment exchange registered 73230 applicants of whom more than 37% are Graduates and Postgraduates (Table below). This figure is startling since it highlights the need for more opportunities for this segment of applicants. One reason for this high

⁴⁷ <https://desd.nagaland.gov.in/>

percentage of educated unemployed youths being their relevance of their skillset and lack of motivation towards entering entrepreneurship.

Table 46: No. of Applicants Remaining on the Live Register of Employment Exchange as on 30th November 2022⁴⁸

Sl. No.	Categories of Applicants	Male	Female	Total
1	Postgraduates	2,749	3,587	6,336
2	Graduates	11,698	9,440	21,138
3	Pre - University	7,140	4,152	11,292
4	Matriculate	9,718	2,582	12,300
5	Below Matric	17,199	2,590	19,789
6	Degrees (Tech)	1,233	560	1,793
7	Diploma	412	170	582
	Total	50149	23081	73230

Additionally, if we look at the employment numbers in the private sector of the state (given below) there is very little scope of employment in these establishment since there is limited number of private sector firms employing more than 24 people. The Employment Exchanges (Compulsory Notification of Vacancies) Act 1959 authorizes Employment Exchanges to voluntarily gather various employment statistics from all public and private sector units that employ over 24 individuals and the table below gives us a snapshot of the employment generated through these private firms. There needs to be a thrust factor for the educated unemployed youth to set up their own enterprises. Capacity building workshops relating to this can be deliberated in the interventions.

Table 47: Number of Establishment & Employment in the Organized Sector as on 30th Oct. 2022⁴⁹

S.No	Private Sector	No. Of Establishments	Employment as on 30.10. 2022		
			Male	Female	Total
1	Act Establishments	97	1883	2428	4311
2	Non-Act Establishments	141	949	1075	2024

The National Skill Development Corporation (NSDC) in 2012 came up with a 'Skills Gap Study of the North-East Region' highlighting the hindrance and recommendations which can bridge these gaps in Nagaland. The study indicated that the demand for skilled workers between 2011 and 2021 was 17,915, whereas the supply was only 10,690, showing a deficit of 7,225. Meanwhile, the demand for minimally skilled workers during the same period was 57,881, with a significantly high supply of 6.27 lakh, resulting in an excess supply of 6.05 lakh. Therefore, the supply of skilled labour falls short of the demand, while there is an oversupply of minimally skilled workers amounting to 9.03 lakh. This suggests a potential unemployment risk for trained youths in the state.

⁴⁸ Directorate of Employment, Skill Development & Entrepreneurship

⁴⁹ Directorate of Employment, Skill Development & Entrepreneurship

Table 48: Skilling Required in Sectors of Domestic Demand⁵⁰

Sectors	Specialty Skill	New Skill	Skill Upgradation
Handloom & Handicrafts		✓	✓
Horticulture		✓	✓
Food Processing		✓	✓
Hospitality		✓	✓
IT/ITES	✓	✓	✓
Healthcare	✓	✓	✓
Construction	✓	✓	✓
Education			✓
Jatropha		✓	✓
<ul style="list-style-type: none"> ▶ Specialty skills: Technical or specific knowledge base essential ▶ New skills: Training centres largely non-existent ▶ Skill-up-gradation: Out-dated techniques and knowledge base 			

If we look at the table above, we find that the skilling requirements of sectors which can help domestic demand of these workers are in sync with the inferences from the survey results. Capacity building program focussing on skill upgradation and awareness of new technological advances along with the incentive to implement them are key MSME growth in the state.

6.3.2 Gaps in Skilling and Capacity Building

- ▶ Dated technology and training methods, minimal industry engagement, and inadequate soft skills and digital literacy training result in discord between skilling curricula and industry needs. There are cases where training institutes fail to offer relevant courses for local MSMEs. Rural-urban differences lead to unequal opportunities and outcomes due to limited opportunities in rural areas and high costs associated with urban migration or living.
- ▶ Enterprises are unable to deliver bulk orders on time due to lack of manpower and technology to fasten the process of product. Support may be provided to encourage farmers and enterprises to adopt more mechanised technology that will aid volume production. They should also be trained to use of the same.
- ▶ Most times, delivering standardized size, shape, colour for all the products is difficult especially for handmade products and thus may not have machine accuracy. In some instances, when enterprises could not deliver big orders as required, they lost out on those customers. There is a need to upgrade knowledge on the use of machines to increase the capacity to produce more volumes in lesser time.
- ▶ Significant costs are associated with technology modernization in training facilities. Based on the sector's machinery and equipment usage, training centres need technologically advanced machines with diverse configurations.
- ▶ During the survey study, some of the retailers and emporiums that sells handicrafts and handlooms noted that artisans tend to produce the same item for an extended period. Given the dynamic nature of market demand, a product that was popular for years may lose its appeal. Artisans should be guided and empowered to explore new products

⁵⁰ <https://nsdcindia.org/sites/default/files/files/nagaland-sg.pdf>

aligned with current demand. The emphasis should be on creating products that are creatively contemporary yet rooted in traditional craftsmanship - products that tell a story of folklore while incorporating a fresh style that captures the essence of the present while retaining the warmth of the past. Artisans require guidance to develop such innovative products. Value added products and product-diversification training for the MSMEs is a priority for the corporation and the department. In addition, training/Workshops on procuring raw materials, sorting, grading, packaging techniques/technology should also be carried out.

- ▶ While fine skills and craftsmanship are crucial, the key to success lies in innovation. Many enterprises face challenges in meeting demand because they are unable to introduce new products. Creativity is essential and must adapt to market demands. The current imperative is to contemporize traditional craftsmanship. There is a growing demand for products that feature a creatively contemporary Naga design rooted in traditional skills. Therefore, they need guidance and training to foster innovation and design. In a niche market like bamboo handicrafts and others, where competition exists from other products, the role of design is significant. Design training and workshops offer a competitive advantage, distinctiveness, and yield futuristic outcomes, therefore enhanced design adds value.
- ▶ A significant number of enterprises lack entrepreneurial skills. The local community, including youth and women, possesses the enthusiasm to initiate their ventures. However, they require skills to effectively sell their products and navigate market dynamics. There is a pressing need for skill development in entrepreneurship to assist them in establishing and managing their ventures successfully. This would include trainings on business management and planning, and capacity building of entrepreneurs on preparing Business Proposals and Detailed Project Reports (DPRs).
- ▶ Lack of professional business management skills stifles Research & Development, innovation, and productivity.
- ▶ Potential women entrepreneurs, particularly from rural areas, face difficulties in starting or expanding their businesses due to an information and knowledge deficit.
- ▶ A significant number of MSMEs are family-owned businesses, negatively affecting their processes and competitiveness.

6.3.3 Recommendations to strengthen MSMEs skillsets

- ▶ MSMEs can enhance their skillsets and remain competitive by forging connections with academic entities, research bodies, and industry groups. These partnerships provide them access to unique training programs, advanced technical know-how, and other skill development resources. Interaction with external collaborators can expose MSMEs to the latest knowledge and industry practices.
- ▶ Exposure visits offer practical insights into identifying opportunities, decision-making, risk management, and facing challenges by observing established entities. Along with inspiring a similar entrepreneurial mode of thought, these visits facilitate networking and relationship-building with entrepreneurs and industry experts, thereby enabling industry knowledge exchange and potential collaborations.
- ▶ Customized skill development programs and workshops can be held considering the unique needs of individuals, their current skills, roles, and industry needs, ultimately boosting their knowledge and efficiency. These tailored training programs, owing to

their flexibility, practical application, affordability, and accessibility, empower young people to regularly update their skills, keeping them relevant in a continually changing industry environment.

- ▶ Helping in areas like developing marketing strategies, creating, and managing a brand image, digital marketing, social media engagement, as well as training in sales techniques and customer relationship management can help MSME propel their business forward.

6.4 Greening MSMEs

Resource Efficiency and Cleaner Production (RECP) is a globally recognized strategy for boosting productivity while minimizing environmental footprint. It particularly benefits Small and Medium Enterprises (SMEs) by boosting their efficiency and competitiveness, reducing their environmental impact, and mitigating risks to workers and communities.

MSMEs and environmental sustainability share a bidirectional bond. MSMEs, in one way, contribute to climate change and other ecological problems. At the same time, they are increasingly susceptible to the downsides of environmental and climate-related issues due to their dependence on outdated technology and processes, extensive fossil fuel utilization, and unstructured operations. This situation worsens with their limited technical abilities, lack of knowledge of existing formal financial mechanisms, and restricted entry to environmentally friendly financial solutions. Implementing RECP not only significantly improves productivity and competitiveness of businesses, especially MSMEs, but also aids in minimizing ecological impact of their operations, thereby benefiting the environment, and enhancing the safety of workers and communities.

6.4.1 Impediments to implementing Green Practices

Our surveys and discussions with stakeholders suggest a significant knowledge and implementation gap regarding RECP practices amongst the MSME. What we could infer from our survey results and our interactions with various stakeholder regarding sustainable practices is highlighted below:

- ▶ From our discussions, we found that many MSME units lack awareness and clear understanding of the benefits and implementation of RECP practices, leading to weak motivation to adopt them.
- ▶ Compliance with environmental regulations is challenging for MSMEs affecting their willingness to take up RECP practices, especially if seen as expensive or difficulty.
- ▶ Entrepreneurs often lack the required technical skills and capacity to identify, apply, and maintain RECP practices. This includes issues with conducting resource audits, finding suitable technologies, and managing operational changes.
- ▶ Access to information, technical expertise, and necessary resources to enforce RECP practices have significant gaps. This includes difficulties in acquiring relevant training, technical assistance and financial resources needed to improve technologies or processes.
- ▶ For MSMEs, especially micro entities with limited finances, the perceived high initial cost of adopting RECP practices can pose hurdles, particularly when short-term costs are deemed higher than long-term benefits.

- ▶ Moreover, MSMEs may prioritize other business concerns such as meeting production goals, boosting profitability, or solving immediate operational issues, relegating the adoption of RECP practices to a lower priority, thereby reducing its uptake.

6.4.2 Recommendations for Greening MSMEs

Understanding the significance of RECP practices in improving competition and product and service quality in the MSME sector underlies the need for its inclusion and demonstrations. All the stated factors converge directly or indirectly to a lack of skill and the ability to apply RECP practices, critical for the long-term sustenance of MSMEs vis-a-vis short-term gains. Despite the MSME ministry prioritizing skill development via methods such as augmenting training capabilities of tool rooms and MSME development institutions, it's paramount for the state to aid in increasing the uptake through specific skill enhancement initiatives targeted at RECP activities.

- ▶ Organising skill-oriented training modules/workshops for MSMEs focused on implementing Zero Defect Zero Effect (ZED) and LEAN principles can significantly aid the enterprises by boosting their productivity, increasing competitiveness, and enhancing sustainability.
- ▶ Workshops tailored towards decarbonisation, Greenhouse Gas Accounting, carbon pricing, energy audits, etc will assist the MSMEs to navigate their enterprises towards greening.
- ▶ Financial incentive for energy audits can be a defining financial support tool for MSMEs as they pave the way towards energy efficiency and cost effectiveness. A thorough energy audit can efficiently address this by identifying energy wastage and recommending preventive steps. Savings achieved through proposed energy efficiency initiatives directly contribute to the financial health of MSMEs by reducing utility costs.

6.5 Institutional Strengthening

The approach towards identifying the needs of the department, both at the individual and institutional level, involved receiving feedbacks from the individuals and MSME surveys and from the department itself. Discussion on enhancing the existing competencies of the officers were taken forward through one-on-one discussions with the officers and staffs of the department and NIDC. The proposed activities to augment the skillsets of the officers were identified as given below:

- ▶ Tailored courses for officers (Deputy Director & above) in Indian Institute of Management short term MDP courses or National Institute of MSMEs (Hyderabad)
- ▶ Exposure/Industrial visits for Assistant Director level & below
- ▶ Capacity building training module based on trade policies, documentations, financial management, etc for officers.
- ▶ Engaging Field level experts to assist in implementing CHAMPIONS scheme, LEAN scheme, green audits, etc for the RAMP project.
- ▶ Trainers to be onboarded to train the entrepreneurs at the village level on various aspects of business, documentation, regulations, etc

6.5.1 As-is assessment of portals in the State

At present, the state has the official website of the Directorate of Industries and Commerce, and Nagaland Industrial Development Corporation (NIDC), Ease of Doing Business (EoDB), and Start-up Nagaland. Given below are the details of these sites.

Table 49: State MSME Portals

Department	Website Link	Details
Official website of Directorate of Industries and Commerce	https://industry.nagaland.gov.in/	Provides details of schemes and provisions to check eligibility
Nagaland Industrial Development Corporation (NIDC)	https://nidc.nagaland.gov.in/	Set up by Directorate of Industries and Commerce
Ease of Doing Business (EoDB)	https://ebiz.nagaland.gov.in/	Single Window Interface for Fast & Transparent Clearance
Start-up Nagaland	https://www.startupnagaland.in/	Registration of startups and provides information of schemes, benefits

A. Directorate of Industries and Commerce

It is the official website of the department wherein information about different government schemes is provided. It also has details about 6 corporations and institutions set up by the department. Additionally, it has details uploaded about the activities carried out by the department and access to different sites.

B. Nagaland Industrial Development Corporation (NIDC)

The Nagaland Industrial Development Corporation Limited (NIDC) is a government undertaking in Nagaland, established in 1970. Its primary objective is to foster, advance, establish, and support economic growth within the state. In addition to offering financial assistance for the long-term requirements of industrial projects through loans and capital injection, NIDC plays a crucial role in infrastructure development. It also provides entrepreneurs with technical and commercial expertise. In the absence of a dedicated State Financial Corporation, NIDC functions as an SFC (State Financial Corporation) in the state. The website, thus provide information on activities, how to apply for credit facilities, and notifications for different activities.

C. Ease of Doing Business (EoDB)

An e-portal on Ease of Doing Business has been developed by the State IT Department where procedures and checklists for obtaining clearances/NOCs/approvals etc. have been uploaded in the portal for setting up of industries/units. In pursuit of this goal, the Department of Industries and Commerce, in collaboration with Invest India from DPIIT, Ministry of Commerce and Industry, conducted a workshop in 2021 to kickstart the development of the State's Single Window System. At present, the portal, specifically the Know Your Approval (KYA) Module is in the process of developing focusing on key departments such as Health & Family Welfare, PHED, NPCB, and Tourism. This initiative

aims to streamline and centralize the approval processes, contributing to the overall improvement of the Ease of Doing Business environment in the state.

D. Startup Nagaland

Startup Nagaland aims to make the state a premier destination for startups by creating a supportive ecosystem. The initiative streamlines access to diverse resources and focuses on establishing an environment that meets the aspirations of youth. This involves strengthening startups through incubation, mentoring, and fast-track statutory support. A dedicated Nagaland Startup portal facilitates easy registration and recognition for startups, providing information on incentives and programs outlined in the state's startup policy to empower youth and encourage entrepreneurial endeavors.

6.5.2 Monitoring and Evaluation (M&E) Systems

- ▶ The department's website and its associated departments lack dedicated dashboards for monitoring the progress of various schemes and initiatives. Dashboards offer a centralized platform to monitor and track key performance indicators and metrics relevant to the government department's goals and objectives and help in evaluating the advancement of programs initiated by the department/government. By having instant access to real-time data, government departments can optimize resource allocation, ensuring that resources are deployed efficiently and effectively. Moreover, it enhances transparency by making data accessible to relevant stakeholders, including the public. This fosters accountability and helps build trust between the government and beneficiaries.
- ▶ The current scenario in the state underscores the immediate need for a consolidated Management Information System (MIS) portal. This portal would function as an all-encompassing platform, delivering precise information to various stakeholders. A digital monitoring and evaluation system becomes indispensable when assessing the advancement of departmental or governmental initiatives.

None of the DICs possess tablets, and only a limited number have laptops. This poses a challenge to the monitoring and evaluation process, creating an obstacle in establishing an effective delivery mechanism. Furthermore, the lack of internet connectivity in the state, especially in some parts of the far-flung areas is a widespread issue in most DIC offices. Addressing this by establishing a robust digital infrastructure is a key aspect of the intervention. It will serve as indispensable tools for the department, offering a real-time, visual representation of data which will enhance decision-making, transparency, and overall efficiency in managing and delivering services.



— Proposed Interventions

7 Suggestive Interventions based on Diagnostic Study

7.1 Enhancing MSME firm capabilities

7.1.1 Major Issues/Challenges of MSMEs

The predominant informal status of the majority of Micro, Small, and Medium Enterprises (MSMEs) in Nagaland imposes significant limitations on their access to essential resources, markets, and growth prospects. This informality not only delayed their overall economic viability and resilience but also hindered their meaningful contribution to the state's economy. The absence of formal structures and processes limited their ability to tap into larger markets, access financing, and adopt advanced technologies, placing them at a distinct disadvantage in the competitive business landscape.

The existing Udyam registration figures indicate that approximately 20,500 enterprises have undergone the formalization process. However, it's noteworthy that the total number of MSMEs in Nagaland is estimated to be around 1,00,000. This implies that only a modest 20% of these enterprises have engaged in the formalization by registering under Udyam. Reason for this is a lack of awareness or understanding about the benefits and importance of formalization through the Udyam registration process among MSMEs in Nagaland. Many enterprises do not fully comprehend the advantages of formalization, such as access to credit, central and state government schemes, and other support mechanisms. Additionally, there are logistical barriers or challenges in completing the registration process, such as lack of access to technology. Moreover, some MSMEs are also hesitant to formalize due to concerns about increased regulatory compliance or taxation.

Moreover, the informal nature of these MSMEs presents considerable hurdles to effective regulatory oversight. It becomes challenging to enforce necessary labour and environmental standards, leading to potential economic and environmental consequences. The lack of regulatory adherence resulted in suboptimal working conditions, environmental degradation, and a general lack of accountability, which is detrimental both to the businesses themselves and the broader community.

A compounding challenge arising from the informal status is the growing trend of educated youth migrating from Nagaland in search of better employment opportunities. Limited formal job prospects within the state forced many educated youths to seek employment in other regions, contributing to a brain drain phenomenon. This trend has adverse implications for Nagaland's human capital, depriving the state of the skills and talents of its youth, which could otherwise be harnessed for local economic development.

To effectively address these multifaceted challenges, it is imperative to encourage and facilitate the formalization and enhancing of a substantial portion of Nagaland's MSME sector. Enhancing firm capabilities brings several advantages, including enhanced access to markets, improved eligibility for financial support, adoption of standardized business practices, and increased regulatory compliance. By fostering a formal business environment, Nagaland can promote economic stability, create more employment opportunities, and establish a conducive atmosphere for the sustainable growth of enterprises within the state. This, in turn, can reverse the trend of youth migration by providing a platform for local talent to engage in entrepreneurial endeavours, contributing positively to the state economic development.

7.1.2 Key Findings

- ▶ **Formalization disparities:** Approximately 20% of Nagaland's estimated 1,00,000 MSMEs have undergone formalization by registering under Udyam, highlighting a significant gap in the formalization process. This low rate inhibits their access to crucial resources and markets.
- ▶ **Economic viability constraints:** The informal status of the majority of Nagaland's MSMEs restricts their economic viability. Challenges in accessing capital, technology, and market opportunities impact their growth potential, hindering substantial contributions to the state's economy.
- ▶ **Trend of educated youth migration:** A concerning trend is the migration of educated youth from Nagaland in pursuit of better employment prospects elsewhere. Limited formal job opportunities within the state prompt many young individuals to seek work outside, negatively impacting Nagaland's human capital and economic growth.
- ▶ **Inertia in business enhancement:** Existing MSMEs in Nagaland often lack motivation to enhance their businesses. Entrepreneurs need proper guidance and incentives for pursuits like obtaining ZED certification, expanding market access, and leveraging financial instruments for business improvement. MSMEs require effective guidance on enhancement strategies, including obtaining certifications like ZED, enhancing market access, and utilizing financial instruments. The absence of such support hampers their competitiveness and growth potential.
- ▶ **Regulatory challenges:** The prevalence of informal MSMEs in Nagaland poses regulatory challenges, hindering effective oversight and enforcement of labour and environmental standards. This situation could lead to potential economic and environmental consequences.

7.1.3 Problem Statement

In principle, these interconnected challenges form a formidable barrier to Nagaland's economic progress. To scale these obstacles and foster a resilient and thriving MSME sector, it is imperative to implement comprehensive interventions. Priorities include enhancing formalization processes, curbing youth migration through entrepreneurial incentives, and providing robust support mechanisms and awareness for MSME growth and enhancement. Addressing these issues collectively will play a pivotal role in fortifying Nagaland's economic resilience and nurturing a dynamic MSME landscape.

7.1.4 Proposed Intervention with Respect to RAMP

A. Capacity building of ~18,000 MSMEs

This intervention centres on enhancing the capacity of approximately 18,000 nascent Micro, Small, and Medium Enterprises (MSMEs) in their formative stages. The programs cover a wide spectrum of crucial domains, with the goal of empowering these businesses for sustained growth and long-term success. Areas of focus include skill development, financial literacy, market research, innovation, quality standards, and various other facets essential for fostering the robust development of emerging enterprises.

The focus of the capacity-building efforts includes essential aspects such as financial management, designed to equip businesses with the knowledge and tools necessary for effective financial planning, budgeting, and resource allocation. Market research is another pivotal element, guiding enterprises in understanding market dynamics, identifying opportunities, and making informed strategic decisions.

Digital literacy emerges as a crucial component in a period dominated by technological advancements. The initiative aims to enhance the digital capabilities of MSMEs, ensuring they can leverage technology for operational efficiency, marketing, and overall competitiveness. Innovation forms a cornerstone, fostering a culture of creativity and adaptability within these enterprises.

Quality standards are emphasized to enhance the product or service offerings of MSMEs, aligning them with industry benchmarks and customer expectations. Supply chain management, an integral aspect of business operations, is addressed to optimize logistics, minimize costs, and enhance overall efficiency.

Human resources and technology adoption are targeted to empower MSMEs in workforce management and the integration of cutting-edge technologies into their operations. Export readiness programs are designed to prepare businesses for the global market, addressing regulatory requirements, documentation, and international trade practices.

Sustainability practices are increasingly vital in the contemporary business landscape. The initiative aims to install sustainable practices within MSMEs, ensuring environmental responsibility and long-term resilience. Networking initiatives are introduced to facilitate collaboration, partnerships, and the exchange of ideas among MSMEs.

Furthermore, exposure visits will enrich the learning experience, equipping entrepreneurs with valuable knowledge and insights. By exposing them to successful ventures and market trends, these visits enable businesses to remain updated and competitive. This initiative seeks to create a holistic learning environment for these MSMEs, ultimately enhancing their capacity and competitiveness in the market.

Lastly, legal compliance is addressed to ensure that MSMEs operate within the regulatory framework, mitigating legal risks and fostering a business environment built on integrity and adherence to applicable laws. This holistic capacity-building approach aims to empower both new and existing MSMEs with the knowledge and skills necessary for navigating the complexities of the business landscape and achieving sustainable growth.

In principle, this approach is designed to promote a culture of excellence and sustained high performance among MSMEs. It provides them with a clear and achievable goal, motivates ongoing improvement, and recognizes businesses that consistently excel in various facets of their operations. Ultimately, it contributes to the economic development of the region by highlighting and encouraging high-performing MSMEs as role models for others to follow.

Through this holistic approach, our aim is to not only foster the growth and development of these enterprises but also strengthen the overall economic landscape of Nagaland. By empowering existing MSMEs and guiding them to optimal performance, this intervention holds the potential to contribute significantly to the state's economic development, formalization efforts, and employment generation.

B. Capacity building of educated unemployed youth to start their own venture by awareness programs/trainings

In our ongoing commitment to address the complex challenges confronting the MSME sector in Nagaland, the proposed intervention is specifically designed to focus on capacity building. Its primary aim is to empower educated unemployed youth, facilitating the establishment of their own ventures.

This initiative adopts a versatile approach, incorporating workshops and awareness programs. Workshops provide practical, hands-on learning experiences, arming aspiring entrepreneurs with the essential tools for conceptualizing, launching, and effectively managing their businesses. Awareness programs enhance understanding and participation in both State and Central MSME schemes, making formalization more accessible.

Mentoring plays a pivotal role in guiding and supporting young entrepreneurs through the complexities of initiating and managing businesses. Exposure visits offer a real-world perspective, allowing them to glean insights from successful ventures and grasp the intricacies of market dynamics.

Over the next four years, this intervention aims to train and provide training support to 1500 unemployed educated youth. It places a special emphasis on inclusivity, ensuring that at least 10% of the beneficiaries are women and individuals from the Persons with Disabilities (PWD) category. This focused approach creates opportunities for under-represented groups, fostering diversity within the emerging entrepreneurial ecosystem.

C. Formalisation of existing unorganized MSMEs (Udyam Registration drive)

This initiative is geared towards promoting formalization among MSMEs by encouraging their registration under the Udyam scheme. The primary aim of this intervention is to generate awareness and advocate for the formalization of around 12,800 MSMEs through the Udyam Registration process over a period of 4 years. This involves a targeted effort that includes extensive outreach, educational initiatives, and support mechanisms. The initiative actively involves MSMEs throughout Nagaland, conducting awareness campaigns to highlight the advantages of formalization, such as gaining access to government schemes, subsidies, and financial assistance.

A key factor of this campaign involves collaboration with financial institutions. By fostering active participation from both MSMEs and financial entities, the awareness campaign reinforces the financial ecosystem supporting MSMEs, streamlining their access to crucial support and resources. This collaborative approach not only encourages businesses to formalize but also opens avenues for them to leverage financial instruments and opportunities, ultimately enhancing their growth and sustainability.

Thus, the "Udyam Registration Drive" plays a pivotal role in the formalization journey of Nagaland's MSMEs. Through the promotion of awareness, facilitation of registration, and fortification of the financial ecosystem, this intervention contributes significantly to the overarching objective of bolstering economic stability, fostering growth, and promoting the formalization of the MSME sector in Nagaland.

7.1.5 Proposed Project Design Concept and Feasibility & Viability of Proposal

The strategy is all-encompassing, striving to invigorate and empower the sector through a series of targeted interventions. The proposed measures are built on three fundamental pillars. The initial pillar emphasizes capacity building for around 18,000 MSMEs. This pillar is geared towards augmenting the performance of these MSMEs by providing mentorship sessions, exposure visits, opportunities for re-skilling/up-skilling. This initiative aims to furnish them with essential skills, knowledge, and resources vital for successful entrepreneurial ventures. The second pillar program includes a spectrum of activities such as workshops/ training programs for 1,500 educated unemployed youth to start their own ventures.

The third pillar, known as the Udyam Registration Drive, is designed to create awareness and encourage formalization among MSMEs. Collaborating with financial institutions is a strategic component of this pillar, intended to fortify the financial ecosystem. This collaboration aims to streamline access to essential support and resources, fostering a conducive environment for MSMEs.

Together, these pillars form a cohesive strategy aimed at nurturing, strengthening, and formalizing the MSME sector, contributing to its overall growth and sustainability.

Several pivotal factors underscore the feasibility and viability of this proposal. The precision in targeting interventions ensures that tailored solutions are provided to address specific challenges within the sector effectively. The strategic collaboration with financial institutions serves to enhance the overall financial ecosystem for MSMEs, amplifying their access to critical resources and support.

The economic and social implications of these interventions are significant. Over the next 4 years, they are anticipated to positively impact thousands of youths in Nagaland and approximately 18,000 MSMEs, enhancing business environment and formalization. Furthermore, the proposal holds the potential to facilitate the formalization of around 12,800 MSMEs, contributing to job creation, formalization, and overall economic growth. The emphasis on inclusivity, especially for women and underrepresented communities, promotes diversity and widens economic participation, aligning seamlessly with broader social development goals. These MSMEs will undergo training conducted by professionals from various sectors affiliated with reputable institutes.

In summary, the outlined project design presents a comprehensive and viable strategy to tackle the diverse challenges encountered by the MSME sector in Nagaland. It stands ready to instigate positive transformations by empowering the youth, improving existing businesses, formalizing operations, and promoting economic development in the state. The proposal's alignment with government initiatives, focused approach, and potential for widespread economic and social impact collectively render it a practical and viable solution for the enhancement of Nagaland's MSME sector.

7.1.6 Approach and Methodology for Implementation

In executing the proposed interventions comprehensively, we have formulated strategic plans for each of them.

The capacity-building initiative aims to empower MSMEs in Nagaland, tailoring its efforts to meet the specific needs of these enterprises. For the group of approximately 18,000 MSMEs, the initiative will provide a holistic training program encompassing various critical aspects. The initiative will conduct awareness programs addressing a spectrum of vital domains. These programs will cover key areas such as market research, digital literacy, innovation, quality standards, supply chain management, human resources, technology adoption, export readiness, sustainability practices, networking, and legal compliance.

Now for the group of educated unemployed youths, the aim is to enhance the capabilities and competitiveness by providing them with the latest insights and best practices in various business domains. Workshops/trainings/awareness programs support will form part of the comprehensive approach. The goal is to equip these budding entrepreneurs with essential skills, knowledge, and resources necessary for navigating the challenges of entrepreneurship.

It's noteworthy that 20% of the initiative's focus will be directed towards women and 3% towards PWD entrepreneurs, ensuring that gender inclusivity is a pivotal aspect of the capacity-building efforts. This deliberate focus on women aims to create a more inclusive and diverse entrepreneurial landscape, recognizing the significant contributions that women can make to the MSME sector. Overall, the capacity-building initiative seeks to fortify both new and existing MSMEs in Nagaland, fostering a more resilient and skilled ecosystem that can thrive in today's dynamic business environment.

7.1.7 Timeline for achievement of Project Deliverables

Table 50: Timeline for Achievement of Interventions under Enhancing of Firm Capabilities

A	Enhancing new and existing firm capabilities	Timeline			
		Y1	Y2	Y3	Y4
1	Capacity building of ~18000 MSMEs (awareness programs - financial management, market research, digital literacy, innovation, quality standards, supply chain management, human resources, technology adoption, export readiness, sustainability practices, networking, and legal compliance) (20% focus on women and 3% on PWD)				
2	Capacity building of educated unemployed youth to start their own venture by awareness programs/trainings				
3	Formalisation of existing unorganized MSMEs - Udyam Registration drive				

7.1.8 Estimated impact of the Project

The impact of the proposed interventions in the state of Nagaland is anticipated to be transformative, fostering economic development and enhancing the overall landscape of the MSME sector.

A. Capacity Building for MSMEs and educated unemployed youth:

- ▶ **Enhanced Performance:** The focus on approximately 18,000 existing MSMEs is geared towards improving their performance. Workshops, mentor sessions, exposure visits, and various awareness programs will equip these enterprises with tools to enhance their financial management, market research, digital literacy, innovation, quality standards, supply chain management, human resources, technology adoption, export readiness, sustainability practices, networking, and legal compliance.
- ▶ **Entrepreneurial Empowerment:** By capacitating around 1,500 educated unemployed youth, the initiative aims to empower aspiring entrepreneurs. This capacity building will provide them with essential skills, knowledge, and resources necessary for navigating the complexities of entrepreneurship.
- ▶ **Inclusivity:** A targeted 20% focus on women and 3% on People with Disabilities (PwD) within these capacity-building efforts is poised to contribute to gender inclusivity in entrepreneurship, promoting diversity and equitable economic participation.

B. Formalization of Unorganized MSMEs - Udyam Registration Drive:

- ▶ **Promoting Formalization:** The Udyam Registration drive is designed to encourage the formalization of existing unorganized MSMEs in Nagaland. This formalization process underpins the integration of these enterprises into the formal economy, facilitating their access to government schemes, subsidies, and financial support.

- **Financial Ecosystem Strengthening:** Collaboration with financial institutions in this drive strengthens the financial ecosystem for MSMEs. This collaboration is anticipated to enhance their access to financial instruments and opportunities, fostering financial stability and growth.
- **Job Creation and Economic Growth:** The formalization of approximately 12,800 MSMEs is expected to contribute significantly to job creation, economic growth, and the overall development of Nagaland's MSME sector.

In summary, these interventions collectively aim to create a sustainable and inclusive environment for MSMEs in Nagaland, enabling them to thrive, contribute to the economy, and play a pivotal role in the state's development.

7.1.9 Project Costing

The total project cost for the interventions proposed under “Enhancing New and existing MSME capabilities” is **INR 10.00 Cr.** The interventions wise cost is as per the table provided below.

Table 51: Costing for Enhancement of Firm Capabilities

Sl.No	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
A	Enhancing MSME firm capabilities	2,3,5,6	1000.91	50.05	950.86	31,510
1	Capacity building of ~18000 MSMEs (awareness programs - financial management, market research, digital literacy, innovation, quality standards, supply chain management, human resources, technology adoption, export readiness, sustainability practices, networking, and legal compliance) (20% focus on women and 3% on PwD)	2.3,3.2,5 .2,5.3,6. 2	752.53	37.63	714.90	18,710
2	Capacity building of educated unemployed youth to start their own venture by awareness programs/trainings (3 days)	2.3,3.2,5 .2,5.3,6. 2	184.38	9.22	175.16	NA
3	Formalization of existing unorganized MSMEs - Udyam Registration drive	2.3	64	3.20	60.80	12,800

7.2 Promoting 'Make in Nagaland' and enhancing domestic import substitute products

7.2.1 Major Issues/Challenges of MSMEs

Identification and manufacturing of import substitute products poses considerable issues for Micro, Small, and Medium Enterprises (MSMEs) in Nagaland. A key obstacle involves the meticulous selection of these products, requiring extensive knowledge of market behaviours, customer behaviour, and considering local needs. Additionally, guaranteeing that the selected items are in harmony with the accessible resources, technological skills, and production potential in Nagaland forms another complex challenge. This demands a thoughtful evaluation of feasibility, considering the complexity of the factors controlling product manufacturing.

'Make in Nagaland' can be conceptualized as an effort to boost up local production by identifying key import substitutes which can be sold both in the domestic local market and outside the state. An impetus through the RAMP scheme will act as a thrust factor to increase the awareness, production, and usage of local offerings from the state.

7.2.2 Key Findings

The survey results and the also through the stakeholder interactions reveals a significant deficit in understanding among Nagaland's MSMEs about the products they could produce locally rather than depending on imports. Although the state has been producing an array of items such as processed food products, tea, spices, bamboo, handloom, and handicrafts due to abundant natural resources, a majority of these MSMEs are uninformed about various possibilities for replacing imports. This insight brings to light the requirement of planned programs and campaigns to broaden their knowledge about the immense opportunities available within Nagaland in the thrust sectors.

Some brief highlights of the survey regarding this intervention are given below:

- ◆ The availability of raw material was not an issue to 77% of the survey respondents indicating the supply side is adequate for actions which can be beneficial of production/manufacturing of finished goods.
- ◆ However, limiting factors like lack of access to the latest technology, access to credit, and the information gap on various MSME schemes which can help the enterprises 'Make in Nagaland' products are some of the hindrances which the enterprises faced.

To fill this awareness void and optimize the benefits of manufacturing products as import substitutes, it's essential to tap into the various industries that Nagaland is proficient in. Encouraging innovation, investigation, and cooperation within MSMEs is crucial to harness the enormous potential the state holds. This collaborative approach will not only accelerate economic advancement and self-sufficiency, but also boost Nagaland's existing production capacity.

7.2.3 Problem Statement

Nagaland has been relying on imports from food to IT products for state's consumption contributing to trade deficit year on year. This intervention is designed to pinpoint products that can be produced within the state, while endorsing their manufacture.

The strategy of identifying import substitutes and making products out of Nagaland can lessen dependence on imports and generate new job prospects. The plan also encompasses

pushing for technical assistance in the pre-production and post-production stages. Nagaland possesses a competent workforce coupled high literacy rate above the national average. By adopting technical progress and adherence to quality via quality accreditations, the state can enhance the standard of its products and heighten its competitive standing both in the domestic and international marketplace.

Additionally, to address the knowledge gap and optimize the impact of manufacturing import substitute products, it becomes essential to harness Nagaland's inherent strengths and heritage across various sectors. Innovation, collaboration among the different sectors of MSMEs, and exploring new opportunities in the market is essential for unlocking the vast potential residing within the state. This collective effort will expedite economic growth and promote self-reliance, ultimately steering Nagaland towards a more sustainable and prosperous future.

7.2.4 Proposed Intervention with Respect to RAMP

Interventions which can help propel the 'Make in Nagaland' initiative are given below:

A. Make in Nagaland support centre (to be run by SPV) for the identified products

A Special Purpose Vehicle (SPV) will be incorporated to oversee the 'Make in Nagaland' initiative with the objective of propelling manufacturing and production of more 'local' substitutes for imported goods. This 'centre' or cell will have a single focus and well-defined goal on identifying, developing prototypes, identifying capacity gaps, and facilitate the manufacturing/production of locally made products.

B. Workshops for interaction at field level with technical experts

These workshops play a crucial role in bridging knowledge gaps, empowering MSMEs with technical skills, grow collaborations, and promote the resources available through the Make in Nagaland Support Centre/Cell, which will eventually contribute to the growth and success of MSMEs in Nagaland. These workshops will be covering all 16 districts of Nagaland and will commence in every quarter benefitting around 1600 MSMEs each year.

The outcome of the workshops for interaction at the field level with sectorial technical experts, specifically for the promotion of the Make in Nagaland Support Centre and the key products identified, involves several significant aspects:

- ▶ **Enhanced technical understanding:** The workshops will facilitate a deeper understanding of key products identified under the Make in Nagaland initiative among MSMEs. Sectorial technical experts will provide insights into the technical aspects, production processes, and quality standards associated with these key products.
- ▶ **Skill development:** MSMEs gain valuable skills and knowledge related to the production, quality control, and technology adoption for the identified key products. Workshops will focus on hands-on training, imparting practical skills that are crucial for efficient and quality manufacturing.
- ▶ **Networking opportunities:** The interaction at the field level will serve as a platform for MSMEs to establish connections with sectorial technical experts, promote potential collaborations and partnerships. Networking opportunities will enable MSMEs to access guidance and support from these experts in their respective industries.

- ▶ **Problem-solving and guidance:** MSMEs can discuss challenges and obstacles they face in the production process with experts. Sectorial technical experts offer guidance and solutions to address specific issues, promoting smoother production workflows.
- ▶ **Promotion of Support Centre/Cell:** The workshops will actively promote the Make in Nagaland Support Centre/Cell, which will emphasize the resources, guidance, and assistance it provides to MSMEs. Awareness will be raised about the services offered by the support centre, encouraging MSMEs to utilize its facilities for their growth.
- ▶ **Innovation and adaptation:** MSMEs will be encouraged to explore innovative approaches to production and technology adoption based on insights shared by technical experts. The workshops will promote an adaptive mindset, enabling MSMEs to stay abreast of industry trends and advancements

C. Capacity building of MSME under Make in Nagaland - access to market/management skills/quality control/export etc.

The Capacity building program under the Make in Nagaland Centre with more than 60 programs scheduled will aid and benefit more than 1,900 MSMEs per year which is projected to yield significant results, empowering MSMEs with essential skills and knowledge across various facets of business.

The outcome of the Capacity building program will be equipping MSMEs with the skills and knowledge necessary for effective project management, production optimization, market access, and compliance with regulatory requirements. These enhanced capabilities position MSMEs under the Make in Nagaland initiative for sustained growth and competitiveness in the dynamic business landscape. Key results include the following:

- ▶ **Enhanced project management skills:** MSMEs will develop robust project management skills, emphasizing project report preparation, assessment, evaluation, and efficient planning and implementation strategies.
- ▶ **Improved production planning and management:** The program will equip participants with advanced production planning and management techniques, optimizing manufacturing processes for increased efficiency and output.
- ▶ **Market access and marketing skills:** Participants will gain valuable insights into market dynamics through comprehensive market surveys. They will enhance their marketing skills, leveraging platforms such as Government e-Marketplace (GeM), ONDC, e-commerce website, MSME portals, and other digital platforms to enhance market visibility and accessibility.
- ▶ **Export readiness:** MSMEs will be better prepared for export activities, understanding the intricacies of international trade, quality control measures, and compliance standards to access global markets effectively.
- ▶ **MSME promotional schemes knowledge:** Through these workshops, participants will be well-versed in both state and central MSME promotional schemes and facilities. This knowledge will empower them to leverage available incentives and support mechanisms for business growth.
- ▶ **Financial literacy:** The program will enhance financial literacy among MSMEs, enabling them to navigate financial aspects effectively, including accessing funds and optimizing financial resources.

- ▶ **Compliance and regulatory understanding:** MSMEs will be more skilled at navigating legal and regulatory frameworks, ensuring compliance with various norms and standards.
- ▶ **Project sustainability:** The focus on comprehensive project planning and evaluation will contribute to the sustainability of MSME projects, ensuring long-term viability and success.

D. Subsidy on marketing and branding

Increasing the visibility of goods produced out of Nagaland is important for brand retention and brand awareness. This subset of intervention under 'Make in Nagaland' initiative will help enterprises with limited resource secure 10% (not exceeding Rs. 1 Lakh) of their branding expenditure and help them attract their target audience. A positive brand perception will help them compete with their competitors and also have the potential of attracting international buyers with this push towards visibility of their products.

E. Nagaland MSME Display hangers for promoting 'Make in Nagaland'

The Nagaland Display Hangers initiative is centred around the installation of display hangers or wall displays strategically positioned in key locations, including Nagaland House in New Delhi, Kolkata, and Assam, the secretariat in Kohima (Nagaland), and other significant tourism-related buildings across Nagaland. This initiative serves as a dynamic visual platform aimed at presenting the diverse and vibrant handicrafts, artifacts, and handloom products originating from Nagaland.

The primary objective of this intervention is to provide a compelling showcase of Nagaland's rich cultural heritage and the exemplary craftsmanship of its artisans. By placing these displays in prominent locations, the initiative aims to create a visual narrative that reflects the essence of Nagaland's cultural identity. The strategic placement of the display hangers ensures visibility among diverse audiences, including government officials, tourists, and other visitors to these key locations.

The content of the displays will feature a selection of Nagaland's unique handicrafts and handloom products, offering a glimpse into the state's artistic traditions. This presentation celebrates the artistic diversity of Nagaland and serves as an effective promotional tool for attracting potential buyers and tourists. The visual appeal of the displays will be designed to capture the attention of individuals, sparking interest and engagement. QR codes of the displayed products will be incorporated into this display hanger for interest persons or entities to access the products details.

Furthermore, the initiative will immensely contribute to an increase in economic activity by creating opportunities for local artisans and craftsmen. By attracting potential buyers, the display hangers will act as a catalyst for sales and market exposure for Nagaland's products. This, in turn, can stimulate economic activities within the state and support the livelihoods of those engaged in traditional craftsmanship.

7.2.5 Proposed Project Design Concept and Feasibility & Viability of Proposal

'Make in Nagaland' is a holistic initiative for Nagaland to build a strategic vision aimed at revitalizing the state's economic horizon, with a primary focus on increasing local manufacturing and substituting imports. This vision is manifested through a series of focused interventions designed to stimulate self-reliance, spur economic growth, and cultivate entrepreneurship within the state.

The initiative employs a comprehensive approach to establish a conducive environment for businesses and entrepreneurs. This involves a combination of incentives, branding support, marketing support, and enhanced training workshops, collectively designed to encourage investments in the local manufacturing sector. The primary objective is to empower businesses to innovate and produce goods that were traditionally imported.

By placing emphasis on local production, the "Make in Nagaland" initiative aims to achieve several key outcomes. Firstly, it strives to propel economic growth by aiding a dynamic and resilient manufacturing sector, which will subsequently generate job opportunities to address unemployment concerns within the state. Moreover, the initiative plays a crucial role in strengthening self-resourcefulness, thereby diminishing the state's reliance on external sources for essential goods.

Capacity building takes centre stage, covering access to markets, management skills, quality control, and export knowledge. The intervention of the "Make in Nagaland" initiative utilizes branding strategies, including logo competitions, road shows, and multimedia campaigns, to enhance awareness and includes a culture of entrepreneurship and self-reliance. This multi-dimensional approach, combined with state government support for micro financing initiative like the Chief Minister Micro Finance Initiative (CMMFI) and CGTMSE, will strengthen the financial ecosystem for local MSMEs.

This comprehensive intervention is in coordination with Nagaland's vision for the sustainable development of globally competitive Micro, Small, and Medium Enterprises (MSMEs) as a driving force for both the state and India's economy, which will be delivered through strategic planning and focused interventions.

7.2.6 Approach and Methodology for Implementation

- ▶ **Identification of potential products:** The exhaustive process of diagnosing sectors suitable for import substitute products and identifying priority sectors necessitates an in-depth and meticulous examination. By undertaking this examination, the government can precisely determine sectors with substantial possibilities for developing manufacturing activities that substitute imports and those that hold strategic or economic significance, categorizing them as high priority.
- ▶ **Roadmap Preparation:** Once these sectors are identified, the government along with the concerned department shall deliberate on formulating a strategic roadmap for their development. This roadmap will serve as a detailed plan outlining the necessary steps, strategies, and initiatives to facilitate the growth of the manufacturing sector within these specific sectors. It will outline how the government intends to adopt business and industry growth in these areas.
- ▶ **Incorporate a Special Purpose Vehicle (SPV):** The proposal also includes incorporating a Make in Nagaland support centre or cell, which will facilitate, develop, and monitor new enterprises within the identified sectors. Serving as an innovation and product development hub, it can provide resources, mentorship, and guidance to startups and small businesses. Moreover, it will act as a platform for connecting MSMEs with technology providers, ensuring businesses have access to the latest technologies and innovations that can elevate their operations, enhance product quality, and bolster competitiveness in the market.
- ▶ **Government Support - Capacity building programs through SPV:** To support entrepreneurs and businesses in these sectors, the government can extend the necessary assistance to sustain this roadmap progression. This support can manifest in

various forms, including facilitating access to financial resources through loans, grants, or subsidies. Additionally, it can adopt hand holding initiatives like capacity building, wherein training, skill development, and knowledge enhancement relevant to the identified sectors are provided. By enhancing the skills and capabilities of entrepreneurs and workers in these sectors, the government ensures their enhanced competitiveness and proficiency in their respective industries.

- ▶ **Onboard Technical Experts at the field level:** Integrate highly skilled professionals with the team directly working on site. These experts possess specialized knowledge in each of their technical field/sector and will help in significantly to achieving the enterprise operational efficiency goals. They will provide real-time solutions, optimize processes, and reinforce best practices, enhancing productivity and guaranteeing successful project completion.
- ▶ **Marketing and Branding Support:** Best performing production house, clusters, etc will be provided with branding and marketing support of their finished goods of up to 10% (not exceeding Rs. 1 Lakh).
- ▶ **Promotional Activities:** Display Hangers of 'Make in Nagaland' products will be advertised across various important public locations like airports, tourist hotspots, important landmarks, Nagaland Emporiums, and Nagaland Houses. This will help in creating brand awareness amongst the end consumers

7.2.7 Timeline for achievement of Project Deliverables

Table 52: Timeline for achievement of Interventions under enhancement of Make in Nagaland

B	Enhancing Make in Nagaland support centre for the identified products	Timeline			
		Y1	Y2	Y3	Y4
1	Workshops for interaction at field level with sectorial technical experts (Make in Nagaland promotion) (For the key products identified)				
2	Subsidy for Branding and Marketing				
3	Capacity building of MSME under Make in Nagaland centre - access to market/management skills/quality control/export etc.				
4	Nagaland MSME Display hangers (across Nagaland Houses and in Nagaland airport and important buildings (tourism related)) (Cost for setting up Display walls of Nagaland key sectoral MSME/heritage products)				

7.2.8 Estimated impact of the Project

The interventions outlined in the project are set to instigate a substantial transformation in Nagaland's MSME landscape. The cumulative effect of these interventions is geared towards benefiting a significant portion of the state's MSMEs, enhancing their capacities and promoting self-reliance. The expected impact over the next four years is considerable, encompassing approximately 14,500 MSMEs.

A. Workshops for Interaction at Field Level:

- ▶ **Increased Product Knowledge:** Enhanced understanding among MSMEs regarding key products identified for local manufacturing.
- ▶ **Technological Upliftment:** Trainings from sectorial technical experts will stimulate technological advancements within MSMEs.
- ▶ **Market Sensitization:** Improved awareness about market demands and trends, facilitating informed business decisions.

B. Branding and Marketing Support

- ▶ **Increased visibility:** Making the enterprise's brand visible to the target audience will help in increasing brand awareness which is the first step in the process of increasing the market presence of the enterprise's products.
- ▶ **Customer recognition of the brand:** The customer or consumer is more likely to stick to a brand they recognize if the product offerings are positive.
- ▶ **Brand recall:** Marketing the products will help increase the brand recall value of the target audience.
- ▶ **Charge a price premium:** Once the customer has a positive experience with the products or goods and the brand is reinforced through marketing, the enterprise can command a price premium for their products.

C. Capacity Building of MSMEs (Make in Nagaland Centre/Cell):

- ▶ **Enhanced Market Access:** Improved access to markets for MSMEs through skill development and knowledge enhancement.
- ▶ **Quality Enhancement:** Better quality control practices leading to improved product quality and market competitiveness.
- ▶ **Export Readiness: Equipping MSMEs with skills and knowledge essential for successful entry into export markets.**

D. Nagaland MSME Display hangers:

The Nagaland Display Hangers initiative revolves around strategically placing display hangers or wall displays in prominent locations such as Nagaland Bhawan in New Delhi, Kolkata, and Assam, the assembly secretariat in Kohima (Nagaland), and other noteworthy tourism-related buildings throughout Nagaland. This dynamic visual platform is designed to showcase the rich diversity of handicrafts, artifacts, and handloom products originating from Nagaland.

7.2.9 Project Costing

The total project cost for the interventions proposed under “**Promoting 'Make in Nagaland' and enhancing domestic import substitute products**” is **INR 16.15 Cr.** The interventions wise cost is as per the Table provided below.

Table 53: Costing for Interventions under Promotion of Make in Nagaland

Sl.No	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
B	Promoting 'Make in Nagaland' and enhancing domestic import substitute products	2,3,5,6	1615	81	1534	14,180
1	Make in Nagaland support centre (to be run by SPV) for the identified products	2.3,3.1, 5.2	60	3	57.00	NA

Sl.No	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
B	Promoting 'Make in Nagaland' and enhancing domestic import substitute products	2,3,5,6	1615	81	1534	14,180
2	Workshops for interaction at field level with technical experts (focusing on atleast 20% women)	2.3	206.89	10.34	196.54	6,400
3	Capacity building of MSME under Make in Nagaland - access to market/management skills/quality control/export etc. (focussing on atleast 20% women) Project report preparation, assessment, evaluation, Project planning and implementation, Production planning and management, Market survey and marketing including SME portal of department etc., MSME promotional Schemes & Facilities of the state & GoI, Etc	2.3,3.2,5.2,5.3,6.2	248.26	12.41	235.85	7,680
4	Subsidy on marketing and branding (that includes design and logo, Marketing Collateral, Website Development)	2.2,3.2	100	5	95	100
5	Nagaland MSME Display hangers - for promoting 'Make in Nagaland'	2.2,3.2	1000	50	950	NA

7.3 Improving Digital Infrastructure

7.3.1 Major Issues/Challenges of MSMEs

As discussed in the previous chapter, the state does not have a dedicated portal for monitoring the activities of different projects and schemes. Owing to poor digital infrastructure in the department, it has significant and wide-ranging effects, impacting various aspects of service delivery, efficiency, and overall governance. The absence of digital tools restricts access to information. The department face challenges in retrieving

and disseminating data efficiently, affecting their ability to make informed decisions. It may also limit transparency in its operations. Access to information for stakeholders becomes challenging, affecting trust and accountability. Therefore, a strong digital infrastructure is needed to enable the delivery of e-government services tailored for enterprises. This includes online registration, licensing, permit applications, and other regulatory processes. It will provide the necessary platforms for entrepreneurs to collaborate, access information, and participate in the digital economy. An improved digital infrastructure is fundamental for the department to operate efficiently, deliver effective services, engage with public, and adapt to the evolving landscape of technology and governance.

7.3.2 Key Findings

The qualitative survey has revealed various findings, offering valuable insights into the state of digital readiness and data management within the district centres.

- ▶ **Manual and Paper-Based Processes:** Without digital infrastructure, the department rely heavily on manual and paper-based processes. This leads to slow, labour-intensive workflows, inaccurate data collection, causing delays in tasks and services.
- ▶ **Limited Internet Connectivity:** Only two district centres have reported to have internet connectivity. This severe lack of reliable internet access would hamper in real-time data exchange and effective utilization of digital resources.
- ▶ **Inadequate Computer Systems:** The computer systems available at DICs lack necessary software and security systems required for proper data management. This deficiency poses significant obstacles in the creation of a comprehensive and secure database for MSMEs, thereby impeding their participation in various government-run schemes and programs.
- ▶ **Fragmented Data Capture:** Due to the prevailing issues in data management, a significant gap exists in capturing and centralizing data for MSMEs across different schemes and initiatives. This fragmentation obstructs the ability to gain comprehensive insights and assess the interconnectedness of these programs.

Key recommendations stemming from these findings include the urgent need for:

- ▶ **Unified MIS Portal:** The creation of a master MIS portal that integrates all individual systems into one platform. This approach would facilitate cross-functional analytics, enhance data accessibility, and streamline decision-making processes.
- ▶ **User-Friendly Interface:** The implementation of an intuitive user interface to ensure that the system is user-friendly, easy to navigate, and encourages effective system adoption and utilization.
- ▶ **High-Level Security Protocols:** Recognizing the sensitive nature of the data handled by the MIS, the implementation of robust security protocols is essential to safeguard sensitive information and maintain data integrity.
- ▶ **Dedicated Hosting Servers:** Given the scale of this initiative, dedicated hosting servers are a necessity to ensure that the system has the resources required for efficient and effective operation.

Addressing these key findings and recommendations will be pivotal in enhancing the digital infrastructure at the state level NIDC as well as at DICs, fostering data-driven decision-making, and promoting the economic transformation of the state through empowered MSMEs.

7.3.3 Problem Statement

The absence of a unified Management Information System (MIS) poses a significant bottleneck, hindering strategic decision-making at the state level. The department oversees numerous state support schemes for MSMEs. Currently, these initiatives are managed through multiple dashboards, creating a fragmented data management landscape. This emphasizes the critical need for a centralized, robust, and scalable MIS to provide a consolidated governance view across all District Industries Centres (DICs).

7.3.4 Proposed Intervention with Respect to RAMP

A. Providing digital devices for Field level offices

This intervention entails furnishing field-level offices with essential digital equipment, including computers and relevant hardware. Supplying these necessary tools will empower DICs to streamline data management, elevate data capture processes, and automate administrative tasks. The deployment of these devices will enable field personnel to collect and update data efficiently, thereby enhancing the overall quality and accuracy of the database. Moreover, it will accelerate the digital transformation of DICs, playing a key role in successfully implementing Industry 4.0 practices.

B. Upgrading IT infrastructure in District Industries Centres (DICs) and NIDC

This initiative seeks to modernize the IT infrastructure within the Directorate of Industries and Commerce, DICs, and NIDC. Through the enhancement of digital infrastructure, encompassing both hardware and software systems, these departments will be more adept at handling data, records, and communication with MSMEs and various stakeholders. Under this sub-intervention, IT equipment's will be provided to Directorate, DICs and NIDC. Additionally, video conferencing facility is also proposed for the offices in all the districts for upgrading the IT infrastructure of the department. Implementing video conferencing facilities in offices has become increasingly essential for the teams to conduct meetings and present virtually, and enable the team/staff to collaborate effectively, despite their physical location. As per the current IT infrastructure assessment, there are hardly any computers available especially at the district offices. Therefore, we have proposed to upgrading IT infrastructure by providing desktops and printers along with inverter as there is erratic electricity in the state which hampers in delivering work smoothly and efficiently. This intervention would result in enhancing efficiency, productivity and communication of the department.

C. Development of Web Portal for MSMEs and Web/Mobile/Tablet application for data collection of MSMEs

The proposed project, in alignment with the RAMP, involves the creation Web Portal for Department/NIDC/MSMEs for monitoring, notifications and ease of access to the central and state schemes which may include chat-box. A unified Master Management Information System (MIS) will be developed to integrate all individual systems into one platform, thereby facilitating cross- functional analytics and more streamlined decision making. The MIS will function as a centralized repository, serving as the definitive source of information for various stakeholders. It will offer a unified perspective to facilitate governance oversight across all District Industries Centres (DICs). This unified platform aims to elevate data-driven decision-making capabilities at the state level, enhancing the efficient administration of diverse State support schemes designed for Micro, Small, and Medium Enterprises (MSMEs).

This aligns with RAMP's objective of fostering a conducive ecosystem for MSMEs, promoting their growth and competitiveness.

Additionally, integrating current databases, such as Udyam and GST registration, will ensure interoperability, enabling the creation of informative dashboards for industry analysis. This intervention lays the groundwork for an efficient and comprehensive digital ecosystem that facilitates effective decision-making.

7.3.5 Proposed Project Design Concept and Feasibility & Viability of Proposal

The design concept behind the envisioned Master Management Information System (MIS) centres on developing a resilient, adaptable, and user-friendly platform capable of seamlessly incorporating multiple current and future dashboards. The meeting with stakeholders, which included officials from the department determined that the idea of establishing a consolidated Master Management Information System (MIS) both feasible and viable. The strategic imperative for implementing such a system outweighs the technical challenges it may present. The proposed MIS would integrate all individual systems into one platform, facilitating cross functional analytics and streamlined decision making. This would significantly enhance the capabilities of the department aligning with its mission to support MSMEs. The proposal's viability is further reinforced by the commitment to implement high level security protocols to safeguard sensitive data, ensuring data integrity.

The system will also be designed to accommodate future growth or the rollout of new schemes, ensuring scalability. Innovative technology such as tablets will be incorporated for field personnel. This will allow for real-time updates of field level data across multiple service offerings and dashboards, ensuring a more streamlined and efficient data management process.

7.3.6 Approach and Methodology for Implementation

The implementation of these vital interventions for enhancing the digital infrastructure at DICs will follow a well-defined approach and methodology. This strategy encompasses the following steps and considerations:

- ▶ **Providing Digital Devices for Field Level Offices:**
 - Deployment of handheld devices equipped with essential software for data capture and updating.
 - Training and capacity building for field personnel to ensure the proficient use of these devices.
 - Regular maintenance and technical support to guarantee the uninterrupted functioning of handheld devices.
- ▶ **Upgrading IT Infrastructure in Directorate, DICs, and NIDC**
 - Provision of desktop computers, printers, and inverter for all DICs and NIDC
 - Provision of video conferencing facility at the Directorate and all DICs
- ▶ **Development of Web Portal and monitoring for MSMEs/DICs/NIDC:**
 - Collaboration with a monitoring partner, specializing in data collection and repository management.
 - Establishment of an MIS portal and dashboard for real-time analytics and monitoring of sector and program performance.
 - Integration of the State portal with the national portal, my.msme.gov.in, to provide a seamless experience for MSMEs.
- ▶ **Web Application for MSMEs:**

- Development of a user-friendly web application to facilitate MSMEs' access to central and state schemes.
- Integration of features such as a chat-box for real-time support and assistance.
- Regular updates and enhancements to ensure the application remains current and aligned with evolving needs.
- ▶ **Training and Capacity Building:**
 - Conducting comprehensive training programs for DICs' personnel to familiarize them with the new digital tools and infrastructure.
 - Ensuring that field personnel are proficient in using handheld devices and the upgraded IT infrastructure.
- ▶ **Data Security and Privacy:**
 - Implementation of stringent data security and privacy measures to safeguard sensitive information.
 - Regular audits and assessments to maintain data integrity and protect against potential threats.
- ▶ **Stakeholder Engagement:**
 - Active involvement of DICs' officials, MSMEs, and other stakeholders in the implementation process.
 - Soliciting feedback and input to continually improve the digital infrastructure and applications.
- ▶ **Monitoring and Evaluation:**
 - Regular monitoring of the performance of digital devices, IT infrastructure, and the Integrated MSME Digital Command and Control Center.
 - Evaluation of the usability and effectiveness of the web application for MSMEs.

This approach and methodology guarantee a systematic and thorough execution of digital infrastructure improvements at District Industries Centers (DICs) within the state. Through the provision of essential tools, upgrading IT infrastructure, and establishing a resilient command center, the project seeks to foster a favorable digital environment. This environment is intended to facilitate data-driven decision-making and smooth interaction between Micro, Small, and Medium Enterprises (MSMEs) and government schemes.

7.3.7 Use of ICT/Innovative Technology Towards Project Implementation

The proposed project will leverage Information and Communication Technology (ICT) and innovative technology to enhance its implementation. One such innovation is the use of handheld devices (tablets) for field personnel. This technology will allow field personnel to conduct field surveys and update field level data across multiple service offerings and dashboards in real time ensuring a more streamlined and efficient data management process. The tablets will be equipped with the necessary software and applications to access the Master MIS, allowing for real time data entry and updates. This use of ICT will not only improve data accuracy but also enhance operational efficiency.

7.3.8 Timeline for achievement of Project Deliverables

Given below is the timeline proposed to achieve an improved digital infrastructure under RAMP.

Table 54: Timeline for Improving Digital Infrastructure

C	Improving Digital Infrastructure	Timeline			
		Y1	Y2	Y3	Y4
1	Providing digital devices for Field level offices				

C	Improving Digital Infrastructure	Timeline			
		Y1	Y2	Y3	Y4
2	Upgrading IT infra in Directorate, DICs and Block Offices				
3	Development and monitoring of web portal for Department/NIDC/MSME				
4	Web application for data collection of MSMEs				

7.3.9 Estimated impact of the Project

The proposed Master Management Information System (MIS) is expected to have a significant impact on the operations of the Department of Industries and Commerce, Government of Nagaland. By providing a unified view of all initiatives, it will enhance data driven decision making at the state level and improve the management of various State support schemes for Micro, Small, and Medium Enterprises (MSMEs). The use of innovative technology such as tablets for field personnel will ensure a more streamlined and efficient data management process, improving operational efficiency. The system's scalability will accommodate future growth or the rollout of new schemes, fostering a conducive ecosystem for MSMEs and promoting their growth and competitiveness. Overall, the project is expected to significantly enhance the capabilities of MSME's and Department of Industries and DICs.

7.3.10 Project Costing

The total project cost for the interventions proposed under “Improving Digital Infrastructure” is **INR 06.99 Cr.** The interventions wise cost is as per the table provided below:

Table 55: Project Costing for Interventions under Improvement of Digital Infrastructure

Sl.No.	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
C	Improving Digital Infrastructure	2,3	699.44	34.97	664.47	NA
1	Providing digital devices for Field level offices	3.1	25.44	1.27	24.17	
2	Upgrading IT infra in District Industries Centres (DICs) and NIDC	3.1	123	6.15	116.85	
3	Web Portal for Department/NIDC/MSMEs for monitoring, notifications and ease of access to the central and state schemes	2.2,3.1	175.00	8.75	166.25	
4	Web/Mobile/Tablet application for data collection of MSMEs (for udyam, scheme related, etc.) and software intergration with the concerned MSME departments	2.2,3.2	376	18.80	357.20	

7.3.11 Plan for strengthening M&E framework pertaining to Project

- ▶ **Specialized Administrative Teams:** Specialized administrative teams will be constituted to ensure system optimization and performance. These teams will monitor the system's performance regularly and make necessary adjustments to ensure it continues to meet its objectives effectively.
- ▶ **High Level Security Protocols:** High level security protocols will be implemented to safeguard sensitive data and fortify data integrity. Regular audits will be conducted to ensure these security measures are effective.
- ▶ **Ongoing System Maintenance:** Resources will be allocated for ongoing system maintenance. This includes regular updates to ensure the system remains current with technological advancements and can continue to meet the evolving needs of its users.
- ▶ **Future Upgrades:** A plan will be put in place for future upgrades to the system. This ensures that the system remains scalable and can accommodate future growth or the rollout of new schemes.
- ▶ **User Feedback:** Regular feedback will be sought from users to understand their experiences with the system and identify areas for improvement.

7.4 Competitiveness Support and Green initiatives

7.4.1 Major Issues/Challenges of MSMEs

Several manufacturing industries, including general engineering, tea/coffee products, plastic products, wood products, bamboo products, and rubber products, involve processes characterized by a substantial demand for energy. Units operating in these sectors are dealing with elevated electricity costs, leading to an escalation in production expenses. This scenario is adversely impacting the competitiveness of these units, affecting their ability to set competitive product prices and realize favourable profit margins.

The COVID-19 pandemic has emphasized the pivotal role of Information and Communication Technology (ICT) in various facets of human life. IT services have penetrated diverse areas, encompassing communication, teleworking, e-commerce, digital education, and entertainment. Despite this, a notable digital divide persists, especially among smaller and larger companies, a situation particularly pronounced in developing countries like India. Many Small and Medium Enterprises (SMEs) in these regions have yet to embrace digital technologies fully.

The low awareness levels regarding ZED certifications and the LEAN scheme among MSMEs in Nagaland signify a significant gap in knowledge about these initiatives aimed at enhancing quality and competitiveness. Without adequate understanding of these programs, MSMEs have missed out on valuable opportunities for improvement and growth. The lack of training programs and awareness campaigns impairs this issue, as it left MSMEs uninformed about the benefits and processes involved in obtaining quality certifications and implementing LEAN practices.

As a result of this limited awareness and training, the uptake of ZED certifications has been extremely low, with only 2 out of over 20,500 registered MSMEs in Nagaland having obtained the bronze certification. This reflects a missed opportunity for MSMEs to demonstrate their commitment to quality standards and potentially access new markets and opportunities. Additionally, the poor quality management practices prevalent in the MSME

sector further underscore the need for initiatives like ZED certifications and LEAN implementation to improve processes and outcomes.

7.4.2 Key Findings

- ▶ Ensuring the environmental sustainability of industries is paramount, and our survey revealed that a significant portion of the surveyed MSME units, particularly those engaged in manufacturing, exhibited a lack of awareness or consideration for integrating green technologies in Nagaland.
- ▶ The technologies and tools associated with the new industrial revolution present a range of opportunities that were previously inaccessible or extremely challenging for MSMEs. These opportunities include instantaneous access to international markets, cost-effective service delivery, and affordable manufacturing solutions.
- ▶ Despite the Central Government's initiatives promoting LEAN manufacturing and ZED certifications, these efforts are often perceived by businesses as a potential liability, leading to resistance to change. Bridging this gap requires building awareness about the tangible benefits of greening, such as cost savings, waste reduction, and the long-term sustainability advantages associated with incorporating environmentally friendly practices.
- ▶ Our sample survey indicated that a substantial majority of firms had not obtained any quality certifications or any ZED certifications. Only 2 micro units out of registered 20,500 MSMEs have achieved bronze certification, and many were unaware of the various quality certifications available in the market. Addressing this knowledge gap is crucial to enhancing the overall quality standards of MSMEs.
- ▶ Limited access to diverse financing options and a lack of awareness about green financing instruments emerged as significant hurdles for a considerable number of MSMEs. This issue is particularly critical as securing sufficient, low-cost funding is essential for the adoption of energy-efficient technologies and practices. The Industrial Policy 2023 offers support by providing provisions such as 25% expense reimbursement for MSMEs investing in eco-friendly initiatives, including setting up Effluent Treatment Plants (ETP), installing equipment for substituting grid power, rainwater harvesting, wastewater recycling, and materials for conservation efforts.
- ▶ Some MSMEs highlighted the challenge of accessing technical experts with domain knowledge as a hurdle, hindering their ability to identify appropriate energy conservation measures and seamlessly transition to them.
- ▶ Presently, a majority of enterprises depend on power supplied by private suppliers such as Huta Industries and Halo Energie Pvt Ltd, with only a minimal fraction, approximately 5%, having adopted solar power as a supplementary energy source. Bridging this gap in renewable energy adoption is vital for fostering sustainability in the MSME sector.

7.4.3 Problem Statement

- ▶ The diagnostic survey done in Nagaland highlights a pressing need to enhance the adoption of Government of India (GoI) schemes, particularly the CHAMPION schemes, within the State. Currently, only 2 firms have achieved ZED Bronze certification, with none attaining silver or gold certifications. There is big room for improvement in the number of firms enrolled in the LEAN scheme as well.

- ▶ MSMEs operating in energy-intensive sectors are grappling with escalating energy costs, impacting their overall input costs, and making it challenging to offer products at competitive prices. Particularly, a majority of surveyed MSMEs demonstrated a lack of awareness regarding green practices and technologies and their associated benefits. Recognizing the significance of environmentally sustainable practices, the State of Nagaland aims to promote an ESG-driven approach for responsible investments as part of its Green Vision.
- ▶ Addressing these gaps in scheme uptake and promoting awareness of green practices is crucial for fostering the competitiveness and sustainability of MSMEs in the State.

7.4.4 Proposed Intervention with Respect to RAMP

A. Workshops on decarbonisation, greenhouse gas accounting (GHG), carbon pricing, energy audit.

These workshops aim to educate approximately 1,000 MSMEs on effective decarbonization strategies, empowering them to decrease their carbon emissions and embrace eco-friendly practices. Moreover, the workshops offer valuable insights into greenhouse gas (GHG) accounting, enabling businesses to precisely measure their environmental footprint and devise strategies to mitigate it. The focus is on fostering sustainable and environmentally responsible business practices. The initiative plans to conduct approximately 12 programs per year per district, covering all 16 districts, to ensure widespread participation and impact.

B. Financial support to MSMEs through energy audits

- ▶ **Financial Support for Walkthrough Energy Audit:** MSMEs will receive financial assistance for conducting walkthrough energy audits. This initiative is designed to help businesses identify potential areas for improving energy efficiency in their operations.
- ▶ **Financial Support for Detailed Energy Audit:** The plan includes financial support for comprehensive and detailed energy audits. MSMEs can leverage this support to conduct in-depth assessments, leading to tailored strategies for optimizing energy consumption and reducing costs.
- ▶ **Financial Assistance for Energy-Efficient Machinery and Equipment:** Financial support will be extended to MSMEs, covering 20% of the expenses related to the replacement, retrofitting, and acquisition of technology aimed at enhancing energy efficiency. The support is subject to a maximum limit of INR 20,000 per MSME.

C. Workshops on maximising awareness of LEAN Scheme and ensuring maximum coverage of BASIC LEVEL LEAN certification with the support of local recruits/VLEs (village level entrepreneurs)

The primary objective of these workshops is to enhance awareness and understanding of the LEAN Scheme, offering guidance to MSMEs on attaining the BASIC LEVEL LEAN certification. The LEAN principles introduced in these workshops are geared towards helping businesses streamline their operations, minimize waste, and elevate overall productivity. This intervention serves as a catalyst for MSMEs to embrace LEAN practices, fostering heightened efficiency and bolstering their competitive edge in the market. By introducing LEAN principles, businesses are poised to optimize their processes, leading to

increased operational effectiveness and improved competitiveness within their respective industries. A total of 100 MSMEs are targeted per year from the State.

D. Workshops on maximising awareness of ZED Scheme and ensuring maximum coverage of BRONZE certification with the support of local recruits/VLEs

The primary aim of these workshops is to increase understanding of the ZED Scheme and facilitate MSMEs in acquiring BRONZE certification, a recognition of their dedication to quality and excellence. Participation in these workshops empowers MSMEs to elevate their product quality, market competitiveness, and overall business performance. The initiative seeks to engage nearly 4000 MSMEs annually across the state, providing them with the tools and knowledge needed to enhance their quality standards and achieve excellence in their respective industries. Also, the program is targeting to get around 40 units to get bronze certification per year. And, the program will aim to convert atleast 10% of them to silver/gold certified enterprises each year from next financial year.

E. Awareness programme on getting FSSAI Basic license and ensuring certification to 1,000 MSMEs per year

This initiative comprises an awareness program aimed at assisting MSMEs in securing FSSAI Basic Licenses, essential for upholding food safety and quality standards. The program sets a target of certifying almost 1,000 MSMEs annually, thereby elevating food safety standards and building trust among consumers. Through this initiative, MSMEs will be equipped with the necessary knowledge and resources to adhere to stringent food safety regulations, contributing to the overall enhancement of the food industry in the region.

F. Financial support for FSSAI Basic License to a maximum amount of INR 6,000/- per MSME on reimbursement basis

This intervention offers financial assistance to MSMEs pursuing FSSAI Basic Licenses. Eligible businesses can receive reimbursement of up to INR 6,000, facilitating compliance with essential food safety requirements and ensuring the maintenance of high-quality standards in their operations reaching up to 250 MSMEs per year. This support aims to alleviate financial burdens on MSMEs, encouraging them to prioritize and invest in crucial aspects of food safety and quality assurance.

G. State MSME Excellence Awards

The State MSME Excellence Awards are designed to acknowledge and celebrate the outstanding accomplishments and innovations of MSMEs in Nagaland. These awards serve as a tribute to businesses that have showcased excellence and quality in their operations, fostering a culture of growth and serving as inspirations for others in the sector. The award categories are diverse and aim to recognize achievements in various aspects:

► Award categories for all MSMEs in the state:

- Energy Efficiency (Including Utilization of Renewable Energy Resources)
- Water Conservation Waste Management (With Specific Focus on Hazardous Waste Management) (Including Rainwater Harvesting)
- Reduced Environmental Impact
- Most Quality Certifications
- Gender Inclusion
- Financial Inclusion (SC/ST)

- ▶ **Selection of 150 entrepreneurs from 10,000 new MSMEs:** Entrepreneurs will be selected based on different criteria such as turnover, employment, innovation, etc.
- ▶ **Aspirational CHAMPION Udyami Awards from aspiration districts of Nagaland:** Recognition and awards will be given to entrepreneurs from aspiration districts who have demonstrated exceptional performance and potential. These awards not only celebrate success but also encourage MSMEs to excel in various critical areas, promoting sustainability, inclusivity, and overall excellence within the state's entrepreneurial landscape.

7.4.5 Proposed Project Design Concept and Feasibility & Viability of Proposal

The Competitiveness Support and Green Initiative Proposal aim to comprehensively enhance the capacity of MSMEs across various domains and stakeholders in Nagaland. The project is strategically designed to elevate the capabilities of MSMEs by focusing on certifications such as ZED/LEAN, the CHAMPIONS scheme, and the adoption of green practices through energy audits throughout the state.

The proposed interventions consider the existing momentum of the CHAMPIONS schemes and valuable feedback from officials regarding the challenges encountered during field-level implementation in the state. This approach ensures that the project's goals are grounded in the practical realities of the state's business environment.

To identify prospective beneficiaries for ZED certifications, units participating in awareness workshops and those involved in MSME performance enhancement, and 'Make in Nagaland' interventions will be considered. Making ZED certification a selection criterion for the MSME scaling up project aims to encourage and increase the uptake of ZED certification, emphasizing its importance for business growth and development.

Energy audits will be conducted on a pilot basis in MSMEs that voluntarily participate and are dealing with issues related to high energy consumption and electricity costs. The units involved will be encouraged to implement the recommended interventions outlined in the energy audit reports, contingent on their feasibility. This approach ensures a practical and targeted strategy to address energy efficiency challenges faced by MSMEs in the state of Nagaland.

7.4.6 Approach and Methodology for Implementation

A. Energy Audits:

MSMEs operating in sectors specially in manufacturing sector with heightened energy consumption, particularly those involved in carbon emission industries, will be targeted for energy audits. Units expressing interest in the audits will be identified, and these units will relate to certified energy auditors, specifically Investment Grade Energy Auditors (IGEA), who are approved or empanelled by state government agencies such as the Energy Management Centre (EMC) or government agencies at the national level like the Bureau of Energy Efficiency.

The energy audits, conducted in the identified units, will encompass a comprehensive examination of various energy sources, including Electrical and Thermal Sources such as Electricity, Furnace Oil, LPG, etc. The objective is to analyse the energy conservation options within the unit and provide recommendations for reducing energy consumption. The audit will focus on reviewing the present energy consumption profile of Thermal and Electrical energy sources at various load centres, such as manufacturing units, heating units, driven equipment, lighting, ventilation, etc.

Additionally, the study will include a detailed review of the current energy monitoring and accounting system, considering metering, sub-metering, record-keeping, data logging, and periodic performance analysis. The audit will identify opportunities for an effective energy monitoring and accounting system using SCADA (Supervisory Control and Data Acquisition) /DCS (distributed control system) packages that can record periodic samples and issue alerts on increased consumption and demand overshoot.

The energy audit will also assess the potential for renewable energy applications, such as solar thermal, Solar-PV, Biogas, Waste-to-energy, with a thorough cost-benefit analysis and savings on commercial energy. The audit will explore the potential adaptation of E-Mobility, examining the feasibility of switching over to electric vehicles, goods carriers, and the installation of EV Charging stations.

The Investment Grade Energy Audit (IGEA) report submitted will contain a Detailed Project Report with the following information:

- ▶ Methodology adopted for the study.
- ▶ Present energy scenario of the unit.
- ▶ Detailed analysis of the data obtained through field visits, trial measurements by portable gadgets, discussions with concerned personnel, etc.
- ▶ Recommendations for energy-saving options in all possible areas with cost-benefit analysis, including Simple Payback period, Internal Rate of Return, return over investment, and other details required for an ESCO (Energy Service Companies) proposal.
- ▶ Technical specifications for any reconstructing options.
- ▶ List of suppliers/manufacturers of energy-efficient technologies.

B. LEAN scheme:

The current business landscape, marked by disruptions in global supply chains due to the COVID-19 pandemic, imposes a shift in approach for MSMEs. With increasing competition both domestically and globally, MSMEs in India must enhance their competitiveness to thrive in this dynamic environment.

To address this need, the Government of India has introduced the MSME Competitive (Lean) Scheme, aimed at boosting the domestic and global competitiveness of MSMEs through the implementation of Lean Tools and Techniques. This scheme offers MSMEs the opportunity to improve their operational efficiency and productivity, thereby strengthening their position in the market.

The MSME Competitive (Lean) Scheme offers three levels of attainment: BASIC, INTERMEDIATE, and ADVANCED. Upon registration and taking the Lean Pledge, MSMEs can progress through these levels, gradually enhancing their Lean capabilities and competitiveness.

As part of the interventions under the RAMP initiative, a key focus is on creating awareness among MSMEs in Nagaland about the benefits of the Lean scheme and its potential impact on their businesses. Through targeted awareness programs, approximately 100 MSMEs per year across the state will be sensitized to the Lean scheme and encouraged to embark on the Lean journey by taking the Lean Pledge. These MSMEs are expected to complete the Basic level within the stipulated timeline, laying the foundation for further improvements in their operations.

For MSMEs interested in advancing to higher levels of the Lean scheme, additional support will be provided to facilitate their progression. This support includes assistance in connecting with the implementing agency responsible for overseeing the implementation of the Lean scheme, ensuring a seamless transition to higher levels of Lean maturity and competitiveness.

C. ZED certifications:

The workshops organized on ZED certification aim to ensure that MSMEs in Nagaland are well-informed and equipped to access the various sub-schemes available under the CHAMPIONS scheme. These workshops serve as platforms for delivering information and providing guidance on the different assistance programs offered. The primary approach is to engage at least 20 enterprises per district annually, identifying those with the potential to benefit from the schemes.

To effectively address gaps in MSME access to these sub-schemes, a systematic approach is adopted. First, an assessment will be conducted to pinpoint the specific challenges hindering MSME's participation. Based on this assessment, a roadmap will be developed to address these issues, outlining tailored training programs and support mechanisms. These training programs designed in collaboration with the nodal teams responsible for implementing the respective schemes in the state, ensuring alignment with the specific needs and requirements of MSMEs in Nagaland.

Recognizing the pivotal role of local industry associations in supporting MSMEs, these associations will be actively engaged in the mobilization process. They play a crucial role in rallying MSME units and encouraging their participation in the workshops and training sessions. Moreover, industry associations provide personalized advisory support to beneficiaries, offering guidance and assistance as needed.

Regarding the ZED scheme, prospective beneficiaries will be identified through multiple channels. Firstly, participants who have undergone awareness programs on ZED certification will be assessed to determine their readiness and suitability for certification. Additionally, beneficiaries of other interventions such as MSME performance enhancement and 'Make in Nagaland' initiatives will be considered for ZED certification. For units aiming to upgrade their certification level, existing Bronze-certified units are encouraged to pursue silver and gold certifications, thus promoting continuous improvement and excellence within the MSME sector in Nagaland.

7.4.7 Timeline for achievement of Project Deliverables

The interventions proposed will be spread across the 4 years. The number of units who are expected to get benefitted from the interventions in this period is as provided below.

Table 56: Timeline for achievement of Interventions under Competitiveness Support and Green Initiatives

D	Competitiveness Support and Green Initiatives	Timeline			
		Y1	Y2	Y3	Y4
1	Workshops on decarbonisation, greenhouse gas accounting (GHG), carbon pricing, energy audit.				
2	Financial support to MSMEs through energy audits				
3	Workshops on maximising awareness of LEAN Scheme and ensuring maximum coverage of BASIC LEVEL LEAN certification with the support of Udyami Saathi				

D	Competitiveness Support and Green Initiatives	Timeline			
		Y1	Y2	Y3	Y4
4	Workshops on maximising awareness of ZED Scheme and ensuring maximum coverage of BRONZE certification with the support of Udyami Saathi				
5	Awareness programme on getting FSSAI Basic license and ensuring certification to 1000 MSMEs per year				
6	Financial support for FSSAI Basic License to a maximum amount of Rs.6000/- per MSME on reimbursement basis				
7	State MSME Excellence Awards				

7.4.8 Estimated impact of the Project

Over the course of the next four years, a comprehensive program will be implemented to drive the adoption of green technologies and enhance the sustainability practices of MSMEs in the state of Nagaland. This initiative aims to sensitize a total of 3200 MSMEs on the benefits and importance of green technologies, equipping them with the knowledge and understanding necessary to embrace environmentally friendly practices.

Additionally, 300 MSMEs will be connected with relevant technical experts to undergo Walkthrough energy audits. These audits will provide valuable insights into energy consumption patterns and identify areas for improvement, enabling MSMEs to enhance their energy efficiency and reduce operational costs.

Financial support will also be extended to 600 units over 4 years, with each MSME receiving assistance equivalent to 20% of the cost of machinery and equipment replaced or retrofitted for the purpose of improving energy efficiency. This support, capped at Rs. 20,000 per MSME, aims to incentivize investments in energy-efficient technologies and practices.

Furthermore, a concerted effort will be made to promote the ZED scheme among MSMEs in the state, with approximately 4,000 MSMEs mobilized and sensitized to the scheme each year. These MSMEs will be encouraged to pursue Bronze certification under the ZED scheme, with a target conversion rate of 1%.

To facilitate the transition to higher levels of certification, around 40 MSMEs, including existing Bronze-certified units, will receive awareness and handholding support to upgrade their ZED certification to Silver and Gold levels. This support will be provided in collaboration with certified consultants and experts approved by the Quality Council of India.

In parallel, 100 MSMEs will be mobilized and sensitized on the LEAN scheme each year, with a focus on encouraging the adoption of LEAN practices to enhance the efficiency and productivity of MSME units. This initiative will be implemented in collaboration with approved LEAN consultants and the National Productivity Council.

Finally, to incentivize the adoption of green technologies and quality certifications, new categories of awards will be introduced in the State MSME Awards. These awards will recognize and celebrate MSMEs that demonstrate excellence in sustainability practices and quality standards, encouraging more businesses to prioritize environmental control and operational excellence.

7.4.9 Project Costing

The total project cost for the interventions proposed under “Competitive Support and Green Initiatives” is INR 20.18 Cr. The interventions wise cost is as per the table provided below:

Table 57: Costing for Interventions under Competitiveness Support and Green Initiatives

Sl.No.	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
D	Competitiveness Support and Green initiatives	2,3,5	2018.01	100.90	1917.10	25,760
1	Workshops on decarbonization, greenhouse gas accounting (GHG), carbon pricing, energy audit.	2.3,3.2,5.2,5.3	165.51	8.28	157.23	3,200
2	Financial support to MSMEs through energy audits (Financial support to MSMEs to the tune of 20% of the cost of the machinery and equipment replaced, retrofitting and technology acquired for the purpose of improving energy efficiency (subject to a maximum of Rs.20k per MSME) in 10000 MSMEs)	3.1,5.1	395	19.75	375.25	900
3	Workshops on maximizing awareness of LEAN Scheme and ensuring maximum coverage of BASIC LEVEL LEAN certification with the support of local recruits/VLEs (village level entrepreneurs)	2.3,3.2,5.2,5.3	206.89	10.34	196.54	400
4	Workshops on maximising awareness of ZED Scheme and ensuring maximum coverage of BRONZE certification with the support of local recruits/VLEs	2.3,3.2,5.2,5.3	580.48	29.02	551.45	15,360
5	Awareness programme on getting FSSAI Basic license and ensuring certification to	2.3,3.2,5.2,5.3	124.13	6.21	117.93	3,840



Sl.No.	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
D	Competitiveness Support and Green initiatives	2,3,5	2018.01	100.90	1917.10	25,760
	1,000 MSMEs per year					
6	Financial support for FSSAI Basic License to a maximum amount of INR 6,000/- per MSME on reimbursement basis	3.1,5.1	84	4.20	79.80	1,400
7	State MSME Excellence Awards	3.2	462	23.10	438.90	660

7.5 Enhancing Access to Finance

7.5.1 Major Issues/Challenges of MSMEs

Financial access is and remains one of the major problems for the MSMEs not only in Nagaland but nationwide. Both the banks and the MSMEs have their own set of complications when it comes to giving credit and accessing credit respectively. MSMEs on one hand face the difficulty of complex banking procedures, and insufficient understanding of its processes. Collaterals has always been one of the pain points while accessing finance. Bank on the other hand faces loan repayment failures by the enterprises/individuals, poor credit history of the applicants, improper or lack of concrete business plan of the applicants, underestimating market forces, and many times misuse of the loan money.

7.5.2 Key Findings

One of the key insights from the survey was that 50.2% of the enterprises surveyed answered that their first preference of credit was through peer lending. This is not to be confused with digital Peer-2-Peer (P2P) lending which is regulated by the RBI by classifying them as NBFC-P2P. Peer lending here implies to borrowing from friends, or families. Borrowings from money lender (informal source) contributed 14.8% of the survey response. If we combine these two informal sources of credit, one which is a trusted source (family, friends) and the other untrusted (money lenders), we can see that 60% of the respondent enterprises in the survey primary preference of accessing credit was through informal sources which is a major area of concern. These can be attributed to certain factors:

- ▶ MSME (Lendee's viewpoint)
 - Navigating through loan application procedure too complex
 - Lack of collateral leads to rejection of loan applications
 - Delays in loan disbursement
 - High interest rates
 - Loan products not tailored to their business requirements.
- ▶ Banks (Lender's viewpoint)
 - Issue regarding the viability of the business proposal of the applicants

- Incorrect KYC documents
- Not enough bank data on the borrower applicant
- Low credit score
- Loan defaulters

7.5.3 Problem Statement

The main concern is to improve and accelerate financial accessibility for Nagaland's MSMEs by resolving the problems pointed out during stakeholder meetings and the survey results. From our interactions and discussion with banks and other stakeholders it was noted that bank loan applications often get denied due to reasons that can be as simple as inaccurate or incomplete documents, or as complex as unstable cash flow of the enterprise, unsatisfactory business plans/proposals, and the business proposal's lacking market potential. Therefore, it becomes integral to educate, inform, and uplift these enterprises about the necessary conditions for successful loan approval.

7.5.4 Proposed Intervention with Respect to RAMP

To increase the credit worthiness of the applicants while simultaneously bridging the information gap for financial products the interventions below have been proposed:

A. Capacity building workshops and awareness programmes on all access to finance related schemes

The proposal is centered around bolstering enterprises with the knowledge and skills needed to traverse the complexity of securing financial assistance, consequently enabling them to make knowledgeable choices about their financing requirements. Part of the proposal is to overcome the prevalent challenge of inaccurate and incomplete documentation among MSMEs by offering instructive capacity building workshops on KYC and documentation. These workshops and forum will assist MSMEs in appreciating the need for thorough and precise documentation and instruct them on its effective maintenance. Furthermore, given many MSMEs' limited credit history that hinders their loan applications, the proposal aims to provide guidance on establishing a strong credit history. This includes coaching the enterprises on financial management and fulfilment of credit responsibilities.

B. Special financial literacy workshops for women and PWD entrepreneurs

The effective implementation of capacity-building programs and financial literacy mentorship is key to leveraging the entrepreneurial potential of women and People with Disabilities (PWD). Women and PWD led enterprises often face unique challenges in accessing and using financial services which include high collateral requirements, lack of knowledge on how to manage finances and lack of understanding of the lending process. Capacity building initiatives can help address these gaps by equipping them with the necessary skills to manage their businesses effectively.

C. CGTMSE Guarantee support up to 15% for MSE Loans with maximum ceiling of Rs. 10 Lakhs credit facility

Through this intervention of Rs. 375 Lakhs contribution to the CGTMSE guarantee support additionally, the banks can be motivated to process a greater number of loan application and help the enterprises in easing their financial burden.

D. Banker's meet to facilitate access to finance with special focus on CGTMSE

In context of Nagaland, CGTMSE with its collateral free guarantees is a necessary apparatus for MSMEs in the state to access finance. A banker's meet where various representative of the industry associations, banks, government departments, and selected enterprises can all converge into a single platform to discuss the CGTMSE scheme and deliberate on the roadblocks and solutions to increase the number beneficiaries and the sanctioned amounts.

E. Knowledge sharing workshops with Financial Institutions and Associations

In collaboration with the Institute of Chartered Accountants of India, knowledge sharing workshops will be organized that will endorse coordination among MSMEs, financial institutions, NBFCs, and public sector organizations. By encouraging a mutual swap of knowledge and expertise, these sessions will help nurture a more favourable financial environment for MSMEs.

F. Interest subvention (Under Chief Minister Micro Finance Scheme - for MSMEs only)

Interest subvention of 3% (up to Rs. 50,000 for Micro units, up to Rs. 200000 for Small units, up to Rs. 500000 for Medium units) will help the enterprises in reducing their cost of borrowing under the CMMFI scheme which in turn will help these enterprises invest the discount interest amount into their businesses

7.5.5 Proposed Project Design Concept and Feasibility & Viability of Proposal

The Interventions suggests arranging instructional seminars and workshops for Nagaland's MSMEs on KYC and documentation, providing insight on establishing formal credit history, offering advisory services for improved business strategy, reducing borrowing costs via interest subvention measures, and hosting knowledge-exchange workshops. Practical solutions to tackle MSME challenges form the basis of this proposal's feasibility. Concentrating on aspects like documentation, regulatory compliance, credit history, business planning, and interest subvention, it seeks to use the banks and the Department of Industries and Commerce's available resources and abilities. This ensures the suggested interventions can be put into practice within the existing infrastructure.

The project's viability rests upon its capacity to noticeably enhance Nagaland MSME's financial access. By addressing the main obstacles identified, it can help MSMEs ease credit hurdles, assisting their expansion and adding to the state's comprehensive socio-economic advancement. The proposed measures are planned to be flexible and expandable, guaranteeing their viability even as the MSME sector progresses.

7.5.6 Approach and Methodology for Implementation

Close collaboration between the Department of Industries and Commerce, financial institutions, financial experts, and the MSMEs will be the approach towards implementing the interventions proposed.

The methodology will include the following steps:

A. Stakeholder Engagement

Engage with all stakeholders including banks, the Department, project coordinators, financial experts, and MSMEs to ensure their active participation in the project implementation.

B. Capacity Building on Financial Schemes

Focused training modules will be defined, and its contents will be disseminated through the workshop which will be held in every district of the state. These training modules will be designed to comprehensively cover all the financial related pain points and to address them in interactive collaborative manner while holding these workshops. This will increase the awareness level of the various financial schemes floated by the government and also by the banks.

C. Special Financial Literacy Workshop for Women & PWD entrepreneurs

In line with the goal of inclusivity, special financial literacy workshops exclusively for women and People with Disabilities (PWDs) will also be conducted throughout the course of implementing this intervention in every district in the state.

D. Knowledge Sharing Workshop & Banker's Meet (CGTMSE focused)

While capacity building workshop will focus on awareness for the MSMEs, knowledge sharing workshops would be Focused Groups Discussions (FGDs) where the representatives from the Directorate, banks, selected high performing enterprises, and other financial institutions can come together and have a solution approach discussion on the existing interventions and schemes in collaboration with the Indian Institute of Chartered Accountants. Additionally, Banker's Meet with special focus on the performance and improvement of CGTMSE scheme would be implemented throughout the course of 4-years.

E. Easing the Financial Burden

Interventions such as CGTMSE premium support and interest subvention at 3% in the Chief Minister Micro Finance Initiative (CMMFI) will help ease the cost of borrowing

7.5.7 Timeline for achievement of Project Deliverables

Table 58: Timeline for Achievement of Interventions under Enhancing Access to Finance

E	Intervention for Nagaland	Timeline			
		Year-1	Year-2	Year-3	Year-4
1	Capacity building workshops and awareness programmes on all access to finance related schemes				
2	Special financial literacy workshops for women and PWD entrepreneurs				
3	CGTMSE Guarantee Support of 15% for MSE Loans				
4	Banker's meet - facilitate access to finance with special focus on CGTMSE				
5	Knowledge sharing workshops				
6	Interest subvention for MSMEs upto 3%				

7.5.8 Estimated impact of the Project

The project is anticipated to boost financial accessibility for MSMEs in Nagaland, promote their stability and expansion, and contribute to the region's socio-economic advancement

7.5.9 Project Costing

The total project cost for the interventions proposed under “Enhancing Access to Finance” is **INR 36.72 Cr.** The interventions wise cost is as per the table provided below:

Table 59: Costing for Interventions under Enhancement of Access to Finance

Sl.No.	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
E	Enhancing Access to Finance	3,4,5	3671.50	183.57	3487.92	38,960
1	Capacity building workshops and awareness programmes on all access to finance related schemes (modules on financial literacy, preparing effective business plans, understanding financial markets, credit management, navigating loan application processes, building creditworthiness, and fostering relationships with financial institutions)	3.1	620.66	31.03	589.63	19,200
2	Special financial literacy workshops for women and PWD entrepreneurs	3.1,4	310.33	15.52	294.81	9,600
3	CGTMSE Guarantee support up to 15% for MSE Loans with maximum ceiling of Rs. 10 Lakhs credit facility	5.1,5.2	375	18.75	356.25	NA
4	Banker's meet - facilitate access to finance with special focus on CGTMSE	3.1,4.1,5.1	200	10	190	
5	Knowledge sharing workshops with financial institutions, associations of NBFCs, public sector undertakings in association with Institute of Chartered Accountants of India	4.1,5.1,5.2	165.51	8.28	157.23	7,680
6	Interest subvention for MSMEs upto 3% (upto INR 50,000 for micro units, INR 2,00,000 for Small units and INR 5,00,000 for medium units)	3.1,5.1	2000	100	1900	2,480

7.6 Enhancing Access to Market

7.6.1 Major Issues/Challenges of MSMEs

- ▶ **Geographical Constraints:** Nagaland's challenging terrain and remote locations creates logistical difficulties, increasing transportation costs and limiting connectivity for the MSMEs.
- ▶ **Infrastructure Deficiencies:** Inadequate infrastructure, such as poor road networks and limited transportation facilities, hinders the smooth movement of goods to and from Nagaland.
- ▶ **Limited Market Information:** Lack of information about market trends, demand, and consumer preferences impedes enterprises in Nagaland from effectively targeting and reaching potential customers. MSMEs in the state face difficulties in expanding into broader markets, primarily because of lack of understanding market dynamics, preferences, and demand in other states and export markets. The significant hurdle in venturing into new markets through vendor development stems from a limited grasp of the market intricacies. Additionally, there is a lack of streamlined networking opportunities for MSMEs with PSUs, OEMs, and anchor units, making it challenging for them to comprehend procurement requirements.
- ▶ **Limited Networking Opportunities:** The challenges that the MSMEs face are they have restricted access to or engagement in professional or social networks. This can hinder their ability to build beneficial relationships, share knowledge, and access opportunities for growth and development.
- ▶ **Regulatory Barriers and Compliance:** Another significant challenge is navigating complex regulatory barriers and ensuring compliance with diverse market requirements, both at the state and national levels, which can be daunting for vendors seeking expansion.
- ▶ Some of the other challenges related to marketing and promotion that were identified during the stakeholder discussions and survey are as follows:
 - Many of the MSMEs are not connected to digital platforms and only rely on the local market to sell their product, which hinders their access to a larger market.
 - The transportation cost for the export of goods is high in the Northeastern region. Additionally, MSMEs lack the expertise to export and connect with buyers beyond the local geographies.
 - There are challenges in identification of relevant products, as well as missing business opportunities to larger market.
 - MSMEs struggle to compete with big market players due to lack of appropriate knowledge, missing compliances, and certifications. This hinders their chances of reaching out for exports or larger markets.
 - MSMEs find it difficult to identify new buyers/customers, and find the trade fairs etc. as additional costs, due to lack of incentives or benefits.
 - MSMEs also find the e marketplaces, such as GeM non transparent, and are unaware of the process and procedures for enrolment. They also feel that the public procurement does not follows appropriate rules, and the officials are unaware of the technicalities of manufacturing.

7.6.2 Key Findings

One of the major challenges in the state for MSMEs is access to market. The survey results reveal that about 90% of MSMEs sell their products within the district and 84% sell both within and nearby districts. It shows that MSMEs of the State largely depend upon the local

market. Therefore, there is a much smaller number of MSMEs selling their products in the entire country or exporting the products.

A significant 60% of MSMEs surveyed have reported that they do not use online platform for marketing and promotion. Only 21% of the enterprises have less than 10 percent of their sales carried out through various online platforms. Most of them are unaware about leveraging websites for marketing their product/service.

There is a lack of awareness on GeM platform and its benefits among MSMEs, with GeM, and ONDC has very low awareness among the enterprises at 2%, and 5% respectively. There is very limited awareness about the onboarding process for the Government e-Marketplace (GeM) portal.

According to the survey findings, a significant portion, 26 percent of the enterprises were aware of Amazon but never utilized it. Other social media like Instagram, WhatsApp, and IndiaMart portal awareness were at 23%, 16%, and 16% respectively.

Among the digital, social media, and e-commerce platforms used to connect with customers, Whatsapp is the most popular at 87%. However, this platform may not be very effective as other digital platforms.

Given the aforementioned factors, it is imperative to convene MSMEs and CPSEs/private buyers for discussions. The involvement of a government department, particularly one dedicated to MSME development, adds credibility to the process, making it more seamless and facilitative.

7.6.3 Problem Statement

Most MSMEs primarily sell their products within local markets and lack a presence on digital platforms. They face challenges in product identification and promotional efforts for exports or entering new markets. Particularly in sectors such as Wood and Bamboo craft and Handlooms, MSMEs incur high transportation and freight costs when transferring goods to other states, diminishing the competitiveness of their quality products. Many MSMEs perceive participation in trade fairs or events outside their state as additional expenses rather than valuable business opportunities. The limited availability of platforms connecting genuine buyers and sellers results in insufficient market linkages for MSMEs. Surprisingly, more than 95% of surveyed MSMEs are unaware of prominent e-commerce platforms like ONDC, GeM, IndiaMart, etc.

Government entities and private buyers are often unaware of the capabilities, certifications, and quality standards of MSMEs. This knowledge gap exists because there is no central facilitator or touchpoint dedicated to providing comprehensive information about Nagaland's MSMEs. In instances where such facilitators or touchpoints exist, they serve specific groups of MSMEs in isolation.

To promote products from Nagaland, the need to organise state and district level Expos was felt. There is a need to uplift the MSMEs in the State and link them with major Anchor units/PSUs through Vendor development Programmes. 66% of the respondents in the diagnostic survey have reported that they need more information about various State and Centre Govt. Schemes for MSMEs.

It was evident from the stakeholder interactions that MSMEs are relying mainly on their personal contacts and repeat customers to sell their products/services. Therefore, the

opportunities like participation in trade fairs, exhibitions, buyer-supplier meets, and vendor development programs are crucial for acquiring new customers.

7.6.4 Proposed Intervention with Respect to RAMP

A. Workshop for Awareness on e-commerce websites for MSMEs such as ONDC, Amazon, Flipkart, Myntra, etc

The intervention is primarily aimed at creating awareness among the MSMEs regarding the opportunities and benefits of e-commerce and digital marketing. By adopting e-commerce, MSMEs will gain increased revenues, improved market reach, access to new markets, customer acquisition and enhanced market experience

B. Participation in national/international trade fairs/expos

By participating in national and international trade fairs and expos, MSMEs will gain exposure to a global audience. This intervention will provide a platform for showcasing local products, fostering international trade relationships, and gaining insights into emerging market trends. MSMEs can leverage these events to expand their business horizons and diversify their customer base.

C. Preparation of annual reports for Export readiness, MSME growth in Nagaland, Annual district report for MSME sector

The preparation of Annual Report for MSMEs including all the districts in the state is a strategic activity that not only fulfils regulatory requirements; it serves as a strategic tool to build trust, demonstrate capabilities, and enhance the overall export readiness of MSMEs. It will provide a valuable platform for MSMEs to present themselves as reliable, transparent, and well-prepared partners in the global marketplace.

D. Vendor development program for MSMEs

Vendor development will be organised to facilitate interaction between the identified Anchor Units/ PSUs and MSMEs from relevant sectors. The VDPs will involve a general awareness session where the Anchor units will sensitise the participating MSMEs on the categories of products they look to procure through public procurement, what are the standards, quality parameters and other related criteria that the vendors will have to fulfil and what are the ways in which the MSMEs can participate in the procurement process. There will also be sessions where interested MSMEs will be given an opportunity to interact one-on-one with the participating Anchor units/PSUs

E. Organize Buyers and Suppliers Meet including Reverse Buyer Supplier Meet

Buyers and Suppliers Meet for MSMEs are essential forums that not only facilitate transactions but also serve as catalysts for business growth, market expansion, and relationship-building. Such meets provide opportunities for MSMEs to network with potential buyers, suppliers, and other stakeholders. Building connections can lead to collaborative partnerships and new business opportunities for the MSMEs in the state.

F. Exporter State Summit

This event would bring together the micro, small and medium-sized exporters, trade professionals and trade assistance providers from across Nagaland, providing them with an opportunity to exchange and share best practices and lessons learned that have contributed

to their export success. It would also include capacity building on Export Documentation and Procedures, Market Research and Identification, Digital Marketing for Exporters, Financial Management for Exporters, Quality Standards and Certifications, Risk Management and Mitigation, Trade Agreements and Tariffs, etc.

G. IEC (Information, Education and Communication) and Outreach program

Information, Education, and Communication (IEC) and outreach programs are integral components for MSME promotion, providing the necessary knowledge, skills, and awareness that empower entrepreneurs to establish, manage, and grow their businesses successfully. IEC activities inform MSMEs about various financial schemes, loans, and credit facilities available to them. educate MSMEs about the latest technologies and innovations relevant to their industry. Moreover, communication through IEC helps MSMEs understand market trends, identify potential buyers, and explore market linkages. Some of the tools/activities are electronic Media Campaigns, Print media campaigns, Outdoor Publicity, Publicity campaigns on Internet websites and mobile devices, Purchase of equipment /services, Production of documentary on success stories and innovative practices and showcasing it, Development of communication kit comprising of all IEC materials like posters, hoardings, Banner, slogans, SMS messages, informative booklet, leaflets, documentary films etc.

H. Technology Clinics for MSMEs

This clinic will be organized by engaging the expertise of esteemed institutions' faculty members and technocrats. The goal is to empower entrepreneurs with the knowledge and skills needed to modernize or upgrade the technology in their existing units, as well as provide a platform for discussing and resolving their technical challenges. It will be conducted in thrust areas like in manufacturing (agro based & food processing, mineral based, textiles, electronics & IT, bamboo based, waste management, etc.) and service sector (tourism, hospitality, health, power and renewable energy).

I. Dedicated workshop on Packaging, Branding and Marketing with the Experts

Packaging, branding, and marketing workshops assist businesses in identifying unique selling points and differentiating themselves from competitors in a crowded marketplace. A dedicated workshop on packaging, branding, and marketing with experts is crucial for enterprises aiming to enhance their market presence, connect with consumers, and achieve sustainable growth in a competitive business environment.

7.6.5 Proposed Project Design Concept and Feasibility & Viability of Proposal

- ▶ Most of the MSMEs struggle with finding appropriate products, buyers and market, specifically beyond the local geography. They lack the necessary compliances and support to export products, or attend buyer supplier meets, which present market linkage opportunities. The project will support all these aspects of market linkage and facilitate access to market in various ways including Exports, marketing support, product identification and promotions, access to e-commerce etc., and will promote business beyond local boundaries.
- ▶ MSME Expos at State level will be organised ever year focusing on different priority sectors of the State. It will be ensured that participation of Buyers/ Suppliers from other States also participate in large numbers so that adequate linkage between buyers and suppliers happen.

- ▶ In order to provide coverage for micro and small units from every part of the State, adequate number of district level workshops will also be planned on various topics including packaging, branding and marketing.
- ▶ Marketing experts will be hired to promote the schemes of both Centre and State using both online and offline marketing and promotion methods. Market linkage and marketing remains one of the major challenges for MSMEs

7.6.6 Approach and Methodology for Implementation

A. Promoting E-Commerce:

The approach to be adopted for **promoting e-commerce** is provided in the figure below:

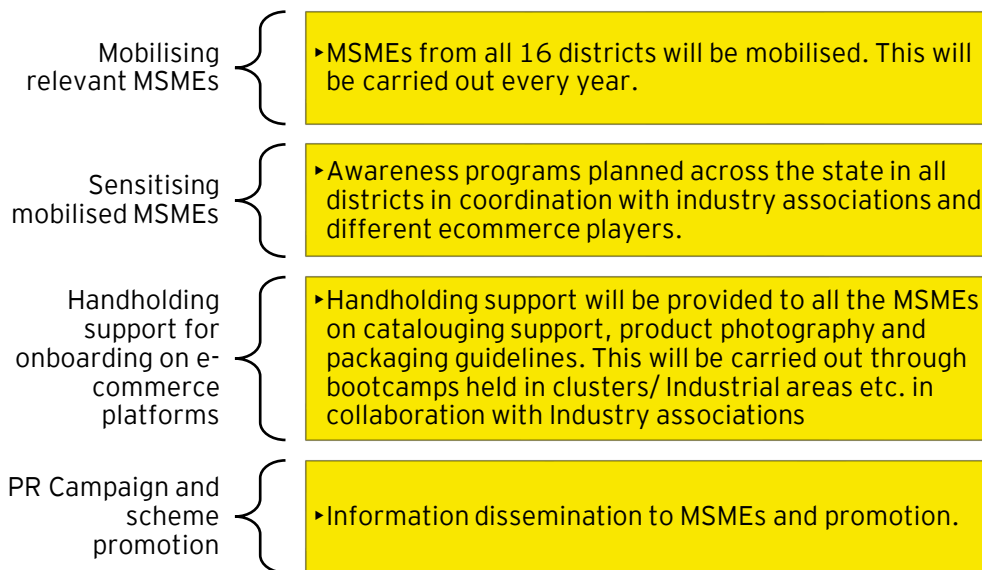


Figure 72: Approach for promoting e-commerce

B. MSME Expos

The intervention related to **MSME expos** is proposed to be done across four focus areas as follows:

- ▶ **Focus Area 1: Development of an event calendar:** The involvement of MSMEs in exhibitions is frequently confined to members of associations or those in proximity due to limited awareness about such events. To rectify this disparity in information, the Directorate of Industries and Commerce will create a comprehensive exhibition schedule. Extensive consultations will be conducted with Industry associations to solidify this calendar. Subsequently, this calendar will be disseminated to associations via various social media platforms such as WhatsApp, Twitter, LinkedIn, and made publicly accessible on the Directorate of Industries and Commerce website.
- ▶ **Focus Area 2: Ensuring coverage of major sectors:** The MSME expos organised at State level will be Sector based. As per the thrust areas identified by the department, priority sectors including Agro based and food industry processing, textile industry, bamboo, handicraft, and medicinal plants will be considered. Manufacturers, machinery suppliers, relevant BDSPs, related Technical Institutions and other major stakeholders from within and outside state will be invited to participate to facilitate better reach of the local MSMEs with outside market.

- ▶ **Focus Area 3: Enhancing the capacity and training of internal stakeholders within the department, including the District Industries Centres (DICs):** It is essential to sensitize these stakeholders and familiarize them with the broader landscape of expos and exhibitions since the DICs serve as the initial contact point for MSMEs. To achieve this, comprehensive training programs will be organized for all DIC employees. The event calendar developed will also be distributed to the DICs. The training sessions will encompass the following key topics:
 - Understanding the existing expos and exhibition ecosystems, including information on major recurring fairs and expos.
 - Requirements for effective coordination to connect MSMEs with exhibitions successfully.
 - Understanding the design aspects and prerequisites for participating in exhibitions, covering the “how,” “what,” and “why” of these design requirements.
 - Gathering relevant information about MSMEs for future exhibition opportunities.
 These training initiatives aim to equip internal stakeholders with the knowledge and skills required to facilitate MSME participation in exhibitions effectively.
- ▶ **Focus Area 4: Public Relations and Engagement:** All events will be marketed, promoted, and branded through Directorate of industries and Commerce official social media channels. Collaborative content in partnership with event organizing associations will be created and shared. Social media platforms and WhatsApp will be utilized to achieve this outreach and impact.

C. Vendor Development Programmes

The following steps will be taken related to organising the **Vendor Development Programmes**:

- ▶ **Identification of Key Sectors, Government Entities, and their Procurement Procedures**

The department will utilize the existing Udyam database, which includes HSN numbers, NIC codes, and GST data, to prioritize sectors and curate a list of relevant MSMEs. This focused approach enhances the likelihood of successful engagements.

Subsequently, DICs will collaborate with government entities and private buyers to ascertain their specific requirements. These requirements will be consolidated into lists and share with the MSMEs identified during the aforementioned database curation process. This will be an ongoing and periodically updated endeavour, accommodating new and emerging sectors. The data collected will also undergo analysis, and the insights derived will inform public policy decision-making.

- ▶ **Organising Vendor Development programmes**

Based on identified sectors, curated MSMEs and supplier requirements, and insights from GeM workshops, the District Industries Centres (DICs) will implement Vendor Development programs covering major sectors and districts. This comprehensive effort will cover the entire state over a four-year period.

To execute this, a dedicated team will be essential, in conjunction with the Industry database, and a focused approach to communications and outreach. This will involve

effective communication to the concerned stakeholders at the grassroots level as well as dissemination through online channels.

► **Establishment of Process Repositories and Regular Updates**

To ensure the longevity of the vendor development programs and to effectively address the information gap between MSME sellers and government entities/private buyers, it will be essential to compile and periodically update lists of requirements, sector priorities, and related information. These compilations will then be printed and distributed to both MSMEs and government entities/private buyers.

D. Organizing the Buyer-Supplier Meet and the Exporter State Summit

Steps to be taken up to organize **Buyers and Suppliers Meet** and **Exporter State Summit** are as follows:

- **Identifying sectors/thrust areas of existing MSMEs:** Based on the existing MSMEs in Nagaland, thrust areas shall be identified. This would help in understanding potential products that can scale up their selling volumes. Subsequently, potential buyers from within and outside shall be identified.
- **Bringing bulk buyers / Government departments and MSMEs together at one platform:** Bulk and departmental buyers and large companies will be invited to participate in buyer-supplier meets to bring them closer to the MSMEs for enhancing their marketing competitiveness.
- **Liaison with trade promotion bodies like FIEO, APEDA, EPCH:** Trade promotion bodies often have extensive networks and can provide businesses with valuable insights into international markets. Liaison with these organizations can open doors to new markets and trading partners for MSMEs. FIEO, APEDA, and EPCH, in particular, focus on promoting exports. Liaison with these bodies can result in support for export-oriented businesses, including assistance in navigating export regulations, market access, and promotional activities.

E. Organizing Technology Clinics for MSMEs:

It is proposed to organize once a year in all the districts, targeted at benefitting 5,000 MSMEs over the four years. The Technological Clinic will be conducted in thrust areas like in manufacturing (agro based & food processing, mineral based, textiles, electronics & IT, bamboo based, waste management, etc.) and service sector (tourism, hospitality, health, power, and renewable energy). The Topics that would be covered are New Packaging Technologies, Modern Technologies and Value addition in Food Processing Sector, Energy Conservation Techniques, Quality Management using Technology, etc.

7.6.7 Use of ICT/Innovative Technology Towards Project Implementation

IEC materials will be disseminated through social media platforms like WhatsApp, Twitter, LinkedIn for better information communication and outreach. YouTube channels will also be leveraged in posting highlights of the workshops, Expos to encourage more MSMEs to take up e-commerce and reap its benefits.

7.6.8 Timeline for achievement of Project Deliverables

The interventions are proposed to be conducted across the four-year period:

Table 60: Timeline for achievement of Project Deliverables

F	Access to Market	Timeline			
		Y1	Y2	Y3	Y4
1	Workshop for Awareness on e-commerce websites for MSMEs such as ONDC, Amazon, Flipkart, Myntra, etc				
2	Participation in national/international trade fairs/expos				
3	Preparation of annual reports for - Export readiness, MSME growth in Nagaland, Annual district report for MSME sector				
4	Vendor development Programmes				
5	Organize Buyers and Suppliers Meet including reverse buyer supplier meet				
6	Exporter State Summit				
7	IEC (Information, Education and Communication) and Outreach program				
8	Technology Clinics for MSMEs				
9	Dedicated workshop on Packaging, Branding and Marketing with the Experts				

7.6.9 Estimated impact of the Project

- ▶ 38,400 enterprises will be sensitised on e-commerce platforms and benefits of e-commerce.
- ▶ 320 enterprises will be supported in participating in national and international trade fairs/expos.
- ▶ A total of 10,000 MSMEs is expected to participate in Technology Clinic to enhance their knowledge and skills needed to modernize or upgrade the technology.
- ▶ About 10,000 MSMEs are targeted to participate in Buyers and Suppliers meet for their business growth and market expansion

7.6.10 Project Costing

The total project cost for the interventions proposed under “Enhancing Access to Market” is **INR 25.47 Cr.** The interventions wise cost is as per the table provided below:

Table 61: Total costing for Intervention related to Enhancing Access to Market

Sl.No	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
F	Enhancing Access to Market	2,3,5	2546.68	127.33	2419.35	61,310
1	Workshop for Awareness on e-commerce websites for MSMEs such as ONDC, Amazon, Flipkart, Myntra etc	2.3,3.2,5 .2,5.3	1241.32	62.07	1179.25	38,400
2	Participation in national/international trade fairs/expos	2.2, 3.2	290	14.50	275.50	320
3	Preparation of annual reports for - Export readiness, MSME growth	2.3	300	15	285	NA

Sl.No	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
F	Enhancing Access to Market	2,3,5	2546.68	127.33	2419.35	61,310
	in nagaland, Annual district report for MSME sector					
4	Vendor development program for 400 MSMEs *20% focus on women and 3% PWD MSMEs	3.2, 5.2, 5.3	43.10	2.16	40.95	400
5	Organize Buyers and suppliers meet including reverse buyer supplier meet	2.3, 5.2, 5.3	80	4	76	10,000
6	Exporter State Summit: This event brings together the micro, small and medium-sized exporters, trade professionals and trade assistance providers from across Nagaland, providing them with an opportunity to exchange and share best practices and lessons learned that have contributed to their export success.	2.3,3.2,5 .2,5.3	12.26	0.61	11.65	190
7	IEC (Information, Education and Communication) and Outreach program	2.3,3.2,5 .2,5.3	200	10	190	NA
8	Technology Clinics for MSMEs - 2 days in a year. Technological clinic is conducted in thrust areas like in manufacturing (agro based & food processing, mineral based, textiles, electronics &IT, bamboo based, waste management, etc.) and service sector (tourism, hospitality, health, power and renewable energy). The Topics that would be covered: (New Packaging Technologies, Modern Technologies and Value addition in Food Processing Sector, Energy Conservation	2.3,3.2,5 .2,5.3	320	16	304	10,000

Sl.No	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
F	Enhancing Access to Market	2,3,5	2546.68	127.33	2419.35	61,310
	Techniques, Quality Management using Technology, etc.). Targeting 10000 for 4 years (2500 MSME each year) (this is ~50% of the Total udyam registrations)					
9	Dedicated workshop on Packaging, Branding and Marketing with the Experts	2.3,3.2,5 .2,5.3	60	3	57	2,000

7.6.11 Plan for strengthening M&E framework pertaining to Project

Field level officers will be responsible to coordinate with the respective Industry associations in identifying and mobilising the MSMEs. GM, DICs will periodically oversee the execution of these initiatives. DIC will also be coordinating with the Marketing experts for developing content for awareness workshops, formulating content strategies and materials for public relations and outreach, arranging activities for the Vendor Development Program, and finalizing both venue and participants.

7.7 Institutional Strengthening

7.7.1 Major Issues/Challenges of MSMEs

Strengthening capacity for development and delivery of MSME Support Programme faces challenges at two levels.

- ▶ **At the individual level:** During our interactions with the officers and others, it was reported that government officials do not get opportunity to invest time and often face challenges in dedicating time to enhance their skills and knowledge. Regular assessments to identify capacity-building needs are not consistently conducted. Additionally, a lack of awareness about significant government schemes, such as the CHAMPION scheme, poses difficulties for these officials in offering accurate guidance to Micro, Small, and Medium Enterprises (MSMEs).
- ▶ **At the organizational level:** Wherein systems and processes have scope for more efficiency. The existing processes and related MIS modules will be examined and areas for improvement will be identified.

7.7.2 Key Findings

The District Industries Centres (DIC) offices play a crucial role in coordinating various interventions under the RAMP. Although DICs are essential for a district's growth and have shown improved outcomes, it was learned that there is a need to enhance their capabilities by addressing challenges faced by entrepreneurs and implementing appropriate measures. Field-level officers should be equipped to serve as the last-mile touchpoint, offering customized advisory support through handholding and mentoring to MSMEs and entrepreneurs. To effectively implement interventions, additional resources, such as village-level entrepreneurs, need to be deployed.

To bridge existing knowledge gaps, officials of both at state as well district level should receive basic training on identified priority sectors and best practices. District-level officers currently lack awareness of schemes/programs like TreDS, ONDC, CHAMPION schemes, etc. It was observed during interactions with DIC officials that comprehensive training on bank financing is required. Another significant challenge is aiding MSMEs in obtaining clearances through the Single Window Portal, particularly in certain districts. Training sessions covering both back-end operations and front-end interface support should be provided to DIC officials.

Followings are the other key findings for Institutional strengthening:

- ▶ It was highlighted that due to lack of technical know-how of the government officials while implementing various programs has resulted in slow to adapt to new ideas or technologies, hindered in effectively making decisions. The incubators shared that this hinders officials from acquiring and applying the necessary knowledge and skills for effective project implementation.
- ▶ Government officials do not always have access to adequate training programs that help them stay updated on the latest project management methodologies, technological advancements, and best practices. Budget constraints and lack of prioritization for training may have exacerbate this problem.
- ▶ Enhancing the capabilities of the officers and inspectors is a major focus for NIDC
- ▶ Training and capacity building for the Corporation staff is indispensable for their competence and productivity. It is essential for the staff to be updated with the latest trends, skills, and knowledge to effectively support the growth of MSMEs.
- ▶ The corporation officers along with the various DIC officers needs tailored MSME based capacity building programs to initiate, execute, and implement projects.
- ▶ User feedback around usefulness of trainings in day-to-day work should be evaluated from time to time.
- ▶ Integration of the training program with the department's ongoing work and projects related to MSMEs can help officials apply the learning in their actual work environment and reinforce the relevance of the training content to their job responsibilities.

7.7.3 Problem Statement

The government officials play a pivotal role in facilitating industries and ensuring the effective implementation of various schemes and policies. However, there has been a lack of comprehensive capacity-building programs within the department for these officials. Presently, their awareness is limited to the schemes directly relevant to their current responsibilities, and they lack information about many other Government of India initiatives for MSMEs. To enhance their effectiveness, it is essential to improve their sector-specific

knowledge, both theoretically and practically, and keep them updated on advancements and emerging trends in their respective fields. This ensures that officers remain well-informed about industry developments, allowing them to add significant value to their work responsibilities.

To ensure MSMEs understand and access appropriate assistance of various schemes of Govt. of Nagaland and RAMP, the department will prepare training and capacity building architecture framework including intensive training & institutional building activities such as analysis of training needs, preparation of materials and delivery of training.

7.7.4 Proposed Intervention with Respect to RAMP

A. Management Development Programme at Indian Institute of Management (IIM) for Executive officers of the Department

This initiative seeks to enhance the professional development of executive officers (Deputy Directors and above) within the department by offering a comprehensive Management Development Programme conducted at the prestigious Indian Institute of Management (IIM) or National Institute of MSME (NI-MSME). This programme equips officers with the knowledge and skills required for effective decision-making, strategy development, and leadership within the MSME sector.

B. Exposure trips for executive officers of the Department

Exposure trips has been proposed for executive officers of the department. Organizing industrial estate exposure trips for government officials can provide valuable insights and enhance their understanding of industrial operations. These trips will serve as educational initiatives aimed at familiarizing officials with the practical aspects of various industries. Through these exposure trips, officials will have the opportunity to witness first hand processes, technologies, and challenges faced by businesses within industrial estates. Incorporating exposure trips into training programs for government officials adopts a more hands-on and experiential approach to learning. It is expected to provide valuable insights, networking opportunities, and inspiration, fostering knowledge exchange, policy improvement, and enhanced problem-solving skills.

C. Capacity Building Training for Inspector of Industries Officers by IIFT/IIE (1 Week)

Designed to bolster the expertise of Inspector of Industries officers, this one-week capacity-building training program, delivered by institutions such as the Indian Institute of Foreign Trade (IIFT) or Indian Institute of Entrepreneurship (IIE), equips officers with the tools and knowledge needed to effectively address MSME-related challenges and opportunities.

D. Training for Udyami Saathis /VLEs (Gol & State Govt. schemes, soft skills, field visits etc.)

Udyami Saathis/VLEs, integral coordinators for MSMEs, will undergo rigorous training covering areas such as governmental schemes of both state and central levels, interpersonal skills, and on-site tours. This preparation will empower them to efficiently assist business owners in handling the intricacies of business operations and optimizing the use of existing schemes.

E. Engaging Field Level Sector Expert to Assist Implementation.

To support the execution of diverse MSME-focused initiatives, sector specialists at the field level will be deployed. These professionals will provide specialized assistance in several aspects, which include company capability development, implementation of the CHAMPION scheme, CGTMSE, LEAN methodologies, quality certification, product architecture, legal consultation, integration of green energy, and financial advisory. This will contribute to the well-rounded advancement of MSMEs. These field experts, with specific skillsets, will be stationed in every district.

F. Onboarding Trainers for Monthly Training to Local District Entrepreneurs (Udyami Veer)

This intervention includes hiring and integrating trainers, referred to as "Udyami Veer," who will hold monthly educational workshops for entrepreneurs at the district level. These trainers will disseminate knowledge on different business growth elements, equipping entrepreneurs with the necessary skills and understanding to succeed in their enterprises.

G. Compulsory training hours with certifications for DIC officials

It will be mandatory for DIC officials to complete a set number of training hours revolving around topics such as entrepreneurial growth, managerial abilities, and fundamental computer skills. This intervention will collaborate with digital learning platforms like Udemy to convey vital knowledge and skills to these officials, thereby fortifying their skillset in aiding the MSME enterprises.

7.7.5 Proposed Project Design Concept and Feasibility & Viability of Proposal

Capacity building is crucial at organizational and individual level to enhance their skills, knowledge, and abilities to achieve their goals more effectively. The three pillars of Individual, Organization and Institutional serve as the guiding principle while formulating the capacity need analysis. Individual capacity building refers to building attitude, skills and knowledge at individual level, organization building capacity of collective and shared aspects of an organization such as organization structure, processes, infrastructure, external partnerships and technological capabilities. Institutional refers to policy level interventions that affect Department including Directorate, District Industries Centers and other line departments.

Individual needs and organizational needs will be identified basis the feedback received from individuals including divisional heads and key staffs within the department through feedback forms and one-to-one interactions.

The annual training calendar will be developed based on the need analysis thus carried out. Achievable targets and monitoring mechanism through relevant KPIs will be established to ensure compliance. Mandatory learning hours per official in relevant areas will be determined and assigned based on the role and responsibilities. Top level monitoring at Secretary level and Director level will be established to ensure compliance.

Here are some key factors to consider when developing a capacity building plan of officials:

- ▶ Identify the current and future needs of the organization and individuals and understand the skills, knowledge, and resources required to meet these needs.
- ▶ User feedback around usefulness of trainings in day-to-day work to be evaluated periodically.
- ▶ International exposure is a major motivator.

- ▶ Key milestone trainings could be planned at designated locations
- ▶ Self-paced learning to be encouraged, some of the standard domain modules could be digitized.

A list of relevant courses based on analysis of Management Development Programmes offered by IIM A, B and C and NiMSME that will be considered is summarised below.

Table 62: List of Training Institutes and Their Respective Program Titles

Sl. No.	Training Institute	Title of the Programme
1.	IIM, Calcutta	Leadership and Team Building
2.	IIM, Bangalore	Organizational Excellence Through Leadership
3.	IIM, Calcutta	Interpersonal Effectiveness and Leadership Excellence
4.	IIM, Ahmedabad	Transformational Leadership
5.	IIM, Bangalore	Design Thinking
6.	IIM, Ahmedabad	Fintech: Business Models, Marketing, Strategy and Tactics
7.	IIM, Calcutta	Managerial Leadership and Team Effectiveness
8.	IIM, Ahmedabad	Administrative Leadership and Good Governance
9.	IIM, Calcutta	Lean Operations
10.	IIM, Calcutta	Communication and Presentation Skills
11.	IIM, Bangalore	Strategic Perspectives on the Design of Public Private Partnerships (PPPs)
12.	IIM, Bangalore	Creating High Performance Organisations
13.	IIM, Ahmedabad	Project Management
14.	IIM, Bangalore	Challenges of Managing Inclusive Finance in India
15.	IIM, Bangalore	Organizational Excellence Through Leadership
16.	IIM, Ahmedabad	Advanced Human Resource Management
17.	IIM, Calcutta	Leadership and Team Building
18.	IIM, Calcutta	Supply Chain Management
19.	IIM, Ahmedabad	PPP Frameworks: Innovative and Technologically advanced Infrastructure Development
20.	IIM, Calcutta	Interpersonal Effectiveness and Leadership Excellence
21.	IIM, Ahmedabad	Interpersonal Effectiveness and Team Building
22.	IIM, Bangalore	Organizational Excellence Through Leadership
23.	IIM, Calcutta	Communication and Presentation Skills
24.	IIM, Calcutta	Managerial Leadership and Conflict Resolution
25.	NiMSME	Advanced Management Development Programme on Analytics in Marketing
26.		Advanced Management Development Programme on Leadership and Crisis Management
27.		Advanced Management Development Programme on Innovation, Incubation and Intellectual Property

7.7.6 Approach and Methodology for Implementation

For the successful implementation of the RAMP programme, robust institutional readiness of the department is a necessity. To get a deep understanding the competency and capacity of government officials, a Training Need Assessment (TNA) will be performed. The results

of this assessment will facilitate the development of training schedules for the department and assist them in drafting an Annual Training Plan (ATP). To extend capacity building in the public sector beyond mere training, the ATP will identify unique department training needs to boost individual capacity, and additionally will address these needs at organizational level. Ultimately, the ATP will serve as a comprehensive guide detailing interventions necessary for the development and enhancement of both individual capabilities and the overall departmental capacity. The steps in creating such a plan have been highlighted below:

- ▶ **Step 1:** Assessing the capacity building need in consultation with the department.
- ▶ **Step 2:** Identify “What are the training needs and non-training needs which can be part of the capacity building exercise?”
- ▶ **Step 3:** Drafting, developing, and reviewing the roadmap which will be chalk out from the need assessment in Step-1 and Step-2.
- ▶ **Step 4:** Finalizing the Annual Training Plan, implementing, and monitoring the progress of the roadmap.

Determining individual needs will be informed by responses to a self-reporting assessment form. As for identifying organizational and institutional gaps, these will be compiled through a combination of feedback from individual forms and direct conversations with several department heads and key personnel.

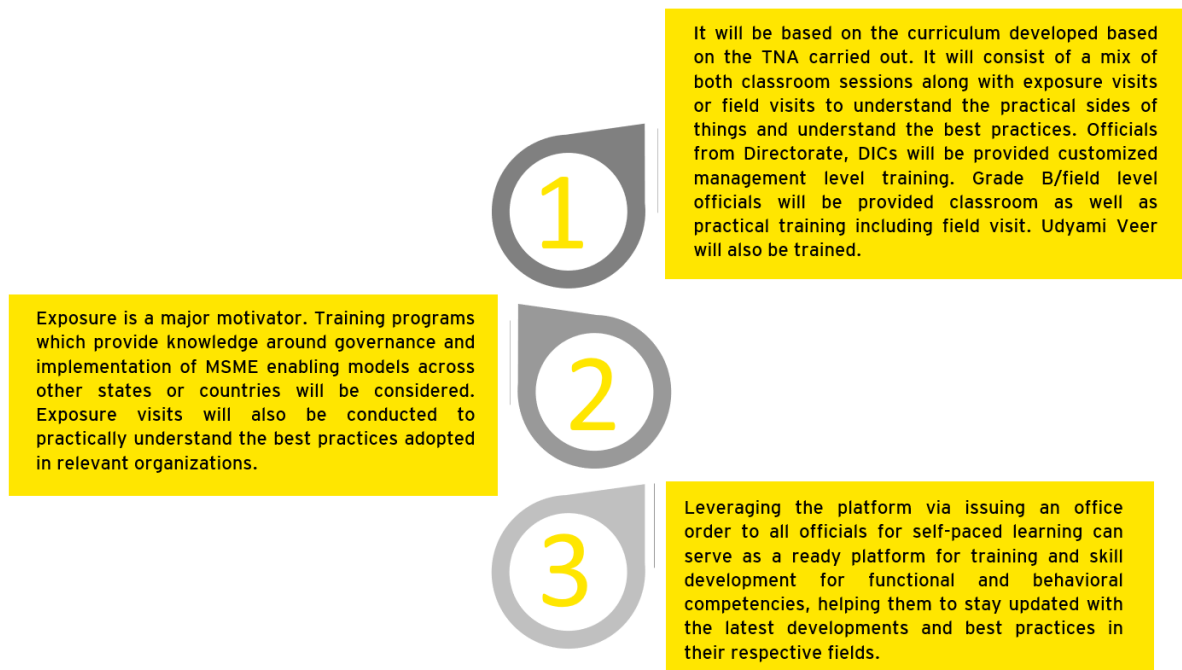


Figure 73: Trainings/Activities for institutional strengthening

7.7.7 Timeline for achievement of Project Deliverables

Officials will be trained and provided exposure to best practices over a period of 4 years.

Table 63: Timeline for Deliverables in Institutional Strengthening

G	Institutional Strengthening	Timeline			
		Y1	Y2	Y3	Y4
1	Management Development Programme at Indian Institute of Management (IIM)/ National Institute of MSME (NI-MSME) for Executive officers of the Department				
2	Exposure trips for executive officers of the Department				
3	Capacity building training for Inspector of Industries Officers by IIFT/IIE (1 week)				
4	Training for Udyami Saathis /VLEs (GoI & State Govt. schemes, soft skills, field visits etc.)				
6	Engaging field level sector expert (Udyami saathi) to assist implementation of enhancing firm capability, enhancing CHAMPION scheme, CGTMSE, LEAN, quality certification, product designers, legal experts, green energy, financial consultants etc.				
6	Onboard trainers for monthly training to local district entrepreneurs on various aspects				
7	Compulsory training hours for DIC officials on entrepreneurship development, managerial skills, basic computer proficiency skills (Partner with online training provider platforms eg. Udemy etc.)				

7.7.8 Project Costing

The total project cost for the interventions proposed under “Enhancing Access to Market” is **INR 34.80 Cr.** The interventions wise cost is as per the table provided below:

Table 64: Project Costing for Interventions under Institutional Strengthening

Sl.No.	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
G	Institutional Strengthening	3	3480.1	174	3306.1	NA
1	Management Development Programme at Indian Institute of Management (IIM) for Executive officers of the Department	3.1	280	14	266	
2	Exposure trips for executive officers of the Department (will provide valuable insights, networking opportunities, and inspiration, fostering knowledge exchange, policy improvement, and enhanced problem-solving skills)	3.1	75	3.75	71.25	
3	Capacity building training for Inspector of Industries Officers by IIFT/IIE (1 week)	3.1	143	7.15	135.85	
4	Training for Udyami Saathis /VLEs (GoI & State Govt. schemes, soft skills, field visits etc.)	3.1	57.60	2.88	54.72	

Sl.No.	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
G	Institutional Strengthening	3	3480.1	174	3306.1	NA
5	Engaging field level sector expert to assist implementation of enhancing firm capability, enhancing CHAMPION scheme, CGTMSE, LEAN, quality certification, product designers, legal experts, green energy, financial consultants etc.	3.1	2482.63	124.13	2358.50	
6	To onboard trainers for monthly training to local district entrepreneurs on various aspects. (trainers of the trainer)	3.1	248.26	12.41	235.85	
7	Cumpulsory training hours for DIC officials on entrepreneurship development, managerial skills, basic computer profeciency skills (Partner with online training provider platforms eg. Udemy etc.)	3.1	193.60	9.68	183.92	

7.7.9 Plan for strengthening M&E framework pertaining to Project

The standard processes shall be reviewed. Standard operating procedures shall be developed bases the effectiveness of the existing practices. Moreover, an annual training calendar will be created based on the need assessment carried out. Fulfilment of hours per officer level right from Secretary till field level will be ensured through the established Monitoring and evaluation mechanism. To encourage full compliance officers completing training hours will be rewarded.

7.8 Innovative Intervention

7.8.1 Major Issues/Challenges of MSMEs

- **Underutilization of natural resources:** Nagaland possesses abundant natural resources, which have not been fully utilized for economic growth. The lack of infrastructure, such as ports, warehouses, and navigational aids, hindered efficient cargo movement. Additionally, environmental concerns and disruptions further hindered the harnessing of the full potential of efficient mode of transportation. Overcoming these challenges requires investment in infrastructure development and addressing environmental concerns to maximize the utilization of natural resources for economic benefit.
- **Low application to sanction ratio of loan applications:** The low ratio of loan applications sanctioned under various schemes like PMFME and PMEGP highlighted challenges in project evaluation, financial viability assessment, and project report preparation. Ensuring accessibility of bank finances for entrepreneurial ventures is crucial for project success. To address this challenge, there is a need to streamline the process of

evaluating project proposals, ensuring their financial sustainability, and enhancing the acceptability of these proposals to financial institutions.

- ▶ **Limited exposure in writing and evaluating detailed project reports:** There is a lack of exposure and expertise in writing and evaluating Detailed Project Reports (DPRs) among DICs and varied financial institutions in Nagaland. DPRs are essential for securing funding and investments for projects. Addressing this challenge required capacity building initiatives, training programs, and workshops aimed at enhancing skills in DPR preparation and evaluation. Building expertise in this area can improve project planning, execution, and funding prospects for entrepreneurs and businesses in Nagaland.
- ▶ **International Exposure and Networking:** Effectively leveraging international expos and events to promote Nagaland's culture, products, and investment opportunities poses a significant challenge. This required meticulous planning, strategic marketing, and networking efforts to secure investments, trade agreements, and partnerships on a global scale. Enhancing international exposure and networking capabilities can facilitate greater economic opportunities and global recognition for Nagaland's businesses and cultural heritage.

7.8.2 Key Findings

Nagaland is rich in natural resources, yet their full economic potential remains largely untapped. The state faces challenges in fully utilizing these resources due to inadequate infrastructure, particularly in terms of ports and navigational aids. This hampers efficient cargo movement and limits economic growth opportunities. Furthermore, environmental concerns and disruptions further impede the harnessing of these resources, necessitating investments in infrastructure development and environmental management to maximize their utilization for economic benefit.

The low ratio of sanctioned loan applications (almost 85% rejection rate) under schemes like PMFME and PMEGP highlights challenges in project evaluation, financial viability assessment, and project report preparation. Access to bank finances is crucial for entrepreneurial ventures, but streamlining the process of evaluating project proposals, ensuring their financial sustainability, and enhancing their acceptability to financial institutions is needed. This calls for efforts to improve project evaluation mechanisms and enhance the quality of project proposals to increase the accessibility of bank finances for entrepreneurs.

There is a notable lack of expertise in writing and evaluating Detailed Project Reports (DPRs) among DICs and financial institutions in Nagaland. DPRs play a vital role in securing funding and investments for projects, yet the limited exposure and expertise in this area hinder project planning and execution. Capacity-building initiatives, including training programs and workshops, are essential to enhance skills in DPR preparation and evaluation. Strengthening expertise in this domain can significantly improve project outcomes and funding prospects for entrepreneurs and businesses in Nagaland.

Effectively leveraging international expos and events to promote Nagaland's culture, products, and investment opportunities poses a significant challenge. Meticulous planning, strategic marketing, and networking efforts are required to secure investments, trade agreements, and partnerships on a global scale. Enhancing international exposure and networking capabilities can unlock greater economic opportunities and increase global recognition for Nagaland's businesses and cultural heritage. Collaborative efforts between

government bodies, industry associations, and private stakeholders are crucial to enhance Nagaland's presence on the global stage and attract investment.

7.8.3 Problem Statement

Nagaland possesses abundant natural resources. However, inadequate infrastructure, such as ports, warehouses, and navigational aids, impedes efficient cargo movement along these routes. Additionally, environmental concerns further disrupt transportation activities. The challenge lies in tapping into the vast potential of transportation routes to reduce logistics costs, improve connectivity, and foster regional and international trade. Addressing this challenge requires investment in infrastructure development and environmental management to maximize the utilization of natural resources while mitigating environmental impacts. By addressing these infrastructure and environmental challenges, Nagaland can unlock the economic potential of its natural resources and enhance its role as a key transport hub in the region.

Additionally, accessing bank finances through schemes like PMFME and PMEGP is vital for entrepreneurial ventures in Nagaland. However, the low ratio of sanctioned loan applications highlights challenges in project evaluation, financial viability assessment, and project report preparation. Ensuring the financial soundness of projects and accessibility of bank finances is crucial for entrepreneurial success. To address this challenge, there is a need to streamline the process of evaluating project proposals and ensure their financial viability. This involves facilitating the preparation and evaluation of DPRs to enhance the quality of project proposals and increase their acceptability to financial institutions. By streamlining project evaluation processes and ensuring financial caution, Nagaland can improve the accessibility of bank finances for entrepreneurs and drive economic growth.

Also, participating in international expos and events presents a significant opportunity for Nagaland to showcase its unique culture, products, and investment potential on a global stage. However, effectively leveraging these platforms requires meticulous planning, strategic marketing, and networking efforts to secure investments, trade agreements, and partnerships on an international scale. The challenge lies in establishing Nagaland as a recognized player on the global stage and harnessing these opportunities to drive economic development and international collaboration. By enhancing its international exposure and networking capabilities, Nagaland can attract investment, promote trade, and strengthen its position in the global marketplace, ultimately driving economic growth and prosperity for its people.

7.8.4 Proposed Intervention with Respect to RAMP

A. Banker Facilitation Cell (Comprised of financial analysts, technical experts, to aid GM-DICs and financial institutions in preparing and evaluating Detailed Project Reports (DPRs) for schemes like PMEGP, PMFME and CGTMSE:

Establishing a Banker Facilitation Cell in Nagaland represents a proactive approach to support the preparation and evaluation of Detailed Project Reports (DPRs) for key schemes such as PMEGP (Prime Minister's Employment Generation Programme) and PMFME (Prime Minister Formalization of Micro Food Processing Enterprises). This initiative recognizes the critical role of DPRs in securing funding and ensuring the success of entrepreneurial ventures in the state.

The Banker Facilitation Cell will comprise a multidisciplinary team consisting of financial analysts and technical experts in various sectors relevant to the schemes. This diverse

expertise ensures comprehensive support for GM-DICs, and financial institutions involved in the project evaluation process.

One of the primary objectives of the Banker Facilitation Cell is to provide guidance and assistance to GM-DICs and financial institutions in preparing and evaluating DPRs. This involves conducting thorough assessments of project proposals to determine their financial viability, feasibility, and alignment with the objectives of the PMEGP and PMFME schemes.

The presence of financial analysts within the Cell enables in-depth financial scrutiny of project proposals, assessing factors such as capital investment, operational costs, revenue projections, and return on investment. Technical experts contribute their insights into the technical feasibility and operational aspects of proposed ventures, ensuring that projects are technically sound and viable.

By offering expert guidance and support, the Banker Facilitation Cell aims to enhance the quality of DPRs submitted for funding under PMEGP and PMFME schemes. This, in turn, increases the likelihood of project approval and successful implementation, thereby stimulating entrepreneurship, generating employment opportunities, and driving economic development in Nagaland. Ultimately, the establishment of the Banker Facilitation Cell underscores Nagaland's commitment to fostering a beneficial environment for entrepreneurship and sustainable economic growth.

B. International networking and collaboration

International networking and collaboration are essential strategies for Nagaland to expand its global presence, foster economic growth, and capitalize on opportunities in the national and international marketplace. This encompasses a range of activities, including establishing global partnerships, participating in international trade fairs, leveraging online platforms for cross-border connections, engaging in collaborative projects, and accessing global markets for business expansion and growth.

Participation in international expos and events serves as a prime opportunity for Nagaland to showcase its unique culture, products, and investment opportunities on a global stage. Events like the World Food Expo, Dubai Expo, and World Economic Forum provide platforms for Nagaland to highlight its rich cultural heritage, diverse cuisine, and potential investment avenues. By actively participating in these expos, Nagaland can attract international attention, forge valuable partnerships, and explore avenues for collaboration with global stakeholders.

Establishing global partnerships is another critical aspect of international networking for Nagaland. Collaborating with international organizations and multinational corporations opens doors to new markets, technologies, and investment opportunities. Through strategic partnerships, Nagaland can leverage expertise, resources, and networks to drive innovation, growth, and sustainability in various sectors.

Participating in international trade fairs offers Nagaland's businesses a platform to showcase their products and services to a global audience. These events facilitate networking, market research, and business-to-business interactions, enabling Nagaland's enterprises to explore export opportunities, establish partnerships, and expand their market reach beyond domestic borders.

In addition to physical events, leveraging online platforms for cross-border connections is increasingly important in today's digital age. Nagaland can utilize online networking platforms, e-commerce platforms, and social media channels to connect with international counterparts, explore market trends, and promote its products and services to a global audience.

Engaging in collaborative projects with international partners allows Nagaland to tap into global expertise, technology, and resources to address common challenges and pursue mutual interests. Collaborative initiatives in areas such as research and development, technology transfer, and capacity building can drive innovation, competitiveness, and sustainable development in Nagaland.

Overall, networking and collaboration play a pivotal role in positioning Nagaland on the global stage, driving economic growth, and fostering sustainable development. By actively engaging with the global community, Nagaland can unlock new opportunities, build strategic alliances, and enhance its competitiveness in the global marketplace.

C. Cluster Development Program which will include skill training, research and development, marketing initiatives, etc.

Cluster development programs aiming around 50 participants per year and on around 10 clusters related to thrust areas like manufacturing (Agro based & food processing, mineral based, textiles, electronics & IT, bamboo based, waste management, etc.) and service sector (tourism, hospitality, health, power, and renewable energy) can significantly benefit the MSME sector in Nagaland by fostering collaboration, enhancing competitiveness, and driving economic growth.

- ▶ **Promotion of collaboration:** Cluster development programs bring together geographically proximate MSMEs operating in similar industries or value chains. By clustering together, these businesses can collaborate more effectively, share resources, and leverage each other's strengths. This collaboration can lead to economies of scale, increased efficiency, and reduced costs through shared infrastructure, raw materials, and knowledge exchange.
- ▶ **Enhanced competitiveness:** Through cluster development initiatives, MSMEs in Nagaland can benefit from shared learning and best practices. By interacting with other businesses in the same cluster, MSMEs can benchmark their performance, identify areas for improvement, and adopt innovative technologies and processes. This can enhance their competitiveness in both domestic and international markets, leading to increased market share and profitability.
- ▶ **Access to specialized services:** Cluster development programs often facilitate the establishment of common facilities and support services tailored to the needs of MSMEs within the cluster. These facilities may include shared production units, testing laboratories, training centres, and marketing platforms. By accessing these specialized services, MSMEs in Nagaland can overcome resource constraints, improve product quality, and meet market requirements more effectively.
- ▶ **Strengthened supply chain linkages:** Clustering enables closer integration along the supply chain, from raw material suppliers to manufacturers to distributors. By strengthening supply chain linkages within the cluster, MSMEs can ensure a more reliable flow of inputs, reduce procurement costs, and minimize production delays. This can result in improved production efficiency and timely delivery of goods and services to customers.

- **Policy support and representation:** Cluster development programs provide a platform for MSMEs to collectively advocate for their interests and address common challenges. By forming associations or industry bodies within the cluster, MSMEs can voice their concerns to policymakers, negotiate better terms with suppliers and buyers, and access government support programs more effectively. This collective action strengthens the bargaining power of MSMEs and enhances their ability to influence policy decisions that affect their businesses.

Overall, cluster development programs offer a holistic approach to supporting the MSME sector in Nagaland by promoting collaboration, enhancing competitiveness, and addressing common challenges. By participating in cluster initiatives, MSMEs can unlock collaborations, access specialized services, and capitalize on growth opportunities, ultimately contributing to the overall economic development of the region.

7.8.5 Proposed Project Design Concept and Feasibility & Viability of Proposal

A. Banker Facilitation Cell:

The objective is to establish a Banker Facilitation Cell in Nagaland, which will assist in preparing and evaluating Detailed Project Reports (DPRs) for schemes like PMEGP and PMFME. This initiative aims to ensure the financial viability of project proposals and their accessibility to entrepreneurs, thereby stimulating economic growth. It involves streamlining the project evaluation process and making bank finances readily available for entrepreneurial ventures. The feasibility of this project is high, as it aligns with government initiatives for entrepreneurship and economic growth, providing tangible support to aspiring entrepreneurs.

B. International Networking and Collaboration:

The proposed project focuses on enhancing Nagaland's international presence through participation in expos and events. By showcasing the state's unique culture, products, and investment potential, Nagaland aims to attract international investments, trade agreements, and partnerships. This project requires meticulous planning, marketing, and networking to promote Nagaland globally. The feasibility of this project is promising, as it aligns with Nagaland's economic development objectives and leverages international opportunities for economic growth.

C. Cluster Development Program:

Cluster development programs show a comprehensive strategy for bolstering the MSME sector in Nagaland, fostering cooperation, boosting competitiveness, and tackling shared obstacles. Engaging in cluster initiatives enables MSMEs to forge partnerships, avail themselves of tailored services, and seize growth prospects, thereby playing a pivotal role in the region's economic advancement.

7.8.6 Approach and Methodology for Implementation

The approach and methodology for the studies and interventions in Nagaland's MSME sectors are structured and coordinated:

A. Banker Facilitation Cell:

- Establishment of a Banker Facilitation Cell comprising technical and financial experts to streamline project reports.

- ▶ Standardized processes and training for bankers in DPR evaluation.
- ▶ Development of a database of eligible entrepreneurs and an online platform for project submission and tracking.
- ▶ Aimed at facilitating access to funds, encouraging entrepreneurship, and addressing project financing challenges.

B. International Networking and Collaboration:

- ▶ Identification of key international expos and events to enhance Nagaland's visibility and engagement.
- ▶ Establishment of a dedicated international trade promotion unit.
- ▶ Development of promotional materials and arrangements for participation in expos.
- ▶ Networking with potential investors and conducting post-event negotiations.
- ▶ Focus on overcoming the challenge of limited international exposure and leveraging opportunities for economic growth.

C. Cluster Development Program:

- ▶ Cluster development programs on around 10 clusters related to thrust areas like manufacturing (Agro based & food processing, mineral based, textiles, electronics & IT, bamboo based, waste management, etc.) and service sector (tourism, hospitality, health, power and renewable energy) can significantly benefit the MSME sector in Nagaland by fostering collaboration, enhancing competitiveness, and driving economic growth.
- ▶ Goals include increasing competitiveness and product quality, enhancing innovation, and promoting industry growth.
- ▶ Emphasis on strengthening industry clusters and fostering collaboration among MSMEs.
- ▶ Strategies involve skill training, research and development initiatives, marketing campaigns, and other interventions aimed at empowering MSMEs and boosting their performance within clusters.

7.8.7 Timeline for achievement of Project Deliverables

Table 65: Timeline for achievement of Innovative Interventions

H	Innovative Intervention	Timeline			
		Y1	Y2	Y3	Y4
1	Banker Facilitation Cell, comprised of financial analysts and technical experts, to aid GM-DICs and financial institutions in preparing and evaluating Detailed Project Reports (DPRs) for schemes like PMEGP and PMFME.				
2	International networking and collaboration				
3	Cluster Development Program (This include skill training, research and development, marketing initiatives, etc.)				

7.8.8 Estimated impact of the Project

A. Banker Facilitation Cell

Enhanced accessibility to financial resources: By aiding GM-DICs and financial institutions in preparing and evaluating Detailed Project Reports (DPRs) for schemes like PMEGP and PMFME, the Banker Facilitation Cell facilitates easier access to funding for MSMEs in

Nagaland. This can lead to increased funding approvals and disbursements for entrepreneurial ventures.

Improved project viability: The expertise provided by financial analysts and technical specialists in the Banker Facilitation Cell ensures that project proposals are thoroughly evaluated for financial sustainability and feasibility. This can result in a higher success rate for MSME projects, reducing the risk of project failures and financial losses.

Strengthened MSME ecosystem: By supporting GM-DICs and financial institutions, the Banker Facilitation Cell contributes to the overall strengthening of the MSME ecosystem in Nagaland. This can foster a conducive environment for entrepreneurship and economic growth in the state.

B. International Networking and Collaboration

Expanded market opportunities: Through participation in international expos, trade fairs, and collaborative projects, Nagaland can enhance its visibility on the global stage. This can lead to increased export opportunities for MSMEs in the state, allowing them to tap into new markets and diversify their customer base.

Knowledge exchange and innovation: International networking and collaboration provide avenues for knowledge exchange, technology transfer, and innovation. By engaging with global partners, MSMEs in Nagaland can access new ideas, best practices, and cutting-edge technologies, fostering innovation and competitiveness.

Strategic partnerships: Collaborating with international partners can lead to the formation of strategic alliances and partnerships, which can benefit MSMEs in areas such as joint ventures, research and development initiatives, and access to new investment opportunities.

C. Cluster Development Program

Enhanced competitiveness: The Cluster Development Program focuses on skill training, research and development, marketing initiatives, and other capacity-building measures for 200 MSMEs in Nagaland. This can enhance the competitiveness of these enterprises by equipping them with the necessary knowledge, skills, and resources to thrive in their respective industries.

Improved product quality and innovation: Through research and development initiatives, MSMEs can innovate and improve the quality of their products, making them more competitive in the market. This can lead to increased customer satisfaction and loyalty, driving business growth and expansion.

Strengthened industry clusters: The Cluster Development Program fosters the growth of industry clusters in Nagaland, bringing together MSMEs operating in similar sectors. This can create synergies and collaboration opportunities among enterprises, leading to collective growth and development within these clusters.

7.8.9 Project Costing

The total project cost for the interventions proposed under “Innovative Initiatives” is **INR 35.96 Cr.** The interventions wise cost is as per the table provided below:

Table 66: Costing for Innovative Interventions

Sl.No.	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
H	Innovative Intervention	2,3,4,5,6	3596.38	179.82	3416.56	400
1	Banker Facilitation Cell, comprised of financial analysts, technical experts, and sector-specific specialists, to aid GM-DICs and financial institutions in preparing and evaluating Detailed Project Reports (DPRs) for schemes like PMEGP, PMFME and CGTMSE	2.3,3.1,4.1,5.1,5.2,6.2	1241.32	62.07	1179.25	
2	International networking and collaboration	2.2,2.3,3.1,3.2	200	10	190	
3	Cluster Development Program (This include skill training, research and development, marketing initiatives, etc.)	2.3, 5.3	2155.06	107.75	2047.31	400

7.9 Feasibility studies and preparation of DPRs

7.9.1 Major Issues/Challenges of MSMEs

Feasibility studies play a crucial role in the success and sustainability of Micro, Small, and Medium Enterprises (MSMEs). These studies help entrepreneurs and business owners make informed decisions to invest time, resources, and capital into business ventures. In Nagaland, MSMEs often operate with limited resources. Conducting feasibility studies would enable entrepreneurs to allocate resources effectively, ensuring that they are utilized in the most efficient and cost-effective manner. It provides a comprehensive understanding of the business environment. There are hardly any studies conducted to assess the industries or enterprises in the state. The absence of such studies increases the likelihood of unforeseen issues arising during the implementation phase, leading to project failure. Feasibility studies help identify potential challenges and risks associated with a project.

7.9.2 Problem Statement

Currently, the problems faced by the state is the dependence on imports of goods and products where potential products which can be manufactured and produced in the state has not seen growth or face hindrances. Nagaland has abundance of natural resources which can substitute many goods and products which are imported from other states of the country.

7.9.3 Proposed Intervention with Respect to RAMP

A. Survey and study for Strategic Plan preparation on import substitution for potential products

There are many local brands that produces locally in the state that has the potential to substitute the import of certain products. At present, various products are imported from other states or country. Therefore, local products need to be promoted and improved to substitute the import from outside. For this, a study needs to be conducted to come up with a strategic plan for the MSMEs on import substitution for potential products.

7.9.4 Proposed Project Design Concept and Feasibility & Viability of Proposal

This intervention is designed to overcome the challenges of importing goods which can be locally manufactured, produced, or made available. The proposed import substitution survey and studies will play a much-needed intervention identifying the gaps and recommend a solution based plan to mitigate this problem.

7.9.5 Approach and Methodology for Implementation

The approach and methodology for carrying out the studies and interventions in Nagaland's MSME is discussed below:

- ▶ **Stakeholder Engagement:** Begin by engaging with key stakeholders, including industry associations, government agencies, experts, and MSMEs, to understand their perspectives and specific needs.
- ▶ **Strategic plan preparation:** To prepare a strategic plan for on import substitution for potential products, an agency is proposed to be hired.
 - Conduct surveys and consultations
 - Identify potential products
 - Prepare need analysis and gap analysis
 - Market assessment and channels
 - Submit a roadmap with recommendations

7.9.6 Timeline for achievement of Project Deliverables

The interventions will be carried out in the first two years.

Table 67: Timeline for Interventions under Feasibility Studies

I	Feasibility studies and preparation of DPRs	Timeline			
		Y1	Y2	Y3	Y4
1	Survey and study for Strategic Plan preparation on import substitution for potential products				

7.9.7 Estimated impact of the Project

The proposed interventions in Nagaland's MSME sectors are expected to provide several significant impacts:

- ▶ **Informed Decision-Making:** MSMEs will gain access to valuable data and insights about their respective sectors. It will empower entrepreneurs to make informed decisions, leading to improved business strategies and resource allocation.
- ▶ **Risk mitigation:** Feasibility studies help identify potential risks and challenges associated with a business idea. By assessing market conditions, competition, and other

factors, entrepreneurs can develop strategies to mitigate risks and make informed decisions.

- ▶ **Export Potential:** These projects may uncover export potential, enabling MSMEs to explore international markets. Understanding the export landscape will help MSMEs align their products with global demand. It will create a deeper understanding of market dynamics, consumer preferences, and trends for export. MSMEs will be better equipped to adapt to changing market conditions and tailor their products to meet demand effectively.
- ▶ **Sustainability Awareness:** Studies may promote awareness of sustainable practices and eco-friendly options. This knowledge can lead to the adoption of greener, more environmentally responsible business practices.
- ▶ **Data-Driven Decision-Making:** The research will promote data-driven decision-making among MSMEs, allowing them to identify growth opportunities and address challenges with greater precision.

In summary, the study is expected to provide Nagaland's MSMEs with essential information and insights to enhance their operations, improve product quality, and make informed decisions to compete more effectively in the marketplace.

7.9.8 Project Costing

The total project cost for the interventions proposed under “Feasibility Studies and Preparation of DPRs” is **INR 01.50 Cr.** The interventions wise cost is as per the table provided below:

Table 68: Costing for Interventions under Feasibility Studies

Sl.No.	Interventions for Nagaland	DLI	Total Cost for 4 years (INR Lakhs)	State Contribution (INR Lakhs)	Demand from RAMP (INR Lakhs)	Total MSMEs/ units targeted
I	Feasibility studies and preparation of DPRs	2,3	150	8	143	NA
1	Survey and study for Strategic Plan preparation on import substitution for potential products	2.2,2.3,3.1,3.2	150	8	143	

7.9.9 Total Budget Estimate

The total budget allocated for a period of **4 years** is estimated to be **₹206.56 Crores**, with the State of Nagaland willing to contribute approximately 5% of the total estimation, amounting to INR 10.33 Cr.

Table 69: Total Budget Estimate for Nagaland RAMP SIP

Sl.No.	Intervention	DLI	Total Budget for 4 years (in INR Cr.)	State Contribution (in INR Cr.)	Demand from RAMP (in INR Cr.)
A	Enhancing MSME firm capabilities	2,3,5,6	10.00	0.50	9.50
B	Promoting 'Make in Nagaland'	2,3,4,5,6	16.15	0.81	15.34
C	Improving Digital Infrastructure	3	06.99	0.34	6.64
D	Competitiveness Support and Green initiatives	2,3,4,5,6	20.18	1.00	19.17
E	Enhancing Access to Finance	3,4,5	36.72	1.84	34.88
F	Enhancing Access to Market	2,3,4,5,6	25.47	1.27	24.19
G	Institutional Strengthening	2,3	34.80	1.74	33.06
H	Innovative Intervention	2,3,5	35.96	1.80	34.16
I	Feasibility studies and preparation of DPRs	2,3,5	01.50	0.075	1.425
	Total		187.78	9.39	178.39
	Misc. Cost and Operational Cost (10%)		18.78	0.94	17.84
	Grand Total		206.56	10.33	196.23

7.10 Output Outcome of the Interventions

Table 70: Output and Outcome of the Proposed Interventions

SL.No.	Interventions for Nagaland	DLI	Total MSMEs/ units targeted
A	Enhancing MSME firm capabilities	2,3,5,6	31,510
1	Capacity building of ~18,000 MSMEs (awareness programs - financial management, market research, digital literacy, innovation, quality standards, supply chain management, human resources, technology adoption, export readiness, sustainability practices, networking, and legal compliance) (20% focus on women and 3% on PWD)	2.3,3.2,5.2,5.3,6.2	18,710
2	Capacity building of educated unemployed youth to start their own venture by awareness programs/trainings (3 days)	2.3,3.2,5.2,5.3,6.2	NA
3	Formalization of existing unorganized MSMEs - Udyam Registration drive	2.3	12,800
B	Promoting 'Make in Nagaland' and enhancing domestic import substitute products	2,3,5,6	14,180
1	Make in Nagaland support centre (to be run by SPV) for the identified products	2.3,3.1, 5.2	NA
2	Workshops for interaction at field level with technical experts (focussing on atleast 20% women)	2.3	6,400
3	Capacity building of MSME under Make in Nagaland - access to market/management skills/quality control/export etc. (focussing on atleast 20% women) Project report preparation, assessment,evaluation, Project planning and implementation, Production planning and management, Market survey and marketing including SME portal of department etc., MSME promotional Schemes & Facilities of the state & GoI, Etc	2.3,3.2,5.2,5.3,6.2	7,680
4	Subsidy on marketing and branding (that includes design and logo, Marketing Collateral, Website Development)	2.2,3.2	100
5	Nagaland MSME Display hangers - for promoting 'Make in Nagaland'	2.2,3.2	NA
C	Improving Digital Infrastructure	2,3	NA
1	Providing digital devices for Field level offices	3.1	
2	Upgrading IT infra in District Industries Centres (DICs) and NIDC	3.1	
3	Web Portal for Department/NIDC/MSMEs for monitoring, notifications and ease of access to the central and state schemes	2.2,3.1	



SL.No.	Interventions for Nagaland	DLI	Total MSMEs/ targeted units
4	Web/Mobile/Tablet application for data collection of MSMEs (for udyam, scheme related, etc.) and software intergration with the concerned MSME departments	2.2,3.2	
D	Competitiveness Support and Green initiatives	2,3,5	25,760
1	Workshops on decarbonization, greenhouse gas accounting (GHG), carbon pricing, energy audit.	2.3,3.2,5.2,5.3	3,200
2	Financial support to MSMEs through energy audits (Financial support to MSMEs to the tune of 20% of the cost of the machinery and equipment replaced, retrofitting and technology acquired for the purpose of improving energy efficiency (subject to a maximum of Rs.20k per MSME) in 10000 MSMEs)	3.1,5.1	900
3	Workshops on maximizing awareness of LEAN Scheme and ensuring maximum coverage of BASIC LEVEL LEAN certification with the support of local recruits/VLEs (village level entrepreneurs)	2.3,3.2,5.2,5.3	400
4	Workshops on maximizing awareness of ZED Scheme and ensuring maximum coverage of BRONZE certification with the support of local recruits/VLEs	2.3,3.2,5.2,5.3	15,360
5	Awareness programme on getting FSSAI Basic license and ensuring certification to 1000 MSMEs per year	2.3,3.2,5.2,5.3	3,840
6	Financial support for FSSAI Basic License to a maximum amount of INR 6,000/- per MSME on reimbursement basis	3.1,5.1	1,400
7	State MSME Excellence Awards	3.2	660
E	Enhancing Access to Finance	3,4,5	38,960
1	Capacity building workshops and awareness programmes on all access to finance related schemes (modules on financial literacy, preparing effective business plans, understanding financial markets, credit management, navigating loan application processes, building creditworthiness, and fostering relationships with financial institutions)	3.1	19,200
2	Special financial literacy workshops for women and PWD entrepreneurs	3.1,4	9,600
3	CGTMSE Guarantee support up to 15% for MSE Loans with maximum ceiling of Rs. 10 Lakhs credit facility [Maximum 80% Guarantee Coverage through CGTMSE (for NE region) + 15% Guarantee Support Coverage]. Averaging 500 CGTMSE cases for 4 years & Rs. 5 lakhs average ticket size. (15% of Rs.5 Lakhs * 500 CGTMSE cases)	5.1,5.2	NA
4	Banker's meet - facilitate access to finance with special focus on CGTMSE	3.1,4.1,5.1	



SL.No.	Interventions for Nagaland	DLI	Total MSMEs/ targeted units
5	Knowledge sharing workshops with financial institutions, associations of NBFCs, public sector undertakings in association with Institute of Chartered Accountants of India	4.1,5.1,5.2	7,680
6	Interest subvention for MSMEs upto 3% (up to INR 50,000 for micro units, INR 2,00,000 for Small units and INR 5,00,000 for medium units)	3.1,5.1	2,480
F	Enhancing Access to Market	2,3,5	61,310
1	Workshop for Awareness on e-commerce websites for MSMEs such as GeM and ONDC	2.3,3.2,5.2,5.3	38,400
2	Participation in national/international trade fairs/expos	2.2, 3.2	320
3	Preparation of annual reports for - Export readiness, MSME growth in Nagaland, Annual district report for MSME sector	2.3	NA
4	Vendor development program for 400 MSMEs (MSMEs under Made in Nagaland centre also may be covered) *20% focus on women and 3% PWD MSMEs	3.2, 5.2, 5.3	400
5	Organize Buyers and suppliers meet including reverse buyer supplier meet	2.3, 5.2, 5.3	10,000
6	Exporter State Summit: This event brings together the micro, small and medium-sized exporters, trade professionals and trade assistance providers from across Nagaland, providing them with an opportunity to exchange and share best practices and lessons learned that have contributed to their export success.	2.3,3.2,5.2,5.3	190
7	IEC (Information, Education and Communication) and Outreach program	2.3,3.2,5.2,5.3	NA
8	Technology Clinics for MSMEs - 2 days in a year. Technological clinic is conducted in thrust areas like in manufacturing (agro based & food processing, mineral based, textiles, electronics &IT, bamboo based, waste management, etc.) and service sector (tourism, hospitality, health, power, and renewable energy). The Topics that would be covered: (New Packaging Technologies, Modern Technologies and Value addition in Food Processing Sector, Energy Conservation Techniques, Quality Management using Technology, etc.). Targeting 10000 for 4 years (2500 MSME each year) (this is 50% of the Total udyam registrations)	2.3,3.2,5.2,5.3	10,000
9	Dedicated workshop on Packaging, Branding and Marketing with the Experts	2.3,3.2,5.2,5.3	2,000
G	Institutional Strengthening	3	NA



SL.No.	Interventions for Nagaland	DLI	Total MSMEs/ targeted units
1	Management Development Programme at Indian Institute of Management (IIM) for Executive officers of the Department	3.1	
2	Exposure trips for executive officers of the Department (will provide valuable insights, networking opportunities, and inspiration, fostering knowledge exchange, policy improvement, and enhanced problem-solving skills)	3.1	
3	Capacity building training for Inspector of Industries Officers by IIFT/IIE (1 week)	3.1	
4	Training for Udyami Saathis /VLEs (GoI & State Govt. schemes, soft skills, field visits etc.)	3.1	
5	Engaging field level sector expert to assist implementation of enhancing firm capability, enhancing CHAMPION scheme, CGTMSE, LEAN, quality certification, product designers, legal experts, green energy, financial consultants etc.	3.1	
6	To onboard trainers for monthly training to local district entrepreneurs on various aspects. (Trainers of the trainer)	3.1	
7	Compulsory training hours for DIC officials on entrepreneurship development, managerial skills, basic computer proficiency skills (Partner with online training provider platforms eg. Udemy etc.)	3.1	
H	Innovative Intervention	2,3,4,5,6	400
1	Banker Facilitation Cell, comprised of financial analysts, technical experts, and sector-specific specialists, to aid GM-DICs and financial institutions in preparing and evaluating Detailed Project Reports (DPRs) for schemes like PMEGP, PMFME and CGTMSE	2.3,3.1,4.1,5.1,5.2, 6.2	
2	International networking and collaboration	2.2,2.3,3.1,3.2	
3	Cluster Development Program (This includes skill training, research and development, marketing initiatives, etc.)	2.3, 5.3	400
I	Feasibility studies and preparation of DPRs	2,3	NA
1	Survey and study for Strategic Plan preparation on import substitution for potential products	2.2,2.3,3.1,3.2	

