



## A DETAILED INVESTIGATION ON MSME ENTREPRENEURSHIP IN UTTAR PRADESH, INDIA

**Dr. Vijai Tiwari**

*Assistant Professor, Department of Commerce, Swami Shukdevanand College, Shahjahanpur,  
Uttar Pradesh*

### ABSTRACT

MSME is Micro, small and medium enterprises. Mission of MSME is to Promote growth and development of micro, small and medium enterprises, including khadi, village and coir industries so as to create new enterprises and more employment opportunities. The long term goal of the ministry is to enhance manufacturing base in the country by improving performance of MSME through skill and entrepreneurship development. To promote the national self-reliance and to become vocal about local, Hon'ble Chief Minister Yogi Aditya Nath has launched the online version of 4 more schemes viz. ODOP (Marketing Development Scheme), ODOP (toolkit & training) for SC/ST & OBC persons and Hastshilpi Skill development scheme for the citizens of the state on 7th August, 2020 at Lucknow. The schemes will be available at the existing online portal of MSME Directorate.

Sri Siddarth Nath Singh, Cabinet Minister MSME & Export Promotion, Government of UP, who was present during the launch, appreciated the efforts of NIC UP to bring revolution and digital transformation in MSME Sector by enhancing the platform with more services in a very short span of time. Sri Navneet Sahgal, Additional Chief Secretary MSME & Export Promotion, GoUP informed the guests that department has already provided the benefit of the schemes to 98,473 MSME units by the use of technology in a short span of 3 months. He mentioned that this could be achieved only due to the effective and transparent use of online eServices portal that was launched by Hon'ble CM on 14th May 2020. With the addition of these 4 new services now the portal has 8 schemes in its basket of services for the citizens. Few more schemes are in the pipeline and will be launched soon.

This online platform, developed by the NIC UP State Centre team led by Sri Anshu Rohatgi, STD & ASIO under the able direction and guidance of Sri Pratik Kr. Srivastava, DDG & SIO UP has proved a significant step in the direction of Digital India from the perspective of the MSME sector in the state. Sri Chaudhary Udaybhan Singh, State Minister MSME & Export Promotion, Government of UP with the senior officials of State Government including Chief Secretary, IIDC, APC, Additional Chief Secretary, MSME & Export Promotion, UP and Commissioner, Directorate of Industries graced the occasion. All the District Magistrates & districts level departmental officers also participated in the launch through Video Conferencing. Sri Shailesh Srivastava, STD & project head and Sri Ashish Rastogi, Scientist – D participated in the launch function held at Chief Minister's residence, Lucknow.

**KEYWORDS:** MSME, entrepreneurship, Uttar Pradesh, India, ministry, online, e-services, udyog



## INTRODUCTION



MSME-DI Kanpur, is a field office of Ministry of Micro Small and Medium Enterprises, Government of India. MSME - Development Institute, Kanpur (Formerly Known as Small Industries Service Institute, Kanpur), which is the main MSME - Development Institute in the state of Uttar Pradesh was set up on 13th May 1958. Rajendra Kumar Tiwari, Chief Secretary has said that Uttar Pradesh ranks first in India in terms of establishment of MSME units. He gave this information after inaugurating the Uttar Pradesh Pavilion at the India International Trade Fair-2021 at the Pragati Maidan on Sunday. [1,2]



Chief Secretary Tiwari highlighted the role of state government in creating an investment-friendly environment. In Uttar Pradesh since the past 4 years, approximately 80 lakh MSME units have provided employment opportunities to more than 1.50 crore people by sanctioning loans. [3,4]

“A total of 89.99 lakh units are registered in the state, which is 14.20 per cent of the total registered units of the country,” said Tiwari. He emphasised on the leadership of Chief Minister Yogi Adityanath and Prime Minister Narendra Modi, and their efforts towards online loan fairs to ensure maximum flow of credit in the MSME sector. The state of Uttar Pradesh records nearly 90 lakh MSMEs, having the largest number of estimated small businesses with a 14.20 per cent share of 6.33 crore MSMEs in the country, as per the MSME Ministry 2020-21 annual report. “During Covid last year and this year, we had decided not to shut our industrial units. We arranged for (movement) of their workers with mobility passes. We also ensured that they have the raw material supply by making sure vehicles carrying raw materials pass unhindered. We also waived fixed electricity charges,” added Singh who is also the minister for Investment & Export, NRI, Textile, Handloom & Sericulture, Khadi & Gramodyog, and Vice Chairman, Invest U.P. In context of Ease of Doing Business annual rankings, the state was ranked second in the released in September last year. [5,6]

And in Logistics Ease Across Different States (LEADS) ranking this year Uttar Pradesh secured sixth position. The Commerce Ministry released the ranking in 2018 with Gujarat, Haryana, and Punjab as top three states. “We realised that it is not going to be easy for MSMEs to perform due to covid. Hence, we announced a reform policy particularly in the labour sector wherein we removed all labour laws except two which are (related to) minimum wages and the number of hours. Many other states followed what UP did. During Covid period, we also came up with a major reform in the MSME sector. For registering an MSME unit in the state, one can get a deemed No Objection Certificate (NOC) in 72 hours by online application and within three years the MSMEs will have to obtain all the NOCs and submit to the authorities,” said Singh.[7,8]



### **MSME sector reopens by 90 percent in UP**

#### **MSME , Agra**

MSME-Development Institute (Formerly Small Industries Service Institute), Agra was established in September 1956. The geographical jurisdiction of this Institute has spread over 22 districts of Uttar Pradesh. The names of the district are as follows:

Agra, Mathura, Mainpuri, Firozabad, Etah, Aligarh, Mahamaya Nagar, Kashiram Nagar Meerut, Bulandshahar, Bagpat, Shamli, Saharanpur, Muzaffarnagar, Shambhal, Bareilly, Badaun, Pilibhit, Moradabad, Rampur, Bijnore, Jyotibaphulenagar.[9,10] MSME-DI, Agra is extending techno managerial and economic consultancy services for the development of Micro, Small & Medium Enterprises and provides comprehensive range of industrial extension services ranging from identification of suitable line of production to marketing of the product. Facilities for Consultancy services are being provided in the fields of Mechanical, Metallurgy, Electrical, Leather & Footwear, Food, Glass & Ceramic, Chemical and Biotechnology. While Industrial Management and Economic Investigation services is also available with the institute.[11,12]





# कोरोना की तीसरी लहर को भी हराएंगी MSME इकाइयां



## Patrika Positive News



@patrikauttarpradesh



Patrika Uttar Pradesh



@PatrikaUP



@patrikaup

1. If you are an existing entrepreneur and facing business crises in managing your Enterprise ? or
2. You are an unemployed, under employed or an individual exploring opportunities to establish your career as a new Entrepreneur

### OBSERVATIONS

Micro, Small and Medium Enterprises (MSME) sector is of strategic importance for Uttar Pradesh. These enterprises not only play a crucial role in providing large scale employment opportunities at lower capital cost, but also help in industrialization of rural and backward areas, thereby reducing regional imbalance, assuring more equitable distribution of national income and wealth. These enterprises units are supplementary and complementary to large and medium scale units as ancillaries. MSME sector forms the backbone of economic progress and development of any State because of its contribution to industrial productivity, employment generation, versatile nature, adaptability and contribution in exports. MSME industries constitute an important segment of the UP economy in terms of employment generation and as a source of foreign exchange earnings through exports. [13,14] The MSME sector accounts for almost 60% of the total industrial output in Uttar Pradesh. State of Uttar Pradesh had the largest number of estimated MSMEs with a share of 14.20% of MSMEs in the country. West Bengal comes as close second with a share of 14% again. The top 10 States together accounted for a share of 74.05% of the total estimated number of MSMEs in the country[15]



**UP MSME gets Elets award for digital excellence**

Geographical Location and Potential the State is located in the northern part of India and borders Bihar in the east, Madhya Pradesh in the south, Rajasthan, Delhi and Haryana in the west and Uttarakhand in the north. The State is landlocked, but has good connectivity in terms of roads, railways and air to other parts of the country. The Eastern Dedicated Freight Corridor and the Delhi Mumbai Industrial Corridor is expected to accelerate development in the region. Metro rail network is also being developed in Lucknow and will be introduced in four more cities in the State. Moreover, UP is rich in natural wealth with abundant minerals, forests, flora and fauna. It is blessed with large tracts of agrarian fertile plains and a vast river network, bringing a scope for agro-based and food processing industries. The State is known for its mineral resources, such as limestone, dolomite, glass-sand, marble, bauxite, non-plastic fireclay and uranium.<sup>3</sup> Also, UP is popularly known for its key traditional industries comprising handicrafts, leather goods, carpet, textiles, sugar, cotton yarn, jute, vegetable oil, glassware and bangles, cement, etc[16,17]

Longest road, rail and river network in India Uttar Pradesh is the fourth largest state in India and has the largest population. The state's population of 200 mn is equivalent to the population of Brazil. The state falls under the influence area of key industrial corridors such as North-South and EastWest (NS-EW) Corridor and several expressways and highways, conveniently connecting it with remote parts of the country. [18]



Twelve major rivers pass through the state including the Ganges, India's largest river Popular Tourist Destination Uttar Pradesh is a popular tourist destination due to the presence of Taj Mahal, Buddhist places of pilgrimage such as Sarnath and Kushinagar and prominent Hindu pilgrimage places such as Allahabad and Varanasi. The state was ranked second and third in terms of domestic and foreign tourist arrival, respectively, in 2017. Fertile Land Uttar Pradesh has very fertile land and its economy is largely driven by agriculture. The key industries in the state include food processing, information technology (IT), tourism, mineralbased industries, auto components, textiles, handlooms and handicrafts, biotechnology, leatherbased and sports goods industries. The state has an oil refinery in Mathura, operated by Indian Oil Corporation. High livestock population in the state makes it one of the leading producers of leather products. Largest Milk Producer Uttar Pradesh is India's largest milk-producer, second largest producer of hydel power and third largest producer of thermal power. It has a total installed power capacity of over 25,000 MW. The state is also a leader in the production of multiple food and horticulture crops such as wheat, sugarcane, potato and mango, among others. Noida-Greater Noida region in the state is home to eight operational IT SEZs. The state saw over 143,000 MSMEs and heavy industrial units set-up their base during the 12th five-year plan. The state has the highest number of cities identified under the Smart Cities Mission of the Indian central government.[19]

### DISCUSSIONS

The UP government's One District, One Product scheme aims to encourage such indigenous and specialized products and crafts. There are products in UP that are found nowhere else – like the ancient and nutritious 'Kala namak' rice, the rare and intriguing wheat-stalk craft, world-famous chikankari and zari-zardozi work on clothes, and the intricate and stunning horn and bone work that uses the remains of dead animals rather than live ones, a naturefriendly replacement for ivory. Many of these products are GI-tagged, which means they are certified as being specific to that region in Uttar Pradesh. Many of these were also dying community traditions that are being revived through modernization. Other district-specific industries are more commonplace, but their products are still unique to those regions. Asfoetida, Desi ghee, Fancy glassware, Bedsheets, Jaggery, Leather Goods – the districts that specialize in these crafts are in UP, and you might already own or use a UP product without knowing it.





### Launch of online MSME service portal in UP

A corpus fund will be created to implement 'Vishwakarma Shram Samman Yojana' to provide assistance in terms of margin money subsidy and interest subsidy to artisans and entrepreneurs of local traditional industries of the state through bankable projects. The scheme will comprise of two components. In the first component, traditional artisans such as carpenters, cobblers, tailors, basket weavers, barbers, goldsmiths, ironsmiths, potters, sweet makers etc. will be provided margin money subsidy and the project will be dovetailed with Pradhan Mantri Mudra Yojna. In the second component, entrepreneurs of traditional industries will be assisted by providing margin money subsidy on a lower scale together with interest subsidy and the beneficiaries who belong to SC, ST and women categories will have their projects dovetailed with Stand-up India Yojna. [20]

Mukhya Mantri Yuva Swarajgar Yojana will be launched to encourage the educated unemployed youth of the state to set up enterprises including both industries and service enterprises. Under the scheme Margin money subsidy and interest subsidy will be provided to beneficiaries and the project will be dovetailed with Pradhan Mantri Mudra Yojana or Stand-up Yojna depending on the scale of the project and the categories of the beneficiary.

Go UP with assistance from financial institutions will create an SME Venture Capital Fund for promoting Start-ups and emerging Small & Medium Enterprises (SMEs).

The annual service fees payable to Banks and financial institutions for availing collateral free loan up to Rs.2 crore under Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) will be reimbursed by Go UP.

### RESULTS

Robust administrative machineries and institutions play an important role in the successful implementation of government policies, schemes & programs and towards this end, the organisational structure of the department will be strengthened and technical capability of the employees will be augmented. [21]



**UP government will set up industrial parks for MSME**

- Self-certification facility will be extended to the new micro and small industries established in the State on the pattern of that provided in the Start-up scheme of GoI so as to eliminate any hassle from inspections in the nascent stage of industries.

- Go UP will modernise 25 District Industries and Enterprise Promotion centres over the next 5 years through setting up of help desk for consultancy along with development of Project Formulation Cell and Online Single Window Clearance Cell.

A National MSME Expedition team is on a journey of about 3500 kms across five states for making people aware about various MSME Government schemes. The team has reached Lucknow after travelling by road from Delhi to Faridabad, Ballabgarh, Palwal, Agra, Firozabad, Fatehpur, Kanpur, Prayagraj, Banaras in Uttar Pradesh, Rewa in Madhya Pradesh, Buxar, Arra, Patna, Chhapra, Champaran in Bihar. It also visited Gorakhpur, Sant Kabir Nagar, Sultanpur, Kannauj in UP.

Addressing the participants of the expedition team, UP Minister for MSME Shri Siddharth Nath Singh said, MSME has a special place among all the economic development related departments of the government. He suggested bringing all industry related issues under the purview of MSME.[19]





**MSME technology center to be built in Gorakhpur for small scale industries**

A brief understanding about the benefit of these schemes is provided below:

- Start UP India: The primary objective of this scheme is promotion of startups, generation of employment, and wealth creation through simplification and handholding of applications, Funding & Incentives and Incubation & IndustryAcademia Partnerships.
- StandUp India: Stand Up India Scheme facilitate bank loans between 10 lakh and 1 crore to at least one scheduled caste (SC) or Scehduled Tribe, borrower and at least one women per bank branch for setting up a greenfield enterprise. This enterprise may be in manufacturing, services or the trading sector
- SPRS is a developmental scheme of National Small Industries Corporation (NSIC) to assist the MSEs in India by exempting them from Earnest Money Deposit (EMD) in Government Purchases
- ESDP: The scheme ensures promotion of new enterprises, capacity building of the existing MSMEs and inculcating entrepreneurial culture in the country through the building and promotion of training aids, equipment and other related infrastructure to enhance the quality of training activities in the EDCs, MSME DIs and TCs and training activities at HQlevel. 2. State Schemes[20]



### MSME parks will be developed in six districts

- Scheme for Promoting Establishment of Private Industrial Parks 2017: This scheme provides interest subsidy reimbursement for industrial parks/estates and Agro Parks developed by the private sector and a 100% exemption/reimbursement to developers and 50% exemption to individual buyers (first) on stamp duty.

- ODOP - Margin Money Scheme: This scheme benefits with not whole but a margin of the project cost. The applicants receive it in the form of subsidy to set up the project. 2. Provide integrated business development services- With integrated business development services approach, MSMEs should be hand-held in their business starting from registration to promotion of their product/service in a competitive landscape. This would entail handholding support in the form of registration help, information dissemination and advisory services across the following 6 pillars:

- ▶ Leveraging sector specific government schemes
- ▶ Access to Market to identify and evaluate a products export potential
- ▶ Human Resource Development for capacity building among local artisans
- ▶ Technical Advisory for Product Development & Design
- ▶ International Business Opportunities through Quality Control
- ▶ Access to Finance for Working Capital Support

The government aims to reduce perishability of milk and milk products, promote market-centric activities in the dairy sector and spread awareness about modern technology in this field. The objective of Uttar Pradesh Milk Policy-2018 is to promote the export of processed milk and milk products, to increase the per capita income in the state, to promote infrastructure and private investment in the milk sector. Towards this, GoUP will simplify various processes to address issues related to the quality of dairy products and will create an information technology enabled database with the objective of providing relevant market information to industry in the state. The objective of the policy is providing a congenial environment for the establishment and development of the milk processing industry in Uttar Pradesh. Key features of the policy include:

- ▶ Capital Subsidy @ 25% on cost of creating infrastructure/ expansion/ diversification
- ▶ 100% interest subsidy for 5years to MSME Milk processing units



- ▶ 7% interest subsidy for 5 years to non MSME Milk processing units
- ▶ 50% subsidy on cost of preparing Detailed Project Report [21]

### CONCLUSION

MSME – DIs are a subordinate office of Development Commissioner (MSME). There are such DIs in the state of U.P. which cater to the promotional & developmental needs of the Micro, Small & Medium Enterprise Sector in districts as indicated in their jurisdiction list. The institute maintains a close liaison with the state industries department, Financial Institutions, Voluntary Organization and other agencies concerned with the development of Micro, Small and Medium Enterprises in the state of U.P. It supports the developmental efforts of the agencies.

The EPB interacts with the exporters on one hand and Export Promotion Councils, Agencies, Export Associations, State and Central Government Bodies on the other hand. It assists exporters in export procedure, various facilities and assistance offered by the State and Central Agencies. It also ensures the follow-up of export policy matters and miscellaneous problems of exporters. State exporters are registered by Export Promotion Bureau for providing export assistance offered by the State Government. It implements Freight Rationalisation Scheme of ICDs and Air Cargo, Market Development Assistance Scheme, State Export Award Scheme etc. [20]

It is an apex organisation under the MoMSME, with regard to khadi and village industries within India, which seeks to - "plan, promote, facilitate, organise and assist in the establishment and development of khadi and village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary. The objective of the Khadi and Village Industries Board is to provide maximum employment opportunities and strengthen the rural economy by establishing small scale industries and low capital investment industries. [21]

### REFERENCES

1. Armstrong, H. W. and Taylor, J. (2000). *Regional Economics and Policy*. 3rd edition, Blackwell, Oxford.
2. Babar, S. N. (2012). *Small Scale Industries and Economic Development: Special Reference to India*. *Indian Streams Research Journal*, ISSN: 2230-7850, Vol.2, Issue. III, April 2012, pp.1-4.
3. Balakrishna Rao, M. and Sree Krishna, T. (2016). *Industrial Sickness of MSMEs units*. *International Journal of Application or Innovation in Engineering & Management (IJAIEM)*, Vol. 5, Issue 8.
4. Bhaskaran, E. (2016). *The Performance of Micro, Small and Medium Enterprises in Tamil Nadu*. Government of Tamil Nadu.
5. Dixit, A. and Pandey, A. K. (2011). *SMEs and Economic Growth in India: Co-integration Analysis*. *IUP Journal of Financial Economics*, Vol. IX, No. 2, pp. 41-59.
6. *Economic Survey, (2015-16)*. Ministry of MSMEs, Government of Maharashtra. FICCI (2011). *Vision 2020 Implication for MSMEs*.
7. Garg, Ishu and Walia, Suraj. (2012). 'Micro, Small & Medium Enterprises (MSMEs) In Post Reform India: Status & Performance'. *International Journal of Latest Trends in Engineering and Technology (IJLTET)*, Vol. 1, Issue 3, September.
8. Golden Maharashtra Development Council (2017), 'Knowledge paper-MSME sector'.
9. GoI (2011). *Final Report: Fourth All India Census of MSMEs 2006-07 (Registered Sector; and Unregistered Sector)*. Development Commissioner, Ministry of MSMEs, Government of India, New Delhi.
10. GoI (2013). *Annual Report, 2012-13*, Ministry of Micro, Small & Medium Enterprises, Government of India, New Delhi. GoI (2014). *Annual Report, 2013-14*, Ministry of Micro, Small & Medium Enterprises, Government of India, New Delhi.
11. GoI (2015). *Annual Report. 2014-15*, Ministry of Micro, Small & Medium Enterprises, Government of India, New Delhi.
12. Government of Tamil Nadu (2015). *State Industrial Profile. 2014-15*.
13. Government of Tamil Nadu (2016). *Policy Note and Performance Budget, Micro, Small and Medium Enterprises Department, Government of Tamil Nadu (2015- 16)*.
14. Government of UP (2012). *Key Fiscal Incentives under Uttar Pradesh Infrastructure and Industrial Investment Policy (IIP)*.
15. Gupta, C. (2010). *Unravelling Bihar's 'growth miracle'*. *Economic and Political Weekly*, 45(52), 50–62.
16. Gyan Research and Analytics Pvt. Ltd. (2013). 'When Small is Big: The MSME Growth Story'.
17. Murugan, S., Edwin Gnanadhas, M. and Thaiavai Pillai, N. (2004). *Indian Journal of Marketing*, Vol: XXXIV, No.: 5, May.
18. Somasekhar, M. (2004). *State registers high incidence of sickness among SSIs*. *The Hindu Business line – June 29, 2004*.





19. Reserve Bank of India (2012). *Hand Book of Statistics of Indian Economy. 2011-12.*
20. Venkatesh, S. and Muthiah, K. (2012). *SMEs in India: Importance and Contribution. Asian Journal of Management Research, Vol. 2, No. 2.*
21. *The Hindu Business Line* (2004). 'State registers high incidence of sickness among SSIs' 29, June.