



AN OVERVIEW OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) IN THE STATE OF UTTAR PRADESH

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ABSTRACT

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Micro, Small and Medium enterprise sector holds immense importance for the Indian Economy. It plays a very crucial role in providing employment, generating output and contributing to exports of the country. MSMEs are widely distributed across the different states of the country. The state of Uttar Pradesh holds the highest number of MSMEs. Its large labour population and developed infrastructure provide it great potential for the expansion and improvement of the micro, small, and medium enterprise sector. This study has examined the performance of the MSME sector in UP using secondary data gathered from the website of the Ministry of MSME, Government of India. The examination of four MSME censuses in UP has shed insight into the success of the state's small and medium-sized business sectors. Recent trends in the micro, small, and medium-sized enterprise (MSME) sector were analysed by looking at the Udyog Aadhaar Memorandum and Udyog registrations. The CAGR has been computed in Microsoft Excel for the purpose of examination. The state of Uttar Pradesh's (UP) various initiatives and policies are reviewed to determine the state's contribution to the growth and improvement of the industry. There has been an increase in the number of msme units, as well as employment, investment, and output, over all four MSME censuses, with the most recent two censuses showing the most dramatic increase. The MSME units in UP have increased at a compound annual growth rate (CAGR) of 0.45 per cent after the implementation of the Udyog Aadhaar Memorandum (2015-16). In order to meet the unique challenges faced by the MSME sector, the UP government has developed a series of policies that are crucial to the success of the sector.

KEYWORDS: MSMEs, Uttar Pradesh, Performance, Recent Trends, Government Policies.

1. INTRODUCTION

It is widely accepted that Micro, Small and Medium Enterprises MSMEs fuel economic expansion throughout the globe. Each country has its own guidelines for determining what constitutes a small-scale industry, and there is no internationally accepted definition. Most definitions of micro, small,

or medium enterprise (MSME) centre on the number of workers, followed by annual revenue and total assets. In India, MSMEs are classified on the basis of investment and turnover. As per the Government of India, the MSMEs are classified as follows:

Table 1: Classification of MSMEs in India

Sl.No	Type of Enterprises	Investment	Turnover
1.	Micro Enterprise	Less than Rs 1 crore	Less than Rs 5 crore
2.	Small Enterprise	Less than 10 crore	Less than 50 crore
3.	Medium Enterprise	Less than 20 crore	Less than Rs 250 crore

Source: Annual report of MSME 2021-22

Small and Medium enterprises (SMEs) are well known for contributing to a country's economic progress. According to some writers (Leutkenhorst, 2004), SMEs make a significant contribution to job creation in developing nations since they tend to use more labor-intensive production techniques than large firms, resulting in more employment and more fair income distribution. MSMEs play a crucial role in producing employment in nations where economic disparities are high and industrial growth is not widespread and consistent. They foster entrepreneurship, help create systemic productive capabilities, and promote sustainable economic systems by connecting individuals and communities to larger businesses. MSMEs are the driving forces behind a huge number of inventions and contribute to the expansion of national economies through job creation, investment, and exports in most nations worldwide. It is impossible to overestimate their importance to poverty reduction and a more equitable distribution of income in developing nations. Around 150 million MSMEs are projected to exist in 130 countries, employing roughly 65 per cent of the entire workforce.

The Micro, Small, and Medium Enterprises (MSME) sector, due to its enormous contribution to production, employment, exports, and the development of an entrepreneurship core, is a needed strength of the Indian economy. With its extensive network of over 63.4 million units, the industry employs 110.98 million people, produces more than 6000 items, and directly and indirectly accounts for approximately 48 per cent of exports (Ministry of MSMEs, GoI).

Micro, Small, and Medium Enterprises (MSMEs) make up a significant percentage of India's industrial sector. The growth of industrialization in India's labour surplus economy has reinforced the supremacy of MSMEs in terms of job creation, output, exports, and resolving regional imbalances. These businesses have shown to be adaptable and dynamic in their ability to accommodate workers of all skill levels (including unskilled ones). Small businesses have a unique trait in that they mostly operate within the limits of the unorganised sector, which is critical in a labour-rich economy in terms of job creation (Das 2011). Micro, Small, and Medium-Sized Enterprises (MSME) in India have flourished during the last half century, becoming a significant and dynamic part of the country's economy. Growth in the MSME sector has consistently outpaced that of

the whole industrial sector in recent years. Due to its vitality and adaptability, the industry has shown considerable ingenuity in weathering the economic crisis and recession. The expansion of the nation's industrial sector as a whole benefit greatly from the efforts of the micro, small, and medium enterprise sector. Micro, Small and medium-sized enterprises (MSMEs) are becoming more pervasive in the economy, producing a wide range of goods and services to meet the requirements of both national and international markets.

2. DATA AND METHODOLOGY

This research is based on secondary data gathered from the Ministry of Micro, Small, and Medium-Sized Enterprises' website. The research tabulated data from four censuses of micro, small, and medium-sized enterprises (MSME) in Uttar Pradesh. Four variables, number of MSME units, Employment, Investment, and Production, were utilised to show the performance of the MSME sector over the four censuses, and they were also depicted graphically for easier comparison and comprehension of the numbers. The study has highlighted the recent trends in the MSME sector of UP since the introduction of Udyog Aadhaar Memorandum. The data used are time series, and the compound annual growth rate has been computed to analyse the growth in the number of Udyog Aadhar registrations, employment and gender-based registrations over the years. The rate of increase over time is often expressed as a Compound Annual Growth Rate (CAGR). Calculating the average annual growth rate for time series data, CAGR yields a single figure that graphically depicts a linear progression from the starting point to the final count. Calculation of CAGR and graphical representation has been done using MS Excel.

2.1 Objectives of the Study

1. To assess the performance of the MSME sector in Uttar Pradesh in the four censuses.
2. To examine the recent trends in the MSME sector of Uttar Pradesh.
3. To overview various schemes and policies of the government of Uttar Pradesh for the development of the MSME sector.

3. RESULTS AND DISCUSSIONS

3.1 MSME Sector in U.P

Uttar Pradesh has a tremendous amount of untapped potential. An industrial hub could be found in a

highly populated location with a youthful population, thriving agricultural economy, and plenty of potential customers. Uttar Pradesh, the most populous state in India with over 200 million citizens and over 150 million democratic voters, has lately experienced a dramatic improvement in the ease of doing business there. Uttar Pradesh is home to more than 90,000 of the nation's MSME establishments. According to the MSME Ministry's annual report for 2020-21, these 90,000 MSMEs represent 14% of India's total MSME population of 6.33 crore. The state's abundant resources, skilled and semi-skilled labour population, and huge consumer market provide it strong potential for industrial expansion. The state government has been making the necessary steps to attract enterprises by maximising their investment potential and creating an environment that would enable them to create new firms and develop existing ones.

Uttar Pradesh is the ideal state for commercial ventures due to a number of factors. The state is a desirable destination for knowledge-based enterprises due to its vast supply of bright individuals. Additionally, there is a substantial supply of low- and no-skilled labour in the state. The state has well-established social, physical, and industrial infrastructures. Because of its convenient location near four interstates, six airports, and two railroads., it also provides good access to all major cities. The state has experienced tremendous infrastructural growth in recent years. Public-private partnerships and industrial clusters have multiplied dramatically in the infrastructure sector. Besides, political stability is guaranteed by a one-party system. The state government has made an effort to foster a favourable business environment through a number of regulations and incentives.

The MSME sector in Uttar Pradesh is significant. To provide a more equitable distribution of national

revenue and wealth, these businesses aid in the industrialisation of remote and undeveloped areas. Moreover, they aid in providing massive job prospects at a reduced capital cost. These small and medium-sized companies serve as an adjunct to and a supplement to bigger and medium-sized companies.

The micro, small, and medium-sized enterprise (MSME) sector is crucial to any country's economic growth and development because of its dedication to cutting-edge efficiency, job creation, flexibility, diversity, and products. Many people in Uttar Pradesh (UP) have work opportunities attributable to the MSME sector, which also generates foreign currency via exports and other means. The MSME industry accounts for about 60% of industrial production in the Indian state of Uttar Pradesh. Uttar Pradesh is a significant exporter of MSMEs' wares in categories including detailed work, designing products, carpets, readymade garments, etc. since it has the biggest concentration of micro, small, and medium business units. Micro, Small, and Medium-Sized Enterprise (MSME) credit in Uttar Pradesh grew by a whopping Rs 570 billion by the end of December 2017.(msmex.in).

3.2 Census-wise Performance of MSMEs in UP

Table 2 displays the number of units and employment in UP's micro, small, and medium-sized enterprises. From the table, it can be observed that during the first and second censuses, the number of msme units increased by just 0.4 lakhs. while it increased by more than 16 lakhs between the second and third census and by an additional 27 lakhs between the third and fourth census. Similarly, employment in micro, small, and medium-sized enterprises (msmes) did not increase significantly between the first and second censuses, but increased significantly between the second and third and third and fourth censuses.

Table 2: Census-wise Number of units and Employment in MSMEs in UP

Census	Units (In Lakhs)	Employment (In Lakhs)
1st Census (1972-73)	0.13	1.6
2nd census(1987-88)	0.53	3.49
3rd Census (2001-02)	17	40.02
4th Census (2006-07)	44.03	92.36

Source: DCMSME

Table 3 demonstrates the investment and output of UP's micro, small and medium-sized enterprises. Throughout all censuses, the number of units and the number of people employed have both risen, and the table below shows that investment and production

have followed suit. During the previous two censuses, investment and production increased at a faster rate than during the first two censuses.

Table 3: Census-wise Investment and Production in MSMEs in UP

Census	Investment (In Crore)	Production (In Crore)
1st Census (1972-73)	91.33	222.67
2nd census(1987-88)	980.96	3727.04
3rd Census (2001-02)	17291.63	27424.3
4th Census (2006-07)	56161.03	111089.69

Source: DCMSME

Figure 1 is a graphical representation of the two tables shown previously. It displays the progress of msmes in Uttar Pradesh across all four censuses in

terms of four variables: the number of units, employment, investment, and output. The graphic depicts the aforementioned observations clearly.

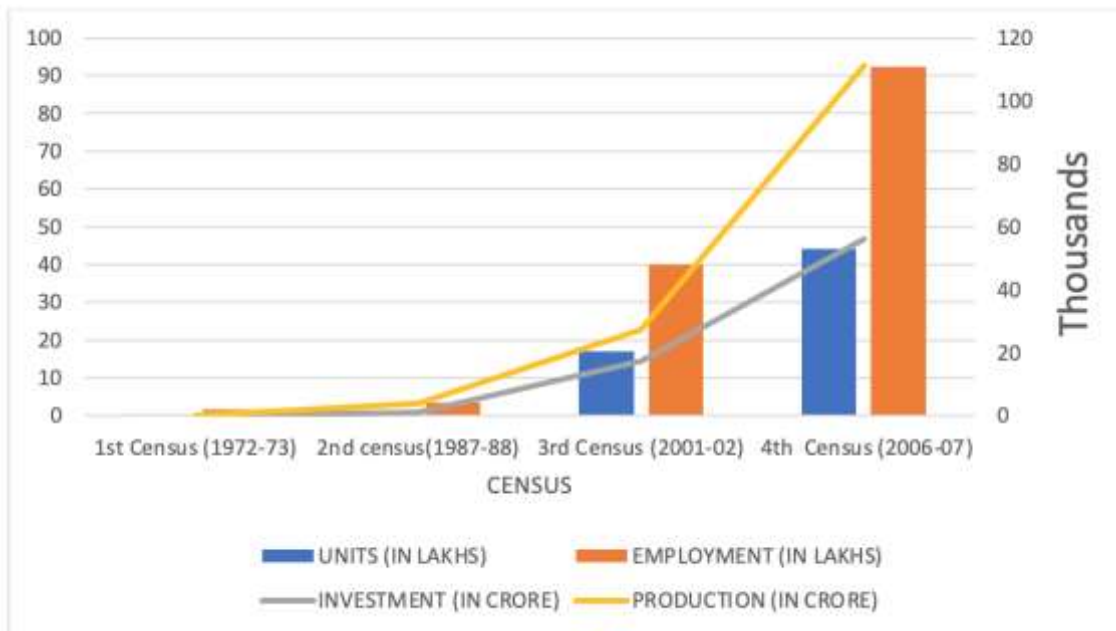


Figure1: Performance of MSMEs in UP

Source: Table 2 and 3

3.3 Recent Trends of the MSME sector in U.P

Currently, the highest concentration of micro, small, and medium-sized businesses can be found in the Indian state of Uttar Pradesh. In fact, MSMEs are regarded as the state's manufacturing foundation. The UP government is making a lot of effort to promote MSME regional growth. Loans are given to business owners at numerous summits with the intention of generating a large - scale employment. Over 75 districts in Uttar Pradesh have indigenous enterprises that specialise in producing one-of-a-kind goods. The government wants to organise regional products and encourage companies to brand and sell them worldwide. The state government has opted to execute the U.P. Micro, Small and Medium Enterprises Promotion Policy 2017 because of the region's vital dedication to establishing business, autonomous employment, vocation creation, and increasing per capita pay. The programmes' intended outcomes are an increase in the number of available jobs and an increase in investment in the state of Uttar Pradesh. To achieve this goal, an advanced administrative system has been implemented to monitor the construction of new units, the growth and improvement of existing units, and the provision of comprehensive assistance to business owners. The end goal is to eliminate regional inequalities in employment, per capita income and entrepreneurship, and to shrink the gap between socioeconomic groups.(UP Investors submit 2018)

The following tables have shed light on the most current trends in the MSME sector in Uttar Pradesh.

The registration in the MSMEs sector since the start of Udyog Aadhar Registration is highlighted in Table 4. The table shows that among the three groups, micro-enterprises have seen the most registrations, while medium-sized businesses have seen the least. According to udyog adhaar registration and Udyam registrations, there were a total of 45,033 msmes in Uttar Pradesh in 2015–16, and that number climbed to 4,14,220 msmes in 2021–22. Micro-enterprises made up (39,115) of these, followed by small businesses (14,222) and medium-sized businesses (883). Micro-, small, and medium-sized businesses all see a compound annual growth rate of 0.46 per cent, 0.26 per cent, and 0.37 per cent, respectively. The compound annual growth rate for the whole MSME industry is 0.45 per cent.

Table 5 revealed the employment options provided by msmes in Uttar Pradesh. The table shows that, out of the three groups, micro-enterprises have the greatest worker engagement rate, followed by small and then medium-sized businesses. In UP, there were 2, 80,822 msme employees in 2015–16, and that number rose to 49,75,977 by 2021–22. It should be noted that in a populous state like Uttar Pradesh, the creation of jobs in the MSME sector has demonstrated potential opportunities. Micro, small, and medium-sized businesses had respective compound annual growth rates of 0.66 percent, 0.45 percent, and 0.67 percent, respectively for the employment. The whole msme market has a compound annual growth rate of 0.45%.

Table 4: Status of MSME sector in UP since Introduction of Udyog Aadhar Memorandum

Year	Micro	Small	Medium	Total
2015-16	41383	3519	131	45033
2016-17	381408	18858	761	401027
2017-18	108650	9417	460	118527
2018-19	110378	12867	654	123899
2019-20	104341	12786	572	117699
2020-21*	205829	10834	1375	218038
2021-22*	399115	14222	883	414220
CAGR	0.46%	0.26%	0.37%	0.45%
Total	1351103	82503	4836	1438443

*represent Udyam registration
Source: DCMSME

Table 5: Total Employment in UP since Introduction of Udyog Aadhar Memorandum

Year	Micro	Small	Medium	Total
2015-16	192024	74215	14583	280822
2016-17	1288421	398995	89777	1777193
2017-18	442386	198375	51507	692268
2018-19	484271	235929	59219	779419
2019-20	463119	219997	42218	725334
2020-21*	1102250	622498	304489	2029237
2021-22*	3980225	679205	316547	4975977
CAGR	0.66%	0.45%	0.67%	0.61%
Total	2870221	1127511	257304	4255036

*figures represent employment in Udyam registrations
Source: DCMSME

The gender-specific registration of micro and small enterprises in Uttar Pradesh is broken down in Table 6. According to the data presented in the table, the registration of male-owned businesses is higher than that of female-owned businesses in all of the years and in all of the categories. The number of women who registered, while still lower than the number of men who registered, has been steadily increasing throughout the course of all these years. From a mere two medium-sized units in the year 2015–2016, there

are now 142 female-owned businesses that have been officially registered as of the year 2021–2022. The compound annual growth rate of female enterprises in micro firms is 2.17 per cent and of male enterprises is 2.06 per cent. The CAGR of female enterprises in small firms is 0.99 per cent and of male enterprises is 1.04 per cent. The CAGR of female enterprises in medium firms is 1.06 per cent and 1.03 per cent for male enterprises.

Table 6: Gender-wise registration of MSMEs UP since Introduction of Udyog Aadhar Memorandum

Year	Micro			Small			Medium		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2015-16	621	86	707	301	43	344	25	02	27
2016-17	12865	3710	16575	2075	281	2354	111	5	116
2017-18	87277	21373	108650	8066	1351	9417	430	30	460
2018-19	91116	19262	110378	11113	1754	12867	605	49	654
2019-20	85459	18882	104341	10856	1930	12786	517	55	572
2020-21*	406105	67392	473497	18381	3777	22158	1545	131	1676
2021-22*	513636	86501	600137	21602	2654	24256	1892	142	2034
CAGR	2.06%	2.17%	2.08%	1.04%	0.99%	1.03%	1.06%	1.03%	1.06%
Total	1115079	217206	1332285	72394	11790	84184	5125	414	5539

*Figures represent gender-wise registration in Udyam registrations
Source: DCMSME

3.4 Schemes and policies of UP government for MSMEs

Micro, small, and medium-sized businesses significantly boost the state's economy. This industry is significant from the perspectives of capital expenditures, the output produced, and job generation. The state of Uttar Pradesh leads the nation in the number of MSMEs, and this industry is second only to agriculture in terms of job creation. This industry makes a significant contribution to the state's exports by leading in exports of handicrafts, processed foods, engineering items, carpets, ready-to-wear clothing, and leather goods.

The state government of Uttar Pradesh has decided to implement the Micro, Small, and Medium Enterprises Promotion Policy 2017 because of the industry's significant impact on promoting entrepreneurship, self-employment, the generation of new job opportunities, and the growth of the state's per capita income. The programmes aim to make Uttar Pradesh an investment hotspot and a leader in the creation of new jobs. To this end, it's necessary to establish a cutting-edge, tech-driven administrative system that keeps tabs on the construction of new units, the expansion and renovation of existing ones, and the supply of thorough guidance to entrepreneurs. The ultimate goal is to narrow the socioeconomic gap and eliminate regional income disparities.

3.4.1 Various MSME Policies of the Government of Uttar Pradesh

- *Industrial Investment and Employment Promotion Policy 2017*

Given the influence of Indian, Asian, and global economic forces, Uttar Pradesh's 2017 Industrial Investment & Employment Promotion Policy sought to capitalise on the state's existing advantages while also laying the groundwork for the development of new ones and addressing its underlying deficiencies. The plan's stated objective was to provide the groundwork for attracting and realising new international and local investments in the industrial sector while also stabilising and boosting the competitiveness of existing industries. SGST Reimbursement, Capital Interest Subsidy, Infrastructure Interest Subsidy, Incentivizing Employment Generation, and Mandi Fee Exemption are among the important characteristics of this strategy.

- *U.P. Food Processing Industry Policy 2017*

The primary goal of the Food Processing Industry Policy 2017 is to provide a consistent and remunerative price for farmers' produce, to add value to the price of raw yield, to make fermented foods easily available to the general public at competitive cost, to promote the establishment of food processing industries, to generate new job ways to grow potentials and enhance the amount of skills in the

workforce in this industry, and to provide additional services.

- *U.P. Warehousing & Logistics Policy 2018*

The state's ability to compete on both the domestic and international markets for its manufactured commodities would be enhanced by a strong storage and logistics sector. There is hope that the sector will spur industrialization and job growth in the state, hence contributing to the state's gross domestic product. The policy is intended to complement the 2017 UPIIEPP and boost the state's position in the logistics industry. Among the primary characteristics of the strategy are capital interest subsidies and infrastructure interest subsidies for logistic units and private logistic parks, exemptions from electricity duty and development fees, and a refund mechanism for EPF contributions.

- *U.P. Milk Policy 2018*

In Uttar Pradesh, there is significant potential for developing the milk production and processing sector, attracting commercial investment, creating jobs, and increasing revenue for all stakeholders. The Uttar Pradesh Milk Policy 2018 aims to increase exports of processed milk and milk products, enhance per capita income in the state, and stimulate infrastructure and private investment in the milk industry. In this respect, the Government of UP has simplified a variety of procedures to address quality concerns with dairy products and will construct an IT-enabled platform to give important pricing information to the state's industry. The policy's goal is to provide a favourable environment for the formation and expansion of the milk processing business in Uttar Pradesh.

- *“U.P. Handlooms, Power looms, Silk, Textile & Garmenting Policy 2017”*

The policy's goal is to entice investment in order to create new employment prospects and to boost Make in India in order to meet local textile demand. It also ensures that trained labour is quickly available in the textile sector and aids in the development of the textile industry in underdeveloped areas.

- *U.P. Pharmaceutical Industry Policy 2018*

India, because of its cheap labour and abundance of natural resources, is one of the world's most cost-effective pharmaceutical and drug producers. The nation produces a vast range of commodities, and the healthcare business is rapidly expanding. The State Government of Uttar Pradesh has introduced the UPIIEPP, 2017, which is intended to accelerate industrialization in the State and increase investments, carrying out the Make in India goal of the Government of India. This strategy advances the goals and vision of UPIIEPP and offers alluring incentives to create the necessary conditions for Uttar Pradesh's competitive pharmaceutical sector. The goal of the policy is to improve the research, development, and commercialization skills necessary

for the pharmaceutical industry to realise its full potential while employing the expertise and resources of world-class institutions to deliver high-quality healthcare at reasonable costs.

▪ *U.P. Electric Vehicle Manufacturing Policy 2019*

Electric vehicles are rapidly expanding in popularity around the world. Electric mobility has become vital to lessen the impact of transportation on the environment and climate change as a result of the high demand and quick depletion of fossil fuels. The Paris Agreement, which went into effect in November 2016, calls for a cap on carbon dioxide emissions to combat climate change and global warming. By decarbonizing the transportation sector, electrification of the automotive industry aspires to meet the goals established. The Uttar Pradesh Electric Vehicles Manufacturing and Mobility Policy 2018 works in this direction by offering alluring fiscal and non-fiscal incentives to draw investments and advance electric mobility in the state. The plan also encourages the state to adopt EVs early and to promote demand for the technology. As a result, the policy has three parts: manufacturing, infrastructure for charging, and demand generation. The UPIIEPP, 2017, is complemented by this policy. The departments of transportation, power, and urban development, in addition to the department of infrastructure and industrial development, are crucial to the implementation of this programme.

▪ *U.P. Tourism Policy 2018*

In terms of overall tourist arrivals, domestic tourist arrivals, and foreign tourist arrivals in 2018, Uttar Pradesh came in second, second, and third, respectively. The state's economy in UP has been significantly boosted by the tourist sector. The state places a great deal of significance on the direct and indirect employment that tourism contributes to. The GoUP has designated tourism as a priority sector because it recognises the industry's significance. Making the state a popular tourism destination is necessary in order to take advantage of the industry's limitless opportunities. The tourist strategy will assist U.P. in developing an ecosystem that is sustainable, pro-growth, and pro-poor. To realise the state's tourism industry's full growth potential, the policy calls for a flexible and long-term strategy. The policy suggests bold actions, alluring incentives, and necessary regulatory improvements. The goal of the initiative is to encourage investment with a target of INR 5,000 Crore annually and help U.P. become the most popular tourist destination in India by 2023.

▪ *Export Promotion Policy, Government of Uttar Pradesh*

In order to expand exports from the state-run industries, the policy intends to construct and develop the technical and physical infrastructures, offer required export subsidiary support and services, and foster export industry growth and competitiveness. Leather products, wood products, handicrafts,

agriculture and processed food products, carpets and rugs, sports goods, engineering goods, handloom and textile, glass and ceramic products, defence products, services sector, tourism, information technology (IT) and ITES, education, medical value travels, and logistics are some of the key focus areas of the Export Policy Uttar Pradesh 2020–25.

▪ *U.P. Civil Aviation Promotion Policy 2017*

With the help of this strategy, the state of Uttar Pradesh hopes to foster a favourable business climate and offer sufficient incentives for the growth of a strong civil aviation infrastructure. In order to do this, it offers incentives for the development of new routes under the Regional Connectivity Scheme (RCS) and for the facilitation of inter-connectivity of State airports that are not part of the RCS. This will promote trade, create jobs, encourage the growth of MRO (Maintenance, Repair, and Overhaul) facilities in the state, and support the development of air cargo hubs and fulfilment centres there.

▪ *U.P. Defence & Aerospace Unit & Employment Promotion Policy 2018 & 2019 (First Amendment)*

In light of the announcement by the Honourable Prime Minister, Shri Narendra Modi, of the establishment of the Defense Industrial Corridor in Uttar Pradesh, this strategy seeks to draw private investment into the state's defence manufacturing industry. The vision and goals of the State's Industrial Investment and Employment Promotion Policy 2017 are carried forward by this policy, which is a complement to the State's Civil Aviation Policy of 2017 and the UP Micro, Small, and Medium Enterprises Policy of 2017. This programme, which comes with alluring incentives, offers a strategic direction for the growth of the state's defence and aerospace industry over the next five years. In the next five years, the government wants to attract 50,000 crores of rupees worth of investment and create 2.5 lakh employment in the defence and aerospace manufacturing industries.

▪ *U.P. Information Technology & Startup Policy 2017*

By establishing an enabling policy framework and taking aggressive steps to implement these policies on the ground, the State Government has ushered in significant change. The twin cities of Noida and Greater Noida in Uttar Pradesh have grown into important software and startup centres. Tier-II and Tier-III cities stand to gain a great deal from comprehensive development programmes by distributing the growth in a fair and balanced way. In Lucknow, a cutting-edge IT City is being built using a PPP approach. Agra, Meerut, Kanpur, Gorakhpur, Varanasi, Bareilly, and other cities are also developing IT parks. The State of Uttar Pradesh is making commendable efforts with the aim of fostering innovation and entrepreneurship and

motivating young people to become "job creators" rather than "job seekers." To give start-ups in Uttar Pradesh (UP) access to capital, an INR 1,000 crore Uttar Pradesh Start-up Fund is being established. At Udyog Bandhu, a single window clearance procedure has been put in place to support the formation of a friendly business climate through measures that make it easier to conduct business. A special policy implementation unit has also been established at UP Electronics Corporation Limited to assist and guide investors, business owners, and start-ups in accordance with the UP IT & Start-up Policy.

▪ *Uttar Pradesh Startup Policy 2020*

To ensure that students learn the benefits of entrepreneurship throughout the early years of their education, state officials are making an effort to promote entrepreneurship education in universities throughout the state. Aside from helping to foster future business leaders, this programme will take student education to new heights. The policy's overarching goal is to establish a robust startup and entrepreneurial ecosystem in the state by encouraging the establishment of Co-curricular Labs in schools, E-Cells in universities, Incubators in colleges and universities, Centers of Excellence to promote R&D in emerging technologies, etc.

▪ *U.P. Post-COVID-19 Accelerated Investment Promotion Policy for Economically Backward Regions of the State-2020*

At the provincial and federal levels, the COVID-19 pandemic has resulted in significant economic loss. In addition to income loss, the fall in economic activity and industrial output has had a negative impact on employment resources. The state has faced challenges as well as opportunities as a result of the migration back to their home states of more than 35 lakh migrant workers. The State Government planned to vigorously push expenditures aimed towards boosting manufacturing in the State with the aim of providing work for such migratory labourers in local habitat and achieving the goal of developing "Atmanirbhar Bharat" (Self-reliant India).

Therefore, the State government has announced the "Post-COVID-19 Accelerated Investment Promotion Policy for Economically Backward Regions" for quick execution of industrial projects in the state's economically depressed areas to alleviate COVID-19 suffering as one of the numerous steps adopted to decrease socioeconomic threats to the working class. (Compendium of MSME Policy and Incentive Schemes of Uttar Pradesh)¹⁵

3.4.2 Schemes of UP government for MSMEs:

▪ *Start-Up Scheme*

The scheme was primarily implemented to help propel start-ups in UP, The scheme's key characteristics are:

- Interest Subsidy: Loans from scheduled banks or financial institutions are eligible for

an annual interest subsidy of 5% for a term of seven years; the subsidy will be reimbursed up to a limit of rupees one crore per unit, per year.

- Stamp duty: Purchases or leases of land, offices or buildings for use in IT or ITeS are free from stamp duty in their whole, provided that business activities commence within three years.
- Electricity Duty Exemption: New IT/ITeS units are exempt from all electricity taxes at least until 10 years have passed since they first began doing business.
- Incentives for Certifications: Costs associated with getting quality and IT-related certifications will be reimbursed to State-based IT/ITeS businesses.

Promotional Incentives

- Government of UP will advocate for the hosting of startup challenges, workshop, boot camps, seminars, marketing strategy contests, conclaves, conventions, etc. to strengthen the startup ecosystem.
- For participation in such forums, GoUP would offer sponsorship support, up to a maximum of Rs 50,000 per start-up.

▪ *Scheme for Promoting Establishment of Private Industrial Parks 2017*

The robustness of the infrastructural facilities offered in industrial parks/estates contributes to the improvement of industrial efficiency and capacity building. Industrial parks/estates offer integrated amenities to enterprises. The Industrial Investment and Employment Promotion Policy of Uttar Pradesh of 2017 makes a provision that encourages the construction of the Private Sector's Industrial parks in light of the need for enterprises to establish world-class industrial parks in the state.

- ▶ Reimbursement of interest subsidies for privately established industrial parks/estates and Agro Parks
- ▶ Developer will receive a full stamp duty exemption or reimbursement, and individual buyers will receive a partial exemption (first).

▪ *One District One Product (ODOP)*

This scheme attempts to establish 75 districts throughout UP with historic industrial clusters focused on particular products. The traditional industries in the state's various districts will get a boost from this. The ODOP programme has also gained recognition from the Honorable Prime Minister of India, Shri Narendra Modi, who called it "An extension of Make in India." The strategy offers financial aid to micro, small, and medium-sized businesses (MSMEs) in the areas of business and skill development, marketing, and shared facilities in

order to facilitate the creation of more specialised products.

In accordance with this plan, each of the State's 75 districts has been given a product that has a sizable manufacturing competitive advantage because a traditional MSME industrial base is already present there. Chikankari in Lucknow, silk textiles in Varanasi, and the locks and hardware sector in Aligarh are three excellent instances of such well-established value chains. By offering a comprehensive package of support to a few chosen items, including improved access to technology, market, financing, and skills, the ODOP scheme seeks to reach every district of the State.

The major objectives of the ODOP Scheme are: to employ young people and artisans to encourage art, maintain local crafts/skills, increase earnings and local employment in order to reduce migration for work, increase product quality and develop skills, transform items through branding and packaging, tying the tourism industry into the production process in order to address concerns with economic inequality and geographical imbalance and to market ODOP products in both domestic and foreign markets.

▪ *Uttar Pradesh Chief Minister Youth Self Employment Scheme*

The Mukhyamantri Yuva Swarozgar Yojana programme has been launched by the government of Uttar Pradesh in an effort to increase options for self-employment for the state's educated but unemployed youth. In order to streamline the process of applying for, discarding, and keeping tabs on a program's progress in real-time, the National Informatics Center (NIC) UP State Center developed a web portal with end-to-end computerization. The platform was launched on February 19, 2020, by Chaudhary Udaybhan Singh, the Honorable Minister of State for MSME & Export Promotion, GoUP.

Under the plan, financial institutions may provide loans of up to Rs. 25.00 lakh for manufacturing and Rs. 10.00 lakh for service provision. In addition, the state government may provide a 25% margin loan, up to Rs. 6.25 lakhs for the industrial sector and Rs. 2.50 lakhs for the service sector. The ideal candidate would be a high school graduate and a citizen of Uttar Pradesh. Both age and a lack of a default on his credit report from a financial institution are prerequisites for the position. After the selected persons' loan applications have been verified in accordance with the system, they are sent to the bank for final approval and loan distribution.

The aforementioned programmes and policies demonstrate how well the Uttar Pradesh government has been fostering sector growth and development. The government has been attempting to improve

MSMEs' operations and generate job opportunities in the state through these policies and programmes.

4. CONCLUSION

This research has provided a glance at the Micro, Small, and Medium-sized enterprise (MSME) industry in Uttar Pradesh. In terms of the number of MSMEs (or small and medium-sized enterprises), Uttar Pradesh ranks first. Its large labour population and developed infrastructure provide it great potential for the expansion and improvement of the micro, small, and medium enterprise sector. By looking at how the sector has fared in each census, we can see that the number of units, employment, investment, and output have all grown over time, with the most recent two censuses showing particularly strong growth. Recent developments in the MSME sector in UP as measured by the Udyog Aadhaar Memorandum and Udyam Registrations indicate that MSME registration has increased at a Compound Annual Growth Rate (CAGR) of 0.45 per cent from 2015–16. With a compound annual growth rate of 0.61 per cent, UP's MSME sector has been a major driver of job growth in the state. The compound annual growth rate (CAGR) of female-owned micro businesses is 2.17 per cent, whereas the CAGR of male-owned firms is 2.06 per cent, according to the gender breakdown of msme registration. The compound annual growth rate (CAGR) for small businesses owned by women is 0.99%, whereas it is 1.04 for those controlled by men. CAGR for medium-sized businesses owned by women are 1.03 per cent, while those owned by men are 1.06 per cent. The Uttar Pradesh government plays a major role in the growth and development of the micro, small, and medium enterprise (msme) sector in the state, as shown by an analysis of the government's programmes and policies. Almost every one of these specialised msme sectors, as well as msme new ventures, has a set of policies tailored to their needs by the UP government. The sector's crucial relevance is highlighted by its specific plans and strategies.

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