

# MSME's: The Growth Engine of Uttar Pradesh's Economy 2019





## Message



**Balkrishan Goenka**

President  
ASSOCHAM

India is a country where people have diverse skill sets, varied resource availability and different opportunities, depending on the region, socio-economic profile and business environment. This gives rise to an equally diverse set of MSME units. These MSMEs thrive on the local strengths and capabilities. MSMEs play a crucial role in providing large employment opportunities at relative lower investment levels than larger industries. Their effectiveness in enhancing development and industrialisation is particularly observed in rural and under-served areas. MSMEs also contribute significantly in complementing larger industries as ancillary units.

Therefore, in a country with India's socio-economic profile, it is imperative to encourage MSMEs, as they form the backbone of our economy. This is a well-recognised fact, and governments at the central and state level have formulated favourable policy mechanisms to support them. It is also equally well recognised that MSMEs have contributed to the growth of many developed nations, who continue to ensure their competitiveness internationally.

MSMEs contribute significantly to the manufacturing output in India and total exports of the country. The Indian government is also encouraging procurement from MSMEs through its various policies. Despite this, the MSME sector faces some challenges in the form of institutional finance, supportive infrastructure, power, access to modern technology, adequate skilling, among other aspects. In addition to the government schemes, options for R&D, greater market access, it is being endeavoured to provide tax incentives as other means of encouragement.

In this context, with the valuable support of the Uttar Pradesh state government, ASSOCHAM is holding the 'MSME Sammelan' to spur the segment in the state and generate growth and employment opportunities. Being a state with abundant human capital, Uttar Pradesh is also one of the biggest consumer markets in the country.

It is hoped that various stakeholders would congregate at this event and share their valuable insights and provide growth momentum to the MSME segment. It is also expected that the challenges of the segment would find practical and pragmatic solutions.

ASSOCHAM has prepared a knowledge report on the occasion, and I am sure that it will provide comprehensive insights and inputs for taking informed decisions toward further growth of the MSME sector.

I extend my best wishes for the success of the event.

Thank you.

**Balkrishan Goenka**



## Message



***Dr. Lalit Khaitan***

Chairman, Northern Region Development Council  
ASSOCHAM

I am pleased to present the ASSOCHAM knowledge report on “MSMEs- Growth Engine of UP’s Economy”. This report was first presented at the ASSOCHAM MSME SAMMELAN on 29th August, 2019 in Lucknow.

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the economy over the last five decades. It contributes significantly in the economic and social development of the State by fostering entrepreneurship and generating largest employment opportunities at comparatively lower capital cost after agriculture.

The State of Uttar Pradesh has the largest number of MSMEs in the country, with an estimated share of 14.20%. With the highest number of MSME units, Uttar Pradesh is also a leading exporter of MSME products in categories like handicrafts, engineering goods, carpets, readymade garments, leather products etc.

The State Government is targeting to ramp up MSME Exports to the tune of Rs 5 Trillion in the next few years from the current level of about Rs 1 Trillion on the back of ‘One District, One Product’ (ODOP) and other MSME promotional programmes, including setting up of common facility centres in all the districts.

We appreciate the Government of Uttar Pradesh for encouraging the MSMEs in the State and take this opportunity to thank ASSOCHAM and Resurgent India Limited Teams for preparing this Background Paper for the SAMMELAN.

Regards,

**Dr. Lalit Khaitan**

## Message



**Mr. Jyoti Prakash Gadia**

Managing Director  
Resurgent India Limited

The Micro, Small and Medium Enterprises (MSME) sector contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating employment opportunities.

The growth and development of MSME sector is inter-connected with our aim of becoming a global economic power. Even being the backbone of the Indian Economy the MSME Sector is highly vulnerable when it comes to payment & financial mechanisms.

The liquidity crunch in the recent times has only escalated the challenges faced by the MSME Sector.

With a halt in the Major flow of lending coming from NBFC earlier, Banks are now required to start lending directly to the MSME's and a relaxation in the criteria for Credit ratings in this is need of the Hour. The emergence of new technology, digitalization, innovative banking and financing opportunities have led to new ways of business.

The State of Uttar Pradesh has a Literacy Rate: 67.68 percent and comprises 89 Lakhs MSME's which is an approximate share of 14.20% of total MSME's in the Country. The State being uniquely famous for product specific traditional industrial hubs across 75 districts viz. Varanasi (Banarasisilk sari), Bhadohi (carpet), Lucknow (chikan)etc. Uttar Pradesh is the leading exporter of MSME Products. The Exports from the Uttar Pradesh Micro, Small and Medium Enterprises (MSME) sector have clocked almost 6% growth to touch Rs 890 billion during 2017-18.

We believe the ASSOCHAM MSME SAMMELAN, 2019 emerges out to be key indicator for the MSME sector in the state and provides insight on boosting the Economic State of the Uttar Pradesh

Regards,

**Jyoti Prakash Gadia**



## TABLE OF CONTENTS

<b>Executive Summary</b>	<b>1</b>
<b>MSME Uttar Pradesh Economy</b>	<b>4</b>
<b>Challenges: MSME Sector in State</b>	<b>7</b>
<b>Ease of Doing Business in State</b>	<b>8</b>
<b>Investment Opportunities In UP for MSME</b>	<b>11</b>
<b>Government Initiatives in state</b>	<b>16</b>
<b>Road Ahead for MSME Sector</b>	<b>21</b>







## Uttar Pradesh: Executive Summary

Uttar Pradesh is the most populous state in India with a population of ~200 million people. Uttar Pradesh shares its borders with Nepal on the north, the Indian states of Uttarakhand and Himachal Pradesh towards the northwest, Haryana, Delhi and Rajasthan on the west, Madhya Pradesh on the south, Chhattisgarh and Jharkhand to the southeast and Bihar in the east.



## Quick facts about state

**Geographical Area (sq km):**  
240,928

**Literacy Rate:** 67.68 percent

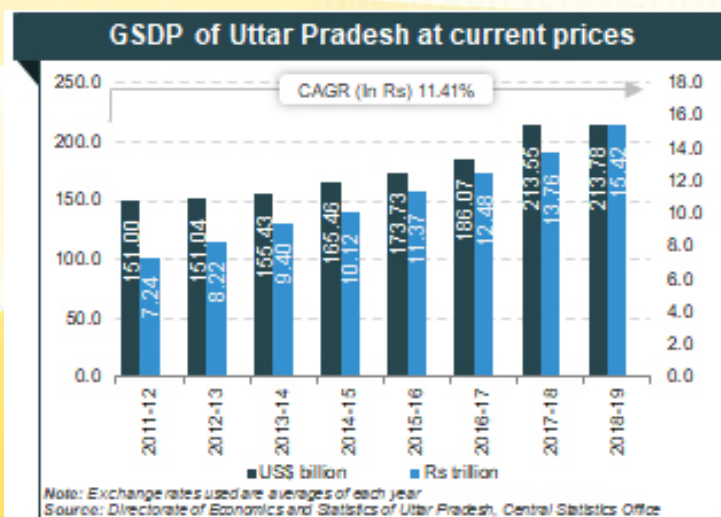
**Total (million):**199.81

The Gross State Domestic Product (GSDP) of Uttar Pradesh grew at a **CAGR of around 11.41 per cent between 2011-12 and 2018-19 to reach Rs 15.42 trillion (US\$ 213.78 billion)**. The Net State Domestic Product (NSDP) grew at a CAGR of around 11.42 per cent between 2011-12 and 2018-19 to reach Rs 13.76 trillion (US\$ 190.66 billion)

## Budget Highlights

The Government of Uttar Pradesh presented a US\$ 59.7 billion budget for 2017-18. The main objectives of budget include:

- To promote participatory development in improving infrastructural facilities & ensure that the benefits reach the farmers, labourers & the poor in the state.
- To incorporate latest technology in carrying out various programmes and schemes.
- To maintain efficiency and transparency in administration.



A total amount of about US\$ 5.58 billion has been allocated for farm loan redemption.

- An amount of about US\$ 44.7 million has been allocated for the construction of four metro rail projects.
- New solar power policy to be launched.
- US\$ 616.51 million has been allocated for the upkeep of state roads.
- An amount of US\$ 155.21 million has been allocated for 'Swachh Bharat Mission'.
- Recruitment of 33,200 police officials will be done in the state.

## Infrastructure overview

- The state is well-connected to its 9 neighboring states & other parts of India through 48 national highways. The length of national highways running through the state accounts for about 8.5% of the total National Highway (NH) length in India. Yamuna Expressway has 6 lanes & is 165-km long with controlled-access which connects Greater Noida with Agra.



- Uttar Pradesh has the biggest railway network in the country with a railway density of 40 km which is double the rail density of the India (20 km) per 1,000 sq. km of area.
- The state has six domestic airports, located at Agra, Allahabad, Gorakhpur, Kanpur, Lucknow and Varanasi.
- As per state budget 2017-18, the state government is targeting to supply power for 24 hours in urban areas & for 18 hours in rural areas. Further, it aims to provide 24x7 electricity by October 2018.
- Noida, Uttar Pradesh-based infrastructure & energy-based conglomerate -- The Jaypee Group, has signed a Memorandum of Understanding (MoU) with Kazakhstan's national agency for investment & export - KAZNEX INVEST, to collaborate in several areas of mutual interest.
- The Uttar Pradesh circle has good telecom infrastructure, with all the major players providing services in the state. The state has a huge postal circle (17,662 post offices) divided into six regions: Allahabad, Agra, Bareilly, Gorakhpur, Kanpur and Lucknow.
- Under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), 33 projects costing US\$ 862.07 million were sanctioned for various cities in Uttar Pradesh, of which six were completed as of 31st March, 2015. Under Sabke Liye Awas Yojna, the Government of Uttar Pradesh completed the construction of 3,578 plots/buildings till December 2014. As of March 2015, construction work of 20,868 plots/ buildings was in progress. In budget 2017-18, the government allocated US\$ 13.31 million for JNNURM.



### Education Infrastructure

Universities	72
Colleges	4345
Medical Colleges	27
Polytechnics	168
Primary School	113,249
Upper primary school	45,590

### Health Infrastructure

Active Primary health centers	3386
Active sub centers	20,789
Active community health centers	3787
Active district hospitals	189
Ayurveda hospitals	1774
Homeopathy hospitals	8

## Culture Infrastructure

Cricket and hockey are one of the popular sports in Uttar Pradesh. The state has various sports stadiums and clubs in cities like Noida, Lucknow, Kanpur, Allahabad and Agra. Almost, every



city has sports infrastructure, which includes stadiums, multi-purpose halls and swimming pools. The state has 56 stadiums, 49 multi-purpose halls and 26 swimming pools. Moreover, another 10 stadiums, 17 multi-purpose halls and six swimming pools are proposed in the coming years. The state has various promotion committees for escalating the existing sports infrastructure. Taj Mahal and Fatehpur Sikri in Agra, Bada Imambara in Lucknow, and Kumbh Mela in Allahabad are the major tourist attractions. Other places of interest include Varanasi, Mathura and Sarnath.

- ♣ Uttar Pradesh is known for its festivals. Some of the famous festivals of the state are Deepawali, Ram Navami, Kumbha Mela, Lath mar Holi, Taj Mahotsav, Buddha Purnima, Vijayadashami, Makar Sankranti, Vasant Panchami, Ayudha Puja, Ganga Mahotsava, Janmashtami, Sardhana Christian Fair, Maha Shivaratri, Mahavir Jayanti, Moharram, Bārah Wafāt, Eid, Bakreed, Chhath puja, Lucknow Mahotsav, Kabob and Hanuman Jayanti.
- ♣ As per State Budget 2016-17, an allocation of US\$ 763.82 thousand has been made by the state government for the establishment of a sports college in Ballia. As of February 2018, the college is under construction.



# **MSME: Uttar Pradesh Economy**



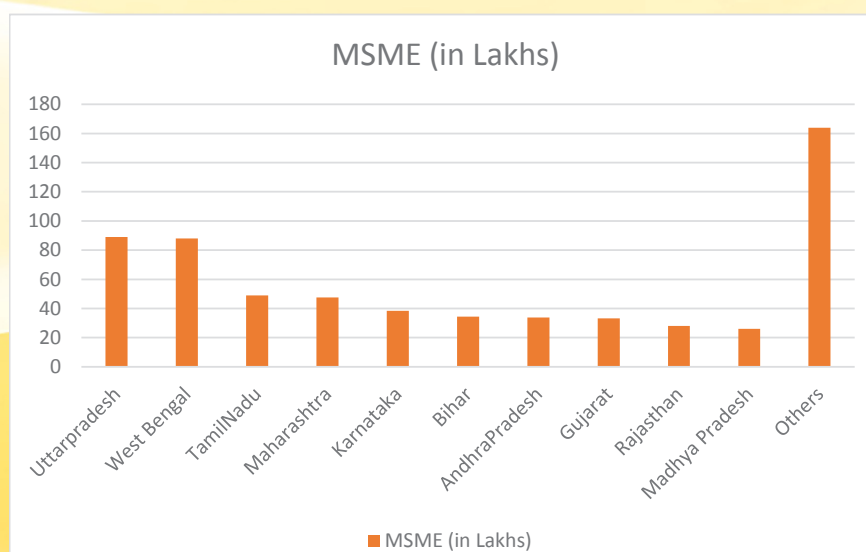
## MSME Highlights in Uttar Pradesh

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. 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.



(Source: MSME Annual Report)



- The state has around 89 lakh MSME which is around 14% of the total MSME in India.
- With the highest number of MSME units in the country, Uttar Pradesh is a leading exporter of MSME product in categories like handicrafts, engineering goods, carpets, readymade garments, leather products etc
- Uttar Pradesh has clocked highest growth in the Micro, Small and Medium Enterprises (MSME) credit with total outstanding of Rs 570 billion at the end of December 2017.
- Between December 2016 and December 2017, UP registered [MSME credit growth](#) of 21%, which is double compared to the corresponding figures in highly industrialized states of Gujarat and Maharashtra having growth rates of 10.7% and 10% respectively.
- In value terms, the total MSME credit flow in Maharashtra during Dec 16-Dec 17 at Rs 1.23 trillion was more than double compared to UP at Rs 570 billion. Tamil Nadu, Gujarat and Andhra Pradesh followed next in line with total MSME credit flow of Rs 820 billion, Rs 672 billion and Rs 671 billion respectively.
- Non-Performing Assets (NPA) of the MSME segment in UP stood at 8.3% at the end of December 2017, much lower than the corresponding figures in Maharashtra at 11.5%, West Bengal 12.5 %, Delhi 10.3% and Andhra Pradesh 9.9%.
- [Exports](#) from the [Uttar Pradesh](#) Micro, Small and Medium Enterprises (MSME) sector have clocked almost 6% growth to touch Rs 890 billion during 2017-18.
- The state government is targetting to ramp up MSME exports to the tune of Rs 5 trillion in the next few years from the current level of about Rs 1 trillion on the back of ODOP and other MSME promotional programmes, including setting up of common facility centres in all the districts.
- Exports from UP have grown in the MSME sector under the following categories

Leather and leather products	11.3%
Carpets and Mats	11.4%
Glass and glassware	14%
Readymade garments	13.3%
Meat and edible meat	11.3%
Plastics and Articles	6.6%

(Source: MSME Annual Report)

## Challenges faced by MSME in Uttar Pradesh

UP still has a long way to go in terms of providing an enabling business friendly environment to investors. Several challenges brought forth by the stakeholders during interactions held with them as part of an ongoing project 'Evaluation of Competitiveness Among North Indian States' by CUTS International, have been listed below:



- Issues related to Single Window System** Concerns have been raised by the industry regarding the ineffective functioning of the Single Window System of clearances introduced by UP Government. The timelines specified in the Act and Government Orders are not being adhered to. Moreover, there are several windows behind the single window and thus, resulting in processes being cumbersome.
- Dysfunctional high-powered committee** of Udyog Bandhu To iron out the difficulties faced by the entrepreneurs and to suggest simplification of laws the High Powered Committee has been constituted. The other permanent members of the Committee include the State level Industry Associations, Principal Secretaries and Secretaries of different departments related to Industries. The Committee however, has remained dysfunctional for the last couple of years.
- Lack of institutional memory** Frequent bureaucratic transfers pose a key challenge in terms of maintaining the institutional memory within the system.
- High cost of Power** The industries have been complaining of high industrial tariffs in the State, due to high cross subsidies. This increases the overall cost of doing business for the industries.
- Access to finance for industries** The Micro, Small and Medium Enterprises (MSMEs) face challenges in getting access to finance from both the State Finance Corporation and the banks.
- Lack of an efficient land bank system** The State does not have an effective land bank system in place to facilitate land allotment for industries, a feature adopted by most other North Indian States. There is a lot of land in UP, which has been acquired by the Government, but is lying vacant and has not been allotted towards development of industries.
- Lack of dissemination of information to industries** the information regarding EoDB reforms has not been effectively disseminated to the industries. The problem persists more in case of the MSMEs who lack information regarding relevant policies and regulations that are in place and thus, resort to middlemen to fulfill simple procedures.
- Political sensitivity** UP is a highly politically-sensitive State. Thus, whatever developments are planned, they are prone to great amount of political criticism. This makes planning and implementation of policies extremely challenging.



## Ease of Doing Business in Uttar Pradesh



The State of Uttar Pradesh (UP) of India seems to have covered a middle ground in the Ease of Doing Business Reforms as per the (Department of Industrial Policy and Promotion (DIPP's) Doing Business Action Plan. The State has great potential for industrial development in terms of its abundant resources, availability of skilled and semi-skilled labor and huge consumer market. The State Government has been taking the right steps, leveraging upon its investment potential in order, to attract industries and provide them an enabling environment to set up new and expand existing industries. The state currently stands at the 14th position according to the EoDB rankings of DIPP. However, there are a few challenges in the path, which the state needs to overcome. Thus, this Briefing Paper focusses on the status of Ease of Doing Business (EoDB) Reforms in UP, highlighting key reforms undertaken and mapping of remaining challenges and recommendations for addressing the same.

**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

## Ease of Doing Business Reforms in Uttar Pradesh

Access to Information and Transparency Enablers	<ul style="list-style-type: none"> <li>The Government has set up an online system, which provides information regarding all approvals required by the industries to set up their businesses.</li> <li>The State has also put in place a help line number to address investor queries</li> </ul>
Single Window- 'Nivesh Mitra'	<ul style="list-style-type: none"> <li>Entrepreneurs can apply for all the approvals/ clearances required for starting a business through a Common Application Form (CAF) available at 'Nivesh Mitra' – the online Single Window system of the State.</li> <li>The online Single Window portal of the State ensures that the services are delivered within the prescribed time limit as suggested by various acts, Government orders, charters etc.</li> <li>Also, a provision of an online application system for grievance redressal has been made by the Government.</li> </ul>
Availability of Land	<ul style="list-style-type: none"> <li>Clear timelines have been specified by the State Government for processing of applications related to land conversion and change of land use.</li> <li>Also, a digitized system for maintaining land records has been set up.</li> <li>Information containing a comprehensive list of all procedures and documents required for land allotment is also available online</li> </ul>
Construction Permit Enablers	Clear timeline has been specified for approval/ rejection of complete building plan applications
Environmental Registration Enablers	An online system for application, payment, tracking and monitoring has been put in place in this regard.

Hub for IT and ITeS industries Policy and fiscal incentives Uttar Pradesh has emerged as a key hub for IT and ITeS industries, including software, captive business process outsourcing (BPO) and electronics. It is also a leading agricultural state in the country and is amongst the top producers of major agricultural items including wheat, rice and sugarcane.

### Policy and Fiscal Incentive

The state offers a wide range of subsidies, fiscal and policy incentives as well as assistance for businesses under the Industrial and Service Sector Investment Policy, 2004. Additionally, the state has well drafted sector-specific policies for IT, biotech and tourism.

**Rich labour pool**

The state has a large base of skilled labour, making it an ideal destination for knowledge-based sectors. The state also has a large pool of semi-skilled and un-skilled labour.

**Facilitating infrastructure**

The state has a well-developed social, physical and industrial infrastructure. It also has good connectivity via four National Highways, six airports and rail links to all major cities.

**High infrastructural growth**

The state has witnessed high infrastructural growth in the past few years. There has been a considerable increase in the number of industrial clusters/hubs and public private partnerships in the infrastructural domain.

**Stable political environment**

There is political stability with a single-party government. The State Government has been committed towards creating a rich business climate through several policies and incentives.



The background is a solid orange color with various technical and geometric patterns. In the top left, there are concentric circles and a partial gear-like structure. Scattered throughout are small white plus signs and crosshairs. At the bottom, there is a pattern of hexagons, some of which contain small white arrows pointing to the right.

# **INVESTMENT OPPORTUNITIES IN UTTAR PRADESH FOR MSME**

## SNAPSHOT

### 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 East-West (NS-EW) Corridor and several expressways and highways, conveniently connecting it with remote parts of the country. 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, mineral-based industries, auto components, textiles, handlooms and handicrafts, biotechnology, leather-based 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.



## Key Sectors in Uttar Pradesh

### Auto Components

Uttar Pradesh is home to a large pool of suppliers, majorly located in Noida and Ghaziabad. In 2016-17 car and two wheeler sales in the state reached 2.6 mn units and 21.1 mn units respectively.



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### Bio Technology

The capital of Uttar Pradesh, Lucknow is the biotech capital of state and has the presence of over 3000 highly qualified scientists working in drug research labs.



### Food Processing

Uttar Pradesh is the largest producer of food grains in India and accounted for about 18% of the country's total food grain output in 2016-17.



### IT and ESDMs

UP has about 25 SEZs for IT and ITes and over 40 IT and ITes parks. Noida has emerged as one of the key IT clusters of the country. The state has the presence of IT City in Lucknow and IT parks in Agra, Meerut, Gorakhpur. The state is fourth largest exporter of Software.



### Tourism

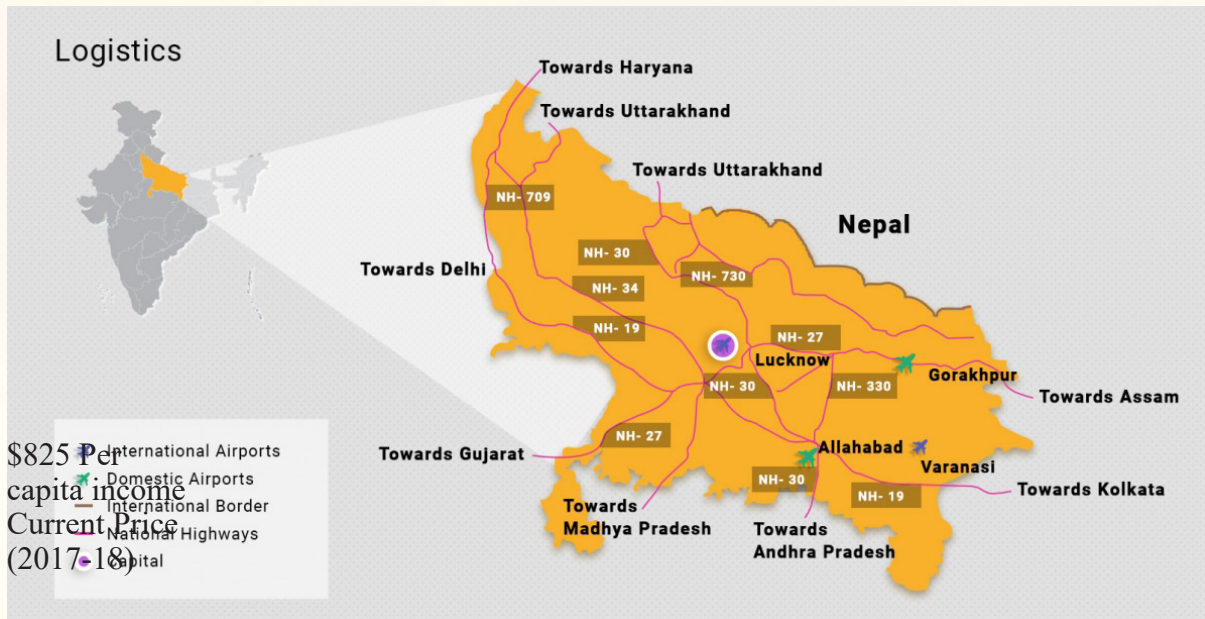
Uttar Pradesh ranks 3<sup>rd</sup> in total tourist arrivals in India. The state was ranked 2<sup>nd</sup> and 3<sup>rd</sup> in terms of domestic and foreign tourist arrival. The state is home to the first of the Seven Wonders of the World, the Taj Mahal. It is also a popular tourist destination due to the presence of Buddhist places of pilgrimage such as Sarnath and Khushinagar and prominent Hindu pilgrimage places such as Allahabad and Varanasi.



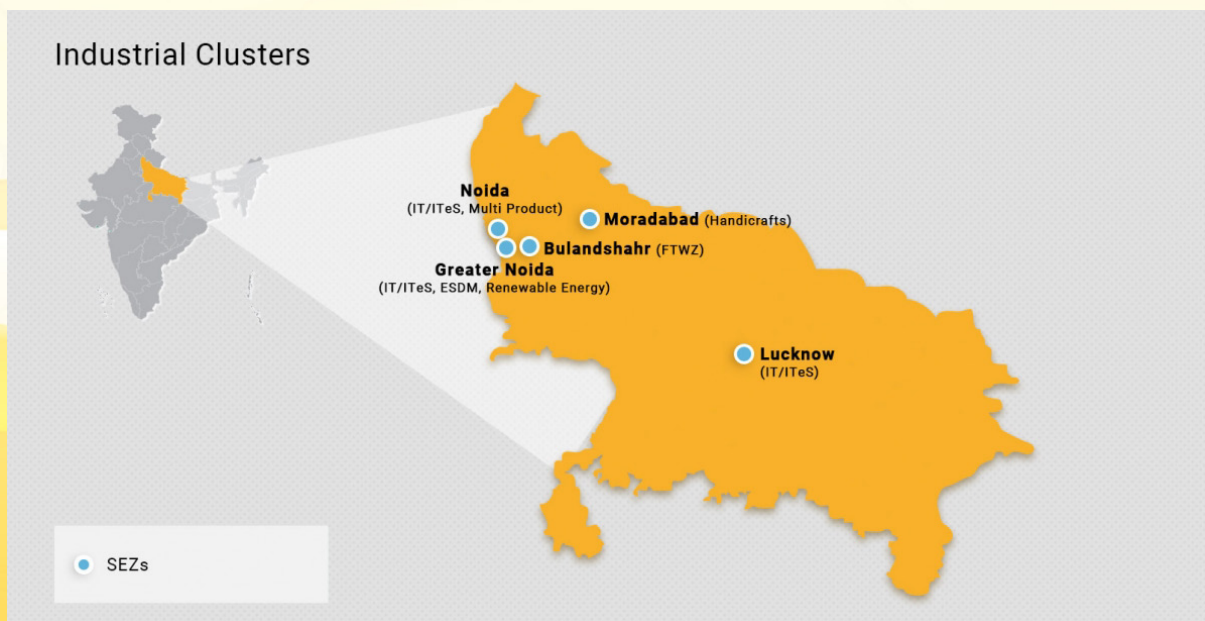
### Leather

Uttar Pradesh is the second largest producer of leather goods and contributes about 25% to the total production of leather in India. Items of major exports are finished leather, leather footwear, saddlery and harness items. The state also has the largest exporter of saddlery goods in India.

## Logistics



## Industrial Clusters



## Important Stats

Uttar Pradesh recorded \$ 13.8 bn worth of exports in 2017-18, contributing close to 4.6% to India's net exports.

\$215 bn  
GSDP, Current Price  
(2018-19)

12%  
GSDP growth rate YoY  
2018-19

\$825 Per capita income  
Current Price  
(2017-18)



Largest producer of milk in India



Largest producer of horticulture crops –gooseberry, guava, mango, peas, potato



2nd largest producer of leather products in India





# **Government Initiatives to boost the growth of MSME in Uttar Pradesh**

The sector is strategically important for attracting capital investment, increasing industrial output and enhancing the GDP of the state. With the highest number of MSME units in the country, Uttar Pradesh today is a leading exporter of MSME products in categories like handicrafts, engineering goods, carpets, readymade garments, leather products etc.

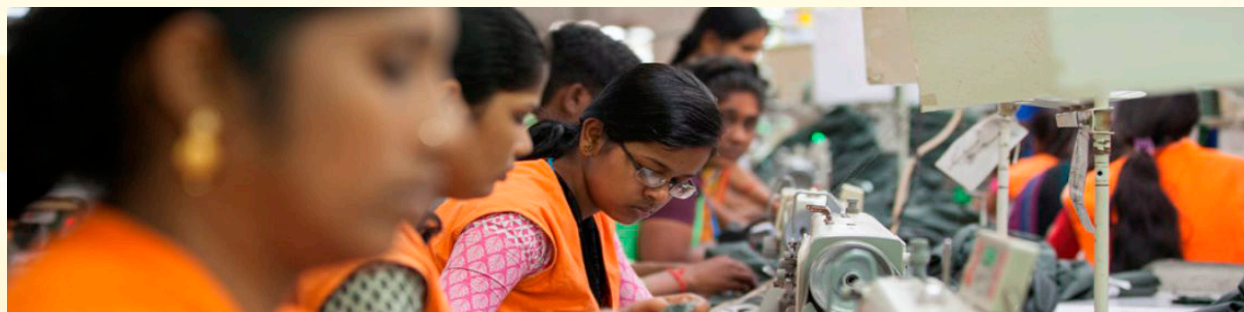
The UP State Government has initiated numerous policies intended to provide facilities and incentives for the holistic development of MSMEs in the state

## One District One Product

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 nature-friendly 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. Asafoetida, 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.



These are also small and medium industries that need modernization, machinery and productivity enhancement. Like the diversity of its people, climates, faiths and cultures, the diversity of products and crafts in UP is also breathtaking. Embark on this journey of exploration and travel across 75 districts to see the one product they are known for – some will already be in your home, and the rest, we have no doubt, will soon get there. The state had already facilitated disbursement of loans worth Rs 17,500 crore to beneficiaries under the ODOP scheme so far.



## Improving flow of capital and credit for MSMEs

Given the capacity challenges faced by MSMEs and the volatile market, smooth flow of capital and credit is a sine-qua-non for successful establishment of such units supplemented by government assistance for risk mitigation of the enterprises. Towards this the policy intend to provide the following fiscal incentives to MSMEs

- 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 artisan 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.
- Mukhya Mantri Yuva Swarojgar 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.
- GoUP 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 GoUP.

## Capacity building

In order to capitalise the demographic dividend of the state, it is imperative that youth should be skilled and trained in entrepreneurship and business.

- Entrepreneurship development programs will be organised across all districts of the state. Institute of Entrepreneurship Development, Lucknow will act as a nodal agency for the purpose
- Six handicrafts Centre will be established to impart training to artisans and young entrepreneurs on modern techniques in designing, manufacturing and marketing. UP Institute of Design, Lucknow will act as a nodal agency for the purpose
- Departmental Training Centres will be reviewed and operationalised as per field requirement.
- Focus will also be laid on skill development of entrepreneurs belonging to SC, ST and OBC through specially designed training programs.

## Quality and Standards

With rapid advancement in technology and increasingly stringent environmental and technical standards across the globe, investment in technology up gradation and testing infrastructure is vital for ensuring the competitiveness of MSMEs. Industries will be encouraged to invest in waste disposal system, pollution control facilities and certifications.

## Industrial Infrastructure and Common Facility Centres

Availability of adequate developed industrial infrastructure is fundamental to buoyancy of the industries. Towards this the Government will take the following measures –

- Private sector investment in Greenfield mini industrial parks of 20-100 acres for MSMEs will be encouraged. The government will provide fiscal incentives to the developer in the form of interest subsidy along with reimbursement of stamp duty towards purchase of land. The State will also share the cost of construction of electrical sub-stations in the park for which land will be provided free of cost by the developer. Uttar Pradesh Small Industries Corporation (UPSIC) will be the nodal agency for the purpose to facilitate for the setting up of such parks.
- The policy intends to promote cluster based development in the state by encouraging formation of Special Purpose Vehicles (SPVs) and dedicated agencies like societies of entrepreneurs or artisans and providing them with common infrastructure facilities including Common Facility Centres and Raw Material Depots, etc.

## Marketing

Market access and market development of products manufactured in UP will be ensured in both domestic and international markets. The State government will take appropriate measures to address the gaps in this sphere.

- Development of an e-commerce portal with government supported logistics providing national and international market access to the traditional artisans of the state.



- The existing UP Business Mart Portal will be strengthened & publicised.
- A permanent exhibition and exposition centre will be developed in Lucknow and export-marts will be established in select cities of the state
- The UP Export Promotion Council will be strengthened and will play a key role in participation at international trade fairs as well as organising international Buyer-Seller Meets (BSMs).
- Marketing assistance will be provided to handicraft and MSME units. UP Trade Promotion Authority will be strengthened to promote participation of artisans and entrepreneurs, primarily in national and regional level exhibitions and buyer seller meets.

## Good Governance

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.

- 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.
- GoUP 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.

Note: The MSME and the sectoral policies mentioned in this policy are summary of the intentions of the government. The detailed policies will be made available separately by the concerned departments of the government



## Road Ahead for the MSME Sector – Uttar Pradesh

Underlining the immense potential of the micro, small and medium in Uttar Pradesh in employment generation or export generation it can be stated that Msme's in UP will prove to become the growth booster of Indian Economy.

Highlighting the advantage of MSME sector, large number of employment opportunities are created with use of relatively less capital.

Seeing the employment generating potential of this sector, the state government will link OPOD with the central and state schemes and make efforts to make 2 crore youth self reliant through self employment.

Government of Uttar Pradesh is putting immense efforts to boost the growth of MSME. Infact, the government is targeting to ramp up MSME exports to the tune of Rs5 trillion in the next few years from the current level of about Rs 1 trillion on the back of ODOP and other MSME promotional programme's.

Many summits were organized in which entrepreneurs were given loans with the aim that this will create multiple job opportunities.

Uttar Pradesh is famous for it's local industries and almost 75 districts are producing a unique product to boast around.

The government is planning to bring local products under the organized sector and invite entrepreneurs who can give international branding and marketing to these local products.

It is also expected MSME will generate about 20 lakhs job avenues and take the economic activity to RS 20Lakh crore in next 4 years. Undoubtedly, MSME is a blooming sector of Uttar P and it has a huge potential in long run.



## About Resurgent India Ltd

### DEBT | EQUITY | ADVISORY

Resurgent India is a full service investment bank providing customized solutions in the areas of debt, equity and merchant banking. We offer independent advice on capital raising, mergers and acquisition, business and financial restructuring, valuation, business planning and achieving operational excellence to our clients.

Our strength lies in our outstanding team, sector expertise, superior execution capabilities and a strong professional network. We have served clients across key industry sectors including Infrastructure & Energy, Consumer Products & Services, Real Estate, Metals & Industrial Products, Healthcare & Pharmaceuticals, Telecom, Media and Technology.

In the short period since our inception, we have grown to a 100 people team with a pan-India presence through our offices in New Delhi, Kolkata, Mumbai, and Bangalore. Resurgent is part of the Golden Group, which includes GINESYS (an emerging software solutions company specializing in the retail industry) and Saraf & Chandra (a full service accounting firm, specializing in taxation, auditing, management consultancy and outsourcing).

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### **About ASSOCHAM**

The Knowledge Architect of Corporate India

#### **Evolution of Value Creator**

ASSOCHAM initiated its endeavour of value creation for Indian industry in 1920. Having in its fold more than 400 Chambers and Trade Associations, and serving more than 4,00,000 members from all over India. It has witnessed upswings as well as upheavals of Indian Economy, and contributed significantly by playing a catalytic role in shaping up the Trade, Commerce and Industrial environment of the country. Today, ASSOCHAM has emerged as the fountainhead of Knowledge for Indian industry, which is all set to redefine the dynamics of growth and development in the technology driven cyber age of 'Knowledge Based Economy'. ASSOCHAM is seen as a forceful, proactive, forward looking institution equipping itself to meet the aspirations of corporate India in the new world of business. ASSOCHAM is working towards creating a conducive environment of India business to compete globally. ASSOCHAM derives its strength from its Promoter Chambers and other Industry/Regional Chambers/Associations spread all over the country.

#### **Vision**

Empower Indian enterprise by inculcating knowledge that will be the catalyst of growth in the barrier less technology driven global market and help them upscale, align and emerge as formidable player in respective business segments.

#### **Mission**

As a representative organ of Corporate India, ASSOCHAM articulates the genuine, legitimate needs and interests of its members. Its mission is to impact the policy and legislative environment so as to foster balanced economic, industrial and social development. We believe education, IT, BT, Health, Corporate Social responsibility and environment to be the critical success factors.

#### **Members – Our Strength**

ASSOCHAM represents the interests of more than 4,00,000 direct and indirect members across the country. Through its heterogeneous membership, ASSOCHAM combines the entrepreneurial spirit and business acumen of owners with management skills and expertise of professionals to set itself apart as a Chamber with a difference. Currently, ASSOCHAM has more than 100 National Councils covering the entire gamut of economic activities in India. It has been especially acknowledged as a significant voice of Indian industry in the field of Corporate Social Responsibility, Environment & Safety, HR & Labour Affairs, Corporate Governance, Information Technology, Biotechnology, Telecom, Banking & Finance, Company Law, Corporate Finance, Economic and International Affairs, Mergers & Acquisitions, Tourism, Civil Aviation, Infrastructure, Energy & Power, Education, Legal Reforms, Real Estate and Rural Development, Competency Building & Skill Development to mention a few.

#### **Insight Into 'new Business Models'**

ASSOCHAM has been a significant contributory factor in the emergence of new-age Indian Corporate, characterized by a new mindset and global ambition for dominating the international business. The Chamber has addressed itself to the key areas like India as Investment Destination, Achieving International Competitiveness, Promoting International Trade, Corporate Strategies for Enhancing Stakeholders Value, Government Policies in sustaining India's Development, Infrastructure Development for enhancing India's Competitiveness, Building Indian MNCs, Role of Financial Sector the Catalyst for India's Transformation.

ASSOCHAM derives its strengths from the following Promoter Chambers: Bombay Chamber of Commerce & Industry, Mumbai; Cochin Chambers of Commerce & Industry, Cochin; Indian Merchant's Chamber, Mumbai; The Madras Chamber of Commerce and Industry, Chennai; PHD Chamber of Commerce and Industry, New Delhi and has over 4 Lakh Direct / Indirect members.

Together, we can make a significant difference to the burden that our nation carries and bring in a bright, new tomorrow for our nation.

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