



UP

MSME

The manufacturing backbone of UP -

POWERING **NEW INDIA**





INDIA OVERVIEW

- MSMEs in manufacturing sector contributes 6% to the country's GDP, 33% to the manufacturing sector and 45% to the exports.
- There are 3.61 Cr registered and unregistered MSMEs in the country, which provide employment to nearly 8 Cr people.
- The sector is engaged in manufacturing of over 6,000 products from traditional to hi-tech items.
- At relatively low capital cost, MSMEs have potential to provide larger number of employment, which is a good proposition for rural/remote areas. It can offer industrial ecosystem through ancillary units.
- MSMEs have potential to increase its share to about 15% of GDP and provide employment to over 50% of labour force by the next decade.¹



MSME in Uttar Pradesh

- The State has around 52.38 Lakh MSMEs which is around 11.55% of the total number of MSMEs in India in 2015-16.²
- With the second 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.



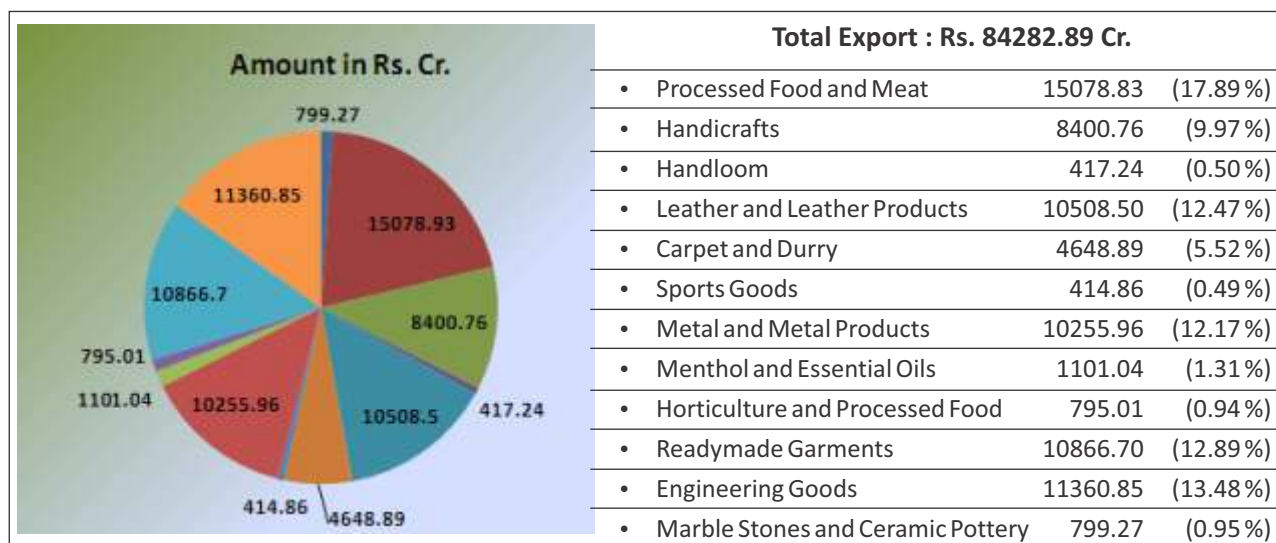
Exports from UP have grown in the MSME sector under the following categories:

| | |
|------------------------------------|-------|
| Leather and leather products:..... | 11.3% |
| Carpets and mats:..... | 11.4% |
| Glass and glassware:..... | 14% |
| Readymade garments:..... | 13.3% |
| Meat and edible meat offal:..... | 11.3% |
| Plastics and articles:..... | 6.6% |

(* CAGR Growth from 2012-13 to 2016-17)

2. Source : Annual Report (2016-17) Ministry of Micro, Small & Medium Enterprises

Sectorwise Exports from Uttar Pradesh Year 2016-17

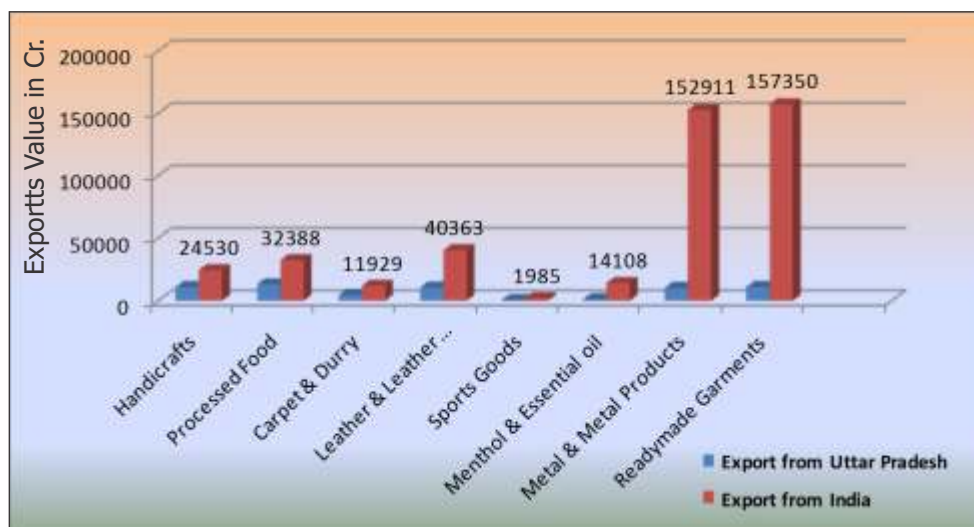


Source : DGCI, Kolkata

Export from Uttar Pradesh in Comparison with India's Export 2016-17

Total Exports from U.P. : Rs. 84282.89 Cr. (4.55 %)

Total Exports from India : Rs. 1852339.66 Cr.



Source : DGCI, Kolkata

Sectors with Units, Investment and Employment generation

| Industries | No. of Units | Investment (INR in Cr) | Employment |
|--------------------------------------|---------------|---------------------------|----------------|
| Food Products | 65027 | 7216.32 | 356341 |
| Beverages, Toba & Toba Product | 980 | 190.77 | 5406 |
| Cotton Textiles | 11267 | 1050.28 | 68961 |
| Wool, Silk & Synthetic Fibre Textile | 9112 | 844.26 | 64660 |
| Jute, Hemp & Mesta Textiles | 1571 | 569.85 | 6205 |
| Hosiery & Garments | 29620 | 2337.65 | 202183 |
| Wood Products | 10759 | 1388.10 | 65156 |
| Paper Products & Printing | 5767 | 1109.41 | 46721 |
| Leather Products | 8139 | 1825.05 | 92810 |
| Rubber & Plastic Products | 5809 | 1802.94 | 59883 |
| Chemical & Chemical Products | 5162 | 1290.49 | 47214 |
| Non-Metallic Mineral Products | 2978 | 709.46 | 26757 |
| Basic Metal Industries | 3626 | 1112.02 | 30307 |
| Metal Products | 17237 | 2689.61 | 140184 |
| Machinery & Part except Electrical | 5874 | 1449.60 | 67007 |
| Electrical Machinery & Apparatus | 4784 | 980.13 | 53030 |
| Transport Equipments & Parts | 612 | 3146.42 | 5184 |
| Misc. Manufacturing | 196922 | 19251.95 | 1104029 |
| Repairing & Servicing Industries | 349777 | 23342.36 | 1483247 |
| TOTAL | 735023 | 72306.67 | 3925282 |

Major sub-sectors in the State (2013-14 to 2018-19)



KEY INVESTMENT ENABLERS

Human Resource Availability

- 56% of Uttar Pradesh`s 200 million population are in the working age group.
- 53 universities, 4,345 colleges, 168 polytechnics, 315 Govt. ITI and several research institutes, centers of excellence and other vocational institutes.
- Uttar Pradesh Skill Development Mission has facilitated training of about 4 Lakh youth in 4 years under different trades and more than 3 Lakh youth are targeted to be trained in different vocational courses in the financial year 2017-18.

Infrastructure

- Uttar Pradesh has 60 National Highways with total length of 8,483 KM.
- It's located on golden quadrilateral with excellent road network.
- 8.5 % of Delhi-Mumbai Industrial Catchment area and 57% of Amritsar- Kolkata Industrial Corridor is in Uttar Pradesh.
- The State has the largest railway network spanning over 8,960 Km.
- 4 domestic airports at Agra, Allahabad, Gorakhpur and Kanpur and 2 International Airports at Lucknow and Varanasi.



KEY GROWTH DRIVERS

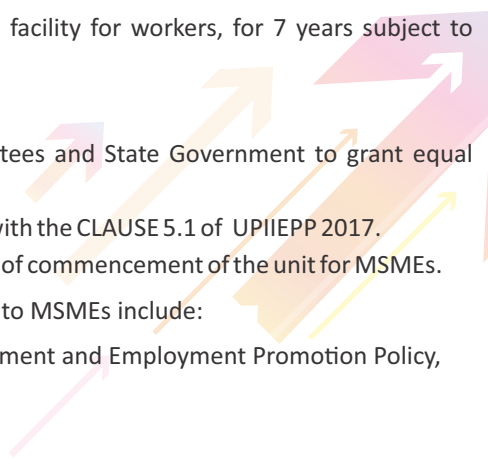
- **Indigenisation** - With the advent of Make in India and enhanced focus on locally manufactured products, there is huge opportunity for investments and outputs by large players and their MSME vendors to indigenise and/or enable import substitution particularly adapting to research and development, innovation and global technologies.
- **Government Procurement policy and procurement by large domestic and foreign industries** - A favourable procurement policy complemented by the huge industrial base in the State supports MSME vendors to grow their business in the State.





Highlights of the MSME Policy, 2017 of Uttar Pradesh

For the companies which are applicable under the MSME category, please refer to the MSME Development Act, 2006.

- **Land Incentives:**
 - In rural areas, gram sabha land measuring more than 10 acres shall be identified and passed on in favour of industries department free of cost.
 - Land parcels measuring 5 Acre or more and belonging to a gram sabha situated within a radius of five kilometers of Agra-Lucknow expressway, Poorvanchal Expressway and other such corridors being developed and 50% of plots shall be reserved for micro and small sector.
 - Minimum of 30% area would be reserved for micro and small sector in the industrial areas developed by UPSIDC and other organisations.
 - **Land Use Conversion-** 100 % exemption from conversion charges for converting agricultural land to Industrial land of agriculture land development authorities.
 - In Bundelkhand, Poorvanchal, Madhyanchal and Paschimanchal (except Gautam Buddha Nagar and Ghaziabad districts), private parties setting up industrial estates of area of more than 20 Acres shall be provided following incentives as applicable under Uttar Pradesh Industrial Investment and Employment Promotion Policy, 2017:
 - 50% annual Interest subsidy for loan taken to buy land, for 7 years subject to maximum limit of INR 50 Lakhs per annum
 - 60% annual Interest subsidy for loan taken to build infrastructure on the industrial estate, for 7 years subject to maximum limit of INR 10 Cr per annum
 - 60% annual Interest subsidy for loan taken to build common facility for workers, for 7 years subject to maximum limit of INR 5 Cr per annum
 - 100% stamp duty exemption
 - **SPV Formation-** Setting up of SPVs with the participation of allottees and State Government to grant equal proportion of contribution by the allottees.
 - **Stamp Duty Exemption-** Exemption from stamp duty in accordance with the CLAUSE 5.1 of UPIIEPP 2017.
 - **EPF Reimbursement-** 100% reimbursement for 5 years from the date of commencement of the unit for MSMEs.
 - **Other Incentives-** Other incentives under UPIIEPP 2017, applicable to MSMEs include:
Net SGST reimbursements as mentioned under UP Industrial Investment and Employment Promotion Policy, 2017 will also be applicable to MSMEs –
 - 90% for Small Industries for 5 years.
 - 60% for Medium Industries for 5 years.
 - **Capital Interest subsidy** – 5% per annum for 5 years.
 - **Infrastructure interest subsidy** - 5% per annum for 5 years.
- 

- **Industrial Quality Development subsidy** – 5% per annum for 5 years.
- 100% Electricity duty exemption to new units for 10 years.
- 100% Electricity duty exemption to new units producing electricity from captive power plants for self-use for 5 years.
- 100% Mandi fee exemption to all new Food Processing units for Raw material purchase for 5 years.
- **Land Conversion Waiver** - Waiver of land use conversion charges from agricultural to industrial being established on agriculture land development authorities for MSMEs.
- **Electricity Charges Reimbursement** - Reimbursement of the fixed electricity charges at the rate of one rupee per unit for 5 years from the date of production for MSMEs.
- **CGTMSE** - Payment of service fee to Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) charged by banks for collateral free loans up to INR 2.00 Cr to be borne by the State Government for MSMEs.
- **SMEVCF** - A Small, Medium Enterprise Venture Capital Fund (SMEVCF) shall be created by the State Government with the help of other financial institutions to encourage development of Start-Up and upward mobile MSMEs.
- **Special Schemes** - Special schemes like Vishwakarma Shram Samman Yojna and Mukhyamantri Yuva Swarozgar Yojna (Chief Minister Youth Self-Employment Scheme) will be applicable.
- **Interest Subsidy Reimbursement** - Reimbursement of interest on loans up to INR 500 lakh for MSMEs.

POLICY FRAMEWORK:
Some of the key schemes implemented by the Government of India are:



Micro and Small Cluster Development Programme (MS-CDP)

- The scheme was started by GoI for skill development, technology development to improve productivity and to encourage competitive products in clusters to meet global standards. The Central Government bears 60-80% of the expenditure on interventions under the scheme. Glass beads of Varanasi, Carpet cluster of Bhadohi, Scissor cluster of Meerut and many others have been benefitted with design centres, testing facilities, marketing, training, capacity building, etc. under the scheme.

Prime Minister Employment Generation Programme (PMEGP)

- Again a centrally sponsored scheme, implemented by KVICs (Khadi & Village Industries Commission) in States, the scheme aims at setting up self-employment opportunities primarily in the MSME sector. Maximum INR 25 Lakh for project in manufacturing sector, and INR 10 Lakh in service sector can be availed by an individual under the scheme, by at least 10% of the project cost.

Technology Upgradation Scheme

It is another centrally sponsored scheme helping MSMEs get new and modern technology. In Uttar Pradesh, so far over 600 firms have been assisted (2013-14).

MSME Facilitation Council

- The MSME facilitation council work as a “Statuary arbitral tribunal” for cases related to delayed payment of MSME.
- The Council consists of members from the industry association and the government.

RBI’s Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises

- The framework gives provision for identification of incipient stress before a loan account of maximum limit INR 25 Cr of a MSME turns into a Non-Performing Asset (NPA).
- Through this framework there is an option of Additional finance on company recommendation to ailing MSME units.
- The framework also consist of provision for reconsideration of recovery action against MSME



1. Source : Annual Report (2016-17) Ministry of Micro, Small & Medium Enterprises



One District One Product Highlights

MSME sector plays an important role in the economy of the state and is significant contributor to capital investment, production and employment. In terms of numbers of MSME units (about 46 lakh units, 8%), Uttar Pradesh stands first in the country. This sector, in the state as well as India, is the largest contributor to employment after agriculture. Uttar Pradesh has been a leading state in the export of handicrafts, processed food, engineering goods, carpet, readymade garments and leather products.

Keeping above in view, it has been decided to launch the scheme in the name of “One District - One Product” in the State.

Future Aspects

- Preservation and development of local crafts/ skills and promotion of the art
- Technical Assistance.
- Skill Development.
- Transforming the products in an artistic way (through packaging, branding).
- Market Research.
- Financial Assistance.





ONE DISTRICT ONE PRODUCT
UTTAR PRADESH



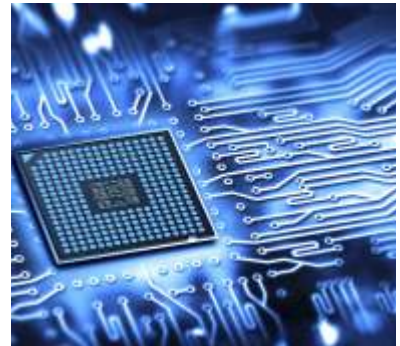
| S.No. | District | Product Name | S.No. | District | Product Name |
|-------|----------------|--------------------|-------|----------|----------------------------|
| 1. | Agra | Leather | 7. | Auraiya | Desi Ghee |
| 2. | Aligarh | Lock And Hardware | 8. | Azamgarh | Black Clay Pottery |
| 3. | Allahabad | Moonj | 9. | Badyun | Zari-Zardozi |
| 4. | Ambedkar Nagar | Power Loom | 10. | Baghpath | Home Furnishings |
| 5. | Amethi | Moonj Products | 11. | Bahraich | Crafts Made By Wheat Stalk |
| 6. | Amroha | Musical Instrument | | | |

| S.No. | District | Product Name | S.No. | District | Product Name |
|-------|-------------------|-------------------------------|-------|------------------|-------------------------------|
| 12. | Ballia | Bindi | 44. | Kanpur Nagar | Leather Products |
| 13. | Balrampur | Food Processing (Pulses) | 45. | Kasganj | Zari Zardozi |
| 14. | Banda | Shazar Stone | 46. | Kaushambi | Food Processing, Banana |
| 15. | Barabanki | Stole | 47. | Kushinagar | Products Made Of Banana Fiber |
| 16. | Bareilly | Zari-Zardozi | 48. | Lakhimpur Kheri | Tribal Craft |
| 17. | Basti | Wood Craft | 49. | Lalitpur | Zari Silk Sarees |
| 18. | Bhadoi | Carpet | 50. | Lucknow | Chickan Kari |
| 19. | Bijnor | Wooden Work Art | 51. | Maharaj Ganj | Furniture |
| 20. | Bulandsehar | Pottery | 52. | Mahoba | Gaura Stone Craft |
| 21. | Chandauli | Zari-Zardozi | 53. | Mainpuri | Tarkashi Art |
| 22. | Chitrakoot | Wooden Toys | 54. | Mathura | Sanitary Fittings |
| 23. | Deoria | Decorative Product | 55. | Mau | Powerloom Textile |
| 24. | Etawah | Textile Production | 56. | Meerut | Sports Products |
| 25. | Etha | Ghungroo Ghanti/Brass Bell | 57. | Mirzapur | Carpets |
| 26. | Faizabad | Jaggery | 58. | Moradabad | Metal Craft |
| 27. | Farukhabad | Block Printing | 59. | Muzaffarnagar | Jaggery |
| 28. | Fatehpur | Bed Sheets | 60. | Pilibhit | Flute |
| 29. | Firozabad | Glass Bangales | 61. | Pratapgarh | Aamla Products |
| 30. | Gautam Budh Nagar | Readymade Garments | 62. | Raebareli | Wood Crafts |
| 31. | Ghazipur | Wall Hanging | 63. | Rampur | Patch Work |
| 32. | Ghaziabad | Engineering Goods | 64. | Saharanpur | Wood Crafting |
| 33. | Gonda | Dal Processing | 65. | Sambhal | Horn-Born Handicraft |
| 34. | Gorakhpur | Terracota | 66. | Sant Kabir Nagar | Brassware Craft |
| 35. | Hamirpur | Leather Juti | 67. | Shahjhanpur | Zardozi |
| 36. | Hapur | Home Furnishing | 68. | Shamli | Rim And Axle |
| 37. | Hardoi | Handloom | 69. | Shravasti | Tribal Craft |
| 38. | Hathras | Hing | 70. | Siddharthnagar | Kala Namak Rice |
| 39. | Jalaun | Handmade Paper Art | 71. | Sitapur | Dari |
| 40. | Jaunpur | Dari | 72. | Sonbhadra | Kaleen |
| 41. | Jhansi | Soft Toys | 73. | Sultanpur | Moonj Products |
| 42. | Kannauj | Scent/itar | 74. | Unnao | Zari Zardozi |
| 43. | Kanpur Deehat | Utensils | 75. | Varanasi | Banarasi Silk |

INVESTMENT OPPORTUNITIES

ELECTRONICS

- Electronics System Design and Manufacturing including semiconductor design, electronic components design and hi-tech manufacturing.
- Electronic components with focus on making components for electronic products customised for the Indian market.
- Strategic electronics, with the Government of India keen to encourage domestic manufacturing of products needed by the armed forces.
- Low-cost consumer electronics, consumer durables.
- Nano-electronics and micro-electronics.



TELECOM

- Domestic manufacturing of telecom networking equipment, including routers and switches.
- Next generation Software-defined Networking equipment.
- Mobile Customer Data Analytics, services oriented towards analytical solutions.
- Manufacture of low-cost mobile phones, handsets and devices.
- Manufacture of Base Transceiver Station equipment.
- Development of Value-added Services.
- Over-the-top (OTT) service providers of innovative services and content to mobile subscribers.



IT and ITES

- Cloud computing.
- Social media and mobility.
- Data analytics services.
- e-governance.
- Mobile apps and software development.
- Software automation.
- Information Technology Cities – Noida, Lucknow, Kanpur, Agra & Allahabad.



MEDIA

- Manufacture of Set-Top Boxes (STB) for Direct-to-Home service providers.
- Digital screens in tier-2 and 3 cities.
- Digital Media, new forms of content delivery for media companies.



HEALTHCARE

- Providing affordable healthcare, especially in rural areas.
- Low cost medical devices, which can be used in rural areas.
- Medical consumables like surgical gloves, scrubs, syringes etc.
- Low cost surgical procedures to reduce the cost of healthcare.
- Medical tourism.
- Diagnostic labs.



PHARMACEUTICALS

- Generics and API manufacturing.
- Contract research.
- Nutraceuticals and nutracosmetics.



BIOTECHNOLOGY

- Domestic manufacturing of diagnostic kits, reagents and consumables used in testing.
- Focus on vaccine exports to developed countries.
- Providing bio-informatics related solutions.
- Leveraging the bio-similar opportunity Recombinant products.
- Agri-produce.
- Hybrid seeds also represent new business opportunities based on yield improvement.



AUTOMOTIVE

- Automotive electronics.
- Manufacturing automotive components - Tier 1 and Tier 2 suppliers to OEMs.
- Applied electronics.
- Rubber and chemicals supply to the tyre.



TRANSPORT & LOGISTICS

- Green supply chain.
- Reusable packaging material.
- Technology intensive transport and logistics management.
- Fleet Management System.



INDUSTRIAL MANUFACTURING

- Design, equipment and supplies.
- Processing and toll manufacturing.
- Sustainability and pollution treatment services.
- Facilities management services.



LEATHER

- Finished leather good manufacturing.
- Leather goods & Leather Garments manufacturing.
- Next generation Leather Footwear & components.
- Leather Fashion Accessories manufacturing.
- Leather Tanneries.



ENGINEERING & PROCESS EQUIPMENT

- Engineering solutions segments like chemicals and petrochemicals, pharmaceuticals and automotive for a growing demand for process equipment.
- Next generation automation tools like smart robotics in high precision industries.
- Green Engineering.



CHEMICALS

- Bio-based raw materials to reduce dependence on oil.
- Chemical based operations & manufacturing.
- Production of fertilizers from Rock phosphate found in Bundelkhand region.



TEXTILES

- Raw fabric and dye production.
- Processing & Packaging.
- Spinning, weaving, stitching etc.



FOOD AND AGRICULTURE

- Processed food, ready to eat packaged food, premixes, milk & dairy, bakery and processed meat.
- Backend infrastructure such as cold chain storage, farm collection center, etc.
- Health food, health beverages, food additives such as vitamin additives, etc.
- Food packaging, innovative packaging for processed food.
- Contract manufacturing for crop protection chemicals, crop nutrients.
- Poultry, feed and farm additives.



DEFENCE OFFSET

- New age information systems.
- Communication platforms.
- Simulators and equipment.



ECOSYSTEM SUPPORT & FINANCING

- Creation of business facilitation centers with linkage of all stakeholders i.e. Industry Associations, equity funds, banks and financial institutions.
- Loan Finance.
- Alternate financing sources like securitization of trade credit, securitization of MSME credit, mezzanine financing, access to equity capital through SME Exchanges, Angel Funds / Venture Capital Funds etc.



SKILL DEVELOPMENT & TOOL ROOMS

- Skilling development centres and tool rooms depending on current industrial demand across sectors and districts.





MSME

The manufacturing backbone of UP -

MORE

Modernize

Optimize

Reimagine

Expand



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