

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture. Uttar Pradesh is one of the few states in the country which is not only land rich and makes a significant contribution to the national agricultural produce of the country but also has one of the largest employable workforce and key inherent USPs, indigenous to the state. From its specialised clusters in manufacturing and supply chains to its unique prowess in exclusive products/services and expertise across multiple sectors, Uttar Pradesh is a main

Imbibing the 'reform, perform, transform' mantra of PM Narendra Modi, world-class infrastructure and related amenities have been built in UP along with improved law and order, for developing a conducive environment for investments and MSMEs

# MSME at the heart of UP's growth story

PHOTOS: DPIR, UTTAR PRADESH GOVT.



exporter of MSMEs in classifications like detailed work, designing merchandise, rugs, readymade garments, etc.

In the last six years, UP's image has changed because of the implementation of good governance, infrastructure development and policy reforms, making it the top destination for business and investments. This has gone hand in hand by making key structural changes in the way business opportunities were developed and presented to the investor fraternity and entrepreneurs.

With the country's largest MSME base, UP has more than 96 lakh registered and unregistered MSME units operating and earning revenue of more than Rs 1,00,000 crore. Uttar Pradesh has a share of 14.20% of MSMEs in the country. The worth of exports, alone, from the state stands at an impressive Rs 50,000 crore, annually. Also, UP government has helped over 10 lakh people with MSME set-ups in the state, which in turn have helped create more employment and revenue. It is noteworthy to mention that in the mega UPGIS 2023, the UP government has been successful in garnering a total investment of Rs 10,000 crore for its MSME sector, which proposes to open new doors of employment, industrialisation, commerce and trade here. Addressing the eighth Governing Council meeting of NITI Aayog in New Delhi in May, CM Yogi Adityanath said, "The state government is constantly striving and committed to the development of the MSME sector. Each district of UP has a

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unique identity for its traditional product. The state government taken these products to a new height by declaring them ODOPs (One District-One Product)."

## FAVOURABLE FOR INVESTORS

The growth trajectory of UP has gone hand in hand with the development of seamless connectivity through air, water, road, and rail networks, by which, Uttar Pradesh has greatly increased the ease of logistics to enable industries and enterprises to access both domestic and international markets. Having one of the widest National Highway networks in the country, and hence decorously called the 'Expressway State', Uttar Pradesh can boast of the singular distinction with 13 existing and upcoming expressways (of 1225 km), out of which, six expressways have been completed, while seven are at various stages of development. These expressways provide seamless connectivity to manufacturing hubs and supply chains across the state and are doing a wonderful job of mainstreaming the remotest regions of UP.

By developing dedicated MSME parks and clusters, the UP government has been successful in organising and mobilising local businesses and aspiring entrepreneurs to become partners in its growth story. To encourage this growth, the state government provides financial assistance to MSMEs in the form of loans, grants, and subsidies, organises training and skill development programmes and facilitates key market linkages to MSMEs. These initiatives have helped in boosting the growth of the sector and create millions of jobs. The MSME sector is expected to play a vital role in the development of Uttar Pradesh's economy in the years to come.

The MSMEs are not only helping provide large-scale employment possibilities at a cheaper cost of capital but are also assisting in the industrialisation of rural and backward areas, eliminating regional imbalances, and ensuring a more equitable distribution of national revenue and wealth. As ancillaries, these small and medium-sized businesses



Today, Uttar Pradesh has got a completely new identity. The state has the maximum number of expressways and several airports. It has a large number of MSME units, which gives the state a strong base for small-scale industries. UP also leads in the country in creating a start-up ecosystem for new entrepreneurs. The economy of UP has got a new momentum due to the combined power of security and employment."

**-Narendra Modi**  
Prime Minister

are augmenting and complementing larger and medium-sized businesses in the state.

Considering its commitment to modern efficiency, work creation, flexibility, versatility, and product commitment, the MSME sector is the backbone of UP's economic advancement and development. MSME industries are a significant part of the state's economy in terms of creating jobs and earning foreign currency through exports. In Uttar Pradesh, the MSME sector produces over 60% of all industrial production.

The contribution of Uttar Pradesh to the country's GDP is more than 8%. Uttar Pradesh has resolved to grow into one trillion-dollar economy in the next five years in order to achieve the Prime Minister's target of making the country's economy five trillion dollars. The state government is constantly striving and committed to the development of the MSME sector."

**-Yogi Adityanath**  
Chief Minister

Shunning the political rhetoric, CM Yogi's government has taken the required steps to bridge loopholes for businesses and enterprises to flourish in UP. Regularising the adhocism in the system and restructuring the policy framework to maximise symbiotic benefits have made doing business in UP simple and convenient

## BUSINESS IS EASY HERE



PHOTO: DPIR, UTTAR PRADESH GOVT.

The Ease of Doing Business (EoDB) index is a ranking system established by the World Bank Group which assesses how easily a business is set up right from the registration process. CM Yogi Adityanath's government has taken massive strides in the context of providing a hassle-free environment for entrepreneurs to set-up bases in the state. With dedicated efforts and hard work, in a very short span of CM Yogi being in power, UP jumped from the 12<sup>th</sup> position in the Business Reform Action Plan (BRAP) 2017-18 has become an 'Achievers State' today.

Uttar Pradesh had managed to implement 186 of the 187 reforms suggested by the Union government's Department for Promotion of Industry and Internal Trade (DPIIT) under BRAP 19. With the timely implementation of policy decisions, today, Uttar Pradesh is

becoming a preferred destination in 'Ease of Doing Business' ranking. Further, the first global summit organised in 2018 had a major role to play in establishing a concrete foundation for UP's success in the rankings.

CM Yogi Adityanath went a step further and added another dimension to 'Ease of Doing Business' by putting fresh impetus to 'Ease of Starting Business', hence all the incentives, concessions and facilitation of various services including single window facility for the investors to expedite the processes and curtail the unnecessary delays in the execution of projects. Addressing key issues faced by entrepreneurs, CM Yogi Adityanath introduced timely interventions to tackle and eradicate corruption, introduced digitalisation in the process and made official working transparent.

## UP government initiatives for fostering entrepreneurship

- Department for Promotion of Industry and Internal Trade (DPIIT) has introduced a new assessment system wherein states/UTs shall be categorised among achievers, aspirers and emerging states thus eliminating the ranking of states/UTs in the past
- UP has implemented more than 421 reforms as part of the BRAP exercise covering the single window system, investment enablers; land administration and transfer of land and property; environment registration enablers; labour regulation enablers; obtaining utility permits; paying taxes; construction permit enabler, inspection enabler; contract, etc
- More than 24 departments have been digitised (from offline to online) for obtaining and processing end-to-end applications
- Inclusion of more than 100 services delivery timelines within UP Janhit Guarantee Act for timebound licenses approval
- Implementation of the 'Nivesh Mitra' single window system for a one-stop licenses approval system in the state
- Online availability of land bank including its integration with Industrial Information System (11), Indian government, so that a foreign investor can also compare availability of land banks from states level to districts level

## PLEDGE FOR A NEW UTTAR PRADESH

Under the Pledge (Promoting Leadership and Enterprises for Development of Growth Engine) scheme for industrial development, UP government is adding a new feather to its efforts. The initiative will help establish private industrial parks across the state with the support of the state government.

The first instalment of Rs 1,689.98 lakh has already been disbursed by the CM to developers in UP. The first phase of these parks will be set up in Aligarh, Saharanpur and Kanpur Dehat districts. According to CM Yogi Adityanath, "Kanpur being a defence node, and a private industrial park in Kanpur Dehat is a good initiative." These parks will lend support and meet the economic needs of the people. The state government has opened new avenues of investment and industrial development through the PLEDGE initiative, which in turn will create new jobs and revenue streams.

According to the proposal approved

by the cabinet, private players, including industrialists, corporates, consortium of corporates, would be able to develop industrial parks on a 'build own and operate' model. Under the scheme, private players will be incentivised to set up industrial parks on self-owned 10-50 acres of land, which they will have to develop for a designated purpose. The developer would also be provided with certain incentives, such as waivers on stamp duty on procurement / transfer / lease of land. Development of private industrial parks on a cluster model would be given preference.

"I have full faith that entrepreneurs will take maximum advantage of the schemes of the UP government. I also appeal to all other MSME entrepreneurs to come forward to make private parks in their respective areas. Today the world is looking towards India with a positive attitude, similarly, the whole of India is seeing UP as a state of possibilities," stated the CM.

## UP's MSME POLICY: SUPPLEMENTING GROWTH

The MSME policy of Uttar Pradesh aims to further boost the growth of the sector by providing a range of incentives and support measures

Uttar Pradesh is home to the largest MSME sector in India that contributes significantly to the state's GDP, accounting for over 30% of the total output. The MSME Policy 2022 has created an environment for establishment of MSMEs by providing many incentives:

- 10% to 25% of the project cost to be provided as capital subsidy with a maximum limit of Rs 4 crore
- Stamp Duty exemption for purchase/lease of land for establishment of industries
- 100% stamp duty exemption for women entrepreneurs
- Subsidy of upto Rs 5 lacs for setting national/international quality certification and required equipment
- For ensuring sustainable industrial growth, environment protection measures are facilitated. A grant of upto Rs 10 crore is provided for setting up of CETPs
- Time bound and online method of incentive disbursement
- A big focus on developing industrial infrastructure. 10 to 50 acre industrial parks are incentivised through PLEDGE (Promoting Leadership in Developing Growth Engines) where the development cost @Rs 50 per acre is provided at a 1% annual simple interest rate. 3 parks at Aligarh, Saharanpur and Kanpur Dehat have already been financed
- Through MSME Act 2020, acknowledgement is issued to industries within 72 hours, which exempts them from inspection of any development for 1000 days
- Facilitation Council System has been decentralised to division level for effectively tackling delayed payments

### SUPPORT MEASURES:

- Financial assistance:** The government will

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- provide financial assistance to MSMEs in the form of loans, grants, and subsidies.
- Tax incentives:** The government will provide tax breaks to MSMEs, including exemptions from excise duty and sales tax.
- Infrastructure support:** The government will provide infrastructure support to MSMEs, such as land, power, and water.
- Training and skill development:** The government will provide training and skill development programs to MSMEs to help them improve their productivity and competitiveness

### KEY BENEFITS OF THE POLICY:

- Increased investment:** The policy to attract increased investment in MSME sector, which will help to create new jobs and boost economic growth
- Improved productivity:** This will help improve productivity of MSMEs by providing them with access to better technology, training, and infrastructure
- Increased exports:** This will help to increase exports of MSMEs by providing them with access to new markets and trade opportunities
- Improved competitiveness:** This will help improve competitiveness of MSMEs by reducing their costs & making them more efficient

## Nivesh Sarathi: Guiding to succeed

UP government's revolutionary single-window clearance system 'Nivesh Sarathi' is a crucial step towards enabling the investors and entrepreneurs in Uttar Pradesh to revert to incentives online. The processing of incentives has been digitised to project the trajectory of 'Digital India'. The Online Incentive Management System kickstarts as soon as entrepreneurs seek to apply for the incentives on the Nivesh Sarathi portal. If there are any errors, glitches or issues occurring during the process, concerned investors will also be able to review their respective applications within 15 days. Further, an online incentive will be provided to the investor once the process of verification of the application is completed. The portal promisingly seeks to augment the digitisation of UP's growth model into a well-verse connected web system, where supply meets demand under one umbrella.

CONSUMER CONNECT INITIATIVE

## Nivesh Mitra: Making friends with investors

With increasing globalisation, economies that have been able to provide a conducive atmosphere for investments have been known to register both development and economic progress. Towards this end, Nivesh Mitra is one such tool by the UP government for the ease and benefit of entrepreneurs

CM Yogi Adityanath knew that for exponential growth to manifest in Uttar Pradesh, systems needed to be revamped, and the lackadaisical approach of previous governments must be replaced by jet-speed of dispensation, and the implementation of Nivesh Mitra was one such step in that direction. UP Nivesh Mitra is a single-window portal launched by the state government. The portal consists of many online services such as security, and environmental issue clearances, and a No Objection Certificate (NOC) is provided by the concerned departments for various scales of business, ranging from small to large.

The key objective of the online portal is to simplify the

procedures involved in setting up businesses. Entrepreneurs are provided with an electronic-based transparent system for

online submission of registration and tracking of applications. Several establishments are negatively impacted when the initial

paperwork takes time. But the online portal speeds up the same process.

The portal also ensures that there is transparency between various government departments and start-up enterprises of the state. Nivesh Mitra provides all relevant information regarding government orders, rules, and the necessary process that need to be followed vis-a-vis various departments. The portal allows applicants to track their applications. All certificates and licenses are provided online after due verification. With a single registration, the beneficiary can take advantage of all services, including third-party verification. In one stroke, the CM turned an archaic process into a modern-day tool to attract investments.



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## MSME Udyam Portal

MSME and Export Promotion Department has started a registration campaign on the MSME Udyam portal in the entire state. The Directorate of Industries is organising camps for the registration of MSMEs in each district. Additionally, MSMEs themselves can also register by visiting the portal. All eligible units can register. The objective is to provide a platform for active MSMEs in UP so that they can

benefit from schemes implemented by the Yogi government for MSMEs. There are more than 96 lakh active MSMEs in Uttar Pradesh, but only 14 lakh MSMEs are registered on the portal so far, while there are a large number of active MSMEs in the state that need to be registered to avail the benefits of government schemes. All these units contribute directly and indirectly to the UP's GDP. Currently URC registration camp is ongoing. In the last few days, more than 1 lac MSMEs have been registered on the portal, which brings the total count of registered MSME units in the state to more than 15 lacs.