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## One District One Product scheme is catalysing UP's export potential, says Alok Kumar, Principal Secretary, MSME and Export Promotion, UP Govt

By Arpit Gupta, ET Online Last Updated: Jun 12, 2024, 11:29:00 AM IST

### Synopsis

The One District One Product (ODOP) scheme has made a big difference in many industrial segments across UP, and it has also been a significant catalyst for the country's economic growth, according to Alok Kumar, Principal Secretary, MSME and Export Promotion, UP Government.



The government of Uttar Pradesh is actively promoting the establishment of new industrial townships and parks, says Alok Kumar, IAS, Principal Secretary of MSME & Export Promotion, government of Uttar Pradesh.

The **MSME sector** contributes nearly half of the goods exported from Uttar Pradesh, and the state government aims to increase this contribution in five years through sustained initiatives, says Alok Kumar, Principal Secretary of MSME and Export Promotion for the Government of Uttar Pradesh. On the sidelines of the ET Make in India SME Regional Summit in Lucknow, which was held recently, he tells ET Digital how the government is working towards growing small businesses in the state.

Uttar Pradesh, already the third-largest state economy in India, has the largest consumer base in the country and is also the largest producer of food grains in India. It is a leading producer of milk, vegetables, fruits, sugarcane and sugar; and

is now emerging as a hub for the electronics and semiconductor industry. Kumar says efforts are being made to get new foreign and domestic investments into the state to make sure it rises up the economic ladder. Edited excerpts:

**ET: Uttar Pradesh has demonstrated a propensity for high growth. It also has the advantage of an active working population. How can such aspects be leveraged for growth?**

**Alok Kumar:** UP's strong economic fundamentals have provided high and resilient growth (8% per annum) over the past 5 years. This is all the more credible given that this was achieved despite setbacks due to Covid. The whole of the government is geared up to take the GSDP of the state to \$1 trillion by 2027-28. Besides the focus on creating world-class infrastructure, a concerted effort is also being made to invite new investments (foreign and domestic) through events such as the global investment summit. The state government has raised the capex spending 3.8X between FY18 and FY23, making UP the leading state in terms of airports, road and railway networks.

**ET: The MSME department is promoting 75 districts as potential export hubs for local industries to create jobs and contribute to the \$1 trillion economy goal. Can you explain how it is expected to drive SMEs growth?**

**AK:** UP's MSME sector has always been traditionally vibrant and the products have found domestic as well as international markets. Among the Indian states, UP ranks 1st in terms of the number of operational MSME units (90 lakhs) and employment created in MSME units (1.65 crore). Of the total exports from the state, 46% contribution comes from MSME units. The CAGR registered in the MSME category has been 9.7% over the last five years, which is higher than the rate of growth of the overall economy.

The strong performance of this sector gives us hope that we can look forward to even better outcomes, especially given the initiatives taken by the Union and the state government in this sector. The main instruments to achieve the policy goals have been to enhance credit flow by designating lending to this sector as primary sector lending and running schemes like One District One Product (ODOP) and Rapid Acceleration of MSME Performance (RAMP) to name a few.

**ET: How have the state's exports fared under the One District One Product initiative? UP's exports have grown from \$16.24 billion during 2018-19 to \$21.68 billion during 2022-23. How can the potential be further tapped?**

**AK:** We are extremely proud of the fact that the ODOP scheme was conceived and implemented first in UP, before being

taken up at the national level. We have assisted our artisans to scale up production through enhanced credit flow as well as better technology. And helped them obtain market access — both domestic as well as international — through events such as the UP International Trade Show and other such fairs showcasing our products. We are providing them with better packaging and branding assistance. This has resulted in enhanced business opportunities for these entrepreneurs. As I said earlier, the MSME sector contributes nearly half of the goods exported out of UP. With sustained initiatives, we hope to enhance our contribution even further in the next 5 years.

**ET: A large number of MSMEs are employed in labour intensive sectors in the state. What is the state doing to drive innovation and ensure steady [economic growth](#) for them?**

**AK:** We are assisting our MSME units with technological upgrades of their production processes. Units seeking ZED and LEAN certification will receive reimbursement of 50% of costs. MSME units can also receive training in strengthening their environmental social governance processes — such as Quality Management System (QMS) and Occupational Safety and Health Administration (OSHA).

**ET: There are a host of MSMEs in UP that are involved in traditional crafts but face issues of skilling, financial hardships and younger generations showing low interest in the tradecraft. What can be done to encourage such enterprises which can consequently pave the way to create brands of global repute?**

**AK:** Building a global brand is a resource-intensive as well as a time-consuming process. We intend to harness the power of e-commerce to gradually build an umbrella brand of One District One Product and the sub-brands of the individual product categories. Packaging and design assistance will also be given to ensure that the products are suited to the tastes of international consumers.

**ET: What are some of the other major challenges faced by MSMEs in the state and how are these being addressed to maximise their potential?**

**AK:** Among the major challenges faced by the MSMEs are access to high quality industrial infrastructure with high-end common facility centres; limited availability of managerial talent to assist the owner entrepreneur; and lastly, the limited value addition per unit. As a result, very few small firms graduate to the medium or large. The state government is giving a renewed push to create new industrial townships and parks. The other constraints are more solvable at the level of the entrepreneurs and we hope that through the RAMP scheme, we are able to transition many units from micro to small, small to medium and medium to large.

