

Uttar Pradesh rides high on wings of MSMEs

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Micro, Small, and Medium Enterprises (MSMEs) are the lifeblood of economies worldwide, and Uttar Pradesh (UP), one of India's most populous states, is no exception. The state's MSMEs have played a key role in its economic growth, job creation, and innovation. At an event on International MSME Day at Lok Bhawan in Lucknow, UP Chief Minister Yogi Adityanath emphasized the significance of MSMEs as the backbone of the global economy, revealing that the state is home to over 9 million MSME units. He further stated that Uttar Pradesh has advanced from the sixth-largest economy in India in 2017 to the second-largest today.

With over 9 million MSME units, UP has made substantial progress in branding, marketing, and promotion. The newly inaugurated Rani Laxmibai Pledge Park in Jhansi, the 11th of its kind in the state, stands as a testament to the benefits these parks offer private-sector entrepreneurs. UP has created a more favourable investment environment, strengthened by a robust rule of law and security system, crucial for industrial growth. The importance of MSMEs in this industrial environment is further underscored by the ongoing development of a defence corridor in the state, aimed at making India self-reliant in defence production. An investment of Rs 24,000 crore has already been implemented in this initiative, reflecting the state's commitment to industrial diversification and innovation.

During the Covid period, the state introduced an MSME policy that provided crucial support to enterprises. The Chief Minister outlined its benefits, including the successful advancement of the flatted factory initiative, which offers affordable factory spaces for MSMEs. This initiative is part of the broader strategy to foster a conducive environment for MSMEs. CM Yogi also announced that the [International MSME Show](#), which attracted 70,000 buyers last [year](#), will be held again in September, with expectations of even higher attendance. This event offers an excellent opportunity to market the state's products effectively on an international platform.

The state government offers Chief Minister Udyam Bima to MSME entrepreneurs, with over 2.4 million registered beneficiaries. This scheme provides up to Rs 5 lakh in benefits in case of a disaster, offering crucial financial security to entrepreneurs. Additionally, under the Chief Minister Yuva Udyam Vikas Abhiyan, steps have been taken to offer interest-free loans of up to Rs 5 lakh, aiming to support 1 million micro-entrepreneurs over the next decade. Efforts have been made to revive struggling units under the RAMP (Raising and Accelerating MSME Performance) scheme. This initiative aims to provide comprehensive support to MSMEs, ensuring they can overcome operational challenges and scale effectively. The state government's proactive measures include financial aid, technological support, and market access facilitation, which are critical for the revival and growth of these enterprises. The entrepreneurs would now have access to loans exceeding Rs 20,000 crore. This substantial financial backing is designed to provide the necessary liquidity for MSMEs to expand their operations, invest in new technologies, and enhance their competitive edge in both domestic and international markets.

As Chief Minister Yogi Adityanath aptly stated, "Economic growth has positioned UP as a leader in employment generation. MSME entrepreneurs have played a crucial role in advancing the state's economy." The state's efforts to provide financial assistance, enhance infrastructure, and promote innovation have laid a solid foundation for MSMEs to flourish, making them integral to UP's economic success and positioning them as key players in the global economy. Key sectors in UP include textiles and handicrafts, renowned for traditional crafts like handloom weaving, embroidery, and carpet making, with cities like Varanasi and Lucknow famous for silk saris and chikankari embroidery, respectively. The leather industry in Kanpur and Agra produces high-quality leather goods, contributing significantly to India's leather exports. The state's fertile land supports a robust agro-processing sector, with MSMEs engaged in processing and packaging agricultural products, including dairy, fruits, and vegetables. With the rise of digitalization, many MSMEs in UP have ventured into IT services, software development, and digital marketing, contributing to the state's technological advancement.

MSMEs are major employment generators in Uttar Pradesh, providing jobs to millions of people, especially in rural and semi-urban areas. This has helped in reducing regional disparities and promoting inclusive growth. Women and marginalized communities, in particular, have benefited from the employment opportunities created by MSMEs. According to the Ministry of Micro, Small, and Medium Enterprises, MSMEs in UP provide employment to over 14 million people. The export-oriented nature of many MSMEs in UP has significantly boosted the state's foreign exchange earnings. Handicrafts, textiles, and leather products from UP are in high demand in international markets, enhancing the state's export profile and contributing to India's overall export basket. In 2022, UP's MSME exports were valued at approximately \$16 billion, accounting for nearly 70% of the state's total exports. MSMEs in UP are known for their innovative approaches to business, often leveraging local knowledge and traditional skills. This innovation fosters competitiveness and helps these enterprises adapt to changing market dynamics. The use of technology in production processes and marketing has further enhanced their efficiency and market reach.

Recognizing the critical role of MSMEs, both the central and state governments have implemented various schemes and policies to support their growth and development. The MSME Development Act provides a legal framework for the promotion and development of MSMEs, ensuring access to finance, technology, and markets. The Udyog Bandhu initiative facilitates industrial development by providing a single-window clearance system for MSMEs. The Mukhya Mantri Yuva Swarozgar Yojana promotes self-employment among youth by providing [financial](#) assistance and skill development training. The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) facilitates credit flow to MSMEs without the need for collateral. The One District One Product (ODOP) initiative promotes the distinct products of each district in Uttar Pradesh to boost local entrepreneurship and craftsmanship.

Despite their significant contributions, MSMEs in UP face several challenges that hinder their growth and development. Many MSMEs struggle to secure adequate financing due to stringent lending norms and lack of collateral. According to a report by SIDBI, nearly 60% of MSMEs in UP face difficulties in accessing formal credit. Keeping pace with technological advancements remains a challenge for many MSMEs, impacting their productivity and competitiveness. Poor infrastructure, including inadequate power supply, transportation, and logistics, hampers the operational efficiency of MSMEs. Limited access to domestic and international markets restricts their growth potential.

The future of MSMEs in Uttar Pradesh looks promising, given the government's continued focus on creating a conducive business environment and fostering innovation. The integration of digital technologies, enhanced access to finance, and improved infrastructure will be crucial in unlocking the full potential of MSMEs. Additionally, fostering linkages between MSMEs and large industries can create synergies, driving further growth and [development](#). MSMEs in Uttar Pradesh are indeed the backbone of the state's economy, contributing significantly to employment, exports, and innovation.