

“Role Of MSMEs Centric State Led Initiative In Economic Development: With Special Reference To Uttar Pradesh”

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ABSTRACT

The contribution of micro, small, and medium enterprises to India’s economy is almost 8 percent of GDP, nearly 40 percent in exports, and around 45 percent in the manufacturing sector. That’s why it would not be wrong to say that MSMEs are the backbone of the country. Micro, small, and medium enterprises are the dominant sector for the development of the Indian economy as well as socio-economic development. The purpose of this study is to present the contribution of the ODOP scheme to employment generation, export growth, GDP growth, and MSMEs' growth in the state. Secondary data has been used in this research paper. This research study is descriptive and qualitative in nature. One District, One Product schemes have contributed to economic development and MSME growth.

Keywords- One District, One Product Scheme, Micro, Small and Medium Enterprises, Economic development, Export promotion, Employment generation, GDP growth

INTRODUCTION

MSMEs stand for micro, small, and medium enterprises. The MSME sector was earlier engaged in the manufacturing, processing, production, or maintenance of commodities and goods. According to the new definition (1 July 2020), the classification of MSME is based on investment and turnover for both manufacturing and service industries, which are as follows:

Revised definition of Micro, Small and Medium Enterprises (1st july, 2020)

By Author

S.No.	Particulars	Investment	Turnover
1. 2.	Micro	1 crore	5 crore
3.	Small	10 crore	50 crore
	Medium	50 crore	250 crore

MSMEs produce a variety of products for both the domestic market as well as international markets. The MSME sector has helped in the development and expansion of the fiber, village, and textile industries. MSMEs also grant and perform an important role in India's growth in many areas, like flexibility in operations, low investment in demand, a low rate of imports, and a major contribution to domestic production. MSMEs encourage the overall development of weaker societies in rural areas by providing employment opportunities.¹¹ The contribution of micro, small, and medium enterprises to India's economy is almost 8 percent of GDP, nearly 40 percent in exports, and around 45 percent in the manufacturing sector. That's why it would not be wrong to say that MSMEs are the backbone of the country. Micro, small, and medium enterprises are the dominant sector for the development of the Indian economy as well as socio-economic development.¹² Micro, small, and medium enterprises have a significant role in the economy of UP in terms of generating jobs and foreign exchange through exports. The MSME segment of Uttar Pradesh produces more than 60% of all industrial production. Uttar Pradesh has a significant number of MSME units and is a major exporter of ready-made garments, designed merchandise, detailed work, etc.¹¹

ONE DISTRICT, ONE PRODUCT SCHEME

The Ministry of Food Processing Industries launched the "One District, One Product" initiative to assist districts in reaching their full potential through socio-cultural and rapid economic development, as well as to create job opportunities, primarily in the rural sector. The ODOP scheme's main aim is to convert each district into an export centre through advancement of the product in which the district has specialization. The scheme was launched by the Uttar Pradesh government on January 24, 2018 and later accepted by the central government due to its great success. The purpose of the "one district, one product" scheme is to support the betterment of specialised products in each district across the state. The scheme provides financial assistance to manufacturers for the development of specialised products through skill development, marketing, the development of MSME industries, and the development of common facilities.

LITERATURE REVIEW

Yadav, Tripathi, Yadav, Gupta, Aliza, Tripathi, (2021), said that India is the single country in the world who supplies handmade crafts. This article is mainly focusing on women entrepreneurs in handicraft industry .Craft tradition of India has given actual picture of the working environment

of handicraft women workers. They also pointed out that adoption of ODOP scheme by the state of Uttar Pradesh leads towards economic renovation. They had focused rural agricultural handicraft of Uttar Pradesh in this article. Both primary and secondary data is used in this research.

Tripathi and Agrawal (2021), the purpose of this research paper is to talk about the importance of one District one product scheme on economic revitalization Uttar Pradesh of India. This paper analyzes the impact of ODOP on export promotion, employment generation and economic development of the state of Uttar Pradesh from 2018 to 2020. Case study approach is used in this paper for discussion and secondary data are used. This paper analyzes that after implementation of ODOP scheme, it has revealed increasing results in Uttar Pradesh in past three years.

Singh, (2020), this article focused on entrepreneurs' journey in Lockdown period in Uttar Pradesh. This research explains that to do something innovative, creative, self-identity, freedom and independence are the big component that encourage artisans to start and run their own business. This article also explain that the main challenges faced by the entrepreneurs that are not being recognized by the community. The main focus of this research is to encourage entrepreneurs running small business in Uttar Pradesh. This paper also presents intuitive opinion how entrepreneurs established and controlled their businesses by employing qualitative technique (indepth Interview).

Yadav and srivastri (2020), have discussed industrialization as a tool of economic development. This study has ascertained potentiality of industrialization and to discover the contribution of MSMEs in socio- economic development. This research has been conducted in the Mirzapur district of Uttar Pradesh. The research was based on both primary and secondary data and chi square test has been used to analysis the association between variables. Exploratory, quantitative and cross sectional type of research was used in this particular research paper. Currently Mirzapur district has promoted by UP government for its specialty carpet and dari industry under ODOP scheme.

Gangwar, Brahm, Sharma, Singh & Pathak (2021), discussed the contribution of jiggery production in economic development. Particularly they have focused on the Jaggery entrepreneur's challenges and government initiatives to the betterment of Indian Jaggery entrepreneurs. The research is based on secondary data. The study has also reveals that Indian jaggery entrepreneurs faced many challenges like: lack of confidence, education, lack of information, tough competition, lack of support, problem of marketing, problem of labor etc. to the operating of small and medium enterprises.

MA, Sarjiyanto and sarwoto (2019), the motive of this study to examine the attachment between government scheme (OVOP) regards regional superior products growth with SME's . Analytical analysis and primary and secondary data has been used in this research. The outcome of this research reveals weak proof that there is strong relation between government policy and SME's main product. Partial support, policy and some other elements are the source of in-coherence. They

focused that there is the need of cooperation between the financial institutions, private institutions, policy makers, media etc.

Srivastwa (2021), has discussed the relevance of agricultural sector in the economic development in any country. Study reveals that cottage and traditional industries have been the main source of rural job opportunities and fuel for social and economic development. The cross sectional analytical approach has been used in the study. He concludes that there is need of technical and financial support of traditional and non- traditional enterprises to improve their contribution in growth of the economy.

Mahrotra & Kaveri (2020), presented a case study on social innovation in the handicraft sector through ITC element on the financial facilities in the state. The purpose of this research article is to show a structure on how to bring innovation in the handicraft industry by the IT element. This particular study based on bibliographical research approach and this research has focused on only handicraft industry. Much more research has been done in the field of public sector but there is a need to study particular handicraft sector. They conclude that there is need to observe the significance of digitization for the growth of public as well as private sector.

OBJECTIVE OF THE STUDY

1. To present the overview on ODOP in context of MSMEs.
2. To study the role of ODOP in growth of MSMEs.
3. To study the contribution of ODOP in economic development.

RESEARCH METHODOLOGY

This research is first and foremost based on secondary data. The appropriate data is collected from many sources, like journals, annual reports, various websites, etc. The method of research is descriptive and qualitative in nature. Geographic location in Uttar Pradesh has been considered in this study.

THE OVERVIEW OF ODOP IN UTTAR PRADESH

The Uttar Pradesh government has introduced certain policies for twenty-plus sectors and given the most priority to protecting, reviving, and specialising indigenous arts and crafts by planning a landmark initiative called the ODOP (One District, One Product) scheme. The ODOP scheme has become even more important and relevant since Prime Minister Narendra Modi launched a new campaign, Aatma Nirbhar Bharat Abhiyaan. The aim of this campaign is to empower local industries and build a self-reliant India. To revive and encourage indigenous art and craft products, the innovative initiative ODOP (one district, one product) has been launched by the UP government. The initiative would support MSME's efforts to promote and produce those products, which are unique in each district of Uttar Pradesh. The ODOP scheme was launched in 2018 with

25000 crores in accounts for financial and marketing support to indigenous art. The government of Uttar Pradesh has allotted 250 crore rupees in the 2018-19 budget for the implementation of the scheme. 16 Under the ODOP initiative, the government of Uttar Pradesh has offered many credit services and subsidies under the four sub-schemes of ODOP for easy access to finance, helping infrastructure development, enhancing skills, and giving marketing support to producers of specialized products in a certain district. The four sub-schemes of ODOP are as follows:

Schemes of One District, One Product

S.No.	SCHEMES
1. 2.	Common Facility Centre Scheme (CFC)
3.	Marketing Development Assistance Scheme
4.	Finance Assistance Scheme (Money Margin Scheme)
	Skill Development and Toolkit Distribution Scheme

Source-By Author

The ODOP scheme helps to receive financial support from recognised institutions for fair pricing, give training and skill enhancement, and compete globally with marketers. The aim and vision of the ODOP scheme are to create MSME centres that produce indigenous and traditional products within each district of Uttar Pradesh. ¹⁶

List Of Products All 75 Districts Which Comes Under the ODOP Scheme

S.No.	District	Product	S.No	District	Product
1.	Agra	Leather products	2.	Amroha	Musical instrument
3.	Aligarh	Locks & hardware	4.	Auraiya	Food processing (Ghee)
5.	Ajamgarh	Black pottery	6.	Ambedker Nagar	Textile products
7.	Amethi	Moonj products	8.	Ayodhya	Jaggery
9.	Budaun	Zari-Zardozi	10.	Baghpat	Home furnishings
11.	Bahraich	(Wheat-Stalk) handicrafts	12.	Bareilly	Zari-Zardozi
13.	Ballia	Bindi (Tikuli)	14.	Basti	Wood crafts
15.	Balrampur	Food processing (Pulses)	16.	Bhadohi	Carpet (Dari)
17.	Banda	Shazar Stone Craft	18.	Bijnor	Wood craft
19.	Barabanki	Textile products	20.	Bulandshahar	Ceramic products
21.	Chandauli	Zari- Zadozi	22.	Chitrakoot	Wooden Toys

23.	Deoria	Decorative products	24.	Itawah	Textile products
25.	Etah	Ankle Bells (Ghungaroo), Bells and Brass Products	26.	Farrukhabad	Textile Printing
27.	Fatehpur	Bedsheets and iron fabrication works	28.	Firozabad	Glassware
29.	Gautam Budh Nagar	Readymade Garments	30.	Ghazipur	Jute Wall Hanging
31.	Ghaziabad	Engineering Goods	32.	Gonada	Food Processing (pulses)
33.	Gorakhpur	Terracotta	34.	Hapur	Home Furnishing
35.	Hardoi	Handloom	36.	Hathras	Hing
37.	Hamirpur	Shoes	38.	Jalaun	Handmade Paper Art
39.	Jaunpur	Woolen Carpet (Dari)	40.	Jhansi	Soft Toys
41.	Kaushambi	Food Processing (Banana)	42.	Kannauj	Perfume (Attar)
43.	Kushinagar	Banana Fiber Products	44.	Kanpur Dehat	Aluminium Utensils
45.	Kanpur Nagar	Leather Products	46.	Kasganj	Zari-Zardozi
47.	Lakhimpur Kheri	Tribal Crafts	48.	Lalitpur	Zari Silk Sarees
49.	Lucknow	Chikankari & Zari Zardozi	50.	Maharajganj	Furniture
51.	Mahoba	Gaura Stone Craft	52.	Meerut	Sports Products
53.	Mirzapur	Carpets	54.	Mainpuri	Tarkashi Art
55.	Moradabad	Metal Craft	56.	Mathura	Sanitary Fittings
57.	Muzaffarnagar	Jaggery	58.	Mau	Powerloom Textile
59.	Pilibhit	Flute	60.	Prayagraj	Moonj Products
61.	Pratapgarh	Aamla Products	62.	Raebareli	Wood Work
63.	Rampur	Appliqué work along with Patch Work, Zari Patchwork	64.	Sant Kabir Nagar	Brassware Craft
65.	Shahjahanpur	Zari-Zardozi	66.	Shamli	Iron Arts
67.	Saharanpur	Wood Crafting	68.	Shravasti	Tribal Craft
69.	Sambhal	Handicraft (HornBone)	70.	Sidharthnagar	Kala Namak Rice
71.	Sitapur	Carpet (Dari)	72.	Sonbhadra	Carpets
73.	Sultanpur	Moonj Products	74.	Unnao	Zari-Zardozi
75.	Varanasi	Banarasi Silk Saree			

Source- Invest India ODOP ROLE OF ODOP IN GROWTH OF MSME

Uttar Pradesh has been most significant in formulating and applying attractive schemes to help industrial development, increase investments, and secure sustainable development¹⁵. The initiative ODOP is the flagship scheme of the government of Uttar Pradesh. The state has the most MSMEs, and the majority is in the unrecognized sector, and many of these are very old, traditional, and indigenous industries. Before the implementation of the ODOP initiative in the state, there was no such scheme to encourage the traditional MSME sector. The scheme gave a new identity to traditional industries (MSMEs). The 90 lakh MSMEs in the states account for 14.2 percent of all MSMEs in the country. With the implementation of the ODOP scheme, approximately 4.02 percent of MSMEs have been established. Every chance has been used to encourage the ODOP initiative because the initiative has given a unique identity to the MSME sector. ¹⁷

CONTRIBUTION OF ODOP IN ECONOMIC DEVELOPMENT

The GSDP of the state of Uttar Pradesh has increased by 10 percent from 2017–18 to 2019–20. The present contribution of Uttar Pradesh to the nation's GDP is 8 percent. The state's economic growth was 28 percent in 2018-19 and 34 percent in 2019-20, an increase of more than 6 percent from 2018-19. By 2021, the ODOP initiative has the potential to create 1.3 crore job opportunities. After implementation of the scheme, the MSME sector has generated employment opportunities for approximately 24.41 lakh people in the state in the last three years, and around 80 percent of its contribution has been recorded in the state's exports. A 35 percent increase has been recorded from 88967 crore in 2017–18 to 1,20,356 crore in 2019–2017. The initiative has helped increase the state's exports by nearly 30 percent. Industries (MSME) such as garments, handicrafts, food processing, carpets, etc. have also received more foreign currency. The initiative's products or industries have contributed to the state's exports worth 1.16 lakh crore in just one year. The success of the scheme can be seen from this contribution.

CONCLUSION

Micro, small, and medium enterprises constitute the largest share of business enterprises in the whole world. The MSME sector has essential capabilities for economic development, employment creation, poverty mitigation, and encouraging inclusive and sustainable development. Conclusively, we can say that the "One District, One Product" scheme has contributed to economic development and MSME growth. Also, the innovative initiative has helped with the state's export promotion and job creation. The "One District, One Product" scheme has given a new identity to the unique product of each city in the state. The above study shows that the ODOP initiative also helped small artisans through marketing assistance, financial assistance, and skill enhancement.

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