

# Growth Trends of Small-scale Sector and Related Industries in Uttar Pradesh

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## ABSTRACT

The MSME sector is increasingly considered a main and important source for propelling the development of the rural economy and the urban economy. Synergy is seen if the MSME sector works with different other constituents' economies. This research article attempts to analyze the growth pattern of MSME sectors in Uttar Pradesh.

**Keywords:** Growth Trends of MSME Sector, Growth rate = Absolute change / Previous value, SSE, Synergy.

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## INTRODUCTION

India is a democratic country having 29 states and 8 union territories. Among all, Uttar Pradesh (UP) has an important place in the country's economy. Apart from countrywide 16% population and 8% Gross Domestic Product (GDP), the per capita income gap in the nation has widened since 2005 from 35% to 50% in 2017-18. Analyzing the status of the small-scale sector in Uttar Pradesh is important because it depicts the true position of growth in this sector. This awareness is important because for employment generation and as a means of revenue from foreign earnings through exports, this sector plays a major share in GDP. This sector supports entrepreneurs that act as catalytic agents in job creation and innovation and contribute to the country's GNP. An economy thrives through bringing entrepreneurial and innovative ideas on the board, and budding entrepreneurs must have complete knowledge and information to set up their businesses and bring forward their ideas for the country as well as for their own development. Uttar Pradesh started Investment and Employment Promotion Policy-2017 on 13 July 2017.

### Review of Literature

A lot of studies have been considered on entrepreneurship and small-scale industries. The major focus of these studies is on the issue of growth and development in the small-scale industries and large-scale industries. In their study, Dhar and Lydall (1961), Sandesara (1954) found that small scale industries are creating fewer employment opportunities even in large scale industries. Biswanath Goldar (1988) find out in his study

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that the SSIs sector has a lower level of labor productivity when compared with capital productivity which is high. But the total factor productivity shows a trend of lower productivity. Goldar further emphasized in his study that the SSI should not be relied upon as a source of efficient employment generation. Leibenstein and Galenson (1955) took the opposite stand and tried to show that labor-intensive techniques can generate output without any lag, but there will be little surplus since the wage bill would be more. Economic development preceded the investment, but the use of labor-intensive techniques leaves a lower surplus for investment.

### Significance of the study

MSME sector needs to be witnessed through its annual growth rate, which clearly depicts the picture of annual growth, which shows whether the MSME sector is under consideration in economic policies or not. If investment in capital assets is to be increased, then the comparison is to be made by annual growth for consecutive years that examines the status of growth and development of any sector. So this research article is the proposed

work that would further contribute to policy-making for small-scale industries.

### Research Question

From the foregoing, the research question for this study is as follows: Is there any growth seen in the small-scale sector and industrial production during the last five years, even after the implementation of effective schemes for industrial investment and employment Promotion?

### Objectives of the Study

From the above-mentioned research question, this research paper has two objectives. The first objective is to empirically analyze the annual growth rate of the small-scale sector empirically from 2014 to 2020, and the second objective is to find out the annual growth rate of production(Rupees) in factories from 2011 to 2016.

## RESEARCH METHODOLOGY

Data have been collected from secondary sources i.e., official websites of MSME. Journal published online related to this article has also helped in the analysis of the objective of this paper. The formula used for analyzing the growth rate is

Growth rate = Absolute change/Previous value. For this first Find percent of change: To get the percent of change, you can use this formula of percent of change = Growth rate x 100.

### Interpretation 1

Table 1 depicts the status of a number of Industrial units registered with the directorate of industries as on 31 March. The above table indicates that the cumulative number of Industrial units have been established in consecutive years from 2014 to 2020 in absolute terms. Similarly, Capital investment in Rs( Crore) and Employment Generation (Thousands of man days) also seems good during these given years. This indicates that

the growth of the MSME sector has increased in number as well as capital investment also increased. The capital investment was very high in 2015-16 as compared to further consecutive years

### Interpretation 2

Table 2 shows the percentage growth rate in the number of units registered with the directorate of industries as of 3 March. It is clearly visible that the growth rate of registration was quite high in the initial years, that is, in 2015-16 (43.53%), but it declined very high in 2017-18 to 7.15 %. Similarly, in 2018-19, it declined to 6.9%, but again the rise has been seen from 6.9% to 8.54% in 2019-20, which means effective schemes Industrial Investment and Employment Promotion Policy-2017 promoted and increased small-scale sector industries registration

### Interpretation 3

Table 3 illustrate that all industries' production in crores has increased in their absolute figure in five consecutive years. But the production in Livestock related, forest-based, Chemical, and Mineral based industry is lower than in Engineering based and agro-based industries. This shows that production in agro-based industries and engineering-based industries is going better than in others.

### Interpretation 4

Table 4 illustrates that all industry's investment does not follow the same pattern of increase in production in rupees as it is clear from the table that production in livestock is very low -65.70%. It increased in between but didn't show good sign of production similarly chemical based industry production in factories declined in 2020 whereas engineering-based industries shown a positive sign of production in factories similarly textile also declined to 2.41% in 2019-20 similarly mineral based industry is also not showing a good sign in production, but there is opportunity seen with agro-based industry and engineering-based industry.

**Table 1:** Status of Small Scale Sector in Uttar Pradesh

Items	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
a) No of the Industrial units registered with the directorate of industries as on 31 March	875500	1256621	1657885	1776512	1899107	2061407
b) Capital investment in Rs( Crore)	29676.7	61,886.70	-----	-----	78,220.70	98893.7
c) Employment Generation (Thousands of man-days)	4207	6564	-----	-----	7322	8308

Source: Statistical Diary of Uttar Pradesh

Publication in E. Library year 2017, 2018, 2019, 2020

----- Data Not Available



**Table 2: Annual Growth Rate of Small Scale Sector in Uttar Pradesh(%)**

Items	2015-16	2016-17	2017-18	2018-19	2019-20
a) No of the Industrial units registered with the directorate of industries as on 31 March	43.53	31.93	7.15	6.9	8.54
b) Capital investment in Rs( Crore)	108.5363265	-----*	-----*	-----*	26.42907
c) Employment Generation (Thousands of man-days)	56.0256715	-----*	-----*	-----*	13.46627

Source : Authors own Calculation from above Table 2

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**Table 3: Status of Production in Factories in Uttar Pradesh**

Category	Production in (Rs Crore)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Agro Based Industries	69185	81453	95209	100065	108510	123686
Textile Industries	12870	14380	16743	18884	20691	21190
Livestock based Industries	7494	8006	1006	12867	35399	12143
Forest-based Industries	5116	5741	8393	9224	9235	12937
Mineral based Industries	39972	41630	40322	49955	30758	31984
Chemical based industries	20836	21937	26247	29426	28089	25307
Engineering based Industries	67119	63654	71778	77269	84852	105593
Misc Based Industries	59725	90837	67145	72351	81224	80584
Total	282319	307639	336822	370040	398758	413423

Source: Statistical Diary of Uttar Pradesh

Publication in E. Library year 2017, 2018, 2019, 2020

**Table 4: Production in Factories (Rs Crore)**

Annual Growth Rate in Percentage(%)						
Category	2012-13	2013-14	2014-15	2015-16	2016-17	
Agro Based Industries	17.73	16.89	5.10	8.44	13.99	
Textile Industries	11.73	16.43	12.79	9.57	2.41	
Livestock based Industries	6.83	-87.43	1179.03	175.11	-65.70	
Forest-based Industries	12.22	46.19	9.90	0.12	40.09	
Mineral based Industries	4.15	-3.14	23.89	-38.43	3.99	
Chemical based industries	5.28	19.65	12.11	-4.54	-9.90	
Engineering based Industries	-5.16	12.76	7.65	9.81	24.44	
Misc .Industries	52.09	-26.08	7.75	12.26	-0.79	
Total	8.97	9.49	9.86	7.76	3.68	

Factory + was Registered under the Factories Act of 1948.

Source : Authors Own Calculation calculated from Table 3

## RESULT AND DISCUSSION

By analyzing and interpreting the above tables, it is clearly shown that the number of small-scale industries increased in 5 years, but the capital investment is not remarkable even though this sector is generating

employment that has increased too during the five years. Therefore capital investment is required to grow this sector and need to be emphasized for production, major factors have to be analyzed that would increase production as well as sector like livestock mineral need to be focused on as well, and there is also greater

opportunities that seems to be with agro-based industry that to be further encouraged and enhanced.

## CONCLUSION

As it is very important to analyze and examine the status of all the sectors of the economy, but in a country like India major concern is on the MSME Small Scale Industry because that needs to be focused because 67.04% population resides in villages where a lot of opportunities are present due to high labor force as it is clearly seen that employment could be increased through SSE, therefore, all the industries and capital investment need to be increased in this regard, and further policies are needed to be prepared in order to get registration of entrepreneurs in the highly demanding sector that can provide a comparative advantage.

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