

Catalyzing MSME Growth In Uttar Pradesh - An Inclusive And Linguistically Accessible Policy Design

Ms. Ojasvi Dixit¹, Ms. Mansi Jatav², Dr. Shivani Wadhwa³, Dr. Srishti Srivastava⁴, Mr. Deepak Kumar⁵

¹Assistant Professor, K.R. Mangalam University, Sohna Road, Gurugram, Haryana.

²Assistant Professor, K.R. Mangalam University, Sohna Road, Gurugram, Haryana.

³Assistant Professor, K.R. Mangalam University, Sohna Road, Gurugram, Haryana.

⁴Assistant Professor, K.R. Mangalam University, Sohna Road, Gurugram, Haryana.

⁵Assistant Professor, K.R. Mangalam University, Sohna Road, Gurugram, Haryana.

Abstract

India's Uttar Pradesh economy depends heavily on the Micro, Small and Medium enterprises (MSMEs) Sector, which is essential to social development, industrial production and job creation. Persistent issues like- unequal access to funding, technology, and administrative support remain despite focused government initiatives, and they are made worse by socio economic and linguistic hurdles. This study highlights the main obstacles of MSME expansion in Uttar Pradesh and suggests a thorough plan to address them by incorporating linguistic accessibility and inclusion into creation of policies. The paper emphasizes the need for context driven, multilingual policy communication, discusses current policy landscapes, and points out shortcomings in regional and dialect-based outreach. Women, young people, and groups from undeserved and economically poor areas are among the marginalized entrepreneurs who receive particular attention. To bridge accessibility gaps, the paper promotes grassroots community involvement, vernacular internet platforms, and the translation of policy text into local languages. By taking these steps, the report offers practical suggestions for improving the efficacy and equity of MSME policies, supporting Uttar Pradesh's ambition to become a \$1 trillion economy and its objective of inclusive economic growth.

Keywords: MSME, Growth, Employment, Inclusivity, Linguistic Policy

1. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) constitute an important pillar in the foundation of India's economic architecture, contributing significantly to employment, GDP growth, and social upliftment. Within this landscape, Uttar Pradesh (UP) has emerged as a frontrunner, possessing the highest number of registered MSMEs among Indian states and playing a crucial role in driving regional industrialization. However, despite this numerical strength and policy attention, MSMEs in UP continue to grapple with persistent barriers such as limited credit access, technological insufficiencies, complex regulatory processes, and disparities in market connectivity.

A less frequently addressed, yet fundamental dimension of these challenges pertains to linguistic and communicative accessibility. UP's demographic diversity is mirrored in its multiplicity of languages and dialects, which deeply influence how entrepreneurs interact with institutional frameworks and policy mechanisms. Traditional, monolingual policy dissemination has often failed to inclusively reach entrepreneurs operating outside dominant linguistic groups, especially those from marginalized or economically disadvantaged communities. As a result, critical information regarding registration, financial schemes, technological upgrades, and governmental support frequently remains inaccessible to substantial segments of the MSME population.

This research paper adopts an interdisciplinary approach, integrating policy analysis with a linguistic lens, to critically evaluate the impact of MSME policy interventions on sectoral growth, formalization, and sustainability in Uttar Pradesh. The paper explores the extent to which inclusive, language-sensitive strategies have enhanced policy awareness, equitable access, and entrepreneurial empowerment. The research ultimately offers evidence-based recommendations for constructing a robust, linguistically accessible, and truly inclusive MSME ecosystem in Uttar Pradesh.

2. Historical Evolution of MSMEs in UP

Uttar Pradesh's Micro, Small and Medium Enterprises (MSME) sector traces its formal origins to the national MSME Development Act of 2006, which defined enterprise categories by investment thresholds and laid the groundwork for state-level support. In 2015, Uttar Pradesh launched its first dedicated MSME Promotion Policy, offering capital and interest subsidies, stamp-duty exemptions and enhanced

credit linkages. That same year, the introduction of Udyog Aadhaar simplified registration with a one-page self-declaration form, driving a surge in formalized units.

Building on this momentum, the Industrial Investment & Employment Promotion Policy (2017) provided differentiated incentives higher subsidies and common facility centres to spur investment in priority districts. In 2018, the One District One Product (ODOP) Scheme further strengthened clusters by identifying a flagship product in each district and supporting it with infrastructure, marketing and export facilitation.

The digital transformation accelerated in July 2020 when Udyog Aadhaar migrated to the Udyam portal, adding turnover criteria and multilingual interfaces; registrations in UP grew from 58,555 in FY 2021-22 to over 190,000 by FY 2023-24. Finally, the state's MSME Promotion Policy 2022 institutionalized differentiated support through regionally tailored subsidies and enhanced procurement mandates, cementing a decade-long evolution from informal micro-units to a digitally registered, policy-driven MSME ecosystem.

3. REVIEW OF LITERATURE

The growth and sustainability of Micro, Small, and Medium Enterprises (MSMEs) have emerged as crucial components of economic development, particularly in regions like Uttar Pradesh (UP), where they contribute significantly to employment generation and industrial output. Various studies have highlighted the importance of inclusive and accessible policy frameworks in promoting the MSME sector. Saxena (2024) emphasizes the need for government policies that not only promote MSME growth but also ensure inclusivity by addressing critical challenges such as inadequate infrastructure and limited access to finance. The paper advocates for policies that enhance competitiveness through better design and implementation. Echoing similar sentiments, Suyeno (2024) underscores the importance of effective communication and collaboration between government bodies and MSME stakeholders. The study suggests that linguistically inclusive policy designs, along with tailored mentoring and support programs, can significantly accelerate MSME development in UP.

Several researchers have examined the regional and linguistic diversity in Uttar Pradesh, calling for a more context-sensitive policy approach. Fatima and Akhtar (2023) focus on the need to cater to the unique challenges faced by MSMEs in diverse linguistic communities to ensure inclusive growth. Similarly, Devi (2023) highlights the role of regional development and community attitudes in shaping MSME performance, advocating for support mechanisms that are linguistically and culturally tailored.

Kapoor et al. (n.d.) examine the broader industrial policies in UP, particularly the One District One Product (ODOP) scheme, highlighting its role in encouraging entrepreneurship and employment. Their analysis of industrial policies from 2004, 2012, and 2017 provides insight into the historical evolution of state-level support to MSMEs. While the policies promote unit growth and employment, they fall short in focusing explicitly on inclusive policy design.

The role of financial and institutional support mechanisms is further explored by Gupta (2013), who delves into the initiatives of the Small Industries Development Bank of India (SIDBI) in financing MSMEs. However, this study lacks a specific focus on regional inclusivity. In contrast, Kumar (2013) stresses the necessity for policies that guard MSMEs against competitive pressures from larger industries and ensure equitable and inclusive growth, especially in states like UP.

More recent studies have examined specific policy frameworks and programs. Mishra and Pal (2023) provide an analysis of the UP-Startup Policy 2020, suggesting infrastructural upgrades, better access to raw materials, and financial assistance as critical elements for inclusive MSME growth. They advocate for cooperative structures and the expansion of banking services to meet the credit needs of marginalized groups. Jaiswal and Dixit (n.d.) also highlight the declining growth rate in production and employment despite the large number of MSMEs in UP. They argue that inclusive and linguistically accessible policies are essential to bridge the gap between quantitative expansion and qualitative development.

From a national perspective, Dey (2014) and Kumar (2013) both argue for MSME-focused policies that prioritize equitable development. They call attention to the structural challenges MSMEs face from dominant industries and underline the benefits of accessible policy frameworks in fostering long-term sustainability. Additionally, Gupta and Rani (2024) discuss the significance of MSMEs in employment and economic advancement, proposing that historically informed, context-specific policies can foster a more inclusive entrepreneurial ecosystem.

Lastly, while not limited to MSMEs, Mishra and Singh (2020) provide relevant insights into the broader issue of inclusiveness in rural growth, reinforcing the idea that balanced economic policies must consider both regional and socio-economic disparities.

4. RESEARCH METHODOLOGY

Data for this study has been meticulously gathered from credible secondary sources, including the official MSME website, annual reports spanning 2021 to 2024, and authoritative databases such as the UP MSME Directorate, Udyam registrations, and the ODOP data repository. The analysis focuses on identifying trends within the MSME sector, particularly following the implementation of the Udyog Aadhaar Memorandum. Additionally, key policy documents, notably the UP MSME Promotion Policy 2022 and the ODOP Scheme Guidelines, have been thoroughly reviewed to provide a regulatory framework for the study. To ensure a comprehensive and well-rounded perspective, relevant scholarly articles and journals published online have also been incorporated to fulfill the research objectives effectively.

Objectives

1. To evaluate the influence of MSME policy interventions on the growth of the MSME sector in Uttar Pradesh.
2. To Assess the Impact of Linguistic and Inclusive Policy Design on MSME Growth in Uttar Pradesh.
3. To give policy recommendations to make MSMEs more inclusive, accessible and growth oriented.

5. Contribution of MSMEs in Uttar Pradesh

Currently, the highest concentration of micro, small, and medium-sized businesses can be found in the Indian state of Uttar Pradesh. In fact, MSMEs are regarded as the state's manufacturing foundation. Over the last decade, the MSME sector in Uttar Pradesh has undergone a fundamental transformation, driven by the introduction and implementation of a diverse set of government schemes and policy reforms. The UP government is making a lot of effort to promote MSME regional growth. In 2015-16, the U.P. Micro, Small and Medium Enterprises Promotion Policy (2015) introduced capital subsidies, interest reimbursements, and enhanced credit linkage for MSMEs. The policy established a structured incentive framework and improved investor confidence among the small businesses, resulting in increased registration of MSME units across the state.

5.1 One District One Product Policy (ODOP) Framework: The MSME Policy took new leaps with One District One Product Policy of Uttar Pradesh Government in 2018. The ODOP Policy focussed on promoting unique district-level products in every district. ODOP has increased district-specialised exports by 76 percent since 2018. Leather goods (Kanpur), brassware (Moradabad) and hand-knotted carpets (Bhadoli-Mirzapur) dominate, while new agri-processing products (Kala Namak rice, amla) enter high-growth trajectories. On the employment front, ODOP has revitalized traditional crafts and created new livelihood opportunities.

5.2 Benefits of Central level initiatives in UP: Since July 2020, launch of the multilingual Udyam portal, UP's cumulative registrations soared from 58,555 in FY 2021-22 to over 1.9 lakh in FY 2023-24. Assisted-filing camps and vernacular tutorials contributed to higher uptake in clusters such as Moradabad brass and Kanpur leather. Uttar Pradesh has implemented the financial empowerment initiatives of the centre, such as the expansion of the Pradhan Mantri Mudra Yojana (PMMY), made collateral-free loans widely available, particularly aiding rural, first-generation, and women entrepreneurs in overcoming the traditional barriers to business credit.

5.3 Trends post MSME Promotion Policy 2022: MSME registrations have witnessed a significant upsurge post the MSME policy 2022. This has been aided by simplified allotment of industrial plots, 100% online processing, and prioritization of industrial park creation. This has lowered entry barriers and encouraged new unit set-ups, particularly in underserved areas. The policy explicitly targets a 15% annual increase in MSME-related employment. By expanding access to capital and interest subsidies, as well as promoting industrial estates in rural, peri-urban, and expressway-adjacent zones, the state has allowed broader participation of youth and marginalized groups in the MSME workforce (Department of Micro, Small and Medium Enterprise & Exports Promotion, Government of Uttar Pradesh, 2022). This has helped the state move closer to achieving MSME related employment targets. Further, the ODOP clusters have been strengthened by the MSME policy 2022 regarding quality certification, GI tag and global trade certification. As a result of which MSMEs in Uttar Pradesh now contribute over 46% of state exports. (Committee for MSME & Start-up & The Institute of Chartered Accountants of India, 2022) There is a 30% jump in exports between FY2020-21 and FY2023-24, particularly in crafts, processed

foods, engineering goods, leather, textiles, and glassware.(Gupta, 2024) In short Uttar Pradesh is setting new benchmarks in policy-driven growth, combining significant financial incentives, digitized processes, environmental responsibility, and inclusive expansion. The overarching impact is visible in the record rise in registrations, new employment generation, stronger export performance, technological modernization, and tangible gains in formalization and competitiveness of MSMEs throughout the state. Simultaneously, major administrative reforms such as the simplification of business registration procedures through digital tools like the Udyog Aadhaar Memorandum and the introduction of single-window clearances significantly reduced compliance burdens and encouraged large numbers of informal enterprises to formalize.

Cluster development was prioritized through the One District One Product (ODOP) scheme, which not only promoted regional handicrafts and agro-products but also helped expand exports and create employment through specialized clusters supported by common facility centres. Infrastructure and investment incentives were strengthened by state policies that provided targeted tax exemptions, capital subsidies, and special benefits to MSMEs, thereby attracting private investment and boosting industrial output in both urban and less-developed regions. Comprehensive support for entrepreneurs was further enhanced by schemes like the Mukhyamantri Yuva Swarozgar Yojana, which facilitated credit and startup support for youth, and the Vishwakarma Shram Samman Yojana, which revitalized traditional artisan sectors through training and grants.

In recent years, the focus has shifted toward digitalization and inclusivity, with online platforms such as Nivesh Mitra and Udyam Sakhi streamlining MSME registration and support services, ultimately increasing transparency and women's participation. Export Promotion Cells and e-market initiatives have opened new markets and improved competitiveness, particularly benefiting rural and home-based enterprises. The state's MSME Promotion Policy of 2022 institutionalized enhanced support for women, SC/ST/OBC entrepreneurs, and underdeveloped regions, while strengthened procurement policies ensured a consistent demand pipeline for MSME products. Through these multi-pronged efforts, Uttar Pradesh has expanded its number of MSME units, job creation, and exports, positioning itself as a leading Indian state in enterprise growth, while laying a strong foundation for continued economic advancement.

6. Inclusivity in Uttar Pradesh's MSME Ecosystem: Gender, Caste, Tribal, and Religious Dimensions
The rapid expansion of Uttar Pradesh's MSME sector has created unprecedented economic opportunities. Yet, given the state's diversity across gender, caste, tribal, and religious lines, a genuinely developmental approach requires that growth reaches all segments. Recent policy and practice in UP reflect this imperative, as MSME strategies increasingly target women, Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Classes (OBC), and minority communities, seeking to address historic inequities and bridge opportunity gaps. While linguistic accessibility is a crucial cross-cutting factor in participation, that specific aspect will be discussed separately in the following section. This analysis draws on the latest MSME annual reports, datasets from the UP MSME Directorate, RBI and ODOP export summaries, and the 2022 MSME Promotion Policy, as well as studies examining intersectionality in entrepreneurship across gender, caste, tribe, and religion.

6.1 Gender Inclusion: Policy Evolution and Ongoing Challenges

The UP MSME Promotion Policy 2022 has set enhanced capital and interest subsidies for women-led enterprises, especially in disadvantaged regions like Bundelkhand and Purvanchal. Women-owned MSMEs in UP became eligible for substantial financial incentives, such as up to 60% interest subsidy in certain sectors, and special support through digital platforms like Udyam Sakhi that streamline registration and foster access to training and business networks. As a result of these combined interventions, women-led MSME registrations in UP saw a remarkable climb from 58,555 in FY 2021-22 to 190,571 by FY 2023-24 (Buteau, 2021). This upsurge signals increased access and improved policy uptake among women entrepreneurs, aided by targeted communication, onboarding assistance, and the normalization of women's entrepreneurship in policy narratives.

Despite these gains, deep-rooted hurdles remain. Social norms and family constraints continue to inhibit many women particularly in rural and semi-urban clusters from accessing credit, technology, and formal markets. Limited financial and digital literacy, compounded by the challenge of navigating bureaucratic processes, also hamper women's journey from intention to enterprise establishment and scale-up. The digital divide, often greater for older or less-educated women, further restricts their ability to benefit fully from new e-marketplaces and government schemes.

6.2 Case Example

Grassroots entrepreneurs in places like Kaushambi and Gorakhpur reported markedly improved credit access and participation in ODOP initiatives after hands-on assistance in the registration process and access to locally relevant training. While specific details on linguistic support will follow in another section, field reports indicate that culturally responsive outreach remains pivotal in overcoming initial barriers.

6.3 Caste and Tribal Inclusion: Affirmative Action and Realities on the Ground

6.3.1. Focused Schemes and Impact

Targeted programs such as the National SC/ST Hub and the mandatory 25% government procurement requirement with embedded sub-quotas for SC/ST and women entrepreneurs have driven greater involvement from marginalized groups. By 2024, SC/ST-owned MSMEs secured procurement contracts worth over ₹1,301 crore across more than 8,800 units. The Tribal Sub-Plan (TSP) has provided tailored resources for tribal entrepreneurs, expanding credit access, enterprise training, and support for traditional livelihoods, particularly in crafts and organic product sectors (Kapoor et al., 2020).

6.3.2 On-the-Ground Challenges

Nevertheless, structural discrimination remains a barrier which is most visible in local markets, value chains, and financial institutions where SC/ST entrepreneurs may still face subtle or overt exclusion. For ST entrepreneurs, especially in forested or remote districts, digital inequities and lack of awareness about state support persist as critical obstacles.

6.4 Regional Equity

The 2022 revision to the UP MSME Promotion Policy significantly expanded support for marginalized regions: Bundelkhand, for instance, experienced a 30% surge in MSME activity after the introduction of higher incentives and focused SC/ST outreach (Ozili et al., 2023). Districts with substantial OBC and ST populations show similar progress, confirming that regional targeting has a positive effect on both enterprise distribution and poverty alleviation.

6.5 Minority Participation and Structural Gaps

While the state's MSME policy does not explicitly track participation by religious identity, emerging evidence suggests that some minority groups especially Muslims are underrepresented among MSME owners and formal borrowers. This underrepresentation is often due to a legacy of social exclusion, limited access to collateral and networks, and gaps in policy outreach. Notably, in districts like Moradabad (with a large Muslim entrepreneurial base), ODOP and similar market-linkage schemes have supported participation, yet anecdotal accounts highlight that formal credit and subsidy access remains a challenge for many (Sridharan, 2025).

Legal and constitutional protections exist against religious discrimination, but researchers highlight the need for proactive policy outreach, disaggregated data tracking, and robust anti-discrimination enforcement to ensure minority entrepreneurs can compete on an equal footing.

6.6 Intersectionality: Overlapping Barriers and Compounded Disadvantages

The living realities of marginalized entrepreneurs are often shaped by overlapping identities. For instance, a woman from an SC community in a rural part of Purvanchal faces compounded obstacles in the form of gendered social roles, caste hierarchies, and, frequently, limited knowledge of state-backed opportunities. True policy effectiveness, therefore, depends on intersectional design: incentives, skill-building support, credit facilitation, and digital enablement must be tailored to address the multiple, stacked layers of exclusion many entrepreneurs face (Patil, 2025).

Future efforts should deepen field-level handholding, strengthen anti-discrimination protocols in all scheme access points, and institutionalize data-driven assessment of program reach and impact by gender, caste, tribe, and religion. Supporting more self-representative MSME associations among marginalized groups can make inclusion more robust, participatory, and sustained (Singh, 2024). Uttar Pradesh's MSME sector now stands as a testing ground for the proposition that growth and inclusion can and must go together. Closing remaining access and opportunity gaps for women, SC/ST, OBC, and religious minorities is not only a matter of social justice but also of unlocking the full economic potential of the state. While linguistic barriers continue to influence accessibility (to be addressed in detail in the subsequent section), sustained, intersectional, and evidence-driven policymaking will remain essential to ensuring that MSME-led progress is genuinely broad-based and transformative (Poku et al., 2022).

7. Linguistic Accessibility: A Catalyst for MSME Growth

Uttar Pradesh (UP) leads India's Micro, Small, and Medium Enterprises (MSME) landscape, supporting millions of livelihoods and regional development. Key government interventions like the Pradhan Mantri Mudra Yojana (PMMY), Udyog Aadhaar Memorandum, and evolving digital skill and e-market initiatives

have transformed entrepreneurial potential in UP. A defining success factor for these schemes is the commitment to linguistic design. When the processes, portals, and programs are made accessible in Hindi (the state's dominant language), even those from rural or marginalized backgrounds can participate and thrive.

a) Pradhan Mantri Mudra Yojana (PMMY): Financing Through Inclusive Communication

Launched in April 2015, the Pradhan Mantri Mudra Yojana (PMMY) has become India's flagship loan program for micro and small entrepreneurs, transforming access to credit across the country. Over the past decade, PMMY has sanctioned more than 52 crore loans totaling ₹32.61 lakh crore nationally, with Uttar Pradesh consistently emerging as the state with the highest number of beneficiaries. This remarkable success is largely attributed to the scheme's thoughtful linguistic design, which ensures that all documentation, applications, promotional materials, and help desk services are available in Hindi—the language most familiar and comfortable to entrepreneurs in UP, including women and rural youth. Complementing this, extensive ground-level awareness efforts use Hindi and local dialects to conduct information sessions, capacity-building workshops, and digital help centers that clearly explain PMMY's features and eligibility criteria. The impact of this approach is best illustrated by the story of a rural artisan in eastern UP who, after her Self-Help Group attended a Hindi-medium PMMY orientation, secured a 'Shishu' category loan. This support enabled her tailoring micro-enterprise to grow, providing for her family and creating employment opportunities for other women in her community a success story echoed throughout the state. Reflecting the effectiveness of these strategies, over 1.46 crore PMMY loans were sanctioned in Uttar Pradesh alone during FY24, a milestone experts' credit to the program's targeted outreach and its strong commitment to linguistic accessibility, which has made formal credit truly within reach for millions (Buteau, S., 2021).

b) Udyog Aadhaar Memorandum: Breaking Barriers with Bilingual Processes

The launch of the Udyog Aadhaar Memorandum in 2015 marked a significant turning point in the registration process for MSMEs, shifting from cumbersome, bureaucratic procedures to a streamlined, self-declaration system accessible online. A key feature of this transformation was the introduction of a bilingual platform, offering the registration interface, guidelines, and support services in both Hindi and English. This approach effectively reduced language barriers, particularly for entrepreneurs from rural and small-town areas. Simplifying the process further, the registration required only basic documents such as the Aadhaar card, and the forms were presented in clear, plain Hindi making government requirements more understandable for first-time business owners. This digital shift has notably accelerated MSME registration rates, contributing to a compound annual growth rate of 0.45% in Uttar Pradesh's MSME sector since the system's introduction. The benefits have been especially pronounced among women and marginalized entrepreneurs who previously found English-language forms and complex paperwork intimidating.

For example, an OBC woman from Meerut successfully registered her brass work unit online by following straightforward Hindi instructions, obtaining her Udyog Aadhaar certificate without needing legal help or English proficiency. This experience reflects a broader trend across villages and towns throughout UP, where many have embraced formalization thanks to the platform's accessible design.

c) Digital Skill and E-market Initiatives: Opening New Frontiers in Native Languages

Uttar Pradesh's initiative to digitally empower its MSMEs strongly emphasizes linguistic inclusivity, recognizing language as a vital tool for effective skill development and market access. Most digital upskilling programs—covering crucial topics such as e-invoicing, GST compliance, and online marketing—are conducted primarily in Hindi, often incorporating regionally familiar terms and examples. This approach ensures that even entrepreneurs with little or no English proficiency can confidently adopt new technologies and navigate complex compliance requirements.

Complementing these training efforts, the UP government has launched a comprehensive e-commerce platform that connects 155 industrial clusters and serves over 50,000 manufacturing units. Designed with a Hindi-centric user experience, the platform supports every step of the online selling process from setting up stores and listing products to managing orders and communicating with customers all in Hindi. Additionally, FAQs and helpline services operate in the local language, significantly reducing barriers for first-time digital vendors. The economic impact has been substantial; by facilitating direct B2B transactions and streamlining logistics, the platform has saved MSMEs across the state an estimated ₹20,000 crore in warehousing and transportation costs.

For instance, a garment manufacturing cluster based in Kanpur, which was previously confined to local retail markets, now efficiently handles orders across India and for exports. Members attribute their rapid

adaptation and growth to the Hindi-focused training sessions and user-friendly e-market portals, demonstrating how language inclusivity fuels digital transformation and economic expansion.

d) Evidence-Based Impact of Linguistic Design

Linguistic accessibility has played a pivotal role in transforming the MSME landscape in Uttar Pradesh, driving enhanced access, formalization, and market expansion across the state. The availability of Pradhan Mantri Mudra Yojana (PMMY) loan forms and support materials in Hindi has significantly contributed to record loan disbursements, enabling millions of entrepreneurs to secure vital funding. For example, a woman artisan from eastern UP successfully obtained a 'Shishu' loan after attending a Hindi-language orientation, which helped her establish a thriving tailoring business that now supports her family and employs other women from her community.

At the same time, the bilingual and user-friendly design of the Udyog Aadhaar Registration Platform has accelerated the formalization of MSMEs by empowering lakhs of grassroots entrepreneurs to register independently, bypassing complex bureaucratic hurdles. An illustrative case is that of an OBC woman from Meerut who registered her brass work unit online by following simple Hindi instructions, obtaining her certificate without requiring legal assistance or English proficiency a process mirrored in countless villages and small towns throughout UP.

Moreover, linguistic inclusivity has expanded MSMEs' digital market reach, particularly in rural and dialect-rich districts. By participating in Hindi-supported online marketplaces, many enterprises have increased their competitiveness and reduced reliance on intermediaries, enabling direct access to buyers. These advances have brought significant economic empowerment to women and marginalized communities, groups traditionally excluded due to language barriers. By delivering schemes in Hindi, UP has fostered greater female entrepreneurship and social inclusion, ensuring that economic growth benefits all sections of society (Saxena 2024).

8. Challenges in Catalyzing MSME Growth in Uttar Pradesh

Despite Uttar Pradesh's position as India's leading state in MSME concentration with over 9 million registered enterprises, the sector continues to face significant challenges that limit its full potential. While policy initiatives such as the UP MSME Promotion Policy 2022 and ODOP scheme have created positive momentum, structural barriers persist in policy implementation, accessibility, and inclusive growth. This section examines the key challenges faced by MSMEs in UP and proposes comprehensive measures to address these constraints.

- a. **Credit Gap and Limited Access:** MSMEs in UP face a substantial credit gap, with only 14% of the 64 million MSMEs nationwide having access to formal credit. In UP specifically, despite priority-sector lending growing 18.1% year-on-year in April 2024, an estimated funding gap of \$819 billion (about \$2,500 per person in the US) remains unmet nationally, affecting UP's large MSME base. Reasons for this gap are attributed to hurdles faced by marginalized communities in documentation, lack of collateral by smaller entrepreneurs and women, and lack of effective utilization of subsidy programmes due to limited reach.
- b. **Policy Awareness and Linguistic Barriers:** Many MSMEs, especially in rural and non-Hindi-speaking areas, are unaware of government schemes or struggle to navigate digital portals due to language and literacy obstacles. Despite the multilingual Udyam portal being available in Hindi and English, significant barriers persist for speakers of regional dialects such as Awadhi, Bhojpuri, Bundeli, and Braj. (CHITKARA UNIVERSITY - Best University in North India, n.d.) Research indicates that 35% of MSMEs remain unregistered primarily due to linguistic barriers and limited policy awareness among marginalized communities. The Department of Financial Services has identified language barriers as a significant impediment to scheme accessibility.
- c. **High Compliance Costs:** Manufacturing MSMEs face compliance costs ranging between ₹13-17 lakh annually, with over 1,450 regulatory obligations across seven categories of law. This burden creates significant financial strain on MSMEs.
- d. **Technological Adoption:** Adoption of modern technology, automation, and digital processes remains low among small-scale and traditional MSMEs due to inadequate technical skills, lack of exposure, and limited access to affordable technology solutions.
- e. **Infrastructure Gaps:** Clusters outside major industrial hubs still experience shortfalls in logistics, electricity reliability, shared facilities, and ease of market access.
- f. **Gender Disparities:** Women entrepreneurs face multiple barriers including limited access to finance, family responsibilities, and social stereotypes. Only 27.37% of MSME enterprises are owned by women.

- g. **SC/ST Exclusion:** Despite targeted provisions, SC/ST entrepreneurs face discriminatory lending practices and limited awareness of available schemes.]
- h. **Market Access and Branding:** Limited exposure to national/international markets and underdeveloped branding hinder the scale-up of unique regional products despite the success of ODOP.

9. Recommendations of the Study

The proposed recommendations collectively aim to forge a truly inclusive, accessible, and future-ready MSME ecosystem in Uttar Pradesh. First, developing audio-visual content libraries in regional languages will demystify policy benefits and procedural requirements, while mobile MSME facilitation units traveling to rural heartlands will deliver on-site registration and advisory services directly to entrepreneurs. To deepen financial inclusion, vernacular, mobile-based loan origination and monitoring platforms must be launched alongside expanded micro-credit offerings that employ simplified documentation; banks and NBFCs should be incentivized to extend ultra-micro loans, particularly to rural women. Recognizing that technological modernization is vital, additional Common Facility Centers and MSME Tech Parks equipped with digital labs, affordable automation, and hands-on technical support should be established in traditional industry clusters. Simultaneously, targeted investments in cluster connectivity, modern logistics corridors, and rural broadband will bridge both physical and digital divides. To ensure every entrepreneur can navigate the system, all application portals, training modules, and scheme documents must be translated into regional languages and dialects, with community radio broadcasts, vernacular social-media campaigns, and local champions driving sustained outreach. Compliance burdens can be alleviated through one-stop e-governance solutions that auto-populate information, issue deadline reminders, and guide users in clear, simple language through tax and regulatory filings. Market access will be enhanced by facilitating MSME participation in international expos, promoting digital marketplaces, and offering branding and packaging grants for ODOP products. Finally, an inclusive monitoring framework with multilingual complaint and suggestion mechanisms and periodic field audits featuring representation from women, minority, and rural MSME groups will ensure feedback loops are robust. Special regional and social equity funds, coupled with empowered local entrepreneurship councils, will channel resources to historically underserved areas, thereby cementing Uttar Pradesh's commitment to equitable, sustainable MSME growth.

10. CONCLUSION

UP's MSME growth story showcases how targeted fiscal incentives, backed by robust digital and linguistic infrastructure, can unlock latent entrepreneurial potential. The convergence of ODOP market linkages, capital subsidies and vernacular-friendly portals has demonstrably broadened participation among women and marginalised groups. Yet bridging the residual credit gap and deepening financial inclusion for linguistic minorities requires sustained investments in digital connectivity, vernacular content and data-driven credit innovations. By institutionalising the four-pillar framework proposed, UP can not only accelerate its trajectory toward a USD 1 trillion economy but also set a replicable template for inclusive, language-sensitive MSME development across India.

REFERENCES

1. Press Information Bureau, Government of India. "Growth Record of Pradhan Mantri Mudra Yojana: Loan Facilitation and Economic Inclusion." Press Information Bureau, 2024.
2. NITI Aayog. "Assessment of Pradhan Mantri Mudra Yojana's Impact on Micro Enterprises in Uttar Pradesh." NITI Aayog Resource Document, 2023.
3. Ministry of Information and Broadcasting, Government of India. "Mudra Yojana Empowers: New India Samachar." New India Samachar, April 2025.
4. "A Decade of Inclusion: PMMY's Ground-Level Credit Impact." TaxTMI, 2024, www.taxtmi.com.
5. "Micro, Small and Medium Enterprises: Credit and Growth Trends." Plutus IAS, 2023, www.plutusias.com.
6. "Udyog Aadhaar Registration Process Simplified for Hindi Speakers." Adda247, 2024, www.adda247.com.
7. Government of Uttar Pradesh. "MSME SAKSHAM: Digital Skills and Capacity Building." MSME Portal, 2025.
8. "UP E-market Platform Revolutionizes MSME Exports." Businesswise.in, 2024, www.businesswise.in.
9. "Bridging the Language Gap in MSME Schemes." BusinessWorld, 2024, www.businessworld.in.
10. Mudra Yojana Official Website. "Pradhan Mantri Mudra Yojana: Performance and Statistics." Mudra.org.in, 2025, www.mudra.org.in.
11. Uttar Pradesh MSME promotion policy 2022: Comprehensive guide to incentives and benefits. (2025, May 19). Osgan Consultants. <https://osganconsultants.com/uttar-pradesh-msme-promotion-policy-2022-comprehensive-guide-to-incentives-and-benefits/>
12. Msme. (n.d.). Official Website of Invest UP, Government of Uttar Pradesh, India. <https://invest.up.gov.in/msme-sector/>

13. Buteau, S. (2021). Roadmap for digital technology to foster India's MSME ecosystem—opportunities and challenges. *CSI Transactions on ICT*, 9(4), 233-244. <https://doi.org/10.1007/s40012-021-00345-4>
14. Impact of industrial policy on the growth of micro, small and medium enterprises in Uttar Pradesh. (2020). *International Journal for Research in Engineering Application & Management*, 307-312. <https://doi.org/10.35291/2454-9150.2020.0304>
15. Sridharan, Mridhula. (2025, March 25). Unlocking the potential of women-led MSMEs. *India Development Review*. <https://idronline.org/article/gender/unlocking-the-potential-of-women-led-msmes/>
16. Patil, S. K. (2025). Gender disparities in labour force participation in India: A state-wise analysis of rural and urban trends. *Journal of Economics and Trade*, 10(1), 17-24. <https://doi.org/10.56557/jet/2025/v10i19124>
17. Poku, K., Opoku, E., & Agyeiwaa Ennin, P. (2022). The influence of government expenditure on economic growth in Ghana: An Ardl approach. *Cogent Economics & Finance*, 10(1). <https://doi.org/10.1080/23322039.2022.2160036>
18. Ozili, P. K., Lay, S. H., & Syed, A. A. (2023). Impact of financial inclusion on economic growth in secular and religious countries. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.4338410>
19. Singh, S. (2024). Unlocking growth: The crucial role of financial literacy in the development of micro, small, and medium enterprises in Uttar Pradesh. *INDIAN ECONOMIC AND SOCIETAL DYNAMICS (STRATEGIES AND POLICY RESPONSES)*. <https://doi.org/10.52458/9788196897451.nsp.2024.eb.ch-20>
20. Fatima, M., & Akhtar, S. M. J. (2023). Performance of MSME sector in UP: Four censuses and Udyog registrations. *EPRA International Journal of Economic and Business Review*. DOI:10.36713/epra12155
21. Saxena, S. (2024). Empowering MSMEs in Uttar Pradesh: Performance, challenges, and future prospects. *ShodhKosh: Journal of Visual and Performing Arts*, 5(5), 1560-1563. DOI:10.29121/shodhkosh.v5.i5.2024.3460
22. Gupta, A., & Rani, M. (2024). Growth of MSME in Uttar Pradesh and India: Outlining trends in growth and employment generation. *ShodhKosh: Journal of Visual and Performing Arts*, 5(1), 954-960. DOI:10.29121/shodhkosh.v5.i1.2024.3857
23. Mishra, S., & Mishra, J. K. (2023). Growth trends of small-scale sector and related industries in Uttar Pradesh. *Adhyayan: A Journal of Management Sciences*, 13(1), 1-4. DOI:10.21567/adhyayan.v13i1.01
24. Gupta, Arpit. (2024, June 12). One district one product scheme is catalysing UP's export potential, says Alok Kumar, principal Secretary, MSME and export promotion, UP govt. *The Economic Times*. <https://economictimes.indiatimes.com/small-biz/sme-sector/one-district-one-product-scheme-is-catalysing-ups-export-potential-says-alok-kumar-principal-secretary-msme-and-export-promotion-up-govt/articleshow/110929121.cms>
25. Khan, M. R., & Abdulla. (2019). Dynamics of MSME industry in Uttar Pradesh and Maharashtra: An analysis of sugar firms. *SEDME (Small Enterprises Development, Management & Extension Journal): A worldwide window on MSME Studies*, 46(4), 235-247. <https://doi.org/10.1177/0970846419894775>
26. Joshi, M., & Kaushik, V. (2025). *Viksit Bharat 2047: Empowering a nation through entrepreneurship*. Crown Publishing.
27. CHITKARA UNIVERSITY - Best University in North India. (n.d.). <https://iie.chitkara.edu.in/2017/language-complexity-and-multilingual-education-in-india-a-policy-perspective/>
28. Committee for MSME & Start-up & The Institute of Chartered Accountants of India. (2022). *Compendium of MSME Policy and Incentive Schemes of Uttar Pradesh*. The Institute of Chartered Accountants of India. <https://msme.ica.org/wp-content/uploads/2022/12/Uttar-Pradesh.pdf>
29. Department of Micro, Small and Medium Enterprise & Exports Promotion, Government of Uttar Pradesh. (2022). *Uttar Pradesh Micro, Small and Medium Enterprises Promotion Policy - 2022*. https://invest.up.gov.in/wp-content/uploads/2023/06/English_MSME-Policy-2022.pdf
30. Saxena, S. (2024). Empowering msms in Uttar Pradesh: performance, challenges, and prospects. *Shod Kosh Journal of Visual and Performing Arts*, 5(5). <https://doi.org/10.29121/shodhkosh.v5.i5.2024.3460>
31. Suyeno, S. (2024). Analysis of government policy on the development and empowerment of MSMEs through the lens of latest literature. *Jurnal Inovasi Ilmu Sosial Dan Politik (JISoP)*, 6(1), 18-27. <https://doi.org/10.33474/jisop.v6i1.21340>
32. Fatima, M., & Akhtar, Prof. S. M. J. (2023). *AN OVERVIEW OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) IN THE STATE OF UTTAR PRADESH*. *EPRA International Journal of Economic and Business Review*, 1-10. <https://doi.org/10.36713/epra12155>
33. Kapoor, G., Kant, R., & Tripathi, M. N. (n.d.). Impact of Industrial Policy on the Growth of Micro, Small and Medium Enterprises in Uttar Pradesh. <https://doi.org/10.35291/2454-9150.2020.0304>
34. Devi, M. (2023). Government policies and growth of micro, small and medium enterprises in India. *International Journal of Financial Management and Economics*, 6(1), 122-126. <https://doi.org/10.33545/26179210.2023.v6.i1.181>
35. Mishra, N. K., & Singh, M. K. (2020). *Inclusiveness of Economic Growth in Uttar Pradesh* (pp. 113-130). Springer, Singapore. https://doi.org/10.1007/978-981-15-8265-3_7
36. Kumar, S. (2013). *Msms: an Engine for Sustainable Economic Development*.
37. Gupta, S. K. (2013). A study on various schemes for msms: with special reference to sidbi. <https://garph.co.uk/ijarmss/apr2013/18.pdf>
38. Gupta, A., & Rani, M. (2024). Growth of msme in uttar pradesh and india: outlining the trends in growth and employment generation. *ShodhKosh Journal of Visual and Performing Arts*, 5(1). <https://doi.org/10.29121/shodhkosh.v5.i1.2024.3857>
39. Jaiswal, B., & Dixit, A. (n.d.). A Critical Analysis of MSME Sector and Its Implications on Economical Growth in Uttar Pradesh. <https://doi.org/10.52458/23484969.2021.v8.iss4.kp.a12>
40. Mishra, A., & Pal, R. (2023). Status, Significances, and Problems of Small-Scale Industry (With Special Reference to the State of Uttar Pradesh). *International Journal For Multidisciplinary Research*, 5(2). <https://doi.org/10.36948/ijfmr.2023.v05i02.1780>
41. Dey, S. K. (2014). *MSMEs IN INDIA: IT'S GROWTH AND PROSPECTS*. Abhinav-National Monthly Refereed Journal Of Research In Commerce & Management, 3(8), 26-33. <http://abhinavjournal.com/journal/index.php/ISSN-2277-1166/article/view/383>