

# ODOP: EMPOWERING MSMEs OF UTTAR PRADESH

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## ABSTRACT

*This paper examines the impact of the One District One Product (ODOP) program on Micro, Small, and Medium Enterprises (MSMEs) in Uttar Pradesh, India which was inspired by the OVOP model in Japan. In order to produce goods and services with value addition for both domestic and foreign markets, the ODOP movement promotes the mobilization of locals, material, and cultural resources. The majority of the businesses under ODOP in UP have existed for decades and are sole proprietors for these artisans. Therefore, it helps to revitalize, the domestic market and its unique product.*

*In essence, ODOP through MSMEs not only contribute substantially to the economy but also serve as agents of socio-economic development, promoting inclusive growth, job creation, and shared prosperity. Their role is particularly pronounced in states like Uttar Pradesh, showcasing the transformative potential of the MSME sector on both a local and national scale. Making the ODOP as the flagship programme of the Uttar Pradesh government.*

*This research is based on secondary data. The appropriate data is collected from many sources, like journals, annual reports, various websites, etc.*

**Keywords:** MSMEs, Exports, Employment, ODOP, Ease of doing business (EoDB).

## 1. INTRODUCTION

Emulating the successful OVOP model (One Village One Product model) from Oita, Japan, many nations have implemented initiatives to uplift local entrepreneurs and catalyze the growth of Micro, Small, and Medium Enterprises (MSMEs). In a developing nation like India, MSMEs are critical engines of economic growth, driving employment, innovation, and overall economic development. Therefore, it is absolutely necessary to acknowledge and support the needs of these enterprises, for fostering sustainable and inclusive economic progress.

As India celebrates its more than 75 years of sovereignty, the nation is poised at a critical juncture for a new direction and renewed determination. Gazing into the next 25-year period, envisioning a developed India by 2047, as articulated by our Honorable Prime Minister, becomes paramount. Against this backdrop, it becomes essential for the youth of the country

to recognize the contextual significance of fostering MSMEs, and understanding their role in the larger economic landscape.

The OVOP movement, initiated in Oita in the 1970s under the visionary leadership of Governor Mr. Morihiro Hiramatsu, was a paradigm shift in rural development. This innovative model centers on revitalizing rural communities by nurturing and promoting unique local products, thereby contributing significantly to the economic growth and development of these regions.

The original OVOP concept is anchored upon three fundamental principles:

1. **Local Yet Global:** This principle underscores the creation of products that, while deeply rooted in local culture and heritage, possess the quality and appeal to transcend geographical boundaries and gain global acceptance.
2. **Self-Reliance and Creativity:** OVOP emphasizes the importance of self-sufficiency and creativity in realizing its objectives. It encourages local communities to harness their inherent potential and take independent action to develop and promote their unique products.
3. **Human Resource Development:** Recognizing the pivotal role of human capital, OVOP prioritizes the fostering of individuals with a challenging and creative spirit. By investing in human development, OVOP aims to equip local communities with the necessary skills and knowledge to succeed in the global market.

These three core principles form the bedrock of the OVOP movement, guiding its implementation and contributing to its success in revitalizing rural communities and promoting economic growth.

Inspired by a vision of future development anchored in local strengths and resources, the OVOP idea has been widely adopted by numerous developing countries more than three decades after its first introduction in Japan. This is due to its potential to reverse local degradation and decline.

Thus, the purpose of the ODOP project is to use market access, infrastructural support, and human capital development to help each district reach its full potential economically and contribute to the state's overall prosperity. Also, reviving the regional economy is critical in reducing poverty and wage disparities in emerging nations.

Therefore, the ODOP approach is a solution offered to revitalise the village economy. The execution of the OVOP program continues to grow and subsequently gets the UP government's attention. Taking inspiration from it, the Government of Uttar Pradesh has decided to implement the novel concept of ODOP by naming it, "One District One Product" (ODOP) on January 24, 2018, covering all its 75 districts, under the Department of MSME & Export Promotion, Uttar Pradesh. With this program approach, each district will have its own superior product that can be a characteristic of that district.

## 2. THE OVERVIEW OF ONE DISTRICT ONE PRODUCT SCHEME

The Ministry of Food Processing Industries (MFPI) of Uttar Pradesh launched the "One District, One Product" initiative to assist districts in reaching their full potential through socio-cultural and rapid economic development. In addition to fostering skill development, the ODOP scheme aims to create job opportunities, particularly in rural areas. The primary objective of the ODOP scheme is to transform each district into an export hub by advancing the district's specialized products. This initiative helps MSMEs gain visibility, access to markets, and support for scaling up their businesses in domestic/national as well as international markets.

Uttar Pradesh's smallest towns and districts are renowned for their one-of-a-kind and specialized products and crafts, many of which are exclusive to these regions. A large number of these products are certified as indigenous to the region under the Geographical Indication (GI) tag, reviving and promoting local traditions that were on the verge of extinction.

The ODOP program initiated by the Uttar Pradesh government aims to catalyze economic growth and foster rural entrepreneurship by offering credit facilities and subsidies across four distinct scheme categories. These schemes are designed to promote infrastructure development, facilitate easy access to finance, initiate skill development, and provide marketing assistance to manufacturers specializing in unique products within a specific district. The government of Uttar Pradesh has also allotted 250 crore rupees in the 2018-19 budget for the implementation of this scheme to support indigenous art. The aim and vision of the ODOP scheme was to create MSME centers that produce indigenous and traditional products within each district of Uttar Pradesh. Therefore, by focusing on micro, medium, and small enterprises, ODOP can become a pivotal step towards unlocking the full potential of districts, fostering economic development, and creating employment opportunities. Overall, ODOP can serve as a transformative initiative to empower local businesses and drive rural entrepreneurship making the ODOP the flagship programme of the UP government.

## 3. OBJECTIVES OF THE STUDY

- To present the overview of ODOP in the context of MSMEs.
- To study the role of ODOP in the growth of MSMEs.
- To study the impact of ODOP on economic development.

## 4. 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.

## 5. ODOP: ENGINE TO DRIVE MSMEs IN UTTAR PRADESH

Before the ODOP programme, the conventional MSME clusters in Uttar Pradesh were facing challenges such as lack of new markets, innovation & product diversification, dependency on middlemen, use of outdated tools and methods and lack of technological innovation and adoption, and the traditional crafts were losing skilled manpower to other unskilled pursuits. And as we already have numerous unique products but the business ecosystem for these is not mature. So, artists are not receiving the financial backing and visibility they deserve.

In the current landscape, MSMEs stand out as a crucial opportunity, particularly in light of initiatives such as Make in India and Startup India, which underscore the promotion of manufacturing and entrepreneurship in India. A special focus on medium and small enterprises, especially those in rural areas, serves as a catalyst for local economic development. The MSME sector, often driven by individual ingenuity and inventiveness, plays a pivotal role in fostering entrepreneurship and contributing to India's manufacturing output.

While MSMEs contribute significantly to the state's economy, they were facing several challenges like:

1. **Access to Finance:** Limited access to formal financial institutions often hampers the growth of MSMEs. Many struggles to secure adequate funding to expand operations.
2. **High cost of Power:** The industries have been complaining of high industrial tariffs in the State, due to high cross subsidies. This increases the overall cost of doing business for the micro & small industries.
3. **Technology Adoption:** Embracing new technologies can be a challenge for smaller enterprises due to financial constraints and lack of awareness.
4. **Market Access:** Some MSMEs struggle with market linkages, restricting their capability to reach a broader customer base, especially in a competitive global environment. Bigger firms have forced MSMEs out of their markets.

5. **Lack in Skills:** In comparison to their global counterparts, our MSMEs often fall short in terms of skills, as they heavily rely on informal workers who are poorly compensated and lack the technical know-how necessary to improve productivity. As a result, smaller firms are compelled to undertake jobs that demand minimal skill and expertise, which can hamper their long-term growth prospects.
6. **Business expertise:** While these small / micro entrepreneurs may have subject matter expertise relevant to their goods and services, they might lack the business acumen needed to run an enterprise smoothly. These include funding & financing, tracking sales, managing input & output costs, etc.
7. **Procurement of raw material:** The prices of raw materials have increased manifold, especially since last few years. In the manufacturing sector, MSMEs rely heavily on the procurement of raw materials to sustain their operations. However, challenges such as limited bulk orders, insufficient credit facilities, and transportation issues can impede the procurement process. To overcome these obstacles, the NSIC (National Small Industries Corporation), under the Department of MSME India, offers a Raw Material Assistance Scheme that provides financial assistance to small businesses for the purchase of raw materials, including both domestic and imported sources.
8. **The scarcity of testing laboratories:** The scarcity of testing laboratories poses a significant challenge for MSMEs, as the durability and reliability of their products are essential for catering to various industries. These products must meet both national and international standards. However, the lack of testing labs in Uttar Pradesh produces adulteration in manufactured products thereby making it a low-quality (substandard) product.

A dedicated cell was established within the state's MSME department to recognize and address these challenges. An initial assessment identified 57 unique products across the state's 75 districts, which was subsequently expanded to include 10 more distinctive products. A comprehensive diagnostic study was conducted across the state by renowned agencies including the Asian Development Bank (ADB), Pricewaterhouse Coopers (PWC), and IILFS to assess the shortlisted products. A detailed project report (DPR) was prepared by Ernst and Young (EY) to outline the specific needs and requirements of the shortlisted products, including infrastructure needs, capacity-building requirements, and technology interventions, based on the diagnostic study.

Therefore, the District Industry and Enterprise Promotion Committee (DIEPCs), sets up four distinct scheme categories to address common challenges faced by the traditional artisans and handicraft persons:

1. **The ODOP Margin Money Subsidy Scheme** seeks to facilitate self-employment among ODOP artisans and workers by offering financial assistance to address

their financial needs. Supports the artisans by lending this margin money (ranging from Rs. 6.25 to Rs. 20 lakhs), through the banking system. Table 1 presents benefits provided based on the project cost:

**Table 1: Margin Money Subsidy by Project Cost**

Project cost	Margin Money Subsidy
Up to Rs. 25 lakh	25% of the Project cost or Rs. 6.25 lakhs whichever is less,
More than Rs. 25 lakh to up to Rs. 50 lakh	20% of the Project cost or Rs. 6.25 lakhs whichever is higher,
More than Rs 50 lakh to up to Rs. 150 lakh	10% of the Project cost or Rs.10 lakhs whichever is higher,
More than Rs 150 lakh	10% of the Project cost or Rs.20 lakhs whichever is less.

Source: UP Global Investors Summit report (2023)

**2. ODOP Market Development Assistance (MDA) Scheme** for addressing marketing and branding issues. It aimed at promoting the participation of artisans & manufacturers in local, national & international melas, and exhibitions by providing fiscal assistance and onboarding artisans & MSMEs on e-commerce platforms. Therefore, it supports the participants by providing reimbursement of stall charges, transfers & travel within the prescribed limit:

**Table 2: Reimbursement Limits for Fairs and Exhibitions by Location**

Fairs / Exhibition locations	Reimbursement Limits of Expenses Made	Maximum Limit
<b>Within Uttar Pradesh</b>	75% of stall charges	Rs. 50,000
	75% of goods transfer expenses	Rs. 7,500
	3AC rail fare or AC bus fare for one person.	Actual
<b>Within Uttar Pradesh (National /International level)</b>	75% of stall charges	Rs. 1,50,000
	75% of goods transfer expenses	Rs. 7,500
	3AC rail fare or AC bus fare for one person.	Actual
<b>Outside Uttar Pradesh (National / International level) within India.</b>	75% of stall charges	Rs 2,00,000
	75% of goods transfer expenses	Rs. 25,000 for B2B fairs / Rs. 50,000 for B2C fairs.
	3AC rail fare or AC bus fare for one person or 75% of airfare in economy class.	Actual
<b>Outside India</b>	75% of stall charges	Rs. 2,00,000
	75% of goods transfer expenses	Rs. 25,000 for B2B fairs/ Rs. 50,000for B2C fairs



	75% of total expenditure on 3AC rail fare or AC bus fare (domestic) and 75% economy airfare (international) for one person	Rs. 75,000
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Source: UP Global Investors Summit Report (2023)

**3. Skill Development & Toolkit Distribution Scheme** for addressing skill gaps and distributing advanced toolkits. The initiative sought to fulfil the current and future requirements for skilled labor throughout the entire value chain of ODOP products. Moreover, the scheme intended to equip ODOP artisans and workers with relevant advanced toolkits through strategic distribution. The incentive includes:

- Skilled but not certified ODOP artisans/ workers shall be provided 6-day training and certified through RPL (recognition of prior learning), approved by relevant sector skill councils (SSCs).
- Un-skilled artisans shall be trained and certified through a 10-day training programme.
- All trainees shall receive an honorarium of Rs. 200 per day, during the training period.
- A related toolkit (worth a maximum of rupee 20,000) shall be provided for free to the ODOP artisans /workers on successful completion of the training.

(Source: UP Global Investors Summit report (2023))

**4. ODOP Common Facility Centre (CFC) Scheme** for addressing issues like design labs, testing labs, raw material banks, advance/ upgraded production setup, etc. Therefore, it aimed at developing CFC in each district as per requirement and outcomes based on the findings of the Diagnostic Study Reports (DSRs), District Action Plans (DAPs) prepared for addressing the following gaps/ hurdles in the development of ODOP products industry in the state, like:

- Testing facilities
- Design gap
- Training / Skill development gap
- Raw material gap
- Marketing gap
- Technology gap
- Access to finance
- Common logistic centre
- Packaging gap

In this, the incentive includes:

- For CFCs of project cost up to Rs. 15 crores, the state government shall provide financial assistance up to 90% of the project cost, while a minimum of 10% would be borne by the SPV.
- For CFCs of project cost more than Rs. 15 crores, the state government shall provide financial assistance of 12.75 crores or the amount

remaining after reducing the cost of the land from the project cost, whichever is lesser.

- The state government on a case basis can also sanction capital for projects, of a similar nature previously approved by the central or the state government, which are incomplete due to the lack of funds. For supporting such incomplete projects, proper justification would be provided.

Till now, 27 CFCs have been provided in-principal approval by the Government of Uttar Pradesh and 15 of these projects are at the implementation stage. These centres will aid artisans in upholding a consistent level of quality for their products, thereby enabling them to compete successfully in the global market. (Source: UP Global Investors Summit report (2023)).

## 6. IMPACT OF ODOP IN GROWTH OF MSMEs IN UP

The One District One Product (ODOP) programme has made a significant impact on the lives of traditional artisans and entrepreneurs. Thanks to the Skill Development and Toolkit Distribution Scheme, over 80,000 individuals have received free training and modern toolkits, resulting in a significant improvement in product quality, a substantial increase in local employment opportunities, and a notable elevation in the living standards of artisans. It is first time in the history of India that focus is made at district level rather than state/region or nation. Therefore, the development of district determines the development of Uttar Pradesh.

To evaluate the impact of the ODOP program on the growth of MSMEs, exports, employment, and investment, data from the State Export Promotion Council, Economics and Statistics Division of Uttar Pradesh's State Planning Institute, and the Reserve Bank of India (2020) has been collected and analyzed.

### 6.1 Identification of MSMEs Clusters in Uttar Pradesh

The ODOP program in Uttar Pradesh has resulted in the identification of the most extensive network of MSME clusters (184) across the country. The ISED Small Enterprise Observatory's analysis of MSME clusters revealed that a substantial 45.81% of all operational enterprises are situated within these clusters contributing to 32.85% employment in the state. During the first phase of implementation, clusters were formed based on the specific products produced in each district. For instance, all leather manufacturing districts, including Kanpur, were consolidated into a single cluster. Likewise, districts famous for 'chikankari' were grouped together. The second phase focused on conducting a comprehensive assessment and developing a detailed project report. The third phase focused on setting up Common Facility Centers (CFCs) in the identified districts to provide support for production and manufacturing activities. Each CFC was managed by a Special Purpose Vehicle (SPV) consisting of at least 20 members. Further the government contributed 90% of the project cost, while the SPV invested 10%. The work on building CFCs in

22 more districts has already been commenced in fourth phase. The fifth phase focused on monitoring and evaluating the project's progress.

### 6.2 Status of the MSME Sector in Uttar Pradesh

Uttar Pradesh has become a leading state in the MSME sector. The development of Uttar Pradesh is instrumental to India's overall progress. Therefore, a larger workforce and a greater number of MSMEs in Uttar Pradesh can catalyze job creation. India is moving at a rapid pace on the path of development. It is possible to develop the whole of India through MSMEs. The continuous growth of each of the MSME units and their continuous increase in scale based on their performance is a symbol of MSMEs development.

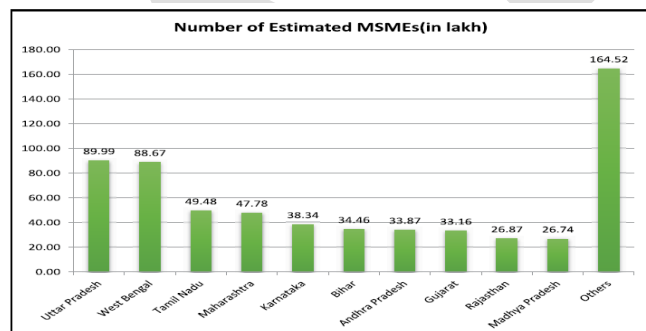
In recent data for 2022-2023, Uttar Pradesh emerges as an Industry leader in the MSME landscape, boasting about 90 lakh MSME base – the highest in India. Uttar Pradesh represents approximately 14% of India's total MSME count, and the MSME sector constitutes nearly 60% of the state's total industrial output.

**Table 3: State-Wise Distribution of Enterprises**

State/UT	Number (in lakh)	Share (%)
Uttar Pradesh	89.99	14
West Bengal	88.67	14
Tamil Nadu	49.48	8
Maharashtra	47.78	8
Karnataka	38.34	6
Bihar	34.46	5

Source: Ministry of Micro, Small and Medium Enterprises (annual report, 2022-2023)

**Figure 1: Distribution of MSMEs in Top Ten States**



Source: Ministry of Micro, Small and Medium Enterprises (annual report, 2022-2023)

### 6.3 Improved Ease of Doing Business in UP

The State of Uttar Pradesh (UP) of India seems to have covered a great ground in the Ease of Doing Business Reforms as per the (Department of Industrial Policy and Promotion (DIPP's) Doing Business Action Plan. Uttar Pradesh exhibits significant potential for industrial

development, boasting abundant resources, a readily available supply of skilled and semi-skilled labor, and a vast consumer market. The State Government has been taking the right steps, by implementing several schemes like ODOP in each & every district, leveraging upon its investment potential in order, to attract industries and provide them an enabling environment to create and enlarge industries. Uttar Pradesh has made significant strides in improving its Ease of Doing Business (EoDB) ranking, climbing from 14th position in 2022-2023 to the 2nd position in 2023. Thereby the state has diligently adopted 186 of the 187 reforms recommended by the Union government's Department for Promotion of Industry and Internal Trade (DPIIT). Over 20 departments, including Invest UP (Udyog Bandhu), labor, commercial tax, power, stamp and registration, excise, food safety and drug administration, and the UP-Pollution Control Board, have been instrumental in implementing these reforms.

**Table 4: Ranking of Uttar Pradesh**

YEAR	Ease of Doing Business Rank of Uttar Pradesh
2015-16	14 <sup>th</sup>
2017-18	12 <sup>th</sup>
2019-20	2 <sup>nd</sup>
2021-23	2 <sup>nd</sup>

(Source: [niveshmitra.up.nic.in/](https://niveshmitra.up.nic.in/))

### 6.4 Encourages Innovation / Quality Improvement

One District One Product (ODOP) encourages quality and innovation in products by promoting the unique specialties of each district and emphasizing the importance of maintaining high standards through ODOP Common Facility Centre (CFC) Scheme. Through this initiative, MSMEs are encouraged to focus on producing goods or services that showcase the distinctiveness and quality of their region. There will be one CFC in every district under this scheme. The Government of Uttar Pradesh has granted in-principal approval to 27 CFCs, of which 15 are currently being implemented. Each CFC will help entrepreneurs according to the niche of that particular district ranging from rice, textiles, carpet design, leather goods manufacturing etc. to elevate the quality of their products through training programs, workshops, and access to technology.

The objective of this initiative is to enhance synergy between Industry & Academia and to support Medium and Small Industries (MSMEs) of the region by providing R&D. Support for new product development and also to train employees of MSMEs to learn new and upcoming technologies for their career advancements.

This CFC will be equipped with a state-of-the-art Engineering Product Development Facility for Local Industries, comprising a Modern Tool Room with Industry 4.0 integration, a Material Testing Lab, and a Research &

Development Lab to encourage existing MSMEs and new entrants to come forward and upgrade their technological skills. Therefore, ODOP fosters a culture of innovation by encouraging MSMEs to explore new ideas, processes, and technologies to enhance their products and stay competitive in the market. By emphasizing quality and innovation, ODOP aims to elevate the reputation of local products, attract more customers, and drive economic growth in the region.

### 6.5 Prepared Export Action Plan

An export action plan has been prepared to meet the local requirements of ODOP products, which includes exploring the export potential at the district level, making the products competitive at all levels with less capital and minimum risk, necessary infrastructure, logistics, financing etc. for creating a conducive environment for exports.

A district-level institutional mechanism, known as District Export Promotion Committees (DEPCs), is being established as part of this initiative. Led by the DM/Collector/DC/District Development Officer and comprising various stakeholders from the central, state, and district levels, the DEPC will focus on developing District Specific Export Action Plans in collaboration with all relevant stakeholders. The primary exercise will include a comprehensive assessment of each district to identify its current export profile, its potential for further growth in exports, and specific, measurable targets for increasing exports. This involves identifying and promoting products that are already being exported from the district, as well as identifying and promoting new products with export potential. To achieve these goals, an institutional mechanism will be established to conduct a baseline study across goods and services, mapping current export activities, identifying future potential, and assessing the necessary infrastructure and other constraints that need to be addressed.

Exports from UP have illustrated strong growth. In 2019-20 the total commodity exports from the state stood at INR 1,20,356.33 crores, which is 5.42% of India's exports. Uttar Pradesh is the 4th largest exporter state from India and 1st amongst the land-locked states. The state contributes to 16.56% of the Handicraft exports from India, 10.27% of processed meat exports, 39.52% of carpets exports and 25.5% of Leather and Leather articles exports from India. Therefore, UP witnessed an increase in its exports from INR 81,218 crore in 2015-16 to INR 1,20,356 crore in 2019-20 – a substantial jump of 48 per cent – with the highest increase in 2018-19.

(Source: Niryat Patrika\_Jan\_2022)

According to officials from MSME and Export Promotion, the ODOP scheme has been instrumental in driving the significant increase in exports. An analysis of product-wise export data indicates that approximately 80 per cent of products exported from the state fall under the ODOP initiative. The effective implementation of new policies

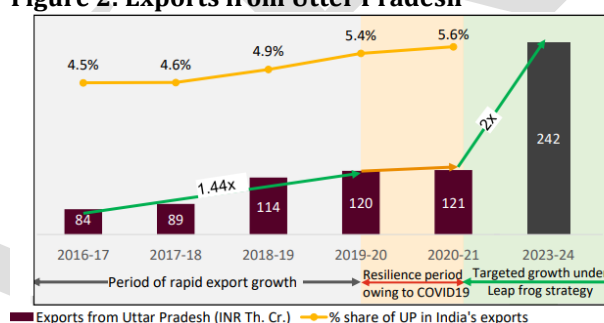
and incentives has led to a significant increase in exports over the past four to five years. Therefore table 5 shows annual export data for the last 7 years

**Table 5: Size of Exports**

Year	Size of Exports (INR)
2015-16	81,218 Crore
2016-17	83,999 Crore
2017-18	88,967 Crore
2018-19	1,14,042 Crore
2019-20	1,20,356 Crore
2020-21	1,21,567 Crore
2021-22	1,40,123.55 Crore

(Source: Niryat Patrika\_Jan\_2022)

**Figure 2: Exports from Uttar Pradesh**



Source: Niryat Patrika\_Jan\_2022)

### 6.6 MoU with Major E-Commerce Companies

The government has signed a memorandum of understanding (MoU) with major e-commerce companies such as Walmart, Amazon, and Flipkart for the marketing of ODOP products. Uttar Pradesh's ODOP program is taking a significant step towards boosting e-commerce participation for its entrepreneurs. Here's a breakdown of the key points:

- **Collaboration for E-commerce Training:** A Memorandum of Understanding (MoU) has been signed to provide training to ODOP entrepreneurs, enabling them to register and navigate the Amazon India e-commerce platform effectively.
- **Leveraging "Kala Haat" Program:** Through its "Kala Haat" initiative, Amazon India will empower traditional industries associated with various districts in Uttar Pradesh. This program will help these ODOP businesses leverage e-commerce to expand their reach and access the vast Indian market.
- **Support for 300 MSME Sellers:** Under the program, Amazon India will offer a comprehensive support package to 300 MSME sellers registered under the UP government's ODOP scheme.
- **Benefits for Entrepreneurs:** The support package will include training, account management guidance, access to marketing tools, and the utilization of Amazon's world-class infrastructure for storage and delivery networks. This will

significantly enhance their online selling capabilities.

- **Early Success:** The program is already showing positive results. Over 11,000 ODOP products are currently available on Amazon India, with sales exceeding INR 24 crore for more than 50,000 products.
- **Amazon's "Kala Haat" Program:** This broader initiative by Amazon India has been instrumental in introducing hundreds of thousands of weavers, artisans, and craftspeople across various clusters in India to the world of digital commerce.

### 6.7 Increased Employment

During the financial year 2018-19, the MSME, the umbrella department for ODOP, provided financial assistance of INR 3,134 Crore to 916 entrepreneurs, resulting in employment opportunities for 10,733 people. Likewise, in the financial year 2019-20, the MSME, the umbrella department for ODOP, provided financial assistance of over INR 4,353 Crore to 1,442 entrepreneurs, leading to the creation of 15,253 jobs. During the financial year 2020-21, up until August, the MSME, the umbrella department for ODOP, provided financial assistance of approximately INR 8 Crore to 236 entrepreneurs, leading to the creation of 2,114 jobs (ANI, 2020). Therefore, table 6 represents the current status of financial support provided by the state government.

**Table 6: Current Status of financial support**

Year	Amount of financial Support given	Number of Entrepreneurs benefited	Number of people Employed
2018-19	Rs 3,134 Crore	916 entrepreneurs	10,733 people
2019-20	Rs 4,353 Crore	1,442 entrepreneurs	15,253 people
2020-21	Rs 8 Crore	236 entrepreneurs	2,114 people (until August)

Source: ANI (2020)

This implies MSMEs play a vital role in employment generation, particularly in rural areas, making them the largest source of employment after agriculture. This emphasis on local economic development aligns with inclusive growth goals, positioning the MSME sector as a cornerstone for India's future. By promoting economic empowerment opportunities to the lower economic tiers, MSMEs contribute to various SDGs like, poverty reduction (SDG-1), job creation and economic growth (SDG-8), and reducing inequalities (SDG-10).

## 7. CONCLUSION

ODOP acts as the backbone of UP's MSMEs. The ODOP scheme has emerged as a successful initiative to revitalize the MSME sector in Uttar Pradesh. By focusing on local strengths, improving the business environment, and

promoting exports, the scheme has contributed to economic growth, job creation, and overall development in the state. The national adoption of ODOP further underscores its potential to replicate this success across India. The ODOP program has demonstrably had a positive impact on MSMEs, the economy, and rural development in Uttar Pradesh. By addressing key challenges faced by traditional artisans and entrepreneurs, the scheme has fostered a thriving entrepreneurial ecosystem, boosted exports, created jobs, and improved the overall economic well-being of the state. The success of ODOP serves as a valuable model for other states and countries looking to promote local industries, empower rural communities, and achieve sustainable economic development. Therefore, The ODOP acts as a tool to develop micro-small and Medium-Sized Enterprises.

## 8. RECOMMENDATIONS

- **Continued focus on skill development and training:** Equipping artisans and entrepreneurs with relevant skills remains crucial for sustainable growth.
- **Strengthening market linkages and marketing support:** Expanding market access and providing effective marketing assistance can further boost sales and exports.
- **Enhancing infrastructure and technology adoption:** Investing in infrastructure and promoting technology adoption can improve production efficiency and competitiveness.
- **Monitoring and evaluation:** Regularly monitoring and evaluating the program's impact will help identify areas for improvement and ensure its continued effectiveness.

By addressing these aspects, the ODOP scheme can continue to empower MSMEs and contribute to inclusive and sustainable economic development in Uttar Pradesh and beyond.

## 9. LIMITATIONS AND FUTURE SCOPE

This analysis primarily focused on secondary data and reports. Further research involving primary data collection and in-depth case studies could provide more nuanced insights into the program's impact on different MSME segments and specific districts.

- **Sustainability of the program:** Ensuring long-term financial viability and continued government support is crucial for the program's sustainability.
- **Reaching all districts equally:** Balanced development across all 75 districts requires careful monitoring and adjustments to ensure equitable benefits.
- **Addressing quality and standardization:** Maintaining consistent product



quality and adhering to international standards are essential for sustained market access and export growth.

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