

ACCENT REGION

UTTAR PRADESH

MSME credit window zooms 80% to ₹1.5 trn

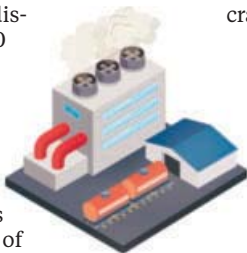
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Signalling an uptick in institutional loans to small businesses, micro, small, and medium enterprises (MSMEs) saw their credit line jump 80 per cent to ₹1.5 trillion in 2022-23.

This is against the credit disbursement of nearly ₹83,000 crore in 2021-22. UP has about nine million MSMEs — the largest among all states in India — across its 75 districts.

The sector is the largest employer in the state after agriculture and allied activities. It has emerged as the largest seeker of institutional funds. At the UP Global Investors Summit (GIS) 2023, the state got investment proposals of about ₹35 trillion, of which the MSME sector accounted for ₹1.6 trillion, spanning 9,000 projects. Meanwhile, other sectors, comprising education, housing, personal loans, and automobiles, have been laggards in sourcing commercial bank loans. They account for about ₹11,000 crore against the annual target of ₹28,000 crore.



The growing loan appetite of MSMEs has reinforced the stated commitment of the state government to catalyse the sector for faster growth and attain the \$1 trillion economy target for UP. The government is pushing its flagship “One District One Product” (ODOP) scheme to re-energise indigenous handicrafts and industries. MSMEs contribute roughly 60 per cent to UP’s annual industrial output.

According to Chief Minister Yogi Adityanath, the broad-based MSME push through the ODOP scheme and other policies has turned UP’s youth from job-seekers to job creators.

“Prior to 2017, the unemployment rate in UP was about 18 per cent, which has declined to merely 2.9 per cent since the state government has revived the MSME sector,” he recently said.

For promoting institutional credit to the sector, the state has been organising special loan melas, especially in industrial clusters and hubs.

The government has rolled out financial incentives, including stamp duty waiver.