



## **"THE ROLE OF A.I. AND DIGITAL INNOVATION IN THE OVERALL DEVELOPMENT OF MSME IN U.P."**

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### **ABSTRACT**

MSME sector is the the Backbone of Indian economy particularly, in state like U.P. with over 63 million MSME in the country and approximately 9 million MSMEs in U.P. 2024 - 25. The MSME sector is identified as the backbone of the Indian economy, with a significant presence in Uttar Pradesh. The MSMEs contribution is around 30% of the total GDP in India in year 2024-25. The MSME also contributes approximately 40% of the total export of the country. In the recent data of RBI and SIDBI indicates promising growth trends in the MSME'S established in U.P. In recent years dynamics of technological innovation are shaping sharply in MSME'S of U.P. The main motive of MSME'S is to create and develop the positive environment for the overall industrial development of the country specially for the faster growth of MSME'S in U.P. Government of India and Government of U.P. providing lots of support in term of finance, infrastructure and policy measures for digital innovation and for overall growth of MSME'S in U.P. In this research paper an attempt is made to explain the role of A.I. and digital innovation in overall growth of MSME'S in U.P. because U.P. has a very vast scope to established different Units of MSME'S IN THIS direction GOI and state government of U.P. taking a lot of initiatives to provide the pace for the establishment of MSME'S IN U.P.

**Keywords:** Technological Upgradations, MSME, Technological Modernization, Quality Certification

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## INTRODUCTION

The MSME in India is a very important and emerging growth engine of Indian economy it provides faster Pace and faster growth to the overall development of Indian economy.

MSME's in India provides significant contribution in the development of following important sectors like :

- Increase in employment opportunities.
- Increase in production.
- Increase in investment
- Increase in operational flexibilities
- Increase in overall income
- Increase in saving
- Increase in modern management practices
- Maximum use of domestic raw material
- Increase in internal trade
- Increase in export promotion
- Increase in international trade

The MSME are producing wide range of production as well as services to meet out the domestic consumer demand and the demand of International consumers of global markets as per the latest data Approx. 36 million units of MSME's are established in India up to year 2024-25. It contributes 8% of the total GDP of India.

### Current Status of MSME'S Unit In India In year 2024-25

- (1) Micro Units – 89.64 Lakhs
- (2) Small Units -- 0.36 Lakhs

(Source:- U.P. GOVERNMENT ANNUAL REPORT 2024-25)

- (3) “Approx 5 Lakhs production covers under MSME's.” Government initiatives and assistance to promote MSME in India as well as in UP.

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## MSME DEVELOPMENT ACT 2006

In this act following initiatives is taken by the government of India for the growth of MSME in India as well as all the States and Union Territories:

1. KVIC: Development of khadi and village industries commission, Coir Board.
2. NSIC: National Small Industries Corporation Limited.
3. MGIRG: Mahatma Gandhi Institute for rural industrialization
4. NBMSME: National Board for Micro, Small and medium Enterprises.
5. NIMSME: National Institute MSME.
6. CGMSME: Credit guarantee scheme for micro small Enterprises
7. CDP: CLUSTER Development Program development
8. ESDP: Entrepreneurship and Skill Development Program
9. P.M.M.Y: Pradhan Mantri MUDRA Yojna

## REVIEW OF THE LITERATURE

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ISSN -2277-7067  
By: Sony Rathi and Dr. Praveen Kumar  
Chandigarh UNIVERSITY, Punjab(India)  
Journal of kavikulagurukalidas Sanskrit University (Ramtek), year :2022-23
2. AN ANALYSIS on the roll of MSME IN Enhancing Indias' economic development  
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By Mr. J. Suresh KUMAR AND Dr. D. Shobhna  
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ISSN Number: 2456-639X

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### OBJECTIVES OF THE STUDY

The main objectives of this study are :

- 1- To study the current status and growth of MSME in UP.
- 2- To study the role of MSME on employment generation in UP.
- 3- To study the impact of A.I. Digital innovation in the development of MSME IN UP.
- 4- To study the problem and Challenges faced by MSME In UP.
- 5- To identify the major limitations regarding MSME.

### Data Analysis and Research Discussion ( inRs. Crores )

Financial Year	Budget Estimates	Output of the work (Approx.)
2020-21	7572.20	5664.22
2021-22	15699.65	15699.65
2022-23	21422.00	23628.73
2023-24	22137.95	22138.01
2024-25	22137.95	17306.70
2025-26	23168.15	Work in progress

(Source: Budgetary output of ministry of MSME, Govt. Of India)

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### Current status of MSME in India (2024-25)

1)	Total Registration of MSME	5.93 crore
2)	Actual output of MSME	5.90 crore
3)	Micro Units	5.84 crore
4)	Small Units	7.37 lakhs
5)	Medium units	69.3 k

Total Employment Generation from MSME- 25.18 crore

(source: Udyam Registration Portal, Govt. Of India)

### Research Discussion

The UP government has decided to setup 15 industrial zones to focus on MSME across 11 selected district of UP. A draft blueprint prepared by MSME department to a lot the 764.31 acres of land for the establishment of MSME units all over the state.

The selected districts in this connection are :

Lalitpur, Etah, Aligarh, Firozabad, Kanpur Dehat, Mahoba, Raibareli, Mau, Mirzapur, Pratapgarh and Prayagraj, etc.

### FINDINGS

Study and Analysis regarding to the role eof MSME in the development of the Indian economy as well as the overall development of UP with the help of policy measures and various initiatives taken by the ministry of MSME, Govt. of India and measures taken by UP GOVT.

MSME in UP provides faster growth with the help of digital innovation like using A.I. and it is helpful in all the sectors of economic development of UP.,Like :

1. Establishment of Agricultural industries.
2. Establishment of micro industries.
3. Establishment of infrastructure financial institution.
4. Increase in employment opportunities.

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5. Increase in job creation.
6. Increase in internal trade opportunities.
7. Increase in international trade.
8. Establishment of local market.
9. Maximum use of local raw material.
10. Maximum promotion to art and cultural.
11. Increase in local transportation facilities.

## **Challenges Regarding MSME's in UP**

1. Financial challenges
2. Environmental challenges.
3. Technological challenges.
4. Marketing challenges.
5. Infrastructural challenges.
6. Production challenges.
7. Challenges regarding raw material.
8. Socio economic challenges.

## **Suggestions**

There are some very important strategic suggestion in this connection are:-

1. Technological improvement.
2. Digital innovation
3. Improve the quality of production.

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4. Branding of the products.
5. Establishment of financial institution.
6. Corporate governance in MSME's.
7. To follow the professional the ethics in this sector .
8. To improve the marketing research strategy.
9. Overall growth of the service sector .
10. To smooth the functions of regulatory bodies.

## Conclusion:-

The MSME's in UP is past growing sector and it is helpful to provide the employment opportunities to all the skilled persons. MSME's magnificently sector of UP as well as the service sector of UP. MSME's significantly contributes in the GDP of the country and this sector is the backbone of the overall growth of the UP. The future of MSME's sector is very bright as well as national level and this sector health a lot in overall development of Indian economy.

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