

## **“A study on the Role of Uttar Pradesh Financial Corporation in the Industrial Development of Micro, Small and Medium Enterprises (MSMEs) of Agra Region”**

Dr. Sanjeev Bhatnagar\*

and

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### **Abstract**

The Micro, Small and Medium Enterprises (MSMEs) contribute almost 40% of the gross industrial value added in the Indian economy. By its less capital intensive and high labour-absorption nature, this sector has made significant contribution to employment generation and rural industrialization. However, lack of access to finance and timely credit as well as escalating costs are cited as important reasons for under-utilization of the manufacturing capabilities of MSMEs. State Financial Corporations have been established to provide various types of financial and non-financial assistance to this sector. In this regard, Uttar Pradesh Financial Corporation (UPFC) was set up in the year 1954 with the objective of providing financial assistance to MSMEs in the state of Uttar Pradesh.

A country development is mainly depends on the two sectors, one is manufacturing and second one is service sector. The majority of the service sector task starts and depends on the manufacture. The role of manufacture plays vital role on the development of strong economy of the country. The manifest capacity of Micro, Small and Medium Enterprises (MSMEs) around the world for driving economic growth and development at regional, national and global levels cannot be overemphasized.

As India gears up to retrace the high growth path, the MSME sector assumes a pivotal role in driving the growth engine. The MSME sector in India continues to demonstrate remarkable resilience in the face of trialing global and domestic economic circumstances. The government of India has started the Make in India concept. The Make in India a global hub for manufacturers, how it impacts on the sector of MSMEs and contribution towards the development of the nation.

In this paper, an attempt has been made to analyze the role of State Financial Corporations, especially the UPFC in the development of MSME sector.

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### **Introduction**

The Micro Small and Medium Enterprises in India is boost to the economy, in the form of gross domestic product of the country and employment opportunity. The significance of MSMEs is important avenue for employment generation in India, low capital and technology requirement, needs promotion of industrial development especially in the rural areas, with the usage of traditional method or practice of MSMEs manufacture or inherited skill to manufacture, effective use of local resources, mobilization of resources and to export the products. According to the approximation of the Ministry of MSMEs, Government of India, the sector generates around hundred million jobs through over forty six thousand millions of units situated all over the country. Also 38% of contribution to the nation’s GDP and more than 40% share of the overall exports and manufacturing output. It is clear with this information that the MSMEs plays major role in the country’s development, social and economic restructuring of India and it also helps in Make in India global hub for manufactures. (Indian journal of research paripex june 2016).

Uttar Pradesh Financial Corporation (UPFC) plays a significant role in the growth of MSMEs and provides financial assistance and service concerns for their projects for their expansion and being under diversification and modernisation scheme by:

- Providing term loan both for fixed assets and current assets under single window scheme.

### **Key Words**

Micro, Small and Medium Enterprises, Employment Opportunity Through MSME., Working Capital finance, , MSMEs Bottlenecks,

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- Providing financial assistance under the modernization scheme of industrial development bank of India.
- Providing assistance to small project and rehabilitation of potentially viable sick units.
- Providing marketing support to units for assistance to market outlets.
- Extending term loan assistance for setting up industrial units in Micro, Small and Medium scale sectors.
- Extending composite loan (inclusive of working capital) assistance to artisan and others with a view to develop cottage, village and traditional industries.

### **Objective**

- To analyze the performance of Uttar Pradesh Financial Corporation in the industrial development of MSMEs in Agra Region.
- To explore the role of UPFC for making the MSMEs functioning effective in future.
- To device policy guidelines and action plan and dissemination for MSMEs across the State.
- To suggest effective measures that would resolve the requirement of the industrial sectors.

### **MSMEs as change agent**

Micro, Small and Medium Enterprises are participating in the growth and development of the country's economy. The labour absorption by this sector is much higher than that of large enterprises and due to high labour intensity, this sector has been provided a priority by both the central and state government. These sector nurturing the entrepreneurship, often driven by individual creativity, innovation, talent and skills. Technology also plays an important role in the development of this sector as Roy Roth and Water Zegveld (1982) revealed that technology based MSME's plays an important part in the emergence of new technology and in economic growth of MSMEs.

### **Need of the study**

For economical and social development of any country, it is required to focus on the both large scale industries as well as on the small scale industries. As these industries develop or improve employment opportunities, purchasing power and improve standard of living etc in the nation. MSMEs as integral part of the economy, tap into the raw, latent entrepreneurial potential of the country acting as seedbeds of innovation. In the pre independence period organised industrialisation did not gain much traction but after independence 'in all the Policy Resolutions from 1948 to 1991, recognition was given to the micro and small enterprises. They were termed as an effective tool to expand employment opportunities, help ensure equitable distribution of the national income and facilitate effective mobilization of private sector resources of capital and skills' (MSME Ministry Overview, 2009).

To keep this in mind, need for searching out the relevance of financial sources and hindrance in the growth of these small sector industries and how the Uttar Pradesh financial corporation is assisting them for development.

### **Methodology**

For the study, all MSMEs of Agra Region (including Agra, Firozabad, Mathura and Mainpuri) were considered for the performance and feedback of UPFC, Agra who took financial assistance from the Corporation, under the comfortable financial policies, and are carrying Micro, Small & Medium enterprises in the region or have shut down their businesses due to any reason.

The Primary data were collected from MSMEs units through questionnaire and personally interviewing entrepreneur people, for the performance & feedback of UPFC, Agra

Secondly, recorded in-formations of MSMEs status located at different parts of the region and related financial in-formation under different schemes (Single window, Working capital, & National equity fund) were collected from the office of the Regional Manager, UPFC, Agra, from 1997 to 2007.

To capture a wide spectrum of problems, MSMEs were interviewed including – different Manufacturers, Service Providers, Hotel Industries, Ice & Cold Storage Industries, Glass Ware Industries and leather & Miscellaneous Industries registered as Small Scale Industry (SSI).

The feedback of MSMEs of the region were interpreted from one district to another district by using statistical and graphical tools. The analysis is done keeping the following in view:-

- To analyze the factors influencing the impact of financial problems and the problem faced by MSMEs using Factor Analysis.
- To measure the difference in the growth performance for each industry.
- To test the consistency of growth performance and the Coefficient of Variation for each component for each industry.
- ANOVA based analysis to study the relationship between the level of attitudes of entrepreneurs and the legal and political factors responsible for the sickness of the sectors.

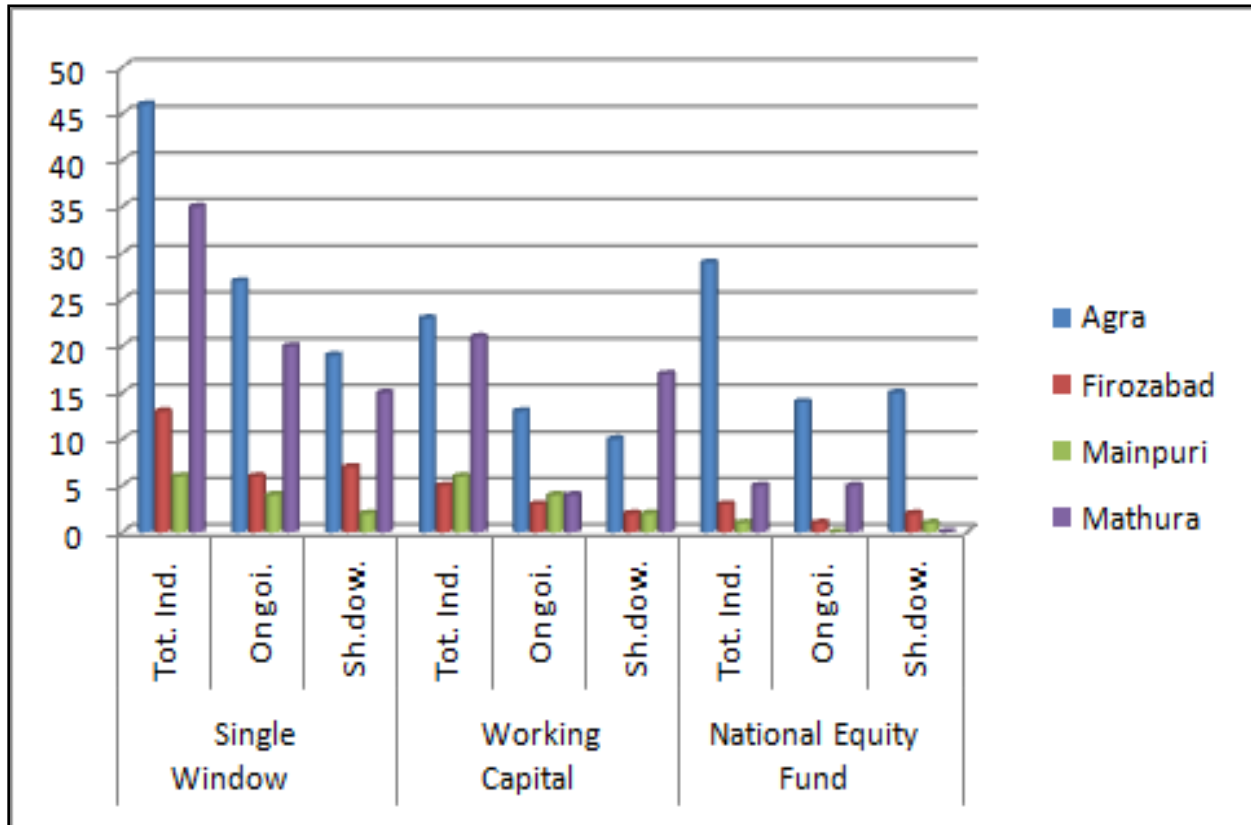
For interpretation of data and observation of comparative information of the secondary information of UPFC and the primary information of MSME units are interpreted in bar graphic form for competitive explanations.

**Table - 1**  
**MSMEs**  
**District wise Industries for data collection**  
**(Single Window, Working Capital, National Equity Fund)**  
**1997-2007**

S · N	District	Single Window			Working Capital			National Equity Fund			District wise total industries (SW, WC,NEF)		
		Indu. Reg. for F A	On goin.	Shut Dow.	Indu. Reg. for F A	On Goin.	Shut Dow.	Indu. Reg. for F A	On Goin.	Shut Dow.			
1	<b>Agra</b>	<b>46</b>	<b>27</b>	<b>19</b>	<b>23</b>	<b>13</b>	<b>10</b>	<b>29</b>	<b>14</b>	<b>15</b>	<b>98</b>	<b>54</b>	<b>44</b>
	<b>% age</b>	<b>(46)</b>	<b>(47)</b>	<b>(44.1)</b>	<b>(41.8)</b>	<b>(54.1)</b>	<b>(32.2)</b>	<b>(76.3)</b>	<b>(70)</b>	<b>(83.3)</b>	<b>(50.7)</b>	<b>(53.4)</b>	<b>(47.8)</b>
2	<b>Firozabad</b>	<b>13</b>	<b>06</b>	<b>07</b>	<b>05</b>	<b>03</b>	<b>02</b>	<b>03</b>	<b>01</b>	<b>02</b>	<b>21</b>	<b>10</b>	<b>11</b>
	<b>% age</b>	<b>(13)</b>	<b>(10.5)</b>	<b>(16.2)</b>	<b>(9.0)</b>	<b>(12.5)</b>	<b>(6.45)</b>	<b>(7.89)</b>	<b>(5)</b>	<b>(11.1)</b>	<b>(10.8)</b>	<b>(9.90)</b>	<b>(11.9)</b>
3	<b>Mainpuri</b>	<b>06</b>	<b>04</b>	<b>02</b>	<b>06</b>	<b>04</b>	<b>02</b>	<b>01</b>	<b>00</b>	<b>01</b>	<b>13</b>	<b>08</b>	<b>05</b>
	<b>% age</b>	<b>(6)</b>	<b>(7.01)</b>	<b>(4.65)</b>	<b>(10.9)</b>	<b>(16.6)</b>	<b>(6.45)</b>	<b>(2.63)</b>	<b>(0)</b>	<b>(5.55)</b>	<b>(6.73)</b>	<b>(7.92)</b>	<b>(5.43)</b>
4	<b>Mathura</b>	<b>35</b>	<b>20</b>	<b>15</b>	<b>21</b>	<b>04</b>	<b>17</b>	<b>05</b>	<b>05</b>	<b>00</b>	<b>61</b>	<b>29</b>	<b>32</b>
	<b>% age</b>	<b>(35)</b>	<b>(35.0)</b>	<b>(34.8)</b>	<b>(38.1)</b>	<b>(16.6)</b>	<b>(54.8)</b>	<b>(13.1)</b>	<b>(25)</b>	<b>(0)</b>	<b>(31.6)</b>	<b>(28.7)</b>	<b>(34.7)</b>
	<b>Total (loan wise ind)</b>	<b>100</b>	<b>57</b>	<b>43</b>	<b>55</b>	<b>24</b>	<b>31</b>	<b>38</b>	<b>20</b>	<b>18</b>	<b>193</b>	<b>101</b>	<b>92</b>
	<b>% age</b>		<b>(57)</b>	<b>(43)</b>		<b>(43.6)</b>	<b>(56.3)</b>		<b>(52.6)</b>	<b>(47.3)</b>		<b>(52.3)</b>	<b>(47.6)</b>

Source: Uttar Pradesh Financial Corporation Regional Office, Agra

**Graph - 1**  
**MSMEs**  
**District wise Industries for data collection**  
**(Single Window, Working Capital, National Equity Fund)**  
**1997-2007**



**Source: Uttar Pradesh Financial Corporation Regional Office, Agra -- 1997-2007**

Figure 1 shows three types of financial assistance policies were provided by Uttar Pradesh Financial Corporation (UPFC) to boost up Micro, Small & Medium Enterprises in the State through Single Window, Working Capital & National Equity fund financial scheme.

Where 100 units (including 4 districts) were registered during 1997-2007 under Single Window financial Scheme, out of which 57 industrial units are carrying their business and remaining 43 units were closed due to adequate financial requirement and complicated repayment of advances.

Secondly, 55 units (including 4 districts) were registered during the same period under Working Capital Financial Scheme, out of which 24 units are carrying their business and remaining 31 units were closed due to inadequate availability of financial assistance, and required industrial services.

Thirdly, 38 units (including 4 districts) were registered for the same period under National Equity Financial Scheme, out of which 20 units are carrying their business and remaining 18 units were closed due to further adequate financial requirement and complicated & heavy repayment of interest.

As a whole 193 unit (including 4 districts) were registered for the financial assistance during 1997-2007, out of which 101 units are carrying their business activities and rest 92 units were closed due to complicated UPFC loan repayment policies and non availability of proper guidance & services from the same agency to motivate units.

**Table 2**  
**Practice of UPFC for the disbursement of loan amount to MSMEs.**

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
.00	42	4.1905	1.58096	.24395	3.6978	4.6831	1.00	6.00
1.00	17	3.0588	1.59963	.38797	2.2364	3.8813	1.00	6.00
2.00	4	2.2500	.95743	.47871	.7265	3.7735	1.00	3.00
3.00	1	3.0000	.	.	.	.	3.00	3.00
4.00	2	1.0000	.00000	.00000	1.0000	1.0000	1.00	1.00
5.00	2	1.5000	.70711	.50000	-4.8531	7.8531	1.00	2.00
7.00	1	2.0000	.	.	.	.	2.00	2.00
8.00	1	1.0000	.	.	.	.	1.00	1.00
9.00	1	2.0000	.	.	.	.	2.00	2.00
12.00	1	2.0000	.	.	.	.	2.00	2.00
Total	72	3.5000	1.71981	.20268	3.0959	3.9041	1.00	6.00
.00	42	2.0952	.82075	.12664	1.8395	2.3510	1.00	3.00
1.00	17	1.9412	.82694	.20056	1.5160	2.3663	1.00	3.00
2.00	4	1.7500	.50000	.25000	.9544	2.5456	1.00	2.00
3.00	1	1.0000	.	.	.	.	1.00	1.00
4.00	2	3.0000	.00000	.00000	3.0000	3.0000	3.00	3.00
5.00	2	1.5000	.70711	.50000	-4.8531	7.8531	1.00	2.00
7.00	1	1.0000	.	.	.	.	1.00	1.00
8.00	1	1.0000	.	.	.	.	1.00	1.00
9.00	1	3.0000	.	.	.	.	3.00	3.00
12.00	1	1.0000	.	.	.	.	1.00	1.00
Total	72	2.0000	.82223	.09690	1.8068	2.1932	1.00	3.00

### ANOVA

				Sum of Squares	df	Mean Square	F	Sig.
(Combined)				63.333	9	7.037	2.975	.005
hlf.amt.-1,3/4amt.-2,90%amt.-3,whl. amt.-4,25%amt.-5,insta.-6	Between Groups	Linear Term	Weighted	39.719	1	39.719	16.790	.000
			Deviation	23.613	8	2.952	1.248	.287
	Within Groups			146.667	62	2.366		
Total				210.000	71			
(Combined)				8.190	9	.910	1.417	.200
SW-1,WC-2,NEF-3	Between Groups	Linear Term	Weighted	1.196	1	1.196	1.863	.177
			Deviation	6.993	8	.874	1.361	.231
	Within Groups			39.810	62	.642		
Total				48.000	71			

**Graph - 2**

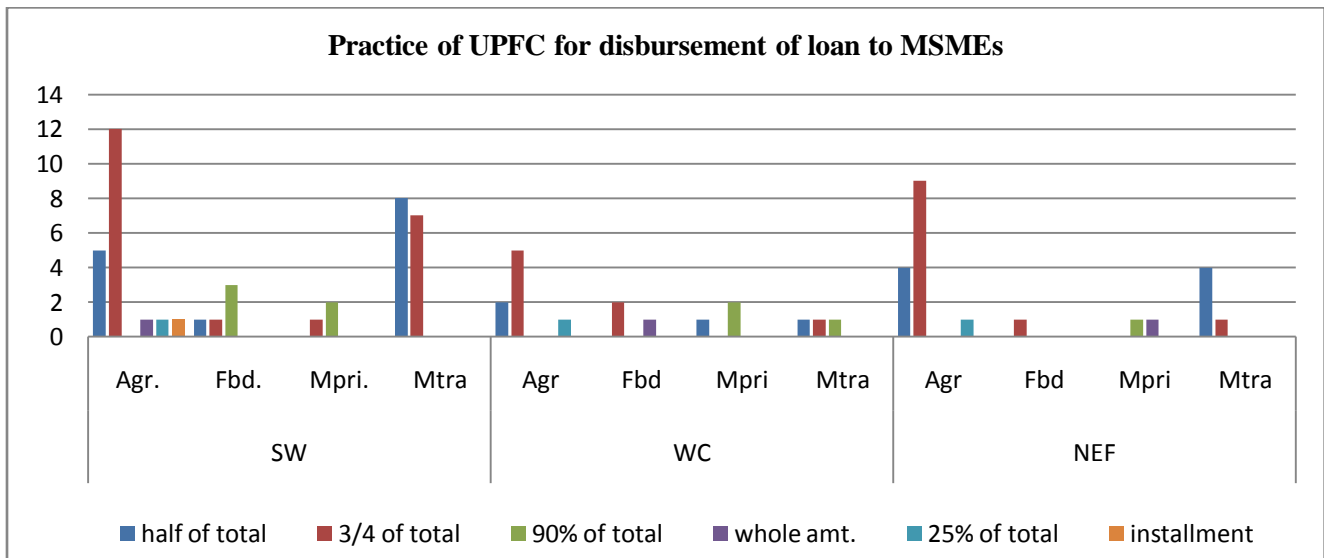


Figure 2 shows that out of 101 ongoing MSMEs in Agra Region a maximum  $\frac{3}{4}$  of the total proposed amount provided under SW financial scheme for acquisition of land, building & machinery, 90% of the total proposed amount under WC financial scheme and 25% under NEF financial scheme. The combined F value between practices of UPFC for the disbursement of loan amount to MSMEs shows 2.975 where as the combined value between financial scheme shows 1.417 respectively.



**Table 3**  
**Availability of facilities and services by UPFC for the growth of MSMEs business**  
**Descriptive**

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	
					Lower Bound	Upper Bound			
mkt.fac1,con.fac2,int.fac3, pro.fac.4,plt.fac5,all6, none7	.00	54	3.5000	1.72386	.23459	3.0295	3.9705	1.00	6.00
	1.00	20	3.8500	1.98083	.44293	2.9229	4.7771	1.00	7.00
	2.00	1	7.0000	.	.	.	.	7.00	7.00
	3.00	3	7.0000	.00000	.00000	7.0000	7.0000	7.00	7.00
	5.00	2	7.0000	.00000	.00000	7.0000	7.0000	7.00	7.00
	8.00	1	7.0000	.	.	.	.	7.00	7.00
	13.00	1	7.0000	.	.	.	.	7.00	7.00
	15.00	1	7.0000	.	.	.	.	7.00	7.00
	20.00	1	7.0000	.	.	.	.	7.00	7.00
	Total	84	4.0000	2.01201	.21953	3.5634	4.4366	1.00	7.00
	.00	54	2.0000	.82416	.11215	1.7750	2.2250	1.00	3.00
SW-1,WC-2,NEF-3	1.00	20	2.1000	.85224	.19057	1.7011	2.4989	1.00	3.00
	2.00	1	2.0000	.	.	.	.	2.00	2.00
	3.00	3	1.6667	.57735	.33333	.2324	3.1009	1.00	2.00
	5.00	2	2.0000	1.41421	1.00000	-10.7062	14.7062	1.00	3.00
	8.00	1	2.0000	.	.	.	.	2.00	2.00
	13.00	1	3.0000	.	.	.	.	3.00	3.00
	15.00	1	1.0000	.	.	.	.	1.00	1.00
	20.00	1	1.0000	.	.	.	.	1.00	1.00
	Total	84	2.0000	.82140	.08962	1.8217	2.1783	1.00	3.00

**ANOVA**

				Sum of Squares	df	Mean Square	F	Sig.
mkt.fac1,con.fac2,int.fac3,pro.fac.4 ,plt.fac5,all6,none7	(Combined)			103.950	8	12.994	4.200	.000
	Between Groups	Linear Term	Weighted Deviation	61.375	1	61.375	19.837	.000
				42.575	7	6.082	1.966	.071
	Within Groups			232.050	75	3.094		
	Total			336.000	83			
SW-1,WC-2,NEF-3	(Combined)			3.533	8	.442	.631	.749
	Between Groups	Linear Term	Weighted Deviation	.625	1	.625	.893	.348
				2.909	7	.416	.594	.759
	Within Groups			52.467	75	.700		
	Total			56.000	83			

Graph – 3

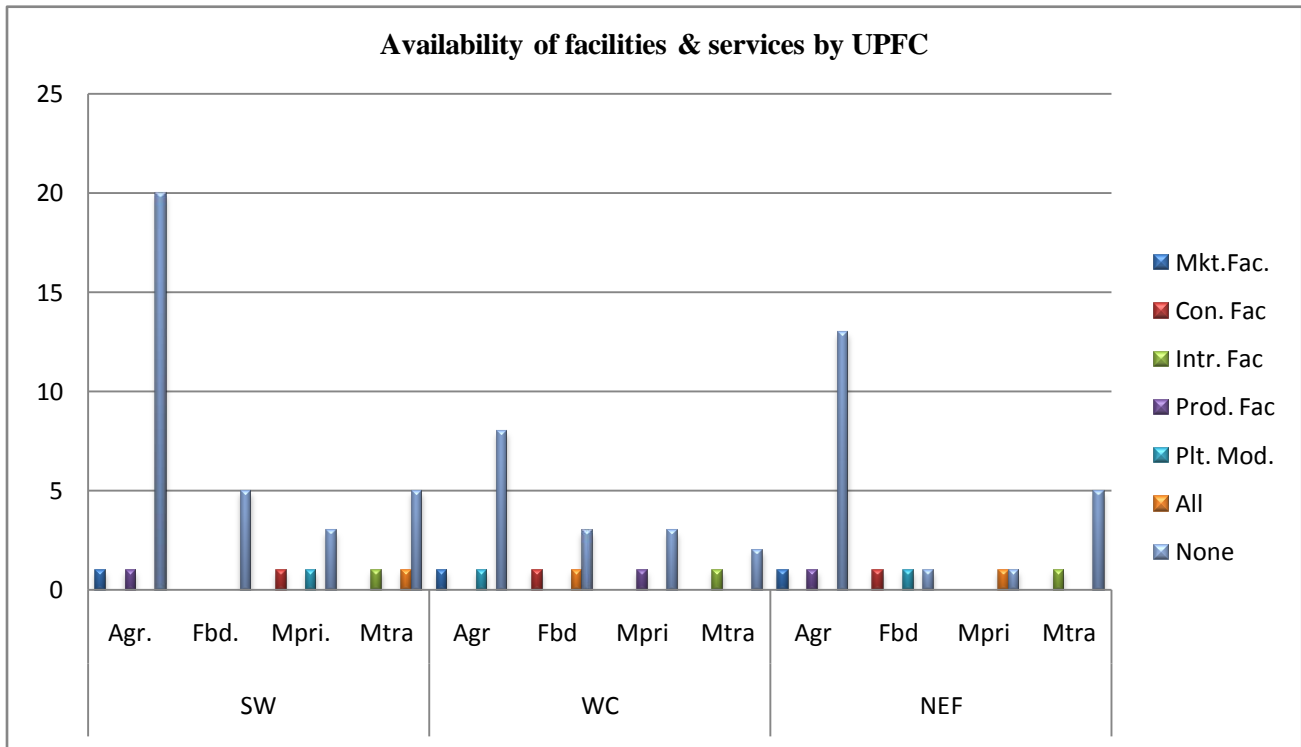


Figure 3 shows that out of 101 ongoing MSMEs of Agra Region, 43 units under SW scheme, 16 units under WC scheme and 20 units under NEF scheme submitted that no facilities and services were provided by UPFC for the growth of business. Whereas 1 unit in Agra, Firozabad, Mainpuri & Mathura submitted the availability of facilities & services in different areas in limited way under SW, WC, & NEF scheme. The combined F value between facilities & services available by UPFC to MSMEs shows 4.200 where as the maximum combined value between financial scheme shows .631 respectively.

**Table 4**  
**Problems faced by MSMEs for business**

**Descriptive**

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	
					Lower Bound	Upper Bound			
tech.wkrs.-1,na RM- 2,shtg.powr-3,mech.dvce.- 4,compt.mtrl.-5,compt.- 6,drk.wtr.-7	.00	35	4.8286	2.06491	.34903	4.1192	5.5379	1.00	7.00
	1.00	22	3.8182	1.99132	.42455	2.9353	4.7011	1.00	7.00
	2.00	8	3.2500	1.98206	.70076	1.5930	4.9070	1.00	7.00
	3.00	10	2.7000	1.41814	.44845	1.6855	3.7145	1.00	5.00
	4.00	2	5.0000	.00000	.00000	5.0000	5.0000	5.00	5.00
	5.00	2	2.0000	1.41421	1.00000	-10.7062	14.7062	1.00	3.00
	6.00	2	3.5000	.70711	.50000	-2.8531	9.8531	3.00	4.00
	7.00	1	3.0000	.	.	.	.	3.00	3.00
	8.00	1	3.0000	.	.	.	.	3.00	3.00
	15.00	1	3.0000	.	.	.	.	3.00	3.00
	Total	84	4.0000	2.01201	.21953	3.5634	4.4366	1.00	7.00
SW-1,WC-2,NEF-3	.00	35	2.1714	.82197	.13894	1.8891	2.4538	1.00	3.00
	1.00	22	2.1818	.73266	.15620	1.8570	2.5067	1.00	3.00
	2.00	8	1.7500	.70711	.25000	1.1588	2.3412	1.00	3.00
	3.00	10	1.6000	.84327	.26667	.9968	2.2032	1.00	3.00
	4.00	2	2.0000	1.41421	1.00000	-10.7062	14.7062	1.00	3.00
	5.00	2	1.0000	.00000	.00000	1.0000	1.0000	1.00	1.00
	6.00	2	1.5000	.70711	.50000	-4.8531	7.8531	1.00	2.00
	7.00	1	1.0000	.	.	.	.	1.00	1.00
	8.00	1	3.0000	.	.	.	.	3.00	3.00
	15.00	1	1.0000	.	.	.	.	1.00	1.00
	Total	84	2.0000	.82140	.08962	1.8217	2.1783	1.00	3.00

**ANOVA**

				Sum of Squares	df	Mean Square	F	Sig.
tech.wkrs.-1,na RM- 2,shtg.powr-3,mech.dvce.- 4,compt.mtrl.-5,compt.- 6,drk.wtr.-7	(Combined)			59.656	9	6.628	1.775	.087
	Between Groups	Linear Term	Weighted Deviation	24.059	1	24.059	6.443	.013
	Within Groups			35.597	8	4.450	1.192	.316
	Total			276.344	74	3.734		
				336.000	83			
SW-1,WC-2,NEF-3	(Combined)			9.356	9	1.040	1.649	.117
	Between Groups	Linear Term	Weighted Deviation	4.000	1	4.000	6.347	.014
	Within Groups			5.355	8	.669	1.062	.399
	Total			46.644	74	.630		
				56.000	83			

Graph – 4

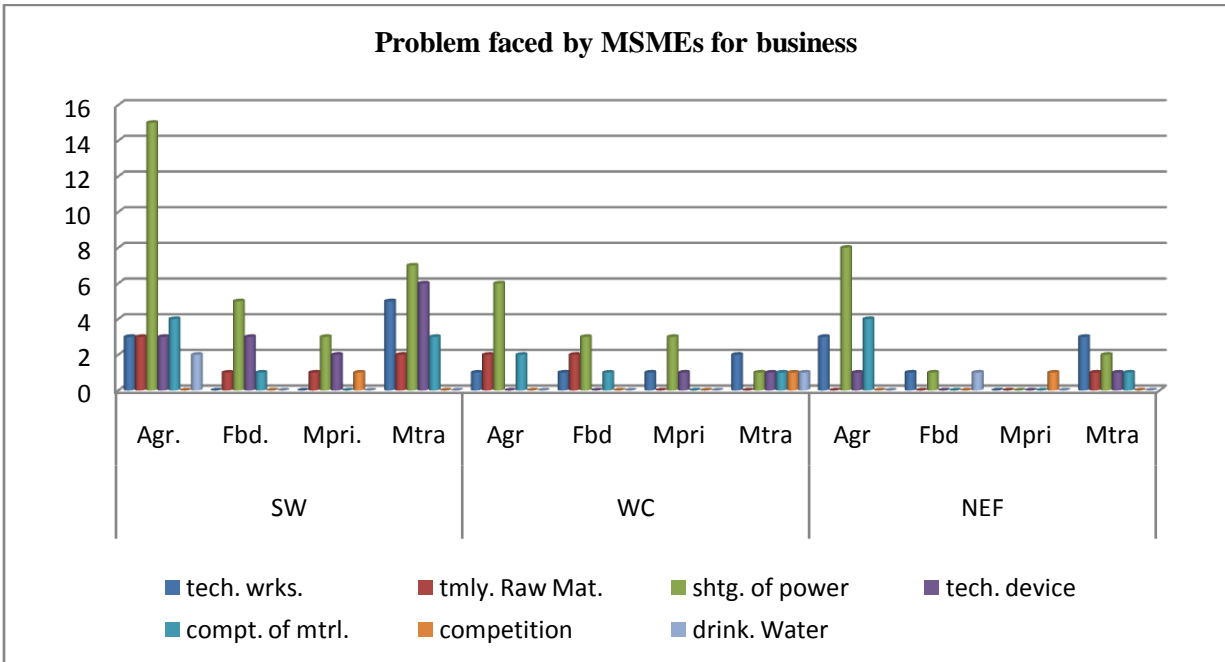


Figure 4 shows that out of 101 ongoing MSMEs of Agra Region 30 units under SW scheme, 13 units under WC scheme and 11 units under NEF scheme faced shortage of power for running of plant. Whereas other unit submitted different other problems like availability of technical workers, timely availability of raw material, availability of technical device, competition in market and problem of availability of drinking water. The combined F value between Problems faced by MSMEs for business shows 1.775 where as the maximum combined value between financial scheme shows 1.649 respectively.

## Result

### (1) MSMEs ongoing primary data analysis & interpretation

Table – 5  
MSMEs ongoing industries feed back  
District wise ongoing Micro, Small & Medium enterprises information under Uttar Pradesh Financial  
Corporation different financial schemes from 1997-2007

S. N	Questionnaire Contents	Single Window				Working Capital				National Equity Fund				Total
		Ag.	Fi.	Mai.	Ma	Ag	Fi.	Mai	Ma	Ag	Fi.	Mai.	Ma	
1	MSMEs Registration with UPFC 1997-2007	27	6	4	20	13	3	4	4	14	1	0	5	101
2	Facilities & Services available by UPFC to MSMEs	35	26	8	5	33	12	0	8	65	25	0	5	101
3	Consultancy Services required for MSMEs	24	10	8	5	21	12	0	8	35	20	0	0	101
4	Most pressing problem of MSMEs	23	12	7	3	21	4	8	8	45	5	0	15	101
5	Operational activities problems of MSMEs	24	14	7	5	25	12	12	4	60	0	0	10	101
6	Managerial activities problem of MSMEs	14	12	8	3	21	12	8	0	35	0	0	5	101
7	Criteria for disbursement of loan	24	12	0	30	21	8	12	4	45	5	0	5	101
8	Practice of UPFC for disbursement of loan	10	1	0	0	21	8	0	4	45	5	0	5	101
9	Criteria for recovery of loan	23	5	5	14	25	8	12	8	45	5	0	10	101
10	Practice of UPFC for recovery of loan	24	7	5	17	25	12	12	4	60	5	0	10	101
11	Size of last loan obtained other than UPFC	19	7	5	14	29	8	12	4	60	5	0	5	101
12	Technical guidance from UPFC	17	5	1	3	16	0	8	4	25	0	0	5	101
13	Problem faced by MSMEs	26	8	3	12	25	12	12	4	40	5	0	10	101
14	Most important limiting factor to get finance	26	8	5	15	16	8	4	4	35	5	0	15	101

Source: MSMEs research questionnaire

## (2) MSMEs shutdown primary data analysis & interpretation

Table – 6  
MSMEs shut down industries feed back  
District wise shut down Micro, Small & Medium enterprises information under Uttar Pradesh Financial Corporation different financial schemes from 1997-2007

S. N	Questionnaire Contents	Single Window				Working Capital				National Equity Fund				Total
		Ag.	Fi.	Mai.	Ma	Ag	Fi.	Mai.	Ma	Ag	Fi	Mai.	Ma	
1	MSMEs Registration with UPFC 1997-2007	19	7	2	15	10	2	2	17	15	2	1	0	92
2	Facilities & Services available by UPFC to MSMEs	36	27	14	4	32	20	5	2	76	5	0	0	92
3	Consultancy Services required for MSMEs	27	12	0	4	32	27	8	5	46	5	0	0	92
4	Most pressing problem of MSMEs	23	8	2	14	2	0	0	17	40	5	0	0	92
5	Operational activities problems of MSMEs	23	10	4	23	14	5	2	14	46	5	5	0	92
6	Managerial activities problem of MSMEs	23	10	2	12	8	2	2	17	40	5	5	0	92
7	Criteria for disbursement of loan	29	8	4	27	17	2	2	32	56	5	5	0	92
8	Practice of UPFC for disbursement of loan	32	6	2	19	14	2	0	14	30	5	0	0	92
9	Criteria for recovery of loan	34	10	4	25	20	2	2	29	66	0	0	0	92
10	Practice of UPFC for recovery of loan	32	14	3	25	20	5	2	29	56	5	5	0	92
11	Size of last loan obtained other than UPFC	8	6	4	17	11	2	2	18	20	5	5	0	92
12	Technical guidance from UPFC	19	8	0	19	5	2	0	14	35	5	0	0	92
13	Problem faced by MSMEs	27	12	4	25	17	5	2	29	35	5	0	0	92
14	Most important limiting factor to get finance	23	6	0	12	11	2	2	14	25	5	0	0	92

### Source: MSMEs research questionnaire

Table 5 & 6 shows 193 industrial units were registered in UPFC Agra Region (including Agra, Firozabad, Mainpuri and Mathura) covering micro, small & medium enterprises from 1997-2007 for SW, WC & NEF financial assistance scheme. Where 101 units are ongoing & remaining 92 units were shut down.

Status shows that:

- 157 units have repaid UPFC loan under SW, WC & NEF scheme. Whereas 36 units were unable to pay loans under SW, WC & NEF scheme.
- 82 units were registered as sole proprietorship, partnership & company under SW scheme, 55 units for the same under WC scheme, and 56 units under NEF scheme.

- 181 units were free from legal proceeding under SW, WC & NEF scheme. Whereas 12 shut down units faced legal proceeding under SW, WC & NEF scheme.
- 155 ongoing & shut down units under SW scheme, 112 units including both category under WC scheme and 176 units under NEF scheme got no facility and services by UPFC for the growth of business.
- 90 ongoing & shut down units' under SW scheme, 113 units including both category under WC scheme and 106 units under NEF scheme required marketing consultancy services facility from UPFC for smooth functioning of business.
- 92 ongoing & shut down units under SW scheme, 60 units including both category under WC scheme and 110 units under NEF scheme faced competition as most pressing problem for MSMEs.
- 110 ongoing & shut down units under SW scheme, 88 units including both category under WC scheme & 126 units under NEF scheme faced short supply of power which affected continuous operational activities for achievement of unit targets.
- 84 ongoing & shut down units under SW scheme, 70 units including both category under WC scheme & 90 units under NEF scheme faced the absence of UPFC consultancy towards managerial activities and lack of expert advice for operational activities.
- 134 ongoing & shut down units under SW scheme, 98 units including both category under WC scheme & 121 units under NEF scheme shared that at least 90% of the total proposed amount/whole amount should be disbursed after sanction of loan for acquisition of land, building, machines & technology.
- 70 ongoing & shut down units under SW scheme, 63 units including both category under WC scheme & 90 units under NEF scheme, submitted that  $\frac{3}{4}$  of the total amount was disbursed by UPFC to MSMEs after sanction of loan for acquisition of land, building & machinery.
- 120 ongoing & shut down units under SW scheme, 106 units including both category under WC scheme & 126 units under NEF scheme shared that recovery of loan should start after 6 months from the commencement of the production for financial set up of units,
- 127 ongoing & shut down units under SW scheme, 109 units including both category under WC scheme & 141 units under NEF scheme submitted that recovery of loan was made by UPFC immediately after release of first installment of loan, which created financial pressure before comfortable set up of establishment.
- 80 ongoing & shut down units under SW scheme, 86 units including both category under WC scheme & 100 units under NEF scheme obtained loan up to Rs. 10 lac from open market on higher rate of interest other than UPFC financial assistance schemes for adequate financial support.
- 72 ongoing & shut down units under SW scheme, 49 units including both category under WC scheme & 70 units under NEF scheme required operational and market guidance for smooth functioning of MSMEs and to reduce per unit product cost.
- 117 ongoing & shut down units under SW scheme, 106 units including both category under WC scheme & 95 units under NEF scheme submitted the lack of expert advice from UPFC to overcome time to time unit operations obstacles.

- 95 ongoing & shut down units under SW scheme, 61 units including both category under WC scheme & 85 units under NEF scheme submitted that interest rates on repayment of loan were too high as most important limiting factor to get financing.

### **Recommendations for MSMEs**

- UPFC should inform people about the procedure for getting registered as MSME- the documents and requirements. let them know about government schemes and policies in place to help them out in establishing and operating the firm and the nearest bank that can provide them with loans or the nearest entrepreneurial skilling centre etc.
- The agency should advise people in various fields in which the owner might lack information.
- Improvement in the infrastructure facilities provided by the government. Also, there is a requirement of a single window registration procedure both for getting registered as a Company and a MSME.
- Redefine ceiling limit of medium enterprises → Cluster Development Programs → Need for Focussed Technology/ R&D Institutions for MSMEs →
  - Increase SMEs' Access to Finance
  - Export credit support to SME sector
  - Assessing non financial Parameters
  - Developing Mezzanine Financing an independent Rehabilitation Fund for rehabilitation of sick, micro, small and medium enterprises with a corpus of 1000 crore
- A Fund for contributing to the margin money required to be brought by the promoters of SME units taking up technological up gradation
- A Marketing Development Fund, which could provide financial assistance in setting up distribution and marketing infrastructure / outlets.
- A National Equity Fund Scheme to support the Greenfield and expansion projects.
  - Promoting Entrepreneurship →
  - Increase the support to enhance export competitiveness of MSMEs →
  - Promoting synergy →
  - Exit policy for MSMEs →
  - Strengthening Sub-Contracting Relationships
- More focus on Micro and Small Enterprises than the Medium Enterprises in government policies and schemes.
- Helping MSMEs is the only way of helping people help themselves.

### **Conclusion**

Finance is a major obstacle in the growth of micro, small and medium enterprises. The lower and middle class is capable of driving itself out of poverty. Some operational factors slowing down growth which arise due to lack of finance, shortage of power for running of plant, non availability of reasonable and timely raw material, non availability of technical workers, human resource for operating –production, non availability of reasonable mechanical devices, consumption of material at the right time, lack of technological up gradation because firms lack enough capital to install new machines, hire skilled labor and retained by giving them higher wages etc. Another problems also ails most of the enterprises is marketing.



Lack of information is the root cause of problems like - technological up gradation and R&D since generally, small MSME owners are not highly informed, and they do not know about the latest and most suitable technology and do not have enough knowledge to drive the R&D department in their companies. They do not have information about the benefits provided by the government. Majority of the owners do not even know that there is a Ministry of Micro, Small and Medium Enterprises. Even if the people know about certain benefits they do not consider them worth the effort and time of getting themselves registered as an MSME. Therefore, there needs to be more focus on spreading awareness rather than adding more policies each year.

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