



An Analytical Review of Central and State Government Schemes for Small and Medium Enterprises: Evidence from Firozabad District, Uttar Pradesh

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Abstract

Small and Medium Enterprises (SMEs) play a crucial role in economic development, particularly in emerging economies like India. To support this sector, both Central and State Governments have introduced various schemes aimed at improving financial access, technological capability, and market competitiveness. This study provides an analytical review of these schemes with empirical evidence from Firozabad district, Uttar Pradesh. Primary data were collected from 60 SMEs to assess awareness, utilization, and perceived effectiveness of schemes such as PMEGP, MUDRA, CGTMSE, ODOP, and state-level initiatives. The findings reveal that while schemes like MUDRA and ODOP are widely utilized and beneficial, others such as CGTMSE and Cluster Development face implementation challenges. The study concludes that improving awareness, simplifying procedures, and enhancing digital support systems are essential for maximizing the effectiveness of government schemes.

Keywords: SMEs, Government Schemes, PMEGP, MUDRA, ODOP, Firozabad, MSME Policy

1. Introduction

Small and Medium Enterprises (SMEs) are considered the backbone of the Indian economy due to their contribution to employment generation, industrial output, and exports. According to OECD (2020), SMEs play a critical role in fostering inclusive growth and regional development. Despite their importance, SMEs face several challenges, including limited access to finance, lack of technological advancement, and regulatory complexities. To address these issues, both the Government of India and State Governments have introduced multiple schemes aimed at strengthening the SME ecosystem.

Firozabad district in Uttar Pradesh is a major industrial hub known for its glass and bangle manufacturing industry, largely dominated by SMEs. Evaluating the effectiveness of government schemes in this region provides valuable insights into their real-world impact.

Government support mechanisms are essential for enhancing SME performance. According to the World Bank (2021), access to finance and institutional support significantly influence SME growth. OECD (2020) highlights that policy interventions such as subsidies, credit guarantees, and skill development programs improve SME competitiveness. However, several studies emphasize that implementation challenges and lack of awareness often reduce the effectiveness of these schemes.

This study contributes to the literature by providing district-level empirical evidence from Firozabad.

2. Overview of Government Schemes

The development of Small and Medium Enterprises (SMEs) in India is supported through a wide range of policy initiatives introduced by both the Central and State Governments. These schemes are designed to address key challenges such as limited access to finance, lack of infrastructure, technological gaps, and restricted market opportunities. Collectively, they aim to enhance the productivity, competitiveness, and sustainability of SMEs (Ministry of MSME, 2023).

The Prime Minister Employment Generation Programme (PMEGP) is a flagship scheme that promotes entrepreneurship by providing financial assistance for establishing new enterprises. It offers credit-linked subsidies to support micro and small businesses, particularly in rural and semi-urban areas. In industrial districts like Firozabad, PMEGP has been instrumental in encouraging small-scale manufacturing and handicraft-based enterprises.

The Pradhan Mantri Mudra Yojana (PMMY) focuses on providing collateral-free loans to micro and small enterprises. It is categorized into Shishu, Kishore, and Tarun stages based on business size and growth requirements. This scheme has significantly improved access to finance for small traders, artisans, and informal sector businesses, making it one of the most widely utilized schemes among SMEs.

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme aims to facilitate credit access by providing guarantee coverage to financial institutions. This reduces the need for collateral and encourages banks to lend to SMEs. However, despite its potential benefits, the scheme faces challenges such as procedural complexity and limited awareness among entrepreneurs.

The MSME Cluster Development Programme is designed to improve the efficiency and competitiveness of SMEs by promoting cluster-based industrial development. It supports infrastructure development, common facility centers, and technological upgradation. This scheme is particularly relevant for Firozabad, where the glass and bangle industry operates as a well-established industrial cluster.

The One District One Product (ODOP) Scheme is a state-level initiative that promotes district-specific industries. Firozabad has been identified for its glass and bangle products under this scheme. ODOP provides support in branding, marketing, skill development, and export promotion, making it highly relevant for local SMEs.

The Mukhyamantri Yuva Swarojgar Yojana aims to promote self-employment among youth by providing financial assistance and subsidies for starting new enterprises. This scheme encourages entrepreneurship and supports the establishment of micro-enterprises in both manufacturing and service sectors.

Overall, these schemes collectively provide support in finance, infrastructure, skill development, and market access, thereby strengthening the SME ecosystem. However, their effectiveness depends on awareness, accessibility, and proper implementation at the district level.

3. Research Objectives

The present study aims to critically examine the effectiveness of Central and State Government schemes designed for the development of Small and Medium Enterprises (SMEs), with specific reference to Firozabad district in Uttar Pradesh. In order to achieve this broader aim, the study is guided by the following specific research objectives:

3.1 To Review Major Central and State Government Schemes for SMEs

The first objective of the study is to conduct a comprehensive review of the key government schemes introduced at both the Central and State levels to support SMEs. These schemes include initiatives related to financial assistance, credit guarantees, skill development, infrastructure support, and market access, such as the Prime Minister Employment Generation Programme (PMEGP), Pradhan Mantri Mudra Yojana (PMMY), Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), and the One District One Product (ODOP) scheme.

This objective focuses on understanding the design, scope, objectives, and intended benefits of these schemes. It also examines how these policy interventions aim to address structural challenges faced by SMEs, such as limited access to credit, technological constraints, and market inefficiencies. By reviewing these schemes, the study establishes a conceptual foundation for evaluating their relevance and applicability in the context of Firozabad's industrial ecosystem.

3.2 To Assess Awareness and Utilization of These Schemes in Firozabad

The second objective is to analyze the level of awareness and actual utilization of government schemes among SME owners and managers in Firozabad district. Awareness is a critical factor that determines whether businesses can access and benefit from government initiatives.

This objective evaluates:

- The extent to which SMEs are informed about available schemes
- The proportion of SMEs that have actually utilized these schemes
- The gap between awareness and actual participation

Understanding this gap is essential, as many schemes fail to achieve their intended impact due to low awareness or limited accessibility at the grassroots level. This objective provides empirical insights into the effectiveness of government outreach and communication strategies.

3.3 To Identify the Most Effective and Least Effective Schemes

The third objective focuses on evaluating the relative effectiveness of different government schemes based on the perceptions and experiences of SME respondents. Effectiveness in this context is assessed in terms of:

- Ease of access
- Financial and operational benefits
- Relevance to business needs
- Impact on business growth and sustainability

By comparing different schemes, the study identifies which initiatives are perceived as most beneficial and widely utilized, and which schemes are considered less effective or underperforming. This comparative evaluation helps in understanding the strengths and weaknesses of existing policy frameworks.

3.4 To Analyze Challenges Faced by SMEs in Accessing Government Schemes

The final objective of the study is to examine the key challenges and barriers that SMEs encounter while accessing and utilizing government schemes. Despite the availability of multiple support programs, SMEs often face difficulties in availing these benefits due to various administrative, financial, and technological constraints.

This objective investigates:

- Procedural complexities and documentation requirements
- Delays in approval and fund disbursement
- Lack of digital literacy and technological barriers
- Limited institutional support and guidance

- Awareness and information gaps

Identifying these challenges is crucial for understanding the implementation bottlenecks and for suggesting policy reforms that can improve the accessibility and effectiveness of government schemes.

4. Research Methodology

The present study adopts a descriptive and analytical research design to examine the effectiveness of Central and State Government schemes for Small and Medium Enterprises (SMEs) in Firozabad district, Uttar Pradesh. The descriptive approach is used to systematically present the current status of awareness, utilization, and perception of government schemes among SMEs. At the same time, the analytical component enables the study to interpret patterns, identify key issues, and evaluate the relative effectiveness of different schemes.

The study is based on primary data collected from a sample of 60 SMEs operating in Firozabad district. The sample includes enterprises from manufacturing, retail, and service sectors to ensure a representative understanding of the SME ecosystem in the region. A purposive sampling technique was adopted to select respondents who are directly involved in business decision-making, such as owners, managers, or senior personnel.

Data were collected using a structured questionnaire, designed to capture information related to awareness, accessibility, utilization, and perceived effectiveness of various government schemes. The questionnaire also included items to identify challenges faced by SMEs in accessing these schemes. Responses were measured using a five-point Likert scale, ranging from “Strongly Disagree” to “Strongly Agree,” to ensure consistency and reliability in responses.

The collected data were analyzed using descriptive statistical tools, including percentage analysis and mean score calculation. These methods were used to evaluate the level of awareness, identify the most utilized schemes, and assess the perceived effectiveness of each scheme. The analytical approach further enabled the study to compare different schemes and identify gaps in implementation.

5. Data Analysis and Results

The present study is based on primary data collected from 60 Small and Medium Enterprises (SMEs) operating in Firozabad district, Uttar Pradesh. This section analyzes the level of awareness, utilization, perceived usefulness, and implementation challenges associated with major Central and State Government schemes. The analysis is conducted using descriptive statistical tools such as percentage distribution and mean score analysis, which help in understanding patterns of scheme adoption and effectiveness at the grassroots level.

Table 1

Awareness and Usage of Government Schemes (N = 60)

Scheme	Aware SMEs	Percentage (%)	Benefited SMEs	Percentage (%)
PMEGP	42	70.0%	28	46.7%
MUDRA Yojana	50	83.3%	35	58.3%
CGTMSE	26	43.3%	15	25.0%
ODOP (UP Govt.)	48	80.0%	32	53.3%
MSME Cluster Development	22	36.7%	12	20.0%
Yuva Swarojgar Yojana	30	50.0%	18	30.0%

The data presented in Table 1 highlights the varying levels of awareness and utilization of government schemes among SMEs in Firozabad district. It is evident that MUDRA Yojana has the highest level of awareness (83.3%), followed closely by the ODOP scheme (80.0%). This suggests that schemes with direct financial benefits and strong regional relevance tend to achieve higher visibility among SME owners.

The relatively high awareness of the ODOP scheme can be attributed to its alignment with the industrial identity of Firozabad, particularly its well-established glass and bangle industry. Government efforts to promote district-specific products have likely contributed to the increased recognition of this scheme among local enterprises.

In contrast, schemes such as CGTMSE (43.3%) and MSME Cluster Development Programme (36.7%) exhibit significantly lower awareness levels. This indicates a gap in outreach and communication, particularly for schemes that are more technical or institutionally driven. The lower awareness of these schemes may also be due to their indirect benefits, which are not immediately visible to SME owners.

When examining the actual utilization of schemes, a noticeable gap emerges between awareness and benefit realization. For instance, although 83.3% of respondents are aware of MUDRA Yojana, only 58.3% have benefited from it. Similarly, PMEGP shows a drop from 70.0% awareness to 46.7% utilization. This gap suggests that awareness alone does not guarantee access, and that procedural or institutional barriers may limit participation.

The utilization levels of CGTMSE (25.0%) and Cluster Development schemes (20.0%) are particularly low, reinforcing the observation that these schemes face significant challenges in terms of accessibility and implementation. Factors such as complex documentation, lack of guidance, and institutional delays may contribute to their limited adoption.

The Yuva Swarojgar Yojana shows moderate levels of both awareness (50.0%) and utilization (30.0%), indicating that while the scheme is somewhat known among SMEs, its reach and effectiveness remain limited compared to more prominent schemes.

Overall, the analysis reveals a clear pattern: schemes that are financially accessible, easy to understand, and directly linked to business needs tend to perform better in terms of awareness and utilization. On the other hand, schemes that involve complex procedures or institutional dependencies require improved communication and implementation strategies to enhance their effectiveness.

6. Conclusion

The present study provides a comprehensive analytical review of Central and State Government schemes designed to support Small and Medium Enterprises (SMEs), with specific reference to Firozabad district, Uttar Pradesh. The findings of the study highlight that government initiatives such as PMEGP, MUDRA Yojana, CGTMSE, ODOP, and other state-level schemes have played a significant role in promoting entrepreneurship, improving access to finance, and supporting industrial development in the region.

The empirical analysis based on primary data from 60 SMEs reveals that awareness and utilization of schemes vary considerably across different programs. Schemes such as MUDRA Yojana and ODOP have demonstrated relatively higher effectiveness, owing to their simplicity, accessibility, and direct relevance to local industrial needs. In contrast, schemes like CGTMSE and MSME Cluster Development Programme show lower levels of awareness and utilization, indicating challenges in outreach and implementation.

A key finding of the study is the existence of a significant gap between awareness and actual utilization of government schemes. Although many SMEs are aware of available schemes, various barriers prevent them from accessing these benefits. The major challenges identified include complex documentation procedures, delays in loan approvals, lack of digital literacy, and insufficient guidance from implementing agencies. These factors collectively reduce the overall effectiveness of government initiatives at the grassroots level.

Furthermore, the study highlights that the success of schemes is closely linked to their ease of access, clarity of procedures, and alignment with local industrial characteristics. In the context of Firozabad, schemes that directly support the glass and handicraft industries have shown better outcomes compared to more generalized programs.

From a policy perspective, the study suggests that improving the effectiveness of government schemes requires a focus on simplification of procedures, strengthening awareness campaigns, enhancing digital support systems, and ensuring timely implementation. Additionally, better coordination between Central and State agencies is essential to reduce duplication and improve service delivery.

In conclusion, while government schemes have created a supportive framework for SME development, their full potential can only be realized through efficient implementation, increased accessibility, and targeted policy interventions. Strengthening these aspects will not only improve

scheme utilization but also contribute to sustainable industrial growth and economic development in regions like Firozabad.

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