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Abhishek Tiwari
Research Scholar, Department
of Commerce & Business
Administration, University of
Allahabad, Uttar Pradesh,
India

Dr. Akhilesh Chandra Pandey
Assistant Professor,
Department of Commerce &
Business Administration,
University of Allahabad, Uttar
Pradesh, India

Corresponding Author:
Abhishek Tiwari
Research Scholar, Department
of Commerce & Business
Administration, University of
Allahabad, Uttar Pradesh,
India

An analytical study on the prospects of one district one product scheme in Uttar Pradesh

Abhishek Tiwari and Dr. Akhilesh Chandra Pandey

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Abstract

One District One Product is a Japanese business development concept, targeted to promote a competitive and staple product from a specific area to push sales and improve the economic development of local population. The Government of Uttar Pradesh in India was the first state to execute this highly promising scheme. The UP government's One District, One Product scheme encourages the indigenous and specialized products and crafts of the specific region. In 2020, the Government of India announced this scheme to implement all over India. In Uttar Pradesh specific products have been identified for each districts. A survey has been conducted to study the perception of this scheme by the implementing Government officials of Uttar Pradesh towards the ODOP scheme. 5 districts of the state were selected. From each district, 5 manufactures were was selected, because the scheme was implemented recently and the manufacturers perception of the scheme was studied. This study revealed a medium level of perception (40%) among manufacturers.

Keywords: One district one product, Japanese business development concept, Uttar Pradesh

Introduction

Uttar Pradesh is emerging as a rapidly growing economy over the past few years. The Gross State Domestic Product (GSDP) of Uttar Pradesh (at current prices) has grown from Rs. 16.45 lakhs Crores in 200-2021 to about Rs. 19.74 Lakh Crore in 2021-22. The average economic growth of Uttar Pradesh stands at 8.28% during 2021-2022. Uttar Pradesh has posted an inspiring trend in terms of raising its per capita income level. The per capita income of the state has increased from Rs. 83566INR in 2023 from 73048 NR in 2022. The per capita income of the state is projected to increase more than Rs. 25.00 Lakh Cr 2024-25. Agriculture and services industry form the largest parts of the state's economy. The state's resources, policy initiatives, infrastructure and climate are best suited for investments in diverse sectors such as information technology, agro- based and food processing, sports goods, textiles, leather and tourism. The state has a robust industrial infrastructure, with 15 industrial areas, 12 specialized parks, 4growth centres & Industrial Infrastructure Development Centres (IIDC). As of December 2017, the state had 23 notified special economic zones (SEZs).

A congenial industrial ambience with the availability of large pool of skilled and unskilled labor force, investor friendly environment, more rationalized and simplified procedure for undertaking industrial investments; make the state one of the favourable destination for undertaking industrial ventures. The state has attracted around 3.58 Lakh Cr industrial investment proposals in the last four years (2018-2022). The share of Uttar Pradesh industrial investment proposals in India's total industrial investment proposals have increased 11% since 2022. The state government has announced Information Technology & Start UP Policy, 2017- 2022 with an objective to promote attractive business ecosystem, human development, and infrastructural development by means of IT cities, IT Parks, IT-BPM units. The ODOP scheme is focusing at all districts and will benefit the local craftsmen which will help the state enhance its production possibilities with ease of doing business for local craftsmen and help the state achieve new heights in the coming itmes.

One District One Product Scheme (ODOP)

ODOP aims to boost the micro and small units involved under this scheme. It focuses on all districts in the state and is beneficial for the local craftsman as well as the unemployed. The ODOP scheme will play a major role in bolstering the MSMEs in the state by ushering a new pace of progress through employment generation at district level. MSMEs sector plays an important role in the economy of the state and is significant contributor to capital investment, production and employment. The state has around 9 Million MSMEs in 2023. Majority of the export products are ODOP products and state is posting a good growth in exports.

The government declared the new Micro, Small and Medium Enterprise (MSME) Policy and Infrastructure & Industrial Development Policy 2017 which shows its commitment for the all round progress of the state. Taking its mission a step forward, the Government of Uttar Pradesh announced a scheme in the name of "One District One Product" to give a boost to the traditional industries, enable the people to gain expertise in one product, value addition of the product and improvement in the growth of states' GSDP. Uttar Pradesh has been a leading state in the export of handicrafts, processed food, engineering goods, carpets, readymade garments and leather products. Through this scheme, traditional crafts/skills will be retained with suitable and desired modification as per market requirement. The scheme will also play a major role in bolstering the micro and small units involved in ODOP by ushering a new pace of progress through employment generation at district level. The implementation of 'One District One Product' scheme will help the districts to specialize in the manufacturing process of a product and eventually increase the quality of the products to gain recognition in national and international markets through branding, marketing support and easy credit. One District One Product is a unique and one of its kind initiative, borne primarily to display the identified products from each district so that more and more people get to know about the rich cultural heritage of the state and the unique skills and talent found here. Through this innovative scheme, a new era would begin in the state for the development of micro and small units involved in ODOP which would contribute in making district specific products recognized at global level.

ODOP is a new scheme whose primary focus is developing clusters that would be manufacturing one product identified for the district. The project is being implemented through District Industries Centre. This scheme was first implemented in Uttar Pradesh in 2018. Due to this scheme, the MSME sector forms the backbone of economic progress and development of Uttar Pradesh, because of its contribution to industrial productivity, employment generation, versatile nature, adaptability, and contribution in export. MSME industries constitute an essential segment of the economy of Uttar Pradesh in terms of employment generation and as a source of foreign exchange earnings through exports. (The Indian Express, 24 Aug 2020) ^[1].

According to Strategic Investment Research Unit (SIRU) report in invest India (24 Jan 2021), ODOP has been a transformational step towards realizing the true potential of a district based on its strength, fuel economic growth and generate employment and rural entrepreneurship. The ODOP scheme's implementation in Uttar Pradesh has enhanced the state's export capacity by over 30% since 2018 when it was launched, recording a staggering export of

around INR 89,000 Crore (\$12.1 bn) in 2019-20. Under the special drive of ODOP and Vishwakarma Shram Samman, 3.14 lakh entrepreneurs have been benefitted.

In order to promote MSME entrepreneurs through the 'One District One Product' scheme, the Government of U.P. collaborated with e-commerce giant Amazon India. A 'MOU was signed to provide an online platform to the sellers from the selected districts of Uttar Pradesh. Amazon India declared that it would invite approximately 300 sellers from the MSME industry, especially local traders of nine districts, to progress through online selling through its social media platform. (Economic Times, 2018) ^[5].

Objectives of ODOP scheme

The objectives of the scheme are to build the capability of microenterprises to enable them create a product-specific traditional industrial hub.

- Increased access to credit
- Integration with organized supply chain by strengthening branding and marketing

This scheme has four broad components addressing the needs of the sector

- Support to individuals and groups of micro enterprises
- Branding and Marketing support
- Support for strengthening of Institutions
- Setting up a robust project management framework

Statement of the Problem

In spite of the Government initiative to promote the implementation of ODOP scheme in the state of Uttar Pradesh, it has been observed that on the ground, the scheme is confronted with various challenges like weak infrastructure, limited access to raw material, lack of adequate financial support, broken supply chains, and poor marketing infrastructure. Lack of awareness appears to be the primary hurdle in the effective implementation of this scheme.

Objectives: The objectives of the present study are

1. To study the objectives and rationale of ODOP scheme.
2. To analyze the perception of MSME's manufacturers towards ODOP scheme in Uttar Pradesh.
3. To suggest mechanism through which the ODOP scheme would be more effective in the state.

Review of literature

Kader, R. A., Mohamad, MohdRosli Bin and Che Ibrahim, Ab. AzidHj (2009) ^[2], this study presents the determinants of small business success as perceived and experienced by rural entrepreneurs. small rural entrepreneurs under the One-District-One-Industry (ODOI) programmed surveyed using a structured questionnaire. Found that the external factors are more dominant than the internal ones in contributing to the business success of the ODOI entrepreneurs.

Aman, Othman *et al.* (2011) ^[3] This research attempts to study the internal and external performance indicator for food manufacturing in small medium entrepreneurs under One District One Industry Programme in Melaka areas. Food manufacturing entrepreneurs was surveyed using a structured questionnaire. The result shows that entrepreneurial quality was the most internal factor, and Government policy was the most external factor. Lastly, the

most dominant factor contributes to entrepreneurs' performance is entrepreneurial quality.

Claymone, Y., & Jaiborisidhu, W. (2011) ^[7] under this backdrop, India has launched several economic revitalization programmes at both central and state level. In this series, One District One Product (ODOP) scheme launched by the government of Uttar Pradesh, an Indian state in 2018 is regarded as one of the most important schemes for regional economic revitalization. The concept of ODOP is similar as the Japanese model of One Village One Product (OVOP). In 1979, this model was introduced by Morihiko Hiramatsu, the then governor of Oita prefecture in Japan. The basic idea was to focus on one area per village, which had the bright prospects of a specific type of product for ensuring the transformation of wealth-making skills into profit-making ventures.

Mukai, K., & Fujikara, R. (2015) ^[8] The OVOP project that originated in Japan's Oita Prefecture is just one component of many official Japanese development assistance projects aiming to promote rural development in more than 30 countries. Not all efforts, however, result in the same level of sustainability. Oita Prefecture built its movement on three principles: local yet global, self-reliance and creativity, and human resources development. The projects that satisfy these principles are generally found to be sustainable. These principles can also be applicable to overseas projects.

UNDP (2017) ^[9] One Village One Product (OVOP) is a concept which was originated in the 1980s in Oita, Japan. The story began from a group of women who used to produce home-made biscuits for selling them in a nearby local market. Swiftly the biscuits caught demand in the market and the women who were producing, started acquiring new set of skills such as book-keeping, marketing, etc. Eventually, the quality and packaging of the product were also improved with increasing awareness of the product. They also paid frequent visits to the local markets and tuned their products to match the expectations of customers. This practice by a group of women of a small village empowered them to emerge as a successful entrepreneur of which Japan popularly named it as OVOP. It promoted competitive and staple product of an identified village to increase sales and thus improved the standard of living of the villagers. The revitalization programme of OVOP helped local population not only in generating funds and credit from local banks but also contributed to the creation of employment and modern facilities in their respective villages.

Ndione, J. S., & Suzuki, K. (2019) ^[6] The time horizon of implementing the strategy determines the form of OVOP in each country. As the first country to implement OVOP strategy, Japan took roughly thirty years to be rated as successful. Thailand as a country after implementing it for approximately twenty years has now framed a system called

“Star Certification System” which is regarded as a distinctive method.

Singh L.B. (2020) ^[11] The scheme aimed at encouraging domestic and specialized products & crafts. Under the scheme, the Government made a provision of Rs. 250 Crores or 46.3 million U.S. dollars under its budget 2018-19. Among the 75 districts of the state, the capital is Lucknow, which is known for Chikankari work under the ODOP scheme. The presented case study is based on the scheme and entrepreneurs related to Chikankari work. The purpose of the presented case study is to discover the ODOP scheme, the chikankari entrepreneurs' awareness and attitude about the scheme. The case study also analyses the possible impact of the recent development in the ODOP scheme on the local craft entrepreneurs.

Tripathi A.P. and Agrawal N. (2021) ^[4], in their research article aimed to discuss the role of One District One Product (ODOP) scheme in Uttar Pradesh during 2018, and to examine its strategy, and analyze its impact on employment generation, export promotion and economic growth of the state from 2018 to 2020. The analysis of the data reveals that there exist a positive impact of the systematically crafted ODOP programme. The authors concluded that nevertheless, for desired success, it signifies the inevitability of active participation and engagement of public that has always been a precarious subject in the literature of public administration and governance.

Research Methodology

This study mainly focused on the perception of MSME's towards the One district One Product scheme. There are 75 Districts in Uttar Pradesh. A Sample of 5 districts in Uttar Pradesh were selected. 8 MSME's manufacturers perception towards ODOP was obtained through the questionnaire (Google form) which was well designed and structure and mailed to the 55 respondents. The sample manufacturers were selected on the basis of their turnover and their involvement in ODOP schemes. The total number of responses received was 40; hence the sample size of respondents was 40.

In order to analyse the perception of MSME's towards ODOP scheme, 15 statements were constructed on the basis of the impact of the scheme towards the integrated development of the state. The statements were analysed by the application of 5 Point Likert scale. The scores assigned for the positive statements were, 5 for strongly agree, 4 for agree, 3 for uncertain, 2 for disagree, and 1 for strongly disagree. The scoring for the negative statement was reverse. The collected data were analyzed using statistical tools *viz* percentage method, mean score to study the perception towards the ODOP scheme. The Mean score was calculated by dividing the total scores given by all the respondents to the statement by a total number of respondents.

Table 1: Perception of MSME's towards the One district One Product scheme (n= 40)

S.N.	Statement	Mean	Rank
1	ODOP helps in transforming the products artistically (it can be either through packaging or branding)	4.29	1
2	It helps to promote entrepreneurship	4.281	2
3	It is a farmer welfare oriented scheme	4.12	3
4	Improvement in product quality and skill development would be a result of this scheme	4.07	4
5	It increases access for the enterprises, to professional and technical support	4.06	5
6	It is useful in the preservation and development of traditional products / local crafts	4.04	6
7	It helps in accessing marketing and export facilities	4.03	7

8	It aids in the increase in local employment	3.96	8
9	It doesn't improve workers family additional income	3.84	9
10	Supporting the upgradation and formalization of enterprises	3.71	10
11	It would not be more beneficial to individual manufactures	3.53	11
12	It results in the decline in migration in search of employment	3.43	12
13	It helps to resolve the issues of economic differences along with regional imbalances among states and district	3.34	13
14	It helps the farmers to take high risk in adopting new technology in particular product	3.28	14
15	It may leads to mono producing only single product	2.31	15

Based on the mean score value, the ranking was given. Here the perception indicates the views of the respondents towards this scheme. From the above table, the majority of the respondents stated that this scheme would help in transforming the products an artistically, it can be either through packaging or branding (4.29). Majority of the respondents expressed that it helps promote entrepreneurship (4.28) and farmer welfare-oriented scheme (4.12). They also revealed that this scheme would improve product quality and skill development would result from this scheme (4.07) and increases access for the enterprises, to professional and technical support (4.06). The respondents also stated it is useful in preserving and developing traditional products / local crafts (4.04) and helps access marketing and export facilities (4.03). Some of them also stated that it aids in an increase in local employment (3.96) and does not improve manufacturers family additional income (3.84). Only a few respondents expressed the negative opinion that it would not be more beneficial to individual farmers (3.53) and may lead to producing only a single product (2.31).

Table 2: Perception of) towards the ODOP scheme (n = 40)

S. No	Category	Number	Percentage
1	Low	11	28
2	Medium	16	40
3	High	13	32
	Total	40	100

From the table, the majority of the respondents had a medium level of perception (40.62%) towards the one district one product scheme whereas some of them had a high level of perception (31.25%) followed by a few of them had a low level of perception (28.13). This would reveal that since it is a new scheme, which is implemented in all districts by the government of India, it leads to a medium perception level. Since this scheme is in its initial level of progress, after two or more years impact would be more and benefit the farmers.

Conclusion

This study concluded that majority of MSME's manufacturers had a medium level of perception toward this scheme. This scheme mainly aims to make the farmers an entrepreneur. This would also lead to making each district an export hub for a particular product. The program is particularly supportive in providing quality training to the youth, generating employment in the state and providing a holistic solution to the makers of the products. Making the lives of common people better, this program is an empowering example of the country's efforts toward the Make in India. The study finds that the ODOP scheme has garnered interest and investment from various stakeholders, including the private sector and local entrepreneurs. This demonstrates its potential to stimulate economic growth and attract capital to underdeveloped districts.

In conclusion, the "One District One Product" scheme in Uttar Pradesh holds significant promise for fostering economic development, reducing regional disparities, and promoting local industries. However, its success hinges on addressing infrastructure, skill development, and marketing challenges. With sustained efforts and effective governance, the ODOP scheme has the potential to transform Uttar Pradesh's economic landscape and contribute to the larger vision of a self-reliant and prosperous India. Future research and policy implementation should aim to address these challenges and leverage the scheme's potential for the benefit of the state and its people.

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