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Shri Rajiv Kumar Pandey, IAAS
Principal Accountant General
Audit Bhawan TC-35-V-1, Vibhuti Khand
Gomti Nagar, Lucknow-226010

**Subject: Ground-Level Ease of Doing Business Challenges Faced by MSME
Manufacturers in Uttar Pradesh – Based on Feedback from IIA Members.**

Sir,

On behalf of the **Indian Industries Association (IIA)**, we wish to submit this feedback for your kind consideration in connection with the review of the **Ease of Doing Business (EoDB) environment for MSMEs in Uttar Pradesh**, based on structured feedback received from our member-manufacturers across the State.

IIA recently collected responses from IIA members located in various industrial regions including **Kanpur Nagar, Greater Noida, Meerut, Moradabad, Ayodhya, Saharanpur, Ghaziabad, Bareilly, Noida, Lakhimpur and other districts**. While the policy intent of the Government of Uttar Pradesh toward improving industrial growth and facilitating business is appreciated, the **ground-level experience of MSMEs reveals a significant gap between policy announcements and actual implementation.**

Key Observations Emerging from IIA Members Feedback are as follows:

1. Improvement in Ease of Doing Business at Ground Level is not as expected and as intended by the Government

Although some respondents acknowledged moderate improvement, whereas few other manufacturers reported **no noticeable change or deterioration in the business environment**. The common concern is that reforms remain stronger on paper than in field execution.

2. Persistent Difficulty in Access to Bank Credit

Manufacturers reported serious issues in obtaining working capital and term loans, including:

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- Excessive documentation,
- Delays in sanction/disbursement,
- Lack of time-bound disposal,
- Insistence on collateral despite MSME-friendly schemes,
- Weak implementation of CGTMSE and other guarantee-based support,
- Poor communication from banks regarding applicable benefits and concessions.

For many small units, **credit remains one of the biggest barriers to survival and expansion.**

3. Industrial Land Allotment and Land Transfer Remain a Bottleneck

Another concern emerging from the survey is the **difficulty in land allotment / industrial plot availability**. Key issues include:

- Non-availability of genuine industrial plots for actual manufacturers,
- Allotment systems perceived as non-transparent,
- Leasehold land complications,
- Long delays in making land “ready to use,”
- Poor drainage, sewage, internal roads and waste management in existing industrial estates.

Many respondents specifically and strongly requested for:

- **Conversion of leasehold industrial land into freehold, and**
- **Upgradation of old industrial estates before development of new ones.**

4. Industrial Infrastructure is Inadequate

(a) **Existing Industrial Areas:** Many respondents rated industrial infrastructure as **poor**.

Recurring issues include:

- Damaged internal roads,

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- Absence of drainage/sewage systems,
- Poor waste disposal arrangements,
- Waterlogging during rains,
- Lack of maintenance in older industrial areas,
- Inadequate support services in industrial estates.

This directly impacts production, logistics, worker safety, and investor confidence.

(b) Industries in rural Areas: Many industries set up in rural areas though are contributing to employment generation, Govt tax revenues and local economy of the rural area yet are not getting any infrastructure support from the Government. IIA proposes that Department of Industries Govt of U.P may provide infrastructure facilities to industries in Rural areas where minimum 4 industries are operational in the vicinities of each other.

5. Electricity Supply Has Improved in Parts, but Reliability Remains a Concern

While some units reported improvement, many manufacturers continue to face:

- Unannounced power cuts,
- Power interruptions due to mixed feeders / very long distribution lines.
- Delayed new connections/load enhancement,
- Outdated local distribution infrastructure,
- Poor fault response time,
- Repeated disruptions during rain or storms,
- Lack of accountability and service responsiveness from DISCOM field offices.

For MSMEs, this leads to higher dependence on backup systems and increased production cost.

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6. Nivesh Mitra / NOC Approval System

Recently on March 24, 2026, Hon'ble Chief Minister of Uttar Pradesh have launched Nivesh Mitra 3.0, an upgraded, AI – powered single window portal designed to revolutionise ease of doing business (EoDB) and accelerate industrial growth. This system is developed with active involvement of Indian Industries Association. We hope the new system will solve the concerns / difficulties which Industry faced with Nivesh Mitra 2.0.

We expect that with the Nivesh Mitra 3.0, following issues reported in relation to Nivesh Mitra 2.0 will be resolved:

- Complex application formats which required external assistance / intermediaries.
- Requirement of excessive technical data,
- need for physical documents despite online filing,
- rejection without proper guidance,
- absence of helpdesks/helplines,
- continued dependence on local departmental offices,
- delays beyond reasonable timelines,
- lack of user-friendly processes for small entrepreneurs.

7. Shortage of Skilled Manpower is a Serious Structural Constraint

Most respondents reported difficulty in finding suitable skilled manpower. Suggestions received include:

- Stronger district-level ITI alignment with local industry needs,
- More practical and project-based skill training,
- More job fairs and industry-linked skilling,

Realising the problem of non- availability of skilled manpower especially in MSME's, IIA is interacting closely with UPSDM as well as Vocational Education Department Govt of U.P.

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8. Need to Shift Bureaucratic Culture from Regulation to Facilitation

A recurring and important theme in the feedback is that MSMEs seek **respectful, transparent, and facilitative engagement** from departments. Members consistently stated that:

- Officials should act as facilitators rather than controllers,
- Timelines should be fixed and monitored,
- Accountability should be department-specific,
- Physical interface should be minimized,
- Corruption and discretionary interpretation must be curbed.

Broad Recommendations Submitted for Consideration

Considering the above, IIA respectfully submits the following suggestions for consideration during your review:

1. **Independent audit of actual EoDB outcomes at district and department level involving industry associations like IIA**, beyond portal-based compliance metrics.
2. **Time-bound disposal framework** for MSME loan applications, NOCs, electricity connections, load enhancement, and refund/clearance matters.
3. **Effective implementation of Nivesh Mitra 3.0 and monitoring it in association with industry bodies like IIA.**
4. **End-to-end online approval system**, with no parallel requirement for physical submissions unless legally essential.
5. **Department-wise accountability dashboard** for delayed approvals, rejections, and repeat queries.
6. **Industrial land reforms**, including conversion of Lease Hold Industrial land to Free Hold, transfer rules and plot availability for genuine manufacturers.
7. **Revamp of old industrial areas**, with dedicated funding for roads, drainage, sewage, waste disposal, street lighting, and maintenance.

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8. Mixed Electrical supply Feeders be separated for providing uninterrupted power supply to the industries being fed on the mixed feeders.
9. **Banking reforms for MSMEs**, including effective implementation of CGTMSE and monitoring of collateral-related deviations.
10. **Improved grievance redressal and helpline systems** for approvals, utilities, and industrial area management.
11. **Skill ecosystem alignment** through district-specific ITI with local industrial demand.
12. Effective Udyog Bandhu meetings for resolving industry grievances and problems at District, Divisional and State levels. At state level the Industry Grievance / Problem solving forums as it existed earlier like Tripartite Udyog Bandhu Meetings, Meetings Chaired by IIDC and Chief Minister are dysfunctional. These forums should be revived.

IIA submits this representation in a constructive spirit. Uttar Pradesh has immense industrial potential, and the policy direction of the Government is encouraging. However, the feedback from actual manufacturers indicates that **the next phase of reform must focus on implementation quality, accountability, simplification, and institutional responsiveness.**

We therefore request that the concerns of MSME manufacturers be duly considered in your observations/recommendations, so that the Ease of Doing Business framework reflects not only digital and procedural reforms, but also the **real lived experience of enterprises on the ground.**

With regards,

Yours faithfully,



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