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## Emerging Growth Opportunities in Uttarakhand: Analysing the Role of the Manufacturing and Service Sector

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**Abstract:** *Uttarakhand is a Himalayan state of India, famous for its natural Resources , unique geographical conditions, rich culture, as well as religious significance and tourism. The present research paper explains the role of micro, small, and medium enterprises in the economic development and employment generation of the state of Uttarakhand. In the economic context of Uttarakhand, the research paper analyzes the current status of micro, small and medium enterprises, the possibilities for regional development, and the challenges that come in the growth of this sector. Primary and secondary sources have been used for the study. The paper evaluates the schemes initiated by the state government and other related programs to promote skill development and entrepreneurship in the state. Furthermore, it also discusses what measures can be taken to enhance the contribution of micro, small, and medium enterprises to economic development.*

**Key words:** *Uttarakhand, Manufacturing Sector, Service Sector, Hill Economy, Entrepreneurship. Skill.*

**Introduction-** Globally, small-scale enterprises (SSEs) are recognised for their significant contribution to the economy in terms of gross domestic product, employment, export wealth creation and entrepreneurship development. India is not an exception to this. SSEs are the backbone of Indian economy. SMEs sector is the second largest employment generation sector after agriculture (Kamal Joshi & R.C. Dangwal). Small and medium businesses (SMEs) are considered to be one of the most important drivers of economic growth in most countries throughout the world (Nadaf & Kadakol, 2017). According to a World Bank estimate, SMEs account for 90% of all enterprises and more than half of all jobs worldwide, while formal SMEs alone contribute up to 40% of GDP in emerging nations. SMEs contribute up to 40% of GDP in emerging nations. The report also shows that in emerging markets SMEs are creating 7 out of 10 jobs. All these numbers show the importance of SMEs globally. In India, Small and medium enterprises are termed Micro, Small, and Medium Enterprises (MSMEs). Following the global trend, the Indian economy also considers MSMEs as a major growth driver and factor of equitable regional balance growth (Dash, 2018). MSMEs constitute the backbone of the employment and production ecosystem and are essential drivers of inclusive regional development, livelihood diversification beyond agriculture, and value addition in manufacturing, food processing, tourism-related services, and ecoproducts in Uttarakhand, a state with a unique socioeconomic profile that includes plains and hilly districts.

The Northern Indian state of Uttarakhand, commonly referred to as the Devbhumi, is differentiated from other states by its magnificent beauty and rich cultural past. Uttarakhand has natural assets and a high biodiversity level due to its hilly area and unique physical, cultural, and ecological features. These features also provide significant opportunities for entrepreneurial development. Tourism, hospitality, education, healthcare, and financial services have emerged as important sources of jobs and revenue in the state. The service sector has been significantly boosted by the increasing trend of pilgrimage tourism as well as ecotourism in particular. However, despite these advantages that accrue to the state due to its location and topography there are still some challenges that it faces such as poor infrastructure, tough terrain conditions, and socioeconomic disparities which often inhibit business growth.

**Objectives-** The study has assessed the current situation of MSMEs in Uttarakhand along with some additional objectives, listed below :

1. To examine the expansion and new prospects in the industrial sector of Uttarakhand.
2. To investigate how the MSME sector promotes job creation and regional economic development.
3. To examine the state's MSME sector's prospects and difficulties.

**Methodology-** The present study is descriptive in nature and is based on both primary and secondary sources of data. Primary data were collected through observation and informal discussions with local residents. Secondary data were obtained from various sources, including websites of national

and international organizations, academic journals, the Economic Survey of Uttarakhand, Government of India reports, publications of the Directorate of Economics and Statistics, and other research reports.

**Research Gap-** The development of tourism, rural livelihoods, agricultural diversification, migration, and economic growth are only a few of the topics on which numerous research have been carried out in Uttarakhand. Nevertheless, there is still a lack of research on the manufacturing and service sectors, which are the most important forces behind the state's economic growth. The potential for creating jobs in the manufacturing sector, reducing migration, and broadening the reach of MSMEs by encouraging innovation—all through the best use of the state's resources—has not yet been thoroughly studied. By examining the new opportunities in the manufacturing and service sectors and their role in regional economic development, the current study aims to close this research gap.

**Growth of the Manufacturing Sector-** The MSME sector in Uttarakhand is a critical economic driver, with over 58,000 registered units as of 2021, providing employment to over 4 lakh people. Micro-enterprises dominate, making up over 91% of registered units. Key districts for MSMEs are Haridwar, Dehradun, and Udham Singh Nagar, with major industries including agro-processing, tourism, pharma, and handicrafts.

**Structure-**

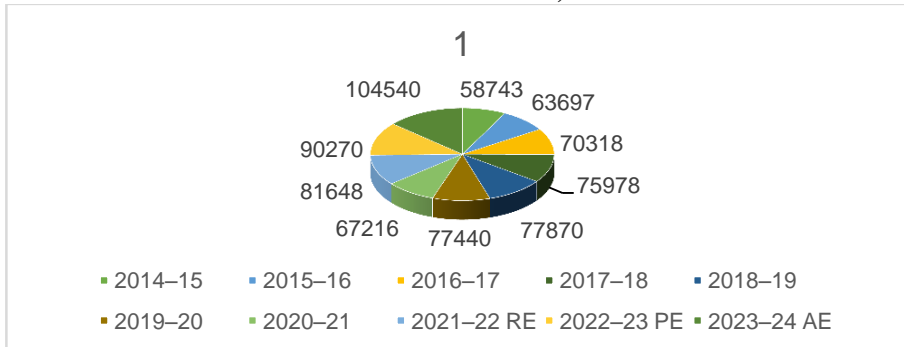
SR. NO.	UNIT	SHARE
1	Micro Enterprises	91–94%
2	Small Enterprises	5–6%
3	Medium Enterprises	<1%

**Top Districts (by concentration)-**Haridwar, Dehradun, Udham Singh Nagar and Pauri Garhwal.

The manufacturing sector has become an essential part of the state's economy because the geographical circumstances of Uttarakhand prevent the agricultural and industrial sectors from expanding widely. The manufacturing sector can also increase income development and job creation, especially in mountainous areas. Industrial investment in the area has been stimulated by government policies, industrial incentives, and enhanced connection with nearby states. Pharmaceuticals, food processing, textiles, and small-scale manufacturing are the state's main industries. Table: GSDP Provisional Estimates by Manufacturing (□ Crores).

S. No.	Industry	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22 RE	2022–23 PE	2023–24 AE
1	Manufacturing	58743	63697	70318	75978	77870	77440	67216	81648	90270	104540
2	GDP	161439	177161	195125	220222	230327	239263	225846	268499	303693	346206

Source: Directorate of Economics and Statistics, Government of Uttarakhand.



The data show that the manufacturing sector has experienced a steady increase in its contribution to the state economy over the past decade. Although there was a temporary decline during the pandemic period, the sector has recovered and continues to expand.

**Government Initiatives for Skill Development and Entrepreneurship-** Since there aren't many traditional job prospects in Uttarakhand's hilly areas, the government has focused especially on



encouraging local business and skill development. The Chief Minister's Skill Upgradation and Global Employment Scheme (Mukhyamantri Kaushal Unnayan evam Vaishvik Rojgar Yojana) and the Devbhoomi Entrepreneurship Scheme (Devbhoomi Udymita Yojana) are two of the initiatives the Uttarakhand government is putting in place to achieve this goal. These programs aim to give the state's youngsters both nation-specific and skill-upgrading training so they may find jobs overseas. To create self-employment opportunities and enable the state's young to become self-sufficient, the government is hosting skill-based training programs, vocational courses, and entrepreneurial development workshops. These programs encourage students to investigate career options in industries like digital services, handicrafts, herbal products, tourism services, and agro-processing. These initiatives help the state's Small and Medium Enterprises (SMEs) expand and create new jobs by encouraging young people to have an entrepreneurial mentality.

**Analytical Discussion-** Recent economic trends show that Uttarakhand's economy is progressively becoming more diverse, with the manufacturing and service sectors contributing more and more. The state's industrial foundation has been reinforced and significant job possibilities have been created by industrial development in districts like Haridwar and Udham Singh Nagar. Notably, a number of large corporations have established their presence in these regions, especially in the consumer goods, automotive, and pharmaceutical industries.

The fast growth of tourism-related services has become a major source of income for the local population and has been identified as the key to Uttarakhand's economic success. Religious, spiritual, eco-tourism, and adventure tourism are just a few of the types of tourism that have created jobs in a variety of industries, including homestays, transportation, local handicrafts, organic goods, and food items. The majority of hilly regions face significant obstacles like unfavorable weather, inadequate infrastructure, little investment, limited market access, and a lack of industrial facilities, even though industrial development and its benefits seem more prominent in the plains—largely because of the availability of markets. Therefore, the state's balanced economic development depends on correcting these geographical discrepancies.

**Suggestions-** Adopting a variety of policy initiatives is crucial to enhancing the manufacturing and service sectors' potential for growth in Uttarakhand. The state's plain and hilly areas require different approaches. Ensuring the easy and efficient availability of capital is the most important necessity for manufacturing enterprises. Physical infrastructure, including digital infrastructure, logistical networks, and road connectivity, has to be upgraded in isolated alpine regions. Similar to this, local resources can be used more efficiently and job possibilities can be increased by supporting small-scale manufacturing facilities and agro-based companies. In addition to encouraging organic farming, the required facilities must be made available. Additionally, training facilities should be built to increase entrepreneurial education and skill development programs for young people in the community, supporting the expansion of small and medium-sized businesses (SMEs).

**Infrastructure and Connectivity Implications-** Physical and digital infrastructure development is critical for enhancing the growth potential of both manufacturing and service sectors in Uttarakhand. The prime focus areas include improving the quantity and quality of transport connectivity, ensuring reliable power supply, providing digital services of adequate bandwidth, and developing supporting infrastructure for manufacturing and tourism. The level and efficiency of infrastructure services have important implications for investments in these sectors. Improvements in roads, rail and air links will enhance the quantity and quality of logistics services that are necessary for attracting new manufacturing investments and trade.

The adequacy and reliability of logistics services is especially important for a geographically dispersed state that is predominantly reliant on road transport as its mode of freight movement. A network of logistics corridors backed by a strong logistics-supporting hinterland, including ICDs and distribution centres, can scale up services and increase demand for ancillary service sectors such as warehousing, logistics and freight forwarding.

**Strategic Roadmap for Sustainable Growth-** A phased strategic roadmap is proposed to support the growth of Uttarakhand's manufacturing and service sectors. The roadmap is designed to enable the state government to leverage ongoing policy initiatives over the next 5 to 10 years and align



with investment plans for physical and digital infrastructure development, skill gap assessments, and the introduction of new educational curricula. Even with a stabilization of growth rates, the sectors can offer significant investment opportunities and job creation.

**Conclusion-** The analysis shows that the emerging growth opportunities in the manufacturing and service sectors of Uttarakhand are driven by a combination of several demand-side and supply-side factors, including: (i) the availability of policy incentives for investments mainly in manufacturing; (ii) demographic transition favourable to labour supply; (iii) increased focus on long-term tourist demand for healthcare and education services; (iv) the development of gt and second-order towns in northwestern and eastern India; (v) broad-based growth at the national level augmented by demand for military equipment and disaster management services; and (vi) a conducive environment for the emerging locations in adjacent areas of neighbouring countries in south and east Asia.

The emerging opportunities in the manufacturing and service sectors appear to be well connected with their respective bases in Uttarakhand. The nascent support services-IT-enabled service exporters, logistics providers, and providers of financial and healthcare services-are expanding; the spillovers from tourism are being harnessed for high-value and high-quality services; and the establishment of a robust physical and digital infrastructure is supporting the stable growth in demand for these services.

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